

5 THE IMPACT OF EMPLOYMENT POLICIES

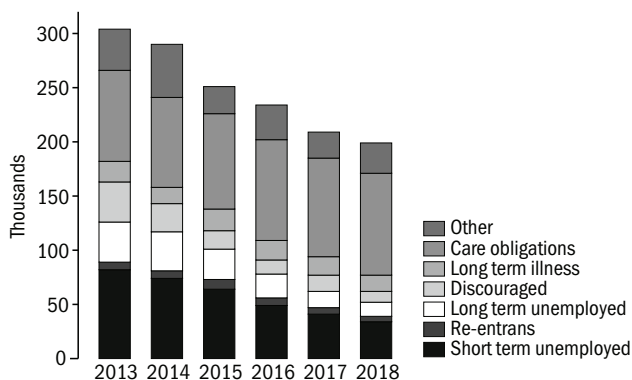
5.1 JOB SEARCH BEHAVIOUR OF YOUNG PEOPLE NOT IN EDUCATION, TRAINING OR EMPLOYMENT

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Young people's unemployment at the start of their careers can cause long-term problems (see Chapter 4), thus, it is particularly important to see how quickly they find a job after leaving school and whether the public employment services can offer them effective help. In this subchapter, we look at how youth unemployment has changed over recent years and what factors affect the speed of finding employment, with particular emphasis on the role of public employment services.

In recent years, the number of young people not in education, employment or training (NEET) has decreased, and their composition has also changed significantly (*Figure 5.1.1*).¹ It can be clearly seen that the recovery from the crisis and the increasing demand for labor have absorbed those unemployed youth who were relatively close to the labor market: while in the second half of 2013 nearly 30% of NEET young people aged 16–29 were short-term unemployed, by the second quarter of 2018, only 17 percent of NEET youth were in this group. Similarly, the share of long-term unemployed and discouraged job-seekers (those who no longer actively look for a job) in the NEET youth group has decreased, indicating a particularly strong demand effect, as even those who had been looking for a job for more than a year previously can now find employment.

Figure 5.1.1: Changes in the number of NEET groups in the 16–29 age group, 2013–2018 (thousands)



Source: Own calculation based on LFS second quarter waves.

Parallel to this, the number of those who are unavailable due to family responsibilities has increased slightly and the number of people who are unavailable

¹ Young people not in education, training or employment were divided into seven groups following the Eurofound method (*Mascherini–Ledermaier, 2016*). Re-entrants who will soon start to study or work at a particular job, short-term unemployed looking for a job for less than 1 year and long-term unemployed looking for a job for over a year. Discouraged workers who want to work but are not actively looking for work because they think they will not find a relevant job. Those unavailable due to illness or disability who are not able to go to work because of their illness, while those unavailable due to family responsibilities who cannot work because they are typically caring for children or other family members. The other category includes everyone who could not be classified in the above groups due to lack of data or for other reasons.

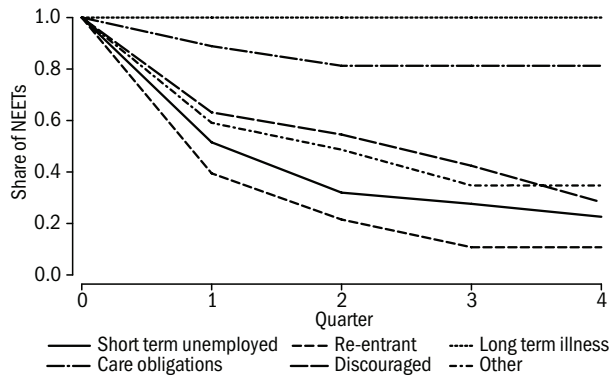
due to illness or disability has stagnated, resulting in a significant increase of their combined share in the overall NEET youth population, reaching over 60 percent by 2018. In other words, in 2018 more than half of the unemployed young people were unavailable for family or health reasons.

