

# 2 Gender gaps in the labour market in Hungary

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This chapter provides an assessment of gender employment gaps in Hungary. Building on secondary data from OECD databases as well as original OECD analyses of labour force survey microdata, it describes and discusses gender gaps in paid employment and working hours in Hungary. It also examines related gender gaps, including gender occupational segregation and gender gaps in career attainment, earnings and entrepreneurship. It also gives a closer look at the labour market situation of parents and, specifically, mothers with very young children in Hungary.

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Hungary's labour market has changed sharply in recent years. After large jobs losses and close-to-record-high unemployment during the financial crisis in the late-2000s, employment growth has been exceptionally strong over the past decade or so. Between 2006 (the pre-financial crisis peak) and 2020, the working-age employment rate in Hungary increased by 12 percentage points. This was the second largest gain in the OECD over the period, although a good part of the job growth came from major investments in public works before 2015. Both men and women have gained enormous numbers of jobs over the same years: roughly 292 000 for men, and 180 000 for women. As a result, despite declines in the size of the working-age population, there are now record numbers of both men and women in paid employment in Hungary.

While Hungary has made good progress in employment generally, it has made less progress in closing gender differences in employment. One major reason is that while most groups have seen employment increase since the end of the global financial crisis, other groups – especially some groups of women – have made smaller gains. Older women (55- to 64-year-olds), for example, have seen their employment rates increase at roughly only half the rate of older men, in large part because they are often able to retire earlier than men. Mothers, especially mothers with very young children, are still rarely found in paid work. Yet, according to recent definitional changes in labour market statistics, they can now be counted as employed during parental leave (see Box 2.1).

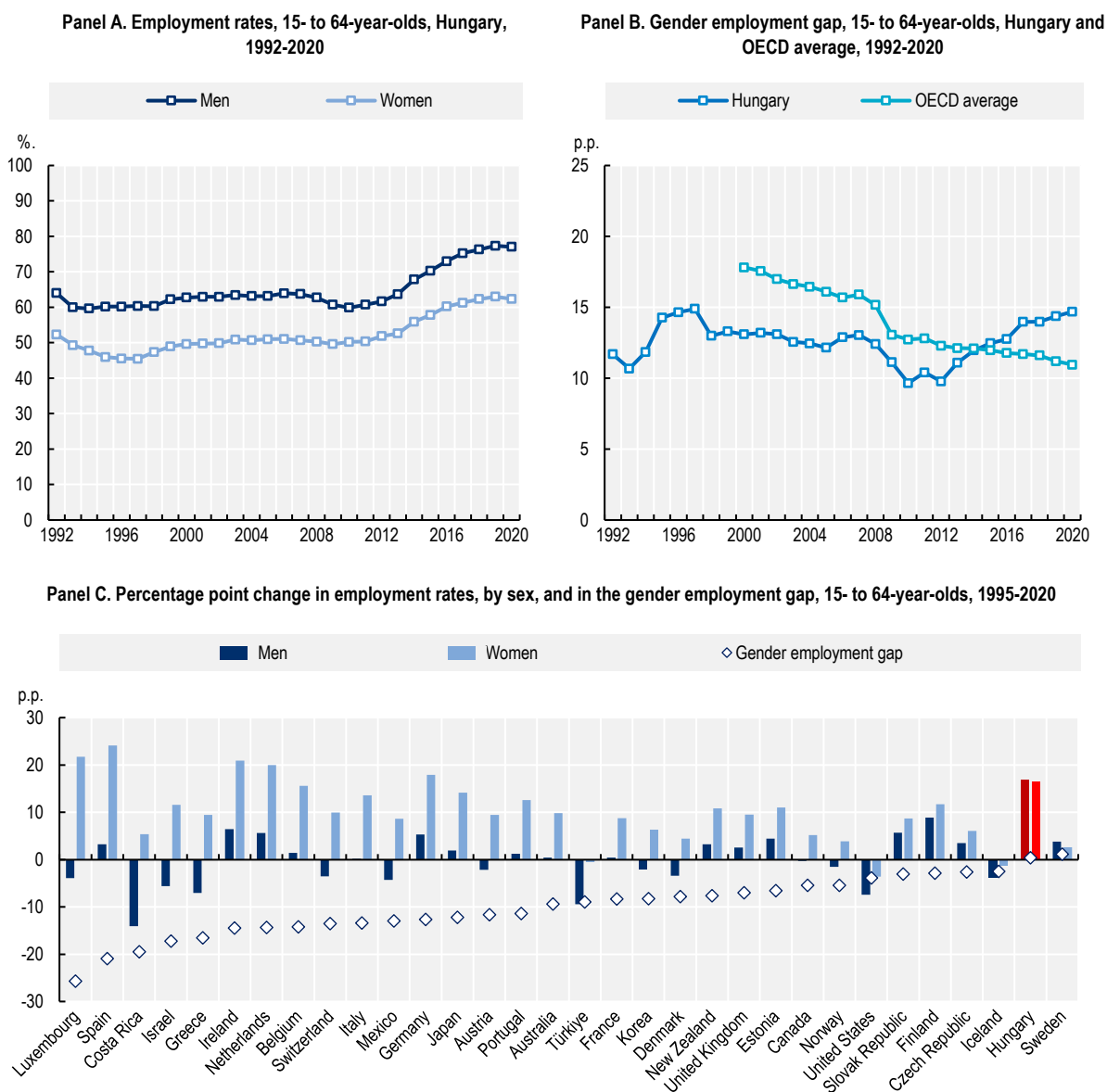
## 2.1. Hungary has made little progress in closing the gender employment gap

