

## LABOUR MARKET POSITION OF FEMALE EMPLOYEES IN HUNGARY

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### Abstract

This paper presents the main tendencies and today's situation of women's participation in the Hungarian labour market. After the political transition in 1989-1990, employment levels have fallen and unemployment has risen, the general participation rate of women in the Hungarian labour market is below the EU average, women's social position has worsened. In recent years gender inequalities have been reduced, although they remain in many cases. Women still do not participate to the same degree as men in the labour market. The traditional role of women is related to the family, thus they are often treated as secondary actors in the labour market. The role of women in society and in the economy have been changing in the past centuries. Within the framework of Hungarian employment policy, women's employment as a separate policy issue emerged five years ago. Increasing the economic activity of women is an important strategic goal for the EU and for Hungary as well. Over the last decades, major initiatives have emerged. Despite the projects to strengthen the economic role of women, the situation is not considered to be acceptable and there is room for improvement.

**Keywords:** gender, employment rate, unemployment, labour market, gender differences

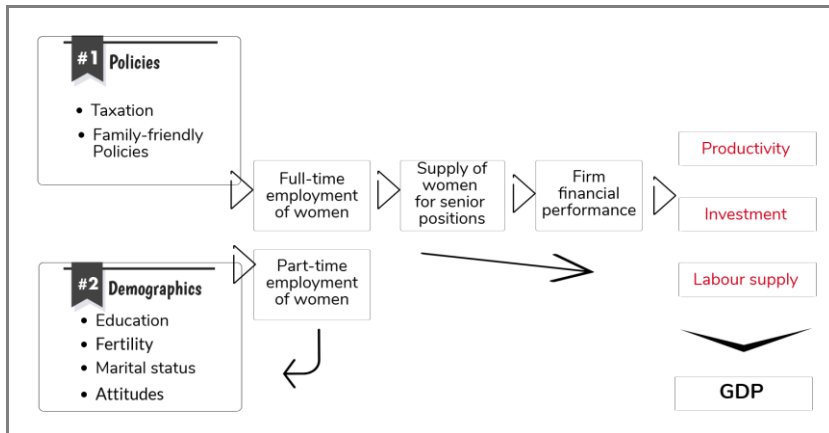
### Introduction

Recently, large amounts of research have been carried out in Hungary and worldwide on the position of women in the labour market (CSEHNÉ, 2015). Why increasing female labour force participation is a relevant topic in Hungary, and also in the European Union and worldwide?

Population of European countries is aging, and productivity growth has declined. In addition, the working-age population is expected to continue to shrink over the coming decades. As a result, fewer people have been entering the labour market and old-age dependency ratios are rising. Gender gaps in labour market participation, especially in the case of senior positions are significant. Women participate less actively in the European labour market than men. In 2014, only 89 women were working for every 100 men of prime working age. Higher participation of women in the economy can help support Europe's economic performance. Gender equality in the labour market is an important social objective and goal of development, because it can bring significant macroeconomic benefits. First, increasing female employment could compensate for the shrinking labour force. It can also help to improve firm financial performance by involving women in senior management. Figure 1 presents the main drivers and benefits of increasing female employment (BROOKS et. al., 2016).

Under communism, large number of Hungarian women entered the labour market, which brought fundamental changes in family relations and women's roles. The rapid increase in women's employment modified the traditional allocation of roles both in society and within the family (KONCZ, 1989). In Western Europe, though, at the same time the opposite tendency was observed: women's participation rate was just 40% in the early 1980s in advanced European countries (BROOKS, et al, 2016), while in Hungary it was 82.0% KONCZ (2000:27).

Figure 1: Drivers and economics benefits of raising female labour supply



Source: Own editing based on BROOKS et al. (2016:5)

