

The Contribution of Industry and Services to the Development of Slovak Towns

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Abstract: *In the 20th century the most highly developed sector was the industry, especially heavy industry, particularly in the years of the cold war in Eastern Europe, which was under the Soviet control. In the world economy, however, services began to gain importance. It was only later that the ex-communist countries could meet this change, after getting rid of the Soviet sphere of interest. I used the data of the Bratislava-based TREND analysing centre regarding settlements to be able to clarify the role of towns in the economic competition.*

Keywords: *town, network of towns, Slovakia*

Preface

The driving force of economic development may be very different in the various eras and regions. In the 20th century the most highly developed sector was the industry, especially heavy industry, particularly during the war-years and then in the years of the cold war in Eastern Europe, which was under the Soviet control. In the world economy, however, services began to gain importance. It was only later that the ex-communist countries could join this change, after getting rid of the Soviet sphere of interest. The leading role of services means that today it is the people exploiting their knowledge and qualifications on the market that form or develop settlements rather than the availability of raw materials, centrally planned and built industrial plants or the state logic of the planned economy. Education, however, means a high level of schooling, which is available in towns, and the financial, administrative and communications establishments, so necessary for the useful operation of markets, can also be found in towns. Besides, the new logic of market economy, the efforts of local governments, the deliberate increase in the role of their own settlements and towns also play an important part. The local governments of Slovak towns also try to do their best to attract the companies that create jobs and ensure incomes. This individual intention coincides with the intention of the state, which controls the choice of location of domestic and foreign investors, partly through the national system of the institutions of regional development, and partly with laws and decrees.

According to the European practice, the statistical offices of the individual countries publish regional data, which do not reveal the economic performance of the individual settlements, especially that of towns, although it is a well-known fact that the major part of the results of both industries and services are produced by towns. Since the Slovak statistical office publishes combined national and regional economic data, I used the data of the Bratislava-based TREND analysing centre regarding settlements so as to be able to clarify the role of towns in the economic competition. This method, however, has a disadvantage, namely, that it does not provide a full supply of data. It provides full information about certain branches, but completely neglects others.

Analysis

Regarding their incomes, the analysing centre TREND lists 200 companies that definitely affect the economic life of Slovakia (*Table I*). On the basis of the locations it can be stated that the 200 companies can be found in 69 settlements, 52 of which are towns and 17 are villages. The shift of proportions cannot only be seen in the different types of settlement but also in the number of companies: 90 % of the companies on the list can be found in towns and the incomes generated by them makes out 94.8 %. The figures suggest the priority of towns over villages, but the analysis has to be completed by the fact that the importance of the city Bratislava is outstanding even among the towns. 78 out of the 200 most important companies are located in Bratislava. All the other towns are of much less importance, because Košice has only 8, Žilina and Trnava 6, Nitra, Banská Bystrica, Považská Bystrica and Prievidza 4 significant companies each. There are 28 towns with only one company.

Tab. 1. The 200 most important companies in the geographical space

	Number of settlements (pieces)	%	Number of companies (pieces)	%	Total income (thousand SK)	%
Town	52	75,4	180	90,0	1 309 457 241	94,8
Village	17	24,6	20	10,0	71 360 623	5,2
Σ	69	100,0	200	100,0	13 80 817 864	100,0

Source: www.etrend.sk

The geographical location of the towns outlines a country with two well-distinguishable individual parts (Fig. 1). In the western part of Slovakia there is a higher density of large companies. To the east of the line Liptovský Mikuláš - Krupina important companies can only be found sporadically. It is especially the zone along the Polish border and the large area between Banská Bystrica and Košice, or more exactly between Banská Bystrica and the Ukrainian border that lack large companies.



Fig. 1. The geographical location of the 180 most important urban companies

Source: Compiled by the author on the basis of www.etrend.sk. Drawn by Máté Mády.

The geographical location of the 17 villages has to be highlighted because, as the map (Fig. 2) shows, these villages are very close to towns, 8 - 10 km on average. There are several such villages in the surroundings of Bratislava, Malacky, Senec and Trnava, and also in the valleys of the rivers Váh, Nitra and Hron, which is a sign of industrial and service providing units spreading mostly in the agglomeration, if they need plants or premises outside towns.

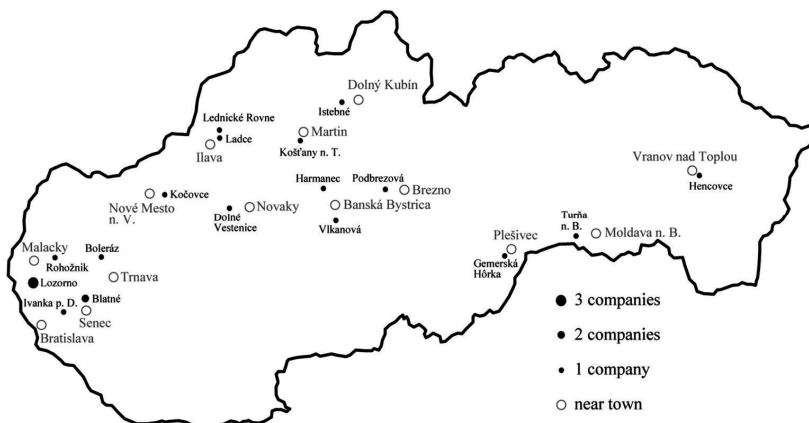


Fig. 2. The geographical location of the 20 most important companies in the country

Source: Compiled by the author on the basis of www.etrend.sk. Drawn by Máté Mády.

