

Cross-border migration between Slovakia and Hungary

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for Economic Research

CB partner: Kempelen Institute

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Cross-Border Migration between Slovakia and Hungary

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In the compilation of this study the following people took part in:

Kopint Foundation For Economic Research

Katalin Klára Nagy

Nóra Serfőző

Tamás Székács

Project partner: Kempelen Institute

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Executive summary

The Hungarian-Slovak cross-border migration /Slovensko–maďarská pohraničná migrácia (Project No HUSK 1101/1.2.1/0171) was implemented in the framework of the Hungary-Slovakia Cross-Border Cooperation Programme 2007–2013. The project started on July, 1st, 2014 and finished on 30th, June, 2015. The lead partner of the project is Kopint Foundation for Economic Research and the CB partner is Kempelen Institute. This collection of studies presents the main findings of the project, gives a theoretical overview on the interpretation of border regions, and shares international experiences with a particular regard to cross-border mobility.

The fundamental goals of the project include the investigation of the migration processes along the Slovak-Hungarian border, of the economic background of these processes, and the forecast of expected processes. A comprehensive economic and labour market background analysis has been prepared both in relation to the Hungarian and the Slovak border sections. In order to gain a fuller and more detailed picture a corporate survey was also implemented, which examined the economic situation and market relations of the businesses in the border region, as well as their attitudes to employing foreign (particularly Slovak) workforce. There was a separate employee survey targeting Slovak employees, who work on the Hungarian side of the border region. A similar survey was prepared on the Slovak side, where the target group consisted of Hungarian workers, who commute to Slovakia to work. The overall picture of the border region has been further enriched with the findings of expert interviews made at employment centers, chambers of industry and commerce. and local councils. Our investigation spanned the period after the economic crisis, hence on the one hand we gained some perspective on the effects of the global crisis perceived at a micro-level, and on the other hand we could observe the process of recovery.

All in all it can be claimed that the border region is not a uniform territory: there are considerable differences between the east and the west parts on each side. At the same time the Hungarian-Slovak comparison of the border region also made it clear that different development processes have taken place despite the considerable number of similarities. Under the term, “border region” we understand a roughly 24 thousand square-meter territory on both sides of the border, composed of 27 subregions on the Hungarian side directly along the border, while on the Slovak side, 11 districts make up the border region. For the purpose of a more detailed analysis and due to better data availability, the Slovakian-Hungarian comparison of the border region is approached on NUTS 3 level, i.e. through the comparison of the macroeconomic data of Hungarian counties and Slovakian districts.

The macro-level changes occurring in the two countries had a major impact on the economic and labour market processes of the border region. At the end of 2008 when the global financial crisis emerged, Hungary was in a less favourable situation than the other countries of the region. Whereas the bulk of the Eastern-European new member states showed a significant growth in 2006–2008, Hungary in 2008 was just starting to recover from the stagnation caused by the financial stabilization implemented in 2006-2007. Capital flight resulting from the crisis hit Hungary particularly hard; in contrast with the majority of EU Member States, in 2009 Hungary was forced to implement a procyclical economic policy,

which further deepened the recession caused by the crisis. This was accompanied by some adverse consequences, such as the ratio of foreign currency debt, which was much higher than the regional average. Overall the Hungarian economy's performance in economic growth was consistently significantly worse between 2009 and 2012 than that of the other Visegrad countries. Things took a positive turn in 2013, and these trends continued in 2014; Hungary's average rate of annual growth reached a firm 3.6 per cent. On the absorption side, the acceleration is clearly attributable to domestic absorption, related mainly to fixed capital formation. . During the same period, Slovakia developed at a stable pace after the 5.3 per cent economic downturn in 2009; the rate of GDP growth exceeded Hungary's rate of growth in every year until 2012. The GDP rate slightly fell short of this level in 2013 and 2014, but managed to stay between 1.4 and 2.4 per cent, with growth trends staying in line with international trends.

The economy of the Slovak-Hungarian border region shows a varied picture. The western side of the border area is more developed than the eastern one both in Slovakia and Hungary. The difference between the eastern and western border regions is apparent on both the Hungarian and Slovakian side, although this difference is significantly smaller in the case of the Slovakian border districts than on the Hungarian side. The eastern Slovakian border region possesses a stronger economic power than the Hungarian side. The dominant sector of the border region is industry, with manufacturing first and foremost. When analysing the economic power of the whole of the border region relative to other parts of the country, we may observe that 10 per cent of the country's non-financial enterprises conducting double-entry accounting are located along the Slovakian border. These account for 8 per cent of domestic sales, 19 per cent of net export sales, 8 per cent of corporate registered capital and 11 per cent of foreign capital.

FDI plays a key role in the development of the western border region in both countries; vehicle manufacturing is the main engine of the economy, with related metal processing segments. The earlier, stronger flow of labour from Slovakia to Hungary was partly linked to this. While the western side is trying to cope with labour shortage, the eastern side is characterized by high unemployment. The Hungarian and Slovakian sections of the border region are competitors in terms of the attraction of capital and labour. Economic relations are currently characterized by slower development, suggesting the availability of reserves serving the strengthening of economic relations in the border region.

In recent years, significant changes have occurred on the Slovak-Hungarian border region both with respect to the labour market and concerning cross-border labour mobility. As an effect of the economic crisis the labour market situation significantly deteriorated in the entire region. These unfavourable tendencies were more pronounced on the western side in both the Hungarian and the Slovak border region, but recovery also took off here at a faster pace. The main reason behind is that those industrial and manufacturing firms that dominantly produce for export are located on the Western border section and their embeddedness in the global economy is significant, hence they suffered a larger hit of production (temporarily). The proportion of such companies is much smaller in the Eastern areas.

The presence of territorial differences have changed not only in east-western relation as well, but manifests in the increase of the labour market differences of the Slovak and the Hungarian sections of the border region. The improvement of the employment statistics on the eastern part of the Hungarian side of the border region is to a large extent accountable to the increasing number of people affected by public employment. On the western part of the Hungarian section, the situation has improved due to the invigoration of the private sector. As a result, in terms of certain indicators the pre-crisis level has been surpassed, while in terms of other indicators, the 2007 level could be approached. At the same time, the condition of the labour market on the Slovak side has not improved so much, hence labour market differences have increased.

The economic crisis besides generating an increase of unemployment led to the decrease of migration processes in the border region, The number of Slovak employees who until the crisis took up work in the border region (on the Western part) considerably dropped. As far the Eastern side is concerned, there was not any significant migration neither before the crisis nor after it, especially because both regions struggle with similar economic and labour market problems. However, there have been and still are industrial bases on the Hungarian side of the Western border region, providing a favourable employment opportunity for the inhabitants of the Slovak border regions where the rate of unemployment is quite high. After the crisis the previous rate of migration did not increase, but continued to decline, mainly as a result of the introduction of the euro in Slovakia, the increase of the Slovakian wages, and the industrialization around Bratislava, and in Csallóköz, which could attract qualified workforce mainly. The Slovakian employment of Hungarian workers did not become significant either before or after the crisis because of the reasons mentioned earlier.

With regard to the migration processes of the Slovak-Hungarian border region, we presume that the Slovakian presence of the Hungarian employees will not become stronger in the future, partly due to the poor Slovak knowledge of the people and the local labour market problems. The employment of the Slovak workers on the Hungarian side of the border region on the Eastern part will not become stronger – in line with previous experiences – primarily due to a lack of major investments whose labour demand could create a pull effect. The other obstacle can again be the language barrier, since on the Eastern-Slovakian side the population of Hungarian nationality with good language skills is relatively small. On the Western part of the border region there is a chance (particularly in the county of Komárom-Esztergom and to a smaller extent in the county of Győr-Moson) that the number of Slovak commuting employees will start to increase again despite the relatively strong lack of qualified labour force. We cannot expect the recurrence of the „migration boom” of the pre-crisis period, furthermore it is also possible that the signs of growth are just accidental making it likely that the number of Slovak employees will remain at its currently low level.

The pull effect of the bigger investments implemented in Bratislava, Austria, and in the Western Slovakian districts can lead to the slowing down of cross-border employment.

The business survey implemented in the framework of the project also revealed that the Hungarian businesses in the border region that we interviewed, tend not to possess extensive Slovakian trade relations and tend not to operate a Slovakian place of business. Only a small

number of businesses have employed or currently employ foreign workers, who nevertheless take advantage of the opportunity to employ mainly Slovakian workers. The enterprises of the border region mainly employ Slovakian workforce in full time with contracts of indefinite duration. It is not typical to recruit Slovakian workers through temporary employment agencies either despite the fact that in the expert interviews this dimension was quite pronounced. The Slovak workforce is attractive because of its reliability, flexibility and easy training.

The Slovak employees interviewed in the course of the employee survey are mainly in the age group of 30 and 50, typically possessing lower education levels, employed primarily in blue-collar jobs (semi-skilled and skilled positions). The main motivations for their working in Hungary are that they receive a job here, and they believe that the working conditions are better here and the workplaces are more stable. The emergence of the Hungarian employment as the sole option is due to the fact that in Slovakia it is more and more of an expectation to speak Slovakian at a very advanced level. Those employees (mainly of Hungarian nationality) who do not possess this skill, and have a lower education level can still be in a better position on the Hungarian side of the border on the labour market. Getting a job in Hungary is most likely achieved through informal networks, secondly with the help of newspaper adverts and web ads.