Although the present employment situation for women in Hungary seems to be more favourable than it was in the past 27 years, on the basis of relevant research and recent data it is still not satisfactory. (FEDOR and TOLDI, 2017). The Hungarian labour market conditions are inflexible and insecure especially from the point of view of women; the share of part-timers is very low. The disadvantages of women are manifest in various ways. Female workforce plays a secondary role in the labour market due to their traditional family role. Women often interrupt their careers for childbirth and childrearing, and it is difficult for them to return to labour market. (KONCZ, 2008). The traditional role of women is promoted by current leave and other employment-related policies of Hungarian legislation. Maternity leave legislation is extensive, the duration of leave (before and after birth) can be 24 weeks, but at least two weeks are obligatory. The maternity leave can be extended to a period of up to three years. The starting date can be from four weeks prior to birth up to the birth itself. Paternity leave was introduced in 2002, but fathers can take only five days off in the first two months of the child's life (KORINTUS-GÁBOS, 2016). One of the major disadvantages women experience is called the glass-ceiling effect meaning that career advancement opportunities of women are limited. Since employers tend to offer unfavourable conditions for them, women are employed at the lower levels of the corporate hierarchy and they generally earn less than a man in the same position. Opportunities for women to assert their interests are weak and basically have worsened after the democratic transition (KONCZ, 2008).

## **Materials and methods**

After a short historical review, I present the main tendencies and the situation of women's participation in the Hungarian labour market from the communist era until the present day based on data of Hungarian Central Statistical Office and the Eurostat database.

## **Results and discussion**

### ***Women's position in the labour market before the democratic transition***

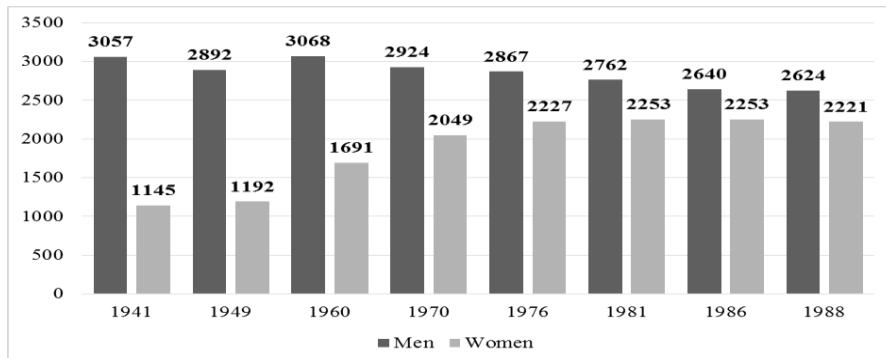
In the socialist era, similarly to former Soviet countries, female employment in Hungary has become "full"; women's entry into paid work has changed the domestic labour force supply and the balance between men and women. From 1949 to 1982, the total number of employees increased by 917,000, while the number of female employees grew by 1 055 000. The enhancement of female employment on the supply side was a result of the low wage levels. Since wage of one person did not cover the whole cost of the family, dual-earner family model was introduced. The proportion of women has increased in almost all sectors and occupations (KONCZ, 1989). Despite the higher rates of female employment, the principle of equal opportunity for women in the labour market has not been realized:

- Women have access to the least favourable segment of the labour market, and their conditions and positions are difficult to change. they cannot make progress from that segment.
- Their chances of improving their career interests are limited.
- Their vertical advancement is more restricted than men's.
- Earning differences are typical of the whole of their career and increase with age. Women are paid 70 to 80 percent of men's wages. (KONCZ, 1989).

LOKAR (2000) points out that in Hungary women's earnings grew from 65.5 percent to 72.8 percent of men's earnings, which means that women's wages have increased during this period.

The goal to establish full employment was achieved very rapidly. In 1980, 82.0 percent of women and 87.9 percent of men were employed or associated with cooperatives (KONCZ, 2000). Figure 2 shows the number of employed persons by gender (1941-1988), and it can be observed that female labour force is continuously increasing, while in the case of male employment there is a shift in the opposite direction (FÓTI, 1989).

Figure 2: Number of active earners by gender (in thousands of people)



Source: Own editing based on FÓTI (1989:551)

### ***Women's position in the labour market from the democratic transition to the present day***

Hungary and other countries in the Central and Eastern European region have been faced with a challenge unparalleled in history. Changes in the political and economic systems are taking place at the same time. After 1989, Hungary entered a difficult period: the transformation of society from a communist dictatorship to a democratic society and from a state-centralized economy to a market oriented economy (KONCZ, 2002). The economic and political transition was widely criticized. Joseph Stiglitz called it “mismanaged” and he said that a neo-liberal, “one-size-fit-all” conception was forced to the entire region. (BEREND, 2011). CEE countries have suffered extremely the negative effects of the transition and the globalization: changing patterns of trade; changing trade profile; falling employment; falling GDP/NMP; wealth inequality. Even if the initial situation was similar in each CEE country they have had a unique experience of transition (LOKAR, 2000). The main effects on the labour market were:

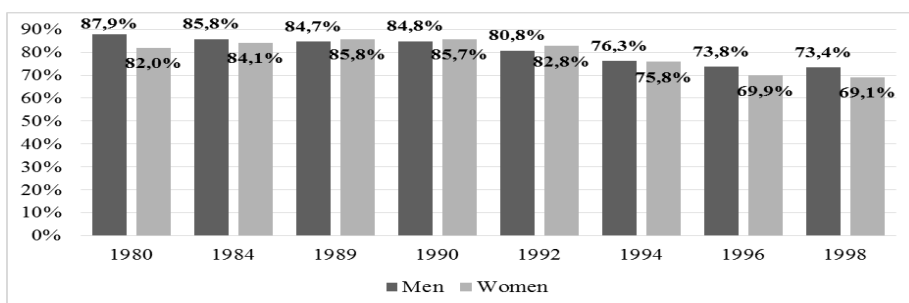
- *Decreasing employment:* Firstly, workers above retirement age were forced to leave the labour market. Labour legislation was changed, simplifying lay off procedures, reducing the strictness of notice period regulations, and introducing severance pay. Employers started to consider “less productive” workers unneeded (for example inexperienced youngsters, workers from ethnic minorities, women with small children, and disabled workers). Open unemployment started to increase.
- *Unemployment* rates quickly reached double digits (LOKAR, 2000), which was a new experience after the socially protective full employment idea.

In the opinion of KONCZ (2002) the transition fundamentally rearranged the political, economic and family conditions of the country, the possibilities and opportunities for women. She argues that it is difficult to estimate the effects of the transformation, due to the complexity, variety and inextricability of the interrelations. She agrees that the radical changes deeply affect the situation of women (and men), their role in public life, in labour relations and in the family as

well. The most essential elements of the transformation are: the democratisation of society; the transformation of ownership relations; and the loosening of market regulations. The core of the democratic system is to create and guarantee equal social opportunities for the masses. The economic requirements of private property were changed. The most obvious characteristic of change was the increased market competition (KONCZ, 1996).

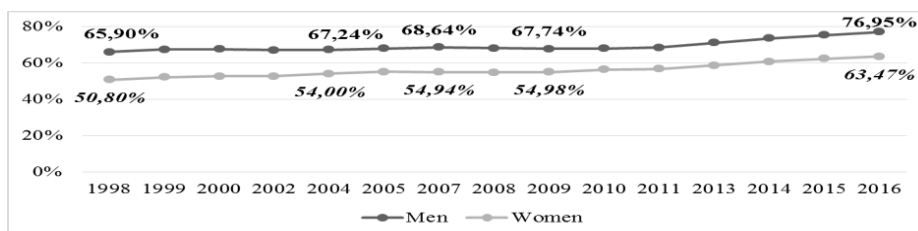
Figure 3 shows activity rates by gender between 1980 and 1998. The highest value of women's economic activity (85.8%) exceeded that of men (84.7%), which was unprecedented even in international comparison KONCZ, 2000). The bar chart presents how the labour market has undergone a dramatic change after transition. The level of employment has fallen. From 1986 to 1997, the number of active earners fell by 1.28 million, 52 percent of whom were women (KONCZ, 2000). In Hungary in the first half of the 1990s, women proved to be more successful in retaining their jobs than men, but in the latter part of the decade, the situation changed (LOKAR, 2000).

Figure 3: Activity rates by gender (1980-1998) (%)



Source: Own editing based on KONCZ (2000:27)

Figure 4: Activity rate by gender (1998-2016) (%)

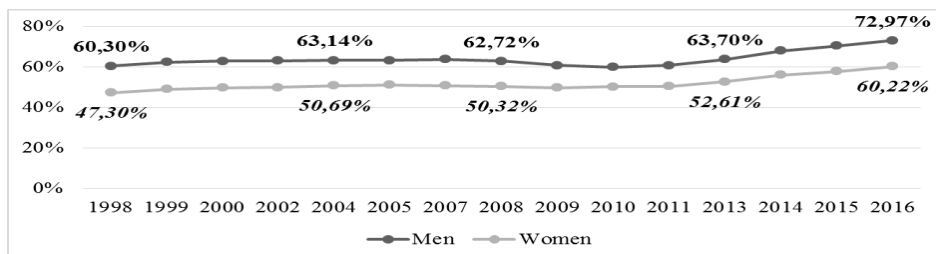


Source: Own editing based on data of the Hungarian Central Statistical Office (KSH)

