Schooling... Is it worth the effort?

The outline

Is it worth the effort?

Educational policy

Previous researches’ findings

Some primary statistics

Our empirical analysis
Educational policy
(Ministry for National Economy: 2011)

• Educational system cannot meet the demands of the labour market properly
• There is over-education in the areas providing general schooling while the vocational areas, suffer from a lack of labour.
  1. The places financed by the state should be reduced in higher education in the arts, social sciences, economics and law
  2. The number of students in vocational training must be increased and the weight of academic subjects must be reduced
  3. Vocational training must be adjusted to the current needs of the labour market
  4. Compulsory education can be finished at age 16 (instead of age 18)

Our argument

• We agree that educational system is not sufficient
• We also agree that reforms should be carry out

• We don’t agree that education should be tailored to the needs of labour market
• We will argue that the knowledge and culture transferring function of education should be strengthened.
Previous researches’ findings

1. Education is extremely important in status attainment
2. Attaining higher education was especially rewarding in Hungary
3. There is a permanent need towards highly educated labour

What we can learn from the literature?

- Schooling has a decisive and growing part to play of obtaining social status in modern societies (Blau – Duncan: 1967)
- Those who try to find employment with a lower level of schooling are at a disadvantage even in obtaining unskilled jobs (Róbert: 2002)
- The sudden increase in the salaries of people with higher education had already started before the fall of communism and stabilised in around 1993 (Kertesi and Köllő: 2001)
- There was a swap of technologies from labour intensive to skill intensive and the demand for skilled labour increased, the impact of schooling on salaries increased while that of work experience was reduced (Kertesi – Köllő: 1999).
Some primary statistics

1. It is strange then to argue that the rate of degree holders should be reduced due to the demands of the labour market.
2. The real demands of the labour market are displayed by the spread of unemployment and of salaries.

Rate of unemployment by educational level

<table>
<thead>
<tr>
<th></th>
<th>Total rate of employment</th>
<th>Rate among 25-29-year old</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 years of primary school or lower</td>
<td>24.7</td>
<td>30.4</td>
</tr>
<tr>
<td>Technical school, vocational school</td>
<td>12.2</td>
<td>16.7</td>
</tr>
<tr>
<td>High school</td>
<td>10.5</td>
<td>12.6</td>
</tr>
<tr>
<td>Vocational high school</td>
<td>8.6</td>
<td>10.0</td>
</tr>
<tr>
<td>College</td>
<td>5.1</td>
<td>7.4</td>
</tr>
<tr>
<td>university</td>
<td>3.4</td>
<td>6.5</td>
</tr>
</tbody>
</table>

http://www.ksh.hu/munkerohelyzet11_tablak
Salaries by schooling in % of average salaries

<table>
<thead>
<tr>
<th></th>
<th>Total earners</th>
<th>Competition sphere</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-7 grades</td>
<td>48.5</td>
<td>50.74</td>
</tr>
<tr>
<td>8 grades</td>
<td>56.8</td>
<td>58.05</td>
</tr>
<tr>
<td>technical school</td>
<td>64.8</td>
<td>64.01</td>
</tr>
<tr>
<td>vocational school</td>
<td>70.3</td>
<td>70.08</td>
</tr>
<tr>
<td>vocational high school</td>
<td>86.2</td>
<td>87.30</td>
</tr>
<tr>
<td>high school</td>
<td>89.5</td>
<td>93.00</td>
</tr>
<tr>
<td>technical high school</td>
<td>106.5</td>
<td>107.09</td>
</tr>
<tr>
<td>college</td>
<td>142.6</td>
<td>178.19</td>
</tr>
<tr>
<td>university</td>
<td>208.6</td>
<td>254.37</td>
</tr>
</tbody>
</table>

Our empirical analysis

1. How the impact of schooling has changed; path models (origin, schooling, occupation, salary)
2. Schooling and occupation, European comparison
Our empirical analysis

- How the impact of schooling has changed; path models (origin, schooling, occupation, salary)
- Schooling and occupation, European comparison

Direct effect of origin on occupation

Data: International Social Survey Programme (ISSP), Hungarian data
Direct effect of origin on occupation

Data: International Social Survey Programme (ISSP), Hungarian data

Indirect effect of origin on occupation

Father’s occupation
- Primary school
- Vocational School
- Maturity exam
- Higher education

Occupation

Data: International Social Survey Programme (ISSP), Hungarian data

Indirect effect of origin on occupation

Data: International Social Survey Programme (ISSP), Hungarian data

Direct effect of schooling on salary

Direct effect of schooling on salary

Data: Strata Model Survey, Hungarian Household Panel, TÁRKI Household Monitor surveys

Indirect effect of schooling on salary

Indirect effect of schooling on salary

Schooling, occupation and salary
Our empirical analysis

- How the impact of schooling has changed: path models (origin, schooling, occupation, salary)
- Schooling and occupation, European comparison

The correlation coefficient between years of schooling and occupation

Sample selected for the economically active

Data: ISSP, 2009
The correlation between schooling and occupation

Data: ISSP, 2009

The preparation for labour market

Data: ISSP, 2009
The distribution of years of schooling

Samples selected for the economically active

Data: ISSP, 2009

Norway Hungary

Conclusion

• Social origin has a large impact on schooling. Good family background primarily contributes to obtaining a good occupational position via higher schooling.

• In international comparison the trend that higher educated people drive out lower educated ones from certain occupational positions is not strong. It is partly because in Hungary school starts at a fairly young age the preparation for the labour market.
Thank you for your attention!

www.tarki.hu