



Emerging Markets Queries in Finance and Business

Ranking systems as the connection between the higher education and the labour market in Hungary

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Abstract

What does the labour market want from the higher education? How can we make sure about the strengths and weaknesses of a higher educational institution and a national higher educational system? How much a degree worth? These are the main questions we wanted to clarify in this article. Choosing a higher educational institution is a great challenge for future students and their families. They not only choose a living place for the next 3-5 years but they are they choose a complete career – at least this is what they think. they think. Is this true or can we change our career during our working time?

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1. Main text

1.1 Literature Review

When we are talking about higher educational ranking systems we always have to think globally. In the 21st century, which is highly globalized, national higher educational systems and higher educational institutions can only be rated on an international level. It's very important to analyze the research objective on the national level because we have to clarify our actual positions in our area, but without an international outlook it is impossible to create an accurate report.

During the literature processing we tried to get valid information from Hungary and from abroad too. The opinion of the experts from this field, such as Burton R. Clark, József Berács, Malcolm Frazer, Tamás Gáspár, Marian Thakur, Martin Humburg, Rolf van der Velden, Annelore Verhagen and others and the opinion of the relevant international institutions and organizations, such as the OECD or Educatio/NHEIC was the guide we tried to follow.

1.2 Methodology

The cited studies and articles tried to define the meaning of higher education (or tertier education) and their aim is to show the function and analyzing method of the main ranking systems operating in Hungary and globally. They all show the importance of higher education on the labour market and the importance of higher educational degrees in the "wage war". People think they earn more money if they obtain a degree in a college or at a university and it is true – especially in Hungary.

Our article is a summary of these national and international opinions and, thoughts. We tried to summarize the theories written in the cited articles, studies. The references we cited are necessary to clarify the processes took place in the higher educational system.

1.3 Analysis

In the last few years in Hungary the number of those people who get further education have been reducing even though as the OECD reported, Hungary made surveys showing significant increases in unemployment rates between 2008 and 2009 among those people, who didn't have an upper secondary education degree. Unemployment rates among this group of people also increased in 2010, but not that intensively.^[1] This tendency, combined with the unchanged financing model of the tertiary education made crisis in several higher educational institutions. The bigger institutions, which offer the highest quality in education, have the chance to refill the vacant positions with foreign students from the international higher educational market.

Every higher educational institution wants to open its gates for the international students, but the foreigners have to make a choice. They have to find higher educational institutions, where they want to study. Their preferences are different, but their choice may depend on the hierarchy of the institutions. As Burton R. Clark wrote "national systems vary extensively in the extent of status hierarchy, from sharply peaked to relatively flat structures, and we may note three types that range among a continuum. In the first type, several institutions have a monopoly, or near-monopoly, of elite placement that helps to give them much higher prestige than all others. (...) The middle ground of status-hierarchy is occupied by such systems as the Canadian and the American, in which pronounced differences exist in the social standing of institutions and sectors, without a few institutions monopolizing elite placement. Institutions and sectors are definitely ranked (...), but placement to high office in public as well as private spheres is institutionally diversified and overlaps sectors. No one or two institutions have a lock on sponsorship of top offices, political or administrative. (...) A third type is

characterized by little status ranking. In Italy, there is virtually no non-university sector that could be second best, and all the universities can send graduates to elite positions in government and in the professions.”^[2]

The national systems hierarchy status is very favourable for the higher educational institutions, because we can state, that the Hungarian system is somewhere between the second and the third type. It’s impossible to name only one or two universities with a monopoly position. The preferred university is different in the different geographical regions in Dél-Alföld Region the University of Szeged is the preferred university whereas in Észak-Alföld Region it is the University of Debrecen. It’s a really interesting situation, because the country, Hungary itself is very centralized, which could result in the centralisation of the higher education too. But there are many universities in the capital city of Hungary, Budapest. These universities are specialised universities: Universities of Budapest are separated on the basis of various fields of science.

The OECD made a report about the student's mobility and the role of this mobility in the smaller higher educational systems. OECD reported that the increase student's mobility in higher education could help the smaller or less developed countries to make their educational system more cost-effective.^[3] It’s a great chance for the Hungarian higher educational institutions because the economical pressure on them became extremely high in the last few years. After the increase of internationalization these countries can keep a more diverse higher educational system operated bilingually, where international and national students could attend to the same classes. The presence of the international students in these countries and in the campuses can make the economy stronger and the society more tolerant and integrant.