Figure 4 shows the activity rate by gender between 1998 and 2016. Both men's and women's activity rates have improved during the examined period. In 2016, the activity rate for men stood at 76,95 %, while the activity rate for women reached an all-time highest level of 63.47 %. Figure 5 shows the development of the

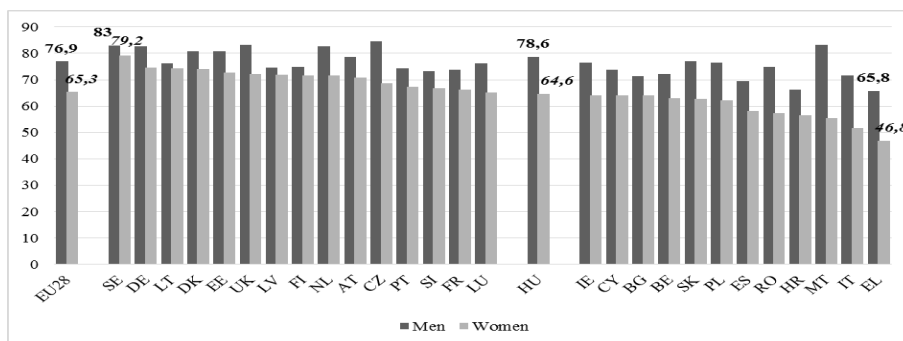
employment rate for men and women since 1998. One of the most visible characteristics is the constant employment rate gap between them.

Figure 5: Employment rate by gender (1998-2016) (%)



Source: Own editing based on data of the Hungarian Central Statistical Office (KSH)

Figure 6: Employment rate by gender in the EU-28 (2016; %)

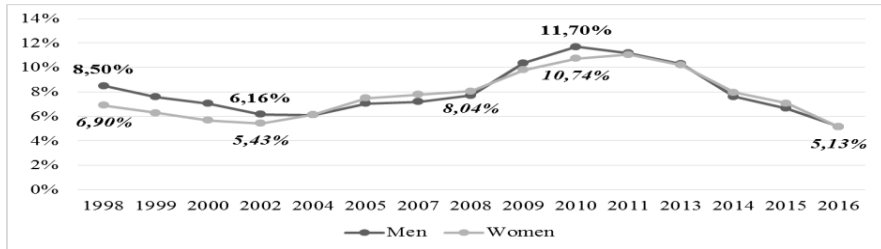


Source: Own editing based on data of Eurostat

In 2016, the EU-28 employment rate for persons aged 20 to 64 stood at 71.1 %, the highest annual average ever recorded for the EU. The Hungarian total employment rate is similar, 70.1%. The Europe 2020 strategy is the EU's agenda for growth and jobs for the current decade and it has a strategy target for employment: increasing the employment rate of the population aged 20 to 64 to at least 75 % by 2020. The best performing countries, Sweden, Germany and Lithuania record very high employment rates for both genders. In every member state considerably lower employment rates can be observed for women than for men. The worst situation for women is in Greece, Malta and Italy (Figure 6).

The unemployment rate shows a more varied picture. According to the data of the Hungarian Central Statistical Office, the unemployment rate was declining between 1998 and 2002. Until 2010 the number of jobless people increased year by year, but this trend has turned since then, and the number of people in employment continued to rise. Men's unemployment rate was higher than women's in most cases, but the difference has diminished for today. The number of unemployed people in Hungary dropped further to 5.13 % in 2016 (Figure 7).

