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Flexibility without security: Labour market integration mechanisms in Hungary during the 2010s

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Abstract

The paper aims to summarise the role of social integration in the labour market processes of the 2010s in Hungary. We have left behind a key decade when employment growth reached unprecedented proportions. However, this unprecedented growth had serious social costs, as those excluded from the labour market during the break-up of the welfare state were left without social protection, and because the financial situation of those entering the labour market improved in absolute terms. Still, their relative deprivation did not change or worsened, and in the meanwhile their ability to enforce their interests has been significantly reduced. That is, today's Hungarian government wants to integrate the members of society into the labour market. To this end, it provides increasingly weak protection for those who, due to old age, long-term illness or unemployment, are forced to stay out of the labour market. Disintegration affects those with the fewest resources, the least capable of conflict and those unable to articulate their problems in public most: these are women, young people and older workers who are 'traditionally' in a worse position in the labour market, in addition to those who are forced out of the labour market. The question is whether the current social model or the situation of those who disintegrated from the labour market will continue to deteriorate after the economic slowdown.

Keywords: social integration, labour market, European Social Model, flexibility, employment

1 Introduction: Scope and data

For many members of society work is not only a source of income but also a means of social integration: a workplace or an occupation form one of the most important building blocks of identity, and disposable income also determines an individual's place in society. The general level of the employment rate, social dialogue at national and enterprise levels, social policy, and such characteristics of job quality as employment relations, access to training and employee participation at the workplace level decisions are all important tools to strengthen social integration or to mitigate the damage labour market inefficien-

cies may cause. In this article, we are looking for the answer to what trends characterized the Hungarian labour market and the basic institutions of the European social model, such as social dialogue or social policy, in the 2010s. We also want to examine whether the unprecedented increase in the employment rate seen in this decade moderated or increased social inequalities. In our analysis, we pay special attention to the development of labour market integration of vulnerable social groups such as the elderly or young people, as well as to changes in the working poor and income inequalities. In our view, employment in itself does not guarantee a greater degree of social integration, which is why we dedicate a separate chapter to the working conditions of those employed, with particular regard to the changes in inequalities found in the knowledge intensity of work tasks, the availability of training, and the level of participation in the workforce. In our study, we rely on three main statistical sources: the Labour Force Survey (LFS), the European Statistics on Income and Living Conditions (EU-SILC) and the European Working Conditions Survey (EWCS). The LFS proved to be particularly useful in mapping general labour market trends, whereas data from EU-SILC were used to analyse income inequalities and poverty. EWCS is a unique resource to describe such workplace-related characteristics as job content, on-the-job training and employee participation in decision-making. Our study is descriptive, our goal is primarily to give an account of the most important labour market processes in Hungary of the decade of 2010, but we also naturally try to point out the possible reasons behind the trends.

2 Labour market trends in Hungary in the 2010s in the light of the European social model

The labour market is one of the key integration areas of societies and the high level of employment is also the economic pillar of the welfare states that emerged in Western Europe after the Second World War. Social integration and social protection were and continue to be important values in the EU, therefore the accession of Hungary in 2004 was an important step in this regard. This remains true even though we cannot talk about a completely unified European social model, as there are countless varieties of the welfare state within the EU, and diversity has only increased with the accession of post-socialist countries. It can be said, however, that recognising that economic and societal or social development goes hand in hand is an integral part of the European idea, and in the long run neither can be imagined without the other. There is also no doubt that, despite the obvious differences between the Member States, the European social model has well-defined elements that are more or less present in all European countries. These pillars are as follows (Vaughan-Whitehead, 2015, pp. 3–10):

- 1) Workers' rights and improving working conditions (e.g.: promoting mobility, gender equality, occupational health and safety)
- 2) Universal and sustainable social protection: citizens in all Member States are entitled to a certain level of social protection, and no social group can be excluded from that right.
- 3) Inclusive labour market: the EU's long-term goal is to support and provide jobs for social groups (the elderly, young people, women, people with disabilities, etc.) who are disadvantaged in some way in the labour market.

- 4) Strong and well-functioning social dialogue: the formation of welfare states was not necessarily the result of a peaceful process but was managed at the cost of serious struggles. Maintaining social dialogue is a peaceful form of this, which takes place at different levels (corporate, sectoral, national), in a bi- or tripartite manner.
- 5) High-quality public services: an important goal in the EU is for Member States to provide high-quality public services to their citizens, such as public safety, health, justice, basic infrastructure (road, water, gas, post, etc.) and social protection. Again, their quality varies from country to country, but their development is a common goal everywhere, namely by reducing regional and social disparities in access.
- 6) Increasing social inclusion and social cohesion: solidarity is one of the oldest social values in Europe, which means that no social group can be left isolated, and members of the political community are responsible for each other.

These six pillars of the European social model also provide a good indication of what can be considered an integrated labour market. However, before we move on, we would like to call attention to the fact that social institutions supporting integration prevail at three levels: some of the basic pillars are linked to micro-level corporate practices (e.g. work organisation, participation, working conditions, wages), others are implemented at the meso level (e.g. sectoral regulations), yet others still relate to the national level (e.g. minimum wage, public services, social security), and finally, certain elements of the social model are present at several levels at the same time (e.g. social dialogue, training system). It is important to draw attention to the fact that these three levels do not operate independently of each other but interact closely with each other and together form an institutional constellation unique to a given country or a smaller group of countries.¹

In an earlier study, Schmid identified critical life events in which social integration mechanisms are especially important. These critical life events are the following (Schmid, 1998, pp. 8–9):

- 1) job loss;
- 2) entering the labour market from the education system;
- 3) change of job or position change within the same company;
- 4) becoming self-employed;
- 5) transition from full-time to part-time employment;
- 6) transition from unpaid domestic work to the labour market;
- 7) retirement from employment.

These are the critical points where workers need to make the most successful change, and consequently, labour market integration can best be measured at these points. Of course, it must be taken into account that these life situations are not equally important in all countries; for example, part-time employment is much less common in Hungary than in the Netherlands. In addition, although the labour market statistical apparatus is extensive, the difficulty or ease of transitions is not always measurable.

¹ It is sufficient here to refer to the work of the ‘societal effect’ school, whose creators examined these ‘institutional coherences’ (Sellier, Maurice & Sylvestre, 1982).

