

# Agricultural Vocational Training and the Labour Market in Hungary

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## Abstract

Agriculture is a traditional activity in Hungary. The role of this sector in the national economy has decreased considerably since 1990, which influences the number and composition of applicants to agricultural education. The study investigates the expectations of the labour market concerning newly graduated agronomists in light of the economically and socially changed circumstances since 2008. The relationship between agricultural vocational training and employment are in the focus of the investigation. The aim of the research is to map how professional training is utilised in practice; how vocational training meets the requirements of employers and in which areas vocational training should be developed in order to meet the expectations of the labour market. A further aim of the research is to ascertain the opinions of the employers and to make recommendations for any necessary modifications in the engineer-teacher training programme. Structuralised interview has been conducted with agricultural employers in 2010 and 2012 with different samples. This study has been based on 15 and 22 interviews made at mainly small and medium-sized agricultural enterprises. Respondents were mainly CEOs or technical or human resource managers of companies. Findings of the investigation reveal that employers believe that the career advisory system does not function properly; the ratio of practical training is low within professional training; and certain knowledge and competencies of agricultural graduates is incomplete. Research findings show the importance of modifying the pedagogical programmes of institutions in order to improve the competencies of pupils to better meet labour market requirements (individual development programmes).

**Keywords:** agriculture, vocational training, labour market, Hungary

The process of occupational restructuring can be traced clearly in Hungary, which industrialised later than the Western part of Europe. With the continuous decrease of the role of agriculture, the expansion of industry continued until the mid-1970s. Expansion of the service sector started to accelerate from the 1960s, and from the second part of the 1970s, labour even from the industrial sector moved to the service sector. Political transition caused the process of occupational restructuring to change

radically. Agriculture lost its markets, its ownership and its structure has been fundamentally changed; thus, it turned into a sector in crisis. Its role in the national economy continued to decrease ever rapidly. The ratio of labour employed by the industry continued to decrease, just as in the previous decade, while the ratio of labour employed by the service sector became dominant in the early 1990s. Socio-economic changes accompanying political transition caused several tense employment situations. Changes fundamentally reshaped the structure of employment regarding the branches of the economy by the branches of the economy basically. The most visible change was the loss of the role of agriculture in employment, affecting the rural population heavily, since the employment crisis increased the development gap between certain regions.

The weakened role of agriculture in employment quite unfavourably affected rural areas. This situation was not even augmented by the slight increase in industrial and service activities. In the 1990s, the role of agriculture in employment among the branches of the economy decreased by more than half (from 18 per cent in 1990 to 7 per cent in 2000). There are considerable regional changes regarding the role of agriculture in employment. Labour employed in agriculture is two times higher than the national average in the Southern Great Plain and Southern Transdanubia because of the tradition of agricultural production and more favourable production conditions. The reliance of people on agriculture living in villages and municipalities is more than three times higher than of people living in towns. Agricultural wages can be characterised by income disparity. Opportunities for extra income have been narrowed and gross average wages are lower by 20-30 per cent than the average wage of other sectors. The wage of agricultural employees and the profitability of agricultural companies are lower than the national average. This is also one of the reasons why such a relatively high ratio of individual family farm members (38 per cent) is involved in some other kind of business as well. The ratio of employees earning only minimum wage is the highest (15 per cent) in agriculture.

Unemployment is significantly higher than the national average in rural areas, while economic activity is the lowest. Economic activity is 57 per cent on average in Hungary and altogether 35-40 per cent in agriculture. Due to limited employment opportunities, the number of daily commuting employees has been continuously increasing; every third person spends considerable time on buses or trains to get to work in these areas. Only 30 per cent of labour has the opportunity to be employed locally in small villages. Employment difficulties existing for several decades are concentrated regionally; mainly the lagging areas that are difficult to access with no significant town centre are facing such problems in Northern Hungary, the Northern Great Plain and Southern Transdanubia. These problems are more significant for people living in the areas of small villages and farms (Tükör, 2012).

