

EDUCATION AS THE KEY FACTOR OF SMART AND INCLUSIVE GROWTH – THE CHANGING EDUCATION POLICY OF HUNGARY COMPARED TO EUROPE 2020 STRATEGY

Laura Tandi
University of Szeged, Hungary
laura.tandi@inbox.com

Abstract:

The main elements of EUROPE 2020 strategy are smart and inclusive growth. The basis of those aims, whereby they become attainable, is the competent quality of the performance of education systems, which constitutes an important part of knowledge management as well. Thus it becomes evident, that efficient education is the engine whereby those goals can be achieved.

The issue of education policy is a key-question not only at EU level, but also in every single member state of the union. The point of view of education policy makers in Hungary is rather different, so thus the situation is unstable; there are a lot of dilemma and disagreement between students, employees of educational institutions and decision-makers of the administration. Which path should a member state choose to reach the objectives of the European Union and preserve the traditions of its education system?

There are numerous questions raised on the grounds of this particular case, such as why a state needs proper education system, it is eventually useful or not, how it could help attaining a sustainable growth, etc. This paper attempts to answer the previous questions.

Keywords: education system, smart growth, reform

1. WHY DOES EUROPE NEED SMART AND INCLUSIVE GROWTH?

Europe has recognized that faces many challenges if it wants to remain competitive in the world's developed and developing parts. At the threshold of the 21st century, the Lisbon Strategy - launched in 2000 - expired while the continent suffered from the past decades' most severe financial and economic crisis. The Member States adopted - as quickly as possible - the new development strategy for the competitiveness of Europe.

In the current decade, Europe 2020 assessed the weaknesses of the former strategy and defined three priorities: smart, sustainable and inclusive growth.

1.1. Europe 2020 strategy

Europe's economic growth is slower than its main competitors'. This is largely can be attributed to the formation of the productivity gap for which - in part - the following factors are responsible: low R & D and innovation investment levels, insufficient use of information and communication technologies and difficulties for certain sections of society to access to innovation.

In Europe, about 25% of the students do not have sufficient reading skills. Too many young people stop learning / training without having to acquire a certificate. There is an improvement in the mid-level graduates rate, but these qualifications are often not in line with labor market needs. And last but not least, between ages of 25 and 34 it is not quite one-third of Europeans who have a higher education degree (compared to 40% in the United States, and more than 50% in Japan). Additionally, the European institutions are not high on the ranking of the world's best universities - of which only two universities were in the top 20 list (according to the Shanghai index).

In the European Union, about 80 million people have only low or basic education while lifelong learning benefits mostly the more educated ones.

In the 21st century it is more important than ever that people acquire and develop new skills.

2. WHAT DOES SMART AND INCLUSIVE GROWTH MEAN?

Smart growth means that the economy of the European Union should be developed on a confident knowledge and innovation basis. Moreover, inclusive growth helps promoting an economy with high employment rate and reinforces social and regional cohesion as well. Reassuring the main priorities several flagship initiatives were framed to supplement them boosting the progress.

2.1. Smart growth

Smart growth includes three flagship initiatives to promote knowledge and innovation. First, Innovation Union inspires knowledge partnerships by connecting education, enterprises, research and innovation. Youth on the move tries to enhance the performance of education systems by combining excellence and capital.

Finally, A digital agenda for Europe provides high-speed internet for all households and firms all over the EU.

2.2. Inclusive growth

The agenda for new skills and jobs helps modernizing the labor markets, helps also people in developing their skills during their whole life and enhances labor mobility.

The European platform against poverty reinforces social and regional cohesion supports experiencing the benefits of growth so thus all the people can take an active part in the European society.

3. HOW COULD THOSE AIMS BE ATTAINABLE?

Knowledge was reported as an ingredient to succeed to possess and to occupy. Today, it is more and more the main source of the economy and of power. Today, a country's economic and defense

strength is not primarily shown by the size of the land, the availability of raw materials and the number of the population depends. In a society, or even at economic competition new concepts such as education, training, culture and knowledge become relevant. The development of technology has accelerated, more and a larger amount of information processing is required. So thus knowledge is continuously being reproduced (Sulyok, 2002).

3.1. Theoretical background

Today, few people realize that the most important resource of a country is education, among other reasons, because the modern lifestyle is increasingly complex, so all the people need ever-higher qualifications (Schumacher, 1973). In addition, a country's economic growth comes from, in a great part, from human capital because of the economic value of knowledge, which can be expressed in concrete terms as in income levels (Schultz, 1971).

In the economic and social development, in the improvement of competitiveness and also in social cohesion the quality of human resources such as the accumulated knowledge of labor and the development of their skills have a decisive importance (Kengyel, 2013).

