

Labour market situation, 2011

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Introduction

In the labour market of most European countries, among them of Hungary, there is at present a reconstruction of a very moderate pace following the crisis. In this regard, the Labour Force Survey in 2011 registered an increase of more than 30 thousand in the total number of employed people on the average. According to the data of the institutional labour statistics, at corporations employing at least 5 people and at non-profit institutions, there was a headcount increase of 28 thousand, while at budgetary institutions, as a result of government measures encouraging more careful management, the number of employees¹ fell by more than 10 thousand.

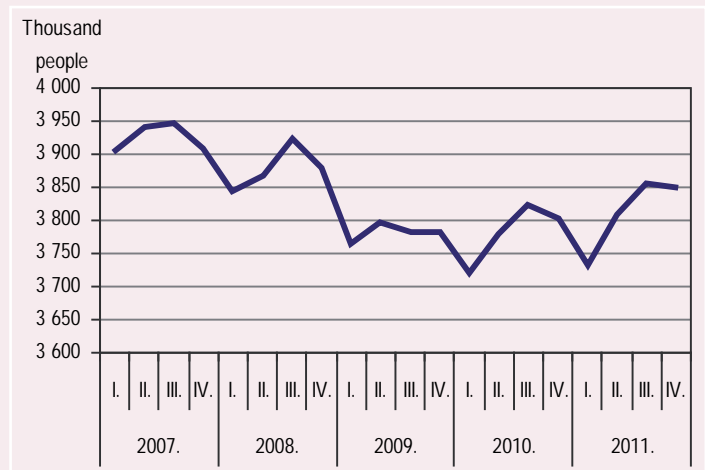
The average number of people in public employment intended for mitigating the labour market consequences of the crisis was lower in 2011 than a year before. On annual average, 59 thousand people received wages in public employment through budgetary paying agents, 24 thousand fewer than in 2010. Since, in addition to those in part-time employment, the proportion of people employed with a short-term contract for only some months grew as well, the circle of those affected by public employment was larger than in the previous year. The average headcount lower than in 2010 was not the result of the decrease in the role of the state but was partly due to the fact that the renewed form of public employment could take off only after the first quarter of the year because of the longer time needed for elaborating the complex action plan.

The deteriorating prospects in employment accompanying the crisis and the restriction of the range of social security provisions, which is partly connected to the former factor, forced also unemployed people to play a more active role in the labour market. Though the number of unemployed people according to ILO criteria² practically stagnated in 2011, the latent reserve of the labour market amounting to more hundred thousands of people anyway, increased.

Employment

The annual average number of employed people among the population aged 15–74 years was 3,812 thousand in 2011, which meant a definite (30 thousand) increase compared to the previous two years, but was still nearly 100 thousand fewer than before the crisis.

Number of employed people aged 15-74 years



The employment rate of the population aged 15–64 years was 55.8% in 2011; 50.6% of women and 61.2% of men of the corresponding age were employed. According to the data of the 3rd Quarter – the period for which internationally comparable data are already available – the employment rate of men was 8.4 percentage points lower than the EU average, so we were next the last in the ranking of member states. In case of women, the lagging behind was smaller, 7.8 percentage points which resulted the 24th place in the ranking.

In corporations employing at least 5 people, which can be considered more stable in respect of employment, 1,851 thousand people worked on annual average, i.e. the number of workplaces increased here by 25 thousand over the year. In manufacturing, ensuring work for every third person employed in this sector, the headcount grew by 3.5%; within this, there was an outstanding headcount increase in the manufacture of machinery and equipment. At the same time, in the economic sections construction, wholesale and retail trade, repair of motor vehicles and motorcycles, as well as transportation and storage, the headcount continued, even if slightly, to decrease.

