Profiling for unemployed young people in Hungary

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The prevention of long-term-unemployment

The prevention of long-term-unemployment is both individual and social interest. As a result of extending the duration of unemployment the expenditure on putting people back to the labour market increases.
The cheapest tool for avoiding long-term-unemployment is job placement, especially if the conditions for self-search are provided and the customers are able to use them on their own.

In Hungary, within the PHARE Modernisation Programme the establishment of a new self-service system has begun. At the same time, the development of the profiling system has also started. The operation of the new branch offices is based on dividing the customers into two groups: **clients who jobseekers on their own and customers at risk of long-term-unemployment.** As a result of this differentiation, the financial resources can be granted to customers in real need.
A further advantage of the self-service system is that the number of human resources can be reduced and redirected to other fields.
As the number of customers in each group is not yet known, the extent of saving on human resources can only be estimated at present. At the moment the introduction of self-service computers is in progress in Hungary.
The first experiments of the pilot self-service desks are promising, and most job-seekers are willing to use them.
By extending services and information available through the self-service system, we expect that the number of users will increase.

Long-term-unemployment and active labour market measures

If the labour market organisation is not able to offer a job to the unemployed person, long-term-unemployment can be prevented by using certain services, in other words active labour market measures.
Services include providing information (concerning the labour market, occupations, demand and supply, etc.) and certain forms of guidance (such as vocational and career guidance, career correction, psychological counselling).
One group of the measures improves the conditions of employment through different supportive forms (partial or complete reimbursement of the salary, payment of social security and other contributions, travel allowances). Another group of the active labour market measures aims to establish temporary jobs (work for public use) and long-term jobs (support for job creation). The third group of the active labour market measures facilitates the way individuals become entrepreneurs (support for self-employment, becoming entrepreneurs). One of the most popular active measures is labour market training (refreshing competencies, remedial course, advancement and professional training).

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Opportunities to prevent long-term-unemployment

The appropriate tool of predicting long-term-unemployment can be profiling. This tool of analysis has already been introduced in other countries and achieved good results. The Public Employment Service in Hungary is testing this tool now.
Under the auspices of the PHARE Modernisation Programme the Hungarian experts had the chance to learn the role and opportunities of profiling.
In Hungary there was research work earlier in this subject, however concrete decision on introducing profiling was made only in 2004.

<u>General definition of profiling</u>

As we understand it in Hungary, the profiling is a method of identification at an early stage. Through statistical measures and considering the subjective aspects after the consultations with the placement officers, it focuses on demonstrating how big chance has a person to be long-term-unemployed. This method has been used in many countries of the world.

Research work at the National Employment Office

According to the parameters of the individual and the economic environment we determine in advance how long we expect the registered period of unemployment (number of months).
The mathematical method is a linear regression analysis which is considered as a useful tool in the western technical literature (USA, EU).

The system has two programmes; one in the national centre and another one at the local offices of the labour centres. The central programme calculates the regression parameters which are used by the programme at the local offices.
This calculation shows the advantaged and the disadvantaged regions of Hungary which we have already received and used from other sources.
According to the results there is no significant difference between the genders. The duration of unemployment is more influenced by the following aspects: level of education, age, former salary and the place of residence. The effect of the economic sector is at medium level.
Considering the employment perspectives, we are aware of the fact that the low educational level, older age and low salary are disadvantages. We have found also a strange, non-linear connection, which could have been recorded with introducing „dummy variables". This pointed out that the abovementioned advantages can disappear if an elder person (over 50 years), with low educational level (secondary school) and low monthly salary (45.000 HUF = ca. 250 Euros) does not receive any financial support. In this case he/she finds a job within one or two months and gets out of the registration. In case of receiving financial aids, the risk is increasing and the customer stays a registered unemployed for a long time. The financial benefit can be seen as a variable. This kind of behaviour is so much characteristical for other groups with different parameters. The abovementioned group includes approximately five or ten thousand people, creates a really considerable part of the total number of the unemployed customers. If we do not provide them with appropriate services, the reliability of the prediction can be much worse.

At the moment the programme is in a testing phase, thus, we have not gained much experience in the concrete application.

