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ENELFA

ENTrepreneurship by E-Learning For Adults

<http://www.bgf.hu/projektek/enelfa>

Detailed Need Analysis Hungary

Balázs Heidrich
Budapest Business School

Péter Soltész BBS
Csaba Elek BCCI



Status:	Name:	Date:	Signature:
Draft:	Cs. Elek	30. 01. 2012	n.n. electronically
Draft:	P. Soltész	01. 02. 2012	n.n. electronically
Reviewed:	L. Varga	08. 02. 2012	n.n. electronically
Approved:	B. Heidrich	10. 02. 2012	n.n. electronically

This project has been funded with support from the European Commission.
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Amendment history

Version	Revision	Date	Pages	Author	Modification
1	0	30.01.2012	10	CsE	Creation
1	1	01.02.2012	12	PS	Creation
1	2	08.02.2012	12	VL	Review
1	3	10.02.2012	15	BH	Approval

Distribution list

ENELFA Partners
Project Officer
External Reviewers

Quality System References

ISO 9001 compliant planning and review processes are applied.

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1. Introduction

1.1 Objective

The objective of this deliverable is summarize the rationale and background of the ENELFA project, the present situation of (online) vocational SME (small and medium size enterprise) education, and the necessity of new trainings in this field in Hungary.

1.2 Purpose of the Deliverable

The purpose of this deliverable is to introduce the SME focused e-Learning/b-Learning vocational education and trainings (VET) in Hungary. Besides this deliverable focus on the present situation of the (online) education and training at the Hungarian innovation receiver partners, Budapest Business School (BBS) and Budapest Chamber of Commerce and Industry (BCCI)

1.3 Scope of the Deliverable

The deliverable contains the introduction of

- entrepreneurship in Hungary
- establishing workplaces and issues of employment in Hungary
- lack of entrepreneurship education and its effects on SMEs
- why is it crucial to teach entrepreneurship for Hungarian entrepreneurs?
- role and responsibility of Budapest Chamber of Commerce and Industry (BCCI) regarding life of domestic undertakings
- Budapest Business School (BBS) vision

1.4 Target Audience

The target audience of this deliverable is the project partners participating in the implementation of the ENELFA project and the Hungarian Leonardo da Vinci Agency – TEMPUS Public Foundation – as the supervisor of the multilateral project.

1.5 Acronyms and Definitions Used

Acronym	Description
APM – ECA	Asociația Patronilor Și Meseriașilor Cluj – Employers and Craftsmen Association Cluj
BGF – BBS	Budapesti Gazdasági Főiskola – Budapest Business School
BKIK – BCCI	Budapesti Kereskedelmi és Iparkamara - Budapest Chamber of Commerce & Industry
EMN	Ecole de Management de Normandie
ENELFA	ENTrepreneurship by E-Learning For Adults
ETDU	E-Learning Teaching and Development Unit
EWT	Economic Work Teams
GDP	Gross Domestic Product
ICT	Information and Communication Technology
NMSA	New Mind S. A.
SME	Small and medium size enterprise
UBB – BBU	Universitatea Babeș-Bolyai – Babes-Bolyai University
VET	Vocational Education and Training

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1.6 References

Web links

http://www.vallalkozastan.hu/data/pagecontent/0/ERENET/kkvhelyzete_szabo.pdf

http://ec.europa.eu/enterprise/policies/promoting-entrepreneurship/education-training-entrepreneurship/index_en.htm

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2. Content Related Chapters

About the Absolute Necessity of Teaching Entrepreneurship in Hungary

2.1 Entrepreneurship in Hungary

Studying the history of economy in Hungary, one can realise that minor undertakings in the country were prospering before World War II. However, the political system which was born after the World War II did not made them possible to get prosperity again. Socialization in 1956 ruined even those entrepreneurs, who had done great efforts and tried to survive, in spite of economic difficulties. As a result of socialization, both entrepreneurs and craftsmen were made to join state employment. It is well known, that, unfortunately, the operation of economy used to be defined by politics, not by the market. Incorrect model of economy became part of people's way of thinking. As a result, realistic approach to values remained in the background. Political power has made greater and greater efforts in order to preserve state employment as long as possible. Situation of entrepreneurs was made hopeless by the state: undertakers could not get needed information and some important trainings were withered. Some of the undertakers tried to go back to the world of entrepreneurship in the early 70s but prosperity started only after the establishment of economic work teams (EWTs), giving the future entrepreneurs the only opportunity for trying their abilities. In the 80s, parallel to economic development, number of undertakings grew, although at that time they were not built up and taken after consciously. Those who realised the importance of consciousness in their activities at that time, are useful members of Hungarian economy even today.

