



## Labour market trends, Quarters 1–3 2014

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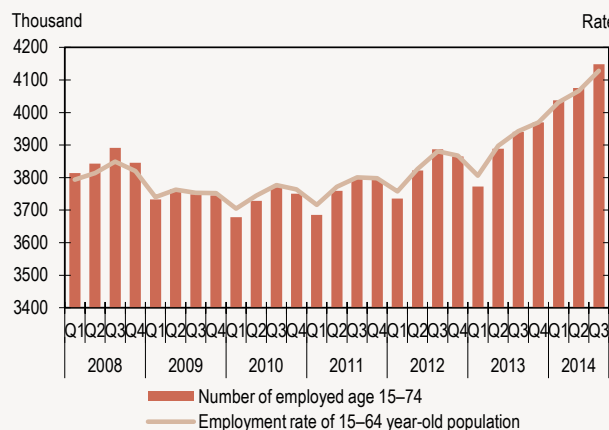
### 1 Employment outlook

#### 1.1 Employed people

In Quarters 1–3 2014, the average number of employed people was 4,087.2 thousand<sup>1</sup>, 220 thousand more than one year before. In the 3<sup>rd</sup> quarter of the year, 111 thousand more people worked than in the 1<sup>st</sup> quarter. The absolute number of the employed in 2013 reached the level before the crisis, and in 2014 it is expected to significantly exceed that. In the first three quarters, the growth rate was slightly higher among men than among women, mainly due to the fact that men benefited more from the high level of public employment in the 1<sup>st</sup> quarter.

Figure 1

#### Change in number of employed and in employment rate of people aged 15–64



Source: Labour force survey.

<sup>1</sup> Calculated with the new weights based on the 2011 census (for details see the Methodology).

In the 3<sup>rd</sup> quarter, the employment rate of the population aged 15–64 years was 62.6%, which also means that our lagging behind the EU average considerably decreased in the last two years.

Table 1

#### Employment rate and unemployment rate\* in EU member states, 2<sup>nd</sup> quarter 2014

Country	Employment rate						Unemployment rate
	15–24 year-olds	25–54 year-olds	15–64 year old			change <sup>a)</sup>	
			men	women	together		
Austria	52.5	85.3	77.1	68.6	72.8	0.3	4.7
Belgium	22.1	79.1	65.7	58.1	61.9	-0.1	8.2
Bulgaria	21.0	74.6	63.7	58.1	61.0	1.5	11.4
Croatia	17.4	71.5	59.4	49.9	54.6	1.5	16.6
Cyprus	24.7	76.7	66.0	58.9	62.2	0.7	15.5
Czech Republic	26.6	83.7	76.9	60.2	68.7	0.9	6.0
Denmark	52.5	82.4	75.7	69.6	72.7	-0.3	6.3
Estonia	30.0	81.2	73.4	65.2	69.2	-0.2	6.9
Finland	46.3	81.0	70.7	69.3	70.0	-0.3	9.6
France	28.6	80.8	67.9	61.2	64.5	0.2	9.5
Germany	44.7	83.4	77.3	69.3	73.4	0.1	5.0
Greece	13.4	62.4	58.1	41.0	49.4	0.3	26.6
<b>Hungary</b>	<b>23.1</b>	<b>78.5</b>	<b>67.8</b>	<b>55.7</b>	<b>61.7</b>	<b>3.4</b>	<b>8.0</b>
Ireland	27.2	72.3	66.3	56.4	61.3	1.1	11.9
Italy	15.7	67.8	64.8	46.7	55.7	0.0	12.3
Latvia	30.9	78.8	67.8	65.4	66.6	1.8	10.7
Lithuania	26.5	80.6	65.6	64.7	65.1	1.3	11.2
Luxembourg	19.3	83.8	73.0	60.2	66.7	1.3	5.0
Malta	44.0	75.1	74.6	48.2	61.6	1.0	5.8
Netherlands	60.6	81.7	78.5	68.7	73.6	-0.8	7.0
Poland	26.2	78.0	67.9	54.8	61.3	1.5	9.1
Portugal	21.2	77.6	65.8	59.6	62.6	2.2	14.1
Romania	21.8	77.6	68.8	53.6	61.2	1.0	6.7
Slovakia	21.2	76.7	67.4	54.1	60.7	0.9	13.2
Slovenia	26.7	82.4	67.9	60.8	64.5	1.5	9.3
Spain	16.5	67.5	60.6	51.3	56.0	1.2	24.5
United Kingdom	47.8	82.1	76.9	66.9	71.9	1.5	6.2
<b>EU-28</b>	<b>32.3</b>	<b>77.5</b>	<b>70.1</b>	<b>59.6</b>	<b>64.9</b>	<b>0.8</b>	<b>10.1</b>

