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Hungarian Employment Outlook

Report for January-March period reveals most optimistic hiring prospects for the second consecutive quarter

- 14% of employers expect to increase staffing levels in the next 3 months, 5% of them forecast a decrease and 73% anticipate no change.
- Hiring prospects remain the best in the Restaurants & Hotels sector.
- The outlook is positive for all the eight Hungarian regions.

Budapest, December 2015 – According to ManpowerGroup Hungary's quarterly Manpower Employment Outlook Survey released today, 14% of employers expect to increase staffing levels, 5% of them plan layoffs and 73% anticipate no change in the first three months of 2016. Once the data is adjusted to account for seasonal variation, the Employment Outlook stands at +11%. Hiring intentions didn't change as compared to the previous quarter, but at the same time they have been increased by 4% as compared to the same period of the previous year. This marks the second consecutive quarter when the Outlook reached its most optimistic level since the beginning of the survey in Hungary, in the third quarter of 2009.

The lack of skilled workers have been causing more and more problems in Hungary. Although this is a global phenomenon, in Hungary the problem is aggravated by the fact that more and more people are seeking jobs abroad because of the low salaries offered here. Hungarian salaries are considered low not only as compared to the Western European ones, but in regional comparison as well. For a certain point the cheap labour force might make a country attractive for the investors, but going beyond a certain level, it causes labour shortages, which puts Hungary's overall labor market competitiveness at risk - comments László Dalányi, managing director of ManpowerGroup Hungary.

Manpower Employment Outlook Survey for the first quarter of 2016 was conducted by interviewing 750 Hungarian employers. All survey participants were asked the same question: "How do you anticipate total employment at your company/organisation to change in the three months to the end of March 2016 as compared to the current quarter?"

Sector Comparisons

Employers in eight of the nine industry sectors forecast job gains during 4Q 2015. Restaurants & Hotels sector employers anticipate the strongest hiring pace, reporting a Net Employment Outlook of +23%. Elsewhere, steady hiring activity is anticipated in two sectors with Outlooks of +13% – the Manufacturing sector and the Wholesale & Retail Trade sector. Respectable workforce growth is also expected in the Agriculture, Hunting, Forestry & Fishing sector and in the Finance, Insurance, Real Estate & Business Services sector, where Outlooks stand at +12% and +11%, respectively. Meanwhile, employers in the Electricity, Gas & Water Supply sector forecast a decline in staffing levels with an Outlook of -2%.

When compared with 3Q 2015, Outlooks improve in eight of the nine industry sectors. Hiring intentions are 9 percentage points stronger in both the Finance, Insurance, Real Estate & Business Services sector and the Restaurants & Hotels sector, while Public & Social sector employers report an increase of 7 percentage points. Employers in three sectors report Outlook improvements of 6 percentage points – the Agriculture, Hunting, Forestry & Fishing sector, the Electricity, Gas & Water Supply sector and the Wholesale & Retail

Trade sector. However, hiring prospects are 6 percentage points weaker in the Transport, Storage & Communication sector.

Year-over-year, employers in six of the nine industry sectors report stronger hiring plans. The most noteworthy improvements of 17 percentage points are reported in both the Agriculture, Hunting, Forestry & Fishing sector and the Restaurants & Hotels sector. Wholesale & Retail Trade sector employers report an increase of 9 percentage points while the Outlook for the Finance, Insurance, Real Estate & Business Services sector is 8 percentage points stronger. Elsewhere, hiring intentions weaken in three sectors, including the Manufacturing sector with a decline of 4 percentage points.

Regional Comparisons

Payrolls are forecast to grow in all eight regions during 1Q 2016. The strongest hiring intentions are reported in Northern Hungary where the Net Employment Outlook stands at +21%. Elsewhere, employers in Western Transdanubia report upbeat hiring intentions with an Outlook of +18% and steady job growth is expected in Central Transdanubia, where the Outlook is +12%. Outlooks stand at +9% in both Budapest and Southern Transdanubia while employers report Outlooks of +8% in both Central Hungary and Southern Great Plain.

