
VALUES CREATED THROUGH EDUCATION FROM THE EMPLOYERS POINT OF VIEW

■ **Abstract:**

It is necessary to reinterpret the basic principles which are generally accepted as underpinning the stability and effectiveness of the market economy.

In order to recover from a crisis all strategies should include the development of education and research in addition to other effective government policies, rational fiscal discipline and the acquisition of new markets. It is very relevant to examine whether Hungary has done enough to develop the education system in parallel with its economic reforms.

The present study emphasizes the importance of more effective cooperation between the economy and education.

■ **Keywords:**

education expansion, labour market, economic processes, universities strategic changes, market-conform education

■ **INTRODUCTION**

Hungary is falling more and more behind its competitors when it comes to learning. In spite of the numerous reforms of the past years the gap in knowledge that separates us from the most developed parts of the world has not narrowed, but rather widened. National and international studies prove without doubt that not only the average Hungarian citizen but also young adults and students have serious shortages of knowledge.' (Fazekas Károly, Köllő János, Varga Júlia (2008) Green paper Ecostat Bp.)

These were the conclusions of the authors of a national study which shocked the Hungarian public. Given that in the present difficult situation many theories (hitherto treated as taboo) have to be rethought, this short study analyses the interaction between the economy and education. With respect to the collection of data the latest research and statistical analyses

have been used. The study shows the general situation of education and employers, the opinions of students in higher education and the main indicators of our economy.

■ **THE CURRENT SITUATION OF EDUCATION**

The 'perfect' school remains a vision because state norms provide such control that quality cannot be supported. Owing to the lack of long-term development concepts institutes of education are at the mercy of political changes. The two-level secondary school final exam has failed to deliver on its promise because higher education does not require the higher level exam; therefore, it does not require that system either. The special vocational schools cater mostly for disadvantaged youngsters and thus they try to give marketable competences to those who have never wanted nor been able to accept the teaching methods used by schools. Furthermore, larger numbers of people are

pushed out of the mainstream of education and no tangible, effective measures have been taken to deal with this situation (unless it considered to be 'effective' to put into normal schools disadvantaged students earlier taught with special methods and separated from normal students). Teaching based on skills and abilities that was promised as part of the reform of secondary education has not spread in practice. The continuous deterioration of the knowledge levels of disadvantaged (especially gipsy) students can hardly be compensated by the issuing of National Qualification Register diplomas; the latter often have no real vocational knowledge as their basis. It is a fact that our education system is not good at handling students with above-average or below-average abilities. Teacher training in Hungary does not have any programme that could effectively support and help the teaching and reintegration of disadvantaged youth. The number of drop-outs is frightening, and because of the high level of unemployment, integrated teaching (as a possible solution) has only resulted in a race for students and has not become a real solution.

One-third of students finishing secondary education are illiterate. Evidence shows that students are getting worse at general knowledge and the logical thinking necessary for success on the labour market in the modern world. However, this is happening while the numbers of National Qualification Register certificates and high school diplomas are rising.

■ HIGHER EDUCATION

The reform package of higher education has had a greater negative influence on our economic and social problems. The massive increase in the number of graduates can be dated back to the eighties. Since the eighties the number of university and colleges students has quadrupled and today there are far more students in higher education that the economy requires; this has led to the sidelining of people with lower qualifications. It is forecasted that after 2010 almost one-quarter of Hungarian citizens will have a degree. Unemployment leads to social unrest, and the money spent on training is lost due to emigration or because graduates often work in jobs that are not related to their training. It is a false hope to expect the increased

number of university graduates (too many in proportion to the population and compared to the needs of the economy) to lead us out of the economic crisis.

The initial rush appeared to be justified because Hungary had lower numbers of well-trained professionals compared to developed countries. However, the creation of new jobs did not keep up with the production of graduates. As a result of the excessive expansion of higher education the quality of that education has deteriorated. In ten years' time today's 25-35-year-olds will constitute the backbone of a highly-educated workforce; they will be responsible for advising politicians and Hungary's future may depend on them.

