



Labour market trends, Quarters 1–4 2018

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Summary

- The number of employed people continued to increase in 2018 as well, their annual average number was 4,469 thousand, 1.1% or nearly 50 thousand more than in the previous year. However, the growth rate of employment was lower than in recent years, due to the fact that the mobilizable labour force reserve decreased to a minimum partly because of demographic reasons and partly due to the labour absorption resulting from the favourable economic processes in the previous years.
- The dynamic improvement of the employment rate resulted dominantly from the increase in the number of the employed, but the decrease in the population number, which is taken into account when calculating the employment rate, also contributed to the improvement. A very significant result is that in 2018, the 74.4% rate for the 20–64 year-olds was only 0.6 percentage point lower than the 75% targeted for the member states in the Europe 2020 strategy.
- The increase in the number of employed people in 2018 was limited to the primary labour market in Hungary. The increase in the labour demand – reinforcing the process through conscious government measures – also redirected some of the people working previously as public workers to this market segment, and the high growth rate of earnings in recent years contributed to the fact that the number of people leaving for work abroad did not increase.
- A higher volume of unmet labour demand can be observed in the labour market from the second half of 2016. The number of job vacancies to be filled has risen steadily ever since. In the 4th quarter of 2018, the number of job vacancies according to the EU definition was 83.3 thousand, almost double the value in the same quarter of 2015.
- Despite the relatively high number of job vacancies, the labour supply was still well above the labour demand in 2018. Calculated without the underemployed, 281 thousand people belonged to the category of the so-called potential labour reserve in the last quarter of the year.

Besides, based on the administrative data of the Ministry of Interior, the nearly 123 thousand public workers in the last quarter of the year represented a potential source for the primary labour market. However, the regional differences in the composition of the labour demand and supply by educational attainment are still significant. The main obstacle to the internal mobilization which helps to eliminate this latter inequality is that the cost of creating housing conditions is increasing and is becoming more and more differentiated by regions.

- The number of the unemployed and the unemployment rate fell to a historic low in 2018. The annual average number of the unemployed was 172 thousand, and the unemployment rate was 3.7%, one of the lowest rates in the European Union. In the last quarter of the year, the unemployment rate in Győr-Moson-Sopron and Komárom-Esztergom counties did not reach 2%, which means practically full employment. The other pole was represented by Szabolcs-Szatmár-Bereg county with an unemployment rate of 8.7%, despite the fact that a significant and increasing proportion of public work programmes was concentrated there.
- After a 12.9% increase in 2017, gross earnings rose by another 11.3% in 2018. In addition to the wage increasing effect of the growing labour demand, the systematic rise of minimum wage (which also has a significant wage whitening effect) in recent years, another wage and salary adjustment for employees in state-owned enterprises and some segments of the public sector, as well as the fact that the number of low-wage public workers fell significantly also contributed to this growth.
- In respect of the labour market, the two most important measures concerning the 2018 taxes were the increase of the tax base allowance to HUF 116,670 per child in case of families with two children and another 2.5 percentage points reduction in the employers' social contribution tax.

2. Employment outlook

2.1 Employed people

According to the data of the labour force survey, the number of employed people aged 15–74 was 4,481 thousand in the 4th quarter of 2018 following the headcount of 4,435 thousand in the first, 4,475 thousand in the second and 4,487 thousand in the third quarters. In the last quarter of the year, the headcount increase stopped, even if the seasonal decline generally observed in this quarter was not typical yet. Despite the steadily narrowing labour supply, the number of the employed was 1.1% or 48 thousand people more in 2018 than in the previous year, and between the 1st quarter of 2010 and the 4th quarter of 2018, the number of the employed increased by more than 800 thousand.

Demographic processes have resulted in a decline in the labour supply. The number of people aged 15–64 considered to be of working age (and living in private households) was 6,736 thousand in 2010, only 6,415 thousand in 2017 and it decreased further by nearly 46 thousand in 2018. The rise of the retirement age could partly offset this labour supply limiting effect in 2018, and besides, more applications for work permit were submitted also from the neighbouring non-EU countries (Ukraine, Serbia) than in the previous year.

At the same time, Germany, Austria and the United Kingdom were still the main destination countries for labour migration. According to EU labour force surveys (such as 'mirror' statistics), in 2017, 345 thousand Hungarians of working age (15–64 year-old) lived in other EU and EFTA countries, which figure is 2.4 times higher than in 2010. However, while the first half of 2010 was characterized by a high and increasing rate of migration, mainly as a reflection of the economic crisis, this process stopped in 2017.

In 2018, the employment rate of the 15–64 year-old population was 69.2%, 1.1 percentage points higher than a year earlier. However, nearly half of the improvement was due to the decline in the number of the population of working age. Within this, 82.1% of men aged 20–64 and 66.8% of women of the same age were employed. The main reason for the difference in the employment rates of the two sexes is that during the period of the childcare leave, those who have a job but are not engaged in actual gainful employment are counted among the economically inactive people in the Hungarian statistics, as well as that on the whole, women can exit the labour market at lower ages than men (taking into account the opportunity of retirement after 40 years of service time as well). (According to the latest available data of the Hungarian State Treasury, in 2017, the age centre of old-age retirement was 60.9 years for women and – in line with the pension rules applying to them – 63.5 years for men. Between 2012 and 2017, the age centre of old-age retirement increased by 1.7 years for both sexes, which shows the persistence of the difference.¹) It also contributes, even if not significantly, to the gender gap in the employment rate, that in the younger generations, the proportion of women in tertiary education is higher than that of men, i.e. they enter the labour market at higher ages, as well as that inactivity due to caring for the old or ill family members is almost exclusively typical for women.

In 2018, the headcount increase affected exclusively the domestic primary labour market, where 98.5 thousand new jobs were created, which also absorbed the more educated and mobile part of public workers. Although within the limits of sampling error belonging to the data, the number of people indicating local units abroad as workplace² in the labour force survey decreased as well. Since 2010, a total of 609 thousand jobs in unsupported form of employment have been created in the Hungarian economy, representing an increase of nearly 70 thousand on annual average.

With the exception of Budapest, the number of employed people grew in all regions in 2018, in proportion to their number, the increase was the largest in Pest region and Western Transdanubia. In the latter region, the internal labour reserve has been practically exhausted.

