Tackling barriers to youth employment in Hungary
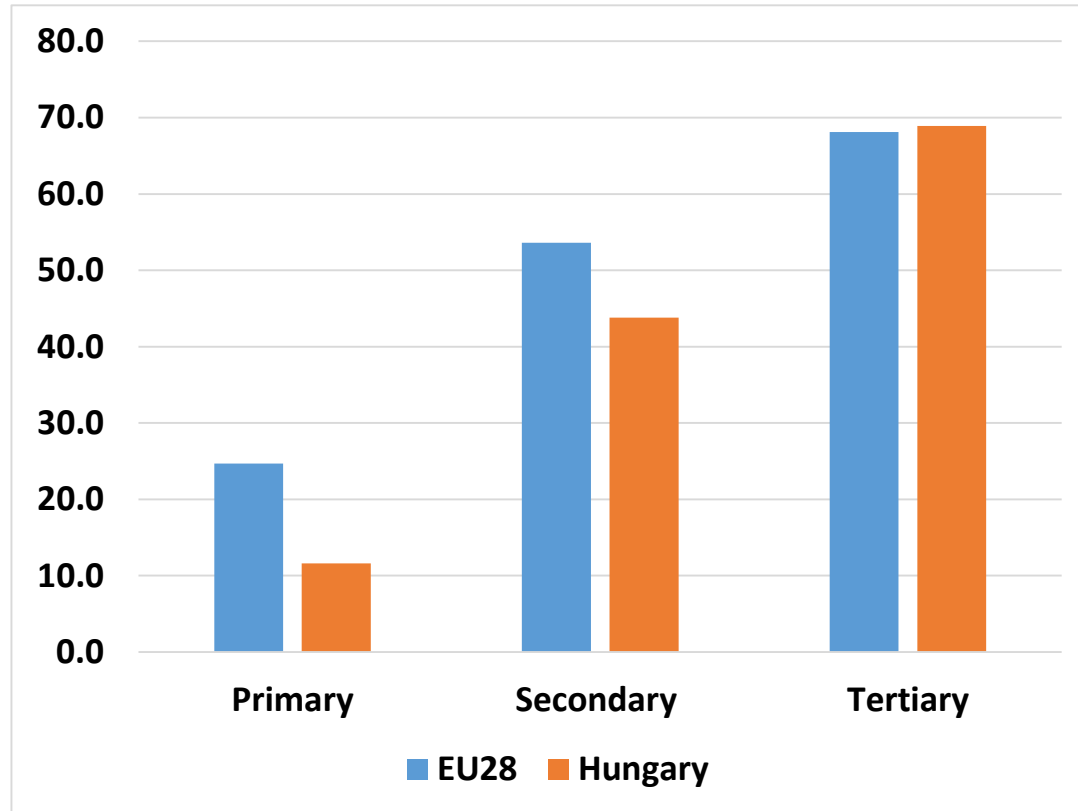
A blitz triangulation exercise using WageIndicator data
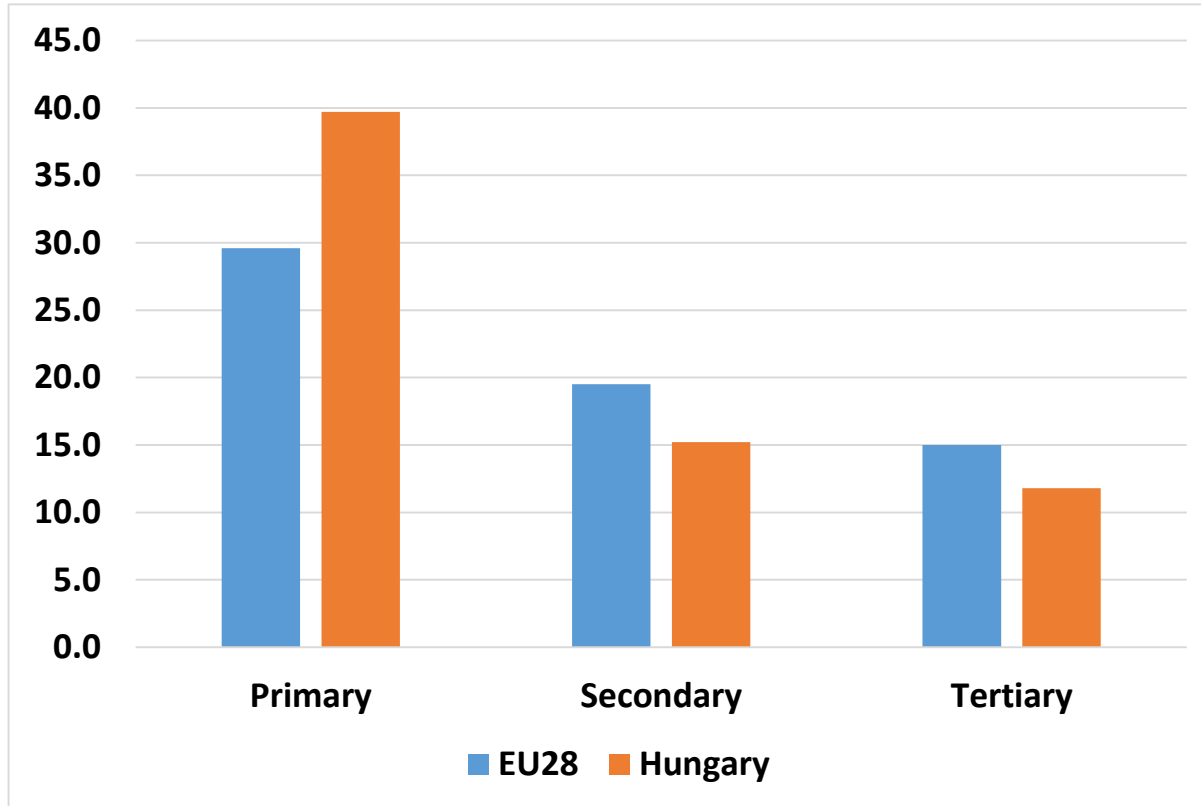
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Youth activity rate problematic for the low and medium educated

