

THE RESULTS OF THE “SURVEY OF EMPLOYMENT” IN THE SOUTH MORAVIAN REGION IN 2009

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Abstract

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In the second half of 2008, significant impacts of the world economic crisis became evident in the Czech labour market. In 2009, employment and the number of vacancies gradually declined and the number of the unemployed continually increased. This paper aims to show the impact of the crisis on the development (2008–2009) of the structure of employment according to industries and sectors of national economy in South Moravia as revealed by the unique “Survey of Employment in the South Moravian Region on the date of 31 December 2009”. This paper is a presentation of the general parameters of this survey – the number of companies participating in this survey, the number of their employees and regional differences of these characteristics are evaluated. Brief attention is also paid to the expected development of employment in 2010, which is compiled on the basis of the assumed recruitment/release of employees of businesses participating in the survey.

employment, world economic crisis, labour market, South Moravian Region, “survey of employment”, sectors of economy, industries

Introduction and objectives

In autumn 2008, the first impacts of the global economic crisis began to manifest in the Czech labour market and gradually they transferred to the regional level. The fall in industrial production and the rapid decline of foreign trade and sales in manufacturing in the Czech Republic can be indicated as the most important factors of significant reduction of employment, while unemployment increased very quickly. Czech companies have been struggling with a lack of contracts in foreign markets (Minařík *et al.*, 2010), which has forced them to dismiss their employees for redundancy, abridge labour time and reduce the supply of vacancies.

The labour market situation in the South Moravian Region has continually worsened since the end of 2008. The unemployment rate increased by almost 4 percent points per year and was significantly higher than the national average throughout the year. The number of reported vacancies declined during the year (except August) – to less than a half of 2008.

In 2009, the number of long-term unemployed persons re-increased after more than five years although their share of all registered job seekers have declined in comparison to precedent year. The average time of record of the job seekers also fell from 522 to 407 days (Employment Reports and analysis ... MoLSA CR) due to the significant inflow of “new” job seekers.

The impact of economic crisis on the development of employment in the South Moravian Region and individual companies in 2009 might be assessed and described with view to the results of survey conducted among businesses under the title “Survey of Employment in the South Moravian Region in 2009”. The data obtained from the questionnaires enable to assess how recruitment and release of workers changed the employment structure in individual industries and sectors of national economy in the South Moravian Region. This paper presents some selected results of the unique survey and demonstrates the possibilities of mutually

beneficial cooperation of the public administration (research submitter) and universities (processor).

The literature devotes a significant attention to changes in the employment structure in individual industries and sectors of the Czech economy and to labour market development; for example, publications by L. Kopačka (1996), V. Toušek and P. Tonev (2002), V. Toušek and L. Vašková (2003) and J. Dufek (2003) can be named.

MATERIAL AND METHODS

During January and February 2010, the Department of Regional Development of the Regional Authority of the South Moravian Region in cooperation with labour offices undertook a questionnaire survey of employment with reference date of 31 December 2009. The survey has been processed every year since 2003 and its aim is to gain detailed information about major employers and the employment structure in the region, about its annual development and expected development of employment in 2010.

Labour offices were again responsible for the collection of questionnaires; the transfer of collected data into electronic form and their assessment was, for the first time, done by a research team of the Faculty of Regional Development and International Studies of the Mendel University in Brno. Previous surveys were undertaken by the Centre for Regional Development, Masaryk University while some partial results were also presented in the scientific sphere (e.g. Palcrová *et al.*, 2006). A database of employers in the South Moravian Region, multiple map supplements and a final report presenting the various findings of the survey are the basic results of the questionnaires (see Minařík *et al.*, 2010). The presented paper draws from these sources and is based on the author's personal findings obtained during the survey and report processing.

