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**Changes in Participation and Earnings Position of Women
in the Hungarian Labour Market**

Paper Submitted by the Hungarian Central Statistical Office¹

Economic Activity of Women

1. After the World War II, owing to the rapid and enforced industrialisation process there was a vast demand for labour force in Hungary. The considerable increase of the labour market participation of women created a source for its supply. As a result of this process, by the end of the 1960s and the beginning of the 1970s the economic activity of the women, who were born after the war, reached and in some cases exceeded the economic activity of the men of the corresponding age groups. The „successful policy” of attracting women into the labour market was based on the family model with two wage earners, which has remained till now. Practically it means that only spouses together are able to earn enough to live on, i.e. most of women went out to work due to economic reason namely their wages and salaries are also needed to support the family. However, the pressure on the side of the labour demand lessened progressively and in the early 1980s the labour market was much rather characterised by a hidden unemployment than by a massive labour shortage.

2. In the 1990s the Hungarian labour market has seen tremendous changes. The transition inevitably places strains on the situation of the labour market, so countries in transition in Central and Eastern Europe have faced similar problems concerning the labour force. Transition in both senses (economic and social) was accompanied by a drastic fall in employment and appearance of mass unemployment. A lot of persons having had employment status before, were dropped out of the labour market.

3. The mass cessation of working places is in strict connection with economic recession. The economic recession is the main reason for the fall in employment and at the same time the present low level of the performance of the economy makes impossible to involve further resources for easing employment tensions.

4. These fundamental changes in the labour market have highly influenced the labour market status of women, and their earnings relative to men, of course.

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5. Paying attention to women's labour market status we have to consider a rapid and radical worsening in it with serious conclusions in the first half of this time period, however males were not in a better position either. Between 1989 and 1992 even according to conservative estimates one million jobs were eliminated (not including jobs held by pensioners), amounting to about one fifth of all jobs, while some half million people became unemployed due to the sharp increase in job-losses. After the 1993 peak in the number of unemployed, a stabilisation process has started, characterised by the same number of work-places without significant increase in the number of vacancies. The current labour market situation can be characterised by a slightly shrinking labour force and increasing inactive population. Unfortunately in the near future a significant extension of the labour demand in the economy cannot be expected.

6. As a result 78 per cent of women of working age (aged 15-54) were economically active in 1989 while 60.8 per cent of women were active in 1995. The decrease in male economic activity² was less, it accounted only for 11 percentage point (from 84.7 per cent to 73,8 per cent). However all groups of population have been involved in the economical depression, women have been involved more. Since 1995 the fall in activity has not stopped due to the demographic increase of young population and the gradually increasing of retirement age for women.

7. These participation rates seem to be relatively high compared with 66 per cent for males and 45.3 per cent for females in EU 15 in 1996. However the participation rate of 15-54 aged Hungarian women is lower than that of 15-54 aged women in EU 15, which means Hungary can be placed within countries' rank among countries with medium or lower than medium participation rates, due to the drastic fall in female employment, and the lower female retirement age in Hungary than the European average.

Table 1

Activity Rate in Hungary and Different EU Member States

Countries	Females aged 15-54	Males aged 15-59
Hungary	58,1	71,9
EU 15	63.2	81,2
Belgium	60,1	76,8
Italy	50,3	76,0
Spain	50,9	77,6
Greece	51,0	80,7
Germany	68,5	83,9
United Kingdom	71,4	85,7

Source: Labour Force Survey, Results 1996 Eurostat

8. Although there was a great decrease in participation of women in the Hungarian labour market this decade, the difference between female and male participation rate is even smaller than in the EU. While there is a steadily decrease tendency in Hungarian women's participation rate, a gradual rise can be observed in activity of women in the EU due to the policies for attracting more and more women into paid work and the Commission's effort to co-finance initiatives in Member States to get women into better jobs.

9. It is also to be considered as aspects of the employment situation, how women are involved in full-time employment. In European countries almost one third of women work part-time, while in Hungary 7-8% of them. Women with dependent children are also much less involved in part-time jobs than the ones in the European Community. The share of part-time jobholders within Hungarian mothers with dependent children is between 11 and 15 per cent depending on the number of children. However supporting of the family makes women take up employment, that can be only full-time employment, because a part-time job for an average woman does not give a really better opportunity to earn a living, because the level of

² According to the Hungarian regulation until 1996 women could retire at the age of 55 while men at 60, while in the EU the working age population is from 15-64. In 1996 a new pension scheme was introduced, one element of it was the setting up of retirement age to 62 for men and women. The law is introduced gradually.

earnings is so low. According to a supplementary survey carried out on the labour force survey, only 10 per cent of female population are interested in part-time job (would like to take on part-time job), however attitude of women to part-time jobs is really high, four women from five think that part-time job would be ideal for them if they could be compensated by reasonable earnings.