Unemployment risk particularly high for the low educated youth in Hungary

When business gets inspired to meet academia: Coca Cola HBC Hungary & CEU

- Commissioned by CC HBC Hungary and executed by CEU in collaboration with XKK

- Objective: Gain better insight and understanding of the issues surrounding youth employment in Hungary (in order to design effective employment policies)

- Key challenges:
  - Need fresh&relevant evidence and need it now!
  - Limited budget
  - Look at the demand side, too
  - Measure the role of soft skills

Youth employment: we know it all, or still a puzzle?

- "Traditional" approaches
  - Use large-scale micro-level datasets (LFS, SILC, etc) & statistics to identify factors of youth employment

- But limitations
  - costly data collection, set questions
  - very limited measures of skills, nothing on soft skills
  - long inside lag (dated data, missing important variables, analysis takes time, too)
  - Supply is one side of the market, but how about skill matching?

A triangulation, multi-modal approach to data collection and analysis

Quantitative research based on traditional and new data

- Key population statistics and factors of employment using traditional data

- Statistical analysis of original data collected using the WageIndicator platform

- Analysis of vacancies from profession.hu

Qualitative research

- Semi-structured interviews: stakeholder groups, including policy, civil society, NGOs, trade unions, academics and researchers and representatives from business and industry

Lessons from traditional data

Key factors of youth employment (seen this yet?)

- Education
- Age/Experience
- Gender (on its own, but also in interaction with other factors)
- Family
- Field of study
- Region

But 2-year data lag and no answers for soft skills and skill matching

WageIndicator: can it help?

- Does new data yield consistent results?
- Wage determinants in SILC and WI - a promising picture (limitations acknowledged)

	Men SILC	**Men WI**	**Women SILC**	**Women WI**
Years of potential experience	0.0217***	0.0197***	0.0168***	0.0193***
	(0.00128)	(0.000756)	(0.00115)	(0.000693)
Years of experience squared	-0.000309***	-0.000251***	-0.000265***	-0.000300***
	(2.98e-05)	(1.86e-05)	(2.78e-05)	(1.77e-05)
Years of education	0.0474***	0.0392***	0.0443***	0.0334***
	(0.000986)	(0.000685)	(0.000979)	(0.000684)

What we did

- Added a battery of soft-skill questions (*versatility!*)
- WI/CEU/Coca Cola social media campaign, emails to CEU students, targeting the youth (*outreach!*)
- 8000+ observations collected over cca 2 weeks (*speed!*)

