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**Session 4– Invited paper**

**THE LABOUR MARKET SITUATION OF WOMEN BEING ON CHILDCARE  
LEAVE IN HUNGARY**

Submitted by Hungarian Central Statistical Office\*

**I. Brief history of the women's employment and the childcare system**

1. The Hungarian case of women's employment has a similar special way of evolving as in other post-socialist countries. The labour needs of the industrial development in the 50s and 60s increased women's employment to the level of the men's one. (That is because in the household women meant the main basis of the increase beside the agricultural workers.) Women typically worked in full-time jobs, after the short maternity leave, the role of women returning to work was taken over by a wide network of childcare institutions, which also take the employers' requirements (e.g. shift-work) into account.

2. Reasoned mainly with population policy, the first element of the later childcare system was introduced in the late 60s. This was the childcare allowance, which provides a fixed monthly (although low) amount for one year. First, the period of the paid childcare leave increased (gradually up to 3 years), then from the beginning of the 80s the fixed amount in the first half of the leave changed to childcare fee, a proportion of the previous years' earnings. (For most of the concerned persons, it meant a very advantageous change.)

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3. In the 80s most of the women with small children spent the whole period of childcare allowance at home. Only professional women with high earnings refused to do this in the second part of the time (with fixed and low amounts) and returned to work after the childcare fee when the child turned 2 years old. Due to this, the network of childcare institutions also changed. The capacity of the nursery schools reduced, the institutions were concentrated in the bigger settlements, and the attenders were mostly children over 2.

4. Already in the 80s the childcare provision had also an important role in preserving the balance of the labour market demand and supply. (At that time to preserve this balance, to keep unemployment inside the workplaces meant already more and more difficult problems at the national level.) In an average year of the 80s, 10% of the women of working age were out of work because of being on childcare leave. To all forms of childcare only those were entitled who had worked before, and after the period of entitlement the employers were obliged by act to employ the returning women in the same positions, and the usual way was doing so. Since the employers didn't have to conduct real human resources management, this practise didn't confront their interests.

5. The situation changed radically in the turn of the 80s and the 90s. The socio-economic transformation was accompanied by a more than 20% decrease in jobs and what meant a more drastic change was that labour became an important element of costs for those becoming proprietors from managers. These two factors resulted in the exclusion from the labour market for those who proved to be weaker labour force in some way. For example, a group of the excluded was persons with low qualification, older persons with not needed, non- or hardly-transposable skills, not independently from the previously mentioned the gypsies, and among them were mothers with small children. So, spending the whole time of entitlement at home was not due to the mothers' free choice, but by necessity and the way back to work was not so obvious.

6. The increasing labour market difficulties of mothers and the stable disadvantageous demographic situation induced that in the 90s the child-care system was widened and the conditions of the entitlement were modified. In 1993 – when the unemployment reached its peak – the child-raising benefit (motherhood as main job) was introduced. This was as high as the current minimum old-age pension and those mothers were entitled who raise at least 3 children in her household and the smallest is 3–8 years old. By this the mothers in big families can be at home on child-care for 10-15 years continuously, or even longer. In 1996 the economical restrictions of the government (the so-called “Bokros package”), which made the entitlement a means tested benefit and family allowance, but made the fixed sum of child-care benefit available for every mother and not only for those who had a job before. Two years later the following government abolished the income-dependency of the child-care benefit (and family allowance), with the highest limit of the childcare benefit. By this expanding the frame of the childcare system ended. As a result a generous system developed, which makes long legal leave from the labour market possible and the previous work done (and payments made to the social security) is not so honoured.

## **II. The presence of children-raising women in the labour market in the 2000s**

7. While in the 90s the number of childbirths steadily decreased, the proportion of mothers receiving childcare provision rose, which means it didn't decrease proportionally to the decrease in childbirths. The reason of this is suggested to be the increasing labour market exclusion of mothers with young children. The reason why mothers take use of the whole entitlement time, or

even would stay longer at home is not that it is in the interest of the child, but due to the fact that it is particularly hard for them to find a suitable job.

