

**VOCATIONAL EDUCATION  
AND TRAINING  
IN HUNGARY** 2013

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# VOCATIONAL EDUCATION AND TRAINING IN HUNGARY

## INTRODUCTION

In Hungary, similarly to other European states, vocational education and training (VET) has been a permanently changing and developing function as new challenges, triggered by economic and social transformation and change, emerge. The primary goal, however, has remained unchanged: VET schools and adult training institutions are to form professionals with marketable knowledge, thereby boosting employment and the performance of the economy. One must not forget about the educational and integrating role of vocational education and training, nor about creating equal opportunities for persons in a disadvantageous situation or with disabilities. Hungarian VET policy has formulated many answers and took various measures to meet the challenges; this paper is an attempt to present them while also describing the course it followed after the turn of the millennium and in the second decade of the 21<sup>st</sup> century in order to create an effective and efficient system of vocational education and training.

One must not forget about the educational and integrating role of vocational education and training, nor about creating equal opportunities for persons in a disadvantageous situation or with disabilities.

## PLACE AND ROLE OF VOCATIONAL EDUCATION AND TRAINING IN HUNGARY BEFORE THE POLITICAL CHANGEOVER

Twenty years ago the institutional system of Hungarian VET was very similar to the corresponding systems of other Central European countries, i.e. Austria, the Czech Republic and Slovenia. In 1990, 93.3% of pupils completing eight-year primary school went on to secondary education, 20.4% to grammar school (*gimnázium*), 27% to secondary vocational school, 42.7% to “skilled worker training school” and 3.2% to vocational school.<sup>1</sup> Grammar school and secondary vocational school prepared them for the secondary school leaving examination (SSLE; Hungarian: *érettségi*) over a period of 4 or 5 years. Secondary vocational school offered various vocational qualifications alongside general education: skilled worker qualification (in theory-intensive fields) and secondary-level vocational and technician qualifications (primarily in the fields of health care, commerce, economics, social services, arts, pedagogy and the industrial branches).

Vocational schools provided training in 223 vocations in co-operative form. The training period was 3 years, and practical training took place at the school train-

<sup>1</sup> Report on Hungarian public education, 2006 OKI Bp. 2007. Annex, Table 4.9 <http://www.ofi.hu/tudastar/jelentes-Hungarian/jelentes-Hungarian-090617-4>

ing shop, the training shops of companies co-operating with the school and, in the last year of training, at corporate workplaces. Vocational training was concurrent with general education: students usually had one week of school education and one week of practical training, in alternation. They concluded no student contract, but received scholarships. Companies played a pivotal role in practical education: prior to 1990, 85% of practical training took place at corporate training shops and workplaces. Vocational training in health care and administration was provided by vocational schools under 2- or 3-year courses. Students with disabilities (with learning disabilities) completing special primary school could learn simple vocations in special vocational schools. In 1990, the special vocational school for the non-disabled was created for socially disadvantaged students, where they were provided preparation training for learning a vocation and also training to perform household, service, agricultural, textile industry and manufacturing tasks.

Owing to the relatively high drop-out rates in skilled worker training and secondary vocational schools, in 1990, around 25% of students exiting the educational system entered the labour market without any vocational qualification and almost 60% with only an upper-secondary one. Three to four percent had post-secondary, and 10-11% college/university qualification.

VET planning was determined by the economy. The number of students to be enrolled by vocation was defined on the basis of needs analyses. The economy defined, via its experts, the requirements and contents of the vocations and, as indicated above, also took part in training. Even foreign companies relocating to Hungary after 1990, such as Audi or General Motors, were satisfied with the quality and efficiency of Hungarian vocational education and training.

### **Restructuring of the institutional system of vocational education and training in the 1990s and after the turn of the millennium**

The framework conditions changed after 1990. The collapse of East European markets has led to the emergence of mass unemployment. A major part of plants withdrew from vocational training; they closed their training shops, some of which were taken over by the municipalities maintaining the VET schools. A significant part of students graduating from VET could not find a job. The gap between the wage levels of skilled workers, technicians and university/college graduates, respectively, has widened. With the depreciation of the skilled worker qualifications on the labour market, the ratio of young people opting for education offering a general certificate of secondary education and for higher education grew quickly. After the withdrawal of the economy, the VET structure, the vocations being taught and the headcounts were no longer determined by economic needs, but by the offers of training institutions and the needs of students and their families.

The responses of VET policy were shaped by the labour market and demographic conditions, the capabilities of the institutional system, the points of gravity of development envisaged by public education policy and the adoption of various foreign models. The work placement difficulties of career-starters and the low wages of people with upper-secondary vocational qualification pushed vocational education and training into a legitimization crisis, and educational policy was determined by

professional groups wishing to extend the period of general education and the proportion of people holding a secondary school leaving certificate. From 1990 on, the headcount of 14-15 year-olds exiting primary education has decreased year on year. Hence, although the capacities of general and secondary vocational schools have increased but slightly, the number and rate of students admitted to vocational training declined fast, while the headcount of children starting Grade 9<sup>th</sup> in schools offering a general certificate of secondary education (SSLE) remained unchanged, and the admission rate of (special) vocational schools fell by half over 10-12 years and fell to 23% of pupils completing primary school.

General education was transformed on the basis of the National Curriculum and the British examination system model introduced by the British Education Reform of 1988. A uniform core curriculum was drawn up for the first ten years. According to the relevant concepts, Grade 10 would have ended with a general knowledge exam similar to the British GCSE. The programmes of Grades 11 and 12 would have been drawn up pursuant to the amendment of the Act on Public Education passed in 1996 based on the secondary school leaving exam requirements.<sup>2</sup> However, since grammar schools refused to transform their Grade 9 programmes and wanted to keep teaching Homer and Shakespeare there, instead of the Grade 11-12 requirements, the SSLE requirements issued in 1997 comprised the requirements for Grades 9-12. Consequently, in Grades 9-10, the uniform core curriculum was limited to the vocational schools<sup>3</sup>, and nor could the general knowledge examination be introduced.

The directions of VET development were defined under the Preliminary VET Concept of the Ministry of Labour.<sup>4</sup> According to the proposal, vocational education and training could start in vocational schools after Grade 10 and in institutions offering a secondary school leaving certificate after Grade 12. Some of the skilled worker training institutions were to be upgraded to secondary vocational schools and the others into continuously operating VET institutions offering youth and adult education and training on the same site, in line with the relevant labour market demand. The proposal set the period of training at 2-24 months, and limited its scope to vocational theory and practice.

It took almost a decade to prepare, discuss and pass the acts on public education and on vocational education and training, to draw up the National Core Curriculum and the general requirements of the secondary school leaving examination and the new qualifications register and publish the corresponding requirements and programmes. The ultimate structure of the VET institutions was defined under the 1999 Amendment of the Public Education Act. Pursuant to Sections 27 and 29 of the Act, vocational schools had ninth and tenth grades and at least two grades providing vocational training. Grades 9 and 10 were dedicated to education and teaching laying the foundations of general knowledge; furthermore, career orientation, vocational preparation and vocational foundation teaching could also be provided. Secondary vocational school preparing students for the SSLE and laying the bases of general knowledge had four grades. From Grade 9 on, the programme could

<sup>2</sup> Stated under Act LXII of 1996 on the amendment of Act LXXIX of 1993 on public education

<sup>3</sup> In 1993, the name of the “skilled worker school” changed to “vocational school”.

<sup>4</sup> Preliminary VET Concept of the Ministry of Labour. Bp. MüM 1990, MS, pp. 18-19.

include career orientation defined in the framework curriculum and from Grade 11, theoretical and practical trade-group-specific grounding. Secondary school education and training started in Grade 9 and ended in Grade 12 or 13. The number of vocational training years after the secondary school leaving exam, preparing students for their vocational examination, was defined under the National Qualifications Register (Hungarian: Országos Képzési Jegyzék; OKJ).

The legislation made it possible to recognise in the vocational studies knowledge acquired in career orientation and trade-group-specific theoretical and practical grounding training at secondary vocational school. Recognition was – and still is – assigned to the competence of the head of the vocational training institution. Some secondary vocational schools prepared training programmes providing for reducing the number of post-secondary vocational training years by one through the recognition of grounding teaching completed in secondary school grades.

### ***The Vocational Education and Training Act of 1993***

The Vocational Education and Training Act of 1993, re-introducing the institution of student contract, was decisive for the development of VET. Tripartite bodies were set up to prepare the decisions, with the participation of the representatives of the state, workers and the employers. The economic chamber and its regional organisations got back their former tasks in the fields of the registration and control of students contracts, and in master's training and examination. In the absence of the necessary labour market conditions, dual training has evolved but gradually.

### ***Publication of the National Qualifications Register***

The National Qualifications Register (OKJ), i.e. the list of **vocational qualifications recognised by the state**, was published at the end of 1993. The OKJ comprised the previous four lists of vocations, i.e. sector-specific vocational qualifications, former skilled worker qualifications, secondary-level vocational qualifications and technician's qualifications. The duration of training was differentiated at 2-24 months, in line with the Preliminary VET Concept of 1990 of the Ministry of Labour, but the requirements of skilled-worker-level vocational qualifications corresponded to the traditional criteria of German, Austrian and Hungarian vocational training. The entry criteria were also differentiated: some vocations could be learned without primary school qualification, others after completing Grade 10 or after passing the general knowledge examination or Grade 12 in an academic school.

The new model was introduced after 1998. In 1999, the conditions of admission to VET were modified: training for vocational qualifications requiring completion of Grade 10 previously could start after completing Grade 8 and after reaching the age of 16. In 2001, the OKJ Decree was amended<sup>5</sup> and the qualifications in the Register were assigned to three categories:

- vocational qualifications for several job roles, to be acquired primarily in public education,

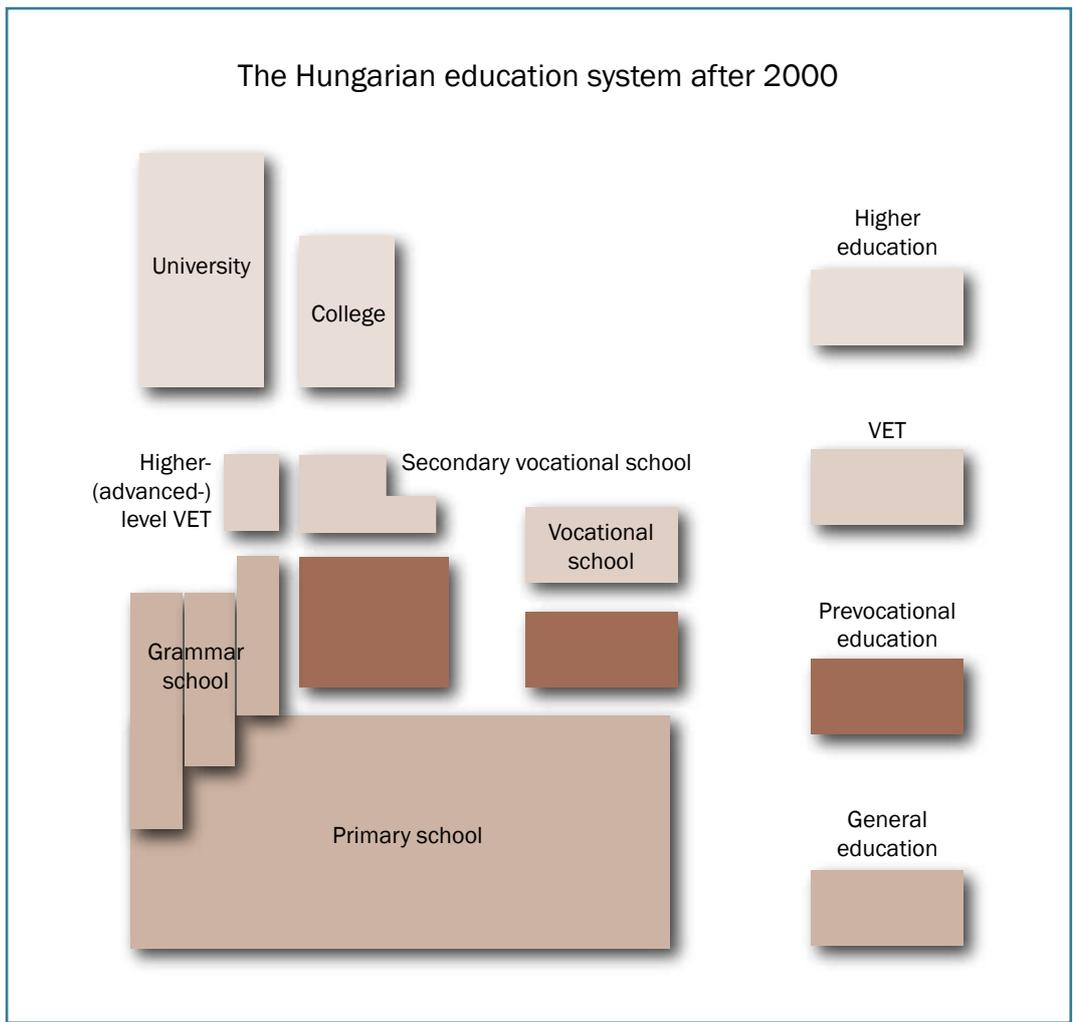
<sup>5</sup> Decree 27/2001 (VII. 27.) of the Minister of Education on the amendment of Decree 7/1993 (XII. 30.) of the Minister of Labour on the National Qualifications Register

- vocational qualifications for one job role in general, to be acquired in adult training outside the school system,
- vocational qualifications for job roles as defined by diverse legal regulations.

A new level of training has also appeared in the decree on the amendment of the qualifications register, that of **higher-level (advanced) vocational education and training**, a post-secondary, non-tertiary form with a training period of two years. This differed from training courses offered by secondary vocational schools after the secondary school leaving examination in that the programmes were compiled by institutions of higher education. Training could also take place at institutions of higher education or secondary schools concluding an agreement with the former. At secondary school, students had the legal status of student and in higher education that of undergraduate, and under the conditions specified in the training programme, such training could be recognised at a value of 30-60 credits in the higher education studies.

***Transformation of the institutional system***

As a result of the developments outlined above, the institutional system of Hungarian education had been transformed completely by the turn of the millennium.



**Distribution of students entering secondary education after completing Grade 8 (%)<sup>6</sup>**

	1989/1990	1999/2000	2004/2005
Grammar school	20.4	31.6	36.5
Secondary vocational school	27.0	39.0	39.2
Skilled worker training	42.7	22.9	23.0
Vocational school	3.2	2.4	
Total	93.3	95.9	98.6

**Qualification structure of students aged 18-19 exiting education in 2008 (% , estimation)**

No vocational qualification	20
Secondary vocational school, school-leaving exam	29
Grammar school, school leaving exam	30
Vocational school qualification	21

**Developments and solutions following Hungary's accession to the European Union**

The VET policy of the decade following 2002 was determined by preparation for EU accession and programmes aligned with the objectives defined under various European policy documents. For more detailed information in English on these developments, see the website of the Hungarian representative of the Refernet network<sup>7</sup> and the publications of CEDEFOP.<sup>8</sup>

***Participation of the interest groups of the economy in the development of vocational education and training***

The most important change in Hungarian VET policy was the activation of the interest groups of the economy. The most decisive development was the consolidation of the role of the Hungarian Chamber of Commerce and Industry. The effective interest enforcement of the employer organisations is reflected by Act LXXXVI of 2003 – effective until 31 December 2011 – on vocational training contribution and support for the development of training that made it possible for enterprises active in vocational training to deduct some of the training expenses from their vocational training contribution corresponding to 1.5% of the wage bill, namely:

<sup>6</sup> Report on Hungarian Public Education, 2006 OKI Bp. 2007. Annex, Table 4.9 <http://www.ofi.hu/tudastar/jelentes-Hungarian/jelentes-Hungarian-090617-4>

<sup>7</sup> Hungary, VET in Europe - Country Reports 2009, 2010, 2011  
<http://www.observatory.org.hu/en/>  
[http://www.observatory.org.hu/wp-content/uploads/HU\\_VETinEurope\\_Final\\_2010\\_1.pdf](http://www.observatory.org.hu/wp-content/uploads/HU_VETinEurope_Final_2010_1.pdf)  
<http://www.observatory.org.hu/en/products/reports-2011/>

<sup>8</sup> Vocational training and training in Hungary Short Description  
<http://www.cedefop.europa.eu/EN/publications/18125.aspx>

- cash allowances (max. 50% of the monthly mandatory minimum wage) payable to students studying under student contract,
- contributions on student allowances,
- costs incurred in connection with the procurement of working clothes, personal protective equipment, sanitary articles, meals offered at a preferential price, and travel and accommodation related to examinations and the temporary re-direction of students, up to a value limit of HUF1000/day/person,
- the costs of mandatory third-party insurance policies for the benefit of the student or undergraduate,
- the costs of regular medical exams,
- the wage costs of vocational trainers participating in practical training.

Under the framework agreement concluded with the Ministry of Social Affairs and Labour, in 2006 the Hungarian Chamber of Commerce and Industry took over two dozens of vocational qualifications and the organisation of the relevant exams and study contests.

Thanks to the favourable terms of support, according to the data provided by the Hungarian Chamber of Commerce and Industry, in 2009 48,000 of the 78,000 individuals (61.5%) had a student contract. The majority of the student contracts related to vocational qualifications in the fields of the handicrafts and the services, e.g. cook, shop assistant, waiter, hairdresser, joiner, body ironer, mason or painter qualifications.

### ***Upgrading of the National Qualifications Register (OKJ)***

The most comprehensive change in vocational education and training was the transformation of the system of vocational qualifications. As indicated above, the National Qualifications Register (OKJ) issued in 1993 comprised the previous sectoral, skilled-worker, technician and secondary-level vocational qualifications, and it was supplemented later on with the higher-level vocational qualifications. As late as 2004, the number of vocational qualifications still exceeded 800.

The modular transformation of the OKJ occurred in 2004-2006. The goal was to reduce the number of vocational qualifications through the arrangement of basic and partial vocational qualifications, branch-offs and add-ons into a hierarchical system, and to design a modular structure allowing to recognise previous qualifications and hence to reduce the duration of mastering vocational qualifications comprising identical modules. The development was implemented with the involvement of the professional and employer interest groups concerned. Besides the design of the new structure, the development of the pedagogical arsenal of competency-based training and examination were also regarded as important objectives.

In the preparatory phase of the development, the examination requirements and training programmes of two trade groups, engineering and commerce, were drawn up. The ministerial decree comprising the new qualification system<sup>9</sup> was issued in

<sup>9</sup> Decree 1/2006 (II. 17.) of the Minister of Education on the National Qualifications Register and the order of procedure of entry into and cancellation from the National Qualifications Register

February 2006. The number of basic vocational qualifications dropped to 416. Partial vocational qualifications, branch-offs and add-ons appeared as new categories.

The Register comprised 436 so-called “partial vocational qualifications”. If someone failed to complete every module of a vocational qualification, he/she could still be awarded a partial qualification based on the completed ones. The vocational qualification branch-offs (321) and add-ons (118) gave an opportunity to recognise completed modules and reduce subsequent training periods. Considering the basic vocational qualifications, the partial ones, the branch-offs and add-ons, the total number of new OKJ outcomes was 1291.

After the publication of the relevant vocational and examination and requirements and central programmes, vocational education and training according to the modular OKJ released in 2006 was launched at different times by trade group, in 2007, 2008 and 2009.

### ***Expansion of the tasks of the regional development and training committees***

Despite the intensifying role of the economy, the structural tensions of secondary-level VET have not decreased in Hungary: three quarters of pupils completing primary school still went on to schools offering a secondary school leaving certificate, and chose vocational qualifications mainly in the administrative, financial and service branches after that. For the sake of the better alignment of the structure of VET and the economic needs, and the regional organisation of the VET tasks, the 2007 Amendment of the Public Education Act expanded the competence of the *regional development and training committees (RFKB)*<sup>10</sup>. Pursuant to the new regulation, RFKB contributed to the harmonisation of the labour market needs and the development of VET and set the development trends and admission rates of the latter.<sup>11</sup> The introduction of regional planning forced the stakeholder institutions and organisations to align the tasks of vocational and adult education and training, and adjust both to the employment needs of the given region.

### ***Introduction of scholarship for vocational school students***

The scholarship for vocational school students was introduced in 2010 to make education and training offered by the vocational schools more attractive, and to support those who chose a vocational qualification in demand in the economy.<sup>12</sup> The latter, that is, 10 shortage vocational qualifications by region, were defined for the following academic year by the RFKB by 30 September.

The scholarship could be awarded irrespective of income status to students taking part in full-time public education in a year of vocational training at a VET school, in student legal relationship, learning a vocation in demand in the economy of the given region. The amount of the scholarship was – and still is – HUF 10,000/day in

<sup>10</sup> RFKB operation was regulated under Decree 13/2004. (IV. 27.) of the Minister of Education on the execution of Act LXXXVI of 2003 on vocational training contribution and support for the development of training. The task of the RFKBs was to distribute the decentralised budget of the Training Fund Segment of the Labour Market Fund.

<sup>11</sup> Public Education Act, Section 89/B (1)

<sup>12</sup> Government Decree 328/2009 (XII. 29.) on the scholarship for vocational school students

the first half and a monthly HUF 10-30,000 subsequently, depending on the study results. The scholarship is funded from the Training Fund Segment of the Labour Market Fund (currently, National Employment Fund). The financial implementation of the programme is currently executed by the Vocational and Adult Training Directorate of the National Labour Office.

In all probability, the scholarship for vocational school students was an efficient contribution: in 2012 16.4% of those who passed their exam in the school system acquired qualification in the mechanical engineering (metal industry) trade group and 13.4% in that of architecture.<sup>13</sup>

### ***Establishment of the regional integrated vocational training centres***

By the early 2000s, Hungary had had a highly fragmented system of vocational training institutions. In 2001, there were no more than 1,287,000 full-time students in the in the vocational training grades of the approximately one thousand VET school. Most training institutions launched secondary vocational school as well as vocational school classes, but the number of parallel classes in the vocational training grades was very low indeed. This aggravated training organisation and also limited the career choice options of the students.

#### **Number of vocational training schools, 2001-2011<sup>14</sup>**

Academic year	Vocational school	Special vocational school	Secondary vocational school
2001-2002	469	116	798
2005-2006	496	131	797
2010-2011	465	135	694

#### **Number of full-time students in the vocational training grades (persons)<sup>15</sup>**

Academic year	Vocational school + special vocational school	Secondary vocational school
2001-2001	66879	61787
2005-2006	70841	66266
2010-2011	83498	67943

To make the system more efficient, Hungarian VET policy decided in 2005 to set up regional integrated vocational training centres (Hungarian abbreviation: TISZK) modelled on the Dutch regional training centres. The introduction of the new model was prepared by a tender announced in the planning period of 2004-2006 under

<sup>13</sup> Based on the data supply of examinations organised in formal education

<sup>14</sup> Statistical Information, Education Year-book, 2010-2011. Ministry of National Resources, Budapest 2011, p. 15.

<sup>15</sup> [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_zoi003.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_zoi003.html)  
[http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_zoi005.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_zoi005.html)

the National Development Plan. The tender provided an opportunity to create 16 TISZKs and to develop their infrastructure.

In Hungary, the maintenance of the educational institutions was governed by the Municipal Government Act passed by two-third majority. Since it was not possible to amend that, the creation of TISZKs started by an amendment of the relevant financing rules, i.e. the Vocational Training Contribution Act. Previously, the legal regulation made it possible for employers to provide direct support to VET institutions and deduct that from their vocational training contribution corresponding to 1.5% of the wage bill, and VET institutions could be provided support for investments required by practical training from the Training Fund Segment of the Labour Market Fund. The amendment of 2007 of Vocational Training Contribution Act<sup>16</sup> limited the scope of this support option to institutions providing school-based vocational training that were part of a TISZK. Pursuant to the new provision, a training institution could only have recourse to such support if the headcount of full-time vocational school students in formal education of the institution(s) fulfilling vocational training tasks under a TISZK attained 1500. Special vocational schools and higher education institutions offering higher-level vocational education have remained eligible for the support.

The 85 TISZKs established by 2011 realised five markedly different organisational models. They covered at least 90% of school-based (formal) VET. The TISZKs varied in size. Three quarters had more than 3000 students, but some comprised more than 20 schools and sometimes more than 10 thousand students. A typical TISZK functioning in the form of VET organisation partnership or association comprises 5-10 schools, with some 3-6000 students in each.

### ***Restructuring of vocational education and training***

As indicated above, the legislation has made it possible to have knowledge acquired as part of career orientation and theoretical and practical trade-group-specific grounding training at secondary vocational school recognised in further studies. Some secondary vocational schools drew up programmes in which the number of vocational training years after SSLE was reduced by one due to the recognition of foundation training provided in the secondary school grades.

