

The authorial review of the (PhD) dissertation titled

The assessment of the changes occurred within the task-system and organizational structure of the Border Guards since 1989 and the effects they had on the management; as well as investigation and scientific analysis on potential modernization of Border Guards management.

Prepared by Border Guard Officer Lieutenant-Colonel Zoltán Faggyas

I. SUMMARY OF RESEARCH OBJECTIVES AND METHODS USED

At the end of the 80's, together with the changes occurred in the political system of our country, the establishment of the new border defense system and operation scheme was started, and in parallel, structural reconstruction, as well as modernization of the functional procedures and structural order was carried out in order to achieve effectiveness. The reason behind me choosing "the assessment of the effects that the structural reconstruction had on management and scientific analysis, as well as investigation of methods in order to improve border guard management" as the subject of my dissertation is that, up to now, no such summary was made based upon the experiences gathered throughout the years, in terms of provision of the professional organization and management of the Border Guards.

No accurate effect-studies were made prior to earlier reconstructions of the economical organization, therefore, in most cases the main motive of the reconstruction was the necessitation of cut-back and retrenchment. The necessitation to maintain the ability of operation resulted in depleting reserve resources, as well as advancement of "manual control" in terms of management.

Due to Hungary joining the European Union, the topicality of the subject is inevitable, since one of the terms for attaining full membership is the establishment of a border-control system in accordance with the requirements of the "Schengen Treaty". Changing dislocation, organizational order is also pertaining to that, as well as the establishment of a new order of operation. In order to ensure the safety of the operation, it is necessary to elaborate supply and safety systems, as well as financial mechanisms supporting and actuating them, which would all facilitate and help the most efficient accomplishment of the main task.

All these factors require a broad assessment of the economic situation and management of the Border Guards, as well as the exploration of possibilities and conditions of modernization. As a result of this, it would be possible to make proposals for the establishment of a organizational structure and operation in compliance with the altering task-system and based on cost-efficiency.

In my scientific research, the period of assessment includes the time interval between 1989 and the 31st of December 2003.

The objective of the research is:

1. To examine, through a historical overview, the influence of external factors on the organization, as well as to unfold the effects that the changes in the task-system had on the organization, including the economic organization.
2. To clarify the main conceptions related to the subject, as well as to analyze the system and the organization in order to define the position and function of economic and logistic tasks within the organization.
3. To overview the management techniques of order-keeping organizations consisting of professional strength in practice, and explore useful experience.
4. Analysis of economic management of the Border Guards between 1992-2002, based on budget reports and yearly statements.
5. Proposal for modernization, in terms of organizational and operation structure, on the different levels of management.

Methods of research

In order to accomplish the research objectives successfully, I used the methods of general and specific research. The following methods were applied: observation, statistical survey, analysis, induction, library research, interview-making and practical analysis of the situation, as well as adaptation.

In order to achieve the specified objective of the research, I examined the domestic and foreign literature, as well as results of research related to the subject. I also assessed the methods and solutions used within the states of the European Union (in particular, in case of Federal Defense). I made an analysis on the economic management of the Border Guards between 1992-2002, based on budget reports and other official documents.

II.
**DESCRIPTION OF THE ACCOMPLISHED EXAMINATION AND CONCLUSIONS
DRAWN**

I divided the thesis into 4 chapters, and I attached the most important annexes, statistics and graphics, in order to make the subject easier to understand. By elaborating the chapters, I came to the following conclusions:

1. Changes in the task-system and organizational reconstruction of the Border Guards

I established, that in Hungary, between 1989-1990, there was a peaceful change in the political and economic system, during which the so-called “socialist” system was replaced by a democratic, plural political system. The institutional and judicial system of a democratic state was built up, the social market-economy was originated, and since then, the Hungarian legal system provides EU-conformable conditions for all participants of the economy.

However, state interference still remains high; and the reforms of the state-budget were not carried out. As a result of the delay in terms of reforms, the state budget is nowadays afflicted by a financial crisis.

It is a proven fact, that as a result of the organizational modernization procedures during the past 12 years, the task-system, organization and operation-order of the Border Guards was completely changed. The legal background of its operation was fully established, and its system of international relations was renewed.

By the second half of the 90’s, the Border Guards became a dual-purposed, European-style, modern order-keeping organization, and the goals of the assessed period were accomplished; the military-type mode of operation was replaced, while an organization consisting of a lower number of well-prepared professional staff, suitable for fulfilling order-keeping tasks, was established.