\* Calculated for population aged 15–74.

<sup>a)</sup> Q2 2014/Q2 2013 (percentage points).

Source: Eurostat, 03 11 2014, Hungarian data are with old weights.

Table 2

### Number of the employed and its change compared to the corresponding period of earlier years

Denomination	(thousands)			(thousands)	
	Number of employed			Change in number of employed	
	Quarters 1–3 2010	Quarters 1–3 2013	Quarters 1–3 2014	Quarters 1–3 2014/ Quarters 1–3 2010	Quarters 1–3 2014/ Quarters 1–3 2013
<b>Total</b>	<b>3 726.3</b>	<b>3 867.2</b>	<b>4 087.2</b>	<b>361.0</b>	<b>220.0</b>
Men	1 986.8	2 087.6	2 214.6	227.9	127.1
Women	1 739.5	1 779.6	1 872.6	133.1	93.0
Central Hungary	1 190.9	1 247.8	1 308.5	117.6	60.7
Central Transdanubia	425.8	443.2	465.1	39.3	21.9
Western Transdanubia	398.9	414.6	443.1	44.2	28.6
Southern Transdanubia	338.1	339.4	359.1	21.0	19.6
Northern Hungary	393.2	403.1	431.3	38.1	28.1
Northern Great Plain	499.8	532.4	572.5	72.6	40.1
Southern Great Plain	479.5	486.6	507.6	28.1	21.0
8 grades of primary school or less	425.9	403.1	457.2	31.2	54.1
Apprentice or vocational school	1 117.3	1 122.0	1 164.8	47.5	42.7
General secondary school	337.9	369.1	407.2	69.3	38.1
Other G.C.S.E.	946.6	937.0	975.3	28.7	38.3
College	534.6	623.7	641.7	107.1	18.1
University	363.9	412.3	441.0	77.1	28.7
Employees	3 265.8	3 429.5	3 634.8	369.0	205.3
of which: declare to be fostered worker	73.7	119.3	174.1	100.4	54.8
Members of business partnerships	141.6	158.2	162.7	21.1	4.6
Self-employed	306.3	266.1	275.8	-30.5	9.7
Unpaid family workers	12.5	13.4	13.8	1.3	0.4
Working in premises in Hungary	3 676.8	3 769.3	3 991.3	314.5	222.0
Working in premises abroad	49.5	97.9	96.0	46.5	-2.0

Source: Labour force survey.

Some one fourth of the growth of 220 thousand over one year is connected to the extension of public work. This has somewhat moderated the significant regional differences, since jobs created this way are concentrated in the regions of Hungary having the worst labour market situation.