After 2005, a growing number of vocational school maintainer municipalities decided to integrate, for the sake of cost trimming, the contents and requirements of the first year of vocational training into the programme preparing students for the SSLE to reduce the number of vocational training years after the examination.

The rate and the distribution by sector and trade group of VET participants and graduates obtaining vocational qualification in upper secondary (Levels 31-33), post-secondary (non-tertiary) (Levels 51-54) VET or VET offered by a secondary vocational school or an institution of higher education (Level 55) changed in the past decade. In 2011, 48.6% of persons obtaining vocational qualification after SSLE did so in the trade groups of arts, economics, administration, commerce and marketing,

<sup>16</sup> As stated in Section 29 of Act CII of 2007 on the amendment of the acts necessary for the execution of the reform programme affecting VET and adult training

business administration and catering and tourism.<sup>17</sup> Within post-secondary, non-tertiary VET after SSLE, the rate of persons choosing higher-level VET (Level 55) rose fast and approximated by 2011 40% of those entering post-secondary training (Levels 51-55). The drop-out rate of higher-level VET was extremely high, since a significant part of students regarded further education in college rather than professional training as their main objective, and transferred to higher education after completing the first year, using the programme as a preparatory course for securing admission.

The fluctuations in the headcounts of Levels 31-33 qualifications were due to the modification of the duration of training and, presumably, to the introduction of the scholarship for vocational school students.

**Number of examinations passed at Levels 51-55 in the fields of arts, economics, administration, commerce and catering/tourism in 2011**

Level of education and training	51-54		55	
	2011	2012	2011	2012
Trade group				
Arts	1774	2131	843	920
Economics	1507	1167	1644	1928
Administration	470	609	1307	1414
Commerce/marketing, business administration	3508	3186	1704	1564
Catering/tourism	2079	1801	1923	1809
Total	9338	8894	7421	7635

***Introduction of early VET***

As shown already, under the combined effect of the restructuring of the school system, the depreciation of upper-secondary-level VET and the demographic processes, the proportion of students choosing vocational school after completing primary education dropped to 23% of the generations concerned over the past decade. When the age limit of compulsory schooling was raised to 18, the least motivated students showing the poorest performance also continued their education in vocational school. Vocational school Grades 9 and 10 provided general education, career orientation, pre-vocational training and vocational grounding training, and vocational education started in Grade 11. In Grades 9 and 10, relatively little time was allocated to practical training. The school programmes were not adjusted to the capabilities of the students. Consequently, vocational school Grades 9-10 were characterised by very high drop-out rates. A significant part of students dropping out from vocational school was replaced by students who failed at secondary school.

<sup>17</sup> Number of persons who passed the exam, by training level and trade group, in 2011 and 2012; data supply based on exams organised in school-based education and training

The economy was also dissatisfied with the performance of vocational training, especially the results in Grades 9 and 10. The employer organisations urged to raise the proportion of students participating in VET and the extension of the training period. The representatives of the social sciences have also expressed sharp criticism on vocational school training.

VET policy responded to the above by modifying the school structure model put in place after 1998. The 2009 the amendment of the Public Education Act reinstated the possibility to start VET after reaching the age of 14 and completing eighth grade.<sup>18</sup> Pursuant to the amendment, special vocational school education and teaching could start for students with primary school qualification, i.e. who completed eight-year primary school, “could be organised in grades providing exclusively vocational training and – with at least one third of the total training time based on the requirements applicable to the educational phase laying the ground for general education – the transfer of the theoretical and practical knowledge components necessary for vocational training.” Parliament passed the proposal with 95.2% majority.

## II DEVELOPMENT OF THE INSTITUTIONAL SYSTEM OF VOCATIONAL EDUCATION AND TRAINING IN HUNGARY

### *Measures taken after the change of government in 2010*

The European countries have been working since 2002, in the context of the Copenhagen Process, on setting joint objectives in the field of vocational education and training. The second phase of the process started in 2010 and it is linked to the Europe 2020 strategy.

The Hungarian and European VET and adult training policies have the same objectives:

*“Initial and continuing VET share the dual objective of contributing to employability and economic growth, and responding to broader societal challenges, in particular promoting social cohesion. Both should offer young people, as well as adults, attractive and challenging career opportunities, and should appeal equally to women and men, to people with high potential and to those who, for whatever reason, face the risk of exclusion from the labour market.”<sup>19</sup>*

Hungarian employment and VET policy accepts the goals set in the Europe 2020 strategy and the priorities and development tasks defined under the Bruges Communiqué, but it gives priority treatment to ***the improvement of the quality and efficiency of vocational training, the enhancement of its attraction force and the reinforcement of adjustment to the labour market, and to the dissemination of the forms of learning/training based on work*** among them.

To create VET ensuring competitive knowledge and adjusted to the demands of the economy, the Hungarian government concluded a co-operation agreement with the

<sup>18</sup> Act XLIX of 2009 on the amendment of Act LXXIX of 1993 on Public Education, Section 3(4)

<sup>19</sup> Bruges Communiqué, Version of 7 December 2010

[http://ec.europa.eu/training/lifelong-learning-policy/doc/vocational/bruges\\_hu.pdf](http://ec.europa.eu/training/lifelong-learning-policy/doc/vocational/bruges_hu.pdf), p. 4.

Hungarian Chamber of Commerce and Industry, a prominent actor of the economy, that has assumed, as a result, part of the VET-related functions. The reform of the system of vocational education and training, however, necessitated further steps. The objective, as expressed by the Hungarian work plan, a policy document prepared in May 2011,<sup>20</sup> was to restore the prestige of vocational training and to transform the structure and the financing system and regulation of school-based vocational and adult education and training. This required transformation encompassing every component of vocational education and training.

The strategic document entitled *Concept for reforming the VET system and harmonising it with the economic needs* (hereinafter: VET concept) was completed and adopted by the Hungarian Government in the summer of 2011.<sup>21</sup>

The document evaluated the results of the developments implemented in the previous decade, called the attention to the tensions between the training supply and the labour market needs in terms of both the training levels and the employment branches, to the predominance of training for the arts, economics, administration, commerce, catering/tourism in secondary vocational school education, and to the low effectiveness of upper-level vocational education and training.

It analysed in detail the situation of the vocational school, the changes of the proportion of students concluding student contracts, the experience of the study scholarship for vocational school students, the placement options of the career-starter youth and the steps taken to introduce early vocational training. It presented the programmes launched to promote the bridging training and integration into training of the underprivileged and the Roma youth, and to reduce the drop-out rates in the VET grades, as well as experience acquired during the introduction of modular, competency-based education and training and examination. It assessed experience obtained from the operation of RFKBs and TISZKs, and expressed proposals to boost the efficiency of vocational and adult education and training, and to narrow the quality gaps between the education and training of the young and adults.

The proposals concerning the reform of the VET system and its harmonisation with the economic needs modified the conditions of the organisation and operation VET at vocational schools, secondary vocational schools, under student contract, in adult education and training, and made it necessary to amend also the acts and decrees governing vocational education and training and public education. The new laws were passed at end-2011<sup>22</sup> and the related decrees were issued in 2012 and 2013.

### **Institutional system of VET: VET within the school system, in adult education and outside the school system**

In Hungary, the majority of young people acquire their first vocational qualification in the form of regular school-based vocational education and training. The concept

<sup>20</sup> Hungarian Work Plan, 19 May 2011, Ministry for National Economy, Budapest, p. 39.

<sup>21</sup> Concept for reforming the VET system and harmonising it with the economic needs, MNE State Secretariat for Employment Policy, VET and Adult Training Department, Budapest, 2011.

<sup>22</sup> Act CLX of 2011 on Vocational Training Contribution and Support for Training Development  
Act CLXXXVII of 2011 on Vocational Education and Training  
Act CXC of 2011 on National Public Education

of school-based (formal) vocational education and training is defined by the VET Act<sup>23</sup> as follows:

*“School-based vocational education and training: vocational education and training provided in the framework of public education, as defined by the Act on National Public Education and in the vocational schools defined under the Act, the participants of which are in student legal relationship with the school.”*

The State makes it possible for vocational school students to obtain their first vocational qualification recognised by the state within the framework of school-based VET – under the conditions defined under the educational and VET legislation – free of charge. The acquisition of a second or further vocational qualification(s) is subject to the payment of tuition fee(s). The disabled youth and the youth in a multiply disadvantageous situation are exempted from the payment of tuition fees. For the purpose of public support granted for the acquisition of a second or further vocational qualification(s), vocational qualifications recognised by the state obtained outside school-based VET shall be disregarded. A vocational qualification to be mastered in training to fill a job requiring a previously acquired vocational qualification at a higher level shall not be regarded as a second vocational qualification.

Adult education is part of school-based (formal) education and training. After reaching the age of 16, the student may continue his/her education in the framework of adult education, under day-time, evening or correspondence work schedules.

In regular school-based VET, a student reaching the age of 21 can only start a new academic year in adult education.<sup>24</sup> However, the VET Act makes it possible for students who started their studies in vocational training in the form of full-time education or adult education organised according to the full-time schedule – exclusively in continuous training, without repeating or interrupting a year – to complete them under the same schedule.<sup>25</sup>

The concept of education outside the school system is defined by the Adult Education Act:<sup>26</sup>

*“Education outside the school system: education and training the participants of which are not in pupil/student legal relationship with the training institution.”* The participants of adult education conclude an adult education contract with the training institution. The terms of training, the registration and accreditation of the training institution, the training programmes and the inspection of adult training are governed by the Act on Adult Education and the related legislation.

Vocational training in adult education is implemented first and foremost on a market basis. The institutions providing adult education (including those within the school system) announce and organise courses offering vocational qualifications (equivalent to those offered by the school system) figuring in the OKJ, the National Qualifications Register, in view of the effective demand and the support objectives.

<sup>23</sup> Act CLXXXVII of 2011 on VET, Section 2(16)

<sup>24</sup> Act CXC of 2011 on National Public Education, Section 60(2)

<sup>25</sup> Act CLXXXVII of 2011 on VET, Section 33(7)

<sup>26</sup> Act CI of 2001 on Adult Education, Section 29(9)

## **Institutions of school-based vocational education and training<sup>27</sup>**

### ***Secondary vocational school***

In the model introduced after 1998, the secondary vocational school comprised four secondary-level forms preparing for SSLE and as many vocational training forms as defined under the OKJ. The secondary school grades also provided career orientation and trade-group-specific grounding training. Part of the schools integrated some of the requirements of vocational training into their trade-group-specific grounding training, and reduced the number of vocational training years accordingly.

Career orientation and grounding training in the secondary school grades, however, provided no vocational qualification. The duration and especially the proportion of time allocated to practical training was very limited. After the secondary school leaving exam, a significant part of students did not move on to the vocational grades, but chose other vocational qualifications instead or continued their studies in higher education. In order to raise the proportion of persons acquiring secondary-level vocational qualification, the new model has made it possible to provide vocational theoretical and practical training under a total of 37 secondary vocational school programmes in the years of preparation for SSLE besides the transfer of general knowledge. The students pass a secondary vocational school leaving exam, which replaces the first vocational training year in the given sector, and also provides qualification suitable for filling a job there. The new model was tested in 2012 and its national roll-out will start in 2013. In the coming years, the old and the new model will co-exist. The students who started their studies in previous years at secondary vocational schools where vocational grounding training was organised so as to reduce the number of vocational training years can still prepare for their vocational exam according to the requirements of the old qualifications register.

### ***Vocational school***

In vocational schools, the previous model providing career orientation and pre-vocational education and grounding training in Grades 9 and 10 and vocational training from Grade 11 on co-exists now with that of early vocational training based on Grade 8, and the novel-type three-year “dual” form of training that will gradually become exclusive starting from 2013. Vocational schools today host hardly one quarter of each generation of the youth, and mainly students in a disadvantageous situation. The high drop-out rates in Grade 9 and the low efficiency of vocational school training warranted the return to training based on the eighth grade.

From 2013 on, vocational school training can be joined on condition of completing primary education (the Grade 8) or by completing the Bridge Programme of Public Education regulated under the Act on National Public Education.<sup>28</sup>

<sup>27</sup> The institutional structure of formal vocational training, its operation, funding and the introduction of new forms of institutions are governed by the VET Act and the Act on National Public Education: Act CLXXXVII of 2011 on VET  
Act CXC of 2011 on National Public Education

<sup>28</sup> Act CXC of 2011 on national public education, Section 13

The ***Bridge Programmes of Public Education*** are dedicated to promoting the catching-up of students with incomplete primary education, their familiarisation with career-orientation and the training options, experience acquisition, the grounding of the career choice decision, and the development of the competencies needed for mastering a vocation or engaging in employment. The Bridge Programmes can also be joined by students who have primary school qualification, but were not admitted to secondary school. At the end of the programme, the school issues a certificate of the fulfilment of the study requirements. The Bridge Programme can also prepare for the acquisition of a partial vocational qualification.

Vocational schools have three vocational training grades providing education in the general subjects needed for the acquisition of the given vocational qualification and also vocational theoretical and practical training. The number of years of vocational training defined under OKJ for a given qualification is reduced by one for students who completed vocational school Grades 9 and 10 or have a grammar school or (non-relevant) secondary vocational school leaving certificate.

In vocational school, one third of the mandatory lessons of students who completed eighth grade is allocated to general education. In the academic year of 2012/13, vocational school students who took part in general education and career orientation and vocational grounding can still start to study for the vocational qualifications under the old OKJ in 01 September 2013 or 2014.

### ***Transition options in VET***

With a vocational qualification, students can prepare for SSLE in four subjects, mathematics, history, a foreign language and the language and literature of their mother tongue by having their general studies and completed vocational requirement modules recognized under a new, two-year programme. The programme is to be organised in secondary vocational school Grades 11 and 12, according to the requirements defined for Grades 9-12.<sup>29</sup>

The youth with vocational school qualification can also obtain 34 kinds of, mostly technician's, qualifications based on their SSLE in the form of adult education/training, with 5 years of vocational experience and a master examination certificate.<sup>30</sup>

### ***Special vocational school***

To provide students with special educational needs school-based education and training, the special vocational school

- *functions as a special vocational school* when it prepares for vocational exams or provides knowledge required for engaging in work and starting life to those who cannot keep pace with the other students due to their special educational

<sup>29</sup> The Austrian secondary school leaving exam (Berufsmatura) is organised along similar principles <http://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10010064>.

<sup>30</sup> For the list of vocational qualifications, see Annex No. 4 of Government Decree 150/2012 (VII. 6.) on the National Qualifications Register and the rules of procedure for the amendment of the National Qualifications Register.

needs; the number of grades is defined according to the special framework curriculum,

- *functions as a special vocational school for skills development* when it prepares mentally retarded students for starting their life and mastering simple work processes allowing them to take up work; the number of grades is defined according to the special framework curriculum.

### ***Regional integrated vocational training centres under transformation***

The TISZKs set up from 2008 to 2011 were not created according to the Dutch model figuring in the original concept.<sup>31</sup> The system of the maintainers of VET institutions was highly differentiated, including foundations, churches and enterprises besides the county and urban municipalities. Therefore, the TISZKs created from 2008 to 2011 were organised along many kinds of principles, in line with the maintainers' interests, and integrated vocational training centres based on the territorial principle in the strict sense were set up in a few large towns and some counties only. Thus the previously experienced contradictions in the planning and organisation of vocational training have prevailed.

Pursuant to the Public Education Act passed at end-2011, in 2013 VET institutions maintained previously by the municipalities were fully transferred to state maintenance. The objective of the TISZKs is to harmonise the regional VET tasks to be executed by the state and the municipalities; to enhance the efficiency of training and resources utilisation; to optimise the performance of VET tasks; eliminate parallel training programmes and developments, and assert the demands of the labour market in formal VET. TISZK members can co-operate in the execution of other tasks as well. The TISZKs may also take part, as defined under the Act on Adult Training, in VET outside the school system.

If the student headcount does not exceed ten thousand, the state maintainer fulfils the maintainer's VET tasks by maintaining one VET school per county; if it exceeds ten thousand, it may also fulfil the VET tasks of the county/capital by maintaining several VET schools so that the student headcount of each school should exceed five thousand. If the student count is lower than ten thousand, the VET tasks of the county can be executed by a maximum of two state-maintained VET schools with at least two thousand students in each.

The VET functions associated with the trade group of the arts and the special vocational school and skills-development-oriented special vocational school functions can be accomplished also in the form of an independent VET school, to which the headcount criteria specified above shall not have to be applied.

As of September 2013, state-supported school-based vocational training for vocational qualifications in the agricultural branch can only be provided, with certain

<sup>31</sup> Hungary's territory is 93 000 km<sup>2</sup>, and the average size of the regions is 13.3 thousand km<sup>2</sup>. In the Netherlands, according to the CEDEFOP publication, ten years ago there were 43 regional training centres, 12 regional agricultural training centres and 13 minor specialised vocational training schools. One training centre covered an area of one thousand km<sup>2</sup> on the average.

exceptions, by VET schools founded and maintained by the minister responsible for rural development.

### Content regulation in VET

#### *The National Qualifications Register (Hungarian: Országos Képzési Jegyzék; OKJ)*

In 2011, the National Qualifications Register (OKJ) issued in 2006 listed a total of 1303 basic vocational qualifications, partial vocational qualifications, branch-offs and add-ons.<sup>32</sup> Many of the qualifications have attracted few students or none at all since their introduction, and so they could be cancelled with good reason. For the sake of the rational organisation of training, the number of vocational qualifications had to be reduced. With the roll-out of VET based on completing Grade 8, it was no longer justified to assign vocational qualifications to be acquired after the completion of Grades 8 and 10 to a separate category. Due to the efficiency problems of higher-level vocational training, as of the schoolyear of 2013/14, higher-level vocational training can only be launched at higher education institutions, under new conditions and under the name of *tertiary-level vocational training*. The main principles of the design of the new OKJ of 2012 was summed up in the VET Act passed at the end of 2011.<sup>33</sup>

The vocational qualifications recognised by the state have four categories:

- vocational qualifications to be taught exclusively in school-based (formal) VET
- vocational qualifications to be taught either within or without school-based (formal) VET
- vocational qualifications to be taught exclusively in VET outside the school system
- vocational qualification add-ons and partial vocational qualifications.

#### Changing number of vocational qualifications<sup>34</sup>

Vocational qualification outcomes	Old OKJ (2011)	New OKJ (2012)
Partial vocational qualification	358	147
Basic vocational qualification	311	286
Vocational qualification branch-off	432	–
Vocational qualification add-on	202	199
Total	1303	632

Pursuant to the VET Act, the identification number, level and name of the vocational qualification, the duration of training, its classification by trade group and secondary vocational school branch, whether it can be trained under a full-time, evening or correspondence schedule, and the name of the minister appointed to

<sup>32</sup> Balázs Fekete: Key changes in vocational training; *Szak- és felnőttképzés*, 2012. No. 1, p. 20.

<sup>33</sup> Act CLXXXVII of 2011 on VET, Section 6

<sup>34</sup> See Balázs Fekete, op. cit.

specify its vocational and examination criteria have to be defined in the OKJ. The new OKJ appeared in July 2012.<sup>35</sup>

The vocational qualifications offered by the VET schools can be assigned to 22 trade groups. According to the new OKJ, 74 vocations can be taught at VET within the school system following the completion of Grade 8, and 125 vocations in secondary vocational school following SSLE. There are 14 vocational qualification add-ons offered after the acquisition of vocational qualification at a vocational school within the school system, and 65 based on the secondary vocational school leaving exam.

The number of partial vocational qualifications is 146. The enrolment of students participating in training within the school system to acquire partial vocational qualification is restricted to the Bridge Programme of Public Education and to special vocational schools and skill-development-oriented special vocational schools.

### ***The vocational and examination requirements***

The minister responsible for the given OKJ vocational qualification is to issue its vocational and examination requirements by decree. A vocational and examination requirements specify the following:

- previous school and vocational qualifications, practical knowledge components, input competencies, medical fitness requirements, career competence requirements needed for admission into training,
- the most typical occupation, activity, field of work associated with the given vocational qualification,
- the proportion of time allocated to theoretical and practical training, the number of vocational training grades in the vocational training school, the latest date for organising the level exam to measure the competencies necessary for work under guidance,
- the identification number of the vocational requirement modules associated with the given vocational qualification,
- the admittance criteria of the vocational exam,
- the List of Tools And Equipment specifying the tools needed for doing the examination tasks,
- for vocational training within the school system, the period of uninterrupted vocational practice that is to take place after the period of teaching,
- the recognition of previous studies, work experience in meeting the vocational requirements,
- the vocational organisation appointed under the vocational and examination requirements or the vocational/professional chamber interested in the branch as a whole that is to be represented in the vocational examination committee.

The vocational and examination requirements do not comprise the detailed vocational requirement modules of the vocational qualification; those are specified by a uniform regulation.

<sup>35</sup> Government Decree 150/2012 (VII. 6.) on the National Qualifications Register and the order of procedures to amend the National Qualifications Register

### ***Framework curricula of vocational training***

Vocational training within the school system is governed by the mandatory uniform vocational training framework curricula issued on the basis of the vocational and examination requirements. The framework curricula for the general subjects are issued by separate legal regulation.

The vocational training framework curriculum is issued for school-based VET is issued by vocational qualification, and it covers vocational theory, and vocational practice organised either at the school training shop or at a business organisation. The framework curriculum shall ensure that 33% of the time frame of the mandatory lessons in all the vocational school grades taken together be used for teaching the general subjects specified under the National Core Curriculum.

For secondary vocational schools, the vocational framework curriculum is issued by sector and by vocational qualification, and for vocational theory and practice, respectively. The framework curriculum shall ensure that in secondary vocational school Grades 9-10 and Grades 11-12, at least 70% and 60% of the time frame, respectively, be allocated to teaching what is specified under the National Core Curriculum.

The content of at least 90% of the annual number of mandatory lessons available for vocational theoretical and practical training is defined by the vocational training framework curriculum. The vocational content of the remaining time frame is defined by the vocational programme of the vocational training school.

Bridging training, career orientation and vocational training provided under the Bridge Programme of Public Education is defined by a dedicated, independent, framework curriculum.

### ***The vocational programme and the training programme***

On the basis of the vocational and examination requirements and the vocational training framework curriculum, VET schools are to draw up a vocational programme as part of their pedagogical programme, and institutions outside the school system providing vocational training must do the same in compliance with the vocational and examination requirements, taking into account the content requirements of the vocational training framework curriculum.

### **Practical training**

#### ***Organisation of practical training; dual training***

School-based VET is implemented provided in the form of vocational theoretical and practical training according to the vocational and examination requirements and the vocational training framework curriculum issued by the minister responsible for the given OKJ qualification. Practical training comprises practical training during the teaching period and uninterrupted practical training outside that period. The students' practical training can be organised and performed at any practical training site maintained and operated by the VET school or an organisation delivering prac-

tical training where the conditions of preparation for the practical requirements are provided for. Practical training is feasible at the school training shop, the training shop or workplace of an employer that has an agreement with the VET school, or in the form of student contract (dual training). If possible, practical training should be organised so that it alternates within the week with theoretical training.

In VET schools, vocational practical training should be organised for Grade 9 students – except for the uninterrupted vocational practice period – within the vocational training school or at a training shop of an organisation entitled to deliver practical training that is used exclusively for the purpose of practical training. It is possible to recognise previous work experience acquired in employment in a relevant field based on the specific decision of the head of the vocational training school.

VET schools should employ primarily practical teachers with teacher or specialist teacher (trainer) qualification. In organisations providing practical training, the trainers active in practical training there should be persons with relevant vocational qualification and at least five years of vocational experience, with no criminal record, and not subject to professional disqualification preventing them from pursuing the practical training activity. In vocational qualifications for which the relevant master examination requirements have been issued as well, the possession of a master's certificate is also a precondition. However, in the first place, persons with specialist teacher (trainer) qualification should be employed as trainers for the practical part of the studies.

### ***The student contract***

Hungarian vocational training policy considers it a priority task to ***stress the adjustment of vocational training to the labour market and to extend the work-based forms of learning and training***. Therefore, the institution of the student contract will be upgraded and extended, and companies will be encouraged to join in in VET. Many components of the regulations applicable to the student contract are similar to the German regulation of dual training.

Student contracts can be concluded with the students from the beginning of the first vocational training year for training preparing them for the first vocational qualification recognised by the state and eligible for central budget support. The contract is conditional on that the student should meet the medical fitness criteria and career aptitude requirements defined for the vocational qualification under the legislation. The student contract itself as well as its amendment or termination shall be put in writing.

