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Doctoral School of Earth Sciences

**Changes in the Employment Ability of Békés County from the
Transformation of Regime up Today**

PhD Thesis

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1. Scientific preliminaries and objectives

Choice of subject

In the states of the world it has always been of an outstanding importance to increase the level of employment and to decrease the number of the unemployed. However, the negative impacts of the world economic crisis highlight the researches on the economically active population. The economic recession, reduction in the employment capacity of the national economies result in social problems in Hungary, too: more and more people lose their work, so the unemployment and the rate of poverty increase. The social guard-catch-net and solidarity do not reach all those in need. To escape from the crisis means a serious challenge for the representatives of science and politics. It is still an important issue one of the main questions of which is: how can new workplaces be generated? Therefore timeliness, topicality of employment as a research subject has not been so in the highlight of science for a long time as in the first decade of the 21st century.

About twenty years have passed since the transformation of regime. Sociologists and politicians are making an account about what we expected from the democratic changes, from liberty and what we obtained from them. Retrospection is actual from the point of view of employment. *The presence of the economically active population on the labour market is significant not only from economic aspects but regarding its impacts on the society.* First of all, income from work is the base of the families' livelihood and the public revenue. *Thus employment is a question of vital importance from the points of view of both the individual and the society.* If there is enough workplace, those who can and want to work can get enough work. If there is work, there is health, good social policy, secure pension scheme and optimistic society.

The impacts of the national events affected Békés county, as well. Social-economic changes after the transformation of regime, then around the millenium transformed the society and the utilization of areas of the towns on the Hungarian Plain, and the quality of life of people living there. These transformations resulted in the change of the number of employment and the number and structure of the employed. (BECSEI J. 1999, GURZÓ I. 2002, SZAKÁCS A. 2003, SZTANKÓ J. 2003, SIMON I. 2004).

The static competitiveness of the Southern Plain- counties Bács-Kiskun, Békés, Csongrád- is permanently under the European average, its dinamic competitiveness is continuously decreasing, its falling behind is uninterrupted. In the last more than 30 years a series of studies about county Békés has been published on the demografical, labour supply and infrastructural sides of competitiveness, analyzing the direction of the processes and offering solutions for the region. (DÖVÉNYI Z. 1974, TÓTH J. 1977, 1980AB, TÓTH J. 1982, 1984, 1985, 1988, BECSEI J. – Tóth J. 1981, BÉKÉSI J. 1985, ARADSZKI J. 1986, DÖVÉNYI Z. – TOLNAI GY. 1991, TIMÁR J. 1995, 1996, LENGYEL I. 1996, RAKONCZAI J. 1997, ABONYINÉ PALOTÁS J. 1999, KŐVÁRY E. P. 1999, CSATÁRI B. 2004, KÖTELES L. 2004, GURZÓ I. – Simon I. 2005, SAMUNÉ MIHALIK A. 2006, PAPP J. 2007AC, 2008B). All of the researchers mentioned the *decrease of population*. There is a similar coincidence in the contradiction of how social partners are able to meet each other's needs: - there is work, but there are no skilled employees to do the work, - there are employees with free capacity, but there is no work which need little or no skill, - there is work, and skilled employees, but they cannot be mobilized (MICHELLER M. 2005, MOTYOVSKAI I. 2006, LŐCSI H. – SZALKAI G. 2008, PAPP J. 2006BC).

Enlargement of employment, generation of new workplaces, and maintenance of the present workplaces have become a key issue by today. It is a real need on the part of the the population of Békés county to improve their quality of life, and to have the chance to work

which could ensure the living for those in active age. To reach these goals the employment should be improved and the present workplaces should be maintained.

This study focuses on Békés county, analyzes the question of employment here, undelining the structure of employment, its territorial features, discovering the reasons and peculiarities of unemployment. Its assumed shortness is that I am concerned only with the economically active population, with those who are able to and want to work. In the summary of my research I am aiming to give suggestions to assist to create new workplaces.

Scientific preliminaries and objectives

The region of the Southern Plain, and within *Békés county is the region of Hungary which is burdened with the most serious structural reorganization and thus, with the gravest employment problems* (ABONYINÉ PALOTÁS J. 1999, KOMÁDI M. 2003). Presentation of demografical-economic processes in the settlements of the county from the millenium up today can help to recognize certain tendencies and to work out the impact mechanisms. Interests of the persons taking part in economy, employers and employees can meet in the labour market because even in the forest of different interests is undeniable that they are interdependent. There is much to do on both sides.

By the end of the 90s *Békés county has fallen behind significantly in indexes showing the economic capacity of the region compared to the regional averages and to the level of national economy, too.* The capacity of the county shows the way to the final fall, in different measures in case of small regions (LENGYEL I. 2001, 2003, SZTANKÓ J. 2003, GURZÓ I. –SIMON I. 2005).

In Békés county the economic activity – employment and unemployment – after the millenium, shows falling behind compared to both the regional and national average (GURZÓ I. – SIMON I. 2005, KOCZISZKY GY. 2007).

The employment ability of economic sectors has been transformed. The agricultural production significantly differs in its features from the other sectors of the economy. As a result of the dependence on nature the entrepreneurial capital prefers industry or services. As the industry is linked to the towns, the capital supply of the rural areas is not sufficient (SIMON S. 2001, GURZÓ I. 2002).

The proportion of people employed in the agrarian sector compared to the population is the highest in case of settlements with large peripheries (eg. Mezőhegyes) (KONCZ G. 2003).

