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THE EDUCATION AND THE DEMANDS OF LABOUR MARKET

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ABSTRACT

In the present study the author intend to discuss the role of education in economy and the relationship between education and the current state of Hungarian labor market. Education became one of the largest sub-systems of modern societies in the past century. One of the most important endeavors of employment policy, according to Galasi, is to establish stronger harmony between training and employment. The key for the reduction of unemployment is that training should better serve labor market demands. We are astoundingly under informed about how a degree is exploited on the labor market, what is the expected time of the return of a certain qualification, and which degrees do not prevail without the return of investment.

RELATIONSHIP BETWEEN EDUCATION AND THE STATUS OF THE LABOR MARKET

In a modern society the educational system is inseparably connected with other social sub-systems, most of all to the labor market. However, education increasingly appears in national thinking as a social and economic-political tool. Revaluation of human labor force is a favorable procedure for the labor market too in a developed economy.

Unemployment exists in Hungary since the 90's, and now its value is over 10%. Unemployment effect more youngsters and beginners than the whole of population able to work. In developed countries this tendency is general. Experts say that the cause of high ratio of young unemployed is the inadequate educational system.

That is why; employment policy makes efforts to harmonize trainings and employment. Key point in diminishing youngsters' unemployment rate is to make trainings better serve the demands of the labor market. It is a statistical fact that the level of qualification is in inverse proportion to the unemployment rate. Qualified young people have better chance to get a job.

Consequently, one way to diminish the rate of unemployment is to increase the qualification level of the labor force. According to national experience uneducated per-

sons are more endangered. Among highly qualified the rate of unemployment is low comparing to their number.

On the other hand, young adults should stay behind desk for as long as possible, thus lengthening the period until entering the labor market. In order to delay entering the labor market education and trainings should be widened. According to actual education-policy, education in 12 classed-schools will become current within 10 years, and the ratio of those who attend universities from a certain age-group is continuously increasing. In line with the above, highlighted task are to modernize the structure of education and professional trainings, to adjust them to economical demands and to motivate structural change.

PLANNING OF EDUCATION

In general, there is not a worldwide consensus about how education should consider the long term and short-term demands of the labor market. However, none queries the need of labor market information; presently they are undeniably unavailable for the affected parties. Educational supply that responds to the labor market can basically get formed by two ways:

On one hand, one key point is the transmission of labor market information for central, local and institutional decision makers, who make decisions on the supply. Accordingly, quantitative forecasts made on employment sections give the basis of feedback. Although it will result in a labor force-based planning of the educational planning system, this form failed all over the world.

Approaching it from an other side, is to give information about the possible run of the labor market to potential users and participants of trainings, thus people themselves will form the supply of the system and the behavior of institutes. This approach becomes world widely popular beyond Anglo-Saxon countries.

The above mentioned two forms can create uncountable variations.

The second method demands *labor market forecasts*. There are several obstacles of labor market forecasts, such as sharply sectioned national labor market. Comparative multinational companies require distinct composition, and in certain sections distinct output of the labor force than less comparative small and medium enterprises or the civil administration sector. At the same time, the feasibility of forecasts is different in a dynamically developing region contrary to break-off regions, where the only employers are the state and the local government. Moreover, increasing obstacle of forming genuine forecasts is the change of nature of work. Extension of informatics and automatization altogether with internet takes its effect in accelerating way. Extension of atypical employment forms also modifies division of labor. Further element of uncertainty is that effective demand for certain labor sectors is almost unpredictable.

The above mentioned result in that forecasts stay as indicators of information and they do not define specific employment or sectorial spheres.

PITFALLS OF EDUCATIONAL SYSTEM

The problem of over-qualification is connected with difficulties of forecasting and is over-reflected in the media; however, experts say that this is not a real problem. According to data, the salary of young well qualified was continuously and significantly increasing, while that of skilled workers was stagnating or slightly decreased. According to longitudinal examination of unemployment rates, the ratio of unemployed among graduated was always significantly less than among under-qualified people, and the decrease of this difference does not follow a tendency. This refers to that after the political system change in Hungary; the demands for graduated labor force grown remarkably, while the need for skilled workers did not change. Those who desired to enter higher education and their families understood it, accordingly institutes, reacting to the actual governmental motivation, swallowed them up en masse. Educational expansion did not result the level-up of the standards. Despite of it, the market absorbed the freshly graduated and gave them above-average salary.