The expert interviews conducted with the local organizations of employment centers, and chambers of trade and industry revealed that employment organizations do not possess suitable, reliable and easily accessible sub-regional/district and in certain cases even county/district statistics keeping records of the number of Hungarian and Slovakian employees. The interviews conducted in the course of the research revealed that the cross-border networks of the employment and chamber organizations present in the counties/districts of the border region have rich and varied networks,- labour market cooperation in the west, and economic and cultural cooperation in the east are more typical. Another relevant territorial difference on the western side (especially in the counties of Komárom-Esztergom and Győr-Moson-Sopron) is that labour shortage emerges as a crucial problem becoming one of the most significant barriers of developments and investments. In contrast to this, on the eastern side it is unemployment that is the most problematic factor hindering growth. Expert interviews also confirmed that the biggest chance for the number of Slovakian employees to increase is in the border regional territories of the counties of Komárom-Esztergom and Győr-Moson-Sopron. There are several investments currently in process and in view, that can contribute to the renewed invigoration of cross-border employment.

The expert interviews conducted on the eastern side of the border region supported the assumption that we cannot expect the growth of employment of Hungarian workers on the Eastern side of the border section in Slovakia. A particularly important aspect of border mobility is the available infrastructure for crossing the border and linked to that the attraction potential of settlement networks extending beyond the natural/geographic border. With the advancement of institutionalisation, the range of settlement functions whose services can be profitably used can expand and parallel to that the chance of a „micro-regional” identity to develop also increases, which can have a positive effect on the intensity of the cross-border

movements of workforce within the region as well as on the tangible concentration of micro-regional labour markets.

1. Economic developments in the Slovak-Hungarian border region

The economic development of individual areas in the Hungarian-Slovak border region is rather diverse. Though the economic downturn of 2008 affected the whole region, its impact was more severe in the better developed western areas than in the less prosperous eastern ones. With regards to the structure of economic sectors, industry is the dominant sector in the border region with processing industry being the most important one. Foreign working capital plays a major role in the development of both sides of the region with automotive industry being the main driving force along with the related metal processing industries.¹

1.1. Economic characteristics of the Hungarian counties and Slovak regions

When analysing the economic potential of the Slovak-Hungarian border region, the region itself can be defined on multiple levels. In line with one of the approaches the border region in question spreads out on an area of approximately 24,000 km² and is made up of 27 micro-regions situated directly on the border in Hungary² and of 11 districts in Slovakia³. With a view to the fact that on LAU 1 level⁴ it is rather difficult to find comparable data, the two

¹The project titled as "Analysis of labour migration processes in the Slovak and Hungarian border regions and mapping of opportunities arising from labour movement" (A szlovák és magyar határmenti régiók munkaerő migrációs folyamatainak elemzése, a munkaerő áramlásból származó potenciális lehetőségek feltárása/Analýza migrácie pracovných síl zo slovenských a maďarských pohraničných regiónov a prieskum potenciálnych možností) with a project number HUSK 1101/1.2.1/0171 is implemented in the framework of the Hungary-Slovakia Cross-border Cooperation Programme 2007-2013 (www.husk-cbc.eu). The implementation started on 1 July 2014 and it ended on 30 June 2015. The lead partner was the Kopint Foundation for Economic Research and the Slovak partner was the Kempelen Institute. The experts of the Kopint Foundation dealt with the analysis of the Hungarian border region and the Kempelen Institute with the research of the Slovak side.

The contents of this article do not necessarily reflect the official standpoint of the European Union.

²Micro-regions in the *western part* of the Hungarian border region:

- Micro-regions in Győr-Moson-Sopron County: Győr, Mosonmagyaróvár and Pannonhalma,
- Micro-regions in Komárom-Esztergom County: Dorog, Esztergom, Komárom, Tata and Tatabánya,
- Micro-regions in Pest County: Vác, Szob, Dunakeszi and Szentendre.

Micro-regions in the *eastern part* of the Hungarian border region:

- Micro-regions in Komárom-Esztergom County: Abaúj-Hegyköz, Bodroghöz, Edelény, Encs, Kazincbarcika, Sárospatak, Sátoraljaujhely, Szikszó, Ózd,
- Micro-regions in Heves County: Pétervására,
- Micro-regions in Nógrád County: Balassagyarmat, Bátorfyerénye, Rétság, Salgótarján, Szécsény.

³Districts in the *western part* of the Slovak border region:

- Districts in Trnava Region: Dunajská Streda
- Districts in Nitra Region: Komárno, Nové Zámky, Levice

Districts in the *eastern part* of the Slovak border region:

- Districts in Košice Region: Košice-okolie, Košice I., II., III., IV., Rožňava, Trebišov
- Districts in Banská Bystrica Region: Lučenec, Revúca, Rimavská Sobota, Veľký Krtíš.

⁴At present there are three NUTS levels, to which two local administrative units were added (LAU 1 and LAU 2 – Local Administrative Unit). These replaced the earlier used NUTS 4 and NUTS 5 levels. LAU = Local Administrative Units, LAU 1 – higher level, which cannot be found in every country. Micro-regions in Hungary corresponded to the LAU 1 level; however, they were replaced with districts in the new public administration system.

LAU 2 – settlements or groups of settlements.

See more on: <http://ec.europa.eu/eurostat/web/nuts/local-administrative-units>

sides of the Slovak-Hungarian border region were compared on a higher, NUTS 3, level. This means that we compared the macroeconomic indicators of Hungarian counties with the ones of Slovak districts.

On the basis of indicators gathered on NUTS 3 level it can be concluded that Pest County has the greatest economic potential among all. Nevertheless, its GDP at current prices (in EUR) still has not reached its pre-downturn level. In comparison, the identical indicator has exceeded its pre-downturn level in each Slovak region. Another important conclusion is that with an exception of Pest County the GDP of Slovak regions at current prices in the border region exceeds the GDP of Hungarian counties (see Table 1 and Table 2).

Table 1: GDP at current prices and GVA by sectors (at current EUR prices) in 2007 and 2012 in the counties and districts of the western border region

(in million EUR)

	Pest	Komárom-Esztergom	Győr-Moson-Sopron	Trnava	Nitra
2007					
Agriculture	221.42	119.03	168.66	247.36	421.58
Industry	379.94	1,807.61	2,260.39	3,354.93	2,473.80
Services	4,636.97	732.80	1,303.00	1,898.16	1,980.72
GDP at current prices	11,103.00	3,473.00	5,108.00	6,917.00	6,100.00
2012					
Agriculture	207.8	142.7	230.3	290.2	513.1
Industry	3,007.45	1,342.11	2,140.44	3,422.87	3,278.32
Services	4,220.18	704.87	1,342.90	2,688.79	2,885.83
GDP at current prices	10,062.00	3,059.00	5,141.00	8,293.00	8,248.00

Source: Eurostat.

Table 2: GDP at current prices and GVA by sectors (at current EUR prices) in 2007 and 2012 in the counties and districts of the eastern border region

(in million EUR)

	Borsod-Abaúj-Zemplén	Heves	Nógrád	Banská Bystrica	Košice
2007					
Agriculture	155.18	103.38	36.75	423.56	238.7
Industry	1735.75	873.45	263.12	1463.17	2416.58
Services	1219.42	627.79	297.91	jan.29	márc.69
GDP at current prices	4720.00	2299.00	972.00	5052.00	6621.00
2012					
Agriculture	199.1	márc.99	28.jún	453.0	236.6
Industry	1423.07	679.90	223.56	1769.81	2809.75
Services	1086.25	553.08	240.27	2440.87	jún.55
GDP at current prices	4215.00	2010.00	880.00	6259.00	8299.00

Source: Eurostat.

There is a difference between the western and eastern border region on both sides of the border; however, the disparities are a lot smaller in Slovakia than in Hungary. On the basis of GDP values at current prices from 2012 it can be claimed that the economic performance of eastern Hungarian counties amounts only to 40% of the western ones, while the same figure is 88% in Slovakia. The large difference described above is due to the favourable position of Pest County⁵. If it was not so, the difference between east and west would also be smaller on the Hungarian side. It is Košice Region that is particularly strong economically in Eastern Slovakia. The town is considered to be a second capital in Slovakia and it attracts a significant amount of capital and a large labour force, much more than Miskolc on the Hungarian side. If we examine the values of the GDP per capita in PPS⁶ in the different counties, we get a different picture: Pest County is not in an advantageous position any more⁷. Trnava Region shows the highest welfare indicator (in 2012 83% of EU-27), and Nógrád County has the lowest one (in 2012 28% of EU-27). In the western border region Nitra Region and Győr-Moson-Sopron County are the most developed ones (in 2012 75% of EU-27) while in the eastern region the regions of Košice and Banská Bystrica perform better than the Hungarian counties (*see Figure 1*). This situation is not expected to change in the future either: according to the latest data⁸ the Northern Hungarian region, which belongs to the eastern part of the examined border region, is one of the poorest regions in the European Union, with its GDP per capita in PPS in 2013 accounting only for 40% of the EU-28 average.