■ EMPLOYERS

In our economy companies in foreign ownership (whether partly or fully) are of great importance. They have introduced a culture that sooner or later all Hungarian companies have to master if they want to operate effectively in the global economy. It is therefore important to pay greater attention to their expectations even if their conduct leaves a lot to be desired in many areas (for example, often in the way they treat their employees).

The financial crisis has accelerated the process in which big companies try to maintain their effectiveness by searching for cheaper and cheaper labour.

Among companies employing more than 250 people (e.g. big Hungarian joint ventures or foreign companies) multinational companies employ most freshly-graduated people (27%). Positive returns include the task-supply path resulting from the matrix structure of organisation; the latter, in addition to cost rationalisation, provides an opportunity to learn about foreign cultures and organizational structures, as well as multicultural integration, and networking.

What multinational companies require from our vocational and higher education and training are independence, loyalty, effective communication, problem-solving abilities, the willingness to learn new things, emotional stability, creativity, responsibility, openness, teamwork and imaginative thinking. This means students should be taught and trained according to such criteria and this requires a change in

today's methods. Conscious preparation should be carried out to fill the limited amount of posts available. Needs should be assessed. Career advisors, employment statistics, job markets, job portals and alumni systems can also help with this.

■ **ECONOMY, UNEMPLOYMENT**

Hungary's GDP was 2.3 per cent less in the first quarter of 2009 than in the first quarter of 2008. In order to guard against the crisis, only 5.5 per cent of companies plan to hire new workers. This is the tendency with the biggest companies and with companies employing 100-249 people. Companies employing 50 to 99 employees reported lower growth while companies with less than 50 employees reported higher growth. 3.4 per cent of companies producing mainly for export plan to hire workers and this is practically the same as in the last quarter. Companies producing for the Hungarian market have reported worse expectations: 5 per cent plan to hire workers (9 per cent in January) while 19.5 per cent plan to lay off workers (18.7 per cent January). The percentage of companies in full foreign ownership that plan to hire people is 3 per cent (8 per cent in the previous quarter); the proportion of those planning to lay off workers has decreased to 16 per cent from 17 per cent in January. 7 per cent of fully Hungarian companies predict expansion but none of the partly foreign-owned companies are expecting growth. This represents a 1 per cent point increase and a 3 per cent point decrease compared to the last quarter of 2008.

At the end of June 2009 the number of people employed in Hungary was 2.66 million. Private companies employed approximately 1.85 million, while state companies employed 731 thousand personnel. Considering the same period from the previous year these figures indicate a 4.1 per cent decrease; private companies laid off 6.2 per cent while the state sector hired 1.1 per cent.

Production had been increasing continuously since 2007 but this stopped in the third quarter of 2008 when the growth indicator decreased considerably. In the fourth quarter the decrease became more rapid and continued into the beginning of 2009.

59 per cent of companies reported a decrease in production while 10 per cent reported an

increase. Fully foreign-owned companies are still in a better position than partly foreign-owned or fully Hungarian companies; nevertheless, all three categories have experienced decreasing results. The situation of companies with 20 to 49 employees and that of companies employing more than a hundred employees worsened slightly, while companies employing 50 to 99 employees took an even harder hit. 22 per cent of companies with more than a hundred employees have deemed their situation to be good while 12 per cent of companies employing fewer than fifty employees have given such a positive forecast.

The recession has affected employment, too. There were 5524 freshly-graduated people registered as unemployed in August 2009; this is twice as many as five years ago. (In China there were one million students in higher education in 1998 and six million in 2008. As a result of this, 32 per cent (nearly one-third) of freshly-graduated students do not have a job.)

■ **PROSPECTS, SURVEYS**

Looking at surveys conducted among university and college students it is possible to get a picture of how they see their situation and their future.

