



**Doctoral School of
International
Relations and
Political Science**

THESES COLLECTION

for

Klaudia Szemereyné Pataki's

Doctoral Thesis
on

**Global employment policy challenges and local
responses in the labour market of Kecskemét**

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Budapest, 2023

Department of World Economy

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1. Research background and rationale for the topic

By the middle of the 2010 decade, the human resources of businesses had faced internal and external challenges in the labour market. As noted in Szemereyné Pataki – Bódis (2018), the national economy was experiencing both unemployment and significant labour shortages.

In my doctoral thesis, my main objective is to examine and model local, municipal-level tasks in the context of global economic development, with a special focus on employment and the labour market. Starting from Kecskemét's change of economic policy in 2006, then from the moment of the decision to invest in Mercedes – in response to the accelerated growth – a new management approach was required from the city administration. In Kecskemét, the development into an industrial centre made it clear that meeting the employment challenges of the given period was the greatest common goal. In this thesis, I will analyse the change in the role of the city leadership, and show how, by focusing on cooperation, it is possible to identify the challenges in the field of employment and, in this context, urban development in a municipality – in our case Kecskemét –, and to plan solutions and policy interventions.

In this thesis, I concentrate on the following focus areas:

- the embeddedness of large companies, and its impact on the local economy and employment policies,
- recognising and developing the growing role of human capital,
- a cooperative model of collaboration that supports a goal-oriented management style, and enables meeting employment policy challenges by focusing on a common goal,
- related issues of municipal quality improvement, including managerial proactivity and training.

The choice of the topic was motivated by three aspects: firstly, the topicality of the subject both internationally and domestically; secondly, the practical applicability of the theories studied; and thirdly, the fact that as a participant in city management for more than 15 years, I can provide practical experience with feedback on the theoretical background, from which theoretical approaches can be further developed.

The relevance of this topic is mainly due to the globalisation process. One of the characteristics of today's globalising world is the declining role of nation-states and national economies, and the increasing role of transnational corporations in shaping global processes. This phenomenon brings along changes in the economic, political and social spheres, and at the same time it apparently affects both the local

economy and employment policy. In terms of processes taking place at local level, the corporate embeddedness is one of the most controversial issues. Alongside this, the challenges of globalisation are increasingly demanding that the management and governance methods of a given municipality should be capable of developing economic, social, and environmental cohesion, and of defining and (where possible), achieving a common goal.

In my research, I want to reveal how practice and theory can relate to each other, how they can support each other, and how they can develop into a cooperative system. My thesis can therefore be seen as an experiment in adaptation, in which the translation of key management theory findings into practice is presented. As far as the present topic is concerned, regarding Hungary, this adaptation experiment was first carried out in Kecskemét.

In terms of local responses to global challenges, I am looking for answers to the following questions, mainly in the field of economic and employment policy aspects:

Q1: Is it possible for a municipality to define a model that responds locally to the labour market demand arising from intensive economic growth?

In relation to this question, I will present the global and domestic challenges, and changes in the labour market, and I will also discuss in

detail the characteristics of the Kecskemét region, and the support services provided by the city, which have a significant impact on the viability of the settlement, and I will also highlight their effects on the time horizon.

Q2: Can network collaboration between labour market stakeholders ensure competitive employment conditions at local level?

In the analysis of the question, I will point out that the challenges of the global labour market, and the emergence of Industry 4.0 require the development of new competences from employees. The new needs that are taking shape require a response from the public administration and the education system, from companies and employees, and several factors combine to influence the achievement of the desired changes.

Q3: Can the model be evaluated using the methods established by science?

In the context of economic development and employment policy issues, many models deal with the systems and importance of intersectoral cooperation. In Kecskemét, the city government has established a cooperation model, which I will analyse in detail to show the tools that local economic policy can use to respond to the challenges that are constantly arising.

