

Human resource management in Hungarian agriculture

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Summary

Out of the four major issues of management: market, human resources, production and finance, recent publications tend to put more and more emphasis on human resources. Given the scientific and technological developments, it is no wonder that human resource management has seen such a dynamic development. Human resource management as a managerial function plays an important role in agriculture, particularly in the management of large commercial farms. Compared to other sectors of the economy, agriculture has a high ratio of unqualified labour. The number of farm employees is continuously decreasing and fluctuation in labour need is high depending on the season and the weather. With technological change, managerial expectations regarding labour have also changed. A survey of Hungarian farm managers regarding their views on human resources management shows that they consider performance assessment as their most important task. Regarding the selection of workers, the most important requirements are task correspondence and ability to cooperate. Formal qualification is not seen as an important requirement. However, there are differences between managers at different hierarchical levels.

Keywords: management tasks, commercial farms, survey

1. Introduction

Managerial activity is a process constituted of distinct tasks. DOBÁK et al. (1995) regard the tasks that Fayol's identified in the early XXth century (planning, organisation, personal leadership, coordination and

control) as still valid. Several researchers have studied management functions, classified them based on various standpoints and identified various influencing factors. For example, KERÉKJÁRTÓ (2001) points out the importance of motivation, whereas JUHÁSZ (2001) and DIENESNÉ (2000) emphasise the significance of human resource management. BERDE and BERKI (1999) defined the complex and multi-sided task of time management as the basic function of managerial work in the future. BERKI (2001) points out that managerial work is influenced by historical periods and claims that managers have to perform completely different tasks in the so-called "info-era" compared to the earlier "smoke-era". LÁ CZAY (1999) suggests that land reforms have a complex and significant influence, e.g. through the disintegration and reorganisation of the economic elite. The reorganisation of the elite results in the formation of a new managerial layer and consequently new managerial tasks (LÁ CZAY, 2000). Changes in social values also influence scientific investigations and the interpretation of managerial functions and tasks (BERKI, 1998). As BERKI and BERDE (2000) point out regarding managers: "in terms of social values, we are attractive if we have a repertoire of positive internal and external characteristics". DIENESNÉ (1999) analysed the motivations of managerial activities by testing values and preferences. She pointed out that while theories on motivation became widespread in the last century, research in agriculture was rather scarce (DIENESNÉ et al. 2000).

2. Human resources in agriculture in Hungary

Agriculture is a socio-economic subsystem, which operates in an unpredictable environment. The direct effects of environmental and climatic factors make the agricultural production processes highly variable, without routines that can be adhered to. Agriculture has seen a severe drop in its role as source of employment. According to the 1780 census, 92-93% of the total population of Hungary was involved in agriculture. This percentage was still high (62-63%) in 1910, while in the 1980s it decreased to 18-20% (OROSZ, 1988). Today, 6-8% of the Hungarian working population is involved in agriculture. Thus, in two centuries the ratio of agricultural employees was reversed in Hungary. In some ways this development is similar to that in other EU. Indeed, in Europe the agricultural workforce was halved in the past 30 years.

However, although such a large number of workers gave up agricultural activities, the development of agriculture has not stopped in the EU Member States. The workforce emerging from agriculture has been assimilated by other branches of the national economy. Migration has affected parcel structure, but has not halted agricultural development. Through technological innovation and modernisation, the decreasing workforce was compensated by productivity increase. The development in Hungary is somewhat different. Indeed, the decrease in the number of employees in agriculture is not primarily the result of an integrated development process. The change in the share of workers employed in agriculture (see Fig. 1) is strongest in the years of the change of regime, i.e. between 1988 and 1993. During this period, the number of agricultural employees fell from 18.4% to 9.1%, i.e. it was more than halved. This decrease was the consequence of the political and socio-economic transformations of the time.

