HUMAN RESOURCE POTENTIALS IN THE REGIONS OF V4 COUNTRIE

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ABSTRACT

The purpose of this study is to provide an overview on one of the most significant endogenous resources, namely the human resources. It is proven that there is strong correlation between the level of qualification of human resource and the level of economic development, therefore it was aimed to see how the V4 countries meet the EUROPE 2020 targets in relation to human resource.The paper includes literature about the EUROPE 2020, as the strategy in effect which determines the targets to be achieved by the regions of the European Union. Regional statistics are analyzedin relation to employment, unemployment, qualification as well as other indicators for human resources. Since the EUROPE 2020 is in effect from 2011, we collected data from 2010 and from the latest year available for regions (2014).The paper clearly emphasizes the territorial differences among the regions of the Visegrad countries, focusing on the differences in human resource development. It calls the attention to some hot-spot regions where serious and targeted measures are needed to create the basis for long-term economic and social development.

KEY WORDS: *employment of young people, unemployment rate, human resource development*
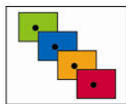
JEL classification: *R10, R58*

Introduction

Human resource is one of the most important bases of long-term economic and social development. The development of human resources requires various conscious strategies in countries and the achievements and results can be realized mainly in middle or long terms. Therefore, it should be one of the most significant priorities of national strategies. Human resources show huge regional discrepancies not only in Hungary but all over Europe and the world. So regional development and human resource development are supposed to go hand in hand, serving the harmonized developments of regions. In this paper we intended to introduce the major tendencies of human resources in the regions of the Visegrad countries in the mirror of the EUROPE 2020.

To ensure that the EUROPE 2020 strategy is delivered a strong and effective system of economic governance has been set up to coordinate policy actions between the EU and national levels. These targets are closely related to each other, therefore progress achieved in one may have direct positive impact on the others. For example, better educational levels help employability and progress in increasing the employment rate helps to reduce poverty. A greater capacity for research and development as well as innovation across all sectors of the economy, combined with increased resource efficiency will improve competitiveness and foster job creation. Investing in cleaner, low carbon technologies will help our environment, contribute to fighting climate change and create new business and employment opportunities.The targets represent an overall view of where the Commission would like to see the EU on key parameters by 2020. They do not represent a 'one size fits all' approach.

There have been several publications, researches on the progress in human resource development in all the member states, since there are significant regional discrepancies in this matter not just between the Western-European countries and Central-Eastern Europe but even within smaller regions, namely in the Visegrad group. In this group, there are regions that concentrate the qualified human resource and capital and are competitive even with the most-developed Western-European counterparts, while there are regions that are among the 20 least-developed NUTS 2 regions. Thus, the Visegrad group itself needs to face special challenges and needs to encourage cohesion within the countries and the group as a whole.

Theoretical background

As a sort of continuation of the sustainable development measures taken in the framework of the Lisbon strategy, and to achieve the goals which could not be met by 2010, the EU published another strategy in 2010, namely EUROPE 2020, to enhance the sustainable economic and social cohesion among the member states. EUROPE 2020 was being developed and was in the finalization phase when the global financial crisis hit the world, including the EU. Thus, the European Commission had to define strategies which continue the activities of the Lisbon strategy, as well as to define totally new ones to meet the changed conditions due to the financial crisis and also to set long-term objectives to achieve further convergence within the Union. It is the first global strategy in the EU aiming at economic and social development in long-terms, considering sustainable aspects. It has been in effect since 1 January 2011, therefore all the development projects, carried out or to be carried out in the territory of the EU in the near future, have to meet the requirements of the abovementioned strategy. It is

also a well-known fact that the member states are in different stages of development and there are great differences in meeting the EUROPE 2020 target indicators.

EUROPE 2020 focuses on three key priorities:
- smart growth: developing an economy based on knowledge and innovation
- sustainable growth: promoting a more resource efficient, greener and more competitive economy
- inclusive growth: fostering a high-employment economy delivering economic, social and territorial cohesion.

The headline targets related to the strategy's key objectives at the EU level, as defined in the Council Conclusions, are:
- 75% of men and women aged 20 to 64 years to be employed;
- 3% of GDP to be invested in the research and development (R&D) sector.

