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AGRICULTURAL EMPLOYMENT IN HUNGARY AND THE ROLE OF AGRICULTURE IN EMPLOYMENT ENLARGEMENT OF LAGGING RURAL AREAS

*ZATRUDNIENIE W WĘGIERSKIM SEKTORZE ROLNYM I ROLA ROLNICTWA
W ZWIĘKSZANIU WSKAŹNIKA ZATRUDNIENIA SŁABO ROZWINIĘTYCH
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Key words: agriculture, employment, rural development

Słowa kluczowe: rolnictwo, zatrudnienie, rozwój terenów wiejskich

Abstract. The long-term strategic objectives of EU Rural Development Policy in the next (2014-2020) programming period are as follows: competitiveness of agriculture, sustainable management of natural resources and balanced territorial development. In this strategy, agriculture remains to be a key element solution for rural problems. In cooperation with four villages of Nograd County in Hungary, a survey, carried out in the summer of 2012, questioning the local population about their economic and social conditions, the situation of local communities and development ideas, with special focus on the role and potential of agriculture, was conducted. Having analysed the role of agriculture in employment, based on literature and research conducted, it is worth highlighting its significance in solving rural problems and ought to be considered when constructing new rural policy, especially in the following topics: the social functions of traditional agriculture based on local resources, the strengthening of viable farms, the increasing importance of diversification and labor-intensive products with high added-value.

Introduction

In its Communication the EU recognised the presence of significant challenges for employment in rural areas in Europe and called for the job divide between rural and urban areas to be eliminated [*Employment in rural...* 2006]. The conclusions of the Communication confirmed the important role of EU rural development policy under CAP for increasing employment in rural areas and underlined that the creation and preservation of jobs and employment must be one of the priority objectives of rural development programmes [*A view on...*2012]. From an economic and social point of view, agriculture is one of the most important sectors in rural areas on which a rural areas' growth and sustainability could be based [*SEGIRA – Study* 2010].

Employment in rural regions

In recent years, and especially after the start of the financial and economic crisis in 2008, the EU has encountered serious difficulties in sustaining its annual growth and employment rates¹, as many businesses have been affected and unemployment has risen quickly. Similar statistical trends can be observed for rural regions, which cover 57% of EU territory and 24 % of EU population. Employment rates in rural regions increased by 2008, but following the economic crisis they started to decline, reaching 62.5% in 2010 (Fig. 1.) – a level that is still far below the 75% target level of the EU, under Europe2020. The rural – urban job gap, which is still evident, was almost constant between 2006 and 2010 [*A view on...*2012].

¹ The employment rate is measured as the total number of employed people divided by the total working age population aged 15-64.

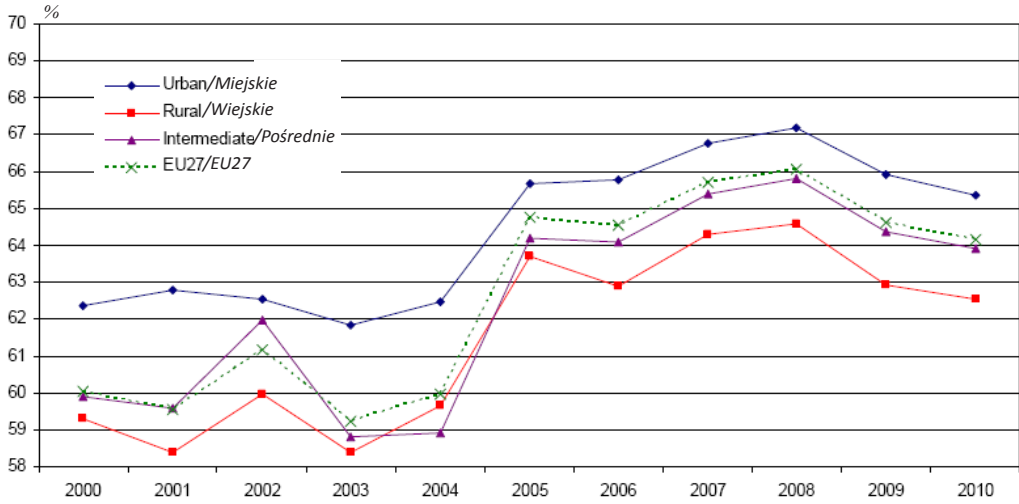


Figure 1. Employment rate in EU27 by regional typology (NUTS3), 2000-2010
 Rysunek 1. Wskaźnik zatrudnienia (%) w EU27 według typologii regionalnej (NUTS3), 2000-2010
 Source/Źródło: SEGIRA – Study... 2010 for 2000-2004 and Eurostat for 2005-2010

Comparing EU12 and EU15 in the period 2005-2010, employment rates in rural regions decreased in both areas (twice as high in EU12 than in EU15), with the EU12 rate remaining below the EU15-level by nearly 6 pp (64.9 % in EU15 vs. 58.5% for EU12 in 2010). In 2010, rural employment rates were still low, especially in rural regions of Hungary (53.9%), Italy (56.2%), Lithuania (56.2%), Spain (56.6%) and Bulgaria (57.0%). Five other countries (Romania, Slovakia, Ireland, Greece and Slovakia) also have employment rates below the 60% threshold [A view on...2012].