2. The effect that the changes occurring within the task-system and organizational structure had on the management and the economic organization

External factors effecting the organization, as well as the changes in the task-system and the organizational structure, made the reconstruction of the management activity and economic organization necessary; and furthermore, their adjustment to the changed economic and judicial circumstances, as well as the new operation order became consequential.

The National Headquarters of the Border Guards, as well as the Directorates are budgetary organizations pursuing budget-management. The professional economic staff fulfills the tasks concerning Border Guard budget-management. Since law determines the majority of the tasks, the opportunities and economic potential are very limited. Modernization and the rationalization of activities are often hindered by insufficiently substantiated severities and internal regulations. In parallel to the inevitable increase and structural change of expenses, subventions were not increased in direct proportion; therefore, the operation could be

maintained only by strict budget-management and confinements. The security of completing the basic-task, as well as its successfulness becomes more and more dependent on economic factors.

Despite of that, the economic organization of the Border Guards was able to adjust itself to the ever changing economic and legal circumstances, and by using expediently the available resources, was also able to ensure the economic requisites of the fulfillment of the Border Guards' basic tasks, as well as to organize, control and execute security duties. The management structure established by nowadays is operable, ensuring professional control and constant supervision. Meanwhile, there are several parallel activities and the organization is quite bureaucratic. Primarily on a regional level, but centrally as well, management-control and executive functions are mixed. Prior to the establishment of the current system, there was no internal or external investigation made, and there was no systematic analysis on the task-system or the system of execution either. Neither was the sphere of activities checked. International experience and practice were not widespread. After the release of the recruited strength, the economic structure of the directorates was not adjusted to the changes occurred in task-system. Local bodies are currently operated without an economic organization.

3. Analysis of the management of the Border Guards

I proved that, in parallel with the inevitable increase and structural change of expenses, subventions were not increased in direct proportion; therefore, economic possibilities were limited even more, and financial problems at the Border Guards became constant.

Analyses and practice as well, shows that a low-budget basis, especially in terms of material expenditures, is not sufficient to finance even the duties of the Border Guards stated by the law.

I proved that maintaining a professional organization is a wage-demanding activity; therefore the necessitation of increasing the number of staff became an impediment of operation.

Personnel allowances add up to 77-80 % of the expenditures, however, the volume of these allowances did not render possible a time-proportionate EU development of strength; the rate of accomplishment is only 88%.

The complement of equipments practically stagnated until 1996, which resulted in a significant loss in assets, in terms of real value, due to the high inflation. Since 1997, owing to the technical developments started, the distribution of assets took a good turn. Due to the technical developments, mobility on the ground as well as water was increased, and ability of

visual scouting was also significantly improved, especially in case of planned external border directorates. Implementing and efficiently using a huge number of technical assets within the system significantly improved the efficiency of border defense, including the reliability of green boundary defense in case of external border directorates.

In case of areas not preferred by the EU, the level of technical provision remains unfavorable. The geographical position and proportion of the real estate property of the Border Guards is not optimal; there are a great number of unnecessary real estates, while at external borders, there is an insufficiency in terms of property. Compared to the value of the owned real estate, the amount of resources available for renovation and maintenance is small. As a result of this, the technical condition of the majority of objects is strongly deteriorated. In terms of real estate management, in future, the main emphasis should be put on establishing an expedient-sized real estate property, complying with the dislocation-changes and the task-system.

4. Requisites, possibilities and methods of modernization in case of border-defense management and the economic organization

Establishment of a modern economic (logistic) organization is possible only after taking into consideration and analyzing the environment, the resources, the requirements, as well as the economic functions and procedures as a whole coherent system. In order to achieve that, modern logistic principles and methods available provide a significant help. That is why I thought that besides the systematic analysis of the situation, it is also important to create a specific system of terms concerning border-defense logistics, as well as to define logistic functions and procedures.

According to my opinion, **border-defense logistics is: the planning, organizing, controlling and execution of the mobility, provision and maintenance of the forces and assets related to the task-system of the Border Guards.**

In case of the Border Guards, the middle term strategy of the body was completed. One of the main elements of the proposal for organizational development is the decentralization of tasks and sphere of activities. According to my examinations, in the field of economy, this strategy cannot be followed everywhere, or at least, it is not expedient and efficient to do so. In fields of economy and IT, the execution of tasks requires further centralization, while in fields of supply and technical background the more efficient support of execution indicates procedures of decentralization.