In spite of all these problems, agriculture still plays a significant role in employment. In particular it is extremely important in areas with critical employment situation and small villages contributing to the livelihood of people living there and it is also useful decreasing social problems. There is a demand and need for agricultural production as an individual activity, it helps tolerating the disadvantages of unemployment and increases the endurance of people. This balancing role of agriculture provides mainly short term advantages and a low standard of living. In lack of other opportunities it preserves the strained employment situation of rural areas and postpones the urgency to solve the problem. Tax free or tax “friendly” income of families living on multi-source income generation and struggling with constant unemployment provides a moderate source of living over the long run, but it does not provide a source of or eligibility for pension benefits, health care and allowances. Most “constraint-born”

farms could be improved and could be the place of legal income generation by appropriate motivation, support. They could take over the role of the collapsed production integrations by establishing new integrations or reorganising the previously existing ones.

In the opinion of some employers, there is not enough labour force available in certain professions. Of course, there is a significant relationship between labour supply and related wages. In the case of higher offered wages, the situation might be different. The lack of skilled workers often means labour demand with such a low wage that accepting such an offer is not attractive either for employees or people choosing such training programmes. For this reason, a high number of certain kinds of skilled workers are registered among the unemployed by labour centres. There are several professions which can be found in the “declining position” and “popular” categories, as well.

In point of fact, the compliance level of the professional structure of graduates to demand is not the most important question. They will expectedly spend 40-45 years on the labour market. Unforeseen technological changes will make certain professions unnecessary and will basically change the structure of other professions. Thus, the future perspectives of skilled workers depend on whether they are able to retrain themselves and also to follow job market changes, as regards the contents of their own professions, in order to be able to adapt to any eventual new requirements. If not, they will have to do jobs requiring no qualification or they will be totally excluded from the labour market.

The effect of the labour market on education is reflected only slightly by the labour required by employers. Employees are expected to be cooperative and communicative, with good negotiation and management skills, independent, creative, adaptive and willing to learn even subject matter outside their actual fields, but not outside their general labour market segments. Changes due to technological development might favour such characteristics of labour as emotional intelligence, social culture and creativity in the long run on the labour market. Individualising educational trends reacting to this development can already be found in some developed countries (Csehné, 2008).

Some researchers have already studied the labour - labour market fitting, namely the relationship between educational output and labour market successfulness. Fehérvári *et al.* (2011) pointed out that appropriate fitting is quite rare, although an excessive number of admitted students are quite common from the labour market point of view. Furthermore, the professional group distribution of “not properly fitting” cases is not accidental. For instance, in the agricultural professional group, fitting is not appropriate, with the number of admitted students being too high.

The growing importance of competencies shows that the labour market expects such skills, proficiencies, personality traits and motivations of employees that cannot be obtained automatically during socialisation. Reasons for this discrepancy might be the family culture and or work-related. People are not able to prepare themselves for each special kind of life situation. Education should play a key role in remedying this disconnects, by providing people with the necessary competencies required in different life situations. The rapidly changing demands of the economy give priority to newer and newer competencies.

All the previous studies show (although most of them refer to the output of higher education and not vocational training) that qualification is important when entering the labour market, but to get a job easier or to get a better job, one has to possess certain competencies. If someone possesses more or better competencies, then that individual can get a job easier and can earn a higher salary. After studying

earlier published research, it can be concluded generally that those national companies which are in a position to choose the most appropriate employees do it not on the basis of qualifications, because this is often impossible, but rather on the basis of a variety of measured or assumed competencies.

On the basis of a national study, in which 5,109 job advertisements were analysed, researchers found that the concerned companies expected certain personal, habitual characteristics and special proficiencies from applicants. Mostly, they found that general socialisation outcomes (openness, tolerance, accuracy, loyalty), characteristics related to work but not easy to define (dynamism, problem solving ability, motivation), and sometimes certain skills and proficiencies (communication skills, administrative skills, writing skills, stress tolerance, loadability) can be found among the expectations. It is not worth overrating the importance of such expectations, but we can get a general picture on the ideal employee expected by the labour market (Kiss, 2008).