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Application of profiling

According to the expected benefits and services for the certain customer, with the help of the profiling, the placement officer divides the customers into two categories:

1. To the first category those jobseekers belong who have reasonable aims and values at the labour-market and those who are properly motivated to find employment on their own. These are the clients who, with the help of the self-orientation systems, are able to find jobs on their own. They do not ask for personal assistance at all or they only need some little help.
2. The second category can be divided by two sub-groups:

a.) jobseekers who need assistance to find jobs. Through properly structured benefits and services of the Public Employment Service they have a fairly big chance to go back to the labour market. The placement officer makes an Action Plan with the client, the final aim of which is finding employment.

b.) job-seekers who do not have adequate, competitive and marketable skills. They have lost (or have never had) their values at the labour market and through the means and services of the Public Employment Service they are likely not to find employment within a reasonable time. The customers of this category only after a long time and through special programmes - employment improving programmes (such as transit employment programmes) - and through other alternative labour market services – aiming at eliminating the barriers of employment - can become able to get to the abovementioned a.) group. In this category there are customers (fairly big number) who can find only public work, work for public use and work for public purposes even after a long-term-unemployment.

Possible aspects of the statistical part of the profiling:

- Age,
- Educational level,
- Previous salary,
- Gender,
- Place of residence,
- Rate of unemployment,
- Economic sector of the previous employment.

The result of the aspects will be completed by the own opinion of the placement officer.

The profiling working group has come to the conclusion that beside the statistical method the subjective correctional factors play also an important role in the categorisation.

The time of the categorisation

As we have already mentioned above the application of the profiling in Hungary has been still in a testing phase. So far, we have not decided who will be responsible for preparing the forecast and mainly when this task shall be done.

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If we are starting from the fact that profiling is done during the first interview, number of problems can occur which can result in useless intervention of the active labour market measures.

In some cases despite the forecasts customers can find jobs without recieving any services. At the same time people with the best parameters can become long-term-unemployed as well.

In Hungary we are not unified in the questions where the customer shall go after the first interview, who deals with the person later on and who is responsible for preparing and consistently keeping the Action Plan.

There are some countries where the placement officer is responsible for the further cooperation with the client (e.g. Denmark and Sweden). It means that the placement officer has the rights to represent the Public Employment Service during the cooperation or, in other words, our colleague can use all necessary means to take the client back to the labour market.

The statistical system of the early identification is able to categorise the customers on the base of objective aspects, however, the placement officer concerning his/her own opinion can modify the category created by the statistical system. If the placement officer thinks that the client is not able to use self-service and to find a job on his/her own, this category can help to provide these disadvantaged clients with the active labour market supports.

Applicable further information

The international practice shows that the statistical method of profiling must be completed by the personal impression of the placement officer, as it happens in the most countries.
Here below you can find the additional aspects which can contribute to the picture of the person.

Qualification

Analysis of the qualification includes the consideration if the qualification of the unemployed person meets the requirements of the labour market. During the consultation with the clients we have to focus on the following questions: when did they obtain their qualifications, have they participated in further training courses, how much successful were they in the occupation and if they really intend to find a job in the concerned profession.

Mobility

The willingness for mobility has always more and more value at the labour market. It can be difficult to find jobs in smaller villages, but at the same time, a mobile customer can face with much better conditions. By mobility we understand daily commuting, absence for weekdays or for months, or settling down temporarily or permanently at a new place.


Motivation

Motivation is one of the most „incomprehensible" element, as it is influenced by many aspects. In spite of this fact the experienced officers mostly are able to determine the level of

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motivation. The undermotivated people can get some help from the counsellors. In this case first we have to find the reason of „undermotivation", otherwise we can not offer means for the clients to take them back to the labour market.