Change in the number of the employed*

Table 1

(thousand persons)

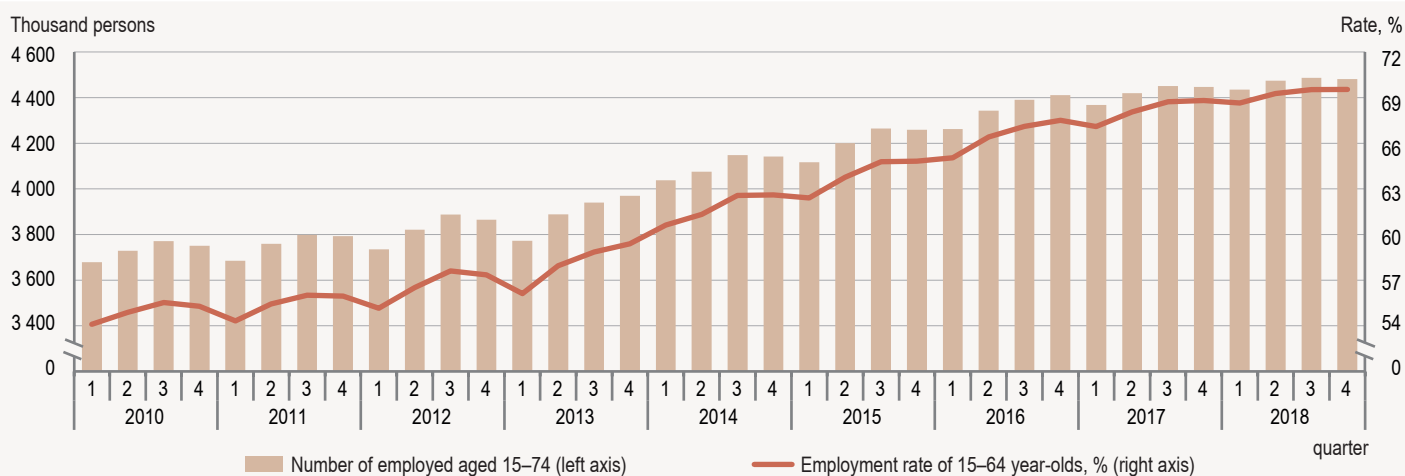
Denomination	Number of employed			Change in the number of employed	
	2010	2017	2018	2018–2010	2018–2017
Total	3 732.4	4 421.4	4 469.5	737.1	48.1
Men	1 992.5	2 417.3	2 446.2	453.7	28.9
Women	1 739.8	2 004.1	2 023.3	283.4	19.2
Budapest	713.0	845.3	833.8	120.8	–11.4
Pest county	477.4	578.0	595.2	117.8	17.2
Central Transdanubia	428.4	498.7	499.1	70.7	0.4
Western Transdanubia	399.7	469.6	481.9	82.1	12.3
Southern Transdanubia	336.9	369.3	374.0	37.1	4.8
Northern Hungary	394.4	474.8	485.3	90.9	10.5
Northern Great Plain	502.8	631.1	639.7	137.0	8.6
Southern Great Plain	479.9	554.8	560.5	80.6	5.7
Employee	3 272.7	3 964.4	4 003.9	731.2	39.5
Members of business partnerships	140.4	156.8	149.4	8.9	–7.4
Self-employed	306.9	287.6	306.0	–0.9	18.4
Unpaid family workers	12.4	12.6	10.2	–2.2	–2.4
Working in premises in Hungary	3 682.9	4 311.8	4 364.8	681.9	53.0
of which: declare to be public worker	75.1	194.0	148.5	73.4	–45.5
Working in premises abroad	49.5	109.6	104.7	55.1	–4.9

* Within the population aged 15–74.

Source: labour force survey.

Number of the employed aged 15–74 and the employment rate of people aged 15–64

Figure 1



Source: labour force survey.

¹ Source: The Hungarian Labour Market 2017, Hungarian Academy of Sciences, Centre for Economic and Regional Studies 2018, Statistical data, Table 11.5.

² Those people working abroad are enumerated in the labour force survey who commute daily abroad to work, or who work abroad for a long time, but come home sometimes and contribute to the living costs of the households providing data.

In the 3rd quarter of 2018, the employment rate of the 15–64 year-olds was 69.5% in Hungary, 0.5 percentage point higher than the EU-28 average, within which the advantage was 2.2 percentage points in case of men, while the disadvantage for women was 1.1 percentage points. 84.1% of Hungarian people aged 25–54 years, i.e. people in the 'best working age', were employed in the reference quarter, and so, in this age group, we were among the member states with higher employment rates. In 2018, the Hungarian employment rate was only 0.6 percentage point lower than the value of 75% targeted until 2020 in the 20–64 year-old population.

Table 2

Employment rate and unemployment rate in EU member states, 3rd quarter 2018

Country	Employment rate						Unemployment rate, % ^{b)}
	15–24	25–54	15–64 year-old				
	year-olds		men	women	together	change ^{a)}	
	%						
Austria	54.2	85.1	78.6	69.1	73.8	0.9	4.9
Belgium	27.4	80.6	68.3	61.8	65.0	1.6	5.9
Bulgaria	22.2	81.2	72.6	65.0	68.8	0.3	5.0
Croatia	28.0	77.5	66.2	57.6	61.9	0.9	7.3
Cyprus	33.1	80.9	75.1	64.3	69.5	2.7	7.9
Czech Republic	29.0	87.5	81.9	67.8	75.0	0.9	2.3
Denmark	57.0	83.2	78.7	73.0	75.9	1.0	4.9
Estonia	39.0	84.5	78.0	71.8	74.9	0.1	5.2
Finland	48.2	82.9	75.2	70.9	73.1	2.1	6.5
France	31.0	80.8	69.3	62.2	65.7	0.7	8.8
Germany	47.7	85.1	80.1	72.3	76.3	0.7	3.3
Greece	14.7	70.2	65.9	46.2	55.9	1.3	18.3
Hungary	29.7	84.1	76.6	62.5	69.5	0.8	3.8
Ireland	43.1	79.0	74.7	63.5	69.1	1.1	6.0
Italy	18.2	70.2	68.5	49.4	58.9	0.5	9.4
Latvia	36.2	83.2	75.4	70.3	72.8	1.9	7.0
Lithuania	35.9	84.9	74.1	71.6	72.8	1.9	5.9
Luxembourg	29.5	83.3	70.0	63.7	66.9	-0.1	6.1
Malta	52.0	85.0	81.9	63.1	72.8	2.9	3.7
Netherlands	65.0	84.8	82.0	73.4	77.7	1.4	3.6
Poland	30.9	83.0	74.5	61.4	68.0	1.5	3.8
Portugal	29.0	84.5	73.2	67.3	70.2	1.7	6.8
Romania	26.0	81.9	74.9	57.3	66.2	0.9	3.9
Slovakia	28.3	81.5	74.4	61.3	67.9	1.5	6.4
Slovenia	37.3	88.1	75.7	67.9	71.9	1.5	5.0
Spain	23.5	75.1	68.7	57.3	63.0	1.2	14.6
Sweden	49.2	87.2	80.4	76.8	78.6	0.6	6.1
United Kingdom	51.0	84.1	79.2	70.2	74.7	0.5	4.2
EU-28	36.4	80.8	74.4	63.6	69.0	0.8	6.6

a) Q3 2018 compared to Q3 2017, percentage point.

b) Calculated for the 15–74 year-olds.