Contrary to the earlier surveys, the processors had to work with the newly introduced "Classification of Economic Activities" ("CZ-NACE") instead of the hitherto "Industrial Classification of Economic Activities, known in the Czech Republic as OKEČ. The data sets generated via using the NACE, can be compared across the European Union, since this classification is mandatory for all member states of the European Union. The disadvantage of this dataset is the fact that it is less comparable to the previous years because due to the changes in industrial classification there were not only cross-industrial changes (e.g. activities of travel agencies included in the OKEČ to industries identified as "transport and communications" is grouped with "administrative and support services activities" in NACE-CZ) but also transfers of some of the activities into different sectors (e.g. some activities reported in the secondary sector in OKEČ, particularly manufacturing, are currently in the tertiary sector by NACE-CZ). On the other hand, the great benefit of the new CZ-NACE implementation is mainly that

this classification takes into account technological developments and structural changes in the economy over the past 15 years (Minařík *et al.*, 2010; NACE REV 2 CSO).

RESULTS AND DISCUSSION

First, the actual results revealing shifts in the employment structure by industries and sectors of the national economy and also the basic parameters of the surveyed businesses showing the degree of willingness of companies to cooperate in the survey in 2009 in the South Moravian Region are presented in this section.

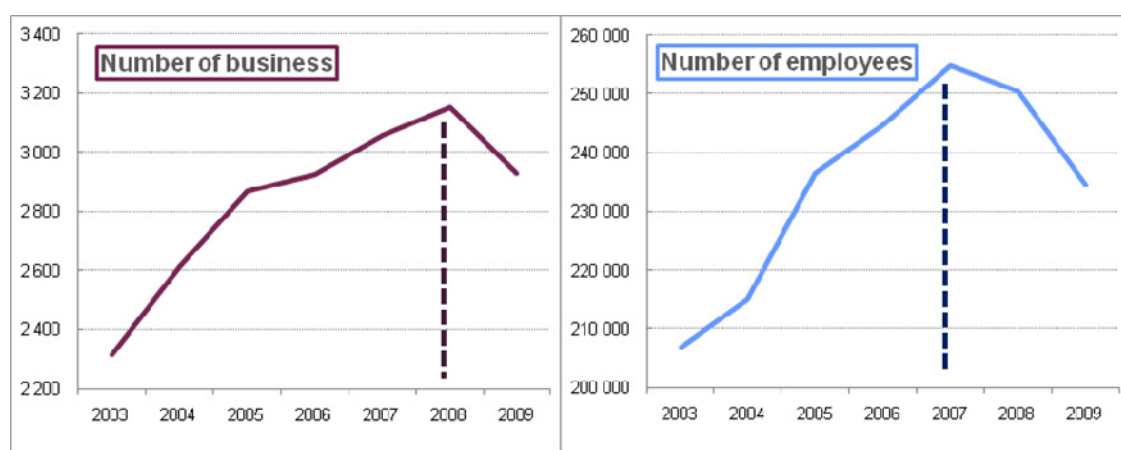
Basic parameters of the businesses participating in the survey

2,930 businesses employing nearly 235 thousand persons participated in the survey in 2009; however this meant a decline of around 14 thousand workers in comparison to the questionnaire survey captured in 2008 (see figure 1). Similarly, a reduction in the number of enterprises of 224 subjects was recorded. While the decline in the number of companies willing to participate in the survey was identified for the first time since 2003, the number of employees in these companies dropped in each of the two consecutive years. Most companies participating in the survey employed more than 20 employees at the end of 2009 in the region; this meant that only 20% of the South Moravian firms with more than 20 employees did not take part in the survey.

The share of primary sector workers found by the survey in all the districts reached higher values than the regional and national average, except for the city of Brno where it was almost negligible (0.3%). In the Znojmo district, employees of primary sector represented more than a tenth of all registered workers (11.5%). High employment in the secondary sector resulted from the questionnaires in the districts of Vyškov and Brno-venkov, where the proportion of these employees exceeded 60%. The tertiary sector clearly dominated in the city of Brno as according to the survey more than 75% of all employees in this city were employed in this sector at the end of 2009. Employment by sectors of economy is shown in Figure 1 to the municipal level.

The survey revealed that most workers were employed in enterprises located in the Brno-City (57.2%) and the neighbouring district of Brno-venkov (10.6%), while the share of employees in the remaining South Moravian's districts never exceeded 10%. More than two thirds of employees worked in the metropolitan area of Brno and its hinterland in the context of the survey.