It is a question of the extent to which these points are decisive in the Hungarian labour market of the 2010s, which changed significantly after the first two decades of the regime change. Above all, changes affect the relationship between *the labour market and its environment*. The labour market has always been a primary area for the integration of the (adult) population, and this role has further increased since 2010. According to the self-interpretation of the new post-2010 regime, instead of a welfare state, it is working to build a 'work-based society' in which – supported by the principle 'Work rather than benefits' – one of the key tools is to reduce the level and/or the period of entitlement to transfer income disbursed on social grounds. Among other things, the increasing role of the labour market is indicated by the reduction of unemployment benefits and the shortening of their entitlement period to three months, as well as the introduction of a compulsory public works system; the push-back of social benefits and, in parallel the use of taxation as a social policy tool; but this is reinforced by lowering the compulsory school age, raising the retirement age and tightening up the possibility of early retirement, as well as ending the status of invalidity pensioners and tightening up the assessment of health-related benefits.

There have also been significant changes in the inequality of the power relations of the social partners in the period between 2010 and 2020. The relationship between employers and employees is to be conceived, in principle, based on the freedoms granted to each party: by this, both employers and employees and their representatives are free and independent to decide what contractual relationship they will establish with the other. However, this relationship cannot be considered to be on an equal footing, and several amendments to the Labour Code in the post-2010 period have further increased the dominance of employers. Inequalities in labour market participation have also been fundamentally affected by the freezing or moderate increase in civil service wages, the abolition of the progressive tax system and the introduction of a flat rate tax, as well as the reform of the family support system.

3 Changes in occupational structure

The integrative role of the labour market can be judged, first of all, based on whether it can provide meaningful work for the members of society, and to what extent the earnings for work are sufficient for subsistence.

In the period after the regime change in 1989–90, Hungary was among the countries where the proportion of the economically active (employed and unemployed) was rather low among the working-age population. The transformational crisis and the mass loss of jobs increased not only the number of unemployed, but the acquisition of early retirement, disability pension or other inactive status was also the way out of the social crisis for many. Low labour market activity was one of the main features of Hungarian society, as well as its most pressing social problem in the first two decades after the regime change, but after 2010 this fundamentally changed.

Figure 1 shows the proportion of different activity statuses among people of working age. The share of employees increased only moderately in the 2000s compared to the post-transition period, and this increase almost disappeared during the global economic crisis. In the 2010s, however, substantial changes took place. The proportion of employed

among the population aged 15–64 was 55 per cent in 2010; it increased steadily in the following years and reached 70 per cent by 2019. In line with this trend, unemployment has fallen sharply, but the biggest change is that the share of inactive was around 40 per cent for the first two decades after the regime change, but it did not reach 30 per cent in the last years.

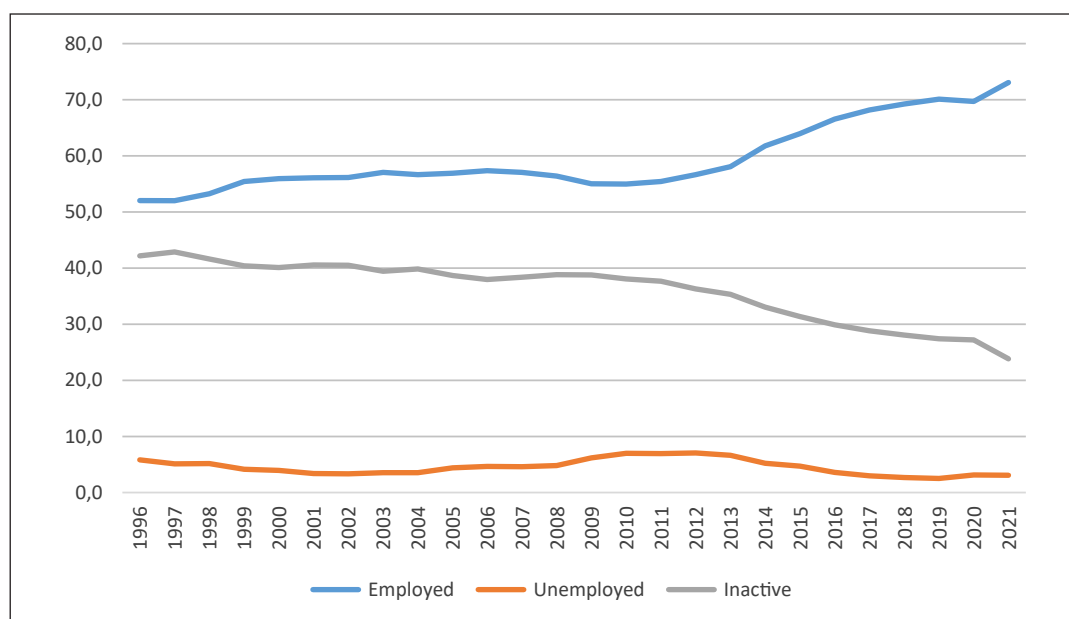


Figure 1 Proportion of different activity statuses in Hungary among 15–64-year-olds (%)

Source: Labour Force Survey

The magnitude of the changes in the decade behind us is shown by the fact that the percentage of the unemployed population returned to the labour market as a percentage of the total unemployed population was more than 40 per cent by the end of the period. The development is less spectacular for the inactive, but the proportion of those returning to the labour market reached 7 per cent.

These changes are the results of several processes that affect in various ways how different social groups are integrated in society:

- 1) The increase in the number of employed is partly due to the greater activity of young people, who are instead of further education channelled towards the labour market by the lowering of compulsory school age;
- 2) tightening early retirement or raising the retirement age keeps older generations in the labour market;
- 3) the abolition of disability pensioner status drives those with poorer health conditions back into the world of work; and
- 4) the reduction of the eligibility period for job search allowance as well as the reform of the system of social transfers reduce the time that those who do not have reserves can spend finding the right job.

Increasing employment was also a key goal in the European Union's strategy for 2010–2020. One of the leading target indicators for 2020 was to increase the employment rate of the population aged 20–64² to 75 per cent. This target ratio was met in Hungary by 2019, which has never been seen before in the history of Hungary after the regime change.

In the following, we examine in which segments of the occupational structure the new jobs were created and how the occupational structure itself changed. This is also particularly interesting from the point of view of social integration, because previous studies have reported a polarisation of the occupational structure, i.e. an increase in the share of higher and lower occupational positions, which shows the segmentation of the labour market (Bukodi & Záhonyi, 2004; Bukodi, 2006; Kolosi & Pósch, 2014; Huszár, 2015; Huszár & Záhonyi, 2018). How has the large increase in employment affected the occupational structure?