Source: Eurostat (state of 5 February 2019).

³ The hired workforce is included in the statistical staff number of the temporary work agency.

⁴ Data broken down by sections of the national economy are biased by the fact that some of people working abroad are included in the staff number of the temporary work agencies (or intermediary agencies).

⁵ The benefit may be granted to former public workers who found a job in the business sector until their public work contract expires.

The relatively high employment improving rapidly after the crisis was accompanied by one of the lowest unemployment rates in the EU, and in the 3rd quarter of 2018, only the Czech Republic, Germany, the Netherlands and Malta had unemployment rates lower than the 3.8% in Hungary which equalled the rate of Poland.

In the field of observation of monthly labour reports, i.e. enterprises with at least 5 employees, all budgetary institutions and non-profit organisations, which are more significant in respect of employment, nearly 3,117 thousand people were employed in 2018 including the 126 thousand public workers. This represented a growth of 1.2% and of 2.6% calculated without public workers compared to the previous year. Similarly to the entire workforce, the dynamics of headcount growth was higher in the first half of the year. At enterprises with at least 5 employees, including nearly 5 thousand public workers, 2,139 thousand people worked, 2.7% more than a year earlier. At budgetary institutions – including nearly 110 thousand public workers –, the headcount of 817 thousand was 3.0% lower than in the same period of 2017, while calculated without public workers, the headcount grew by 1.3%. Non-profit organisations designated for data supply employed 161 thousand people, and 12 thousand of them worked as public workers.

In the field of observation, the number of full-time workers increased by 1.1% to 2,795 thousand including public workers, and that of part-time workers grew by 2.1% to 322 thousand.

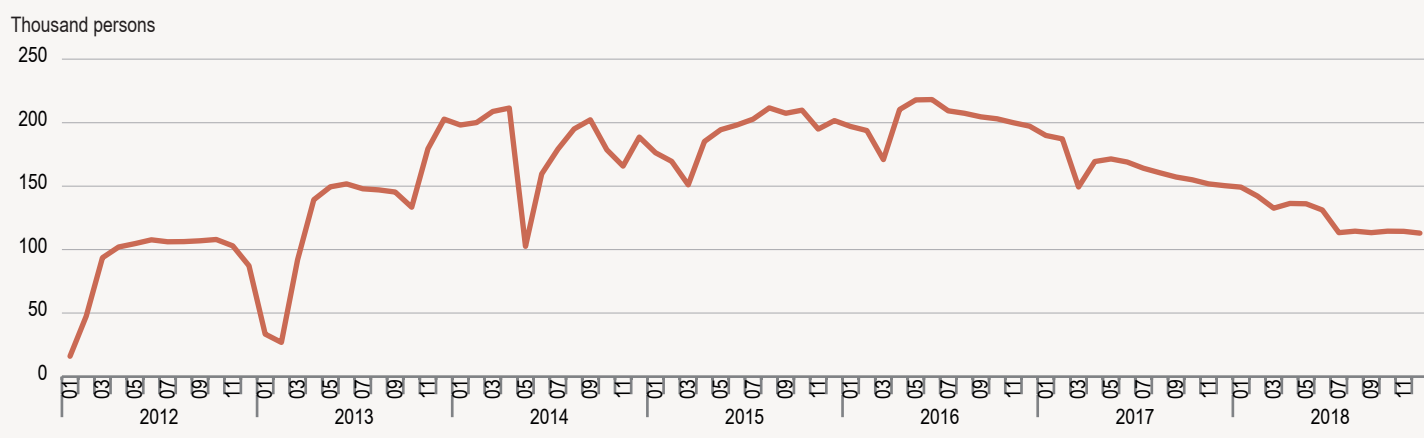
40 thousand of the employed were foreign citizens, 17% more than a year earlier, and 45 thousand were working through temporary work agencies.³ One-fourth of foreign workers were employed in the section manufacturing, but their number was relatively high in the sections construction known for struggling with workforce shortage, as well as in transportation and storage⁴. Four-fifths of the hired workforce were employed by enterprises in manufacturing, especially in the manufacture of transport equipment where 9 out of 100 were employed in this way in 2018. In addition to those included in the statistical staff number, 54 thousand people worked less than 60 hours per month on an annual average (e.g. with an ad hoc employment contract) in the national economy, of which 42.5 thousand at enterprises with at least 5 employees.

At organisations involved in the monthly labour reports of HCSO, the annual average number of public workers was 126 thousand in 2018, 23.6% fewer than a year earlier, so that their number was stable between 113–115 thousand from July. Despite the high growth rate of earnings, the government did not change the public employment wage in 2018 in order to encourage public workers to entry into the primary labour market. This idea has proved to be successful mainly in the case of more educated former public workers living in settlements with better transport links. The amount of job-finding benefit⁵ doubled from November (to HUF 45,600/month) which also serves the encouragement of entering the primary labour market.