Employment in agriculture

Although the importance of agriculture for employment is different in EU countries, based on the rural development report of the European Commission [Rural development... 2012] between 2000 and 2009, employment in the agricultural sector in the European Union decreased by 25%

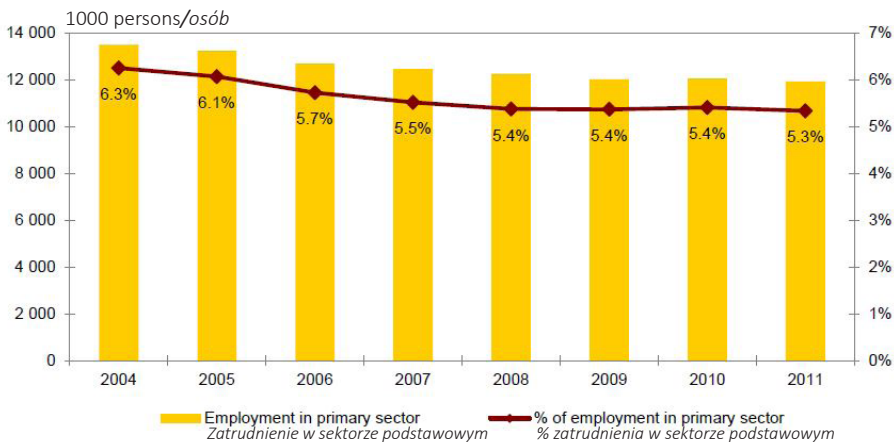


Figure 2. Total employment in the primary sector and its share in EU27 (2004-2011)
 Rysunek 2. Zatrudnienie w sektorze podstawowym i jego udział w EU27 (2004-2011)
 Source/Źródło: Rural development... 2012

in general. It fell by 17% in the EU15 and by 31% in the EU12. In 2011 agriculture, forestry and fishing employed 5.3% of the total employed (Fig. 2), which constituted 11.9 million people². In 2008, primary sector employment accounted for 13.6% of all employment in rural regions, which is about 33% below the 2000 level of 20.4%, but still fairly high when compared to 6.2% and 1.3% of primary employment in intermediate and urban regions respectively.

The share of the primary sector in total employment in rural regions has always been higher in EU12 than in EU15, but there has been a progressive decline in the EU12's share in the last decade. The EU15 level remains quite stable and around the 10% threshold level. The losses in EU12 primary employment shares are quite strong – from 35.6% in 2000 to 22.7% in 2008, i.e. by almost 13 pp in contrast to just 2.3 pp loss for the EU15. This decline shows how restructuring the agricultural sector in EU12 has had an impact on rural labour availability [A view on...2012].

Agricultural Employment in Hungary

During the 1990s, the structure of sectors and employment underwent substantial changes in Hungary. By the late 1990s, it had changed to a level similar to most EU member states. Over time, however, the pace of structural change slowed down. Out of the three employment sectors in the economy, agriculture suffered the most by sectoral change. As a consequence of the change and liquidation of agricultural cooperatives, the number of agricultural earners fell dramatically. While the current ratio of agricultural employment (Fig. 3) is relatively low compared to other Central and Eastern European countries, it exceeds the EU average by far [Sik 2002].

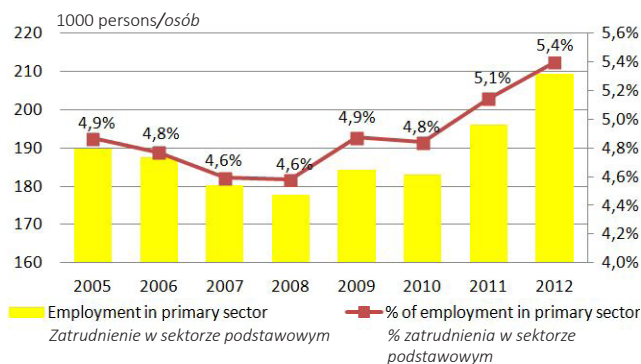


Figure 3. Total employment in the primary sector and its share between 2005 and 2012 in Hungary

Rysunek 3. Zatrudnienie całkowite w sektorze podstawowym i jego udział na Węgrzech w okresie 2005-2012

Source/Źródło: Eurostat 2005-2007, Hungarian Central Statistical Office (HCSO) 2008-2012

Material and methods

The Faculty of Economics and Social Sciences of the Szent István University Gödöllő signed an “adaptation” and cooperation agreement³ with four Hungarian villages (Bokor, Kutasó, Cserhátszentiván and Nógrádsipek – together as one local public administration unit) of Nógrád County in June 2010. Within the framework of cooperation, a survey questioning the local population about their economic and social conditions, the situation of local communities and their development ideas, focusing on the role and potential of agriculture, was carried out in the summer of 2012. With random samples, 62 households of the four settlements (10% of all households), covering 149 inhabitants (15% of the total population), were questioned.