According to the data of institutional labour statistics, some 40 thousand (2.1%) more people worked at corporations employing at least 5 persons than in Quarters 1–3 2013. The headcount growth in industry was on the whole similar to the average, but the dynamics in the various sub-sections were very different. Thus, for example, the headcount of the Manufacture of transport equipment grew by nearly 10%, while that of the Manufacture of computer, electronic and optical products fell by 14.6%. Among the sections of the national economy, a nearly 9% headcount increase occurred at corporations belonging to the Administrative and support service activities employing some 160 thousand people, but an increase in the staff number was typical in the majority of service sections as well. However, in the section Wholesale and retail trade, repair of motor vehicles, the second largest employer regarding non-public employment, the growth was below 1%, and neither the growth rate in Construction was higher than the average.

The number of people working in non-public employment at budgetary institutions grew by 4.0%, while that of those in non-profit organizations, some of which were reclassified to the public sector this year, increased by 0.9% in the first three quarters of the year.

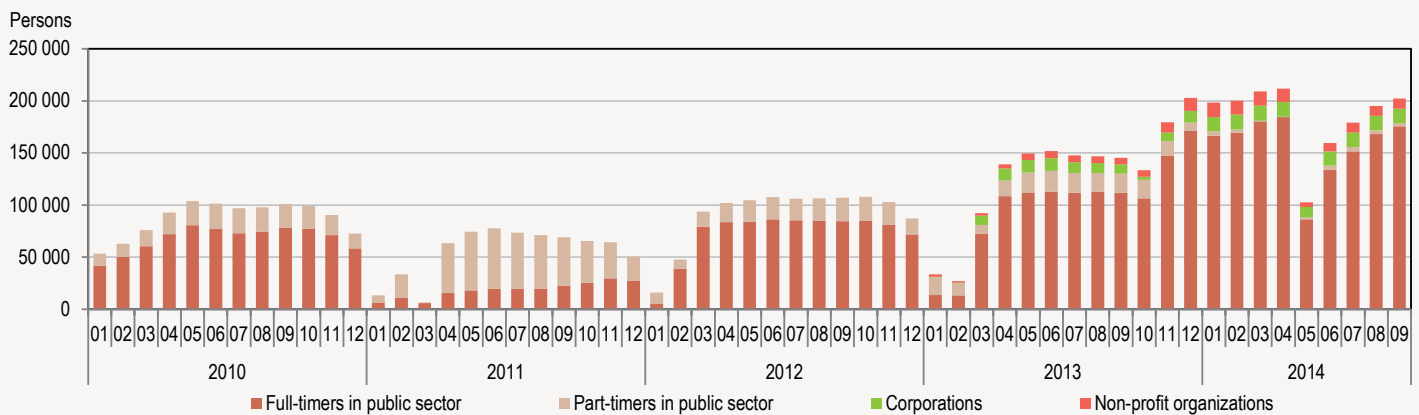
In Quarters 1–3 2014, the monthly average number of fostered workers was 184.3 thousand, 60.5% more than in Quarters 1–3 2013. Due to the completion of the winter public work programmes, the number of fostered workers was the lowest in May, however, it was more than 100 thousand even in that month. The main area of public employment is the public sector, which provided so the livelihood of 160 thousand people on average, while, in the business sector, typically state-owned enterprises employ fostered workers. The number of hours worked by fostered workers grew more than their headcount, since their non full-time employment, which meant nearly 20 thousand cases last year, practically ceased.

Among fostered workers, only a few have better paid jobs requiring some qualification, at least it is suggested by the fact that their average gross earnings of HUF 78 thousand are only HUF 700 more than the minimum wage for fostered workers.

### 1.2 Job vacancies

The improvement in the economic situation is shown by the number of job vacancies as well. In the observed segment of the national economy, the proportion of job vacancies was 1.4% in the 3<sup>rd</sup> quarter of 2014; the number of job vacancies to be filled was 22,487 in the business sector and nearly 13 thousand at budgetary institutions. In the business sector, the number of job vacancies in the first three quarters was only 12% lower

### Monthly change in the number of fostered workers\*



Source: Monthly labour statistics.

