

## The Situation in Hungary

### Chapter 1

#### Background and environment

#### Enterprises

The figures below show the ratio represented by SMEs in EU 28 countries and in Hungary and the ratio of the three types of SMEs (micro, small, medium) represented in the total sample.

EU 28 countries	Micro	Small	Medium	SMEs	Large	Total
<b>Enterprises</b> N= 21,614,908	92.3%	6.4%	1.0%	99.8%	0.2%	100.0%
<b>Employees</b> N= 132,897,040	29.1%	20.6%	17.2%	66.9%	33.1%	100.0%
<b>Value added at costs</b> N = 6,310,557 M Euro	21.6%	18.2%	18.3%	58.1%	41.9%	100.0%

Source: A Partial and Fragile Recovery. Annual Report on European SMEs 2013/2014 EC. Final Report. p15

*Table 1: SMEs and large enterprises: enterprises, employment and value added at costs in EU28, 2013*

HUNGARY	Micro	Small	Medium	SMEs	Large	Total
<b>Enterprises</b> N= 551,876	94.6%	4.5%	0.8%	99.9%	0.1%	100.0%
<b>Employees</b> N= 2,496,001	35.5%	18.9%	16.8%	71.2%	28.8%	100.0%
<b>Value added at costs</b> N= 49,000 M Euro	18.7%	15.8%	18.6%	53.2%	46.8%	100.0%

Source: Enterprise and Industry. 2013 SBA Fact Sheet. Hungary. (EC) SMEs in Hungary - basic figures. p2

*Table 2: SMEs and large enterprises: enterprises, employment and value added at costs in Hungary, 2013*

When comparing the two figures we can see that the micro enterprises in Hungary represent a greater ratio within all enterprises than the EU average (94.5% to 92.1%), whereas the ratio of small and medium enterprises is smaller. If we compare the number of micro enterprises (N=521,981) with the number of their employees (N=885,167) we can come to the conclusion that the vast majority of micro enterprises employs one or two-three persons at the most. Most of the micro enterprises did not start as real enterprises, but their existence has been a consequence of the necessity of economic circumstances. (In Hungary they are called forced enterprises.)

Most of EU enterprises have managed to escape recession in the three dimensions of investigation (number of enterprises/employees and value added at costs) and reached or exceeded the level of their economic performance in 2008. As a contrast, in Hungary we can experience a small-scale positive movement only in the sector of business services from among the five key sectors.

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	Enterprises (SMEs), ratio 2013/2008	Value Added of SMEs, ratio 2013/2008	Employment in SMEs, ratio 2013/2008
MANUFACTURING			
TRADE			
BUSINESS SERVICES			
CONSTRUCTION			
ACCOMMODATION			
OTHER INDUSTRIES			

	Strong performer (10% or higher in 2013 than in 2008)
	Solid performer (between 2% and less-than 10% higher in 2013 than in 2008)
	Unchanged (level in 2013 between 98% and 102% of 2008 level)
	Weak performer (between 2% and less than 10% lower in 2013 than in 2008)
	Very weak performer (10% or lower in 2013 than in 2008)

Source: Eurostat, National Statistical Offices, Eurostat, DIW Econ.

In: A Partial and Fragile Recovery. Annual Report on European SMEs 2013/2014 EC. Final Report. IX. Appendix

Table 3: Trends of performance of SMEs in five key sectors in Hungary, 2013

### In a nutshell

Hungary's SMEs sector continues to be affected by the crisis. While this is also true to other Member States, the stagnation in the Hungarian SME sector predates the outbreak of the financial crisis and goes at least 2-3 years further back. From 2008 onwards, however, the decline in numbers of SMEs and employees and the reduction in value added have accelerated. Only after 2011 did the downturn seem to start bottoming out and give way to a very modest recovery. As a result, it is estimated that by the end of 2013 Hungary's SME sector will employ 82,000 fewer people than in 2008. There is a silver lining, though, as the forecast for 2014 points to a more robust upswing for the number of SMEs, employment and value added. For this to translate into a real SME recovery, however, decisive policy action to improve the business environment is needed. Some progress has already been made, especially in the area of entrepreneurship and — to a lesser extent — in access to finance. Policy measures have also helped to reduce administrative red tape. However, in practically all ten SBA areas<sup>1</sup>, Hungary still has to step up its implementation activities so as to continue its catching-up process. Areas with a particular need for action are 'skills & innovation' and 'internationalisation'. As far as 'responsive administration' and 'think small first' is concerned, more needs to be done to create a stable regulatory framework, including by steadying the rate of regulatory changes. In both categories, Hungary trails its EU peers by the biggest margin. That there is potential evidenced by Hungary's nascent IT sector, which has in recent years generated a number of internationally successful businesses. This suggests that broader based reforms could well trigger more such success stories in other sectors, too.