Climate change and energy targets:
- reduce greenhouse gas emissions by 20% compared to 1990 levels;
- increase the share of renewables in final energy consumption to 20%;
- 20% increase in energy efficiency;
- reduce the rates of early school leaving to below 10%, and at least 40% of 30 to 34 year olds to have completed tertiary or equivalent education;
- reduce poverty by lifting at least 20 million people out of the risk of poverty or social exclusion (Eurostat 2013).

Each member state is different and the EU of 28 is more diverse than it was a decade ago. Despite disparities in levels of development and standards of living the Commission considers that the proposed targets are relevant to all member states, old and newer alike. Investing in research and development as well as innovation, in education and in resource efficient technologies will benefit traditional sectors, rural areas as well as high skill, service economies. It will reinforce economic, social and territorial cohesion (COM 2010). To ensure that each member states tailors the EUROPE 2020 strategy to its particular situation, the Commission proposes that these EU targets are translated into national targets and trajectories to reflect the current situation of each member state and the level of ambition it is able to reach as part of a wider EU effort to meet these targets. Therefore, the strategy includes measures that have to be taken at EU level and the member states should define their own tasks in line with the European level objectives based on their own economic and social conditions. Thus, neither the concrete targets nor the way to achieve them are the same in all the member states (COM 2010). Based on the abovementioned, EUROPE 2020, i.e.a strategy for jobs and smart, sustainable and inclusive growth, is based on five EU headline targets which are currently measured by eight headline indicators.As the cohesion policy focuses on the regional inequalities and set the strategies based on the endogenous development of the regions, it is important to see the diverse development levels and progress of the regions of each country, and not only focus on the EU-level targets set for 2020. That was the motivation of our research and we wanted to see how the Visegrad regions are able to achieve progress in meeting the EUROPE 2020 targets for human resources development.

Research methodology

In our research we focused on the period 2010-2014, since we wanted to see the situation before the EUROPE 2020 came into effect, compared to the latest regional data available in this respect.Like all the EU members, the Visegrad countries also had to define their own national targets while meeting the requirements of the common policies, including EUROPE 2020, but in this research we are not primarily focusing on how far/close they are to the EU level targets, but rather to define the regions that are the engines for development as well as the ones which are in the most difficult situation to catch up with the others. All the relevant data have been collected for the NUTS 2 regions of Hungary, Slovakia, Czech Republic and Poland and additional data for social exclusion as well as for young people who are not employed and do not take part in formal/informal training either, but these indicators are available only at national or NUTS 1 level. However, this data may also help to see the level of development in the Visegrad group in a more complex way and can help defining the necessary strategies for education, employment, as well as social inclusion.

