

Labour market situation, 2009

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Introduction

As a consequence of the economic crisis, the number of employed people was in Hungary significantly lower, while that of unemployed people considerably higher in 2009 than in the previous year when disadvantageous labour market trends characterized only the last quarter of the year. Though both the decrease of employment rate and the increase in unemployment rate was lower than the ones characteristic of the majority of EU member states, the relative labour market position of Hungary did not change essentially. In terms of employment rate, except Malta, Hungary took the last place among EU member states, while considering unemployment rate we could improve four places in ranking (19th place) of EU countries over the year

Employment

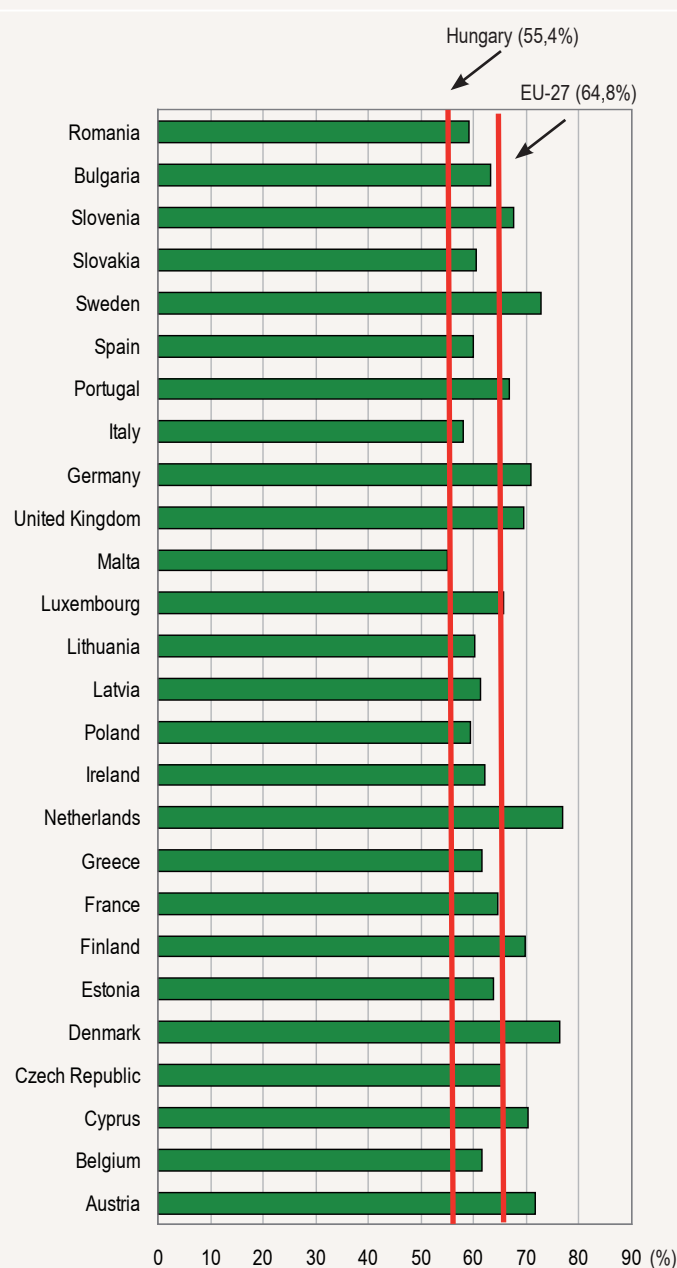
In the observed period, the number of employed people aged 15–74 was on annual average 3,782 thousand, 98 thousand fewer, than a year earlier. In the age-group 15–64, 3,751 thousand people were employed, the employment rate in this age-group amounted to 55.4%, 9.4 percentage points lower than the average published for EU–27. Among EU member states, the level of employment was lower only in Malta (54.9%), while it was the nearest to the Hungarian value in Italy (57.9%) and in Romania (59.2%). In Hungary, 61.1% of men and 49.9% of women aged 15–64 were employed, but even so, the lagging behind the EU average was larger in male employment.

In 2009, 18.1% of people aged 15–24 years were employed, while this rate was 35.1% in EU–27. However, the differences among member states are significant in this respect partly due to the participation in education and partly because of discrepancies in working while studying. 72.9% of people aged 25–54 years, i.e. in “best working age” were employed in 2009, which was essentially the same as a year earlier and 5.4 percentage points lower than the EU–27 average. The employment rate of elderly people (55–64 year-old) increased continuously till 2006, it decreased moderately in the next two years followed by a 1.4 percentage points (nearly 30 thousand persons) increase in 2009. Thus, 32.8% of people belonging to the age-group were employed on annual average which lagged behind the EU–27 average by 13.6 percentage points.