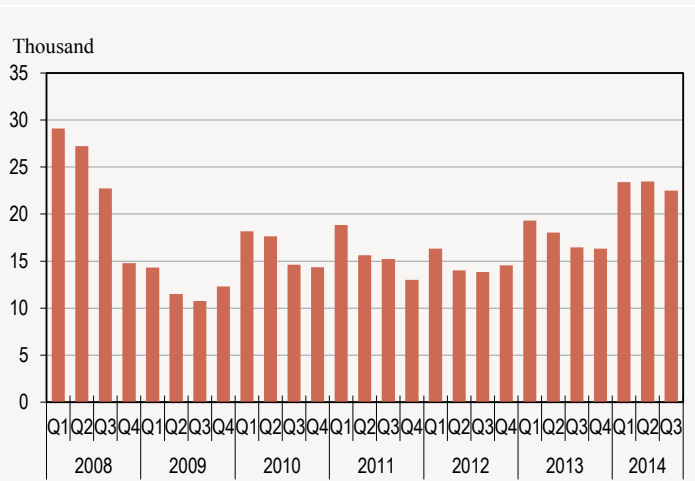
\* Until 2012, only data of the public sector are available.

Figure 2

than in the corresponding period of 2008. In the 2<sup>nd</sup> quarter of 2014, according to the latest published EU data, the proportion of job vacancies was 1.6%, and Hungary, with its average of 1.4%, was the sixth in the ranking together with the Netherlands and Estonia.

Figure 3

**Change in the number of job vacancies in the business sector**



Source: Institutional job vacancies statistics.

**Major unemployment indicators**

Table 3

Period	Unemployed, persons, thousand			Unemployment rate, %			Unemployment rate of people aged 15–24, %
	men	women	together	men	women	together	
2012. I.	280.5	226.0	506.5	12.3	11.5	11.9	28.4
II.	266.3	206.0	472.2	11.5	10.4	11.0	28.2
III.	250.5	204.0	454.5	10.8	10.1	10.5	29.1
IV.	251.0	208.4	459.5	10.8	10.4	10.6	27.2
2013. I.	282.4	213.0	495.4	12.3	10.8	11.6	29.8
II.	235.7	204.9	440.7	10.1	10.3	10.2	25.7
III.	228.6	200.9	429.6	9.6	10.1	9.8	26.8
IV.	210.3	188.3	398.5	8.9	9.4	9.1	24.1
2014. I.	192.0	172.1	364.1	8.1	8.5	8.3	21.0
II.	191.5	167.8	359.3	8.0	8.2	8.1	20.7
III.	172.5	159.0	331.5	7.1	7.7	7.4	21.6

Source: Labour force survey.

**1.3 Unemployed and inactive people, labour force reserve**

The improvement in the employment situation was followed with some lag by the decrease in the number of unemployed. In Quarters 1–3 2014, the average number of people not working and meeting the other two criteria of ILO (active job search and availability) was 352 thousand, and this number declined to 331 thousand in the 3<sup>rd</sup> quarter. The former was by 104 thousand, while the latter by 98 thousand less than in the corresponding periods of the previous year. Thus, the unemployment rate fell to 7.4% in the 3<sup>rd</sup> quarter of 2014.

Since the 2<sup>nd</sup> quarter of 2013, the unemployment rate of women has been again higher (even if not considerably) than that of men, probably partly due to the fact that, in the framework of public employment, more men than women found a work.

Although the institutionalization of the exit from unemployment towards public work reduces in principle the average duration of unemployment, the average length of time spent as unemployed is nearly 20 months, and one in two unemployed persons is long-term unemployed.