Research results and findings

In order to see the regional human resource discrepancies among the regions, it is necessary to analyze the GDP per capita as well. As it is shown in Figure 1, Prague and Bratislava regions are well ahead the others. Compared to the EU28 average, the represent over 170 or even 180% (186% - Bratislava in 2014), meaning that they are among the best-performing regions in the Union. There is a huge gap between the regions, since most of them are around 40-70% of the EU average. There are two regions that are at 100% Mazowieckie (PL) and Central-Hungary (HU) that can have the potential to catch up with the Western-European ones but only with conscious strategies. The lowest regional GDP per capita is in Northern-Hungary, reaching only 42% of the EU average.
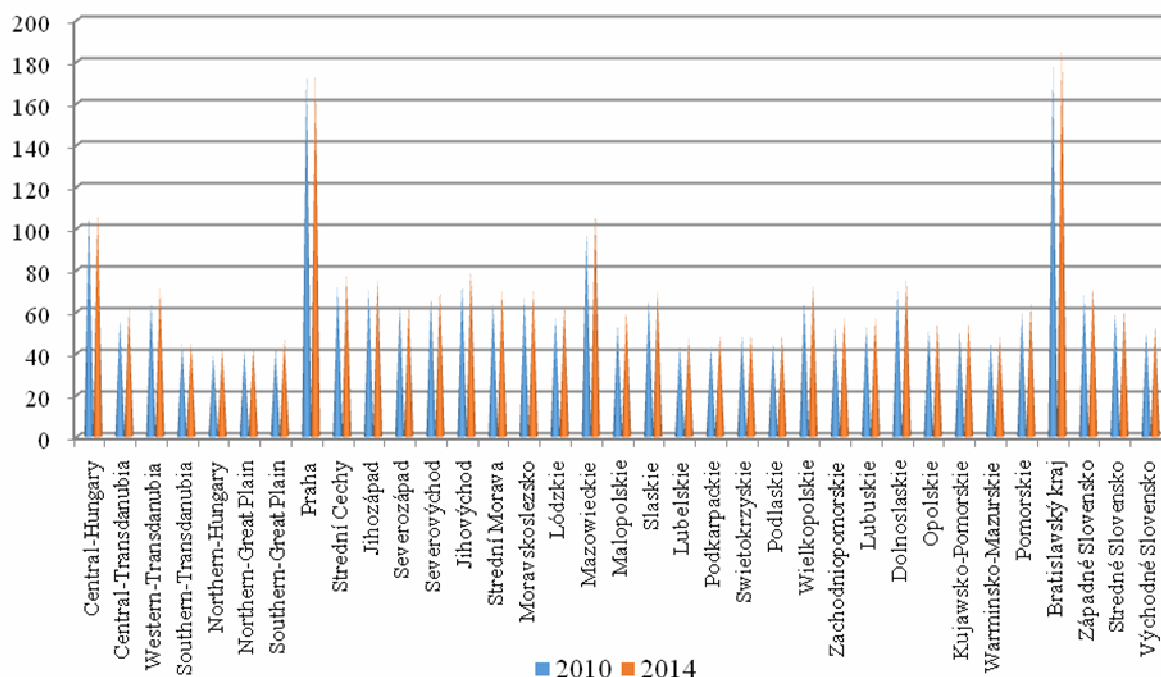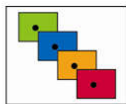
Figure 1. Regional GDP per capita in the % of EU28 (2010, 2014)
Source: authors' own work based on Eurostat, 2016

As it is mentioned above, in order to achieve knowledge and innovation-based economic development, and as it is targeted in the EUROPE 2020, regions must spend more on research and development. It could be assumed that this sector is the most-developed in regions with high GDP per capita, but on Figure 2 it can be seen that there are regions which concentrate the knowledge and innovation, though they are not the most-developed ones. The EU level target is 3%. Even if there are some well-performing regions, namely Jihovýchod (2,84%) or Prague (2,54%), most of the regions are far from meeting the target.
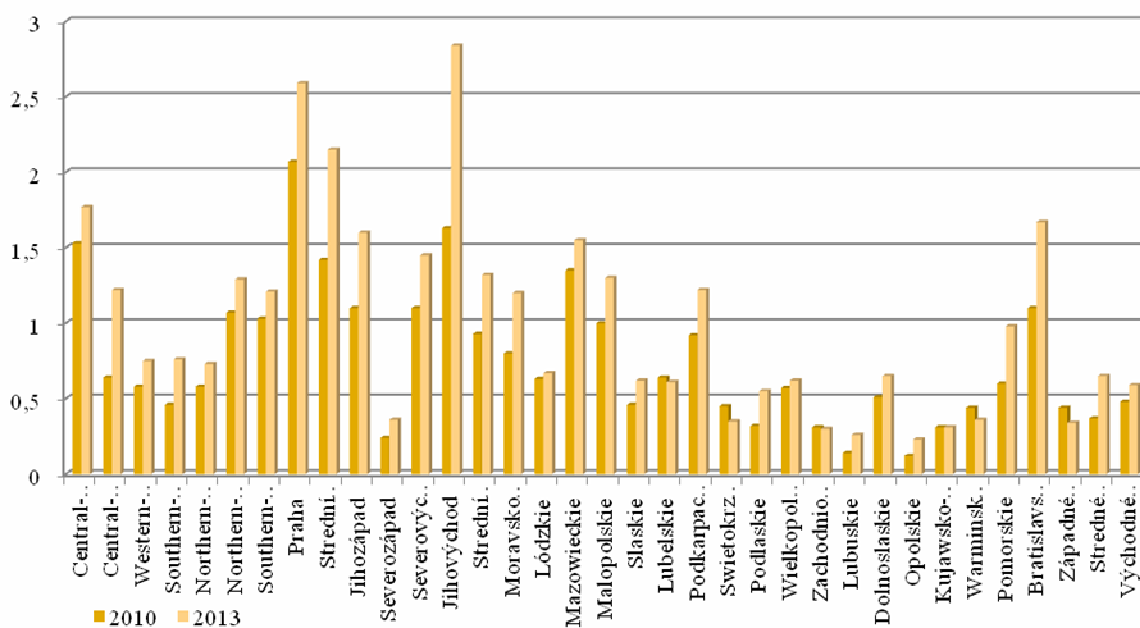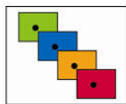