⁵ It is in the vicinity of Budapest. A large number of businesses moved their distribution centres there etc.

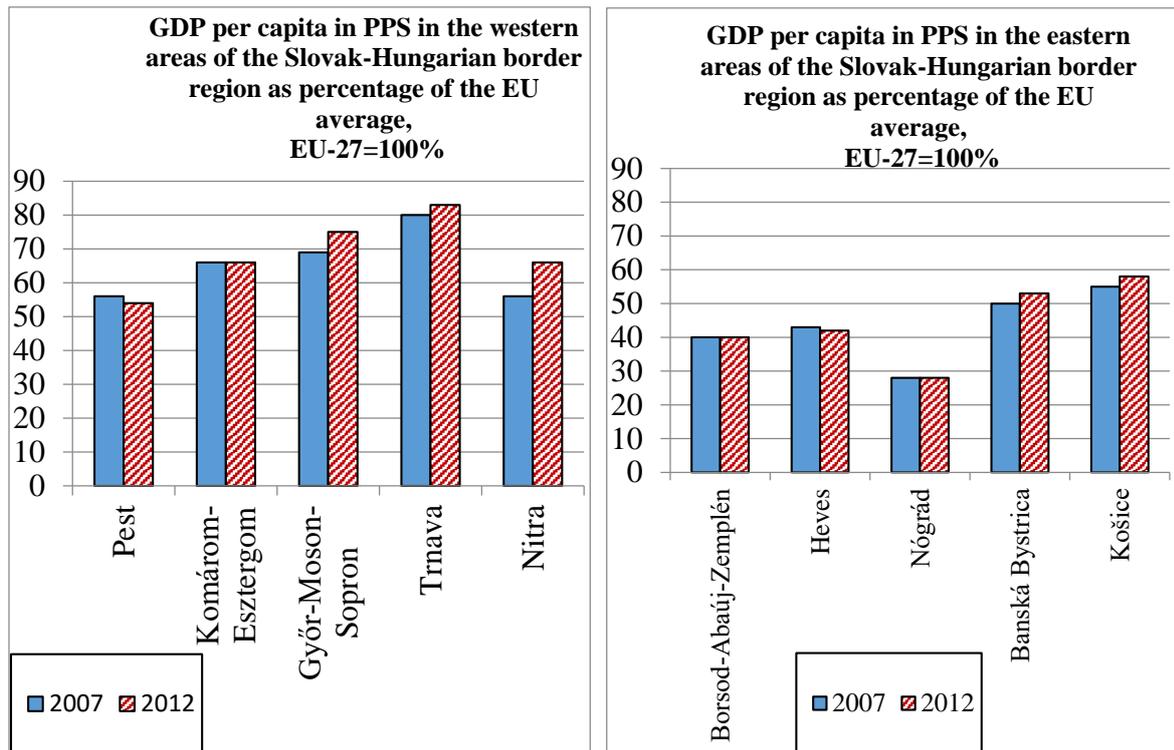
⁶The PPS (Purchasing Power Standard) is an artificial currency unit. The GDP in PPS is used to eliminate price differences across borders.

The volume index of GDP per capita in PPS is expressed in relation to the European Union (EU-27) average, where EU-27 = 100. In case that the index of a given region is lower than 100, the region's GDP per capita is lower than the EU average and vice versa.

⁷ If we examine the values of the GDP in PPS, the proportions are more similar to those which we get when examining the GDP at current prices. In this case Pest County has the biggest economic potential, followed by Košice Region and the two counties in Western Hungary. Nógrád County has the worst economic indicators in both respects.

⁸ See more in: Eurostat News Release, 21 May 2015, GDP per Capita in the EU in 2013, Seven Capital Regions among the most prosperous.

Figure 1: GDP per capita in PPS in the western and eastern areas of the Slovak-Hungarian border region as percentage of the EU average



Source: Eurostat.

1.2. Peculiarities of the Hungarian border region

In order to analyse the economic potential of the border region we worked with aggregated data published in the TÁSA database of the Hungarian Central Statistical Office, which were obtained from the corporate income tax returns of non-financial enterprises. We analysed the period between 2008 and 2013, and worked with the data from certain years, namely from 2008, 2012 and 2013. It is important to note that the economic downturn started in 2008. Thus, we examined what economic impact it had on the border region and whether it influenced the differences existing between the eastern and western areas.

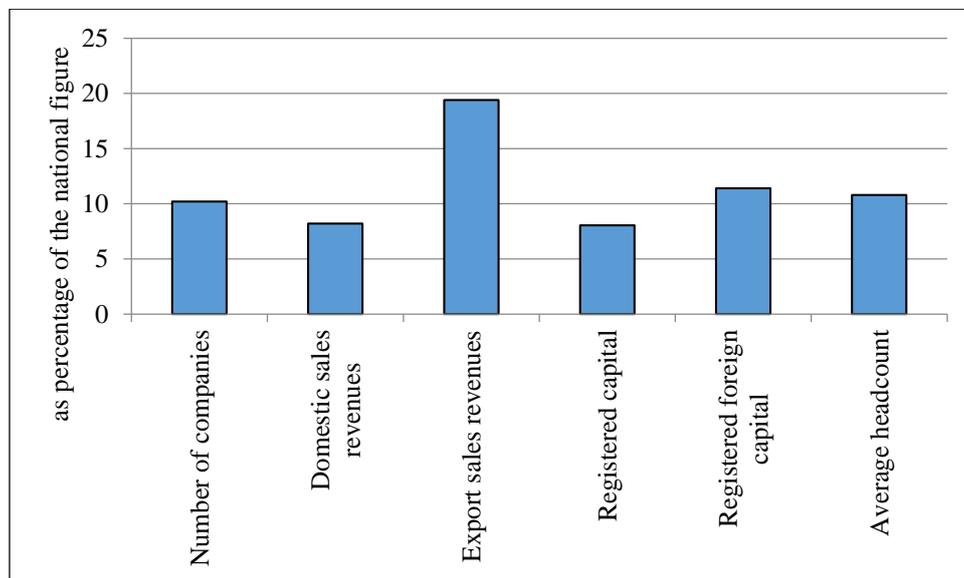
In order to analyse the economic potential we worked with the following corporate data:

- company size
- net sales revenue,
- domestic sales revenue,
- net export sales revenue,
- registered capital,
- foreign ownership on the basis of registered capital
- average headcount.

On the basis of data relating to the businesses operating in the border region it can be seen that the economic potential of western counties is higher than that of the eastern ones. It was

the western counties that generated 77% of all sales revenues in the border region in 2013. 77% of export sales, 85% of foreign registered capital and 75% of all registered capital were registered in the western counties. 74% of the employed population⁹ also worked in the same region.

Figure 2: Selected corporate indicators in the border region as percentage of national indicators (2013)



Source: own calculations on the basis of data obtained from the Central Statistical Office (corporate income tax returns)

It must be noted, however, that if we examine the economic potential of the border region as a whole, we find that 10% of all non-financial businesses with double-entry accounting operating in Hungary can be found in the region along the border with Slovakia. These generate 8% of all domestic sales, 19% of net export sales revenue, 8% of registered corporate capital and 11% of registered foreign capital (See Figure 2).

It is Pest County *in the western region* that has the best results in the case of most indicators between 2008 and 2013. However, in 2013 it was Győr-Moson-Sopron County that generated 41% of all net export sales revenues in the region leaving Pest County behind. This was obviously due to the activities of suppliers in the automotive industry. Not only did the businesses in Győr-Moson-Sopron County increase their sales revenues, they also managed to improve their share of export sales among the three western counties. This was perhaps due to the fact that the county performed better economically than the other two counties and also owing to the fact that some major businesses moved away from the latter ones.

