# Hungary[1]

In Hungary, the share of jobs amenable to teleworking varies over 20 percentage point across regions.	**Unemployment rates vary over three-fold across regions, but gaps have been closing since 2008.**	**Combined, Budapest and Pest account for 32% of all employment in Hungary, but 42% of all high-skill employment.**

The potential impacts of COVID-19 on local labour markets

Jobs in sectors most at risk and amenable to teleworking
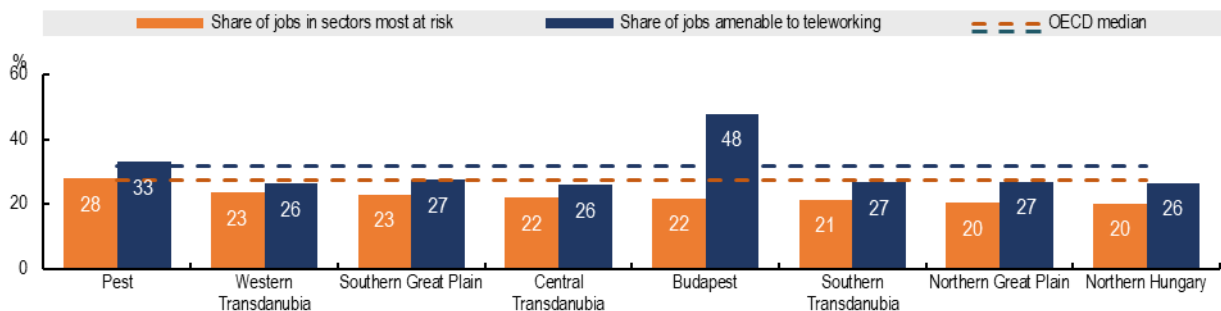
Note: Share of jobs at risk is based on estimates of sectors most impacted by strict containment measures, such as those that involve travelling and direct contact between consumers and service providers. The sectoral composition of the regional economy is based on data from 2017 or latest available year. Share of jobs amenable to teleworking is based on the types of tasks performed in different occupations, and the share of those occupations in regional labour markets. These figures do not account for gaps in access to IT infrastructure across regions, which could further restrict teleworking potential. The OECD median presented here is the median of OECD regions with available data for each indicator.
Source: OECD calculations on OECD (2020), "Regional economy", *OECD Regional Statistics (database),* https://doi.org/10.1787/6b288ab8-en; and OECD (2020), *OECD Regions and Cities at a Glance 2020,* https://doi.org/10.1787/959d5ba0-en.

COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In Hungary, disparities between regions are relatively small compared to other OECD countries: the share of jobs in sectors most at risk ranges from 20% in Northern Hungary and Northern Great Plain to 28% in Pest. The share of jobs in the sectors most at risk was close to below the OECD median region for all regions.

While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs. Widespread teleworking is more feasible in some regions than others. The share of jobs amenable to teleworking varies over 20 percentage points across regions from 26% in Western Transdanubia, Central Transdanubia and Northern Hungary to 48% in Budapest. This is amongst the highest regional variation in the OECD. In all regions except for Budapest and Pest, the share of jobs amenable to teleworking below the OECD median region.
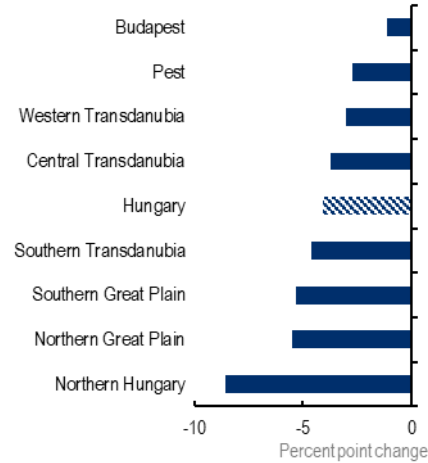
Local labour market performance prior to COVID-19

Unemployment rate, 2019
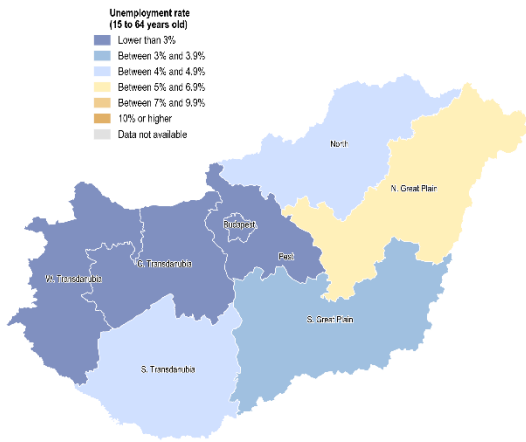
Change in unemployment rate, 2008-2018

Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.
Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database),* https://doi.org/10.1787/f7445d96-en.