According to the full range of data based on the administrative records of the Ministry of Interior responsible for public employment, the monthly average statistical number of people registered as public workers was 135.6 thousand in 2018, which meant a decrease of 24.4% compared to the previous year, but the regional concentration of public employment has increased. In December, more than one-third of the nearly 122 thousand public workers lived in Borsod-Abaúj-Zemplén (19.2%) and in Szabolcs-Szatmár-Bereg (18.2%) counties, and these two counties were the ones where their number decreased the least compared to the same month of the previous year. In addition to low educational attainment, the most important obstacle to finding a job is presumably the limited supply of jobs which can be accessed daily. The increased labour demand in the last two years – partly independent of the place of residence – has helped those with higher educational attainment to find a job in the primary labour market, and thus the composition of public workers by educational attainment is getting worse. In December 2018, 10.7% of public workers did not even

Figure 2

Change in the number of public workers*



* People employed as public worker at enterprises with at least 5 employees, all budgetary institutions and designated non-profit organisations.
Source: monthly labour statistics.

complete primary school, while another 47.5% had only primary education, and in the given month, the decrease in the headcount of these two categories was 6.3 and 3.3 percentage points lower, respectively than the one among all public workers. Since 2017, the majority of public workers have already been women (58% in December 2018), partly because women find it more difficult to commute which – despite the higher income – is harder to reconcile with their role in the family than in case of men, and partly because most of the unskilled jobs in the primary labour market require significant physical efforts.

2.2. Labour demand

According to the job vacancy statistics of HCSO, the labour demand continued to increase in 2018 as well. In the field of observation of the quarterly labour reports, the number of job vacancies or jobs expected to become vacant in the near future, for which employers had already taken steps to fill as soon as possible (contacted head-hunter companies, announced the job vacancy, etc.) was 79.4 thousand in the 1st quarter of 2018. This figure rose to 83.6 thousand in the 2nd and to 87.7 thousand in the 3rd quarter and then, in the 4th quarter, it decreased by 4.4 thousand compared to the previous quarter. However, this latter still exceeded by 10 thousand the number of job vacancies in the same period of the previous year.

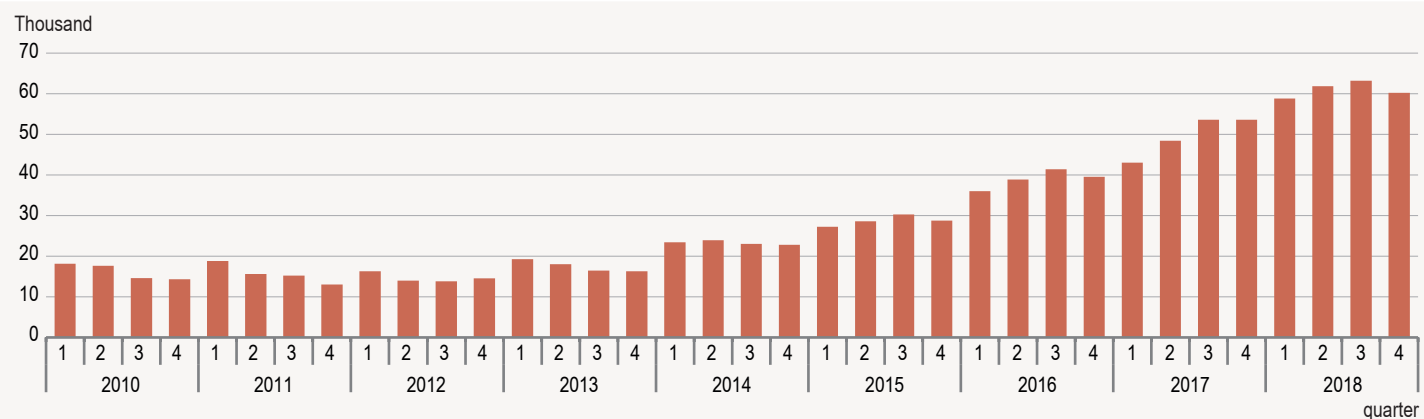
In the 4th quarter, the number of job vacancies to be filled was 60.3 thousand at enterprises with at least 5 employees in the business sector, 12% more than a year earlier. The ratio of job vacancies to all jobs

was the highest in the section of administrative and support service activities where 5.6% of all jobs were to be filled. More than half of the nearly 10 thousand advertised jobs were elementary occupations not requiring qualifications, for which typically temporary work agencies listed in this section were looking for employees for their clients. In the last quarter, another 21.8 thousand job vacancies were reported by enterprises in the section manufacturing and 6.2 thousand by those in the section wholesale and retail trade, repair of motor vehicles. In the sections of the national economy characterized by the predominance of budgetary institutions, the number of job vacancies was 4.1 thousand in education, 2.7 thousand of which were intended to be filled by graduates (presumably teachers). In the last quarter of 2018, the number of job vacancies was 8.6 thousand in the section human health and social work activities, 2.2 thousand of which were announced for employees with tertiary education who are able to work independently, and 4.6 thousand for those with other specialised tertiary or secondary education, but nearly one thousand unskilled employees were also missing.

According to the latest published data, the number of job vacancies per 100 jobs was 2.2 in the 3rd quarter of 2018 as opposed to the value of 2.0 a year earlier. The job vacancy rate was still the highest in the Czech Republic where the number of job vacancies per 100 jobs was 5.9 on average, while in the still crisis-hit Greece, this rate was 0.6. With its rate of 2.8% calculated according to the EU methodology⁶, Hungary was in the top third of member states with the highest job vacancy rates.

Figure 3

Number of job vacancies at enterprises employing at least five persons



Source: job vacancy statistics.

⁶ The job vacancy rate refers to sections B–S.

2.3. Unemployed people, potential labour reserve

Following the increase in employment with some time lag, unemployment has been steadily decreasing since the local peak of 473 thousand in 2012. In 2018, the average number of unemployed people⁷ according to the definition of ILO, the specialised agency of the UN fell to 172 thousand, and the unemployment rate was 3.7%. The headcount was by 20 thousand lower than a year earlier, and the rate decreased by 0.4 percentage point.

In the last quarter of the year, the number of the unemployed was 167 thousand, and as a result of the high volume of labour demand, the proportion of those searching for a job for at least one year decreased as well from 40% to 39.1%, while the average duration of unemployment fell from 15.6 to 14.8 months. In parallel with the overall improvement in the labour market situation, regional differences in unemployment continued to increase. In the 4th quarter of 2018, the two extreme values were represented by the 8.7% rate in Szabolcs-Szatmár-Bereg and the 1.3% rate in Győr-Moson-Sopron county. In 2018, the unemployment rate was 3.5% for men and 4.0% for women, and the annual average number of the unemployed was 88 thousand and 84 thousand, respectively.

In 2018, the monthly average number of jobseekers registered at the National Employment Service was 255 thousand, nearly 10% or 28 thousand fewer than a year earlier. The number of registered jobseekers decreased in the 2nd quarter, it increased slightly in the 3rd quarter due to the narrowing opportunities for seasonal and public work jobs, and then it fell again to 243 thousand in the last quarter of the year.

