

LABOUR MARKET STATUS OF YOUNG PEOPLE IN HUNGARY

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Education became one of the largest subsystem of modern societies in the past century. The role of education is no longer interpreted only as the conveyor of culture, knowledge and values, but it is also attributed a significant role in its contribution to economic development and the promotion of social integration. The development of the theory of the human capital is associated with Theodore W. Schultz. According to his presumptions, the people make investments through education and training that increase their ability to produce, their productivity and thus the market value of their work. There have different explanations created to justify the contribution of education to economic development. The most significant from among them are as follows: education has got a direct impact of increasing productivity (theory of the human capital); employees of higher qualification levels participate in non-the-job further training courses in higher proportions, which also increases productivity; investment in the human capital is an alternative of consumption, as educational expenses are not usually covered from savings.

Keywords: labour market, education

During the last century, education became one of the largest subsystems of modern societies. Today, it is not only regarded as a means of transferring culture, knowledge and values but it is viewed as a substantial contribution to the development of economy and the creation of social integration. Human capital theory (Schultz, 1983) assumes the contribution of education to the growth of economy.

The relationship between employment and education policy

It is the task of employment politics to provide for employment, that is, demand for labour. This latter depends on economic development and economic politics. The volume of demand for labour is highly influenced by demographic data and its professional composition is determined by vocational education and higher education, as well as education politics on the long run.

Education politics has a broader margin than employment politics, although not as broad as it appears. Its efficiency depends to a great degree on how schools are able to prepare the youth for existing job opportunities and job requirements.

Therefore, the interest of employment politics at one side of the labour market is also the interest of education politics at the other side.

The correlation between vocational education and the labour market was given priority as early as the time of the system change. The Ministry of Labour set up a major three-year development direction of domestic vocational education in July 1990 according to which changes in the area of vocational education were to be linked closely with main processes of the transformation of economy.

Unemployment turned up in Hungary in the nineties and it exceeds 8% at present. It affects the younger generations and those starting their career more than the totality of the population able to work. This tendency is general in developed countries globally. According to Kutas (1996) and Galasi & Varga (2006), Galasi (2004), the reason of the high proportion of young unemployed people lies in our education system. Therefore, one of the most important goals of employment politics in the opinion of Pulay (1996), Polónyi (2005) is to create a closer relationship between education and employment. The key of reducing unemployment among the youth is to make education serve demands of the labour market better. It is a statistically demonstrated fact that the level of education and the unemployment rate are in inverse proportion. It is much more probable that the educated youth find employment.

Changes of the labour market during the last 15 years

As unemployment appeared, the proportion of those starting their career and not finding employment also increased. In theory, the labour market demands the youth more due to their age, however, it is not realized due to their lack of labour market knowledge and skills and professional experience (Table 1).

Table 1. The number of those who were registered, and starting their career between 1991 and 2009

Year	Yearly average number of registered unemployed persons starting their career (person)
1991	27973
1992	39600
1993	59733
1994	62141
1995	54490
1996	46233
1997	42402
1998	32551
1999	29927
2000	26023
2001	27215
2002	28635
2003	31300
2004	36643
2005	39053
2006	43504
2007	48632
2008	51089
2009	53954

Source: Public Employment Service

In the beginning of the nineties, employers did not wish to waste their money and time on those starting their career as, at that time, there was a

sufficient number of experienced applicants on the labour market due to the high unemployment rate. In this manner, the youth were each other's competitors too.

This was increased even more by the demographic bulge since, due to the lack of sufficient demand, subsequent generations were congested on the labour market. At the same time, unwritten rules of dismissals classify young employees among those the least protected as they have no family to support so they were placed at the top of dismissal lists.

It is characteristic of the Hungarian Labour market that those already inside can protect their acquired positions efficiently against those wishing to enter so unemployment affected primarily those starting their career.

Therefore, one of the methods of reducing unemployment is to increase the education level of the labour stock, while the other opportunity is to make the youth study as long as possible and thereby enter the labour market later. The main means of delaying entry in the labour market is the extension of school education and vocational education.

Changes of education after the system change

One of the important factors of labour market processes following the system change was the re-evaluation of education background and knowledge acquired at work.

Labour market demand has shifted towards work requiring stronger educational background, which resulted in an increase of the interest in education, implying, in its turn, an increase in the demand for education. As demand for education increased, an educational expansion occurred, the number and proportion of those studying in secondary schools offering final examinations and at higher level increased to a great extent (Galasi, 2004).

Changes in the horizontal structure of the public educational system was primarily compelled by the expansion of secondary school education. Rapid increase of the number of students attending secondary schools in full-time began in the second half of the eighties. The number of those receiving further education in secondary schools increased from 60000 to 80000 between 1985 and 1990. By the end of the nineties, 70% of applicants within each generation chose secondary schools (Table 2).

