

EMPLOYERS MEETING THE EXPECTATIONS OF FRESH ENTRANTS FROM THE POINT OF VIEW OF THE EMPLOYERS OR THE OTHER SIDE OF THE COIN (BASED ON EMPIRICAL RESEARCH)

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Abstract: *one of the most exposed and most vulnerable social groups on the labor market today is that of young entrants. After leaving school, these young people often realize that neither they nor their future employers meet the expectations of the other side. The 2012 statistics of Eurostat show, for example, that the unemployment rate of people between 15 and 24 is more than twice of the unemployment rate of the entire population. These figures are even worse in Hungary as the unemployment rate of young people is 2.5 times of the average figure in this country. It is no wonder, then, that ILO calls this age group the “wounded generation” as these people have to face the threat of unemployment and insecure jobs. The question is what the employer and this active age group expect from each other in the first place and how much these expectations can be brought closer to each other. To answer these questions, a widespread empirical research was conducted this and last year. The aim of the research was to find out what attitudes the young people freshly out of tertiary education and employers have when looking at each other: how far or near their expectations can be found and how it would be possible to harmonize their criteria. The current essay is examining the suitability of the employers, that is, how much employers believe they meet the expectations of young entrants and how much they believe their workplace is “appealing” to fresh graduates. The research results confirmed that most of the employers considered themselves appealing in the eyes of young entrants and they also considered the employment of these young people to be reasonable, although this latter attitude has not appeared in the labor market statistics yet.*

Keywords: *young entrants, employers, expectations, labor market, attitudes*

JEL Classification: *M54*

1. INTRODUCTION

The difficulty with which young people find jobs on the labor market is not a new problem. Several international and Hungarian researches (OECD 2008, ILO 2010) confirm that the unemployment rate of young people reacts to crises more negatively. There is no longer any diploma which automatically promises a secure job. Job seeking is a definite problem for all students currently studying in tertiary education as virtually all institutions and courses train excess people. Student number has swollen at all universities and colleges and the first occasion these people face a competitive situation is on the labor market (Csehné, 2007, 2009). Today, trainings in general aim to develop skills and knowledge like the ability to work in teams, motivation, problem solving as well as informatics and language skills. Based on the experience of the past few years and the employment problems of the last few graduate years, it seems that these goals barely succeed(ed) (Czeplédi, 2011).

Based on the data of Eurofund, the number of unemployed young people in the EU is approximately 14 million. The inactivity of these young people resulted in a 1.2% loss of the European GDP in 2011. This figure is even higher in Hungary: inactive young people yield more than 2% loss here. According to the data of Eurostat, the unemployment rate of people under 25 rose from 16.1% in 2008 to 22.9% in 2012 on average in the EU-27. The same rate rose above 23% in 2013, and the unemployment rate specifically in Hungary rose from 18.1% in 2008 to 28.2% in 2013.

The reason for this phenomenon can be reduced job opportunities (as a result of the structural changes of the labor market, which has been even more keenly felt in the Central-Eastern-European countries since the change of regime in 1989). On the other hand, new jobs do not appear at the right pace, which can be primarily explained by the rapidly changing and developing technology and production structures. People entering the labor market have to make bigger and bigger effort to adapt to the requirements of the market and to acquire the right skills and knowledge.

The gravity of the problem is indicated by the fact that several EU-programs are aiming at the solutions of this issue. The flagship of these programs is the Youth on the Move initiative which has been successfully applied in several countries (including Austria, Denmark, France and the Czech Republic) (EC [2012] pp. 14–15). A similar program was launched in Hungary in the summer of 2012. The “Guaranteed First Workplace” initiative is a centralized labor market project aiming at better employment opportunities for young entrants under 25, the help of which enabled 6000 and 10000 young people in 2012 and 2013 respectively to find a job.

Regarding unemployment, young entrants are facing a difficult situation. As we can see, there can be several reasons, most of which are rooted in the fact that the expectations of these employees and their future employers do not coincide. The question is who expects what from the other and how much these demands can be harmonized. The aim of this essay is to put a mirror in front of the

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employers and reveal how much employers believe they meet the expectations of young entrants: what are the values which are important to them and how much they are cardinal or can even be balanced against the demands of the employees.

2. SCIENTIFIC AIM, METHODOLOGY/METHODS

The examinations were based on both quantitative and qualitative researches, which were conducted during this and the last year. The results of the in-depth interviews are not presented in the current essay, focusing explicitly on the quantitative results.

The qualitative research used the snowball method, during which the respondents could fill in a questionnaire on the Internet. The questionnaire was anonymous. The sampling of the research was not representative, but it still gives a lot of information of the Hungarian situation.