The knowledge-based economy, in comparison with the previous periods, can appreciate human knowledge. Various documents of the European Union declare that people are dominant resources in the organizations. In the postmodern society, the number and importance of knowledge-based organizations increased. These are the organizations where the result and the value can not be explained only by its physical property, intangible assets play defining role, which is produced by highly qualified personnel and workers who convert information into knowledge - the so-called knowledge workers (Sveiby, 1997).

Education is equal to investing in human capital (Schultz, 1971). This is supported by a number of evidence: if the result of human work can be improved by education, it has beneficial effects on competitiveness. By approaching the issue of human capital from the economic growth side as a large part of the income gap is explained by differences in education it is seen that it behaves as an investment (Schultz, 1971). If a country's national income increases faster than it's national resources, then we are talking about efficiency. One part of the issue is the realization of economics of scale, but also a considerable proportion is caused by quality improvement of the expenses, which is due to the improvement of human skills. Finally, it is shown that the large increase in real income of workers can be explained by the return on human investment (Schultz, 1971).

3.2. Boosting education

Reforming education systems gives major tasks for the Member States at national level as the following actions are needed: efficient investments in education, improvement of educational outcomes, encouraging openness of educational systems and helping young people entering the labor market. If all EU citizens have provided an education of good quality and access to training, the Union can successfully face the economic and social challenges, such as globalization, the competition with newly industrialized countries, the demographic changes of the EU (aging population and migration), the rapid changes of the characteristics of the labor market and the information and communication technology revolution.

The pre-school education is essential for the effectiveness and socialization of students in further education. It helps to prevent early school leaving; it supports more equitable outcomes and increases overall skill levels, but also reduces the costs related to other areas (unemployment, crime).

Primary and secondary education should focus on access to basic education of quality for all. This means that everyone should have a fair way to receive the basic skills and key competences in a knowledge society where they need to succeed. Therefore, procedures as the early differentiation when the 10-12-year-old students are divided into groups based on ability, as they are, should be avoided, as it leads to inequality, especially in case of disadvantaged and immigrants.

Higher education, comprehending education, research and innovation (the 'knowledge triangle'), is a key element in the knowledge-based economy and society. Therefore, we need to improve its competitiveness and to promote the outstanding performance. The Commission has proposed a target

that within a decade at least 2% of GDP should be spent on higher education (EC Communication, 2006). Four years later Europe 2020 strategy mentions 3% - of it.

Last but not least, there is a need to strengthen the link between education and the labor market. Thus education should include training in order to enhance the attractiveness of training systems and to promote graduate but qualified persons switching activity. This is also necessary because the labor market shows increasing demand for higher skills of those interested. In addition, other factors such as the aging of society and youth unemployment mean also a factor, as by 2050, 65% of the population will be 65 years of age, while the working-age population (15-64 years) will decrease by 20 % (EC Communication, 2006).

4. HUNGARY'S POSITION IN EDUCATION POLICY

The Hungarian education policy is at the stage of significant changes in public and higher education as well. Training the intellectual elite is an exceptionally important task for all competing nations.

Since the skilled labor serves the current government's economic and social policy objectives, the state has to intervene in so many areas; the management and organization of education. The governance should play a role that determines the main directions of educational policy, should assign to the tools they need and to create the legislative framework. On one hand the state ensures the economic institutional framework (maintaining buildings, employing teachers, etc), on the other hand, creates the conditions for participants of education (student services, scholarships etc.).

4.1. Historical background

The universities founded first, gave place to elite education during centuries: powerful and excellent teachers taught the minimum number of the young elite who wanted to learn. The social, economic and political changes and the challenges of globalization of the 19th and 20th century made available for wider scale the upper-secondary education (Barakonyi, 2004).

The major transformation of Hungarian higher education institutions can be connected to the individual Higher Education Act – born in 1993 – which made it possible that not only state/public institutions of higher education could bring secular courses.

In 2000, in response of the impact of government measures regarding the reform of the fragmented system of institutions of higher education, the number of institutions of higher education in the state was almost halved. The primary goal of cost-effective higher education resulted a questionable situation, because the reduction of the number of higher education institutions didn't cause any institutional closures.

In Hungary, there are 69 higher education institutions, of which 18 are public universities and 11 colleges, others are private foundations and church-run institutions. Recently, some voices consider the number of institutions of higher education too much in Hungary.

The following statements can be made according to number of population and absolute and specific (per million population) indicators of the following countries: Norway and Austria, where the number of population is lower, the Czech Republic and Poland with roughly the same population and Germany with almost four times as populous as Hungary. In 2008, Hungary had 31 public institutions of higher education, 38 in Norway, 42 in Austria, 130 in Poland, 142 in the Czech Republic and 234 in Germany. The per million number of public higher education institutions in Germany is 2,8, 3,1 in Hungary, 3,4 in Poland, 5,1 in Austria, the 8,0 in the Czech Republic and 13,9 in Norway. These figures clearly show that the number of Hungarian public higher education institutions is neither in absolute nor in specific terms outstanding compared to the previously mentioned European countries (Harsányi-Vincze, 2012).

