



Education Supported by SME vs. SME Supported by Education

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Abstract: Higher education institutions are facing serious challenges all over Europe. Besides the rate of unemployment, lack of professionals, the decreasing number of young generations the expected quality and the content of knowledge have also changed. These challenges have a greater effect on post-socialist countries since it is completely new to them that educational institutions are players on the open market and are competitors. Our research set out to examine the economic and educational policy background in Hungary and Romania for the past 10 years, which might have influenced the functioning of universities, financing research and development as well as relationships between higher education institutions and private companies. Nowadays people want to acquire practical knowledge, courses and trainings are also trying to be more practical in nature. Using in-depth interviews the aim of the research was on the one hand, to find out whether universities are trying to develop relationships with companies and if so in which fields; on the other hand, it tried to reveal if the directors of these companies consider these relationships to be successful and what are the mistakes or shortcomings they see. The opinions and answers given by company directors clearly confirm the existence of such efforts on behalf of the universities. The results show that in the two countries examined, having different educational systems, companies have similar expectations towards universities and their teaching staff. However, responses given to these expectations differ in more aspects, despite of the similar background of the two countries.

Key words: higher education, research and development, companies supporting education

Introduction

Since the regime change post-socialist countries have had greater access to higher education instruction, thus the proportion of those enrolled in higher education

institutions has also significantly grown in the past 20 years. The freedom of learning and teaching has become a reality and with the EU's initiative a unified educational system has been created. This led to the discovery of the need to have a harmonized educational and research approach. Furthermore, expectations towards quality development in higher education have also grown.

Besides the positive effects of the changes in higher education, institutions had to face financing problems due to the introduction of the quota system and for this reason their strategy had to be adjusted accordingly. Therefore it is in the universities' best interests to maintain good relationships with several companies whose operational profile matches those offered by the universities.

During the 3+2 Bologna system students have the opportunity to spend six months practicing at a company where they can familiarize themselves with job market expectations and have the possibility to put their theoretical knowledge into practice.

The present study aims to explore how Romania and Hungary - who joined the EU in 2007 and 2004 - are performing in this matter, what are the opportunities and difficulties that universities have to endure in the context of the new system and the crossfire of continuous challenges. During the research company directors were asked to express their opinion regarding the advantages and disadvantages of their collaboration with universities.

1 The Hungarian context

1.1 Higher education

The world around us is constantly and rapidly changing. Adjusting to this constant change is extremely difficult for an educational institution; however it is vital in order to offer a competitive knowledge and degree for its students. We need to pay attention to the on-going technological development, the effects of globalization, demographic changes, changing social needs and the growing problems of declining energy resources. Members of Generation Y will pose a serious challenge to both universities and the labor market. Kolnhofer-Reicher (2016) Globalization and the changing social needs force universities to build relationships with other universities and companies and to fully take advantage of these opportunities.

The number of publications of Hungarian researchers exceeds the EU15 average (85%). However, at the same time, the R&D expenditures are at 40% of the EU average. The only question that remains is whether these scientific publications

can be accessed by the corporate sector and, if so, can they understand and make use of its results. (Havas & Nyíri, 2007)

There are several factors that force universities to adapt. One of them is the need to find alternative financing for their research activity. Globalization has put an end to regional monopolies and they face competition from foreign universities. Nowadays universities are considered as incubators, forced to practice science and technology-based business activities.

The surveys of Kozma (2005, 2013) with students also prove that knowledge motivates them in selecting an institution and a place of work. Students choose a higher education institution consciously by taking their interest, personality and the academic standard of university into account. When making their choice, the electronic sources of information (i.e. university web, other internet sources) are of great significance.

1.2 The SME sector

Throughout their development, companies formed alliances in order to maintain and increase their competitiveness. In cooperation trust as a critical factor of success is playing a more significant role (Mester et al., 2016). To secure its competitive position on the market, a company needs proper decision making mechanisms. These alliances can take different legal forms and the choice of one or the other legal form is defined by the nature of the cooperation and the partners' interests. Opportunities offered by universities are built on the institutions' structure and educational offers (economic, life sciences, engineering, natural sciences, law etc.).

So as to maintain a successful cooperation universities are continuously developing their course materials, they organize apprenticeships and company-based trainings in order to satisfy the needs of the market. (Polónyi, István, 2011)

SMEs play an important role and make up a significant part of the Hungarian companies. It can be clearly seen that 60% of the added value is produced by the SME sector and this proportion is even higher in Central Hungary, close to 75%. Industrial joint ventures make up 8,1% of SMEs and thanks to their high productivity they produced one quarter of the gross added value. In all regions SMEs achieved greater results than their presence would indicate. (Központi Statisztikai Hivatal, 2014)

On a national level 441 billion HUF was allocated to R&D in 2014, 5% more than in 2013. However in the country the number of research units was 2994, with 165 (5.2%) less than in 2013.

Companies offer more support for research and development. Since 2004 there has been a steady increase of the number of companies financing R&D. (Statisztikai Tükör, 2015/71)

All in all, it can be said that both parties can profit from the cooperation, from the strengthened relationship between higher education and the economic sector. Educational institutions can obtain new income (financing) thus the financial responsibility of governments would decrease – funds coming from the private sector can reduce the burden of government finance.

