

Bottleneck Vacancies in Hungary

Skilled and elementary occupations affected

Bottleneck vacancies occur both within skilled and elementary occupations, such as retail sellers, stone masons, cooks, truck-drivers etc. The businesses report relatively modest numbers of hard-to-fill vacancies for high-skilled workers. This includes medical practitioners, (both generalists and specialists), nurses (mainly specialist nurses), specific types of engineers and various occupations related to information technology.

A few jobs on lower skills levels are also classified as bottlenecks, notably within mining and quarry workers, sheet metal workers, armed forces, pre-primary school teachers and chefs. Mining and quarry workers are very difficult to recruit, although the number of vacancies is relatively low.

The number of recently emerged bottlenecks is above the European average, even though some of the bottlenecks identified have been persistent since 2008.

Lack of qualified workers coupled with strong growth in certain sectors

For bottlenecks within high skilled occupations, the main reason is a lack of qualified workforce. The demand is increasing in areas where the skill expectations are high (specialist doctors, nurses, mechanical engineers, IT professionals).

In the case of IT occupations, the shortage is due to too the growing demand in the field, especially for experienced recruits, while the number of new higher education graduates can not match the pace of demand. There is also strong competition from the international labour market for certain types of high-skilled candidate.

In skilled and elementary occupations, the demand is also wide scale. The formal qualifications often do not satisfy the employers due to missing soft skills. Poor geographical mobility, low salaries and unfavourable working conditions are also important factors of the bottlenecks.

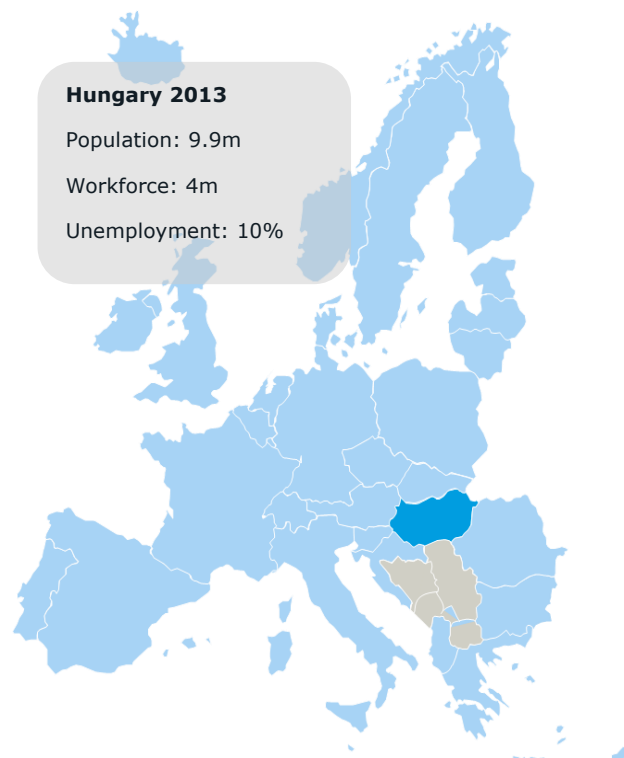
Mitigation strategies

Identified initiatives aimed at mitigating bottlenecks are implemented both by employers and by the public services. One of the main strategy adopted is to provide incentives to vocational training. Both the VET institutions and the trainees receive targeted support in order to increase the number of graduates in particular fields. This is coupled with action aimed at strengthening the institutional structures and efficiency of PES. Recruitment from abroad is also a strategy which is acquiring growing significance.

Assessment of available evidence



Medium. See page 5 for more information.



TOP 20 Bottleneck Vacancies in Hungary 2013

Occupation (ISCO-08)*	Development since 2008
Simple service and transport provider	↗
Mechanical-machine assembler	↗
Truck driver	↗
Shop sales assistant	↗
Cook	↗
Baker, confectionery maker	↗
Meat processor	→
Metal worker	→
Social worker, specialist carer	↗
Tailor, sewer	→
Simple industrial workers	→
Textile machine operator	→
Dock labourer	↗
Construction worker	↗
Physiotherapy assistant	↗
Welder, flame cutter	↗
Manual packager	↘
Stonemason	→
General office administrator	↗
Agent (other than the insurance agent)	↘

*Where an occupation has been identified on a more specific level than ISCO 4 digit, this is used.

Top 20 Bottleneck Vacancies

The Bottleneck Vacancies have been identified using two main sources: a periodic report from the Hungarian PES (Public Employment services) on labour market shortages, based on the obligatory data provision of 45,000 employers, and a joint report by the National Employment Service and the Research Institute of the Chamber of Commerce and Industry on labour market forecast and demand for different occupations, based on a survey of approximately 7000 employers.

