

Main changes in the labour market, 1–4th Quarter 2011

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Headcount, working hours

In 2011, the annual average number of people employed in corporations employing at least five people, in budgetary institutions and in non-profit organizations being more significant in respect of employment was 2,692 thousand, 0.4% fewer than in the previous year. The number of employees increased in the private and the non-profit sector (by 1.3% and 3.1%, respectively), while it fell by 4.9% in budgetary institutions. This decrease was mainly due to the decline of the annual average number of people in public employment.

The headcount in the private sector grew by one percentage point more than in 2010, but the pace of increase slowed down over the year, and it decreased in December. The number of manual workers exceeded by 0.9% the one a year before, while their hours worked grew only by 0.3%. In case of non-manual workers, a 2.1% headcount increase occurred. Among the 1,851.3 thousand employees in the private sector, 200 thousand worked part-time, 2.7% more than in the previous year. Among economic sections predominated by the private sector, there was a 3.5% headcount increase in manufacturing, but the number of employees grew in sections telecommunication and administrative and support service activities as well.

The number of employees in budgetary institutions without fostered workers decreased by 1.7% to 673.7 thousand. Within this, 511 thousand were non-manual workers. In the three main fields of the public sector, the headcount was between 98.7% (public administration and defence, compulsory social security) and 97.6% (human health services) of the one in the previous year. At the same time, due to the headcount increase in police organizations, the number of manual workers in the economic section public administration and defence, compulsory social security exceeded by 7.6% the level a year ago.

The average statistical number of employees in public employment was 61 thousand, hardly more than two thirds of the one in the previous year. Along with this, the average duration of employment shortened, so the circle of people participating in public employment (affected headcount) was larger than a year before. In 2011, the form of full-time employment became one third of that in the earlier years. The overwhelming majority of people in public employment worked part-time and only in a smaller part of the year.

Table 1

Number of employees and among them number of fostered workers in budgetary institutions

Denomination	Number of employees		Out of them: fostered workers		Number of employees without fostered workers	
	thousand people	corresponding period of the previous year =100.0	thousand people	corresponding period of the previous year =100.0	thousand people	corresponding period of the previous year =100.0
Budgetary institutions. total						
2009 average	747.9	103.6	61.0	196.0	686.9	99.4
2010 average	772.6	103.3	87.3	143.2	685.3	99.8
2011 average	734.6	95.1	60.9	69.7	673.7	98.3

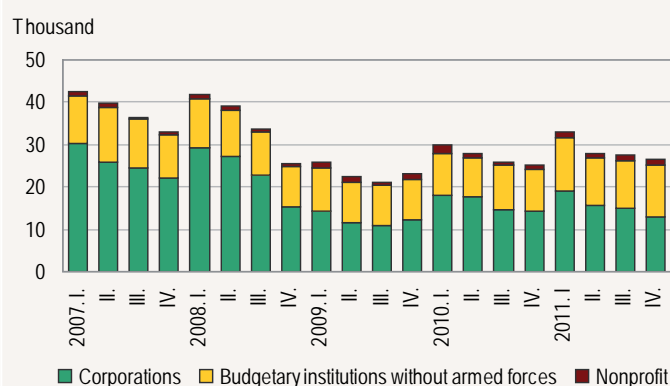
Job vacancies to be filled

The proportion of job vacancies to be filled to all jobs is a sensitive indicator of the economic situation in a given period, which has been collected and published since 2007 on EU level as well. In Hungary, the proportion of job vacancies was 1% in the 4th Quarter of 2011, which exceeded by 0.2 percentage point the level in the 2nd Quarter of 2009, i.e. the nadir of the crisis, but was still below the level before the crisis, i.e. in the 3rd Quarter of 2008.

In the 4th Quarter of 2011, the number of job vacancies was 5.5% more on the whole than a year earlier. However, in respect of the labour market, it was especially disadvantageous that the number of job vacancies in corporations fell compared to both the previous quarter and the corresponding period of the previous year (by 14% and 9%, respectively). At the same time, in budgetary institutions, there was an increase of 9% and 25%, respectively.

