

# Labor market situation of freshly graduated skilled workers – 2016

*– Summary in English –*

Budapest, March 2017

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  
e-mail: [istvan.janos.toth@gvi.hu](mailto:istvan.janos.toth@gvi.hu)

Office: H-1034 Budapest, Bécsi út 120.

Phone: (+36-1) 235-05-84

Fax: (+36-1) 235-07-13

E-mail: [gvi@gvi.hu](mailto:gvi@gvi.hu)

Web: <http://www.gvi.hu>

The study analyses the situation of skilled workers entering the labour market, their employment opportunities, their views on their work and profession, and the changes affecting the aforementioned aspects that have occurred since 2009. Supported by data coming from the questionnaire conducted with 1948 students, the research examines the beginning of the working life of those young people who obtained their qualifications in the summer of 2014. The research has a specific focus point on whether these young people were able or willing to enter the labour market during the 19 months after their graduation from their vocational schools. It is important to note that due to changes in research methodology, data collected from 2013 can be compared to data results from earlier periods only in a limited way: between 2009 and 2012 data collection concerns respondents having spent 9 months in the labour market until the interview, but data collection from 2013 concerns those respondents who spent 19 months in the labour market. The study covered those in every county who had no enrolment constraints in education, and those vocations that had earlier been included in the study.

20% of those interviewed in 2016 were 20 years old or younger, 69% were between the ages of 21-23, 11% were older than that, thus the average age is 22. 77% of the respondents are male, and 23% are female; 3% live in Budapest, 55% live in other cities, 41% live in municipalities, and 2% live abroad.

In 2016 compared to the data of the previous year, chances to get employed for skilled workers entering the labour market have further increased. The probable reason for the aforementioned phenomenon is the growing labour force demand that could be a consequence of the economic recovery. According to the latest data, at the time of the interview, i.e. 19 months after graduation 67% of the young skilled workers were employed (last year only 65%), 1% worked as entrepreneurs, 1% were casual workers, and 2% were part of the public work scheme. The unemployment rate did not change significantly in the years of 2015 and 2016: this year 13% reported unemployment while last year it was 14%. It is important to highlight that every year unemployment data from our database have significantly been higher than the national unemployment rate calculated on the whole skilled labour force. This fact draws attention to the difficulties in entering the labour market. 14% of the respondents had further trainings at the time of the interview, and 2% reported some inactive status. A significant part of the respondents (17%) did not have any work place in their lives, but this rate has significantly decreased compared to previous years. During the 19 months after graduation 63% of those who had a job at least once worked in the vocation they had been trained for, while 37% were able to find a job in a different field.

Our data from 2016 also confirmed the correlation between the family background and the child's progress in education or in the labour market. This year the correlation was also examined by the respondents' answers on their father's qualifications and the position they have in the labour market; our experience drawn from the above explanatory variables demonstrates the unchanged significant impact on the respondents' school performance, the duration of job seeking and on the status they had in the 19th month after their graduation. According to the analysis results children with fathers having qualifications from either

vocational schools or secondary vocational schools obtained the same or similar qualifications in great numbers. 58% of the respondents' fathers graduated from a vocational training school and 17% of them from a secondary vocational school, and 46% of them worked as skilled workers at the time of the interview. Based on the data it could be stated that the higher qualified the father is, the higher performance young skilled people have in primary and in vocational education.

Similarly, to previous years' results, the freshly graduated skilled workers are, on the whole, satisfied with their schools and professions, and from several certain aspects the satisfaction indicators have further improved. The rate of those who would choose the same school and the same vocation should they have to make a decision again is still high (64%). The rate of those students who are currently studying a vocation in which they would like to be engaged later in their life is high (85%) this year as well.

Graduated students had positive impressions on their work-based training places in each of the studied year. These data show some improvement this year. The majority of the freshly graduated skilled workers think they profited a lot from where they had their practical training, they learnt a lot from professionals, and had the chance to work with modern machines and equipment. A lot of the respondents claimed that they are able to make use of those skills acquired during their practice in their current job. Results show that those students who had the chance to have practice/training at a company were more satisfied than those students who had their practice only in the school's training shop floor.

The opinions on achievable income expressed some halt/or became negative in 2011 compared to the positive outlook in the years 2009 and 2010. In 2012 the outlook seemed brighter, but in 2013 it got gloomy again. In 2014 and 2015 we experienced some slight improvement: the number of those respondents who thought that their income was lower compared to that of others with different vocations or that they cannot make a living from their learned vocation decreased. The number of those who thought that with their vocation they could have an outstanding income slightly increased. In 2016 the average ratings on income did not change.

Between the period of 2015 and 2016 respondents had a more positive view on the applicability of the acquired knowledge in school to the work place. At the time of the interview 67% of the young people in the labour market claimed that at least half of the school material could be made use of in their job (last year this rate was 64%). About 21% of the respondents claimed that they could not make use of anything learnt at school in their jobs. From last year's 19% who claimed that they were able to make use of everything learnt at school this year the result improved to 25%. 13% of students already employed said that at school they had learnt everything needed in their work places, while 87% said that there were skills they had to learn and improve at the work place only. Results indicated that the majority of the skills acquired at the work place were about routine and practice gained during work.

The majority of the professionals chose their vocation, because they had assumed that they would be good at it. A significant number of the respondents said that they chose their profession without any previous knowledge about it. Their parents urged them to do so, or they had hopes in getting a job that would provide a living for them. The results gained suggest that students before choosing a career usually use informal channels to have some information, only a few of them seek the help of professionals (e.g. teachers, or advisors at a career centre).

