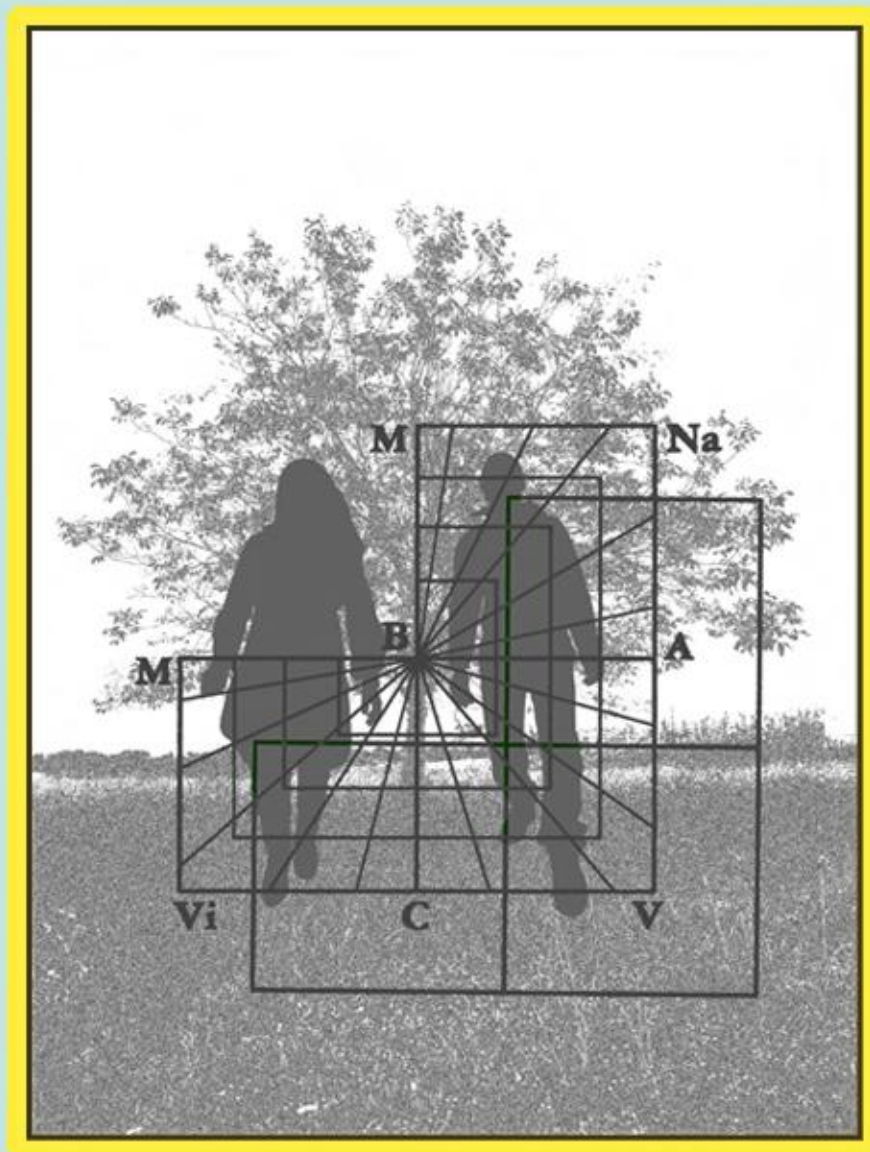


Mapping the Hungarian Landscape of Tertiary Lifelong Learning

Discussion paper 2012/4.4.

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1. Brief History of Adult Education

As in most European countries, adult education in Hungary has been a tradition for several centuries. Between the two World Wars so-called folk high schools were established, that were closed down after 1949 for political reasons. Adult education before the 2nd World War was mainly in the framework of courses, which form was preserved after 1945 as well, but in a radically restructured form. The present structure of formal adult education - evening and correspondent institutions on each level of education - was developed between 1945 and 1950. In this period the organised forms of adult education became wide available for the public. This was not integrated into the public or tertiary educational system, but provided learning possibilities for very significant numbers in society in a non-formal way.

The adult education policy in the state socialist period was strongly interrelated with modernisation attempts of the country that took place in two different waves. The first wave of economic and social modernisation, determined by the communist ideology, aimed at radically transforming the agriculture-dominated Hungarian economy into a modern industrialised one, accompanied by the radical change of the class-structure of the society. This wave of economic transformation can be labelled as an extensive industrialisation period characterised by the strained development of manufacturing, first of all heavy industry, where increase of productivity was based on low technological level and labour-intensive activities. The labour supply of the industry was ensured to the rearrangement of the poorly skilled labour from the agricultural sector and inactive women to manufacturing. This strategy represented a need for employees with basic skills and the adult education policy in this period was subordinated to achieve this goal amended with the political aim to ensure social mobility channels for those who were excluded from it before the WWII. Corresponding to this, as part of the modernisation process of Hungary in order to overcome the skill shortages and open a pathway for social mobility between 1945 and 1956 the organised forms of basic adult education became widely available for the public. The second period of economic modernisation started in the early 1960s and was characterised by intensive industrialisation based on technological development and a transformation from labour-intensive to technology-intensive activities. This strategic changes represented different skill needs of the economy compared to the previous period. These developments were reflected in the aims and structure of adult education. The differentiation of the skill needs of the economy led to restructuring of the institutional settings of adult education. The emphasis has been put from basic skill to the development of specific vocational skills on the one hand and higher education (HE) institutions started to play more intensive role in adult education on the other.

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After 1990, following the political and economic changes, new tendencies started to form in adult education. In the last two decades the educational level of the population has changed; the rate of people with unfinished basic education decreased, the state monopoly in education and training ceased, meanwhile the role of private educational and training institutions became more and more important.