**Distribution of households with children  
by the labour market status of the mother and by family type**

(%)

Family type	Working	Un- employed	Retired or disabled	On child- care	House- wife	In education or not working for other reason	Total
One child under school-age	36,0	5,1	3,0	45,2	7,8	2,9	100,0
One child of primary school -age	72,9	7,5	8,2	1,2	8,5	1,8	100,0
One child attending secondary school	76,4	4,4	12,3	0,1	5,2	1,7	100,0
All families with one child	61,6	5,7	7,8	15,6	7,2	2,1	100,0
Two children under school-age	18,0	4,6	1,3	68,1	5,9	2,1	100,0
Two children of primary school-age	77,3	5,9	4,4	1,0	10,3	1,0	100,0
Two children attending secondary school	81,2	3,2	7,0	0,0	6,9	1,8	100,0
One child of under school-age, one attending primary school	52,7	8,7	1,4	25,9	10,0	1,3	100,0
One child of primary school-age One child attending secondary school	77,9	6,9	5,1	1,6	7,9	0,5	100,0
One child of under school-age, one attending secondary school	37,9	10,4	3,8	35,0	12,9	0,0	100,0
All families with two children	62,3	6,4	3,6	17,6	8,8	1,1	100,0
Three children under school-age or of primary school-age	19,1	3,5	0,7	61,0	14,4	1,3	100,0
Three children of other age	45,1	9,7	2,6	25,0	16,2	1,3	100,0
All families with three children	27,2	5,4	1,3	49,8	14,9	1,3	100,0
Four or more children under school-age or of primary school-age	13,3	4,1	2,8	70,7	5,2	3,9	100,0
Four or more children of other age (one child attending secondary school)	21,1	3,1	6,7	48,3	19,6	1,2	100,0
All families with four or more children	16,0	3,7	4,2	63,0	10,1	3,0	100,0
<b>All families with children</b>	<b>57,0</b>	<b>5,9</b>	<b>5,5</b>	<b>21,3</b>	<b>8,7</b>	<b>1,7</b>	<b>100,0</b>

Source: LFS-Ad-hoc module "Family in Transition", 2001.

8. On the basis of the 2001 ad-hoc module of the Labour Force Survey, the relation between the number and the age of children and the economic activity of the mothers is obvious. As the figures show among the women raising one child under school-age, 36% are employed, 45% received child-care provision, while among the women raising one child of school-age the employment rate was similar to that of the women without children, and the situation was the same in case of raising two older children. On the other hand, in case of mothers with at least 3 children the level of employment is very low independently from the age of the children. Half of the mothers with 3 children, and 63% of the mothers with 4 or more children were on child-care provision, but in these two groups the proportion of housewives is also significantly high. On the

contrary, among mothers in big families there are less unemployed than among mothers with one or two children. The reason for it can be that they expect less to find a job, and not searching for job actively they get classified into the inactive group.

9. Beside the number and age of children the most important factor influencing the differences in the employment level of women is education. In case of low -level education, a much smaller proportion of women with a child work than among women without children. While in case of university or college degree the difference is small. In addition, by women with high level of education the margin of labour market activity is meant not by the third child but the fourth.

**Proportion of working mothers compared to all women of the same educational level, by number of children**

Highest level of education					%
	One children	Two	Three	Four or more	Tot al
Primary school	47,3	42,7	17,0	12,1	38,6
Vocational school, apprentice school	57,5	60,1	25,3	21,5	54,8
Secondary school	64,9	67,5	21,0	19,2	62,3
Vocational secondary school	69,9	70,6	32,4	22,7	67,0
University, college	77,0	78,2	63,4	29,9	75,6
<b>Total</b>	<b>61,6</b>	<b>62,3</b>	<b>27,2</b>	<b>16,0</b>	<b>57,0</b>

Source: LFS-Ad-hoc module "Family in Transition", 2001.

10. As a result of the labour market changes in the last one and a half decade, Hungary, where the employment of women was once high, got into the last tierce of the member states regarding the indicator of women's employment. Among the countries of EU-25 the employment of women aged 15-64 is lower among others in Greece, Malta, Spain, and Italy. Although, the Hungarian indicator is better considering full-time employment, but it doesn't mean more employed women. Not independently from the generous child-care system, the employment level of the women with small child is very low in international comparison. Women raising a child under the age of 5 are employed in the smallest proportion in Hungary. This indicator is somewhat higher in the Czech Republic and Slovakia, where similar child-care systems operate, while the other countries in this group are Southern European countries, where the labour market participation of women is traditionally low.

