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BELT – Blended Learning Transfer

Rationalising, learning and transferring the use of technological platforms to enterprise-based learning strategies

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HUNGARIAN SCENARIO

SUB REPORT



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1. ADDRESSEES AND NEEDS

The SMEs local system

Industry represents 22% of total Hungarian GDP. Within the sector, the most important branches :

electronics (24%),
 food (13%),
 transportation equipment (11%) and
 chemical industry (10%).

SMEs represent 99,9% of the total number of enterprises, while they employ 65% of the total number of employees and produce 49,8% of GDP. 95% of SMEs are micro-enterprises (0-10 employees), most of these are enterprises with 1 employee.
 (source : National Statistic Office)

The productivity of SMEs is very low compared to big enterprises and only a small portion of them is able to appear on the single or third party markets, and to actively participate in the structural modernization of the economy. The operation of most of them has high labour-low capital intensity, and they have a much higher share of employment than of the revenues or of the income creation In international comparison the difference between SMEs and big enterprises seems to be extremely large in Hungary

Growth of enterprises by the number of employees (%)					
	0 employees	1-9 emp.	10-49 emp.	Above 50	Total
Growing	0,6	6,9	19,3	17,6	3,0
Rather growing	28,2	38,3	42,2	52,9	31,3
Not growing	71,2	54,8	38,6	29,4	65,7
Total	100,0	100,0	100,0	100,0	100,0

Corporate ICT usage

Usage of IT applications in the business and private sphere is below the European level, although recently our backlog in terms of information technology usage has decreased.

Computer usage strongly correlates with the size of the enterprises, however according to the regular study of MoET the rate of small enterprises having computer and access to Internet

connection is also growing it grew to more than 85% by 2006. The rate of enterprises having Internet access has also grown rapidly, and it is below 50% only

in case of the enterprises having no employee, in case of small enterprises it is nearly 80%. The usage of basic ICT infrastructure is only in case of micro enterprises below the desired level, however the quality of the available infrastructure is often low, and the age and the rate of obsolescence of the IT tools is high.

Level of ICT infrastructure by the number of employees (%)					
	0 employees	1-9 emp.	10-49 emp.	Above 50	Total
Computer	43,4	70,5	91,5	100,0	51,9
Internet	28,0	50,4	77,3	94,4	35,7
Web page	6,1	17,1	40,5	72,2	10,6

Source : Ministry of Economy, 2005

IT systems are so far used at some of the (mainly financial) fields of corporate operations by large enterprises. Rate of added-value corporate process integrations and contents are low, knowledge, technology and information technology related synergies are not utilized. Although most of the Hungarian enterprises use different IT systems to support their business procedures, most of these are handled as separate islands, so they do not fully utilize the opportunities offered by ICT for growing productivity. Typically only large enterprises use integrated management systems (according to the GKIEtNet 2006 study 72%), followed by the middle sized enterprises with significant backlog (34%). At the small enterprises level, due to the incomplete basic IT infrastructure and IT skills, at the moment typically the IT support of accounting and financial procedures is provided, however there are also in these fields mostly „island like” systems applied.

Cooperation among SMEs

Networking of the economy is generally weak According to the Ministry of Economy’s study of year 2005, 57% of the enterprises have taken part in any kind of (informal or formal) cooperation that is considered to be an indicator of networking activity.

Frequency of practical and formal co-operations to acquire, share or use business information is extremely low, as well as development and application co-operations are more rare than it would be desirable. It is typical of both informal and formal co-operations that micro enterprises take part in co-operation projects less than the average, while larger ones, small and medium sized enterprises above the average.

In Hungary several initiatives have been launched for the establishment of clusters mainly in the following sectors : auto motive industry, meat industry, mechatronics, thermal tourism, fruit processing, construction industry, environmental technologies. In almost all regional development strategies the establishment of clusters is a priority area as a means for economic development.

Organizations supporting enterprises and cooperation

- Hungarian Foundation for the Development of Enterprises and local Enterprise Development Centers ,
- Hungarian Investment and Trade Development Agency and its network,
- Chambers of Commerce and Industry
- Regional Development Councils and Agencies ,
- Regional Innovation Agencies , innovation and technology centers and incubators
- Clusters of enterprises,
- Independent enterprise development and technological / innovation foundations
- Professional associations érdekképviselőtek és szakmai szövetségek.

Success story

One of the first and strongest of these is Pannon Automotive Cluster , founded in the West Transdanubian Region, one of the most developed regions of Hungary. Besides the big car producers of the region (Audi, Opel, Suzuki) the members include several SMEs (suppliers, etc..).

The cluster participates in the establishment of a Technology Competence Center . Within the project more sectors are included and one of these is the automotive sector. The Automotive Competence Center is an establishment base on special knowledge and excellence promoting cooperation between industry and science and contributing also in strengthening the smaller companies operating in the sector. In a 150-160 km sphere around Győr – the seat of the region - nearly 1 million cars and 2,5 million motors are produced. The aim is to strengthen suppliers and SMEs that are potential suppliers. There is a good cooperation between partners working together in this project.