Figure 2. R&D expenditures in the % of the GDP in regions (2010, 2013)
Source: authors' own work based on Eurostat, 2016

Regarding the employment rate target, all the regions are expected to reach 75% among the 20-64 year population by 2020. Based on the data, we can state that the Czech regions are in the best situation, since all of them are over 70%, while all the regions in the four countries are over 60%. The hot-spots with rates 60,4 and 60,8% can be found in Poland (Warminsko-Mazurskie) and in Hungary (Northern-Hungary), which regions need strategic steps to achieve spectacular development. If not, they will totally break off.

As for unemployment rate, there is no concrete target in EUROPE 2020, however, its reduction is a generally expected objective. Overall, it can be stated that all of the regions managed to reduce the unemployment rate after 2010 except for Podkarpackie (PL), where the rate increased from 11,6% to 14%. The highest rates over the period could be observed in Slovakia in Stredné Slovensko and Východné Slovensko, where – despite of the decrease – the rate was still around 16% by 2014.

On Figure 3 it can be seen that those who have been unemployed for more than 12 months represent high and increasing share in almost all the regions. By 2014, especially in the Polish regions, the rate of long-term unemployed is over 45-50%, while the situation is the most dramatic in Slovakia's regions, namely in StrednéSlovensko, ZápadnéSlovensko and VýchodnéSlovensko, where over 70% of the unemployed people have been looking for job more than 1 year. It clearly shows structural problems in the economy in such regions.
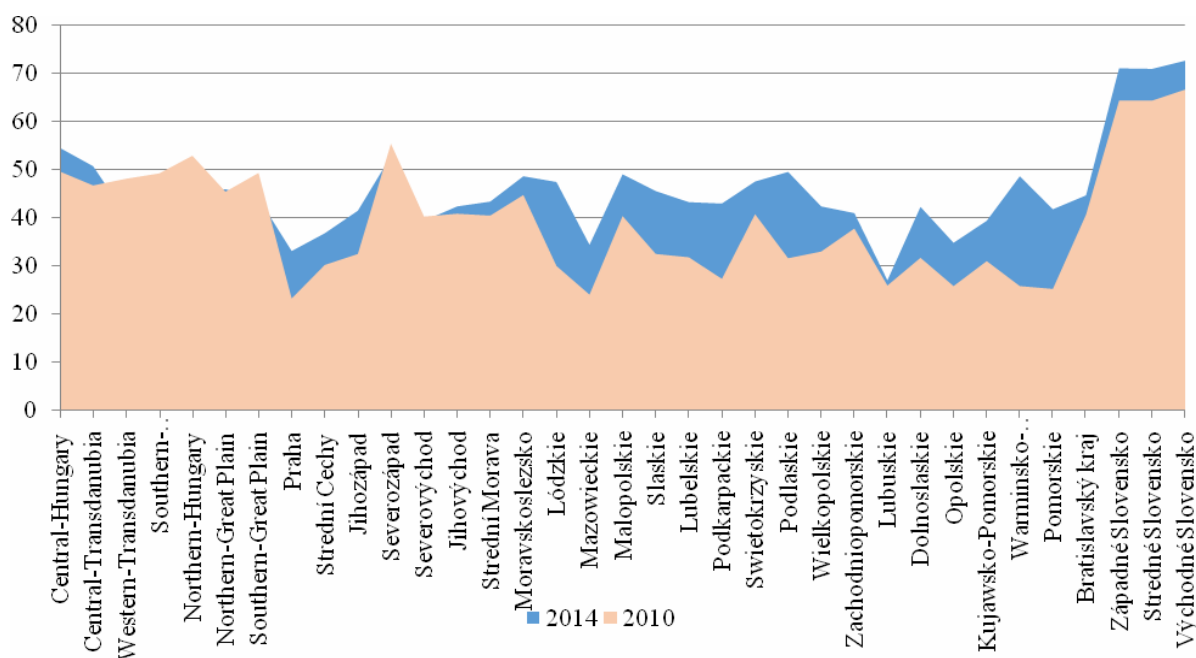