The questionnaire was built essentially on closed questions, with only 7 open questions available for the respondents. The questions were grouped into several categories. The first part of the questionnaire concentrated on the general data of the companies, including pursuits, ownership and size (number of employees). The next group of questions focused on whether the organizations employ fresh entrants at all, and if they do, in what area they employ them. The companies had to assess the competence of the fresh entrants as well as the advantages and disadvantages of their employability. Another question was how much the organizations think they meet the expectations of fresh entrants; they also had to give reasons why they felt they met, or did not meet, the entrant's expectations. Finally, employers also had to assess how advisable it is to hire fresh entrants.

The answers were assessed with multiple- and one-variable statistical methods, and so the basic methods were cross-table, cluster- and factor analysis. Nominal and metric variables (5 point Likert scale) were applied in the case of most questions. 162 companies filled in the questionnaire, all of which were suitable for evaluation.

3. FINDINGS

The specification of the ample went as follows: most companies resided in the Central Hungarian region (66.7%), with the North Hungarian region as a second most frequent area (18.5%). The least represented region in the sample was Southern Transdanubia and the Northern Great Plains (0.6% each). Regarding the business pursuits of the organizations, there was a wide selection of activities, with the pursuit categories set by KSH used as a guideline during categorizing. According to this, the most frequent pursuits were trading, repairs (19.1%) and financial services (13%), with 8% each of transporting, storing, postage, telecommunication and accommodation and catering. The companies also stated their venture forms, most of them being Ltd-s (38.9%) and close corporations (23.5%). Concerning ownership, 60.5% of the respondents were owned exclusively by Hungarian people, with 26.5% of them being in foreign ownership and 13% of them being joint Hungarian-foreign ventures. Based on employee numbers, 32.1% were big companies (250 or more employees), 27.2% were small firms (9-49 employees), 23.5% were medium-

sized companies (50-249 employees) and 17.3% employed 8 or less people as micro-companies.

Most of the organizations taking part in the research employed fresh entrants, while only 8.4% of the respondents claimed they had no such employee. The firms who did employ these young people could mostly find positions for them in the financial and marketing departments, while these entrants were less likely to appear in areas which required great experience and connection capital, like acquisition and quality insurance. 40.1% of the respondents claimed that they could only employ fresh entrants in the area corresponding to their qualifications, while 11.7% employed these people in completely different areas.

In 74.7% of the cases, companies were influenced by the fact that somebody was a fresh entrant when deciding about their positions. 82.7% of the organizations gave these people employee positions, while 22.8% employed them in low-level, 8.6% in mid-level and 3.7% in top-level management positions. The organizations with different ownership structures did not differ significantly in what positions they gave to fresh graduates. 77.6% of the Hungarian firms, as well as 66.7% of the joint ventures and 72.1% of foreign companies took this into consideration when they employed somebody for a position. There were significant differences between different-sized companies (Pearson Chi-square test: 9.718 df: 3 sign.: .021 p<0.05). 63.6% of the small companies, 76.3% of medium-sized companies and 88.5% of the big companies considered whether somebody was a fresh entrant before they hired them for a position.

Most of the companies who took part in the survey (92%) claimed that a fresh entrant working at their organization did not require additional expenses, while 61.1% also said that it did not even involve any additional activities on their part.

The next question was whether there were any differences in opinion at companies of different size and different ownership structure. The results did not show any significant difference. While 36.7% of Hungarian-owned companies felt that a fresh entrant would involve extra attention on their part, the same figure was 48.8% at companies completely in foreign ownership, and while 22.7% of the small enterprises claimed they needed to do extra work with a freshly graduate co-worker, this figure was 46.2% at big enterprises.

According to the employers, fresh entrants mostly lacked in experience, professional knowledge, discipline, connections and reliability. On the other hand, employers also saw advantages in young people: they thought they were led easier, they possessed language skills, they could carry extra burden and they were confident.

The firms in the research also had to answer what they believed motivated today's fresh entrants when choosing a workplace. They believed that young people mostly decided on their job on financial grounds, and the company culture, the nature of the work or the management characteristics were only of secondary importance.

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Another question was how attractive the companies filling in the questionnaire thought fresh entrants saw them, that is, how much they thought they can meet their criteria. The respondents had to answer this question on a 5-point Likert scale, where 1 meant they did not agree at all and 5 meant they completely agreed. The results of the assessment are shown below:

Table 1 Degrees to Which Companies Meet Fresh Entrants' Criteria

Factors in Choosing a Job	N	Average	Deviation
Suitable Salary	162	3.22	1.276
Career Prospects	162	3.19	1.198
Fringe Benefits	162	3.30	1.318
Good Working Atmosphere	162	4.11	0.819
Versatile Work	162	3.44	1.034
Challenges at Work	162	3.73	1.063
Training Prospects	162	3.40	1.166
Good Management	162	3.93	0.913
Travel Opportunities	162	2.70	1.236

Source: own material

The results show that the least likely prospect the responding companies could offer fresh entrants is travel opportunities as 49% of the respondents could not offer them any such possibility whatsoever. Regarding wages, which employers thought fresh entrants were mostly concerned about, more than 45% of the organizations believed they could make a decent offer to these workers in this area. Interestingly, 80% of the employers claimed they could make themselves attractive in the eyes of fresh entrants with good working atmosphere.

