

THE ROLE OF HUMAN RESOURCE MANAGEMENT IN THE RURAL AREA IN HUNGARY

Robert MAGDA

Abstract

The unemployment rate is approximately two-four percent higher in villages than in towns. Respectively, investigating those who have been unemployed for more than a year this difference is even higher which shows the actuality of investigating the problem. The required factors of production are used in varying degrees during the production process. These rates depend on the activity, because there would be labour and capital intensive businesses. In any case, we do not know any production activity which would not demand labour, or would not use a certain amount of space and resources directly or indirectly. The competitiveness of the rural areas of Europe and Hungary depend on their economic growth and the implementation of sustainability. We need to establish new complex rural and settlement strategies to stop the negative processes in the disadvantaged regions, which will result in a competitive agricultural structure and the possibility to employ the great numbers of low-qualified people living there.

Keywords

human resource, rural area, unemployment

JEL Classification: R14, R125, M54

Introduction

After the regime change the number of unemployed people increased significantly (by 400-600 thousand) in Central Europe, which – due to the crisis – has further intensified in the last period. Most of the unemployed are undereducated (25-30% of them have finished only elementary education or not even that one) which encumbers further job opportunities. The unemployment rate is approximately two-four percent higher in villages than in towns. Respectively, investigating those who have been unemployed for more than a year this difference is even higher which shows the actuality of investigating the problem.

Putting rural population at an advantage relies on the improvement of the economy of rural areas and the implementation of sustainability. Halting the negative processes experienced in the disadvantageous areas requires new and complex rural and settlement strategies that will result in competitive agricultural structures and the employment of the undereducated workforce – even if only to a limited extent – will be possible.

Going back to the last few decades in all periods Hungary was competitive only when employment and livelihood were ensured for those who live in the countryside. Agriculture and food industry had a leading role in these periods and the structure of agriculture guaranteed the employment of those who lived in the countryside. For the moment we can say that the problem of sustainability is: how to alleviate

poverty without negatively affecting the natural environment in such a way that future economic prospects suffer.

The crisis penetrated to Hungary like to most of the countries in the world – without having been prepared for it; and we see that the solutions to the problem (bioenergetics, environmental industry, research, education etc.) are mainly only predictions and there is no strategy at all (we have merely been talking about agricultural strategy or 20 years). Without definite aims and authoritative strategies we might become hopeless, futureless and losers (the North Star does not serve the purpose to reach itself either but to help orientation and show the right direction).

According to our judgment, one of the possible ways of getting out of the crisis is to utilize our natural resources and to accomplish sustainable economy. Besides the rational utilization of the natural resources and the application of renewable energy resources we have to be more effective in the field of human resources development than we are at present. On the basis of our judgment and recent experience the production and economy can obtain new and confirmative support through the relation system of research – innovation – corporate development, which help priorities to be properly defined and to have satisfactorily skilled labor force available for the works to be done. All of these require a new way of thinking, new educational policy and new future prospects.

This present crisis in Hungary is different than any crises before because after the change of regime the producing, processing and distributing enterprises, companies and financial institutions mainly belonged to foreign multinational companies – and not to Hungarian owners. These foreign companies have no interests in increasing the production of the Hungarian economy and the Hungarian agriculture by investing; much rather, according to their own interests, they either temporarily or in the long run discontinue production and financial support that help production and development. Thus present-day Hungary as a mainly raw material-producing country is exposed and if we do not act we will be in a hopeless situation.

The agricultural actors of the neighboring EU member countries can manage with less living labor burdens, smaller taxes, lower interests with more

favorable rates and more moderate administration fees and their integration background is much more developed.