As József Berács wrote the globalisation pervade many aspects of our life, and it pervades the higher education too. The higher education as a part of the service system is stationary and this trait protects it from the international contests. But this immunity will become weaker in the 21st century, when the students’ and the professors’ mobility will be more typical. The conceptions introduced in the international economical life will be used at the national level of higher education too.^[4]

The European Union pays attention for the higher education and the research development, as the Europe 2020 strategy shows. Research, development and education are the main keywords of the Europe 2020 strategy. The document specifies the main indicators. The aim of these indicators is to measure the actual condition of the European Union and the member states.^[5]

In our opinion Hungarian higher educational ranking systems can only be rated after we examined the after the well-known international higher educational ranking systems. We need to know the rating aspects of these systems, because we can only rate the Hungarian versions compared to them. The most important international ranking system is the Academic Ranking of World Universities (also known as the Shanghai Ranking). The main index numbers of this ranking system are for example the number of the graduated Nobel- or Fields-laureate students at the university, the number of the Nobel- or Fields-laureate professors of the university, the number of the mostly cited professors and researchers of the university, the number of articles published in the Nature or in the Science database, number of the cited publications at the Science Citation Index-Expanded and at the Social Science Citation Index etc.^[6]

The Shanghai Jiao Tong University (SJTU) ranking, which operates since 2003, originally made in order to compare the institutions of the Chinese higher Educational system and the world leading higher educational institutions. The main aspects of the investigation were the academic and research performance. The SJTU ranking systems main criteria-system is the following:

- Citation in leading Science and Social Science journals: 20%
- Articles in Science and Nature: 20%
- The number of highly cited researchers: 20%
- Alumni and staff with Nobel prizes and Field medals: 30%
- Dividing the total derived from the above data by the number of faculty: 10%.

As it can be seen, the SJTU evaluating system of the higher educational quality mainly based on scientific research and Nobel prizes (Field medals). Teaching, community building or internationalization are not that

important for the SJTU editors – or for the ranking systems original creators. It is really important to know that the SJTU ranking system is the most important nowadays. Universities all try to strengthen their positions in this ranking, because their actual condition can predestinate the future students' choice.^[7]

Of course we have to pay attention to other international ranking systems too. For example we have to examine the ranking system of the economical universities made by the worldwide known journal, the Financial Times. The Times Higher Education Supplement (THES) first published in 2004. The main cause of the creation of THES was the increasing level of the internationalization in higher education. The THES Top 200 ranking systems main criteria-system is the following:

- Surveys from peers: 40%
- Surveys from graduate recruiters: 10%
- Measures of citations per faculty: 20%
- Faculty per student ratio: 10%
- International faculty: 5%
- International students: 5%

Critics drew up the THES ranking systems reputation-centrism as a weakness. The main opinions claimed that these areas can't be adequately assessed because the ranking system is more quantity- than quality-based.^[8]

The special ranking, the Webometrics Ranking of World Universities, made by Cybermetrics Lab of the Spanish Consejo Superior de Investigaciones Científicas (CSIC) can be interesting during the investigation of the public relations kept by the higher educational institutions – for example the Hungarian Higher Educational Accreditation Committee examines the public correspondence of the higher educational institutions working in Hungary. The University of Leiden, Centre for Science and Technology Studies makes a special bibliometrical ranking system in every year.

The history of the Hungarian higher educational ranking system lasted 10 years. Hungarian higher educational researchers thought the Hungarian higher educational system was good enough to be measured. A new and unique system was set up to rank higher educational systems. Their publication, titled *Egyetemek mérlegen* [Universities on the Scales], made a ranking system in eight professional fields based on over thirty aspects. They integrated the students' opinion in their research too. The analysis was made of different institutional statistical data and students and lecturers (academic staff) opinions. The most important researchers of this topic were György Fábri and Éva Roberts, other cooperating researchers were István Fábri and Csilla Pogány.^[9]

Since 2005 three main Hungarian ranking systems exist in Hungary: the Felvi Ranking and the Népszabadság Ranking (published in 2005), and the HVG Ranking (published in 2006).^[10]

In our opinion the higher educational ranking systems are very useful, but the majority of the Hungarian society regard these ranking systems as interesting surveys. There is only one way to change this opinion the quality and the reliability of these ranking systems have to strengthened. This table shows what the society think about the higher educational ranking systems.^[11]

Table 1. Acceptance of the Higher Educational Ranking Systems in Hungary. Source: Survey of the Publicity of Publications, 2008. Educatio Kht./NHEIC

	Leaders of Studies and PR managers (N=142)	Applicants (N=12223)
University and college rankings help in choosing institution	34.5 %	29.4 %
I think, higher education rankings are unnecessary	2.1 %	5.1 %

