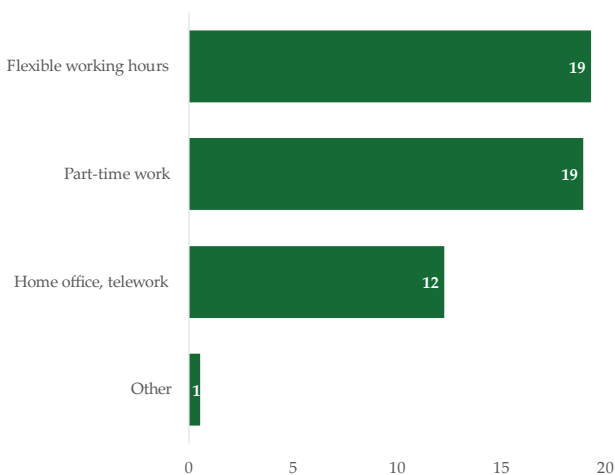
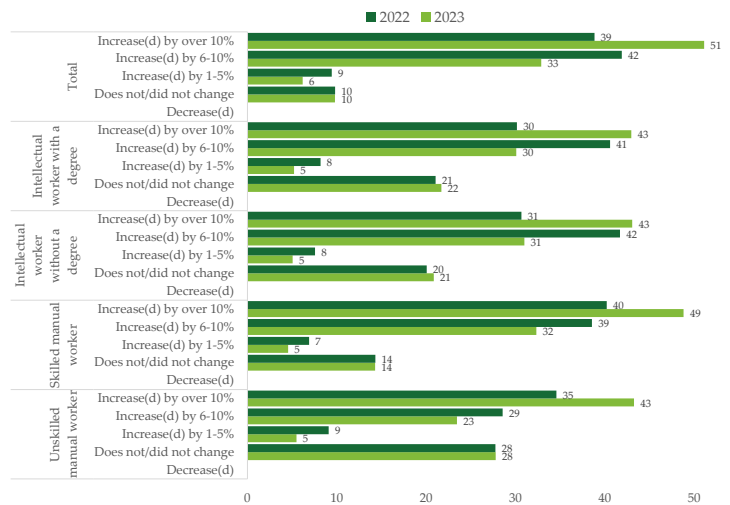


# Monthly Bulletin of Economic Trends

## Wage changes and hiring freeze at Hungarian companies

In this analysis we look at the issue of hiring freeze and wage changes occurring at Hungarian companies. For the analysis we used the latest results of the research titled "Short-term labour market forecast" conducted by the Ministry of Economic Development and the HCCI Institute for Economic and Enterprise ... [More](#)



## Atypical employment at Hungarian companies

In our analysis, we examine the extent to which atypical forms of employment are chosen by domestic enterprises, which forms are most available and which types of enterprises use them most. The analysis is based on the latest results of the research titled "Short-term labour market forecast" done by the Ministry of Economic Development (MED) and the Institute for Economic and ... [More](#)

## International trends

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## WAGE CHANGES AND HIRING FREEZE AT HUNGARIAN COMPANIES

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In this analysis, we look at the issue of hiring freeze and wage changes occurring at Hungarian companies. For the analysis, we used the latest results of the research titled "Short-term labour market forecast" conducted by the Ministry of Economic Development and the HCCI Institute for Economic and Enterprise Research (MKIK GVI). The survey, which was conducted in spring 2023, relies on interviews with 5 685 CEOs of companies with at least two employees about their current and expected demand for labour.

### Hiring freeze

Only at 4% of enterprises it was not possible to hire a new employee for a vacant position at the time of the survey. The proportion of firms with a hiring freeze in effect at the time of the survey increases with the size of the enterprise. The imposition of a hiring freeze is limited to Tolna, Budapest, Zala and Békés counties. As for sectors, the highest proportion of enterprises was in the industrial sector that introduced a staffing freeze scheme. In terms of ownership structure, almost one in ten (partially) foreign-owned enterprises applied a hiring freeze, while the proportion is only 4% for domestic-owned companies. The vast majority of enterprises that have implemented a freeze have done so for skilled manual jobs.