In most OECD countries, consistent growth in women's employment, coupled often with stable or declining employment rates among men, has helped gender employment gaps narrow, sometimes substantially (Figure 2.1, Panel C). In Hungary, by contrast, the gender employment gap for working-age (15- to 64-year-olds) men and women has fluctuated around 10-15 percentage points since the introduction of comparable labour market statistics in 1992, dropping below 10 points only briefly following the global financial crisis in the late 2000s (Figure 2.1, Panel B). In recent years, the gap has been growing, partly as a result of men regaining jobs lost during the global financial crisis in the late-2000s. In 2020, Hungary's gender employment gap stood at 14.7 percentage points – well above the OECD average (10.9 points), and the highest recorded since the mid-1990s.

### 2.1.1. Employment rate growth in Hungary has been strong for both men and women

Behind Hungary's stagnant gender employment gap, employment rate growth has been strong, both for men and for women (Figure 2.1, Panel A) (European Commission, 2020<sup>[1]</sup>). Through the 1990s and 2000s there were only limited gains and men's employment was hit particularly during the financial crisis. However, robust output growth, major investments in public works and an increase in employment abroad of people living in Hungary through the 2010s has helped drive strong employment growth, and since 2015 a robust economic growth fuels the demand in the primary labour market. Supply side factors were also strong: first, the pension reform, whereby the rise in the statutory retirement age, cancellation of early retirement options, and the tightening of the conditions of disability retirement increased the effective retirement age and prolonged the number of years at work (Hungarian State Treasury - Ministry of Finance, 2020<sup>[2]</sup>); second, the educational composition of the workforce which improved considerably due to two waves of expansion (increased enrolment in secondary education in the 1960s and increased enrolment in tertiary education in the 1990s).

**Figure 2.1. In contrast to most OECD countries, Hungary has made little progress in closing the gender employment gap in recent decades**