Table 2 Distribution of employees in Hungary by occupational groups³

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019-2011
	thousand people									
Managers	217.5	192.1	186.7	201.8	199.7	204.1	206.5	198.3	174.7	-42.8
Professionals	586.9	611.6	616.6	628.8	650.2	646.4	638.2	671.2	734.9	148.0
Technicians and associate professionals	481.8	504.8	535.0	564.4	564.9	582.0	608.0	598.4	589.7	107.9
Small entrepreneurs	316.7	312.9	308.3	325.7	319.8	326.6	334.5	330.4	329.7	13.0
Clerks and skilled service workers	436.4	445.6	438.8	465.8	478.5	502.1	496.9	512.9	524.6	88.2
Skilled industrial workers	966.9	976.2	1006.8	1060.8	1080.0	1134.4	1178.8	1214.0	1214.7	247.8
Unskilled workers	718.0	749.6	765.3	807.1	876.0	910.3	910.4	885.5	867.7	149.7
Unclassifiable employees				15.7	6.8	3.4				0.0
Total	3724.2	3792.8	3860.0	4069.9	4175.8	4309.4	4373.4	4410.7	4436.0	711.8

² It is important to note that this age composition differs from the population aged 15–64 or 15–74 typically used in international labour market statistics, apparently from the consideration that the socially desirable goal for young people is not to stimulate labour market activity but to participate in the school system.

³ To examine the change in occupational structure, we use the occupation scheme of the *European Socio-economic Groups* (ESeG). See more details at https://ec.europa.eu/eurostat/cros/content/eseg-1_en

Table 2 (continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019-2011
	%									
Managers	5.8	5.1	4.8	5.0	4.8	4.7	4.7	4.5	3.9	-1.9
Professionals	15.8	16.1	16.0	15.5	15.6	15.0	14.6	15.2	16.6	0.8
Technicians and associate professionals	12.9	13.3	13.9	13.9	13.5	13.5	13.9	13.6	13.3	0.4
Small entrepreneurs	8.5	8.2	8.0	8.0	7.7	7.6	7.6	7.5	7.4	-1.1
Clerks and skilled service workers	11.7	11.7	11.4	11.4	11.5	11.7	11.4	11.6	11.8	0.1
Skilled industrial workers	26.0	25.7	26.1	26.1	25.9	26.3	27.0	27.5	27.4	1.4
Unskilled workers	19.3	19.8	19.8	19.8	21.0	21.1	20.8	20.1	19.6	0.3
Unclassifiable employees	0.0	0.0	0.0	0.4	0.2	0.1	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0

Source: Labour force survey

According to the data all groups except managers have expanded in the last ten years, so the increase in the number of employees affects almost the entire spectrum of the occupational structure. However, the extent and dynamics of the expansion different for the occupational groups. Overall, by the end of the decade, the number of self-employed had grown at the lowest rate, with around 20 per cent. It can also be observed, however, that the increase in employment in the first half of the decade is largely due to the increase of unskilled workers, suggesting a continuation of the previously observed polarisation trends. However, the results for 2018 and even more for 2019 showed a change in the trend. In these years, the group of professionals grew significantly, while the number of unskilled workers was on a downward trend. These results show a positive change in the occupational structure, opening up mobility pathways for workers. It is a question, however, how the occupational structure will change as a result of the overlapping crisis of the current time.

The occupational structure itself, i.e. the relative proportions of different occupational groups, however, has changed little over the last decade. Therefore, the characteristics of Hungarian society has remained the same: the proportion of higher-status, more prestigious occupations requiring higher education is low in Hungary in European comparison, while the share of blue-collar jobs is high (Huszár, 2013; Kolosi & Pósch, 2014).

4 Poverty and income inequality

As we have pointed out, the number of employees increased sharply in the 2010s compared to the previous period, and those entering the labour market moved into all segments of the occupational structure. However, the success of labour market integration depends not only on quantitative factors. It is a question to what extent the jobs provide sufficient income needed for ‘normal life’ and how the inequality of income has changed over time. In the following, we examine two indicators of poverty and social exclusion and those of the inequality of income to study these issues.

The indicator of material deprivation that shows the proportion population forced to be deprived of certain goods that are considered essential to social life, informs us on the absolute form of poverty (see Figure 2). According to this, the proportion of deprived people fell slightly from the mid-2000s but jumped significantly in the wake of the 2008 global economic crisis and peaked in 2013. However, in the post-crisis growth cycle their share started to decrease again similar to European trends (see Eurostat, 2018, pp. 103–124; HCSO, 2018) and by the end of 2010s it was at an unprecedented low level.

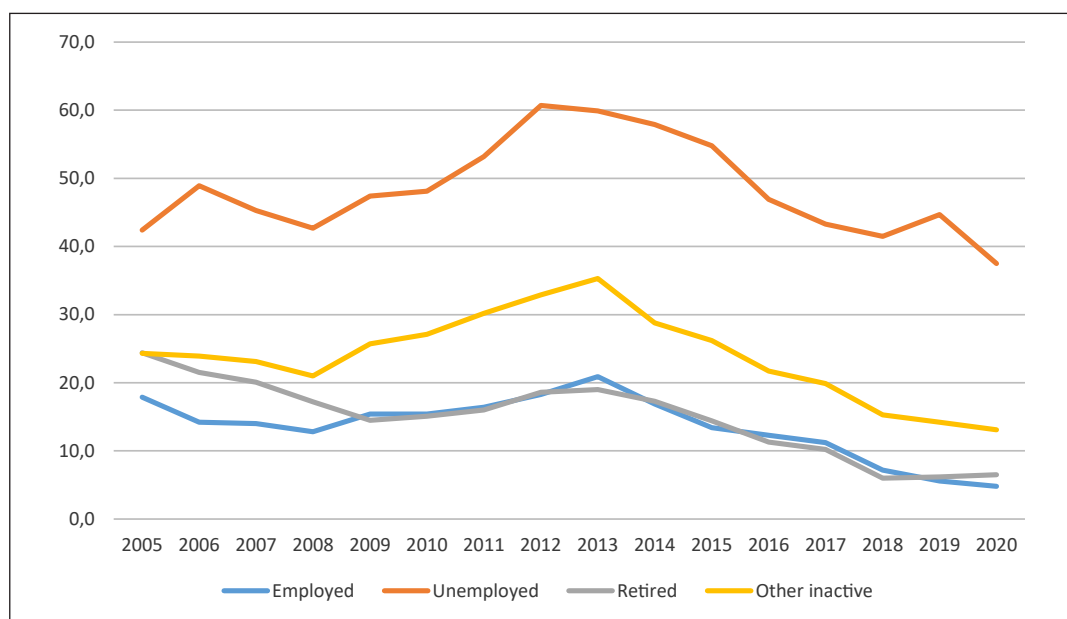


Figure 2 Proportion of those affected by material deprivation in Hungary by economic activity (%)

Source: EU-SILC.

As the figure shows, those with different economic activities are affected differently by absolute poverty: least affected are the employed and the retired, while the level of material deprivation is the highest among the unemployed. During the post-crisis recovery period, the proportion of those affected by material deprivation decreased in all forms of activity, but not to the same extent. In terms of proportion, the situation of the employed and retirees has improved the most, and that of the unemployed the least.