Regarding industrial branches, the analysing centre TREND lists building materials, chemical factories, textile factories, companies of the food industry, the machine industry and the construction industry in the first group to be analysed. The sum of all their incomes from the production suggests the list of companies showing the first 20 - 25 companies of the national capacity.

According to the figures of the year 2005, the industrial establishments of the above mentioned branches, which earn the most significant profits, can be found in 67 settlements. There are 144 of them (Tab. 2). The majority (120 companies) are located in towns. These 120 companies produce 94.3 % of the incomes.

Tab. 2. Industrial companies in the geographical space

	Number of companies (pieces)	%	Number of companies (pieces)	%	Total income (thousand SK)	%
Town	48	71,6	120	83,3	552 662 597	94,3
Village	19	28,4	24	16,7	33 644 372	5,7
Σ	67	100,0	144	100,0	586 306 969	100,0

Source: www.etrend.sk

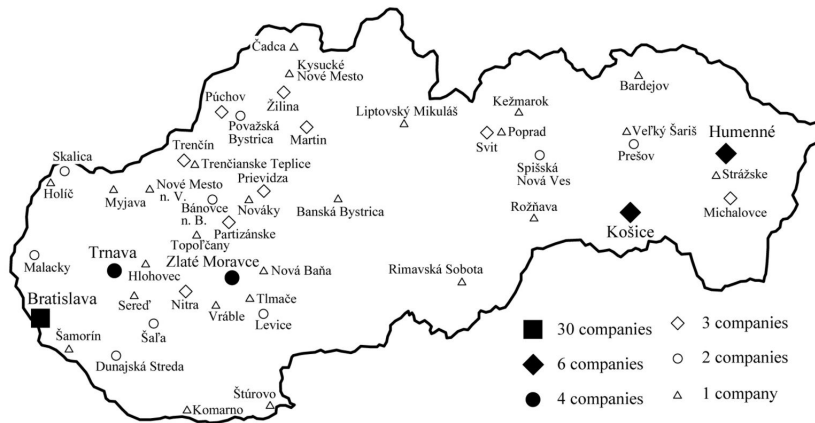


Fig. 3. The 120 most important industrial companies in the towns

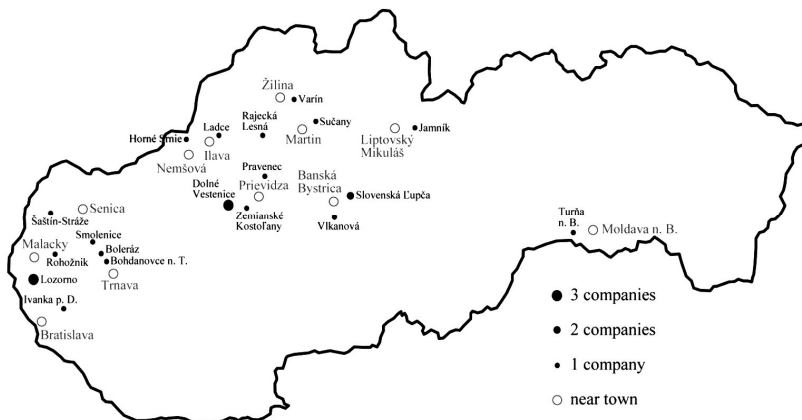


Fig. 4. The 24 most important industrial companies in villages

Source: Compiled by the author on the basis of www.etrend.sk. Drawn by Máté Mády.

As for the group of service providing companies, the analysing centre selected 72, which are important on a country-wide scale. They are located in 14 settlements, all of them being towns with 47 companies based in the city Bratislava. 84.2% of the 289 billion-crown incomes are focused here. The producers of this high sum and extremely high proportion include among others the leading communication agencies, the Slovak gas works and the Slovak electricity board.