Discussion

Analysing the background, the first fact that must be mentioned is the changes of the agricultural land utilisation. After 1990 the Hungarian agricultural production decreased step by step and nowadays the ratio from the GDP is less than 3 % which was near 10 at the beginning of 1990-es. If we want to find the reasons of the decreasing we will have to see the changes of the agricultural land area. (table 1)

Table 1: Land area of Hungary by land use categories (hectare)

Year	Arable land	Garden	Orchard	Vineyard	Grassland	Agricultural area
1985	4,697.5	338.7	103.5	153.6	1,246.4	6,539.7
1990	4,712.8	341.1	95.1	138.5	1,185.6	6,473.1
1995	4,715.9	90.2	93.9	131.3	1,051.2	6,179.3
2000	4,499.8	101.6	95.4	105.9	1,051.2	5,853.9
2005	4,513.1	95.9	102.8	86.0	1,056.9	5,863.8
2010	4,322.1	81.5	93.7	82.8	762.6	5,342.7
2015	4,331.7	80.5	92.2	80.6	761.5	5,346.5
1985/2015	92.2%	23.8%	89.1%	52.4%	61.1%	81.8%

Source: by http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_omf001a.html

On the basis of the table we can see the highest reduction in gardens, but the quantity was not so high than it was in the grassland. In my opinion this reduction is connected with the decreasing number of the animals. Summarising the table nowadays we use more than 1 million hectare less agricultural land than we did in the past. It means we have got free natural and human capacities which we will have to use in the future.

We have to think about the utilisation, because our energy dependency has increased in the last twenty years. In industrial activities we used and today we also use mostly fossil minerals to generate electricity. Our consumption will be hire and hire, but our stocks from these resources are limited. When we look the figures, we can see this (table 2).

Table 2: Hungarian crude oil, natural gas production and import between 1980-2015

	1980	1988	1994	1999	2010	2015
Crude oil production (Mt)	2.031	1.947	1.334	1.243	0.827	0.568
Natural gas production (Mm ³)	6.142	6.272	5.564	3.293	3.241	2.634
Crude oil import (Mt)	8.336	7.262	5.821	5.933	6.974	7.322
Natural gas import (Mm ³)	4.045	5.371	5.063	8.704	11.72	12.82

Source: Mineral raw material wealth of Hungary 2016. Hungarian Mining and Geological Office, Budapest. CD

In 1980 our crude oil production was 2.031 Mt, in contrast with the oil import (8.336 Mt). It means that the import was 4 times bigger than the

production. It was not so good, but the situation in 2015 was even worse than in 1980, because the import was nearly 13 times bigger than the production and

the price of this resource has also increased. Therefore our dependency has tripled in the last 30 years.

The situation is similar considering natural gas, but 30 years ago the Hungarian production (6.142Mm³) was bigger than the import (4.045 Mm³). After 30 years our gas import is 4.8 times bigger than our production, so the situation has completely changed.

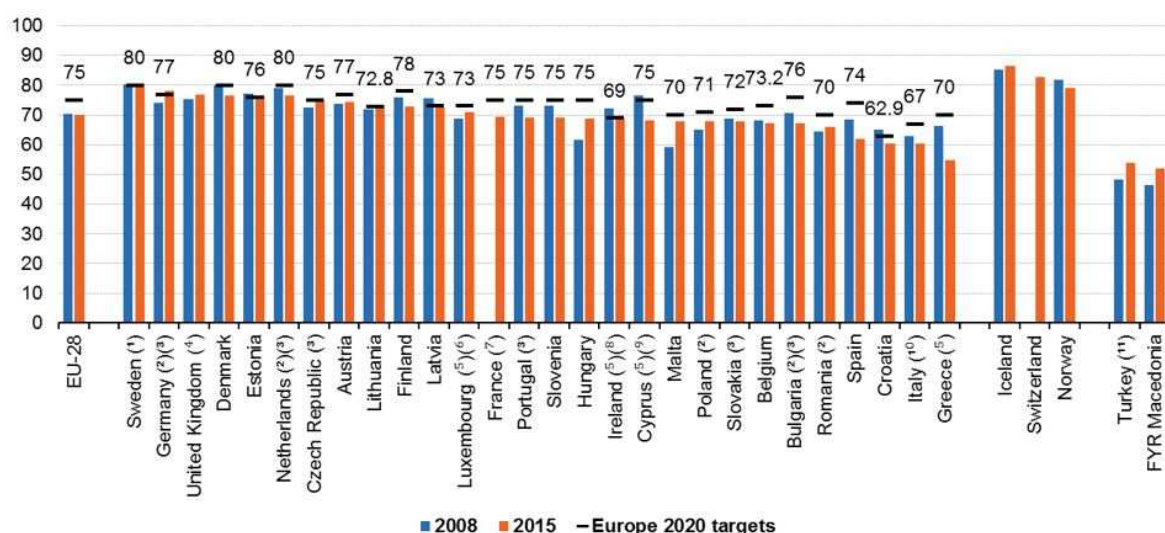
After these facts I have to mention the world crisis which started in 2008 in the USA and appeared all over the world. I will focus on the effects of the crisis on the labour market. When the crisis was suddenly appeared many people lost their workplaces, and increased the ratio of the unemployment's all over

the world. It was not different in our country. Analysing the labour market we percept changes eg.:

- Fell in employment
- Increase of the unemployment
- Changes in inactivity
- Differences by qualifications, ages and gender
- Sectorial differences.