**Employment rates in the EU-15, in the new member states,  
and in the acceding countries, by family status and by sex, 2002**

Country	Persons at age of 25 - 44, with a child under 5 in the family			Persons at age of 25 - 44, without a child under 5		
	men	women	total	men	women	total
	Employment rates, %					
<b>EU-15</b>	<b>92,5</b>	<b>57,3</b>	<b>74,3</b>	<b>85,5</b>	<b>72,5</b>	<b>79,2</b>
From which:						
Austria	93,0	69,7	80,8	89,7	80,7	85,3
Belgium	93,5	65,5	78,8	85,7	73,8	80,0
United Kingdom	91,5	58,3	74,3	87,0	80,3	83,8
France	91,7	61,4	75,7	86,2	78,0	82,1
Greece	96,2	52,5	73,9	87,8	60,1	73,6
Netherlands	95,3	68,2	81,2	91,9	82,0	87,1
Luxemburg	96,0	61,8	78,7	93,3	74,4	84,0
Germany	90,8	55,3	72,5	84,8	78,7	81,9
Italy	93,9	50,3	71,3	82,8	58,7	71,0
Portugal	97,4	76,8	86,8	88,3	77,0	82,6
Spain	93,4	47,8	70,0	83,9	61,6	73,1
<b>EU-25</b>	<b>91,9</b>	<b>56,1</b>	<b>73,4</b>	<b>84,5</b>	<b>72,7</b>	<b>78,7</b>
Cyprus	97,8	66,1	81,5	92,6	79,5	85,7
Czech Republic	96,0	35,1	65,2	90,2	83,3	86,8
Estonia	88,6	45,3	67,1	83,1	78,3	80,6
Poland	85,0	52,6	68,7	75,4	68,0	71,8
Latvia	90,9	74,4	82,8	79,7	76,2	77,9
Lithuania	88,5	58,3	73,3	77,3	78,0	77,7
<i>Hungary</i>	85,6	32,1	58,6	82,4	76,3	79,4
Slovakia	85,0	40,9	62,4	78,7	74,4	76,6
Slovenia	95,3	86,0	90,5	88,5	85,1	86,8
Bulgaria	75,9	48,4	62,7	69,8	69,2	69,5
Romania	88,9	69,6	79,5	81,7	70,1	76,0

Source: Eurostat, Labour Force Survey, In: European Union, 2003., p. 26.

**III. Problems of reconciling child-raising and employment status– responses of the society**

10. To reconcile child-raising and the requirements of the employers is apparently a difficult problem. It is especially complicated when the mutual agreement between the partners concerned (mothers and employers) doesn't have earlier experiences. In addition the importance of this question is not only for labour market reasons, but for demographic effects. It is obvious that if having a child results in drawback on the labour-market, then cutting the drawbacks (eg. with putting it off to a later date, or having less children then desired) will get a greater role by deciding to start a family. It is not by accident that in the recent years several actions were made to improve the adaptability of the mothers and to reduce the opposite interests of the employers.

*Problems on the employees' side and the "official" answers*

11. As it was earlier mentioned taking into consideration not the financial support, but the time of the entitlement the Hungarian childcare system is very generous. In case of taking use of the whole entitlement time, which typically means more years the followings happens:

- The connection between the employee and the employer gets loose, or even terminates. The workplace is sometimes liquidated. A regular ad-hoc module of the LFS on the return of the mothers after child-care had the following results:

**Distribution of child-care beneficiaries after the entitlement period, by the possibility of the return to work, 1993, 1995, 1999, 2002.**

The possibility of the return	1993	1995	1999	2002
The employer terminated	8,6	9,2	10,0	12,3
The employer doesn't wish to employ the respondent	34,3	29,8	32,4	32,5
The employer would employ the respondent, but she/he didn't want to work there	6,7	8,7	11,2	9,9
The employer would employ the respondent, and she/he wants to return	50,4	52,3	46,4	45,3
<b>Total</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

- The possibility of the return is also worsened by the receding of the knowledge that was previously used.

12. The actions made so far partly aimed to eliminate the strict border between the employed and inactive status and tried to improve the chance to get up-to-date or transposable knowledge. The following actions are worth to mention:

- While being on child-care benefit or child-care allowance mothers can have a job with not more than 4 working hours, or with unlimited hours, if the work can be done at home. This opportunity are available for the entitled parents from the child's age of 1 from 2005, earlier it could be used only from the age of 1,5.
- From 2002 the child-care benefit or allowance can be also received by the grandparents, in case both parents requested it.
- From the end of the 90s the participation in any labour market training or in regular education is free for the receivers of child-care.
- From 2004 the employers don't have to pay the fix amount of health care contribution after the employees who work while being on child-care.

13. The success of these actions were only limited:

- In 2003 about 6,6 thousand men and 200 thousand women received child-care benefit or allowance. 22% of the men work for pay beside receiving the child-care, but only 4,9% worked among the concerned women. According to an earlier supplementary survey of the LFS showed that the two third of the mothers wish to spend the child-care leave exclusively with their child. The rest would work, but the half of them can't find a part-time job, while the other half of them don't have anybody to leave the child with. So it is understandable that the law on families' support (Act LXXXIV/1998) makes it possible to receive benefits and work a part-time job at the same time, only if the time the child spends in a child-care institution is not more than 4 hours. But this concept doesn't take into account the time of travelling to the nursery and to the workplace.