Apart from Brno, employment in the tertiary sector dominated in the former district towns such as Břeclav, Hodonín and Znojmo and in some municipalities with extended competency – for example Ivančice, Kyjov, Šlapanice and Tišnov. On the contrary, high employment in the secondary sector is typical for the former district towns Blansko



1: Basic parameters of the business participating in the survey in 2003–2009

Source: Minařík et al., 2010; author's processing

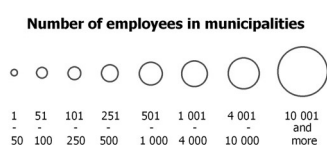
and Vyškov and some “industrial centres” such as Bučovice, Bzenec, Kuřim, Letovice, Modřice, Rousínov, Slavkov u Brna, and Velká nad Veličkou. Centres of the primary sector are mainly smaller municipalities in which there are located major agriculture farms such as Agrodružstvo Jevišovice, Bonagro Blažovice, Patria Kobylí, Agricultural Inc. Čejkovice etc.

Authors of the survey (Minařík et al., 2010) state at page 38 that the representativeness of the survey in terms of the employment structure according to the basic sectors of national economy

in the South Moravian Region (comparing data of employment obtained from this survey in 2009 and the data found of the Labour force sample survey in IV. Quarter 2009) showed that the survey of employment comprised 44.4% of all employees of Southern Moravia. Even further, 55.1% of workers were covered from the primary sector, 43.8% from the secondary sector and 44.2% from the sector of services. In the case of manufacturing industry, more than a half of all employed persons in the South Moravian region in this sector were involved.

SECTORS OF ECONOMY

number of employees in municipalities
(survey, 31 December 2009)

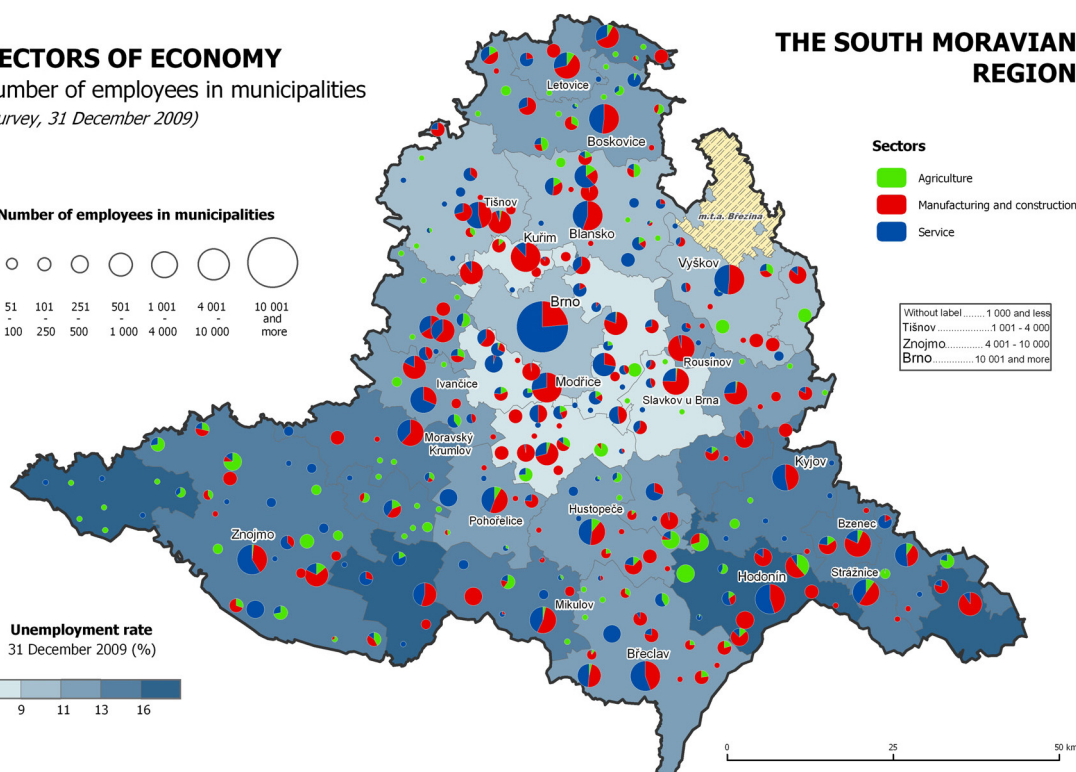


THE SOUTH MORAVIAN REGION

Sectors

- Agriculture
- Manufacturing and construction
- Service

Without label 1 000 and less
Tišnov 1 001 - 4 000
Znojmo 4 001 - 10 000
Brno 10 001 and more