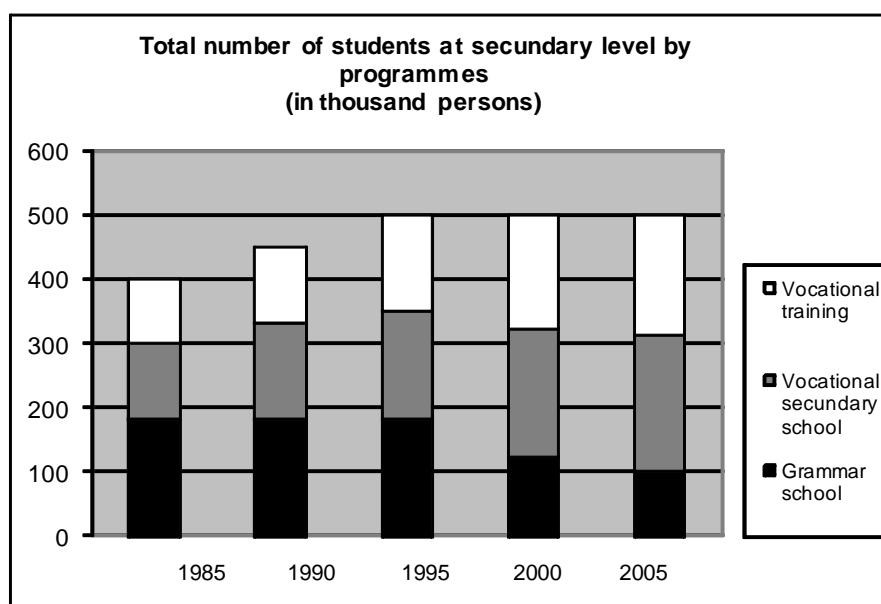
Table 2. Total number of students at secondary level by programmes (in thousand persons)

	1985	1990	1995	2000	2005
Vocational training	180	180	180	120	100
Vocational secondary school	120	150	170	200	210
Grammar school	100	120	150	180	190

Source: Hungarian Central Statistical Office

As a whole, the offer of educational programmes in secondary vocational schools is in accordance with labour market demand but its professional composition does not follow labour market requirements dynamically enough, rather it reproduces the existing - and often obsolete - profession structure.

Figure 1.



Starting in the second half of the nineties, higher education has also expanded to a great extent. One of the reasons of this is the social demand generated by the increase of the number of those taking final examinations. By 2002, the number of those admitted in full-time higher education increased by three times of the level in 1990. (Table 3)

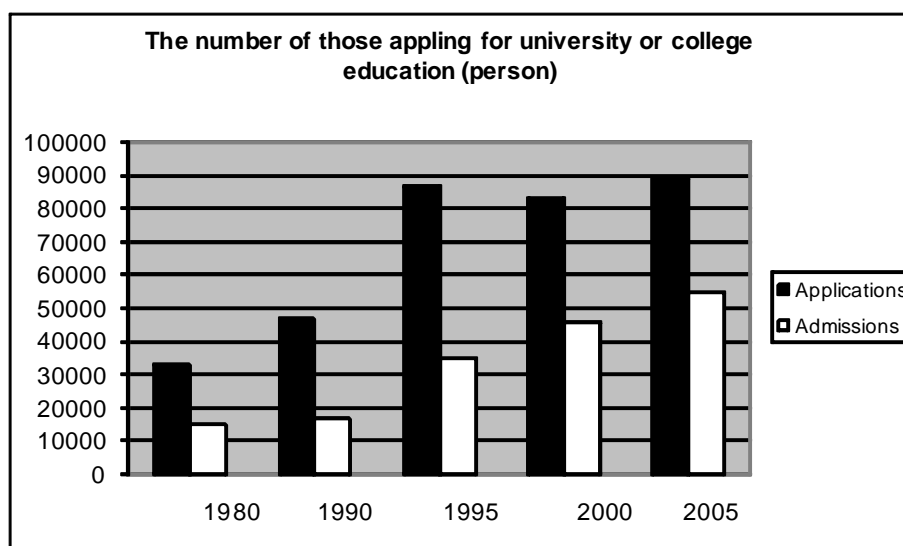
Table 3. The number of those applying for university or college education (person)

	1980	1990	1995	2000	2005
Applications	33339	46767	86548	82951	88978
Admissions	14756	16818	35081	45546	54703
Percentage of admissions to applications	44	36	40	54	62

Source: Hungarian Central Statistical Office

In 1990, the proportion of those admitted to full-time higher education to those passing their final examinations in the same year was 1/3 while in 2002 3/4. In 1990, those studying in full-time higher education was 8,5% of the age group 18-22 while in 2002 25%, and in 2008 50%.

Figure 2.