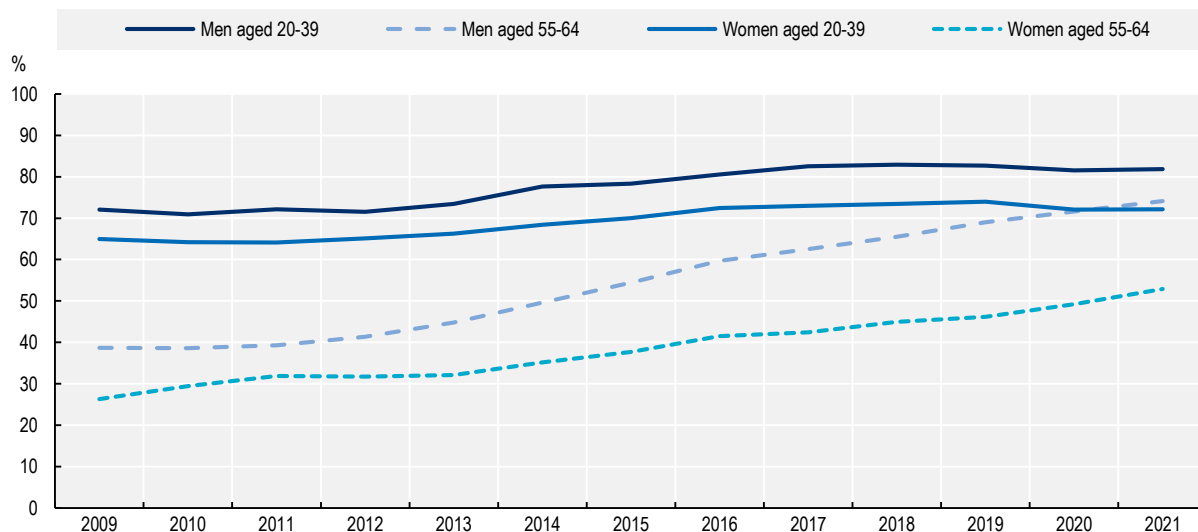
Note: The gender employment gap is defined as the percentage point difference between the male employment rate (15- to 64-year-olds) and the female employment rate (15- to 64-year-olds). Countries shown in Panel C only if data available for both 1995 and 2020.  
 Source: OECD Employment Database, <http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm>.

The most recent national official statistics from 2021 (somewhat inflated because they include women on paid parental leave among the employed, see Box 2.1 for more information), female employment grew steadily between 2012 and 2018, stagnated during 2019-20 and picked up again in 2021 and a similar trend can be observed for men (Figure 2.2). At 72.1%, the employment rate for women aged 20-39 in Hungary in 2021 was 7.2 percentage points higher than in 2009. Similarly, the employment rate for women aged 55-64 (52.9%) was 26.6 percentage points higher than in 2009. However, as male employment grew faster during this period, the gender employment gap increased until 2020. The growth of employment among those aged 55-64 was especially fast for men (from 38.7% to 74.1%), contributing to the widening

of the gender employment gap. Nevertheless, the growth of both women and men's employment rate ranks among the largest gains in the OECD over the period (*OECD Employment Database*).

### Figure 2.2. Employment growth has been strong in Hungary, especially among the population nearing retirement

Employment rate by gender in two cohorts: childbearing (ages 20 to 39) and nearing retirement (ages 55 to 64)



Note: The definition of employment has been modified in 2021 to also include mothers on paid maternity leave (see Box 2.1).

Source: Calculations by the Budapest Institute for Policy Analysis using data from the Hungarian Labour Force Survey, <https://www.ksh.hu/labour>.

Part of the reason for such strong employment rate growth is that, similarly to several other OECD countries in Central and Eastern Europe and the Baltic, the working-age population in Hungary is shrinking. The generations currently entering the labour market are substantially smaller than those leaving, leading to a substantial decline in the number of potential workers. Between 2006 and 2020, the number of working-age men fell by approximately 6%, from 3.3 million to 3.1 million, and the number of working-age women by 10%, from 3.5 million to 3.1 million (*OECD Employment Database*). Population decline accounts for about one-quarter of growth in the male employment rate between 2015 and 2019 (pre-pandemic), and roughly one half of growth in the female rate over the same period.

But raw headcount employment growth has also been strong. Between 2006 and 2020, the number of employed working-age men increased by about 14%, from 2.1 million to 2.4 million. The number of employed working-age women increased by slightly less – just over 10%, from 1.8 million to 2.0 million (*OECD Employment Database*).