Prior to the COVID-19 pandemic, unemployment rates in Hungary were generally low, but varied over three-fold across regions. They ranged from a low of 1.8% in Western Transdanubia to a high of 6.4% in Northern Great Plain in 2019. Looking at the decade following the 2008 crisis, all regions had unemployment rates lower in 2018 than in 2008, a pattern seen in only one-third of OECD countries. Regional gaps in unemployment shrunk over this period, thanks to relatively larger declines in the regions with the highest rates in 2008. For example, the unemployment rate decreased by 8.6 percentage points in Northern Hungary, which had the highest unemployment rate in 2008 (13.4%).

Change in net employment, 2008-2018
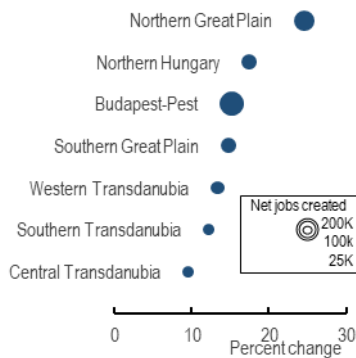
Employment by region and skill level, 2018
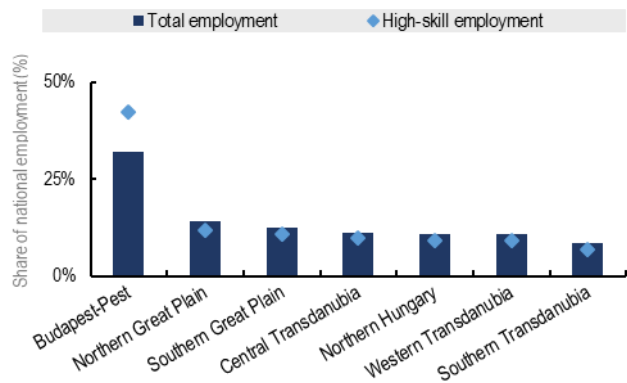
Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database),* https://doi.org/10.1787/f7445d96-en, OECD calculations on EU Labour Force Survey.

In all regions, the number of people employed grew between 2008 and 2018. Budapest-Pest was responsible for 30% of net employment growth over this period. In 2018, it accounted for almost 32% of all employment in Hungary and an even higher share of all high-skill employment – 42%. Looking at a longer time period (2000-2018), the overall geographic concentration of jobs increased in Hungary, and more so for high-skill jobs than jobs in general, similar to trends across most OECD countries. However, due to changes in regional classifications in Hungary over this period, this data should be interpreted with caution.

Local labour market transitions

Share of jobs at risk of automation, 2018
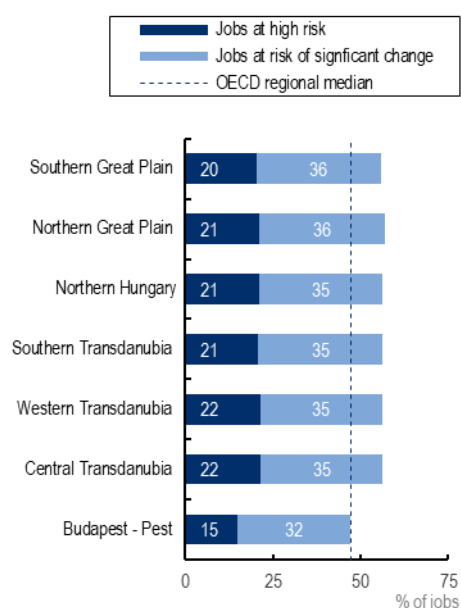
Job polarisation, 2000-2018
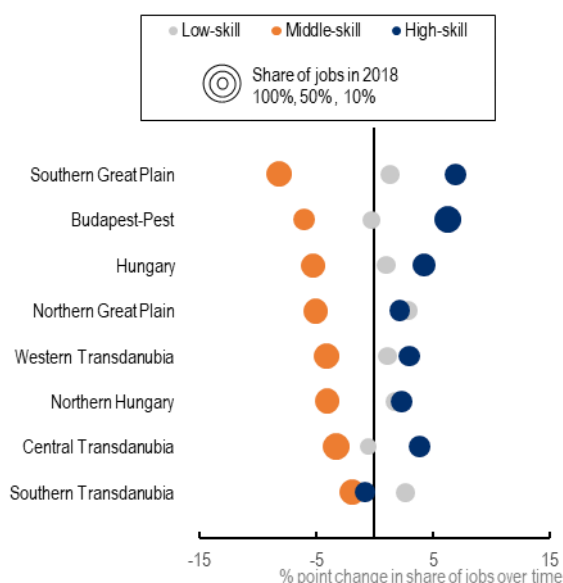
Note: In Panel A "High risk" refers to the share of workers whose job faces a risk of automation of 70% or above. "Significant risk of change" reflects the share of workers whose job faces a risk of automation between 50% and 70%.