Due to the rapid technological and professional changes, latest organisational concepts require certain competencies, in addition to the professional knowledge of employees, ensuring rapid learning of new knowledge (Dienesné, 2003). Human resource managers prefer such applicants that already possess most of the required competencies at the beginning of their employment. During the investigation, leaders of the studied companies were asked to rank on a scale of 1 to 10 their expectations towards employees. The results are as follows: work experience, educational background, qualification, age, compliance with the job, social competency, personal competency, loadability, computing skills and language skills. Employers define personal expectations towards young graduates. It is important for them that the young graduate should be suitable to the specific job and should be communicative both in Hungarian and foreign languages.

Conditions defined in job advertisements rather provide an indication on what is expected by the labour market (Györgyi, 2006). The most important expectation is professional experience, it can be called “up-to-date knowledge”, and “experience gained in the wider professional field”. Some of the required competencies are professional competencies and can be obtained during studies or work, some of them are general competencies related to the work activity; the third group relates to the expected attitudes towards colleagues, companies, and work conditions.

The most important skills defined by employers were: decisive action, good communication skills, and problem solving skills. One of the most important task for the future is that degrees should much better reflect expectations of the labour market; it would help a lot both employers and employees. In order to reach this, the first task is to determine which competencies should be provided by the education system, by the family and by the employers respectively. It has to be pointed out that it is still common on the national labour market that graduates have no professional experience at all, although education and work are both present in the life of youth. It could be well supported by a trainee system, which is not common. Language skills, language related competencies are obviously useful on the labour market, it is clear for an increasing number of employees. As regards IT skills, employers mainly expect basic skills; it is also the task of public education. Summarising all these particulars, findings from earlier studies reveal that the respondent professionals identified the most important expectations from employers are: compliance with tasks, loadability and social competency.

## Materials and Methods

The aim of this study was to map how vocational training was utilised in practice; how vocational training fitted the demands of the employers; in which directions vocational training should be improved in order to meet better the demands of the labour market.

The investigation was carried out in 2010 and 2012, on different samples. The size of the sample was determined on the basis of the quality assurance database, but of course it did not make representative sampling possible. The investigation is based on 15 and 22 in-depth interviews with mainly small and medium sized enterprises engaged in agricultural activities. Respondents were mainly top leaders of the companies or technical or HR leaders.

Structuralised interviews where general characteristics of the companies employing agricultural graduates, employment situation of the employees with secondary level qualification, relationship between the company and vocational training, opinion on vocational training, expectations and requirements towards agricultural graduates were asked from the employers.

## Results and Discussion

For the employers, the roots of the problems can be traced back to career choice, which is why they emphasise its importance. Employers believe that the role of parents is essential in career choice. Parents should help their children, should try to orientate them to that profession which meets their skills, interests and talents the best. It is important to study the economic situation and employment opportunities. Parents should pay more attention to the ideas for the future of their children, forming and realising their plans. It would be important for children to visit the open days of schools and career events. They should try to learn the profession as perfectly as possible, they should study more and better, they should pay more attention to studying foreign languages. They should have self-knowledge as good as possible, they should accept realities. Successful career choice requires wide collaboration among schools, pupils, parents, teachers, employers, labour organisations, maintaining organisations and NGOs operating in this field.

In the opinion of employers on the general situation of the labour market: the emergence of professions in shortage can be traced back to several sources, from which the most important one is that some professions are not popular and therefore only a few pupils choose them. At the same time, it also has to be mentioned that, in some professions, the number of profession-leavers is high. One of the reasons behind this phenomenon is that youth do not like hard physical work, the other one is the rapid change of employers' demands to which vocational schools are not able to adapt enough rapidly. Youth could be motivated by higher salaries and other allowances to choose among the professions in shortage, such as professions in the field of agronomy. The main reason for the emergence of saturated professions is that some professions are very popular, and for this reason many schools announce programmes in those fields. Schools try to attract as many pupils as possible and they can manage this mainly through the education of the most popular professions, which are not always so popular on the labour market. Experience demonstrates that youth prefer light work that can be performed under pleasant work conditions.

The majority of the received information and the most useful information relates to the question on the basic qualification required from skilled workers. It is a shocking, but not baseless requirement:

“understand the written instructions!” Catch-up programmes could solve this kind of problem in adult education, but it takes time. Many of the respondents pointed out the following requirements, as well: performing technical tasks at skill level, C-type driving license, license in heavy machine operation, environmental awareness, being a role model.