The next indicator we examine is the income poverty rate, which provides information on the evolution of the relative form of poverty (see Figure 3). According to this indicator, those who are forced to live on a low income relative to the median income level of society are classified as poor.⁴ Based on this, we can see completely different trends in the change of Hungarian society and in the integrative function of the labour market. Income poverty stagnated or declined slightly in the 2000s but jumped in 2010 and appears to have stabilised at a higher level.

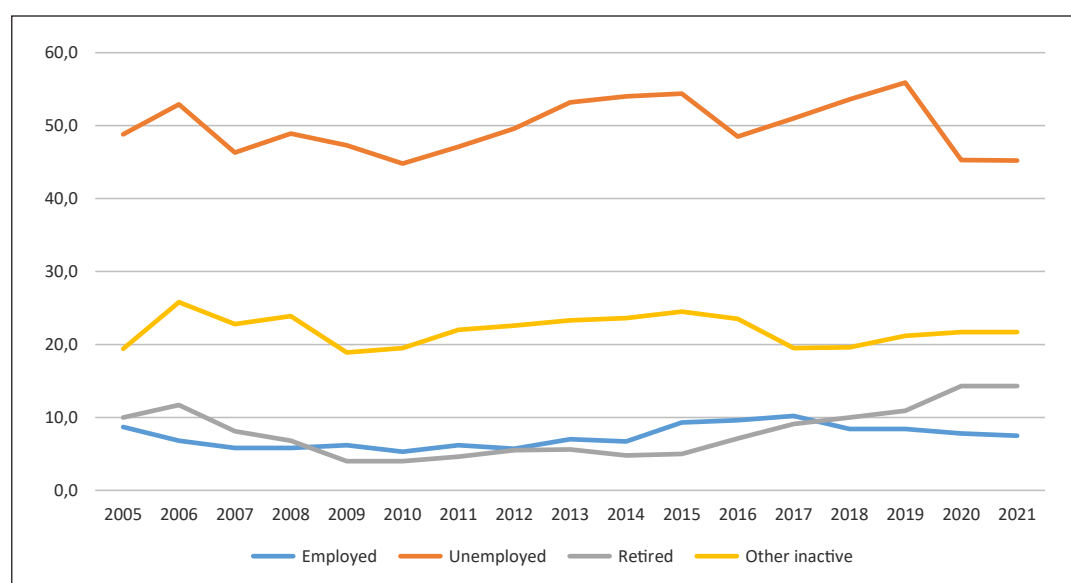


Figure 3 Income poverty in Hungary by economic activity (%)

Source: EU-SILC.

However, different and more diverse processes can be identified in the activity groups compared to what we have seen in the case of absolute poverty. Relative poverty also affects the unemployed the hardest, and their position hardly improved in the 2010s. In contrast, the situation of pensioners compared to the other groups developed particularly favourably in the period under review, but in recent years they have been characterised by increasingly high poverty rates. For employees, the trends are very similar to those for society as a whole. Among the employed, especially from the mid-2010s onwards, the proportion of those below the poverty line based on their income status has stabilised at a higher level. The latter developments in the functioning of the labour market indicate that, although the proportion of those who work and earn an income has increased, their earnings are however not always enough to reach the poverty threshold.

⁴ We speak of income poverty precisely when an individual's or household's income does not reach the relative poverty line, i.e. 60 per cent of the median-equivalent income.

This is also confirmed by data on the development of income inequality. In Hungary it increased strongly in the first half of the 2010s and stagnated in recent years. The increase in income inequality is particularly spectacular if we examine the growth of income in the two poles of the income distribution. Figure 4 shows the thresholds of the top and bottom five income percentiles. According to this the higher we move up the income hierarchy the more dynamic the growth of incomes is, but the situation of those at the very bottom has not changed significantly. In the lower percentiles, income levels tend to stagnate.

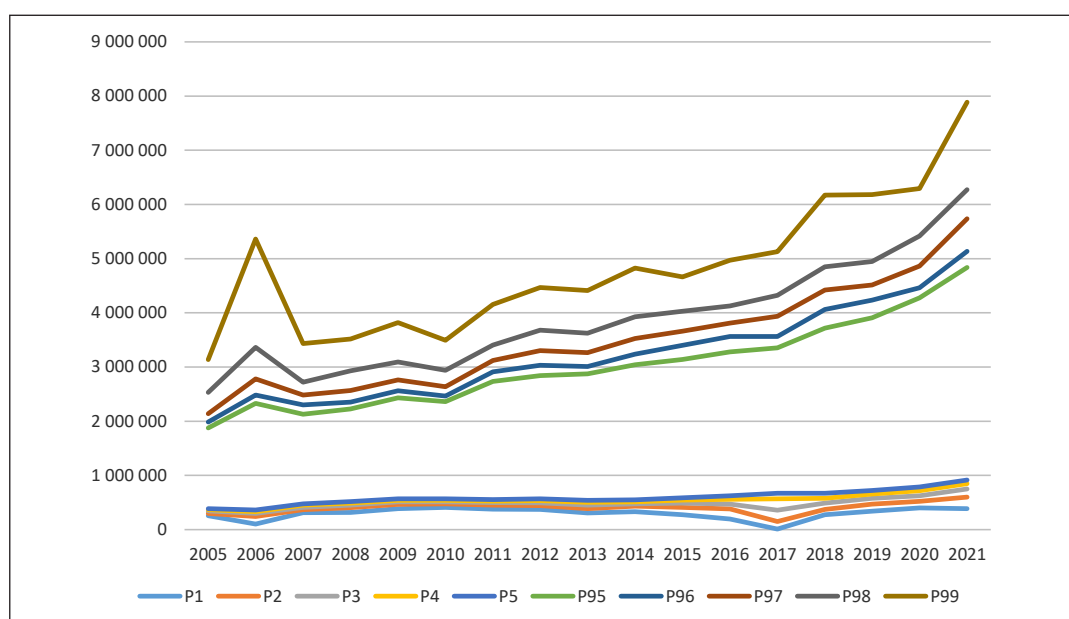


Figure 4 Changes in the thresholds of the lower and upper five income percentiles in Hungary (HUF)

Source: EU-SILC.

5 Labour market and integration: Employment trends of vulnerable social groups

Not everyone in the labour market has the same chance of competing for better jobs. Traditionally, young people, the elderly and women have been singled out as social groups with a weaker bargaining position in the labour market, and it would be socially desirable to reduce this inequality. The following is a brief outline of how the labour market situation of these three social groups developed in the decade of the 2010s. There are two things to highlight here. First, all three social groups are closely related to one of the critical life stages recorded by Schmid. For young people, this transition from the school system to the labour market and, for the elderly, their forthcoming retirement can be such a critical life-stage, and women's labour market participation is affected by childbirth and parenting al-

most throughout their careers.⁵ Second, in the course of the analysis, we started from the fact that the examination of the occupational characteristics of vulnerable groups brings us closer to understanding the extent to which the Hungarian labour market is able to fulfil its integrative function. In other words, the more we can offer these social groups a perspective on employment, the more we can talk about an integrated labour market. If, on the other hand, the labour market does not permanently offer the most vulnerable social groups a worthy status, it will lead to the segmentation and polarisation of society.