Number of job vacancies

Figure 1



37% of job vacancies are manual-type works, and in the private sector, 44% of them are to be filled in manufacturing, while 14% in the field of wholesale and retail trade, repair of motor vehicles as well as in accommodation and food service activities. Due to the accelerated generation change, 46% of all job vacancies were announced in the public sector, and a further 4,900 were announced at armed forces.

Gross earnings

In 2011, average gross earnings in the national economy amounted to HUF 213,100, 5.2% more than in the previous year. Within this, employees received HUF 217,900 in the private sector and HUF 207,300 in budgetary institutions without and HUF 203,500 together with people in public employment. Central measures influencing earnings in the private sector were the rise of minimum wages from HUF 73,500 to HUF 78,000 as well as the partial delisting of tax credit which was compensated by a wage rise by a number of employers. At the beginning of the year, there was a smaller local peak in the average earnings in the private sector, since the payment of premiums and bonuses due at the end of 2010 to those with higher income was postponed to 2011 because of the more favourable income tax calculation. The 47% rise of non-regular payments in December 2011 was partly due to this fact.

Table 2

Average gross earnings in the private sector

Period	Average gross earnings		Of which: regular wages	
	HUF/capita/month	index, corresponding period of the previous year =100,0	HUF/capita/month	index, corresponding period of the previous year =100,0
2010				
January-December	206 863	103.3	191 652	103.7
2011				
January	213 882	108.5	194 958	104.1
February	207 011	104.3	191 749	103.0
March	225 256	104.5	202 510	104.3
April	219 926	104.0	199 797	103.8
May	216 902	106.6	199 711	104.5
June	216 099	104.0	201 223	105.0
July	210 999	103.4	200 376	104.2
August	211 499	105.4	200 859	104.8
September	209 638	103.6	200 638	104.4
October	211 187	104.7	200 651	104.7
November	232 439	105.5	202 812	105.4
December	240 148	109.5	206 558	105.1
January-December	217 878	105.3	200 159	104.4

The government assumed obligation to compensate employees in budgetary institutions for the disadvantageous affect of changes in the tax and contribution system in case of lower income brackets, but the monthly average supplement of HUF 5,200 affecting nearly 45% of employees was not built into wages. The compensation has increased the rise of gross earnings in this sector by 1.2 percentage points.

Gross nominal earnings were the highest – HUF 457 thousand on the average – in the economic section financial and insurance activities, and its pace of increase of 5.4% has also slightly exceeded the average in the private sector. This was followed by the section information and communication – predominated by non-manual jobs similarly to financial

activities – with its average gross earnings of HUF 393 thousand and the section electricity, gas, steam and air-conditioning supply, where average earnings were hardly lower, HUF 380 thousand. Among the sections of the national economy, employees in accommodation and food service activities received the lowest recorded earnings; the average of HUF 126 thousand was hardly more than one fourth of the earnings in the section of financial and insurance activities. The earnings of those belonging to the manual staff category were also the lowest in this economic section. The average amount of HUF 103 thousand was about 9% more than the so-called professional minimum wage of HUF 94 thousand in 2011. In respect of non-manual jobs, the economic section human health and social work activities was the last in the ranking with its earnings of HUF 173 thousand.

Table 3

Average gross earnings in budgetary institutions

Period	Average gross earnings, total		Average earnings without fostered workers			
			gross		of which: regular wages	
	HUF/capita/month	index, corresponding period of the previous year =100,0	HUF/capita/month	index, corresponding period of the previous year =100,0	HUF/capita/month	index, corresponding period of the previous year =100,0
2010.						
January-December	195 980	97.2	208 742	99.3	193 989	101.4
2011.						
January	204 012	87.9	205 340	84.7	198 558	102.3
February	193 364	104.5	195 234	100.9	192 039	101.1
March	198 689	84.2	200 779	79.9	196 680	101.7
April	204 694	110.7	207 702	105.3	194 661	102.1
May	202 772	106.6	206 205	100.8	201 232	102.4
June	204 003	104.9	207 768	99.5	197 301	100.0
July	211 041	113.0	215 014	107.8	201 165	103.2
August	196 807	108.1	200 470	103.0	196 850	102.9
September	198 331	108.2	202 549	103.1	196 373	102.6
October	201 862	108.8	207 047	104.1	197 363	102.7
November	213 700	106.2	220 309	102.3	201 269	99.5
December	212 684	110.7	218 943	108.0	198 510	102.5
January-December	203 516	103.8	207 257	99.3	197 657	101.9

Within gross earnings, the proportion of non-regular wages was significant only in case of non-manual workers in the private sector: a monthly average of HUF 35 thousand per capita including payments postponed from the previous year to January.