Quarter-over-quarter, hiring prospects weaken in five of the eight regions, including Central Transdanubia, where employers report a decrease of 3 percentage points. Hiring intentions decline by 2 percentage points in both Budapest and Northern Great Plain. Meanwhile, hiring plans strengthen in three regions. Western Transdanubia employers report an increase of 5 percentage points and Outlooks are 2 percentage points stronger in both Southern Great Plain and Southern Transdanubia.

Year-over-year, Outlooks improve in seven of the eight regions. A considerable increase of 11 percentage points is reported by Southern Transdanubia employers. Elsewhere, Outlooks are 7 and 6 percentage points stronger in Western Transdanubia and Southern Great Plain, respectively, while Central Transdanubia employers report an improvement of 5 percentage points. However, employers in Central Hungary report a decline of 3 percentage points.

Organization Size Comparisons

Participating employers are categorized into one of four organization sizes: Micro businesses have less than 10 employees; Small businesses have 10-49 employees; Medium businesses have 50-249 employees; and Large businesses have 250 or more employees.

Payrolls are expected to increase in all four organization size categories during the next three months. Large employers report the strongest Net Employment Outlook of +19% while Outlooks stand at +13% and +10% in the Medium- and Small-size business categories, respectively. Micro employers report a cautiously optimistic Outlook of +8%.

When compared with the previous quarter, Medium employers report an Outlook decline of 4 percentage points, but the Outlook for Micro employers is 2 percentage points stronger. Elsewhere, hiring prospects are unchanged.

Year-over-year, Outlooks strengthen in all four organization size categories, most notably by 8 percentage points for Small firms. Large employers report an improvement of 5 percentage points while increases of 4 and 3 percentage points are reported by Medium- and Micro-size employers, respectively.

Global Employment Outlook

ManpowerGroup interviewed nearly 59,000 employers across 42 countries and territories to forecast Quarter 4 2015 labor market activity.* All participants were asked, "How do you anticipate total employment

at your location to change in the three months to the end of December 2015 as compared to the current quarter?”

Employers in 36 of 42 countries and territories intend to add to their payrolls by varying margins during the October-December time frame. However, evidence of definitive fourth-quarter workforce gains remains patchy amid signs that the pace of recovery following the recession continues to be slow and protracted. Many employers continue to exercise caution and are refraining from aggressive hiring until they sense more meaningful indicators of a market upturn.

Employers in India and Taiwan report the strongest hiring plans across the globe, while employer confidence in Japan is growing steadily with job seekers likely to benefit from the most optimistic forecast reported since Quarter 1 2008. Similarly, hiring intentions in the U.S. continue to improve, and the current outlook is the strongest reported since Quarter 4 2007.

In the Europe, Middle East & Africa (EMEA) region, workforce gains are expected by employers in 19 of 24 countries. In a quarter-over-quarter comparison, opportunities for job seekers are expected to be stronger in seven countries and weaker in 12. When compared to Quarter 4 2014, employer confidence is stronger in 12 countries and weaker in nine. Furthermore, among those countries where payroll growth is forecast, expected gains are mostly modest with employer optimism apparently tempered—at least in part—by issues associated with the most recent Greek debt crisis. The region’s most active hiring pace is forecast in Romania, while Italian employers again report the region’s weakest year-end hiring plans.

Full survey results for each of the 42 countries and territories included in this quarter’s survey, plus regional and global comparisons, can be found at www.manpowergroup.com/meos. The next Manpower Employment Outlook Survey will be released on 8 December 2015 and will detail expected labor market activity for the first quarter of 2016.

* Commentary is based on seasonally adjusted data where available. Data is not seasonally adjusted in Finland.

About the Manpower Employment Outlook Survey

The Manpower Employment Outlook Survey is conducted quarterly to measure employers’ intentions to increase or decrease the number of employees in their workforces during the next quarter.

ManpowerGroup’s comprehensive forecast of employer hiring plans has been running for more than 50 years and is one of the most trusted surveys of employment activity in the world.

About ManpowerGroup

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