I proved that, due to changes occurred in the service-system, the establishment of a border defense-system basis in the Union, as well as a functional service helping the fulfillment of the main task, require structural changes within the management's task-system and the organizational structure of the task-system execution. I also established that resources are dissipated in several areas, and organizations operate in parallel, executing the same tasks. Besides the scarce yet dissipated human-, financial and material resources, execution of tasks is not equable.

By merging organizations, parallelisms can be reduced, freed statuses can be dislocated to executive levels, and therefore, saving of labor can be achieved.

After creating an organization based on task and activity areas, the number of management levels, as well as managerial statuses would be decreased; therefore the system of service and provision would be more simple, flexible and economical.

III:

THE SCIENTIFIC RESULTS OF THE ESSAY AND POSSIBILITIES OF IMPLEMENTATION

Based on the analysis and evaluation done during the research, elaboration and systematization of the subject, I arrived at the following final conclusion:

The reconstruction of the Border Guards was necessary not because of financial considerations, but because of the requirements of a legal state. However, the schedule of the reconstruction and the possibilities of the organizational modernization were determined by political and economic factors.

External factors effecting the organization, as well as the changes in the task-system and the organizational structure, made the reconstruction of the management activity and economic organization necessary, and furthermore, their adjustment to the changed economic and judicial circumstances, as well as the new operation order became consequential

I came to the conclusion, that by further modernization and rationalization of the organization, the current economic organization would be able to fulfill the tasks emerging during the transitional period and maintain the ability to function. Due to dislocation, as well as

organizational and operation changes related to the Schengen Treaty, making new foundation to the multilateral assurance-system became necessary.

In order to maintain the ability of operation, in the transitional period, the reconstruction of the economic organization should be made expediently by stages, differently in case of external or internal borders, and taking into consideration principles of management methodology. Further rationalization of the organization; efficient, cost-effective methods and procedures, as well as establishment of a new operation-order are necessary in order to fulfill efficiency requirements and alleviate financial problems. Spreading modern logistic approaches and methods, and using them in everyday practice, as well as establishment of the organizational structure adjusted to the logistic procedures outlined by me would be helpful in order to achieve these goals.

During my research I have drawn the conclusion, that due to the unique geopolitical and economic situation, as well as special judicial system that Hungary has, there is no foreign-country model that could be adapted without changes in order to increase the efficiency, modernize and rationalize the economic structure; however, using the examples and experiences presented is indispensable.

New scientific results:

1. I explored how the reconstruction of the task-system and organization structure effected the management of the Border Guards, and I also made a historical review on the alteration procedure of the economic organization. I proved that the reconstruction of the Border Guards was carried out in a social-economical environment, determined by the change of the political system, which defined the direction and phases of the alteration, and limited the possibilities of organizational modernization and financial management.
2. I established that, by further modernization and organizational rationalization, the current economic organization is suitable for fulfilling tasks emerging during the transitional period, however, changes of dislocation, as well as organizational and operation-order related to the Schengen Treaty require the establishment of a new foundation to the multilateral assurance-system.
3. I accomplished the systems analysis of the economic organization, and I established the main terms of border-defense logistics, as well as its functions and procedures.
4. I proved that, in the transitional period, the reconstruction of the economic organization should be made expediently by stages, differently in case of external or internal borders,

and taking into consideration methodology principles of management. Further rationalization of the organization; efficient, cost-effective methods and procedures, as well as establishment of a new operation-order are necessary in order to fulfill efficiency requirements and alleviate financial problems. I also made proposals for a management and operation model of an economic organization in the future.

Proposals for application:

My essay could serve as a source for further investigations on the subject or its related fields. It can be used not only during Officers' Training at the Border Guards, but it would also be expedient to take into consideration its conclusions, concatenations, as well as proposals during the development of the economic (logistic) system of border-keeping forces both within Hungary and the European Union.

I do not consider my research finished, since I think it would be expedient to continuously pay attention to the subject, and to keep the assessment of a potential management system, organizational structure and task-system complying with the European standards on the agenda.

The elaboration of the complete theory and practice of the logistic system of the Border Guards needs further investigation and assessment. It is expedient to put the main emphasis on the establishment of a central logistic provision organization and its operation order, as well as the detailed elaboration of logistic support principles and practices for the subsidiaries.