Attitude to work

In this factor number of elements can be determinant as well. The placement officers have to endeavour to know the clients'general attitude to work. Considering the path of life, the fields of interest, hobbies, earlier experience and job expectations of the customers can help. A programme including the data of the job-seekers can be useful for the placement officers. This programme makes available for the placement officers to see what kind of supports the certain customer has already received, which active labour market measures were for him/her provided and if they obtained regular social benefits.
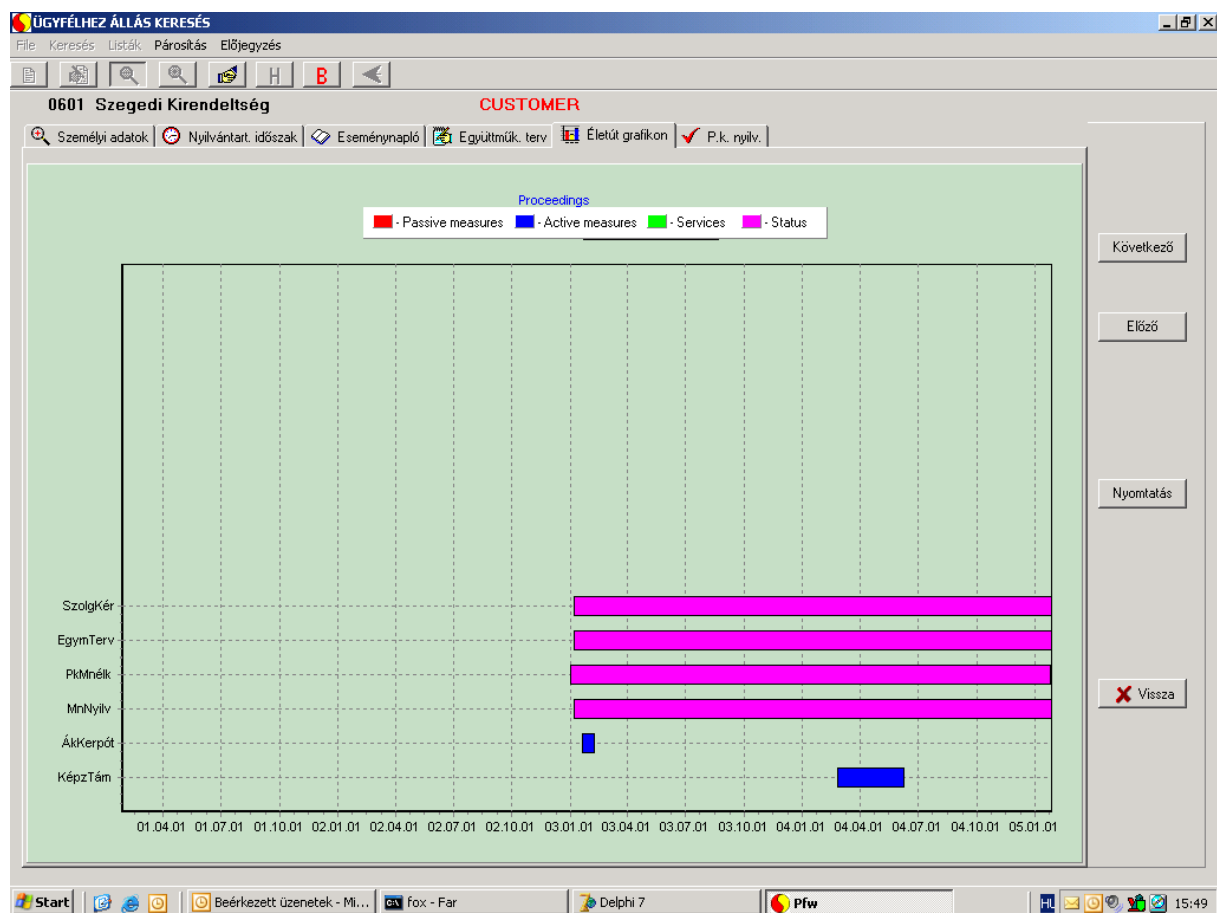
The person above is a teacher of Italian language. She is married, speaks English at intermediate level. She has been a registered unemployed career-starter since 2003. From 20th February 2004 she attended and finished a computer course. At the moment she is a job-seeker on her own. In the chart above the horizontal lines show the services which have been provided for the customer, the beginning date of the Action Plan and the period of registration.

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Appearance

The appearance of the customer (dresses, tidiness, cleanliness, etc.) is also an important requirement at the labour market. The placement officer shall assess if the customer's appearance can be a positive aspect during the personal job interview.

Family environment

In the life of the jobseekers the family plays usually a very important role. We have to know whether they live with the family and how big role the family plays in his/her jobseeking. The attitude to work and to unemployment in the family is also an important element. We should not forget that in certain families the unemployment can be a model for the young generation. Naturally we have to accept that the number of job offers can be limited if the customer takes care of a sick family member.