Student contracts may be concluded by a business association organising practical training or any other budgetary institution, foundation, society or institution maintained by a church legal entity complying with the relevant legislative criteria that figures in the register of organisations entitled to provide practical training. The register is kept by the territorially competent economic chamber. Any business organisation or other agency or organisation can be added to the list, provided that it is capable of meeting the personnel and technical conditions of delivering practical

training and commits itself to applying mandatorily the vocational training framework curriculum issued for the given vocational qualification.

It is the task of the economic chamber to promote the conclusion of student contracts. If no student contract is concluded as a result of the contribution of the economic chamber, the latter informs the VET school. In this case, it is the VET school that will have to provide for the practical training of the student.

Besides the data of the contracting parties and of the organisation of the training, the student contract specifies the rights and obligations of the student and the training organisation, respectively, the conditions of the termination of the contract, and the allowances to be extended to the student.

The organisation undertaking to provide for the practical training of the student has to announce to the registration agency and the VET school its intention to conclude a student contract by May 15 before the start of the schoolyear. The register is kept and the student contracts are counter-signed by the territorially competent economic chamber. The organisation organising the practical training forwards every copy of the student contract or the amended student contract to the registration agency within five working days. The organisation organising the practical training announces the termination of the student contract to the registration agency and the VET school within five working days.

### ***Rights and obligations of the student and the practical trainer***

The general rules of practical training shall apply to training provided under student contract. The student shall do the tasks specified under the VET framework curriculum as part of the practical training, and shall be employed exclusively under healthy and safe circumstances. The organiser of the practical training shall provide the student occupational health and safety education relevant to the practical training task. The organiser of the practical training shall provide for the regular medical checks of the student during the training period.

In the framework of practical training provided under student contract, the student of a secondary vocational school or a vocational school shall have all the rights of an employee under the Labour Code. The student may also initiate legal disputes to assert his/her claims related to practical training, in accordance with the provisions applicable to labour disputes.

Responsibility for the preparation of the student for the practical part of the complex vocational examination lies with the organiser of the practical training, based on the vocational and examination requirements issued for the given vocational qualification and the vocational training framework curriculum. The practical training organiser shall provide the human and material conditions necessary for preparation for the practical training requirements and for the practical exam.

The student contract may only be concluded for the period until the vocational training exam, for the remaining period. A training organiser that commands only part of the conditions necessary for providing practical training may conclude an

agreement with another organisation or VET institution eligible for providing practical training, to which it can redirect its student-contract-holder student. The redirection period shall not exceed 50% of the practical training period defined under the student contract, with the proviso that the other organisation is entitled to charge the party obliged to pay contribution a fee to cover its practical training-related expenses.

For a minor student, the practical training time shall not exceed 7 hours a day, and 8 hours a day for a major student. The daily training of a minor student shall be organised between 6 am and 10 pm, continuously. The student shall be granted at least 16 hours of uninterrupted rest between the end of the practical training and the start of practical training on the following day. The student shall not be employed to do practical training in excess of the daily training time. The practical training of the student shall not take place at the organisation delivering the practical training

- on the days of theoretical training,
- on the day of events organised by the VET school where every student must be present,
- in the examination days of the student during his/her studies and the days of the mandatory complex vocational exam at the end of his/her studies, and
- whenever the employee of the practical trainer is also exempted from the obligation to work pursuant to the labour legislation.

Participation at the practical training sessions is compulsory. The VET Act regulates the order of the registration of participation in training and of the absences and the steps to be taken in case of absence in excess of the predefined proportion of the training period. The organisation organising the practical training shall keep a log of the practical training sessions. The session log shall comprise the vocational activities by subject as well as the period of time allocated to them and the evaluation of the student.

The practical trainer shall pay the student allowance on the basis of the student contract, defined as a certain percent of the minimum wages, proportionally with the duration of the theoretical and practical training time defined for the given vocational qualification and under the vocational and examination requirements.

## **Management and decision-making levels of vocational training**

### ***Functions of the central administration***

Vocational training issues beyond the competence of the *minister responsible for vocational training and adult training and the ministers responsible for the vocational qualifications* are regulated by Government regulation. As part of this function, the Government issues the OKJ and the vocational requirement modules of the vocational qualifications recognised by the state, as well as the vocational examination regulation, and the general rules of the vocational control of complex vocational examinations. The Government defines the rules of the registration and control of organisations entitled to provide practical training, of the commencement and implementation of vocational training and of career orientation and career monitoring, and the fees related to the complex vocational exam. Moreover, it defines

the vocational qualifications that make the maintainer of the VET school eligible for budgetary contribution. This latter is called a trade structural decision.

Vocational training management is currently overseen by the *Minister for National Economy* as the minister responsible for vocational and adult education and training, who defines

- the allowances granted to students,
- the rules of the preparation and publication of the list of the names of the presidents and members of the national vocational examination committee and of the vocational training experts, and
- the administrative service fee of the procedure to obtain the examination organisation permit for organising the complex vocational exam and the rules of the payment of that fee.

The Minister for National Economy

- performs the functions defined under the Act on Vocational Training Contribution and Support for the Development of Training in regard of the Training Fund Segment,
- establishes and operates the National Qualifications Committee,
- makes the Vocational and Adult Training Directorate of the National Labour Office compile the national module map and provides for its publication,
- sets up the development and training committees of the capital and the counties, respectively, and provides for the conditions of their operation together with the economic chamber,
- commissions the drawing up of the mandatory vocational training framework curricula by vocational qualification in vocational school and by sector in secondary vocational school and publishes these documents.

Besides the above functions, the Minister for National Economy also performs the functions of the minister responsible for the vocational qualifications in regard of the vocational qualifications assigned to his/her competence.

The functions related to the specification and content development of vocational qualifications recognised by the state, and those related to examination and inspection are assigned to the competence of the *minister responsible for the vocational qualification*. The minister responsible for the given vocational qualification shall define in regard of the vocational qualification within his/her sector

- the vocational and examination requirements of the vocational qualification,
- the detailed rules of the control of the vocational certification and the complex vocational examination,
- the requirements of the master craftsman examination,
- the special vocational, material and personnel conditions of obtaining the examination organisation licence and the implementation of the vocational examination organisation activity, and
- the institution appointed to organise the vocational examination, under its management.

In regard of the vocational qualifications relevant to his/her sector, the minister responsible for the qualification makes a proposal for the qualification to be recognised by the state, specifying the duration and the requirement modules of the training. The minister is in charge of organising the further training of the teachers involved in vocational theoretical and practical training, and makes a proposal for the vocational examination regulations and the organisation and operation of technical consultancy. The minister provides for the organisation of national vocational study contests, the examination tasks of the vocational exams, the relevant evaluation guides and other documents and contributes to the official inspection of the vocational examinations. The minister responsible for the vocational qualification may operate an institute delivering research and development service to promote the fulfilment of the functions listed above.

### ***Interest reconciliation in vocational training***

Interest reconciliation concerning the national strategic issues of vocational training takes place at the National Economic and Social Council (Hungarian: Nemzeti Gazdasági és Társadalmi Tanács; NGTT)<sup>36</sup> and the National Vocational and Adult Training Council (Hungarian: Nemzeti Szakképzési és Felnőttképzési Tanács; NSZFT).

The NGTT operates with the participation of the employer and employee interest groups, the interest advocacy associations, the national chambers of economy, NGOs active in national policy, the historical churches, and the representatives of science and of the domestic and ethnic Hungarians. The NGTT monitors and analyses the social and economic development of the country and makes proposals for Parliament and the Government to solve the comprehensive macro-economic and social problems as part of its consulting, commenting and proposal-making competence.

NSZFTs helps the minister responsible for vocational and adult education and training perform his/her functions.<sup>37</sup> The NSZFT expresses its opinion on strategic issues concerning the development and the principles of the vocational and adult education and training system, respectively, the relevant draft legislation, support to be granted from the Training Fund Segment as defined under the Act on Vocational Training Contribution and Support for Training Development and its utilisation. It makes proposals for the distribution of the decentralised budget of the Training Fund Segment of the National Employment Fund among the counties; the forms of support to be granted from the central budget of the Training Fund Segment; the measures promoting the work placement of adults taking part in vocational training outside the school system; the development of the vocational requirements, curricula, and new methods, and the provision of the relevant financial resources.

The NSZFT comprises one representative of each of the ministers concerned in VET, of renown experts of vocational training, adult training and higher education, the representatives of the vocational and social organisations active in VET, the

<sup>36</sup> Act XCIII of 2011 on the National Economic and Social Council; *Hungarian Bulletin*, 2011, No. 81 <http://www.kozlonyok.hu/nkonline/mkpdf/hiteles/mk11081.pdf>

<sup>37</sup> Act CLXXXVII of 2011 on VET, Section 78-79

representatives of the interest groups of the institutions providing adult training, the representatives of the national employer and employee association with representation in the NGTT and one representative of each of the national economic chambers and of the school maintainers. Its president and members are invited by the minister responsible VET and adult education and training.

### ***County-level vocational training functions***

The County Development and Training Committee (Hungarian: megyei fejlesztési és képzési bizottság; MFKB) is a body created for the purpose of the development of VET and the enforcement of the labour market needs, with consultation, commenting and proposal-making competence. It contributes to the harmonisation of the demands of the national economy and the development of vocational training. It makes proposals for vocational qualifications to be covered by VET in the capital or the given county, eligible or non-eligible for support from state budget, and on their headcount limits. Its proposal-making competence does not include vocational qualifications in the arts, culture, handicrafts, the traditional crafts, and those related to defence and the police.

The Committee makes its proposal for the schoolyear concerned by the proposal by the last working day of March in the previous year. Based on the proposal, the Vocational and Adult Training Directorate of the National Labour Office prepares the trade structural decision of the Government that defines for each county and the capital the range of vocational qualifications and secondary vocational school sectors for which the maintainer of the VET school

- may enrol students without any limit,
- may request budgetary support based on the headcount limits and, within that, it defines by maintainer of institutions providing school-based VET in the given county (the capital) the respective headcount ranges for the vocational qualifications and the secondary vocational school branches, respectively,
- is not eligible for budgetary support.

Other functions of the Committee:

- it draws up its concept comprising the short- and medium-term plans for the vocational training directions and enrolment proportions applicable to the development of formal VET in the given county (or the capital) that is part of the territorial development concept and programme, respectively, of the county or the capital, as the case may be,
- it makes a proposal for vocational qualification(s) eligible for scholarship for vocational school students in the given county,
- it contributes to harmonising VET within and without the school system, and VET in public education and in higher education, respectively,
- it participates in drawing up tenders for the development of formal VET, tenders related to the decentralised budget and other tenders; makes proposals for the county-specific budgets and priorities of the decentralised budget; participates in the announcement and evaluation of the tenders and makes proposals

for the winners of the tenders for the decentralised budget and the amounts that they are to be granted,

- in case of maintainer inquiry, it makes a position statement concerning the soundness relative to the condition ever of the labour market of VET-related maintainer decisions in the capital or in the county concerned,
- it co-operates with the county municipalities or the Municipality of Budapest in planning the tasks and the development of vocational training, and contributes to the implementation of the career orientation and career monitoring tasks.

The Committee consists of the representatives of employer and employee associations with national representation and their organisations, of the territorial economic chambers, the government agency and the county general assembly, respectively, its president, co-president and members are invited by the minister responsible for vocational and adult training for a period of three years.

### **The vocational training contribution**

Economic actors have played a decisive role in Hungarian vocational education and training in the past century, especially in the fields of dual training, practical education, support for VET schools and maintenance of independent VET schools. Student contracts could be concluded until 1969, and this option was re-instituted after 1993. In the decades of the socialist planned economy, the practical training of skilled worker trainees took place in the training shops and at the workplaces of large companies. The Vocational Training Fund was created in the 1970s to distribute the burdens of vocational training; at that time, 1 or 1.5% of the wage bill had to be paid to the Fund as contribution, depending on the sector concerned. The companies could reclaim from the Vocational Training Fund their vocational training expenses; the Fund was used to pay the scholarships of vocational trainees in formal education and to support the development of corporate training shops.

The relevant regulations have changed several times after 1990. In the past decade, the utilisation of the vocational training contribution was defined under the Act of 2003<sup>38</sup> and allowed companies involved in training to deduct their vocational training expenditures. However, the vocational training contribution has also been used in other fields such as the development of the infrastructure of practical education, or support for projects promoting the development of the VET system.

The accounting system of the support model applied from 2003 to 2011 was excessively complicated and, therefore, the employer organisations initiated its simplification. The new act on vocational training contribution and support for the development of training was prepared in late 2011 on the basis of these proposals.<sup>39</sup>

<sup>38</sup> Act LXXXVI of 2003 on Vocational Training Contribution and Support for the Development of Training

<sup>39</sup> Act CLV of 2011 on Vocational Training Contribution and Support for the Development of Training

### ***The vocational training contribution obligation and its fulfilment***

The vocational training contribution at 1.5% of the social contribution tax defined by the tax legislation is compulsory for companies registered domestically or abroad that are active in Hungary. From 2013 on, no contribution is payable on the employment of the members of certain privileged groups, e.g. career-starters, beneficiaries of child-care support or fee, long-term unemployed and new employees of enterprises active in a free enterprise zone in the first two years of their employment.

The obligation to pay vocational training contribution can be met in the form of formal training at a state-maintained VET institution or on the basis of student contract concluded between a trainee in formal training organised on the basis of a vocational training agreement at a VET school on the one hand and the party that has to pay contribution on the other, or by organising formal, full-time practical training based on a co-operation agreement between the VET school and the contribution payer.

The contribution payment obligation can also be met by assuming the costs of vocational or foreign language training organised for the contribution payer's own employees under an adult training or student contract, or to meet the obligation imposed by the employer that the employee should continue his/her studies or, in higher education, in the form of vocational practice organised for a practice-intensive *basic training programme*<sup>40</sup> taking place at an external training site, based on a work contract concluded with the student.

The cost accounting of student-contract-based training has been simplified by the regulation that let the entrepreneurs meeting their vocational training contribution payment obligation by organising practical training reduce the contribution amount, as of 2012, by the product of the base normative amount of HUF 440,000/cap/annum and the weighting factor defined by vocation.

A contribution payer that does not or does not fully meet its vocational training contribution payment obligation by support for training shall pay the contribution to the relevant account kept by the Tax Administration.

### ***Utilisation of the Training Fund Segment***

The part of the vocational training contribution paid to the Tax Administration constitutes the Training Fund Segment of the National Employment Fund. Within the limits specified under the Annual Budget Act,

- training support may be granted to a business association with a seat, branch site in Hungary creating jobs for at least 50 persons,
- support may be granted to the contribution payer for the establishment of a training shop where it plans to deliver practical training in the framework of formal VET,

<sup>40</sup> Bachelor level

- support may be granted for an investment targeting the development of the technical conditions of practical training provided in a training shop owned by the contribution payer.

The Training Fund Segment is divided into a central and a decentralised budget. The vocational training contribution funds are used to support central programmes related to vocational/adult training, other bodies/organisations entitled to conclude student contract, VET school study scholarships, and vocational/adult training measures implemented under with EU co-financing. The decentralised budget corresponds to 75% of the amount remaining after the deduction of the above items, and the central budget is the sum remaining after that. The central and the decentralised budgets are distributed by application.

### ***Utilisation, accounting and control of the vocational training contribution***

The detailed conditions of support granted from the Training Fund Segment shall be specified in a contract. The contract shall be concluded by the National Labour Office. The utilisation of support granted from the Training Fund Segment shall be controlled by the National Labour Office, the ministry led by the minister responsible for vocational/adult training and other agencies specified by legal regulation.

### ***VET school scholarship***

The VET school scholarship was introduced in 2010 to enhance the attraction force of VET and to support those who chose a vocational qualification in demand in the economy.<sup>41</sup> Pursuant to the new regulation adopted at the end of 2012, the name of the supported vocational qualifications became ***shortage vocational qualifications***, and the scholarship was limited to the acquisition of ***the first vocational qualification***: “Scholarship shall be granted, irrespective of income status, to students of shortage vocational qualifications studying in full-time formal VET grades preparing them for their first vocational qualification.”<sup>42</sup> Students studying a vocational qualification in demand in the economy and producing adequate study results are eligible for a scholarship of a monthly HUF 10-30 thousand.

The shortage vocational qualifications are defined by the MFKBs. In the academic year of 2013/2014, in more than ten of the nineteen counties the following vocational qualifications figured in the list of vocational qualifications implying eligibility for VET scholarship: CNC mill operator (19), electrician (18), social care-provider and nurse (17), welder (16), industrial mechanic (14), mason and ceramic tiler (14), carpenter (14), ironworker (buildings, structures) (13), toolmaker (11).<sup>43</sup>

<sup>41</sup> Government Decree 328/2009 (XII. 29.) on the VET scholarship

<sup>42</sup> Government Decree 328/2009 (XII. 29.) on the VET scholarship, Section 3(1)

<sup>43</sup> Government Decree 331/2012 (XI. 28.) on the trade structural decision for the schoolyear of 2013/2014, the vocational qualifications providing for eligibility for VET scholarship in training launched in the schoolyear of 2013/2014 and on the basis of certain government decrees on the topic of vocational training

## **Adult training tasks in VET schools**

Major steps have been taken in the development of adult training in recent years: the network of regional training centres providing training and also methodological development activities, comprising 10 institutions, was created with international co-operation, and many programmes based on EU funds were launched to enhance the competitiveness of the economy and support the integration of employees living in the crisis regions. The Adult Training Act passed in 2001<sup>44</sup> established the conditions of the quality assurance and accreditation of adult training institutions.

However, adult training has been determined primarily by the economic needs, the demand for the various training courses and price competition within the training market that forced the adult training institutions to cut their training costs.

In Hungary, low employment and the shortage of labour with competitive vocational qualification manifest themselves concurrently, and it can be stated that the quality of adult training is often lower than that of training within the school system. In order to attain the goals specified and undertaken under the Europe 2020 programme, to raise the rate of employment, enhance the competitiveness of the economy, improve the conditions of living of the residents of the crisis region, it is imperative to expand the capacity of adult education and boost its efficiency by all means.

The new, territorial, model of VET organisation and consequently the few large institutions hosting as many as 5 thousand people by county provides for efficient resources utilisation and the use of the quality technical assets available in formal VET also in adult training. Pursuant to the VET Act,<sup>45</sup> TISZKs may take part in VET outside the school system. The new Adult Training Act was submitted to Parliament in February 2013.

The implementation of the new model of large integrated training centres has not come to an end with the establishment of the legal and institutional conditions, but requires further complex development activities where the experience of EU member states operating similar training institutions with success, e.g. the Netherlands or the United Kingdom, can be put to use.

### **Summary, prospects**

Similarly to the other Central European countries, Hungarian vocational education and training preserved its fundamental institutions and values up to 1990. Student contracts prevailed until 1969, and the economy had also played a decisive role in practical education prior to 1990. After the political changeover and the loss of Eastern markets, the plants and workplaces that used to host the vocational trainees and the students graduating from vocational training have disappeared. The automated technology of the international companies taking their place offered much less employment opportunities and the relationship and co-operation of the economy and vocational training has weakened.

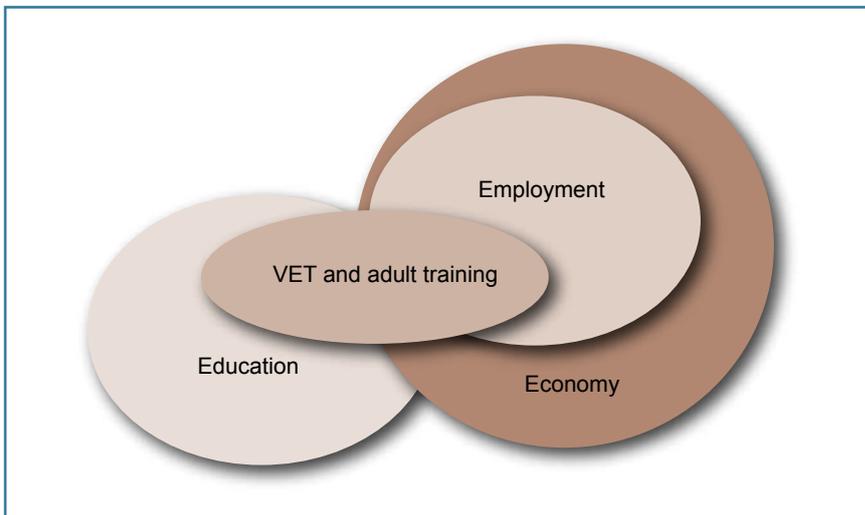
<sup>44</sup> Act CI on Adult Training

<sup>45</sup> Act CLXXXVII on Vocational Education and Training, Section 5(10)

Since 1990 many VET modernisation programmes have been deployed, but some have not been continued. This is most likely due to flawed developer efforts, as well as the general condition of the economy that was to accommodate the youth graduating from vocational training.

The developments presented in this paper so far were initiated by the representatives of the economy, and their implementation and future success will depend amongst other things on how the economic actors will co-operate in practical training and whether the graduates will be able to find a job. Similarly to many EU Member States, Hungary is facing serious demographic, employment and competitiveness challenges. Since October 2008, economic growth has slowed down in several South and East European Member States. The per capita GDP gap between the richest and the poorest European regions underwent tenfold growth.<sup>46</sup> Vocational training is not sufficient in and of itself to create competitiveness, for its effectiveness depends equally on the social situation of families raising children, the quality of general education, and the development level of the economy involved. The economy, employment, vocational training and education and social policy are interdependent. The close connection between employment and economic policy is stressed also in the vocational documents of the European Commission: “It is obvious that employment policy is part of general economic policy and that the labour markets can be supported also with other economic policy tools...”<sup>47</sup> The interdependence of education, employment and the economy is illustrated by the following figure:

**The links between public education, vocational training, the employment system and the economy**



The implementation of developments deployed in the field of vocational education and training will require concerted efforts in the years to come; projects covering

<sup>46</sup> Regional GDP per capita in the EU in 2010: eight capital regions in the ten first positions  
Eurostat Newsrelease 46/2013 - 21 March 2013  
[http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/1-21032013-AP/EN/1-21032013-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/1-21032013-AP/EN/1-21032013-AP-EN.PDF)  
<sup>47</sup> Leitfaden Soziales Europa Teil 1. Beschäftigungspolitik Europäische Kommission Generaldirektion Beschäftigung, Soziales und Integration. Juli 2011  
<http://ec.europa.eu/social/main.jsp?catId=738&langId=de&pubId=6041&visible=1>

the transformation of the pedagogical culture of general schools as well as master training required for the implementation of dual training, career orientation in the last years of primary school or the preparation of Roma minority students for vocational studies, their vocational training itself and their employment. However, the development of VET is conditional on achievements within the economy and employment. Considering the situation of East and South European countries facing similar concerns, this process could most efficiently be fostered by a new European policy focusing on narrowing the gaps in regional development.<sup>48</sup>

<sup>48</sup> [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-HA-12-001-01/EN/KS-HA-12-001-01-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-HA-12-001-01/EN/KS-HA-12-001-01-EN.PDF)

# THEORETICAL FOUNDATIONS OF ORGANISATIONAL KNOWLEDGE MANAGEMENT

## INTRODUCTION

According to Schultz's study entitled *Investment in Human Capital* (SCHULTZ, 1961, 1983), employees can become capital owners by acquiring knowledge and vocational skills of economic value. In Schultz's interpretation, education and training is a form of investment creating a special type of capital, referred to as human capital.

According to S. Rosen (ROSEN, 1977), human capital is made up of the individual's capabilities and productive knowledge. Consequently, the returns from investment in human capital come from increased knowledge and expertise possessed by the individual and thereby his or her income generating capacity as well as the efficiency of economic decision-making are also enhanced.

As a consequence of the economic and social changes observed today, all over the world education and training are increasing in importance, along with the role of knowledge management. By the second half of the 20th century, knowledge became a dominant factor of production and its importance has been growing steadily ever since. This increased role is reflected at the level of the economy and society alike by the use of expressions such as *knowledge society*, *information society*, *network society* and the subject matter of this publication, *knowledge management*.

According to economist and philosopher Hayek, in modernity attainable knowledge is characterised by *fragmentation*, where the individual possesses small pieces of the required knowledge elements. Moreover, this knowledge is not explicitly expressed, but often *tacit* or *practice-experience based* as well as local in nature. The bulk of such knowledge elements and skills are not acquired in the framework of formal training and education but are learnt in the productive environment. (THUROW, QTD IN NYÍRI, 1998). Accordingly, in unfavourable cases the knowledge of the employees remains unreflected and unorganised, and is difficult to transfer. The sharing, transmitting, transferring, organising, standardising and receiving of knowledge has thus become problematic. Hayek saw the functioning of the market as the force coordinating and collectivising local knowledge elements. (NYÍRI, 2005) One positive fact is that the partial and fragmented nature of knowledge elements may, in principle, result in a strong *need for cooperation*, particularly where this cooperation is driven by strong and persistent interests. In regard to the

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management of knowledge elements, the process of globalisation – as a relatively new development – demands flexibility and advanced networking in the course of cooperation. It should be noted, however, that knowledge management has become a paramount instrument not only of cooperation and of teamwork within businesses but also of *competition* between businesses. Certain knowledge elements are thus treated as monopolies of the selected group, which is quite natural in business.