² A high proportion of workers are not occupied full-time in agriculture: around 33% of EU family and regular workers work less than half-time in agriculture and only 37% of them have full-time jobs/.

³ According to the agreement, villages become research targets of researchers and students of the Faculty while the Institute of Regional Economics and Rural Development of the Faculty provides help with rural development project proposals.



Figure 4. Location of the analyzed settlements
Rysunek 4. Lokalizacja analizowanych osad
 Source: own study
Źródło: opracowanie własne

Both infrastructure and basic services lag behind and households are mostly faced with challenges caused by a lack of local jobs and a peripheral location (Fig. 5).

Since there are not enough job opportunities, the active population mainly commutes and works in surrounding larger cities (Pásztó, Szécsény, Hatvan, Budapest), primarily outside the agricultural sector (Fig. 6). Farmers work full-time, locally and mainly in their own businesses. The rate of registered unemployment is 10-11%, but real unemployment is at a much higher level. The number of businesses is very low and there are even fewer operating enterprises in the area. Out of the 62 families questioned, 54 do not run a business.

Results

The settlements (marked by the circle in Figure 4) are located in the centre of Nógrád County, which is one of the most disadvantaged areas of Hungary. The villages are characterized by poor accessibility and a peripheral location and three of them are dead-end settlements. With the exception of Nógrádsipek, which has had a stagnating population since 2000 (673 permanent inhabitants in 2011), the settlements consist of an ageing population and outmigration figures. In 2011, the population of Cserhátszentiván equalled 140 inhabitants, Bokor – 108 and Kutasó – 111 [*Hungarian Central...2013*].

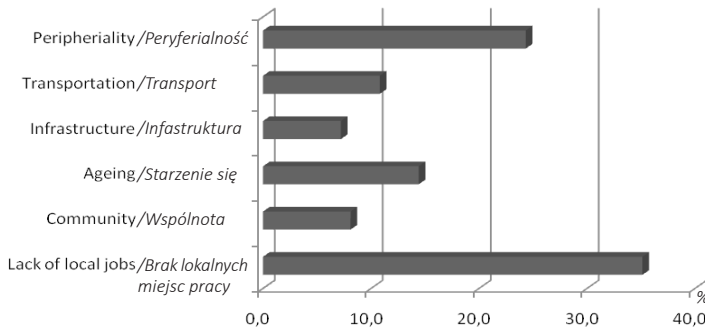


Figure 5. The fields of major problems indicated by households (% of the questioned households)
Rysunek 5. Najbardziej problematyczne sektory wskazane przez gospodarstwa domowe (% ankietowanych gospodarstw domowych)
 Source: own study
Źródło: opracowanie własne

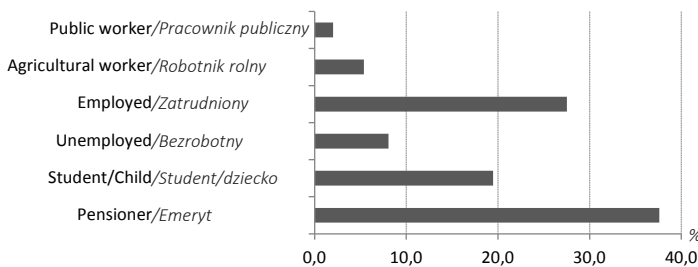


Figure 6. The employment status of members of households (% of all members in the households surveyed)
Rysunek 6. Status zatrudnienia członków gospodarstw domowych (% wszystkich członków ankietowanych gospodarstw domowych)
 Source: own study
Źródło: opracowanie własne

Out of the 8 operating enterprises, 6 deal with agriculture. Agriculture, which used to be an important sector, currently has miscellaneous roles. On the one hand, due to natural endowments, the number of full-time farmers is not really high (except for Bokor where more people deal with sheep farming or running a cheese factory). On the other hand, the number of households which have market gardens is very high. Berry production and livestock breeding are common, mainly breeding poultry and rabbits (Fig. 7). Vegetable and crop production is carried out on a small scale (excluding a few agricultural businesses) however, nearly 50% of households surveyed replied that they neither keep animals (Fig. 7) nor cultivate land (Fig. 8).