The economic crisis and economic slowdown has not significantly decreased recruitment problems in Hungary. The labour market remained slack for the unemployed, and specifically in cases when high number of vacancies and job seekers are present on the labour market in the same time.

Main bottleneck problems are difficult to separate from structural difficulties relating to particular occupations or to specific geographical areas.

Data from NES mainly reported bottleneck vacancies within low or medium skilled occupations, such as con-

struction workers, stonemasons or truck drives. The picture from the survey of the Hungarian Chamber of Commerce and Industry is more diverse and presents evidence on shortages also in high skilled occupations (e.g. specialist nurses), mechanical engineers and occupations related to information technology.

Public sector jobs within administration, health, education are not covered by the referenced Hungarian employment surveys, although there are increasing shortages in several areas: e.g. doctors, whose lack is due to working opportunities abroad, and nurses.

Although growth in the construction, manufacturing and commerce sectors remains slow, skilled labour is still in demand. Over the formal qualification employers often take into account prior experience and soft skills (relation to work, cooperativeness). Within technical domains, IT professionals and engineers are in high demand as well.

Occupations are ranked based on the top-20 ranking within the report from the Hungarian PES on labour market shortages, based on compulsory data from 45,000 employers (see p. 5).

Rank	Bottleneck Vacancies ISCO-08	Number hard-to-fill vacancies in 2012	Skills level (ISCO-08)	Geographical aspects
1	Simple service and transport provider	920	Elem	National
2	Mechanical-machine assembler	645	SM	National
3	Truck driver	628	SM	National
4	Shop sales assistant	574	SM	National
5	Cook	574	SNM	National
6	Baker, confectionery product manufacturer	415	SM	National
7	Meat processor	386	SM	National
8	Metal worker	355	SM	National
9	Social worker, specialist carer	349	HS	National
10	Tailor, sewer	320	SM	National
11	Simple industrial worker	312	Elem	National
12	Textile machine and production lines operator	309	SM	National
13	Stevedore	306	Elem	National
14	Other, simple construction worker	302	Elem	National
15	Physiotherapy assistant, massage therapist	298	HS	In touristic regions
16	Welder, flame cutter	273	SM	National
17	Manual packager	261	Elem	National
18	Stonemason	247	SM	Other
19	General office administrator	236	SNM	National
20	Agent (other than the insurance agent)	221	HS	National

Sectors with Bottleneck Vacancies

Sectors	Bottleneck vacancies
Construction	Stonemasons
Transport	Truck drivers
Retail	Shop sales assistants

Main sectors with bottleneck vacancies include: construction, manufacturing of textiles, manufacturing of metal, manual work, commerce, social care.

There are also reports of bottlenecks in growth sectors including healthcare and in ICT (software developers, IT architecture specialists and system administrators).

Mechanical engineers and electronic engineers are also in high demand.

Bottleneck problems in construction

A high percentage of career leavers (especially in the case of stonemasons) is registered in the construction sector. A high number of vacancies and a high number of unemployed coexist at the same time.

Unwillingness of unemployed to work in the sector is registered, also because of a bad image this has and the fact that employees are not offered proper working conditions (employers often hire illegally).

Other reasons for retention problems in the industry are the seasonal nature of the work and the perceived lack of career progression. The stonemason profession has suffered persistent bottlenecks in each region since 2008. Construction companies often employ students and are open to employing international workers.

Main reasons for Bottleneck Vacancies

Lack of technical competencies and candidates

Although most bottleneck occupations in Hungary occur due to a combination of reasons, the lack of technical competencies is the main reason for employers finding it hard to fill positions. Low interest in the occupation is also a problem, as many of those with formal qualifications, due to the low salary, the poor accessibility of the workplace refrain from applying. The low skilled work force and jobs with a poor image often result in the presence of hard to fill vacancies and long term jobseekers within the same occupations.

Competition from abroad and emigration

Hungarian construction professionals with good record can easily get jobs abroad for higher wages, where the respect of the profession is higher as well. Emigration to other countries is a problem within other occupations as well, as experienced workforce are attracted by other EU countries (e.g. in the case of cooks). Some hard-to-fill vacancies are due to retention problems and high 'churn' rate.

Healthcare sector

Reasons for bottlenecks in the healthcare sector include regulations of the working time, low wages, deteriorating working conditions and attractive offers to work abroad. In the public sector the top persistent bottlenecks affect the following occupations: nurse, physician, graduate nurse, general medical assistant. According to some stakeholders, the control of the minimum working conditions in hospitals and the EU working time Directive resulted in shortages of trained professionals, as a higher number of employed is necessary to comply with the requirements of the legislation, which limits the overall working time of professionals in the sector. In addition, there are reports that an additional reason for shortages of nurses is the upgrading of their training, implying that the secondary level qualification is no longer sufficient and bringing the period necessary to become a nurse to 3 years after the secondary school final exam.