Source: Enterprise and Industry. 2013 SBA Fact Sheet. Hungary. (EC) SMEs in Hungary – basic figures. p2

### Youth employment and unemployment

The ratio of unemployed young people in Hungary is about 2,5 as high as the ratio of unemployment of adults. This figure is very close to the figures of OECD countries. The success of employment is however highly influenced by the level of education.

ET 2020 benchmarks	Hungary	EU28 average	Europe 2020
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<sup>1</sup> The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). The ten SBA areas are: 1. Entrepreneurship. 2. Second chance. 3. Think small first. 4. Responsive administration. 5. State aid and public. 6. Access to finance. 7. Single market. 8. Skills and innovation. 9. Environment. 10. Internationalization.

([http://ec.europa.eu/enterprise/policies/sme/small-business-act/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/small-business-act/index_en.htm))

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						target
		2010	2013	2010	2013	
<b>Employment rate</b> of recent graduates (age: 20-34) having left education 1-3 years before reference year	ISCED 3-6	74.4%	74.7%	77.4%	75.5%	82%
	ISCED 3-4	65.9%	64.9%	72.1%	69.5%	
	ISCED 5-6	82.8%	85.6%	82.7%	80.9%	

Source: Education and Training Monitor 2014, Hungary (European Commission) Key Indicators and Benchmarks

Table 4: Employment rate of young people (aged 20-34) by level of education

If we take the figures of the young people (aged 20-24) who had left school we can see that the ratio of employed young people is 57%, which is with 10 percentage points lower than OECD average (67%).<sup>2</sup> The data is important because the students of tertiary education are strained out and depicts the young people who had finished vocational education.

<b>Economic and Labour Market Outcomes (EaG)</b>									
Percentage of people not in employment, education or training aged 15-29 by level of education attained									
EDUCATION LEVEL	Hungary			OECD-average			EU21-average <sup>3</sup>		
	2012	2011	2008	2012	2011	2008	2012	2011	2008
Below upper secondary	18%	19%	18%	15%	16%	14%	15%	15%	13%
Upper secondary	19%	19%	16%	16%	16%	14%	16%	15%	12%
Tertiary	17%	16%	11%	13%	13%	11%	12%	12%	10%

Source: Key Facts for Hungary in Education at a Glance 2013 and 2014

Table 5: The rates of the NEET-persons

The figure shows that the ratio of NEET young people in Hungary is higher at every education level than the ratio of OECD or in EU21 countries and their ratio among people with tertiary education is distressingly rising.

### Educational attainment matters greatly in Hungary's labour market...

All in all, education matters greatly in the labour market in Hungary both the terms of participation and of earnings. The difference in employment rates between people with below upper secondary and those with tertiary qualifications in the third highest among the OECD countries with a 41 percentage point difference, in compare with the average OECD difference of 28.

Source: Education at a Glance 2014. Country Note. Hungary. OECD

### Early school leavers

Early school leavers<sup>4</sup> are mostly threatened by lasting unemployment. Early school leaving is linked not only to unemployment, but to social exclusion and poverty. EU has communicated its goal in EU strategy for 2020: the proportion of early school leavers should be reduced at community level under 10%. The Hungarian government took the

<sup>2</sup> Source: OECD, 2012. Idézi: Tomasz Gábor (2014): A szakképzés és a munkaerőpiaci közötti átmenet. In: Az OECD az oktatásról – adatok, elemzések, értelmezések (Szerk.: Széll Krisztián), 2014. 70-71 pp

<sup>3</sup> 21 member states of EU before enlarging the community in 2004

<sup>4</sup> Young people aged 18-24 who have neither trade school certificate, nor final secondary examination and had not participated in any forms of training preceeding the questioning.

responsibility in 2011 of reducing the 10.5% ratio (2010) to 10%. They did not however seem to fulfil the expectations.