2: Structure of employment by sectors of the economy to the level of municipalities in the South Moravian Region in 2009

Source: Minařík et al., 2010; author's processing

Development of structure of employment

As noted above, the total number of workers covered by the survey during 2009 decreased significantly, by 13.5 thousand of employees. At the end of 2008, employers created 248 thousand occupied jobs, however only a year later, merely 234 thousand workers were employed (decline of 5.5%). While, according to the survey, the primary and secondary sector experienced a significant decrease of the number of employees in 2009 (in the primary sector 11.6% and in the secondary sector 12.4%), the tertiary sector witnessed only a slight reduction in the number of workers of about 0.2% (Table I). The role of the services sector therefore strengthened during the year; while the importance of primary and secondary sector in total employment for Southern Moravia decreased repeatedly (similar trend occurred in the whole C. R.).

The highest absolute decrease in the number of workers in the secondary sector was recorded in the electrical and optical equipment industry (by 2.7 thousand persons) and 2.2 thousand workers also left machinery and transport equipment industry and basic metals and fabricated metal industry. The largest relative decline of the number of employees was seen in the textile, clothing and leather industry

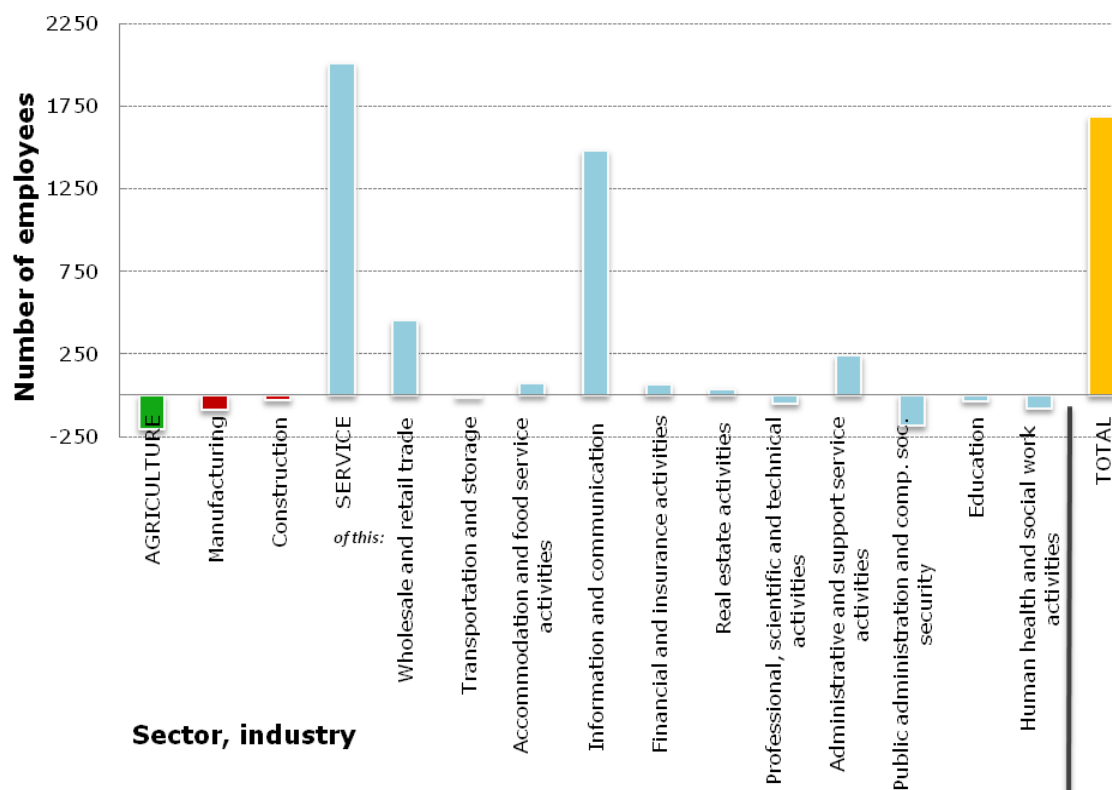
(18%). "Repair and installation of machinery" – an industry which earmarked only recently, increased its number of employees during 2009. However, this industry has almost no importance for the employment of the region. Loss of workers was reported in the construction industry (decline 6.2%), however, only 4 construction companies dismissed more than 50 employees. Moreover, in the case of construction firms, the decline of employees in the district or region does not always represent an evidence of redundancies; such workers may simply be sent to sites of construction located outside the South Moravian Region.

