BASELINE REPORT

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INTRODUCTION

The Entrepreneurship 2020 Action Plan defines entrepreneurship as *"an individual's ability to turn ideas into action"*. But every would-be entrepreneur in Europe faces a tough environment, the first component of which is that **most education systems do not offer the right foundation for an entrepreneurial career**. In some territories, young people finish their studies without ever learning anything about creating a business or taking the initiative in their life, so it is not surprising that as young adults, they are not aware of the opportunities available to them to implement their ideas. Flash surveys show that self-employment is becoming less attractive and does not even cross the mind of more than half of the citizens. Meanwhile, **youth unemployment rates are particularly high across Europe** (15.2% in the EU). In the project region, the rate is 15.7% in the Northern Great Plain, Hungary and 14% in the Nord-Vest, Romania. (Eurostat, 2018) Encouraging more young people to become entrepreneurs could help to address this youth unemployment challenge, and entrepreneurship education would play an important role in this process.

"Investing in entrepreneurship education is one of the highest return investments Europe can make." (European Commission, 2012) **15-20% of students who participate in an entrepreneurship programme during their secondary education will later start their own company** – this number is about 3 to 5 times higher than in the general population (Jenner, 2012). The YES project partners would like to work on ensuring that being an entrepreneur is an attractive prospect for Romanian and Hungarian youth. They will provide an online curriculum and learning opportunities based on the target group's needs to help them develop and nurture the necessary competencies for self-employment (and any kind of employment, as a matter of fact). To ensure the initiative's sustainability, they will recruit teachers (and schools) from the programme area, and train them to become effective advocates of entrepreneurship. They implement this approach with two main pillars:

1. The first pillar is **laying the foundations by a detailed review of the core challenge, its main causes and possible solutions, supported by interviews with relevant actors in the topic**. Based on the accumulated data, specific educational tools (online competency test, learning platform and curriculum,

training camp, practical guide for teachers) will be developed, using the latest, most innovative teaching techniques.

2. The second pillar serves as a **testing phase** for the developed tools through an e-learning course and training events organized on both sides of the border, but it also involves the preparation of future initiatives and the design of policy proposals.

As a first step, a comprehensive strategy is needed to address the problem of unemployment, and for a comprehensive strategy, **a thorough exploration of the current situation in the territory** is also necessary. In this document, the partners will look at how the core problem appears in the counties they represent: what is the **current state of affairs** (supported by statistical data), what are the **causes** behind the situation and what are the **solutions/policy recommendations** offered by the relevant authorities and stakeholders. This analysis has an **empirical approach**: in addition to using current statistics, it also relies on **interviews conducted with relevant actors of the labour market** (5-5, respectively, on both sides of the border). The report will serve as a comparative tool: it will clearly show the **strengths** (opportunities) **and weaknesses** (possible intervention areas) **of the individual counties**, which can open the way for future cooperation along problem areas also outside the scope of this project. **The baseline report will serve as a basis for the integrated development strategy.**

1 Structure of the baseline report

Source: own editing

The baseline report can be divided into five main parts *(Figure 1)*:

1. **Introduction** – A quick overview about the core problem (the connection between youth unemployment and entrepreneurship), the YES project and the purpose and structure of the baseline report.
2. **Coverage of the report** – The geographical scope (on a map), including a short summary about the four relevant counties of the programme area.
3. **Demographic and socio-economic background** – Some supporting information about the population of the counties covered (demographic changes, social challenges, etc.).
4. **Analysing the labour market** – A detailed analysis about the policy environment, the economy, the relevant stakeholders and the educational output, using both secondary data and the results of the interviews.
5. **SWOT analysis** – A concise assessment in a table format to determine the main conclusions of the document; this will serve as the foundation of the strategy.

STATE OF THE ART

COVERAGE OF THE REPORT

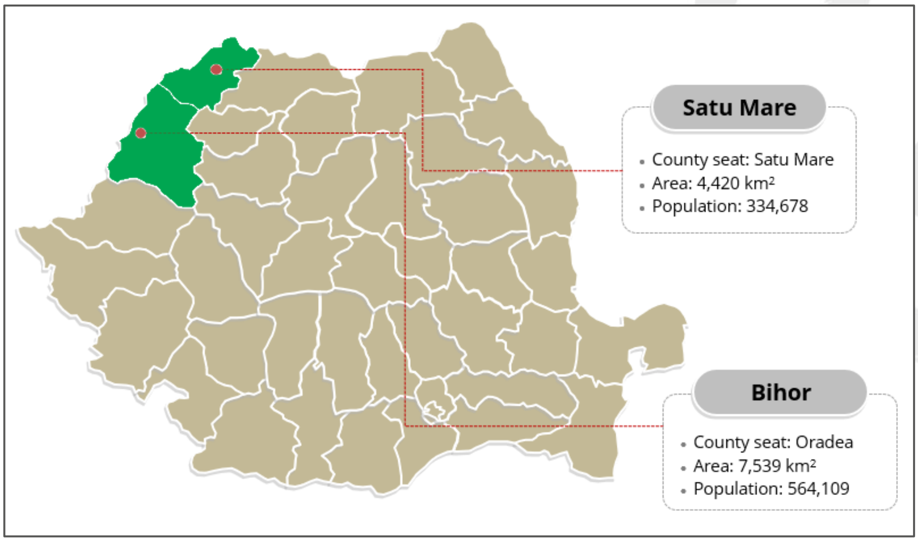
The eligible area of the Interreg V-A Romania-Hungary Programme consists of eight counties: Satu Mare, Bihor, Arad, Timiș, Szabolcs-Szatmár-Bereg, Hajdú-Bihar, Békés and Csongrád. The **YES project** covers the 2-2 northern counties in Romania and Hungary: **Satu Mare, Bihor, Szabolcs-Szatmár-Bereg and Hajdú-Bihar** *(Figure 2)*. The region has a total area of **24,100 km²** (Eurostat, 2016).

2 The eligible area of the programme (with the focus of the YES project highlighted in red)

Source: Interreg V-A Romania-Hungary Programme (own editing)

Satu Mare is situated on the border with both Hungary and Ukraine *(Figure 3)*. Its neighbours are the following: Maramureș, Bihor, Sălaj (Romania), Szabolcs-Szatmár-Bereg (Hungary) and Zakarpattia Oblast (Ukraine). **Bihor** – one of the wealthiest counties in Romania – borders Hajdú-Bihar (Hungary), Sălaj, Cluj, Alba, Arad and Satu Mare (Romania). Both counties have a significant ethnic minority of Hungarians (see Chapter 1.2.1).

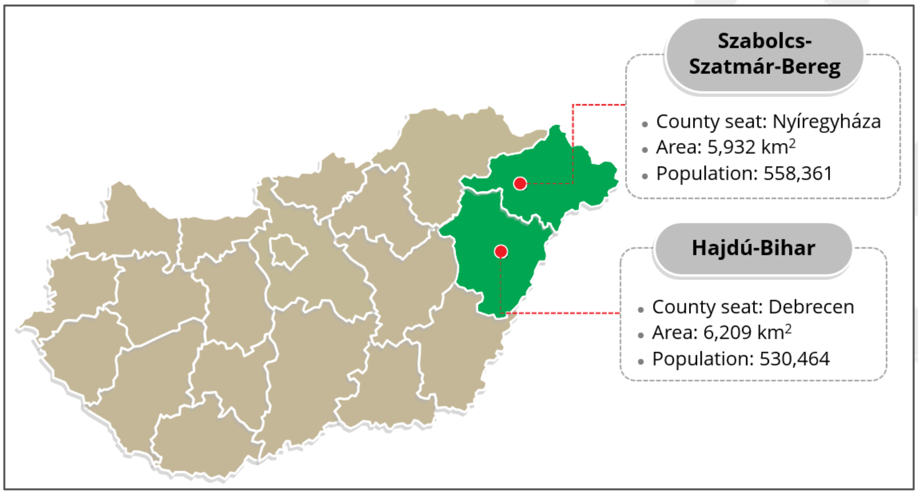
3 The relevant Romanian counties of the programme area



Source: Eurostat, 2016 & 2018 (own editing)

Hajdú-Bihar is the 4th largest county in Hungary with an area of 6,209 km^2 *(Figure 4)*. It shares borders with one Romanian (Bihor[1]) and four Hungarian (Szabolcs-Szatmár-Bereg, Borsod-Abaúj-Zemplén, Jász-Nagykun-Szolnok and Békés) counties. **Szabolcs-Szatmár-Bereg** – the 6th largest county in Hungary – borders Hajdú-Bihar, Borsod-Abaúj-Zemplén (Hungary), Košice (Slovakia), Zakarpattia Oblast (Ukraine[2]) and Satu Mare (Romania).

4 The relevant Hungarian counties of the programme area



Source: Eurostat, 2016 & 2018 (own editing)

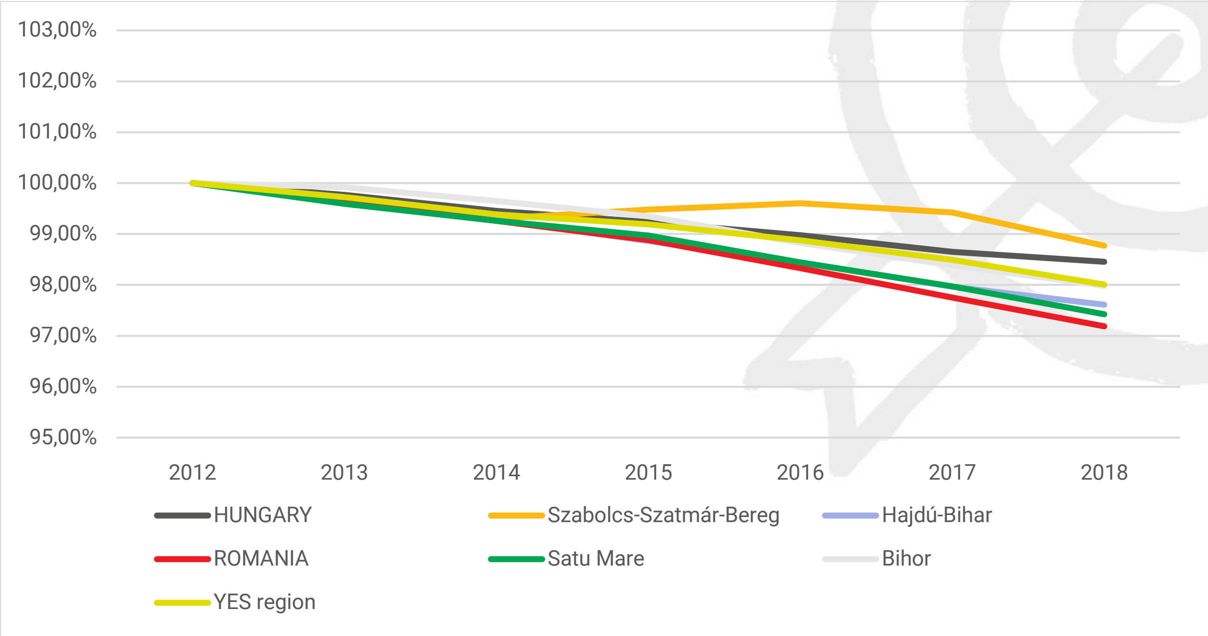
The project area is part of the Pannonian Plain region – the Romanian counties blend into the Western Romanian- and Eastern Carpathians. The main rivers are the Someș/Szamos, the Tur/Túr, the Crasna/Kraszna, the Criș/Körös and the Tisa/Tisza.

DEMOGRAPHIC AND SOCIO-ECONOMIC BACKGROUND

KEY DEMOGRAPHIC INFORMATION

Europe's population growth is relatively low, however, a lot of European countries still have growing populations due to immigration. This is not the case in the YES project region: its **1,987,612 inhabitants**[3] (Eurostat, 2018) went through an almost **2% decline since 2012**, which is par for the course experienced on national and on county level *(Figure 5)*. Szabolcs-Szatmár-Bereg county represents a somewhat special case (Barabás-Hajnal, 1990) – it has the highest birth rate in Hungary and a comparatively low death rate, culminating in a slightly better than average curve, with an incline between 2015 and 2016.

5 Change of resident population between 2012 and 2018

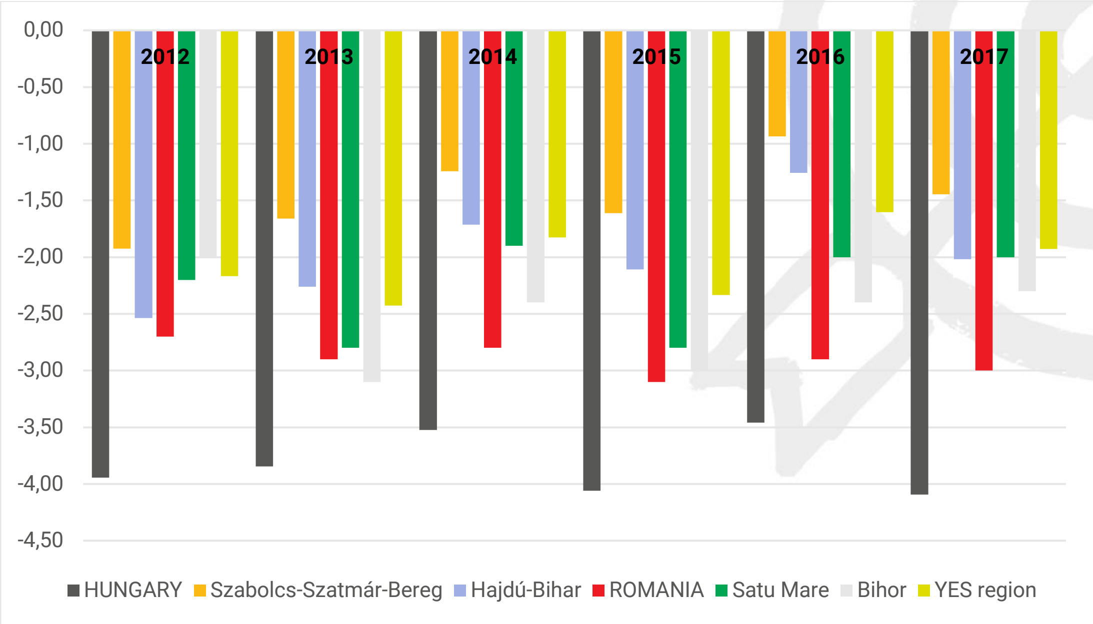


Source: Eurostat, 2012-2018

There's an overall **natural decrease** in the population of Hungary and Romania (-4.09 and -3 in 2017), but in the four counties of the YES project this process is **less steep** (-2.02 in Hajdú-Bihar, -1.45 in Szabolcs-Szatmár-Bereg, -2 in Satu Mare and -2.3 in Bihor – *Figure 6*).