In 2018, the majority (54.7%) of registered jobseekers received some kind of cash benefits connected to unemployment. Although, despite the decreasing number of registered jobseekers, the number of the insurance-based jobseekers' allowance recipients (for at most 3 months) was essentially constant in recent years, most of them still received employment substitution support belonging to social benefits, the amount of which has been unchanged since 2013 (HUF 22,800/month).

Also the number of those indicating 'unemployed' as labour market status in the labour force survey of HCSO is steadily decreasing. In 2018, 287 thousand people classified themselves in this category on average, while this figure was 701 thousand in 2012.

Table 3

Monthly data of registered jobseekers, 2018

(thousand persons)

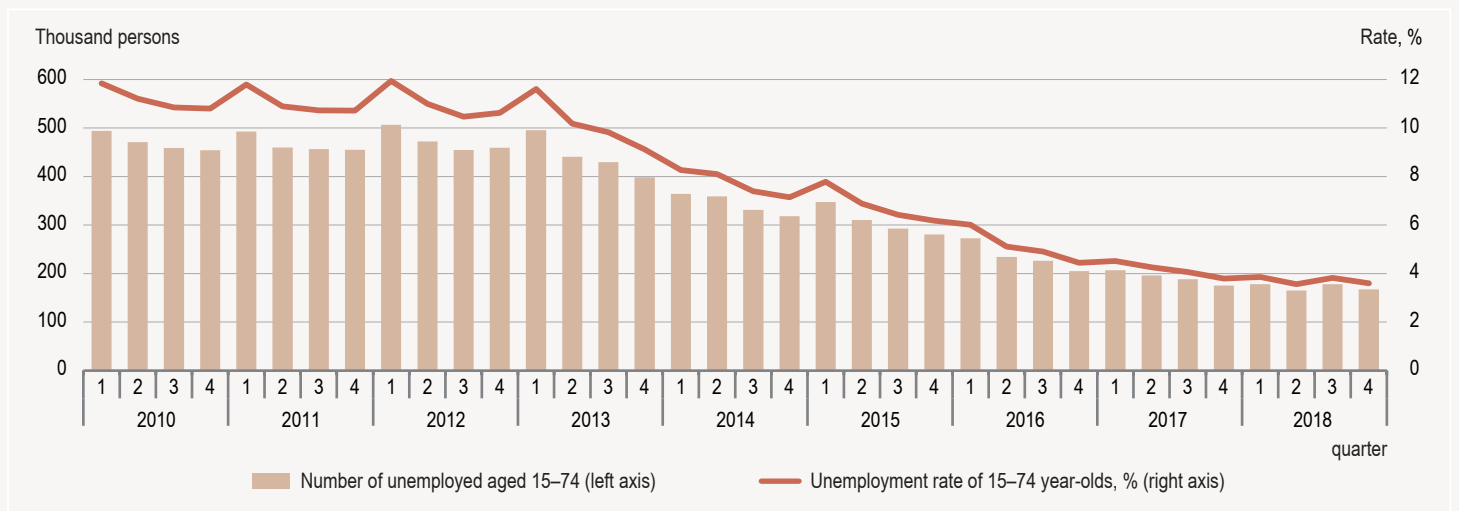
Period	Registered job-seekers	Of which:			
		career-starters	eligible for job-seekers' allowance or assistance	social benefit recipients	without any provision
January	267.3	25.5	63.0	83.3	121.0
February	279.2	27.5	63.9	86.8	128.5
March	284.6	27.0	67.0	84.1	133.5
April	258.0	24.8	63.7	76.4	117.9
May	244.2	22.5	59.7	74.0	110.6
June	240.7	23.6	57.4	73.0	110.2
July	257.4	25.9	66.5	74.5	116.4
August	251.3	25.2	67.7	72.8	110.7
September	251.0	26.3	64.7	71.8	114.5
October	244.3	24.5	64.1	70.4	109.7
November	243.9	23.6	64.0	70.1	109.8
December	241.9	21.5	65.7	70.8	105.4
Annual average for 2018	255.3	24.8	64.0	75.7	115.7
2017=100.0%	90.2	83.8	101.3	86.6	87.4

Source: register of the National Employment Service (<http://nfsz.munka.hu>).

Unemployed people, the underemployed and those inactive people who want to work but do not actively look for a job or do not meet the criterion of availability constitute together the potential labour reserve according to the EU definition. In the 4th quarter of 2018, 310 thousand people belonged to this category, 29 thousand of whom were also included among employed people as underemployed. Compared to the same quarter of the previous year, the number of people belonging to the inactive category decreased at a slightly lower rate than that of unemployed people who are in principle closer to the labour market.

Number of unemployed people and unemployment rate

Figure 4

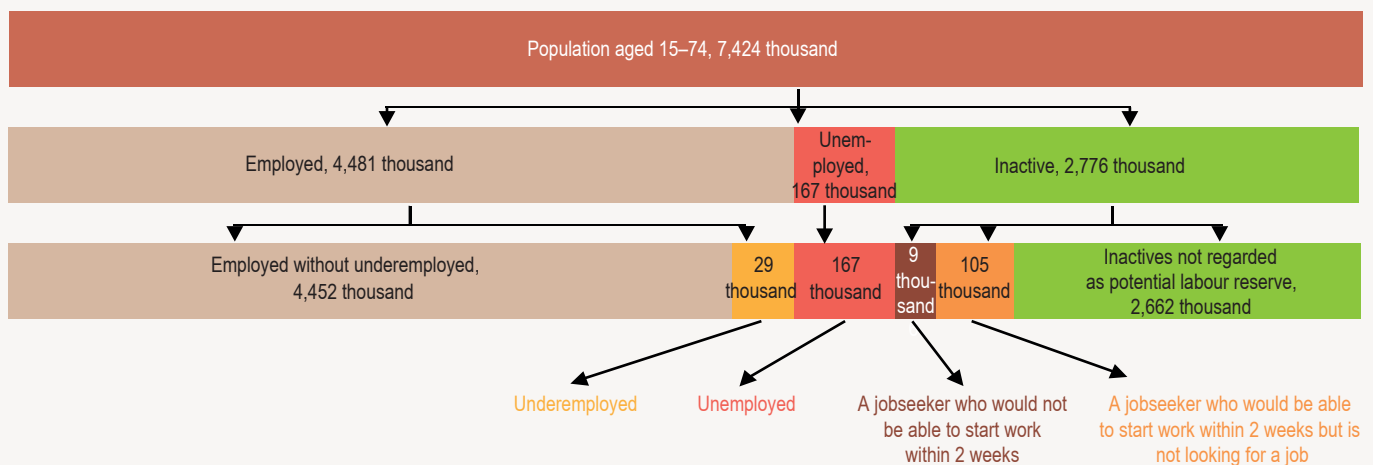


Source: labour force survey.

