

Conclusions of the employment policy analysis and strategic tasks



Publication

Local people and local products without borders

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Changes in the employment policy situation in the Bácsalmás district

Based on a comprehensive analysis of the situation, it can be clearly established that the employment situation in Bácsalmás and the Bácsalmás district cannot be interpreted solely in terms of short-term economic cycles or cyclical fluctuations. Behind labour market processes lie enduring, structural determinants stemming from the legacy of post-transition economic transformation, the region's peripheral geographical location, its proximity to the border, its limited industrial base, and its significantly transformed, mechanised economic structure dominated by agriculture. The trajectory of the local labour market is thus not spontaneous, but the result of mutually reinforcing structural factors that have developed over a long period.

The current situation no longer raises the issue of mass unemployment as the primary concern, but rather concerns regarding the quality of employment. The main regional issues in employment policy are increasingly linked to wage levels, job stability, opportunities for advancement, the shortage of skilled workers and the match between skills and jobs. The region is characterised by both labour shortages reported by businesses and a significant proportion of registered jobseekers.

When assessing the employment situation, it is therefore insufficient to examine trends in the unemployment rate or the employment rate alone. The region's labour market operates as a multi-layered, differentiated system, where the economic structure, demographic trends, institutional functioning and regional competitiveness are closely interlinked. The future of employment in Bácsalmás cannot be measured solely by an increase in the number of jobs, but rather by the qualitative renewal of the labour market

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structure, the strengthening of human capital, and the development of economic and institutional adaptability.

The existing structural vulnerability of the labour market

Based on the situation analysis, it can be concluded that the labour market situation in the Bácsalmás district is fundamentally determined by the limited diversification of the economic structure.

The region's economic profile continues to be characterised by the dominance of agriculture and the emerging industrial



and tourism; however, the employment potential of agriculture is unable to ensure stable and broad-based labour market demand in the longer term.

One of the most significant signs of structural vulnerability is **the simultaneous presence of labour shortages and unemployment in the labour market**. Businesses are constantly seeking skilled workers, mostly without success, whilst a significant proportion of registered jobseekers lack the necessary skills. In the long term, this will necessitate adaptation. Traditional sectors are unable on their own to maintain current employment levels, making it necessary to incorporate new economic activities. The foundation of economic stability lies not in the development of a single dominant sector, but in the establishment and functioning of a diversified, flexible economic structure.

The vulnerability of the labour market in the Bácsalmás district is fundamentally structural in nature, stemming from the limitations of economic specialisation. **The key to the success of future employment policy lies in economic diversification, supporting higher value-added**

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activities, and developing a multi-sectoral local economy. Only in this way can a long-term stable, adaptable and sustainable employment environment be created in the region.

Unemployment is a concentrated and structured phenomenon

Based on the data from the situation analysis, the unemployment situation in the Bácsalmás district cannot be regarded as a homogeneous phenomenon, as it is concentrated in clearly definable social and labour market groups. The internal structure of unemployment is particularly telling. A significant proportion of registered jobseekers are people with low levels of educational attainment.

Unemployment in the region **is primarily a problem of skills and integration**, rather than solely a consequence of a shortage of jobs. Labour shortages are emerging in certain segments of the economy, whilst some of the unemployed lack the necessary skills or employability competencies. This structural imbalance hinders further improvement in employment indicators in the long term.

For this reason, rather than uniform employment policy tools, differentiated programmes are needed that address low-skilled workers, long-term jobseekers, older workers and those starting their careers separately.

Employment policy interventions can only be effective if **training, mentoring, social support and flexible forms of employment operate within a unified system** and are capable of ensuring a genuine transition from the periphery of the labour market towards stable employment.

The dual role of public employment

Public employment since 2013 has served a stabilising function, as it has reduced the number of registered jobseekers, lowered the risk of long-term

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inactivity, and provided temporary, seasonal income to groups marginalised on the periphery of the labour market. At the same time, **public employment is a tool with a dual nature**. In the short term, it acts as a social and employment stabilising mechanism; in the longer term, however, it can distort the labour market picture.

