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Hiring intentions of Hungarian employers continue to grow, the labor shortage is not eased

Strong first-quarter employment outlooks in the Construction and Wholesale & Retail Trade sectors

- 19% of employers expect to increase staffing levels in the next three months, 73% anticipate no change, 4% forecast a decrease
- Once adjusted for seasonal variation, Hungary's employment outlook stands at +17%--the strongest forecast reported by Hungarian employers since the survey began in 2009.
- Most opportunities for job seekers expected in Construction and in Wholesale & Retail Trade sectors.
- Positive outlook for all sectors, regions and company sizes

Budapest, 13th of december 2016 – According to the ManpowerGroup Employment Outlook Survey released today by ManpowerGroup 19% of the 750 employers expect to increase staffing levels, 4% forecast a decrease and 73% anticipate no change at all in the first quarter of 2017. Once the data is adjusted to account for seasonal variation, the Employment Outlook stands at +17%. Hiring intentions have decreased slightly compared to the previous quarter and with forecasts reported in the same period of last year.

"The talent shortage still has an impact on the Hungarian labor market. So despite employers expressing a willingness to hire—and the forecast is the strongest reported since our survey began—their plans may be frustrated. Employers in the Construction and Wholesale & Retail Trade sectors report strong hiring intention, which comes from the lack of skilled workers. That is the reason why the Construction sector began to grow in response to the sudden demand for real-estate, and the workers from Wholesale & Retail Trade sector are trying their luck and looking into opportunities abroad. The question remains 'How will the lack of skilled workers affect the expansion of the sectors?'. It seems that the talent shortage endangers the competitiveness of the companies. The Hungarian government realized that an intervention was needed and the high burdens on wages had to be cut, however the raised wage level still won't reach levels available elsewhere on the continent. The increasing struggle for manpower has already crossed the boundaries of industries, and companies are trying to attract suitable labor from other sectors." - comments Miklós Horváth, Marketing Manager for ManpowerGroup Hungary.

The ManpowerGroup Employment Outlook Survey for the first quarter of 2017 was conducted by interviewing a representative sample of 750 employers in Hungary. All survey participants were asked, "How do you anticipate total employment at your company/organization to change in the three months to the end of March as compared to the current quarter?" The following data are adjusted to account for seasonal variation.

Sectoral comparisons

In all the nine sectors employers expect staffing levels to increase in the next three months. The strongest hiring intentions are reported in the field of Construction where the outlook is at +26%. Wholesale & Retail Trade sector has the second highest outlook at +24%. Prospects have been staying positive in Manufacturing and in Restaurant & Hotel sectors, where the outlooks stand at +21%. Nearly one fifth of the employers of the Transportation, Storage & Communication sector have also expressed their intentions to hire, with a +18% outlook, while in the Financial & Business Services the outlook is at +14%. A less optimistic increase is expected in the Agriculture, Hunting, Forestry and Fishing, Public & Social sector and in the



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field of Electricity, Gas & Water Supply: in these sectors the outlook stands at +10%, +9% and +3%, respectively.

When compared to the previous quarter, employers expect staffing levels to increase in seven of the nine industry sectors. The most optimistic hiring intentions are reported in the Construction with a Net Employment Outlook of +17%, while in Wholesale & Retail Trade the outlook has risen by 12%. In Electricity, Gas & Water Supply sector there was no change. Meanwhile hiring prospects weaken in two sectors, with highest level, 3% in Manufacturing, while the outlook has weakened by 2% in the Transport, Storage & Communication.

Year-over-year, hiring prospects increase in eight of the nine sectors. The biggest increase is reported for the Construction and the Wholesale & Retail Trade with 23% and 17%. They are followed by the Agriculture, Hunting, Forestry and Fishing with 5% and the other sectors by a slight increase. Electricity, Gas & Water Supply sector was the only where the outlook dropped by 3%.

Regional comparisons

Employers in all eight regions expect to grow payrolls during the next quarter. The most optimistic hiring intentions are reported in Northern Great Plain with a Net Employment Outlook of +22%. Furthermore, strong outlook is reported for the Western Transdanubia (18%), Southern Transdanubia (17%), Northern Hungary (16%), Budapest (15%), Central Transdanubia (15%), Southern Great Plain (15%). The weakest hiring prospects are reported from Central Hungary, where the outlook is at +8%.

Hiring intentions decrease in three of the eight regions when compared to the previous quarter, in the highest degree in Budapest and Central Hungary by 4-4, percentage points. However higher outlook is reported for Northern Great Plain when compared to the previous quarter, by 21 percentage points. The outlook for the other regions is relatively stable when compared to the previous quarter.

Year-over-year, employers report stronger hiring plans in seven of the eight regions. In Northern Great Plain employers reported a 16% increase, while Southern Transdanubia and Budapest produced an increase of 10 percentage points. At the same time the outlook for Central Hungary has weakened by 2 percentage points.

Comparisons by company size

Employers in the survey were grouped in 4 categories: micro-enterprises have less than 10 employees. 10-49 employees work in small enterprises. A company is considered medium-sized where the number of employees is between 50 and 249, above 250 employees an enterprise is considered big.

In the first quarter of 2017 employers in all four categories expect increase in hiring. At big enterprises they are the most optimistic with an outlook of +22%, while it is of +19% at medium-sized and +17% at small enterprises respectively. At micro-companies the outlook stands at +14%.

When compared to the previous quarter, employers in all four categories expect increase in hiring. At medium-sized enterprises and at small enterprises the employment have increased by 8%, at micro enterprises by 5, and big enterprises by 4.



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Year-over-year, outlooks have increased in all company sizes. At small-size enterprises by 8, at medium-size enterprises by 7, at micro enterprises by 5, and at large-size enterprises by 4 percentage points.

About ManpowerGroup™

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