Commitment to the performed task, the basics of the profession, the ability to complete individual work, professional experience and skills, problem solving ability, flexibility, and ability for team work are the most important requirements of employers from employees with secondary qualification. In the respondents’ opinion, the three areas in which entrants do not meet their requirements: the ability to complete individual work, professional experience and skills, commitment to the performed task. Some of the listed properties mean skill, ability, mentality. Development and acquirement of these is far more difficult than the acquirement of theory and practice in most cases. The role of parents and practical training places are extremely important. Specific demands of employers from the training system:

Preparedness of entrant skilled workers, practical knowledge gained during the educational programme, their labour market value should increase.

Pupils should be prepared for lifelong learning.

Conditions of individual learning directions should be established.

It should prepare for the challenges and opportunities of the European Union’s labour market.

In the opinion of employers, employees with secondary qualification can poorly utilise the theoretical knowledge gained at vocational schools. Quality and quantity of delivered theoretical subjects has been considered mainly as appropriate by the respondents. The quantity of practical training should definitely be improved, where pupils could gain skills that are very important for employers. Training programmes in school-based workshops and in practical training locations should be much better coordinated. At the majority of companies where there is no practical training at present, there exist no plans to establish one.

The opinion of general education is also not so good. Respondent employers often have problems with the number of staff, since for their job offers often only unskilled labour applies. It has been mentioned that there is a considerable fluctuation in the field of agronomy, after training a certain layer of employees, it goes to another workplace. That is why companies prefer to send tested, reliable employees even with another qualification to a training course. It has also been mentioned that some older and minority employees even do not want to “go to school”. Learning at home could also be an option, but for the majority of employees, this simply does not work.

Only those employers have daily contact with schools that run practical training programmes, also. Contact of the other employers with schools is much looser; in some cases can be called accidental. Companies acting as practical training locations through the continuous connection could form the professional work, develop the ability and skills of pupils to better meet their requirements. Ratio of employment together with the ratio of further studies can be increasingly important measures of value for schools.

Employers in many cases employ labour with other qualifications, with the supervision of colleagues with secondary or higher qualifications in complicated cases, because they do not find any agronomist



with the appropriate secondary level qualification. Specific suggestions have not been provided by the respondent employers regarding the modification of vocational training, but many of them would like to take part in the theoretical and practical development of vocational training. The lack of course books has also been mentioned by many of them, since for this reason the quality level of training programmes is not uniform. For the employers, demands of entrants with vocational qualification regarding their prospective work place include performance-based allowances, career opportunities, competitive salary and good working conditions.

Strong cooperation is required among labour market players, in order to increase the level of education better meeting the demands of employers. Vocational and higher education institutions have to modify the structure of education, demand should determine their activity. First of all, employers have to provide vocational schools and adult education institutions, local governments and labour organisations with detailed information on their labour demand. It is important that employers take more significant parts in practical training; the number of learning agreements should also be increased. More emphasis should be laid on the training of own employees, as well. Continuous training of teachers is also needed.

The majority of respondents do not employ entrants either with secondary or higher education qualifications. This means that, at most companies, there is no recruitment or they look for labour with practice only. Both cases mean that it is very difficult for entrants to find jobs. Respondent employers made contact with the employed entrant mainly by informally (through personal contact), secondly through the contact educational institution and thirdly through the labour office. This practice can greatly hinder job access of entrants.

### **Summary, Conclusion and Suggestions**

The transition to market economy has changed the structure of companies, characteristics of employment and demands set towards labour. Unemployment has appeared which, after its culmination in spring 1993, shows a continuous decrease. Yet, even nowadays, it is a source of serious social stresses. Demands of employers and individuals towards employees overlap only partly or do not overlap at all. Main demands of employers towards employees are the following: quality, flexible and safe work, reliability and costs based on performance. As regards the employees' demands, salary and career opportunities are the main priorities. Since demands regarding labour are not static, but dynamically changing, meeting the continuously changing demands can be realised with flexibility and adaptability only. For adaptability, new teaching-learning frames-terms needed to be defined. Changes demonstrate how education should not terminate with one's leaving the education system by obtaining a single qualification in the market economy. Continuous technological development necessitates frequent involvement in education, continuous training, and possible professional changes due to the structural change of the economy. The relationship between vocational training and employment are in the focus of the investigation. During our analysis, we wanted to find out how vocational training was utilised in practice, how vocational training met the expectations of employers and in which directions vocational training had to be improved, in order to meet the demands of labour market better.