Owing to their large number, the variables were grouped into factors. One variable had to be left out during factor creation: 'career prospect' fitted multiple factors, which were eventually created without this variable altogether. The factor analysis suitability of the variables is indicated by the KMO value, which was an adequate ,763. The Barlett-test confirmed that the initial variables were suitable for factor analysis as there was correlation between them: Barlett-test: approximate Chi-square: 465.478 df: 28 sign.: .000. The definition of the factor numbers was done with the variant proportion method, and three factors were created with a proportion of 74.195%. The rotation of the factors was done with the Varimax-method, which is more stable and differentiates better between the factors than the other methods, making the factors easier to interpret. The three factors received the following three names:

- Factor 1. Nature of Work (including travel prospects, content of work and training opportunities)
- Factor 2. Remuneration (salary and fringe benefits)
- Factor 3. Corporate Culture (atmosphere and management style)

With the help of the 3 factors, homogenous groups were created from the samples. The method was cluster analysis and K-centre process, that is, a non-hierarchical method, which could be used with a large number of elements. The number of the given clusters was two with the following cluster centroids:

Table 2 Cluster Centroids

	Cluster	
	1	2
REGR factor score 1 for analysis 2	.71186	-.93558
REGR factor score 2 for analysis 2	.02135	-.02806
REGR factor score 3 for analysis 2	.06722	-.08835

Source: own material

The table shows that the companies belonging to the first cluster considered themselves to be attractive for fresh entrants, while the second cluster contains the companies which were far from desirable in the eyes of these young people. 92 of the companies taking part in the research belonged to cluster 1 while 70 belonged to cluster 2.

The research also touched upon the way ownership structures and the size of the company influence these clusters. Regarding various ownership structures, 54.1% 61.9% and 60.5% of the Hungarian-owned, mixed and foreign-owned companies respectively belonged to cluster 1, but there was no significant difference between the variants (Pearson Chi-square test: .754 df: 2 sign.: .686 p>0.05). As for companies of different sizes, 36.4% of the small, 68.4% of the medium-sized and 65.4% of the large enterprises belonged to cluster 1. The Pearson Chi-square test verified a significant correlation: 11.143 df: 3 sign.: .011 p<0.05.

The research also showed that 82.1% of the companies believed that they and the advantages they offered could be appealing to a fresh entrant. The cross-table analysis showed that there was no significant difference in opinion among the companies with different ownership structures. 76.5% of the Hungarian companies, 90.5% of the mixed ownership companies and 90.7% of the foreign-owned companies thought a fresh entrant would choose them (Pearson Chi-square test: 5.234 df: 2 sign.: .073 p>0.05). In this respect, there was no significant difference among the different-sized companies either. 79.5% of the small companies, 84.2% of the medium-sized companies and 90.4% of the large companies felt they were attractive choices (Pearson Chi-square test: 6.604 df: 3 sign.: .086 p>0.05).

Finally, the research asked about the average length of time a fresh entrant stays at the company. At most companies, fresh entrants stayed between 1 and 3 years (48.2%), and every fifth company could keep fresh entrants for more than 3 years. It is no wonder that 84% of the employers said it is advisable to employ fresh entrants as well.

4. CONCLUSION

This essay examined how much employers think they suit the needs of their employees. The results came from a research conducted this year among employees and employers alike. The results of the quantitative research conducted among employers confirmed that most employers wanted to and indeed did hire fresh entrants, although these entrants were not given the same positions and pursuits as the more experienced workers.

At the same time, it seemed that companies used primarily soft elements to make themselves more desirable in the eyes of fresh entrants, and material considerations

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were only secondary factors. This may also be the reason why 66% of the employers believed that more experienced workers were also more loyal to the organizations than fresh entrants.

The fact remains, however: an organization may seem desirable for a freshly graduating person, but 24.7% of the employers thought that there were negative prejudices

against these workers among the employers themselves, and one employer out of every four believed that hiring fresh entrants was a disadvantage for the company. The question is how much this negative opinion affects the employment practices of the companies aimed at fresh entrants and how the entrants themselves think about the companies who share this opinion.

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