In the western part of Europe, it has been widely accepted for many decades, that entrepreneurs need not only professional skills and knowledge, but knowledge of theory and practice in the field of entrepreneurship, as well. In many western countries, students are trained and taught from their childhood how to be good employers and entrepreneurs. Moreover, during the training courses 90-95% of students take part in different programs of entrepreneurship. Although not all of the students will choose to be entrepreneurs, being aware of the consequences of producing a product or giving a service, being able to state their values and know the needed elements of success can be useful for all of them.

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Unfortunately, Hungary needed recession to be able to realise the impossibility of operating an entrepreneurship based only on ideas. Although several multinational companies settled down in Hungary, the leaders of our state had to realise that the prosperity of Hungarian economy is not based on them. These companies make profit in Hungary, but they take it out of the country. At the same time, they make their employees work like slaves and they are not interested in promoting quality training of professionals.

At the time of the Change of the Socialist System, it was widely considered that entrepreneurs were wealthy, moreover, they had independence on the field of employment. Many people chose to become an entrepreneur due to these factors. However, since then most of them had to realise the different problems of being an entrepreneur. While the majority chose entrepreneurship in the hope of being wealthy, for others there was no any other chance: their employers made them to be entrepreneurs, reducing costs of their employment. However, this kind of entrepreneurship has been against law for some years.

The community of Hungarian entrepreneurs and undertakings had to face huge backlog on the wide international market, as well. They must have been competitive in an environment, where many participants had practice of more decades. As a result, the latter ones had better chances, although their Hungarian counterparts offered products and services of better quality and higher level.

Analyzing Hungarian reports of economy, one can state that Hungarian economy is based on Hungarian undertakings and they are the biggest employers, as well. Also the leaders of Hungarian economy have realised that developing undertakings can lead to middle-term results, allocating considerable profit to Hungarian budget.

As it is known, the success of an entrepreneurship is based from the beginning on a well-built business plan and a short- and medium-term future conception. Realizing it, the demand of training Hungarian undertakers to be qualified entrepreneurs is getting bigger and bigger.

2.2 Establishing workplaces and issues of employment in Hungary

In spite of the important role that financial crisis plays in the life of society and economy, statistics indicate that, since the Change of the Socialist System, small and medium-sized entrepreneurs have

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been playing more and more important role in Hungarian economy. According to statistics, they give more than 40% of GDP, and 20% of external sales.¹

Based on this, it can be said that SMEs have huge importance in employment policy, since they give 70% of those employed in the for-profit sector. While corporations and multinational companies have to face the problem of necessary cut-backs, in the private sector there are approximately 4000 new workplaces every year,² widening remarkably the circle and number of people employed. It has two main reasons: on the one hand, there are several self-employed undertakings in the country, on the other hand, an enterprise, having a well-trained manager, can give the basis of more families' cost-of-living. These families spend their income on other undertakings' products and services. Last but not least, entrepreneurs pay charges and taxes to the budget of the country, contributing in a remarkable way to the development of economy.

Furthermore, one can realise that minor enterprises are more flexible and sensitive to new trends. They react more quickly to new demands and opportunities than large-sized corporations and multinational companies. On the other hand, they are able to react to local characteristics and demands more effectively, since they know their own environment, local traditions and opportunities. Regarding the facts above, one can say that small and medium-sized enterprises play the most important role in creating workplaces and increasing employment rate. Educational and training opportunities, and employment incentive schemes aiming at developing SMEs must be measured taken into account the lines above.

2.3 Lack of entrepreneurship education and its effects on SMEs

The approach of society towards undertakings is even today determined by old times' harms and it takes longer time to have the birth of a healthy approach. Presenting adequate knowledge has special significance in speeding up the process. Chambers play more and more remarkable role on this field (as well): the community, which represents entrepreneurs, has to inform future generations about expectations towards undertakings and prepare them for the requirements of being entrepreneurs.

In Hungary, new undertakings change profile, or, in worse cases, give up their activities, as a result of lacking the knowledge of entrepreneurship's basics. It proves that undertakings cannot be established

¹ http://www.vallalkozastan.hu/data/pagecontent/0/ERENET/kkvhelyzete_szabo.pdf

² *ibid.*

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basing on desultory ideas. Having an idea can be important to start an undertaking, but it does not mean the key of success. Future entrepreneurs have to be aware that profound planning and self-knowledge are key elements in the success of being self-employed.