10. Family commitments always have an important effect on the career of a woman. In past decades relationships between mothers' staying on maternity benefits and labour force demand of the economy has become fairly straightforward. In the 1950s, when mostly former housewives, were getting into paid work, employed mothers were only entitled to a few weeks of maternity leave. First the period of maternity leave was extended. When the extensive - almost insatiable - labour force demand of the economy in the 1960s somewhat decreased then the child care allowance was introduced (as of 1st January, 1967). As part time employment has never been widespread in Hungary and earnings from paid employment after World War II were so low that both spouses needed to earn a living for the family, paying a child care allowance, available to the overwhelming majority, was practically the only way to let mothers raise themselves their children. Although the amount of the allowance was low even at the time of its introduction, most mothers stayed at home with their children. Nevertheless, part of the highly qualified (thus well-paid) women tended to be exceptions as for them receiving the allowance as a substitute for earnings seemed unfavourable.

11. In the mid 1980s unemployment - at least its hidden form, and as a consequence of it, low efficiency of work - was a well-known phenomenon to professionals. The intentions of legislation of that time were far from being clear, the recognition of unemployment might have in part urged legislators to generously expand the maternity system, namely to introduce the child care fee available for working mothers from the end of their maternity leave up to the age of 2 of their children. The fee was 75% of the previous salary. These changes, resulting in a more expensive maternity system (though with less clients due to demographic trends), were introduced at a time when budget constraints should have dictated austerity measures. Covered by the three-component system (maternity leave, child care fee and child care allowance), 8-9% of working age women were out of the labour market until the mid 1990s. From the beginnings of 1990s - when labour market situation changed radically - the role of maternity benefit system was primarily to reduce labour force supply; this was clearly the objective of the fourth component, the child care support, introduced in 1993. Child care support is available to mothers with three or more children until the age of 8 of the youngest of them. The relatively high income threshold excludes few families, and most of eligible mothers tend to claim it.

12. In April 1996 the child care fee was eliminated and the child care allowance became an entitlement for those who are entitled to family allowance which itself depends on the family income. This change affects negatively mothers earning higher incomes not because such better-off families are not eligible for child care allowance; indeed with the mother not earning and with more members in the family few households remain ineligible. A much more serious disadvantage is that the child care fee, paid in function with earnings, is replaced by the flat-rate, and not too high, child care allowance. The 1996 modification of the maternity benefit system cannot be regarded as a measure to increase the supply on the labour market, even in the medium term. Nonetheless, it has an impact in terms of patterns of concentration by education by working experience in the labour market. It reduces the supply of low income, without working experience, undereducated strata while better educated women are less likely to quit the labour market and stay on child care allowance.

13. The situation of women with family commitments has worsened from another point of view, too. Females being on child care leave (being eligible one of the mentioned form of child care benefits) always have had a formal job attachment. In supplementary surveys on changes of situation of women in work and in household carried out in 1993 and 1995 8.6% of women on child care benefits responded to the question about their returning chances that their employers ceased to exist and 34.3% said that their employers would not want to employ them after their child care period is over. In 1995 these figures were 9.2% and 29.8%, respectively. Other outcomes from these surveys were that in many cases employers tried to get rid of their former employees after they finished their 2 or 3 year long child care leave, however they are obliged by the law to employ them.

14. Radical changes in the economy are over, still a part of mothers staying at home with children for several years have lost their chance to return to their work places. Scared of unemployment (over 9%) and a difficult return to the labour market, mothers often choose not to stay at home for the whole child care period but to return to work after their children are 1.5 or two years old. In fact most employers expect this behaviour from their “solid” staff. Employers also tend to expect mothers to use up as few days as possible of their sick-child care leave they are entitled to. Mothers are also expected to organise day care for their children during kindergarten and school holidays. Large family is a disadvantage in finding jobs after the employer ceased to exist or in returning to previous employment, as mothers with several children are more likely to be absent from the work place and are less flexible to meet potentially irregular working conditions. Obviously, bad experience with reception by employers played a role in why nearly 70% of women with 3 or more children responded in a 1995 survey that they did not plan to find jobs but would stay on child care support. (To be more exact, mushrooming small, usually family businesses demand auxiliary female work so being in the category of “inactive” does not necessarily mean a separation from the sphere of work.)

