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**Country - Hungary**

1. **National youth employment**

In 2011, the unemployment rate of Hungary’s youth was 26.1% - high compared to the OECD average of 16.2%. It increased to 28.1% in 2012 and to 27.2% in 2013 (the comparable figures for the EU 28 were 22.9% in 2012 and 23.4% in 2013). Since reaching an all-time high of 29.4% it has fallen to 18.7% in May 2015.[[1]](#footnote-1) The unemployment rate varies according to the level of qualification held by young people.

Unemployment rate (%) for 15-24 year olds in relation to their level of education (qualification)[[2]](#footnote-2)

|  |  |  |  |
| --- | --- | --- | --- |
| **ISCED level** | **2003** | **2006** | **2010** |
| 0-2 | 26.4 | 31.8 | 41.4 |
| 3-4 | 10.5 | 15.7 | 23.3 |
| 5-6 |  | 16.9 | 22.2 |

The 2012 employment rate for 15-24 years old in Hungary was very low (19.7%). It rose to 20.6% in 2013 (the comparable EU 28 figures were 32.5% in 2012 and 32.3% in 2013[[3]](#footnote-3)) but remains one of the lowest in Europe. This employment rate has fallen since 1998 in line with a fall in economic activity. The speed of the decrease reduced during the EU accession (2003-2006) but the rate of unemployment of young people has increased since the economic and financial crisis.[[4]](#footnote-4)

In 2013 the percentage of 15-24 year olds in Hungary not in education, employment or training (NEETs) was 15.4% (compared to the EU28 average of 13.0%)[[5]](#footnote-5).

Employment rate (%) for 15-24 year olds in relation to their level of education (qualification)[[6]](#footnote-6)

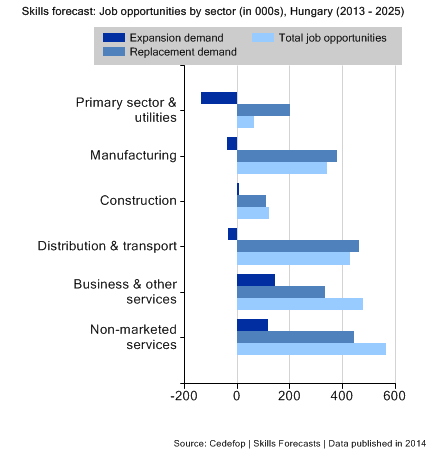
|  |  |  |  |
| --- | --- | --- | --- |
| **ISCED level** | **2003** | **2006** | **2010** |
| 0-2 | 7.8 | 7.3 | 5.4 |
| 3-4 | 42.3 | 34.3 | 29.2 |
| 5-6 | 70.0 | 65.8 | 57.0 |

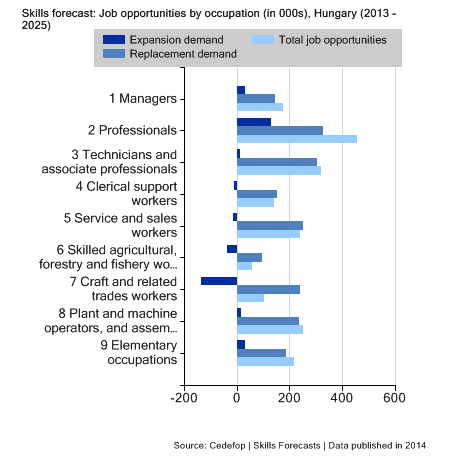
Skill Needs[[7]](#footnote-7)

CEDEFOP organises many initiatives through its Skillsnet network. The members of the network are involved in identifying skill needs through forecasting, employer surveys and sectoral analysis; and the members receive privileged access to information. Cedefop’s employer survey identifies skill needs and skill gaps at the workplace level. The aim is to identify the future needs of skills, competences, occupations and qualifications in public and private enterprises in Europe. This information is used as input for broader skill needs analyses.

In relation to skill needs and job opportunities in Hungary there will be:

* some expansion in the demand for occupations in business and other services, and non-marketed services;
* some expansion in the demand for professionals and managers: the majority of these job opportunities are from demand to replace staff already employed in these occupations;
* up to 2025 an increase in the demand to employ people with high level of education and a decrease in the demand for people with low and medium levels of education.