The number of institutes providing secondary education has increased a little in the last decade. The number of independent institutions has dropped, but those providing initial education have set up classes for adult education in greater number. The background reasons are partly because of the greater value attached to a finished secondary education and the increased student demand for this, and partly to compensate the financial loss to initial education caused by number of students falling for demographic reasons. Unemployment contributes to this as well, stimulating full time students to stay longer in full time education and to learn another profession, mainly because with their first qualification it was not easy or nearly impossible to find a job in the labour market. According to the latest data, students in adult education account for 15% of the total national student number. (KSH 2010)

Although the number of full time educational opportunities increased significantly in the 1990's, the number of students choosing part time (evening or correspondence) education has multiplied. The previous low capacity of tertiary institutes contributes to this, where quite a few could only get into tertiary education after some years delay. At present 40% of students learn in part time forms of education. (KSH 2009)

The importance of adult education can be characterized not only by the number of participants, but by the proportion of those who gain the highest qualification in tertiary education. This rate has changed a lot, according to the time of completion, the level and the type of education. Altogether the importance of adult education has fallen for the last 20 years, but still one-tenth of vocational exams, one-fifth of final exams and one-third of degrees are gained within this system.

There are five important tendencies that have shaped the current position of TLL in Hungary. The first one is the higher education expansion that is often labelled as 'massification process'. The second important characteristic is the structural reforms of higher education within the framework of the Bologna process. The third tendency is the increasing share of part-time programs within higher education. The fourth is the radical change in university management structure and the fifth is the restructuring of the relation between HE institutions and the economic actors. We will discuss these tendencies later.

2. Legal Regulation of Adult Education

There are several legal sources that regulate directly or indirectly the adult education. Most important laws are the followings:

- Education Act
- Vocational Education Act
- Higher Education Act
- Employment Act
- Adult Education Act
- Labour Code

The two most important legal sources regulating TLL are the Higher Education Act and the ADULT education Act. The former regulates the special training programmes that are offered by HE institutions for those who have already graduated (at ISCED level 5A). The law defines both the minimal human and technical standards necessary to run such courses and both the in- and output requirements.

According to the Adult Education Act adult education courses should be accredited by the Board for Adult Education and Training Accreditation (in Hungarian: *Felnőttképzési Akkreditáló Testület: FAT*) if the training provider wants to have his programme to be recognised by the state. Higher education institutions, however, are not obliged to have their programmes accredited. (See more in the next section.)

3. Institutional Environment of Adult Education with special attention to the Higher Education (HE)

3.1 Actors playing a deceive role in TLL

General regulation and supervision of vocational education and training is the competence of the state secretary responsible for education (Ministry of National Resources). The state secretary releases the register of national vocational qualifications (NVQ - in Hungarian: OKJ) and defines their training criteria, as well as the requirements for enrolling in training, and obtaining qualifications.

The formal education is regulated by the Ministry of National Resources which defines the criteria for organizing vocational training, the content and official name of the various professions, and is responsible for releasing central programmes of vocational subjects (as it is

for initial education). In relation with the content of the vocational training courses and other professional criteria other ministries have the right to consult.

According to the Adult Education Act the former Ministry of Employment and Labour, now State Secretariat for Employment Policy within the Ministry for National Economy is responsible for the regulation of non-formal education (training outside the school system).

The State Secretariat for Employment Policy runs the National Institute for Vocational and Adult Education which has developed a service providing and researching roles in adult education, and runs the Board for Adult Education and Training Accreditation that is responsible for accreditation of non-formal training providers.

A recent phenomenon is Hungary the increasing role of the Hungarian Chamber of Commerce and Industry (MKIK) in monitoring and evaluating the vocational education and training (VET) system. The new law on VET gives a central role to the Chamber of Commerce and Industry in defining of output requirements and directly supervising final examinations in case of vocational training. It is questionable, however, to what extent will be the role of the Chamber extended the higher education, as well.

3.2 Institutional environment of TLL

Before describing the institutional environment of the TLL in Hungary it is worth presenting a theoretical framework that helps to better understand the wider context shaping the functioning of the HE educatons insitutions, including their adult education activities. Raviola, Kekkonen, Tulkki and Lyytinen (2001) analysed the experiences of the Finnish higher education reform. In their attempt to develop a model for presenting the main aspects of the institutional setting of the education systems the authors differentiated three basic modes of knowledge development and transfer.

1. The *centralised model* can be characterised by the attempt of conserving the existing structures and functions of education. In this model the educational institutions work separately from each other and the setting of skill standards remains the duty of the state. The academic and practical skills are not integrated. The model is dominated by the “classical”, teacher-oriented training methods, where students are passive objects.

2. The second model is the *mechanical learning model*. Within this model the integration of academic and vocational training takes form by the module formation in education. The curriculum and the setting of skill standards are determined by employers and their

organisations. In this system work-based learning experiences are of particular importance, mostly in the form of learning by doing or learning by interacting.

3. The third educational model can be labelled as the *model of learning networks*. In this model the strong cooperation between the enterprises and HE institutions is characteristic. The integration of academic and vocational education is the results of a mutual learning process between the various actors (enterprises, HE institutions, etc.). The setting of skill standards takes place in networks that link teaching communities in schools and the communities of enterprises. It presupposes well-functioning networks of industries, education and other supporting actors and provides more flexible knowledge development and transfer regime than the mechanistic model.

As mentioned earlier, there are five important tendencies that have shaped the current position of TLL in Hungary. The first one is the higher education expansion that is often labelled as 'massification process'. The second important characteristic is the structural reforms of higher education within the framework of the Bologna process. The third tendency is the increasing share of part-time programs within higher education. The fourth is the radical change in university management structure and the fifth is the restructuring of the relation between HE institutions and the economic actors. We will discuss these tendencies later. In presenting these five decisive tendencies we will try to locate the Hungarian HE and TLL in the theoretical framework presented above.

Structural changes in HE

The most important structural change the Hungarian HE system has undergone in the recent decades is the implementation of the aims laid down in the Bologna Declaration. In assessing the implementation process in Hungary we may say that it has been carried out in a rather contradictory way. An important characteristic of the implementation process is that the strategic and instrumental goals of the reform were not integrated. The emphasis has been put on the technically feasible elements of the restructuring, like introducing the credit system and the two-cycle education model with a relatively little respect to the content of the changes. One of the most problematic areas is the introduction of the two-cycle higher education. The Hungarian HE system was strongly influenced by its German counterpart in representing a dual system with practice-oriented polytechnics and theory-centred universities: the two types of institutions were independent from each other and there promoted only narrow possibilities of students' mobility.