The number of the people employed in industry and building industry has decreased compared to the regional average. More food-processing firms with a significant past, for example mills have been liquidated for ever (SIMON I. 2004, GURZÓ I. – SIMON I. 2005). The economy-refreshing role of *the industrial parks* is hardly felt, their employment ability is minimal, the opportunities from their joint presence in concentrated premises is not utilized enough. They show competitiveness in marketing of areas, but their qualities are not exploited enough in case of innovation and cooperation. The mutual effects of the industrial parks and their towns, and the institutions of vocational training are insignificant (PAPP J. 2006C, GURZÓ I.- HORVÁTH E. – SZTANKÓ J. 2007).

The rate of the employee in the tertial sector shows a certain increase, especially in Békéscsaba, in the county seat, but in Gyula and Orosháza, as well. Primarily the number of employees in administration, education and health care is significant.

In the rural areas tourism (in a restricted way) can generate new workplaces (PAPP J. 2006B).

According to some researchers there are several reasons which obstacle the improvement of employment and geneartion of new workplaces:

„If this region does not get help for closing up in the field of infrastructure in time, the weak provision which hinders development will separate it completely not only from the world but from the more developed regions of Hungary, too”- ABONYINÉ PALOTÁS J. (1999). GURZÓ I. and VANTRA GY. (2005) made a similar statement when they analyzed the conditions of public traffic in Békés county.

According to STANKÓ J. (2003) *the obsolete economic structure of the region, the dominance of agriculture, the lack of big firms altogether have a disadvantageous effect on employment.*

Békés county does not utilize its possibilities which derive from its advantageous position of being next to the border. There is no real economic cooperation with Arad county (Romania) either in the field of trade or in tourism (LENGYEL I. 1996, BORZÁNA A. 2004).

Coordination of demand and supply of the labour market in the fields of education, vocational training and adult education show a possible way out of unemployment (BÓDI F. – OBÁDOVICS CS. 2000, Micheller M. 2005).

The county should utilize the EU sources in a more efficient way in order to create new workplaces (KONCZ G. 2003, GURZÓ I. 2005).

An important token to keep the population is that the individual can make ends meet, which means that he has a job in its living place or within easy reach (BECSEI J. 2004B).

The studies published so far analyzed profoundly the aspects of competitiveness, thus the one of employment but they have not searched two, I think important, questions. One of them is that in Békés county the different small regions and settlements have different employment conditions. The other one is that the spacial situation (its natural-economic, infrastructural, labour market features) of the living places of employers and employees basically determines where and in which conditions it is possible to increase employment.

This study, building on the previous researches but not stopping at their statements, is aiming to seek for practical solutions to enlarge employment in Békés county. It will discover the obstacles and possibilities of the creation of workplaces going from the bigger units towards the smaller ones (county, small region, settlement, national economic sectors, labour market, employers, employees, the unemployed). To delineate the actual things to be done it leans on the practical experience of those who feel the present employment situation in the labour market. During the empirical research such suggestions will be formulated which can contribute, in the level of settlements, to create a new employment strategy which would result in new workplaces.

The aim of the research *is to enlarge employment in Békés county in order to develop the life quality of the population the condition of which is to raise active participation in labour market and to improve the employment capacity of enterprises.*

The analysis of the situation focuses on the sensitive, weak points of the employment in the county, anticipating the desirable future processes. *This study can give information for the authorities and professionals which can be utilized and improved to increase employment in Békés county.*

The aim of the research is based on the following assumptions:

1. Study of the specialized literature helps discover and outline the general knowledge about employment which could serve as a base to develop an employment strategy.
2. The social- economic features can be found in the region of Southern Hungarian Plain and in Békés county which explain the present employment situation of the economically active population. The chronological analysis of the demografic and

economic processes makes possible to determine the tendencies in connection with employment which brings about the possibilities to solve them.

3. With the analysis of the state of the national economic sectors in the county the employment possibilities can be discovered with which new workplaces can be generated.
4. It is possible to find the employment forms which can improve the life quality of the population in the level of county, small region and settlement.
5. Entrepreneurs of Békés county are able to and are competent to judge the manpower needs and its quality in the economy. Thus, the empirical research can help to delineate the conditions to coordinate employers and employees. It is possible to get closer the manpower demand and supply.
6. Presentation of the regional and structural features of employment and unemployment can give information for professionals which can help determine the new development directions, so the life quality of the population living in Békés county can improve.
7. This study can help the local authorities and regional development professionals develop a flexible local employment strategy.

Questions to be answered

In connection with the above mentioned aims there are several cardinal questions to be answered. These are the following:

1. What social-economic processes do the Hungarian specialized literature discover from the transformation of regime up today while analyzing employment and unemployment?
2. Where can Békés county be put in respect of the main economic and employment indexes comparing to the other counties of the Southern Plain region?
3. What regional features do the economically active population of the small regions have?
4. Which conditions can be expected to enlarge employment in the sectors of the national economy?
5. Is the county be able to utilize its natural, economic and human resources potentials?
6. Are there today regional or settlement „attempts” which could establish new and permanent workplaces?
7. Which are the features of the labour market of Békés county? What workers would employers employ?
8. How can sustainable development be obtained in Békés county?

2. Research methods

The research gives opportunity to apply more methods. These are the following: elaboration of literature and sources, source critiques, phenomenon description, analysis-comparism, questionnaires and interviews. As a quantitative method the analysis of the county and small region data from the Central Statistic Office (KSH), State Employment Service (ÁFSZ) and Souther Plain Regional Employment Centre is presented. The questionnaire and the interview are built on the qualitative methods.

Quantitative methods

The method which gives appropriate results for the statistics relies primarily on the regional, county and small regional data of KSH and ÁFSZ where demographic, employment etc. data can be found. It makes possible to measure changes in employment with the so-called „hard”, reliable, dry facts which help give picture about the structural and static events which then effect economic activity.

Within the method the technique of *systematic data collection and content analysis* is applied which can be classed as a *non-intervening group*. Its base is the informative publications listed in the secondary sources.