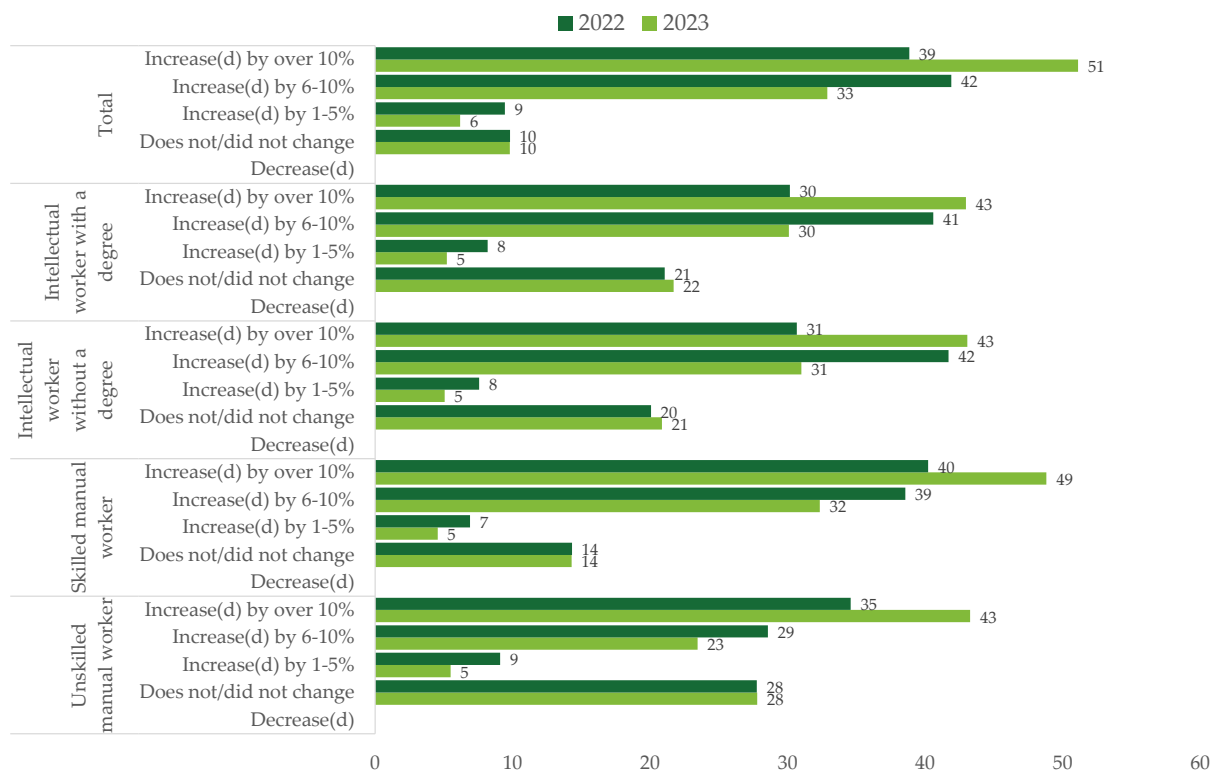
### Wage changes

In 2022, 90% of responding executives reported a wage increase (for the average of all positions), while 10% indicated wages would stagnate. For unskilled manual jobs, the vast majority (72%) of enterprises reported wage increase, with the largest proportion increasing wages by over 10%

on average. However, over a quarter of companies left wages unchanged for unskilled manual jobs. For skilled manual jobs, most (86%) enterprises also reported wage increases, while 14% reported no change in wages. As for non-graduate and graduate intellectual workers, around a fifth of enterprises left wages unchanged, while 80% did increase wages in those jobs.

