How does HUNGARY compare?
September 2014

OECD Employment Outlook 2014

The 2014 edition of the OECD Employment Outlook reviews recent labour market trends and short-term prospects in OECD and key emerging economies. It zooms in on how the crisis has affected earnings, provides country comparisons of job quality, examines the causes and consequences of non-regular employment, and estimates the impact of qualifications and skills on labour market outcomes.

For further information: www.oecd.org/employment/outlook

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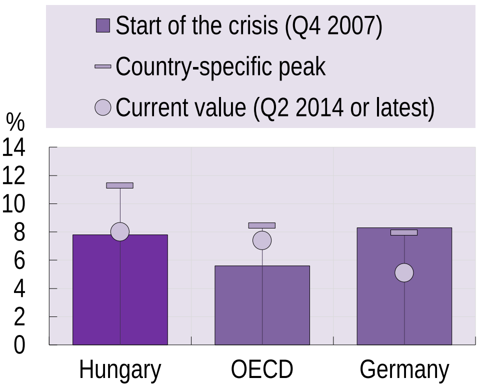
Unemployment has fallen, but these gains need to be sustained

Hungary was hit harder by the global crisis than most OECD countries. Unemployment reached record levels at the peak of the crisis but has since recovered to its pre-crisis level around the current OECD average of 8%. The strong reduction in the unemployment rate has been helped by an extended public works scheme: the longer term employment effects of this are not yet known.

Unemployment rate
Percentage of total labour force

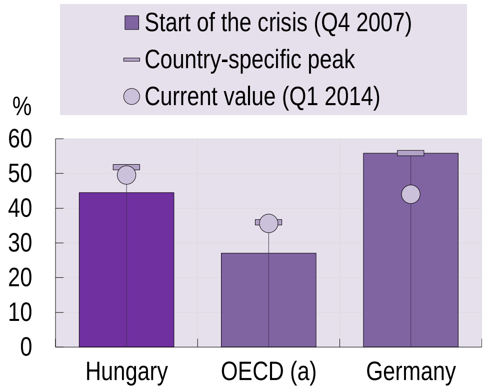


Source: OECD Short-Term Labour Market Statistics (database), http://dx.doi.org/10.1787/data-00046-en.

From a level that was already high at the start of the crisis, the incidence of long-term unemployment (of 12 months and over) has increased further to over 50%. Further efforts must be made to help this group back to work if further reductions in the unemployment rate are to be achieved.

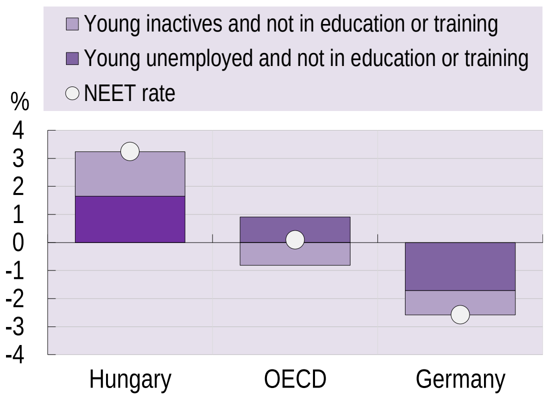
Addressing youth unemployment is another major challenge. The youth unemployment rate has fallen to just over 20% from its peak level of almost 30%, but the share of youth who are Not in Employment or in Education and Training (the NEET rate) has increased by three percentage points since the crisis began.

Incidence of long-term unemployment
Percentage of total unemployment



a) OECD is the weighted average of 33 OECD countries excluding Chile.
Source: OECD calculations based on quarterly national Labour Force Surveys.