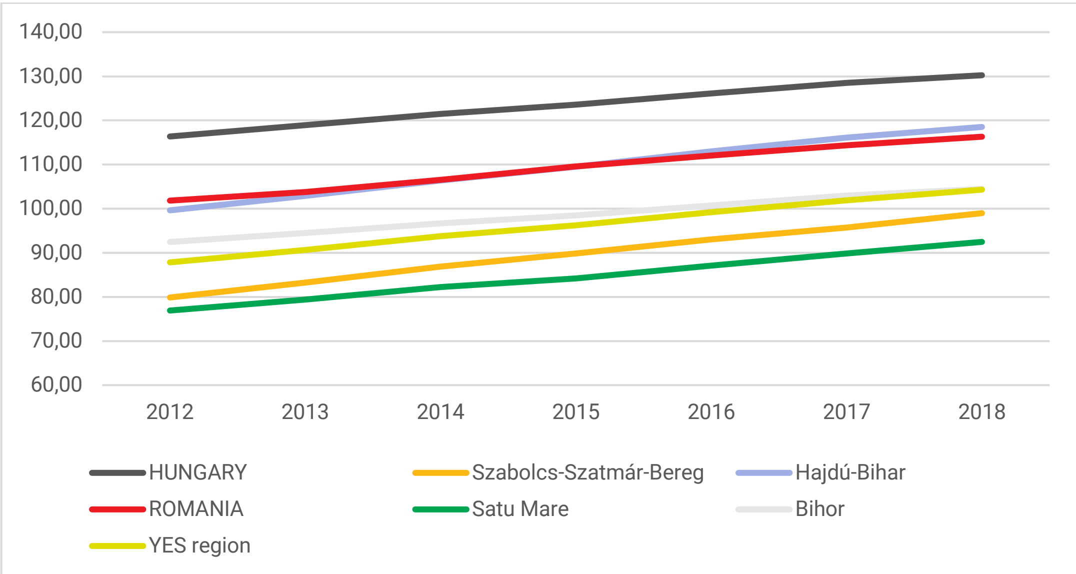
Another widespread European demographic phenomenon that is also present in the region is the aging of the population. This **transition toward an older population structure** is caused by a decrease in the proportion of working age population and a simultaneous increase in the number of elderly people (see Chapter 1.2.2). One of the best indicators of this is the **aging index** – the number of people over 64 per 100 inhabitants younger than 15: this ratio is steadily rising in both countries and all four counties. It is worth to note however, that the country-level data are much worse, while **Satu Mare and Szabolcs-Szatmár-Bereg** even **managed to stay under the 1:1 line**, having a result slightly favourable to young people (i.e. under 100 – *Figure 7*).

6 Rate of natural increase/decrease of the population per 1000 inhabitants



Source: Hungarian Central Statistical Office, 2012-2017; Eurostat, 2012-2017

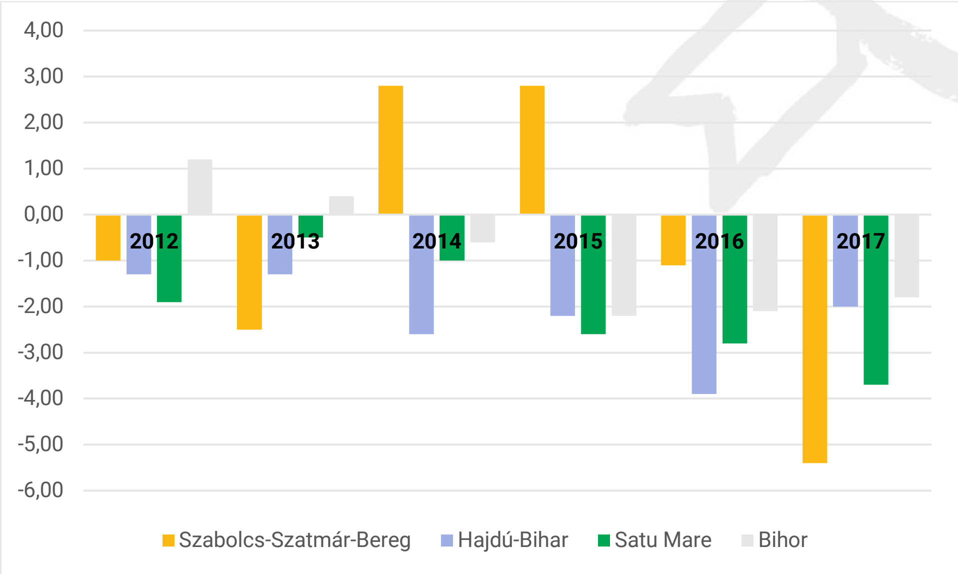
7 Aging index



Source: Eurostat, 2012-2018

While it is true that the demographic indicators of both Hungarian counties (especially Szabolcs-Szatmár-Bereg) are a lot better than the country-level indicators, some negative trends – like the **direction of domestic migration from east to west** – cannot be denied. **The net migration rate**[4] **is generally under 0 every year** – a continuous **decline** can be seen on both sides of the border, except in 2012-2013 (Bihor) and 2014-2015 (Szabolcs-Szatmár-Bereg – *Figure 8*).

8 Net migration rate per 1000 inhabitants



Source: Eurostat, 2012-2017

As for migration between the two countries, **the number of people with Romanian citizenship living in Hungary comprises the largest proportion from the overall number of foreign citizens in the country** (Ukraine is the second) with 20,700 people in 2019 (Hungarian Central Statistical Office, 2019) – **the migration rate between the ones arriving and the ones leaving is positive**. It is interesting to note however, that most of them does not live in either counties of the project area but other parts of Hungary (Budapest, for example), according to the Hungarian Central Statistical Office's 2011 census. For comparison, if we examine the population of Romania, the

Romanian National Institute of Statistics' 2011 census shows that **34.65% of the population in Satu Mare and 25.27% of the population in Bihor is Hungarian**.

To summarize:

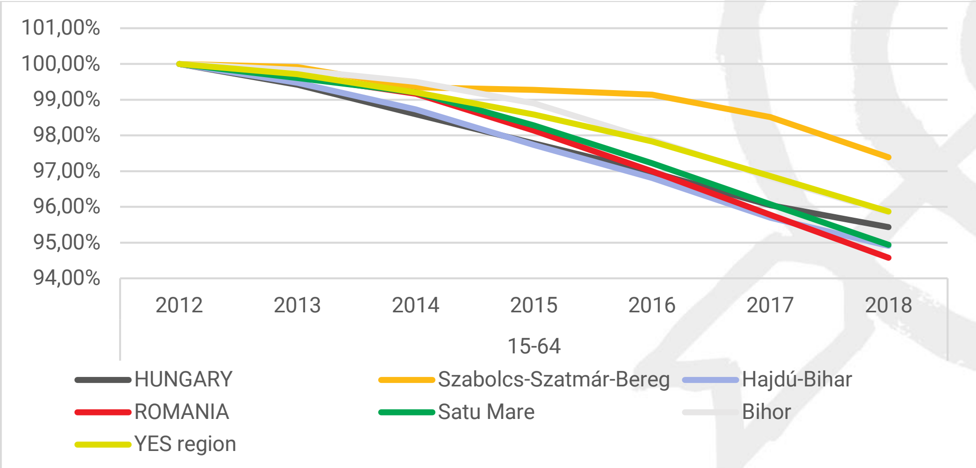
- the population of the project area is steadily decreasing;
- both the number and proportion of people over 64 grow every year;
- more people leave Romania to reside in Hungary than the other way around, although their final destination is usually Budapest, not the project area; and
- there's a significant number of Hungarian people living on the Romanian side of the border.

STATUS OF THE ECONOMY

The share of age groups shows the same similarity as the distribution of sexes in the four counties – 14-17% under 15, 67-69% between 15 and 64 and 15-18% over 64. From an economic standpoint, the most significant age group is the middle one (between 15 and 64) which covers the – possibly – economically active citizens. Since 2012, **the number of people between 15 and 64 dropped by more than 4% in the project region** *(Figure 9)*; again, Szabolcs-Szatmár-Bereg county has the best results (around 2.6%).

This demographic change can be tracked through the **dependency ratio** which is the age-population ratio of children (aged between 0 and 14) and elderly people (over 65) compared to the productive population (aged between 15 and 64).[5] *Figure 10* and *Figure 11* show both the current values and the changing nature of the indicator – the counties' overall ratios are better than average compared to the country-level data but still show a **steady incline since 2014**.

9 Change of resident population



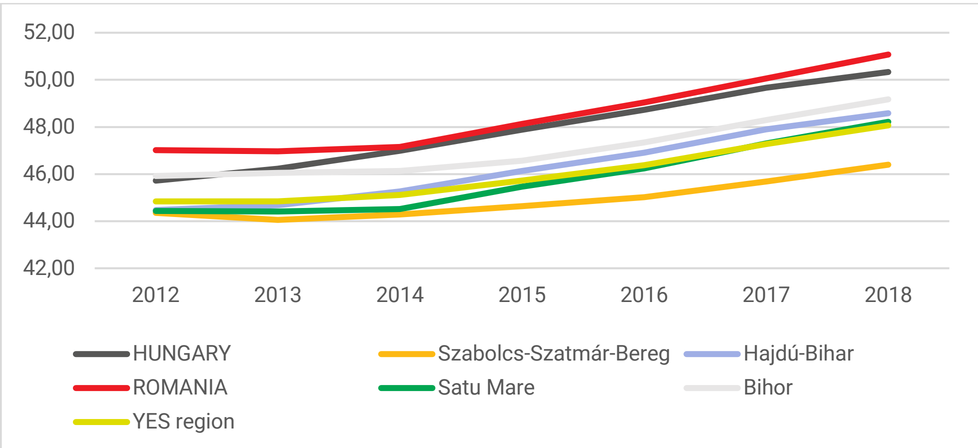
Source: Eurostat, 2012-2018

10 Dependency ratios (DR – overall, child and old age) in 2018

	HUNGARY	SzSzB	HB	ROMANIA	SM	B	YES
DR	50.33	46.40	48.58	51.07	48.22	49.17	48.07
Child DR	21.86	23.32	22.23	23.61	25.05	24.05	23.53
Old age DR	28.47	23.08	26.35	27.46	23.17	25.12	24.54

Source: Eurostat, 2018

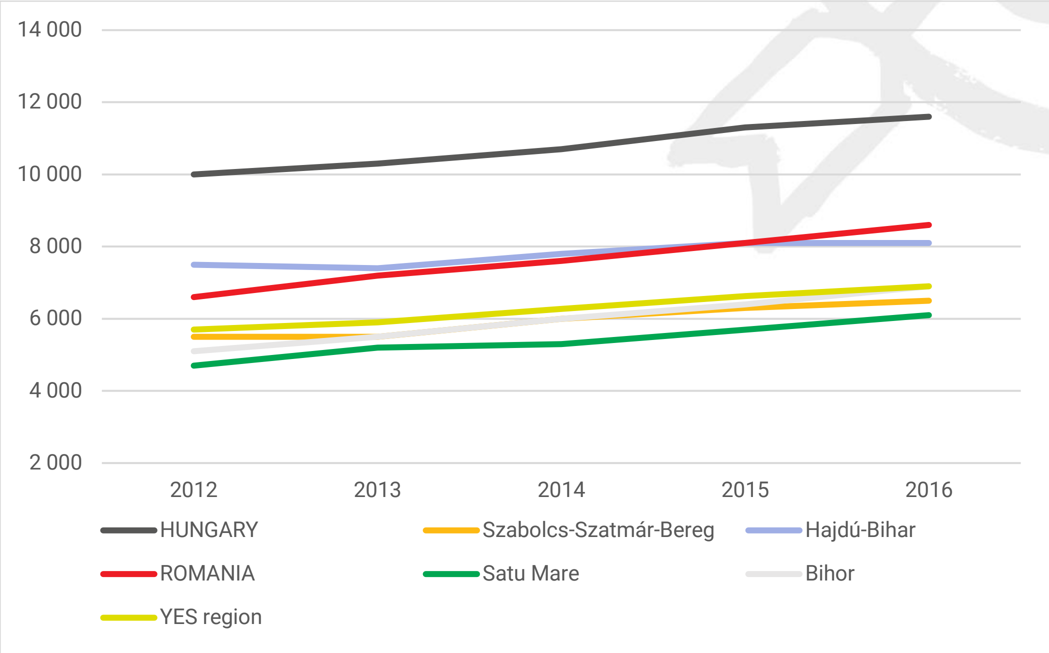
11 Dependency ratios between 2012 and 2018



Source: Eurostat, 2012-2018

If we look at the **GDP** of the four counties – and the two countries – in a comparable way (breaking it down by inhabitants), a **slow economic recovery** emerges but it still can be determined that **the project area is lagging behind the country averages** *(Figure 12)*. The disparity is especially apparent on the Hungarian side which is not surprising: the eastern regions are the most disadvantaged in the country.