15. It can be concluded that there is a strong relationship between the number of children and women’s economic activity. The relationship did exist in the time of full employment too, but it has become really obvious with the radical changes of labour market conditions. As it can be seen in the following table, the share of employed women decreases proportionately with the number of children in a given age group. Young women are likely to be inactive because they are on child care benefits; however, in older groups this relationship is less easily explained. From the comparison with women without children (those regarded childless in whose families there are no dependent children) it can be established that the presence of women with one child on the labour market differs from that of women without children only in the period when women are the most likely to bear children; there is no significant difference between the two groups of women over 35. The share of working women with two children is smaller than the share of working women with one child. The real watershed, however, is between families with one or two children and the so-called large families. In 1996, the proportion of employed women with three or more children was by 20 to 30% lower than that of women without children even in the age groups of 40 and older, although children of mothers of that age are presumably old enough to require a less intensive daily care.

Table 2

Employment and the Number of Children in 1996

Age group	The ratio of employed in all women in the same age group			
	%			
	Without children	with one child	with two children	with three or more children
15-19 years old	31.0	7.1	-	0.0
20-25	64.7	27.9	14.1	0.0
26-29	81.8	51.9	35.1	11.0
30-35	81.9	70.3	66.8	25.9
36-39	82.3	80.2	78.3	41.1
40-45	72.9	78.2	75.6	50.2
46-49	71.3	70.8	62.0	39.7
50-54	50.0	49.1	40.9	33.0

Source: *Labour Force Survey, 1996*

16. In conclusion it can be said that the more children a mother has the less likely is that she is employed. Family formation is not conducive to career success in many occupations where full-time, unbroken work histories are expected. Women with large families - indeed there are fewer of them than what is regarded demographically desirable - are hardly at all present in the labour market. The lack of a second earner is one of the reasons why families with three or more children belong to the poorest strata of society in terms of per capita income.

17. It remains another question whether Hungarian women really get a fair deal and a chance to show what she can do. One argue to this complicated question could be occupational segregation of Hungarian women. The level of the segregation is relatively high. The concentration of females and males is balanced only in 100 occupations from the 600 ones. Women occupy 17 per cent of these 100 occupations. Two thirds of female employees are concentrated in one third of occupations. These occupations are dominated significantly or fully by females.

Earnings of Women Relative to Men

18. Democratic liberalisation has empowered citizens through the provision of basic rights and freedoms to a development of civil society. Despite remarkable expansion of opportunities, transformation has not come without great pain. Poverty has risen throughout the country, real incomes, first of all real wages and salaries declined. While the widening income gap is an expected side effect of transition, accompanying the liberalisation of prices and wages, it has not been expected that there will be a widening gap between males and females wages and salaries.

19. It was 1992 when the new era in wage determination dawned: the government gave up its decades long attempts to keep the level and structure of wages under central control. The various forms of tax-based wage policy were irrevocably replaced by free collective bargaining in the competitive sphere and by statutory tariff systems in the public sphere (budgetary sphere).

Table 3

Monthly Gross, Net and Real Earnings						
Year	Average earnings of persons employed full-time*				Consumer price index	Index of real wages and salaries
	Gross	net	gross	net		
	HUF/month/person		previous year =100,0			
Total						
1992	22 294	15 628	125,1	121,3	123,0	98,6
1993	27 173	18 397	121,9	117,7	122,5	96,1
1994	33 939	23 424	124,9	127,3	118,8	107,2
1995	39 854	26 637	117,4	113,7	128,2	88,7
1996	47 491	31 086	119,2	116,7	123,6	94,4
Female						
1992	19 799	14 227	123,0	..
1993	23 964	16 667	121,0	117,2	122,5	95,7
1994	30 126	21 314	125,7	127,9	118,8	107,7
1995	35 310	24 283	117,2	113,9	128,2	88,8
1996	41 738	28 202	118,2	116,1	123,6	93,9
Male						
1992	24 505	16 870	123,0	..
1993	30 106	19 979	122,9	118,4	122,5	96,7
1994	37 509	25 400	124,6	127,1	118,8	107,0
1995	44 087	28 831	117,5	113,5	128,2	88,5
1996	52 879	33 787	119,9	117,2	123,6	94,8