Qualitative methods

The basis of the quantitative methods which help understanding are *the questionnaire* filled by the employers and *the interview* with them. They were carried out with a direct, primary method personally, via e-mail or by phone. The group of the interviewed belong to the bigger employers in towns, while to small or middle entrepreneurs in the smaller settlements. The questionnaires were filled by the responsible person, manager, owner or other person with employer's rights. In each small region the subjects of the interview belonged to the higher authorities who had the right to state his views.

I involved altogether 50 enterprises in the survey which employ altogether 3513 employees. I collected the answers from 41 managers. The majority of organizations (31) employ less than fifty workers. Regarding their fields of activity agrarian venture is 12%, of industrial features is 40%, 25% work in trade and catering, while 23% of them practise in the service sector.

In the region of Békéscsaba the managers of the following ventures filled with the questionnaire: agricultural producer, food processor, manufacturer of agricultural parts, vehicle trader, printing service provider and estate agencies. In the small region of Békés a furniture maker, a wood-working venture and a building company gave appreciable answers. In the region of Gyula the participants in the survey are: a food processor, beverage producer, a textile enterprise, a stocking manufacturer, fuel trader and a concrete-manufacturer. Enterprises of Mezőkovácsháza take up wholesale trade, agriculture, food-retail trade. In Orosháza the typical activities of the questioned are glass- making, production of metal materials, wholesale trade, food-processing, administrative service, building service. In Sarkad and in its surroundings the enterprising fields are: retail trade, manufacturing of woodworking products, while in the region of Szarvas agriculture, food-processing, manufacturing of metal products, accomodation service. In Szeghalom the activities of the analized ventures are retail trade and service of small machine repairing.

3. Summary of the results

Structural features of unemployment

Distribution of the unemployed of Békés county according to their gender shows the higher presence of men which was caused by the liquidation of the agricultural firms, for example the State Farm of Békéscsaba (Békéscsabai Állami Gazdaság), the AGRÁR Rt of Szarvas, Csabatáj MGTSZ, Béke TSZ of Békéscsaba. *Some of the food-processing companies have been liquidated in the towns*, the Cannery and the Cold-storage Plant in Békéscsaba, the sugar-works in Mezöhegyes. The following factories have been closed down: the metal cutter in the county seat, the sugar-works in Sarkad, the feather processing and poultry firms of

ÁFÉSZ in Mezőkovácsháza, the milk powder factory in Gyula, the confectionery in Tótkomlós, the meat factory in Szarvas, the turkey-processing firm in Csabacsüd. They were economic organizations which employed mainly men. Today men, as a result of their role as a breadwinner, if they do not have a job, do odd jobs or „black” work. It is typical especially in case of small towns. Male workers of the settlements next to the border go to Romania to undertake odd or seasonal work. *Decrease of the employment of women is closely related to the decline of the textile industry and liquidation of canneries.* Firms with big traditions went bankrupt so female employees in large numbers remained without job. No improvement can be predicted in the field of employment of women because there are not workplaces where women could find work. They can do seasonal work in agriculture for some weeks (apple or cherry picking in Mezőhegyes and Csorvás, broomcorn cutting and tassel snapping in Békés and Orosháza, while watermelon harvesting in Mezőkovácsháza, Medgyesegyháza and Csanádapáca).

The age composition of the registered unemployed has not changed basically during the examined period. Modifications in certain age group-categories are minimal, they do not even reach one percentage, so the change in the average number of the unemployed affected equally each age group. *According to their age the majority of people seeking job belong to the age group 20-30.* Approximately 20% of the unemployed is over fifty which represents ageing of the county. Their number shows an increasing tendency.

In Békés county among the registered unemployed, inside the group of manual workers, the proportion of skilled workers has increased, the rate of semi-skilled and unskilled workers has decreased in a modest amount. Those workplaces were liquidated which employed specialized workers: worker in the mill industry, miller, butcher, baker, kneading worker, carpenter, joiner, shopkeeper, dressmaker or cutter.

In the county about half of the registered unemployed have a low educational level, they have eight grades or even less. A third of the registered are skilled workers; 2% frequented vocational school, 11% technical school, 3% industrial school, 8% grammar school. It is difficult to find work without qualification, and there are few workplaces where people of lower educational level would be employed. The proportion of the professional classes is 3% which means primarily college graduates. Regarding the time of being unemployed about 20% of the registered is permanently unemployed which is a proportion typical for each year. In the county 10% of career-starters can be regarded as average.

The labour force demand of the sectors of the national economy is connected to the sector of other, not-material services in 45%. The food-processing and the building industries, and trade demand significant amount of manpower, representing 16% and 11-11% of the workplaces offered. 7% of the manpower-demand is directed to transportation and storing, while its 6% are jobs in agriculture.

Territorial features of unemployment

Transformation of the unemployment in Békés county follows the national tendencies after the millenium, but there are significant territorial differences between small regions.

Besides the small regions of Békéscsaba and Gyula, the western parts of the county (Orosháza and Szarvas) are in a more favourable situation. In addition to the centres of the small regions, Telekgerendás and Újkígyós utilize their close position to the county seat, so they contribute to the favourable picture, too. *The small region of Békés has an average unemployment rate, so it is in an intermediate situation, while the small regions of Szeghalom, Sarkad and Mezőkovácsháza are in a critical situation with the value of the unemployed which exceeds the national average.* In the last two regions there are some settlements where the rate multiplies the national average. These are the North-Eastern

settlements of the small region of Sarkad: Körösnagyharsány, Zsadány, Geszt, Mezőgyán and Újszalonta, also in the Eastern part of the region of Mezőkovácsháza: Nagykamarás, Almáskamarás, Dombiratos and Pusztatölke.