We first reviewed the employment rates of young people (15–24 years old) and older people (55–64 years old). Figure 5 below clearly shows that while the participation of both groups lags behind the working age population (15–64 years) the elderly are much closer to this than the young. Moreover, the gap between the two groups has not simply widened over the past decade but has almost doubled: while in 2010 the employment rate of older workers was still only 15 percentage points higher than that of older workers, by 2021 the gap had widened to 35 percentage points. This is a relatively new development, since young people were still able to keep up until 2016, but since then their proportion has not increased significantly, as the graph shows.

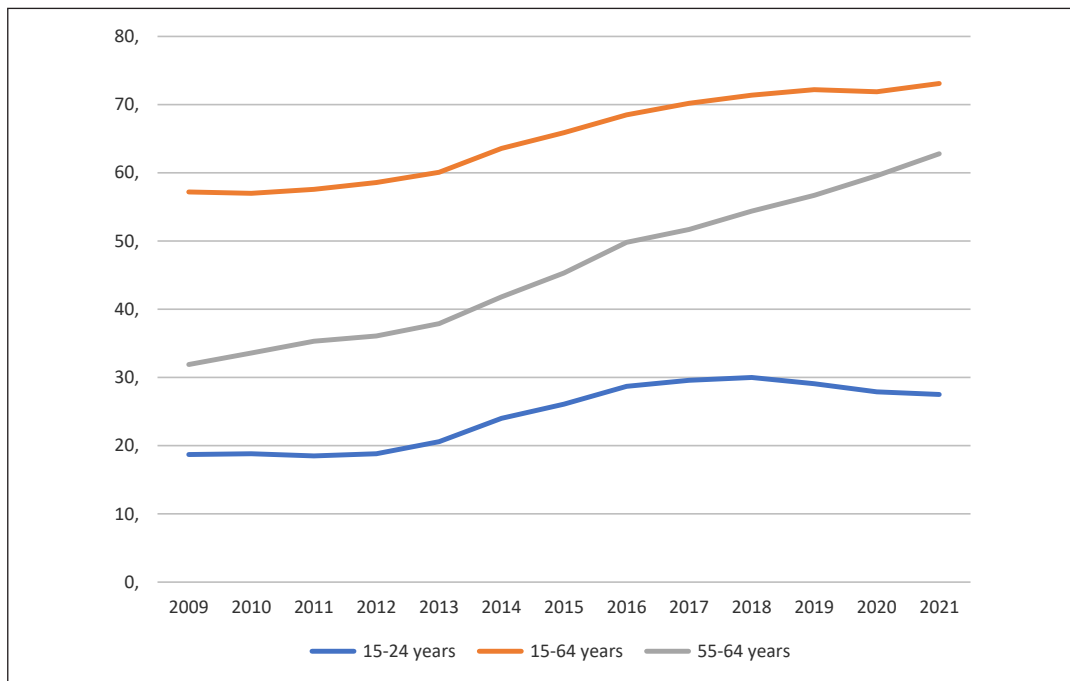


Figure 5 Employment rates of young people, the elderly and the working age population in Hungary

Source: Labour Force Survey

⁵ Employers are reluctant to hire people who may be out of work for longer or shorter periods of time and can count on them less after childbirth due to stereotypes about parenting.

Similar inequalities are also found when examining employment rates by gender. While at the beginning of the decade the gender gap was ‘only’ 10 percentage points, by the end of the period it had grown to 14 percentage points. Women benefited far less from the fruits of economic growth and employment expansion than men, and this was exponentially so in the case of vulnerable age groups: regarding the population aged 15–24, the employment of men increased from 38.6 per cent to 69 per cent (30.4 percentage points), while in the case of women this increase did not reach 17 percentage points. (29.4 per cent to 46.2 per cent).

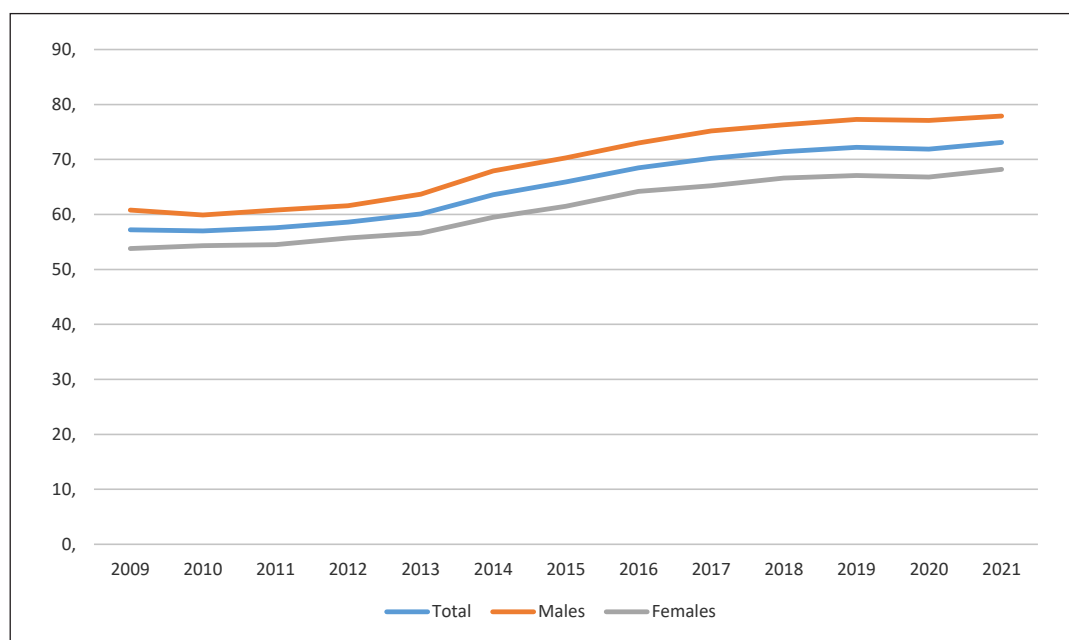


Figure 6 Employment rates of men and women in Hungary

Source: Labour Force Survey

In theory, any increase in labour market activity strengthens social integration, as this way more people from the active age part of society can earn a living from meaningful work. However, in practice, this is only true if participation is accompanied by channels of labour market mobility and if promotion to higher-status jobs is supported at the institutional level. This does not seem to be the case in Hungary: although quantitative indicators are improving, important social groups, especially young people and women, are still at a disadvantage.