The annual average headcount in budgetary institutions without people in public employment was 1.4% fewer than a year ago, so it amounted to 676 thousand. The headcount of 735 thousand including people in public employment meant a decrease of 5%. In the observed non-profit organizations (playing a more significant role in employment), 106 thousand people were employed, which meant a 3% headcount increase. Though the role and importance of the so-called atypical forms of employment (part-time employment, casual workers, fixed-term employment, or self-employment) are increasing partly just due to the crisis, the proportion of those in full-time employment with contract of indefinite duration is still 75.9% (2008: 77.9%, 2010: 75.7%).

¹ Disregarding the number of people in public employment.

² Does not have a job, is seeking a job and is available for work.

Employment rate of population aged 15–64 years and unemployment rate in EU member states, 3rd Quarter 2011

Table 1

| Country | Employment rate of people aged 15–64 years | | | change compared to the same period of the previous year (Q3 2011–Q3 2010) | unemployment rate of people aged 15–74 years Q3 2011 |
|----------------|--|-------------|-------------|---|--|
| | men | women | together | | |
| | Q3 2011 | | | | |
| | % | | | percentage point | % |
| Austria | 78.9 | 67.2 | 73.0 | 0.4 | 3.7 |
| Belgium | 66.6 | 56.7 | 61.7 | -0.3 | 7.8 |
| Cyprus | 74.9 | 60.5 | 67.6 | -2.4 | 7.7 |
| Czech Republic | 74.6 | 57.5 | 66.1 | 0.7 | 6.6 |
| Denmark | 76.5 | 71.0 | 73.8 | 0.0 | 7.5 |
| Estonia | 70.1 | 64.5 | 67.2 | 5.1 | 10.9 |
| Finland | 71.8 | 68.7 | 70.3 | 1.0 | 6.8 |
| France | 68.7 | 60.0 | 64.3 | 0.0 | 9.0 |
| Germany | 77.6 | 68.0 | 72.8 | 1.3 | 5.8 |
| Greece | 65.9 | 44.9 | 55.4 | -4.3 | 17.8 |
| Hungary | 62.1 | 50.9 | 56.4 | 0.4 | 10.7 |
| Ireland | 63.3 | 55.0 | 59.1 | -1.2 | 14.7 |
| Italy | 67.8 | 46.1 | 56.9 | 0.2 | 7.7 |
| Latvia | 63.7 | 61.7 | 62.7 | 2.1 | 14.4 |
| Lithuania | 61.8 | 61.0 | 61.4 | 2.9 | 14.8 |
| Luxembourg | 72.3 | 57.3 | 65.0 | -1.1 | 4.4 |
| Malta | 74.0 | 41.6 | 58.1 | 1.4 | 6.2 |
| Netherlands | 80.2 | 69.9 | 75.1 | 0.2 | 4.2 |
| Poland | 67.2 | 53.2 | 60.2 | 0.2 | 9.4 |
| Portugal | 68.8 | 60.3 | 64.5 | -1.0 | 12.6 |
| Slovakia | 66.8 | 53.0 | 59.9 | 0.7 | 13.1 |
| Slovenia | 68.5 | 61.4 | 65.1 | -1.2 | 7.9 |
| Spain | 63.6 | 52.1 | 57.9 | -1.0 | 21.5 |
| Sweden | 77.6 | 73.1 | 75.4 | 1.3 | 6.8 |
| United Kingdom | 74.5 | 64.6 | 69.5 | -0.5 | 8.4 |
| EU–25 | 70.9 | 59.0 | 64.9 | 0.1 | 9.5 |
| Bulgaria | 62.4 | 57.3 | 59.9 | -0.7 | 10.2 |
| Romania | 65.4 | 52.8 | 59.1 | -1.1 | 7.2 |
| EU–27 | 70.5 | 58.7 | 64.6 | 0.0 | 9.4 |

Unemployment. inactivity

The number of unemployed people has been continuously decreasing since the beginning of the 2000s along with the narrowing possibilities of making use of different social provisions. As a consequence of the crisis (and partly due to the stricter examination of active job-seeking than earlier), the number of unemployed people according to the three criteria of ILO (does not have a job, is seeking a job and is available for work) grew in 2009 by nearly one fourth to 421 thousand, and this number grew to 475 thousand in 2010, despite the fact that the number of employed became already stable. The annual average number of unemployed people according to ILO definitions was 468 thousand in 2011, which corresponded to a 10.9% unemployment rate.