On average, agricultural activity provides jobs for two people in a family. Households produce primarily for self-sufficiency. Only seven households (out of 62) trade their products, mainly at their own homes. Only three households rent arable land and only eight families get direct payment from the EU.

However, the results of this survey show very important facts regarding solutions for local problems, especially for job creation (as two-thirds of household identified a lack of a job as the most important local problem). According to 50% of households surveyed, the solution for employment enlargement would be developments in agricultural and forestry as well as the revival and use of agricultural traditions. 35.5% of households would start agricultural production if suitable funds were available. Another 37.1% might do the same and the rest (mainly pensioners) said no to this possibility.

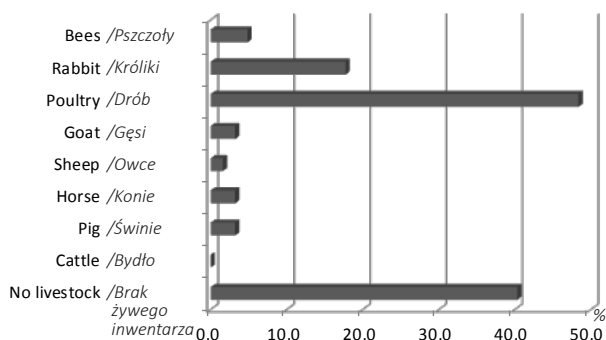


Figure 7. The distribution of livestock by households (% of the households surveyed)

Rysunek 7. Dystrybucja żywego inwentarza w gospodarstwach domowych (% ankietowanych gospodarstw domowych)

Źródło: own study

Source: opracowanie własne

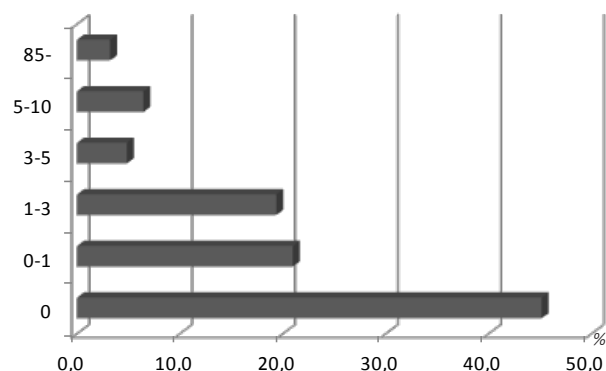


Figure 8. The size of land cultivated by households (hectare by % of households surveyed)

Rysunek 8. Wielkość ziemi uprawianej przez gospodarstwo domowe (ha na % ankietowanych gospodarstw domowych)

Source: own study

Źródło: opracowanie własne

Conclusions

Although the sector has experienced tremendous structural changes over the last decade, it is still powerfully connected with land and self-sufficiency in food production and processing. What is more, it is often the major, if not only provider of employment in small towns and villages where there are no other employment options for local people [A view on... 2012a].

Despite there being fewer farms and labourers being laid off, thus reducing the share of agriculture in local employment, this study shows that agriculture can be regarded as a key sector for rural areas. Based on literature [Bíró, Székely 2012] and the results of this study, employment

enlargement in rural areas cannot only be based on primary agricultural activities. Emphasis should be placed on the self-supply and subsistence functions of agriculture. By implementing short supply chains alongside consumption; using and promoting local products; producing bio food products including organic agricultural produce and farm diversification (e.g. integrating agriculture and the tourism sector), a positive spill-over effect could be established in lagging rural areas. According to literature [Horska et al. 2012, Nagy, Káposzta 2003] this is vital not only from a local point of view but also from a global perspective.

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Streszczenie

Długoterminowe cele strategiczne UE dotyczące Polityki Rozwoju Terenów Wiejskich na najbliższy planowany okres (2014-2020) to przede wszystkim: konkurencyjność rolnictwa, zrównoważone zarządzanie bogactwami naturalnym i zrównoważony rozwój terytorialny. Dla tej obranej strategii sektor rolny pozostaje elementem kluczowym, jako rozwiązanie problemów, z którymi borykają się tereny wiejskie. W 2012 r. przeprowadzono ankietę wśród mieszkańców czterech wsi węgierskiego regionu Nógrád. Lokalną ludność zapytano o ocenę swojego statusu ekonomicznego i społecznego, a także o pomysły na dalszy rozwój społeczności, uwzględniając rolę i potencjał rolnictwa. Należy podkreślić kluczową rolę jaką spełnia rolnictwo w rozwiązywaniu problemu zatrudnienia na terenach wiejskich. Podkreślono także funkcje polityki rozwoju tych obszarów, tj. społeczną tradycyjnego rolnictwa opartą na zasobach lokalnych, wspieranie oplacalnych gospodarstw rolnych, rosnące znaczenie dywersyfikacji oraz pracochłonnych produktów o wysokim podatku VAT.

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