A municipality can be considered viable in the long term from an employment policy perspective if it can balance labour market supply and demand, and proactively prepare for the likely imbalance. As the market environment is in a constant state of flux, municipalities need to monitor changes in demand, and maintain well-established systems to analyse the impact of changes and to manage them with appropriate instruments.

My hypotheses on the above questions are:

H1: The balance of labour market supply and demand in a given municipality is influenced by a number of factors, which can be identified theoretically, and empirically described and verified by a cooperation and management model.

H2: The toolbox for managing a municipality can be consciously developed at municipal level, based on partnership. A model of cooperative partnership can ensure conditions for competitive employment at local level.

H3: Science offers a variety of methods for confirming the model, from which modern and adequate measurement methods can be selected to measure and evaluate the results.

Hungary's economy relies heavily on foreign capital inflows generated by transnational corporations, and according to Magasházi (2017), Hungary is increasingly vertically integrated into global value chains. Taking this as a starting point, the establishment of transnational corporations in Hungary means that more and more regions are experiencing first-hand the positive impacts and challenges generated by inward FDI.

The aim of my dissertation is to provide support and a theoretical framework, especially to those municipalities and regions that are already aware of the changing needs in the labour market of the industries present in their municipality, or that need new approaches to employment policy due to the emergence of a new transnational corporation. Furthermore, I would like to contribute to the empirical research on the role of transnational corporations, and local responses to global labour market challenges, especially in terms of the cooperation of employment stakeholders.

2. Methods used

My dissertation basically starts from cooperation models, applies them in practice, and then measures the success of their implementation with statistical tools with regard to the city of Kecskemét. In the course of my research, I also examine the processes in terms of local economic and

municipal urbanisation effects. The research is essentially qualitative, empirical, and process-oriented.

In terms of time dimension, I analyse in detail the employment policy challenges from the economic policy shift in 2006 until the emergence of the pandemic effects.

In line with the temporal division, I also present the different methodologies in three parts, including the following: outlining and explaining the specifics.

I. Theoretical background: cooperation models and competitiveness.

- Triple Helix and its developments
- "U" leadership theory for collective creativity.
- Competitiveness and the progressive city model.

II. Kecskemét 4.0 (conscious) cooperative collaboration model

- Methodology and additions to the case study.
- Qualitative and quantitative methods, and the theory of continuous reconsideration (PDCA), and developing the dimensions of measurement.

III. Competitiveness measurement: the viability index - Kecskemét as a knowledge-intensive bearing city

- Region types and bearing cities.

- Different theories of measurement and the development of measurement dimensions.

A model to support the re-building of Kecskemét's employment policy is presented through a case study. At the same time, the role of the city leader gives me the opportunity to discuss the subject area as part of the process, which is also a *process tracing method*, which is closer to *action research methodology* due to the continuous reflection and rethinking.

The aforementioned process tracing method is therefore an important tool of qualitative analysis, which tests one's own theory, and draws conclusions about the adequacy of one's own theory and its suitability for solving a given problem (Collier, 2011). Developing and tracing different alternatives requires plastic logical thinking. Methodologically, this is more like *action research*, or 'learning by doing', which means identifying the problem, doing something to solve it, then evaluating how successful our efforts are and, if necessary, rethinking (O'Brien, 1998, p. 2). The part of my study where I examine the cooperation between different actors/organisations is more specifically a "contextual action research", which leads to continuous learning (action learning) (O'Brien, 1998, p. 6).

The methodology of my thesis is inductive, based on the empirical exploration of real-life processes, the identification and analysis of

milestones, and the creation of a general model based on them. I take into account domestic and international statistics, literature, as well as company surveys, analyses, and research.

3. Results of the thesis

3.1. Overview

The past 15 years in Kecskemét have been a challenging time for the city's administration in terms of employment policy. The city leadership has responded to these challenges with a new management tool, the cooperative model. The first phase of the cooperative system lasted from the mid-2000s to the mid-2010s and followed the "Scharmer logic" (1.0-4.0); the first phase can be basically divided into three parts:

- the emergence of the first forms of cooperation (2006):
Kecskemét 1.0,
- setting up an umbrella organisation to coordinate economic development projects (2009): Kecskemét 2.0,
- preparations and development of the Employment Pact (2016):
Kecskemét 3.0.

