

# The Karcag and Hajdúszoboszló LLS (Hungary): opportunities for, and constraints on, rural economic diversification

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**Abstract - In the frame of the RuralJobs project which aims to identify new sources of employment to promote the wealth-generating capacity of rural communities, Deliverable 5.1.1 identified current employment patterns and opportunities for, and constraints on, rural economic diversification in two labour markets of Northern Great Plain region in Hungary.**

## INTRODUCTION

Fifty-six per cent of the population of the 27 Member States of the European Union (EU) lives in rural areas which represent 91 % of its territory. This is why rural development is so vitally important. RuralJobs quantified the employment needs and potentials in different typologies of pilot areas within contrasting reference areas in seven EU countries, evaluating the effectiveness of past and current policies in addressing these needs and potentials, and by systematic analysis of the results, providing guidelines on the better targeting of future rural development measures.

The main purpose of rural typologies is to ensure that policies for rural areas are based on a recognition that the issues that they are seeking to address are multi-dimensional. It is important to explore the range of issues of concern, the way in which the typology will be used and the scale at which data are available to avoid the practical problems of typology development and its implementation.

The typology chosen for RuralJobs (Raupeliené, 2009) was applied at NUTS3 level and was based on an EU DG Regio study (Dijkstra and Poelman, 2008) which combines a new classification of remoteness, based on accessibility measured by driving time to the closest city (of 50,000 inhabitants or more), with the OECD classification of rurality based on population density (OECD, 1994).

Radvánszki and Sütő (2007) defined local labour systems (LLS) in Hungary that can be also called local labour markets. The method they applied is based on the work from an INTERREG IIIB CADSES project: RePUS proposed by the Sykora-Muliček. Their aim was to identify central LAU2s and the area they "maintain" so as to get so called local labour

systems. They elaborated 139 LLSs in Hungary from which two LLSs were chosen by the group of University of Debrecen. These two LLSs served as case study areas to characterise two types of rural employment areas. Karcag LLS as predominantly rural, remote and developing and Hajdúszoboszló LLS as predominantly rural, accessible and developing areas were chosen.

## METHODS

The subject of the SWOT analysis was the rural labour market in the pilot areas (Karcag and Hajdúszoboszló LLS). Thus the 'internal audit' i.e. the Strengths and Weaknesses, was based on the assets of the pilot area, and the 'external audit' i.e. the Opportunities and Threats was based on drivers which do, or which are likely to, affect rural employment in the pilot area.

In each pilot area a draft list of components of the SWOT was prepared from the results of the quantitative data analysis, interviews and review of existing reports; this was circulated for validation to the interviewees, who were asked to select the five most important factors from each group. On the basis of the feedbacks received the draft SOR matrix was compiled, which was again circulated to the interviewees. The importance to rural employment in the pilot area of the relationship between each Strength/Weakness and Opportunity/Threat was scored on a 0-3 scale where 0 means not important and 3 means extremely important. For each of the relationships obtaining high scores from most of the interviewees, an 'operational objective' (a concrete way to face / give an answer to the issue) was drafted.

This method had several advantages; one of these was that different experts had concrete experiences from their speciality so they completed each other. The most important factors (strengths, weaknesses, opportunities, and threats) formed the basis of the Strategic Orientation Analysis (SOR). The methodological framework used is fully described by Vincze et al. (2009).

Factor pairs of SOR were evaluated and regional strategies were formulated for the two LLSs. Thirty experts of the LLSs and the Hungarian Advisory Board participated in the process of strategy formulation and validation of the results.

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## RESULTS AND DISCUSSION

The validated operational objectives were then clustered into a series of 'strategic orientations' which could be the focus for future strategy development in the pilot areas. The strategic orientations formulated by the RuralJobs research can be grouped into four strategic orientations (Karcag and Hajdúszoboszló LLS) for rural job creation.

The following strategic orientations were grouped.

### Hajdúszoboszló LLS

*1. Increase the competitiveness and the range of local products by supporting small rural entrepreneurs.*

There are exceptional agricultural conditions but the competitiveness and the range of local products can be increased. The tourism and the area's infrastructure should be developed at the same time.

*2. Encourage decision makers to harmonise education and professional training with labour market demands.*

Education and professional training should be improved in a way that it matches the labour market needs. The high ratio of disadvantaged people dealing with employment difficulties further enhance the negative consequences of the economic crises and the already big number of people living in a passive environment.

*3. Supporting SMEs to increase their low labour demand.*

In the future the active employment policy tools should be used on supporting SMEs in order to increase employment. Several threats can further deteriorate the current labour market situation mainly due to the low labour demand of small and medium sized entrepreneurship.

*4. Promoting rural retentive ability with job and skill development for youth and other disadvantaged people.*

There is high rate of migration, first of all young educated people seek jobs abroad or in a bigger regional city. The aging population is a real threat, so the active population should be kept in rural areas. Job creation focused on local people in their environment should be promoted at EU and national level.

### Karcag LLS

*1. Job creation in different sectors.*

The impossible situation of people on the periphery (e.g. Romas) can significantly worsen due to the closed regional labour market and the high ratio of disadvantaged people dealing with employment difficulties. The problems caused by the lack of capital within the population. There are more local ideas to make local products, whilst agriculture and rural development have possibilities to absorb unemployment among less educated people.

*2. Developing infrastructure and tourism.*

Rich cultural and historical heritage facilitates better utilisation and development of tourism. Further development of thermal water and related high level spa services stand as a great opportunity for developing tourism.

*3. Encouraging the creation of sustainable small entrepreneurship and supporting the local processing industry.*

It is important to provide opportunities for diversification and for becoming self-supplier, because the future is not predictable. Exceptional conditions of agriculture provide great opportunity to create local products and develop the local food industry. The tradition based agricultural education provides further development opportunities for education to become more suited to the needs of the labour market.

*4. Supporting education and professional training to meet the labour market demands.*

Education and labour market demand do not correspond; there are no region-specific professions that inhibit education and professional training to become more tailored to labour market needs. There is depopulation and high ratio of migration; the youth and highly qualified people leave. It is a strategic objective to keep them in the area.

## SUMMARY

RuralJobs has sought to give a major "visibility" to the diversity of the state of employment in rural areas across the EU. Such an attempt has made necessary the definition of types of rural areas within which are brought to light and analysed the complexity of their social and economic situations. RuralJobs recommendations also mean to capitalise on the outcome of such a task by taking them to EU political agenda for jobs and growth.

Rural areas need to be more "visible" in the EU 2020 Strategy. Differentiated development priorities must be defined for each rural area on the basis of well defined types (Pakurár et al., 2010).

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