⁷ According to the definition of ILO (International Labour Organization), the three criteria of unemployment are: does not work, is actively looking for a job and is available.

Figure 5

Potential labour reserve, 4th quarter 2018

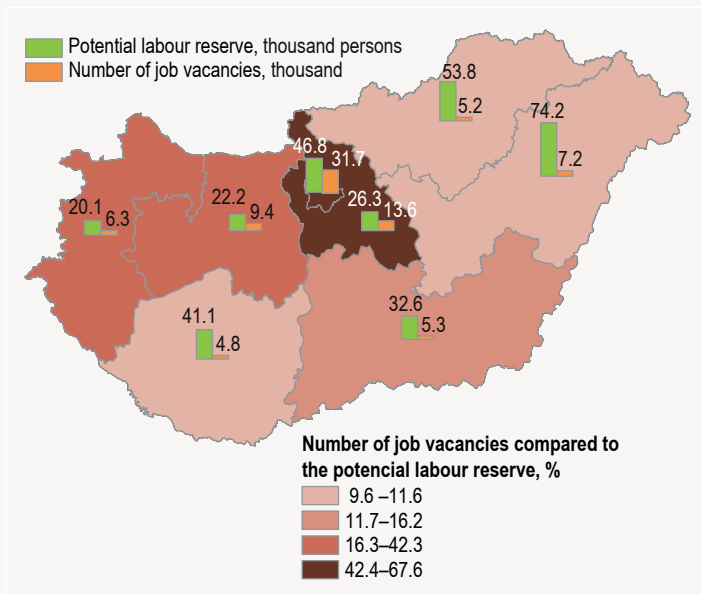


Source: labour force survey.

A significant part of the potential labour reserve – including public workers who are considered a reserve for the primary labour market – is concentrated in the north-eastern parts of the country, while the majority of the additional labour force is demanded by the economically more developed regions of the country.

Figure 6

Number of job vacancies and potential labour reserve by regions, 4th quarter 2018



Source: labour force survey, job vacancy statistics.

2.4. Inactive people

In 2018, the number of inactive people of working age (15–64 year-old) continued to decrease by 3.4% compared to a year earlier, partly due to demographic reasons and partly because of the continuous rise of retirement age. The largest, but also decreasing, inactive category was that of students, thus overtaking the group of pensioners of 612 thousand people. Due to the improvement of chances to find a job and the stricter rules of eligibility for cash benefits, the number of people who are considered inactive due to the lack of job search, but receive some kind of unemployment provision, as well as that of people on child care leave decreased, while in the other categories, a slight headcount increase was observed.

Table 4

Number of inactive people aged 15–64 years by the reason for absence from the labour market

Denomination	2018			2017=100,0%		
	men	women	together	men	women	together
	thousands			%		
Pensioners, annuity recipients	231.0	381.0	612.1	91.0	91.0	91.0
Child care provision recipients	1.3	230.8	232.2	72.2	99.8	99.6
Jobseekers' provision recipients	16.0	22.5	38.6	93.7	102.2	98.5
Students	315.9	311.7	627.6	97.8	99.4	98.6
Nursing and orphan's allowance recipients	10.8	28.3	39.1	105.5	106.8	106.4
Other inactive	86.6	151.0	237.5	101.2	102.8	102.2
Inactive people aged 15–64 years, total	661.6	1 125.4	1 787.1	95.7	97.1	96.6

Source: labour force survey.

2.5. Working day, working hours

The number of working days – since almost all paid holidays were on weekdays – was 250 in 2018 and 252 in 2017. In the last three decades, this was the year when people had to spend the fewest days working (in case of a general work schedule). In the given year, the number of working days slightly influences, for example, the development of the labour cost index as fewer working days result in a smaller number of hours in the projection base of reported hourly costs, but not influence a significant part of cost factors (e.g. earnings of non-manual workers or cafeteria allowances, which do not depend on the number of hours actually worked). There is a significant difference between the working days that can be performed according to the work schedule and the time actually spent at the workplace. According to the last working time account survey conducted in 2016, people working in businesses with at least 5 employees

were on average 39.1 working days away; however, they worked 1.7 days outside the working schedule. Within the days of absence, 26.7 days were spent on holiday followed by 10.3 days on sick leave.

In 2018, on average, about 4% of the employed were absent on a given working week. The most important reasons for absence – in line with the results of the working time account (OR TIME USE) survey conducted as part of institutional statistics – were the paid leave followed by absence due to illness. The number of paid days off was two and a half times higher for women doing non-manual work than for men doing manual work, the frequency of weekly absence due to illness was much higher for women (in case of both staff groups) than for men.

There are a number of reasons for certified absences that, if they occur, do not justify a week-long absence. Of these, strike events, including the resulting loss of working time, are monitored separately by statistics. Although 2018 saw more press coverage on strikes, the number of actual strikes with people involved and hours lost remained very low, but higher than between 2010 and 2014, when the bargaining position of workers in the labour market was rather weak due to the crisis.

Table 5

Strikes*

Year	Number of strikes	Number of people involved in strikes	Number of hours lost, thousands
2010	7	3 263	133.1
2011	1
2012	3	1 885	4.6
2013	1
2014	0	0	0.0
2015	2
2016	7	39 101	270.5
2017	5	6 706	30.4
2018 ^{a)}	6	15 535	289.4

* Strike events involving simultaneously at least 10 people in a given business organization.

^{a)} Preliminary data.

Source: strike statistics.

In 2018, full-time employees in enterprises employing at least 5 people, budgetary institutions and in non-profit organizations designated for data provision worked 149.1 hours on average per month (manual workers 150.5 hours and non-manual workers 147.5 hours), which was 98.8% of the previous year's value (this latter figure was influenced by the number of working days). In case of enterprises, the number of hours worked was hardly lower (by 0.9%) than in the previous year, as the lower number of working days to be completed was offset by a higher number of overtime hours.