A county with a significant economic power *in the eastern region* is Borsod-Abaúj-Zemplén County. In 2013 70% of the registered capital of non-financial businesses was concentrated there. It also generated 60% of net sales revenues in the eastern border region, and it boasted with about a 50% share among all eastern counties in the case of the other indicators. The above proportions did not change to a large extent throughout the research period. While the

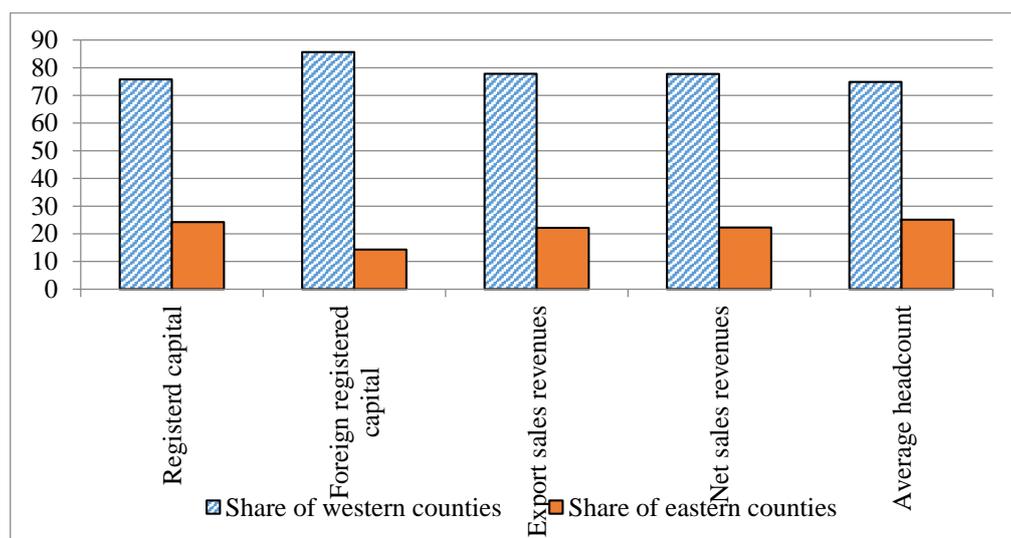
⁹ When talking about the employed population we mean the average headcount. It must be noted that the two terms are not equivalent. While the number of employed population refers to a certain time in a given period, the average headcount refers to a whole period (duration).

share of Heves County in the economy stagnated between 2008 and 2013, the performance of Borsod-Abaúj-Zemplén County gradually improved, perhaps at the expense of Nógrád County. The recovery of Nógrád County after the downturn was slow: except its share in the average headcount, its performance in 2013 measured through the other indicators was much worse than in 2008.

The share of western and eastern counties in the economy of the border region based on corporate indicators is shown in *Figure 3*.

In conclusion, the corporate economic indicators show that it was Pest County that had the biggest economic potential from among the six counties of the border region in the research period. The businesses in Győr-Moson-Sopron County also went through a noteworthy development in the given period. In fact there is practically full employment in the latter county and the shortage of skilled labour force has been increasingly hindering development lately. This problem has also arose due to the fact that earlier a workforce of more than 1,000 people commuted to Győr-Moson-Sopron from Slovakia, but now as a result of growing investments in Southern Slovakia they do not come to the region any more. Investments and developments in the Slovak capital also attract a large workforce. The labour force employed in Győr commute from a distance of 60-70 kilometres. On the basis of interviews conducted in the framework of the research¹⁰ it can be claimed that labour shortage is the main barrier of further development in the county. There would be a need for tens of thousands of new workforce in Győr and its agglomeration. The infrastructure is developed enough and there are also enough vacancies for the arrival of new workforce. There is not a shortage in Audi Motor Hungaria. At present they employ 11,000 people and it was them who employed most of the available skilled workforce. It is their suppliers who need new labour force. The downturn caused a deep temporary recession in the country; however, it recovered very quickly and now it performs better than before the crisis.

Figure 3: Distribution of some corporate indicators in the counties of the border region in 2013, (Whole border region = 100%)



Source: own calculations on the basis of corporate tax declarations published by the Central Statistical Office

¹⁰ The Chamber of Commerce and Industry for Győr-Moson-Sopron County

The closeness of Budapest plays an important role in the dominance of Pest County, since a large number of businesses have their distribution centres in the agglomeration of the capital. The ties of Pest County with Southern Slovakia have not developed much though. There are several reasons for this: Firstly, the transport infrastructure is not good enough, since there is only a single bridge between Pest County and Slovakia over the Ipoly (Ipeľ) river between Letkés and Salka. What is more, it is not suitable for freight transport. The new freight ferry service between Štúrovo and Esztergom can help in the development of economic relations to a certain extent, but a new bridge suitable for freight transport would largely stimulate the improvement of cross-border relations. Another barrier on the Slovak side is the underdevelopment of infrastructure, since there are no good roads, no industrial parks supplied with public utilities in the Slovak districts near Pest County (the districts of Nové Zámky, Veľký Krtíš and Levice).¹¹ There are significant disparities between the individual micro-regions of Pest County too. While Szob Micro-region is largely underdeveloped, there are some large foreign-owned businesses in Vác Micro-region. However, the latter one has not shown a considerable development over the past 20 years either. Small and medium-sized businesses play an important role in the local economy.

The fact that Nokia moved its production from Komárom had a negative impact on Komárom-Esztergom County. Also, when Suzuki decreased production in its Esztergom plant, there was a temporary rise in unemployment in the county. Since then, things have got back to normal: those who had been made redundant due to Nokia's move have found a job in the industrial parks in Tatabánya and Komárom. The new bridge to be built between Komárno and Komárom might also boost investments in the future.

1.3. Comparison on the level of micro-regions in Hungary

If we analyse only those micro-regions that are situated directly along the border in the above analysed counties, we get similar results as above. All indicators show that the performance of businesses, their economic potential is much bigger in the western areas than in the east. This was true even before the downturn and the situation is still the same. The value of all analysed indicators was lower in 2013 than in 2008 except the proportion of registered foreign capital. Though most of the analysed indicators slightly improved in the eastern regions, it still does not change the fact that the contribution of the eastern border region to the whole is rather limited, e.g. the net sales revenue of businesses in the western region in 2008 was 7.5 times higher than that of businesses in the eastern region. The same proportion in 2012 and 2013 was 6.4 times and 5.6 times, respectively. In the case of export revenues the differences are much larger. The exports of western businesses in 2008 were 10 times higher than those of the eastern ones. There was nearly an eightfold difference between east and west. If we examine the export revenues of businesses with a foreign majority stake, the differences are even larger. This can also be explained with the fact that the vast majority of foreign working capital is registered in the western micro-regions. The difference between the eastern and western micro-regions in the case of domestic sales is slightly smaller; however, it is still four or fivefold. The average headcount also shows a fourfold difference in the research period. The difference in investment potential is slightly smaller (three to fivefold), but it has been growing. In all, it can be claimed that the discrepancies between the eastern and western

¹¹ On the basis of interviews conducted at The Chamber of Commerce and Industry for Pest County.

micro-regions did not change to a large extent. We can also conclude that the recovery after the downturn in the west was slightly faster than in the east.

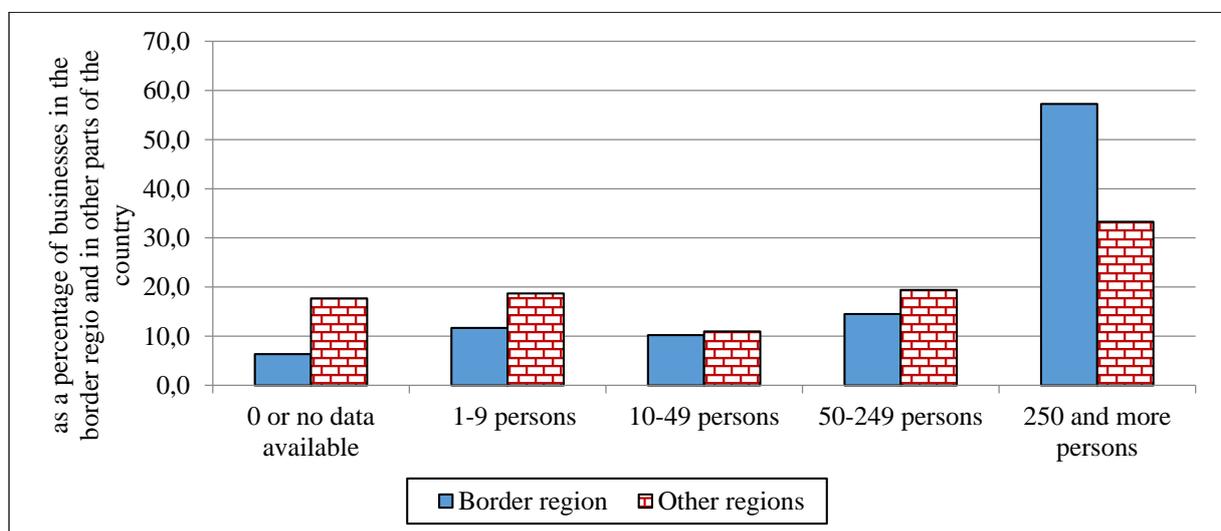
The economic potential is concentrated in four micro-regions in both parts of border region. It is the micro-regions of Győr, Esztergom, Komárom and Dunakeszi in the west that largely influence the economic performance of the western border region, and the micro-regions of Kazincbarcika, Balassagyarmat, Ózd and Salgótarján have the same role in the east.

The efficiency indicators published in the TÁSA database also show the above described differences. The TOP 500 chart of the HVG (economic weekly) from last year¹² also indicated that the majority of profitable businesses in Győr-Moson-Sopron and Komárom-Esztergom counties were close to the border, while in Pest County and in the eastern counties the TOP businesses were in micro-regions further away from it.

During the analysis of the size of businesses in the border region we found that a relatively few large enterprises set the economic trends in the whole Hungarian border region. There were 93 of them in 2013. Thus, in 2013 60% of the registered business capital and more than 70% of foreign capital concentrated in large enterprises. In addition, more than 80% of export sales came from businesses employing more than 250 people. The latter ones also play an important role in employment: they provide a third of all jobs in the border region. Large enterprises have a more dominant role in the border region than in the rest of the country (See Figure 4).