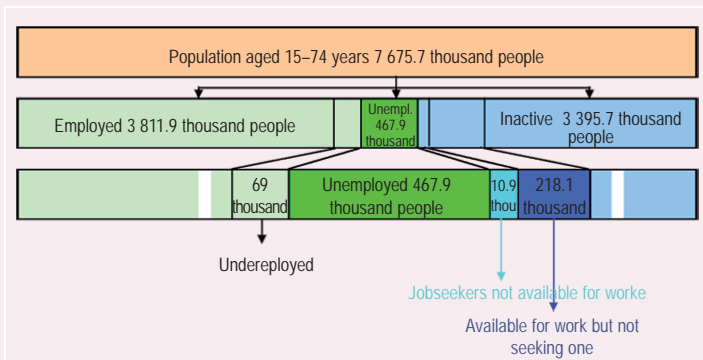
In the EU ranking by unemployment rate, Hungary was the 19th among the 27 member states in the 3rd Quarter of 2011.

In 2011, Eurostat published for the first time three new indicators for those who are in a situation near unemployment as indicators of potential labour force reserve. In Hungary, among inactive people, 229 thousand

belonged to the “reserve” category (were actively seeking a job but were not available, or wanted to work and were available but were not actively seeking a job) defined by the new indicators, while among part-time workers, 69 thousand were ‘underemployed’ in 2011.

Figure 2

Potential labour force reserve, 2011



According to the self-categorization in the LFS, 678.1 thousand people considered themselves unemployed, essentially the same number as a year before (2010: 676.5 thousand). Among them, 417 thousand were unemployed according to the ILO definition as well, while another 164 thousand could be classified in one of the above mentioned labour force reserve categories.

In December, the number of jobseekers registered in administrative records was 552.3 thousand, 39 thousand (6.6%) fewer than a year before. The annual average number of registered jobseekers was the same as last year (583 thousand). Due to the continuous restriction affecting almost each element of the unemployment provision system, only 297.7 thousand people of them received benefits in cash in December, and the majority, 192.1 thousand could receive only social support of smaller amount.

485.4 thousand people classified themselves as registered jobseekers in the Labour Force Survey, 319 thousand of them were unemployed according to the ILO definition and 144.6 thousand were inactive.

Among the population aged 15–64 years, who are considered source of labour force uniformly in the EU, in addition to the 3,779 thousand employed and 467.6 thousand unemployed people, 2,523.6 thousand were inactive. Among them, pensioners formed the largest group (949.1 thousand people), though the proportion of pension recipients among inactives in the age-group concerned is continuously decreasing due to the stricter procedure of disability retirement and the gradual but continuous rise in retirement age. The second largest group with 794.4 thousand people consisted of full-time students, while 280.9 thousand received childcare provision, 111.2 thousand unemployment benefit and 43.7 thousand nursing fee. Out of the remaining 322.5 thousand people having no income connected to person, 39.6 thousand were part-time students or participated in non-formal education, 43.5 thousand did not work because of family responsibilities (‘unsolved care for children or other relatives’), while 34.8 thousand indicated bad health status as the reason for being absent from the labour market.