Europe 2020 headline target	Hungary		EU28 average		Europe 2020 target
	2010	2013	2010	2013	
Early leavers from education and training (age 18-24)	10.5%	11.8%	13.9%	12.0%	EU: 10.0% National: 10.0%

Source: Education and Training Monitor 2014, Hungary (European Commission) Key Indicators and Benchmarks

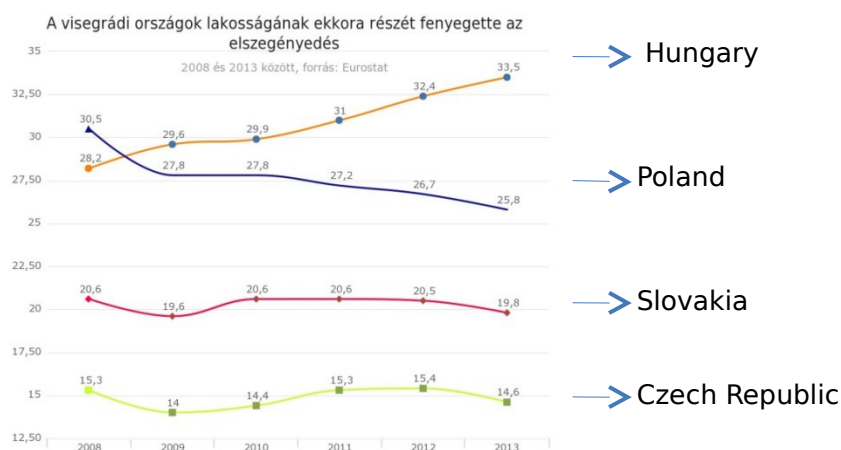
Table 6: Early school leavers (2010, 2013)

The proportion of students leaving school early has increased, and there is evidence that students' level of basic skills is declining. The drop-out rate from vocational education is particularly high in disadvantaged areas, reaching 30%. These young people are facing permanent unemployment and deep poverty in the future.

The upper age limit of compulsory education was reduced from 18 to 16 by the new act of education in 2011. The Institute of Economics of Hungarian Academy of Sciences has made a forecast on the expected impact of reduction by using a micro simulation model. The experts estimate a 7% rise of early school leavers by 2020.<sup>5</sup>

### At risk of poverty and social exclusion - and the education system

More than 120 million persons were at risk of poverty or social exclusion in 2013 in the EU28. Almost 1 out of every 4 persons in the EU. The situation is worse by now in Hungary than the EU average and the trend keeps deteriorating. It is particularly eye-catching if we compare the trend with those of Visegrad Fund countries.



Source: Eurostat

Figure 1: The ratio of impoverishing population in the Visegrad Fund countries between 2008-2013

But children's situation is even worse. The report of European Committee 2013 states that the ratio of children facing risks of poverty and social exclusion in their own age group is 41% in Hungary. We can find only two countries in Europe (Bulgaria and Romania) where the ratio of children facing risks of starving and danger is higher than in Hungary.<sup>6</sup>

<sup>5</sup> Source: Hermann Zoltán & Varga Júlia (2012) *A népesség iskolázottságának előrejelzése 2020-ig*. Budapest, MTA KRTK KTI. 114.o. Idézi: Mártonffy György: Korai iskolaelhagyás – hullámzó trendek. *Educatio*, 2014/1. 36-49.

<sup>6</sup> Source: Investing in Children: Breaking the Circle of Disadvantage. A study of national policies. European Commission. Network of Independent Experts on Social Inclusion.  
<http://ec.europa.eu/social/main.jsp?langId=en&catId=1025&newsId=2061&furtherNews=yes>

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This makes a serious trouble in itself. But the situation is made even worse by the highly selective and segregating character of Hungarian education. The Hungarian educational system does not reduce but rather increases the family disadvantages. Hungary ranks as second among those in Europe where school performance is influenced by the social background to the greatest extent. (Slovakia is the only country where the situation is even worse, PISA 2012) Similar results are shown by the data of National Competence Measurement<sup>7</sup> (2013).

### Performance difference as a function of the father's educational level (literacy)

- The children with fathers who have not finished primary school education show a performance worse by 400 scores as compared with the performance of children with fathers who have had university degree/diploma.
- The difference hardly diminishes during the school years: 375 scores of difference even at school year 10.