Although there were examples to enlarge employment in the small regions with more favourable positions but the decrease of food and textile industries affected these regions, too. Negative changes could be seen in the sugar-, pig-, poultry and milk-processing sectors in the small region of Gyula, while the textile branch has almost completely ceased to exist. Administrative transformation, modernization is still in process which will result in reduction of manpower. Reduction with more than 400 workers at the meat combine affected the labour market of the region more significantly. *There was a bigger investment only in the field of trade. Although shopping centres with more labour force demand have been built, smaller shops closed down increasing the number of the unemployed.* The insufficient development of the infrastructure of the examined area (low capacity of the main road 44), increase of the wage costs and of the different taxes in case of enterprises, the cheap, foreign (Romanian, Ukrainian, Bulgarian) manpower, decrease of the suppliers' activity significantly contributed to the negative tendencies in the labour market. *Territorial change in the employment rate is acceptable only in the small region of Békéscsaba, it exceeds here 50%, while it is only 35,8% in the most backward region, around Sarkad. The reasons for it: infrastructural development of the county head, manpower with more sufficient skills. Bad accessibility of the peripheral regions, their human sources with lower skills are serious obstacles. That is why investors with the aim of job generation do not come to these regions.* Relatively good positions of small regions realizing intermediate values (Szarvas, Gyula, Orosháza) are due to their industrial traditions.

Staff work force reduction in case of big employers and the futurelessness of the food industry (Merián Rt.) are typical for *the small region of Orosháza*, too. Another problem is that the region can neither retain nor attract the skilled manpower in the qualified sphere of activity. In the last years new investors did not settle in the industrial park. However, in the centre of the small region there have been improvements, investments which can give the chance for a future optimism. It is for example, Gyopárosfürdő which is a bath complex of regional importance with varied offer and investments in the building industry connecting to tourism (Gyopár Club Hotel and Conference Centre). *One of the most industrialized town of the county, which has the biggest production and investment value, plays a role in the region not only from the point of view of public administration but of its favourable industrial structure, as well. Orosháza is the favourite target for foreign investments.*

The small region of Szeghalom belongs to the regions with unfavourable location where the main reason for the negative tendencies is the crisis of the textile and metal industries (Eurotex, Ikarus etc.) both in the region seat and in Füzesgyarmat. Producers cannot achieve the high quality requirements with out-of-date machines and skills. On the other hand they do not have enough capital for the modernizing investments. Only a few enterprises reach the export level, there is not enough production with high technology and the measure of development is very low. *The region is deficient in funds and not sensitive enough for the investments.*

However, the lack of quality in infrastructure is typical for this area, too. Because of the bad condition of roads a lot of enterprises prefer premises where the safe transportation can be guaranteed. Migration is significant because of the attractive force of the more developed regions, the number of people with sufficient and modern qualifications is getting less and less among those who stayed in the region. Besides the lack of the skilled workers the lack of mobility, in vocational sense, makes the situation even worse.

In the small region of Mezőkovácsháza the deepest economic-social crisis has developed which is anyway, one of the most fertile land of the country. After the

transformation of regime the extremely quick and profound changes which involved every field of economy – privatization and the change in the economic structure - had a dramatic impact on this region. At least seventy percent of the lands are in private property now, and the majority of the new owners either cannot or do not want to finance the cultivation of the lands. *The quantity and the composite of the privatization offer did not attract significant foreign capital* to the producing sectors, a meaningful proportion of the outside funds in the region is linked to the energetic branch. The following branches have predominated the structure of the local economy so far: the critical sectors (agriculture, light industry), branches with overproduction (food industry), and other sub-branches which produced for the local market with restricted capacity. Industrial and service activities which would indicate a dynamic development have not been at present in the sufficient proportion. *Also, the local economy lacks the big companies in the pulling sectors of the economy, other multinational firms which would practice a dynamic impact on a larger group of entrepreneurs through the chain of suppliers and subcontractors.* In addition, the agriculture lacks the knowledge and tools necessary for farming which situation is worsened by the fragmentation of the lands. People who earlier earned living from agriculture or the installed industry cannot find new workplaces since by today the industrial production of the region has become equal to zero, proportion of the industrial employment is 23% which is among the lowest ones nationwide. In the six years after millenium smaller enterprises employing 5-30 people were started but none of them could affect the labour market processes into a positive direction. Although the most significant reductions in staff number were carried out after the ransformation of regime there are dismissals in smaller amounts from the last few years, too. (In June, 2007 the milk-processing factory dismissed about fifty workers, the OTP Bank removed forty employees in 2008.) The unemployment rate does not improve in the small regions. The earlier processes have been strengthen and thus they exert their impacts. People in central position defend their positions. People in bad situation sink in an even worse situation. What remain is welfare payment, unemployment benefit, odd work or even black work (TÉSITS R. – PAPP J. 2007).

Thus, the extremely grave problem of the county's economy is that the sufficiently developed and profitable enterprises cannot fill in the place of the liquidated economic units. There is a lack exactly of the middle-sized enterprises which can adopt to the changes in a flexible way, which are innovative and are able to utilize the gaps of the export market. In the competition for the investors Békés county has achieved little results so far. In the consequence of the narrow local sources it cannot offer sufficient infrastructural conditions, from its own resource, for the foreign operating capital funds. So, the county lags significantly behind the dynamic developing regions of the country from the aspects of public road infrastructure, capital investments and enterprising spirit. Diversity of the local industry is of a low level which results a sizable economic instability. The exclusive base of the economy is the agrarian sector in the prepherial areas of the county, especially in the smaller settlements. However, production of food does not meet the requirements of the modern market economy either in its level or in its structure.