6 Integration in the workplace: Qualitative dimensions of labour market integration

We have previously described in detail the mechanisms and consequences of social integration in the labour market from a macro-perspective. As we stated earlier, besides the labour market and income indicators characterising the inequalities, there may also be

significant differences in the quality of work, which are associated with persistent advantages and disadvantages for individuals holding individual positions in society. Better quality jobs improve the satisfaction and physical and mental well-being of individuals, as they provide them with the opportunity to realise their individual aspirations and to have opportunities for personal development, in addition to raising the financial resources necessary for subsistence. Favourable physical and mental working conditions can have a positive impact on their health and life prospects (Green & McIntosh, 2001; Eurofound, 2013; Brian & McAdams, 2010). Thus, if the labour market is one of the most important institutions of social integration, then inequalities in working conditions also determine the quality of integration through their effects on the quality of life.

Of course, it is relatively difficult to define the concept of good work, not only because one should consider many, sometimes contradictory, aspects of work, but also because the definition of good work is subjective by its nature, depending on the individual's life experience, aspirations and future expectations (Felstead et al., 2019). Nevertheless, there are objective factors that have a major impact on the quality of work and can be linked to integration, as in some ways they influence the allocation of and access to resources within work organisations, both material and symbolic, and thus opportunities for access to good quality work. We highlight three such factors: 1. the characteristics of the work process; 2. opportunities for participation; and 3. access to training.

The other reason why it is worth extending our analysis to the working conditions is, that labour market inequalities cannot be captured only through the investigation of macro-level processes and the political practices shaping them. As the representatives of the 'societal school' emphasise, society is a dynamic concept whose coherence is constituted by the structural and relational interdependencies between various actors (and institutions) representing the different levels of this societal construction (Maurice, 2000). Bearing this in mind, we have to note that labour market is a complex and multifaceted social phenomenon formed and encompassed by the activities and decisions of various stakeholders. By the analysis of job quality indicators, very important aspects of labour market inequalities and integration can be captured, but on the other hand, this also represents a mezzo-level of analysis, as they are incorporated in the labour process within the organised frameworks provided by workplaces and are directly influenced by employers' attitudes, habituations and possibilities. Accordingly, the mutual analysis of the macro and mezzo level helps us to gain a comprehensive understanding of the very nature of tendencies determined by labour market inequalities between 2010 and 2020 in the Hungarian context.

For this analysis, we used data from the 2015 *European Working Conditions Survey (EWCS)*⁶. The EWCS employee survey, conducted six times between 1990/1991 and today in various economically active populations over the age of 15 in various European countries. The representative Hungarian sample of employees in organisations employing more than 10 people and self-employed persons is based on a survey of 1,000 people.

Our basic assumption was that education has a crucial role in achieving a certain labour market status, as higher education and specialised knowledge provide individuals greater flexibility in adapting to labour market requirements. The characteristics of the

⁶ We used the 2015 EWCS data for two reasons. First, it is the last wave of the survey available, and second, we wanted to analyse the period between 2010 and 2020.

labour process reveal a great deal about the quality of a job. Simple, repetitive and monotonous work tasks mean an unfavourable work environment that does not allow the individual to develop initiative, skills and knowledge, while the worker is more controllable and consequently more vulnerable as well. The place of simpler work in the prestige hierarchy is also lower and disadvantaged in terms of compensation. Complex work tasks, on the other hand, offer an opportunity to accommodate more differentiated work needs related to work, thus giving the individual the opportunity to experience meaningful work and self-fulfilment and gain experience, which can also mean convertible knowledge that also increases the individual's value in the labour market. To identify the complexity of the work process, we used five indicators that measured whether the work of the respondents was characterised by any of the following factors: 1. repetitive tasks, 2. monotonous tasks, 3. complex tasks, 4. the opportunity to learn new things, and 5. the opportunity to implement one's own ideas.

Table 2 Work process characteristics by educational attainment (%)

	Repetitive tasks	Monotonous tasks	Complex tasks	Opportunity to learn new things	Implementing your own ideas
Tertiary	14.4	18.5	91.9	77.0	75.7
Secondary	27.5	36.3	72.9	54.0	55.0
Skilled worker	36.5	47.8	59.7	39.7	44.4
Elementary education or less	32.1	54.4	52.6	38.6	39.3

Source: Own editing based on EWCS 2015.

It is clear that education is related to the characteristics of the work process. Among those with lower levels of education, the proportion of those working in jobs with simple, monotonous, repetitive work is significantly higher. It is also clear that a much higher proportion of those with higher (at least secondary) education perform varied, complex work tasks and have the opportunity to learn new things in the course of their work. Here, therefore, we see an accumulation process, where lower educational attainment is associated with more unfavourable working conditions, implying lower levels of skill and knowledge use and limited scope for their improvement, while the opposite process can be observed among those with a higher level of education. In this respect, it is particularly interesting to examine the extent to which employees have access to formal and informal training opportunities provided by companies, depending on their educational attainment. The following Figure 7 shows the proportion of those in each education group who participated in employer-funded or on-the-job training.

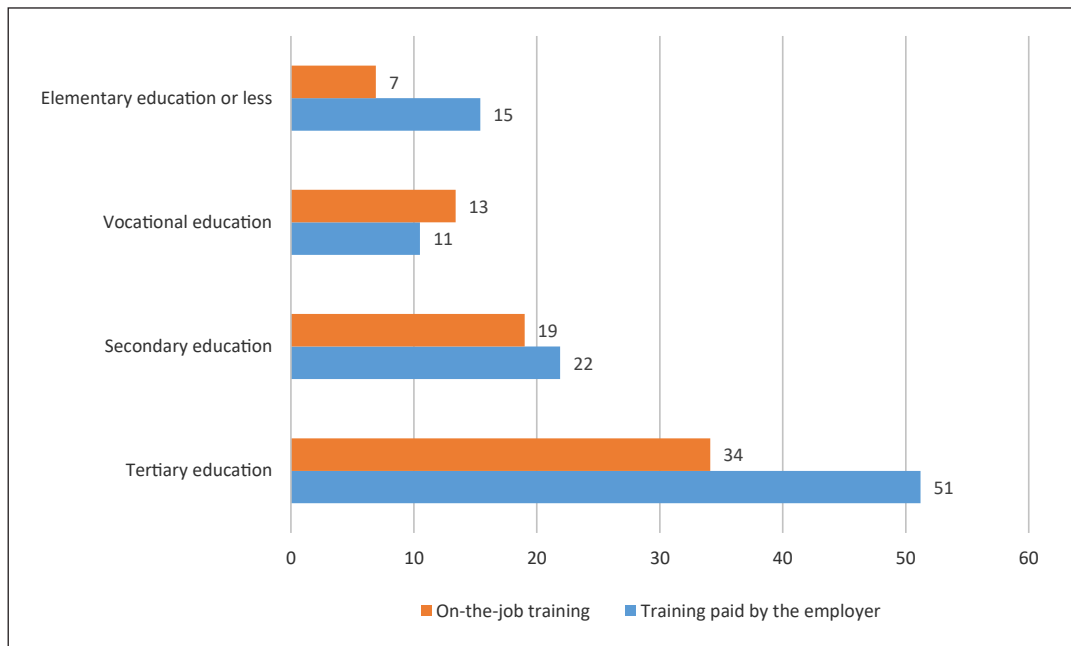


Figure 7 On-the-job training opportunities by education (%)

Source: Own editing based on EWCS 2015.