4.2. Hungary and its higher education today

In the 2009-2010 academic year, a total of 370.331 thousand students were enrolled to the Hungarian higher education institutions, of which 320.919 people (89,7 percent of the total number of students) made his studies in one of the 29 state-run institution. In the latter period, those sounds boosted that

push reducing the number of upper-level students. But is it advisable to reduce the number of graduates?

Based on data from 2008, the per million number of state-sponsored students (21.324 people) drags down from the mentioned countries. In Germany, the per million number of state-funded students is 24.639, 28.974 persons in Austria, 33.211 in the Czech Republic, 37.970 persons in Poland and 38.409 in Norway (Harsányi-Vincze, 2012).

The development and the constraint to meet the market demand requires the transformation of higher education, in which it is essential to take account the country's possibilities and capabilities.

On the other hand, the problem of over-education should be solved. An education development and strategic plan could be interesting for higher education, based on Hungarian values by exploiting its opportunities. The world changed around us, we need a competitive higher education, so if higher education becomes industrial worldwide, we also need to adapt to this.

Today's Hungarian higher education trains the mass but acts in a still undefined "semi-market" system defined by normal reflexes just as the correspondence to meet demand of the global market (Lukács, 2002).

4.3. Spending on higher education

The Government of Hungary spends approximately one percent of GDP in higher education, the private sector contributes to this expenditure with approximately 0,1 percent of GDP. Due to the increase in GDP, higher education expenditures increased nominally, but according to the change in the consumer price index, the data is not increased for education.

By the actual percentage of GDP spending on education, the difference between countries could rather be felt. Hungary, in terms of education expenditure compared to OECD countries is among the laggards in primary, secondary and higher education, too. It is visible that the future of higher education fundamentally affects the country's socio-economic development.

The 2011 budget gave 189 billion HUF to support the higher education, which the government immediately locked 20 billion from (this amount has been deprived), and in August and September new locks were made. In the next three years, 88 billion were planned to withdraw from higher education: in 2012, 12 billion, from 2013 to 2014 it is 38-38 billion Hungarian forints, according to the plans of the higher education financial support.

This is nearly 50 percent source withdrawal without precedent since the 1990s. The GDP percentage of budget for higher education spending has hardly changed since 1995. In regional comparison this rate is enough, the neighboring countries spend around 1 per cent of their GDP on higher education. Turning the expenditure-to-GDP to specific numbers, the Hungarian universities are not considered competitive regarding their finances. While the OECD countries spend 8.970 dollars per student in higher education (12.907 with higher education research and development), in Hungary 5.365 dollars (6.721 dollars with R&D), so the half of the OECD average per student in higher education (Harsányi-Vincze, 2012).

One single factor (in this case, the budget funds) can trigger a snowball, and the effects could not be predicted. It is feared that the planned reform backfire. The lack of skilled labor may slow down economic growth, which regenerates the current budget problems. Fiscal reasons could reduce the number of students, but not the desire for learning, so it is possible that the students acquire the knowledge abroad so thus migration accelerates. And yet, most of the effects cannot be seen.

5. CONCLUSION

We have entered a phase which is characterized by enormous economic, social and environmental challenges. One of the major achievements of the European Union is declared in the Lisbon Strategy: education and competitiveness are closely related so education is directly a competitive factor.

The success of Europe 2020 strategy will depend on whether the EU institutions, the Member States

and regions could understand why reforms are necessary (and why they are essential if we want to preserve our quality of life, and we want to ensure our social models and the sustainability).

Competitiveness in order to maintain the current position is only provided by the establishment and maintenance of knowledge capital. The main field of it is education, from teaching young children to lifelong learning schemes. In addition, the competition and dynamic knowledge-based economy are linked to each other: none of them can exist without the other one. Those countries can face competition, which continuously produce, maintain, develop and disseminate knowledge. The key of development of a knowledge-based economy is the maintenance of good quality, and the fast reactions to the challenges in educational systems (Pelle, 2013).

Finally, it is important to note that a number of statistics showed that learning is useful in itself and that learning is a tool for economic development and income generation (Csapó, 2013). The knowledge creates value and also brings multiple benefits, it is perfectly visible in the HDI values which shows a society's development and also is a key factor of the GDP.

There is scientific evidence that educated people are healthier, live longer, are more active during aging, the consumption patterns clearly show a significant role in community building, identity, education, and personal control in the field (Csapó, 2013).

The educated people create culture, and because most of the parents provide stimulation for their child, growing up in a family of generations of learned men lead to enter into the education system with advantage.

The competitiveness and quality concepts are closely related. Perhaps it is no exaggeration to say that the two concepts are synonymous with each other. It is therefore important for a country, the existence of a quality education.

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