Conclusions

I. It can be concluded from the specialized literature and the research work that:

- The force of population retention of Békés county is decreasing: less in the towns, more in the villages or smaller towns. The population reduction is continuous – between 1970 and 2007 the number of inhabitants decreased with about 60.000 people in the county – and today it is not possible to prognose a positive change. Its reason: low fertility, high mortality. The age structure of

the population is unfavourable, the proportion of the aged is high, while there are less young people. 134 aged fall to a hundred children.

- With regard of social-economic indexes Békés county belongs to the „stragglers”, its shortfall from the „more developed” counties of Hungary is similar to an unbridgeable gap in certain ceases (especially in the small regions of Mezőkovácsháza and Sarkad).
- Disparities are huge not only in comparison with the other regions of Hungary but between the small regions of the county, as well. While in some indexes positions of the county seat and the small regions of Gyula and Szarvas are acceptable, certain small regions (those of Sarkad and mezőkovácsháza) belong to the worst ones among the small regions of the country.
- Békés county is not able to stop from its own resources the unfavourable demographic and economic processes. It is necessary to obtain subsidy from the government.

II. Social-economic features:

- The small regions of Békés county have different features regarding their social- economic situation. The seats of the central regions (Békéscsaba, Gyula) can give more economic advantages (in infrastructure, skilled workers, innovation, vocational training) for the enterprises so there are more national or foreign investors in these towns which result in a higher level of employment and lower level of unemployment. In the towns with higher life quality, more and better possibilities of work more people can find work from the population of the outskirts.
- Békés county is fairly heterogeneous from the point of view of the economy-regarding income, employment and qualifications of the labour force. There are more qualified work force in the bigger towns and in their peripheries but in the settlements further from the centre (Békéscsaba, Gyula, Békés) there is less amount.
- The county seat, Békéscsaba dominates the position of enterprises. 70% of the more significant firms are in Békéscsaba and in 4 out of 8 small regions of the county there are not real big entrepreneurs.
- In 2005 there were 35.000 registrated enterprises in the county which is 3% of the national number. The proportion of the joint ventures does not reach 30%.
- Regarding the sectors of the national economy it can be concluded that the most enterprise is in the trade, which is 18% of the ventures altogether, 10% is in agriculture and 6,6% work in the industry or more precisely, in the food-processing industry. The frequency of the enterprises is well behind the national or the big regional values.

III. Directions and fields of the economic development:

- The county, because of its agricultural feature, is less developed in the industry, there are more branches that are connected to food production the majority of which became the victim of privatization. The factories, which still work, foresee an uncertain future, because of the instabile situation of the agriculture, their employment force is weak.

- The economic shortfall is strengthened by the infrastructural backwardness which primarily means the weak network of roads. The accessibility of the county is bad, and the inner county road network is of bad quality. This latter makes the situation of those living in the small settlements even worse, it decreases the labour force mobility since the time spent with commuting is long because of the road conditions and the rare frequency of bus lines.
- The stressed areas of economic development concentrate on the places where there is skilled manpower in large quantity. It is one of the funds-attracting possibilities of county. The other one is the towns of Szarvas, Orosháza, the settlement groups Békéscsaba-Gyula-Békés, Mezőkovácsháza-Mezőhegyes, Gyomaendrőd-Dévaványa-Szeghalom which are easily accessible, so they can be the inner development poles of the county where the investors can come, especially if the accessibility of the county on clearway is built.

IV. Possibilities to improve employment:

- Among the economic development aims of the county the funds-attracting programmes are of marked importance which serve to improve competitiveness and help the structural change of the economy. The agriculture and the connecting food-processing industry have comparative advantages in the competitive sector provided the necessary attitude and structural change are being realized.
- Certain activity areas of machine-, building-, glass and ceramic-, and chemical industries can be found in more towns. These areas have further development potentials. With the structural change the industrial diffusion of logistic services (eg. in Békéscsaba and Szeghalom), wellness industry connected to tourism (in Gyula, Orosháza, Füzesgyarmat), rural tourism (Nagyszénás, Csorvás, Csanádapáca, Kardoskút) and renewing energy production processes (in Sarkad, Szarvas) will be highlighted.
- There is a chance to realize these objectives in the centres where labour force is available in the necessary quantity and with the necessary skills, and where it is possible to form modern infrastructure and business environment.
- Besides establishment of workplaces it is important to present business knowledge of high level in the management, too. It can be experienced that among the local economic management the layer that is competent and have competitive connections and experiences is very narrow.

Fields of innovation in the employment possibilities of Békés county

Biomass program

Sarkad is situated in the North-East part of Békés county. It is a town with agricultural and food-processing traditions. Background of its development integration is ensured by the institutional possibilities, development directions and the increasing sources of development offered by the Euro-region of Southern Plain. The Association for the Development of the Small Region (Kistérségi Fejlesztő Egyesület) has direct Romanian cross-border connections (Bihar county) opening towards the Romanian raw material market (agricultural production) has been carried out (*Figure 1*). In Sarkad realization of a concrete investment in energy production shows what renewing energy source they are intending to involve in the

development, how many workplaces are established and what the actual situation of the program.

