

# Gender Equality in Employment in Hungary and in Some Other Eastern European Countries

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#### **Introduction**

Although in the period from 1990 to 2000 the male activity rates of the ex-socialist Central and Eastern European (CEE) countries still exceeded 70%, a significant part of the female population had either disappeared from the labour market through voluntary exit or exclusion, or had had no opportunity to enter it at all.

The rate of women dependent on their family or on society is highest in Hungary: in 2000, 48% of women aged 15–64 was absent from the labour market. Similar developments, albeit on a smaller scale, occurred in the other ex-socialist countries as well and although the loss of the labour market position of women in the period from 1990 to 1997/98 came to a halt, it was replaced by stagnation rather than improvement.<sup>1</sup>

Stagnation was partly due to the recurrent waves of global economic recession. Hungary as well as many other countries considered it quite an achievement to keep employment level and prevent unemployment growth. (In Poland, Slovakia and the Czech Republic, for example, the number of employed persons was lower in 2002 than in 1995.)

Important as it is, the global economic context is not the sole explanation of the current state of affairs: the employment situation of women in the CEE countries is strongly affected by the absence of/delay in national measures to trigger changes and adjust to the new economic requirements – although improvement in this respect is an unquestioned priority and a permanent agenda item everywhere.

The CEE countries are active in many areas, in close co-operation with international organisations fighting for the assertion of human rights, to ensure gender equality and prevent all forms of discrimination against women.<sup>2</sup> Interest in such activities escalated after the Beijing World Conference of 1995<sup>3</sup>, and the countries concerned, including Hungary, reported significant achievements in diverse areas.

Unfortunately, employment was not one of the success stories.

<sup>&</sup>lt;sup>1</sup> Of the many analyses of the past decade covering the process itself and its reasons within the general context of "transition", prepared by international organisations (UN, ILO, OECD), national governments and international research groups, international financial organisations etc. UNICEF (1999) also dedicated a study volume to the situation of women in the process of transition.

<sup>&</sup>lt;sup>2</sup> Hungary ratified the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) approved on 18 December 1979 in New York, in 1982, integrating it into its national legislation under Act X of 1982.

Countries having ratified the Convention must report on its implementation to the CEDAW Expert Committee every four years. Since 1982, the Hungarian Government prepared 5 reports, the last one in 2000. The fourth and fifth reports of Hungary to the UN Committee for the Elimination of All Forms of Discrimination Against Women surveyed gender equality issues in Hungary in a structure matching that of the Articles of the Convention.

<sup>&</sup>lt;sup>3</sup> The Hungarian Government reported on the implementation of the Beijing Activity Programme to the 44<sup>th</sup> Session of the UN Committee on the Situation of Women in July 1999.

The employment conditions of men and women are, of course, identical in many respects in the current context defined by accelerating labour market developments. The most general issues, i.e. availability of jobs and their prospective new criteria, etc. are not gender-specific and hence need not be discussed as such.<sup>4</sup> We shall nevertheless focus on the special situation of women, and circumstances sustaining the gender gap in terms of employment opportunities despite the changes and positive efforts so far.

The period under study coincided in several CEE countries with preparation for accession to the EU and accession to it in May 2004. Hungary, together with seven other ex-socialist countries (Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovenia, Slovakia) became members of the EU and as such undertook to adjust to the EU objectives, corresponding – in the area of gender equality, too – to those of the UN. Within the context of gender equality in every respect, the EU made it a declared objective to promote the employment of women in the member states (Luxembourg 1997: the employment rate of women aged 15–64 shall attain 60% by 2010; Stockholm 2001: the employment rate of women shall attain at least 57% by 2005.) The new member states committed themselves to taking the necessary measures to realise these goals in their own country, coinciding, in the case of women, too, with those of the Union.

However, in the years of accession preparation, the ex-socialist countries have not proved successful in boosting female employment. Despite many important and useful steps ahead to ensure equal rights to men and women (EU Accession Monitoring 2002), the social gap along the fault line of employment widened instead of narrowing, between men employed at a higher rate and women at a lower one in the organised (declared) economy and between persons enjoying social protection in the organised economy and those excluded from it.

The present paper discusses certain reasons of this social schism and the conditions of altering it.

It consists of two parts.

Part 1 discusses circumstances limiting the employment of both genders, especially of women, in the ex-socialist CEE countries, with certain differences by country, such as low retirement age compared to the corresponding Western Europe limits; the mismatch between general education and the structure of the economy, and between genuine labour demand and labour legislation adjusted to the new situation and the employment-limiting implications of labour costs.