¹ EU data in international comparisons refer here and further on to the 2nd Quarter of 2009.

Figure 1

Employment rate of population aged 15–64 years, 2nd Quarter, 2009



One of the reasons of the very disadvantageous Hungarian employment rate in EU terms is the extremely low presence of people with primary educational attainment in the labour market. In Hungary, only 25.7% of 15–64 year-old people with primary education were employed in 2009, while the average rate of EU-27 was 46.2%. 61.6% of 15–64 year-olds having attained secondary education had a job which was nearly 8 percentage points down on the average of the 27 EU member states. At the same time, the employment rate of people with college or university degree (78.1%) was closer to the EU average than that of the former groups.

In 2009, the largest headcount loss was suffered in manufacturing where the number of employed people fell by 58 thousand (6.8%) over one year. Construction (6%) and trade (5%) belonged also to the economic sections which decreased relatively more their staff number.

The number of part-time employees grew by 17.3% (31 thousand persons) mainly due to the employment with shortened working hours enforced by economic reasons. 5.2% of employed people aged 15–64 years (nearly two thirds of them were women) were employed this way in 2009, while the respective EU-27 average was 18.2%. 8.4% of the 15–64 year-old employees worked with fixed term contract (the EU average was 13.4%). Among employed people, the share of sole proprietors and members of companies and partnerships (together with helping family members and co-operative members) continued to decrease (to 12.3%).

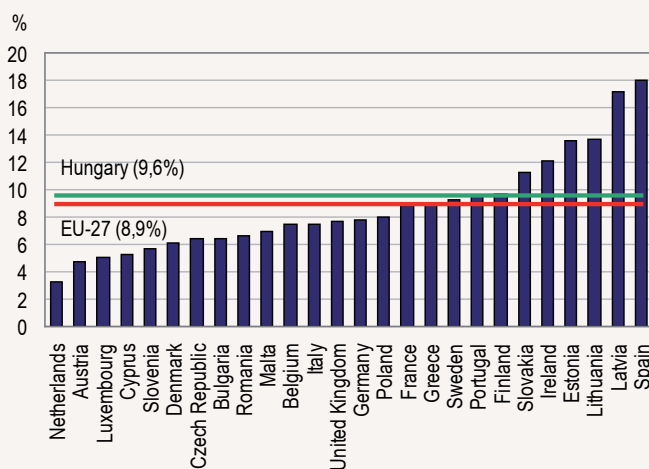
Unemployment

Due to the shutdown of factories and headcount decrease originating from the economic crisis evolved in the autumn of 2008, the number of unemployed people grew significantly. According to the labour force survey, the number of unemployed people aged 15–64 was in 2009 on annual average 420 thousand, by 92 thousand (27.8%) more than one year earlier. Unemployment rate rose from 7.9% (in 2008) to 10.1% which has been the highest value since 1995.

According to data of Q2 2009, Hungary was among the countries characterized by unemployment higher than the EU average. Similar level of unemployment was characteristic of Sweden, Portugal and Finland. In respect of unemployment rate, the difference among EU member states was still very large.

Figure 2

Unemployment rate of population aged 15–64, 2nd Quarter, 2009

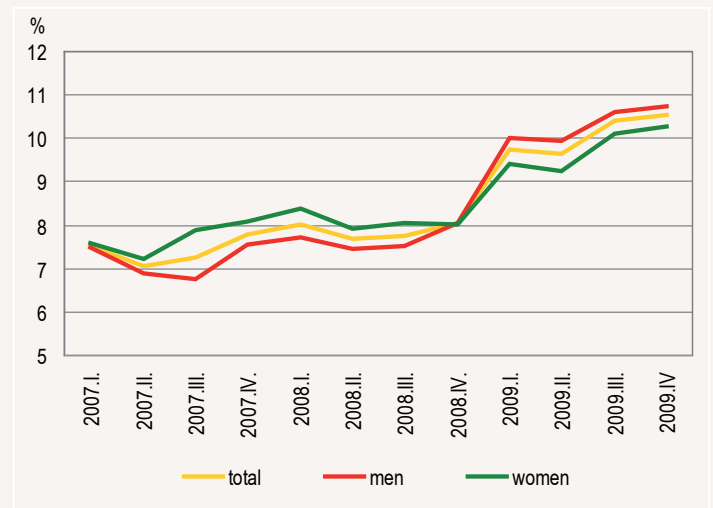


Unemployment rate rose greatly in case of both genders but, as the crisis affected mainly economic sections employing typically men, unemployment rate for men exceeded in 2009 again that for women. On annual level,

unemployment rate for men rose to 10.3% from the 7.7% in the previous year, while the rate for women increased from 8.1% to 9.8%.

