

Non-technical summary

Graduates in the Labour Market: Does Socioeconomic Background have an Impact?

The case of Hungary

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This paper looks at early labour market outcomes of young Hungarian graduates and examines the impact of their social background. A radical expansion of higher education in the nineties, together with a non-increasing trend of social mobility made it interesting to find out whether there is any social selection taking place in the labour market.

Analyses shown in this paper are based on data from a panel survey of young people graduating in 1999. Interviews were carried out in 2000 and 2004. Mechanisms driving labour market success were explored by regression models for men and women separately. Number of respondents with valid information on the key variables varied between 410 and 892 in the various models.

The article shows that key factors associated with early success in the labour market are type of higher education institution and field of study. Further advantages can be achieved if one has any work experience. Those who find a job in Budapest also seem to be better off than others.

Beside these main determinants of graduates' employment outcomes, having a high status parent or a parent with a higher education degree is also found to play a role in the process. Statistically significant impacts of social background include:

- 12% higher wages for men with a father at the highest quartile of the social prestige scale (in 2004)
- 4% higher social prestige for men whose father also completed higher education (2004)
- 9% wage premia for women associated with a graduate father (in 2000)
- 4% higher social prestige for women, associated with a graduate mother (2000).
- 40% lower risk of unemployment for women with a high prestige father.

Findings indicate that social selection is not exclusively taking place in the education system. A small but not negligible segment of labour market differences among young Hungarian graduates was found to be attributable to variation in their social background only. More in-depth research is necessary to find out if it is the cultural, the social or the financial differences that needs to be reduced to achieve equality of outcomes among higher education completers in Hungary.

Keywords: higher education; social mobility, intergenerational mobility, educational expansion; graduates; graduate labour market; Hungary; post-socialist country