Knowledge management is inseparably linked to *innovation*: without adequate knowledge management, there is nothing to guarantee the utilisation of the products of creative thinking, thus a business may suffer loss upon loss and may find itself at a major competitive disadvantage. The directions therefore need to be staked out, new ideas need to be encouraged, mistakes have to be regarded as a source of learning and related results must be evaluated and recognised. Innovation, as a process, relies heavily on bringing tacit knowledge elements and knowledge originating from experience to the surface. (BORSI, 2009)

Based on the above introductory considerations the following main questions are formulated in regard to knowledge management: What role does knowledge management play in the life of organisations and businesses? What concrete activities, structures and processes can be assigned to knowledge management in the framework of a given business undertaking? How can knowledge management become part of the organisational culture? In what networks of connections does knowledge management function within organisations?

In addition to the definition of knowledge management, information, communication, trust, knowledge and intelligence, organisational culture, organisational communication, innovation, technology, training and management also played a role as basic concepts in defining the points of departure for our study.

## THEORETICAL APPROACHES: KNOWLEDGE MANAGEMENT

The majority of existing definitions of *knowledge management* focus on functionality, besides giving lists of content elements. One common feature is that knowledge is considered in this case as a form of capital. (HUGHES, HOLBROOK, 1998)

According to one definition, *knowledge management* is the delivery of relevant knowledge to the right people at the right time in order to improve the performance of a business through activities carried out using the information concerned (searching, recording, comparing, evaluating, distributing, converting, etc.). (STEWART, 2001) In relation to the above definition, McDermott (1999) calls for caution: he argues that the really great contradiction and trap lies where the basic principles and instruments of *information management* are used in designing the systems of *knowledge management*, whereas information is not the same as knowledge. ‘Knowledge is experience, everything else is information’, McDermott quotes Albert Einstein’s comment.

In a general sense, *knowledge* is the possession of some cognitive knowledge element and capability to interpret in a given situation, which may vary widely from quantitative and qualitative perspectives alike. *Intelligence* means a high degree of

adaptability to the environment. This adaptability means integrated application of knowledge pertaining to the given situation. *Information* is a consolidated set of facts, measurement results, calculation results and analyses in a given situation, at a given point in time and under given conditions. *Information* is, in itself, only a properly arranged series of signals that can be interpreted as a message. In fact, information has an impact on the dynamic system, the actual environment in which it appears: it is capable of changing the state of the system. Information, as an opportunity, however, is not equivalent to knowledge.

Information is transformed into knowledge through *interpreting activity*, in a context enabling and facilitating interpretation. This transformation is a key momentum of knowledge management. Information is reviewed in the process of knowledge construction: information is evaluated, meaning is assigned to it and the new knowledge elements obtained on the basis of the entirety of the information received are determined, and finally all this is integrated in the structure of our existing knowledge elements. We execute operations with metadata (the data describing our data) and then we select the adequate framework of interpretation from among the possible contexts. Finally, we make *decisions* or *proposals* on the basis of the new knowledge.

Knowledge is the result of human action, always linked to the given moment (it is evoked, created, renewed), it belongs to human communities and it moves around in communities. New knowledge always comes about on the borderline of old knowledge, and the management of knowledge is based on a particular cooperation between information systems and human systems. Communities share information with each other, they reflect on their own experiences, they realise facts and relationships and thereby they resolve problems as they occur. (McDERMOTT, 1999) According to Stewart (2001), the conversion of information into knowledge is a critical step in value generation, a step that determines the competitive advantage of a modern business undertaking.

The knowledge developed on the basis of information is preserved by business organisations. According to Willis (2005), the key rules governing the management of information are as follows: transparency, accountability and reliability, adequate process control, strict observance of laws and regulations and the protection of personal and corporate information from unauthorised access.

The flow of information, in contrast with the standpoint of a widely known early theory called the transaction theory, is not equivalent to communication. *Communication* means the state of the accessibility of *knowledge elements* required for problem solving. (HORÁNYI, 2007) This participatory theory of communication lays emphasis on the target oriented and problem solving nature of knowledge.

One important and particular feature of human (social) communication is, on the one hand, that the overwhelming majority of our signal systems is based on a general consensus, i.e. these systems are of a symbolic nature. On the other hand, the use of communication channels changes flexibly, and the fields of communication and the signal systems themselves are also constantly changing and evolving. This

flexibility is based on the *digital* aspects of the signal systems (enabling free combination).

As a consequence of the above, the coordination of *human cooperation* and the issue of *interpretation* also come under the limelight with reference to communication (as well). The knowledge elements required for problem solving also develop very flexibly and in a plastic way, developments – in theory – enable increasingly adaptive and progressive strategies of knowledge acquisition, knowledge generation and knowledge storage.

*Communication audit* is a comprehensive, thorough analysis and study of the importance, organisation and practice of communication within a given organisation (HOGARD, 2007, 178). The most important questions of a communication audit are as follows: Does the knowledge required for problem solving and supporting continuous development reach all stakeholders within the organisation? What communication structures are developed and what processes are organised by the participants and what obstacles do they have to get over? Do problems arise from attempts made at securing exclusive access to information or from the turning of the flows of information into one-way processes? Are there difficulties in selecting relevant information from the flows of data? Have all of the stakeholders got prepared for participation in the communication process, are they ready for recording, interpreting, integrating and sharing information? Is everybody aware of exactly through what types of information and in what ways they have to carry out their activities within the organisation?

The above questions are related directly to the processes and activities whereby information is transformed into knowledge.

A questionnaire of ICA (International Communication Association) comprising 134 items was put together in the seventies and it is still being used in communication audits (THOMAS, ZOLIN AND HARTMAN, 2009; HOGARD, 2007). This questionnaire reviews 8 main areas or themes within an organisation (with the main demographic characteristics added to the questionnaire as the 9th such area):

- 1 How much information do we actually need to receive in relation to a given theme and how much of it is actually received?
- 2 How much information do we have to pass on to others in relation to a given theme and how much do we actually send?
- 3 How much follow-up takes place and how much is needed in relation to information sent to others?
- 4 How much information do we receive from specific sources and how much of it is actually needed from those sources?
- 5 How timely is the information received from key sources?
- 6 How much information do we receive through specific channels and how much information do we need to receive through those channels?
- 7 How can human relationships between communicators be characterised?
- 8 How satisfied are the stakeholders with the most important organisational achievements? (HOGARD, 2007)

Knowledge management functions in communication networks. In the age of technocracy, it is widely held that the introduction of modern infocommunication instruments resolve the issues of knowledge management. The modernisation of information technologies brings about a variety of benefits: it strengthens organisational norms and documentation relating to the management of information and it facilitates the continued development of networks. Knowledge management, however, is a lot more of a function of organisational culture and organisational communication, as well as individual employee attitudes and habits. *The introduction of information technology itself does not create good working relationships or an innovation-friendly organisation structure and it does not resolve issues relating to the sharing of ideas and knowledge elements between individuals. Nor does it make individuals more inclined to do so.* (McDERMOTT, 1999)

Thomas, Zolin and Hartmann note in one of their studies, published in 2009, that although the relationship between communication and trust has been explored by many, the researchers' attention was rarely focused on factors such as the relationship between the quality and quantity of information, the openness of the organisation or the development of employee commitment and performance. This study is related to recommendations concerning knowledge management, which claim that the practice of knowledge management can be developed through the development of the community of employees, and that the community frameworks need to provide forums suitable not only for sharing information but for joint thinking as well. In this way, the sharing of knowledge elements can become a natural part of the work process. (McDERMOTT, 1999)

Research projects focusing on trust established a relationship between trust and managerial and organisational efficiency and performance, job satisfaction, commitment to the organisation and cooperation. Trust means an increasing in social capital because it promotes the sharing of knowledge elements among the employees. Communication is the way to the development and maintenance of trust. In their theoretical model, the authors illustrate connection as follows (*Figure 1*).

*Trust develops in relationships and it makes the parties capable of adopting a tolerant and cooperating behaviour even in risky situations.* The employee trusts his superior if he believes that: he can expect fair treatment, his employer will provide opportunities for him to develop his skills and expertise and the working tools and resources required for effective and efficient work are available for him and, on top of all this, he may even expect adequate management.



Source: Thomas, Zolin and Hartman, 2009.

**Figure 1: Communication, trust and commitment**

If an employee's trust is shaken, he will spend his time protecting himself, that is, he is trying to identify possible weak points that can be attacked, questioning the instructions of his superior, sparing no time or energy, but in fact wasting such time

and energy form the aspect of the company. Accordingly, he will use his acquired knowledge in a way that is useless for the organisation. In such a situation, the parties focus on the maintenance of the structure of power, rather than on developing knowledge. The employee may, ultimately, go and seek another job.

Trust is based on assumptions that arise in the course of communication with another individual and that change continuously. The *quantity and quality of information* may be a decisive factor. Quality can be defined in terms of accuracy, good timing and relevance. Such information reduces uncertainty. The quantity of information is a more difficult issue: the literature is not so straightforward on this point. Most recent research has shown, however, that information reducing the level of uncertainty also strengthens trust. Thomas et al. have found in their empirical study that the quality of information is of particular importance on a horizontal plane, in relations between employees, in fostering an atmosphere of trust, while the quantity and quality of information are both equally important factors for superiors and management.

The above overview has shown that knowledge management is linked to a variety of important fields and dimensions of a company's life, including for instance organisational culture, organisational communication, innovation, training and management. Accordingly, the practice of knowledge management appears in the form of a purposefully organised complex chain of activities.

BIXLER (2002, QTD IN MATHI, 2004) contend that four fundamental factors determine the success of knowledge management and each of these fields need to be dealt with in order to ensure effective operation. The factors concerned are: management, organisation, technology and learning.

*Management* is effective if the managers are capable of working out business and operational strategies to ensure that the business in question acquires adequate positions in an ever-changing market environment. To this end, there is need for a future vision that goes beyond but is related to the strategies, for emphasis on the importance of the value of knowledge management and for suitable key individuals. One indispensable requirement is that the good practice of knowledge management should adequately function at all levels of the organisation. The role of *technology* lies in that the instruments of knowledge management are provided by an aptly suitable infrastructure. Mathi (2004) identifies the technologies specified by the Gartner Group in the following way: encoding; storage; searching; retrieval; the possibility of sending critical information (on to individuals and groups); structuring, obtaining information; sharing, cooperation; synthesis; personalisation; recommendation, solution; integration, business applications; maintenance.

Other scientists, such as for instance Davenport and Probst (2002), consider the following factors essential in the application of knowledge management: management; performance measurement; organisational policy; the acquiring and sharing of knowledge, training courses; the structure of information systems; quality assurance.

Summing up the findings of his own empirical research and in accordance with McDermott's recommendation, Mathi (2004) concludes that depending on the objectives of the organisation *an organisational culture encouraging the sharing of knowledge*, that is, one converting competitive strategies within the organisation into cooperative strategies, *should be developed*. One problem, faced by numerous organisations, arises from employees' unwillingness to share information with one another. Successful organisations enable their employees to share information because they *reward* such endeavours. Furthermore, the managers of such organisations facilitate the process as role models, openly discussing successes and failures, involving all stakeholders in the communication process.

The management teams of those organisations that efficiently apply the practice of knowledge management are characterised by clear-cut future visions and strategies, the managers are capable of encouraging and facilitating changes (whenever necessary) and they make it clear how knowledge management (KM) facilitates the achievement of the company's goals. The adequate technology supporting innovation and the accessibility of knowledge elements is of key importance: this includes the capability of managing certain types of information in the form of a routine skill, along with the establishment of up-to-date electronic and 'social' communication networks. Continuous evaluation of the application of KM is indispensable, along with the systematic recording and communication of the benefits and results achieved.

In the course of the assessment of knowledge management, according to one possible system of categorisation, the facts, the reasons/causes, the methods and the persons are taken into account ([www.stratosz.hu](http://www.stratosz.hu)). Hughes and Hoolbrook (1998) focus on the following components of KM:

- *Creation of knowledge*: This issue, which is of fundamental importance from an organisational aspect, is linked to key competences. The authors claim that the efforts taken by a given business to create knowledge are to be scrutinised.
- *Management*: Opinions *vary* as to which managerial style (lenient vs. structured) supports KM *best*, but most agree that there needs to be a single individual among the senior managers who is in charge of innovation.
- *Performance measurement*: The justification of all invested efforts need to be proven, and this applies to KM as well. The application of KM needs to be linked to the results achieved ('innovation audit').
- *Competitive intelligence*: Raising awareness of the types of competitors the organisation needs to compete with, along with their skills and capabilities in comparison to those of our own company. This does not amount to 'industrial espionage': it is about thoroughly mapping the corporate environment, covering a variety of aspects.
- *Strategic alliances*: Collection of knowledge and information on strategic partners.
- *Strategic projections*: Taking primarily long-term trends into account.
- *Human resource development*: Knowledge is situated 'in the heads' of the employees, i.e. taking care of employees adequately is an indispensable requirement.

In relation to knowledge management, McDermott (1999) highlights the role of *communities within the company* along with the persons playing the role of coordinator within such communities, who play a key role in the development of community relationships within the organisation. He recommends that such knowledge elements be developed that are of importance in terms of not only business considerations but also according to the views of the community at the given workplace. Simply sharing information is not sufficient: possible forums of joint thinking need to be created. Such forums cannot function within isolated units, they must be made open and permeable for the entire business organisation. Likewise, any reform affecting the organisational culture can only be effective if the entire community is involved. It is important that in the newly developed context knowledge sharing should form an integral, natural part of the work process. To this end, the issues of knowledge management should be expressed and communicated among the management and employees in a language known to the undertaking, through the use of accepted terminology.

McDermott (1999) sums up the four most important aspects of knowledge management as follows:

- *Technical side: Such infocommunication systems* need to be designed and operated that will facilitate joint thinking.
- *Social aspects: The cooperation of communities* is of key importance but this cooperation must not amount to homogenisation. *Diversity is an important source of development* for the business undertaking, provided that different opinions and thoughts are respected and their potential for development and progress is recognised.
- *Management: Developing an organisation culture* in which sharing knowledge is recognised as a value and the ‘maintenance’ of this culture by the management.
- *Personal dimension: the employee is open to the ideas of others and he is ready to share his knowledge with others.*

Authors seem to be undivided in the opinion that since *knowledge is found in the heads of employees*, providing proper care for the employees and the *development of human resources* are indispensable for adequately practicing knowledge management.

## KNOWLEDGE MANAGEMENT AND GENDER ASPECTS

A lot of research projects have been focused on typical communication strategies of female managers (summary: SCHLEICHER, 2007). According to one approach, female managers are usually less status oriented but more focused on relationships and they attach importance to solidarity. This attitude may result in different strategies in knowledge management: for example, it is not so easy to clearly identify a manager who is personally responsible for innovation within the business organisation but at the same time it may be easier to share knowledge among individuals.

Marketing	Division	Operation
symbols	the subject matter of work processes	data
flexible, late start	working time	fixed, early start
'American' style room	work environment	'socialist' work space
'young people' (average: 34 years of age)	age	older individuals (average: 42 years of age)
higher pays, mobile phone, company car	benefits	lower pays, no fringe benefits
those with higher qualifications and multiple language skills in majority	qualifications	predominantly: employees with secondary qualifications
mostly singles	family status	mostly employees with families
dynamic	rhythm	static
multiple, open interaction	relationship with directorate	fewer and closed interactions
future-oriented, optimistic, career building	time focus	past and present, no plans
towards superiors	image protection	towards subordinates
relaxed, cheerful	atmosphere	quiet, frustrated
egalitarian	management style	authoritarian

Source: Schleicher, 2007

**Table 1: Differences within the organisation, broken down by division**

The findings of communication researcher Schleicher, however, encourage a more carefully planned and significantly more refined study of the issue. She propounds that further major differences may originate from position, age and different socialisation into organisational culture. The findings of her qualitative research, based on a triangulative approach combined with multiple methods (observation/shadowing, questionnaires, interviews), reveal significant differences in relation to highly different organisational cultures of two divisions within the same organisation: while marketing is characterised by modern work organisation, work environment and mentality, which are typical of a western style business undertaking, the operational division shows a 'state socialist' atmosphere, which is incapable of utilising women's communication strategies, which are different from those of men. It is not possible, therefore, to talk about a single standard organisational culture or management style. Indeed, the research has identified marked differences within a single business organisation, as presented in (summary-purpose) *Table 1*.

Moreover, Schleicher (2007) emphasises that in the operational division she studied the result of the authoritarian manager's attitude of repressing cooperative elements, which was referred to by a research subject as 'masculine', shows a kind of internal discord: the manager applies conventional communication strategies despite finding

them alien to himself but, at the same time, uniquely effective. This internal discord leads, among other things, to his own colleagues' refusing to accept, like or trust him.

## RELATIONSHIPS BETWEEN KNOWLEDGE MANAGEMENT AND EMPLOYEE AGE

Let us briefly touch upon the importance of employee age in relation to knowledge management. The issue is reviewed on the basis of the doctoral dissertation of Szászvári (2011), who studied stereotypes relating to older employees. An extreme and negative manifestation of such stereotypes is 'ageism', a negative discrimination against older employees, based on the assumption that their knowledge and performance fall short of those of their younger colleagues. The underlying motives of the prejudices include modern societies' general attitude to ageing, the cult of youth and novelty, the actual labour market situation, the perceptions of expected productivity and the findings of certain studies conducted in populations of old people's homes rather than in the normal, average population.

The general contents of stereotypes can be categorised around four main dimensions: *potential performance* (productivity, creativity, efficiency), *capability of development* (learning ability, versatility, ambition), *stability* (prudence, dependence, stamina) and *interpersonal skills* (team work, attention). According to a study on stereotypes, an older employee is a conscientious, reliable and hard worker, whose work is efficient, who thinks before acting, who is loyal to the organisation, who has good interpersonal skills, who is not light-headed, who works well in a team and who accepts guidance. The advantages of young employees, on the other hand, lie in that they are capable of grasping new concepts, they are more ready to adapt to change, to new technologies, they learn fast and are more open to further training. HR managers in the Hungarian labour market tend to take a less positive view of elderly employees than of young ones, who they consider to be more productive and performance-oriented. The disadvantages stemming from the negative views affect primarily employees aged around fifty.

Age discrimination is stronger with respect to any age in the case of women than in the case of men and this adds to gender discrimination and amplifies its effects.

It should be noted in relation to stereotypes that they function not only in the form of hetero-stereotypes but also as auto-stereotypes, they erode employees' self-appreciation and self-efficiency.

There really are differences between the performance of older and younger employees, however, in the case of a normal ageing process – with no ailments – these differences are not identical with the contents of the above stereotypes. Here, we are talking about the differences between the so-called fluid and the so-called crystallised intelligence, the coordinated functioning of which makes it possible to grasp a person's actual knowledge. In regard to fluid intelligence, younger age groups are at an advantage, performing better in tasks such as receiving information, visual and motoric memory tasks, simple discrimination and categorisation. This type of intelligence is void of knowledge and content, and it is exposed to decline with age-

ing. By contrast, crystallised intelligence is rich in knowledge and content, it relates to human relations and the relationships of the surrounding world, it is culture-dependent, based on experience and is focused on problem solving, and ideally it can continuously develop in the case of a normal ageing process. Older people perform better at tasks requiring life experience, accumulated knowledge and a refined, discerning approach. Older employees have higher levels of tacit knowledge (intuition).

This, however, is not characteristic of every single older employee: for it to evolve, a lot of experience in relation to situations in life and human conditions are required. Practice and an underlying motivation driving activities of knowledge acquisition are indispensable. The factors of successful ageing at the work place include adaptability, health, positive relationships, technical/professional development and personal security.

According to a categorisation, ageing employees in stable work environments perform well in activities in which experience plays a key role (e.g. acquisition of interpersonal skills and social knowledge as well as a hierarchy of experiences). There are no significant differences in performance by age in simple, mechanical routine tasks. Furthermore, there are situations and complex tasks where declining skills are successfully compensated for by experience, where this way no differences appear in performance, either. Continuous and rapid changes in information, and situations in which knowledge can quickly grow obsolete, however, are not favourable for ageing employees. Older employees are thus at a disadvantage in comparison to younger ones in tasks that require computer skills. (SZÁSZVÁRI, 2011)

The following quotation draws attention to the fact that older employees play an eminent role in the development of organisational culture, which is a key factor affecting the effectiveness of knowledge management. They deliver higher performance in dimensions that are indirectly but essentially linked to the management of knowledge, such as reliability in multiple senses of the term.

Ng and Feldman (2008) intended to explore relationships between age and work performance through an extended meta-analysis. They criticised earlier studies by arguing that these studies failed to analyse work performance in adequate details. Therefore, the authors laid increased emphasis in their analysis on components of work performance, and they analysed a total of ten dimensions of work performance: core task performance, creativity, performance in training programmes, organisational citizenship behaviour (OCB), safety performance, counter-productive behaviour, aggression at the work place, substance use (alcohol, drug, etc.), late performance and absence. Their findings showed that age usually does not impact task performance in its narrow sense, and that age is also independent of creativity and of performance in training programmes but, at the same time, age is more closely linked to the other seven performance dimensions. Analyses found OCB and safety performance to be in a significant positive relationship while general counter-productive behaviour and specific counter-productive behaviour patterns (aggression, substance use, late performance, absence) were found to be in a significant negative relationship with age. The findings confirm the assertion that older employees make an effective contribution to the components of work performance beyond the com-

pletion of specific tasks. Meta-analysis, for instance, shows that older employees show more OCB and behaviour linked to increased safety. At the same time, older employees show fewer instances of counter-productive behaviour in general, along with a decreased level of aggression and substance use at the work place, fewer instances of late performance and absence. These findings show either that older employees are just as highly motivated to contribute to the performance of their organisations as are younger ones, or that they much more knowingly apply these key behaviour patterns in order to be able to compensate for even the smallest change in their technical capabilities affecting their work performance. On the whole, older employees are good citizens, they can much better control their emotions at the work place and they are much less inclined to adopt counter-productive behaviour patterns. The stereotype associated with older employees – that they are ‘clumsy’ and less likeable colleagues – seems to be completely unfounded. By contrast, the authors also proved that there is only a marginal relationship between age and work performance and creativity in the narrow sense of these terms, and that age is in a somewhat negative relationship with performance in training programmes. (NG AND FELDMAN, 2008, 403)”

*Source:* Szászvári, 2011, 57-58.

## WENGER’S KNOWLEDGE MANAGEMENT MODEL: COMMUNITIES OF PRACTICE

In Wenger’s well-known metaphor of the doughnut, knowledge from experience is focused along the edge, therefore decisions based on knowledge must also be made by these knowledge communities. Wenger propounds that strategy is linked with performance through corporate community activities: employees tell stories relating to the issues and problems to be solved, they form heuristics, they share experience, recognitions and insights with one another and they work out solutions, meanwhile they learn from one another and they teach each other, i.e. the whole community of employees, producing and applying knowledge, can be regarded as the real depository of knowledge management.

Corporate support and participative-consultative management (JUHÁSZ, 2007) is key here, since the required time and infrastructure (information flow, documentation, etc.) are assigned to these activities at the management levels and managers ensure acceptance within the organisation. Therefore, in essence, management is in charge of developing the required contexts for knowledge management, enabling the functioning of communities of practice. Wenger’s model is made up of the following basic elements:

- *Domain:* The knowledge area on the basis of which the given knowledge is organised, which provides the identity for and determines the main areas the community has to deal with.
- *Community:* A community of practice is not only a personal network but a target-oriented group determined by the domain, i.e. the area with regard to which it needs to manage knowledge elements. The community is characterised by the quality of its internal relations and its internal and external boundaries. These relations depend on problem solving.

- *Practice and experience*: All of the knowledge possessed by the members of the community: methods, instruments, technologies, cases, stories, documents, etc. A community of practice is not a mere interest community, but a group of individuals involved in and committed to a given activity.

These three factors together make up knowledge management. The following figure shows that knowledge management is, according to Wenger, a strategic activity, starting with and ending in the strategy, with strategy linked to performance through knowledge. Wenger points out that this is not a one-way model: it must contain top-down and bottom-up processes alike.



Source: <http://www.blog.klpnow.com/KMdoughnut.html>, qtd. in Donnan, 2008.