The total number of employees decreased also within the tertiary sector – the highest decline was achieved in wholesale and retail trade industries (by 880 persons – 4.4%) and in the sector of transport and storage services (by 625 persons – 4.7%). The largest relative decline of employment, however, occurred in the administrative and support activities industries, which lost 456 workers – representing 11.6% of all employees working in companies in this industry at the end of 2008. Businesses belonging to the information and communication industry are clearly distinguishable from the other four branches of the services industries, as in this industry the number of employees actually increased in 2009

I: Structure of employment by sectors and selected industries in the South Moravian Region in 2008–2009

Industries and sectors	Number of business	2008		2009		Differ. Abs.
		Abs.	%	Abs.	%	
I. sector	137	8 573	3.5	7 582	3.2	–991
II. sector	1 062	98 676	39.8	86 479	36.9	–12 197
Manufacturing	814	84 893	34.2	73 546	31.4	–11 347
Food, beverage and tobacco	88	8 228	3.3	7 626	3.3	–602
Textile, Clothing and Leather	44	4 422	1.8	3 624	1.5	–798
Wood	27	1 318	0.5	1 198	0.5	–120
Paper products and publishing and printing	28	1 444	0.6	1 230	0.5	–214
Chemical, plastic and rubber	91	9 732	3.9	8 761	3.7	–971
Other non-metallic mineral products	42	4 514	1.8	3 942	1.7	–572
Basic metals and fabricated metal	171	13 709	5.5	11 552	4.9	–2 157
Electrical and optical equipment	94	16 091	6.5	13 407	5.7	–2 684
Machinery and transport	120	16 636	6.7	14 008	6.0	–2 628
Furniture and other manufacturing	43	3 448	1.4	3 017	1.3	–431
Construction	248	13 783	5.6	12 933	5.5	–850
III. sector	1 731	140 750	56.8	140 401	59.9	–349
Wholesale and retail trade	397	20 192	8.1	19 312	8.2	–880
Accommodation and food service activities	67	3 058	1.2	2 834	1.2	–224
Information and communication	91	9 301	3.8	10 099	4.3	798
Administrative and support service activities	88	3 936	1.6	3 480	1.5	–456
Public administration and defence; compulsory social security	106	17 964	7.2	18 348	7.8	384
Education	409	28 527	11.5	28 814	12.3	287
Human health and social work activities	125	23 024	9.3	23 805	10.2	781
Total	2 930	247 999	100.0	234 462	100.0	–13 537

Source: Minařík *et al.*, 2010



3: The development of employment in sectors and industries according to the plans of companies and organizations in the South Moravian Region in 2010

Source: Minařík *et al.*, 2010; author's processing

as 798 persons in information and communication industry were newly employed, i.e. 8.6% more than in 2008. A slight relative increase was also recorded in the human health and social work activities by 3.4% and in the public administration industry by 2.1%. Tertiary education service and the cultural and recreational activities also slightly increased.

Significant negative impacts of the economic crisis have already reflected in the planned recruitment/release of employees (according to the survey) in the South Moravian Region in the present year of 2010 (Fig. 3), as exactly those businesses established, owned and controlled by the state, regions or municipalities (the education, human health and public administration) envisaged reduction in the number of their employees. The assumption of further decline in the number of workers was also indicated by businesses from the primary and secondary sectors.

