1.4 DISTORTIONS IN VACANCY STATISTICS, CORPORATE AND JOB CENTRE SHORTAGE REPORTS

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Reportings of labour shortage should be treated with caution for several reasons: not only because they are driven by interests, as mentioned in the Foreword of In Focus, or because it is of no consequence for businesses if they report recruitment intentions that they later relinquish.

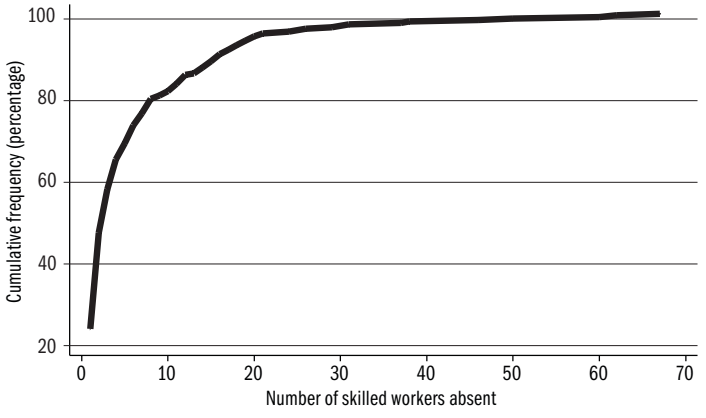
First of all, the type of question such as "How many persons are lacking at your company" do not usually specify the wage levels firms are willing to pay for the missing workers, or how many people would be missing at a higher wage level. This does not mean the question is pointless or the answers are meaningless – it indicates in which areas wage increase intentions or pressure on education policy is to be expected – but it cannot be directly used as an indicator of (excess) demand. Labour demand is not meaningful without wage levels, since it is a *conditional* quantity.

Secondly, these kind of shortage reports are *oversensitive*: their values may change to an extremely large extent as a result of minor changes in labour demand. In Poland, for example, the proportion of firms complaining of labour shortage increased from 42 per cent to 60 per cent in 2006–2007, while it is highly improbable that labour demand increased by nearly fifty per cent within a year (*Rutkowski,* 2007, p 25.). Neither was there increased labour demand four- or six fold in Hungary between 2013 and 2016, although the proportion of businesses reporting shortage grew at this rate. There are two reasons for this oversensitivity:

a) Companies where very few workers are missing also report shortage. The EBRD data collection on Hungary, Romania and Russia for the period of 1997–2000 showed that 36 per cent of Hungarian firms complained of skilled worker shortage but the missing headcount only accounted for 3.2–4.5 per cent of the skilled worker headcount of these firms and for 1.2–1.8 per cent of the total skilled worker headcount, according to estimates by *Commander–Köllő* (2008). When asked, also firms with only a few missing workers tend to point the finger at the insufficiency of supply. As seen in *Figure 1.4.1*, a quarter of the complaining businesses only lack one person, half of them lack one or two persons and two-thirds of them lack 1–4 persons to reach the skilled worker headcount aimed for.

It is apparent from the data reviewed in the previous subchapter that the situation is no different today. While at the end of 2016 80 per cent of manufacturing companies reported labour shortage (*Figure 1.3.9*), other data provided by them revealed that only 2 per cent of all (occupied and unoccupied) posts were vacant (*Figure 1.3.5*).

Figure 1.4.1: Distribution of the 279 firms reporting shortage in the EBRD survey, according to how many skilled workers they lack to reach their planned headcount



Source: Authors' calculations using data of the *EBRD-survey* from 2000 concerning Hungary.

b) The other cause of oversensitivity is that the same vacancy may appear at several points within a certain period. Growing recruitment difficulties are accompanied by an intensifying labour turnover, which in turn affects complaints of shortage because the more intensive flow of workers results in the intensifying movement of vacancies: when a worker moves from firm A to firm *B*, the vacancy at firm *B* moves to firm *A*, provided that firm A intends to maintain that job. When businesses answer the question on shortage based on their recent (involving a shorter or longer period not a point in time) experience, complaints multiply with increasing labour turnover and appear at several points of the vacancy chain. It should be noted that labour turnover indeed intensified in Hungary after the crisis: the Labour Force Survey of the HCSO indicates that the proportion of new entrants (starting their job in the month of the survey or in the previous month) grew from 3–3.5 per cent to 5 per cent in the age group below 35 years, and from a little over 2 per cent to over 3 per cent in the total workforce.[1]

Last but not least, shortage indicators do not always measure what they are intended for: without data on employment, job and regional mobility it is impossible to assess the *net* number of missing workers in an occupation. This is also demonstrated by the labour market information matrix, which is compiled by the public employment service on the basis of enterprise surveys.

Based on enterprise surveys, occupations are classified as ones "with deteriorating status" and ones "with improving status" on the basis of planned job cuts and staff increases reported in the enterprise survey, broken down into categories of extent of the job cuts and staff increases. The tables reveal that the same occupation is often included in both among occupations "with deteriorating status" and occupations "with improving status".

1 Average rates for the periods 1999–2009 and 2010–2016; authors' calculations. Public works participants are not included in this calculation, because their entry mobility is nine fold (!) that of actual employees: 21.6 per cent *versus* 2.4 per cent in the period of 1999–2016 on average.

We wish to demonstrate with data from the 2015 Occupational Barometer of the National Labour Office that very often the same occupations are found among "in-demand" occupations and ones "with deteriorating status" in the same headcount category. *Table 1.4.1* shows an extract from the 2015 edition of the labour market information matrix: the occupations which are included in both categories. The publication states that an occupation may be both in demand and also have deteriorating status but in different geographical areas, however, there are occupations that fall into both categories in the same regions or counties.

Table 1.4.1: Extract from the labour market information matrix of the National Labour Office

Occupations in demand, on the basis of planned staff increases	Occupations with deteriorating status on the basis of planned job cuts
At national level (100 persons or more)	
Simple industry occupation	Simple industry occupation
Simple agricultural labourer	Simple agricultural labourer
Forestry worker	Forestry worker
Heavy truck and lorry driver	Heavy truck and lorry driver
Shop salesperson	Shop salesperson
Hand packer	Hand packer
Freight handler	Freight handler
Locksmith	Locksmith
Shop cashier, ticket clerk	Shop cashier, ticket clerk
Welder, sheet metal worker	Welder, sheet metal worker
Machining worker	Machining worker
Bricklayer	Bricklayer
Bus driver	Bus driver
Waiter	Waiter
The Central Transdanubia region (100 persons or more)	
Mechanical machinery assembler	Mechanical machinery assembler
Assembler of other products	Assembler of other products
Simple forestry, hunting and fishery labourer	Simple forestry, hunting and fishery labourer
Electrical and electronic equipment assembler	Electrical and electronic equipment assembler
Cleaner and helper in offices, hotels and other establishments	Cleaner and helper in offices, hotels and other establishments

Source: *National Labour Office* Labour market barometer, 2015, based on data from the short-term labour market forecast survey in autumn 2014.

References

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