Evaluating the structural reforms of the Bologna process in Hungary, we can state that the Hungarian HE system is dominated by the institutional characteristics of the centralised

education model, but it also holds some elements of the mechanic one. The Bologna reform for instance was initiated by the government but the effective implementation was delegated to the different actors of the HE system without involving other social actors (enterprises, trade unions, etc.).

The Hungarian legislation delegated the creation of the new BA and MA programmes to the competence of the universities and polytechnics. Because of weakness of central legislation in creating the two-cycle system the actors relied heavily on the traditions of the dual HE system. This means that the content of the BA programmes were created on the basis of the bargaining and assertive capabilities of the institutions whose interests were rather different. According to the interests of the higher prestigious universities being in better bargaining position the BA programmes are theory-oriented and the role of practical knowledge remained underplayed. Further problem is that the accreditation system of the Hungarian HE is output-oriented and this determines the rather rigid input requirements, as well, and results in a rather rigid programme structure where transferability between the programmes is limited.

Another characteristic of the process is that the representatives of the firms and other social actors were not involved into the creation of the new two-cycle programmes. As a result the creation of the programmes' content remained supply-driven, e.g. the number and content of the programmes reflects the existing capacities of the universities and polytechnics and does not correlate to the real labour market demands.

Another related issue is the employability of the graduates, which is partly reflected in the problem of mismatch between the knowledge supplies, provided of the higher education institutions and the real labour market needs. According to the interviewees the formation of the new structure higher education (Bologna-process) is based on the demand represented by the students instead of the employers' demand. In this respect there is a shortage of a new educational paradigm in the higher education. The demand-related problems of the HE and TLL will be discussed later.

The inconsistency between the strategic and the instrumental goals, the lack of central legislation and of the involvement of the social partners into the creation of the two-cycle system led to a large number of specified programmes. As a non-intended result a very rigid undergraduate system was created with a large number of over-specialised programmes, which makes difficult the students' mobility and, as a non-intended effect, contradict to the original strategic aim of Bologna Declaration. The other consequence of the above-mentioned contradictions of the Bologna-reforms in the Hungarian HE is the increasing theory-orientation of the HE institutions.

Massification tendencies

In order to understand the institutional framework of traineeship, in the following the structure of the Hungarian education system will be briefly presented:

Pre-primary education (ISCED 0-1)

This educational level is created for children from 3 to 7 years of age. The pre-primary education (kindergarten, in Hungarian: óvoda) is optional, except for the final year (at the age of 5 or 6), which is compulsory.

Primary education (ISCED 1-2)

In Hungary primary schools provide basic education in two 4-year cycles. Children attend primary schools (in Hungarian: általános iskola) until the age of 14, after which they have to choose a secondary school.

Secondary education (ISCED 2-3)

In Hungary there are three different forms of secondary education:

1., Vocational and special vocational schools (ISCED 3):

Students who do not intend to obtain a secondary school leaving certificate and wish to begin working immediately after the compulsory period of education, have the opportunity to attend a vocational school (in Hungarian: szakiskola). During the first and second years of their studies (9th and 10th grades), students are taught only general subjects. They learn professional subjects from the 11th grade on. The professional orientation and preparation for the vocational training starts in the 9th and 10th grades. However, the real vocational training begins in the 11th grade, partly in the school-workshops, and partly in factories. The duration of the training in vocational schools is 3 years. It consists of 1 year of general studies and a 2-year vocational course. In the first year students learn both practical and general subject, but in the remaining two years only practical courses will be offered for them.

2., Secondary general schools (ISCED 2 -3)

The secondary general schools prepare students for universities and colleges, providing general education. The general secondary schools (in Hungarian: gimnázium) offer four-year-long education – starting in the 9th grade and finishing in the 12th grade. Bilingual schools offer 5-year programmes. At the end of the final year, students take school-leaving exams. According to

the two-level secondary school-leaving examination regulations, students have the opportunity to choose whether they take the standard-level or the high-level exam. The standard-level exam is focused on assessment of basic skills of students intending to complete their studies and search for a job. In case of high-level exam, academic knowledge is more emphasized and this exam serves as an entry to the higher educational institutions.

3., Secondary vocational schools (ISCED 3)

Secondary vocational schools (in Hungarian: szakközépiskola) offer the opportunity to learn a profession and provide general education as well. In the 9th–12th grades, students are taught mainly general subjects. This is a preparatory phase for the secondary school-leaving exam and further studies. The vocational orientation starts in the 9th grade. From the 11th grade on, theoretical and practical basic knowledge is taught in workgroups. The real vocational training begins only after the secondary school leaving exam (ISCED 4). Students complete their studies with final exams in the prescribed vocational subjects. The new legislation laid down in the SZT will change this school type, as well. The most important change is that students will be offered more practical courses even in their first school years.

Tertiary (higher) education (ISCED 5-6)

