

HOW TO IMPROVE COMPETITIVENESS OF COMPANIES IN GRAIN SECTOR BY CHANGES OF HUMAN RESOURCE

Szilvia Majóczki-Katona
Szent István University, Gödöllő, Hungary
E-mail: majoczki.katona@gmail.com

Summary: High decline of employment was one of the negative consequences of economic transformation in the past few decades. The activity of the rural population continues to decrease also in other countries of the European Union. This just drew attention to the fact that agriculture has a very special role in forming the employment. The aim of the research is to explore the causes of these negative trends, then to formulate some suggestions for developing and changing characteristics of human resource. In Hungarian agriculture, therefore in grain sector, the education of employees – despite of distinct improvement - is still low. Within employees of this sector there is much the largest the older-, and small the younger age groups proportion. White-collar workers represent a smaller proportion; the rate of having maximum basic school is extremely high compared to other economic branches, while university or college qualification is much lower. The majority of producers manage their company with only practical experience or even without it. Vocational training is the key factor in agricultural development. The lack of sufficient expertise makes farmers to be less receptive to innovative solutions, to more insist on production methods based on their previous experience, thereby inhibiting the modern, competitive technologies to be spread. For the competitive and efficient agricultural production human capital's appropriate skill and educational attainment are essential, this can help the sector to catch up with the more developed West.

Keywords: agriculture, grain sector, HR, employment

1. INTRODUCTION

In the 1990ies during the economical transformation, fundamental changes were taking place at the job market as well. After the democratic transformation, the number of employed people decreased dramatically. On one hand the proportion of unemployed people increased, on the other hand the number of inactive in regions of the countryside grew extraordinarily. (Czagány, 2008)

The employment and activeness reached its lowest degree in 1996-97, and then as an effect of economical stabilization and because the investments went up, until 2000 there was a reasonably fast increase in them. From then until the middle of 2007 – except one or two temporary periods – they were at a near stagnation level that turned into deterioration from the autumn of 2007. (Czagány, 2009)

According to the workforce-survey by the Hungarian Central Statistical Office (HCSO), we can say that from 1998 to 2010 the unemployment rate went up from 7.8 to 11.2 %.

The decline of employment was over the average level in agriculture. In the 1990ies among the sectors of national economy, the biggest turnout was from the agriculture, the number of those in employment reduced near a 700.000. (Czagány, 2008) The proportion of employees in agriculture was 7.4 % out of the total number of employees in 1989; however, by 2010 it was only 4.5 %.

The employment proportion of the main groups of agricultural and forestry jobs decreased from 3,6 % to 2,6 % in one and a half decade.

The number of those who were employed in agriculture, forestry-, wild- and fishing industry declined from 275.000 in 1998 to 174.000 in 2008, by 2010 this number was 172.000.

Meanwhile in 1998 the proportion of unemployed who were working in the main groups of agricultural and forestry jobs was 3.4 %, within the total number of unemployed, by 2010 this number was 2.2 %. The same proportion referring to the sectors of forestry- wild-, and fishing industry within agriculture decreased from 8.7 % to 5 %.

The activeness of rural population has also declined in other countries of the European Union in the past few decades. This phenomenon has turned an attention to the fact that agriculture, apart from food producing has an important function in employment as well, by means of it in forming the social and public environment of the countryside. (Czagány, 2008)

In the interests of increasing the employment, the improvement of competitiveness is also essential; to make it come true is necessary not to put on the Hungarian citizens' shoulders heavier loads by legal rules than that are on their competitors. (Göggös, 2009)

The present ruling government (Fazekas, 2011) considers it as a particularly important task to increase the employment and deals with agriculture as one of its stressed tool. In the National Strategic Plan, that looks out at the future until 2020, among the goals and aims the first ones are preserving jobs in the country, if possible improving them, right after that preserving rural population and reset the demographical balance. So the main indicator of the changes in the next few years is to increase the number of those in employment in agriculture.

2. CHARACTERISTICS OF COMPANIES IN GRAIN SECTOR

One of the negative consequences of the economic changes in the past decades was the great decline in employment that affected each economic sector quite differently. As also mentioned in the introduction, the fall of labour-demand came up in agriculture in the most drastic way.