The second phase started in 2017, with the establishment of the Kecskemét 4.0 programme, which is a cooperative collaboration model.

It is important to underline that the Kecskemét model started from the Triple Helix model induced by foreign capital investment, which evolved over time with the dimensions examined in the Quadruple and Quintuple Helix models (cooperation with NGOs and the importance of sustainability), as it included "soft" - social, civil and green - perspectives in addition to the "hard" factors (GDP, etc.).

U-leadership theory is a pragmatic, behavioural application of the quintuple helix: cooperation instead of ego. Through the "U" theory of leadership, it was possible to integrate the addressable, creative and cooperative enterprises, citizens, different types of actors of society, from which a community could be formed.

Apparently, challenges will continue to arise in parallel, and the cooperation strategy offers a viable alternative.

This is also supported by the finding that the success of regions today is strongly intertwined with the factors of sustainability, flexibility and resilience. The summary of these factors (settlement sustainability, resilience and reliability) is uniformly called the viability of the settlements in the thesis, and a complex indicator examining several dimensions called the Settlement Viability Index is presented to measure it.

3.2. Evaluation of hypotheses

H1: The balance of labour market supply and demand in a given municipality is influenced by a number of factors, which can be identified theoretically, and empirically described and verified by a cooperative cooperation and management model.

The novelty of my research is the development of a complex model that can be used in the local government system, supporting the development of the business environment, and meeting the expectations of the population, and the verification of its functionality.

On the basis of my research, I consider the hypothesis to be plausible: the balance between supply and demand in the labour market is influenced by a number of factors, which can be identified and developed.

On this basis, I formulate the following thesis:

T1: The balance of labour market supply and demand in a given municipality is influenced by a number of factors, which can be scientifically identified and described by a cooperation and management model. The support services created by cooperation can respond to a wide spectrum of ever-changing needs, meeting market demands.

H2: The toolbox for managing a municipality can be consciously developed at municipal level, based on partnership. A model of cooperative partnership can ensure conditions for competitive employment at local level.

One of the catalysts of Kecskemét's cooperative development model is the shift in the attitude of city leaders towards cooperation. Both employer and employee evaluations confirm that effective municipal-level cooperation can not only quickly support employers and employees in responding to emerging labour market needs and flexibly shape the local vocational and adult education system, but also meet the expectations of the population.

The model presented in the case study confirms that the four interdependent and interacting elements of cooperative cooperation (1. education and training, 2. resources, 3. taxation and regulation, and 4. a supportive social environment) are key to economic development and growth.

Based on the research, I consider the hypothesis to be plausible and formulate the following thesis:

T2: The toolbox of the management of a given municipality can be consciously developed at the municipal level, based on partnership, and a cooperation model, created to balance the supply and demand of the

labour market, is capable of ensuring the conditions for competitive employment at the local level.

H3: Science offers a variety of methods for confirming the model, from which modern and adequate measurement methods can be selected to measure and evaluate the results.

The cooperation model tested with the Triple Helix core model, the Settlement Viability Index, and the quantitative and qualitative methods used to measure the model provide opportunities to validate the success of the model. This evaluation system has generalisable elements that allow for a wide range of applications.

On this basis, I consider the hypothesis to be acceptable, and formulate the following thesis.

T3: The cooperative collaboration tested by the Triple Helix and its improved models, as well as the quantitative and qualitative evaluation system for assessing performance, and the Settlement Viability Index have generalisable elements that allow for a wide range of applications.