Figure 4: The capital strength of businesses in the border region compared to the one of those in the other parts of the country (2013)

(Registered corporate capital of a given part of the country = 100)



Source: own calculations on the basis of corporate tax declarations published by the Central Statistical Office

SMEs are largely concentrated geographically within the micro-regions: in 18 out of the 27 micro-regions it is the centre of the region where a large part of businesses have their seat. If we look at the distribution of businesses employing more than 20 people in the border region, we find that their number in the western areas is three times higher than in the eastern ones,

¹² For more details see: *HVG*, 15 November 2014

whereas the population in the western part of the border region is only one and a half times bigger than in the eastern ones (See Table 3).

Table 3: Distribution of businesses employing more than 20 people by their economic activity

Economic activities in the eastern border region 15-24	Number of businesses (2012)	Economic activities in the western border region (12 micro-regions)	Number of businesses (2012)
Crop and animal production, hunting and related service activities	25	Crop and animal production, hunting and related service activities	54
Manufacture of food products	22	Manufacture of food products	55
Manufacture of rubber and plastic products	11	Manufacture of rubber and plastic products	40
Manufacture of fabricated metal products, except machinery and equipment	37	Manufacture of fabricated metal products, except machinery and equipment	76
Construction of buildings	17	Manufacture of machinery and equipment n.e.c.	35
Specialised construction activities	11	Manufacture of motor vehicles, trailers and semi-trailers	35
Wholesale trade, except of motor vehicles and motorcycles	17	Specialised construction activities	47
Retail trade, except of motor vehicles and motorcycles	25	Wholesale and retail trade and repair of motor vehicles and motorcycles	37
Land transport and transport via pipelines	18	Wholesale trade, except of motor vehicles and motorcycles	84
Total number of businesses employing more than 20 people in the eastern region	354	Retail trade, except of motor vehicles and motorcycles	62
		Land transport and transport via pipelines	62
		Total number of businesses employing more than 20 people in the western region	1,112

Source: Central Statistical Office

The distribution of economic activities between east and west is not even. *In the eastern border region* there are three industrial areas: the micro-regions of Kazincbarcika, Sárospatak and Salgótarján, which makes up an industrial area with the neighbouring micro-regions. The number of businesses suggests that metal processing, which was traditionally typical for Borsod-Abaúj-Zemplén and Nógrád counties, has already lost its importance. Though the concentration of metal processing businesses is still higher in the above mentioned micro-regions, their role in the economy in the region is not a major one if we compare it with ones in the western border region.

Food industry dominates in the geographically suitable areas, such as in the Nógrád and Borsod basins. The climate is suitable for the growing of less demanding plant varieties, such as fodder crops and cereals¹³.

The distribution is not even *in the western region* either: there are metal processing and food-industry businesses in the region as well. In the micro-regions of Pest County (the micro-regions of Vác and Szentendre) berries are grown and processed. Besides this there is a considerable number of slaughterhouses as well. Due to better climatic conditions and more developed infrastructure the number of businesses employing more than 20 people in food production in this region exceeds the number of those operating in Nógrád and Borsod-Abaúj-Zemplén counties¹⁴.

Food production also has a dominant role in the micro-regions of Mosonmagyaróvár and Komárom, where agriculture has a long tradition as a result of favourable geographical and infrastructural conditions.

The companies producing rubber and plastic products are concentrated in the micro-regions of Esztergom and Győr. These are mostly the suppliers of car factories. The Audi plant in Győr and the Suzuki plant in Esztergom have attracted other metal processing companies to the region. This is the reason why their number is the highest in the above mentioned two micro-regions.

Businesses pursuing certain economic activities are clearly concentrated in different parts of the border region. In the case of car production it can be seen that the car manufacturers and their suppliers carry out their activities in compact clusters; they are concentrated geographically. The same can be said about metal processing businesses in the eastern regions, though their number is lower than that of those in the western border region. The concentration of agricultural companies can also be observed both in the western and eastern border region. In all, however, the distribution of businesses employing more than 20 people by economic sector also shows that the western border region is economically more active than the eastern one.

1.4. Peculiarities of the Slovak border region

Slovakia carried out radical economic reforms even on European level in the years following the year 2000. The large-scale transformation of the economic and legal environment, social welfare system, pension system and health care has brought along decreased public expenditure, the rocketing of FDI coming into the country and an increased pace of economic growth.

The downturn of 2008 slowed the growth down, but Slovakia still shows an above-average economic growth in the EU. However, the country's economic growth is far away from its earlier produced two-digit growth rates.

The difference between the more developed western and less developed eastern region is still similar to the pre-recession level. The most typical economic factor is labour migration

¹³Source: Regional Development Plan of Nógrád County 2014-2020. Situation analysis working material. See: <http://megye.nograd.hu/files/terfejl/Helyzetelemzes20130430.pdf>

¹⁴Source: Regional Development Plan of Pest County. Situation analysis. See more on: http://www.terport.hu/webfm_send/4245

within the country from eastern regions towards the western ones (mostly to the capital). There are differences between the degree of economic development of individual county centres and districts on the border. On the basis of the indicators it can be claimed that the differences between east and west on county level are smaller than in Hungary; however, if we compare the data on the level of micro-regions in Hungary and districts in Slovakia, the discrepancies are larger.

While on national level it is the Bratislava Region that develops the fastest, the regions of Trnava and Nitra play the same role in the western border region. Košice Region is the fastest developing one in the east. In the latter case the town of Košice dominates the whole region, but the indicators of other districts are approximately as much underdeveloped as the eastern areas of Hungary.

If we put the districts in the border region into clusters, we get the following classification: besides the developed and underdeveloped regions the ones with development potential make up a separate cluster. (Table 4)

Table 4: Clusters in the Slovak border region

Category	Districts
Developed (3)	Dunajská Streda, Levice, Nové Zámky
With development potential (3)	Komárno, Košice-okolie, Rimavská Sobota
Needs to be developed (4)	Rožňava, Lučenec, Revúca, Veľký Krtíš.
Underdeveloped (1)	Trebišov

2. Labour market developments in the border region

Cross-border migration between Hungary and Slovakia¹⁵ has gone through significant changes over the past few years. The number of Slovak workers commuting to Hungary considerably decreased between 2007 and 2013. The number of Hungarians working in Slovakia used to be low and it still is; thus, there was no major change in this respect. The downturn played a major role in the decreasing of the volume of migration. Both the Slovak and the Hungarian side of the border region can be divided into two: the western regions in both countries are a lot more developed; thus, in the west there was a larger-scale recession on both sides of the border than in the less developed eastern regions. Migration decreased due to changes in the economy and changes in the labour market as well. This paper primarily analyses the labour market peculiarities of the border region and tries to explain the reasons for the fall in migration from that view.¹⁶

2.1. Labour market of the Hungarian part of the border region

The difference between the number of economically active population in the eastern and western counties was large in Hungary even before the downturn. **In 2007 there were 1.8 times more economically active people in the western border region than in the eastern areas. This figure grew to 1.9 by 2013.** While the active population grew by 38, 100 people between 2007 and 2013 in the west, their number fell by 13,000 in the east, which means that the gap got even larger. The number of economically active people grew in 2014 in both regions, namely by 19,200 in the western part of the border region and by 17,200 in the eastern one.

The rate of active population in the western counties of the border region in 2013 ranged between 58% and 60% and between 50% and 54% in the eastern ones. The value of the indicator in 2013 exceeded the pre-recession levels by at least 1 percentage point in each county of the border region except Komárom-Esztergom and Nógrád counties, where it was lower by 0.3 and 0.4 percentage points, respectively. The value of the indicator started to increase also in the above mentioned two counties: the highest degree of growth was in Nógrád County (a growth of 3.0%) and the lowest one among all border counties was in Komárom-Esztergom County (a growth of 0.8%).