Pros

- Cost-effectiveness
- Versatility
- Speed
- Outreach/targeting

All very desirable in the policy/business world

Cons

- Selective non-response
- Coverage - inability to reach out to some populations (imperfect internet penetration/use, social media coverage, …)
- Measurement issues
- Inference from non-probability samples

Possible remedies

- Ex ante: provide internet access, …
- Ex post: **weighting**, propensity score matching, …
- Research design: **RQ, inference, interpretation, transparency**

Soft skills

…desirable qualities for certain forms of employment that do not depend on acquired knowledge: they include common sense, the ability to deal with people, and a positive flexible attitude

[Collins English dictionary]

Communication, courtesy, flexibility, integrity, interpersonal skills, positive attitude, professionalism, responsibility, teamwork, work ethic

To what extent do you consider yourself as having the skills and/or abilities listed below?
1. Understand your own strengths, weaknesses and developmental opportunities
2. Present yourself, communicate own strengths and achievements
3. Being able to interact with a diversity of people
4. Learning from mistakes and willingness to receive feedback, including criticism
5. Act on feedback
6. Write your professional CV
7. Set goals and plans to achieve them
8. Understand how to read budgets, financial plans, and numbers in general
9. Effectively execute a plan
10. Sell products or services and secure desired value in return
11. Convince your superiors or peers about your ideas or proposals
12. Manage time and objectives to reach self-satisfaction
13. Manage time and objectives to reach satisfaction of your colleagues and peers
14. On what level do you agree with the fact, that someone can only be happy if he/she is successful in his/her job
15. It is clear to me what kind of job I can do, what I'm able to do, regarding my abilities

Results (soft skills):
Steeply gendered confidence about own soft skills

- Men are more confident about
  - Learning from mistakes and willingness to receive feedback, including criticism
  - Understand how to read budgets, financial plans, and numbers in general
  - Effectively execute a plan
  - Sell products or services and secure desired value in return
  - Convince your superiors or peers about your ideas or proposals

- Women are more confident about their ability to
  - Manage time and objectives to reach satisfaction of your colleagues and peers

- More gaps across groups of different age, region/urbanization, education, marital status, number of children

# Skill differences, but: which of them matter in the labor market?

For males: Confidence about competences, budgets, plans, goals

Employment-to-population	Understand how to read budgets, financial plans, and numbers in general
	Effectively execute a plan
	It is clear to me what kind of job I can do, what I'm able to do, regarding my abilities
Employment-to-active population	Set goals and plans to achieve them
	Effectively execute a plan
	It is clear to me what kind of job I can do, what I'm able to do, regarding my abilities
Participation-to-population	It is clear to me what kind of job I can do, what I'm able to do, regarding my abilities
NEET	Effectively execute a plan
	It is clear to me what kind of job I can do, what I'm able to do, regarding my abilities

And what matters for females? Confidence about competences, budgets, plans <u>+ presenting oneself, interacting, selling</u>

Employment-to-population	Understand how to read budgets, financial plans, and numbers in general
	Effectively execute a plan
	It is clear to me what kind of job I can do, what I'm able to do, regarding my abilities
Employment-to-active population	Present yourself, communicate own strengths and achievements
	Being able to interact with a diversity of people
	Understand how to read budgets, financial plans, and numbers in general
	Effectively execute a plan
	Sell products or services and secure desired value in return
	It is clear to me what kind of job I can do, what I'm able to do, regarding my abilities
Participation-to-population	Present yourself, communicate own strengths and achievements
	On what level do you agree with the fact that someone can only be happy if he/she is successful in his/her job
NEET	Present yourself, communicate own strengths and achievements
	Being able to interact with a diversity of people
	Understand how to read budgets, financial plans, and numbers in general
	Effectively execute a plan
	It is clear to me what kind of job I can do, what I'm able to do, regarding my abilities