Change in share of youth not in work or school
Percentage-points change in NEET rate, Q4 2007-Q4 2013

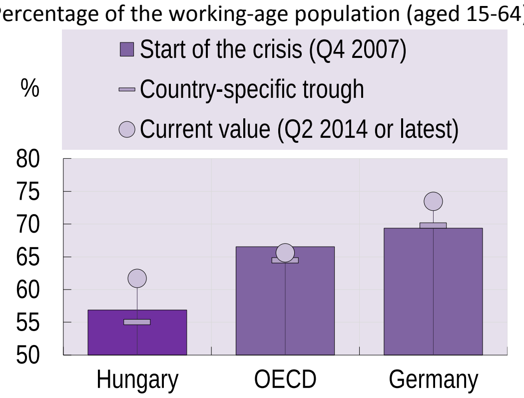


Source: OECD calculations based on quarterly national Labour Force Surveys.

Partly due to the public works scheme, Hungary's traditionally low employment rate is now just over 60% and significantly exceeds its pre-crisis level.

Employment rate

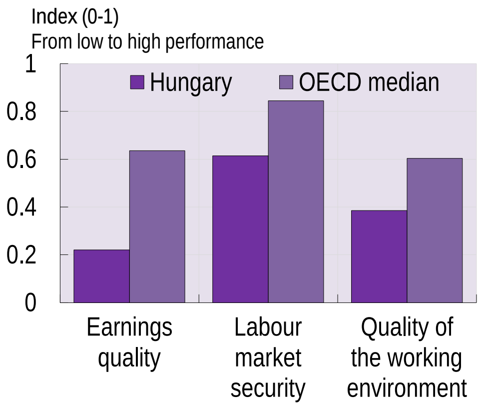
Percentage of the working-age population (aged 15-64)



Source: *OECD Short-Term Labour Market Statistics* (database), http://dx.doi.org/10.1787/data-00046-en.

Need for improvement in job quality

Job quality and job opportunities (2010)



Source: OECD Employment Outlook 2014.

People spend most of their day and a significant part of their life at work. Therefore, job quality is a key determinant of well-being. The 2014 *OECD Employment Outlook* paints a broad picture of job quality across OECD countries, based on three essential dimensions: earnings quality, labour market security and quality of the working environment.

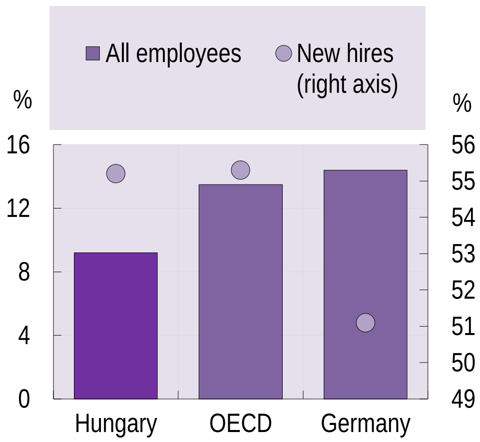
Hungary's overall performance ranks among the weakest of OECD countries, even compared with its regional neighbours. Earnings quality is dragged down both by low average earnings and relatively high earnings inequality. The weak performance in labour market security is due to the unfavourable combination of a high risk of unemployment and a below average level of effective unemployment insurance – the number of participants in the main scheme is low because of the very short benefit period. The relatively low score in the quality of the working environment is driven by a high proportion of workers reporting onerous job demands.

Labour market duality is on the rise

The 2014 *OECD Employment Outlook* also puts a spotlight on labour market duality. Historically, this has been less of a concern in Hungary, as the share of fixed-term contracts is considerably lower than the OECD average. However, the steady increase in their use – especially among newly signed work contracts, where there has been an almost 10 percentage point increase since 2006 – calls for further monitoring and assessment.

Prevalence of fixed-term contracts

Percentage of all employees or new hires, 2011-2012



Source: OECD calculations based on microdata from the European Union Labour Force Survey (EU-LFS).

OECD Employment Outlook 2014 is available to journalists on the **password-protected** website or on request from the Media Relations Division. For further comment on Hungary, journalists are invited to contact Mark Keese (+33 1 45 24 87 94; mark.keese@oecd.org) or Balint Menyhert (+33 1 45 24 87 92; balint.menyhert@oecd.org) from the OECD Employment Analysis and Policy Division.

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