#### 2.1.2. Recent changes in light of the COVID-19 pandemic and beyond

There are signs that the labour market has been tightening in recent years. Prior to the COVID-19 crisis, unemployment rates for both men and women sat at their lowest levels since transition (*OECD Employment Database*), and job vacancy rates were high, having more than doubled since 2010 (Eurostat, 2020<sub>[3]</sub>). Private sector wages have also increased considerably in recent years, growing at more than 10% per year between 2017 and 2019 (*OECD Main Economic Indicators Database*). This points towards growing labour supply problems (at least before recent COVID-19-related job losses) and a need to boost labour participation among groups with low labour activity, including parents with young children.

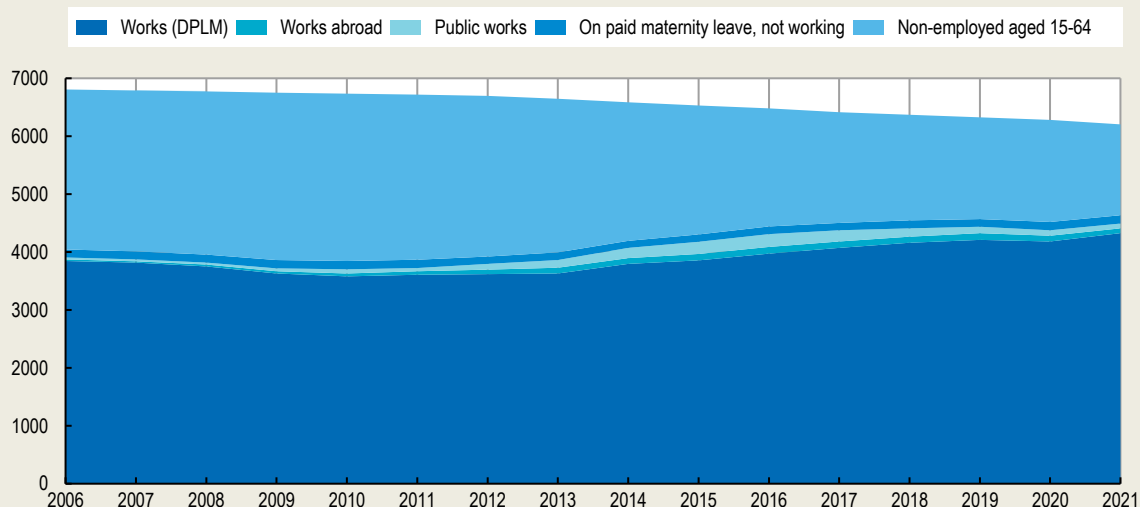
Furthermore, the pandemic had a differential impact on women for several reasons (Köllő and Reizer, 2021<sup>[4]</sup>; Szabó-Morvai and Vonnák, 2021<sup>[5]</sup>; Köllő, 2019<sup>[6]</sup>). Firstly, a higher share of women works in health care, pharmacies, public education, elderly care and other social services. These sectors were under pressure during the pandemic and workers endured longer work hours, irregular shifts, and a higher risk of infection. Also, a higher share of women works in personal services, tourism, catering and retail, affected by layoffs and the prevalence of unregistered employment. Secondly, women were more likely to be expected to look after their children during the lockdown of schools, kindergartens and nurseries (the closure of nurseries was only in force in spring 2020, after which they were in continuous operation, except in the case of individual epidemiological measures). Single parent families (about 12% of families with children, typically headed by women) were especially hard-hit during lockdowns as they were looking after children and earning a living at the same time, often with no help available from grandparents.

### Box 2.1. Change in definition of labour market statistics and its implications

The official aggregated statistics published by the Statistical Office of Hungary are using a new definition of employment introduced in 2021, according to a new EU regulation: in addition to active workers receiving childcare benefits, those who worked before the parental leave, receive job-related income and are guaranteed to return to their previous job are also counted as employed. This counts women on insured parental leave and with a stable job contract among the employed. Official statistics were updated accordingly as of 2009. The calculation of the employment rates based on the new definition improves the total employment rate by about 2 percentage points, and female employment in the age group of 20 to 39 by about 10 percentage points.