12 GDP per inhabitant (in euros)



Source: Eurostat, 2012-2016

To summarize:

- The unfavourable demographic changes result in a constantly growing dependency ratio – this necessitates higher government expenditures on health care and social security and culminates in an even more vulnerable state for the youngest and oldest members of the population.
- All four counties show significantly lower GDP values than the country averages, although a slow economic growth process can be seen while studying the longitudinal patterns.

SOCIAL SITUATION/PROBLEMS

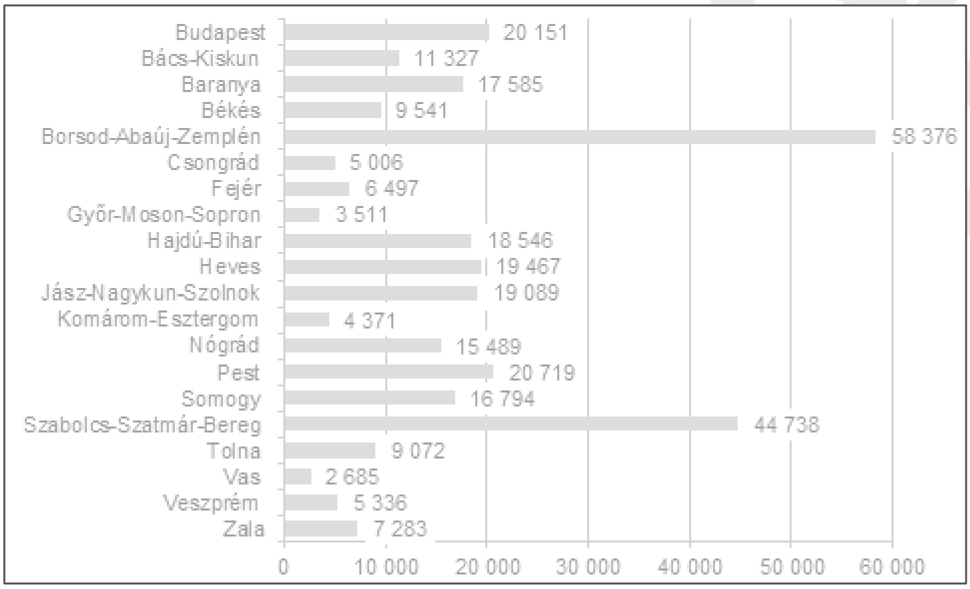
Some of the pressing social problems can be inferred from the data presented in Chapter 1.2.1 and Chapter 1.2.2: the **aging process of the population** accelerated (increasing the burden on the labour force to support the age groups under 15 and over 64) as well as its overall **natural decrease** – a few occasionally better numbers does not change the trend. Chapter 1.3 highlights the problems of **unemployment** (especially among young people) and **poverty**; the latter is connected to the former but also to the **low income levels**.

Additionally, a few other broad problems should be mentioned as well:

- **HEALTH** – The burden on the general practitioners (GPs) is constantly increasing: the same is true for the number of people in nursing care, the prevalence of chronic diseases (congestive heart failure, asthma, pulmonary diseases, etc.) and the connected hospitalizations. This means that the number of people on sick leave also grows which connects back to the problem of **dependency**.
- **WELFARE** – Beside the objective factors (some of them – like income – mentioned in this report), the population's satisfaction with life can be measured by a so-called **"Better Life Index"** studied by the OECD. In the survey, the respondents declare on a scale of 0 to 10 how satisfied they are with their lives. The average value in Hungary was **5.3 points** (under the OECD average – 6.5): there were only two other countries with worse results (Portugal and Greece – Hungarian Central Statistical Office, 2018). Naturally, there are regional differences: Hajdú-Bihar and Szabolcs-Szatmár-Bereg shows **lower values than the western part of the country**. There are no Romanian data available in this regard.
- **ETHNIC TENSIONS** – According to the Hungarian Central Statistical Office's 2011 census, **Szabolcs-Szatmár-Bereg county has the second largest number of Romani population** in Hungary, with a lot of areas where their proportion to the overall number of citizens is 20% or higher *(Figure 13, Figure 14)*. The same is true in Romania: the Romani population is 3% country-wide (621,573 from 20,121,641 – Romanian National Institute of Statistics, 2011) but they are highly concentrated in the north-eastern counties *(Figure 15, Figure 16)*.

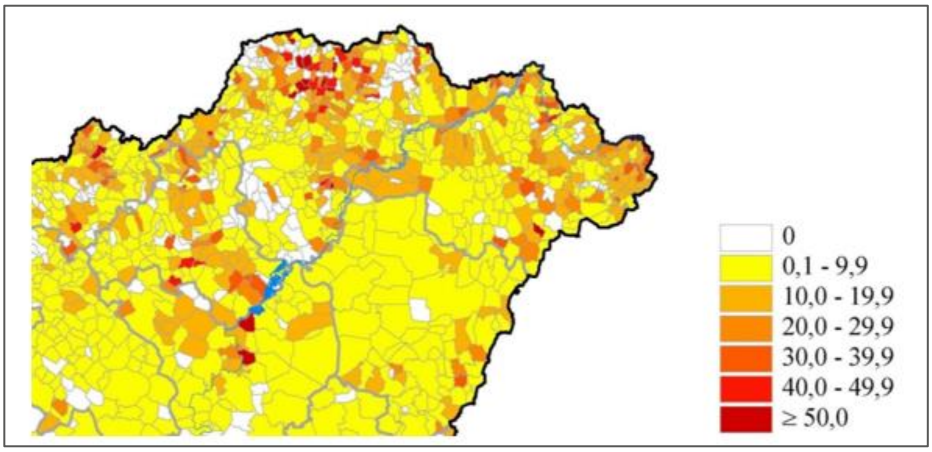
Statistically, they are characterized by a low employment rate and therefore a high rate of dependency. Their **low social status** – mixed with an **increasingly discriminative public perception** – makes integration a demanding task.

13 Number of Romani population by county in Hungary



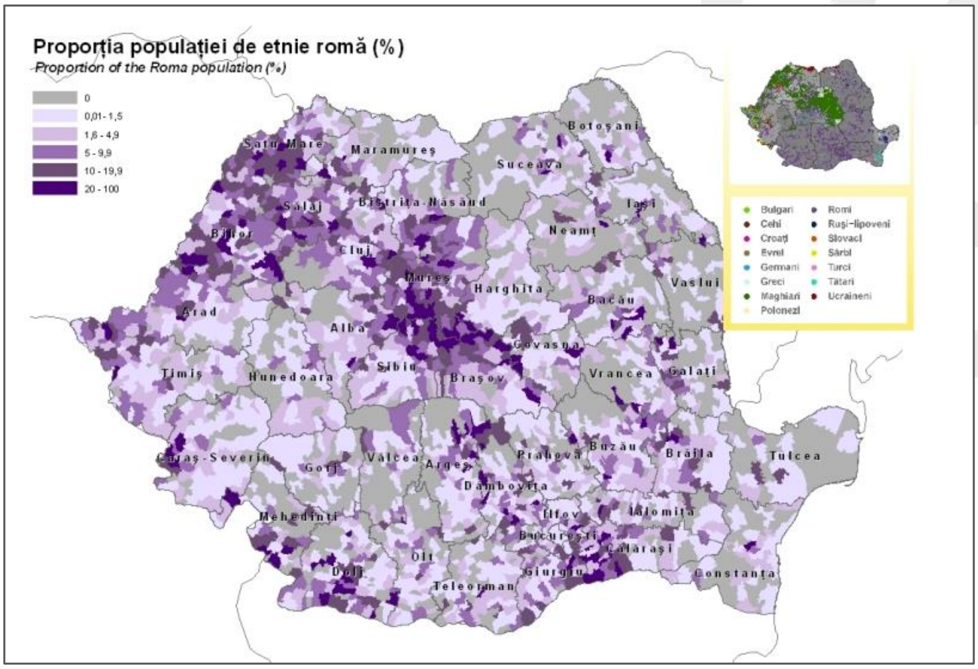
Source: Hungarian Central Statistical Office, 2011

14 Proportion of Romani population in the Hungarian project area (%)



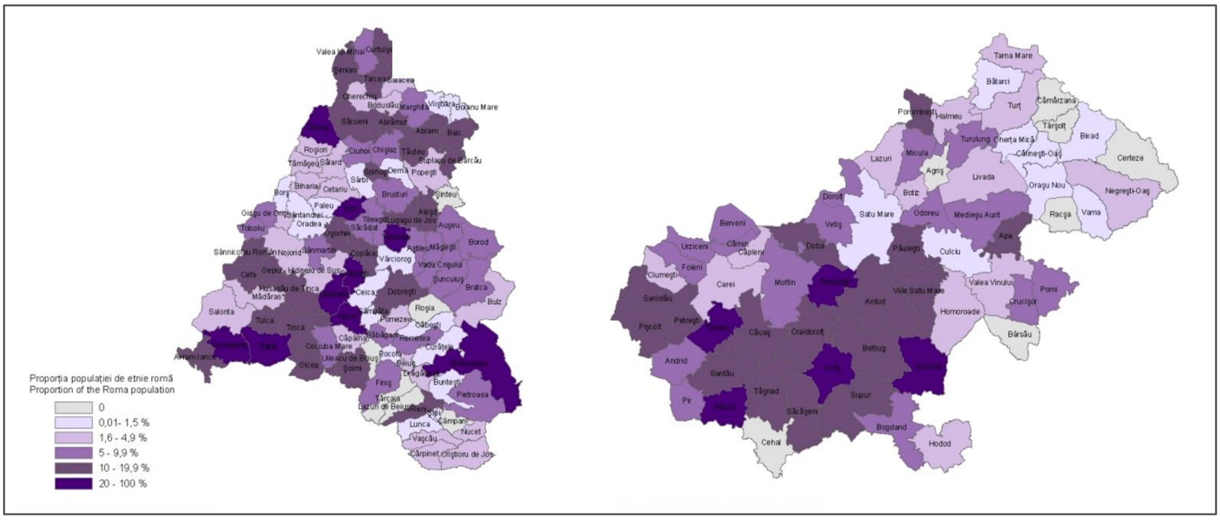
Source: Hungarian Central Statistical Office, 2011

15 Proportion of Romani population in Romania



Source: ISPMN, 2011

16 Proportion of Romani population in the Romanian project area (%)



Source: ISPMN, 2011

ANALYSING THE LABOUR MARKET

POLICY FRAMEWORK

In Hungary, the Ministry of Innovation and Technology and the Ministry of Finance are the key regulators of economic policy. They are responsible for knowledge and innovation management and economic strategy and regulation (respectively), including job creation, the tax system, improving competitiveness, budget preparation, reducing the national debt and stimulating economic growth. **Their mission is the creation of a competitive, innovative, knowledge-based economy with rapid growth and high added value.** The State Secretary for Employment Policy and Business Relations and the National Employment Service are managed by the Ministry of Finance. The latter promotes employment and actively assists job-seekers, contributing to the efficient functioning of the labour market by providing a wide range of personalized services to both employees and employers. The institution reaches these goals through the county-level Government Offices – specifically, the local Employment Centres and Labour Market Points.

Since our hypothesis – confirmed by the results of the interviews – states that education (and its failure to cultivate the necessary entrepreneurial skills at an early age) is a crucial factor to explain the current situation, the Ministry of Human Resources should be considered, too. As a part of it, the State Secretary for Education is responsible for **the development of an effective school education from nursery to university, providing equal opportunities for everyone**. The Ministry itself also creates employment rehabilitation policy.

There are several important laws regulating the labour market. Act I of 2012 on the Labour Code mostly covers the everyday operation of workplaces (employment relationships, the calculation of wages, work schedules, etc.), therefore, it only comes into play when an enterprise has already been founded. The same is true for Law No. CXV of 2010 on the individual enterprise and individual firm, facilitating small-scale entrepreneurship by reducing the administrative burden and regulating the establishment, operation and dissolution of private companies. Act IV of 1991 on Job Assistance and Unemployment Benefits has a broader, preparatory role: in its 3rd chapter, it lists Assistance for Job-Seekers to Become Entrepreneurs and Assistance for Self-Employment as important labour market services the government has to provide. Last but not least, Law No. XXXIV of 2004 on small and medium-sized enterprises and their development determines the methods and tools the government can use to support SMEs.

On the Romanian side, two ministries – out of an overall number of 15 – focus on the topic the YES project also addresses: the Ministry of Labour and Social Justice and the Ministry of National Education. The latter's mission is to *"ensure the harmonious development of all its beneficiaries by promoting excellence and… equal access to education"*. (Ministry of National Education, 2019) Some of the elements of this are **free-of-charge trainings in IT for all students participating in ISCED 5 professional education** and the **development of lifelong learning** (LLL). The Ministry of Labour and Social Justice operates with the following objectives:

- boosting employment and preventing unemployment;
- stimulating the participation of jobseekers in vocational training;
- increasing the opportunities of people who face severe difficulties; and
- facilitating the free movement of workers in the European Union.