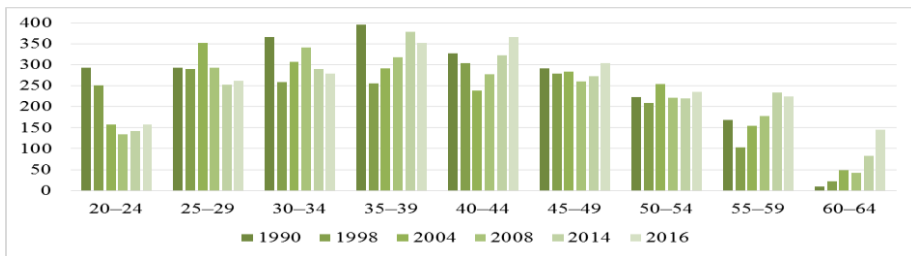
Figure 7: Unemployment rate by gender (1998-2016) (%)



Source: Own editing based on data of the Hungarian Central Statistical Office (KSH)

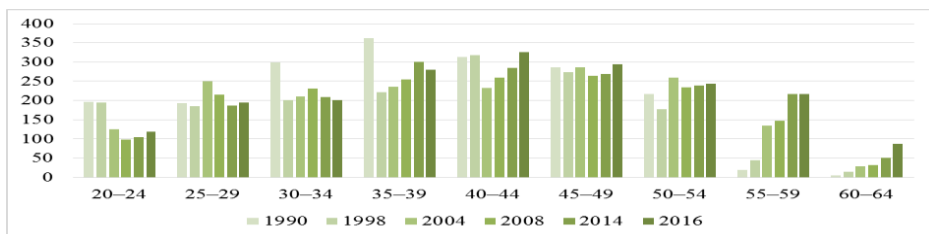
Figure 8 and 9 show the differences by age groups between 1990 and 2016, based on data of the Hungarian Central Statistical Office. It can be observed that after transition (1998-2016) the number of young male and female employees (25-34-year-old group) was decreasing, the number of employees from other age groups was growing from year to year. The number of employed men is higher in almost every category. The smallest difference in the number of employees by gender is observed in the case of 45-54 year old people. Between 2004 and 2016, the number of 50-54 year old female employees is higher than male employees of the same age.

Figure 8: Number of male employees by age group (1990-2016) (thousands of people)



Source: Own editing based on data of the Hungarian Central Statistical Office (KSH)

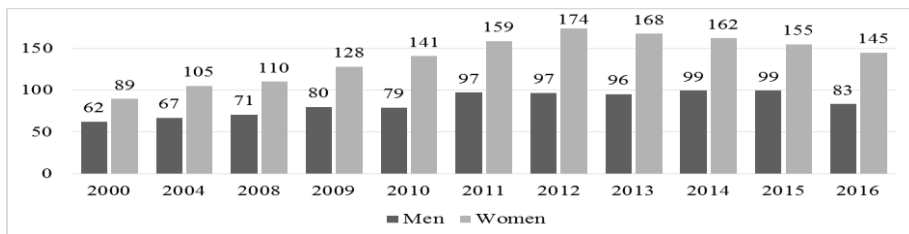
Figure 9: Number of female employees by age group (1990-2016) (thousands of people)



Source: Own editing based on data of the Hungarian Central Statistical Office (KSH)

The rate of Hungarian women working part-time is significantly lower than the EU average. The low part-time rate shows that women in Hungary tend to work full-time or they do not work at all. The part time opportunities have barely changed for women (Figure 10).

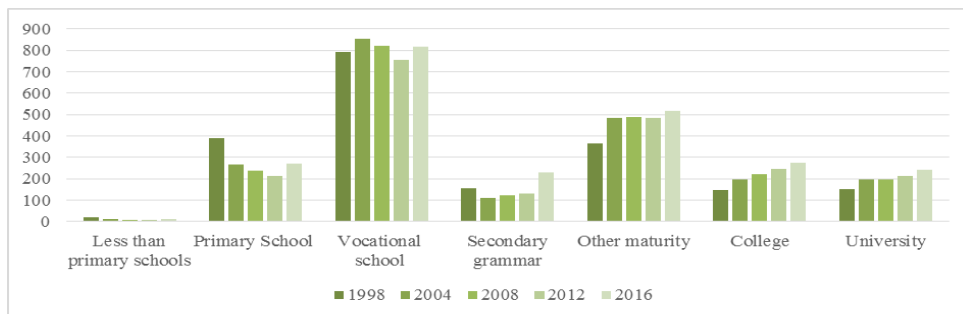
Figure 10: Part-time employment (2000-2016) (thousands of people)



Source: Own editing based on data of the Hungarian Central Statistical Office (KSH)

Figure 11 and 12 show the employment rates of people according to their education levels – less than primary school, primary school, technical school, secondary school, secondary vocational school, higher education – between 1998 and 2016.