On the contrary, businesses in the sphere of dynamic information and communication industry expect a significant increase of employees, which illustrates the trend of recent years – the growing importance of strategic services, i.e. services with an international focus, with high added value supporting employment of skilled experts in software development centres, specialized research centres, shared services centres and customer

support centres. These companies, such as the IBM, are focused on management, support and remote management of customer information systems and the IBM, for example, significantly increased the number of its workers last year. Nor the global economic recession stopped the dynamic development of strategic services – for example the AVG Technologies opened international research centre (AVG Malware Trap Center) in Brno in April 2009, while the remaining two centres of this company are located in the U. S.

CONCLUSION

The global economic crisis played a significant role in the loss of employment in the South Moravian Region in 2009 – especially in manufacturing industries. While the decline of industrial employment would most likely occur even without the effects of the economic recession (the obvious long-term downward trend in employment in the manufacturing), the importance of employment in secondary sector in South Moravia decreased further by the crisis. As the results of the survey clearly suggest, the South Moravian region, in contrast to most regions of the Czech Republic, has an advantage of a more diversified employment structure and a lesser extent of manufacturing companies that were generally most affected by the

crisis (for example automotive industry). Therefore, the economy of South Moravia has not been stricken so hard by the crisis, as some other of the Czech regions were (see Minařík *et al.*, 2010).

The economic crisis has thus rather accelerated a structural shift of employment towards the service sector which is a situation quite characteristic for most Western European regions, while the South Moravian Region significantly lags behind these regions according to the share of the employed in the tertiary sector (see report Toušek *et al.*, 2009). The tertiary sector represented a stabilizing sector

of the region's economy in 2009 which did not significantly dismiss its workers for redundancy unlike the primary and secondary sectors. Activities of the state contributed to this fact, because the tertiary industries with important role of the state, such as education, the human health and social work activities and public administration increased the number of employees in the time of the crisis. The years of 2010 and 2011, however, might witness the reducing of the number of state, regions or municipalities employees, particularly with regard to the expected sharp cuts in the state budget.

SUMMARY

The situation on the labour market during the year 2009 can be regarded as a key indicator of the impact of the global economic crisis on individual countries and regions. Although the unemployment rate increased and the number of employees decreased in all regions of the Czech Republic, a reported rate showed a different intensity in individual regions and thus the economic crisis had different impacts on regional labour market.

The present article evaluates the intensity of impacts and the role of the global economic crisis on employment trends in the model South Moravian Region during 2009 and outlines the expected developments in the next year. The view is set in particular on sectoral and industrial changes in employment. The model region was not chosen at random, as a unique questionnaire survey among businesses and organizations from this region has been carried out since 2003, of which the main initiator and guarantor is the Department of Regional Development of the Regional Authority of the South Moravian Region. Labour offices are responsible for collecting questionnaires and the processor of this survey is a team of university experts – team from the Faculty of Regional Development and International Studies Mendel University proceeded questionnaires in 2009 for the first time while author of this article was a member of this team.

In the most recent year 2009, the survey included findings of more than 2900 enterprises of the South Moravian Region (80% of businesses with more than 20 employees of the region), in which nearly 235 thousand workers were employed, representing approximately 44% employees of South Moravia. Some basic parameters of the survey with an emphasis placed on regional differences are discussed in the opening chapters of the article together with the description of an increasing role of Brno as a job centre of the South Moravian Region, since more than 55% of employees included in the survey worked in this city.

The economic crisis acted as a catalyst for sectoral changes in employment structure in the region, as the role of the service sector (60% of employees) significantly strengthened at the expense of manufacturing and construction (37%) and agriculture (3%). A significant decrease was recorded as for workers in the secondary sector, which was left by more than 12 thousand workers, while the total employment decline amounted to 13 thousand in this region. Businesses in the primary and secondary sector assumed again a slight decrease of workers in 2010. Conversely, companies in the services sector lost only 350 employees in 2009 and many industries showed an increase in employment – the highest growth was reported in the dynamic industry of communication and information activities. Services industries with important role of the state were also of a stabilizing importance in the time of the economic crisis, such as education, health and public administration industries, however, businesses from these sectors expected staff reductions due to anticipated state budget cuts which will necessarily reflect in the management of many of these organizations. Only the survey of 2010 will reveal how real the prediction of employment development in the South Moravian Region was a year earlier.

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