Figure 3

Changes of unemployment rate by quarters, Q1 2007–Q4 2009



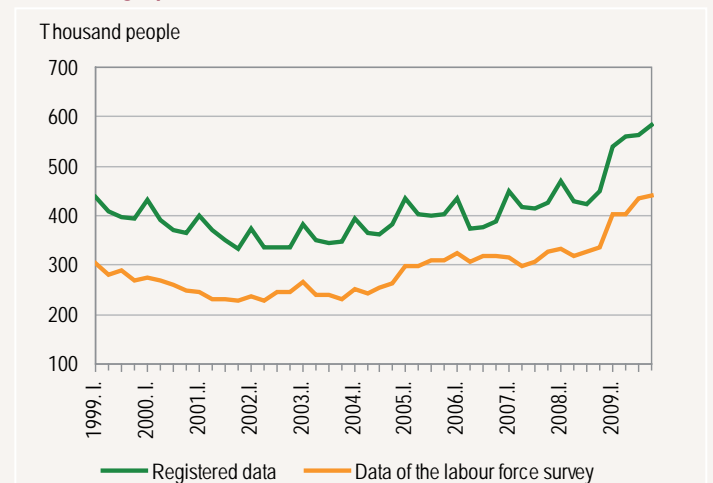
The economic activity of the age-group 15–24 further decreased in 2009, and, at the same time, their unemployment rate deteriorated significantly (it grew from 19.9% to 26.5%). Among unemployed people aged 15–64, the number of those who had never worked before was 54 thousand in 2009 which was somewhat more than in the previous year. However, their share decreased compared to 2008 even so. Two thirds (66.3%) of those who have work experiences searched for a job because they lost their former work, which represented a growth compared to the proportion in 2008 (57.4%).

As a consequence of the crisis, the number of people becoming unemployed increased first of all in manufacturing (by 41 thousand), within this, men were more affected. The number of those who had lost their job in construction and in wholesale and retail trade, repair of motorcycles grew as well (by nearly 9 thousand and 14 thousand, respectively).

In 2009, the composition of unemployed people by the duration of job seeking changed. The proportion of newly unemployed people, i.e. those who had been searching for a job for less than 12 months, grew (from

Figure 4

Number of registered jobseekers and unemployed people according to the labour force survey, 1999–2009 (quarterly averages)



51.6% to 57.0%), while the share of long-term unemployed people seeking work for at least 1 year fell from 48.4% to 43.0%. As a consequence, the average duration of unemployment shortened to 16.5 months.

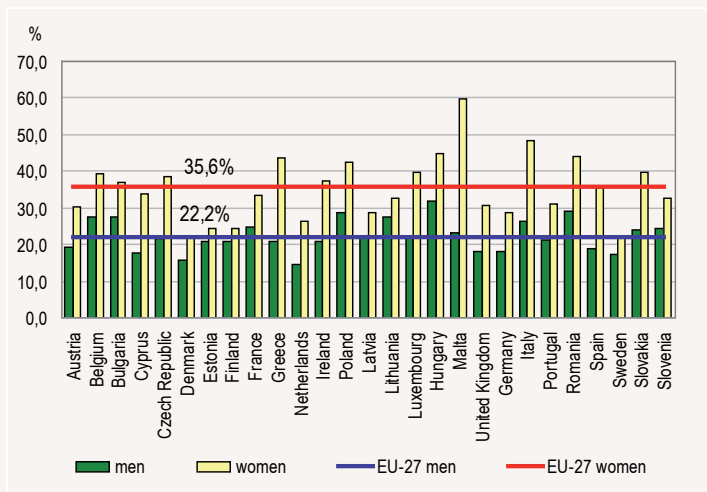
The data of administrative data source, i.e. the number of the so-called registered jobseekers was on the basis of the mean of monthly data 562 thousand, 27% more than in 2008.

Inactivity

38.5% of the Hungarian population aged 15–64 year-old was inactive in Q2 2009 which was 9.6 percentage points higher than the EU-27 average. Though the proportion of inactive people decreased by nearly 2 percentage points in the last decade, first of all due to the higher retirement age, our relative position did not improve.

Figure 5

Inactivity rate of people aged 15–64 years in EU member states, 2nd Quarter 2009



Due to the crisis of the world economy becoming more and more globalized, employment fell in Hungary as well (by 97.8 thousand persons), while unemployment increased nearly to the same extent (by 91.5 thousand persons). Thus, the decrease in the number of population of same age was reflected in the decrease of nearly 17 thousand in the number of inactive people.