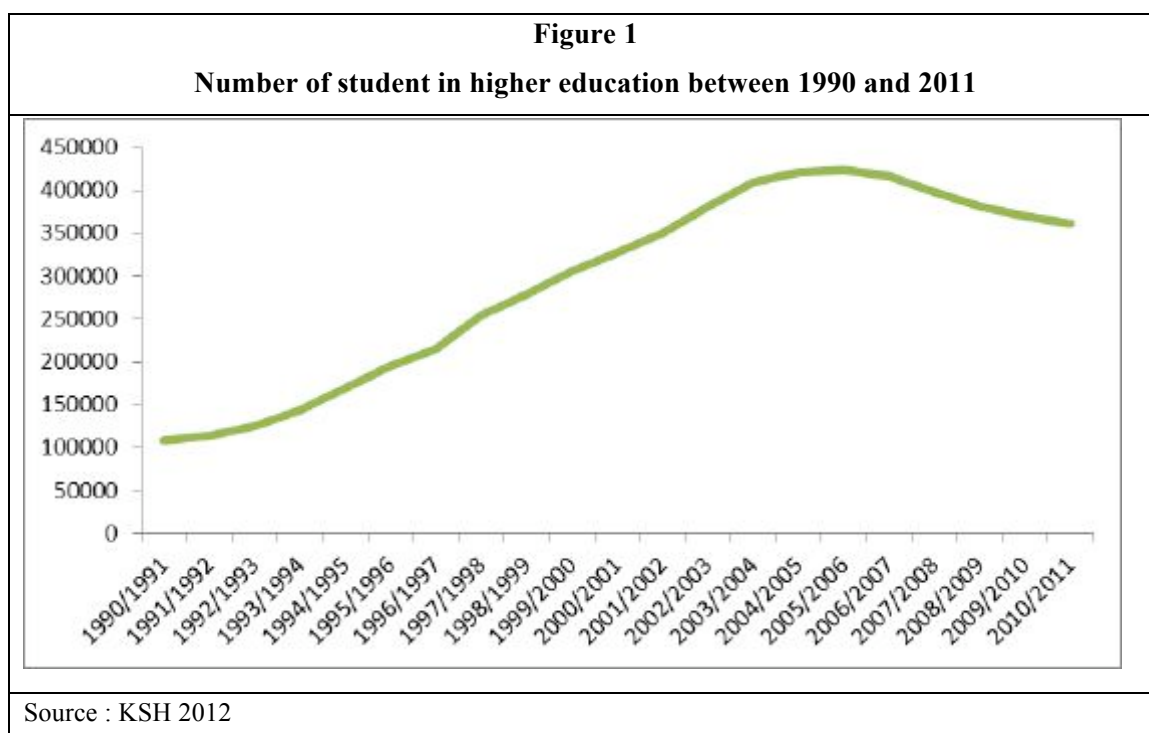
Higher education institutions offer mainly BA, MA and PhD courses (See detailed above).

Types of special TLL programmes in the HE

As part of the vocational education and training system, however, the HE institutions also provide two-year advanced vocational programmes (ISCED 5B, 120 ECTS credits, as well. These programmes can also be offered by upper secondary schools. There are, however, special training programmes (at ISCED level 5A) for those, who have already graduated. This type of training programmes (in Hungarian: *szakirányú továbbképzés*) offer possibility to graduates either to gain a new qualification or to specialise themselves in a given area related to their basic qualification. In some cases, e.g. legal, medical and technical professions, participating in such courses is a legal prerequisite of obtaining and preserving their licences. The ratio of participants in these programmes was 5,5% within the whole student population and was 6,5% in 2010. These programmes still do not seem to be very popular and widely accepted by the employers.

In the last decades there has been a dramatic shift from vocational training to the general education, accompanied by the radical increase of the number of students in higher education.

(See Figure 1) Based on the EUROSTAT the distribution of the Hungarian pupils/students between the various levels of the education system in 2009 was as follows. 15,14% of student were in pre-primary educational institutions (ISCED 0), 18,45% of them in primary education (ISCED 1), 20,17% in lower, 24,88% in upper secondary education (ISCED 2,3), 3,07% in post-secondary education (ISCED 4) and 18,49% of them participated in tertiary education (ISCED 5,6). 90,13% of tertiary education participants were in academic-oriented programmes, while 8,12 of them in occupational-oriented courses that shows a relatively modest practical orientation of the tertiary education system.



The increase of the HE system in terms of number of students was 334 % between 1990 and 2011. In the public discourse this expansion process is mainly associated with the radical decline of the level of both public and tertiary education performance. Beside the questionable quality of large number of diploma issued by the higher education institutions, the massification process had several other negative effects:

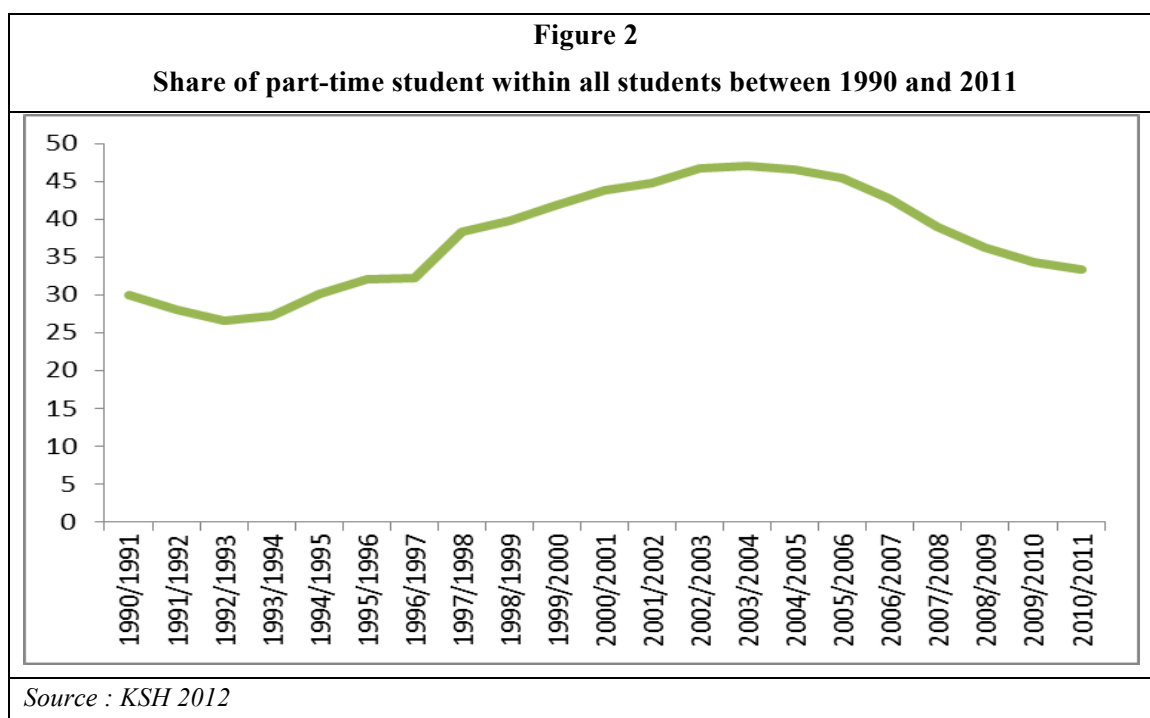
- 1) The increase of the number of students was not accompanied by the necessary growth in human, financial and infrastructural resources. Since the collapse of the state-socialist political-economic regime the teacher/student ratio has been tripled.
- 2) Teaching technology was consistent with the characteristics of an elitist higher education system where only 10% of the population could participate in the courses offered by

