

Supply and Demand for Newly Skilled Workers

– Summary in English –

Budapest, October 2014

The Institute for Economic and Enterprise Research operated by the Hungarian Chamber of Commerce and Industry (IEER or GVI in Hungarian) is a non-profit economic research institute indulging in applied research in several subfields of economics. Our mission is to provide empirically and theoretically substantiated knowledge and analysis of the economic and social processes that influence the actual situation and perspectives of Hungarian economy and Hungarian companies.

HCCI IEER Institute for Economic and Enterprise Research
Hungarian Chamber of Commerce and Industry

Head of research: István János Tóth, PhD
Senior Research Fellow, Institute of Economics, Hungarian Academy
of Sciences
Director, Institute for Economic and Enterprise Research

Office: H-1034 Budapest, 120 Bécsi street
Phone: (+36-1) 235-05-84
Fax: (+36-1) 235-07-13
E-mail: gvi@gvi.hu
Web: <http://www.gvi.hu>

Supply and Demand for Newly Skilled Workers

The basis of the study is a survey in which about 2,500 business leaders were visited by interviewers between November 2013 and February 2014, organized by the IEER. The objective of the research was to explore the demand among certain segments of the business sector for vocational school graduates in a year, or more than three years -- by profession and by county or region. This research can be also used to compare the expected data on graduates from vocational schools -- also by profession and by county or region. Finally, through an assessment of supply and demand it can be also serve as background information for the 2015/2016 proposals for vocational enrollment numbers.

In the first part of the study the main features of the data from the 2014 corporate data survey is looked at. The data had to be weighted since some preliminary considerations could not be validated during the preceding interview sampling. Weights relative to GDP were used, based on the distribution of GDP by sector, region or company size. After the weighting distribution of the three main variables (region, economic sector, and company size) are the same as in the population. From the outcome obtained from this analysis, the forecasting results of the expected number of planned recruitments should be treated with reservation since the analytical method used may include, in addition to the aforementioned, biases from other sources (for example, only 19% of company executives answered the three-year questions), and with the weighting some random noises and errors can become magnified.

The focus of the survey was the future demand by enterprises for skilled labor. For the first time we asked business leaders how will the number of skilled workers change at their headquarters and at their place of business, so in terms of certain professions how many people they intend to hire or lay off over the next 12 months, or more than 3 years, but within four years. From the data we firstly obtained the expected number of changes by both profession and for each locality (by county or region) and, secondly, the possibility for a combined analysis of the data at the national level.

To begin with, we examined from how many firms we received answers concerning staff changes at company headquarters or places of business which can be evaluated for the two time frames in question. Subsequently, with the weight corrugated and completed data we analyzed the direction of expected staff changes. Finally, the estimates of the total number of proposed changes -- how many want to increase or decrease employee numbers at companies -- were examined.

With respect to questions about expected demand for vocational school graduates over a three year time frame but within four years, only about a fifth of the companies surveyed (19%) gave an answer. Thus, unfortunately, from the sample of

2,500 people four-fifths of our sample was lost in terms of one of the most important aspects of our research. We do not know exactly what is behind the low response rate: entrepreneurs either did not know the answer to, or did not want to, reveal their plans regarding personnel management.

One of the main conclusions of the analysis is that generally if current trends continue then at a national level there will be an oversupply of skilled labor, in which case a large number of blue collar redundancies can be expected; this will be concealed, however, by significant differences in terms of locality and profession. In addition, the data also suggest that a significant proportion of school leavers are not expected to enter into the labor market.

According to the supply and demand estimates for three years, but within four years, it can be said that the most significant shortages on the trades supply index is production machine configuration (3452105), body working (3452506), industrial engineering (3452104), building and construction locksmiths (3458203) and forest machinery technicians (5,452,102). However, this is only the beginning of the list; a total of 24 professions show an expected supply shortage of more than 2,000 persons. A list of the biggest oversupplied trades changed compared to last year's survey results; previously we could expect the largest supply deficit for car mechanics (5452502), cooks (3481104), waiters (3481104), and stablemen (3462102). In terms of trades with the most oversupply, it was concluded that qualifications for cooks (3481104), logistics officers (5434501), financial and accounting officers (5434401), social workers, and nurses (3476201) as well as waiters (3481103) show the largest surplus.