Job search duration

Although the favorable economic situation in recent years has made it easier for young people to find employment, many people may still need help. And if growth rates decrease, it can become a critical issue – influencing the entire career path – for even more people, how effectively job centers can help them find their first jobs. We perform an analysis similar to the work of *Micklewright–Nagy* (1999), we used Labor Force Survey individual data from 2015 to 2018 to investigate the factors that influence the employment prospects of 15–29-year-old NEETs.²

The data on those who have recently become NEET also shows that almost everyone who wanted and was able to work could get a job relatively quickly in recent years. With the exception of unavailable NEETs (either due to family or health reasons), the proportion of those still in NEET status has fallen below 40 percent in each group within four quarters. Furthermore, most re-entrants (those waiting for a call-back) and job seekers (ILO unemployed) have found employment within six months (*Figure 5.1.2*).

Figure 5.1.2: Number of year quarters until exit from NEET status to employment by type of unemployment, 2015–2018



Source: Own calculation based on LFS data.

² We used a survival analysis, merging the waves of the Labor Force Survey 2015–2018. The sample included those who did not have NEET status in the first wave and then became NEET in one of the six quarters. As output variable we used the time until exiting the NEET status, and we controlled for – among others – level of education, age, gender, region, and quarter. Leaving NEET status to study has not been taken into account here.

In addition to labor demand and individual motivation, help from the public employment services can also shorten the duration of job search through providing jobseekers with specific job offers, training or advice to improve the effectiveness of individual job search (see also section 5.2). Identifying the causal effect is difficult because there is a two-way relationship: registration can improve the efficiency of job search, but registration itself can be a step

in job search.³ Therefore, our analysis is descriptive: in survival models, we estimated how motivation and job search affect the length of time to return to work or return to school.⁴ The results are shown in *Table 5.1.1*.

Table 5.1.1: Correlation of various factors with the time until exit from NEET status to employment and to education, 2015–2018

	Exit to employment	Exit to further education	Male, exit to employment	Female, exit to employment
Wants to work, not seeking a job actively, not available	0.6480 (0.2348)	1.0878 (0.2157)	0.8562 (0.4406)	0.5512 (0.2831)
Wants to work, not seeking a job actively, available	2.4735*** (0.3800)	0.6922 (0.1800)	2.3153*** (0.4520)	2.7977*** (0.7244)
Wants to work and actively seeks a job	2.8805*** (0.3943)	0.9875 (0.2084)	2.6407*** (0.4864)	3.5212*** (0.7440)
Re-entrant	3.6825*** (0.8888)	1.0715 (0.5595)	5.1245*** (1.5977)	2.6285** (1.0694)
Age	1.0687*** (0.01386)	0.8356*** (0.01597)	1.0678*** (0.01871)	1.0805*** (0.02219)
Registered jobseeker in the previous period	1.0970 (0.1432)	0.4887*** (0.1236)	1.1075 (0.1890)	1.1237 (0.2403)
Vocational school	1.4640*** (0.1763)	0.5450*** (0.1169)	1.5463*** (0.2235)	1.2131 (0.2777)
Secondary or tertiary education	1.1800 (0.1289)	1.4030*** (0.1742)	0.9851 (0.1468)	1.4680** (0.2535)
Female	0.8537* (0.08042)	1.1870* (0.1227)		
Constant	0.002385*** (0.001253)	0.4294 (0.2977)	0.002882*** (0.001873)	0.001040*** (9.778e-04)
Number of observations	2,578	2,452	1,429	1,149

Note: Coefficients express the effect on the logarithm of the odds ratio. Coefficients greater than 1 mean that this factor speeds up the placement process, while factors with a coefficient less than 1 impede it.

***Significant at a 1 per cent, **5 per cent, *10 per cent level.

Source: Own calculation from LFS data.

When looking at those who entered employment, not only the life situation, but also the self-reported willingness to work has a significant explanatory effect. Those who are available to work within two weeks will find a job significantly faster, even if they did not actively seek job opportunities in the previous year quarter.⁵ However, contacting the employment office does not significantly reduce the duration of job search.