### Figure 2: Wenger's knowledge management ('doughnut') model

- <sup>1</sup> Domains: fields of knowledge ensuring the organisation and identity of the knowledge community;
- <sup>2</sup> Communities: the community of practice, a target-oriented group determined by the domain (that is the area in relation to which knowledge needs to be managed);
- <sup>3</sup> Practices (practical experience): the knowledge possessed by the members of the community: methods, instruments, technologies, cases, stories, documents, etc.;
- <sup>4</sup> Strategy: knowledge management starts with and ends in strategy, while strategy is linked to performance through knowledge;
- <sup>5</sup> Learning: the instruments, methods, techniques and the process of organisational learning, increasing the competences and enhancing the performance of the organisation;
- <sup>6</sup> Sharing: the employees share experience and recognitions with each other and they work out solutions together to ensure efficient problem solving;
- <sup>7</sup> Stewarding: the members of the knowledge community learn from one another and teach each other;
- <sup>8</sup> Performance: the entire community of the employees producing and applying knowledge jointly provide for organisational performance.

The sponsorship of communities of practice (CoP) means the following:

- the strategic needs have to be converted into a knowledge-oriented organisational future vision;
- the work of the communities have to be legitimised in line with the strategic priorities;
- adequate resources need to be assigned to the activities of CoPs;

- adequate roles need to be assigned to the communities, their proposals must be heard and they should have influence on the way the undertaking is operated;
- the sharing of knowledge, community participation and the leading roles played in communities should be recognised.

CoPs are regarded as instruments for improving the effectiveness of organisational learning, for the enhancement of organisational competences and for boosting the organisation's performance. In 2002, Wenger et al. identified seven basic principles for the creation of CoPs:

1. Planning with a view to development;
2. Connecting external and internal viewpoints in a dialogic framework;
3. Enabling different levels of participation;
4. Creation of public and private community spaces;
5. Focusing on values;
6. Combining new with familiar;
7. The community finding its own rhythm.

(WENGER, McDERMOTT AND SNYDER, 2002, 51. QTD IN DONNAN, 2008)

One of the key messages of Wenger's model (2004) is that a successfully functioning undertaking cannot ignore knowledge generated on the 'peripheries'. This is so, because the 'periphery' is the most important area of the accumulation of experience and practice, the feedback and further development of which is in the interest of the entire community making up the organisation.

## SUMMARY

It can be concluded, on the whole, that the organisational culture comprises a number of values that can promote the functioning of high-level knowledge management.

In an organisation, human capital and organisational capital are made up of the knowledge, skills, capabilities and competencies of the employees. Human capital, as organisational knowledge capital, becomes suitable for further development and utilisation through education, training, further training and innovative initiatives. Accordingly, the performance, efficiency, effectiveness and competitiveness of businesses can be best enhanced by integrating the most and the highest possible level knowledge in their products and services in the processes of production and value creation. Accordingly, the prerequisites for enhancing knowledge capital include continuous further training of employees, research and development as well as innovation. Knowledge, on the other hand, cannot be efficiently utilised without suitable management, organisational and incentive techniques.

Knowledge management within the organisation is the key to adaptability, and it means the application of a special form of integrated knowledge: it analyses the relationships of knowledge, behaviour, environment and one's own motivation in a single context.

One of the indispensable means for the application of knowledge management is the introduction of the practice of innovation audit, i.e. connecting developments with other processes comprised in and linked to knowledge management in a way that makes the link between knowledge and innovation clear and transparent for all. Another important field to be developed within the organisation may be what is referred to as competitive intelligence: raising increased awareness among employees of the competition taking place in the external environment may – besides other benefits – result in stronger internal cooperation.

In regard to the issue of management, the adoption of a consultative-participative management style in the work of the management may help transform the entire community of employees into a knowledge community and a community of practice. It is essential that managers develop awareness of their own roles as coordinators of the community, which is an indispensable requirement for the development of knowledge communities.

All recommendations in the literature point out that since knowledge is possessed by the employees themselves, increased care must be taken of the employees. Technological measures are important but they do not substitute efforts made at developing employees' individual and communal knowledge. In this regard, knowledge elements and knowledge types that are of primary importance both from a business perspective and for the employees themselves need to be identified. In this way, it is possible to combine familiar and exciting new knowledge elements in the best possible way in the practice of knowledge management.

Creating formal and informal forums for joint thinking facilitates the forming of an organisational future vision. There may be a need for other sources as well. The most important thing, however, is that the community should be encouraged and confirmed towards becoming an active participant of knowledge management. The knowledge based on experience so accumulated can function as the shared capital (organisational capital) of the enterprise and this way employees become increasingly committed because they realise that they can make personal contributions to the accumulation and development of shared knowledge.

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## THE ROLE OF VOCATIONAL TRAINING IN THE INCLUSION STRATEGY OF HUNGARY'S SOUTHERN TRANSDANUBIAN REGION BASED ON THE PLANNING EXPERIENCES RELATED TO COMPLEX SLUM PROGRAMMES

Inclusion and vocational training, as concepts, are usually mentioned concurrently on the macrolevel when one talks about Hungary's catching up with more developed countries, which is impossible without a qualified labour force. However, as part of the slum programmes, concerning the inclusion of underqualified residents in long-term unemployment, the role of vocational training becomes less significant compared to competence development and skills training. This research is based upon the review of the Community Intervention Plans prepared within the framework of the first round of projects drawn up under SROP 5.3.6 as well as talks and meetings held during the project planning phase.

### SNAPSHOT OF THE SOUTHERN TRANSDANUBIAN REGION

The Southern Transdanubian Region is the third most disadvantaged region of Hungary, which has kept losing of its economic weight since the regime change. It lost its heavy industry, its light industry has decreased in importance and it cannot compete with the Plain Region in terms of agricultural production, and as a result of the war close to the Southern Hungarian border the large investment projects failed to materialise (REMÉNYI – TÓTH ED. 2009), furthermore, during the 2008 crisis the largest employer in the Region filed for bankruptcy. The only positive result of the latest period is connected to the building industry and is linked to the motorway construction projects, but once the motorway was built, this sector also regressed.

Settlement networks comprised of small villages is typical of the Region (BELUSZKY – SIKOS 2007), there are many functionally deficient small towns and there are only few cities. The Southern part of the agglomeration along Lake Balaton forms a unit

As underscored by the specific experiences presented above, the inclusion strategies of municipal governments mostly depend on the size of the settlement, its geographical location and the competences of the inhabitants of the local segregated areas.

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rather with the Northern shore of the Lake, and is more a part of Budapest than the rest of the Southern Transdanubian Region (HAJDÚ ED. 2006), which also shows in the lack of economic and social relations. The underdeveloped transport infrastructure linking the settlements has made this Region even more vulnerable (HAJDÚ ED. 2006). By now, external and internal peripheries have evolved in the small village regions, with segregated settlements. Young people and the wealthier have relocated to cities from the sparsely populated settlements in the hope of finding a means of living there. These people were replaced by an influx of the Roma population, or the number of residents decreased further (DÖVÉNYI 2007). As a result, the villages have become increasingly populated by aged persons, or the number of Roma residents has kept increasing through the years. Segregated areas, referred to as slums in laymen's terms, have developed inside and outside the areas of cities and larger villages, and these areas are mostly populated by Roma residents.

In terms of the economic and infrastructure conditions of the Region, it is then not surprising that the number of people in long-term unemployment and that of economically inactive working age people are high, which is the result of structural unemployment. The ratio of undertrained, underqualified and/or people of Roma descent is high among the unemployed and inactive populations (HAJDÚ ED. 2006). This group of society lives in (multiple) disadvantaged areas, in deep poverty or below the poverty line. Their labour market potential is very low; their existing competences generally only enable them to work in skilled labour jobs.

The municipal governments of these settlements are also burdened by the economic and social difficulties. On the one hand, they are faced with the scarcity of jobs and their role as employers forced upon them, while, on the other hand, they have to contend with the high rates of the employed and inactive populations. The municipalities are employing different inclusion strategies depending on their size, geographical location, economic conditions, the extent of the actual social problems, the number of unemployed and inactive residents and, last but not least, their own competence.

## INCLUSION AND COMPLEX SLUM PROGRAMMES

The National Social Inclusion Strategy was completed in 2011. The target group of the strategy is composed of those living in poverty, the majority of whom are of Roma descent. Their social and economic integration is one of the greatest challenges and concurrently a token of the future, both in terms of the development of the Hungarian economy and in terms of social cohesion as well. In addition to reaching the goal of their regular employment, the most basic task is to ensure that they have access to services.

The inclusion process builds most extensively on children, where the objective is – in contrast with their parents – to help them attain higher levels of education than that of their parents and to help them obtain marketable vocational qualifications. The inclusion of adults sets similar objectives to the ones set for children by urging that the improvement of their individual competences should guide these adults towards regular employment. The drawing up of the strategy and the harmonisation of training, service, employment and housing programmes financed from domestic

and European funds were the first important milestones of the inclusion policy. We have set out on our path of achieving these goals this year when we started implementing the various programmes.

The most comprehensive programme is SROP 5.3.6 *Complex Slums Programme (provision of access to complex human services)*. The Programme favours the harmonised implementation of social, community development, healthcare, educational, training and employment purpose tools and methods for the promotion of the inclusion of the residents of the individual segregated areas in question. The leaders of the consortiums created for the implementation of the projects are always the actual municipal governments.

The activities related to adult education, adult training and vocational training comprise a separate group of tasks within the framework of the programme: for example, competence development for ensuring employability and for preparation of employment, remedial education to help participants complete their primary school studies, the development of vocational competences necessary for enrolling in vocational training, provision of practical and skills training purpose vocational skills training, as well as offering vocational training courses and courses aimed at obtaining vocational qualifications recognised by the state. The “broadness” of these activities reveals that residents of these segregated residential environments are usually underqualified and may be rather heterogeneous in terms of their employability.

The so-called Community Intervention Plan is part of the grant application documentation, which describes the plans on adult education and training as well as vocational training on the basis of the outcomes of the needs assessment and situation analysis performed by the applicant consortium as well as the targets set out by the municipal decision-makers. The municipalities, however, do not only observe the inclusion strategy; rather, they take other considerations affecting the future and the development of the settlement into account as well. They also take into consideration the accessibility of training courses and their implementation based upon the human and physical conditions provided by the settlements and their environment. As a result, training courses, social services, adult education and training, as well as vocational training feature in the inclusion strategies of the municipal governments of the various settlements to different extents. Their targets and professional areas of expertise are different as well, and are adjusted to the actual conditions of the settlements and their residents.

## STRATEGIES OF MUNICIPAL GOVERNMENTS

Having analysed their own situations and objectives, the municipal governments have formulated different inclusion strategies. As a result, the training and employment strategies of the municipalities also differ from each other and their actual training strategies are largely determined by the labour market and employment situation of the settlements and their regions.

In the first round of applications, seven municipal governments from the Southern Transdanubian Region submitted their project plans. These settlements included cities, small towns, larger settlements and small villages as well, what is more, most

of them are not located in the most disadvantaged microregions. There are settlements that are close to the border and settlements that are regional centres. The location of the segregated areas within the settlements does not show the same pattern. There are centrally located segregated areas and segregated areas on the outskirts, village streets and entirely segregated villages as well.

What links these segregated areas are the underqualification and the low levels of education of their residents, high numbers of children, high ratios of people of Roma descent, a high number of inactive working age residents and unemployed residents, and the low numbers of relevant job opportunities in the private sector. Taking all these into consideration, the municipal governments are adhering to the following employment strategies:

- self-sustainability,
- employment in social undertakings,
- public work,
- taking on domestic and foreign jobs on the primary labour market, self-employment.

In rural areas where conditions for agricultural activities are adequate and where people have the option of tending a small farm, the main objective is to achieve self-sustainability. In cities, self-sustainability can be attained through organising residents' lives. Promoting employment in social associations, and other types of social undertakings is also typical of villages with favourable conditions for agricultural activity.

One of the primary expectations of the majority of the municipalities is to ensure that the target group of the grant programmes reach a level of professional and employment competence that will allow them to be included in public work programmes. Certain municipalities have also set out employment on the primary labour market as one of their main objectives taking certain high demand jobs and employment opportunities into account. A municipal government of one of the more favourably located villages also formulated preparation for mostly Austrian jobs as an objective. Self-employment ranges from acquiring a farmer status through obtaining a sole proprietorship licence to establishing a small business.

## THE ROLE AND PLACE OF VOCATIONAL TRAINING IN THE INCLUSION OF RESIDENTS OF SEGREGATED AREAS

Preparation for self-sustenance is the first objective in the case of people who only have primary school qualification and no work experience. Generally, these preparatory and inclusion programmes entail basic competence development and lifestyle training courses, and occasionally courses of practical skills training such as farming, or learning vegetable and fruit preservation techniques.

Social undertakings are usually established for the purpose of performing agricultural and related processing industry activities on agricultural areas or to provide city services. Social undertakings can already entail job-related expectations that may require basic vocational qualifications. The employees should either be pre-

pared for the input competences, or they may already possess certain knowledge, abilities and skills that allow them to work in such quasi protected jobs. Through the harmonisation of various inclusion programmes, participants may also have the opportunity of advancement and development.

Short-term, public benefit and public purpose work performed as part of public work programmes has always, dating back to the regime change, provided the underqualified with jobs and activities where job-related expectations were extremely low. These jobs usually only tested the willingness of the participants to work (CSOBA 2010). Obtaining eligibility for support is not conditional even today upon having advanced qualifications. However, the majority of the residents of these segregated areas have to be prepared for even these short-term, but regular employment opportunities as well. Based on the pertaining legal stipulations, municipal governments decide which activities can be performed as public work. These jobs usually do not serve the purpose of creating added value, they rather entail maintenance jobs, and are mostly geared towards performing maintenance at the settlements concerned. Agricultural public work tasks generally serve the purpose of the self-sustenance of the village, and they are preceded by practical skills training courses.

However, participation in practical skills training courses is insufficient when it comes to the challenge of entering the primary labour market. Employers expect their employees to have vocational qualifications and work experience is always an advantage. The municipal governments are also aware of the fact that for the majority of the inhabitants of these segregated areas even participation in these vocational training courses is an unreachable goal in and of itself. Nevertheless, finding employment with some partial or basic vocational qualifications registered in the National Register of Vocational Qualifications (OKJ) is much easier, and people with these qualifications are also easier to employ in public work programmes.

As it is evident from the aforementioned, vocational qualifications mostly feature in the inclusion strategy of municipal governments in relation to preparing participants for employment on the primary labour market. The causes of these are rooted, on the one hand, in the education levels and competences of the inhabitants of segregated areas as well as the professional and exam requirements of partial and basic OKJ vocational qualifications, on the other hand. Experience shows that a more difficult written exam may very well stand in the way of obtaining vocational qualifications.

## **SPECIFIC EXPERIENCES GATHERED**

### **DURING THE PLANNING OF PROJECTS SROP 5.3.6**

#### **CITY 1**

The segregated area is one of the areas located on the outskirts of the city, where professional and ongoing “settlement” services have been provided for a long time, that is social work with constant on-site presence is performed there. The current project can build on the results of the previous projects. Training courses – including vocational training courses – are linked to the public work schemes of the city

and of the companies held by the city. The project contains a silvicultural training course for men, which results in an initial partial vocational qualification and does not require completed school training. Not only the low entry threshold was taken into consideration when choosing the vocational training course, but also the opportunity for participants to take part in the maintenance of the forest-covered areas of the city. Mostly women are expected to attend the cleaning technologies apprenticeship training. The training course was also selected because of the low entry requirements. Employment of these training participants is also envisioned for the purpose of maintaining the city's public institutions and real properties. The consortium partnership also expects participants to keep their flats and living environment clean.

## **CITY 2**

The segregated area is located on the outskirts of the city. Social works only entered the least socially developed part of the slums a few years ago. The levels of training and qualification of the traditional Roma residents of the slum does not make it possible to start even partial initial vocational training courses. The training courses are mostly geared towards the male population with the exception of the healthcare/hygiene training programme focused on older women.

## **SMALL TOWN**

This project includes the most complex inclusion, training and employment programme. The project includes both vocational type skills training and vocational training courses geared towards preparation for entry into the primary labour market or employment under a public work scheme. The segregated area is close to the town centre. The majority of the flats are owned by the municipal government. The programmes carried out so far and social workers' constant presence are of help. The Roma population is over-represented among the inhabitants of the segregated area, who were first housed in this part of the town back during Socialism. In addition, the town was heavily hit by the transformation of the domestic industrial structure: the disappearance of jobs caused that the only jobs available to people in the town are in public work schemes even if these people have a marketable vocational qualification.

The completion of primary school studies is a very big result for those included in the training programme, but this qualification is not yet sufficient to find a job. As a result, the municipal government decided to shorten the training course of initial partial qualification and included a forklift driver training course as an addition.

The building equipment and materials handling equipment operator (specialisation: operator of building material preparation machine) basic secondary qualification is mostly used in public work schemes, because it provides a means of employment for participants in the outdoor flooring materials manufacturing plant, and may also promote employment in the construction industry. Project participants with a chainsaw operator initial partial vocational qualification may find a job at the municipal government's forestry service or other forestry employers under a public work scheme or as employees.

Mostly women are expected to enrol in the horticultural worker training course, which also provides an initial level partial qualification, and they can then participate in the maintenance of public areas within the framework of a public work scheme. The venues of the training courses preparing participants for public work are provided by the municipal government.

As a high demand job, welder's secondary vocational training course, providing a secondary vocational qualification, will grant job opportunities for people who have completed their primary school education, and may also be a means to re-train job seekers, whose vocational qualifications are outdated.

The truck driver training course and the training course concluding in a driver's qualification exam enable successful participants to find jobs in international and domestic transport.

### **VILLAGE IN THE BORDER REGION**

The inhabitants of the segregated residential area, made up of former military personnel residential units, do not form a community, their co-existence is wrought with problems. The ratio of increasingly impoverished undertrained people in long-term unemployment is rather high in this area. Moreover, this is where the Roma population of the village – more than 10% of the overall population – is concentrated. The recently failed slum eradication project also had an effect on the way the local complex slum programme was planned. The geographical location of the village allows for preparation for taking jobs close to the border as well as in Austria and Slovenia.

The project provides two complex training programme packages to two target groups, which were set up in line with a preliminary needs analysis. The members of both groups are the same in that they are all undertrained and have a low level of acquired competence. As a result, the programme packages start out with competence development.

The first group includes those who would like to find jobs building on the favourable agricultural characteristics of the settlement or who see an opportunity for self-employment in the field of agriculture (farmer, sole proprietorship). In addition to skills training type vocational programmes, the training package for the first group also includes the horticultural worker training course.

The second programme package focuses on the need to acquire skills that can be used in everyday life (household activities, cooking, culinary techniques, cleaning skills). The vocational training element of this programme package is the cleaning technology skilled worker basic secondary qualification. A German language course was also added to the vocational programmes and vocational training course, because the municipality was also aware of the possibilities of trans-border employment especially with respect to the various tourism and hospitality facilities.

## **VILLAGE WITH AN ISOLATED SEGREGATED AREA CLOSE TO THE CITY**

Due to the vicinity of the city, the village is two-faced. On the one hand, it is independent from the city and there are many new inhabitants so the number of commuters is high, while, on the other hand, a large portion of the services are only available in the city. Although it constitutes part of the village with access to public utility, the segregated area is isolated as it is comprised of the servant housing units of the former manor. The residential properties are owned by the families that keep moving in from the surrounding smaller villages. The number of residents in the village has grown by nearly two hundred and fifty over the past ten years.

For the population of the segregated area, the project offers three different types of training courses with three different outcomes and contents. The first group of courses offers the possibility of obtaining primary level qualifications, the second group offers construction work related skills training courses for men, while the third group includes the completion of a course up to a house farming produce grower training course<sup>1</sup> secondary level vocation training junction, which presupposes entry level competences or a primary school qualification as a pre-requisite of training.

## **SEGREGATED SMALL VILLAGE ON THE BORDER**

The village is located on the Croatian border. Although this area is not part of Ormánság, the similarities between this village of approximately four hundred and fifty souls and the small and micro-villages in the Ormánság area are quite numerous. The village today is almost fully inhabited by Roma populations. Although accompanied by fluctuations, the number of the inhabitants of the village is consistently decreasing. Only six people have regular incomes. Jobs are only available in the nearby larger villages or small towns. Because the inhabitants are undertrained, they only have the potential to obtain primary school qualifications and to do agricultural skills training courses. In spite of this, one of the objectives of the village within the project is to become a “self-sustaining village” in addition to helping its residents become self-sustaining as well, based on the assumptions of the favourable agricultural conditions present in the village.

## **SETTLEMENT WITH ONLY ONE ACCESS ROAD**

This village with one access road is located in Tolna County in an area with extremely favourable agricultural conditions and the potential for forest and game management. Keeping the interests of the village in mind, the municipal government has already implemented several projects successfully and have applied for a number of other programmes as well. The village utilises its public work opportunities to the fullest. As a result, the village is nice, well-kept and clean. Since the

<sup>1</sup> According to the new National Register of Vocational Qualifications Decree, the house farming produce grower training course can be launched outside the school system until 31 December 2012. After this date, according to the Decree, only house farming and fruit produce grower secondary specialisation training courses can be launched, which are accessible after the completion of primary school education and is, as a rule, based on a qualification obtainable in school system training. As a result, this type of training will have to be modified.

forced housing projects in the sixties, the ratio of the Roma compared to the overall population of the village has been growing. At the time of the regime change, it was the Roma who lost their jobs first and who were left without income. As a result of the continued impoverishment of the majority of the Roma population, streets and parts of streets have become segregated within the village. An appropriate foundation for the inclusion of these segregated areas have already been laid down by the projects that were implemented previously. The internal social order of the village is based on people's attitude to work. People who work are considered worthy of inclusion. That is why it is important to extend the inclusion process to the residents of the segregated streets and parts of streets as well. Due to the low levels of education of the population, providing access to vocational training is not in focus in this village, either. What is needed is providing access to targeted skills training courses, which allow participants in the focus of the project both to be included in the life of a village that wants to become self-sustaining and, as a result, to be included in the community of the village.

## **SUMMARY**

As underscored by the specific experiences presented above, the inclusion strategies of municipal governments mostly depend on the size of the settlement, its geographical location and the competences of the inhabitants of the local segregated areas. The basic and work competences of the inhabitants of the segregated areas are generally similar regardless of the type of residence or its geographical location: they are neither sufficient for entry into vocational training, nor are they adequate for employment on the primary labour market. Municipalities have to involve this unskilled workforce in public work to an ever-increasing extent.

The size and geographical location of the settlement defines the inclusion strategy deemed feasible by the municipality and it also sets its boundaries in terms of its potential as well as its limitations. The availability of vocational training in inclusion strategies also depends on the inherent characteristics of the settlement, which usually includes access to and supply of theoretical and practical training venues as well as the availability of instructors for the actual training courses.

Based on the comparison of the inclusion strategies of seven municipal governments, it can be concluded that vocational training is a possibility that is usually utilised by the larger settlements, such as cities. Vocation training is used to prepare the inhabitants of segregated areas for public work and for finding jobs on the primary labour market, taking the competences and employment potential of the potential trainees into account.

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# ASSESSMENT OF ENTREPRENEURS' MOTIVATIONS IN RELATION TO VOCATIONAL PRACTICAL TRAINING

## INTRODUCTION

Crafts used to be passed down from father to son in the days of yore. Later on, with the advancement of industry, mass training got underway. In this age of rapid change and development a need for flexible response appears in education and vocational training as well. In the wake of the introduction of a market economy emphasis was laid on the importance of training young people to provide for succession in trades as required by interests relating to employment and the interests of the labour market. The requirements of the economy appear in the form of demand for labour to fill jobs. The more highly trained an employee is, the sooner they will be capable of unassisted work whereby they contribute to the productivity and profitability of the undertaking and, just as importantly, provide for their own success in the labour market. Human resources have now turned into an economic factor, one of the key elements of competitiveness (Szép, 2010). Knowledge is the key source of the knowledge based economy and development is driven by innovation stemming from knowledge (Krisztián 2011). Vocational training –whether in or outside the schooling system or even in the corporate environment – is one of the key venues of the development of human resources.

Globalisation has intensified competition in the market and this has not left businesses' expectations concerning the work force unaffected either. A highly trained workforce has become one of the key factors affecting the choice of locations for the settlement of manufacturing capacities. Besides professional expertise creativity, problem solving capability and adaptability, capabilities of cooperation and unassisted work as well as the capability of obtaining and processing information have become key requirements. The task of vocational training is to 'serve' labour market requirements, to contribute to the strengthening of economic processes and at the same time to facilitate the success of the individual, thereby laying down the groundwork for a successful career (Vámosi 2011).