It also has the National Agency for Employment under its authority, an institution to support the citizens in the process of **integration to the labour market**. It interiorizes the European Union's vision of youth: allocating more resources to develop youth policy and increasing their capacity/potential (especially in the case of young people with fewer opportunities). **NEETs** (i.e. **n**ot **e**mployed, not included in **e**ducation or any kind of **t**raining) **between 15 and 24 are a prominent target group** – integrating them into education/employment programmes is difficult.

In Romania, the most important labour market laws are Law 53/2003 on the Romanian Labour Code, Law 227/2015 regarding the Fiscal Code and Law 202/2002 on the equality of chances between women and men.

As for current policies, a few national and regional (county-level) strategic documents should be mentioned as important influences on the labour market in general and on the project's narrower topic:

HUNGARY

- **National Employment Strategy 2014-2020**
  Youth unemployment in the European Union reached historic heights in 2012 (22.8%), and although the numbers are better now in Hungary (and Romania – see the Introduction), they are still alarming. **Integrating young people into the labour market sustainably through supporting them to become entrepreneurs** is the 2nd priority of the country-level strategy. Support in this case means providing both the necessary skills/competencies and starting capital. A complex set of measures was foreseen, including **awareness-raising, a mentoring programme, micro-loans and an SME generation change programme** (helping the survival of SMEs and the entrepreneurial development of young people at the same time).
- **Digital Startup Strategy of Hungary**
  One of the most important conclusions of this document is that when studying the reasons behind the lack of entrepreneurial spirit in Hungary, *"rather than talent, innovation or expertise, the missing factors include the skills and abilities required in order to build a successful enterprise based on innovation"*. Although entrepreneurial skills and competencies have been – at least on paper – a part of public education since 2013, Hungarians show a distinctly poor performance on OECD surveys. Some of the objectives in the strategy connected to this are the following:
    - **simplifying the conditions** of being an entrepreneur or self-employed;
    - increasing the **emphasis in the media on the benefits** of being an entrepreneur; and
    - encouraging **risk-taking, experimenting and the assumption of responsibility** as important values.
- **Strategy for small and medium-sized enterprises 2014-2020**
  Despite the efforts of the last two decades, Hungarian SMEs still have higher **administrative burdens** than the EU average. This complexity and bureaucracy of regulations – and their ever-changing nature – is perceived as an even

greater problem than high tax rates. The **acquisition of information** is also a major problem in the corporate environment which should be solved by implementing a customer-based service approach.

- **Youth Guarantee Implementation Plan**
  The Youth Guarantee in Hungary ensures that young people between the ages of 16 and 24 are provided a good quality offer to improve their labour market situation. This offer includes **job opportunities, entrepreneurship support and redirection to public education/further education within four months after registration** to the Public Employment Services. The programme involved more than 74,000 young people between January 2015 and November 2017.
- **Hajdú-Bihar County Employment Strategy 2017-2023**
  SO (Specific Objective) 2.4 in this strategy is the promotion of entrepreneurship. According to the Hungarian interviews, young people's **willingness to take risks** and their **lack of perseverance** can result in ill-considered, less viable businesses with a relatively short life span – entrepreneurial skills and competencies are a success factor. Among the strategy's interventions, facilitating **knowledge transfer**, devising **loan schemes** and providing **information about related tenders/calls for application** are the most relevant. **Raising awareness about the benefits of entrepreneurship** is an important activity in Debrecen's 2017-2021 Employment Strategy, too.
- **Szabolcs-Szatmár-Bereg County Employment Strategy 2017-2021**
  Embedded into the 2nd priority of the strategy (Strengthening the role of the SME sector in the local economy), enhancing entrepreneurial skills and supporting the creation of new enterprises are crucial interventions. The emergence of new public funding sources can be seen as an opportunity to promote self-employment through **complex entrepreneurship trainings, business creation support and mentoring** – these are important elements of Nyíregyháza's Employment Strategy, too.

ROMANIA

- **National Strategy for Workforce Employment 2014-2020**
  This document was approved by the HG 1071/2013 law and aims to **boost the efforts to meet the 2020 employment target** set by Romania (i.e. a 70% employment rate for the 20-64 age group).
- **Government Strategy for developing SMEs and business in Romania**
  This document was approved by the HG 859/2014 law, with policy objectives related to **inclusive entrepreneurship**, promoting a sustainable workforce and supporting labour mobility – including **self-employment and innovative enterprises**. However, no quantitative indicators have been defined for the key target groups (e.g. women, youth, immigrants, unemployed people and seniors).
- **National Strategy for Lifelong Learning 2015-2020**
  This document was approved by the 418/2015 law. Its strategic objectives are to **increase participation in LLL** and the **relevance of education and training systems to the labour market**. In line with the European Union's target, Romania's main indicator **for 2020** is that **at least 10% of the adult** (25-64) **population** should participate in LLL activities.
- **National Strategy on Social Inclusion and Poverty Reduction 2015-2020**
  This document was approved by the 463/26.06.2015 law, the objective of which is that all citizens should be provided with **equal opportunities** to participate in society, feel valued and appreciated and live in dignity – their basic needs must be met, and their differences respected.

Other policy papers for the next programming period are currently under development.

LABOUR MARKET DEMAND

NATIONAL STATISTICAL DEFINITION OF LABOUR MARKET CONCEPTS

For an accurate description of the labour market, we need to match the related statistical definitions in the two countries *(Figure 17)*. If some national differences occur, the analysis must take them into account when explaining the available data.

17 National statistical definition of labour market concepts

Concept	Definition
Economically active population	*HU, RO:* The labour force, comprised of the employed and unemployed persons.
Economically inactive population	*HU, RO:* Persons are defined as economically inactive (i.e. they are not in the labour force) if they are neither employed nor unemployed.
Inactive earner	*HU:* Persons who – at the time of the reference date – pursued no gainful activity, though received an earning, income (e.g. pension, childcare allowance).
Activity rate	*HU, RO:* Ratio of economically active persons to the population.
Employment rate	*HU:* Ratio of employed persons to the population. *RO:* Ratio of employed persons of the given age group to the total population of the same age group.
Self-employed	*HU:* Persons who work in their own business for profit.
Employed	*HU* – Persons who during the reference week (from Monday to Sunday): • worked one hour or more for pay, profit or payment in kind in a job or business (including a farm); or • worked one hour or more without payment in a family business or on a farm (i.e. unpaid family workers); or • had a job from which they were temporarily absent. *RO* – Employment comprises all persons over 15 who have carried out an economic activity (producing goods or services) of at least one hour in the reference period (one week) in order to get income as salary, payment in kind or other benefits. The number of employed is equal to the difference between the economically active population and the unemployed.
Unemployment rate	*HU:* Ratio of unemployed persons to the economically active population. *RO:* Ratio between the number of unemployed (registered at the agencies for employment) and the civil economically active population (unemployed + civil employed).

Unemployed	*HU* – Persons who: • were neither having a job nor being at work (for one hour or more) in paid employment or self-employment during the reference week; • had actively looked for work at any time in the last four weeks; and • were available for work within two weeks following the reference week or were waiting to start a new job within 90 days. *RO* – Persons who stated that in the reference period they were registered at the agencies for employment, no matter if they received an unemployment benefit or not.
Passive unemployed	*HU:* Discouraged persons who want a job but have given up any active search for work because they do not believe in finding it.

Source: Hungarian Central Statistical Office, 2019; Romanian National Institute of Statistics, 2019

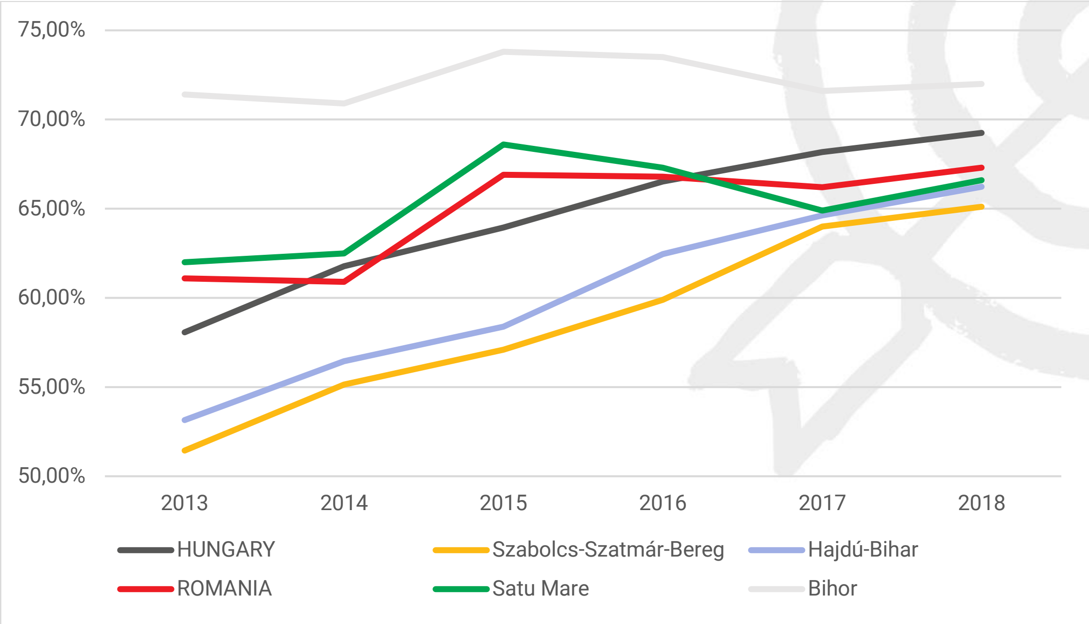
ECONOMIC DATA

When analysing the labour market statistics using the relevant area on the Hungarian side of the border, the conclusions are two-fold *(Figure 18)*:

- **the indicators suggest a steady year on year improvement** – the employment rate has increased by approximately 15% since 2012 in both counties and the country; however,
- **the counties show lower values than the country-level data** (65.11% in Szabolcs-Szatmár-Bereg and 66.23% in Hajdú-Bihar, compared to the overall 69.25% in Hungary in 2018).[6]

In the case of Romania, the situation is quite the opposite: the employment rate has decreased since 2015, and the county-level data are significantly better – **Bihor holds the highest values**, continuously over 70%.

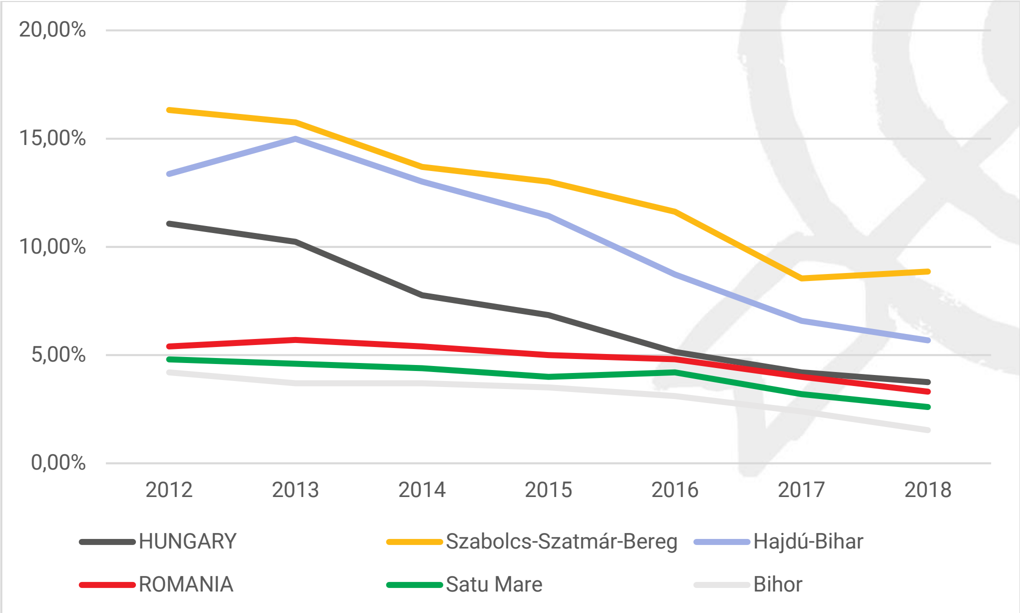
18 Employment rates between 2013 and 2018



Source: Hungarian Central Statistical Office, 2013-2018; INSSE, 2013-2018

The same holds true in the case of the unemployment rate. The overall number has decreased by approximately 8% since 2012 in **Hungary** (from 11.07% to 3.75%, which is a significant achievement in and of itself), but it is clear from the data that **the eastern part of the country suffers more** from unemployment – in Szabolcs-Szatmár-Bereg county, the problem affected almost 9% of the economically active population in 2018 *(Figure 19)*. As for the **Romania**n side of the border, the unemployment rates there have been much more favourable – decreasing – over the years, with **the counties of the YES project facing a less dire situation** than the Hungarian counties or even Romania.