Way of living

This definition includes more elements as well. Addictions (like drog, alcohol) which basically influence the clients' opportunities belong to this category.

Prevention of becoming long-term-unemployed in case of young people

The unemployment, especially the long-term-unemployment can be very harmful for the personality. Young people who start their career as unemployed are in danger. One of the reasons is that they feel themselves unnecessary in the society. At this stage of life they often adapt themselves easily to the circumstances. With the financial support of the family the situation becomes stabilized and they get used to being far away from work. In many cases it can be the model for the friends as well. Moreover, the pastime without work can be resulted in harmful activities for the society.

After registering the basic data in the local offices of the labour centres the young unemployed customers participate at the first interview. Afterwards, the placement officer looks for a job for the person. A necessary element of the first interview is the analysis of the harmonization of the aims, the profile and the labour market. The next step is the process of profiling which consists of a statistical module and a completing consultation. The result of the profiling has to be recorded latest within 60 days after entering the system. Then, within 90 days after the registration date the Action Plan shall be prepared. (The Action Plan can be started before the preparation of profiling.) After entering the system the young customers can take any services through the placement officers independently from the abovementioned phases. If the result of profiling shows that the young customer shall be provided with unemployment benefit, they can receive it after 90 days. Youth under 25 years independently from the results of profiling shall be provided with a service or an active labour market measure within 6 months.

Customers between the age of 25 and 30 shall receive a service or an active labour market measure within 12 months.

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Characteristics of the young employees

Advantages

- Modern and comprehensive theoretical knowledge,
- Flexibility and adaptability,
- Mobility,
- Competences in foreign languages,
- Low salary,
- Computer skills,
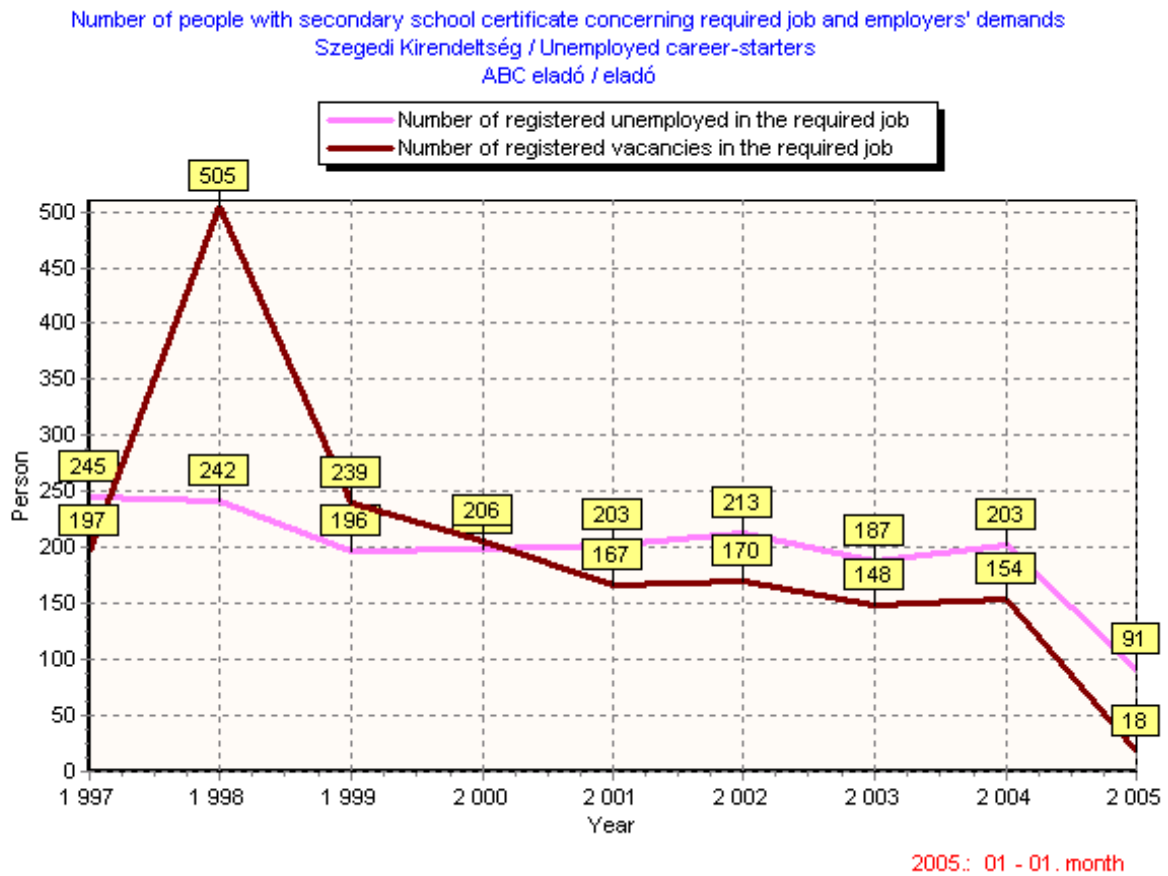- Willingness to learn.