In 2023, similarly to 2022, 90% of respondents plan to increase wages (with the majority planning an average increase of over 10%) and 10% plan no change in wages this year. The majority of respondents (72%) expect wage increases for unskilled manual jobs, with the largest proportion predicting an average increase of over 10%. Over a quarter of respondents expect wages to remain stagnant. For skilled manual labour, firms typically (86%) expect wage increases in 2023, while 14% plan no change in wages. For intellectual jobs, the proportion of employers planning wage increases in 2023 is also similar to the proportion planning wage increases in 2022.

Figure 1. Wage changes by employee categories in 2022 and 2023, percent



Source: IEER 2023

## ATYPICAL EMPLOYMENT AT HUNGARIAN COMPANIES

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In our analysis, we examine the extent to which atypical forms of employment are chosen by domestic enterprises, which forms are most available and which types of enterprises use them most. The analysis is based on the latest results of the research titled "Short-term labour market forecast" done by the Ministry of Economic Development (MED) and the Institute for Economic and Enterprise Research Institute (IEER). The survey was carried out in April-May 2023 by county authorities and regional chambers of commerce with the involvement of 5 685 managers of companies that have at least two employees. The results are considered representative of the combined distribution of full-time employees in the competitive sector by geographical location, economic sector, and company size. For certain findings, the survey is also representative of the distribution of registered enterprises by region, size category and sector.

### Atypical employment

In 2023, 40 percent of enterprises use some form of atypical employment. Flexible working hours and part-time work are the most common forms of atypical employment, each one available in 19% of firms. 12 percent of enterprises offer the possibility to work from home/telework, while 1 percent of enterprises report other forms of atypical employment. Most firms (56%) do not employ atypical workers at all. In comparison with previous surveys, the availability of atypical forms of employment has remained virtually unchanged since 2021.

At least one atypical form of employment is most frequently found in the service sector (53%) while it is the least common in construction (24%). The rate of firms using atypical forms of employment increases with the size of the company: 90 percent of large, 250+ companies have at least one atypical form of employment, while the same rate for firms with fewer than 20 employees is around 40 percent. In addition, fully foreign-owned firms are

more likely to employ atypical workers than fully domestic companies or those of mixed ownership. As for regions, atypical forms of employment are the most common in Central Hungary and the least common in the Northern Great Plain, with 48% of firms in the former and less than one-third of firms in the latter.

Flexible working hours and home office are most common in services, while part-time working is most common in commerce. In all sectors except agriculture and services, part-time work is the most common form of atypical employment, while in the former two sectors, flexible working is the most widespread.