polytechnics and universities. The shift from this elitist to a mass-education was not followed by an appropriate transformation of the pedagogical and didactical methods.

3) The massification unequally affected the various disciplines. The proliferation was observable in such disciplines as economics, law, communication, human resource managers, etc. This increased number of fresh graduates in the earlier-mentioned fields did not meet the demands of the labour market (enterprises, public institutions). Thus, the supply side growth of the higher education system was driven by the needs and expectations of ‘students and their parents’ instead of the labour market regulation.

Increasing role of part-time programmes

The third tendency influencing the position of TLL within the Hungarian HE system was the increasing share of part-time students. As the Figure 2 shows, there was a growth in the number of part-timers between 1990 and 2005 and since then this tendency has reversed.



According to the statistics the vast majority of part-time students are under 30 attempting to acquire their first or second degree. Those in mid-life are represented in this group only to a lesser extent.

The changes of university management

After the collapse of the state socialism, the governance system of the Hungarian HE institutions has been changed. The most important development was the increase of autonomy at the university level, but this process took place in a rather inconsistent way. One of the most problematic dimensions of university governance in Hungary is the lack of real owners. The Senate is the highest decision making body of the universities. Its members are the president, around 50% of the members are recruited from the teaching staff of the different faculties, one third of them are elected by the students, 10% of the members are representatives of the non-teaching staff and other 10% is represented by the trade unions. The Senate with these structural characteristics has the decision making authority in each field of the university. The real power is in the hand of the faculties and in the hand of students. In other words, this means that university presidents in the Hungarian higher education system are the prisoners of the faculties and the self-governance body. The most important consequence of this governance model is the rigid decision making process at the university level and the institutions' very bad capability to be able to respond and adapt to the environmental changes.

The other problem is that the increase of autonomy in academic matters was not accompanied by economic, financial and HRM autonomy which also considerably restricts the room of manoeuvre of the university management. Universities have no autonomy in their asset management and they have no significant freedom in the field of HRM practices. The overwhelming majority of the higher education institutions in Hungary are public, while private universities (e.g. Central European University) represent a minority. As a consequence, the majority of the university staff is public servant. This means that they have state-regulated working conditions, promotion and wage classification system. The university management has rather limited power to influence these characteristics of employment. Within these circumstances it is almost impossible to introduce performance assessment and performance related wage-setting and career planning system.

Restructuring of the relation between HE institutions and economic actors

As mentioned earlier the Hungarian HE system was strongly influenced by its German counterpart in representing a dual system with practice-oriented polytechnics and theory-centred universities. In case of the polytechnics, but to some extent of the universities, as well, until 1989 practical training and intensive cooperation with the enterprises was integrated part of the HE system. The basic function of the practice-oriented polytechnics was to ensure the skilled labour supply for the state-owned large companies. In that period large state-owned companies dominated the size structure of the Hungarian firms. As a consequence, HE institutions could relatively easily build up relationships with these companies in order to organise traineeships for

their students. Students were often employed by these large enterprises during their traineeship period and they were offered job opportunities once they were graduated. The system was based on the combination of theoretical education and enterprise-based practical training and represented some characteristics of the mechanical learning model. After the collapse of the state-socialist system the vital connections between the HE and the business sector dramatically weakened.

After the collapse of the state-socialist system, the micro and small sized enterprises became the dominant form of business organisations and these relationships between the HE institutions and the business sector dramatically weakened. HE institutions had difficulties to find places for traineeship and company-based practical training became an exception than a rule. The occasionally cooperation between HE institutions and enterprises is often based on traditional contacts or personal relations between the HE institutions and the firms.

Due to the radical restructuring of the size structure of the Hungarian enterprises, the firms' skill demand has been changed. The large, state-owned, oligopolistic enterprises were mainly replaced by private, small and medium-sized companies with relatively lesser resources for training their employees. As a proxy indicator of the skill demand of Hungarian enterprises way may use both the prevalence of continuing vocational training (CVT) and initial vocational training (IVT) provided by the employees to their employees and entrants.

According to the latest wave of the Continuing Vocational Training Survey (CVTS -2005) 49 % of the Hungarian enterprises employing at least 10 people provided either formal or informal training to their employees, which is by 11% lower than the EU-27 average and in the hallway among the regional competitors (Bulgaria: 29%, Czech Republic: 72%, Poland: 35% , Romania: 40%, Slovakia: 60% and Slovenia: 73%.) There could be differences identified between the different sectors and size categories in terms of the training prevalence. Chemical industry, machinery, electricity, gas and water supply and financial intermediation performed far above the average, while hospitality and retail-trade lagged behind. The prevalence of training activities increases by the growth of size categories. Small enterprises (employing 10 to 49 people) performed below the average, while medium sized firms (from 50 to 249 employees) were around it. In spite of this, 90% of large companies (employing more than 250 people) provided vocational training courses to their employees.

As for the IVT activities 6% of the Hungarian enterprises provided IVT courses to their entrants which is far below the European level (31%) but is somewhat higher than the average of the other post-socialist countries in the region (Bulgaria: 4%, Czech Republic: 3%, Poland: 9% , Romania: 2%, Slovakia: 1% and Slovenia: 9%).