Figure 3. Long-term unemployment rate in % of the total unemployment, (2010, 2014)
Source: authors' own work based on Eurostat, 2016

The EUROPE 2020 strategy aims to provide a framework at EU level for the member states to identify their challenges, select their instruments and set their own targets for a complex development. As for the human resource development, on one hand the share of young population with diploma is a key-target, on the other hand the rate of early school-leavers should be reduced. Regarding the share of young people (years 30-34) with tertiary education attainment, the picture is not surprising, since such regions are at the top of the rank which showed their economic and social strengths in relation to other indicators, too.

Mazowieckie (PL) with 56,6% represents the number one in the region, while Bratislava (SK) is the second (54%). This indicator also highlights the significant regional discrepancies existing in Slovakia, since all the other 3 regions are in the last places out of the 35 regions examined with rates around 20-25%. As it is shown on the Figure 4, the target at EU level is 40%. The increasing tendency can be observed in each region, however, the Polish regions have the most favourable status in general.
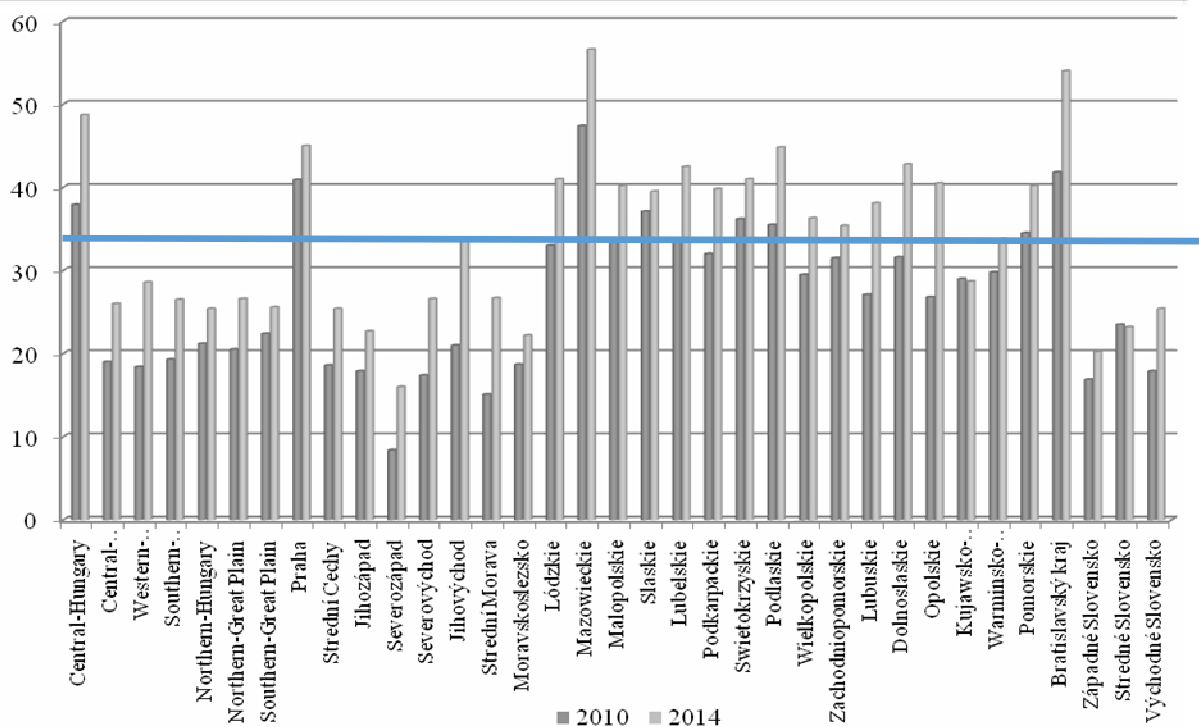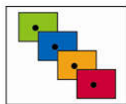
Figure 4. Rate of people aged 30-34 yrs with higher education diploma in % (2010, 2014)
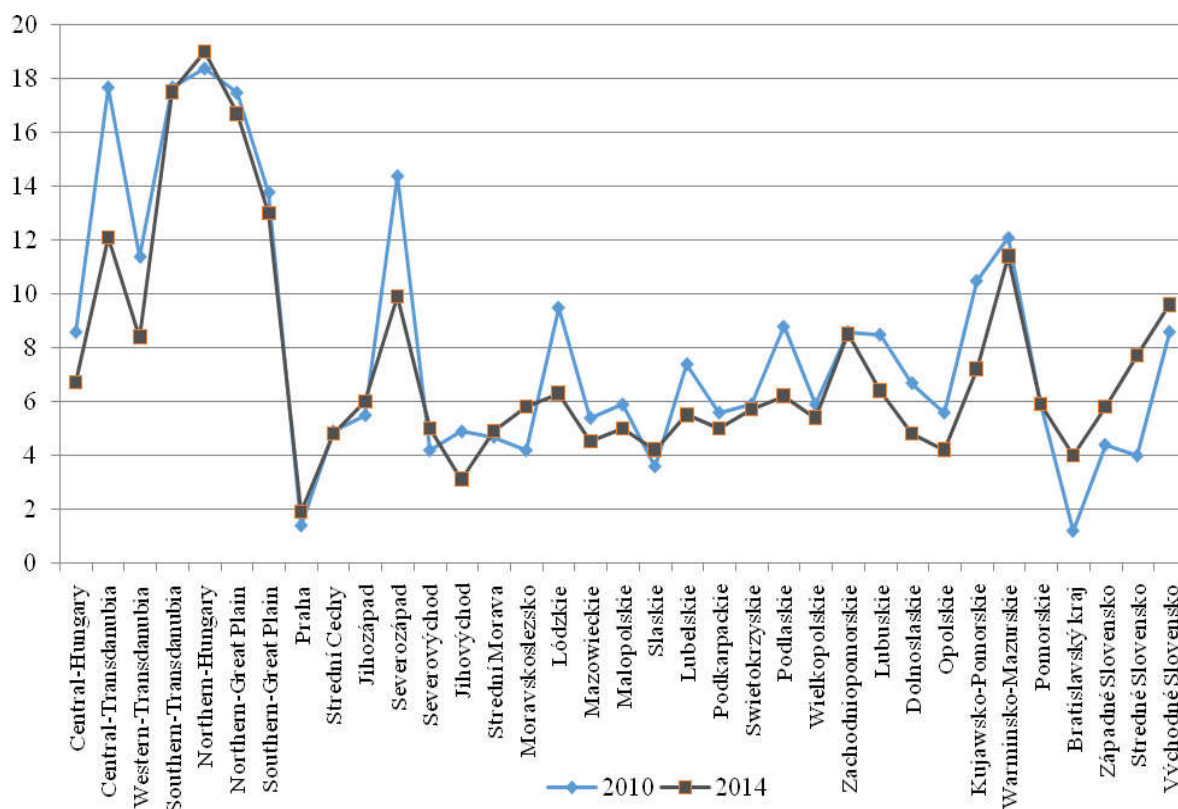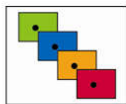Source: authors' own work based on Eurostat, 2016

Figure 5. Rate of people aged 30-34 with less than primary, primary and lower secondary education in % (2010, 2014)
Source: authors' own work based on Eurostat, 2016

However, it is not enough to examine the rate of young people holding diploma, but it is also important to see what is the rate of underqualified young people from the same age, since that group of the society does not tend to pursue formal education or take part in lifelong learning either. It means that it is difficult to motivate them to take part in formal or informal trainings. The two extreme ends can be found in Prague, where the high rate of young people with diploma and the very low rate of under-educated people meet, while 3 Hungarian regions out of 7 (Southern-Transdanubia, Northern-Hungary and Northern Great Plain) face the serious challenge related to young generation.