With regards to the **employment rate** it can be concluded that it **decreased significantly in all counties of the researched region.** The degree of the fall in employment rate was higher in the western counties than in the east. The reason for this is the fact that the importance of

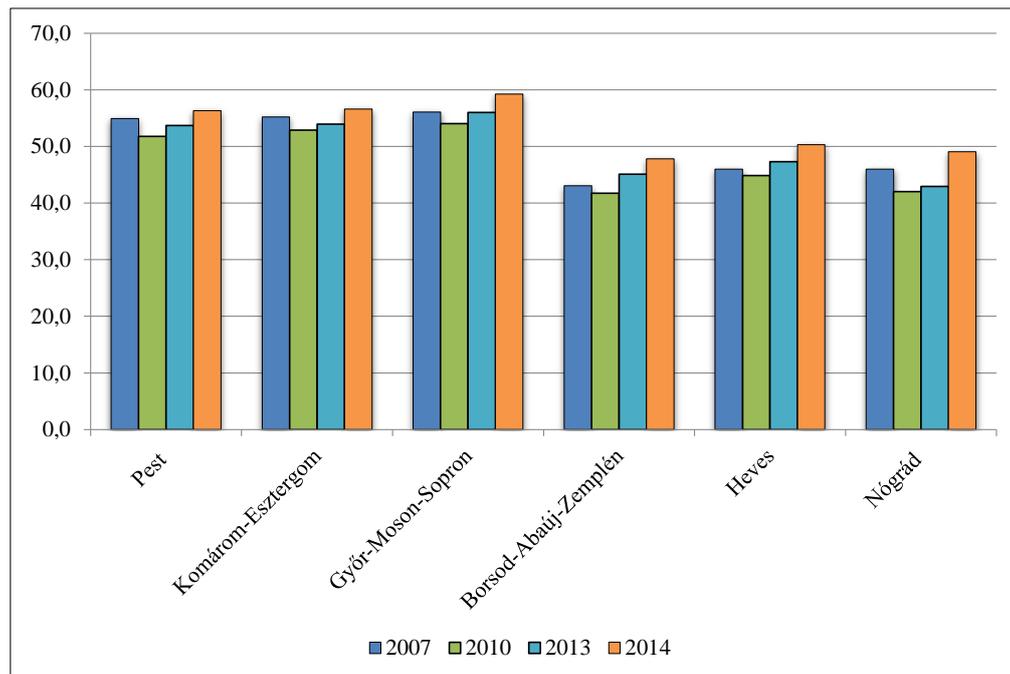
¹⁵ The project titled as "Analysis of labour migration processes in the Slovak and Hungarian border regions and mapping of opportunities arising from labour movement" (A szlovák és magyar határmenti régiók munkaerő migrációs folyamatainak elemzése, a munkaerő áramlásból származó potenciális lehetőségek feltárása/Analýza migrácie pracovných síl zo slovenských a maďarských pohraničných regiónov a prieskum potenciálnych možností) with a project number HUSK 1101/1.2.1/0171 is implemented in the framework of the Hungary-Slovakia Cross-border Cooperation Programme 2007-2013. The implementation started on 1 July 2014 and it ended on 30 June 2015. The lead partner was the Kopint Foundation for Economic Research and the Slovak partner was the Kempelen Institute. The experts of the Kopint Foundation dealt with the analysis of the Hungarian border region and the Kempelen Institute with the research of the Slovak side.

¹⁶ The analysis discusses the findings of the above mentioned research on Slovak-Hungarian labour migration.

export-oriented industries, which were largely hit by the downturn, is much higher in the western counties than in the eastern ones. [Adler (2011)]

The significant fall in demand in the above mentioned industries generated a large wave of redundancies and resulted in the postponing of hiring new workforce. The export-oriented nature of the above mentioned industries caused that these processes were a lot more intense in the west than in the east.

Figure 5: Employment rate in the counties of the border region (2007, 2010, 2013, and 2014)



Source: Central Statistical Office, Labour Force Survey, data for the population aged 15-74

The impact of the downturn on the western counties can be followed in the development of the figures as well, since the employment rate did not reach the pre-recession levels in Pest, Komárom-Esztergom and Nógrád County either, and it was exactly on its pre-recession level in Győr-Moson-Sopron County. In one of the eastern counties, however, namely in Borsod-Abaúj-Zemplén County, the employment rate was substantially higher in 2013 (by 2.0 percentage points) than before the crisis. Heves County also had a higher employment rate. The changes in the employment rate can also be followed in the development of **unemployment. The rate of unemployment in the western border region grew from 4.6% to 8.1% between 2007 and 2013. Parallel with this it stood at 12,6% in the east in both years. In 2014 the proportion of the employed population compared to the population aged 15-74 improved on the previous year. The rate was 5.4% in the western counties and 10.4% in the eastern counties. The overall rate in the whole border region was 7.1%**

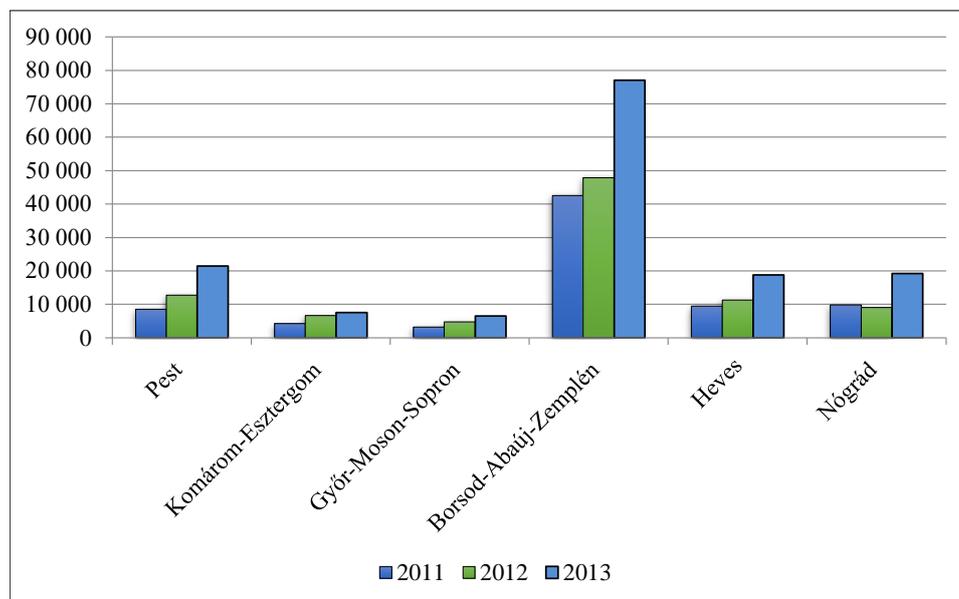
The available data show that though the differences between the labour market indicators of east and west shrank in the research period, this was not caused by the development of the eastern border region but by the bigger impact of the downturn on the western counties.

It is also important to note that the social measures following the start of the downturn also influenced the discrepancies on the labour market [Adler (2011)]. As an example, the

increased number of those in public work schemes could be mentioned. The previous public work schemes were replaced with new ones in Hungary in 2011. The common feature of these programs is that their goal is to improve the labour market situation of less developed regions. Consequently, their importance and benefits are much larger in regions with less favourable labour market indicators. The regional discrepancies between the numbers of those involved in public work have contributed to the favourable development of labour market indicators in the eastern counties of the border region.

Table 6 demonstrates well that the number of those in public work schemes was considerably higher in the eastern counties between 2011 and 2013 than in the western ones. Borsod-Abaúj-Zemplén County stands out among all eastern counties. The number of people doing public work was the highest there. **Public work schemes in the eastern counties have substantially contributed to the improvement of labour market indicators in the region.**

Figure 6: Number of people in public work schemes in the counties of the border region (2011-2013)



Source: National Employment Service

2.2.A brief overview of the Slovak labour market

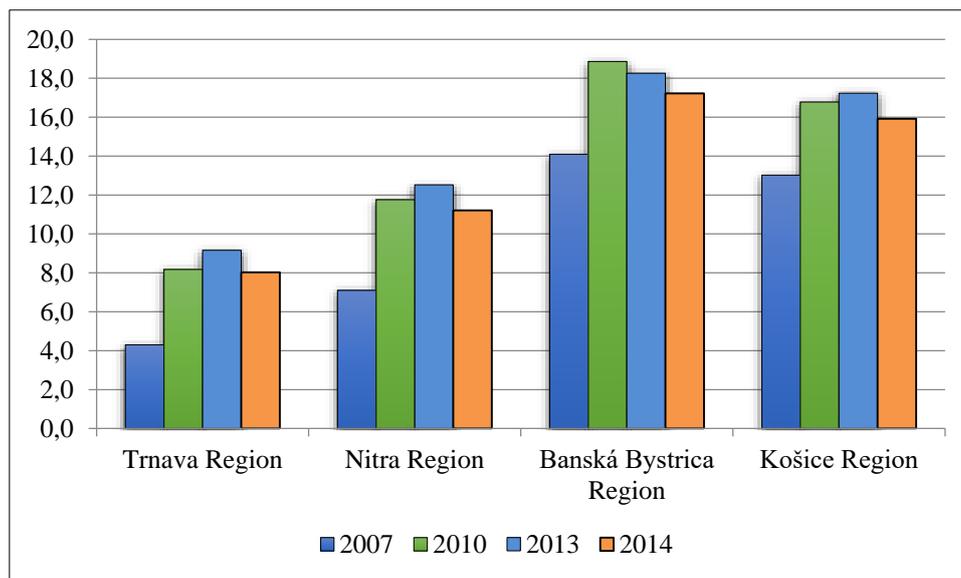
As for labour market developments, there are similarities between the Hungarian and the Slovak border region, since the Slovak border areas can also be divided into western and eastern regions on the basis of their indicators with better figures in the west. This is clearly shown in the unemployment rates of the Slovak regions¹⁷. **Problems in the eastern regions were and are still significantly bigger than in the west. The unemployment rates in the eastern regions were between 10.0% and 15.0% in 2007, and were between 17.0% and 20.0% in 2013.** In the western regions of Trnava and Nitra the rate increased from 4.3% to 10.0% and from 7.1% to above 10.0%, respectively. The long-term impact of the economic

¹⁷ The Slovak regions correspond to the Hungarian counties.

downturn is also shown in the fact that the unemployment rate decreased only in Banská Bystrica Region between 2010 and 2013; in the others it was still growing.