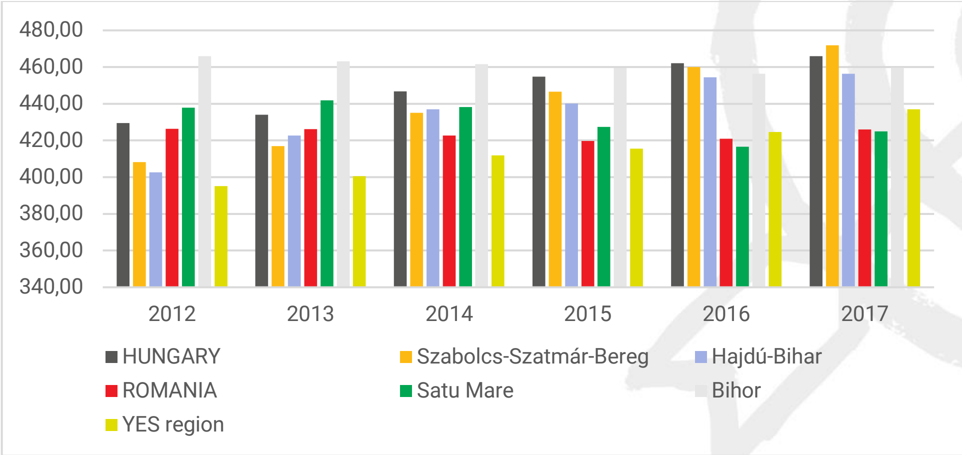
19 Unemployment rates between 2012 and 2018



Source: Hungarian Central Statistical Office, 2012-2018; INSSE, 2012-2018

Figure 20 displays the number of people in employment compared to the overall population (per 1000 inhabitants). Despite the observations of the previous paragraphs, **Szabolcs-Szatmár-Bereg county shows an even higher number than Hungary** – this can be explained by the fact that **people often do not stop working after they turn 64 which distorts the data**. In Romania, **Bihor county shows outstanding results**.

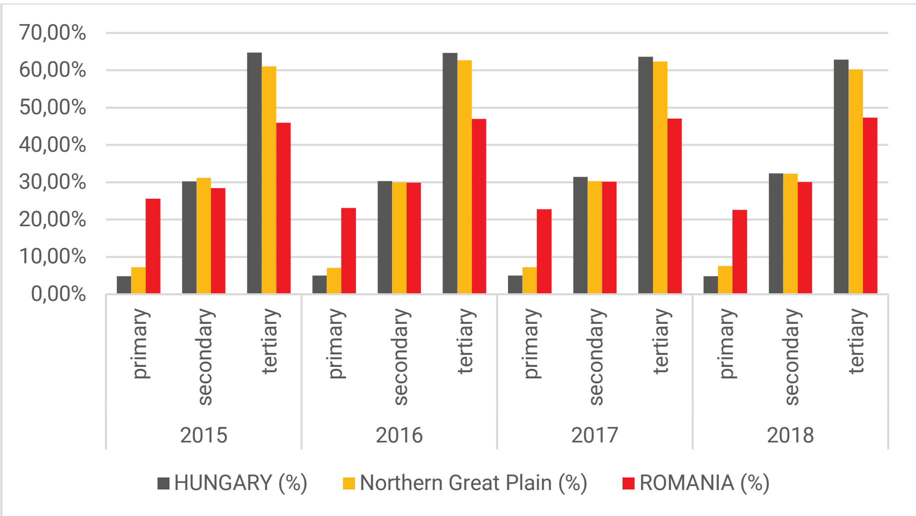
20 Employed persons per 1000 inhabitants



Source: Hungarian Central Statistical Office, 2012-2017; INSSE, 2012-2017

It is not surprising, that the sectoral distribution of the employees is slightly different in the **Northern Great Plain** region than in Hungary – **agricultural production** has a more important role in the economy there. Regional data are not available in **Romania**, but the country-level numbers show that **agriculture** has an even more pronounced significance *(Figure 21)*.

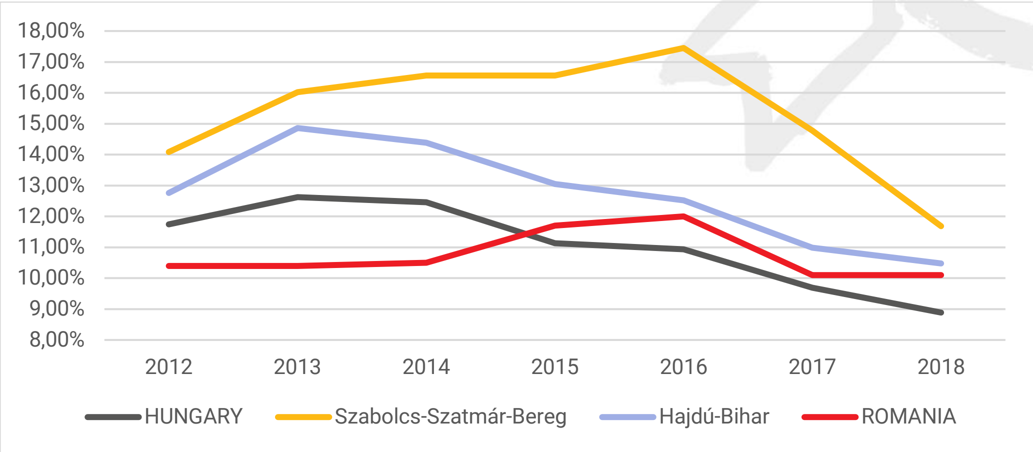
21 Employed persons per economic sector (%)



Source: Hungarian Central Statistical Office, 2015-2018; Statista, 2015-2018

We know from OECD studies that **the unemployment rate of young people under 25 is high in Hungary** – the Hungarian Central Statistical Office's database only strengthens this point, but also highlights that the last three years brought about some **positive changes due to EU- and government-funded programmes** (e.g. the Youth Guarantee Programme). Still, **more than 10% of the registered unemployed is an entrant** in the two counties – and in Romania, too, though the data is generally better there *(Figure 22)*.

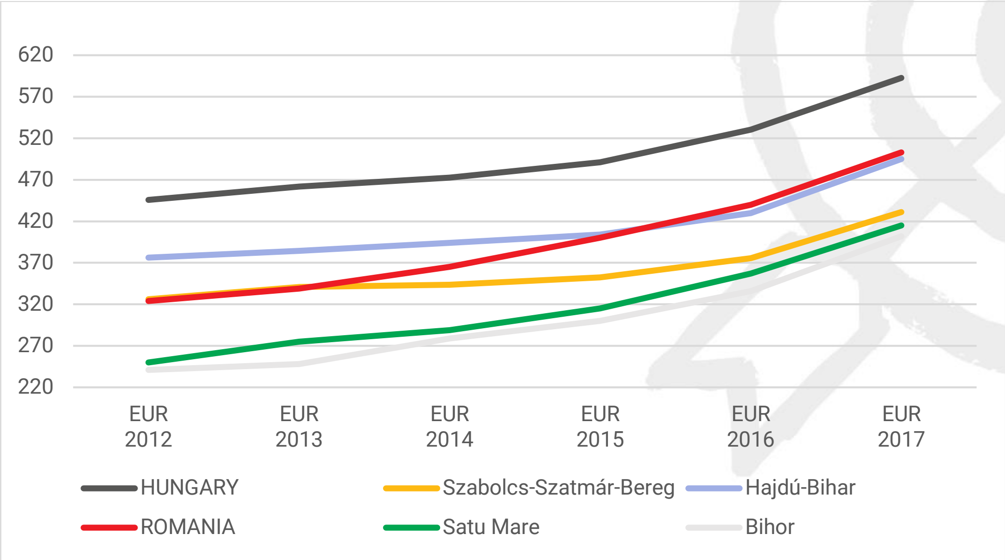
22 Rate of entrants (young people under 25) from the registered unemployed



Source: Hungarian Central Statistical Office, 2012-2018; INSSE, 2012-2018

Beside the number of people working and the unemployment rate, **the evolution of the wages** is also an important indicator of the economy – and welfare – in a country. Although it is widely reported that the Hungarian and Romanian wages **fall short of the EU-average**, they are in a **sharp incline**. It is noticeable, however, that **the YES project's counties are in a significantly worse shape** in this aspect: the difference between the monthly earnings in Szabolcs-Szatmár-Bereg county and Hungary in general is more than 150 euros, for example *(Figure 23)*.

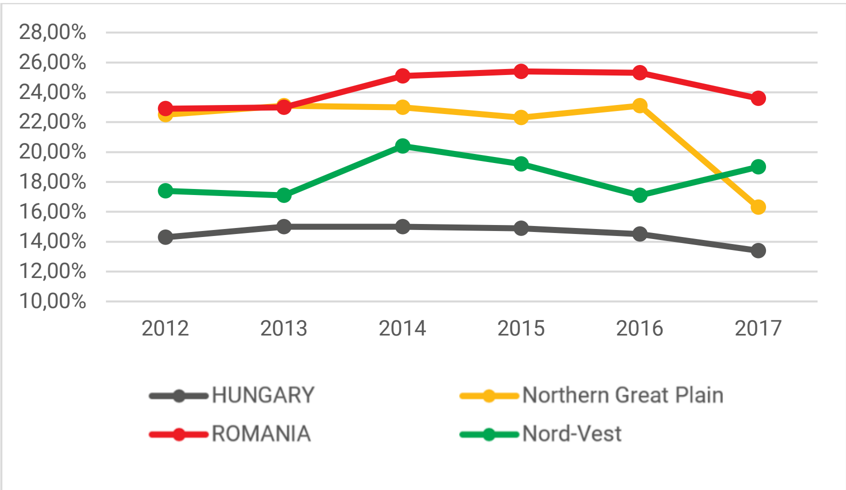
23 Average monthly earnings (in EUR)



Source: Hungarian Central Statistical Office, 2012-2017; INSSE, 2012-2017

After this observation, it hardly comes as a surprise that the **poverty rates** reflect the situation above *(Figure 24)* – again, there's a **noticeable decline** in the last years but the overall numbers are still concerning (e.g. they are one of the worst in Hungary).

24 Poverty rate



Source: Hungarian Central Statistical Office, 2012-2017; INSSE, 2012-2017

To summarize:

- although the overall changes of employment throughout the years are generally positive in both countries, the county-level data are almost always worse than the country average in Hungary, while the opposite is true for Romania;
- the tertiary sector is the dominant employer, but agriculture is also important; the unemployment rate of young people under 25 is still high (despite every effort to the contrary); and
- the constantly rising but still low wages in Szabolcs-Szatmár-Bereg and Hajdú-Bihar counties culminate in creating one of the poorest regions in Hungary, while the poverty rate of the relevant region of Romania is also quite high.

RELEVANT ACTORS OF THE LABOUR MARKET

The Revita Foundation conducted five **semi-structured interviews** in May 2019, with the following respondents:

- an expert from the Hajdú-Bihar County Chamber of Commerce and Industry;
- the Secretary General of the Szabolcs-Szatmár-Bereg County Chamber of Commerce and Industry;
- an enterprise development expert from the EDC Debrecen Urban and Economic Development Center;
- the Manager of the Innovation Office in the University of Nyíregyháza; and
- the Headmaster and one of the teachers of the Zrínyi Ilona High School and College in Nyíregyháza.

The ROVE has done the same with representatives of:

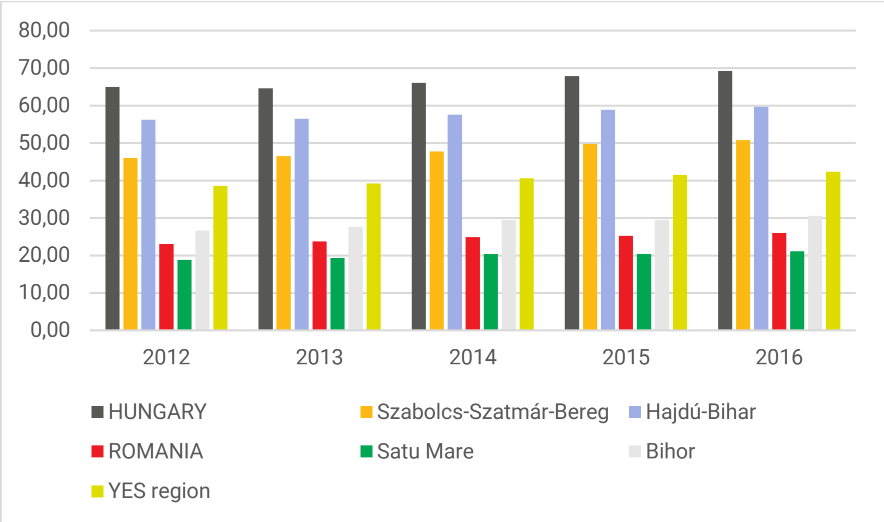
- the Chamber of Commerce and Industry of Bihor;
- the Chamber of Commerce and Industry of Satu Mare;
- the University of Oradea;
- the Partium Christian University; and
- the „Szent László” Roman Catholic High School.

The subjects were chosen based on their role in the project topic: institutions that can proactively influence the entrepreneurial spirit of young people. The goal was to cover as many stakeholders as possible, **both from the public and the private sector**. Since promoting entrepreneurship should be a joint task of **business development/support organizations and education institutions**, it seemed a prudent idea to involve interested and competent parties from both fields.

In this subchapter, we will combine the available statistical data and the results of the interviews to give an overview about the most important actors of the labour market, with a special focus on business support organizations and programmes. Chapter 1.3.3 is based on the same premise, concentrating on the competency level of the target group.

In line with the previously identified **slow economic recovery** (see Chapter 1.2.2), **the number of active enterprises increased** between 2012 and 2016 in both countries. On the **Hungarian** side, the economic disadvantage is still evident from the **difference between the county- and country-level numbers**, while on the **Romanian** side, **Bihor** county again has **outstanding numbers** *(Figure 25)*. The largest proportion of enterprises has **less than 50 employees** – it is reasonably expected that most companies start out and stay this way for their whole operation.