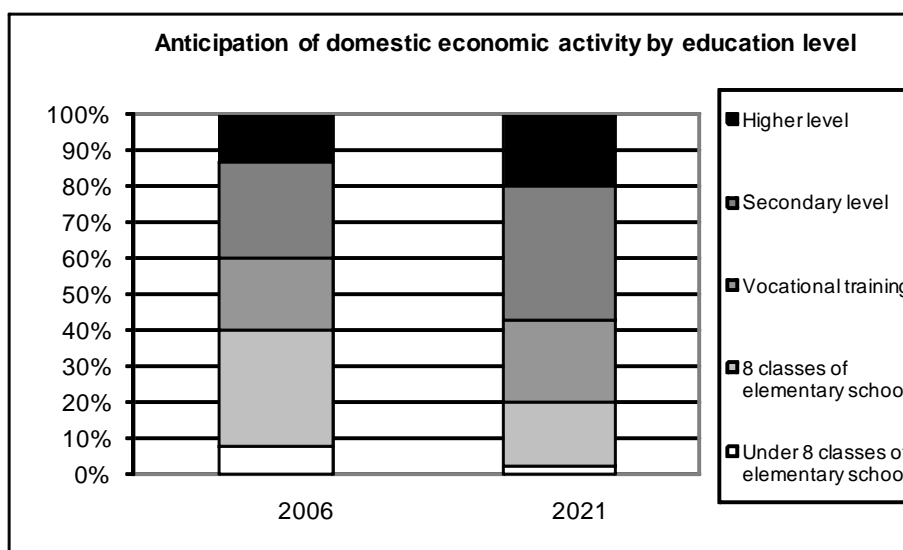
As a result of this expansion, concerns are increasingly strong that the output of education does not comply with the quantity and composition of labour market demands.

Table 4. Anticipation of domestic economic activity by education level

	2006	2021
Under 8 classes of elementary school	675140	196007
8 classes of elementary school	2666225	1574498
Vocational training	1742008	1919662
Secondary level	2326904	3005622
Higher level	1111653	1580546
Total number of population over the age of 15	8521930	8276335

Source: Hungarian Central Statistical Office

Figure 3.



Research experiences

Numberless researches were carried out in this area, from the work of János Tímár, Ilona Gere, Noémi Bíró and László Laki to the researches supported by the National Employment Foundation in 2004, carried out by Péter Galasi, Ilona Varga, Péter Róbert, Éva Berde and others.

Several of the presented research experiences come from degree theses led by me and examining the labour market situation of those starting their career. The experiences of these degree theses may be grouped around four topics.

Selection and knowledge of careers

- Students prefer professions considered popular by society to traditional professions. They had little knowledge concerning what time arrangement, working conditions, work environment and compensations to expect for various jobs.
- Young persons applying for grammar school are highly influenced by their parents, relatives and friends. One third of those questioned selected their school by being admitted there.
- Investigation of the interest of young persons demonstrated that the directing-innovating and innovating-social interest pairs were the most frequent. The social-methodical and subjective-methodical interest pairs were insignificant. This justifies the fact that the youth dislike professions where they work with tools and machines. Rather, they want professions – and later jobs – where they can make decisions and they are independent during their job.

Education

- One third of the students of vocational schools were not trained in the profession for which they first applied.
- Today, much information is available, however, part of it does not make its way to schools.
- The correlation between educational background and chances on the labour market can be demonstrated unambiguously: the higher

educational background a person has, the higher chance he/she has to find employment or find a more qualified job.

- More educated youngsters do not only find a job more easily, they are also more mobile in case they lose their job: they choose either a new profession or a new place to live more easily.
- These days, the quality and contents of education has also become important.

Finding a job

- Today, the demand is highest for well trained workers with real professional skills.
- The majority of youngsters with a profession looks for a job in accordance with their professional training.
- Demand is higher for those who have performed their apprenticeship at a company workplace than for those who have practiced at a school workshop.
- According to labour professionals, the following factors are the most serious problems for employees: lack of ability to work independently, poor professional practical foundations, instability of professional theoretical foundations, difficulties in the area of work discipline and work culture.
- Youngsters enter the labour market at an early age in Hungary.
- In the nineties, almost one fifth of those starting their career spent less than six months in their first job on an average, further 20% left their first job within 6 to 12 months and further 20% within 12 to 24 months.

Further education

- About 2/5 of those graduating from vocational secondary schools enter some form of further education.
- Unemployed persons starting their career prefer labour market education to school system education.
- Passing final examinations positively reduces the chance of being unemployed.

Directions of solution

The establishment of market economy is a challenge for education. Education of the youth is not a short-term investment. The professional yield of this investment may not be evaluated exclusively from the point of view of cost yield. The optimal situation is when a school knows up-to-date what are current requirements of the labour market and what professionals to train.

As education and labour experts put it, a database updated at an interval of two or three days should be available. Based on this, it could be known up-to-date how many professionals are needed at national level and in which areas.

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