### Figure 2.3. Working age population (aged 15 to 64) and total employment in the domestic primary labour market and other sectors

Working age population (age 15-64) and total employment in the domestic primary labour market and other sectors\*, in thousands



Note: \* Other sectors include public works, employment abroad, and paid maternity leave which are all included in official employment statistics as of 2021.

Source: Calculations by the Budapest Institute for Policy Analysis using data from the Hungarian Labour Force Survey, <https://www.ksh.hu/labour>.

Using a narrower definition of employment, including only those who worked at least 1 hour during the reference week provides a more accurate measure of, for instance, the changes induced by the pandemic between 2019 and 2022, which affected job losses as well as actual hours of work of those retaining their jobs.

Three further factors which are unrelated to job creation in the domestic primary labour market also help improve the official employment rate but: the large public works programme (employing 86 700 people i.e. 1.9% of the population in employment in 2021), an important number of people living in Hungary and working abroad (employing 80 475 people, i.e. 1.7% of the population in employment in 2021), and the steady decline in the working age population (from 6.75 million in 2009 to 6.21 million in 2021).

### **2.1.3. Hungary's gender employment gap fluctuates sharply across age groups**

Gender employment gaps often vary with age and across the life course. Women's employment rates in particular tend to fluctuate with age, often because of career interruptions for care and family reasons. In many OECD countries, women frequently take leave while children are young but then return to the workplace; in others, women often still leave employment entirely following childbirth, and either never return or return only on a part-time basis (OECD, 2018<sup>[7]</sup>). Later in life, women are often more likely than men to retire early or to leave work to look after sick or elderly relatives (OECD, 2021<sup>[8]</sup>).

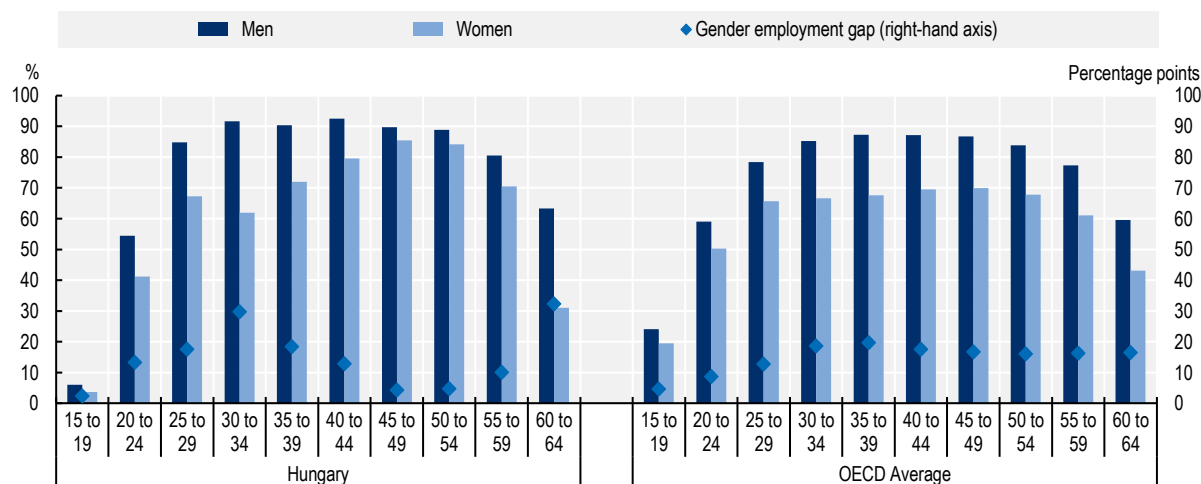
The Hungarian gender employment gap fluctuates more sharply and more strongly with age than in almost all other OECD countries (Figure 2.4). In Hungary, as in many other OECD countries, the gender employment gap starts small but grows as men and women start family formation in their 20s and early-30s. Exceptionally low employment rates for mothers with young children, coupled with the fact that women tend to have their first child slightly younger in Hungary than in many other OECD countries (*OECD Family Database*), means that Hungary's gap grows quickly. In 2020, the gender employment gap for 25- to 29-year-olds stood at 18 percentage points, and for 30- to 34-year-olds at 30 percentage points. This was the fourth widest gap in the OECD for the age group, after the Czech Republic, Mexico and the Republic of Türkiye.