The figure above is a good indication of inequalities in access to training. There are dramatic differences in the extent to which workers can participate in formal and informal learning opportunities, especially among those with tertiary education and those with up to eight primary school classes and vocational qualifications. The implemented training programmes are obviously related to the complexity of the work tasks, as the more complex jobs are presumably more demanding, but this in itself does not explain such differences in training opportunities. According to our interpretation, it is more about the fact that those with higher education have better advocacy skills in the allocation of resources provided by the company, which again points to the strong correlation between accumulation inequalities and education, already indicated above.

The third factor in the job quality that we examined was the opportunity for employee participation in decisions. Opportunities for participation are indicators of the extent to which an organisation allows room for the development of individual skills and for influencing decisions about work and employees' working conditions. The fact that the individual can at least partially shape the (work) environment within the organisation has a number of consequences that are important for the well-being of the individual.

It also means encouraging better performance, improving individuals' work and organisational attitudes, giving them the opportunity to use their skills and knowledge together to solve problems, and increasing their commitment to the organisation and ultimately their degree of integration into the organisation (Inanc, et al. 2015; Gallie et al., 2017). We examined two levels of participation opportunities: whether employees have the

opportunity to have a say in decisions about their direct work responsibilities, and whether they can express their views on decisions that affect the organisation as a whole. The former was measured by two indicators: whether the individual can participate in work process improvements and whether he or she can influence decisions affecting his or her work. The latter level of participation was measured by whether there is a workplace forum where he or she has the opportunity to express an opinion about events in the organisation.

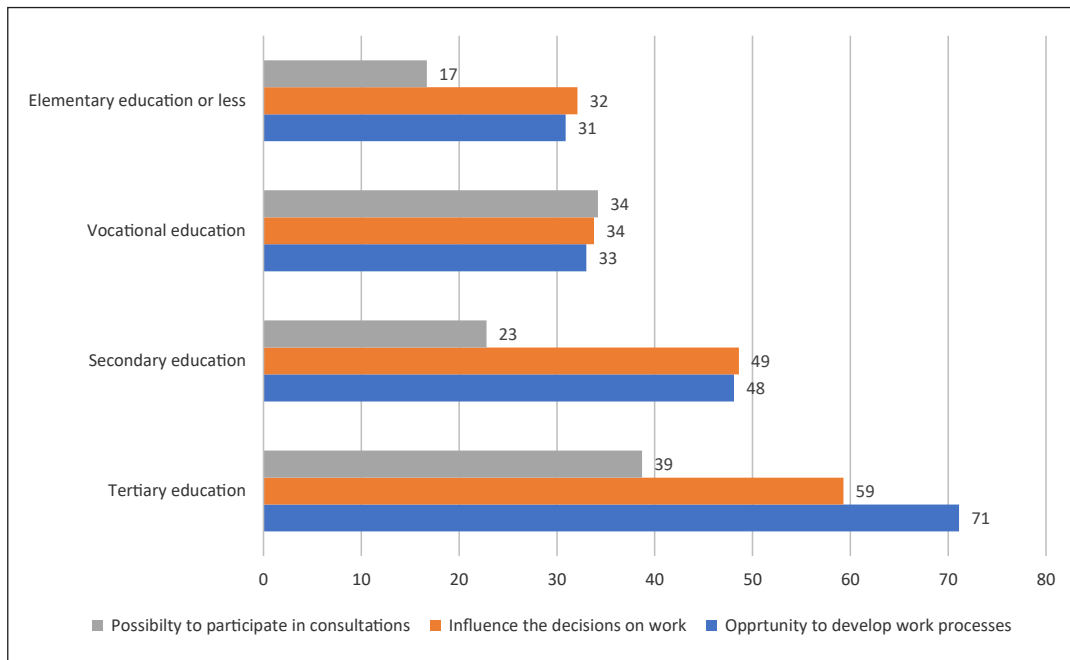


Figure 8 Opportunities for employee participation based on educational attainment (%)

Source: Own editing based on EWCS 2015.

There is a significant difference between the two measured dimensions of participation. To varying degrees, employees have the opportunity to have a say in decisions that directly affect their work to some extent, while few have a formal, institutionalised opportunity to comment on decisions at the organisational level. Those with secondary and higher education have many more opportunities to influence work decisions and to improve their work performance than those with lower education, which again only points to the shortcomings of the organisational integration of the latter groups. There is a similar trend in influencing organisational decisions, but here the differences are smaller, and skilled workers are in a relatively good position vis-à-vis those with secondary education and the unskilled, and so are graduates.

Summarising the most important lessons of the analysis, we can conclude the following. Based on educational attainment, clear inequalities can be identified according to the factors that determine working conditions. The working conditions of those with a

lower level of education are less favourable than among those with secondary education, and especially those with a tertiary education, i.e. the advantages and disadvantages in the world of work accumulate along with the differences in education. Those who have more academic qualifications have better quality work, while those with lower levels of education are more likely to work in a dehumanising, knowledge-undervaluing environment that destroys motivation and living conditions. Work, which consists of complex work tasks, is varied and offers learning opportunities, offers the individual better performance, greater satisfaction with work, identification with work, and a broader development perspective. An environment in which one has the opportunity for self-fulfilment, a deeper and more meaningful commitment and the fullest possible use of one's abilities and competencies. If there are socially defined inequalities in the quality of work, it also indicates that social integration within the workplace is dysfunctional, which is also a problem at the societal level, through the poor use of human resources. Differences in opportunities for employee participation indicate that there are also inequalities in access to organisation-level institutions for dialogue and democratic work, and participation in decisions would provide an opportunity to reduce potential inequalities in access to resources between groups of workers. Differences in educational attainment can be considered a natural social phenomenon, but it does not follow that they should be accompanied by inequalities in the quality of work. Based on the presented data, we conclude that the quality of labour market integration does not depend solely on the amount of labour supply. It is worthwhile to adapt the work, in accordance with the division of labour practices determined by technological conditions, through work organisation reforms that improve working conditions, so that the content of work tasks, access to internal development resources and employee participation opportunities are more favourable for disadvantaged social groups.