Half of the students think they are in a worse position on the labour market in 2009 than students who graduated before the economic crisis. (Fig 1.). However, many students think that the crisis does not affect their chances of finding a job.

The students strongest expectations in connection with their degree are financial stability and social mobility (Fig 2.) On a national level the average net income was 121,700 HUF; the average salary of physical workers was 89,600 HUF, while that of those in intellectual occupations was 154,700 HUF. Net income was on average 1 per cent higher than the previous year; in the private sector there was a 3.7 per cent increase, while in the public sector there was a 5.4 per cent decrease.

The third most important point is that the respondents believe their degree will enable them to have a freer, more relaxed lifestyle. The students asked considered certain other values as being less important, such as the prestige associated with a degree and the possibility of acquiring a managerial position. The least important expectation was that with a degree a

foreign study trip or working abroad would be easier.

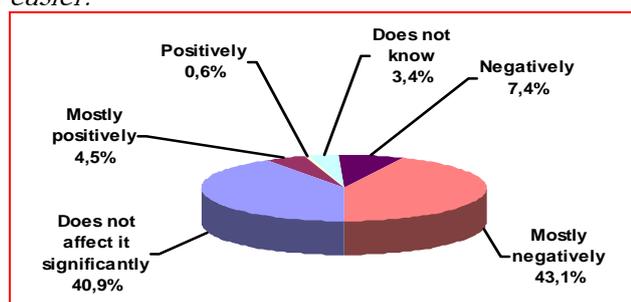


Fig 1: How does the world economic crisis affect your chances of finding a job in your field? (%)
 N= 7 825 Source: Educatio-OFIK, Diplomás pályakövetés 2009-Hallgatói vizsgálat (Career paths of graduates 2009 – Student survey)

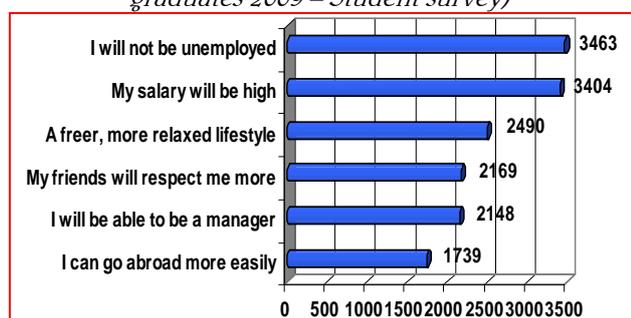


Fig 2: What advantages do you expect from having a degree? Source: Educatio-OFIK, Diplomás pályakövetés 2009-Hallgatói vizsgálat (Career paths of graduates 2009 – Student survey)

The majority of students (83.9%) think they have a good chance of finding a job that they like in their professional field within one to two years of graduation, and only 13.7 per cent are pessimistic in this area. The cause of the difference in views is related to how students see the crisis and not so much to the actual influence of the crisis on the judgment of chances of employment

CONCLUSIONS

A study of the development of the career paths of graduates can greatly contribute to the up-to-date analysis of employment possibilities and the labour market. Due to state and company measures implemented to guard against the effects of the economic crisis our economy is slowly recovering. OECD data suggest that by the end of 2009 the global economy will stabilize. In Eastern European countries the recovery will take longer. Due to the foreign currency debt of households, the high rate of unemployment (around 10 per cent) and the high budget deficit, Hungary will need a much

longer period to catch up with other countries. However, the message is important: Hungary will only have a chance to compete successfully if investments and other economic developments are rational and serve the needs of the market and the global society. This applies to educational reforms, too. In order to help freshly-graduated people in this fierce competition, education and companies should cooperate effectively to create higher education programmes that lay the foundation for long-term employment. Besides the state and the education system, the responsibility of students is also growing in that they have to set their sights on usable, improvable knowledge, and be hardworking and persistent.

In an ideal situation our education system should react fast to the needs of the economy and be able to transfer usable skills. It is also necessary to think of the relationship between education and the economy in the context of the lessons that can be learnt from the present crisis

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