Figure 11: Male employees according to their level of education (1998-2016) (thousands of people)

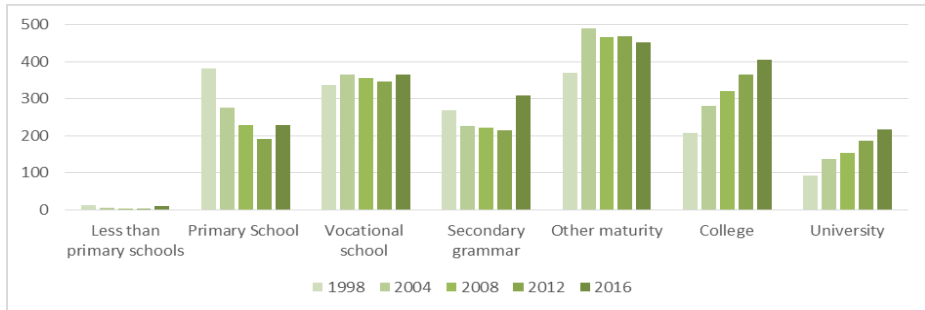


Source: Own editing based on data of the Hungarian Central Statistical Office (KSH)

Women have improved considerably in terms of education and schooling over the past two decades. The secondary and partly the tertiary educational attainment of Hungarian women is significantly higher than that of men. That means that highly qualified women represent a huge potential for the Hungarian labour market.



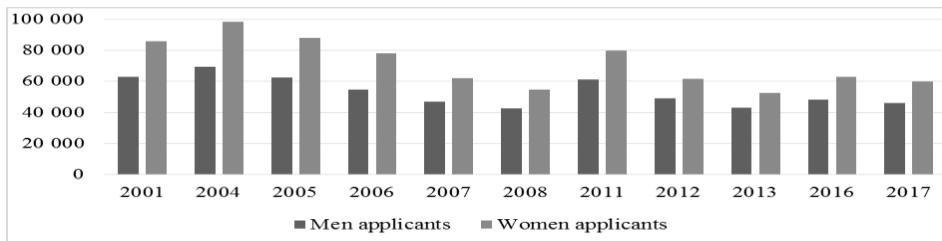
Figure 12: Female employees according to their level of education (1998-2016) (thousands of people)



Source: Own editing based on data of the Hungarian Central Statistical Office (KSH)

Data of Hungarian Higher Education web portal (Felvi) confirm that each year between 2001 and 2017 the number of female applicants was higher than male applicants (Figure 13). This shows us that the qualification trend will probably not change in the future.

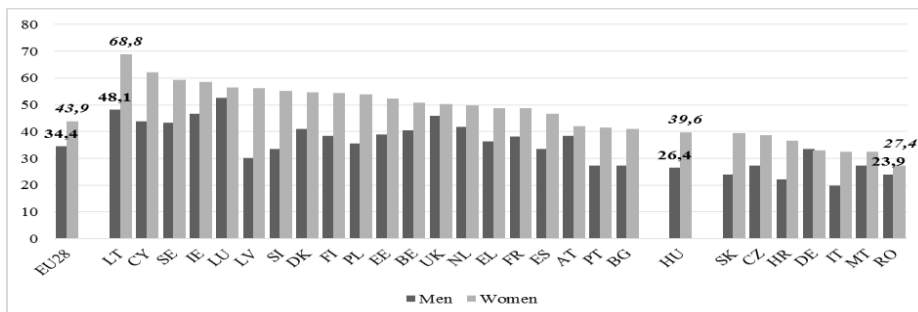
Figure 13: Applicants for higher education by gender (2001-2017) (thousands of people)



Source: Own editing based on data of Felvi (Hungarian Higher Education Web Portal)

The Europe 2020 strategy sets out a target of increasing the share of the population aged 30 to 34 having completed tertiary or equivalent education to at least 40 % by 2020, because educational attainment strongly influences labour market participation. In 2016, 39.1 % of this age group in EU-28 countries and 33,0 % in Hungary had completed this level of education (Figure 14).