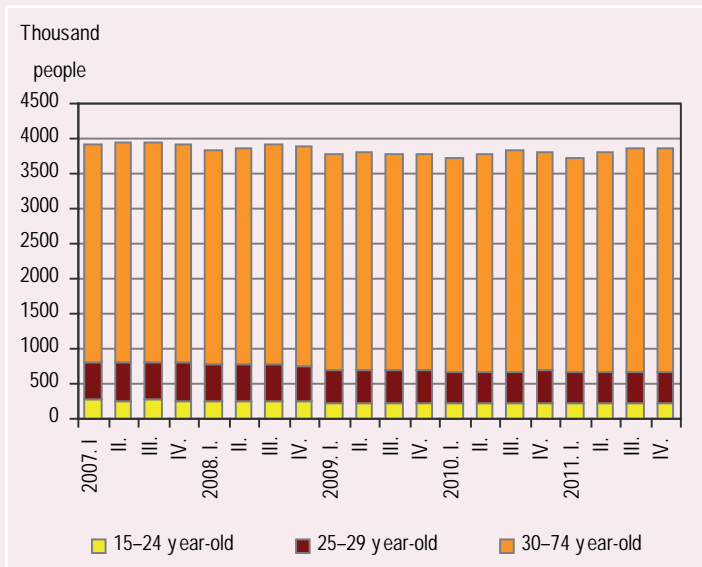
Young people in the labour market

The consequences of the crisis affected especially intensively young people all over Europe. According to the *EU employment report* (Employment and Social Development 2011), the unemployment rate of people aged 15–24 years was in the 3rd Quarter of 2011 2.5 times as much as that of the older age-groups, which exceeded by 0.5 percentage point the level a year ago. The situation is the worst in Spain, where the unemployment rate of young

people reached 48% in September 2011, while it varied between 7–9% in the countries in the best position (Austria, Germany and the Netherlands). Hungary belonged to the countries with high youth unemployment rate. In 2011, the unemployment rate of people aged 15–24 years was 26.1%, essentially the same as in the previous year. Compared to the period before the crisis, the unemployment rate of young people increased more than that of the total population, however, the proportion of this age group within unemployed slightly decreased.

Figure 3

Headcount of young and total employed, 2007–2011



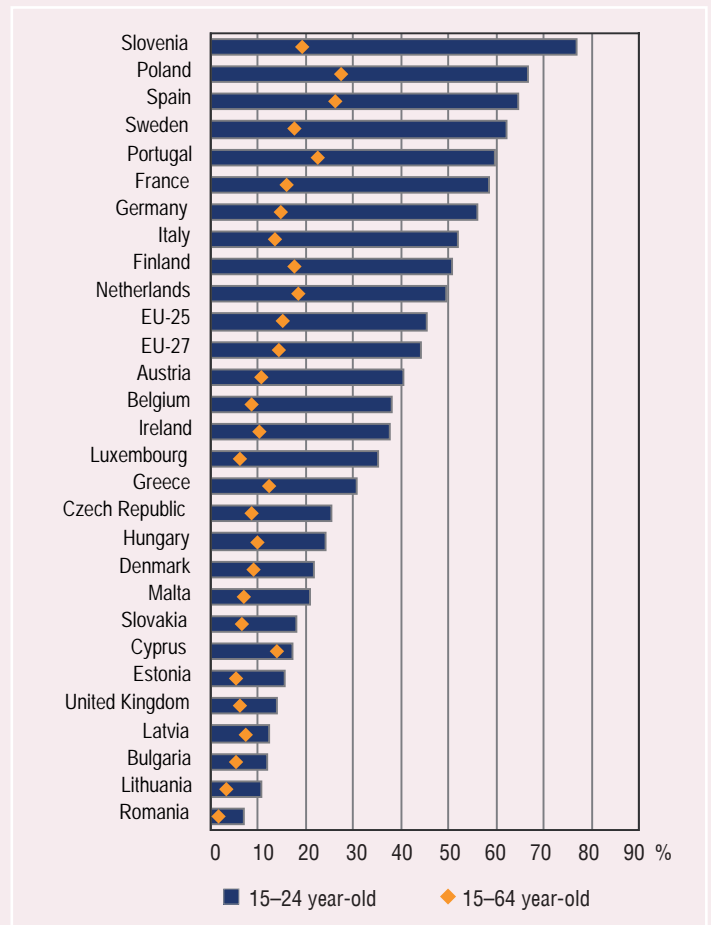
In the field of employment, the spread of the so-called non-traditional or atypical forms of employment, including the situation when employed and unemployed statuses vary within a relatively short period in someone's life, is considered by experts the most significant change in the last decade. The fact that young people are involved in these forms of employment more than the average increased their vulnerability in the labour market during the crisis, since employers start headcount reduction generally with employees connected less to the organization concerned. The proportion of people working with fixed-term contract is twice as much among those aged 15–24 years as among the total 15–64 year-old population in Hungary as well, although this, contrary to the dual system in Germany or Austria, does not result from the Hungarian professional educational system.