25 Number of active enterprises per 1000 inhabitants



Source: Hungarian Central Statistical Office, 2012-2016; INSSE, 2012-2016

Their sectoral distribution is similar in all geographical areas: **wholesale retail activities are the most common**, followed by professional, scientific and technical activities and construction in Hungary and real estate activities and manufacturing in Romania *(Figure 27)*. **Szabolcs-Szatmár-Bereg county** is partly an outlier since the third place there is occupied by **agriculture**, highlighting one of the conclusions above about the slightly higher number of workers in agriculture in the region *(Figure 21)*. **Bihor** county is also different, having a significant number of companies in **transportation and storage**. The same previously identified role of agriculture in Romania cannot be supported by this data since that is one of the sectors that are not measured (together with financial and insurance activities and public administration).

We were also interested in finding out the number and proportion of enterprises that have **business support and management consultancy** as one of their main activities. On *Figure 26*, it can be seen that the number of these organizations is increasing in Hungary which shows that **the demand for these services is present**. Romanian data in the topic were not available.

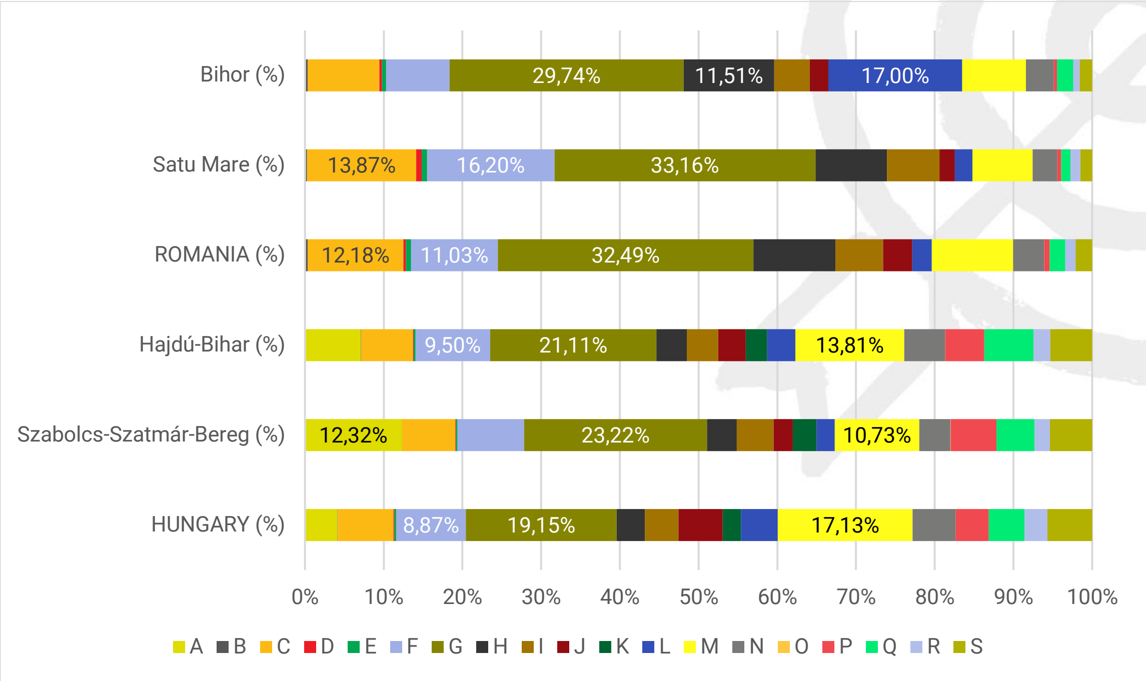
The number of new enterprises in Hungary is also in line with the economic growth, but this is less pronounced in the relevant counties. The number (per 1000 inhabitants) increased between 2016 and 2018 to 6.1 and 6.94 in Satu Mare and Romania, and even over 10 in Bihor *(Figure 28)*.

26 Number and proportion of active enterprises in the field of business support

	Szabolcs-Szatmár-Bereg		Hajdú-Bihar	
Year	**Business consultancy**	**%**	**Business consultancy**	**%**
2014	509	1.90	733	2.36
2015	552	1.97	740	2.34
2016	561	1.96	756	2.37

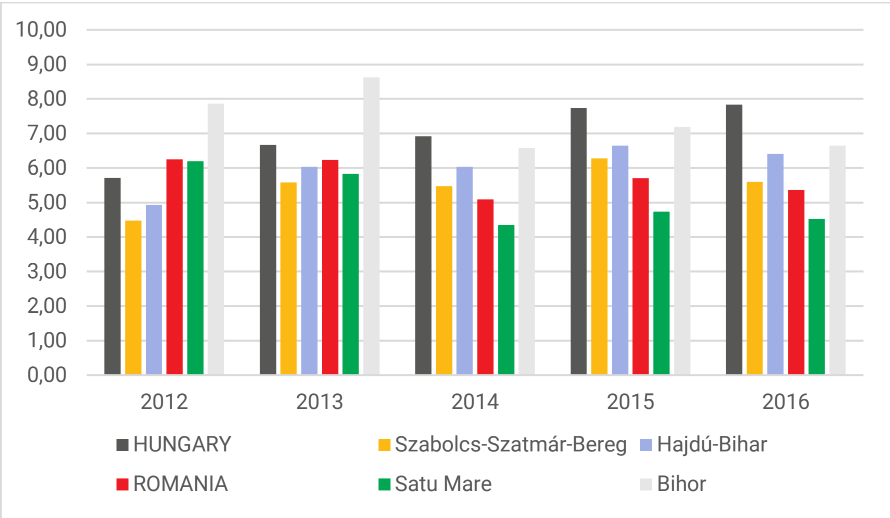
Source: Hungarian Central Statistical Office, 2014-2016

27 Rate of active enterprises by economic sector (2016)



Source: Hungarian Central Statistical Office, 2016; INSSE, 2016[7]

28 Number of new enterprises per 1000 inhabitants



Source: Hungarian Central Statistical Office, 2012-2016; INSSE, 2012-2016

As discussed in Chapter 1.3.1, Hungarian law states that **the government must provide a basic support system for business creation** and start-ups, but the perception of its quality is disparate from the point of view of different stakeholders.

At the national level, two important support schemes should be highlighted; both became available in the second half of 2018 and are meant to support entrepreneurship through providing trainings for creating a business plan and non-refundable capital investment:

- **GINOP[8]-5.2.7-18: Supporting young people to become entrepreneurs**
  This programme is expected to support more than 5,200 young people aged between 18 and 30 in starting a new business, contributing to the operational costs of their first year (among other things). The total budget of the programme is 24 billion HUF (≈73.8 million EUR). Based on the feedback from the interviews, the initiative was a good idea: the participants found gaps in the market (e.g. beauty salon for pets) and the funds are enough to cover the starting expenses. However, due to the government's lack of entrepreneurial experience and knowledge, the mandatory business plans were often not professional enough and occasionally hinder the implementation process.
- **GINOP-5.1.10-18: Supporting job-seekers to become entrepreneurs**
  The target group of this programme is job-seekers over the age of 30 who will receive up to 5 million HUF (minimum 3 million; ≈9,200-15,300 EUR) as a non-refundable grant with a 50% advance payment. The total budget of the programme is 12 billion HUF (≈36.9 million EUR).

Another EU funding opportunity is the GINOP-3.1.3-15-2016-00001 project. The **INPUT Programme** aims to promote the efficiency and profitability of start-up, micro and small businesses in the ICT sector. More than 250 free training and other events will be organized in its framework until April 2021. This project highlights the **different attitude towards start-ups and traditional small businesses** – the former have high rates of failure, but if they succeed, they can become quite influential and large after a while. Based on this promise of growth, start-ups have a lot more room for business development and both state and private programmes prefer to support them.

Registered job-seekers and people receiving rehabilitation benefits can also apply for a non-refundable grant during a 60-day procedure to the local County Government

Offices: if they win, they receive a **6-month** contribution **up to the amount of the current minimum wage per month**.

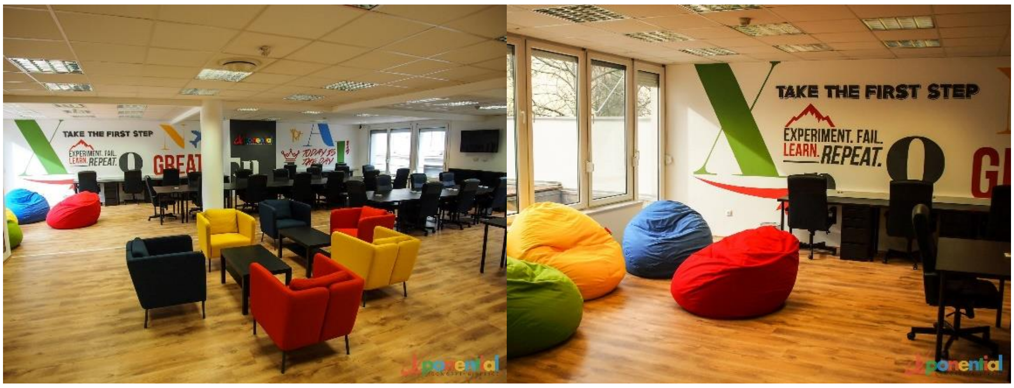
Besides the government, **not-for-profit and for-profit companies** also provide support in the field nationally. For example, the Tees Technology for Equal Opportunities Ltd. offers so-called **GreenLight funds** for the creation of **marketing campaigns** (e.g. professional website/web shop development with a Google ADWORDS campaign)**, operational costs and the purchase of equipment**. Another organization, the Foundation for Small Enterprise Economic Development (SEED) provides **personal consultancy** on general enterprise development at an hourly rate, prepares business plans using the globally accepted **Business Model Canvas method** and organizes **accredited training courses** – e.g. a 90-hour course **for women entrepreneurs**. Moreover, banks and other financial institutions usually offer some kind of loan-based investment scheme.

In Szabolcs-Szatmár-Bereg, there is a **county-level incubator network with innovation and technology institutions located in industrial parks and micro-regional centres** (Záhony, Újfehértó and Mátészalka). The first one (the Business Incubator and Innovation Centre) was established in the county seat, Nyíregyháza, in 1991 by the PRIMOM Foundation[9]. The 3,400 m^2 area is fully utilised: a 22 m^2 office space can be rented for approximately 21,000 HUF (≈65 EUR – net amount) per month – a reasonable price. The organization also offers seven micro-credit schemes – in the last 26 years, they have helped 4,500 customers with around 14.8 billion HUF (≈45.5 million EUR). They provide professional business support not just domestically but internationally, too, through their Enterprise Europe Network, with a particular focus on the agricultural and food industry (for a reason behind this, see *Figure 21* and *Figure 27*). There is an ongoing infrastructural investment for the creation of a new **Technology Transfer and Innovation Centre** in Nyíregyháza, with an operating model **based on a British good practice from Barnsley**. The Enterprising Barnsley organization provides ad hoc advice to entrepreneurs with the help of successful and recognized – therefore authentic – professionals coming from the business sector and operates based on an open-door policy: anyone can come in and use its services in a friendly environment, free from too much bureaucracy.

The 3rd priority area of the Hajdú-Bihar County Regional Development Programme is a *"Competitive economy"* – one of its goals is the further **development of high-quality business and innovation support services for free or at a discounted price**. The Hajdú-Bihar County Business Development Foundation offers micro-loans; legal, marketing and financial consultation; trainings and tender assistance. It opened a Micro-regional Innovation Training Centre in Püspökladány in 2006 with the same basic service portfolio. Another institution, the FŐNIX Incubator House and Business Centre, offers rental premises for minimum 1 year, at the rate of 420 HUF/m^2/month (≈1.3 EUR). They also provide accounting and legal consultation in setting up businesses, trade development support and organize business trips/study visits.

A relatively new and unique method of supporting business development in Hungary is the establishment of **co-working offices**. In addition to providing **high-quality infrastructure** and **administrative background**, **new businesses can help each other out with their knowledge base and enhance the effectiveness of their activities** by collaborating and working in the same space. The Community FACE Youth Centre in Nyíregyháza and the Xponential Coworking Office in Debrecen *(Figure 29)* are prominent examples where entrepreneurs can rent a fixed workstation with internet connection and other services – the latter offers this for the net price of 30,000 HUF (≈90 EUR) per month.

29 Xponential Coworking Office in Debrecen



Source: Xponential Coworking Office website

According to the interviews, **it should be the Chambers' task to provide a support system for businesses at a regional level in Hungary** – generally, there is no coordination or synergy between the different organizations involved in the field, their services are not built on each other. Currently, the following activities are offered through the Chambers for would-be entrepreneurs:

- **international networking**, searching for business partners;
- **conferences, open events** on current issues affecting entrepreneurs (e.g. labour law, public procurement); and
- building **small business communities** based on a Flemish practice (15-20 members participating in lectures, international conferences, trainings and other joint programmes).

Despite this wide-ranging service portfolio, the feedback is that the **entrepreneurs do not make use of the available opportunities** – they often don't have the time. There's also the problem of free services: they are – by law – mandatorily provided, but **potential customers generally assume low-quality if they know something is free**; this barrier is hard to overcome. Overall, although there are some institutions county-wide, **the majority of services are only available in the county seats**.

In Romania, several financing instruments are available for entrepreneurs, offered by the government or the European Union. These **grants** are mostly **for agriculture and tourism**, with a particular **focus on start-ups**. Their goal is to support the creation of **new workplaces** and the **employment of people from disadvantaged groups** (i.e. young adults), providing **close mentorship** for the new companies. Young people are encouraged to **move to the countryside** and start their own business there. Agricultural investments are usually for several years (following the harvest), therefore, the possibility of return is in somewhere around 5 years. They also have a specific focus on **combating climate change**. Additionally, the government operates a programme for start-ups, StartupNation, but there are several problems with its implementation according to the interviewees:

- the beneficiaries are not supported in developing a business plan which has proved very important for young entrepreneurs;
- the programme were also delayed – it only started in 2017 despite the original 2014-2020 plan; and

* young people usually do not have enough information about it since its promotion and dissemination is not far-reaching enough.