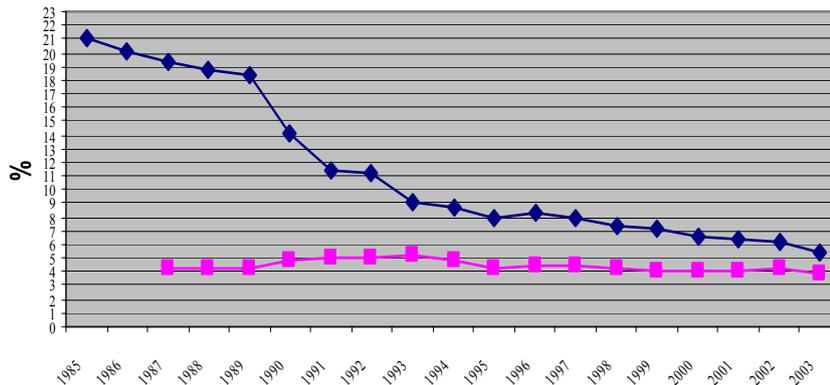


Fig. 1: The development in the number of employees in agriculture between 1985 and 2003

Source: Magyar Mezőgazdasági Statisztikai Évkönyv (2004).

In other European countries the technological development, work productivity and agricultural performance improved at the same time as employment in agriculture decreased. As opposed to this, the number of agricultural employees in Hungary decreased dramatically in a period when agricultural performance fell by more than 30%. The

30% decrease in GDP contribution as compared to 1989 figures prevailed until 2003, while the rate of participation in world agricultural production decreased further, and was more than halved by 2002 (FAO, 2002). The decrease in workforce was thus not compensated by technological development. Moreover, the strong decrease came about in a period when Hungarian agriculture was in a technological crisis as the former factory system technologies and technical equipment could not be used efficiently and economically on smaller farms that were created. There were no disposable financial resources for the procurement of modern equipment which could be used on small and middle sized farms. Overall, the decrease in the number of agricultural workers in Hungary is closely linked to the decrease in productivity, efficiency and profitability of agricultural production.

At the same time as employment in agriculture dropped dramatically, the qualification of the agricultural workforce also decreased. Employment statistics show that the qualification of agricultural, industrial and national economy employees has changed radically between 1990 and 2001. While in 1990, 55.3% of Hungarian agricultural employees had completed primary school only, this ratio was 42.3% in the industry sector and 38.6% in the national economy. By the end of 2001, these figures had decreased to 34% in agriculture, 19.5% in industry and 15.4% in the case of the national economy. However, the percentage of employees with higher education is low in agriculture: 7.7% in 2001. This is rather low, as on average 19.6% of employees in Hungary have a higher education. Since 1990 the percentage of employees with higher education has increased by 14% in agriculture, while the increase in the national economy has been 62%. The figures from the Hungarian Central Statistical Office (KSH) from the year 2002 show that the level of education of agricultural employees on private farms is very low: no qualification: 1.9 %, primary school: 50.9 %, secondary school: 3.1 %, higher education (agriculture): 0.7 %.

3. A survey on managerial tasks in agriculture

Within the framework of the research project "A functional study of corporate management in agriculture", a questionnaire-based survey was made to reveal the way in which managers of agricultural farms

assess the importance of the individual tasks of human resource management. The focus was on the views of managers on the efficiency of workforce resources, workforce-related managerial expectations, the efficiency of intra- and extra-organisational trainings, the system of performance assessment and human resource management in general. For each issue, respondents were asked to rank them in importance between 1 and 10. The survey was conducted among farm managers in the North-Great Plain region (Hajdú-Bihar, Szabolcs-Szatmár-Bereg, Jász-Nagykun-Szolnok). The 350 managers participating in the study were surveyed in 2003 and 2004. The farms were divided into three categories by the number of employees: small farms: 1 – 9 employees; medium-sized farms: 10-50 employees and large farms with over 50 employees. The results reported here focus on small and intermediate farms.

3.1 Survey results

The results show that agricultural managers consider performance assessment and incentives management the most important (see Fig. 2). The development of human resources is seen as the least important of their tasks. They do not attribute much significance to personnel information systems, responsibilities definition and assessment either.