The aim of the investigation was to identify as many demands from employers as possible, and after processing them, to propose necessary modifications in engineer-teacher training through which such

an attitude change could be felt throughout the agricultural vocational training system. This would make education suitable to actually meet the demands of the labour market. Disinterest of many employers towards our investigation has to be mentioned, which is not a good sign for the future. Summarising, the following problems have been defined by employers:

- The relationship between the world of labour and the educational systems is not coherent in Hungary. The output and quality of vocational training and education do not conform to the labour market demand.
- National and multinational companies have been indicating a serious lack in well- trained skilled workers, especially since 2000.
- It causes problems that methods required to increase skills and competencies, as well as practice-oriented and profession-oriented training programmes, are missing in vocational training.
- The dropout ratio is high in vocational schools and for pupils completing their studies in such schools, passing the maturity exam is difficult.
- Besides all these, vocational training operates with considerable state and other sources in a way where there is not any “signalling system” to illustrate or measure the efficiency of the system.
- The other source of problems is the reckless strategy regarding the institutional structure of vocational training, the unclear role, tasks of and relationship between vocational and secondary vocational schools.

Remarks and suggestions of employers regarding education are also remarkable even though they are not familiar enough with the requirements and content of the concerned qualifications. Requirement for more effective awareness raising and quality assurance knowledge have to be pointed out. It is an educational task indeed; more emphasis should be laid on that. Even at this level, a need for technical foreign language skills at least at basic level has been defined. Since our join to the European Union, it has been required at all qualification levels.

As a suggestion, it has been defined that teaching materials of theoretical and practical training, as well as their ratio to each other, should be reviewed from time to time, and should be adjusted better to the demands of employers. In parallel, the number of practical training locations should be increased, since less than half of the employers take part in practical training. For this reason, an appropriate scheme of incentives should be developed. Useful suggestions are:

- by the employers, ratio of practice, and within that workplace practice should be increased within education,
- not new qualifications are needed, but more effective awareness raising within the current ones. Quality of education should also be increased,
- more emphasis should be laid on technical foreign language skills.

Especially the last point is often neglected. As Wiwczarowski notes in several publications, success in business today is often found in cross-border communication. Yet, this is “a complex process (2005)”, requiring “needs-driven social interaction (2004)”, which is grounded in “high level, culturally correct



and marketable...knowledge transfer (2003).” Wiwczaroski further argues that competency, not language certificates, is the key goal to be pursued. In other words, command of the jargon and norms of a foreign language, as it is spoken in one’s field is just as vital for employees as their technical knowledge. In consideration of all the points identified above, the following solutions can be outlined:

- Modification of pedagogical programmes at schools in order to prepare children better for the world of work (individual development programmes).
- In the organisation of vocational training: developing professional ordering skills of economy, “forcing” them to define what they expect from prospective employees and the vocational training. Within each classroom, these expectations must be reflected in syllabi. As Wiwczaroski discusses, at all times, emphasis is put on gradual, improved professional development of each student and the development of a ‘business mentality’ (2002). The followings can be mentioned here:
  - forming basic skills which are essential for successful learning
  - pedagogical assessment of the individual performance of pupils
  - publicity of the performance assessment of pupils and external institutional assessment
  - ensuring the interdependence of training programmes
  - integration of vocational training; improving the quality and labour market relevance of vocational training
  - developing a career orientation and career advisory system.

Overall, such prospective employees have to be trained that meet labour market demands in the long run. They need some certain basic skills, they should be able to adapt and continuously develop themselves, both at secondary and higher qualification levels. Appropriate skills are needed for adaptation. Specific professional knowledge is not so important. Schools are responsible for equipping future employees with appropriate basic skills. Without the appropriate basics they may manage themselves for a couple of years with the routine use of their professional knowledge, but they have no future. With the appropriate basics employees can complete and renew their professional knowledge themselves and companies can also further train or retrain them.

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