Impacts of soft skills on the probability that someone finds employment, relative to being unemployed or inactive
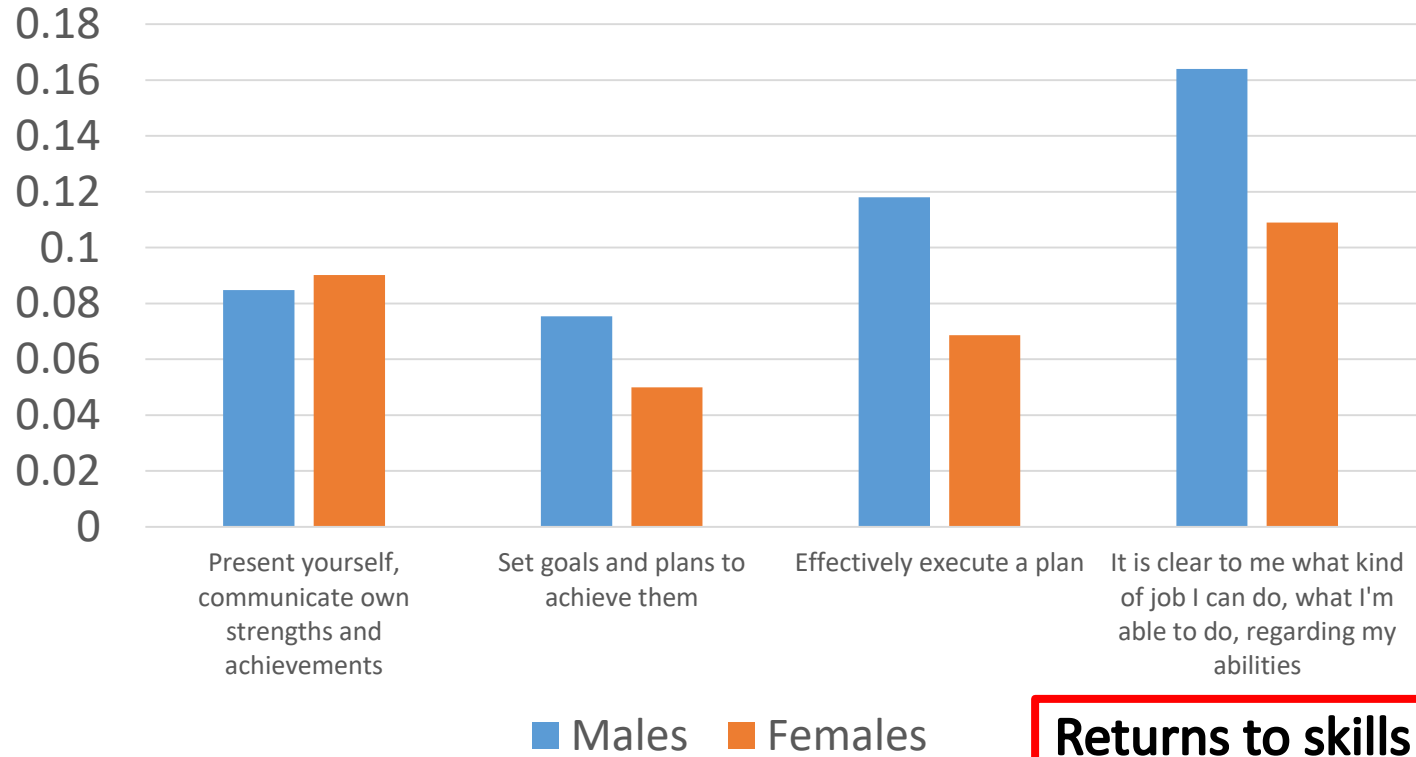
Returns to skills correspond to and perhaps reinforce skill gaps

Vacancies: Supply-Demand Mismatch

What we did:

- Vacancy data scraped from the internet website to gauge the demand side
- 193,000 CVs and over 8,000 job listings as of 12 November 2016

Results:

- Most vacancies open to young people, <u>but only 5% to fresh graduates</u>
- ICT and advanced manufacturing most open to young people
- English an advantage

The role of motivation: a qualitative inquiry

- *Lack of motivation:* linked to negative educational experience, low self-esteem, lack of adequate teaching methods, lack of basic skills and competencies (other than a negative socio-economic background)

- *Social expectation* to which youth are supposed to measure up. If they fail, *labeled as unmotivated.*

- Further levels of education cannot compensate for this 'motivation deficit' but further exacerbate it.

- Young people demotivated to study - demotivated to work

- Early specialization has negative consequences- children most likely lose motivation to study

Lessons

Web-based data potentially extremely useful for policy/business analysis

Data collection possible in a versatile, fast and cost-efficient way

Key challenge: lack of time a problem for ex-post and ex-ante sample correction techniques

Triangulation, sample correction techniques, RQ/inference/interpretation, transparency