

# Main results of IEER's Short-Term Labor Market Forecast for 2015

## Summary

The following summary comprises the latest results gained from the largest representative survey series on the Hungarian labor market. During the study 7179 company leaders' answers on employment, on the company's business situation, and on the company's future expectations were registered and analyzed. The history of the survey series targeting short-term expectations of the labor market goes back to the years following the regime change of 1989-90 in Hungary. The latest survey in this research program took place between September and October, 2014 as the seventh occasion of the collaboration between the Hungarian Ministry for National Economy and the Institute for Economic and Enterprise Research (IEER) to forecast the short-term economic prospects of the private sector, and to review corporations' labor market decisions in an empirical study.

## The survey

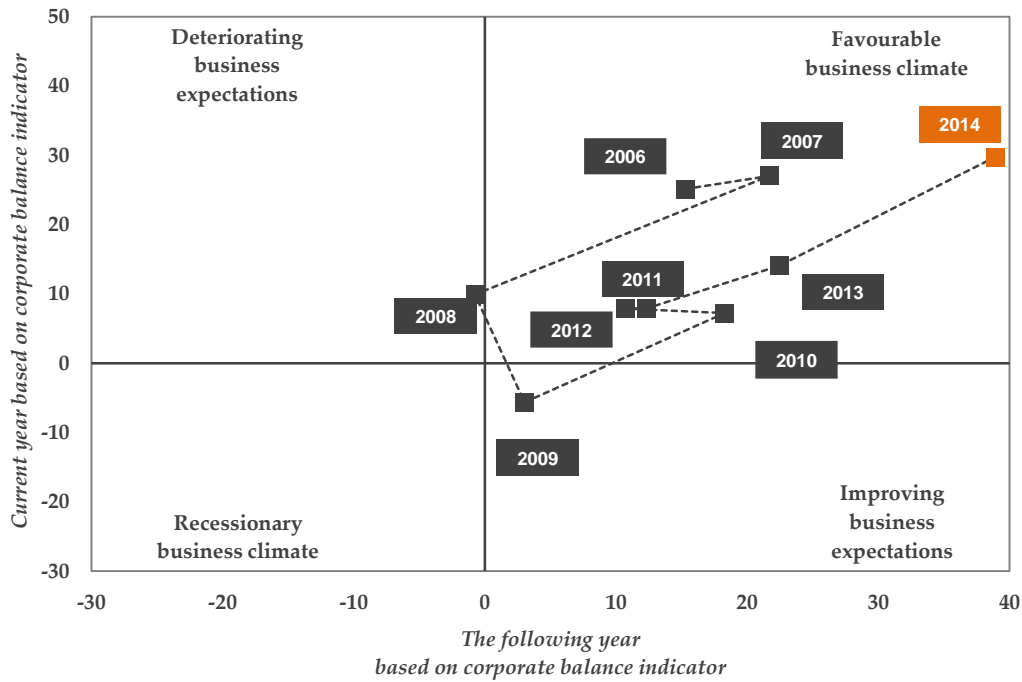
During the survey co-workers from county governmental offices and from the IEER Institute questioned altogether 7179 company leaders about their current and expected labor force demand. The results can be considered to be representative by the companies' geographical location, economic sectors and size (headcount).

## Business situation

According to the Short-Term Labor Market Forecast for 2015 the subjective corporate business situation assessment has further improved after the positive shift that happened last year. The value of the general business situation balance indicator is 30 points – that is those who consider their business situation fairly favourable constitute the majority with 30% compared to those who think their business situation is not favourable. Business expectations for 2015 are more optimistic than any time in the previous years. The value of the future business situation balance indicator is 39 points.



**Figure 1: Subjective assessment of the current and expected general business situation, 2006-2014**



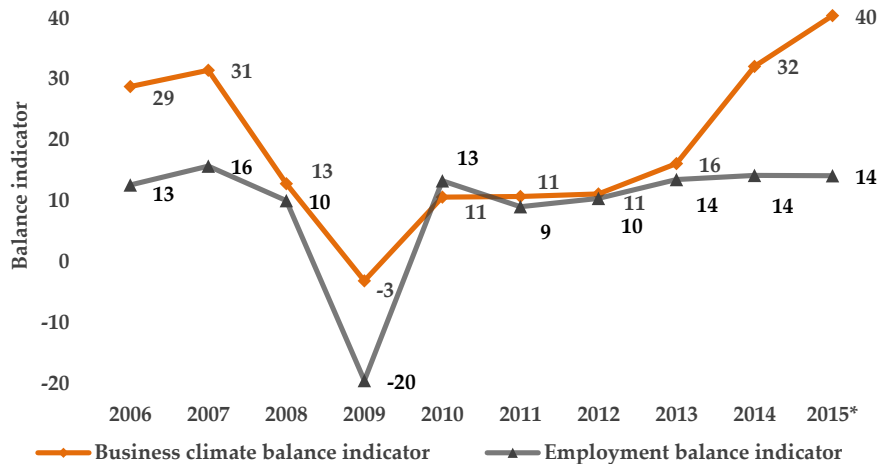
Forrás: NMH, GVI 2006-2014

### Change in the headcount in the private sector

According to this year's Short-Term Labor Market Forecast in 2014 the number of those companies that increased their headcount was 14 percentage points higher than that of those companies that reduced their headcount. This rate was the same in 2013. For the year 2015 the corporate balance indicator is at 14 points as well, which means that companies expect the stagnation of headcount in the next year. It should be noted that the improving trends concerning employment does not prove to be as strong as the trend that can be observed in connection with the improving business situation.



Figure 2: Balance indicators of business situation and employment, 2007-2015



According to the raw data of the survey if the companies' plans and intentions are to be summed up, then there is a 1.76 percentage point increase in employment for 2015. To have a realistic estimate for employment, it is important to consider what the actual labor force demand was compared to the corporate planned demand among the surveyed companies in the past. Making the estimation model adaptive with such an impact correction then only a 3.7% decrease in employment is likely for 2015. According to the corrected estimation in construction industry a 1.3% and in retail a 0.9% increase in employment can be expected. But decrease is prognosticated in all other sectors, especially in economic services (-7.5%). According to the corrected forecast for 2015 among companies with relevant export activities a 9.3% employment decrease is to be expected.

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