4. Summary of conclusions

The challenges of the 21st century, globalisation and rapid technological development are constantly creating new demands for employment policy and are therefore of crucial importance for the life of local communities. The presence of a talented, highly skilled, and creative workforce is more than ever a key determinant of the success, and vitality of regions, but so is the high employment rate of the working age population, the senior knowledge utilisation and social innovation. Local responses to the global labour market challenges have a major impact on the development of the local economy, the well-being, and the daily life of local society. At the beginning of the 21st century, the questions of how city governments respond to these challenges, what kind of responses they give, involving different disciplines, are of paramount importance.

The overall aim of my thesis was to identify and summarise, in a form that can be used by other municipalities, the practical methods that can serve as a model for municipalities to move towards meeting the challenges of dynamic industrialisation (4.0) - rapid automation - while ensuring the well-being of local populations through sustainable management.

My research focused on the global challenges of employment policy and its impact on local employment policy, and through this guideline I

analysed the evolution of local economic development, and the emergence of a collaborative development culture, and its becoming a model. The thesis presents the changing role of human capital in economic development and highlights the potential and methods of cooperation as a source of a shift towards higher levels of employment, including at the municipal level.

The thesis demonstrates that a culture of collaborative leadership (including the implementation of Scharmer's U-leadership theory, the basic theses of the quantum leadership model, and Palsule-Chavez's approach to leadership theory), by strengthening internal resources, is one of the most important internal drivers of the functioning and development of regions.

The results of the research show that at the municipal level, the effects of economic growth and automation, and the resulting quantitative and qualitative labour supply requirements, can be managed together in the long term within the framework of a cooperation model. This can be achieved through a tripartite partnership between the economy (including businesses), public administration and training institutions, and the effective involvement of civil society, and the general public. The collaborative development model also points to a substantial change in the role of city administrations, with a focus on their development coordination activities.

In addition to the triple helix model of education and technology development, public administration and businesses, the members of the

local community should also be involved in the planning and implementation of urban development objectives directly, or with the support of civil society organisations.

The paper is structured in three main content sections:

- First, in terms of theoretical and literature background, I examined the issues of cooperation models and competitiveness. I highlighted the global challenges affecting regional development. I also focused on the role of endogenous and exogenous factors of economic growth in regional development, the impact of transnational corporations on employment, partnership, and the methodology of leadership and governance of development policy at regional level.

- On the basis of the theoretical introduction, I examined the Kecskemét 4.0 (conscious) cooperation model using a case study methodology. In the chapter on the cooperative development model, I analyse the steps leading to the creation of the model, from the establishment of an “umbrella organisation” supporting economic development programmes to the full implementation of network collaboration. In this section, I also looked at the development of dual forms in secondary and higher education in Kecskemét and at the international comparison of the programmes for the supply of skilled workers. The core of the chapter is the objectives, structure, focus areas and operational framework of the collaborative development model.

- Finally, I examined the functioning of the model from the perspective of both employers and employees, and presented the

viability index in the context of a competitiveness measure, discussing Kecskemét in more detail as a knowledge-intensive bearing city.

As a novelty content of my research, I presented the cooperative cooperation model, which is a complex program that can be well used in the municipal system, supporting the development of the business environment, and meeting the expectations of the population. An analysis of the implementation of the Kecskemét cooperative development model from the perspective of employers and employees confirmed that an effectively functioning municipal-level cooperation, in addition to being able to quickly help employers and employees respond to emerging labour market needs and flexibly influence the local vocational and adult education system, is also able to meet the expectations of the population. (The background to the latter factor is that, as in many municipalities in Hungary, the majority of those employed in Kecskemét are local residents.)

The innovative competitiveness measurement, which is in line with the challenges of the 21st century, also outlines further research directions, highlighting the examination of the effectiveness of collaborative development at the municipal or macro-regional level.

After 2020, the Kecskemét 4.0 cooperation model of the city administration will be based on the Quintuple Helix, which will be a model for the economic ecosystem development, based on the harmony of the natural environment, society and economy at the municipal level. The analysis of this development, and the confirmation of the viability

of the Kecskemét 5.0 cooperation model could be a potential subject of a forthcoming paper.

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