According to the figures in the population workforce-survey of 2010, 3.7 million employees were in employment, the same as the previous year. Within agriculture, forestry-, wild- and fishing industry altogether 172.000 were employed, 4.5 % of the total number of those in employment.

After the slight increase in 2009 the volume of labour-outgoings in agriculture, in compliance with the long-term trend, decreased more, the importance of agriculture in employment – not as a consequence of basically the crop falling out by unfavourable weather - fell in 2010: the use of non paid labour was lower by 2.3 %, the paid labour by 2.8 % than in 2009. The volume of agricultural labour-outgoings declined by 18% in 5 years, the non paid labour fell the most significantly, by 20 %, the paid labour by 9% compared with the data in 2006. The significant reduction of labour with the non paid agricultural labour outgoings together can be traced back to the decrease of private farms at a rapid pace. The scheme of labour-outgoings did not change significantly compared with the year of 2009, the paid labour amounts one quarter to the total in 2010 as well. (Fazekas, 2011)

In 2010 according to the data of institutional labour statistics, a number of 76.000 permanent employees worked in agriculture in full-time nationwide, 14.000 employees worked in vegetable farms, 62.000 employees in farms with mixed activities. The number of temporarily employed workers was 27.000 altogether in 2010.

The number of family labour is approximately 1 million in the private farms, half a million work in vegetable farms. As a consequence of social and economical transformation, in the

years after 1990, the composition of employees according to the characteristics of property relations of the employer changed fundamentally as well. The predominance of state ownership came to an end, in 2005 only the 30% of the employees were employed by the state. As the Hungarian Central Statistical Office (HCSO) claimed in its study, agriculture is no longer an economical sector, where the role of state is determinant, only a narrow group of employees, over 6 % of them were employed by the state.

In Hungary, companies in agriculture work in different economic forms. In most of the cases, they are Ltds (limited liability companies). Their number has been growing for years, there are 16 % more recorded in 2010 than in 2006. Their number has grown by 5.6%, 405 companies, compared with the previous year. The number of joint stock companies has slowly reduced in the past 5 years, in 2006 there were 331, in 2010 there were only 319 recorded. Due to the transformations the number of co-operatives, 960 were registered in 2010, 30 % less than in 2006. The number of deposit companies is rapidly falling, as there were 3.735 in 2008, but only 3.201 were recorded in 2010, it is 23.3 % less than 5 years before.

In agriculture, forestry and fishing industry there were 420.000 businesses in registration at the end of 2010, it is 3.3 % more than a year before. Among them the number of private enterprises (it is due to the tax number registration obligation of primary producers increased 5.4 times higher in 2008) went up by 3.3 % more, furthermore the ones in the private entrepreneur registration by 5.9 %, the co-partnership by 0.7 %.

The HCSO's Common Agricultural Register of 2010 reports more accurate data about the number of farms and their agricultural activities.

According to the figures of this register the number of all the economic organisations increased from 6.954 to 8.606 in 10 years from 2000. However, the number of all the private enterprises decreased from 968.534 to 567.446. These numbers among the users of agricultural areas changed from 4.389 to 6.793, and from 922.642 to 527.108.

According to the data of HCSO referring to the vegetable producing enterprises in 2010, there were 5.480 economic organisations, 315.167 private farms, 172.867 vegetable farms and 139.457 mixed farms altogether, the total number of 320.674 enterprises. There were 4.353 economic organisations, 232.735 private farms, 115.175 vegetable farms and 115.175 mixed farms cultivating grains.

In 2010 out of the total amount of 4.611.606 ha agriculturally used area, the economic organisations used 2.191.552 hectares, the private farms used 2.420.054 hectares.

According to the HCSO 2010 data referring to economic organisations, grouped by the type of production, there were 4.654 vegetable farms and 3.437 farms with mixed activeness in Hungary.

According to the HCSO 2010 data referring to private farms there were 276.748 vegetable farms moreover 166.067 farms with mixed activities in our country.

The importance of jobs done by employees is slight. In private farms, the good producing character has been growing for the past few years, but the production is basically for their own consumption in the future too. We must count with the family labour used in private farms as well. Of course, it is true that who work in their private farms, a significant number of them do not work full-time in agriculture. (Czagány, 2008)

In the composition of all employees according to gender, there is a slight male majority, however, among the employees in grain sector – in accordance with the fact that we are speaking about a hard manual work – the majority of males quite significant- reports the HCSO survey. In 2010 the proportion of males, employed in agriculture, forestry and fishing industry, is 6.5 % compared with all the male employees, the proportion of females is 2.3 % .