There are, however, differences between the various sectors in terms of the IVT incidence. In the financial services IVT is by 9% more prevalent than the national average, while this rate in

social and other personal services remains below the performance of other sectors. There is also a difference between the different firm's size categories: medium (between 50 and 249 employees) and large-sized firms (more than 250 employees) are more active in providing IVT courses than their small-sized (between 10 and 49 employees) counterparts.

Briefly summarising the tendencies presented above we may say that Hungarian HE system is a mixture of centralised and mechanical learning model, with a dominance of the elements from the former one. The Hungarian HE institutions suffering from the consequences of the badly prepared structural reforms and of massification, the worsening financial conditions and structural governance problems are not very active in providing further training courses and not surprisingly the adult education market is dominated by private enterprises. The skill supply provided by the HE institutions does not seem hardly to meet with labour market demands, accompanied by the weak training needs of the Hungarian enterprises.

4. Current Policy and Priorities

Evaluating the Hungarian policies and priorities concerning both higher and adult education we may state that tertiary life-long learning is currently not an issue in Hungary. The strategic aims of the Hungarian government concerning employment creation and stabilisation are laid down the *Széchenyi Plan* (central development plan of the Hungarian government). The programme dedicates a chapter to the employment-related issues. The programme identifies the low employment rate as the main problem of the Hungarian labour market and barrier to economic development. In order to overcome these difficulties the strategy puts the emphasis on the training of low-skilled people, especially in case of those between 55-64 years. In doing so the programme lays down the necessity of supporting of low educated people in:

- completing their primary education in order to prepare them for vocational training,
- developing key competencies necessary for obtaining a vocational qualification in case of those who are not capable to finish primary school and
- obtaining new vocational qualification for those whose skills became obsolete.

The strategy focuses on developing vocational skills and does not leave space for higher education. Somewhat contradictory, however, it emphasises the high importance of those trainings that are related to the environment protection, health industry and creative industries with special attention to digital skills.

Mapping the Hungarian Landscape of Tertiary Lifelong learning

The other strategic document that concerns life-long learning is the *Strategy for Lifelong Learning in Hungary* launched in 2006. The Strategy provides a SWOT-analysis of the situation of LLL in Hungary.

Table 1 (1)	
SWOT analysis of the Lifelong Learning in Hungary	
Strengths	Weaknesses
<p>Consensus among political decision-makers and professional directors on the need for the strategy.</p> <p>Wide publicity of the EU's strategy for lifelong learning among experts and decision-makers.</p> <p>Sub-sectoral strategies and legal regulations, and an operating institutional network related to their implementation.</p> <p>Considerable non-state sources for subsidising training.</p> <p>Training levels and paths that are relatively open towards each other.</p> <p>Exclusive innovative capacity of formal education and training systems.</p> <p>A developed institutional system of the labour-market, high standards of active measures.</p> <p>Continuous increase in the number of participants in secondary and tertiary education.</p> <p>Improving qualification level of the population.</p> <p>Growth of education and training expenditure relative to GDP.</p> <p>Institutional frameworks for cooperation between the concerned partners have been established.</p> <p>Wide market of adult education supply.</p>	<p>Absence of a legitimate and coherent institutional system designed to monitor the strategy for lifelong learning and its implementation and the lack of stability of legal and financial backgrounds.</p> <p>An insufficient level of basic skills, labour-market skills and social competences of Hungary's human resources.</p> <p>A low headcount of the participants in adult education compared to the EU, under-representation of people with low level of qualifications, the elderly and the inactive.</p> <p>Poor participation of the formal education and training systems in lifelong learning with special regard to adult education and the development of key competences.</p> <p>Low participation rate in higher education in the field of natural sciences and engineering and in PhD and doctoral training (ISCED 6).</p> <p>Considerable school drop-out rates (particularly in specialised secondary schools).</p> <p>Weak institutional cooperation between the formal education system and the labour market:</p> <ul style="list-style-type: none"> •the content of training does not match economic requirements •the vocational composition of school-leavers does not meet labour-market expectations •weakness of career guidance and counselling •the lower-than-EU-average ratio of people with an academic degree in the active-age population <p>Insufficiency of cooperation between the concerned actors at a regional level.</p> <p>Inadequate standard of human and infrastructural conditions needed for the wide-scale dissemination of a modern learning culture.</p> <p>Absence of a modern, nationwide measurement, assessment and career monitoring system.</p> <p>The relatively low participation rate of the business sphere and the individuals in financing the costs of lifelong learning.</p>

Table 1 (2)	
SWOT analysis of the Lifelong Learning in Hungary	
Opportunities	Threats
<p>Growing public and private sources for human resources development.</p> <p>The spread of knowledge-intensive sectors in the economy.</p> <p>Measures to disseminate more flexible forms of employment.</p> <p>Expanding learning forms due to technological development (e-learning, ICT).</p> <p>Partly as a result of EU membership, an increase in the interest of the population in learning and the acquisition of marketable knowledge.</p> <p>The EU's long-term policy commitment to the strategy for lifelong learning, the implementation of national policies for lifelong learning is expected to be funded from growing community resources.</p> <p>Strengthening international cooperation will facilitate familiarisation with best practices.</p>	<p>A significant restructuring in the number of students and the active-age population as a result of demographic processes.</p> <p>A process of falling behind and exclusion of social groups suffering difficulties.</p> <p>International competitiveness of Hungary will weaken owing to the further deterioration of the quality of human resources.</p> <p>Society's willingness to invest in learning will decrease.</p> <p>Deteriorating social cohesion and economic dynamism of the EU will weaken.</p> <p>Hungary's commitment to the policy of lifelong learning and its promotion.</p> <p>A widening digital gap.</p>
<p>Source: Strategy for Lifelong Learning in Hungary, p. 4.</p>	

The strategy emphasises, among others, the following weaknesses of the LLL in Hungary:

- low participation rate of the formal education and training institutions in LLL activities, especially in case of adult education,
- low participation rates of poorly skilled, elderly and inactive people in LLL,
- weak cooperation between education system and the labour market,
- relatively low participation rate of the enterprises and individual employees in financing the costs of LLL.