*Source: EU Skills Panorama/ CEDEFOP*

**2) VET system in Hungary[[8]](#footnote-8)**

Until the late 1990s, after eight years of primary school education, students chose between three pathways:

* grammar schools (gimnázium);
* secondary vocational schools (szakközépiskola - SZKI) which provided four year programmes in preparation for the secondary school leaving certificate and admission to higher education. These secondary vocational schools also offered an ISCED Level 3 vocational qualification;
* training schools for skilled workers (szakmunkásképző iskola) which prepared young people for the labour market through a three year training programme.

In 1998 a national reform programme introduced a new VET school structure. This led to secondary vocational schools (SZKI) awarding a secondary school leaving certificate after four years of pre-vocational training. To obtain an ISCED Level 4 vocational qualification students need to study for a further year or two. The training schools for skilled workers were replaced by vocational schools (szakiskola - SZI) which offered two years of general education and pre-vocational training, followed by two or three years of vocational training.

2010 saw the introduction of further major reforms based on new VET legislation. This was followed by a Public Education Act (2011) which introduced important changes to school based VET and reinforced a ‘Dual’ or apprenticeship-type VET model. The main aim of this reform was to increase the number of students on apprenticeship schemes as they were seen to contribute to improving youth employability and economic growth. The reforms were a way to adjust to the needs of the labour market and improve the attractiveness of vocational training.

The new arrangements restore the situation that used to exist before the 1998 reform i.e. the secondary vocational schools provide VET alongside general education to students from the age of 14. This includes vocational, theoretical and practical training relating to the qualifications for each sector. After completing the first four years students take the ‘vocational secondary school leaving examination’ – they do not receive one of the vocational qualifications listed in the national qualifications register[[9]](#footnote-9) (Országos Képzési Jegyzék - OKJ). Those who pass this school leaving examination receive a certificate that qualifies them to enter at least one occupation in the sector related to their training. If students wish to continue their studies they can follow a post-secondary OKJ vocational qualification which enables them to apply for a place at university.

The share of students enrolling in different types of upper secondary programmes has changed quickly and significantly since the 1990s. On the one hand, interest in programmes that lead to a secondary school leaving certificate – the prerequisite for admission to higher education, better jobs and higher salaries – has risen sharply; on the other hand enrolment in ‘vocational schools’ that do not award this certificate has fallen significantly. To reverse the situation, education policy measures have been adopted to increase the number of students opting for vocational schools.

The proportion of young people leaving education and training early is lower (11.2%) than the EU average of 13.5%. This can partly be explained by the expansion of secondary education and the opportunity to train for your first vocational qualification free of charge in full-time education. Approximately 95% of students pass the secondary general or the vocational examination. In line with other eastern and central European countries, the percentage of the population aged 20 to 24 completing at least upper secondary education has been consistently higher than the EU average.[[10]](#footnote-10)

Distribution of year 9 learners according to their secondary programme[[11]](#footnote-11)

|  |  |  |
| --- | --- | --- |
| **Type of school** | **2005/2006** | **2011/2012** |
| Vocational school (SZI) | 27.2% | 31.5% |
| Secondary vocational  school (SZKI) | 37.8% | 34.9% |
| Grammar school  (Gimnázium) | 35.0% | 33.7% |

**3)** **Apprenticeship training**

**3.1 Definition of apprenticeship[[12]](#footnote-12)**

Apprenticeship training is not a separate pathway. It is a way of organising the practical training part of a VET programme. The 2011 VET law (effective from 1 September 2013) introduced a ‘Dual VET model’ that combined general education and vocational training during a three year programme based on practical training. This is the only option for vocational schools (SZI). The practical training component of these initial VET programmes can be organised in a school workshop and/or in an enterprise – in whole or in part – depending on the availability of external training places and the decision of the student and the school. Since the early 2000s, education policy has introduced a number of incentives to increase the willingness of enterprises to participate in this practical training provision.