In Panel B, High-skill occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers); 2 (professionals); and 3 (technicians and associate professionals). Middle-skill occupations include jobs classified under the ISCO-88 major groups 4 (clerks); 6 (skilled agricultural workers); 7 (craft and related trades workers); and 8 (plant and machine operators and assemblers). Low-skill occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers); and 9 (elementary occupations).

Source: OECD calculations based on Survey of Adult Skills (PIAAC) (2012); and EU Labour Force Survey; Nedelkoska, L. and G. Quintini (2018), "Automation, skills use and training", https://doi.org/10.1787/2e2f4eea-en; and OECD (2020), *OECD Employment Outlook 2019: The Future of Work*, https://doi.org/10.1787/9ee00155-en.

COVID-19 will likely accelerate automation, putting additional pressures on places with relatively high shares of jobs at risk. All regions in Hungary have close to or a higher share of jobs at high risk or risk of significant change from automation than the OECD median region. The share of jobs at risk ranges from 47% in Budapest-Pest to 57% in Northern Great Plain and Southern Great Plain.

Following general OECD patterns, in Hungary, all regions saw the share of middle-skill jobs decrease between 2000 and 2018. The share of middle-skill jobs decreased by 5 percentage points or more in Northern Great Plain, Budapest-Pest, and Southern Great Plain. In the Northern Great Plain and Central Hungary, the number of middle-skill jobs actually increased over this period, albeit relatively less than low- and high-skill jobs. For example, in Budapest-Pest, the number of middle-skill jobs increased by over 10 000, while the number of high-skill jobs increased by almost 200 000. In Southern Great Plain, the number of middle-skill jobs actually decreased by roughly 10 000. In most regions, decreasing shares of middle-skill jobs were predominantly offset by increasing shares of high-skill jobs, although in Southern Transdanubia and Northern Great Plain, the share of low-skill jobs grew relatively more.

Active labour market policies: institutional arrangements

Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions. The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

X	**Centralised, including branch offices of national ministry / agency**	Employment policy in Hungary is coordinated by the Ministry for Innovation and Technology (MoIT), under the State Secretariat for Employment. The effective operation of the public employment services is the responsibility of county government offices. The county level agencies of the PES (county labour office) operate on a county level, while its micro regional offices are the local branch offices operate at a NUTS IV level. County government agencies and their local offices deliver and monitor active labour market policies along the guidelines provided by the MoIT, and report on their progress upwards to the national level.
	Decentralised to subnational governments	
	Fully outsourced or delivered through network of public, private, and/or non-profit providers	
	Combined system with shared competences, or different systems for different target groups	

Source: OECD (forthcoming), "Local and regional variations in labour market and skills policies: A cross-country comparison", *OECD Local Economic and Employment Development (LEED) Papers.*

Notes

[1] Data is presented at the TL2 level, which typically corresponds to the first administrative tier of subnational government. See Reader's Guide of the full report for more information on the methodologies behind the calculations.

In 2016, there was a change in Hungary's regional classifications, with Central Hungary being split into two regions (Budapest and Pest counties). Some charts in this country profile report data separately for Budapest and Pest, while others combine the two regions to facilitate comparisons over time. Where they have been combined, the region is labelled "Budapest-Pest".