Training offer and experiences:

The number of participants in official adult education is low, as well as the level of formal knowledge concentrated at the enterprises strongly correlates with company size.

Employees of micro enterprises participate in official education schemes to a much lower rate than of large enterprises.

Application of distant and e-learning methods is rare, which also indicates, that in practise

lifelong learning is not a requirement (neither an option) for the domestic employees

Participation of entrepreneurs and their employees in education or training schemes by the number of employees (%)					
	0 employees	1-9 emp.	10-49 emp.	Above 50	Total
Took part in some kind of training	19,6	30,3	47,6	55,6	23,5
Did not take part	80,4	69,7	52,4	44,4	76,5
Total	100,0	100,0	100,0	100,0	100,0

Source : Ministry of Economy, 2005

56% of the employees has at least basic computer literacy (vs. EU-25 average of 75%), about 2% of the total population had ECDL (European Computer Driving Licence) certificate in September 2005 (vs. the Irish rate of 8.3%). Based on the experience of info-communication service companies, there are not enough IT experts either, and according to short term forecasts following the current educational trends the shortage of experts can further increase.

It is also very important to consider the low level of a special skill area, namely practical

venturing/management skills and business market abilities in total population, as well as partly among entrepreneurs (especially the owners of micro enterprises). Especially this fact is an obstacle for the general growth of competitiveness of the domestic SMEs, and it is a bottleneck in terms of increasing the rate of enterprises with large growth potential.

Enterprises using other forms of training than traditional courses (%)

Source : National Statistic Office, 2005

Economic sector	%
Processing industry	40
Trade and services	41
Financial activity	75
Other services	48
Other	34
Total	41

Type of training	
On the job (real work situation)	18
Rotation within the workplace, stage	3
Training in study-groups	7
Self- training	7
Participation at conferences, seminars	32
Total	41

Main training providers :

According to a study on the Hungarian training market we prepared in 2006, the two main actors (by turnover) on the market are Hungarian companies (Develor and Concordia), while the third is an international one with US parent company (Interlead- Dale Carnegie).

Develor offers complex training programs for managers, foremen and logistics specialists, traditional trainings (management skills, communication, personal development, team building, sales, etc..) and various types of coaching but no eLearning or blended learning.

Concordia is specialized in organizational development, offers trainings in Lean Management, traditional trainings and coaching, as well.

E-learning :

The Central – East European region is quite problematic for international eLearning companies. Mostly small populations, many different languages and fastly changing economic environment did not make the market very attractive for them. The rigidness of local education systems is also a problem. International eLearning providers did not so far make a significant breakthrough in the region. Even those who have representations in the country have not paid much attention to localize, personalize, introduce the programs according to the local needs.

To companies belonging to multinational groups eLearning is not unknown. The relatively high price of Internet access has also been an obstacle in the diffusion of Internet based programs.

Leading companies of the Hungarian e-learning market :

Oracle Magyarország Kft.,

SAP Hungary Kft.,

IBCnet Magyarország Kft.,

Eduweb Multimédia Technológia és Távoktatási Rt., (blended learning programs)

MTA Sztaki,

Synergon Education,

Neting Informatikai Bt.,

Sabedu Kft.,

Atigris Informatikai Rt.,

According to one of the leading companies e-learning is mainly used in :

- training of new employees ;
- managerial training ;
- sales ;
- labour safety and fire prevention ;
- language ;
- IT training .

2.2. STAKEHOLDER LOCAL SYSTEM : KEY PLAYERS, SPONSORS, PROVIDER NETWORK

1. Key players

Focusing on the automotive sector of the West – Transdanubian Region the members of the Pannon Automotive Cluster can be the primary target group. The key players are the main companies and organizations of the cluster . They are committed in developing innovation and cooperation within the cluster and outside, as well.

Among the members we have been already working together and have good partnership experiences with ITDH and the Chamber of Commerce of the county „Győr-Moson-Sopron” and also some of the training providers belonging to the cluster, as well.

2. Financial support to cooperation :

The EU Structural Funds finances training of employees in SMEs but only accredited course provided by accredited institutions.

The Regional Development programs finance the development of cooperation among SMEs and the development of clusters including training, as well.

The PANAC cluster, the Chamber of Commerce may also act as sponsors.

3. Provider network

- Corvinus University , Budapest
- Szenzor Kft. (training and consulting)
- Proventus Consulting Ltd. (training and consulting)
- Demmler és Tóth Kft. (training and consulting)

Other partners :

- Hungarian Association of IT companies
- Joint Venture Association
- Italian Chamber of Commerce in Hungary
- Győr- Moson Sopron County Chamber of Commerce
- Hungarian Investment and Trade Development Agency



