

INTRODUCTION

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The chapters of *In Focus* review the main stages of young people's entry into the labour market, from acquiring their education to getting their first job. The level of detail in each chapter is inevitably varied: those that rely on previous research can obviously offer a more thorough analysis, while others are more descriptive. Some chapters present completely new results based on research funded by the Hungarian Ministry of Finance.

The first chapter presents the main trends of the past fifteen years in education and youth employment. The second chapter analyses school choice and dropping out as well as the development of competences that can be attained at school. The third chapter examines the channels through which school-leavers can gain their first experience at work. Chapter four examines the scarring effects of troubled labour market entry on future careers and examines whether low levels of local labour demand and high commuting costs may contribute to youth unemployment. Chapter five explores the impact of employment policies and services on youth unemployment. Chapter six provides a short review of the disadvantages Roma youth face in education and the labour market. Chapter seven explores employers' skills requirements, the returns on tertiary education and the role of on-the-job training in supplementing the missing skills. Finally, chapter eight focuses on the occupational and geographical mobility of youth.

Considering the recent increase in employment and the decrease in the number of NEET (Not in Education, Employment, or Training) young people, the school to work transition seems smooth. However, the details depicted by the chapters of *In Focus* suggest that, these favourable developments cannot be attributed to the well-oiled operation of the relevant labour market institutions (see chapters 3 and 5). Instead, the underlying reason is more likely that, due to the high demand for skilled labour, the majority of skilled youth can find employment without support from public services. At the same time a significant share of unskilled youth only find short-term employment with wage subsidies or in public works. Many of the young people who drop out after finishing primary school end up in public works or unemployment, and receive little support for continuing their studies or entering the labour market.

Whilst the demand for employees with at least secondary education has further increased,¹ the rise in the average level of education has stalled among

¹ This is indicated by the growing rate of employment of those with a secondary education (ISCED 3A or 3B) and higher education (see *Tables 4.15* and *4.16*).

new labour market entrants (see sub-chapters 2.3 and 8.2). Furthermore the recent policy measures related to public education and higher education (for instance the lowering of the school-leaving age, see sub-chapters 2.5 and 6.2; the reform of vocational education, see sub-chapters 2.4 and 2.2; or the cut in the number of state subsidised places in higher education) do not support the accumulation of general skills.

Further improvement of the situation of young people in the labour market over the long term may be curbed by two obstacles. On the one hand, as demand is shifting towards non-cognitive skills, an increasing share of entrants with secondary or tertiary education, and most of those with primary education will lack the skills required by employers (*Nedeloska–Quintini*, 2018, see sub-chapter 7.2). On the other hand, the youth with weak basic skills who could easily find employment during the economic expansion, will face the risk of losing their jobs during the next crisis or due to the advancement of technology, and lack the ability to adapt to such changes.² With its current, limited capacities, the public employment service will not be able to offer appropriate support in gaining skills or finding stable jobs (chapter 5). These problems could arise even more severely for those generations which may enter the labour market in an unfavourable economic situation (sub-chapters 4.1 and 4.2).

² Those with a vocational education have weaker basic skills than those who completed secondary education (ISCED 3A or 3B). As they get older, they are more likely to work in unskilled jobs (*Varga*, 2018), even though they had no such disadvantage just after leaving school with freshly gained vocational skills (sub-chapter 8.1).

References

- NEDELKOSKA, L.–QUINTINI, G. (2018): Automation, skills use and training. OECD Social, Employment and Migration Working Papers, No. 202, OECD Publishing, Paris.
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