There were larger changes in the unemployment rate over the downturn in the western regions than in the eastern ones. This is shown in the fact that while the rate grew by 4.2% percentage points between 2007 and 2013 in each of the regions of Banská Bystrica and Košice, in Nitra Region and Trnava Region it increased by 5.4% and 4.9%, respectively. Similarly to Hungary, the unemployment rate decreased in all Slovak regions in 2014. The degrees of change fell between 1.0% and 1.5%.

Figure 7: Unemployment rate in the Slovak border region, % (2007, 2010, 2013, and 2014)



Source: Slovak Statistical Office (Datacube), data for the population aged 15-74

As for the number of job seekers, it can be claimed that their number in the western part of the Slovak border region increased to a much larger extent than their number in the eastern one. This was also caused by the fact that a lot of Slovak workers were made redundant from the industrial parks of Győr-Moson-Sopron and Komárom-Esztergom counties in Hungary, and they registered as unemployed at their place of residence in Slovakia. This phenomenon can mostly be observed in the case of those Slovak districts (Komárno, Dunajská Streda, Nové Zámky), which are neighbouring with Győr-Moson-Sopron and Komárom-Esztergom counties in Hungary.

2.3. Labour migration in the border region

Changes in the labour market have also had their influence on labour migration processes in the border region. **There was significant labour migration from Southern Slovakia to Hungary from 2000 until the downturn started.** Slovak labour force concentrated in the Western Hungarian border region. It was not typical for the Eastern Hungarian counties. The reason for this was that there were and still are serious economic and labour market problems both in Eastern Slovakia and Eastern Hungary. However, the industrial centres on the

Hungarian side of the western border region attracted people facing economic hardship on the Slovak side. **The dynamic development of labour migration was clearly broken by the economic downturn.** [Hárs (2010):63-72]

The analysts working on this research project sought to find answer to the question whether the number of Slovak employees in Hungary started to grow again after the economic downturn. In order to find out about this question, the data acquired from the **National Health Insurance Fund of Hungary** (hereinafter referred to as OEP) were also analysed. In the counties belonging to the Hungarian border region we examined the number of those **Slovak citizens who had Hungarian health insurance but did not have a place of residence in Hungary**, while we set out from the hypothesis that the vast majority of Slovak citizens who work in Hungary are employed in the researched region. (Ágnes Hárs (2010))

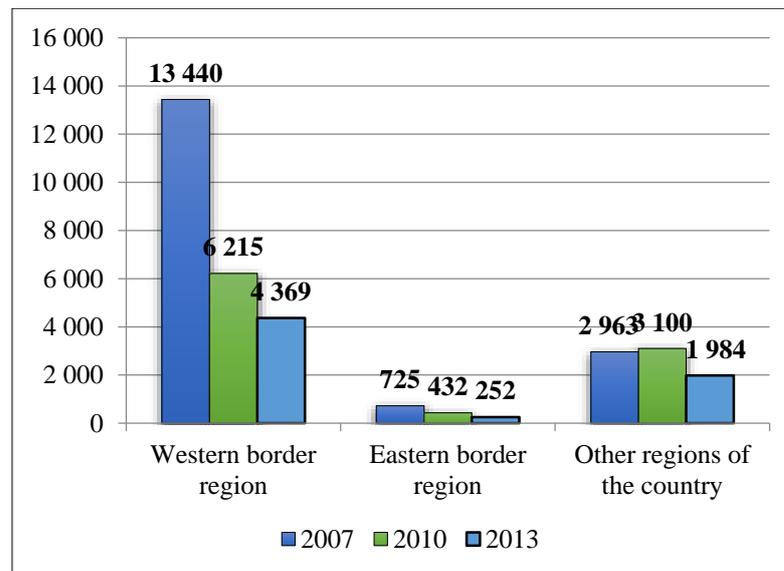
The data of the OEP¹⁸ suggest that the number of Slovak citizens working in the border region decreased in the western and in the eastern counties as well. **The number of Slovak citizens with a job in the Hungarian border region was 14,200 in 2007. The same figure amounted so to say *only* to 4,600 in 2013.**

The highest proportion of Slovak citizen worked in Komárom-Esztergom County in the research period. 65.4% of all Slovaks were employed there in 2007, and the corresponding figure was 50.4% in 2013. Their proportion in Győr-Moson-Sopron County grew from 5.0% to 9.0% and in Pest County from 8.1% to 6.8% in the same period.

The decrease in migration from Slovakia to Hungary was caused by several reasons, which were also discussed during the interviews conducted in the framework of the project. It has already been mentioned that migration started to decline due to the economic downturn. One of the other causes was that wages started to grow in Slovakia along with the minimum wage, which was raised in Slovakia in 2009 above the Hungarian minimum wage. The euro was also introduced in Slovakia in the same year, which also hindered the migration of Slovaks to Hungary. The unseen development of the Slovak capital also had a hindering effect on migration. Automotive industry has played a major role in Bratislava's development (Volkswagen Group). At the same time, the Eastern Hungarian and Eastern Slovakian border regions share the same economic and labour market problems, which are fundamental barriers to the development of migration between the two regions.

¹⁸ Slovak workers with health insurance in Hungary were assigned to certain counties on the basis of the postal code of their employer's seat. For this reason, we have no data about cases in which certain employees were working in counties different from the ones where their employer's head office was.

Figure 8: Number of those Slovak citizens who had Hungarian health insurance but did not have a place of residence in Hungary, persons (2007, 2010 and 2013)



Source: OEP, own calculations

The migration of Hungarian citizens to Slovakia in the border region was not significant even before the economic downturn and it still isn't [Hárs (2010):65]. This was also confirmed during the interviews conducted with employment centres and chambers of commerce and industry. Migration before the downturn did not develop in the eastern border region due to the fact that the Eastern Hungarian and Eastern Slovakian border regions shared the same economic and labour market problems. In the western part of the border region labour movement from Hungary to Slovakia in large scale did not start either. The reason for this was the fact that the Hungarian regions were economically more developed. Furthermore, a major factor hindering the employment of Hungarian citizens in Slovakia is their lack of Slovak language skills. In fact, this is one of the most important hindering factors.

Changes in migration on the Slovak side of the border region were analysed on the basis of the interviews and questionnaire surveys since we did not have access to statistics similar to the Hungarian ones.

On the basis of data about the number of registered Hungarian workers in Slovakia¹⁹ it can be claimed that most Hungarian citizens worked in the Western Slovakian border region, mostly in the Dunajská Streda and Komárno districts. The number of registered workers is rather insignificant; we talk about a couple of hundreds of people between 2008 and 2013²⁰. It must be noted that though migration in the region increased after 2010, far-reaching conclusions cannot be drawn from these data; we cannot talk about a considerable volume of migration.

¹⁹ The figure does not indicate the exact number of Hungarian citizens working in Slovakia. It is only the number of newly registered persons (employers have an obligation to notify the Slovak labour centres when they hire new Hungarian employees.)

²⁰ Dunajská Streda: 2008 – 166 persons, 2009: 177 persons, 2010: 163 persons, 2011: 195 persons, 2012: 269 persons, 2013: 457 persons

Komárno: 2008: 367 persons, 2009: 173 persons, 2010: 196 persons, 2011: 297 persons, 2012: 269 persons, 2013: 425 persons

Source: Labour Office in Dunajská Streda, Labour Office in Komárno

The number of Hungarian workers in Slovakia is gradually decreasing towards the eastern districts. Their number is by far the highest in the districts of Dunajská Streda and Komárno. This all shows that Hungarians find jobs typically in the western districts of the Slovak border region. Their number, which is low anyway, is gradually falling towards the east.

In conclusion, it must be noted that the data gathered in the framework of this project, the interviews with the labour offices as well as the results of earlier research projects show that labour migration between Slovakia and Hungary is unidirectional: there are very few Hungarians working in Slovakia and it was not higher before the crisis either. Their number has never been considerable, unlike the number of Slovaks working in Hungary [Hárs (2010): 65.,73-74.].

If we go back to the **headcount** numbers it must be noted that other efforts have also been made to count the number of Hungarians employed in Slovakia. As an example the project "Regional background analysis of the Hungarian-Slovak border region in 2014" („A magyar-szlovák határtérség területi háttérelmezése 2014”) could be mentioned. It was implemented in the framework of the Hungary-Slovakia Cross-border Cooperation Programme 2007-2013, and it estimates the number of Hungarian employees in Slovakia at 2,200. According to the findings of the research the majority of these commuters live in the town of Rajka and its vicinities. The reason for their working in Slovakia is the Slovak capital's significant economic development, which also affects the nearby areas on the other side of the border. As a result, there has been a regular bus line that connects Bratislava and Rajka since 2010. The number of commuters from Komárom-Esztergom County in Hungary is insignificant and was estimated at 100. The above mentioned study also shows that the number of Hungarian cross-border commuters in the eastern border region is very low, since unemployment is high there on both sides of the border. [Határtérség háttérelmezés (2014): pp. 147-160.]