The specifics must be presented because in my opinion they will be help us to find the solution for our problems. I have already mentioned that the crisis was perceptible in all countries. (Figure 1)

Chart 1: Employed rate in the EU



(1) Target: more than 80%.

(2) break in time series in 2010.

(3) break in time series in 2011.

(4) No target in National Reform Programme.

(5) break in time series in 2009.

(6) break in time series in 2015.

(7) No data for 2008.

(8) Target: 69-71%.

(9) Target: 75-77%.

(10) Target: 67-69%.

(11) break in time series in 2014.

Source: http://ec.europa.eu/eurostat/statisticsexplained/images/e/eb/Employment_rate_age_group_20_to_64%2C_by_country%2C_2008_and_2015.JPG

In 2010, the decrease in the number of employed people stopped, but restoring the level of employment before the beginning of the crisis will take probably longer. According to the data in 2015 the average employment rate was 70% in the EU, when the

Hungarian was 69% On the other hand we can find some country eg. Austria, Denmark, Netherlands, Germany, Sweden where this index was above 70%. The target in the EU is 75%, but it will be very difficult to reach it for every countries. In my opinion

that is the greatest problem in our country nowadays and we will have to solve this in the near future if we do not want to drop behind.

The average unemployment rate was 9,8% in the EU at the end of 2015. The Hungarian figure was 7,3%. The increasing unemployment along with the stagnating employment can be attributed to the following factors:

- The gradual rise in retirement age increases labour force supply.
- The modification of the unemployment provision system requires a more active presence in the labour market also from people who were considered inactive earlier.
- Fewer and fewer people losing their job are provided for by the social and social insurance system, so they become long-term jobseekers.

According to data the highest ratio was in Greece (25,8%) and the second was Spain with 23,7%, where the economic situation is very bad nowadays – more than triple than in Hungary. In those countries where the economy is based on stable basis the unemployment rate was not as high as in countries where it is not.

I analysed the differences between the registered jobseekers and the unemployed people between 1999-2015. During the examined period the number of unemployed was the lowest according to Labour Force Survey while the highest was among those who consider themselves unemployed. The latter one is

more real, so we will have to solve the problem of nearly 700 thousand unemployed in the near future if we do not want bigger problems than we have nowadays.

The third thing is the ratio of the inactive segment of the population. In 2013, 36.1% of the population aged 15-64 was inactive in Hungary. The average rate was nearly 10% less in the EU. The number and the proportion of inactive people, along with the increase in the number of unemployed, decreased compared to the previous year.

The decrease concentrated in the categories of pensioners and of „other inactive” (-18 thousand) who are not students and not receive any personal provision. Even so, the largest group of inactive is composed of pensioners with proportion of nearly 40%, followed by the group of full time students with nearly 30%. The number of the so-called other inactive is invariably significant (nearly 360 thousand) as well.

Having analysed the distribution of the unemployed people by gender and age I was surprised to find that the biggest segment – approximately 230 thousand, it has decreased to 150 thousand – is composed of people between 25-44 years of age (table 3). It is both bad and good at the same time. It is bad because in this age group more people would have to work, and it would be good in the future because they will be potential workers for a long time in different sectors of the economy.