Disadvantages

- They do not have concrete ideas about their future jobs,
- They are not aware of the demands of the employers and the labour market,
- Many of them obtain qualifications which are not competitive at the labour market,
- Many young people intend to find jobs which differ from their qualifications,
- They have fears and are dependent on others,
- They are hardly able to make decisions,
- They are not aware of the process of the job interview,
- They can be uncertain about the questions of employment and work contract.

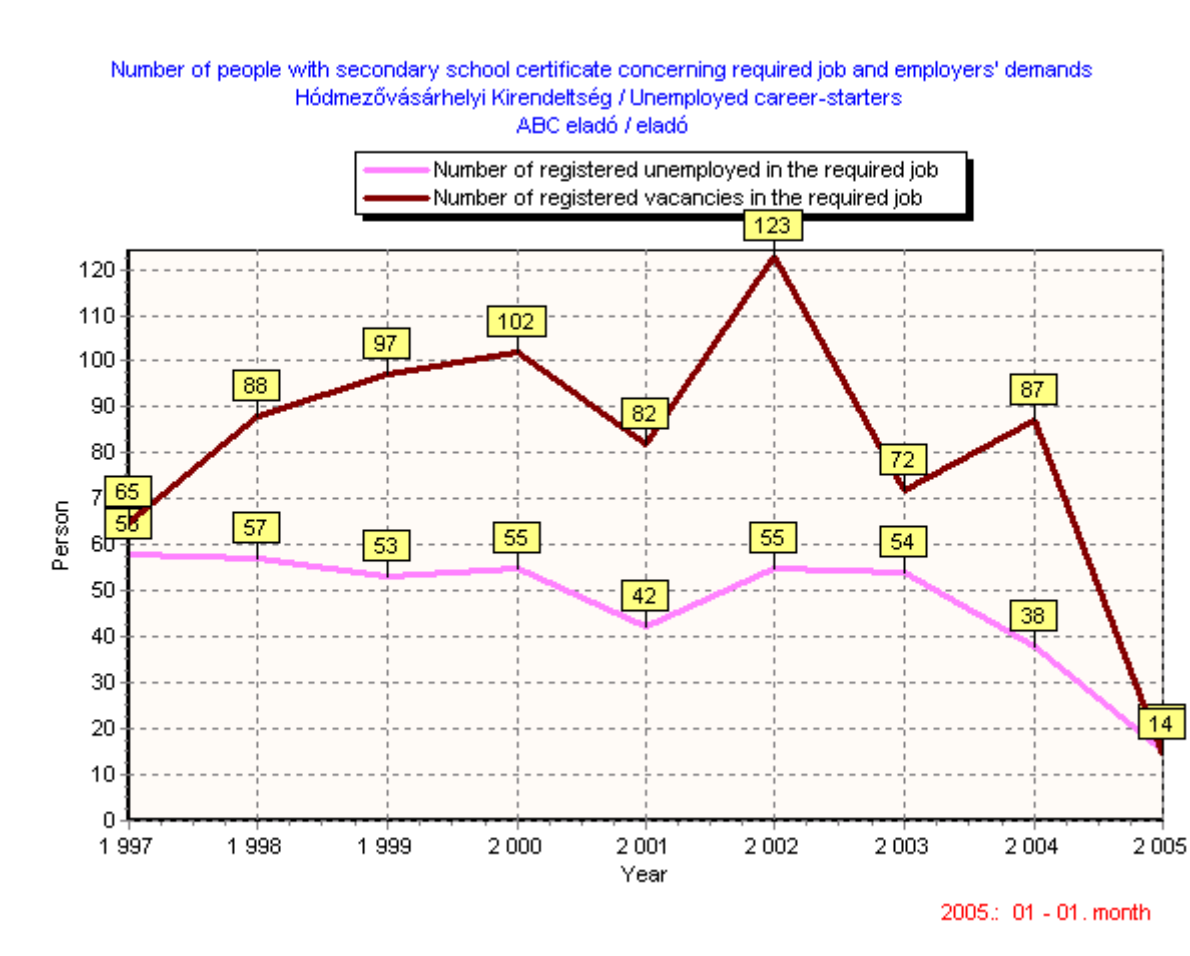**Methods and tools to compensate the disadvantages**