The legal basis for this practical training is a training contract between the student and the enterprise, and includes a regular allowance for the student. The availability of apprenticeship training based on a ‘training contract’ varies according to the sector/occupational field/occupation. In 2010, contract-based training took place in 279 professions. However despite the breadth of potential training opportunities, 59% of apprentices completed an ISCED Level 3 qualification in one of the following occupations: cook; food and household retailer; waiter; hairdresser; bricklayer; carpenter/furniture maker; painter and decorator; motor mechanic; pastry-cook and electrician.[[13]](#footnote-13) The share of the time that an apprentice spends in the company as part of their apprenticeship is regulated by law and in the new framework 70% of the time has to be based on practice and 30% theory.

**3.2 Legislative framework**

Increasingly national stakeholders have become more involved in the development of VET policy since the early 1990s. The Ministry for National Economy (NGM) (Nemzetgazdasági Minisztérium) oversees VET and employment policies. It regulates the provision of VET and has designed a learning outcomes approach to the curricula. For some vocational qualifications it shares its responsibilities with other ministries.

The national system includes roles for advisory bodies that work in the field of VET including:

* the National Vocational and Adult Training Council which is a consultative body that reports to the minister; and participates in the development of the National Qualifications Register (OKJ) and the allocation of the National Employment Fund;
* the National Qualification Committee which works as a professional advisory body for the continuous development and improvement of the content of VET, and advises on the development of the OKJ;
* the County Development and Training Committee which was established to improve VET and enforce the needs of the labour market, and review practice in order to provide recommendations and advice. Based on these reviews, the government publishes a list of shortages each year to encourage training in these occupations.

Since signing an agreement with the government in 2010, the Hungarian Chamber of Commerce and Industry (Magyar Kereskedelmi és Iparkamara - MKIK) has had an increasingly significant role in shaping VET policy. It:

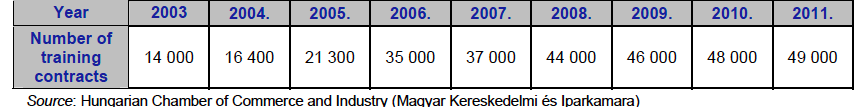
* operates the quality assurance system covering the compulsory conditions which need to be met before employers start workplace training;
* checks to ensure that training meets the prescribed conditions;
* checks to ensure the content and methodology of training is appropriate.

MKIK is also responsible for developing the core curricula and examination procedures for the majority of qualifications, and participates in the organisation of the initial VET examinations. It works directly with enterprises to set out the benefits of receiving apprentices and provides information about the training contract. MKIK also coordinates the national media campaign (which supplements the state campaigns) to promote apprenticeships to students, parents and employers.[[14]](#footnote-14) To improve the quality of apprenticeships MKIK has developed a label (called ‘Guarantee by the Chamber’) which provides assurance to VET students and enterprises about the practical training placement of the apprenticeship.

Annual surveys from MKIK report that the majority of students in vocational schools have been able to learn from experts and work with up-to-date machines and equipment. Compared to students who completed their practical training in schools, those who participated in practical training in an enterprise were reported to be more satisfied with their training in all respects. In addition 16 - 23% of those in employment reported that they found work through an apprenticeship scheme.[[15]](#footnote-15)

**3.3 Number of students**

The number of ‘training contracts’ at ISCED Level 3 has increased from 14,000 in 2003 to 49,000 in 2011.



The 2011 Act contributed to an increase in the ‘dualisation’ of VET. One of the goals of the government is to strengthen the apprenticeship-type VET system through effective cooperation between post-secondary VET providers and enterprises. At the moment the involvement of enterprises in this level of VET is not significant as they have not yet been persuaded of the value of becoming involved in Dual training.

**3.4 Contractual arrangements**

The legal form of apprenticeship training is based on a ‘training contract’ between the student and the enterprise which pays the student a regular allowance and provides practical training during part or all of the VET programme. The allowance is related to:

* the minimal wage[[16]](#footnote-16);
* the amount of time spent in practical training;
* the student’s grade point average and level of performance.