All results of the eight data collections on freshly graduated skilled workers demonstrate a strong correlation between the respondents' performance in primary but mostly in vocational schools with their chances to get employed or to start an enterprise, or to study further. During the 19 months following their graduation those who found a job or became an entrepreneur or studied further had a better performance rate at school than those who became unemployed or those who had temporary jobs (or were involved in the public work scheme) as our 2016 results indicate.

Among the employed the work place satisfaction rating is relatively high this year as well. The highest average rate value still goes with the co-worker satisfaction survey. Similarly, to previous years this year's data confirm that those working in their vocation or in a similar field as an average their level of work place satisfaction was higher than that of the whole sample, and those who were employed in a different field from their vocation had a lower satisfaction level from all aspects as an average.

The survey included questions on moving, on mobility and on future plans. According to our 2016 results, on the one hand, there was a slight increase in the number of commuters (50%), but on the other hand, the number of those who on no conditions would move to another Hungarian city to have a better job opportunity increased from 37% to 44%. 71% of the other respondents (last year it was 67%) said that they would consider moving to another city if they were offered a higher salary i.e. more than the current average of HUF 113,000.

In 2016 it was the second time we had asked the question on what conditions freshly graduated skilled workers would be willing to move abroad in the hope of a better job opportunity. The number of those respondents who on no condition would move abroad increased to 39% compared to last year's 36%. 71% of the other respondents said they would go abroad for more money, and 26% would go if the employer provided accommodation for them. More than half of the respondents (53%) out of those who consider moving abroad find Germany the most attractive destination of all. Apart from Germany, Austria (40%) and the United Kingdom (20%) are most favoured possible destinations. 28% out of all respondents claimed that they would neither move to another city within Hungary nor move abroad because of a better job opportunity. 16% of them would not move within Hungary, but would accept a job abroad. 10% of the respondents would move to another city in Hungary, but would not move abroad, while 46% would consider both options.

Bearing in mind their future career respondents think that foreign language skills improvement is the most necessary step they should take, while participation in further

trainings was ranked only the second most necessary step in 2016 similarly to 2015 data. This year the respondents considered high school graduation the least important for their career.

Data from 2016 demonstrate that among freshly graduated skilled workers the number of those who expressed some intention to study further slightly increased to 50%; last year it was 48%. In 2016 the number of those wishing to enter vocational education increased slightly, while the number of those intending to enter higher education slightly decreased. This year, vocational secondary schools and secondary technical schools were still the most popular forms of further education; this was claimed by 31% of the respondents. The rate of those planning to enter either secondary grammar school or higher education decreased; the former from 23% to 21%, and in the latter from 25% to 20%. In vocational schools and in other training institutions (e.g. National Qualifications Register, a form of upper or post-secondary vocational education) the number of those wishing to study further slightly increased. Among the freshly graduated those trainings are still more favourable that also provide a secondary grammar school graduation.

In our 2016 study we also paid special attention to those skilled worker dropouts who either do not work or work in a different field, because it sheds light on an important factor of the imbalance in the labour force demand and supply. It should be clarified that 70% of the respondents were employed at the time of the survey, while 23% were unemployed; this fact indicates that finding jobs in a different field is a crucial factor in the skilled labour force employment.

The result of the data analysis shows that in recent years the rate of those working in a different field or having no work at all has continuously decreased. In 2016 the indicator is at 54% (in 2009 it was 70%, in 2010 it was 67%, in 2011 it was 66%, in 2012 it was 65.3%, in 2013 it was 65.1%, in 2014 it was 61.5%, in 2015 it was 56%).

According to regional studies compared to last year's results the dropout rate significantly decreased in Central Transdanubia, while data on Northern Hungary showed the highest increase. In 2016 Northern Hungary and Northern Great Plain had the highest dropout indicator (repeatedly 63% and 59%), while Central Transdanubia had the lowest (40%) rate.

Different dropout indicators that provide more sophisticated distinctions demonstrate that in 2016, 76% of the young skilled workers (last year it was 75%) are in some ways part of the labour supply in their professions. After a slight improvement it can be seen that 70% of them (last year it was 69%) were able to make use of their vocation – either during their studies or in jobs – obtained in 2014. Furthermore 71% of the respondents (last year it was 69%) are likely to find employment in their profession after graduation.

The fourth time in research history, career tracking research method was also applied in the 2016 survey. This time 1529 young skilled workers were contacted again who obtained their vocation during the academic year of 2012/2013, and in 2015 they already participated in the student survey. The results of the career tracking survey show that during the one-year period between the beginning of the 2015 and the beginning of 2016 when the second data collection took place the majority of the respondents (87%) were working, 28% of them were

looking for a job, 22% of them were taking part in further education. 25% were working at their first work place, 19% changed work places, 14% quitted their jobs. The rate of those dismissed or whose work place was closed down is about 3-5%. 3% of the respondents had a baby and 1% of them set up an enterprise. 171 (12%) out of the respondents have claimed to be working and studying at the same time during the examined period.

Changes occurring in an individual's labour market situation, that is the results originating from mapping movements between descriptive categories on different market labour status show that the majority of those young skilled workers who were employed last year were employed (90%) this year as well, 5% of them became unemployed, and 1% started studying something. 31% of the then unemployed were still or again unemployed in 2016, but 60% of them managed to get hired as employees, 3% became public workers and 5% became students again. Furthermore, the study clarifies the fact that further education after graduating from a vocation school can be considered as a good investment, because (1) for those studying further the chance to be employed in the future is a lot higher than the chance to become unemployed, and (2) further studies in most cases also mean a long term commitment that might well lead to higher wages.