3. Earnings, income from work, labour cost

3.1. Gross earnings

The gross earnings of full-time employees in 2018 were on average 329.9 thousand forints including public workers and 341.6 thousand forints excluding public workers.

After an increase of 12.9% in 2017, the gross earnings of people working in enterprises with at least 5 employees, budgetary institutions and nonprofit organizations designated to provide data further increased by 11.3% in 2018. This high rate was due to the wage-increasing effect of the rising demand for labour, the further growth of the minimum wage, the new phase of salary adjustment for employees of state-owned enterprises and certain segments of budgetary institutions, and that the number of public workers fell to three quarters of last year's figure.

On 1 January 2018, the minimum wage rose by 8.2% to HUF 138 thousand and the guaranteed minimum wage by 12% to HUF 180.5 thousand. Minimum wage increases had a direct impact on the wages of low earners, and increased the demand in sectors (in organizational size ranges, occupations) where the share of minimum wage earners is traditionally significant. Since some of the minimum wage earners are supposed to get more money than the declared amount, the minimum wage increase also contributes to the whitening of the economy. In order to avoid wage compression, the earnings of those with higher incomes also grow if the minimum wage increases, at least in the segments where this is made possible by the employer's economic results and where the competition for the employees forces the employer to do so.

As a result of multi-annual framework agreements, earnings of employees at more than 200 state-owned business organisations of the private sector continued to grow in 2018, and in budgetary institutions, this year's wage correction measures focused mainly on human health and social work activities. According to the salary adjustment program launched in 2015, people working in the professional and contract staff of law enforcement and defence agencies were given an average 5% increase this year too and the lowest basic salaries of judges and prosecutors also increased (to HUF 453,330). In the first quarter of the year, earnings were also boosted by paying out significant bonuses for the successful completion of EU projects in a narrower range of central budgetary institutions.

In 2018, 1.1 percentage point of the 11.3% high growth rate was due to the 23.6% decrease in the number of public workers whose wage is less than 60% of the minimum wage in the primary labour market.

In 2018, average gross earnings increased year-on-year by 10.9% to HUF 341.5 thousand at corporations employing at least 5 persons in the business sector (calculated with a few thousand public workers employed here). Among sections dominated by the business sector, earnings grew much above the average, by 15.7% in real estate activities followed by a 14.0% growth in the section administrative and support service activities where, among others, also temporary agencies are classified, which play an increasingly important role in providing the necessary workforce. In construction, the rise of minimum wage alone has a significant wage increasing effect. Besides, the more and more significant lack of skilled workers coupled with the overheated demand for construction capacities also influenced the level of earnings. These factors resulted in a 12.9% increase in earnings, but even so, construction was the second worst-paying section in the business sector after accommodation and food service activities with its average gross earnings of HUF 254.7 thousand. However, the difference between the reported and the actual earnings is assumed to be higher than average for these two sections of the economy. Earnings in the transport and storage sector grew by only 11.2% despite the fact that the employees of state-owned enterprises (MÁV, Magyar Posta, regional transport companies) with a high employment weight received an average increase of 12–13% under the multi-annual wage agreement and for example, high demand for drivers also have a wage boosting effect.

Table 6

Changes in total and regular average gross earnings, 2018

Staff group	National economy, total		Of which:					
			business sector		public sector		non-profit organisations	
	average gross earnings, total	of which: regular	average gross earnings, total	of which: regular	average gross earnings, total	of which: regular	average gross earnings, total	of which: regular
Total, HUF/capita/month								
Manual	236 672	224 883	247 925	234 630	192 451	186 642	196 959	190 156
Non-manual	429 931	394 082	485 593	437 740	364 064	342 115	339 700	325 365
Together	329 943	306 541	341 540	314 633	308 568	291 839	286 317	274 799
Previous year=100.0%								
Manual	113.1	112.8	112.6	112.3	112.5	112.2	115.3	115.5
Non-manual	109.6	109.6	109.1	108.9	110.1	110.5	108.0	107.7
Together	111.3	111.2	110.9	110.7	112.1	112.3	110.7	110.6
Of which: without public workers, HUF/capita/month								
Manual	249 818	237 052	248 581	235 233	265 710	256 196	223 488	215 231
Non-manual	433 329	397 116	485 754	437 880	369 455	347 069	349 184	334 291
Together	341 608	317 113	342 200	315 224	345 793	326 343	306 913	294 252
Previous year=100.0%								
Manual	111.6	111.4	112.4	112.1	106.6	106.5	112.3	112.8
Non-manual	109.4	109.4	109.1	108.9	109.5	110.0	108.8	108.5
Together	110.2	110.2	110.8	110.6	109.0	109.3	109.6	109.4

Source: monthly labour statistics.

In manufacturing, which is the largest sector of the economy, the growth rate of earnings has been similar to that of the private sector; within this, the earnings growth rate of individual industrial groups ranged from 4.8% (pharmaceutical production)⁸ to 12.5% (other manufacturing and basic metal industry), but was typically above 10%. The earnings of retail workers also increased on average (by 11.8%). Labour demand grew in smaller rural shops due to the higher minimum wage (primarily to the guaranteed minimum wage) and in large retail chains owing to successful wage negotiations due to labour shortages. The highest average gross earnings (HUF 608.2 thousand) could still be achieved in the financial and insurance sector, but the growth rate in this sector was lower than the private sector average (8.3%). Gross average earnings were second highest in the information and communication sector (after a 9.5% growth to HUF 561.4 thousand) and the lowest (with HUF 212 thousand, i.e. less than one-fifth higher than the minimum wage for skilled workers) in business organizations with at least 5 employees in the accommodation and catering sector. In manufacturing, gross average earnings has been traditionally the highest (HUF 824.9 thousand, of which more than one-fifth was due to non-regular earnings) in the manufacture of coke and refined petroleum products and the lowest (HUF 215.8 thousand) in the manufacture of textiles, clothing, leather and leather products.