In Satu Mare, the **Chamber of Commerce, Industry and Agriculture** takes part in several EU-funded projects in which **business promotion and accelerating the start-up field** have a prominent role[10]. The institution also offers **consultancy** for the elaboration of a business plan and the implementation of projects. The first **Business Club** was also established in Satu Mare in January 2018, offering events to the local entrepreneurs for networking. In March 2014, a **co-working space** has been opened for entrepreneurs/freelancers – beside providing office logistics, the new institution contributed to forming a community of entrepreneurs, supporting networking between them, too.

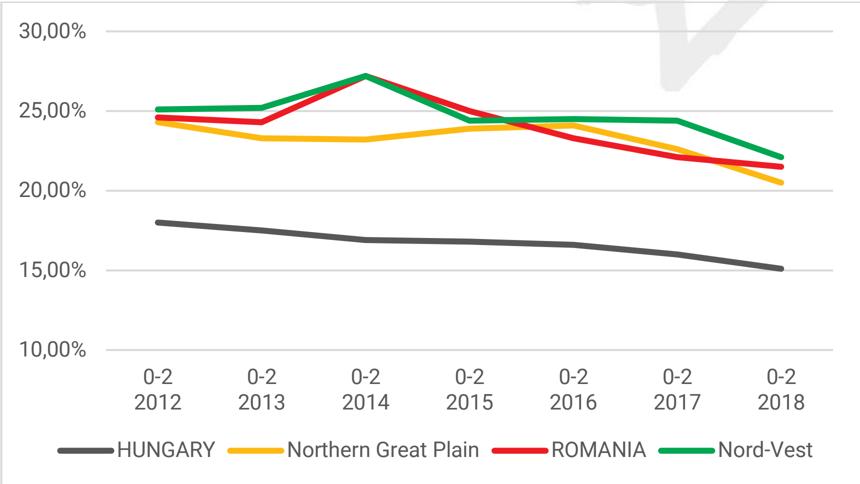
As one of the partners of the YES project, the Association for Business Promotion in Romania (ROVE) is one of the most powerful stakeholders in the region in terms of providing **business support for SMEs**. As a civil organization, it helps (future) entrepreneurs – mostly from Bihor county – to **increase their competitiveness and the added value created by them**. They educate and inform their target group continuously, help them attract capital and build relationships, and work toward **shaping the perception of entrepreneurs in society to be more positive**. They believe that **strengthening business confidence** and the efficient use of local resources make the community move forward. Since its foundation in 2005, ROVE had implemented more than a dozen EU-funded projects and reached approximately 1,000 entrepreneurs and entrepreneurs-to-be, offering mentorship/trainings and even providing grants. Cooperating with the **Chamber of Commerce and Industry of Bihor**, ROVE is also involved in the CRITBIZ project (for start-ups in the creative and IT fields), in the framework of which entrepreneurship courses are offered about the sustainability of businesses.

LABOUR MARKET SUPPLY

EDUCATIONAL OUTPUT

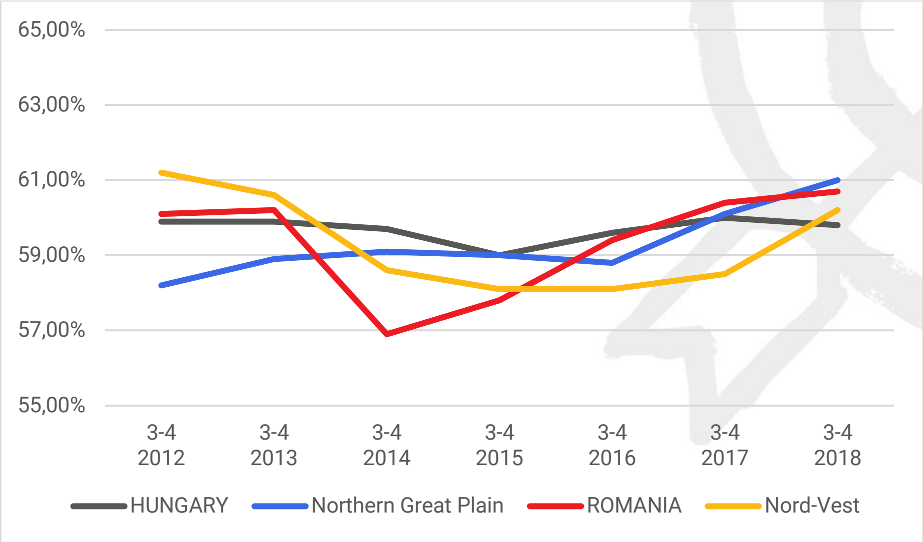
The data about the highest level of education shows a **positive picture** on both sides of the border. Persons with only a primary education are fewer every year (with better regional than country-level values – *Figure 30*), and **the rate of people graduated from high school** *(Figure 31)* **or a university** *(Figure 32)* **continuously grows**: in Hungary, the latter reached 25.1% in 2018; the Romanian and regional data are around 18%. For comparison, the 2011 census data from Hungary is also available *(Figure 33)*.

30 Educational attainment levels among the 25-64 age group (ISCED 0-2; until lower secondary education)



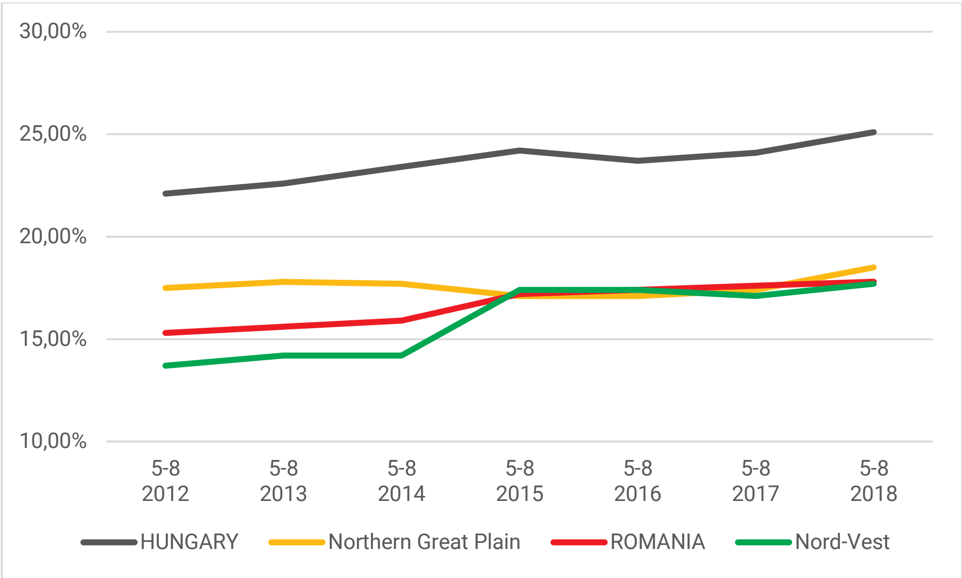
Source: Eurostat, 2012-2018

31 Educational attainment levels among the 25-64 age group (ISCED 3-4; until post-secondary non-tertiary education)



Source: Eurostat, 2012-2018

32 Educational attainment levels among the 25-64 age group (ISCED 5-8; tertiary education)



Source: Eurostat, 2012-2018

33 Educational attainment levels in 2011 (among the relevant age groups) in Hungary

Level/Area	Hungary	Szabolcs-Szatmár-Bereg	Hajdú-Bihar
–	0.6%	1.0%	0.7%
primary school	95.1%	91.4%	93.4%
high school	49.0%	38.3%	44.9%
university	19.0%	13.3%	16.7%

Source: Hungarian Central Statistical Office, 2011

Unfortunately, the educational attainment levels do not tell us about the level of competencies the students have when they leave school. **When trying to identify the competencies needed for a successful entrepreneurial carrier, we find a segmented professional environment and experts disagreeing on their exact nature, level of importance and definition.** A 2006 study conducted by CEDEFOP defined competency as a combination of knowledge, skills and attitudes – a person needs to have *"underlying knowledge, functional skills and appropriate social behaviour to be effective"* (Winterton et.al., 2006 – *Figure 34*).

34 Matrix of typology of KSCs (knowledge, skills and competences)

	Occupational	Personal
Conceptual	Cognitive competence (knowledge)	Meta-competence (facilitating learning)
Operational	Functional competence – the application of knowledge (skills)	Social competence (attitudes and behaviours)

Source: Winterton et.al., 2006

In *Figure 35*, we attempt to provide an internationally widespread viewpoint to determine the key competencies of entrepreneurship, but the interviews also shed some light on the mindset prevalent in Hungary and Romania (detailed later in this chapter).

35 Entrepreneurial competencies

Knowledge	Declarative knowledge	Basics of entrepreneurship (e.g. accounting, finance, technology, marketing)
	Self-insight	Knowledge of personal fit with being an entrepreneur
Skills	Marketing skills	Conducting market research, persuasion, dealing with customers, communicating a vision…
	Resource skills	Creating a business/financial plan, obtaining resources
	Opportunity skills	Recognizing and acting on business opportunities
	Interpersonal skills	Leadership, managing people, resolving conflict, socializing
	Learning skills	Active learning, adapting to new situations
	Strategic skills	Setting priorities and goals, developing a strategy, identifying strategic partners
Attitudes	Entrepreneurial passion	*"I want"* – a need for achievement
	Self-efficacy	*"I can"* – a belief in one's ability to succeed
	Entrepreneurial identity	*"I am"* – core beliefs and values
	Proactiveness	*"I do"* – action-oriented, proactive
	Uncertainty/ambiguity tolerance	*"I dare"* – adaptable, open to surprises
	Innovativeness	*"I create"* – unpredictable, visionary, creative, rule breaker
	Perseverance	*"I overcome"* – the ability to surmount obstacles in the way of progress

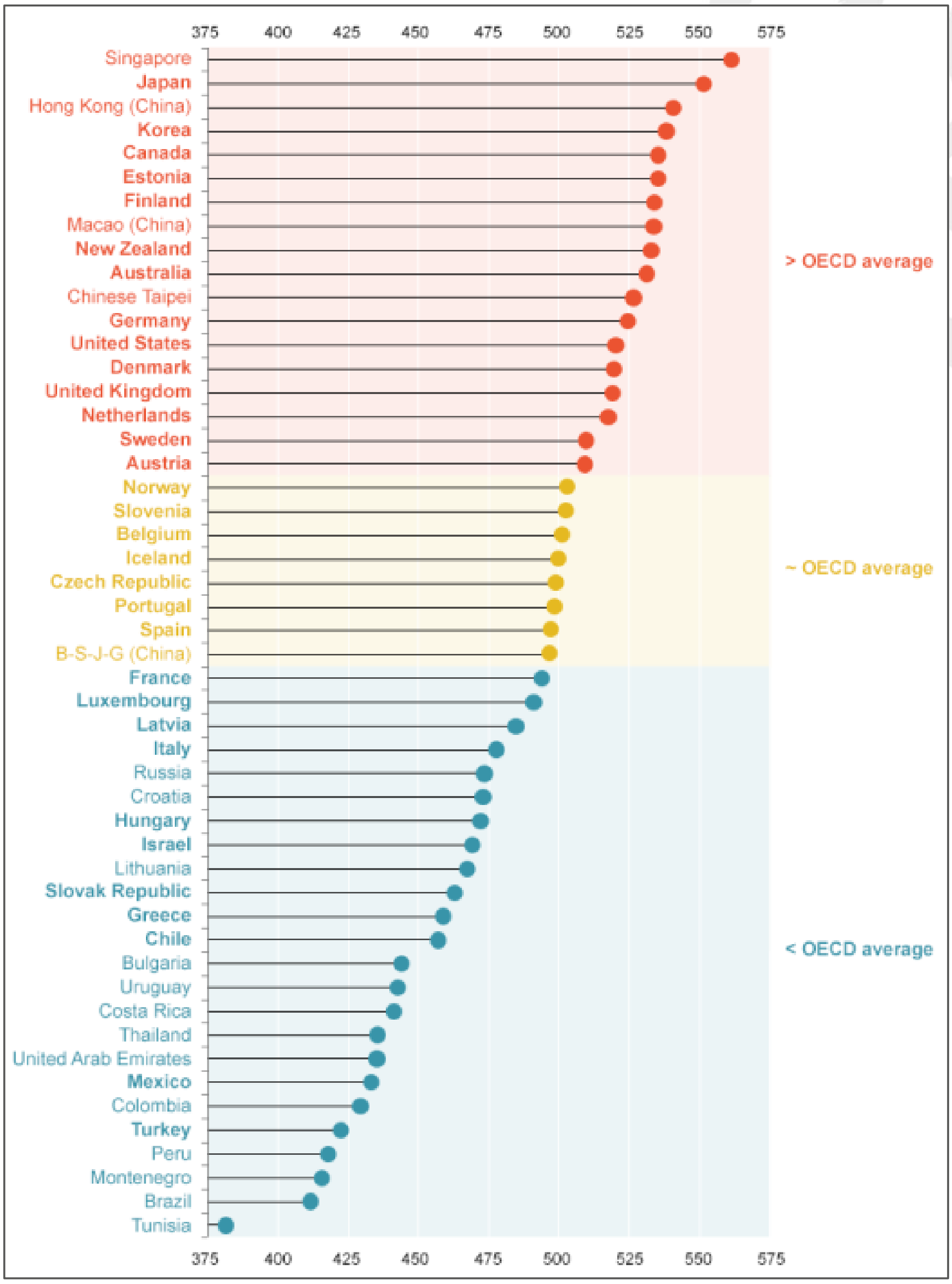
Source: Lackéus, 2015

Although there is a framework for the national assessment of student skills in Hungary, it mostly concerns reading comprehension and math and it is less focused on the specific competencies connected to entrepreneurship. However, there are two scientifically sound international surveys that should be mentioned here:

- **Programme for International Student Assessment (PISA)**
  This survey examines not just what the students know, but also **what they can do with what they know**, in the topic of *"Collaborative Problem Solving"*. The results can be seen on *Figure 36*: Hungary is under the OECD average.
- **Programme for the International Assessment of Adult Competencies (PIAAC)**
  This survey measures the **adults' proficiency in information-processing and how they use their skills** at home, at work and in the community. 24 countries participated in Round 1 from August 2011 to March 2012 and 9 countries in Round 2 from April 2014 to March 2015. **Hungary was a part of Round 3** with Ecuador, Kazakhstan, Mexico, Peru and the United States – their **data will be released in November 2019**.