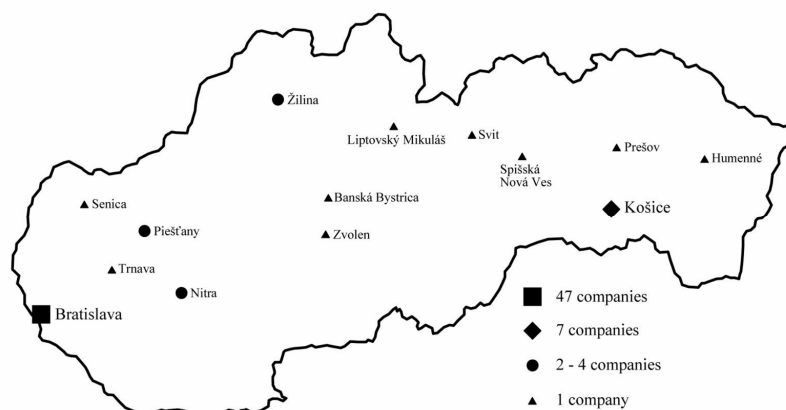


Fig. 5. The 72 most important service providing companies in Slovakia

Source: Compiled by the author on the basis of www.etrend.sk. Drawn by Máté Mády.

The geographical location of the 72 most important service providing companies (Fig. 5) shows that, unlike industries, services are typical of towns. The importance of towns is mostly due to the presence of educational and research facilities, or that of highly-qualified and educated experts, rather than their high number of population or their development method. Their everyday needs can best be satisfied by the services of towns. The interest promoting ability of this social layer, which is involved in managing service-providing companies, and which plays an important role in preparing decisions and decision-making, is much stronger than that of former working classes. In most cases, the location of the individual leading service-providing companies depends on which town their management chooses. This can be seen in the outstanding position of Bratislava. It is also a sign of the fact that, in this respect, Košice is a city of secondary importance, because there are only 7 companies that have moved there. Apparently, the plans of the city Košice to open to the east have not been profitable so far, although this is where it would be best for companies to expand from, towards the Ukraine and Romania.

When we compile the incomes of the industrial and service providing companies belonging to one town and included in the list of the analysing centre into one table (Tab. 3), then it is clear that the 58 industrial companies produce 39.8 % higher incomes than the 67 service providing units.

Tab. 3. Comparison of industrial and service providing companies

settlement	Industry		Services		
	pcs	incomes	pcs	incomes	%
Žilina	3	7 016 887	3	19 801 743	35,4
Košice	6	11 266 048	7	18 074 216	62,3
Banská Bystrica	1	1 409 858	1	1 628 651	86,6
Bratislava	30	346 365 849	47	243 712 475	142,1
Nitra	3	7 187 406	4	1 708 739	420,6
Prešov	2	3 351 869	1	523 311	640,5
Liptovský Mikuláš	1	1 035 784	1	143 429	722,2
Humenné	6	9 302 340	1	1 169 377	795,5
Trnava	4	8 609 415	1	376 244	2288,3
Spišská Nová Ves	2	6 066 502	1	208 552	2908,9
Σ	58	401 611 958	67	287 346 737	139,8

Source: the author's own calculations

When regarding the order according to the proportion of the two branches, we can see that in the towns Zsolna, Košice and Besztercebánya services play a decisive role, but in Spišská Nová Ves, Trnava, Humenné, etc., traditional industrial activities are dominant. Since the analysing centre TREND does not issue data about all the companies of the whole branch system, we have to be careful about making statements. However, it is highly probable that the significance of services is increasing in the Slovak economy, which is modernizing at a high rate and whose outstanding points are obviously its towns.

Summary

According to the census in 2001 there were 138 towns in Slovakia. As for their economic significance, however, the towns are very different. Fewer than 37 % of the towns have big companies, and there are even considerable differences between them. The city of Bratislava, which is a centre of several industries but especially that of provision of services, and which plays an increasingly important international role, is outstanding in every respect. Considering the figures issued by the analysing centre TREND, we can make a distinction between the individual towns on the basis of economic sectors too: while large industrial companies can be found in several towns, services are concentrated in the largest cities. Apparently, it is exactly these big service providing companies that contribute to the dynamics of Slovak big cities the most. The geographical situation of big industrial and service providing companies shows that the country as a whole has a diversity of development levels. Except for Košice, there are hardly any cities of outstanding importance to the east of the line Liptovský Mikuláš - Krupina.

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Prínos priemyslu a služieb pre rozvoj slovenských miest

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Summary: Podľa sčítania obyvateľstva v roku 2001 bolo na Slovensku 138 miest. Ich ekonomický význam je rozdielny, menej než 37 % miest má veľké podniky a aj medzi nimi sú značné rozdiely. Hlavné mesto Bratislava je centrom viacerých priemyselných odvetví, zároveň je najväčším poskytovateľom služieb s medzinárodnou pozíciou. Na základe dát publikovaných v TRENDe možno rozlíšiť mestá podľa ekonomických sektorov na dve dominantné skupiny: veľké priemyselné podniky možno nájsť v menších mestách, kým služby dominujú vo väčších mestách. Autor poukazuje práve na veľké firmy poskytujúce služby, ktoré prispievajú k dynamike slovenských veľkých miest. Veľké priemyselné a služby poskytujúce firmy ovplyvňujú diverzitu jednotlivých rozvojových úrovní krajiny. Na východ od línie Liptovský Mikuláš – Krupina nie sú okrem mesta Košice iné mestá s významným postavením.

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