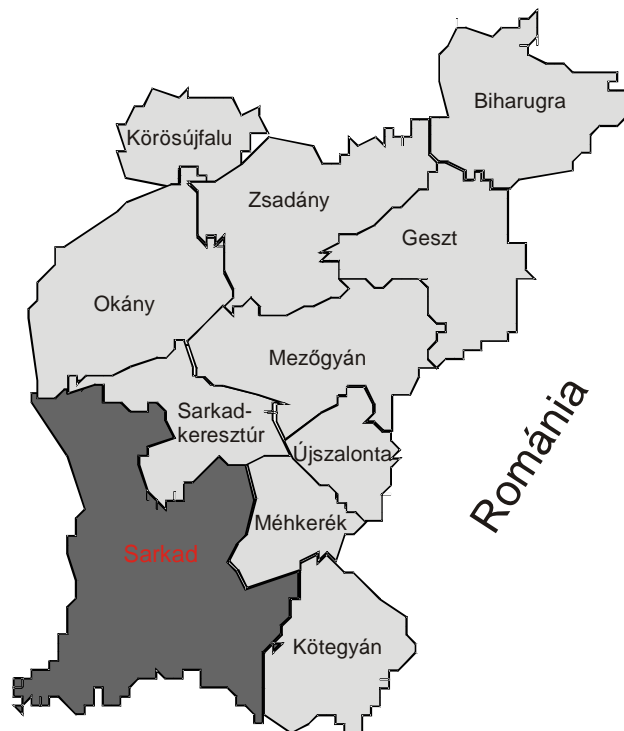


Figure 1 Settlements of the small region of Sarkad
Source: personal construction

The company -BIO-MA Magyarország Zrt.- is engaged primarily in bio-energy, or more exactly production of bio-gas-based energy and of bioethanol.

The cost of the investment realized in phase I reaches 1.7 billion HUF which includes the value of the plot of land necessary for the development and the current assets of the continuous activity, too. The investor BIO-MA Zrt intends to build the factory with the purchase of products from local, national technology-manufacturers (storers, drying hall, oil-pressers), so besides the preference of the national manufacturers (not renouncing the high quality requirements), the necessary servicing can be more efficient, as well. **In the first phase of the investment 33 new workplaces were established by the end of June, 2007 (the deadline) the construction had been finished.**

The development cost of phase II is about 2,5 billion HUF the own source of which is ensured by the owners of BIO-MA Zrt in 30% , while the other parts are covered by bank loans and subsidies. It was finished in April 2008. The factory is still working.

The whole manpower demand of the factory is about 70-80 workers. It is a significant value and profite. In addition, the other important point is that for the production of the row material rape, sunflower and maize should be grown – on 35-40.000 ha of land on a yearly basis, including the crop rotation, too. Thus, in the environment of the factory about 1.500-2.000 farmers have to be involved in production of the row material.

The energy grass as an indirect job creator

The owner of ZÉ-FA Kft. in Sarkad elaborated a program which consists of the following main elements: the farmers with marketing problems would grow energy grass in a zone within fifty kilometres (*Figure 2*). In the centre of the region, so in **Szarvas** or

Gyomaendrőd a heat power station of 30 megawatts would be established which would produce electricity based on energy-grass, as fuel. In this process a significant amount of waste heat is generated which can be utilized to operate a paper-pulp factory and a packing-factory. The energy-grass is the suitable material for cellulose production, too. A so-called pellet-making factory can be established based on the waste heat which could transform the energy-grass fuel into the material to heat institutions and houses.



Figure 2 Job generating investments planned in the small region of Szarvas
Source: personal construction

Every year a second mowing can be done in the fields of energy-grass – its stock breeding nutritional value is similar to the lucerne. This way, it can be the winter fodder for the stock grazed outdoors in summer. The heat power station, the cellulose and paper factory, and the pellet-making plant and their logistic needs can generate **at least 1.500 workplaces**.

In Csabacsúd the bioethanol plant which is an investment of 32 milliard HUF could utilize the maize surplus of the region to produce bioethanol-fuel. The plant would create **60 workplaces** in the small town, and would imply other investments, too, for example it would be necessary to build an industrial railway.

The Aufwind Schmack Első Biogáz Kft will start the building of a biogas-plant of 3,7 megawatts in **Szarvas** in the spring 2010 and finishes it by the end of the year. The construction will cost 3,9 milliard HUF. About 10 percent of the produced brutto 27 millions kilowatt-hours will cover the electricity demand of the plant. The primary materials of the biogas production are the turkey- and pig manure, slaughter waste from the Gallicoop Zrt of Szarvas and from its producers' integration, green plants' biomass which is purchased from somewhere else. The investment is crucially financed from bank loans but the project obtained a government subsidy of 494 million HUF, as well, in the framework of the New Hungary Development Plan (Új Magyarország Fejlesztési Terv).

Straw power station – 133 new workplaces

The Hungarian agriculture grows on about a million of ha of lands plants (wheat, maize) the sale of which has serious obstacles and production can be maintained only with the

utilization of the intervention frame guaranteed by the government. A significant part of these lands could be used to grow plants for the energy sector – as the National Agrar-Energetic Association (Nemzeti Agrárenergetikai Szövetség, NAESZ) thinks. The foundation member of the association has decided to establish a biomass power station (on 27 June 2006). The investment is planned on 7,5 ha of lands in the outskirts of **Kisdombegyház** and **Magyardombegyháza**. Here two steam generators of 49,9 MW efficiency fueled with straw could produce electricity which could reach the national electricity-network in aerial cables of 120KV or in land cables through a sub-station. A steam generator like this could utilize the straw of about 250t/year. The planned **manpower demand: 133 people** (Source: Energetikai Tervező és Vállalkozó Zrt.)

In Battonya pellet making firm started to operate (on 24 August 2007) whose yearly capacity is 50.000t. The enterprise rents an area of 5 ha, which was previously the place of a tobacco store, from the local government and it invested more hundreds of million HUF. They produce pellets from straw, and different wastes of plant origin in 75-80 percentage, while in 20-25 percentage from maize or wheat. In the new firm, if they start work in three shifts, about **40 people will find work**.

Wellness tourism, conference or festival tourism

The Hajdúvölgy Action Group (Hajdúvölgy Akciócsoport) was founded in June 2005 to help development of the micro-region (*Figure 3*). The Local Rural Development Plan of the Action Group aimed the turistical development of the region. The plan is aiming to realize independent project elements in the three settlements with the support of the local authorities, involving conceptions and capital funds of the entrepreneurs, and the mental capacity of the civil organizations. The Hajdúvölgy Action Group has twenty members realizing the harmonic representation of the public, business and civil spheres. The leading organization of the Action Group is the Union of the Disabled in Csorvás. Managing organization is the Local Government of Csorvás which ensures personal and material conditions for the implementation of the program.