Exiting public employment often faces structural barriers. A significant proportion of programme participants have low educational attainment, limited mobility and enter the system with inadequate employability skills. If public employment is not linked to training, development and job placement support, it tends to perpetuate rather than eliminate marginalisation in the labour market.

Public employment in Bácsalmás is a stabilising but, on its own, not a sustainable employment model.

The focus of the future strategy must be on **increasing the effectiveness of the transition**. Public employment can only become a genuine tool for development



if **training, mentoring, employer partnerships and follow-up operate within a unified system** and measurably increase the long-term integration of participants into the competitive sector.

Challenges in quality employment

The current labour market situation in the Bácsalmás district no longer primarily raises the issue of mass unemployment, but instead highlights the quality dimensions of employment.

Among the most significant quality issues are

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- a) **low wage levels**, which are not competitive compared to larger urban centres or job opportunities abroad,
- b) **limited prospects for advancement and career development**, which do not offer long-term prospects for young, skilled workers,
- c) and **skills mismatch**, i.e. the structural gap between labour supply and demand.

Low wages and limited career prospects reinforce the propensity to emigrate, particularly among the 18–35 age group. The loss of human capital is not merely a demographic issue, but also a factor that reduces economic performance. The solution lies not solely in employment policy measures, but in a coordinated system of economic development, investment policy, education and urban development.

The region's future depends on its ability to develop a competitive economic structure with higher added value, one that provides stable income, career prospects and a liveable environment for the working-age population. Retaining human capital is thus not merely a demographic goal, but a fundamental prerequisite for sustainable economic development.



Institutional functioning and the need for reform

The situation analysis highlights that the operation of the district employment institutional system is currently characterised by a highly centralised management structure, which limits the scope for flexible interventions that respond to local circumstances.

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One of the greatest challenges facing the current institutional framework is fragmentation; the need to overcome this fragmentation. Actors in the fields of employment, social services, training and economic development often work in parallel with limited coordination, whilst the problems faced by target groups are complex and span multiple disciplines. Consequently, support for clients is often fragmented, short-term and not based on a life-course approach.

However, the success of labour market integration increasingly depends on whether the institutional system is capable of operating with a service-oriented approach and developing support processes tailored to individual needs.

The need for reform entails not merely organisational restructuring, but primarily a shift in mindset: a move away from administrative, programme-centred operations towards a flexible, partnership-based and client-centred service model. **The long-term success of the Bácsalmás district's employment policy depends on whether the institutional system is capable of functioning as an integrated, learning and adaptive system that not only manages labour market issues but also actively shapes the conditions for local economic and social development.**



Peripheral location and competitiveness constraints

Bácsalmás's peripheral location and poor transport links reduce its attractiveness to investors. The 'brain drain' effect of the county's economic centre (Kecskemét) further exacerbates regional inequalities. Employment policy cannot be separated from issues of mobility and infrastructure development.

Based on the situation analysis, Bácsalmás's employment situation is structurally vulnerable, but not hopeless. Behind the quantitative improvement, qualitative and structural challenges remain. A future strategy can only be successful if **it is built on economic diversification, treats human capital development as a central element, strengthens the transition from public employment to the competitive sector, implements institutional reform and adopts a regional cooperation approach.**

The future of employment policy in Bácsalmás is not solely a matter of labour market interventions, but a complex task of economic and social development in which human resource development, infrastructure, business development and demographic stabilisation must function as a mutually reinforcing system.

The classification of Bácsalmás's population by employment status is a fundamental tool for understanding the economic functioning, social tensions and future prospects of a micro-community. An individual's labour market status not only determines their income situation but also strongly influences their social standing, lifestyle, identity and sense of security. For this very reason, groups formed on the basis of employment are not rigid categories, but overlapping life situations that change over time.

The broadest and most visible group is made up of **those in active employment**. Employment in a locality does not necessarily imply

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predictability or social security, even if public opinion often treats it as such. At the same time, it can be said that the number of reliable employees with appropriate professional knowledge and work experience is not significant, and organisational leaders strive to retain these professionals. However, staff turnover is high in roles that do not require a high level of professional expertise, and organisational leaders are seeking reliable, meticulous employees.