University and college rankings are interesting, but they do not affect decisions upon application strongly.	63.4 %	65.6 %
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We need to know what the employers want from the higher education to do. “The primary focus of HE [*higher education*] should be to produce generalists because the world changes so fast that specific knowledge is soon rendered obsolete. And the other perspective in which HE should focus on developing professional knowledge because this provides the basis for professional expertise. Moreover in this view general academic skills cannot be developed without content.”^[12]

The Hungarian Higher Educational System has to be strengthen its connections with the members of the labour market. As Malcolm Frazer wrote, “higher education has been seen by many as ‘a secret garden’. Better communications, nation-ally and internationally, and more openness in many other fields of activity have meant that universities can no longer hide behind the defence of academic freedom. Universities need to expose and to explain to society at large what they are about and how well they are doing it.”^[13] Big international companies and smaller Hungarian firms need up-to-date and competitive knowledge, which can be used in the professional area too. Hungarian ranking systems have to integrate the opinion of the labour market too, because only the employers can set the requirements and determine the expectations when it comes to hire a candidate. To measure the utility of a diploma in practice we have to ask the members of the labour market about it.

But we have to analyze the different problems appeared after the mass-higher education started. Some countries couldn’t recognize the prosperity they expected from the higher educational expansion. In these developing countries the problem of the unemployed, underemployed or misemployed graduates is widely known. It’s impossible to stop these problems at the fence of the labour market: these unemployed, underemployed or misemployed people will become depressed and disappointed. Their point of view will cause huge problems during the graduate recruitment. These people can feel that their knowledge can’t be used in the ‘real life’, their knowledge is not precious for multinational companies. After their failures these people will try to demonstrate the value of their knowledge, partly with changing their education.^[14] We can say this situation is not really actual in Hungary, because all the statistical indexes of the country show the graduated members of the labour market can find workplace faster and can earn more money.

1.4 Conclusions

After completing this research we became rich in conclusions. We tried to analyze the most important international ranking systems, the main Hungarian ranking systems and we also focused on the connections between the higher educational system, the ranking system, the labor market and the society. The international context from which we tried to draw the conclusion is ambivalent.

When we are talking about the Academic Ranking of World Universities (also known as the Shanghai Ranking or SJTU), we have to be honest and assess a few weaknesses. The SJTU system does not suitable to measure all the types of higher educational institutions. For example it’s almost impossible to enter the top-list for a higher educational institutions of arts: their “one and only chance” is a professor laureate with literary Nobel prize. This ranking system can’t handle those higher educational institutions which are more practice-based. These institutions are very important for the national economical system because a large number of the national labour market members study there. The creators of the SJTU ranking system tried to rate the Nobel and Field prizes very high: they must be right because a Nobel or Field laureate professor can organise a very important research centre in their research field. But decades after their retirement their influence can become weaker as this ranking system shows. And the SJTU doesn’t pay enough attention to the major goal: the education itself. This system investigates the higher educational institutions as research centres: the research

programs are very important but there is no university without students. That's why the SJTU should let the educational opinions enter their survey method.

The Times Higher Education Supplement (THES) widely analyzed. We can mention the internationalization as a positive component. Student and staff mobility is very important in the 21st century: everyone can acquire new points of view during a part time or full time international study or research program. The educational fields emphatic presence is positive too because the main social benefit of the higher education is the training of future intellectuals. We agree the critical voices pronouncing the excessive role of the reputation during the ranking process.

Problems of the different Hungarian higher educational systems are widely known. A few years ago the higher educational institutions were shocked when they discovered an interesting fact about the changing number of students. The higher educational institutions of lower quality achieved better and better rank after losing a considerable amount of students just because the student-professor rate became better. In this situation the weak higher educational institutions became better ranked without reaching a higher quality. Several times we experienced problems with the survey software which caused distortion in the outcomes. The competing journals published their ranking outcomes in special editions filled with commercials of different higher educational institutions. This institutional lobby and marketing is able to mislead the informed readers.

The connection between the labor market and the higher educational institutions has become stronger in the last few years in Hungary. Nowadays the Hungarian Chamber of Commerce and Industry (HCCI) became a member of the National Higher Educational Roundtable (Felsőoktatási Kerekasztal) led by the minister responsible for the fields of higher education and science too. During these meetings the HCCI has the chance to share its members opinion about the higher education. Based on the different surveys and the opinion of the HCCI we can say that underemployment and misemployment became more typical in Hungary. It is our responsibility to save the graduates and to offer them workplaces fit for their own knowledge.

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