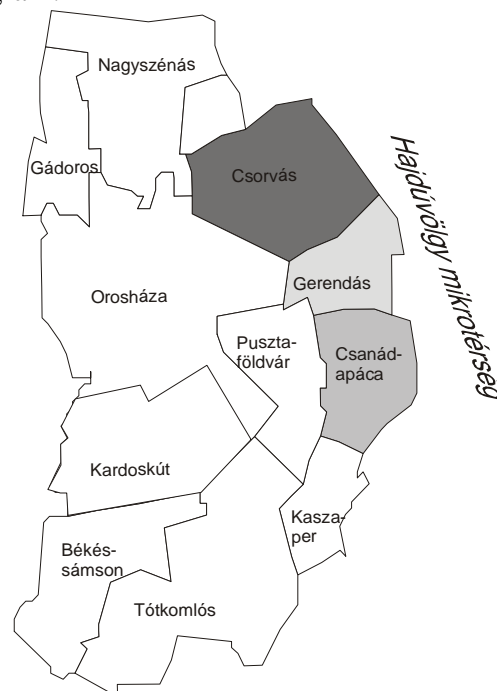


Figure 3 Small regions of Orosháza and Hajdúvölgy micr-region
Source: personal construction

The economic objective of the action group is to improve the local tourism with the construction of buildings suitable to pass the leisure time there. In addition, they intend to strengthen economy and thus employment ability through the development of small businesses (catering, rural tourism) and of bath tourism. The development was completed in 2008 and its results are enlargement of employment, altogether **42 new workplaces** were created, so retention of inhabitants could be strengthened.

Festivals

The biggest cultural attraction of Békés megye is the Castle Theatre (Várszínház) organized every year in the Castle of Gyula which is the only Gothic flatland brick castle of Central Europe. The spectacular, first-rate performances staged on the castle lake have been visited by thousands of spectators every summer, since 1964. Before the open-air performances melodies from the opera „Bánk bán” composed by Erkel, Ferenc can be heard thus inviting the guest for summer-evening performances. There is a constant stone theatre as well, the well-known Jókai Theatre in Békéscsaba with colourful repertoire.

Every year several gastronomic-tourist festivals are organized in Békés county. *The Sausage Festival of Csaba (Csabai Kolbászfesztivál)* has been the most popular event of the county since 1997. In 2009 100.000 visitors came to participate in the first-rate program. Békéscsaba has made sausage making *famous all over Europe* where approximately 420 sausage making teams compete for the first place. The economy revitalizing role of the festival can be felt, too. In the last few years new sausage manufacturing small factories have been opened, besides more small-scale producers make and sell sausages legally. In the so-called adventure park of Békéscsaba a sausage-village has been built where sausages can be bought throughout the year. In addition to the national exhibitors several more foreign firms have participated at the exhibition and fair. the sausage making factories are invited to more and more exhibitions in Romania and Slovakia. New economic connection are being formed.

A similar festival, which attracts thousands of visitors to the region, is *the Brandy Festival of Gyula (Gyulai Pálinka és Kisüsti Fesztivál)* where Lovász, Sándor main organizer established the Brandy Order (Pálinka Lovagrend).

Medgyesegyháza organizes Watermelon Festival (Dinnyefesztivál) every August where visitirs are invited with varied entertaining programs. Besides the contest of the local exhibiting watermelon farmers colourful programs can be seen. Its impact on the economy can be felt in the field of catering. It encourages the rural tourism.

Szarvas invites visitors to the *Plum Days (Szilvanapok)* in September where recipes of our grandmothers are revived in the plum dumplings, in the real plum jam made in the venue and in the so-called „cibere” (~ sour soup in Lent).

Festivals organized in Gyomaendrőd are *the Cheese and Cottage Cheese Festival* and *Fish Cooking Contest*.

Suggestions to improve employment: government, county and local sources

1. Maintenance of small and middle businesses could be supported with local allowances, with reduction of their burdens and with government implements.
2. It is necessary to support with rural development implements and allowances the settlement of new investors and entrepreneurs in the villages and towns of Békés county.
3. It is effective to support every investments of job generation thus making the employment possibilities easier.

4. It is worth supporting the unit of production of primary material and processing which could help revitalize the food-processing industry.
5. It is worth reviving the small plants which are in connection with the traditional village manufacturing food production.
6. It should be aspired to form honest and calculable competition terms between the foreign and the national big and small businesses.
7. The most important tool used to strengthen the employment role of enterprises is to ensure favourable regulation conditions which avoid black employment.
8. The competence of the entrepreneurs in participation at European Union competitions should be improved, it is advisable to facilitate the conditions because the present practice is complicated and difficult.
9. It is vital to elaborate an individual, local employment strategy tailored for the given settlement. It is possible to gain the support of the responsible authorities of the government and regional administration and the local employers and employees, as well. It is the only way to improve the life quality of the population of Békés county, and to increase the retention force of its settlement.

4. Prospects of the research

The research covered the changes in employment from the transformation of regime up today. Starting from the national economic-social processes, outlining their correlation the regional and county tendencies become understandable. Demographic events, changes in number and component of the economically active population affect the everyday state of employment. Reciprocal effects of these processes determine the life quality of the inhabitants of the given county, small region and settlement.

Results of the previous researches highlighted on the constant reduction of population and unfavourable population structure of Békés county the solution of which have some significance beyond the possibilities of the county, thus positive changes need state intervention. Regarding the social-economical parameters it is possible the present situation of the county only with stressed implements for rural development.