The document assigns the following priorities to be followed in order to overcome the barriers of LLL mentioned above:

- equal opportunities;
- strengthening the links between the education and training system and the labour market;
- application of new governance methods;
- enhancing the efficiency of the education and training system, and increasing related public and private investment;
- improving the quality of education and training.

In order to achieve these goals the strategy tackles the necessity of the following somewhat more concrete arrangements:

- Development of basic skills and key competences in public education
- Increasing the diversity of supply in vocational education, higher education and adult learning
- Extending learning opportunities
- Career guidance, counselling and monitoring
- Recognition of informal and non-formal learning
- Supporting disadvantaged groups and groups at risk on the labour market
- Establishment of a new teaching/learning culture

Unfortunately there is no systematic evaluation on the implementation of the strategy, but as it was presented above concerning the institutional environment of TLL, we may say that only minor elements of the strategy came to fruition.

5. Recent Initiatives with Special Attention for Those in Mid-life

As it was presented in the previous section, at the strategic level the development of the employability of those in mid-life is an important goal but first of all in case of the poorly skilled people being in marginal labour market position. In reality, however, the Hungarian governments always have followed a „passive” policy in order to protect workplaces instead of increasing the employers’ and employees’ interest in skill development. The support of those in mid-life is restricted to special employment conditions that should be applied for employees over 55 which means that the termination of their contract is allowed only in extraordinary cases.

In case of VET, however, in 2008 a publicly founded tripartite programme started with the aim of supporting the development of the Hungarian VET system at the regional level. The goal of the programme titled *Optimisation of the number of vocational trainees for the Regional Development and Training Committees* is to strengthen the demand orientation of the Hungarian VET system. In order to achieve this goal 9 employers’ associations and 5 trade unions’ confederations have been involved into the programme led by the Hungarian Chamber of Trade and Industry (MKIK). The task of the social partners is to determine the skill needs of the economic actors at the regional level and to adjust the regional skill supply to the real economic needs. A recent development concerning the programme is the possibility of the extension of it to the higher education, as well.

6. Financial Aspects of Adult Education and TLL

The cost of formal (school-based) adult education institutions is financed by their managing authorities (central or local governments). Their budget is based on the support from the state budget according to the norm (per capita) defined in the annual Budget Act. This norm is 1/3 of the prevailing support for initial education.

Non-formal adult education (training outside the school system) is financed from three legally defined sources:

- The state budget,
- The Labour Market Fund,
- The compulsory training contribution from companies

Since 2003 two employment groups have been supported from the state budget:

- Those who participate in an accredited training scheme obtaining their first profession
- Disabled adults who participate in training

The Labour Market Fund is based on the payments of both employers and employees. The Fund finances various training activities. It can be used to support further training of unemployed or employees who are threatened of job loss. Companies are obliged to pay training contribution to the state budget on the basis of their annual wage costs. One-third of their payment can be used for supporting of their own training activities. In 2007 the structure of the training contribution of the Hungarian enterprises was as follows: 9,5% of the contributions was expended to the continuing vocational training of companies' own employees, 20,4% to direct support of vocational schools or higher educational institutions, 56,8% was paid directly to the state budget and 20,4% was devoted to financing the cost of traineeship at the company level. There were substantial differences between the various sectors regarding their financial contributions to traineeship. Companies in mining, in electricity, gas and water supply and financial services spent on traineeship far above the average, while social and health care, education, hospitality and construction industry were lag behind. (Szép 2009)

Although the employment strategy of the Széchenyi Plan presented before emphasises the importance of actively supporting, the government decided to dissolve the opportunity of firms to finance their training activities at the expense of their Labour Market Found contribution which implies the further decrease of the training activities of the Hungarian companies.

As for the financing of HE activities there are three basic models:

a, normative financing, which provides stability for the institutions, but does not deal with the differences in the university performances.

b, financing by agreements, which is not effective without special incentives that are harmonised with the different institutional priorities.

c, project financing, which is only effective if there are additional resources available and it requires special control mechanisms.

In Hungary HE institutions are financed in a normative way, e.g. they are supported on the basis of the number of their students. In this model financial contribution of the state is based on the so-called base-year budget ceiling and this amount of financial resource is distributed by a quota-method. There are three main quotas:

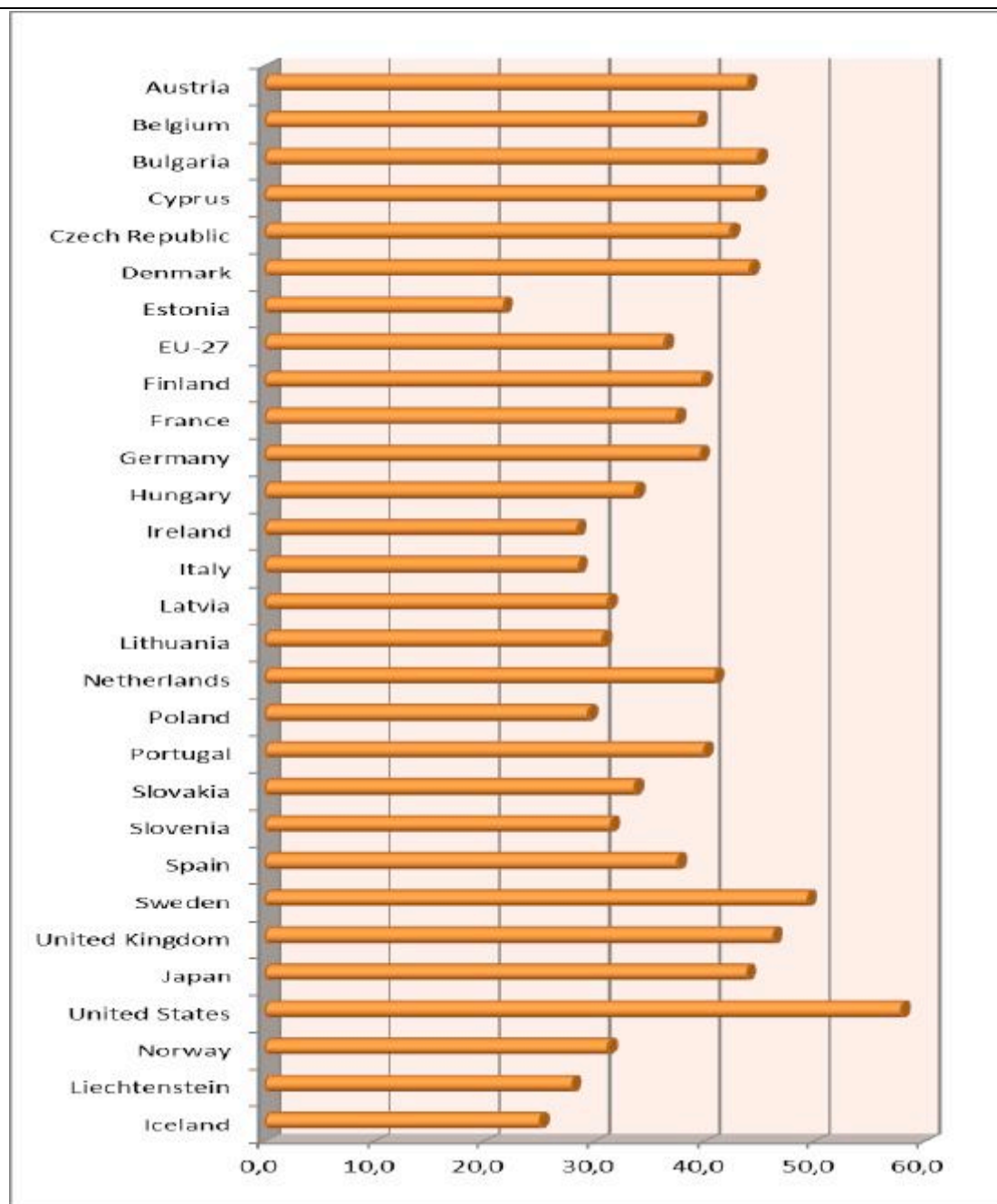
- a) the quota related to the number of the students represents the dominant source of finance.
- b) quota aimed to maintain the infrastructure (buildings, ICT, library, etc.)
- c) quota related to the research performance of the university (number and level of degrees owned by the teaching staff, number of PhD students, research performance measured by publications, conference participation, etc.)

Due to the demographic changes the number of students has increased in the last years in Hungary (see Figure 1), which led to the decrease of public expenditures on HE as a consequence of the normative financing model. The other pervasive effect of this type of financing is that it does not contribute to the motivation of HE institutions to increase their efforts in performance neither in teaching (transferring existing knowledge) nor in research (creating new knowledge).

8. Statistical data

Figure 3

Annual expenditure on public and private educational institutions per student compared to GDP per capita, at tertiary level of education (ISCED 5-6), in the EU-27 and the in some leading OECD countries - 2006



Source: Eurostat

Table 2				
Activity rate in the THEMP countries - 55 to 64 years (%)				
	2007	2008	2009	2010
<i>EU-27</i>	47,2	48	49,1	49,7
<i>Czech Republic</i>	48,2	49,5	49,6	49,7
<i>Germany</i>	57,5	58,7	61	62,5
<i>Spain</i>	47,4	49,2	50,2	50,8
<i>Italy</i>	34,6	35,5	37	38
<i>Hungary</i>	34,5	33,1	35	37,3
<i>Netherlands</i>	52,8	54,7	56,8	55,9
<i>UK</i>	59,3	59,9	60,3	59,9
Source: Eurostat				

Table 3			
Participation of adults aged 25-64 in education and training (%)			
	2008	2009	2010
<i>EU-27</i>	9,4	9,3	9,1
<i>Czech Republic</i>	7,8	6,8	7,5
<i>Germany</i>	7,9	7,8	7,7
<i>Hungary</i>	3,1	2,7	2,8
<i>Italy</i>	6,3	6	6,2
<i>Netherlands</i>	17	17	16,5
<i>Spain</i>	10,4	10,4	10,8
<i>UK</i>	19,9	20,1	19,4
Source: Eurostat			

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8. Annexes

Table 1
Types of educational models

	Types of orientations of vocational education		
	"Education as usual" CENTRALISED LEARNING	"Learning economy" NETWORKED LEARNING	"Work as usual" MECHANICAL LEARNING MARKETS
Institutional structure	Separated and isolated VET institutions	Multi-disciplinary communities of learning	Industry dominated VET system
Curriculum	Strict, separated, science-based	Flexible, integrated and work-based	Work-based skills
Know-how	Different science-based theoretical skills and divergent action-oriented know-how	Integrated theoretical and action-oriented skills	Action-oriented skills
Learning	Subject-based and teaching orientated model, student is a passive object, academic and practical skills are separated. Importance of formal certification.	Practical training and academic skills are integrated. Student is an actor and institution is construction of learning environment. On-the-job learning. Development of competence is essential	Emphasising on-the-job learning (trad. apprenticeship). Contemporary work skills are basis of training. Learning is directly connected to production of narrow qualifications.
Knowledge	Emphasising explicit type of knowledge	Integration and reciprocity of tacit and explicit knowledge	Simple concept of tacit knowledge
Integration of academic and vocational education	Formal, centralized directed co-operation	Flexible, case-specific integration	Externally specified formulation
Education and life course	Formal training and work are separate periods. Emphasising re-training and further training activities	Personal development and career integrated into formal training. Integration of education and work.	Retraining through new technology or work methods
Definition of know-how standards	Centralised (national or municipal)	Shaping in the interaction of educational institutions and enterprises	Dictated by business life
On-the-job learning	Student is in charge of the practical training	Shared responsibility within educational institution and enterprise	Apprenticeship is emphasised; all needed learning on the job
Orientation of the educational policy	Sectoral policies and administration	Educational policy as an integrated part of regional industry policy	Education policy is subordinated to industry policy

Source: Raviola et alii 2001:11