Training which is based on a ‘training contract’ is not a separate vocational pathway – it is part of the normal programme offered by VET schools. Whenever enterprise based training makes up more than 50% of the practical training, it can only be provided in the ‘training contract’ based form. Under the 2011 VET Act, students aged 14 and above can start an apprenticeship based on a ‘training contract’ but their first year of practical training has to take place in a school workshop. However under certain conditions a VET school may organise a ‘cooperation agreement’ with an enterprise to provide practical training for its students. In this situation the learners are not contractually linked to the employer and they do not receive any remuneration unless their practice takes place during their summer holidays. Sometimes it is not possible to find a placement for a student. In these situations the Hungarian Chamber of Commerce and Industry, under their label ‘Guarantee by the Chamber’ issues a certificate stating it is not possible to provide a training contract and the VET school provides a practice opportunity in the school’s workshop.

Practical training in an enterprise is funded by employers who receive a vocational training contribution. This contribution is used to cover costs and employers can claim additional expenses from the National Employment Fund (NFA) training sub-fund. Providing practical training can be a profitable business and many learners are trained at enterprises that have been specifically established for this purpose. Since 2012 the per capita allowance for practical training has been dependent on the sector. In order to encourage training in those vocations and occupations that require more sophisticated equipment and lead to higher costs to industry, the new regulation has introduced an annual per capita rate which depends on the qualification. Funding to support technological and content development in initial VET is provided by the NFA training sub-fund and the European Social Fund.

4**) Drop-out rates from school and apprenticeships and alternative pathways for young people**

The proportion of young people leaving education and training early is lower than the EU average. However in ‘vocational schools’ (SZI) there is a relatively high rate of early school drop-out because disadvantaged students are more likely to enroll in vocational schools. This leads to higher drop-out rates and contributes to the creation of greater inequalities and a less inclusive society.[[17]](#footnote-17)

The vocational option is seen as a ‘last opportunity’ for young people who are not able to follow other pathways through the secondary vocational schools or grammar schools.

Early school leavers (%)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2002** | **2007** | **2011** |
| EU27 | 17.0 | 15.1 | 13.5 |
| HU | 12.2 | 11.4 | 11.2 |

*Source: Eurostat (Labour Force Survey); Country Report CEDEFOP, REFERNET, 2012*

**5) Future reforms in the apprenticeship system**

Recent reforms in the Hungarian VET system have arisen because the government’s education and training strategy has included an objective of increasing participation in VET. The government’s actions have set out to increase significantly the share of ‘vocational school’ programmes in upper secondary school-based VET. Before 2011 the VET system was mostly school-based – the intention of the reforms is to promote apprenticeship ‘training contracts’ in order to increase the number of enterprises engaged in the VET system. The plan is to make Dual training the normal situation with two thirds of the students’ time devoted to practical training. The other high priorities for the VET strategy are to increase the prestige of VET; attract more students to vocational training; and bring the supply of VET in line with the demands of the labour market.

**6) Evaluation of the existing system and potential ways to improve it**

The Confederation of Hungarian Employers and Industrialists[[18]](#footnote-18) have identified the following challenges for employers:

* the excessive administrative burdens and over-regulation of the VET system hinder the development and sustainability of VET and the Dual learning model;
* the difficulties in accessing funding (alongside a reduction in the availability of funds and incentives) make it less attractive for companies to offer work based training;
* the lack of technological and human resources in companies (this mainly affects SMEs) that are needed to offer high quality apprenticeships.

The closure of the [Council of Social Dialogue Committees (Ágazati Párbeszéd Bizottságok Tanácsa, ÁPB](http://www.tpk.org.hu/engine.aspx?page=tpk_APK)) in December 2014 has meant that Business Hungary’s voice (MGYOSZ) is no longer heard in discussions about the VET system reforms. The tasks of these Committees (the delegation, design, operation and coordination of VET) have been transferred to the Hungarian Chamber of Commerce and Industry (MKIK).

For the VET training providers the biggest challenge is to train tutors from the companies in order to improve the learners’ experiences during their practical training.

**7) Cost effectiveness analysis**

SMEs account for 90% of companies involved in VET in Hungary[[19]](#footnote-19) but less than 2% of businesses pursue training. This indicates that there is huge potential for broadening apprenticeship schemes. The Hungarian Chamber and the regional chambers have been running a national network of advisors of nearly 150 people who, in 2013, made more than 10 thousand visits to business sites, and provided consultancy in person, by phone or via email more than 120 thousand times.