• _____
• *Data concern economic units employing more than 20. Figures relate only to full-time workers.*
Source: HCSO Annual Employment and Earnings Survey

20. Gross wages and salaries rose by 21 per cent as a yearly average between 1992 and 1996. Women's earnings relative to men's ones do not indicate significant changes. The monthly earnings of

women – reflecting the different employment characteristics of women and men, such as the proportions in different occupations and their length of time in jobs – fluctuated between 79-88 per cent. In comparing the relative hourly earnings of women, including both full-time and part-time workers and excluding overtime payments, were 84 per cent of those of men in Sweden, 73 per cent in France, 73 per cent in Spain and 64 per cent in UK. (Data are deriving from Statistics on the Structure of Earnings for the year 1995, and were published in Eurostat Statistics in Focus). It should be taken into account that in the mentioned countries part-time workers earn considerably less than full-time workers, even on an hourly basis, and a far greater proportion of women employees work part-time than of men, so the difference between full-time males' and females' earnings could be less than the mentioned one, while Hungarian data relates to full-time employees.³

21. Net nominal wages show a slightly lower annual average growing rate during that four year period (19%) due to the yearly changing personal income taxation system which constituted a considerable increase in tax burden. However so Hungarian wage-earners experienced a substantial fall in real wages and salaries, i.e. the average yearly declining rate was 3.6 per cent, because consumer prices increased more rapidly than even gross earnings by a 23 per cent average yearly growing rate, decreases in men's and women's real-earnings do not indicate differences.

22. Net monthly rates of women to men come nearer to equal remuneration for men and women; the average net earnings for women are only 83-84 per cent of those for men.

23. There were 1.7 million women on the labour market in 1997. More than one hundred thousand (140 thousand) of them were actively looking for a job, while 1.6 million were employed, of which 91,5 per cent were employees. From the point of view of equal opportunities, there is a clear sex segregation by status in employment. Within self-employed, the number of women remain low compared with their male counterparts (self-employed men are 3 times as many as women), while the number of women within working family members are 2 times higher than men.

24. Hungarian LFS has never collected details on employees' gross earnings, so we have information on those from enterprise surveys covering economic units with more than 10 employees. The following data are deriving from the Hungarian Structure of Earnings Survey, which provides information only about full-time employees. Their number was 980 thousand in May, 1997.

25. The gap between men's and women's earnings may partly be accounted for by the fact that women are more likely than men to be found in certain types of job which are poorly remunerated, and the age and educational qualifications of women are different. There are also features which have a contrary influence on the gap. The fact that women are more concentrated than men in non-manual occupations raises their overall average pay relative to men's. However, among both manual and non-manual workers women are concentrated in lower paid occupations which reduces their relative pay. Variables which influence the rate of pay are as follows: age, educational attainment, occupation of the employee and economic activity of its employer.

26. Earnings differentials in Hungary have never been as compressed as might be supposed in a socialist country that stressed levelling. There were significant industrial (economic activity of the employer) and occupational wage differentials already in the 1980s, though differentials by sex and age were less marked. Recent years have slightly deepened these disparities, on the one hand, and made more visible the disparities between the public (budget) and non-public (competitive) spheres, on the other. The widest earnings disparities have developed between these two spheres. Earnings in non-public sphere are more than 10 per cent higher for women than in public sector, without trying to discount the effects of different employment patterns of women by age, education and occupation. The difference is higher than it seems to be taking account the fact, that non-public sphere accumulates highly qualified jobs. However the

³ In Hungary there is no statistics on hourly wages and salaries by gender. However in Hungary part-time job has never been widespread, so comparison of male and female earnings on a monthly basis can be permitted.

number of employees in non-public sphere is not more than one third of all employees, high-qualified jobholders in public sphere account for 60 per cent of the whole. 46 per cent of female employees work for the public sphere, while 72 per cent of public employees are women. This leads us to consider, that women are under-represented in well-paid jobs in non-public firms.