Table 3: Number of unemployed people between 2000-2015 by gender and age (thousand)

Year	15-24		25-44		44-64		65-74		Total
	W	M	W	M	W	M	W	M	
2000	26,2	42,5	55,5	80,3	22,8	35,9	0,3	0,2	263,7
2004	22,6	33,3	63,1	70,8	30,1	32,5	0,3	0,2	252,9
2008	26,4	33,7	81,7	94,5	44,2	45,5	0,3	0,1	326,3
2009	31,4	47,4	98,9	124,9	55,4	59,4	0,3	0,0	417,8
2013	37,0	46,5	100,9	122,3	63,4	70,2	0,6	0,2	441,1
2015	23,5	35,3	76,7	73,4	45,4	52,6	0,2	0,7	307,8

Source: by HCSO

In what follows I will illustrate the differences by gender and qualification. In general the ratio of unemployment amongst the less qualified employees was higher than amongst the well qualified people. That was the situation in the past and it also holds true nowadays. After the first few months of the crises we could see an increase in the number of the unemployed.

The increase was higher in the industrial sector – mostly qualified workers – than in the agricultural sector where we had witnessed this process earlier. According to table 4 we can see that the number of the unemployed is nearly 200 thousand in the first two categories, and we can see the lowest number who has college or university degrees.

Table 4: Number of unemployed people between 2000-2015 by gender and qualification (thousand)

Year	Elementary School, or less		Trade School		Grammar School		College, University		Total	
	W	M	W	M	W	M	W	M	W	M
2000	33,8	54,9	29,3	65,9	36,6	32,9	5,1	10,9	104,8	164,6
2004	32,3	57,3	31,8	63,8	39,7	33,3	12,3	9,8	116,1	164,2
2008	49,3	62,3	37,7	68,3	50,4	33,4	15,3	9,6	152,7	173,3
2009	59,2	72,3	49,1	93,8	57,0	50,5	20,8	15,4	185,9	231,9
2013	57,4	69,9	51,7	94,0	67,5	58,3	25,1	16,9	201,8	293,3
2015	48,9	54,0	35,1	56,5	45,5	39,7	15,4	11,7	145,9	161,9

Source: by HCSO

How shall we find the way out?

This is a very simple question, but the answer is very difficult and complex. Thinking about the problem of land utilisation, energy dependency and

the labour force where can we find the solution: in the industry, in the agriculture or in the service sector? When we look at table 5 we can see huge decreases in the agricultural and industrial employment also, and an increase only in the service sector.

Table 5: Number and ratio of the employed people by economic sectors 1990-2015 (15-64 years)

Specify	Number (thousand)			Ratio (%)		
	1990	2000	2015	1990	2000	2015
Agriculture	697.2	251.9	203.2	15.4	6.6	4.8
Industry	1,711.0	1,299.7	1,273.2	37.9	33.9	30.2
Services	2,107.9	2,280.4	2,727.3	46.7	59.5	64.8
Total	4,516.1	3,832.0	4,210.5	100.0	100.0	100.0

Source: Own construction by HCSO

In 1990 the employment rate was higher – by approximately 700 thousand people – than in 2009, but the number of the population did not decrease so high in the same period. So we have free capacities in the different sectors which we will have to utilise in the future. What would be the solutions?

Our country is really lucky because it has enough arable land and water capacity. Without these two resources it would be impossible to produce anything. The third factor would be the not well qualified unemployment people. So our task in the future is to find types of utilisation possibilities which use all of these resources and help us to decrease our energy dependency. I believe we have already started something, but not in the most effective way.

Conclusion

In these days everybody in the world is seeking for possibilities to get out of the crisis – let it be an economically strong capitalist country or an economically less strong developing country. Hence

our task for the future is to find those ways of resource utilization with which there is a chance to decrease our energy dependence and to increase employment. Much research points to a need for an economic transformation to increase resource efficiency. While this is a major challenge, it is an achievable goal; a tenfold increase in resource productivity is possible.

Policy thus needs to be long-term and consistent and, while national policies can still be effective, given the global nature of resource consumption, internationally harmonised policy will make the task of reaching a resource efficient future a smoother operation. Research that elucidates the complexity of resource use, such as that highlighted in this issue, will help shape long-term, future policies.

The competitiveness of the rural areas of Europe depends on their economic growth and the implementation of sustainability. We need new complex rural and settlement strategies to stop the negative processes in the disadvantaged regions, which will result in a competitive agricultural

structure and the possibility to employ the great

numbers of low-qualified people living there.

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Contact

Robert Magda Phd, associate professor,
Szent István University,
2100 Gödöllő Páter K. út 1.
Hungary
e-mail: magda.robert@gtk.szie.hu