The youngest, 15–19 year-old age group is for the time being very underrepresented in the labour market, since – due to the compulsory participation in general education until the age of 18 – most of them are still studying. In 2011, out of the 3,812 thousand employed, only 10.8 thousand belonged to this age group (including naturally those who indicated both working and studying in the labour force survey), while nearly the same number, 8.3 thousand were classified as unemployed. In 2011, the 20–24 age group accounted for 5.4% (207.5 thousand) of all employed and for 14.7% (68.6 thousand) of all unemployed people. The unemployment rate characteristic of this age group was 24.8%, while their employment rate amounted to 33.1%. It largely contributes to the unfavourable indicators of young people below 25 years of age, that among those who are present in the labour market, the number of early school leavers (often not even completing primary education), who have no useful professional knowledge, is high. This and mostly the absolute lack of practical experiences make very difficult for them to find a job. Even if they manage to find a job, it is a badly paid and/or undeclared one guaranteeing not even the minimum safety for the employee.

³ Calculated for the population aged 15–64 years.

Figure 4

Employees with fixed-term contract as a percentage of the total number of employees in EU member states, Q3 2011



Employment rate calculated on the basis of work volume

Along with the spread of atypical forms of employment, in addition to the 'traditional' employment rate, the so-called full-time equivalent employment rate based on work volume becomes a more and more important labour market indicator. Full-time equivalent headcount is calculated so that the number of hours actually worked (together with overtime) is divided by the average working hours of full-time workers, so the headcount is practically converted into full-time headcount. The difference between the two headcounts is mainly influenced by the proportion of part-time workers. So, Hungary is in a better position in the EU ranking in respect of full-time equivalent employment rate than of normal employment rate due to the low proportion of part-time employment. This is well demonstrated by the fact, that in 2010, the employment rate in Hungary was 15 percentage points lower than the 70.5%³ in Austria, where the size of the labour market is nearly the same as in Hungary, while in case of full-time equivalent employment rate, the difference was only 6 percentage points. The lagging behind is fully due to the significantly smaller work volume performed by Hungarian men than by Austrian men. While the full-time equivalent employment rate of men was 76.6% in Austria as opposed to the 59.5% in Hungary, this kind of employment rate of Hungarian women was in 2010 even slightly higher than the level in Austria.

The change of full-time equivalent employment rate over time in Hungary differs from that in most EU member states. In these countries, the difference between the full-time equivalent and the normal employment rate is generally decreasing due to the increasing participation of women in the labour market, involving also that more and more of them work full-time, while in Hungary, the difference between the two employment rates, which is quite small in international comparison, doubled between 2000 and 2011.