- *Providing information on the labour market*
  - The colleagues of the Public Employment Service hold lessons at the educational institutions and provide the youth with information about the local labour market situation, expectations of the employers, the main elements of the work contract, the process of the job interview and how to write a C.V.

- *Introduction of employers*
  - Each year the Public Employment Service organises career fairs where young people have the chance to meet employers and see their products.

- *Information about the trends of the labour market*

    In order to provide information on demand and supply at the labour market, we have developed a computer programme which adds secondary school qualifications to occupations and connects them with vacancies in the certain occupation. The programme shows the demand and supply at the local labour market during the last seven years. We can see the demand and supply concerning the global number of unemployed and only career-starters as well. We have completed the programme also with the data of school leavers with the certain qualification. (Naturally, the programme includes only the registered job-seekers and vacancies.) The programme is connected to the database through the Internet and is updated each month. It can be downloaded on the following Internet address: www.csmmk.hu .

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Number of people with secondary school certificate concerning required job and employers' demands
Szegedi Kirendeltség / Unemployed career-starters
ABC eladó / eladó

In the figure you can see the change of demand and supply for unemployed career-starters with the qualification of shop assistant between 1997 and 2004 in the town of Szeged. As you can see between 1998 and 2000 the large investments, the department stores TESCO, CORA and Praktiker created a huge demand. At the moment there is an oversupply in this occupation.

Number of people with secondary school certificate concerning required job and employers' demands
Hódmezővásárhelyi Kirendeltség / Unemployed career-starters
ABC eladó / eladó

— Number of registered unemployed in the required job
— Number of registered vacancies in the required job

123
102
97
88
87
82
72
65
58
57
55
55
54
53
42
38
14

Person

120
110
100
90
80
70
60
50
40
30
20
10
0

1 997   1 998   1 999   2 000   2 001   2 002   2 003   2 004   2 005
Year

2005.: 01 - 01. month

Here above you can find another figure about the chances of a career-starter shop assistant in the town of Hódmezővásárhely. In this case the parameters present data of the town of Hódmezővásárhely only and on the side of supply we show only career-starters.

We can see well that at the labour market in Hódmezővásárhely the supply of career-starters is higher than the demand for them.

- *Information about the trends of the occupations at the labour market*

   In order to show the demand and supply at the labour market, we have developed a programme which shows these data and trends in each occupation during the last seven years. We can select a certain local labour market, separate the data of career-starters and see the data of all job-seekers and vacancies. The programme is connected to the database through the Internet and is updated each month. It can be downloaded on the following Internet address: www.csmmk.hu .