2.4 Why is it crucial to teach entrepreneurship for Hungarian entrepreneurs?

Craftsmen can choose between finding a job in the state sector or working in the private sector, or, as a third possibility, they can be entrepreneurs. If they choose the last one, they can realise their professional ideas. One thing is true in both cases: all future employees have to be prepared for fulfilling the commitments of labour market. Both employers and entrepreneurs need creative thinking, innovative approach and the ability of realizing and minimizing risks. Possessing these, employers will get the chance for standing on the way of self-employment.

While being in the position of an employee, this seems to be (relatively) easy; in the world of the self-employed it means a wide range of complex knowledge. For starting and running an undertaking, it is not enough to have only professional knowledge. National and international economic situation must be taken into account, just as characteristics of the given market (demand and competitors); and one must be familiar with handling different issues of finance, administration and taxation – giving just some examples.

Being part of a community, the European Union, it is inevitable to be familiar with our common and community policy, legislation, certificates and standards. Since these mentioned above mean a relatively complex base of knowledge, besides representatives of the field (secondary education, e.g. secondary schools of economy, and higher education, e.g. universities and colleges of economy), participants of economy and trading have to play a role in teaching entrepreneurs. This task requires an association, representing the interests of entrepreneurs – in present case, the Budapest Chamber of Commerce and Industry (BCCI). Moreover, at the same time, they are in charge of training entrepreneurs and helping them to survive and find their ways in economic processes.

E-learning, which is a popular way of training in the European Union nowadays, can serve as a personalized, time saving and flexible solution for busy entrepreneurs. Using this internet-based type of education, (future) entrepreneurs, irrespectively of time and place, with the help of tutors can acquire basic knowledge and skills that are inevitable for using all of their opportunities.

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Apart from educational tasks, there is well-defined necessity of associational co-operation, promoting partnerships not only between students and companies, but in working out different projects or establishing cross-border undertakings in the European Community. Budapest Chamber of Commerce and Industry would also be in charge of this task.

2.5 Role and responsibility of BCCI regarding life of domestic undertakings

It is widely known that in Hungary undertakings show special regional distribution. Those, who know the country, are aware of Hungary's Budapest-centred operation. As a result, the majority of undertakings can be found in Budapest and Pest county. This fact highlights the responsibility of Budapest Chamber of Commerce and Industry: its members need trainings and services which help them to be competitive on the international market.

Representatives of the European Council, during their session in March, 2006, paid special attention to promoting the realization of the approach of entrepreneurship and working out a framework that encourages positive approach. Member states have been called upon introducing measures of higher efficiency and organizing training programs for entrepreneurs. As a next step, in the autumn of 2006, the European Commission published 'Oslo Agenda for Entrepreneurship Education in Europe'³. As a result, in Hungary chambers have special role in education and training of undertakings.

Within the frames of education, basic social and financial knowledge is accessible. However, it needs huge efforts to be prepared for changes in time, paying respect to national legislation and regulation and those of the European Union to be competitive in foreign markets; and, at the same time, to find sufficient partners, mapping the possibilities of co-operation. Moreover, as entrepreneurship education is not part of all the different segments of vocational education, or, as it often happens, the practical side of education is missing, BCCI must take the role of an organization, which is in charge of the followings: giving information (about EU cases, tasks and opportunities); organizing workshops; preparing, editing and publishing brochures; organizing trainings, courses and educational modules of entrepreneurship with the aim of helping domestic entrepreneurs absorbing basic and higher level of entrepreneurship education. With the involvement of BCCI, the problem of incompetent trainers and teachers can be eliminated. (In many cases, teachers are just trained, but have not tried theory in practice as entrepreneurs). On the other hand, representatives of for-profit sector are not involved in

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the process of education. As a conclusion, teaching entrepreneurship in modular form would be helpful not only for entrepreneurs, but for teachers as well, since this would lead to the widening their range of knowledge.

Teaching entrepreneurship, there must have a special emphasis on practice-oriented education, which can be realised by Budapest Chamber of Commerce and Industry and within the frame of a co-operation between BCCI and undertakings taking part in an educational project. The most effective method of teaching entrepreneurship is based on direct participation of students in practical projects and activities. Besides studying theory, students can get mastered and will gain experience of life in the fields of enterprise planning and organizing. This experience- and problem solving-oriented training is inevitable for developing a genuine approach to, and necessary skills of entrepreneurship.

Due to infrastructural and professional background of BCCI, and strong cooperation with its partner companies, besides lectures and seminars teaching entrepreneurship is possible in the form of e-learning. Practice-oriented project- and group work, based on visiting different corporations and factories, can serve as a complementary form of education, giving the presently most efficient method of teaching and learning entrepreneurship.