This process will soon end. Very low quality of education level will limit the chance of graduated persons on the labor market. Restricting higher education will surely not solve this problem; the motivation for the level-up of the educational standards would rather help (Kézdi and Varga, 2007).

In context of *the structure of education* experts and the media do not agree. In media's opinion, the number of attendees of higher education should be decreased, mainly in the areas of jurisprudence, liberal arts, agriculture and pedagogy. The number should be increased in departments of technical and natural science, and human medicine. In medium-level trainings the role of professional training got strengthened, the direction is over handed to the Ministry of Social and Labor Affairs. Will these steps lead to a better quality education? – ask the two researchers (Kézdi and Varga (2007).

The real question here is how the demand and the supply changed comparing to each other. We are lack of information about this matter. Higher education does not prepare only for one profession. If graduated have good chance on the labor market, it is not clear why we are talking about over-education on certain specialties. In experts' opinion, the existing distortions of the educational structure are due to the restrictive arrangements of the educational policy not due to bad decisions of youngsters. Because of detailed headcount, at first, many of young adults are forced to choose a faculty to which it is easier to enter, but later on labor market chances are bad. Afterwards they correct their choice and graduate where they originally wanted to, even by obtaining a second diploma. Because of these by-pass roads young people get their originally aimed qualifications during a longer period paying extra costs – and these costs are partly financed by tax payers. The real cause of the above is the detailed central regulation of headcounts (Kézdi and Varga, 2007); however, in other culturally enlightened countries this regulation has never been in practice or went out in fashion a long time before.

Distortions of middle-level training structure got also well publicized. Arguing by the employers' complaints, which say that in certain professions there is a lack of labor

force, is also common. Naturally, given level of work force supply can be interpreted in case of given level of wages. However, if the wages will increase, the situation will be change.

The pole of the problem is the lack of labor force. As over-education, lack of work force supply also can be interpreted in context of supply supported by wages. Deficiency of skilled workers, published many times in the media, refers to a work force demand that offers unattractive wages for free labor force and for those who should choose among training specialties. It is obvious, that there are numerous unemployed registered with the referred qualification. Methodologically appropriate researches do not exist.

Good example is the labor forecast of the National Employment Office, which recites demanded and declining professions on the basis of corporate queries. Numerous professions can be found both in the demanded and declining categories.

DIRECTIONS OF SOLUTION

In fact, the suit of the professional structure of trained persons to demand is not the most important point. Trained people will spend almost half a century on the labor market. Unpredictable development of technologies will surely make certain professions redundant, and will completely change the contents of other ones. That is why, latter chances of skilled workers depend on whether they will be able to get retrained or follow the changes of their own profession. Being lack of this ability, they will be forced to work as unskilled worker or will get unemployed. Adaptation requires adequate capabilities.

Concrete professional knowledge is not so important. Education is responsible rather for assuring basic capabilities for future employees. Without adequate basic knowledge employees will be able to prevail perhaps for a few years by a routinish application of knowledge, but their fate is sealed. Having adequate basics, employees are themselves able to them.

CONCLUSIONS

It is undeniable that the action of the Hungarian education system is full of balks, which have important influence on low rate of employment, on the economical development that is slower than possible, and on the fossilization of social disparities. Majority of outgoing people from the education do not possess the abilities and capabilities that the labor market demands. Without radical reforms this tendency will continue in the future. Although, the main problem of the Hungarian education system is neither over-education nor the composition of the professional structure. Hungary is ready to perform deep debates on the questions that directly define the future of Hungary instead of shallowness evaluations and unfounded suggestions. Education is one these questions.

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