3. Results of the questionnaire survey conducted on the Hungarian side of the border region

There were two questionnaire surveys carried out in the framework of the project on the two sides of the border region, namely a survey conducted among employers and one conducted among employees. This study discusses the results from the Hungarian side of the border. Neither the employer survey nor the employee survey can be considered representative: the findings refer only the employers and employees in the research sample.

The surveyed businesses were mainly from the manufacturing industry and companies involved in trading, and the vast majority were Hungarian-owned private enterprises. Most of the surveyed businesses employ less than 10 people, and the number of those employing more than a staff of 50 made up nearly 20% of the research sample. Only a small proportion of them (less than 10%) are present on the Slovak market, and it also must be mentioned that nearly three quarters of all are not present on any foreign market at all.

Only a small proportion of the surveyed businesses in the border region employ foreign citizens (14.2%); however, those who do mostly hire Slovak citizens, and that typically in the western border region.

Slovaks in Hungary typically have a full-time job with a permanent working contract. There are a very few temporary working contracts and part-time employment. Labour hiring is not typical either. This form of employment was earlier perhaps used only temporarily.

Most Slovak citizens in Hungary work as semi-skilled or skilled workers. The number of those employed as unskilled workers is insignificant, similarly to the proportion of those working in administrative or management positions on different management levels.

Employers in the Hungarian border region usually find Slovak staff through informal channels or the Slovak citizens apply for the jobs individually. Job advertisements on the Internet and in the press also play a major role in recruitment. There are several reasons why Hungarian employers hire Slovak workforce. The four most important ones are the following: Slovak employees are flexible, easy to train and reliable as well as employers can count on with them in the long run. The cheapness of Slovak labour force and labour shortage in Hungary are less important factors in why Hungarian businesses employ them.

The most important barriers hindering the employment of Slovaks in Hungary are the administrative and legal barriers. As the surveyed businesses expressed, if these barriers were removed, cross-border migration to Hungary could be largely improved. Its volume could be also increased through travel and housing support and through the building of new border crossing points as well as through the promotion of staff training.

The number of Slovak workers employed by the surveyed businesses is expected to stagnate in the future, with a minor growth at the very most.

As for their age, the majority of Slovak commuters belong to the younger age groups; 60% of them are not older than 40. A vast majority of them have lower qualifications: 55.6% finished either the 9th grade of primary school, professional school, vocational school or secondary school without secondary final examination. Those with higher education qualifications make up only a small part of commuters, and they mostly work in the western border region.

Most surveyed employees commute to Hungary from Nitra Region, mainly from Nové Zámky District and Komárno District. They mainly use the contracted commuter bus services or their own cars to travel to Hungary and back. There is a major difference between the eastern and western border regions in this respect: While in the west commuter bus services and cars are dominant in travelling, in the east there no bus services in use and commuters use their own cars less. At the same time, public bus lines and trains are also used there.

The two largest groups of Slovak workers in Hungary are made up of those who have been working in the country for not more than five years and of those with 6 to 10 years of employment in Hungary. Workers with longer employment in the country are typically employed in the eastern border region. The presence of Slovak workers is dominant in positions requiring physical labour. They are mostly skilled manual workers, and only 23.4% of them work in jobs requiring secondary or post-secondary education. The questionnaire survey conducted among employees also confirmed that Slovaks in Hungary almost exclusively work on full-time permanent contracts and that job hiring is of minor importance.

The questionnaire survey has also shown that job seekers mainly use informal channels and browse job advertisements online and in the press to find employment.

There are several interrelated factors that motivate Slovaks to work in Hungary. The most important one is that a large proportion of workers could not find a job in Slovakia. A significant proportion of the Slovakian commuters are ethnic Hungarians. This fact may play a main role in their migration, since if they cannot find employment with their qualifications at home, or if they do not speak Slovak at an appropriate level, they can still find a job in Hungary with a relatively good wage. Besides this, they are also motivated by the following, as they expressed: there are more job opportunities in Hungary; the working conditions are better; job security is higher than in Slovakia. Opportunities for more training, better availability of the workplaces and higher wages are also considered important, but they are less important motivators in finding a job in Hungary.

4. Findings of the interviews conducted in the Hungarian part of the border region

Besides the economic analysis of the border region and the surveying of its labour market as well as the conducting of questionnaire surveys one of the aims of the project was to conduct interviews with experts who are familiar with the labour market processes in the region and with the situation of businesses. The interviews were conducted with the representatives of employment centres and chambers of commerce and industry in the Hungarian border region. Also, we conducted an interview with municipality representatives in order to find out about cross-border migration and relations on the level of settlements.

One of the most important findings was that neither the employment centres nor the chambers of commerce and industry have reliable data about the exact number of Slovak workers in the Hungarian border region. Due to legal and methodological problems the employment centres register only the beginning and the ending of employment; thus, the exact number of employed foreign workers at a specific time is not available. The chambers of commerce cannot provide data either owing to the fact that though businesses must register with them, they are not obliged to provide the chambers with data, which would be a good source of information about the number of Slovakian employees.

Despite the lack of exact data the organizations could provide us with relevant information regarding the ongoing processes on the labour market and in companies. They were able to do so with the help of the existing statistical data and as a result of their connections. The interviews clearly indicate that cross-border migration is concentrated in the western border region with Slovak citizens being employed in Hungary. The employment of Hungarians in Slovakia was insignificant before the downturn and it still is.

Labour migration in the eastern border region is not notable and it was not even before 2008 either, since the regions have been suffering from the same economic and labour market problems on both sides of the border. Following the economic downturn even the existing small number of cross-border commuters started to decrease. The crisis started off similar processes on the western side of the border region as well, since the number of Slovakian employees went down dramatically. The introduction of the euro, the raising of the minimum wage as well as the growing wages in Slovakia also contributed to the decreased volume of labour migration since the difference between Slovakia and Hungary that generated migration was not there anymore. The industrialisation of Bratislava and of the neighbouring Western Slovakian districts, which was a result of the development of car production among others, also affected migration negatively.

In conclusion it can be claimed that the presence of Slovakian workforce in Hungary largely decreased after the economic downturn: the number of migrant workers became insignificant in the east, and in the western regions there is only a small number of Slovak citizens who still work in Hungary, mostly in the industrial parks in Győr, Komárom, Esztergom and Tatabánya. The area within which workers migrate also shrank considerably and now is limited to areas closer to the border.

An important factor motivating Slovak workers to work in Hungary is that they cannot find a job with their qualifications in Slovakia; however, in Hungary they can still work in a relatively good position due to the significant labour shortage in Western Hungary. Another

motivating factor is that a high command of the Slovak language among ethnic Hungarians is becoming increasingly important in Slovakia; thus, those who cannot come up to this expectation can still find a good job on the other side of the border. This is an especially common phenomenon in the western border region, since a large population of ethnic Hungarians live there.

As a result of the above mentioned language problems and of low qualification levels it is mainly ethnic Hungarians who work in these areas of the border region. They are mostly employed as semi-skilled workers. The employment of Slovak citizens with higher qualifications is not a general phenomenon since for them it is not worth commuting to Hungary.

In the framework of the interviews we tried to get an in-depth view into the factors that help and hinder labour migration and cross-border cooperation. The presence of ethnic Hungarians along the whole Slovakian border region largely helps migration. Their population is especially large in the western districts. At the same time, language competence can also hinder migration in some sections of the eastern region.

The existence of various organizations, programs and projects clearly contribute to the positive development of economic and labour market trends. However, a fundamental difference between the two sides is that in the eastern border region the activities of the organizations and the programmes mainly focus on economic, cultural and tourism activities, and the importance of the labour market aspect is lower. As a good example the relations between municipalities or twin towns, entrepreneurs and civic organisations could serve. In contrast with this, the supporting of labour market developments is the most important dimension in the western border region. The employment centres and chambers of commerce and industry all have good relations with other organisations on the other side of the border. Besides organising joint events, they also help employers and employees by providing them with the latest pieces of information and by organising forums that help them establish new connections and partnerships.

A partly hindering factor in cross-border labour migration is the lack of enough border crossing points in some sections of the border region, such as in Nógrád County in the east and in Pest County in the west. At the same time it must also be added that the non-existence of border crossing points is not a primary hindering factor, since even if they were there, the labour market situation in some border areas of the above mentioned two counties would still not be favourable enough to attract Slovak labour force. What is more, there are no big enough wage differences between the two countries that would make it worth for people working in the neighbouring country.

Experts do not expect a growth in the number of Slovak workers in the Hungarian border region. It is only Komárom County where there might be a growth in migration provided that they manage to attract a foreign investor similar to the former Nokia Corporation. It must be noted that in spite of the fact that there is a massive labour shortage in the Western Hungarian border region, there is a lack of motivation factors that would attract Slovak workers in large numbers. Cross-border labour migration is not expected to increase in the eastern border region either, since the workforce needed to fill new jobs as a result of new investments is available locally due high unemployment in the region.

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