<sup>&</sup>lt;sup>4</sup> Numerous "visions" have been expressed regarding the not-too-far future (DEMOS, 1994; Supoit at al 1999; etc. Rifkin (2003.) at the time of the signing of the accession contracts of new Member States at Athens, the EU Presidency Conference's key-speaker outlined the vision of an economy characterised by flexible demand for less and less labour – in which people find their real activities in civil society.

The same factors hinder the adjustment of labour market development to the constantly changing requirements of the economies and hence represent potential breakout points for employment promotion not only in the CEE countries, but throughout Europe.

Our main example is Hungary, but references will be made to other ex-socialist countries, too, as far as possible. (Unless specified otherwise, data originate from official national and international statistics, the Labour Force Surveys in the first place.)

Part 2 focuses exclusively on the situation of Hungarian women absent from the labour market: the reasons of their inactivity and employment options available to them within and without the organised economy. Hundreds of thousands among them would like to enter/re-enter the organised economy (irrespective of their household/family obligations), and their chances to do so depend mainly on the outcomes of the adjustment process discussed in Part 1.

### 1. Labour market activity of women in the CEE countries

# 1.1. Main trends in female employment, 1990-2003

As is well known, labour shortage was a constant concomitant of the socialist economic system which differed in every essential respect from the market economy regime. Unemployment was unknown in the socialist countries; labour shortage, on the other hand, was reproduced constantly in the typical shortage economy context (Kornai 1980). Consequently, the operation of the economy demanded a considerable "female labour input".<sup>5</sup>

In the seventies and eighties, the male and female employment rates were equally high in every socialist country. With only a few exceptions, the rate of earning women attained or exceeded everywhere the full employment limit of 70%. The female employment rate was still high at the beginning of the period covered by the present analysis, in 1990, i.e., the start of the economic and political change of regime. According to the ILO (KILM 2002), the employment rate of women aged 15–64 was 76.3% in Estonia, 75.4% in Latvia and Poland, 74.1 in Slovakia, 74% in Lithuania and the Czech Republic, 72% in Bulgaria, 75% in Poland, 64.8% in Slovenia, 63.5% in Romania and 59.2% in Hungary.

<sup>6</sup> Rates of under 70% were indicative of serious problems in the socialist economy. In Hungary, for example, where in the eighties, more than 70% of women was still employed, major reforms were introduced from the mid-eighties on, to limit the wasteful use of labour.

<sup>&</sup>lt;sup>5</sup> Many important aspects of female employment are left out from the present analysis as they are covered in detail by a comparative review of the Czech/Hungarian/Polish situation, to be published in the same volume (Fodor 2004).

Although the decisive majority of women was employed, they usually had, proportionally with the relative development levels of the countries concerned, low-position jobs. (In agriculture, they did physical work requiring traditional skills; in industry, they were involved in assembly-line mass production; in the services, they worked as shop assistants, office clerks or administrators. Together with certain non-manual occupations, such as that of kindergarten/elementary school teacher, these have become almost exclusively female occupations.)

The very same jobs were lost in massive proportions in the course of economic restructuring in the transition economies emerging from the bankruptcy of the socialist regime. In the most difficult crisis years of 1990–1993, the collapse of the economies of the former COMECON, involved in circular trading and hence in mutual grave debts, buried under hundred thousands of jobs, reducing the employment rate by 28.7% in Bulgaria, 21.9% in Hungary, 18.8% in Slovenia, 16% in Poland, 13% in Slovakia (*Employment Observatory Central and Eastern Europe*, No. 5; Tímár 1994).

In Hungary, from 1989 to 1994, a total of around 600 thousand women exited the population of earners, and 256 thousand among them had themselves registered as unemployed (Labour Account 1994).

Although this dramatic decline gradually slowed down in most countries (in Latvia in 1996, in Hungary in 1997, in Slovenia in 1998 – in the Czech Republic and in Estonia as late as 2000), slow growth in Lithuania from 1999 and in Poland from 1996 reversed again to significant decline after 2000, and proved volatile in Slovakia, too, where, as in several ex-socialist countries, the number of employed women was still lower in 2000 than in 1995. In Romania, decline persisted even in 2002.

Job losses on such scale understandably shocked these societies, accustomed to almost full employment. In most countries (e.g. Poland), however, this was only the beginning. Economic restructuring entailed further job losses in the following years, and probably none of the countries concerned can expect unbroken improvement yet. Although it has become obvious that none of the ex-socialist countries will regain their employment levels of 20–25 years ago, in the second half of the nineties, incessant economic restructuring has been concurrent with the consolidation of most labour markets, that is, the job gains equal or exceed job losses in the same year.

