



**NÉZŐPONT INTÉZET**

# THE LABOUR MARKET SITUATION IN HUNGARY (2010-2016)

April 2017

## CHIEF TRENDS

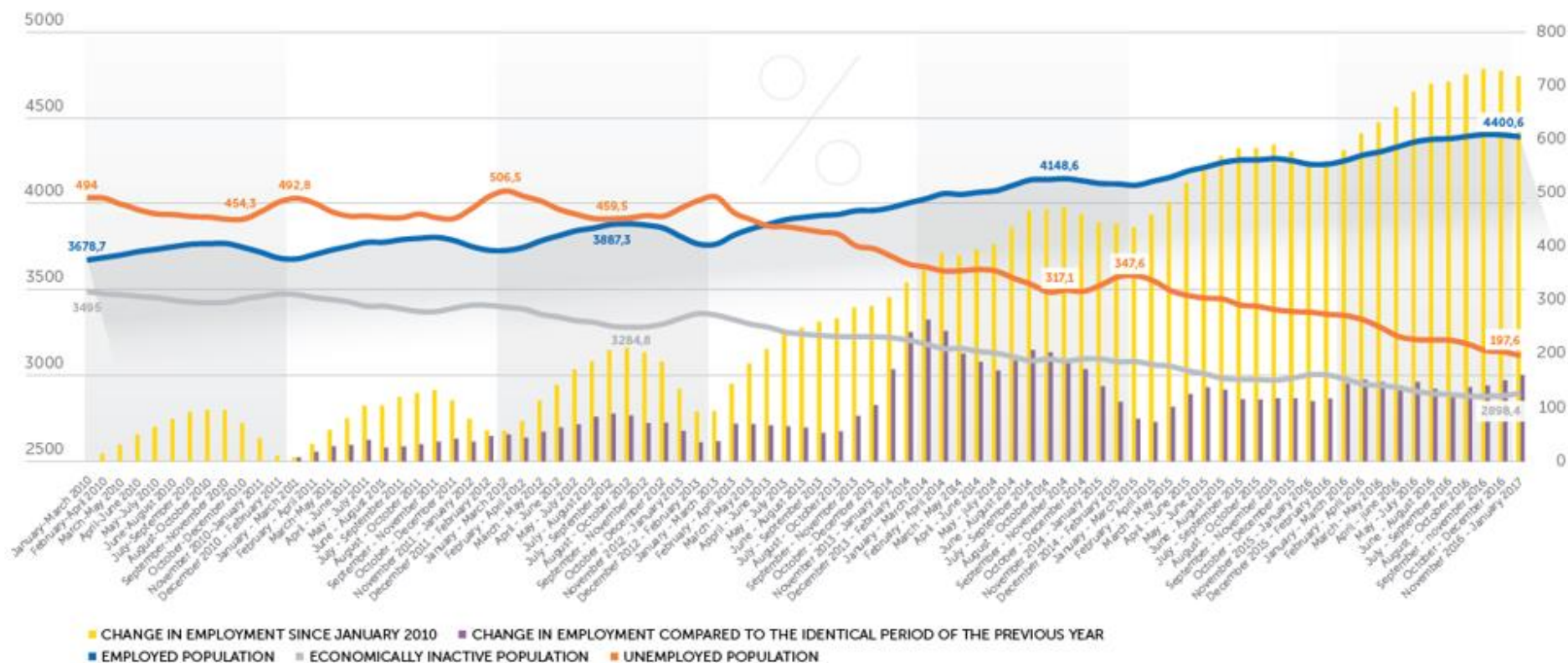
Between January 2010 and December 2016, the number of those in employment in Hungary expanded by over 700 000 persons. Parallel to this, unemployment was reduced by 300 000 persons and the headcount of the economically inactive population fell by close to 600 000 persons. Over the same period, the working-age population (those between the ages of 15 and 74) fell by over 170 000 in Hungary.

The year 2010 only saw seasonal growth in employment, the expansion of which remained moderate in 2011 and 2012. However, substantial growth began in 2013 and continued over the subsequent three years.

The expansion of employment came from two separate sources. The contraction in the number of the economically inactive population has been continuous since 2010; factors contributing to this included raising the retirement age, abolishing several early retirement entitlements, as well as channeling economically inactive groups, as those with various forms of disability, into the labour market or public works schemes. The fall in employment began in 2013 and has since been reduced from 11.6 percent to 4.3 percent. This improvement is explained by the expansion of public works schemes, followed by the upsurge of the open labour market.

The lasting improvement of Hungarian employment indicators has produced one of the lowest unemployment rates in the EU, while employment figures are now approaching the community average. The divergence between the two indicators is explained by the structure of the Hungarian labour market. The share of the economically inactive population remains high in Hungary, which derives from the lower retirement age, the poorer health condition of the population, and the lengthy maternity leave reaching up to three years; the latter has a negative influence primarily on female employment figures. In a European comparison, part-time employment is marginal in Hungary, which also greatly contributes to the still high economically inactive proportion of the country's population.

## Main employment data (thousands)



## PUBLIC WORKS SCHEMES AND FOREIGN EMPLOYMENT

The Central Statistical Office (KSH)'s calculations include participants in state-run public works schemes, as well as employees registered at foreign premises, in overall employment figures. Certain opinion leaders and analysts dispute the inclusion of these employees in employment data.

Figures reveal that these two groups only played a marginal role in the expansion of employment over the previous years. During the past two years, the number of those in employment in Hungary increased by 293 800 persons. Of this, the extension of public works schemes contributed 41 800 new employees, while the number of those registered at foreign premises was 10 500 more than this figure. Consequently, the domestic, primary labour market made up 82.2 percent of growth in employment over the past two years.

The number of those employed on the domestic, primary labour market exceeded four million individuals in the second half of 2016. However, close to 46 percent of the expansion in employment since 2010 was caused by the extension of public works schemes and taking foreign employment into account. Due to the expansion of the domestic labour market, this share is contracting continually, a tendency the cabinet aims to accelerate further with the cutback of public works programmes.