Comparing in another way: 74 % male and only 26 % female of those are employed in agriculture and forestry. 417.439 males and 150.007 females work in private farms.

The age of employees is significantly different from all of those in employment, among them, the proportion of the elderly is much higher and the youth is smaller. Looking at the age composition of employees in private farms we can say most of them are over 45 and the ones over 65 is the highest.

Agriculture is one of the national economic sectors with the lowest incomes. The average gross salary who are employed full time between 1990-2007 – significantly lower than national economy average salaries – was always in the bottom third of salary rankings, in 2007 only in the accommodation service, catering sector and the sectors with lowest salaries in industry e.g. textile had workers lower incomes.

Meanwhile in 1990s nationwide the employees in agriculture could earn more than seven tenths of national economic average salaries, in 2007 it is only its two thirds.

In agriculture (forestry, wild-, and fishing industry together), the average monthly gross salary of full time workers was 143.861 HUF in 2010, the average net salary was 101.824 HUF. This is the 77% of the national average salary (132.604 HUF). The gross average salary went up by 4.9%, the net salary by 7.7 %.

The conformation of those in employment in agriculture is widely different from the one of all the employees. Among them the proportion of brain workers is significantly smaller.

In Hungary the education level of those in employment in agriculture, as in grain sector, is still low, despite the fact that it has improved a lot in the past one and a half decade. (Végh, 2008) In agricultural sector the proportion of employees with primary education is quite high comparing with other national economic sectors, the proportion of ones with secondary school education is the same, the proportion of the ones with university degree or college education is much lower.

Among the population of private farms, the ones who produce to sell, are the most educated. The HCSO 2008 study says it is a consequence of the fact their age composition, because they are much younger than the ones who produce for themselves, and besides it sell their products.

The proportions of the agricultural education of private farmers have hardly any changed for the past years. Even during the times of FSS of 2007, only near 2% of them owned a higher education in agriculture, 6 % of them had an agricultural education at an intermediate - and another 6 % of them had an only at a basic level. It says that the critical majority of them, near 87 % possess only a practical experience, or controlled their businesses even without any experience.

The HCSO 2010 data referring to private businesses says only 15.031 out of 567.446 men own a higher education, most of them, 445.340 men use only a practical experience.

In general, men have a higher agricultural education. This is not surprising, because agriculture is one the subjects, which traditionally belong to „manly” educations.

The interest in agricultural education decreased nationwide between 2002-2007 both at the secondary and higher levels of the school system, and in the adult education as well, outside the school system.

Due to the characteristics of agriculture the education that can be gained, within the frames of higher education, are quite diverse and branching out. The interest in the traditional subjects of agricultural universities (engineer of vegetable farming, breeding engineer of agriculture, etc.) has fallen in the past few years. At the same time, professions such as food engineer, landscape building engineer, economic agricultural engineer, environmental engineer,

countryside developing engineer, mechanical engineering have been attracting more and more attention.

Meanwhile, the total number of students participating in higher education fell from 424.161 to 361.347 students from 2005 until 2010, in agricultural education this proportion fell from 12.725 to 9.059 students by 2010. The number of those gaining a diploma or a scientific degree also decreased during these five years.

In agricultural education, at higher levels 463 students participated in college education, 389 students in university, 4.913 students in BSc, 802 students in MSc, 369 students participated in PhD education.

Apart from the agricultural education of the youth in the school system, the education, further training of farmers in grain sector is an overriding important task, as their level of education is reasonably low.

During the past few years, the number of people enrolling to out of school further trainings of agriculture-, forestry- and fishing industry heavily fluctuated.

In public education 162.030 students participated in professional trainings in 2005, by 2010 this number went up to 181.082. Looking at the agricultural education 6.058 students in 2005 fell to 5.758 by 2010.

As in 2011 a government's report summarized, in the agricultural education, within the school system by the term of 2009/2010 the competence based, module system of professional education fulfilled its purpose. In the current module schemed National Training Register there are 47 agricultural qualifications, but the total number of agricultural qualifications due to the part-qualifications, branches and further trainings in the register is 215.