Knowledge-based economy is one of Hungary's potential take-off points. What with the ongoing unprecedented development of information technology implementation is only possible with a schooling system that can flexibly adapt to the needs of the economy. The necessary groundwork for current knowledge and knowledge elements relating to the labour market need to be laid down in the schooling system since today this must be the basis for lifelong learning, for continuous development

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and for keeping up with technical advancement. Employees who are incapable of learning and developing lose their ‘market value’, quickly find themselves marginalised and easily lose their jobs.

Most of the training workshops that used to be run by large enterprises, which used to be the main basis for practical training, disappeared after the system change. Their role was taken over – by force of necessity – by the schools. The role played by economic actors should, however, be reinforced again. It was in relation to its tasks assigned to it in relation to vocational training that the chamber of economy set itself a goal of increasingly involving the participants of the economy in vocational training. The experience of the chamber also shows that businesses faced lots of difficulties during the recent years of the still young market economy. Despite the growing bureaucracy besides increasing wage, contribution and tax burdens and in the maze of the frequently changing legal regulations they had to provide for the supply of new generations of trained workforce. The system of vocational training contributions does help achieve this goal but it has its own contradictions. The Government is committed to dual training in which education at school is coupled by practical training at enterprises under trainee contracts.

The Hungarian Chamber of Commerce and Industry conducts surveys – with the involvement of local chambers – of the labour market requirements of businesses and of their satisfaction with career starters. A nationwide survey was carried out in 2011 concerning the motivation of businesses in practical training. With the representative survey involving nearly two thousand businesses the aim of the chamber had been to obtain detailed knowledge of the opinions and motivations of businesses, and to identify circumstances complicating their participation in practical training.

The following hypotheses were worked out on the basis of the findings of the survey, each showing that the participation of businesses in the provision of practical training is complicated or impeded primarily by the following three factors:

- Excessive administrative burdens relating to the training of students and to the accounting treatment of the relevant financial items.
- As a consequence of the system of the accounting treatment of the vocational training contribution the majority of businesses have to advance the costs incurred for a period of a whole year.
- Most students entering the vocational training system have weak learning capabilities, they tend to be difficult to work with and they often have disciplinary problems.

The authors outlined some aspects and implications of the main categories of problems and other features in the light of the findings of the survey.

## THE CHAMBER’S ROLE IN THE VOCATIONAL TRAINING SYSTEM

Before discussing the findings it is worth outlining the chamber’s role in the vocational training system. In the autumn of 2010 the Hungarian Chamber of Commerce and Industry tied its links with the Hungarian government even tighter in regard to

tasks to be carried out in field of vocational training. The reasons for this are easy to see, since problems relating to the entirety of the vocational training system have long been known to many. Less and less attention was being paid to practical training, as focus was shifted to 'theory-oriented' vocational training, partly as a result of the fact that a mere 3-4% of businesses provide facilities for the practical training of students (in Austria and in Germany the corresponding ratios are in the region of 20-25%). Vocational school students make up only about 23% of those participating in secondary education, despite the fact that this type of school provides training in the majority of manual trades. The decrease has been observed as a continuous trend since the system change, the reasons for which include changes in the structure of the national economy, the dramatically increased rates of unemployment among skilled workers and the increasing emphasis on tertiary education. At present some 75% of the unskilled members of the 18-23 year age group are unemployed, showing that it is nearly impossible to enter the labour market without acquiring qualifications and getting prepared in terms of working culture. Moreover, owing to the low level of employment (around 53%) disadvantaged and deprived groups of the society also need to be involved, for which vocational training is one of the most efficient means.

The recent period has brought about major changes, in which process the chamber played a major role. The examples include the lowering of the mandatory schooling age, the restoring of the three-year skilled worker training model, the restoring of focus on dual training as well as the transformation of the NRQ (Hungarian: OKJ) and the vocational examination requirements.

The Chamber has major powers and is in charge of important tasks even at present, the range of which is expected to continue to expand, in view of current trends. Putting in place of the institution system for *student contracts* and the spreading of student contracts among business organisations, the development of the system, keeping records relating to the system and the running of a consultancy network relating to student contracts are among the most important duties of the chambers of commerce and industry in relation to affecting vocational training.

An undertaking or an entrepreneur needs to have vocational qualifications and experience if it is to *employ a trainee*. In addition to the parameters set out by law, the experts of the chamber provide substantial assistance in the preparation of students in terms of education (pedagogy) and methodologies, in the acquiring and implementation of local curricula. The *system of controls and inspections* ensures that trainees acquire knowledge, skills and experience in suitable circumstances at the places of practical training. Chambers provide the necessary inputs and conditions for this. They work with experts who are familiar with the requirements, the necessary instruments and human resources for the various trades. A total of 125 vocational qualifications have been transferred in three phases *to be taken care of* by chambers in order to raise the standards of vocational training. The majority of trades concerned are manual ones, many of which are among the trades in which there is a short supply of workforce in the labour market, but all in all provide an important foundation for operations in construction and industry in general and other economic activities on the whole (a programme aimed at their profound

transformation was underway in the spring of 2012). This means that in the case of these trades the task of the elaboration of the technical contents and documentations (technical and examination requirements, the central programmes and the contents of the examinations of specific levels) has also been assigned to the chambers. For closing vocational examinations the chair of the examination panel is also *delegated* by the chamber, i.e. the organisation monitors and controls all of the elements of the system of output requirements. In the case of the specific *level examinations* in vocational schools the Hungarian Chamber of Commerce and Industry undertakes to help the competent local chambers in working out the examination requirements and to participate in the preparation and organisation of the level examinations in cooperation with the interest representing organisations, trade organisations, vocational schools and practical training units. The organisation of the *Excellent Student of the Trade Contest* is an interesting feature of the chamber's work. The contest brings together the best of the given trade, including both students and jury panel members. Such contests have been organised by the chamber since 2008. In 2009 the Excellent Student of the Trade Contest was supplemented by a trade contest of young skilled workers, organised for young people who finished their studies earlier on, which at the same time was the pre-selection for electricians and cooks for the international EuroSkills 2011 and the EuroSkills competitions. *Master examinations* should also be noted here along with the role played in the *coordination* of the vocational training system (e.g. strategy building), as well as the leading role in the *RFKBs* (Regional Development and Training Committees), which later came to be known as *MFKBs* (County Development and Training Committees).

## THE NEEDS OF THE PARTICIPANTS OF THE ECONOMY AND THEIR ROLE IN VOCATIONAL TRAINING

The participants of the economy, trade chambers and interest representing organisations are increasingly vocally criticising the organisations maintaining and running vocational training institutions and the institutions themselves for not providing training in line with the needs of the labour market. Of course, there is no easy solution for the problem. The fact that the end result is not suitable for the users is a result of countless factors besides the intents of the (school) institution maintaining organisations or the schools themselves.

Economic actors find the number of career starters and the standards of their skills to be insufficient primarily in the trades and professions of their preference. They are, for the most part, not satisfied with the technical/professional knowledge and skills of young skilled workers, which is observed primarily in the form of the incapability to work without guidance. Problems with discipline at work and shortcomings in working culture are found to be among the most serious problems (*Table 1*).

Most of the experts of the chambers hold similar views. The schooling system that is considered to be inadequately organised and that is operating without due regard to the needs of the labour market (but not necessarily the school itself!) is held to be responsible for the quantitative and qualitative deficiencies.

It should be taken into consideration that one of the most important aspects taken into account by an enterprise intending to implement a productive investment project in a given region or municipality is whether the work force of the required qualifications is immediately available for the purposes of the project. The intents of businesses to settle or to expand the scope of operations of an already existing business with some new activity in a given location that is otherwise suitable for the purpose, fell through because this fundamental criterion was not met.

**Table 1. Ranking of the problems observed in relation to career starters who have finished their training in an order of importance**

Shortcomings, problems	With NRQ registered qualifications		Those who have college degrees	Those who have university degrees
	Without general secondary school leaving examination	With general secondary school leaving examination		
Lack of capability of working without guidance	1	1	2	2
Poor professional expertise	2	2	4	4
Problems in discipline at work	3	3-4	7	7
Shortcomings in working culture in general	4	3-4	5-6	6
Poor vocational theoretical fundamentals	5	5-6	9	9
Poor cooperation skills	6	7	8	8
Lack of knowledge of economics	11	11	5-6	5
Lack of computer skills	12	5-6	3	3
Lack of foreign language proficiency	13	8	1	1

*(Based on a survey by the Hungarian Chamber of Commerce and Industry and the Institute for Economic and Enterprise Research)*

The technical and technological facilities on which the economy relies have undergone immense development during the past decade. The high value devices and pieces of equipment – whose operation requires attention, discipline and accuracy – can no longer be run by just anyone. Experience shows that less and less unskilled workers – not to speak of young ones – are being employed to operate such machines. It has long been known that an individual who has some vocational qualification – regardless of the actual type of one’s vocational qualification – can acquire the skills required for a work process more easily than someone without qualification.

Creating and maintaining a balance between the supply of and demand for labour is a shared interest of those participating in training, those contributing to the provision of training and all employers. The shortages in the supply of labour with skills that have been on high demand for long or in which there has been a shortage of supply on a permanent basis or the range of such trades or vocations may be eliminated or reduced only by an effort at meeting demands in the market that can reliably be projected. In other words, in specific fields and trades/vocations in which too many young people are being trained, the number of new entrants of the schooling system needs to be reduced and those applying for admission to training in such trades and vocations should be oriented towards those in which there is a shortage of supply, through proper vocational guidance.

One of the best ways to help the education and training system to meet the interests of the labour market is through transmitting market information to those concerned. The reason why it is key that the media be convinced and won over at a local and regional (indeed, nationwide) level, is to assist the promotion of vocations and trades in which there is a shortage of labour supply. The production of local programmes based on a concerted nationwide campaign should be encouraged, which then will have a favourable impact on labour market processes through positive examples and information. Furthermore, additional motivation may be provided by films describing businesses, making the trades and vocations in which training is provided popular. By presenting the work conditions (circumstances of work, pay and benefits, promotion) employers can make their job offers increasingly attractive, particularly in trades of short labour supply.

At the same time, the participation of economic actors in providing practical training for trainees and in the education of the next generations of workers is also essential (Cséfalvay, 2007). An important task of the chamber's advisory network is to assist enterprises joining the system of practical training and to help organisations prepare for the educational and administrative tasks (e.g. those relating to the student contracts and the accounting treatment of the vocational training contributions) as well. Highly trained labour is the most essential basis of the competitiveness of the economy. The process of vocational training can never be complete without vocational practical experience accumulated in the labour market. In addition, success in business may be facilitated by employees who are committed tradesmen and professionals working for the interests of the employer organisation. Participation in vocational training provides an opportunity to find the suitable workforce. In the framework of practical training businesses can get to know students doing their practical training courses in a schooling environment. They can develop employee competences required for the practising of their trade (including accuracy, tolerance, cooperation, time management, communication, team work). The potential employer can see the capabilities of a trainee in this period already: the degree to which they can identify with the objectives of the business, the way they can fit in with the community and whether they have the professional and human characteristics making them a valuable employee for the enterprise.

International examples also show that no effective vocational training system can function without the participation of the business sector but such participation is by

no means easy to implement in practice. We are also observing a proliferation of problems in relation to the participation of businesses and not only on account of financial interests. This is exactly why we need to explore these circumstances and characteristics, to enable us to shift the functioning of the system in an optimised direction by changing the framework.

## THE CHAMBER'S SURVEY EXPLORING ENTREPRENEUR'S MOTIVES AND CHARACTERISTICS

In order to expand the system of dual training the Government concluded a framework agreement and the Ministry of National Economy signed an agreement with the Hungarian Chamber of Commerce and Industry in November 2010, setting out the vocational qualifications and the concrete tasks to be handed over to the Chamber. In addition to the increasingly strong coordinating role, the operation of the system of student contracts continues to be one of the most important tasks, as this is the basis of dual vocational training or in other words practical training. The organisation's task in this regard is to involve the participants of the economy in the education and training of the next generation of workers, thereby increasing the number of practical training places.

In order to turn dual vocational training into a success in Hungary, there is a need for significantly increasing the number of businesses participating in the provision of practical training, along with an improvement of the professional and educational quality of the training delivered there. Not more than 3% of Hungarian businesses are participating in the practical training of students at present, in contrast to the approx. 25% ratio in Germany, Austria or Switzerland. One of the key issues of the introduction of dual vocational training in Hungary is whether there will be a sufficient number of vocational training places of the necessary quality standards.

To accomplish the above objectives the Hungarian Chamber of Commerce and Industry (HCCI) prepared a nationwide survey in cooperation with local chambers. To map the propensity and motivation of businesses to participate in the provision of vocational training nearly 2000 businesses were interviewed about what factors they considered to be most impeding the employment of trainees. The questionnaires were recorded in the information system operated by the HCCI (Hungarian acronym: ISZIIR). The survey was carried out and the data were recorded by local advisors of the chambers. The number of businesses to be queried by any given chamber was determined on the basis of 20% of the business organisations associated with the training units covered by the competence of the given chamber. The enterprises providing training and those not providing training at present accounted for 80% and 20% of the enterprises concerned.

The size of the enterprise in terms of headcount reflects the composition of the enterprises engaged in the training of students. Enterprises with headcounts below 10 (49%) and enterprises with headcounts between 10 and 50 (27%) contribute to the training of the next generations of the workforce. Two thirds of the companies concerned have been training students for more than 2 years, which is very good since they now have experience in this field. A relatively large number of business-

es started to providing training this year, which is also indicative of an increased level of fluctuation. A group of entities providing training sporadically is made up of businesses that have no trainees at present but have already had some in the past. Some of them may not have been provided with trainees by schools, because priority had been given to utilising the training shop's capacity and to preserving the trainers' positions. This group also comprises businesses that have already had trainees, but owing to the difficulties of the undertaking they no longer intend to provide it further.

Another question was whether they are familiar with the system of student contracts. Some 57% of the respondents had not heard about it, which is quite a thought-provoking fact. This may indicate, among other things, that the system, which has been in place for ten years now, has not been given sufficient publicity and the information has not been delivered to businesses. It may also be indicative of the economic problem referred to in the introduction. Businesses are operating in an economic environment in which frequent changes in regulations, heavy tax and further burdens on businesses are causing numerous uncertainties. In such an environment survival is paramount and it is difficult to think in terms of medium or long term strategies or to undertake to participate in the training of future generations of workers. This is made all the more likely by the fact that 82% of the respondents are businesses with less than 50 employees. Respondents who had never heard about the institution of the student contract were asked whether they would like to familiarise themselves with the system. Some 53% of the respondents did not wish to further pursue the issue, i.e. they do not wish to deal with training students under any circumstances. Those who said they would, were offered detailed information provided by the local chamber. Some 60% of the enterprises that answered that they were familiar with the student contract system will undertake to provide practical training for students from the following year. After making the first contacts the representatives of the chambers provided further information and carried out preparations in this category as well.

Some 94% of the students employed by such businesses had student contracts in place and only 6% of them had concluded cooperation agreements. The reason for this lies in the statutory regulation – among other factors – according to which this form may only be applied in under 40% of the practical training time, and for the rest of the practical training time companies have to sign student contracts.

It is worth reviewing the average number of trainees at the 1459 businesses currently providing practical training for students. Nearly 70% of the businesses concerned employed between 1 to 5 students, and hardly 20% of them engages between 6 to 10 trainees. The number of businesses decreases sharply with the increase of the number of trainees on board. Only 33 enterprises are training more than 100 students and a mere 8 companies have more than 200. There are only 3 companies in Hungary providing practical training for more than 700 students at a time.

Micro and small enterprises are a lot more exposed to market impacts, they have smaller administrative capacities and capital, and these factors also affect their propensity to provide practical training. Small businesses also have a need for a smaller number of young workers. The other category is training units employing hundreds

of trainees ‘as a core operation’. A few years ago, the act on vocational training contribution and its implementing decree set out the operating conditions and the rules on the accounting treatment and financial settlements of such companies in detail. The basic principle at the time was that training had to be their core operation and that students should make up 70% of the total headcount, while the proportion of regular employees could not exceed 30%. Today practical training organisations can be operating under the same conditions. The name of the type of the institution has, however, been retained by the profession for undertakings that retain significant numbers of trainees in their business operations. According to data of June 2011 nearly 15% of the 48,000 student contracts had been concluded by such training organisations. Figures also show that the operation of businesses whose core operation is to provide practical training is still a necessary solution, nonetheless they deserve particular attention.

38% of businesses would increase the current number of their trainees but 53% would not. One definitely positive fact is that 91% of the enterprises currently engaged in the provision of practical training are committed to the education of the future generations of workers. A reason for the intent of reducing the number of their trainees by 5% may lie in the existing economic difficulties. Unfortunately, the rest of the businesses will, indeed, stop the practical training of students.

The key question in the questionnaire was ‘What is the main factor that prevents you from starting to provide practical training for students under student contracts or from increasing the number of your trainees with student contracts and what is the reason for terminating the provision of training for students?’. The responses showed that *excessive administrative burden* is by far the most significant problem. It takes time away from productive work and the majority of SMEs do not even have such capacities. The bureaucracy required for running the business – which is rather cumbersome anyway – would be coupled by paperwork for the practical training of students. The tasks of payroll accounting, and the recording of items relating to meals and working clothes are the same as those relating to full-time employees. Moreover, a log must be kept of the training activities, the keeping of the students’ work log would have to be checked, absence should be reported to the school, financial accounts must be drawn up, certificates need to be obtained for the accounting functions, to name but a few of the most important tasks.

The other main problem is the *system of prefinancing* (Szép – Vámosi 2007). According to the regulation on vocational training contribution, businesses need not pay 1.5% of the wage base to the central fund if it is used for practical training. Amounts spent on training in addition to the businesses’ own budgets are reimbursed from the central fund on the basis of the accepted financial statements, i.e. businesses can claim such refunds. Companies can file their annual returns by 25<sup>th</sup> February following the year concerned after the acceptance of which the amount spent on training in addition to their own budgets for this purpose are refunded. Quarterly returns can be filed by those who claimed the refunding of at least HUF 3 million in their annual returns, i.e. by those who spent at least this much more on training than their own budgets allocated to this purpose. Monthly returns may be filed by those who claimed the refunding of more than HUF 1 million during

two consecutive quarters. The possibility of claiming a refund depends primarily on the headcount of the enterprise and the amounts of the wages. The 1.5% budget of businesses, the majority of which are small businesses with 1-50 employees and with low wages, varies between a few hundred thousand and HUF 1-2 million. According to the chamber's calculations the per capita costs for each student amounts to about HUF 420-440,000. These costs include pays and benefits provided for the students, the trainers' wages and other items, but they do not include material costs or the costs of the use of machinery and equipment. In the case of many students the companies' budgets for training are quickly used up and the additional costs have to be advanced by the businesses until refund is received in the next year.

The third most frequently noted problem – that *costs are not recovered* – is also linked to financial settlements. On the one hand, this is an indication of the fact that the practical training provided by businesses is based less on conscious and deliberate determination to train succession, than on other motives. On the other hand, owing to the not sufficiently entrepreneur-friendly business environment and the current economic crisis, businesses, quite understandably, consider very carefully what they spend on. In the current system of financial accounting and settlements the accounting and settlement of the pays and benefits provided for students and the wages of the trainers as well as the claiming of such refunds are the key items to be dealt with. If a business claims refunds, it cannot recognise material costs. In the course of practical training the work processes skills and techniques can only be acquired through actual working activities. In addition to service providing trades (e.g. painters, carpenters) mention could also be made of trades in the construction or engineering sectors where the requirements for machines, equipment and materials are high. This is also related to the fact that students spend few hours at the practical training units, thus the 'profit they generate' is also low.

The next most important set of issues is indicative of the shift towards theoretical training in the Hungarian training system, in other words, of the fact that the *number of practical training hours is low*. This is also a consequence of the fact that large enterprises' training workshops – where students spent 6-7 days in 2 weeks doing practical training work under the guidance of the companies' trainers – disappeared after the system change, and the possibilities of practical training decreased. The essence of practical training is that trainees are taught how to work in the given trade, and that they see the processes of production and/or service provision from receipt of order and from the entry of the buyer until the delivery of the product or the exit of the satisfied buyer. This is where students see the working culture of the given trade, the organisational culture of the given enterprise, this is where they get socialised, learn how to participate in team work, how to work in a way that will help others do their own tasks and how to work without assistance. This is how they learn where the place and importance of their own work lies within the system as a whole. Beyond doubt, it is only through working that one can learn how to work, and this is what the role of practical training lies in. This, then, can occur most likely after laying down the groundwork in the school's training workshop, at a company engaged in the given trade, through participating in the actual productive processes. Businesses explained that students spend little time on practical training at enterprises therefore they are difficult to involve in the work processes, hence it

takes longer for them to understand those processes. By the time a student turns up the next time – in 5-6 days' time – he has already lost the rhythm and forgotten what he saw the last time.

The 5th, 6th and 7th most important obstacles are *students' problems* that may be linked to the above, including: discipline related issues (turning up late, inadequate attitude towards work, lack of motivation), insufficient level of knowledge and skills, excessive absence. Consistent expectations and requirements and discipline at the work place have been found to deter students coming from the less rigorous environment of the school. One possibility to avoid having to adapt to the new requirements is passing from training unit to training unit. The current legal regulation permits students to terminate their contracts without explanation. Since the essence of practical training is that students familiarise themselves with and learn the requirements and expectations prevailing at a place of work, it gives rise to contradictions that this possibility may lead prospective employees developing a distorted view of the labour market. In Baranya County a new rule was introduced on the basis of the chamber's proposal, and now students can go to a new training unit only after a 15-day notice period, after filing his petition for a transfer which has been recognised and signed by the previous and the new training company as well as the school. Some schools refused to accept this proposal, arguing that students have the right to terminate their contract with the training company at any point in time. This is a rigid application of the relevant legal regulations. Some schools reduced students' transfers between training businesses by permitting such switches only at the end of term, as suggested by the chamber. These solutions show that the management of this loophole in the law fully depended on the school management's attitude. Of course, in extreme cases there was a need for an immediate transfer. The companies concerned welcomed the solutions that reduced their administrative burdens.

The students' *inadequate theoretical knowledge and practical skills* is, in itself, a complex issue, including primarily the inadequacies of the general knowledge and skills (reading, arithmetics, understanding of texts, difficulties in formulating concepts, manual skills, etc.) and learning difficulties of students ending up in vocational training, as these are the students who could not enter higher level studies after school. The next step is where training company realise that students lack much of the technical/professional knowledge and skills relating to the trade concerned. The reasons for this include the outdated contents of the curriculum and the textbooks and in some cases the outdated knowledge and skills of teachers. This problem could be eased if trainers at schools were obliged to keep up with the technical development of their trade, to get to know and keep in touch with the businesses where students spend their practical training time. According to some school directors teachers have no working hours that could be allocated to this. In another proportion of schools, keeping up personal contacts is considered to be essential in the interests of the students and this system is functioning well. This is yet another sign of the crucial importance of the school management's attitude, when there is a lack of general regulation. On the other hand, the reasons for insufficient skills and knowledge may also include the given vocational school having no training work-

shop, lacking the necessary equipment for laying down the groundwork in practical training as well as the fact that after Grade 9 or 10 students started practical training at companies immediately so far. One issue those in charge of the governance of education should think over is when a schooling system is so fragmented, how can vocational schools be operating without any of the required technical/professional requirements.

Truancy is an ever-present problem. This is a phenomenon schools and businesses have no sufficient means to fight. In many cases the student shows up only on 'pay-day', with family escort, demanding the amount to which he is entitled by law. Based on the chamber's initiative businesses now make no payments for the days on which the student failed to appear at work according to the attendance sheet. Unfortunately, businesses do not always report all cases of absence to the schools. The mode of providing proof for the reasons of being absent also varies by school. In general, schools prefer not to add the number of hours or days skipped at the training companies to the already large number of hours missed at school so keeping records of this fails to take place even if the business has reported the number of hours missed. In August last year the government transformed the family allowance into education and schooling aid, making it possible to suspend the schooling aid in the case of students missing more than 50 classes. In the wake of the introduction of the new regulation the number of hours of absence at school decreased last year.