The writer of this study, while describing the territorial and structural features of employment and unemployment, intended not only to present the actual situation but considering tendencies, delineated suggestions which could help elaborate a new employment strategy in the levels of the county, small region and settlement. In this work the following factors helped me: the results of the previous national researches and the experiences of the empirical research carried out among employers. It is clearly statable that both professional examining this topic and the people playing part in the labour market know different alternatives which can increase the active participation in the labour market. One of the suggestions of this kind is that it is worth utilizing the natural resources of Békés county: the excellent soil potential, possibilities offered by the diversified change of product structure; the acquired production culture in case food and food-processing industry; the present positive experiences of the diffusion of energy plants. It is indispensable to revive the small food-processors, small family plants. There are more regions in this county where the increase of employment with a joint cooperation serves as a good example; in this study Hajdúvölgy micr-region, the outskirts of Szarvas, cultivation of energy plants in the small region of Szarvas or the new plants based on the alternative energy resources in Battonya and Gyomaendrőd. In case of larger areas the spa tourism based on thermal water and the connecting service sector created new jobs: in Gyula and Orosháza.

Besides the present good examples, this study considers an important implement of workplace maintenance the support the small and middle business on behalf of the state and

the local government, too. Experiences of the examination carried out among employers call the attention of decision makers to that the power regards the Hungarian entrepreneurs as secondary citizens. The exaggerated application of sanctions, the exclusively penalty-oriented supervising practice, the insensible requirements hinders the enterprising spirit, and along with it the intention to create jobs is levelled off.

Examination of small regions from the point of view of employment can help the professionals of rural development decide which developments are worth realizing in certain fields to form an environment which provides the appropriate life quality in settlement level and at the same time, has favourable impressions on investors, too. Thus, it would be worth realizing job generating investments in the rural areas of the county, too. First of all, accessibility of the county on public roads and that of the small settlements in peripheral location demand solution from the state or perhaps from the EU. Better utilization of the competition sources, as it is supported with some examples in this study, can help both directly and indirectly improve the actual employment situation of the county. These are for example, the implemented applications of the direct job creating investments – for example in case of the settlements of Hajdúvölgy- or the manpower employing force of economic organizations in the centres of the small regions: in Békéscsaba, Gyula, Orosháza and in Szarvas. It is accompanied with the qualification of the manpower, the demand of the labour market towards the employee which does not always coincide. This study focuses on what kind of manpower would be employed by the employers in this county. Perhaps this information could help educational institutions, educational professionals to organize different trainings to improve the labour market value of the job-seeker or more exactly to help him find work for a sufficient wage and thus be able to ensure the desired life quality for his family and for himself, as well. The research referred, besides the directions of the economic development, to the importance of the first-class, competitive business knowledge on behalf of the economic management which often obstacles the settlement of the foreign capital.

The region feels the disadvantage originated from the fact that there are no towns of Békés county to be the regional centres of the intellectual life of Hungary. Szeged, Debrecen, Arad or Kolozsvár all have the function of regional centres which can be an example to follow (Tóth J. 1990). For Békés county it would be a point of outbreak to utilize the connections with the historic Hungary (TÓTH J. 1996). The county has not taken the opportunity of its situation next to the border, although the European Union supports the cross-border cooperations with significant financial sources.

The age structure problems of small regions, which fall behind, the ageing villages place the given local governments into a hopeless situation. There are not enough workplaces locally so the qualified young people leave the region. First the kindergarten then the school will be closed up followed by the shops because there are not enough customers. These facts predict the modification of actual local government system and the possibilities of the restructuration of the public administration. Perhaps this study has given assessable information for decision contrivors in these fields, too.

In certain settlements the younger population which stay – especially where there is a reasonable proportion of gipsy minority- have lower education, without any trades so their employment is difficult, this layer lives on different welfare payments. It is not unusual that they get more from the „postman” than from real work so it is not in their interest to have legal jobs. It is what the study shows after the analysis of small regions of Sarkad and Szeghalom. It could be possible for the settlements to operate the enterprises based on traditions and territorial peculiarities where people who have been living on regular welfare payments could be employed.

Békés county is able to rise above its actual social-economic backwardness. However, it needs solidarity and cooperation. If the aims are clear, the settlements can find their

common interests and cooperate with the people playing part in the economy in order to improve employment, to create new workplaces and to maintain the older ones. If it is so, the population of Békés county can live in the same life conditions as the population of the more developed regions of the European Union.

Questions of a further research

This research presented structural and territorial features of the economically active population-employers and employees- of Békés county. During the analysis demands of employers towards employees have been discovered answering thus the question of which qualifications make competitiveness possible in the labour market.

Besides them, the questions of the researches have been answered. However, the other important particulars should be examined which can serve as a basis for some future fact exploration, analysis in connection with this topic. These are the following:

1. It would be worth examining what impacts exercised the change of land-ownership after the agricultural recompensation. How did fragmentation of the agricultural farm estates affect the competitiveness and employment potentials of the agricultural sector? As far as I know a study of this kind has not been elaborated in Hungary.
2. It can be examined how the significant number – unknown how much, because of political reasons- of gipsy minority could be presented in the labour market in Hungary and especially in Békés county. Impact analysis could be carried out in connection how the aid practice of the social supporting system affects employment, although it does not involve only this layer of the society.
3. It could be explored what advantages and disadvantages the supporting practice of the multinational companies on behalf of the government and the local authorities in Hungary and in Békés, too. It could be possible to collect information about how many jobs they created and how many jobs they terminated directly or indirectly.
4. A lesson could be drawn from a research which would analyze the supervision of the state bodies and authorities carried out in the enterprises in national or foreign property. It could be possible to compare the practice of Hungary and the similar bodies of the other EU countries.

5. List of publications in this subject

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