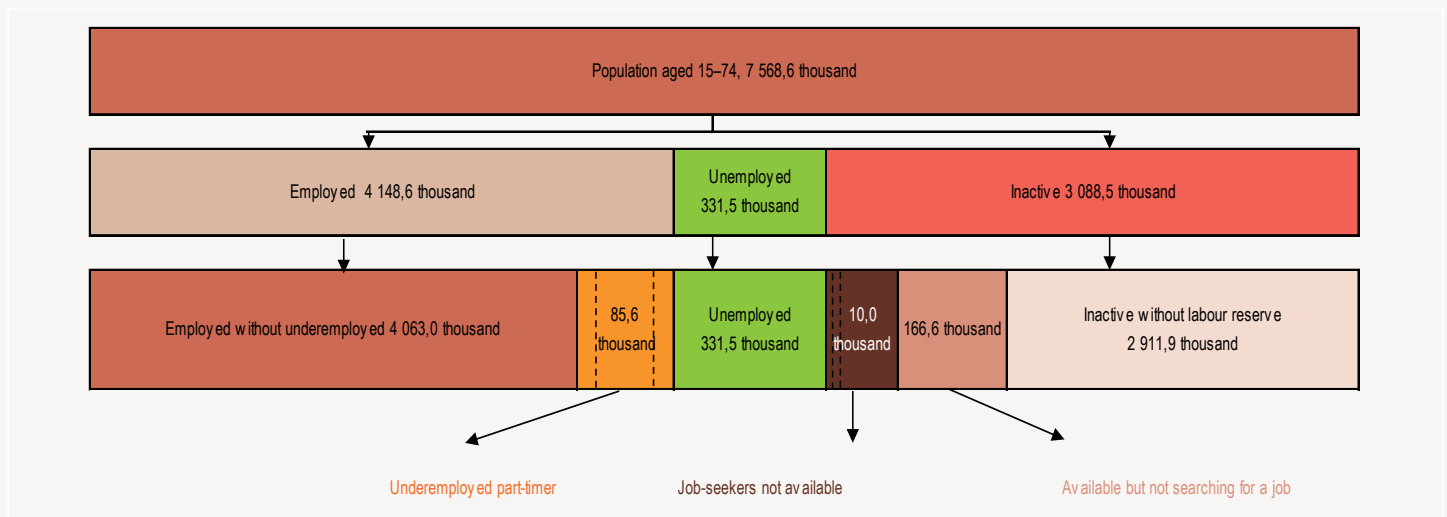
Not so much the public work, but rather the package of measures aiming to help young people (15–24 year-olds) to find their first job resulted in an above average decrease in the unemployment indicators of this age group. The youth unemployment rate of 21.6% in the 3<sup>rd</sup> quarter of 2014 was 5.3 percentage points lower than the one in the 3<sup>rd</sup> quarter of 2013.

In the 3<sup>rd</sup> quarter of 2014, 593.7 thousand people belonged to the category of labour reserve defined by the EU, 86 thousand of them were part-time workers who would have liked to have a full-time job.

Among the working age population aged 15–64 years, 2,187.9 thousand were inactive in Quarters 1–3 2014, which means a decrease of 7.5% compared to the same period of the previous year. Even if to different degrees, this decreasing trend was typical in each of the more important inactive categories. The decrease is due to the change in the retirement age in case of pensioners and annuity recipients representing the largest group, in addition to demographic reasons, it was due to the

**Potential labour reserve, 3<sup>rd</sup> quarter of 2014**

Figure 4



lower age limit for compulsory participation in public education in case of students, while measures encouraging the return to the labour market likely played a role in the decrease in the number of child care provision recipients. Due to the restriction of availability of cash unemployment benefits, the number of inactive people belonging to this category drastically fell, while the extension of public work programmes and the recovery of the economy help more and more people belonging to the so-called 'other inactive' category in returning to the labour market.