### The impact of multiply disadvantages on (literacy)

- The students with multiply disadvantages have a performance worse by almost 200 scores than the average in school year 6.
- This gap widens by school year 10.

### Relationship between school type and student performance

- Performance difference at school year 10 can be largely explained by the differences between school types.
- The performance of vocational school students at school year 10 hardly reaches the average of school year students 6 in the field of reading comprehension.

Education equity remains a major challenge however Hungary's equity index (the variance of student's performance explained by their socio-economic background, as measured by PISA) has slightly improved since 2009 from 26% to 23%.

Source: Education at a Glance 2014. Country Note. Hungary. OECD

Ensuring that students from disadvantaged backgrounds, in particular Roma children, have equal access to high quality, inclusive, mainstream education remains a major challenge.

Source: Education and Training Monitor 2014, Hungary (European Commission) Mains Challenges

## Chapter 2

### **What is available for the target group?**

#### **The selective system of Hungarian education**

The integrated primary school in Hungary is made up of 8 years. Talented pupils (most of them coming from middle class background) can however change primary school after finishing year 4 or 6 for academic secondary schools with a period of 8 or 6 years. The teachers in the upper classes of primary schools are left with students who are less motivated and/or rather belong to disadvantageous social strata. After finishing year 8 in primary school the students enrol into academic secondary schools of 4 years, vocational secondary schools or VET schools. The rest drops out from the educational system when they are 16. Students at a social disadvantage and with a fairly low general competence are highly overrepresented in VET schools and among school leavers at 16 years – most of them appear in the NEET category of statistics in a short time.

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<sup>7</sup> Measurement stages: school years 6, 8, and 10. Areas of competences: Literacy and Mathematics.

Types of disadvantaged situation	N	School types			Total
		Secondary academic school	Secondary vocational school	Vocational school	
Socially disadvantaged students	95,130	21%	39%	40%	100%
Socially disadvantaged students with low educated parents	20,539	14%	29%	57%	100%

Source: Oktatási Évkönyv 2012/2013.

Table 7: Ratio of students at disadvantage in secondary school types

## Basic skills

Hungarian education traditionally focuses on transmitting knowledge of theoretical character. Using the four basic categories of OECD's knowledge-concept<sup>8</sup> we can say that Hungarian education is dominated by *know-what* and *know-why* items. *Know-how* and *know-who* items are not represented at all or appear sporadically. Therefore the development of basic skills is not appropriately emphasised.

The main reason of high level early school leaving in Hungary is caused by the lack of the basic skills necessary to lifelong learning. The trouble is well denoted by PISA measurements' data. Hungary's performance keeps deteriorating and is being significantly less than the average of the three OECD fields examined (2012).

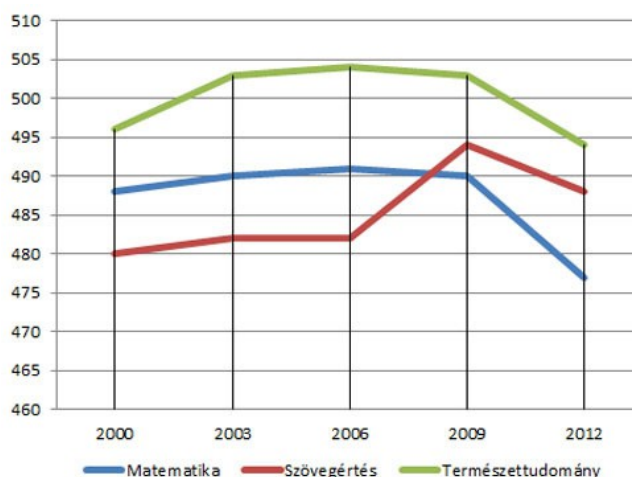


Figure 2: Hungarian PISA trends (Math / Literacy / Science)

The average is deteriorated by the high ratio of underperformers. PISA 2012 shows that the ratio has deteriorated in three fields of examination as compared with the data of the former years.