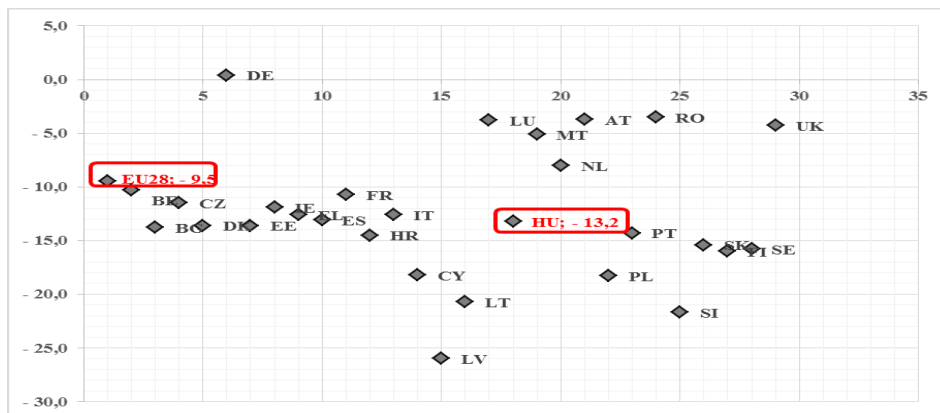
Figure 14: Tertiary education attainment by gender in the EU-28 (2016; %)



Source: Own editing based on data of Eurostat

Figure 15 shows the proportion of persons aged 30-34 having attained tertiary education in percentage. All EU-countries, except Germany, recorded a negative gender gap in tertiary education attainment. In 2016, this gender gap was -9.5 percentage points in the whole EU-28, which means that the proportion of 30-34 year old women had attained tertiary education exceeded that of men by 9.5 percentage points. The Hungarian gender gap in tertiary educational attainment is higher, -13.2 percentage points.

Figure 15: Gender gap in tertiary educational attainment EU-28 (2016; p.p.)



Source: Own editing based on data of Eurostat

According to the statistical data firms do not make full use of the existing Hungarian labour force potential. Despite domestic and international initiatives, women still do not participate to the same degree as men in the labour market. After the political transition women's social position has worsened, but male and female activity and employment rates have improved during the two decades, although the gap between the two sexes has not changed significantly. The part time job

opportunities are still limited. Women have improved considerably in terms of education, which means that highly qualified women represent a huge potential for the Hungarian labour market.



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## **A NŐI MUNKAVÁLLALÓK HELYZETE A MAGYARORSZÁGI MUNKAERŐPIACON**

**Szabó Katalin**

A tanulmány témája a női munkavállalók jelenlegi helyzete és részvéte a magyarországi munkaerőpiacon, valamint a közelmúlt folyamatainak elemzése.

A rendszerváltást követően a foglalkoztatási ráták csökkentek, a munkanélküliség nőtt. A nők részvételi aránya a munkaerőpiacon az európai átlag alatt volt, a nők társadalmi helyzete romlott. Az elmúlt néhány évben a nemek közötti egyenlőtlenségek ugyan csökkentek, de sok tekintetben nem változtak lényegesen. A nők továbbra sem vesznek részt a munkaerőpiacon a férfiakkal azonos mértékben. Mivel hagyományosan a női szerepek a családhoz kötődnek, gyakran másodendű szereplőként tartják őket számon a munkaerőpiacon.

A magyarországi foglalkoztatáspolitikán belül a nők munkavállalása öt éve jelentkezett először önálló területként. A nők gazdasági aktivitásának növelése Magyarországon és az Európai Unióban egyaránt fontos stratégiai cél. Ennek érdekében az elmúlt évtizedekben jelentős kezdeményezések történtek. A nők gazdasági szerepvállalásának erősítését célzó projektek ellenére a jelenlegi helyzet messze nem megfelelő és további jelentős fejlődésre van szükség.

A statisztikai adatok alapján a cégek nem használják ki teljes mértékben a magyarországi munkaerőben meglévő lehetőségeket. A részmunkaidős foglalkoztatási lehetőségek még mindig korlátozottak. A női munkavállalók iskolázottsági szintje jelentősen javult, ezért a magasan képzett női munkavállalók komoly potenciált jelentenek a munkaerőpiac számára.