The publishing of professional and exam demands of two new higher educational qualifications are in progress. The processing notes of the professional course books, module-learning material parts fitting to the new typed trainings are publishing continuously, at the moment approximately 330 different agricultural professional course books, notes, processed learning material that is available in electronic form, are at the students' disposal.

Practically there are 160 venues where agricultural education takes place, but in many cases we can speak about only courses of couple of students. The organising of institutions that are prepared to provide sectoral trainings into regional integrated educational centres in the point of view of schools where agricultural educational training takes place seems to mean a disadvantage.

3. SUMMARY, CONCLUSIONS, PROPOSALS

The age composition of agricultural sector is less favourable than the other sectors during the past one and a half decade – following the ageing of population – still went worse and worse. The proportion of older aged employees is significant among the workers in this sector.

The earnings of full time employees in agriculture have grown less than the national average earnings since the economic transformation, so the backlog comparing with that has also grown.

Even today, many people think that agriculture – opposite the other sectors of economy -is the area, where you can manage without a proper professional knowledge. This is only partly true, as a part of manual jobs in agriculture is like that, and you can get by without education.

The proper education and qualifications of human resources are the essential conditions of a competitive and efficient agriculture, as for a qualified labour the acquisition of modern entrepreneurial, market, marketing and technological knowledge, that are necessary to modern farming, is easier and simpler.

The professional training is one of the key factors of agricultural developing, as its essential task is to provide the youths with modern theoretical and practical knowledge, that are competitive even at international level, as well as if necessary to give opportunities to workers in agricultural sector to learn new technological methods, legal rules and market information. According to the above-mentioned HCSO study, these days the biggest problem of professional education is that it is less practice focused, the schools still put a stress on the theoretical knowledge. Students should learn more about manual works, however creating places, where practice could be done is quite difficult and expensive.

The government report about agriculture in 2011 said: one of the most important tasks of agricultural education is to promote the development of the countryside and the villages. Its strategic questions must be dealt with at every level. In areas, where the circumstances are favourable for agricultural production, making of the quality goods must be conducive with developing of professional education, improving the efficiency and building up the scheme of processing and sale.

Higher education has an outstanding importance in supply the grain sector with experts. The transformation of the institutional network in the higher education continued in 2010, the variety of courses at master level has been completed. The radical reduction of state subsidized number of students has stopped, as it was a characteristic of the past few years, the government has confirmed the position of the agricultural faculties, besides the scientific and technologic faculties. However, the valuation and re-examination of results of Bologna Process has become necessary.

As the HCSO drafted in its publication about the state of development of agriculture in 2008, without a proper knowledge the farmers are not sensitive enough to innovative solutions. They insist on using production methods based on their former experiences, impeding the spread of modern, environment- friendly and at the same time competitive technologies, holding back the joining up of the grain sector of the country to the developed western economies.

REFERENCES

1. Czagány L, Fenyővári Zs (2008): Önaktivitás és mezőgazdasági munkavégzés a vidéki Magyarországon.- JATEPress, Szeged, 167-173. p.
2. Fazekas S (2011): J/4455. számú jelentés az agrárgazdaság 2010. évi helyzetéről, I-II. kötet.- Magyar Köztársaság Kormánya, Budapest
3. Gőgös Z (2009): Növelhető a foglalkoztatás a mezőgazdaságban, www.privatbankar.hu
4. KSH (2011): Munkaerő-felmérés (MEF), www.ksh.hu
5. KSH (2007): Gazdaságszerkezeti összeírás (GSZÖ), <http://www.ksh.hu/agraradatok>
6. KSH (2010): Általános Mezőgazdasági Összeírás (ÁMÖ), <http://www.ksh.hu/agraradatok>
7. KSH (2011): Intézményi munkaügyi statisztika, www.ksh.hu
8. Lengyel Ó, Lukovics M (szerk.) (2008): Kérdőjelek a régiók gazdasági fejlődésében. JATEPress, Szeged, 167-173. o.
9. Pólya Á (2009): Foglalkoztatók és foglalkoztatottak a mezőgazdaságban. www.agrostrategia.hu
10. Végh Z (szerk) (2008): A mezőgazdaság fejlettségének regionális különbségei, változások a rendszerváltástól napjainkig.- Szeged, Központi Statisztikai Hivatal