ET 2020 benchmarks		Hungary		EU28 average		Europe 2020 target
		2010	2013	2010	2013	
<b>Basic skills</b> Low achievers (15 years-old. Level 1 or lower in PISA study)	Reading	17.6%	19.7%	19.7%	17.8%	15%
	Math	22.3%	28.1%	22.3%	22.1%	15%
	Science	14.1%	18.0%	17.8%	16.6%	15%

Source: Education and Training Monitor 2014, Hungary (European Commission) Key Indicators and Benchmarks

Table 8: Low achievers in PISA (2010, 2013)



The figure shows that the trend characteristic of Hungary appears reversed in Europe. The lack of these competences forms serious obstruction for employment. They form a larger section of our target group.

### **Other transversal competences**

The Hungarian population's level of skills in information and communications technology (ICT) is above the EU average, but individuals appear to be less confident than in the EU on average about their entrepreneurship skills. The proportion of students learning two or more foreign languages at ISCED 2 level is the lowest in Europe (6 % compared to an EU average of 63 %).

Source: Education and Training Monitor 2014, Hungary (EC) Transversal Competences (6p)

### **The reform of vocational training**

We have witnessed a number of unsuccessful attempts to reform vocational education for the last 25 years. Failure has been caused by not having a strategic and system based concept spanning subsequent periods of governance and by the lack of effective cooperation with labour market partners and stakeholders. Unfortunately the professional background of the reforms initiated by the new vocational education act (2013) does not seem more promising than the concept of the former acts.

There is however a new feature: transforming vocational training is to be combined with the radical reduction of the academic secondary schools. The government plans to reduce the number of academic secondary schools students by half from 2015 on. The rest of the young people aged 14-15 will be baffled towards vocational education.

The **new law on vocational training** came into force in September 2013. The most important changes introduced have been the shift to a 'dual model' of upper secondary vocational education and the reform of the qualification system, which has included reducing the number of vocational qualifications and introducing a new structure of partial and complementary qualifications as well as simplifying the examinations for vocational qualifications.

Vocational education has been shortened to three years; the number of teaching hours devoted to general basic competences (such as maths and reading) was reduced, while training relating directly to the labour market has been given greater importance. Nonetheless, while focusing on training related to the labour market is important in order for students to acquire job-related skills, the reduced curriculum content and the reduction in time devoted to basic competences (such as mathematics and reading) in the shortened school model limits students' chances in terms of further education and future jobs. This is a particular cause of concern for students from disadvantaged backgrounds, who are over-represented in schools offering vocational qualifications. The implementation of the 'dual model' should therefore be closely monitored."

Source: Education and Training Monitor 2014, Hungary (EC) Increasing Employability (4-5 p)

### **Transition from the school to work and lifelong learning**

Since 1995 the National Core Curriculum has had a segment of education-field '*Way of living and practical knowledge*'. However, due to the absence of proper subjects or teaching hours this field is considered insignificant in school practice. Compulsory learning materials sporadically contain elements of this education field. Most of them are however recommended to form-teachers<sup>9</sup> – suggestions easy to be neglected.

*Activities on career orientation* are also recommended in principle by curricula. Schools are however responsible for developing the content – as a consequence we have not been

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<sup>9</sup> Way of Living, Lifestyles, Culture for Everyday Life- teaching material compiled for form-masters/mistresses

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able to form a notion of what is actually going on in such activities. Form-teachers are often charged with controlling the activities on career orientation. It is however their choice how to manage the activities and which topic to discuss. Some of them aim at developing skills and competencies necessary for students when entering the labour market. For example: becoming familiar with understanding job advertisements, writing CVs and motivation letters, getting information by phone, participating in job interviews.<sup>10</sup>

Development of practical skills is not properly emphasised by schools offering general education. Neither the educational institutions, nor the teachers maintain permanent contact with the world of labour and they hardly support students to change school life for work.

Hungary [...] faces significant challenges in all areas of education, and needs to improve the transition from education to the labour market.

Source: Education and Training Monitor 2014, Hungary (European Commission) Mains Challenges

The transition from the school to work in Hungary is challenging and increasingly difficult for young adults: In 2012, at all levels of education attainment, 48% of 15-29 year-olds were in education, 33% were employed and not in education, and 19% were unemployed and not in education, compared with the OECD average of 49%, 36% and 15% respectively.

Source: Education at a Glance 2014. Country Note. Hungary. OECD

Linking education and the world of labour is made difficult by the low level and prestige of adult education. Adult participation in lifelong learning is very low in Hungary: 3% compared to an EU average of 10.5% in 2013.