The role of the public employment services may be different for certain groups of young people not in education or training. Examining separately the groups created based on motivation, we find that registration with PES significantly reduces the duration of the NEET status for those who want to work but are not actively searching for a job themselves (*Table 5.1.2*). This implies that the support of the employment services is not significantly help-

3 In addition, registrants may be filtered by other features (that are not documented in population surveys): those who expect little from the job center because they have good connections, or are better informed, may have a lower registration rate; while those who already know which employer will provide them with an internship opportunity or (for different reasons) those who did not succeed in finding a job on their own might have a higher registration rate.

4 Time spent until leaving the NEET status to further education or training increases significantly with age, it is also slowed down by vocational education, but it is accelerated by secondary education or higher compared to having only primary education.

5 At the same time, re-entrants are the ones who start employment in the shortest time, in line with the results of *Micklewright-Nagy* (1999). Our results differ from this earlier research in that active jobseekers do not find a job faster than those who just want a job.

ful for those who are able to look for a job on their own (see Box K5.1), while those who themselves are not seeking employment for some reason may be activated by the help of PES.

Table 5.1.2: Relationship between motivational factors and registration with time until exit from NEET status to employment, 2015–2018

	Wants to work	Does not want to work	Wants to work and actively seeks a job	Wants to work but does not actively seek a job
Registered jobseeker in the previous period	1.3582** (0.1812)	1.2549 (0.6490)	0.9139 (0.1654)	1.9937*** (0.4319)
Number of observations	934	1,644	529	405

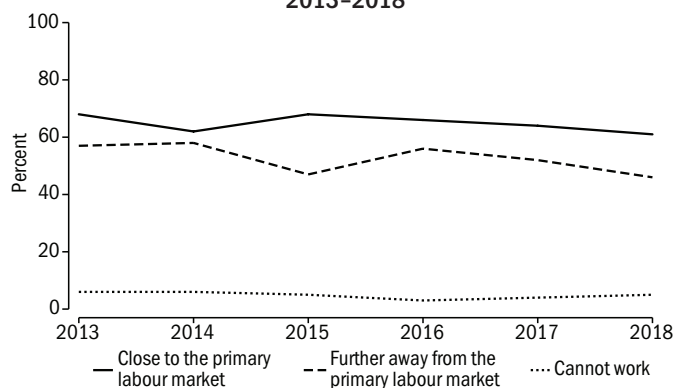
Note: Coefficients express the effect on the logarithm of the odds ratio. Coefficients greater than 1 mean that this factor speeds up the placement process, while factors with a coefficient less than 1 impede it.

***Significant at 1 percent, **5 percent, *10 percent level.

Source: Own calculation from LFS data.

Within the group of NEET young people, those who are the closest to the primary labor market (short-term unemployed and re-entrants) register with the employment services at the highest rate. The somewhat more problematic groups (long-term unemployed, discouraged jobseekers and other NEETs who want to work), for whom the services of the PES would likely be more helpful, register at a lower and, in recent years, declining rate. Not surprisingly, people who, for whatever reason, are unable to work are registered at a very low rate at PES offices.

Figure 5.1.3: Registration rate by distance from the primary labor market, 2013–2018



Note: Close to the primary labour market: re-entrant or short term unemployed. Further away from the primary labour market: long term unemployed or discouraged worker.

Source: Own calculation based on LFS second quarter waves.

Overall, we have found that young people not in education, training or employment face different opportunities in the labor market: a smaller and de-

clining portion finds work quickly, others remain unemployed for a more protracted period, while an increasing portion remain stuck in NEET status due to their care responsibilities or health issues. The employment service reaches no more than half of the second group and less than one in twenty young persons from the third group. From our descriptive analysis, it seems that registration at the job center can accelerate the employment of young people who are further away from the labor market and want to work. Therefore, in order to further reduce the number and proportion of young people not in education, employment or work, the access of vulnerable young people to employment services needs to be increased, and the efficiency of services for job-seekers (see section 5.2) and social services that can reduce (or compensate for) barriers related to illness or care should be improved.

References

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