Table 4

#### Number of inactive people aged 15–64 years by reason for absence from labour market, Quarters 1–3 2014

Denomination	Quarters 1–3 2014			Quarters 1–3 2014/ Quarters 1–3 2013		
	men	women	together	men	women	together
	thousands			%		
Pensioners	362.1	517.6	879.7	91.9	94.8	93.6
Child care provision recipients	2.9	235.7	238.6	72.9	92.8	92.5
Recipients of provision as unemployed	37.2	34.9	72.1	74.2	81.1	77.4
Students	354.3	350.2	704.5	93.8	96.6	95.2
Nursing and orphan's allowance recipients	14.1	29.8	44.0	104.2	98.5	100.2
Other inactive	97.7	151.2	249.0	82.7	88.2	85.9
<b>Inactive people aged 15–64 years, total</b>	<b>868.4</b>	<b>1319.5</b>	<b>2187.9</b>	<b>90.7</b>	<b>93.8</b>	<b>92.5</b>

Source: Labour force survey.

#### 1.4 Registered jobseekers

As a combined result of the general improvement of the labour market situation, the extension of public employment free of the earlier cyclicity and the restriction of eligibility for cash benefits, the number of registered jobseekers fell below 400 thousand by the end of the 3<sup>rd</sup> quarter. In Quarters 1–3 2014, the average number of jobseekers registered in the National Labour Office was 430.5 thousand, 123 thousand fewer than one year before. The number of career-starter jobseekers fell slightly less than the total number of jobseekers, but the positive impact of employers' allowances connected to their employment is definitely noticeable. Those nearly 22 thousand career starters are in the worst situation who have primary educational attainment at most, since not even the availability of allowances for their employment improved much their chances to find a job.

In the first three quarters, the monthly average number of recipients of jobseekers' allowance representing a higher amount in cash was 59 thousand; nearly one third of them received the special assistance for those near retirement age. Since already in 2013 the length of time of eligibility was typically 3 months, the number of allowance and assistance recipients hardly changed, while that of regular social benefit recipients decreased by more than 30%, as, in accordance with the intentions of the government, its role has been gradually taken over by public employment resulting in an income twice as high as the amount of the benefit. Among registered jobseekers, the average number of those who did not receive any provision was 236.6 thousand.

Table 5

#### Main data of registered jobseekers and the number of reported job vacancies

Period	Registered job-seekers	Of which:				Reported job vacancies
		career-starters	job-seekers' allowance or assistance recipients	social benefits	without any provision	
<b>2013</b>						
January	648 451	73 772	87 026	220 836	340 589	47 405
February	676 516	77 451	84 544	243 150	348 822	43 866
March	620 126	73 924	65 179	230 077	324 870	167 712
April	551 990	65 672	57 512	200 699	293 779	121 338
May	515 074	59 618	54 140	187 247	273 687	82 558
June	497 001	60 721	52 994	177 379	266 628	80 013
July	497 183	66 905	55 259	172 970	268 954	88 675
August	491 875	67 503	54 910	171 214	265 751	83 180
September	484 089	68 202	52 433	167 137	264 519	88 188
<b>Quarters 1–3</b>						
<b>2013, average</b>	<b>553 589</b>	<b>68 196</b>	<b>62 666</b>	<b>196 745</b>	<b>294 178</b>	<b>89 215</b>
<b>2013, average</b>	<b>527 624</b>	<b>66 025</b>	<b>61 171</b>	<b>184 374</b>	<b>282 079</b>	<b>106 120</b>
<b>2014</b>						
January	437 153	53 349	63 034	132 437	241 682	122 157
February	443 558	55 541	64 849	138 059	240 650	95 972
March	431 474	55 270	59 704	136 229	235 541	138 787
April	413 739	52 825	56 230	130 939	226 570	110 106
May	514 356	62 431	64 129	158 782	291 445	191 018
June	438 571	56 049	60 068	138 783	239 720	185 254
July	414 153	56 528	55 244	132 292	226 617	152 903
August	401 534	55 267	55 399	127 485	218 650	188 811
September	380 242	53 228	53 353	118 453	208 436	162 546
<b>Quarters 1–3</b>						
<b>2014, average</b>	<b>430 531</b>	<b>55 610</b>	<b>59 112</b>	<b>134 829</b>	<b>236 590</b>	<b>149 728</b>
<b>Quarters 1–3 2014/ Quarters 1–3 2013, (%)<sup>a)</sup></b>	<b>77.8</b>	<b>81.5</b>	<b>94.3</b>	<b>68.5</b>	<b>80.4</b>	<b>167.8</b>

<sup>a)</sup> Average for quarters 1–3 2014 / average for quarters 1–3 2013 \* 100.