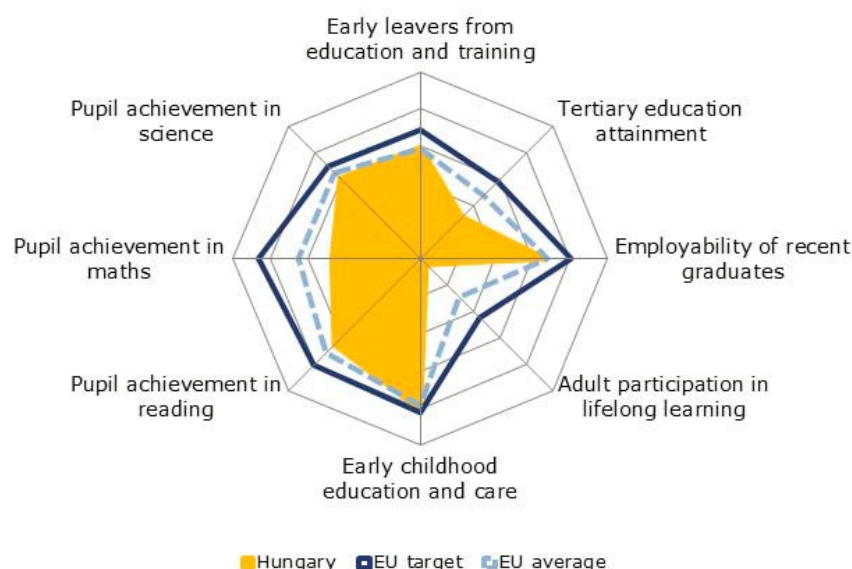
ET 2020 benchmarks	Hungary		EU28 average		Europe 2020 target
	2010	2013	2010	2013	
Adult participation in lifelong learning (age: 25-64)	2.8%	3.0%	9.1%	10.5%	15%

Source: Education and Training Monitor 2014, Hungary (European Commission) Key Indicators and Benchmarks

Table 9: Adult participants in LLL (2010, 2013)

<sup>10</sup> Gönczöl, Enikő – Bognár Tibor (2012): Economic knowledge and Entrepreneurial Competences in Pre-Vocational Education in Hungary. In: Matthias Pilz – Susanne Berger – Roy Canning (Eds) (2012): Fit for Business. Pre-Vocational Education in European Schools, Springer VS, Wiesbaden





Source: Education and Training Monitor 2014, Hungary (EC) Key Indicators and Benchmarks<sup>11</sup>

Figure 3: Important indicators influencing transition between schooling and the world of labour

### Country-specific recommendation on education and training

The 2014 European Semester country-specific recommendation on education and training focused on: (i) implementing a national strategy on early school leaving prevention with a focus on drop-outs from vocational education and training; (ii) putting in place a systematic approach to promote inclusive mainstream education for disadvantaged groups, in particular Roma; (iii) supporting the transition between different stages of education and towards the labour market, and closely monitoring the implementation of the vocational training reform; (iv) implementing a higher-education reform that enables greater tertiary attainment, particularly by disadvantaged students.

Source: Education and Training Monitor 2014, Hungary (EC). Main challenges

In April 2014, Hungary submitted a *Youth Guarantee* implementation plan, which aims to ensure that all 15-24 year olds receive an offer of employment, of a place in further education, of a traineeship or an apprenticeship within four months of registering with the *National Employment Service*. The plan will not however be fully operational until 2018. A challenge for delivering a Youth Guarantee in Hungary is the improvement of the quality and preventive mechanism in education and training particularly to the very low skilled, including a large share of Roma people.<sup>12</sup>

## Chapter 3

### Entrepreneurship education

#### Attitudes to entrepreneurship

The aim of *developing entrepreneurial skills* (as recommended by EU) has appeared in Hungarian National Core Curriculum. Still, you cannot find any school subjects or activities, which are closely attached to this task. (Vocational schools of economic profile make the only exception.) The situation is made more difficult that the Hungarian

<sup>11</sup> Source: DG Education and Culture calculations, based on data from Eurostat (LFS 2013 and UOE 2012) and OECD (PISA 2012). Note: all scores are set between a maximum (the highest performers visualised by the outer ring) and a minimum (the lowest performers visualised by the centre of the chart).

<sup>12</sup> Source: Education and Training Monitor 2014, Hungary (EC). Increasing Employability (5p)

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educational system has never focused on realising cross-curricular aims. Consequently, the aim of developing entrepreneurial skills stays put at verbal level.