Training of teachers specialised in entrepreneurship can be developed by creating a program for trainings, BCCI co-operating with Budapest Business School, one of the leading institutions of higher education in Hungary. For the teachers being up-to-date in connection with some areas of entrepreneurship, it is crucial to co-operate with some external organizations (firms, undertakings) in the process of education. This would lead to more efficient moving from content-based teaching to competence-based one in connection with entrepreneurship, as well. By working out prospect- and future opportunities, approach of entrepreneurship can find a place within the frames of professional education. Sharing experiences of company life with students can be effective as well.

Apart from guaranteeing trainings and education, chambers play crucial role in the life of recently established undertakings or of those ones, which are in operation, providing them important opportunities, as a result of cooperation between BCCI and non-profit organizations.

A perfect example of practical ideas is the incubator house project, which allows enterprises to operate offices at a minimal cost.

³http://ec.europa.eu/enterprise/policies/promoting-entrepreneurship/education-training-entrepreneurship/index_en.htm

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Another good example is the Széchenyi-card program, which was promoted by Budapest Chamber of Commerce and Industry. The program gives huge help for those entrepreneurs who have information about this micro-credit program, which helps them to solve liquidity problems by low interests.

Apart from the ones listed above, BCCI is in charge of detecting changing world trends and giving information about them immediately on different forums. BCCI is responsible for following changes in Hungary. Regarding development of Hungarian economy, it has basic importance that students of the present (maybe future entrepreneurs) must get appropriate training, both in fields of theory and practice. Key factors of this kind of education are those ones (their teachers) who are successful professionals.

2.6 Budapest Business School (BBS) vision

The change to capitalist economy raised the need for free enterprises to be developed quickly all over the countries of the Central and Eastern European region. This happened also in Hungary and the development was facilitated by the government.

It turned out quickly that to start up new SMEs is relatively easy, but ensure their sustainability in the long run is much more difficult. State run investigations pointed out several reasons behind the large numbers of bankrupted small and medium size enterprises.

One of the principal reasons was found in the insufficient knowledge, skills and competences of the new entrepreneurs. That was the moment when Budapest Business School started to develop trainings in the field of entrepreneurship for SMEs. BBS used its professional international contacts to find out appropriate curricula even if these were to be adapted to the Hungarian circumstances. BBS also made use of European sources to finance these developments and launched a certain number of Erasmus and Leonardo projects to do that.

On the basis of the results BBS started face-to-face trainings for adult entrepreneurs or would-be entrepreneurs in the frames of continuing education. In the case of one of the trainings and in cooperation with University Paris West Nanterre the School even managed to deliver a university diploma of the French partner to the adult students. The level of the diploma was secondary education+4 years which has no equivalent in the Hungarian education system.

The success of the trainings proved to be flagrant: BBS is about to launch its 14th promotion (group), starting groups is October and in February alternatively.

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One important lesson of these trainings is as follows: with the economic crisis superposing on the original needs for these trainings, the target groups asking for such trainings becomes even more important. In the same time the crisis demands the more and more lasting and exhausting requirements from the entrepreneurs. A strait consequence of these is that the major part of the target group is not available for the face-to-face training. Simultaneously, the ICT skills and competences of the training demanders have been improved and they are the more and more ready to participate trainings in trainings supported by new technologies.

This gives the idea to initiate developments in e-learning, creating easy access on-line curricula in the field of entrepreneurship.

Web2.0 techniques are being developed in a very competitive atmosphere in the developed countries. This is a major field where education institutions are ardently fighting for students who are now accessible from long distances as well. This is the field where BBS has found and defined one of its priorities: to develop refined, sophisticated on-line trainings tailored to diverse target groups.

BBS pursued the following development strategy:

- created a research group inside the institution composed of outstanding scholars from the Hungarian Academy of Sciences in order to prepare in-depth needs analyses and define the different target groups to attain with the e-trainings;
- created a group of technicians for the definition and implementation of the most up-to-date e-learning methods;
- established contacts with a French centre of excellence having rich experience both in training development in the field of entrepreneurship and in application of highly sophisticated devices in education;

The basic idea is, after having accommodated with the mentioned techniques to adapt about 30 training modules developed for entrepreneurs by the French partner. The diverse combinations of the modules allow launching trainings tailored to very different target groups, a priority of BBS. Another aspect is kept in consideration: with the appropriate selection of the modules the trainers can meet the requirements of the valorisation of prior learning (formal or non formal) assessment of a student. This is again an important incentive for the participation of a larger target group in the trainings.