Source: register of National Labour Office ([www.afsz.hu-statisztika](http://www.afsz.hu-statisztika)).

The vast majority of job vacancies reported at the National Labour Office were intended to be filled in supported form (i.e. with fostered workers), thus, the extension of public employment resulted in a considerable increase in the number of job vacancies as well. The number of nearly 150 thousand job vacancies in Quarters 1–3 2014 was some 68% higher than one year before. In this period, employers reported collective redundancies affecting 4,648 employees, however, nearly one third of this occurred in Komárom-Esztergom County having relatively small population number.

Table 6

### Total and regular average gross earnings, Quarters 1–3 2014

Staff group	National economy, total		Of which:					
			business sector		public sector, total		public sector without fostered workers	
	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
<b>HUF/capita/month</b>								
Manual	159 808	154 695	171 384	165 007	123 088	122 056	168 025	166 045
Non-manual	317 078	294 377	373 375	339 343	253 187	242 927	257 549	247 009
Together	234 037	220 624	248 942	231 947	206 493	199 546	237 298	228 695
<b>Same period of the corresponding year=100.0%</b>								
Manual	101.3	101.2	104.4	104.0	93.7	93.8	103.5	103.6
Non-manual	105.0	104.8	105.2	104.4	105.8	106.3	106.9	107.3
Together	102.9	102.7	104.5	104.0	100.5	100.9	106.4	106.8

Source: Monthly labour statistics.

## 2 Earnings, labour costs

### 2.1 Gross earnings

In Quarters 1–3 2014, in the field of observation employing 2,814 thousand people (including corporations with at least 5 employees, budgetary institutions and designated non-profit organizations), average gross earnings were HUF 234,037, 2.9% higher than one year earlier. Excluding fostered workers, the growth rate of earnings was 5.2%, and average gross earnings amounted to HUF 246,102. In 2014, the change of nominal earnings was influenced only by two minor governmental measures, the agreement on the minimum wage for the year and the salary adjustment of those working in the field of social work activities, but the delayed effect of the salary adjustment of teachers in September 2013 had also an impact on the growth rate. The minimum wage and the guaranteed minimum wage increased less than average earnings calculated without fostered workers (from HUF 98 thousand to HUF 101,500 and from HUF 114 thousand to HUF 118 thousand, respectively), thus, the lagging behind of those working in segments of the economy characterized by lower average earnings grew.

In the business sector, average gross earnings grew by 4.5%, while, calculated without the nearly 14 thousand fostered workers employed here, they increased by 4.8% to HUF 250,368. Within total earnings, the proportion of non-regular earnings components (premiums, bonuses) grew, and they amounted to HUF 6,377/month in case of manual and HUF 34,031/month in case of non-manual workers. In case of the latter staff group, the highest amount of non-regular earnings (HUF 65,355/month) was paid to employees in the section Financial and insurance activities.

The growth rate of earnings (and their level) in the public sector is very significantly affected by public employment. As in the period passed so far in 2014, the average number of fostered workers was 57% higher than last year, the growth rate of gross earnings in the public sector calculated without fostered workers was 5.9 percentage points higher and average gross nominal earnings were nearly HUF 31 thousand more than those typical in the total public sector. The growth rate of gross earnings in the total public sector was only 0.5% despite the salary adjustment in the field of human health and social work activities and the still noticeable effect of the wage rise of teachers last September.