Despite the positive changes in the town over the last decade, there are still **unemployed** people, among whom those who would like to work but cannot find a job for some reason stand out. Unemployment is often a temporary condition; however, if it becomes long-term, it can have serious psychological, financial and social consequences, and may gradually reduce an individual's chances in the labour market. Their situation is characterised by a duality of flexibility and vulnerability: they earn an income, but without social security protection or legal security.

A fundamental element of Bácsalmás's catch-up and development is increasing employment, expanding the number of job opportunities, and gradually improving the employment situation of the population.

However, increasing the number of people employed in the primary labour market is a complex task requiring a long-term approach, affecting simultaneously the supply side of the labour market, the structure of the local economy, and social and infrastructural conditions. Successful interventions can only be effective if these areas develop in a coordinated manner. In settlements – such as Bácsalmás – where these conditions are not yet established, but only exist in their most basic form, making progress is a

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particularly difficult task. The following section outlines a few key ideas on this topic:

One key area is managing the role of commuters. One way to increase primary labour market employment is

to make the town more attractive to employers, so that some of those commuting from the town



can find work locally, and the number of people commuting into the town increases. This requires the development of transport infrastructure, the continuous expansion of industrial and service areas, and the use of incentives that encourage businesses to create local jobs (e.g. affordable industrial plots, favourable conditions for setting up business).

Particular attention must be paid **to upskilling public sector workers and those in the social economy**, as they represent a significant pool of talent for the primary labour market. In order for public employment to fulfil its true role and serve as a transition to the open labour market, it is essential to assess the skills of public sector employees, provide them with targeted training and mentoring, and strengthen cooperation with employers. Another important consideration is that the work experience gained must be consciously linked to progression towards marketable occupations.

One of the most decisive factors in expanding employment in the primary labour market is **human resource development**. This includes improving the standard of education and training to meet employers' needs, expanding opportunities for adult education and retraining, and developing basic skills

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– such as literacy, digital skills, communication and work ethic. A good employee must possess not only professional knowledge but also a strong attitude, self-confidence and mobility, which must be consciously developed and maintained.

It is vital to recognise that increasing employment is inconceivable without **the deliberate restructuring and development of the local economy**. The economic structure of the municipality must be shaped in line with local conditions, whether this involves revitalising agriculture, strengthening the processing industry, expanding services or boosting tourism. It is important to support small and medium-sized enterprises, as – in the absence of large corporations – they are capable of creating the most local jobs. Diversifying the economy plays a key role, so that Bácsalmás is not solely dependent on agriculture. At the same time, in response to the challenges of the 21st century and changing dietary habits, the structure of agricultural production can be adapted to produce innovative crops for which there is demand in the processing industry. Innovation and digitalisation can both contribute to the local economy's ability to absorb the working-age population.

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Dear Reader,

My name is Ágnes Gáll, née Tiborné Barta. I am the managing director of Bácsalmási Önkormányzati Közszerolálatási Közhasznú Nonprofit Kft. and the head of the Bácsalmás public employment programme, and I have been working for Bácsalmás for nearly 20 years. Based on my work experience to date, I have observed that, despite all efforts, socio-economic relations in this peripheral settlement located in a disadvantaged region are stagnating and moving in a negative direction. The most serious problem is the decline and ageing of the settlement's population.

As part of the LP2WB project, a comprehensive situation analysis was carried out within the framework of employment policy research, from which we were able to draw a number of useful conclusions. Employment policy data for the settlement and the region were collected, conclusions were drawn from these, and a strategy was formulated based on them.

In a disadvantaged district, far from the country's centres and situated along the border, it is a major challenge to ensure working conditions that are competitive with those in more developed parts of the country – a prerequisite for retaining the population. Our analysis revealed that modifying employment policy processes requires a complex programme.

The strategy identifies that the problem is complex and has a synergistic impact on public administration, economic life and services. The strategy outlines the employment sectors present in the municipality and their development opportunities.



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