

Development of Self-employed in Hungary Before and During COVID-19 Pandemic Related to Selected Economic Activities

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The number of sole proprietors is significant in Hungary, although their contribution to GDP is less significant. Their numbers are particularly high in some sections of the national economy, such as agriculture, construction, accommodation and food services, information and communication, and human health care. Covid-19 pandemic has restricted the pursuit of many activities, but it has also opened up new opportunities in the labour market. Covid-19 and the restriction measures for Covid-19 have had an adverse effect, for example, suspension of economic activity. Several employees had to take part-time jobs instead of their full-time jobs. As a response, the government sought to offset the negative effects by supporting endangered sections. On the other side, Covid-19 had positive effects too; it has accelerated recent trends, such as the digital transformation and the increasing rate of remote work.

Covid-19 pandemic affected sole proprietors differently; these effects are presented by analysing data from four sections of the national economy. We use Statistical Business Register, Labour Force Survey and Institutional Labour Data based on the Social Security Contribution Report of the National Tax Authority as data sources to detect these effects.

The evolution of the labour market presence of sole proprietors before and during the waves of the pandemic is examined. Therefore, it can be seen how much entrepreneurship has become an alternative livelihood for those who have lost their jobs. It is also examined how the structure of sole proprietorship and employment changed during Covid-19 (e.g. did waiters become couriers?). Hence, for example, structural changes because of the pandemic has caused changes in private and public healthcare can be observed. We expect that due to the burden on public health care may cause a growth in demand for private health care.

We are looking for answers to the following research questions: What are the labour market sources behind the increased number of couriers? What are the labour market sources of the increase in self-employment observed in the IT sector? What kind of economic activity could have

been carried out by the employees in the food services during the closure? How many people are employed at same time in public and private health care?

Based on our results, self-employed persons responded flexibly to the effects of the Covid-19 pandemic. The changes in consumer habits may affect the labour market processes, and the structure of that.