Excluding public workers, gross earnings increased by 9.0% in the budgetary sector, thus 2018 saw a decline in the small earning advantage of the fiscal sphere against the private sector that emerged in recent years. The earnings of people working in the public administration, defence and compulsory social insurance sectors are the highest among the three budget areas, despite the fact that most of them have been left out of the wage adjustment measures of the last decade. Average monthly gross earnings were HUF 352.3 thousand in the nearly 70 thousand strong (mostly uniformed) manual staff and HUF 425.7 thousand in the 196 thou-

sand strong non-manual staff. Total earnings increased by 7.5% in the sector. Regular earnings increased at a slightly higher rate of 8.8%, as the average amount of non-regular earnings in the second half of the year fell short of the previous year after high bonuses in the first quarter. Average earnings of people working in state-funded education institutions increased by 7.9% to HUF 321.4 thousand, mainly driven by the multi-annual salary adjustment of lecturers and researchers working in higher education, which started in the autumn of 2016. As a result, their guaranteed salary increased by an additional 5% on 1 January 2018. In public education, which received a significant increase in earnings in 2013, the fact that annual growth is not adjusted to the change in the minimum wage causes more and more tension. The most significant wage correction measures affected those working in budgetary institutions of the section human health and social work activities. From November 2017, earnings of specialised doctors and specialised pharmacists in hospitals rose by HUF 100 thousand, those of their colleagues without specialist qualification by HUF 50 thousand, and also the earnings of skilled health workers increased by 12% on average. This was followed by a further increase of 8% on average in January 2018. As a result, in the field of human health care, average gross earnings were 16.6% higher in 2018 than a year earlier and those of people working in the field of social care rose by 9.5%. Average gross earnings amounted so to HUF 338.4 thousand in the former and HUF 237.1 thousand in the latter field.

Along with the unchanged tariff wage of public workers specified by decree, their average gross earnings amounted to HUF 81.9 thousand in the field of observation of the interim labour statistics, i.e. it was only slightly higher than HUF 81,530 of public workers carrying out unskilled work. The net earnings of public employees – after deduction of tax and contributions – correspond to an average of HUF 54,500, but of course the tax allowance for children may also change this amount upwards.⁹

⁸ The low rate of wage growth within pharmaceutical production is explained by a year-on-year decrease in the amount of non-regular earnings. (On a yearly basis, regular earnings increased by 1.5 percentage points faster than total earnings.)

⁹ In this paragraph, the data of budgetary institutions are calculated without taking into account public workers.

Since 2011, non-wage compensation has been granted to people working in budgetary institutions whose net earnings have fallen due to changes in income tax and contribution rules in 2011 and 2012. Due to staff changes and wage increases, the number of compensation recipients decreased from 400 thousand to 78 thousand between 2012 and 2018. The compensation was HUF 8100 per month.¹⁰

3.2. Net earnings and family tax benefit

In 2018, the personal income tax rate and employees' contributions were the same as in the previous year, thus, net earnings excluding family tax benefit increased to the same extent as gross earnings. Excluding public workers, average net earnings were HUF 227.6 thousand in corporations employing at least 5 persons and HUF 230 thousand in budgetary institutions. Consumer prices rose by 2.8% on average in 2018, resulting in an 8.3% improvement in the real earnings of those working in the field of institutional labour statistics.

In 2018, the family tax benefit for families with two children continued to increase and they can reduce their personal tax base each month by HUF 116,670/child instead of HUF 100 thousand/child in the previous year (and HUF 62,500 in the beginning, i.e. in 2011). The tax base reduction of families with one child is HUF 66,670/month, the same as in the previous year, while that of families with three or more children is HUF 220 thousand/child/month. The tax allowance can be shared by the parents and deducted from employees' pension and health contributions as well. According to the results of the micro-simulation model based on the demographic and household income survey data, family tax benefit resulted in a monthly extra income of HUF 8.6 thousand per employee on average in 2018.

Table 7

Net and real earnings taking into account family tax benefit, 2018

Number of dependent children	Calculated net earnings, HUF/capita/month	Net earnings	Real earnings ^{a)}	Share of employees belonging to the household type, %
		change compared to 2017, %		
0 child	214 739	11.2	8.1	54.4
1 child	224 294	11.3	8.2	22.3
2 children	258 288	12.1	9.0	17.1
3 or more children	273 751	10.1	7.1	6.2
National economy, total	227 975	11.2	8.2	100.0

^{a)} Calculated with the 102.8% consumer price index in 2018.

Source: monthly labour statistics and a micro-simulation model using data of SILC.

3.3. Income from work

In 2018, income from work used in international comparison of earnings, which, in addition to earnings (according to the Hungarian methodology), includes the elements of the so-called other income from work, such as cafeteria benefits, amounted to HUF 346.7 thousand on average, i.e. the monthly average amount of the non-regular part of earnings was HUF 16.8 thousand. The growth rate of income from work was 0.1 percentage point higher (11.4 %) than that of earnings, i.e. the weight of other

income from work in total income from work increased somewhat, but still did not reach 5% of that. The growth rate and share of other labour income in 2018 was particularly significant in the public administration, defence and compulsory social security sectors, where in the first half of the year a significant part of the bonuses were paid in the form of Erzsébet vouchers.

Table 8

Income from work per capita, 2018

Denomination	Average monthly income from work	Of which: average monthly other income from work	Proportion of other income from work within total income from work, %
	HUF/capita/month		
National economy, total	346 701	16 758	4.8
Of which:			
business sector	358 379	16 839	4.7
public sector	325 870	17 301	5.3

Source: monthly labour statistics.

3.4. Labour cost index

From 1 January 2018, the general tax rate of social contributions of employers was reduced by another 2.5 percentage points after the decrease of 5 percentage points in 2017, and was so 19.5%, from which employers receive further concessions when employing persons who are considered to be in special situation in respect of employability (e.g. young people, people facing retirement, having low qualification or returning from child care leave). In the 4th quarter of 2018 on the whole, labour costs per hour worked was 6.8% higher¹¹ than in the same period of the previous year, i.e. labour costs have increased despite the reduction in the social contribution tax.

Table 9

Labour cost index per one working hour, 4th quarter 2018

Aggregated sections	(4rd quarter 2017=100%)		
	Income from work	Social costs	Labour costs, total
Industry	110.5	97.4	108.2
Construction	108.3	96.2	106.2
Services (excluding public services)	109.3	96.0	106.9
Industry, construction and services (excluding public services)	109.7	96.6	107.4
Public services	107.5	96.2	105.5
National economy, total, excluding agriculture	109.1	96.5	106.8

Source: institutional labour data collection system.

¹⁰ People working for non-profit organizations performing delegated state tasks (a few thousand people in total) are also entitled to compensation; in their case, this meant a monthly compensation of 7300 forints.

¹¹ This data refers to sections B–S of the national economy.

Further information, data (links):

[Tables \(STADAT\)](#)

[Methodology](#)

[Abbreviations used in figures](#)

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