Experience from the first year of the application of the new regulation shows a decrease in the number of hours of absence. In the past school year the withholding of the schooling aid from a total of 7427 students was ordered by the local guardianship offices. In terms of territorial distribution Borsod county shows the highest frequency of truancy. Here, the aid was suspended in the case of 0.9% of all minors, that is, in the case of 1325 students, while in Nógrád, Heves and Jász-Nagykunszolnok County the schooling aid was withheld from 249, 380 and 515 students, respectively. The justification of this measure is confirmed by local governmental statistics on infringements, according to which 2007 and 2009 data shows that the number of both the infringement proceedings and the number of decisions imposing fines increased. In 2007 a total of 25,433 cases were reported in which the schooling obligation had been breached, while in 2009 the corresponding number was 44,361. All this occurred in a regulatory environment where sanctioning was up to the local court of guardians and therefore sanctioning was not mandatory. By contrast, more than 31,000 children skipped at least 10 classes without justification but as a consequence of the warnings 'only' 13,289 – a little more than 40% of them – managed to acquire 50 hours of absence unaccounted for and thereafter the schooling aid was suspended in the case of 7427 students by a final decision. Statistics show that truancy is higher in families socially in need, and in terms of the age of the students concerned the highest frequency is observed among those on the threshold of adulthood. The effectiveness of prevention and warning is indicated by the fact that nearly half of the students could thus be convinced to attend classes after they had been warned having been absent from 10 classes. Where the schooling aid was suspended by a final decision, more than 70% of the children had been recipients of regular child protection allowances based on their social situations. Truancy is highest in the very group of young people whose families live in socially deprived

conditions and for whom the only way out of severe poverty and unemployment is through completing their studies and obtaining vocational qualifications.

The 8th position was taken by the difficulties relating to the *flat rate settlement* system. The implementing decree of the act on the vocational training contribution enables flat rate settlement. The advantage of this lies in enabling a lot simpler financial settlement procedures, reducing the administrative burden. Companies have found however, that its amount – twice the minimum wage – covers only part of the annual costs relating to a trainee. An amount of HUF 150-160,000 is a rather small sum when on the basis of the itemised accounting statements HUF 420-440,000 may be regarded as the total of costs incurred in relation to a given student in a given year.

The 9th most frequently noted issue is that *'there aren't enough students'*. Economic chambers have been warning for years now that tens of thousands of skilled workers are missing from the labour market. There is no succession to replace retiring skilled workers. This applies particularly to engineering trades (machine locksmiths, cutters, welders, structural locksmiths). Manual work has lost its prestige, young people do not like to choose such trades – they prefer to go to secondary school instead. In other words, few young people enter training for manual trades. Another side of the problem is that even if there are students participating in training for the given trade, they may remain in the school's training workshop for the practical training instead of taking up training at a local business. The simple reason for this is that schools have to utilise the training workshop capacities, trainers need to be given work and if there is a limited supply of students, the school workshop is given priority. Although in this way there may be students in the given trade, they do not get the opportunity to take up training at real companies.

The 10th most frequently noted problem refers to the contradictions in the accounting and settlement of the vocational training contributions. The *costs of training a company's own employees should be made possible to claim back* to a certain extent. According to the current rules on accounting and settlement, only those can claim refunds in the system who have spent the entire 1.5% of their funds on the practical training of students. This precludes the possibility of using even a fraction of the 33% – or a maximum of 60% – incidentally permitted by law, for training their own employees, as entities entitled to claim refunds. This affected primarily smaller businesses where the amounts of their own funds are not very high. In the case of larger businesses where this fund amounts to millions of HUF and thus the company concerned has a part of its own vocational training fund not spent on trainees, some of the amount remains available for training its own employees.

The two least frequent comments include those considering the controlling of the accounting and settlement of the vocational training contribution to be excessive on the part of the authorities (this was criticised primarily by providers of vocational training as 'core operation') and the difficulties of keeping up contacts with parents and school.

**Table 2. Factors encouraging businesses to provide practical training (the number of businesses in which the number of trainees would increase by a certain number, as a result of a given change)**

Change	The number of additional trainees that would be admitted (number of economic organisations)					Number of persons increase in the number of students
	0 person	1 person	2 people	3-5 people	more than 5 people	
if the flat rate amount were the following, instead of 200% of the minimum wage						
250%	740	241	113	47	20	775
300%	541	305	251	111	39	1 485
350%	438	267	284	177	92	2 095
if instead of the current 50%, 100% of the amount spent on the acquisition, leasing, refurbishing, replacing or expanding of tangible assets used directly for practical training of groups of students could be recognised	611	216	210	146	100	1 820
if the existing ratio (60% and 33%) of the costs of the training of own employees were not only possible to recognise in the books but could also be claimed to be refunded as a consequence of which the costs of the practical training of students and those of the company's own employees could be booked separately from each other	552	234	228	169	103	1 984
if a student spent an average of						0
1 day	742	204	114	71	29	890
2 days more in practical training at the business per week	522	303	272	142	76	1 871
if there were enough candidates	628	178	204	143	78	1 626
if the material costs of practical training could be recognised and claimed to be refunded up to 40% instead of the current 20% (or in the case of trades in which there is a short supply of labour, up to 60% instead of the current 40%)	436	307	298	184	102	2 251
if the claims for refunds could be filed once a quarter	581	276	239	119	51	1 536
if the claims for refund could be filed once a month	622	172	217	135	69	1 560

Source: HCCI (chamber network) survey

The other set of focal questions probed how changes in the circumstances would affect their participation in the training of students (*Tables 2 and 3*). We looked for the motives that would encourage businesses to undertake to provide practical training. In relation to the favourable changes listed, respondents could note the additional numbers of students they would undertake to train if the change occurred. The number in the last column shows the number of additional students the respondent companies would undertake to train on the whole, as a result of the given positive change. In the case of the 'more than 5' category, we took 6 people into account, that is, the least possible increment. The greatest increase in headcount was noted as could be caused by an *increase in the percentage of the recognised material cost*. This indicates the most sensitive element of the existing system of accounting and settlement. In the trades the majority of which are highly equipment and material intensive, the 20% eligibility ratio is considered to be too low. Moreover, those claiming refunds cannot recognise material costs at all. A *350% eligibility of the flat rate amount* would make administration easier, which was the main problem in the case of the previous set of questions. Instead of the current HUF 156,000 this would mean a budget of 273,000 HUF/person/year that could be booked as the costs of training. *The costs of the training of the enterprise's own employees could be recognised separately from the costs of student training*. This was the third most motivating change. The next incentive in line is *training time increased by at least 2 days* which would boost the trainees' efficiency that can be measured at the training company. This would be followed by *more favourable conditions for the recognition of the costs of the purchasing of tangible assets*. If 'there were enough candidates' that is, if businesses could take on as many trainees as they need, was followed in the list of incentive factors by the possibility to claim monthly refunds.

**Table 3. Order of incentive factors (in terms of increase in the number of students)**

Change	Number of businesses						minimum additional headcount
	The number of additional trainees that would be admitted (number of economic organisations)						
	0 person	1 person	2 people	3-5 people	more than 5 people		
if the material costs of practical training could be recognised and claimed to be refunded up to 40% instead of the current 20% (or in the case of trades in which there is a short supply of labour, up to 60% instead of the current 40%)	436	307	298	184	102	2 251	
if the flat rate amount were 350%, instead of 200% of the minimum wage	438	267	284	177	92	2 095	
if the existing ratio (60% and 33%) of the costs of the training of the company's own employees were not only possible to recognise in the books but could also be claimed to be refunded as a consequence of which the costs of the practical training of students and those of the company's own employees could be booked separately from each other	552	234	228	169	103	1 984	
if a student spent an average of 2 days a week more at the business	522	303	272	142	76	1 871	
if instead of the current 50%, 100% of the amount spent on the acquisition, leasing, refurbishing, replacing or expanding of tangible assets used directly for practical training of groups of students could be recognised	611	216	210	146	100	1 820	
if there were enough candidates	628	178	204	143	78	1 626	
if the claims for refund could be filed once a month	622	172	217	135	69	1 560	
if the claims for refunds could be filed once a quarter	581	276	239	119	51	1 536	
if the flat rate amount were 300%, instead of 200% of the minimum wage	541	305	251	111	39	1 485	
if a student spent an average of one day a week more at the business	742	204	114	71	29	890	
if the flat rate amount were 250%, instead of 200% of the minimum wage	740	241	113	47	20	775	

Source: HCCI (chamber network) survey

This would result in a faster turnover of the amounts invested in training. Followed immediately by the possibility of *quarterly settlements* and a *300% increase in the flat rate cost accounting*. The least strong motive would be an *only 1 day increase in the practical training time*. The order shown in the column of an increase of between 3 to 5 people in the number of participants is most similar to the aggregated order.

Assuming that small businesses can afford to increase the number of their trainees by 1 to 2 people in general, we focus on the data of the first three columns. In the order shown in these columns the eligibility of the material cost is followed by '2 more days of practice', and then by the 350% and 300% increase in the flat rate cost. The possibility of quarterly settlement was marked by considerably more respondents as a favourable factor in this group than the number of those who marked monthly settlement. This is yet another sign that the administrative burden entailed by accounting and settlements is found to be excessive by businesses.

It can also be assumed that only larger companies with more capital can undertake to engage 5 or more students. A review of this column shows that the strongest incentive is, in contrast to smaller businesses, the possibility of training their own employees. The eligibility of material costs is the most important factor in this column too. The eligibility of tangible asset purchase costs ranks higher here than in the other categories, along with a 350% flat rate eligibility.

## SUMMARY

The survey was carried out by the Hungarian Chamber of Commerce and Industry in 2011, focusing on the factors encouraging and those impeding businesses in participating in the education and practical training of future generations of skilled workers. The initial hypothesis was confirmed by the conclusions drawn from the findings of the survey:

- Businesses find the administrative tasks relating to the training of students to be their heaviest burden.
- Advancing the costs of student training for a whole year is particularly difficult in the circumstances of the current economic crisis.
- The crisis of values observed in the society as a whole aggravates students' lack of discipline and motivation which makes it more difficult to deal with them.

These three factors were at the top of the obstacles. The eligibility of material costs ranked first among incentives, one of the critical factors in vocational training. Besides flat rate accounting that eases the administrative burden the possibility to recognise the costs of the training of own employees and at least two more days a week spent at the training unit would be regarded as incentives by businesses.

Preparations for the development of a new regulation on vocational training were already underway in the spring of 2011. The publication of the results of the survey was part of the technical materials supplied by the HCCI. Steps taken towards resolving the problems are reflected by the new drafts of legislation. One of the key

elements of the new draft on the vocational training contribution is that based on a normative rule for each trade businesses can give accounts once a month on their vocational training contribution funds upon filing their contribution returns. Accordingly, flat rate accounting results in a significant decrease in the administrative burdens, while crediting at the time of the settlement of the monthly contribution eliminates the advancing of the costs of even for just a few months.

One of the key concepts of the draft is to boost businesses' readiness to provide vocational training. Accordingly, it provides support for businesses undertaking to provide vocational training. Those who decline to provide vocational training for students on the other hand, should contribute to the costs of training or be encouraged to undertake to provide training. Thanks to normative financing the more students a business is training, the more positive the effects of the law are. The most disadvantageous conditions will be created for businesses paying large amounts of contributions that are not engaged in providing practical training or that provide such training to only a few students.

Changes are favourable for the SME sector because their contribution payment burden is relatively low. In this way, their training costs are recovered even if they employ a relatively small number of trainees and they quickly find themselves in the position to claim refunds. Favourable changes operate in a differentiated way in this case as well, since the annual normative set for the various groups of trade is higher than the average in the case of trades that take a lot of practical training, those that have high requirements for materials and equipment and in the case of trades in which there is a short supply of labour. The amounts concerned will vary subject to group of trade between HUF 290,000 and HUF 600,000, but these figures will have to be clarified later on.

The increase of the decentralised fund is also an incentive, thus companies can access increased funds to develop their tangible assets used for practical training. Another incentive is that more time can be spent at the companies in the framework of the dual training system. As a result of the increase in the number of hours assigned to practical training in the qualifications developed by the HCCI in 2011 the time spent at businesses will increase by an average of 460 hours, equalling a 50% increase. Continuous training practice in the summer will be increased by 50%, from 200 hours to 300 hours. Consequently, a student will spend 560 hours more with the business where it receives practical training. The *total amount of the net added value produced by students for the training companies* during this time amounts to a total of HUF 11 billion (based on the minimum wage of skilled workers, the 108,000 HUF/month guaranteed minimum wage, 50,000 student contracts, two years of practice at businesses and a 0.6 adjustment factor – for the difference between the productivity of a skilled worker and a trainee). The above calculation applies if the whole of the system of vocational training is operated in this structure and not only the 24 trades revised last year.

Businesses will have direct and indirect benefits from the shift to the dual system of vocational training.<sup>1</sup> A longer period of practical training at businesses provides a number of additional indirect benefits:

- the costs and risks of the election, admission and training of labour can be significantly reduced and the risks of wrong employment can be minimised;
- the knowledge and skills of those completing the courses will be higher, resulting in higher performance as employees;
- personal costs come down, wage and payroll structure becomes stabilised;
- more time will be available for adaptation to and absorption of the corporate working culture;
- the trainer business will have more time to train a student in accordance with its own requirements who can, after completing the training period, start working as a regular employee, immediately starting to generate profits.

The draft of the act on vocational training also reflects the government's intent: labour market requirements should dominate the development of the vocational training system. The network of chambers bringing the requirements of businesses together is playing an increasing role in this. Dual training is growing stronger, the number of hours devoted to practical training and the time spent at businesses are increasing. The nearly unlimited rights of students are being curbed; while requirements to be met by students demanding behaviour as befits a real work place and stronger discipline are on the increase. The directions worked out in the strategy of the HCCI appear in the draft: vocational training aligned to the requirements of the economy and increased focus on practice.

The economy is characterised by continuous development aligned flexibly to the changing demands of the market, exploiting new knowledge elements. The global processes dominating the world and the local responses create the basis determining Hungary's new information and knowledge based society. In the recent decades we have been engaged in social and economic processes referred to as globalisation, along with the rapid development and advancement of science and technologies. These processes are what is called progress, forcing those wishing not to lag behind, to participate. What with the ongoing rapid development day-to-day learning must become part of our everyday lives, if we wish to keep abreast of changes. Schools and vocational training play a dominant role in enabling this, in relation to the capabilities of learning and working and in the development of an internal need for knowledge.

An industrial plant selects its site in view of the available natural and social resources (factors of settlement). The role of human capital has increased in this era and social factors, such as schooling attainments and inexpensive labour have been growing increasingly important. Natural resources cannot really be changed but society is adaptable, therefore fostering social resources may be the basis for an effective industry development effort. One of the first steps of the process is development of vocational training in the schooling system which is a process that requires precise knowledge of the relevant factors and the designing of the directions for development.

<sup>1</sup> HCCI statements

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## HOW DOES THE NATIONAL CAREER ORIENTATION PORTAL SUPPORT CAREER CHOICE?

Choosing a vocation – especially the first one – is one of the most important decisions of your life with far-reaching implications for your life and career, but it is also a special focal point for applying the arsenal of lifelong guidance (LLG) tools and services. This issue is all the more relevant and topical because of the current restructuring of the Hungarian vocational education and training (VET) system and the comprehensive reform of the National Qualifications Register (NQR) together with the system of vocational qualifications recognised by the state.

In line with the above, the development and increased availability of career orientation tools have been key targets of both the previous (2008-2011) and the present (2012-2015) phases of the SROP 2.2.2 priority project “Content and Methodology Development of the Career Guidance System”. The National Career Orientation Portal (Hungarian abbreviation: NPP, at [www.eletpalya.munka.hu](http://www.eletpalya.munka.hu)), which is under development in the context of the project, strives to offer many tools to support both those who are on the brink of choosing a vocation and the experts, teachers and parents who play an important role in relation to this decision-making point.

The relevance and recognition of VET in Hungary as well as the efficiency of the system will undergo considerable improvement in the years to come. This process can be boosted by career guidance functions and tools which support those in the brink of taking career decisions and their parents as well as the teachers of students graduating in their first vocation in making informed decisions.

### 1. THE NPP TOOLKIT AND CONTENT SET PROMOTING CAREER ORIENTATION

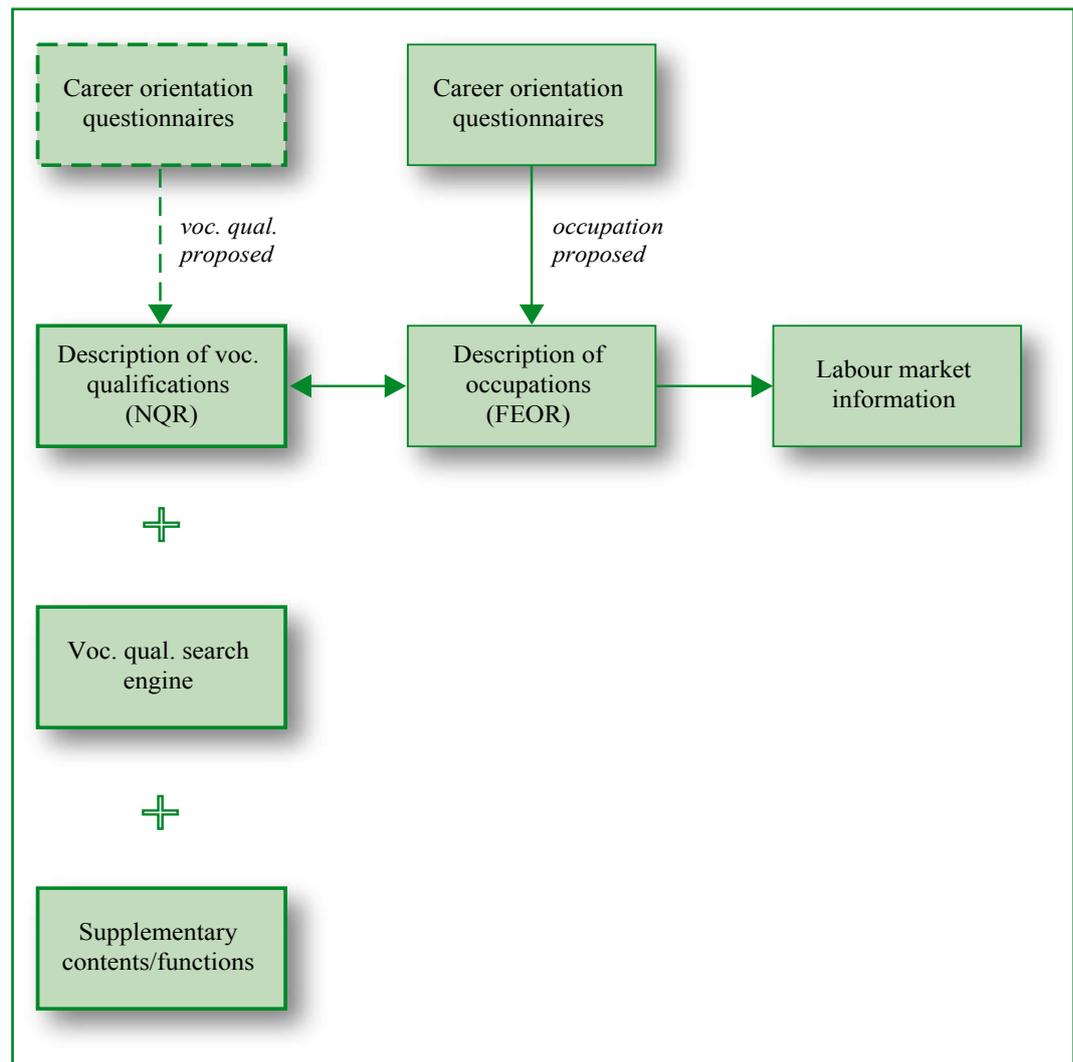
One of the crucial building blocks of the Portal is the detailed description of the vocations in the National Qualifications Register (including key data on the vocational and examination requirements regulations). This database has a special search function and a browser by field of study. In the figure below we indicate in dashed line one of the main courses of development scheduled for the near future, including the release of qualification-specific career orientation questionnaires that can offer respondents “suitable” vocational qualifications based on their abilities and competences.

An important link between learning and the world of labour is that relevant occupations/jobs and their descriptions can be accessed from the vocational qualification fact sheets. Discovery of the available range of occupations is facilitated by query, browser and self-knowledge questionnaire functions. Whether users arrive from the direction of vocational qualifications or of occupations, they can move about freely between the two content groups.

The third major content group (and also a main course of development) of the National Career Orientation Portal is the pool of labour market information (earning options, employment chances), which (perhaps after the integration of similar VET data) will provide an important means for the development of a training market adjusted to the real needs of the economy.

Many other contents and functions help navigate in the realm of vocational and adult education and training; these will be shown in detail under Section 5.

Functional logic of the NPP's career orientation toolkit and content set:



## 2. SELF-KNOWLEDGE – CAREER ORIENTATION QUESTIONNAIRES

To date, NPP offers several career orientation questionnaires supporting the individual in understanding his abilities, strengths and lines of interest. Such questionnaires have typically been designed to respond to the needs of specific target groups (primary and secondary school pupils/students in the first place). As part of their upgrading, we plan to link them to the vocational qualifications and their input competences under the new National Qualifications Register. The resulting new toolkit

will be able to connect the actual strengths and lines of interest of the respondent and the requirements of the various vocational qualifications at a higher level than ever.

### 3. VOCATIONAL KNOWLEDGE – NQR SEARCH ENGINE AND NQR VOCATIONAL DESCRIPTIONS

The vocational qualification search engine accessible on the Portal is a priority function<sup>1</sup> that presents the National Qualifications Register in exceptional detail. Filtering options:

- name of the vocational qualification,
- NQR number,
- trade group or field of study,
- possible training forms,
- level,
- previous vocational qualification requirement,
- theoretical or practical nature of the training.



This interface offers the user the possibility to discover the supply of vocational qualifications by field of study, i.e. by browsing the various study fields and levels.

The fact sheets of the various vocational qualifications, which are based on the vocational and examination requirements (VER) regulations processed to create the database, are also quite detailed:

- core data (type, identifier, level, trade group, descriptions, link to the relevant VER regulation(s)<sup>2</sup>),
- relevant job(s) (that can be held with the qualification),
- VET information (possible form(s) of training, maximum training period, parallel training, initial vocational training, level exam, quantity of accessible credits, ratio of theory and practice, uninterrupted vocational practice),
- participation requirements (educational attainment, previous vocational training, medical fitness, career aptitude, other conditions),
- related vocational qualifications (partial vocational qualifications, branch-offs, build-ons),
- modules and their relative weight,
- conditions of admission to exams,
- related EUROPASS documents.

<sup>1</sup> <http://eletpalya.munka.hu/szakkepesitesek>

<sup>2</sup> Linked to the website of the Adult Training Directorate of the National Labour Office.

Note that after the publication of the Government Decree on the new NQR<sup>3</sup>, the creation of an NPP sub-page presenting the content of the new Register started and an updated search function was launched; these will go live by the time the Decree enters into force.

As regards the NQR database of the Portal, database sharing and integrated data utilisation by the organisational units of the National Labour Office are important targets that will improve both the quantity of work needed for updating and the authenticity of the data being displayed.

#### 4. THE WORLD OF LABOUR – OCCUPATIONAL SEARCH FUNCTION

Learning and work are connected through the link between vocational qualifications and occupations/jobs; two questions can be answered:

- What occupation/job can be had in possession of the given vocational qualification?
- What vocational qualification is needed for having the given occupation/job?

The occupation search function of the National Career Orientation Portal and the occupational fact sheets accessible from it also offer unique contents:

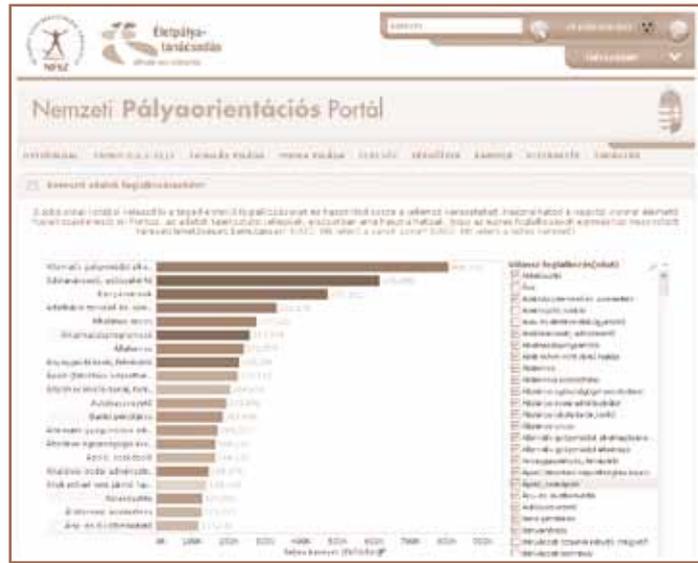
- short description of the occupation (*for example: manufactures/produces/turns/repairs – from wood, plastic, bone products (keratin), hard rubber – by using manual tools or copying, semi- or fully automated machines – industrial, home decoration, applied artistic, household and other supplementary items*),
- typical activities (*for example: preparation presupposing knowledge of the product to be made; selection/classification of timber; surface preparation, staining; organisation of production processes; commissioning of various timber-manufacturing machinery, etc.*),
- work environment (*for example: works in a closed workshop, at a permanent workplace. As wood turner, may work as sole entrepreneur, but also at small, medium-sized or large enterprises. In employee status, normally works under a weekday schedule, in 8 hours a day, 40 hours a week*),
- health-related factors (*for example: the various chemical substances – vapours of varnishes, stains, methylated spirits, turpentine – are hazardous to health*),
- psychic factors (*for example: meticulous work requires high concentration, the simple work phases require good tolerance of monotony*),
- expected changes (*for example: natural materials are gaining ground again and there appears to be a growing demand for quality work, higher technical quality requires multi-directional vocational knowledge and the mastering of related vocations*),
- entry competences and their levels (*fifteen competences ranked by necessity classes: low, medium, advanced*),
- typical work method (*three work method pairs – objective/person-centred, individual/team, manager/executive – described in percentage terms.*),

<sup>3</sup> Government Regulation No. 150/2012 (VII. 6.) Korm. on the National Qualifications Register and the order of procedure of its amendment

- related jobs and occupations, respectively.