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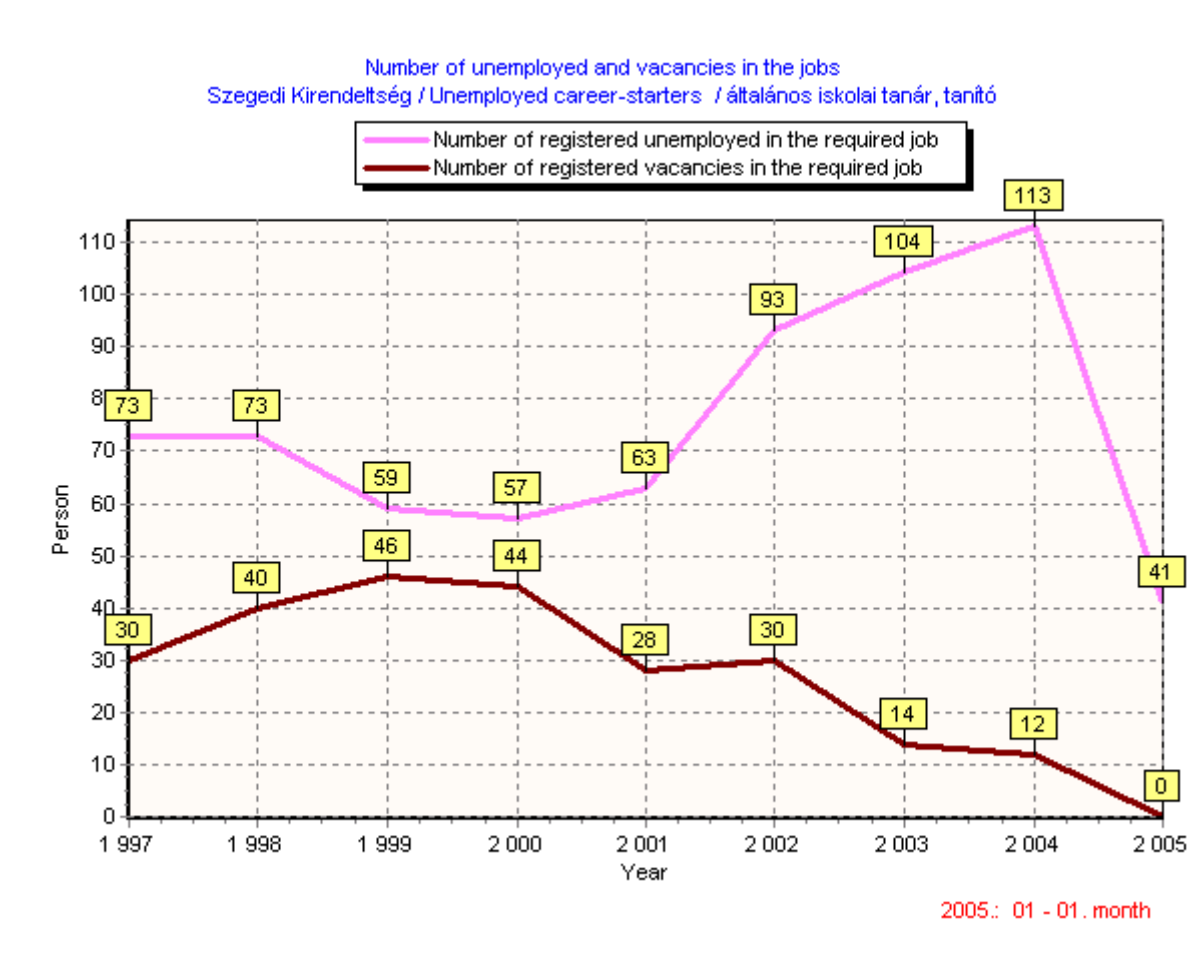
In the figure above we can see the data of the demand and supply for primary school teachers and registered vacancies with this qualification.

I have chosen this qualification intentionally as I would like to present one of the biggest problems of the last years. The problem lies in the fact that there is a huge oversupply of career-starters with university or college degrees at the labour market of the county. The labour centre faces with almost inextricable difficulties.

- *Vocational guidance and career correction*

For the job-seekers vocational guidance and career correction are provided by the labour centres. A new national service on the Internet will be also introduced soon. This web-site includes career descriptions, films on occupations and an interactive computer programme for career counselling.

- *Assistance for job-search*

In the labour centres job-seeking technics are also tought for those unemployed who are not aware of the conditions of job-seeking, the process of the interview and do not know how to write a good C.V. and find proper information.

- *Legal and career counselling*

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Another service of the labour centres is providing information on legal questions concerning employment, such as on the forms of the work contract and other issues.

- *Assisted job-search*

The most practical competencies are offered by the Job Club. The participants gain information about all forms of job-seeking and with the help of trainers evaluate their experience at the labour market.

Summary

The application of profiling contributes to forecasting the risk of the long-term-unemployment at the early stage of the unemployment. The profiling contains a statistical prediction and an information basis of partly subjective elements. These two parts together are of great help to the identification in the early phase. The application of the presented tools provides additional information mainly on the demand and supply connections of the required occupations. At the same time, it gives useful information on the way of life and the previous supports and benefits. The additional tools can be used successfully even in case of career-starters.

Szeged, 15/12/2004