2 The Romanian context

2.1 Higher education

The higher education system in Romania follows the Bologna system. Except for the medical and engineering studies all BA programs take 3 years to complete. It can be further continued by a two-year Master's degree after a separate admission procedure. Those who wish may continue their studies by enrolling for some postgraduate studies, such as doctoral degrees, professional trainings which gain more and more importance with the spread of the lifelong learning perspective (Torgyik, Judit, 2009)

The problems and challenges of the Romanian higher education are very much in line with those present and already analyzed in the western countries of Europe, more specifically the rise of mass higher education, poorer quality of education which is even worsened by the quota system or the normative per capita financing. (Tonk, 2012)

Romanian universities are only beginning to realize that they also have to compete for the employers, because university diplomas issued by universities will become competitive only if students can successfully obtain a position on the job market.

2.2 The SME sector

In 2015 Romania had three times less SMEs than the European Union average. It is a fundamental goal to increase the number of SMEs by 40% till the end of the 2020 financing cycle. (Bozán, 2015)

The cooperation between higher education institutions and SMEs can be mutually beneficial, yielding valuable benefits. One of the biggest challenges that universities are facing today is that they are unable to provide practical knowledge to their students, while on the job market companies are looking for experienced workforce. SMEs often cannot afford to hire a full-time employee but they have a lot of tasks which might be fitting for university students who could help with their theoretical knowledge, different perspective and could be an efficient solution to the task at hand.

In the previous EU financing cycle the Sectorial Operational Programme Human Resources Development offered possibilities for financing cooperation between universities and SMEs (e.g. several innovative programs, internship opportunities).

Innovative initiatives of Romanian SMEs lag far behind the EU average. Figure 4 shows how many SMEs were considered innovative in nature between 2010 and 2012.

3 Analysing the in-depth interviews

The present study is exploratory in nature; therefore structured interviews could not serve the purpose of the research. In-depth interviews have an informal character. They build upon the relationship between the interviewer and the interviewee. The researchers guide the conversation in order to prevent the interviewee from diverting too much from the topic, but the conversation itself is informal and offers a lot of possibilities to explore new perspectives. The analysis of such interviews is strictly qualitative.

Using the above methodology interviews were conducted with 3 Hungarian and 3 Romanian entrepreneurs. They were asked to speak about their experiences related to their relationship and cooperation with universities.

The main points of discussion were the following:

- What are the main activities of the company?
- What innovative solutions have been implemented in the past few years in order to improve the company?
- What are the entrepreneur's opinions and experiences regarding university students who worked at their company as interns?
- What do entrepreneurs think about the ways universities could help them. What types of cooperation do they consider to be fruitful for both sides?

Company directors claim that their cooperation with higher education institutions is useful for them and this type collaboration fosters new ideas and perspectives that wouldn't have occurred otherwise.

All three Romanian companies have said that they are fully taking advantage of the internship programme. In Romania the majority of higher education programs require students to complete a three-week long mandatory internship as part of their undergraduate studies. All respondents agree that this time interval is not enough not even for a future job application. Students do not have the possibility to fully understand the company's activities, to come with new ideas and changes. Therefore companies recommend students to commit their entire summer (2-3 months) to the internship. Companies expect students to come up with new ideas,

innovative solutions and they expect universities to provide students with success stories, best practices and new ideas.

Hungarian companies have the same positive opinion about their collaboration with universities. In Hungary most BSc programs include a mandatory full semester long internship during which students gain a deeper insight into the company's operations and the company in turn gets to know the students' qualities. According to the directors' statements, university students are creative; they perform their tasks with responsibility and their work is mostly reliable and of good quality. The exceptional and hard-working students can prove themselves on the job market with their innovative ideas, hard work and new perspectives.

The director of the Romanian marketing consulting company said that they run a joint project with the university students. The project involves developing online marketing plans for 2 companies. The project proved to be a success; the students were enthusiastic and worked very hard. The director also appreciated the fact that students were coordinated by a university teacher who facilitated communication and coordination of the work. Involving the students did not mean an extra workload for him, he just had to keep in touch with the coordinator who guided and evaluated the students. This kind of project was considered to be especially useful because usually students do not take their work seriously if they lack supervision from the part of the university.

Conclusion

To conclude, it can be stated that cooperation between companies and universities in Romania has to be initiated and coordinated by the universities. It is worth mentioning that companies are open and glad to take part in such cooperation, and most of them are also willing to pay the students. In Hungary company professionals and experts feel they have to carry a significant administrative burden in exchange for the advantages of cooperation. The universities' bureaucratic system makes it difficult to make fast and flexible decisions. For this reason it is possible for the common project to fail or for it to be cancelled.

The discussion with company directors as well as the researchers' own teaching experience reveals that in order for students to be successful on the job market it is necessary and vital to gain practical knowledge during their undergraduate studies. The Romanian legal framework provides little opportunity to make this possible, therefore universities have to invest time and effort to initiate and organize joint projects with several companies in order to involve students.

Such joint projects of companies and universities have to be coordinated by university teachers in cooperation with company directors. Students have a lot to gain from such successful projects. Company directors are open to cooperation and they welcome new ideas from the universities and consider them useful. However, they complain about the huge administrative burden involved.

Regarding the financial aspect of such joint projects company directors have different opinions. According to the director of the event planning company students should not be paid for the work they do during the internship program. However, the directors of the other two Romanian companies believe that students take their work more seriously if they receive some minimal compensation.

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