## 5. THE LABOUR MARKET – EARNINGS PROSPECTS

It is considered a priority objective of the National Career Orientation Portal to display labour market data that can be interpreted by both guidance customers and professionals; data providing the users



relevant information on the earnings and employment prospects associated with a given vocational qualification/occupation. The first component of this effort is the NPP function presenting expected earnings in an interactive way, on the basis of the occupation-specific wage tariff database of the National Labour Office.

## 6. FURTHER RELATED CONTENTS AND FUNCTIONS

- FAQs and answers on career orientation/mastering of a first vocation.<sup>4</sup>
- Interactive NQR – interactive display (requiring user contribution) of the logic of the Register, the interrelationships of the vocational qualifications; presentation of the logic of the interconnections of partial vocational qualifications and vocational qualification build-ons in a readily understandable way.
- Collection of VET-related links<sup>5</sup> – structured collection of related websites on vocational qualifications, accredited programmes, training institutions and detailed presentation of the respective contents of the links.
- Glossary of VET-related terms<sup>6</sup> – collection of the most frequently used terms of vocational and adult education and their readily comprehensible explanations.
- Online career guidance – a function under continuous development/expansion, giving special emphasis to answering questions on VET and the VET system.
- Registry of institutions of adult education and training<sup>7</sup> – the system maintained by the National Labour Office comprises the data of all the institutions concerned, including their training accreditations.

The relevance and recognition of VET in Hungary as well as the efficiency of the system will undergo considerable improvement in the years to come. This process can be boosted by career guidance functions and tools which support those in the

<sup>4</sup> <http://eletpalya.munka.hu/gyik>

<sup>5</sup> <http://eletpalya.munka.hu/linktar>

<sup>6</sup> <http://eletpalya.munka.hu/fogalmak>

<sup>7</sup> <https://finy.munka.hu>

brink of taking career decisions and their parents as well as the teachers of students graduating in their first vocation in making informed decisions. It is a priority objective under Project SROP 2.2.2-12/1 “Development of the Content and Methodology of the Career Guidance System” to make the National Career Orientation Portal ([www.eletpalya.munka.hu](http://www.eletpalya.munka.hu)) under development an integrative repository of the career guidance tools that assist study- and work-related decisions by offering quality tools and officially guaranteed authentic databases.

# EQAVET GOOD PRACTICE EXAMPLES FROM HUNGARY

Since the adoption of the Copenhagen Declaration<sup>1</sup> in 2002, the enhanced European cooperation in quality assurance of vocational education and training (VET) has been an important policy priority and proved to be a lever for promoting continuous quality improvement in VET.

Besides having facilitated the exchange of experiences, mutual learning and consensus-building in common principles, guidelines and tools for quality assurance and development, this cooperation also stressed the need for European common points of reference (such as EQF, EQAVET, ECVET and Europass) to ensure transparency, consistency and portability of qualifications between the many streams of development across Europe, thereby facilitating mutual trust and mobility in a borderless lifelong learning perspective.

The solid commitment from Member States to implement the EQAVET Recommendation<sup>2</sup> thus promoting the continuous improvement of their VET systems and provision is currently embodied in the European Network on Quality Assurance (EQAVET Network) which was set up in 2010 to ensure the long-term sustainability of the process, involving active and effective cooperation between 33 countries over the past few years.

The EQAVET Network provides a basis for deepening the work on quality assurance in VET at a European level by bringing together the Member States of the European Union, the Social Partners and the European Commission in a community of practice.

The EQAVET Network's work programmes have proposed a range of activities which have been essential in ensuring that the Member States (with special regard to the Quality Assurance National Reference Points, QANRPs) and the European Commission are supported in implementing the EQAVET Recommendation in a way which embeds a culture of quality assurance throughout the EU. Embedding a culture of quality assurance for VET among all relevant stakeholders within and across Member States requires a bottom-up approach for the development and ownership of quality processes in VET systems.

The working groups are a central part of the EQAVET work programmes. Their key task is to develop – by examining effective practices across Europe – practical guidance, supporting materials and tools which will encourage, **stimulate and support the national implementation processes** making the best use of the indicative

Our participation in the EQAVET Network provides for a good opportunity to make Hungary's quality development and improvement activities, and the results achieved known and recognised on EU level.

<sup>1</sup> Declaration adopted by the ministers responsible for VET from the European Union and candidate countries, and endorsed by the Social Partners at European level in Copenhagen, on 29 and 30 November 2002.

<sup>2</sup> Recommendation of the European Parliament and of the Council of June 18 2009 on the establishment of a European Quality Assurance Reference Framework for Vocational Education and Training”

descriptors and the indicators of the EQAVET Framework. The guidance developed by the working groups so far for building and monitoring VET quality assurance systems include for example the:

- *Building Blocks* which are based on national experiences and their related lessons learnt, and are meant to help VET providers at the early stages of developing their quality assurance approaches to learn from the experiences of others.
- Users' guide *EQAVET Indicators' Toolkit – Catalogue of indicators* supporting the implementation of the set of ten EQAVET indicators.
- *Guide for National Quality Reference Points to support VET providers' self-monitoring by using the EQAVET indicators* offering a general approach to self-monitoring at VET provider level based on the EQAVET indicators.
- collected series of *case studies* – examples of good practice across Europe that are linked to the EQAVET indicative descriptors and indicators, and show a wide range of provider level quality assurance approaches used to implement the EQAVET Recommendation and also some examples of what has already been achieved.
- *IT tools / on-line resources, guidance* where all the above resources developed by the EQAVET Community of practice are embedded (accessible from [www.eqavet.eu](http://www.eqavet.eu)) and which is designed as a user-friendly on-line tool that promotes a European-wide understanding of quality assurance in VET.

The working groups provide an opportunity for sharing experiences, discussing policy examples and VET providers' good practices, as well as producing practical and useful materials for policy-makers, QANRPs and VET providers to support the best use of the EQAVET Framework according to specific national requirements. They build on existing expertise and aim at contributing to effective solutions to the issues faced by participating countries.

Hungary has officially joined the European co-operation in the field of quality assurance in VET and has actively taken part in the activities of the EQAVET Network since the beginning. The Hungarian national expert representing the Quality Assurance National Reference Point of VET<sup>3</sup> has been the elected member of the Network's Steering Committee since April 2010. We have also delegated experts to both EQAVET working groups.

We consider it very important to take an active part in the cooperative process launched in the field of quality assurance of VET. Since 2000 Hungary has introduced a series of practical initiatives to support and promote institutional-level quality assurance in VET, using European and Hungarian funds. These include:

- the Comenius 2000 Quality Improvement Programme for Public Education which provided a national framework for the quality assurance and quality management activities in schools (2000 – 2004),
- Public Education Quality Awards (PEQA) which recognise outstanding performance and share best practice in implementing Total Quality Management (2002),

<sup>3</sup> QANRP is situated within the National Labour Office, Directorate for VET and Adult Education.

- the Development Programme for Vocational Training Schools where 160 schools were developing an institutional approach to quality improvement based on self-assessment (Phase I: 2003-2006; Phase II: 2006-2009),
- adopting the Common Quality Assurance Framework (CQAF) for the initial VET schools (2005-2006, revision in 2008).

Hungary is among the first EU Member States who aligned the already existing quality assurance systems in the VET school system and adult training with the quality assurance framework of the European Union (EQAVET). From 2009 to 2011, the Common Quality Management Framework for VET, an integrated approach to quality management in the entire Hungarian VET sector as a whole (comprising school-based VET, CVET, adult VET and higher level VET) compatible with EQAVET, was developed and piloted in 1,100 VET providers. With this development Hungary has made a considerable step towards meeting the Strategic objective 2.b of the Bruges Communiqué, namely “Participating countries should – by the end of 2015 – establish at national level a common quality assurance framework for VET providers, which also applies to associated workplace learning and which is compatible with the EQAVET Framework”<sup>4</sup>.

Our participation in the EQAVET Network provides a good opportunity for Hungary’s quality development and improvement activities, and the results achieved known and recognised at an EU-level. At the same time, our country can influence – based on the experiences gained through their implementation – the activities and processes affecting the quality of VET at the EU-level. Beside this, our active involvement in the activities of the European Network can also promote and contribute to achieving our objectives set at the national level.

We are convinced that the cooperative process in the field of quality assurance of VET within the European Network – with the active participation of the members – can considerably promote and contribute to achieving the objectives set at the national level.

In the following two Hungarian case studies – VET providers’ good practice examples – will be presented which have been included in the EQAVET web-based resource.

#### **CASE STUDY: Career tracking system**

VET provider: Békéscsaba Central Vocational School and Student Dormitory ([www.beksz.hu](http://www.beksz.hu))

The Békéscsaba Central Vocational School and Student Dormitory (BÉKSZI) was established in August 2007 as a result of the merger of three well-established vocational schools. It provides vocational training in 44 occupational areas in the following vocational sectors: engineering, architecture, electronics,

<sup>4</sup> The Bruges Communiqué on enhanced European cooperation in vocational education and training for the period 2011-2020. *Communiqué of the European Ministers for Vocational Education and Training, the European Social Partners and the European Commission, meeting in Bruges on 7 December 2010 to review the strategic approach and priorities of the Copenhagen process for 2011-2020.*

business administration, information technology, transport, timber industry, catering and tourism. It aims to meet the requirements of the economy by offering training which responds flexibly to the changing demands of the labour market. One aspect of the school's approach to quality assurance is the systematic monitoring of the employment of the school's graduates after they complete their training. BÉKSZI's career tracking system has operated successfully for several years and data is collected annually using a system developed by the school. The system investigates the extent to which the school's training meets the demands of the labour market and how students make use of the knowledge and skills acquired during training.

As the systematic tracking of school leavers is a priority in VET and employment policy in Hungary, this approach is regarded as a model for other VET providers.

The case study covers all types of IVET, CVET and adult training.

The case study demonstrates the following EQAVET Building Blocks:

- *Ensure there is a management culture which is committed to quality assurance.*
- *Develop approaches which reflect the provider's circumstances.*
- *Use data and feedback to improve VET.*

The case study shows the following EQAVET indicative descriptors are being met:

- *Self-assessment/self-evaluation is periodically carried out under national and regional regulations/frameworks or at the initiative of VET providers.*
- *Procedures on feedback and review are part of a strategic learning process in the organisation.*
- *Results/outcomes of the evaluation process are discussed with relevant stakeholders and appropriate action plans are put in place.*

The case study shows the following EQAVET indicators are being met:

- *Completion rate in VET programmes.*
- *Placement rate in VET programmes.*
- *Utilisation of acquired skills at the workplace: (a) information on occupation obtained by individuals after completion of training, according to type of training and individual criteria.*

### **The career tracking system**

BÉKSZI's career tracking system has operated successfully for several years and data is collected annually using a system developed by the school. The system investigates the extent to which the school's training meets the demands of the labour market and how students make use of the knowledge and skills acquired during training.

The career tracking system is operated by BÉKSZI's quality management team in partnership with the school's form teachers. At the end of each academic or school year the form teachers with responsibility for students who are leaving complete

a standardised spread sheet. This includes collecting students' contact details including their telephone numbers and email addresses. At the beginning of the next school year they use this information to collect more detail on each student's occupation and their qualifications. They also identify how each student's career is developing and whether they are continuing with their studies. For those who continue to study, information is collected on the level of the course, the name of the qualification and institution, etc. If the students are not continuing their studies, the information collected shows whether they are in employment or not and whether their employment is related to their qualifications. If a student cannot be contacted, this information is also recorded.

The data collected by the form teachers is summarised at a departmental level and also at an institutional level. It is analysed in order for evaluations and comparisons to be made between departments, types of training, vocational sectors and qualifications. The outcome of this analysis is presented and discussed with all the staff at one of the regular staff meetings.

### **Difficulties**

The role of the form teacher is crucial. Their willingness to cooperate has a large impact on BÉKSZI's ability to track former students. In some situations, a positive attitude is not enough. When students take employment abroad, form teachers find it more difficult to contact them and data on employment is often lost. The largest problems arise when the data is inconsistent and conclusions cannot be made from one year to the next because the data is missing or previous surveys used different parameters.

### **Lessons learnt**

Although the method used for tracking students' careers is simple, it has proved to be very efficient. In 2012 BÉKSZI had information on 82% of the students who completed training in 2011. BÉKSZI has found it very useful to look at the data on employment in different vocational sectors, and across the different vocational qualifications. It is particularly useful for BÉKSZI when planning the number of students to enrol the following year. It also helps to evaluate students' success in the end of course exams. If there is a high level of failure in a profession, the causes will be analysed and changes can be made.

BÉKSZI has found that three months after completing training is an appropriate time for form teachers to contact former students. Waiting longer makes it much more difficult to contact students and collect the relevant data.

For more information on this case study, please contact:

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Ms. Anita Eszter Baukó – quality manager ([bauko.anita@gmail.com](mailto:bauko.anita@gmail.com))

## **CASE STUDY: Using feedback from partners to improve VET**

VET provider: Ferenc Hansági School for Catering and Tourism  
([www.hansagiisk.hu](http://www.hansagiisk.hu))

The Ferenc Hansági Vocational and Secondary School for Catering and Tourism in Szeged, Hungary has been monitoring the requirements of partners and measuring the effectiveness of its training in meeting their needs since 2000. As part of the school's annual plan, views are collected from the different school partners such as employees, students and their parents, the school's supporting foundation and organisations that provide apprenticeship places.

The school uses a standardised approach in relation to selecting respondents, setting targets, measuring the outcomes, and ensuring the results are valid, reliable and accurate. The process is overseen by the school's Quality Management Team whose analysis identifies trends, compares the results to the school's targets and presents the results from each group of respondents, e.g. students and their parents, teaching staff, employers, etc. Based on the results, the Quality Management Team identifies strengths and suggests areas for improvement. All the school's partners are informed about the outcomes from the surveys.

This case study focuses on initial VET.

This case study demonstrates the following EQAVET Building Blocks:

- *Develop a culture of self-assessment.*
- *Use data and feedback to improve VET.*

This case study shows the following EQAVET indicators are being met:

- *Utilisation of acquired skills at the workplace.*
- *Satisfaction rate of individuals and employers with acquired skills/competences.*

This case study shows the following EQAVET indicative descriptors are being met:

- *Ongoing consultation with relevant stakeholders takes place to identify specific local/ individual needs.*
- *Self-assessment/self-evaluation is periodically carried out under national and regional regulations/frameworks or at the initiative of VET providers.*
- *Evaluation and review covers processes and results/outcomes of education including the assessment of learner satisfaction as well as staff performance and satisfaction.*
- *Evaluation and review includes adequate and effective mechanisms to involve internal and external stakeholders.*
- *Learners' feedback is gathered on their individual learning experience and on the learning and teaching environment. Together with teachers' feedback this is used to inform further actions.*

## **The approach to quality assurance**

The Ferenc Hansági School for Catering and Tourism in Szeged, Hungary has been monitoring the requirements of internal and external stakeholders – i.e. partners –, and measuring the effectiveness of its training in meeting their needs since 2000. As part of the school's annual plan, views are collected from employees, students and their parents, the school's supporting foundation and organisations that provide apprenticeship places.

The process is set out in the school's Quality Management Programme which ensures the approach in relation to selecting respondents, setting targets, measuring the outcomes, and ensuring that results are valid, reliable and accurate. Since 2008 the views of students, staff, the school's supporting foundation and a sample of employers have been collected through on-line questionnaires specifically targeted to each partner group. These include – amongst others – questions on the quality of leadership, the quality of teaching, the results achieved by students, the school environment and the effectiveness of the relationship with partners.

The process is overseen by the school's Quality Management Team whose analysis identifies trends, compares the results to the school's targets and presents the results from each group of respondents e.g. students and their parents, teaching staff, employers, etc. Based on the results, the Quality Management Team identifies strengths and suggests areas for improvement. All the school's partners are informed about the outcomes from the surveys.

Ferenc Hansági School's approach has been strengthened over the past ten years. Having initially identified the need for more information about partners' perceptions and needs, the EFQM Model for institutional self-evaluation was introduced in 2002. This was supplemented in 2004 and 2005 by the adoption of the Hungarian self-assessment model for vocational schools and the use of the criteria set out for self-evaluation in the Hungarian Quality Award for Public Education.

Most of these self-assessments and self-evaluations were enhanced by external evaluations as this helped to validate the internal findings and strengthened the external feedback. In 2007 the school used the self-assessment model developed by Hungary in response to the development of the CQAF (The Common Quality Assurance Framework) and took part in its first international Peer Review process as part of an EU Leonardo da Vinci Programme. The school's current approach is to use self-evaluation in line with the Hungarian Quality Management Framework which is compatible with EQAVET.

## **The impact on quality**

Following the measurement of each partner's needs and levels of satisfaction, action plans have been prepared and implemented. The focus for each plan has been revealed from:

- the partners' needs and their satisfaction with the current training programmes,
- recommendations from the school's management team,

- the views and agreement of the teaching staff (e.g. improvements in contact arrangements with parents, improvements in internal communication).

Once the changes were implemented, the results were monitored and measured.

The results from the measurement of partners' needs and levels of satisfaction are also used in subsequent self-evaluations to assess the efficiency and effectiveness of the internal processes and performance appraisal of the teaching staff.

### **Overcoming challenges**

The largest difficulty to overcome is related to the reliability of the responses from partners. Initially it was hard to gauge the level of satisfaction from employers as the response rates to the questionnaire did not guarantee a representative sample. This was not the case with other groups such as parents where more communication channels could be used to increase the response rate. For employers additional communication methods, including the use of personal contacts, had to be adopted.

### **Lessons learnt**

The frequent and regular use of action plans, based on employers' and other partners' satisfaction with provision, has improved the effectiveness of the school. In addition, using partner satisfaction measurements to inform self-evaluation and self-assessment has ensured the school and its managers to stay focused on the needs of employers. However, to make this quality system work, there needs to be an effective approach to internal communication which is based on the commitment and willingness of all staff.

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# YOUNG CARPENTER ON THE TOP OF EUROPE

## ZOLTÁN VILÁGOSI RECOGNISED AS ONE OF THE BEST IN HIS TRADE IN BELGIUM

**Zoltán Világosi won the bronze medal at EuroSkills, the European championship for young skilled workers in Belgium. We asked the carpenter-scaffolder who finished his studies at Kós Károly School, a member school of the Central Vocational School of Békéscsaba about the competition, his trade and his plans.**

Zoltán Világosi's trade is his hobby. He mostly constructs and draws also to relax. Nevertheless, he is also very keen on sports: he swims, jogs and roller-skates. Physical fitness is essential for a carpenter; his work demands a high degree of endurance. In France, for example, beams of 6-7 m, of several quintals each are used to construct the visible oak structures on restoration sites. Although cranes are also used to move them, their positioning needs strength.

A few weeks ago, the Hungarian team back from EuroSkills, the European Championship of Young Skilled Workers, were received at the airport as champions. Although Zoltán Világosi arrived home at Gyula at three o'clock at night, the next morning he hurried to his Békéscsaba school to meet his masters and teachers. As he said, that was quite natural, since everything started from there. But if we insist on the beginnings, we have to go back to when he was 12.

- “Roofs have appealed to me, especially the sophisticated ones, with a visible structure. That they were made of well-processed timber, by hand”, Zoltán Világosi said, speaking of his decision taken when he was in seventh form. “My father who is a mason has also made simpler roofs and I liked them more than the idea of becoming smudged with mortar.”
- *Whom did you call first from Belgium?*
- My father: “I did it, we have a podium place”, that was the first thing I shouted in the phone. We could only speak for half a minute; he was very happy. He is my role model. He has given me everything I needed. We have spent lots of time together, I accompanied him to work numberless times, and I saw how he treated people, how he worked. I have learned a lot from him, both about the trade and about humanity.
- *Your masters say your thirst for knowledge, your sense of purpose is exemplary.*
- Extraordinary performance requires lots of learning and willpower. My trade requires a thorough knowledge of mathematics and geometry and also advanced spatial vision. Several planes need to be seen simultaneously: first you imag-

Extraordinary performance requires lots of learning and willpower. My trade requires a thorough knowledge of mathematics and geometry and also advanced spatial vision. ... At international competitions you have to do that at a very high level, work with an engineer's precision, because differences of one hundredth of a millimetre cost points.



ine something in top view, and then you transform it to lateral view to know exactly how it looks like in reality to be able to do the design work. At international competitions you have to do that at a very high level, work with an engineer's precision, because differences of one hundredth of a millimetre cost points. We use construction methods that are not taught at secondary school. During the preparation for the competition, we worked out a new solution with my teacher Zoltán Hantos, and this gave me and my team mate an advantage

of four hours without any haste involved. We had eighteen hours to construct the complex roof defined in the assignment, to draw it on wood, work the wood and assemble the structure.

- *If you had no more than a minute to show the beauty of your trade, what would you choose?*
- Imagine an octagonal patio set, nicely planed. With armbands in it, you see the rafter from below, covered in wooden panels, painted, a built table, built chairs around it. You sit down there with your friends and look up: “That’s beautiful”.
- *You have just returned home, and by the time this article will be published, you will have taken the plane again.*
- I will start master training in France, at Les Compagnons Du Devoir. I consider this a great opportunity, with scholarship money and a French salary. I will work during the day and study in the evening, I will be able to master the process of constructing more and more complex structures. At the same time, I will be preparing for the championship next July.
- *What do you think of the place of your trade in architecture?*
- The walls. The carpenter puts the dot on the ‘i’, the crown on the house.
- *What is your favourite equipment that you would take with you by all means?*
- My pouch. In France, the prestige of my trade is shown also in outward appearances: carpenters wear black trousers, a vest, a white shirt, a belt and the pouch. And wherever they go, people tip their hats. I work this way, nicely dressed, at home, too. To show respect for my trade. How could I expect others to respect me otherwise?

*Interviewer: Róza Csath*



## **FIVE HUNGARIAN GOLD MEDALS AT EUROSKILLS, THE EUROPEAN VOCATIONAL SKILLS COMPETITION**

This is the third time Hungary entered the European competition of young skilled workers, and the first time that the Hungarian Chamber of Commerce and Industry assumed the relevant organisation tasks.

At the “Spa-Francorchamps 2012” competition in Belgium, the 20-strong Hungarian team tested its knowledge and competence against the other European teams in 11 categories and 15 different vocations.

Contesting with 400 competitors of 23 countries, the Hungarian team won the prestigious 6<sup>th</sup> place.

Hungary’s official delegate was Balázs Fekete with Zsófia Csiszár appointed as technical delegate.

The 5 gold, 1 silver, 5 bronze and 2 excellence awards exceeded all expectations.

### **OUR GOLD MEDAL WINNERS:**

LÁSZLÓ LOSONCZY, ISTVÁN ULRICH – mechatronics team

GÁBOR BERKES – cabinet-maker

ZOLTÁN ÓNODI – carpenter and joiner

JÁNOS CSÓKE, KRISTÓF DÁRIUS KRESZÁN, SÁNDOR ZEKE – corporate ICT Team

GÁBOR BERKES, ZOLTÁN ÓNODI, ÁDÁM SÁRVÁRI – wood industry technologies team

## OUR SILVER MEDAL WINNERS:

RENÁTA KÓKAI, DIÁNA TAKÁCS – florist team

## OUR BRONZE MEDAL WINNERS:

MÁTÉ HINTENBERGER – hairdresser

DÁVID NAGY, ZOLTÁN VILÁGOSI – carpenter team

ALEXANDRA BEÁTA VARGA – maintainer, cleaner specialist

JESSICA KASKOVA (ethnic Hungarian competitor from Slovakia) – waitress

ZSOLT BERKI, JESSICA KASKOVA – cook, waitress team

Successful performance was backed by sponsors and by an expert team supporting the work of the competitors, and also by psychologists, trainers and the organising effort of the Chamber.