Initiatives to cope with Bottleneck Vacancies

The identified initiatives aimed at mitigating bottleneck vacancies have been implemented partly by employers and partly by public labour market and/or training institutions.

Recruitment abroad is becoming an increasingly common approach particularly in cross-border services. Regional mitigation actions consists of special support and incentives for the corresponding vocational training provision.

Mitigation priorities are: strengthening the institutional structures and efficiency of the PES, continuing professional development of applicants, basis for the development of a forecasting system supporting vocational and adult education, EURES - action plan, regulatory changes to encourage employment partnerships, new incentives to help labour market entry, and targeted support and training for people with low educational attainment.

Skills strategies

There are several ongoing initiatives that are designed to help improve the quality and responsiveness of the Vocational Education and Training system:

- Reform targeting the establishment of Regional Integrated VET Centres;
- Changing the design and delivery of VET in line with the German dual system;
- Setting up of the Hungarian qualification framework;
- Providing extra funding for those young trainees who are also studying.

Working conditions

The introduction of profiling by the Public Employment Service (PES) is intended to help prevent the failure of the employment system. The assistance is based on personalized action plan (IAP) and activation policy.

The development of flexible workplaces is another way to accommodate change. Programmes targeting more familiar working conditions for instance including flexible working hours, the combination of traditional on-site and distance work are initiatives that would help match employer and jobseekers expectations.

Wages

The most common reasons for candidates leaving or rejecting a job are low wages and poor working conditions. Due to these reasons many people refrain from work that corresponds to their original qualifications.

Employment can also be jeopardised by an unrealistic wage demand, more frequent in the capital. Vacancies are often related to spatially different wage-supply i.e. employers have little room for manoeuvre to increase their offer. The priority aim of the less competitive SMEs is to ensure a good value workforce, and they are often ready to compromise quality. Programmes with wage subsidies are designed to encourage employment among new entrants to the labour market.

Mobility

The low level of mobility of the workforce is one of the most important factors of the parallel presence of labour surplus and unmet demand. There are multiple reasons for this phenomenon. The cost of housing, the often poor accessibility of the workplace is coupled with unwillingness to undertake new challenges.

Mobility-related developments (EURES reform), and the promotion of local partnerships between the key players may positively link the significant factors necessary to change the mobility related attitudes of those who otherwise want to work.

This is a policy challenge to be met by the joint efforts of several sectors.

Main sources used to identify Bottleneck Vacancies in Hungary

The bottleneck vacancies have been identified using two main sources:

- A trimestral report from the Hungarian PES on labour market shortages, based on the compulsory data provided by 45,000 employers;
- A joint report of PES and the Research Institute of the Chamber of Commerce and Industry on labour market forecast and demand for different occupations, based on a survey of approximately 7000 employers and covering 2012.

In addition other studies have been used to help fill data gaps and provide additional data on bottlenecks.

Desk research activity helped further understanding the main reasons behind bottlenecks as well as perceptions that are influencing recent policies addressing occupational shortages.

Furthermore, interviews were conducted with key experts in the field in order to provide additional information on the data and context.

It is worthy mentioning that the quality and focus of the present data collection practices need to be improved. The harmonisation of the related data collection processes would allow more accurate information on which types of vacancies are hard to fill and what are the main reasons for them. The related issues are important topics of employment policy discourse in Hungary.

Overall, the data availability is assessed to be scarce.

The data from the Hungarian PES are provided by the employers every three months as the result of a compulsory reporting activity and are collected in a trimestral report. A synthesised report is issued annually.

As far as the joint report is concerned, a sample of 7000 employers is surveyed and can report recruitment difficulties.

The first source provides a top-20 ranking. The referred data does not reflect how hard is to fill the vacancies.

The survey based research on the other hand identifies 10 occupations as bottleneck vacancies. In the case of this sample, however, employers with less than 10 employees are handled differently.

The data of the survey of the National Statistics Office does not use ISCO type occupational codes, but classifies occupations by sector.

The overall usefulness of the data is limited. The weaknesses in the data should be taken into account when considering the findings e.g. the low demand for high skilled employees could be the consequence of the way the data is collected.

Sources

Periodic report from the Hungarian PES on labour market shortages, based on the obligatory data provision of 450,000 employers .

A joint report of PES and the Research Institute of the Chamber of Commerce and Industry on labour market forecast and demand for different occupations, based on a survey with about 7000 employers.

Five interviews conducted with key stakeholders and experts.