The funding of any practical training provided by an economic organisation (based either on a cooperation agreement or a student contract) can be designated as an expense. Enterprises can also apply for reimbursement of any expenses not from the training sub-fund of the Labour Market Fund. The range and amount of costs deductible by enterprises have been increased continuously, as financial incentive, in order to encourage enterprises to enter apprenticeship training.[[20]](#footnote-20) However, the December 2013 Guidebook for Policy Planners and Practitioners[[21]](#footnote-21), comments that there has been no cost effectiveness studies on the apprenticeship system in Hungary.

*Revised on August 2015 after the cluster seminar*

1. <http://www.tradingeconomics.com/hungary/youth-unemployment-rate> [Accessed 12-8-15] [↑](#footnote-ref-1)
2. Hungary VET in Europe – Country Report, CEDEFOP - REFERNET, 2012. Eurostat (Labour Force Survey) [↑](#footnote-ref-2)
3. Organisation for Economic Co-operation and Development (Building the right skills and turning them into better jobs and better lives) <http://skills.oecd.org/>and Eurostat (Labour Force Survey) [↑](#footnote-ref-3)
4. Hungary: Working conditions of young entrants to the labour market - Eurwork - European Observatory of working life EUROFOUND. <http://eurofound.europa.eu/observatories/eurwork/comparative-information/national-contributions/hungary/hungary-working-conditions-of-young-entrants-to-the-labour-market> [Accessed on 6-1-15] [↑](#footnote-ref-4)
5. <http://ec.europa.eu/social/BlobServlet?docId=13470&langId=en>. [Accessed 12-8-15] [↑](#footnote-ref-5)
6. Hungary VET in Europe – Country Report, CEDEFOP - REFERNET, 2012. Eurostat (Labour Force Survey) [↑](#footnote-ref-6)
7. Skills forecasts - main results-CEDEFOP [↑](#footnote-ref-7)
8. Hungary VET in Europe – Country Report, CEDEFOP - REFERNET, 2012. [↑](#footnote-ref-8)
9. In Hungary, the national qualifications register (OKJ) comprises the officially recognised, competence-based vocational qualifications based on job analyses. [↑](#footnote-ref-9)
10. Hungary VET in Europe – Country Report, CEDEFOP - REFERNET, 2012. [↑](#footnote-ref-10)
11. Source: Ministry of Human Resources 2012 - Country report CEDEFOP REFERNET, 2012 [↑](#footnote-ref-11)
12. The European Commission defines apprenticeshipsas formally combining and alternating company-based training (periods of practical work experience at a workplace) with school-based education (periods of theoretical/practical education followed in a school or training centre), and lead to nationally recognised qualification upon successful completion. Most often there is a contractual relationship between the employer and the apprentice, with the apprentice being paid for his/her work. *European Commission “European Alliance for Apprenticeships - Good for Youth, Good for Business”* [↑](#footnote-ref-12)
13. Source: Hungarian Chamber of Commerce and Industry. <http://www.mkik.hu/en> [↑](#footnote-ref-13)
14. <http://dualis.hu> [↑](#footnote-ref-14)
15. Apprenticeship and Traineeship Schemes in EU27: Key Success Factors, A Guidebook for Policy Planners and Practitioners December 2013 [↑](#footnote-ref-15)
16. €350 per month for unskilled labor €405 per month for skilled labor

    <http://www.wageindicator.org/main/salary/minimum-wage/hungary> [Accessed on 6-1-15]. We should note that in Hungary the wage levels are negotiated mainly at the company level so there are no overviews on the trends in real wages. [↑](#footnote-ref-16)
17. Hungary VET in Europe – Country Report, CEDEFOP - REFERNET, 2012. [↑](#footnote-ref-17)
18. MGYOSZ Confederation of Hungarian Employers and Industrialists [↑](#footnote-ref-18)
19. Great apprenticeships in small businesses, Eurochambres, April 2014 [↑](#footnote-ref-19)
20. Page 176, Apprenticeship supply in the Member States of the European Union *Final report.* January 2012 [↑](#footnote-ref-20)
21. Apprenticeship and Traineeship Schemes in EU27: Key Success Factors [↑](#footnote-ref-21)