Table 2

Traditional and full-time equivalent employment rates by sex, 2000-2011

| Year | Number of employed | Full-time equivalent headcount | Employment rate | Full-time equivalent employment rate | Proportion of part-time workers |
|-----------------|--------------------|--------------------------------|-----------------|--------------------------------------|---------------------------------|
| | fő | | % | | |
| Together | | | | | |
| 2000 | 3 831 931 | 3 784 420 | 56.0 | 55.3 | 3.7 |
| 2001 | 3 849 803 | 3 803 801 | 56.2 | 55.5 | 3.8 |
| 2002 | 3 850 441 | 3 801 978 | 56.2 | 55.5 | 3.7 |
| 2003 | 3 897 240 | 3 837 278 | 57.0 | 56.1 | 4.2 |
| 2004 | 3 874 673 | 3 813 657 | 56.8 | 55.9 | 4.1 |
| 2005 | 3 878 645 | 3 814 558 | 56.9 | 56.0 | 3.9 |
| 2006 | 3 906 069 | 3 845 084 | 57.3 | 56.4 | 3.8 |
| 2007 | 3 896 966 | 3 835 448 | 57.3 | 56.4 | 3.9 |
| 2008 | 3 849 152 | 3 783 607 | 56.7 | 55.7 | 4.3 |
| 2009 | 3 751 287 | 3 671 969 | 55.4 | 54.2 | 5.2 |
| 2010 | 3 750 099 | 3 667 986 | 55.4 | 54.2 | 5.5 |
| 2011 | 3 778 981 | 3 679 509 | 55.8 | 54.3 | 6.4 |
| Men | | | | | |
| 2000 | 2 091 622 | 2 074 742 | 62.7 | 62.2 | 2.7 |
| 2001 | 2 102 401 | 2 086 051 | 62.9 | 62.5 | 2.9 |
| 2002 | 2 100 442 | 2 082 854 | 62.9 | 62.4 | 2.8 |
| 2003 | 2 112 646 | 2 091 977 | 63.4 | 62.8 | 3.0 |
| 2004 | 2 101 973 | 2 079 044 | 63.1 | 62.4 | 2.9 |
| 2005 | 2 101 246 | 2 078 225 | 63.1 | 62.4 | 2.4 |
| 2006 | 2 122 115 | 2 100 447 | 63.8 | 63.1 | 2.4 |
| 2007 | 2 125 459 | 2 103 802 | 64.0 | 63.4 | 2.5 |
| 2008 | 2 092 890 | 2 068 034 | 63.0 | 62.3 | 3.0 |
| 2009 | 2 026 410 | 1 997 131 | 61.1 | 60.2 | 3.6 |
| 2010 | 2 005 367 | 1 976 656 | 60.4 | 59.5 | 3.6 |
| 2011 | 2 038 973 | 2 001 138 | 61.2 | 60.1 | 4.4 |
| Women | | | | | |
| 2000 | 1 740 309 | 1 709 678 | 49.6 | 48.8 | 4.9 |
| 2001 | 1 747 402 | 1 717 749 | 49.8 | 48.9 | 4.9 |
| 2002 | 1 749 999 | 1 719 125 | 49.8 | 49.0 | 4.9 |
| 2003 | 1 784 594 | 1 745 301 | 50.9 | 49.8 | 5.7 |
| 2004 | 1 772 700 | 1 734 613 | 50.7 | 49.6 | 5.6 |
| 2005 | 1 777 399 | 1 736 332 | 51.0 | 49.8 | 5.6 |
| 2006 | 1 783 954 | 1 744 637 | 51.1 | 50.0 | 5.4 |
| 2007 | 1 771 507 | 1 731 646 | 50.9 | 49.7 | 5.5 |
| 2008 | 1 756 262 | 1 715 573 | 50.6 | 49.4 | 5.8 |
| 2009 | 1 724 877 | 1 674 838 | 49.9 | 48.5 | 7.1 |
| 2010 | 1 744 732 | 1 691 330 | 50.6 | 49.1 | 7.6 |
| 2011 | 1 740 008 | 1 678 371 | 50.6 | 48.8 | 8.8 |

*Calculated for the population aged 15-64 years.

Further information, data (links):

[Methodology](#)[Statdat tables](#)www.ksh.hu

Contact details:

Judit.Lakatos@ksh.hu

Telephone: (+36-1) 345-6204

[Information service](#)

Telephone: (+36-1) 345-6789

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