The weight of non-regular earnings components is much lower at budgetary institutions than in the business sector, and, as there is hardly any source for 'extra' remuneration of good performance (bonuses), or it is only bound to specific performances (e.g. tax collection), mainly retroactive salary adjustment and subsequent settlement of arrears in payment belong to this category. In Quarters 1–3 2014, a monthly average of HUF 8,600 was paid under this title to people working in non-public employment at budgetary institutions.

In non-profit organizations, which, due to their weight in employment, have a much smaller effect on the development of gross earnings in the national economy than the two above mentioned sectors, gross average earnings amounted to HUF 227,806 calculated without fostered workers and HUF 206,328 including them. The former data was associated with a growth rate of 6.7%.

At budgetary institutions and non-profit organizations performing certain tasks, employees whose net earnings would have decreased due to the rules of personal income tax in force from 2011 received compensation not making part of earnings. As a result of salary adjustments, the range of employees concerned is continuously shrinking, but the number of people receiving about HUF 10 thousand per month on average under this title was still 220 thousand in Quarters 1–3 2014.

### 2.2 Net earnings and extension of family tax benefit base

In 2014, neither employees' contributions nor personal income tax rates changed, thus, the growth rate of net earnings was the same as that of gross earnings. In Quarters 1–3 2014, on the level of the national economy, average net earnings were HUF 161,200 calculated without and HUF 153,300 calculated with fostered workers. They amounted to HUF 164,000 in the business sector and HUF 155,400 at budgetary institutions without fostered workers, while the average take-home pay of fostered workers was about HUF 51 thousand.

Since 2014, family tax benefit can be deducted from employees' pension and health contributions as well, which, according to the results of the micro-simulation model using also the demographic and income data of households, had an essential impact in case of earners who have at least three dependent children. Thus, income differences by the number of children further increased, and earnings of employees with three or

more children 'worth' nearly HUF 50 thousand more than those of employees without children.

Table 7

### Net and real earnings taking into account family tax benefit, Quarters 1–3 2014

Number of dependent children	Calculated net earnings, HUF/capita/month	Net earnings	Real earnings	Distribution of number of employees, %
		change compared to Quarters 1–3 2013, %		
0 child	149 869	3.2	3.3	48.5
1 child	158 197	2.5	2.6	25.5
2 children	175 089	2.4	2.5	20.0
3 children or more	200 044	14.9	15.0	6.0
<b>National economy, total</b>	<b>160 037</b>	<b>3.7</b>	<b>3.8</b>	<b>100.0</b>

Source: Monthly labour statistics and a micro-simulation model using the data of the household budget and living conditions survey.

On the whole, consumer prices were 0.1% lower in January–September 2014 than in the same period of the previous year, thus, real earnings rose by 3.0% (by 5.3% calculated without fostered workers).

### 2.3 Labour costs

In the 3<sup>rd</sup> quarter of 2014, labour costs per working hour were 3.6% higher than in the corresponding period of the previous year. The increase was the lowest in Construction, which, in principle, has improved the competitive position of the section.

Table 8

### Labour cost indices by main components, 3<sup>rd</sup> quarter 2014 (3<sup>rd</sup> quarter 2013=100.0%)

Section	Income from work	Social costs	Labour costs
Industry (B–E)	103.9	103.2	103.7
Construction (F)	100.0	101.2	100.2
Wholesale and retail trade, transportation and storage, food service activities, information and communication, financial services, real estate activities, business services (G–N)	103.7	103.4	103.7
Industry, construction and services (excluding public services) (B–N)	103.6	103.3	103.5
Public services (O–S)	103.9	102.5	103.6
National economy, total, excluding agriculture (B–S)	103.7	103.1	103.6

Source: Updates on the basis of monthly labour statistics.

#### Further information, data (links):

[Methodology](#)  
[Tables \(STADAT\)](#)  
[Tables](#)  
[www.ksh.hu](http://www.ksh.hu)

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