

INTRODUCTION

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This year, *In Focus* addresses the labour market situation of women, which has significance beyond the issue itself and affects at least three important socio-economic areas that present Hungarian policy formulation with challenges. The first is economic growth: if women's labour force participation rate reached that of men, Europe's GDP could be 12 per cent higher in the next 15 years (see Chapter 1). The second is low fertility, which is one of the most pressing problems of both Hungary and Europe: improvement in the labour market situation of women may also have a beneficial effect in this respect. Several papers (see Engelhardt *et al.* 2004, Brewster–Rindfuss, 2000, Rindfuss *et al.* 2003 and Castles 2003) report that fertility is higher in European countries where it is possible for women to reconcile work and family responsibilities and that policies supporting the reconciliation of the two clearly increased both fertility and the labour market participation of women (see for example Rønsen 2004, Boca, 1999, Febr–Ujhelyiova, 2013). The third serious problem is the issue of pension insurance arising from low fertility: how a shrinking working age population is able to support the increasing number of pensioners. Since women constitute a potentially deployable, highly qualified working age population, increasing their labour market participation would also be beneficial in this respect.

The labour market position of women according to international research (Chapter 1). The labour market participation of women has increased throughout Europe, nearing but not reaching the male participation rate. Improving female labour market participation was underpinned by their increasing educational attainment and rising wages but several other factors contributed to it, for example the spread of household appliances and the contraceptive pill. The employment rate of women has also been approaching that of men; however, the typical forms of their employment are dissimilar: for example, part-time employment is in several countries mostly characteristic of women. Occupational segregation, that is the concentration of men and women in differing occupations, has been increasingly characteristic of the European labour market. The gender wage gap has significantly decreased in Europe over the past decades, which is due to the improving educational attainment and increasing work experience of women. Most of the gender wage gap is attributable to the segregation of genders according to occupations, industries and sectors, with the largest pay gap in the highest wage categories, which implies that a lower percentage of women than men become senior managers.

Women in the Hungarian labour market (Chapter 2). Changes in the labour market situation of women in recent years are presented herein. The Subchapters discuss changes in, and the main reasons for, the gender gap in labour market participation, unemployment and wages. The employment rates of both women and men have considerably increased over the last 17 years since the turn of the millennium. The increase in jobs, public works schemes and employment abroad as well as the shrinking working age population have equally contributed to this increase. The gender wage gap decreased from the late 80s to the millennium: the average wage of women increased from 75 per cent of the average wage of men to about 90 per cent. Since the 2000s, the average wage differences have remained stable; however, the breakdown into qualification levels shows that the wage gap has grown among those with a tertiary degree and declined among those with lower qualifications. In 2016, 41 per cent of management positions were held by women: this proportion was higher in the public sector, ranging between 50 and 70 per cent, and lower in the business sector, varying between 10 and 50 per cent.

The situation of female workers in Europe and Hungary (Chapter 3). Concerning the employment of women, the post-communist countries of Europe were significantly ahead of the EU15 in the early 2000s. Although the global crisis of 2008 had a larger impact on the employment of women in these countries, they regained some of the advantage during the subsequent recovery. Differences across countries in the employment of women in the period 2001–2016 were due to general influences but demographics and policy also played a role. National policies, such as parental leave, tax regimes, flexible employment and the development of the childcare system determine the employment rate of women to a great extent. Nevertheless, the income level of women is lower than that of men throughout Europe: a man has 50–70 per cent more work and personal income than a woman on average. Additionally, income disparities are much higher among women. Living in a relationship abates this income disparity but the proportion of those living in a relationship is decreasing in Europe.

Human capital determining the labour market situation (Chapters 4–7). The main reason for the emergence of gender inequalities at birth and early childhood is that less than ideal circumstances put boys at a bigger disadvantage in later life – this has also been confirmed by research into the Hungarian abortion ban of 1974. As for educational achievement, the situation of women is good and has been improving in Hungary. The share of women in higher education has been higher than that of men every year since 1990 and the share of girls among early school leavers has always been lower than that of boys.

In competence testing PISA scores, there are average differences between Hungarian boys and girls; boys perform somewhat better in mathematics, while the advantage of girls in reading comprehension is smaller than the global average. Analysis shows that traditional education systems with more frequent grade repetition, earlier tracking and less prevalence of modern pedagogical methods are more likely to be advantageous for boys.

There is also a considerable difference between girls and boys in terms of study choices. Women with a secondary vocational qualification are less likely to find employment than men with the same qualification level and nearly half of this disadvantage is attributable to vocational choices. If everyone were employed in the occupation relevant to their vocational qualification, this would result in 16.5 per cent higher expected wages for men with a vocational school qualification and 1.7 per cent higher expected wages for men with an upper-secondary vocational school qualification than for women.

In addition to educational achievement, non-cognitive factors (personality traits) also determine labour market performance. There are considerable differences between boys and girls already in early childhood – usually to the advantage of girls – in the majority of non-cognitive skills, and these skill differences have a significant impact on their school and labour market performance. In recent years, non-cognitive skills have taken on added importance in the labour market, since the spread of automated, computer-controlled and, more recently, AI-controlled production and service systems resulted in the increase in tasks requiring non-cognitive skills, which cannot be replaced by technology. Non-cognitive skills also include preferences, which are impossible to measure experimentally. Furthermore, labour market participation is strongly affected by the health of individuals and therefore an overview of the state of health of Hungarian women is also provided.

Marriage, having children and work-life balance (Chapters 8–9). Differences between the employment of men and women are largely due to events surrounding the birth of their children. The labour supply of mothers with young children is considerably affected by the supply of nursery places and the association between the two at age three of their children is much stronger in Eastern Europe than in Western or Southern Europe. The employment and wages of women start diverging from those of men sooner than the birth of their children, in fact during the years preceding the birth. Unlike mothers in Western Europe, future mothers in Southern and Eastern Europe experience a greater wage disadvantage than women who do not give birth in the following few years. If paid work and household tasks are possible to coordinate better, women do not have to give up as much of their labour market performance because of having children. Coordination is supported by the share of housework between partners. In Southern and Eastern European

countries, including Hungary, women work one to two hours a day more on average in paid work and housework together, while the difference is negligible in Northern and Western Europe.

Discrimination and the institutional setting (Chapters 10–12). Discrimination against women is difficult to prove and measure. When looking at wage data from 1995–2016, measurable discrimination has decreased from 18 to 9–13 per cent and it probably affects older women more. The institutional setting also significantly influences the labour market situation of Hungarian women: the most important measures of the past 10 years include increasing the flexibility of childcare services, introducing the system of family tax credit and investment in nurseries. It should be noted that some employers support the development of family-friendly forms of employment for their employees, while others hinder the utilisation of legally guaranteed benefits. A key element of the institutional setting is the system of public works. Since 2014, women have participated in public works schemes in increasingly larger proportions than men. Pension laws promote the early retirement of women, which reduces their employment rates.

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