7 Conclusions

Increasing labour market activity has been one of the most important social policy goals since 1993, regardless of governments and governing parties. However, all attempts failed to do so until 2010, and the Hungarian labour market participation has been among the lowest in Europe with a participation rate of less than 60 per cent for most of this period. After 2010, the Hungarian government achieved considerable success in this regard by providing increasingly weak protection for those who are excluded from the labour market for a shorter or longer period due to their old age, illness or unemployment (Szikra, 2019), and the weakening of social rights is forcing individuals to return to the labour market as soon as possible, even by taking on jobs that do not match their qualifications. Those most affected by this compulsion are those with the least resources, the least able to deal with conflict, and thus with the least time and resources that they can devote to finding a job; that is, women, young people and the elderly.

This particular version of labour market integration after 2010 has been a great success in quantitative terms, as it has increased employment by breaking decades of trends in a particularly favourable international economic environment and has been able to reduce absolute forms of poverty and exclusion, in part by increasing employment. How-

ever, as inequalities and income poverty increase, this form of integration also comes at a significant price. This affects, above all, the unemployed and the inactive who have less public assistance available through the transformation of unemployment or social benefits, but also those who have been able to enter the labour market but whose earnings are not enough to rise above the poverty line. We can say that this 'low road of labour market activation' resulted in weaker labour market integration in many regards.

Labour statistics for 2010 show that, after the first two decades since the regime change, the number of employed has substantially increased, with the number of the inactive and the unemployed falling in parallel. This represents an unprecedented level of labour market activation, even if we know that 2010 was the year hardest hit by the crisis. This increase in the number of employees had a different effect on the occupational class structure in the period under review: in the first half of the decade, the share of unskilled workers increased mainly in the lower segment of the occupational structure, presumably due to public work programmes (Scharle & Szikra, 2015). However, in the last two years of the decade (2018–2019), the direction of the processes changed somewhat: the number of white-collar workers increased significantly, and the proportion of unskilled workers decreased, ending the polarisation trends in the labour market. Overall, however, the relative proportion of occupational groups has not changed significantly, which is a worrying development because the proportion of higher-skilled, more prestigious occupations in Hungary is very low in European comparison.

Following the peak of the post-crisis years, absolute poverty declined from the beginning of 2010, while relative income poverty started to increase. This latter process is also particularly interesting because the increase in income poverty has affected not only the unemployed and inactive, but also the expanding circle of the employed. This suggests that polarisation processes have intensified, while those in the lower regions of the labour market have jobs, but the resulting income is far below average and has not moved closer to it, while the income of the upper strata has increased significantly. Analysing the data of the working poor, we encounter similar phenomena.

As the evolution of relative poverty has indicated, labour market participation is not a guarantee of social security, in which public policy changes that contribute to the growth of inequalities also play an important role. Among other things, the abolition of the progressive tax system has contributed to the increase in inequalities, determining the wages of public workers below the minimum wage and, in general, restricting workers' rights (Neumann & Tóth, 2018).

Summarising the above, in 2010 the Hungarian Government committed itself to building a model that increases social inequalities and has systematically implemented it over the decade. Transitional benefits for people who have lost their jobs have waned, and employees' vulnerability relative to that of employers in Europe's 'most flexible' labour market has become unprecedented, while life outside the labour market is essentially impossible, as a result of the dismantling of the social safety net that facilitates decommodification.

All this did not lead to open social conflicts for at least two reasons. One is the growing number of people working abroad. It is impossible to write an analysis of the labour market trends of 2010 without talking about it; however, the available data are somewhat fragmented, and in many cases their reliability is questionable. Hárs and Simon (2016)

estimate that by 2016, the number of Hungarian citizens working abroad was close to 350,000. As there has been no significant change in the causes of working abroad since then we can reasonably assume that this number had only increased until the pandemic broke out. This means that almost 10 per cent of Hungarian workers work abroad, remittances are an important additional source of household income, and they partially replace the social services cut back by the state. Another important factor in maintaining the system was the economic growth that had taken place since 2013, which allowed for the employment of larger numbers of employees.

It is perhaps no exaggeration to say that the ‘system of national cooperation’ has created a very specific ‘social contract’, albeit not without any tradition in the region. The essence of this is that state redistribution remains unchanged at a high level: according to Eurostat (2019), the state’s revenue relative to GDP even increased: at its peak in 2016 it was around 40 per cent; in 2018 it was 37.6 per cent. On the expenditure side, however, the state has been significantly relieved of the burden of maintaining social solidarity: education and social security institutions that previously operated on the principle of solidarity and the richest sections of society have benefited significantly more from direct and indirect payments to the detriment of the poor. This is also supported by the results of the present analysis, in particular the data series on income polarisation and rising working poverty, but the government did not hide its intentions when, for example, it set out to build a work-based society instead of a welfare one.

The simple fact that Western European welfare states, without exception, are all also work-based societies (since, as explained in detail in the introduction, strong economies and activating social policies go hand in hand) has meanwhile been forgotten. Regardless of all this, the Hungarian model is politically sustainable for the time being – the exploration of the causes is not the subject of our analysis – but it has to face serious challenges from two directions.

Extensive labour market processes without the basic pillars of social security, based on flexibility detrimental to workers, will be difficult to sustain if economic growth stops or foreign employment declines.

There is no place in this model for long-term competitiveness factors such as human creativity, a strong education system, and a stable middle class. However, in the absence of these, the system can become uncompetitive relatively quickly without any particular external shocks. However, this may be a future development. The labour market integration of 2010 was marked by a significant increase in the number of people in a highly liberalised labour market through numerical flexibility, but due to working conditions, affordable wages and the breakdown of the social safety net, this labour market is less likely to offer real integration for a great number of employees.

Our study has its limitations, which also indicate possible further research directions. The most important limitation is that we focused on the development of the labour market situation in Hungary. It would be worthwhile to compare these results with European and especially Eastern-Central European trends. On the other hand, the pandemic and the lockdown that accompanied it also shook the Hungarian labour market, but its effects can only be assessed over a longer period. The currently available data indicate that no fundamental changes have taken place so far: employment remains unchanged or even increases, unemployment is low, and deprivation and poverty have decreased rather than

increased. However, the energy crisis that followed the start of the war in Ukraine, as well as the resulting inflation, which is unprecedented in European comparisons, may fundamentally rewrite this situation. Overall, one of the most important sociological questions of the 2020s in Hungary will be whether it will be possible to maintain a high level of labour market participation and whether it will be possible to reduce income inequality.

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