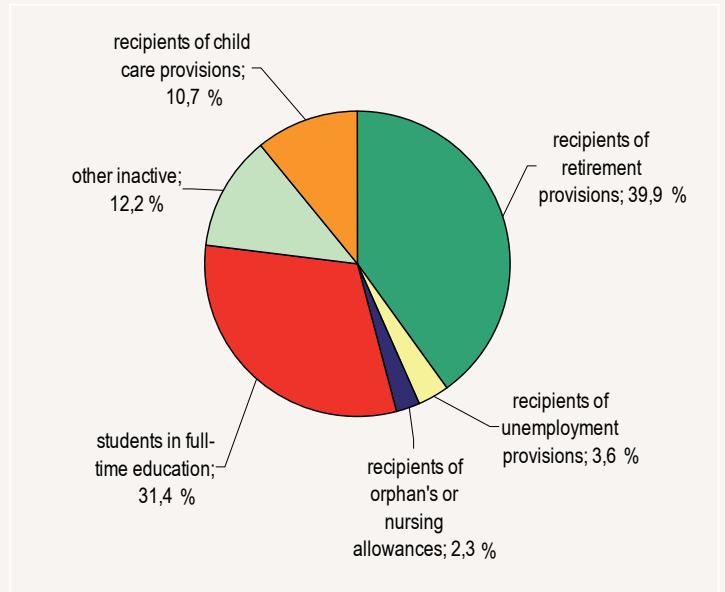
In 2009, among the population aged 15–64, which is relevant in respect of labour market, 2,599 thousand people (38.4%) were not present in the labour market either as employed or as active jobseekers. Though men and women have nearly the same proportion within the population aged 15–64, among inactive people there are more women (59.4%), mainly due to absence from the labour market connected to child raising and other family responsibilities. In respect of age composition, the highest inactivity is characteristic of young and elderly people. Three fourths of 15–24 year-olds and nearly two thirds of 55–64 year-olds were inactive in 2009.

In 2009, among the 2,599 thousand economically inactive people aged 15–64 years, 1,036 thousand received old-age, disability or widow's pension, 279 thousand got some kind of child care provisions and 93 thousand unemployment provision in cash. Further 59 thousand people received orphan's or nursing allowance. So, 56.4% of the inactive population aged 15–64 years (1,467 thousand people) had regular, demonstrable income.

The majority of the 1,132 thousand people having no income by own right (815 thousand) were students in full-time education belonging to the classical category of dependents. Among the remaining 317 thousand so-called "other inactives", 75 thousand belonged to the age-group 15–24, but only every fifth of them declared that they participate in some kind of

Figure 6

Inactive population aged 15–64 years by main categories of source of living, 2009



part-time or non-formal education. Moving upwards on the age-scale, "other inactive" population is characterized by the increase of the share of women. While among "other inactive" young people aged 15–24, women and men have nearly the same proportion, in case of middle-aged and elderly age-groups a two thirds predominance of women is characteristic. Only 13.1% of the inactive population aged 15–64 (12.1% of women and 14.6% of men) said in 2009 that they would have worked if they had had any possibility. However, the overwhelming majority, nearly 2,259 thousand people did not want to carry out any income earning activity, therefore they did not take any step in the interest of (re)-integration into the labour market. 15–64 year-old inactive people did not search for a job mainly due to their educational attainment (33.4%), while retirement was mentioned as the second most important reason (26.1%). This was followed by deterioration of health (14.9%), and family responsibilities, care for children or sick relatives (12.6%). There is of course a close connection between the age and the fact why somebody does not search for a job. A large majority of young people aged 15–24 years are studying in some form of education, so it is not surprising that 89.1% of inactive people of this age refer to this reason. In the age-group 25–54, inactive women explain typically by family responsibilities and child care (47.8%), while inactive men by health problems (34.9%) that they do not seek a job. Almost all inactive people aged 55–64 years (92.5%) receive pensions or retirement provisions; therefore, they mention most frequently this (70.7%) or deterioration of health (21.7%) as reason.

45.8% of 15–64 year-old inactive people have either never worked or their job terminated more than 8 years ago. Among the 1,409 thousand inactive people having had work experiences in the past 8 years, 31.9% lost their job due to old-age retirement, further 28.7% because of disability, early or pre-retirement, while for 20.5% the closure of the workplace, termination of the job or notice of the employee was in the background. Inactive men belonging to the middle age-groups (25–54 year-old) did not work mainly due to disability, early or pre-retirement (31.1%) as well as because of losing their job or the closure of their workplace (36.6%). In 2009, women of the same age explained their inactivity most frequently by losing their job, workplace (32.6%), and, differently from the previous years, family responsibilities took only the second place (25%). In their case, receiving disability, early and pre-pension was only the third most frequent reason (22.3%).

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