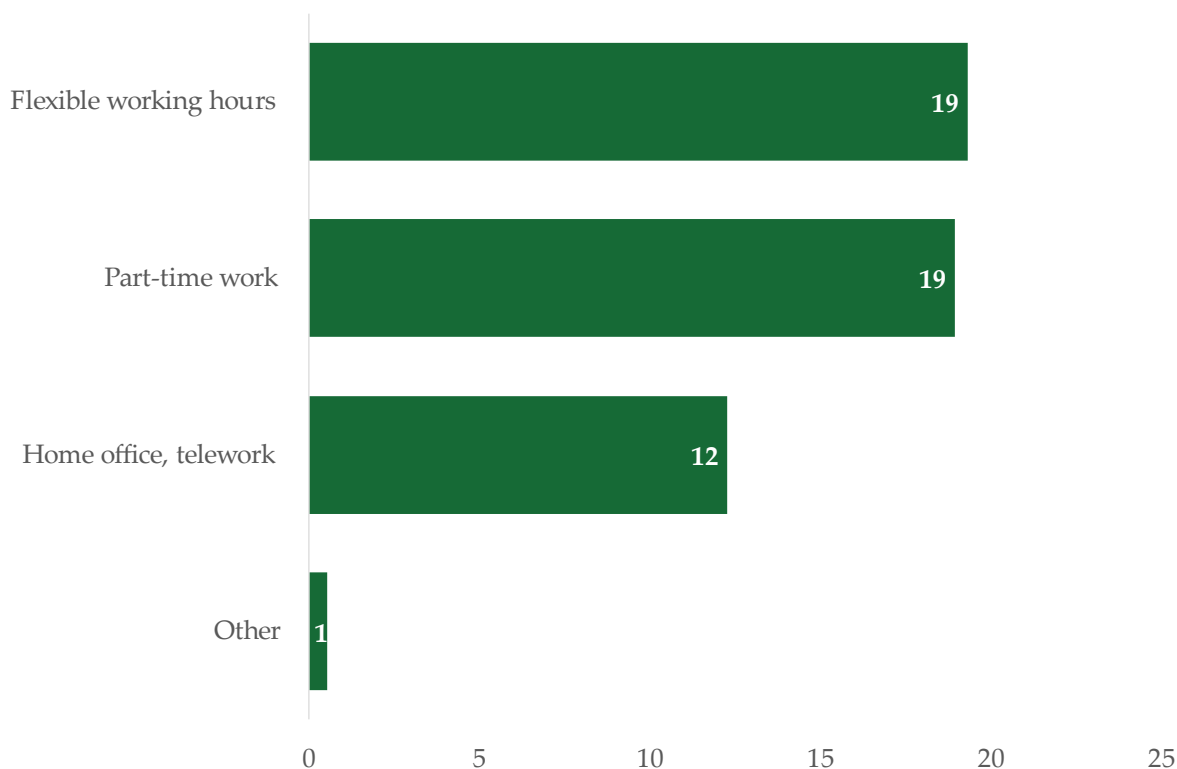
Larger companies and those that are fully foreign-owned use all atypical forms of employment at an above-average rate. Offering flexible working hours is the most common atypical form of employment in micro-enterprises with fewer than 10 employees, while part-time work is the most widespread in larger categories. Part-time work is available in almost half of

medium-sized enterprises and two-thirds of large enterprises.

As for regions, flexible working is most prevalent in the region of Central Hungary and least prevalent in the Northern Great Plain. Part-time working is most common

in the Southern Great Plain and least common in the region of Northern Hungary, while working from home is most common in Central Hungary and Southern Transdanubia and least common in the Northern Great Plain region.

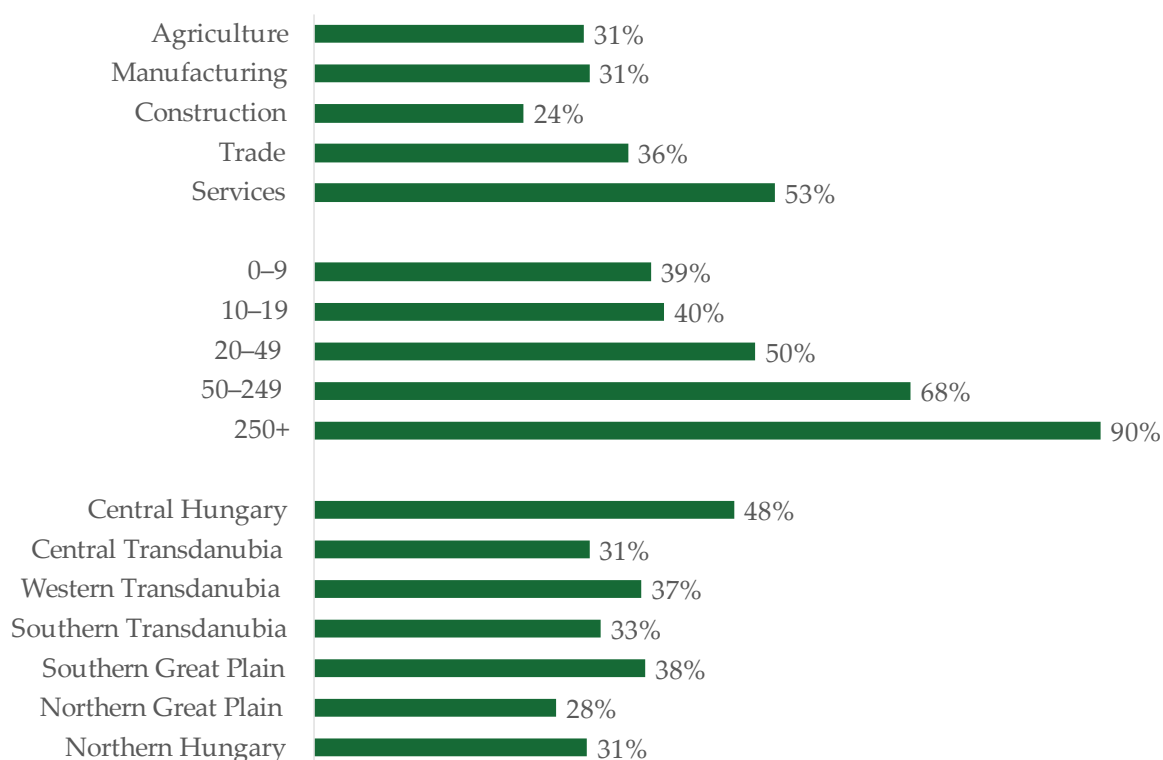
**Figure 1: Rate of atypical forms of employment at companies (N=5323–5662), percent**