Table 4

Gross Earnings by Gender, 1997

Age	Average monthly gross earnings				Total male and female
	non-public		public		
	female		female		
	HUF/month/pers on	male=100,0%	HUF/month/pers on	male=100,0%	
15-19	30 317	98,7	27 446	114,1	30 043
20-24	38 751	89,4	33 354	105,8	39 701
25-29	51 849	91,5	39 684	92,2	51 132
30-34	51 948	81,4	43 382	83,8	55 185
35-39	52 407	79,5	46 276	81,3	56 451
40-44	54 895	80,8	49 975	81,7	59 073
45-49	58 892	81,6	52 772	78,4	62 868
50-54	64 779	86,2	58 536	78,8	68 393
55-59	82 600	101,8	70 454	88,2	79 423
60-64	66 001	65,7	95 875	83,4	103 394
65-	62 163	71,4	78 873	60,5	101 055
Total	53 686	82,6	48 837	78,6	58 022

Source: Hungarian Structure of Earnings Survey

27. Studying cross-sectional data to track changes over the life-course we can find that earnings' range for women is less widen than that of men. The pay gap between women and men starters is smaller than 10 per cent, however women aged 15-24 earn more than their male contemporaries. Males reach their gender-specific average earnings at age 34-39, while women do so only when they are 40-44 years old. In the non-public sphere the earnings gap between a woman and a man with a comparable job and with a similar level of responsibility, is only 13 per cent compared to the 17 per cent coming out of Table 4. A further analysis is required of course in order to determine gender-related differences of status and responsibility. When women's earnings in the public sphere are recalculated to remove effects due to incomparable job and different level of responsibility held by men and women, they come closer to men's, but there still remains a monthly earnings difference between a man and a women of 9 per cent.

28. Outcomes by age show a trend, that the older the age-group of women considered the further they fall short of the average earnings of their male contemporaries (until they have reached the retirement age limit). Figures in Table 4 are not suited to distinguish generation and cohort effects. While earnings increase with age, so people earn more as they get older, although longitudinal data would be required to confirm this. Despite the limitations of the data, the age group analysis in table 4 is revealing.

29. Educational attainments are also an important factor which highly influence the level of earnings. Analysis of gross earnings' gap by the highest education of the employee shows that the most highly-qualified women, those who have third-level education, though they receive more pay than women with lower qualifications, actually earn a smaller percentage of male earnings. A further point to note is that the gap is greater within women employed in the public sphere due to the gender-related differences in levels of responsibility of jobs they are holding. A recent phenomenon is that more younger than older women have higher (third level) qualifications, however the education pattern of middle age women and men is different.

Table 5

Gross Earnings by Education, 1997

Education	Average monthly gross earnings				Total male and female
	non-public		public		
	female		female		
	HUF/month/ person	male=100,0%	HUF/month/ person	male=100,0%	
Primary school or less	37 162	83,5	29 916	86,1	38 156
Secondary education	52 258	89,7	44 969	98,2	53 589
College or university	129 173	85,9	66 156	75,3	98 123
Total	53 686	82,6	48 837	78,6	58 022

30. If the employer's economic activity is considered, it is again among the highest-paid workers (in this case those employed in financial intermediation) that women's earnings usually fall most short of men's

Table 6

Gross Earnings by Industries, 1997

Industries	Average monthly gross earnings			Female earnings in percentage of males	Percentage of males with comparable job
	female	male	total		
Agriculture, hunting, forestry and fishing	37 703	43 297	41 964	87,1	..
Mining and quarrying	68 501	80 936	79 662	84,6	101
Manufacturing	48 270	68 882	60 234	70,1	86
Electricity, gas, steam and water supply	62 278	80 503	75 953	77,4	99
Construction	51 218	49 152	49 413	104,2	73
Wholesale and retail trade, repair of motor vehicles	48 193	61 360	54 048	78,5	75
Hotels and restaurants	42 983	57 436	48 744	74,8	79
Transport, storage and communication	60 498	65 739	64 098	92,0	87
Financial intermediation	91 078	126 197	100 385	72,2	89
Real estate, renting and business activities	59 734	66 419	63 606	89,9	84
Public administration and defence	55 567	70 001	59 708	79,4	..
Education	47 391	59 507	50 390	79,6	..
Health and social work	43 638	55 185	46 582	79,1	..
Other services	53 331	62 864	58 633	84,8	..
Total	51 441	64 486	58 022	79,8	

31. Differences in job responsibilities between men and women have increased the gender-related gap in construction, in wholesale, and in transport, while in mining, manufacturing, electricity and financial intermediation female earnings are closer to their male counterparts with comparable jobs.

32. We can conclude that labour market status of Hungarian women has deteriorated, so policy implications to improve employability of women are to be focused on.