

**THE HUNGARIAN LABOUR MARKET
REVIEW AND ANALYSIS
2009**

THE HUNGARIAN LABOUR MARKET

Editorial Board

KÁROLY FAZEKAS – director, Institute of Economics (IE HAS)
• MÁRIA FREY – senior researcher, Institute for Social Policy
and Labour (ISPL) • JÁNOS KÖLLŐ – senior research fellow,
Institute of Economics (IE HAS) • JUDIT LAKATOS – head of
department, Hungarian Central Statistical Office (HCSO) •
GYÖRGY LÁZÁR – senior advisor, Public Employment Service
(PES) • GYULA NAGY – associate professor, Corvinus Univer-
sity of Budapest

Series Editor

KÁROLY FAZEKAS

THE HUNGARIAN LABOUR MARKET

REVIEW AND ANALYSIS

2009

EDITED BY

KÁROLY FAZEKAS & JÁNOS KÖLLŐ

**INSTITUTE OF ECONOMICS, IE HAS
NATIONAL EMPLOYMENT FOUNDATION
BUDAPEST, 2009**

EDITION AND PRODUCTION: Institute of Economics, IE HAS
& National Employment Foundation

TRANSLATED BY: Anna Babarczy, Szilvia Hámori, Ágnes Kozma,
Ágota Scharle

REVISED BY: Anna Lovász, Stuart Oldham

DESIGN, PAGE LAYOUT: font.hu

TYPOGRAPHY: Franklin Gothic, Garamond

PRINTING: ETO-Print Nyomdaipari Kft.

COPYRIGHT © Institute of Economics IE HAS & National
Employment Foundation, 2009

ISSN 1785-8062

The publication of this volume has been financially supported by the
OFA National Employment Foundation.

Copies of the book can be ordered from the Institute of Economics.

Mailing address: H-1112 Budapest, Budaörsi út 45.

Phone: (+36-1) 309 26 49

Fax: (+36-1) 319 3136

E-mail: biblio@econ.core.hu

Web site: <http://www.econ.core.hu>

TABLE OF CONTENTS

Foreword by the Editors	9
Labour market activity and wages in 2007–2008 (<i>Zsombor Cseres-Gergely, Károly Fazekas & Mónika Bálint</i>)	17
Introduction	19
1. Labour market participation	21
2. Wages between 2001 and 2007	34
Conclusions	38
References	39
In Focus	41
Preface	43
I. The Hungarian labour market – a European perspective (<i>Blanka Bajnai, Szilvia Hámosi & János Köllő</i>)	
Introduction	44
1. The data	45
2. Employment in the population aged 15–64 years	45
3. Employment and working hours among the 15–59 year old non-student population	46
4. The non-employed of “best working age”	48
5. In between work and non-work	61
6. From education to the labour market – entering the labour market and unemployment among young people	72
7. Men approaching retirement age	88
8. Concluding remarks	91
Appendix 1: Participation in regular education, individuals, aged 20–29	93
II. The failures of “uncertified” vocational training (<i>Gábor Kézdi, János Köllő & Júlia Varga</i>)	95
Introduction	95
1. Basic skills of vocational training school students and graduates	98
2. Employment and workplaces of the population educated at vocational training schools	106
3. On the deficiency of data available for longitudinal analysis	112
4. Wages	127
5. On the “shortage of skilled workers”	131
6. Barriers to improving vocational training programmes	133

Appendix 2.1: The International Adult Literacy Survey	139
Appendix 2.2: The occupational classification used for the analysis of skilled workers' wage advantage	142
Appendix 2.3: EBRD survey, 2001	142
References	144
The legal and institutional environment of the Hungarian labour market (<i>Mária Frey</i>)	
Introduction	151
I. Unemployment compensation	151
1. Entrepreneurial contribution and benefit	153
2. Reform of the system of unemployment compensation	153
3. Regular social assistance	158
4. Experiences of the implementation of new rules	161
II. Active labour market schemes, services and programmes	163
1. Labour-market training	166
2. Wage subsidy for the long-term unemployed	170
3. Public work	173
4. Business-start up support for unemployed people	175
5. Incentives for employers of people with disabilities	176
6. Support for job-creation	179
7. Commuting and travel subsidies	181
8. Reduced contributions to promote the employment of disadvantaged people	182
9. The employment of casual workers	184
10. Employment services	186
11. Labour-market programmes	189
III. Governance and financing of the Hungarian employment policy ...	191
1. The governance structure of employment policy	191
2. The system of financing labour market policies	194
3. Labour dialogue	196
References	199
Statistical Data	201
1. Basic economic indicators	203
2. Population	204
3. Labour market status	207
4. Employment	215
5. Unemployment	225
6. Wages	241
7. Education	251
8. Labour demand indicators	255

9. Regional inequalities	258
10. Migration	266
11. Industrial relations	267
12. International comparison	268
Description of the main data sources	271
Index of tables and figures	277

AUTHORS

BLANKA BAJNAI – IE HAS

MÓNIKA BÁLINT – IE HAS

ZSOMBOR CSERES-GERGELY – IE HAS, CEU

KÁROLY FAZEKAS – IE HAS

MÁRIA FREY – ISPL

SZILVIA HÁMORI – IE HAS

GÁBOR KÉZDI – CEU, IE HAS

JÁNOS KÖLLŐ – IE HAS

JUDIT LAKATOS –HCSO

GYÖRGY LÁZÁR – PES

JÚLIA VARGA – Corvinus University of Budapest, IE HAS