None the less, the attitudes to entrepreneurship of adults have profoundly changed following the economic crisis in 2008.

Some SBA <sup>13</sup> Indicators on Entrepreneurship	Hungary	EU-average
Entrepreneurship rate (% of adults who have shared a business or are taking the steps to start one), 2012	27%	23%
Entrepreneurial intention (% of adults who intend to start a business within 3 years), 2012	16%	13%
Preference for self-employment (% of adults who would prefer to be self-employed), 2012	39%	37%
Feasibility of becoming self-employed (% of adults who think it is feasible to become self-employed), 2012	36%	30%
Share of adults who agree that school education helped them develop an entrepreneurial attitude (%), 2012	45%	50%
Share of adults who think that successful entrepreneurs receive a high status in the society (%), 2012	74%	69%
Media attention for entrepreneurship (%), 2012	29%	50%

Source: Enterprise and industry. 2013 SBA Fact Sheet (EC). Hungary, 7p

While in 2009 most, though not all, of the Hungarian figures were below the EU average, they have now swung in the opposite direction. This change was not, however, supported by improved school education or heightened media attention. Here, Hungary still trails its EU peers (45 % versus 50 % for education). Also, media attention for entrepreneurship is perceived as substantially lower than in the EU (29% to 50 % for the EU). Overall though, Hungary's performance is on quite a positive trend.

Source: Enterprise and industry. 2013 SBA Fact Sheet (EC). Hungary, 7p

### Young people's vision of future

A survey investigating the vision of future of young people aged 20-35 covered a representative sample and was carried out in 2013. The researchers wanted to investigate young people's ideas about success and opportunities and their willingness for starting and managing enterprises.

The general experiences were as follows:

- young people expect a lot of life, but they cannot find the ways to reach their goals,
- they are characterized by uncertain and defeatist feelings and rather unwilling to bear risks,
- they have obscure and contradictory visions of future,
- nine of ten young people express their opinion that realising chances depends on adequate social contacts.

Answering the question whether they would prefer living and working in Hungary or abroad, 45% of them said they would willing to leave Hungary and live permanently abroad if they had proper opportunities – money was denoted as the most important incentive. 60% of the young people however said they would like to start a long-term career in Hungary – answering a different question.

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In dimension of *freedom and autonomy* 3 out of 5 would chose self-determination as opposed to being employed. Still, 68% of them expect to work as an employee after ten years. Just a quarter of them plan starting an enterprise of their own.

And in relating to *courage, bearing risks* just 18% of young people would choose uncertainty for a greater income. 82% would prefer having a secure job as opposed to greater income.

### YOUTH IN THE LABOR MARKET - SWOT

#### STRENGTHS

Access to Internet is widely available  
Mobil phones are widely used  
Atypical offer of flexible employment forms is growing  
Entering the labour market might be supported by expected/prospective union financial sources (up to 2020) + stimulating effects on economy  
Extension of dual training  
MKKR (ECVET) completed – accountability, acknowledged abroad – makes mobility possible  
Public employment is growing – offering opportunities to gain work experience

#### WEAKNESSES

Little chance for employment  
Low level inclination to find a job  
Low social status for vocational training  
Big differences among regions  
Social-economic disadvantages result in inclusions  
Education does not support abilities necessary for entering labour market  
Big quality differences among institutions  
Significant regional differences of coming at quality education  
Some stages of education do not properly build on one another  
Weak health conditions of the population, including young people.  
Health damaging behaviour forms are widely spread.

#### OPPORTUNITIES

Low level activity  
Low level employment / manning requirement  
Widely spread black economy  
NEET ratio exceeds EU average  
Low level of employability (education)  
Low level social and personal + general competencies  
Low level intention of mobility  
Flexible employment exists, though not widely spread  
Public employment – the participants cannot step over the active sphere of work  
Low level of participation in LLL training  
The opportunities of imputed experimental/practical knowledge are missing  
High ratio of early school leavers

#### THREATS

Trade unions are weak, they do not have lobbying strength  
SMEs invest little on training  
No coordination among the institutions in the sphere of labour market policies  
No cooperation among sectors  
Society is prejudiced  
Weak self-supporting ability of civic organizations  
Social solidarity is weak

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