In Romania, there is an **aptitude test after primary school,** but it is based on a template that can be easily prepared for, therefore, the results do not provide an insight into the entrepreneurial and general practical skills of the students.

36 Comparing students' collaborative problem-solving skills



Source: OECD PISA, 2015

ENTREPRENEURSHIP TRAINING

Based on the interviews (and Chapter 1.3.3.1), **three factors** are crucial to a successful entrepreneurial career:

- a **high EQ** (emotional intelligence – e.g. seeing opportunities in difficulties instead of problems, independence, a desire for knowledge, a tolerance of uncertainty, striving for progress, a sense of responsibility, perseverance);
- **expertise** (e.g. a goal and result-oriented mindset, leadership and organizing skills); and
- a set of **entrepreneurial skills and knowledge** (e.g. relationship building and networking, risk taking, a competitive spirit).

In young entrepreneurs, these are almost never present together, but at least one of them has to be there – a high emotional intelligence providing **strong internal motivation**. Expertise is important but not enough without the necessary competencies; if there is **a good foundation with room – and ability – for development**, every other factor can be learned. As for the necessary personality: an **"entrepreneurial character"** means a person who easily distinguishes themselves from others – usually not a silent, observant type, but someone with **a strong determination and a will to act on it**. They generally become entrepreneurs after small detours – their career path is often uneven.

Would-be entrepreneurs can be separated into three categories:

1. People continuing a family business through changing generations
2. "Masterminds" who – on the basis of their own idea – try to become entrepreneurs
3. People becoming entrepreneurs after being employees (e.g. accountants, auditors, lawyers)

When someone has an **existing family practice**, financing is easier, but if the parents neglect a child by continuously working, their example can become a demotivating factor instead of an incentive. All in all, some of the children take over and even renew their family business, but some of them go in a different direction and start other activities.

The **“mastermind”** is usually someone who has a strong belief that what they invented is marketable and identifies with it, but they need help to develop their idea further with:

- finding the right **supporting organization**;
- **communication** – how to present their idea, how to negotiate, how to speak in front of people and what communication channels to use;
- **networking and teamwork** – this is especially problematic for young people due to their relative inexperience;
- **digital competence** – this is more present in the age group, but on a general level; most young people have little or no knowledge of/experience with the dedicated digital solutions, applications entrepreneurs use; and
- **foreign languages** (focusing on English).

In many young adults, even a basic level of financial/accounting knowledge is missing (even in the case of students studying economics), but usually these administrative and other requirements can be learned relatively quickly and through several means. **Financing and finding a market** are more difficult questions. People who see a quick money-making opportunity in a new business are usually fail at it – an unstable financial background makes maintaining a business harder and puts a lot of pressure on the entrepreneur. Naturally, in the absence of capital, there are loans and investments by banks and other institutions to consider (see Chapter 1.3.2.3). Market knowledge and acquisition is harder to access – the INPUT Programme in Hungary is the only one trying to provide tangible support in this regard currently.

When speaking with the educational institutions, the following observations were made:

- We have to separate the students based on their social status.
    - **Students from the upper-middle class** – For them, these topics are part of everyday conversations at home, therefore, they have a broader view of the subject; better communication-, problem-solving- and IT skills; and more media awareness and creativity.
    - **Children of disadvantaged families** (e.g. participating in the Arany János Talent Programme in Hungary) – They bring no entrepreneurial knowledge from home, however, since they try to compensate for their

background, they can be motivated and mobilized more easily; they also work better in a team (this can be the result of some of them living in a dormitory). A few students coming out of the programme are already entrepreneurs: they built their career and used their opportunities with this goal in mind during their education.

- In the case of the universities, it is hard to follow-up on the students, but even if they are thinking about starting a business, **multinational companies are easier and more convenient choices for them after graduation**.

Young people in Hungary usually do not receive any entrepreneurship training before the age of 18: their development only starts when they establish a business – it should take place much earlier. However, this training has to **focus on the development of skills and competencies, not on general business knowledge**, and should use **collaborative/team- and project work instead of traditional teaching methods**. It would also be important to be **taught by specialists/experts in the field** – this way, the knowledge transfer can be effective and credible.

The Chambers generally have links to primary schools through providing career guidance and organizing factory- and other institutional visits in the framework of classroom lessons. However, their closest connection is to **vocational training**, in which students can see the operation of an enterprise in practice, and – as a result – they can become not just employees but self-employed later. It might be useful to introduce a **similar experience for general high school students** as a part of the local school community service (according to their career choice, of course). Secondary schools usually have a class about general financial knowledge, but competency development only exists in faculties (how to prepare a business plan, time management, etc.) and through optional events (e.g. the introduction of interesting entrepreneurs, career orientation days by inviting older students). **Incorporating entrepreneurial training into the curriculum** – not as a part of another class, but **as a separate subject** – would be helpful. For this to work, **lesson plans should be made readily available**: there are many good materials on the subject, but only a few were developed **with high school teachers in mind** and can be **adapted/optimized easily to a 45-minute timeframe**.

One other suggestion was to adapt a **Finnish model** which has already been tested in Debrecen at the Bethlen Gábor Secondary School of Economics.[11] Using this method, several times a week – inserted into the curriculum in 11th and 12th grade – **one or two teachers mentor the participating students who create fictitious companies, trade with each other, prepare a business plan and negotiate**. As a result of this mentoring, they develop a healthy self-confidence and can easily promote themselves and their ideas – the programme is also good for finding out who is suitable to become an entrepreneur and who isn't.

In higher education (specifically, in the University of Nyíregyháza), there is a **"Career Compass" programme** focusing on competency development by involving credible experts in the field. Moreover, beside the mandatory "General entrepreneurial and economic knowledge" course, there are currently **three optional courses** concerning the topic: "Start-up for students", "Financial culture" and "I want to be an entrepreneur…" - these are increasingly popular among the students, however, their long-term results are not measurable at this point.

In Romania, schools and universities do put some effort into providing business education, but this process is still on a very low level; the national curriculum supports it, however, there is a **lack of entrepreneurial spirit** (despite the existing offer of practice-based education, e.g. internships). Even if young people have the aspiration to become entrepreneurs, they have to face the fact that being one **requires different competencies than what schools provide** (i.e. creative problem-solving).

It should be mentioned that there is a **compulsory entrepreneurial material for high school students since 2014** (1 hour/week), including the following dimensions:

- **Descriptive-informative** dimension – acquiring knowledge about the initiation, operation and success of a business;
- **Normative** dimension – acquiring knowledge about the legal rules governing the start of a business;
- **Interrogative-reflexive and valorising** dimension – developing critical reflection capacity on ethical principles necessary in a business environment; and
- **Practical** dimension – aiming at attitudes and the practice of democratic and entrepreneurial behaviours.

This material develops the following general skills:

- using concepts specific to entrepreneurial education to **organize knowledge** and the explanation of **facts, events, real life processes**;
- **applying knowledge** specific to entrepreneurial education in market economy situations, as well as analysing the possibilities of personal development;
- **cooperating with different groups** to solve theoretical and practical problems specific to the business environment;
- assessing the **appropriate behaviour** of a changing economic and social environment; and
- **formulating opinions** on solving community problems and starting/running a business.

This is a really important and positive step toward entrepreneurial training in schools, however, – based on the interviews – there is a **major barrier between theoretical and practical guidance**. Schools teach formulas about how things should be done, but this method does not help the students to develop critical thinking skills (making their own decisions). Workshops and programmes like **"Junior Achievement"**, where their communication, decision-making and networking competencies are developed can be crucial for them to have confidence in themselves. Moreover, **neither the teachers, nor the students have contact with the business environment – or successful entrepreneurs** in general – which makes it difficult to present the topic with an authentic "business attitude"; there is a gap between those who train and those who employ.

The recommendation of the interviewees was that **entrepreneurship education should start as early as in 5th grade** – young people can come into contact with entrepreneurship through practice in different businesses, career orientation and competitions. The „Szent László" Roman Catholic High School already has an annual training for youth in the field of entrepreneurship and the economy.

Young people are thinking quite differently from previous generations – their mindset is changing too fast for robust systems to follow. They are very open to new things, they can be influenced easily, and their better language skills allow them to work abroad. With this in mind, the regional and local governments need to create a positive city image to keep young people from becoming unemployed, dissatisfied and leaving

– one effective way to do this is to **give them a chance to implement their ideas in a friendly and supporting business environment**. Specific steps of how to achieve this will be included in the integrated development strategy.

SWOT ANALYSIS

The SWOT analysis is *"an analytical method, which is used to identify and categorise significant internal factors (i.e. strengths and weaknesses) and external factors (i.e. opportunities and threats)"* (European Commission, 2007). It is based on the following questions:

- What are your advantages? What do you do well? What relevant resources do you have access to? What do other people see as your strengths?
- What could you improve? What do you do badly? What should you avoid?
- What are the good opportunities in front of you? What are the interesting trends you are aware of?
- What obstacles do you face? Are there any processes or tendencies that threaten your work? Could any of your weaknesses seriously hinder your goals?

Figure 37 summarizes the findings of the baseline report – it will provide **a basis for outlining the joint vision, the general and strategic goals and the suggested interventions in the integrated development strategy**.

37 SWOT analysis

STRENGTHS – ADVANTAGES
County-level incubator network with ongoing investments in the field (HU)
Chambers' high level of involvement in entrepreneurship training
Vocational trainings providing practical entrepreneurship experience
Optional classes/events in almost every educational level
Compulsory entrepreneurial material for high school students (RO)
WEAKNESSES – DISADVANTAGES
No coordination/synergy between the different organizations involved in the field
Segmented service portfolios
Entrepreneurs do not make use of the available opportunities

Majority of services only available in the county seats Poor performance of students in competency assessments (HU) No official entrepreneurial training in the curriculum (HU)
OPPORTUNITIES – ELEMENTS TO EXPLOIT
Less steep natural decrease of the population (compared to the countries) Generally more favourable demographic indicators Positive foreign migration rate (HU) Slow but steady economic growth Existing legal, institutional and policy background Improving employment indicators (e.g. a steep decline of the overall unemployment rate) Growing number of business support and management consultancy enterprises (HU) Improving educational attainment indicators Several public and private (national) programmes in the field Rising demand for lesson plans easily adaptable for high school teachers (HU) Relevant good practices from abroad Open mindset and strong motivation of young people Dedication of the interview subjects and other relevant organizations
THREATS – ELEMENTS TO CAUSE TROUBLE
Negative domestic migration rate High level of dissatisfaction with life among the population – OECD studies (HU) **High youth unemployment rate** Low wages with high poverty rates Preferential treatment toward start-ups (disadvantaging traditional small businesses) National government’s lack of entrepreneurial experience and knowledge Disagreement among the experts regarding the exact nature, level of importance and definition of entrepreneurial competencies

Source: own editing

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[1] Bihor and Hajdú-Bihar counties constitute the Biharia Euroregion.
[2] Szabolcs-Szatmár-Bereg is the only Hungarian county bordering Ukraine.
[3] The distribution of sexes is similar in all four counties – 48-49% male and 51-52% female; the **slight imbalance in favour of women** follows the similar data in most European countries.
[4] The net migration rate is the difference between the number of immigrants and the number of emigrants throughout a year.
[5] A lower ratio means that the dependents have the necessary financial support from the labour force, and usually have access to better pensions and healthcare.
[6] It is important to note that both the employment and unemployment rates was considered with the 15-64 age group in mind.
[7] A = Agriculture, forestry and fishing; B = Mining and quarrying; C= Manufacturing; D = Electricity, gas, steam and air conditioning supply; E = Water supply, sewerage, waste management and remediation activities; F = Construction; G = Wholesale and retail trade, repair of motor vehicles and motorcycles; H = Transportation and storage; I = Accommodation and food service activities; J = Information and communication; K = Financial and insurance activities; L = Real estate activities; M = Professional, scientific and technical activities; N = Administrative and support service activities; O = Public administration and defence, compulsory social security; P = Education; Q = Human health and social work activities; R = Arts, entertainment and recreation; S = Other service activities
[8] GINOP = Economic Development and Innovation Operational Programme
[9] This was the first of its kind in the country.
[10] The disparate opinions towards start-ups and traditional small businesses can be detected in Romania, too.
[11] The Finnish educational model can be beneficial in other ways, too – after the 10th grade, students there can study what they really care about in a modular system which is similar to the optional faculties in Hungary.