Net earnings

In 2011, changes in tax and contribution rules influenced the individual net value of earnings very differently. While the 0.5% increase of contribution rates affected all employees equally, the introduction of flat income tax together with the delisting of tax credits resulted in a net income rise only in case of gross earnings higher than about HUF 300 thousand. On the level of the national economy, the pace of increase of net earnings exceeded even so by 1.2 percentage points that of gross earnings. However, it must not be disregarded, that the calculation and publication of earnings data refer to full-time employees, thus the drastic fall in the number of people in public employment with low wages accounted for about 1–1.2 percentage points in the pace of increase of both gross (5.2%) and net (6.4%) earnings.

Along with a 3.9% consumer price index, taking into account direct deductions disregarding family circumstances, real earnings rose by 2.4%.

Modelling of the effect of family tax benefits on earnings

An important element of the income tax system introduced in 2011 is the family tax benefit depending on the number of children raised. Its maximum amount is HUF 10 thousand per child in case of one or two children and HUF 33 thousand per child in case of three or more children. According to the model calculation based on household statistics data, family tax benefits, naturally available for those with taxable income, raise by about 3.5 percentage points on the average the pace of increase of net earnings. In case of families without children, the index calculated this way is somewhat lower than the actual net wage index disregarding family tax benefit, while it is the source of income surplus growth of 4 percentage points in case of one child, nearly 10 percentage points in case of two children and more than 17 percentage points in case of the small number of employees raising three or more children.

Table 4

Family tax benefit adjusted net and real earnings, 2011

Number of dependent children	Net earning	Change of net earning	Change of net earning	Distribution, %
	HUF/capita/mouth	corresponding period of the previous year=100,0		
0 child	138 818	5.3	1.3	49.9
1 child	144 520	10.5	6.4	24.6
2 children	160 494	16.3	12.0	19.2
3 or more children	161 213	23.6	19.0	6.3
National economy, total	145 802	9.9	5.8	100.0

Labour cost

In the 4th Quarter of 2011, costs of labour in the national economy without agriculture (sections B–S) exceeded by 9.2% the level a year before. Within this, the pace of increase was almost the same (9.1%) in income from work accounting for the most considerable proportion.

In sections of the private sector (B–N), income from work per hour increased by 8.7%. In economic sections characterized by the predominance of the public sector (O–S), the rise of wages per one hour was 10.2% year-on-year. The reason for this was partly the change in the staff structure resulting from the decline in the number of people in public employment with low wages. The other reason was the one-time payment in December to a group of public employees in budgetary institutions (official health workers in organizations providing services financed by the Health Insurance Fund, in hospitals of the prison service as well as health duty soldiers at the Hungarian Army). Thus, the increase of labour cost disregarding non-regular payments was nearly 3 percentage points lower than the labour cost index in economic sections O–S.

The pace of increase of social costs was nearly the same as that of income from work, since the social security contribution to be paid by employers has not changed year-on-year.

Table 5

Labour cost indices by main components, 4th Quarter 2011

Denomination	Wages	Social cost	Labour cost, total
	corresponding period of the previous year =100,0		
Industry	107.9	108.8	108.1
Construction	105.9	106.8	106.1
Wholesale and retail trade, transportation and storage, accommodation and food service activities, telecommunication, financial services, real estate activities, business services	109.7	109.1	109.6
Industry, construction and services (without public services)	108.7	108.9	108.8
Public services	110.2	110.7	110.3
National economy, total, without agriculture	109.1	109.4	109.2

The publication Labour market processes, 1st Quarter 2012 will be realised in the week of 11th June 2012.

Further information, data (links):

[Tables](#)

[Methodology](#)

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