In addition to the 30-34 year-old people, EUROPE 2020 highlights the role of 18-24 year-old youth as well. According to the headline indicators, the rate of early school leavers has to be reduced under 10% in all the regions. As it is on Figure 6, most of the regions could not meet this target yet, but we should emphasize the place of Prague in the rank with 2,5% and the favourable situation in the Polish regions with quite low rates. The high rates in Hungarian regions are represented by the abovementioned ones, where the high shares of underqualified young people can be observed, which causes really serious problems on the labour market.
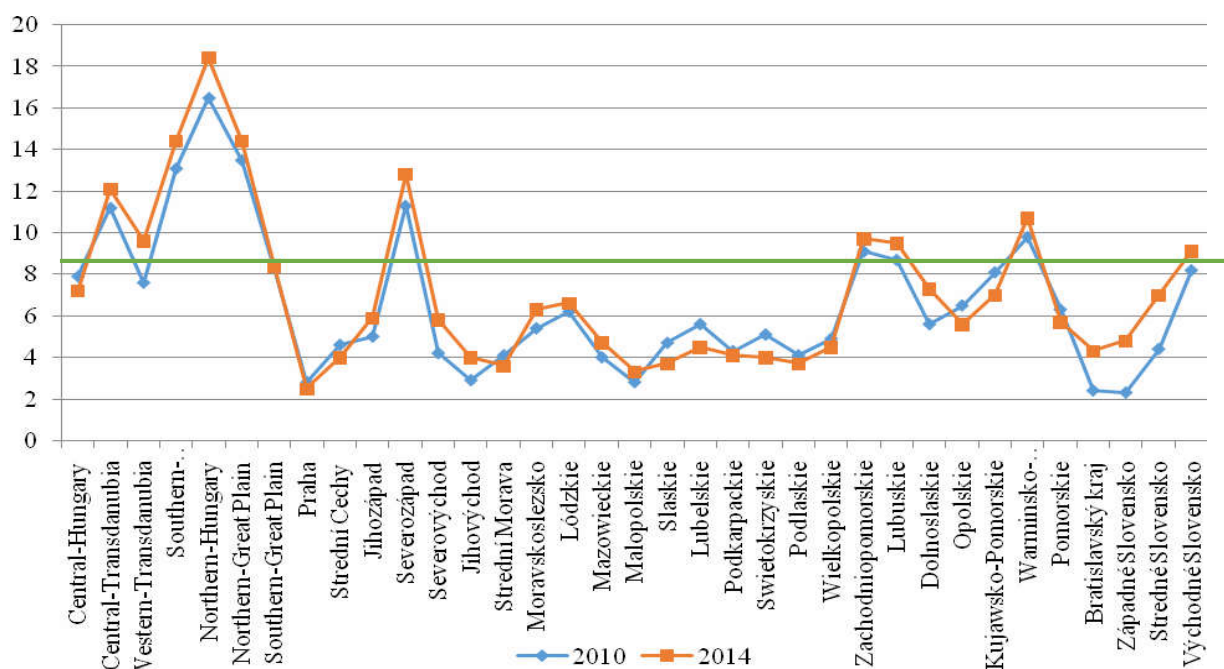

Figure 6. Rate of early school leavers (%) among young people aged 18-24 yrs (2010, 2014)
Source: authors' own work based on Eurostat, 2016

Due to limitations in statistical database, there is no regional data for those young people (18-24 yrs) who are neither employed nor take part in formal/informal training in the Visegrad countries, but we can assume that the most serious problems are in Hungary. In Northern-Hungary the rate of such young people is 24,1%, while in Northern Great Plain it is 22,8%. If such rates are added to the rates of early school leavers of the same age as 18,4% and 14,4%, respectively, it highlights the hotspots that need significant development in human resources if long-term development is aimed.

In addition to the Hungarian regions, we can find some Polish and Slovakian regions where the unemployment rate among the youngest generation, which is supposed to be new entrant and most active on the job market, is really high.