Source: GFM, IEER: Short-term labour market forecast for 2024 (spring)

Note: Companies could tick more than one answer. The percentages are weighted according to the distribution of registered enterprises by region, size category and sector, while the n value, which represents the number of responding enterprises, is unweighted.

**Figure 2: Rate of atypical forms of employment by sector, size category and region, (N=5323–5662), percent**



Source: GFM, IEER: Short-term labour market forecast for 2024 (spring)

Note: Companies could tick more than one answer. The percentages are weighted according to the distribution of registered enterprises by region, size category and sector, while the *n* value, which represents the number of responding enterprises, is unweighted.

**Figure 2: Rate of atypical forms of employment by sector, size category and region, (N=5323–5662), percent**

	Flexible working hours	Part-time work	Home office, telework
Agriculture	15	14	6
Manufacturing	15	18	10
Construction	11	12	5
Trade	13	23	5
Services	28	19	21

THE TABLE CONTINUES ON THE NEXT PAGE.

## CONTINUATION OF THE PREVIOUS TABLE.

	Flexible working hours	Part-time work	Home office, telework
0–9	20	16	11
10–19	14	21	13
20–49	18	31	20
50–249	27	47	32
250+	47	67	53
Central Hungary	24	19	16
Central Transdanubia	16	15	10
Western Transdanubia	16	23	8
Southern Transdanubia	15	18	15
Southern Great Plain	17	26	6
Northern Great Plain	11	16	5
Northern Hungary	13	11	12

Source: GFM, IEER: Short-term labour market forecast for 2024 (spring)

Note: Companies could tick more than one answer. The percentages are weighted according to the distribution of registered enterprises by region, size category and sector, while the *n* value, which represents the number of responding enterprises, is unweighted.

## INTERNATIONAL TRENDS

Changes in the production, consumption and employment situation in certain major international economies compared with peer expectations and the previous period.

		Period in review	Actual data	Expectations	Previous period
	Unemployment Rate	(October)	<b>5.8%</b>	5.8%	5.7%
Germany	Manufacturing Purchasing Managers Index	(October)	<b>40.8</b>	40.7	<b>39.6</b>
	IFO Business Climate Index <sup>1</sup>	(October)	<b>86.9</b>	84.7	85.8
France	INSEE Business Climate Index <sup>2</sup>	(October)	<b>98.5</b>		<b>100.3</b>
	Unemployment Rate	(October)	<b>3.9%</b>	3.8%	3.8%
USA	CB Consumer Confidence Index	(October)	<b>102.6</b>	100.0	<b>104.3</b>
	Manufacturing Purchasing Managers Index	(October)	<b>50.0</b>	50.0	<b>49.8</b>
China	Manufacturing Purchasing Managers Index	(October)	<b>49.5</b>	50.2	<b>50.2</b>

