

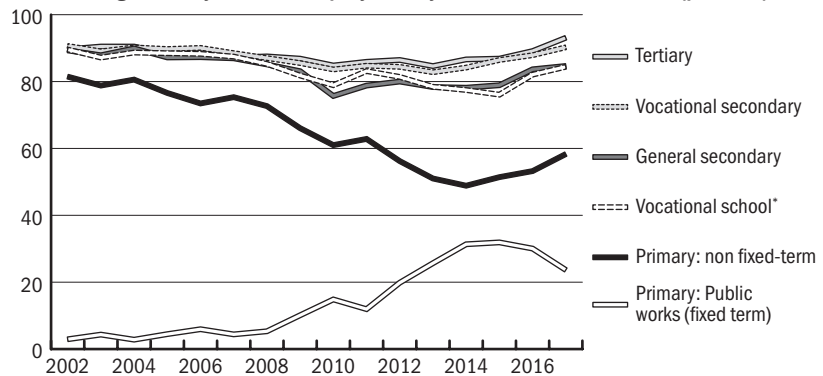
3.3 CASUAL AND OTHER FORMS OF WORK

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In addition to the student work and apprenticeships examined in the previous two subchapters, forms of contracts that pose less of a risk to employers (casual work, temporary work, fixed-term contracts) and family businesses can also provide an opportunity to gain first experience on the labour market. Casual or fixed-term employment makes it easier for employers to obtain information on the performance of new entrants, but it can also be detrimental for employees if it makes it more difficult for them to move on to a more stable job. According to international literature, it depends on the institutional environment on the labour market whether flexible contracts act as a springboard or a trap (*Eichhorst, 2014*). In highly segmented, dual labour markets (where it is difficult to move from the secondary labour market which offers worse, less secure work, to the primary market which offers better paid, more secure jobs) the proliferation of fixed-term jobs is less favourable and may even lead to a decline in wages and employment opportunities (cf. *García-Pérez et al, 2019*).

The share of fixed-term contracts is low in Hungary in international comparison: according to the Labour Force Survey, 7–9 percent of employers had fixed-term contracts during the years of the crisis, their share decreased to 6.5 percent between 2014–2018 (*HCSO, 2019*).¹ Among young people, the share of those working with such contracts was much higher than average (17 percent) in 2018, while 83 percent worked with a non fixed-term contract (*Figure 3.3.1*).

Figure 3.3.1: The share of non fixed-term contracts among 15–29 years old employees, by education, 2002–2017 (percent)



¹ *Eichhorst (2014)* mentions four European countries (Poland, Spain, Portugal, the Netherlands), where in 2012 the share of fixed-term contracts was around 20 percent or more among all employees; the Hungarian indicator of around 10 percent was in the lower third of the countries.

² Public works is a non-negligible part of fixed-term contracts. In the waves of the Labour Force Survey before 2011, public workers can be identified less accurately, therefore we show the share of non fixed-term contracts in the long time series.

* ISCED3C (with no access to tertiary education).

Source: Own calculation based on CSO Labour Force Survey (average of four quarters).

Before and during the Great Recession, the share of non fixed-term contracts in all education groups declined somewhat, but this trend has stopped or reversed in the past few years.² Among uneducated young people, the growing

share of fixed-term contracts is clearly related to the expansion of public works: in this group, an increasing amount of fixed-term contracts were signed in the framework of public works (*Figure 3.3.1*).

However, the role of fixed-term contracts and other forms of contract with less risk for employers is not negligible: in the year of leaving school, a higher share of young workers enter into such a contract (*Table 3.3.1*). The share of young people in their first job entering a non fixed-term contract was 20–30 percentage points lower than average.³ The difference is also related to the level of education: it seems that during the crisis (before 2013), employers concluded more fixed-term contracts with less educated entrants (at most with vocational training or with a general secondary education), while during the growth period they had more fixed-term contracts than those with vocational secondary education. Among women entrants, the share of those with fixed-term contracts is higher in both periods (and significant in almost all education groups).

Table 3.3.1: Share of fixed-term contracts in the year of graduation among entrants (without public works, percentage)

	2008–2012		2013–2017	
	men	women	men	women
Vocational school or less	33	35	37	43
General secondary	44	42	24	44
Vocational secondary	29	37	44	42
Tertiary	20	32	18	29

Note: Public works participants were excluded from both fixed term contracts and total employment (this may induce a small upward bias in the share of fixed term contracts between 2008 and 2012).

Source: Own calculations based on the CSO Labour Force Survey.

Casual work occurred in 1–2 percent of first jobs during the period examined; the share of new entrants to work as entrepreneurs or in the family business was only around 2–4 percent as well (slightly higher for men and lower for women).

Based on the above, descriptive data, it seems that among flexible forms of work, primarily fixed-term contracts can play a significant role in facilitating the school-work transition. Even if there is segmentation, the share of secondary jobs that do not offer progression does not yet reach the critical level experienced in Spain or Portugal.⁴ Although it is true that the share of fixed-term contracts increased among the less educated after the crisis, this is not necessarily the sign of increasing segmentation, even as the share of fixed-term contracts in the total working population has been declining since the recession. It is also possible that as labour shortages worsen, and possibly with an increase in the range of wage subsidies offered to encourage the employment of young people, employers become more open to giving a chance to jobseek-

³ The lower rate may also apply to newcomers to a given firm (but not as entrants), this was not examined.

⁴ *Huszár-Sik* (2019) find that there is indeed a secondary labour market in Hungary, however, based on their calculations, it cannot be ascertained if it equals or expands beyond public works.

ers thought of as more risky (such as long-term unemployed or Roma) with whom they typically enter into fixed-term contracts.

References

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