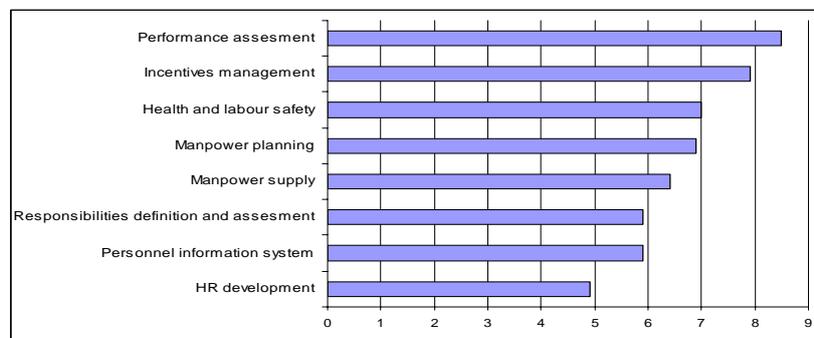


Fig. 2: Order of importance of tasks as seen by farm managers

To see whether the hierarchical level of the manager has an influence on the ordering of the task, the results were separated accordingly. As Table 1 shows, there are significant differences in the assessment of criteria at different managerial levels.

Table 1: Order of tasks according to managerial hierarchical levels

Task	Hierarchical level of employee		
	Top level	Medium level	Lower level
Performance assessment	1	6	7
Incentives management	6	1	8
Health and labour safety	3	7	1
Manpower planning	8	3	5
Manpower supply	7	2	2
Responsibilities def. and assessment	2	8	6
Personnel information system	4	4	4
HR development	5	5	3

Another aspect included in the survey is the characteristics that managers seek in their employees. Indeed, recent changes in the ownership as well as in the operational, organisational and production structures and in the market conditions have affected the standards and criteria agricultural managers set for their employees. We investigated and evaluated the nature and the importance of these specific requirements by setting up a list of criteria (ability to cooperate, ability to adapt, stamina, creativity, aptitude, flexibility, job correspondence, task correspondence, experience and qualification) and asked the managers to arrange them in the order of importance. Task and job correspondence, as well as ability to cooperate were ranked highest. Surprisingly, qualification is not listed among the most important requirements. To see whether the hierarchical level of the surveyed manager has an influence on the importance of the criteria, Figure 3 differentiates between top-level, medium-level and lower-level managers.

Top level managers rank the ability to cooperate and experience as the most important criteria, but they also appreciate qualification and task correspondence. They value creativity the least. Managers at medium levels put job and task correspondence at the top of their lists. For lower-level managers, task and job correspondence as well as creativity are the most important criteria. They consider qualification and flexibility the least important.

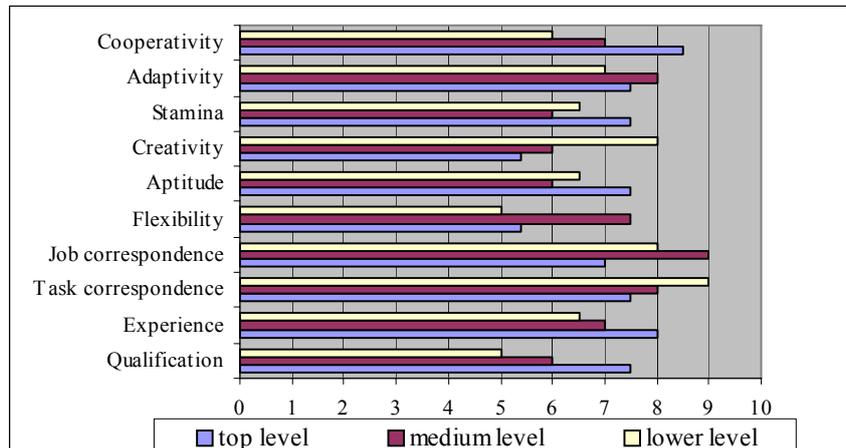


Fig. 3: The order of criteria set by managers at different hierarchical levels

4. Conclusion

Out of the criteria set for employee standards, qualification seems to be undervalued, whereas job and task correspondence were ranked high. The assessment of the criteria, though, is significantly influenced by the status that individual managers take in the company hierarchy.

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