Such regions are e.g. Lubelskie, Podkarpackie(41,1%!) from Poland and StrednéSlovensko as well as VýchodnéSlovensko from Slovakia. It brings the attention to the fact that the basis for long-term economic and social development is basically missing in the abovementioned regions, since many of the youngest, physically and mentally most active people do not work, do not study and have not finished even primary education. It means that strategies cannot be built on their capacities.
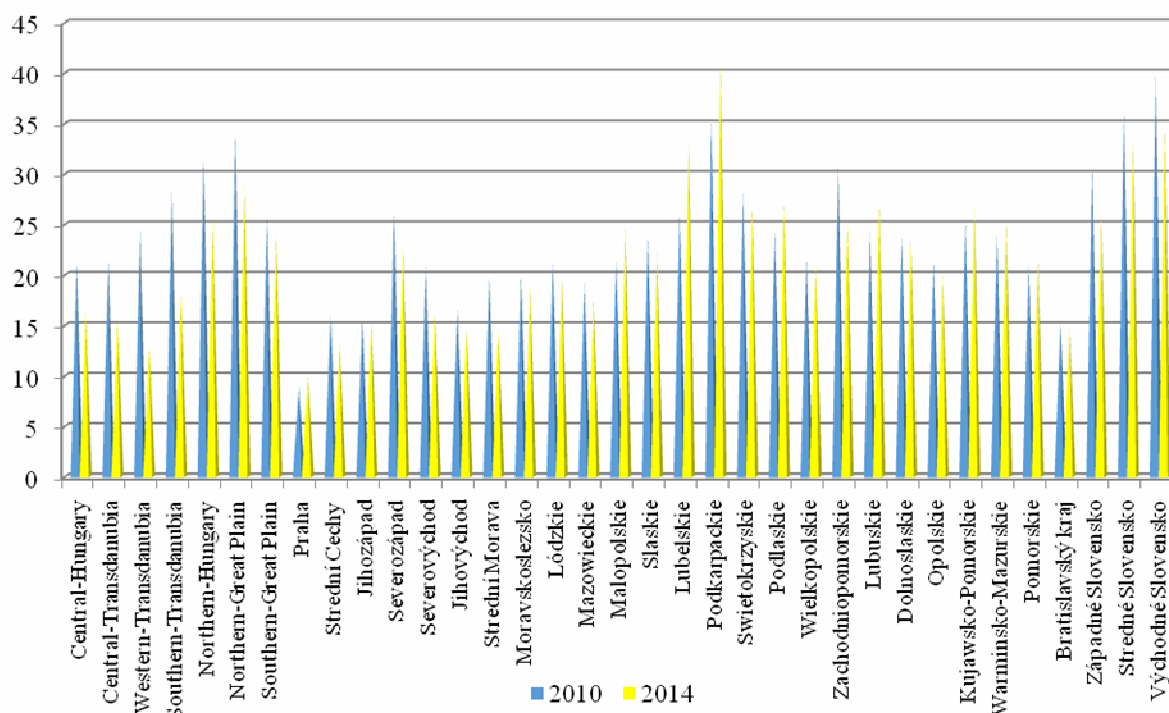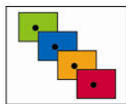
Figure 7. Unemployment rate among young population aged 15-24 yrs(2010, 2014)
Source: authors' own work based on Eurostat, 2016

Conclusions

In general, we observed over the years that huge amount of funds has been spent on human resource development and social initiatives in the Visegrad countries, however, statistics show that neither the national situation nor the regional situation have seen spectacular improvement. Statistical data clearly show that the regions of the V4 countries achieved moderate cohesion. Overall, improvement can be observed in the key indicators over the years, but in many cases regions are far from meeting the targets set for the EU. This paper also proves the great regional discrepancies among the Visegrad regions and highlights the core regions (Prague, Bratislava, Mazowieckie) as well as the hotspots (Northern-Hungary, Northern Great Plain, ZápadnéSlovensko, StrednéSlovensko, VýchodnéSlovensko) that should be developed the most from human resource point of view. Moreover, this research emphasized the discrepancies within each country as well, showing that there are huge gaps between the best-performing regions (mainly the capitals) and the rest of the countries. Based on the tendencies of last years, we need to state that in the regions of the V4 countries only targeted, structured, complex development policies can bring progress affecting the labour market, educational policy, socio-economic policy, childcare policy etc. since in many of the regions with unfavourable conditions have multi-handicapped situation, resulting increasing share of people with risk of social exclusion, which rate is also expected to decrease due to the EUROPE 2020 measures.

Acknowledgement

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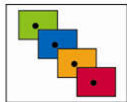
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