- It is also obvious that the fact that employment is free of health care contribution is not enough to encourage part-time employment of the entitled parents. Reducing the employers' burden further can bring more success. For example if the regulation come into force in 2005, ordering 50% reduction from the social security contribution for 9 months after those employed whose entitlement period has ended, would be expanded to those ones who are still on child-care.
- The fact that the work done by women at home is usually more valuable than the reachable payment at a workplace is against part-time employment. (Using the data of the Working time balance Endre Sík and Katalin Szép found that in Hungary wives work 30% more than the average than their husbands, even if both of them are wage-earners.

The value of the work done at home by women – cooking, washing, shopping, etc. – is 172% higher than the value of the men's work. The difference between the value of the work done at home and reachable earnings at a workplace is especially disadvantageous in smaller settlements, where by some agricultural work not only part of their own needs in food can be produced, but also production for sale or for barter can be done, and they also can sell their unnecessary labour force as day-labourer. On the other hand, commuting to work means not only travel costs, but occasionally the job-taker has to invest more into cloths and shoes, than a housewife. Commuting is a problem, even if there is a nursery for small children (but in small settlements there aren't any) or nursery for children of 3-5 or day-care for school-age children. The opening hours of these institutions are not always suitable.

- The improvement of knowledge is theoretically well-supported by the free education of parents on child-care. The importance of it is particularly obvious in college and university education, where the rate of free places is lower and lower comparing to the number of applicants. As education is free for the persons on child-care leave, and the educational institutions are charged for one part of the costs, they try to introduce quotas to curb their expenditure. That means that the opportunity given to everybody by law is only theoretically valid, in practice there is a lot of obstacle for the child-caring parents who want to study. Compared to the total rate of those who take the opportunity to study free of costs while being on childcare, this rate among women with high level education is significantly higher, as they use the time of the child-care to obtain a second degree. The women with lower education are not just less well-informed, but they live in a greater proportion in small settlements, from where the access to educational institutions, the accommodation of the child for the time of the classes is rather difficult.

#### *Problems on the employers' side*

- In case of parents raising children at primary school age or under, it would be particularly important to have a job which takes the specific needs of raising a small child into account. According to experts children need to be in community from the age of 1,5-2, but half a day not at home would be ideal for them. The part-time job would be a good solution also in case of children attending lower grades in primary school, because the opening hours of day-care institutions don't suit full-time work. However, the rate of the part-time workers is very low, even among women, and the rate of those who works in flexible working hours is even lower. In 2004 4,4% of all employed persons, 5,9% of employed women had a part-time job. In addition, this form of employment is more typical in cases of the older age-groups, primarily among those who work while receiving pension than in case of younger ones. The proportion of part-time jobs hasn't changed in the last one and a half decade, and employers don't seem to be interested in creating new part-time jobs.

- At the same time the employers don't like to employ further labour when there is more work to be done. They are in favour of making the employees do overtime by these occasions. According to the 2004 ad-hoc module of 6,4% of the male employees and 4,5% of the female employees did overtime on a given week and among them the average overtime was 10,1 hours weekly, from which 2,6 hour was not paid. It is obvious that for mothers raising small children taking overtime is hardly possible, and due to this, employers consider them to be inflexible labour force.
- The situation with shift-work and weekend-work is similar, as childcare while having a job of this type can be solved only with family help. (In the 90s the child-care institutions of workplaces ceased to operate for economical reasons, while the public institutions operated in normal day-time hours.) The data of the 2004 ad-hoc module showed that 74,7% of women (67,9% of men) worked in a normal "day-time" job, which means that every 4<sup>th</sup> woman has a job with unordinary working hours that don't suit child-care.
- The labour market chance of child-raising women is also worsened by the fact that in case of the child's illness they are entitled to take days off from work as in case of sick-leave, and a part of this leave is paid by the employer. So the absence of the mothers means a longer time than the average, and it means for the employer not only problem in work-organizing, but also financial disadvantage.

#### **IV. Summary**

14. The main point in the issue is that a positive turn in the labour market position of child-raising women can surely occur only in case the economy started a labour demanding growth. As this change cannot be expected in the near future, promoting the social acceptance of having children has to be the aim. So the initiatives, like awarding the certificate of "Family-friendly workplace" must be supported, and at least in some of the public companies the family friendly environment must be developed, and anywhere where there is possibility of it, positive discrimination must be practised with child-raising parents. The Ministry of Labour promised to work out a detailed plan till summer, which would transform the child-care support to a bonus that can be used in several ways.

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