Note that, in these shrunken economies, the male and female employment rates are roughly the same as in the EU. The present apparent similarity, however, is the result of contrary processes, i.e. slow growth in female employment in the EU, and fast decline followed by stagnation in the former socialist countries.

Table 1
Some features of the labour market situation of women, 2000

Country	Activity rate (15-64)		% rate of women		% rate of unemployed *						
	male	female	to all employed	to all	male	female					
				unemployed							
European Union											
Belgium	73.7	56.4	42.2	53.7	4.2	4.9					
Denmark	84.2	75.6	46.5	50.8	3.4	4.0					
Germany	78.9	63.3	44.0	45.8	5.8	8.5					
Greece	76.9	49.7	38.0	61.0	5.8	8.5					
Spain	77.3	49.2	36.7	57.6	6.2	8.0					
France	75.2	62.4	45.0	55.6	6.0	7.2					
Ireland	79.7	56.5	41.3	41.3	3.6	2.5					
Italy	74.1	46.3	37.0	52.9	6.1	6.7					
Luxembourg	76.3	51.6	39.2	50.0	1.3	1.5					
The Netherlands	84.1	66.0	43.0	56.3	2.0	2.5					
Austria	80.2	62.0	43.7	52.9	2.7	2.4					
Portugal	79.3	63.9	45.1	56.3	2.7	2.6					
Finland	77.2	71.8	47.6	51.8	7.1	7.6					
Sweden	79.8	74.8	47.7	45.1	4.6	3.9					
United Kingdom	83.2	68.2	44.9	39.6	5.1	3.4					
EU average	78.2	59.7	42.6	51.0	5.4	5.6					

				Ex-s	<b>Ex-socialist countries</b>			
Bulgaria	66.2	55.6	46.9	46.0	11.5	9.3		
Czech Republic	79.1	63.6	44.0	53.3	5.9	6.7		
Estonia	75.8	64.8	49.2	45.7	11.7	8.0		
Hungary	67.9	52.7	45.1	40.2	4.8	3.0		
Latvia	75.5	67.4	50.0	41.7	13.6	8.9		
Lithuania	72.7	62.1	48.9	45.5	11.2	10.5		
Poland	71.9	59.7	44.9	52.4	10.4	10.8		
Romania	75.0	61.9	46.2	43.4	6.4	4.4		
Slovakia	76.8	63.2	45.9	45.5	14.6	11.7		
Slovenia	71.9	62.9	45.9	47.6	4.7	4.5		
All	73.1	60.2	45.3	50.0	9.3	8.8		

<sup>•</sup> To the economically active

**Source:** Computation based on the data of *Employment in Europe 2003*, pp. 209–237.

Apart from a few common denominators of the employment/unemployment situation of women, neither country group shows one or a few obvious patterns. In all probability, the social and economic characteristics of the country and its extraeconomical circumstances (traditions regarding family roles, family models adopted by various age groups, including the propensity to having children etc.) are at least as important for the employment intentions of women as the level of economic development, the standards of living etc.

In the CEE countries having joined the EU, the labour market presence of women is not low in comparison with the "old" EU Member States. Their activity rates, with the exception of Hungary and Bulgaria, exceed 60%. Although none report such exceptionally high rates as would approximate those of Danish, Swedish and Finnish women, neither are there any nadirs similar to those in Italy and Greece.

The historically different development courses of female labour market participation in Europe converged in the early 21<sup>st</sup> century. So far, however, the male/female employment trends of the new and old Member States have show no changes.

In the period of general recession following 2000 – while in most EU-15 countries economic activity increased under the combined effects of modest unemployment *and* employment growth, with most new jobs created for women – 6 of the 8 new EU member states registered an increase in the male employment rate. The rate of the unemployed became higher among women and lower among men, and the activity rate also decreased first and foremost in the female population.

Beside the shifts concurrent with the short-term economic trend fluctuations, measured in decimals, the overall picture suggests two strongly marked developments:

- stagnation (and in several countries decline) in female employment and, within that,
- the improvement of the labour market chances of men and the deterioration of those of women.

Note that, in the majority of the countries concerned, more than 70% of men and less than 60% of women was present in the labour market. The rate of women exiting the labour market or excluded from it – and giving up job-search deemed hopeless – has remained high in the region, albeit with significant differences by country.

Although for demographic reasons women outnumber men in the adult population

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