<sup>1</sup> <https://www.ifo.de/en/survey/ifo-business-climate-index>

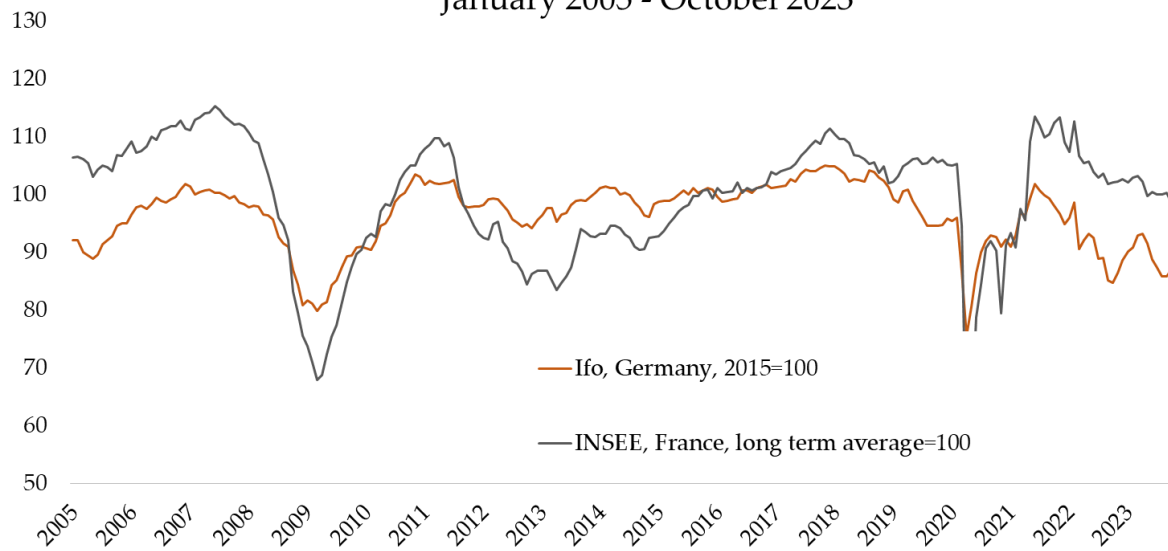
<sup>2</sup> <http://www.insee.fr/en/themes/indicateur.asp?id=105>

The rest of the data source: <https://www.bloomberg.com/markets/economic-calendar>

In Germany, the IFO business climate index increased compared to September. The manufacturing purchasing manager index (PMI) also increased compared to the previous period. The unemployment rate worsened in Germany compared to the last month. The French INSEE business climate index decreased compared to the month prior. In the United States, the CB consumer confidence index decreased compared to September, but performed better than expected. The manufacturing PMI increased slightly compared to the previous month in the USA. The unemployment rate worsened in the USA compared to the month prior. The Chinese manufacturing PMI decreased compared to the previous month.



Business confidence in Germany and France,  
based on the Ifo and INSEE business climate survey,  
January 2005 - October 2023



Sources: *www.ifo.de*, *www.insee.fr*

#### CONTACT

MKIK GVI  
1065 BUDAPEST, LÁZÁR UTCA 10.  
TEL: 1/235-05-84  
E-MAIL: [GVI@GVI.HU](mailto:GVI@GVI.HU)  
INTERNET: [HTTP://WWW.GVI.HU](http://WWW.GVI.HU)

#### PREPARED BY

NYÍRŐ ZSANNA, ANALYST  
TÓTH KATALIN, ANALYST

#### RESEARCH MANAGER

NÁBELEK FRUZZSINA, MANAGING DIRECTOR

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