Importantly, Hungary's gender employment gap narrows considerably as men and women move into their 40s and early 50s (Figure 2.4). To a large extent, this can be explained by many mothers moving back into employment as their children enter pre-primary and especially primary school at age 6: in 2020, Hungary had the fourth highest employment rate for mothers with a youngest child aged 6-14 in the OECD (Figure 2.5). At 84%, women's employment rates actually peak at age 45-49. The result is an almost negligible gap in employment for men and women in their late 40s (just 4 percentage points for 45- to 49-year-olds in 2020) and early 50s (5 percentage points for 50- to 54-year-olds in 2020).

Similar to many other OECD countries, Hungary's gender gap widens again as men and women approach retirement (Figure 2.4). While it is common for both men's and women's employment rates to fall as they move into their late-50s and early-60s, women's rates usually fall slightly quicker. In Hungary, women's employment declines particularly quickly: in 2020, the employment rate for 60- to 64-year-old women stood at just 31%, more than 50 percentage points below the rate for 50- to 54-year-old women (84%). Despite declines in men's employment, this contributes to sharp growth in the gender employment gap for men and women in their late-50s and early-60s. In 2020, the gap for 60- to 64-year-olds stood at 32 percentage points – the sixth widest in the OECD for the age group, and wider than for any other age group in the country.

**Figure 2.4. Hungary's gender employment gap grows, shrinks and grows again with age**

Employment rates by sex and five-year age group, and the gender employment gap by five-year age group, Hungary and OECD total, 15- to 64-year-olds, 2020



Note: The gender employment gap is defined as the percentage point difference between the employment rate for men and for women for each five-year age group. "OECD total" refers to the population-weighted average across OECD countries.

Source: OECD calculations based on the OECD Employment Database,

<http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm>.

One major reason why Hungary's gender employment gap grows so quickly as men and women move into their late-50s and early-60s is that, in Hungary, women are often able to retire earlier than men. In 2011, the government abolished all forms of early retirement, with the exception of women with 40 years or more service. Under the "Women 40" programme, all women (regardless of age) who stop working and have at least 40 years of eligibility can receive a full pension without penalties. Importantly, periods spent in receipt of several child-related benefits (including maternity and parental leave benefits) count towards eligibility; the minimum period of gainful activity is 32 years, or 30 years if the woman is in receipt of Hungary's nursing benefit (paid to those caring for ill or disabled relatives) (OECD, 2021<sup>[8]</sup>). Men have no access to this programme, and must wait until they reach the standard retirement age of 65 before they can access the full pension. Depending on the age of entry into the labour market, this allows women to retire potentially several years earlier than men (OECD *Employment Database*; OECD *Statistics on Average Effective Age of Retirement*).

Equalising the retirement ages of men and women has been a main trend across the OECD. In half of OECD countries, the normal retirement age has been the same for men and women, at least for people born since 1940. Most of the countries where there was a gender difference, either have already eliminated it or are in the process of eliminating it. Only Hungary, Israel, Poland, Switzerland and the Republic of Türkiye will maintain a lower retirement age for women now entering the labour market, legislations, although the Republic of Türkiye will phase out the gender difference for those entering the labour market in 2028 (OECD, 2019<sup>[9]</sup>).

## 2.2. Gender employment gaps are wider among parents than among those without children

Across OECD countries, childbirth and parenthood represent an important breakpoint in many women's careers. In many countries, gender employment gaps among childless men and women are nominal or

only small (Figure 1.1). However, this changes sharply once children arrive. Despite the many changes made to men’s and women’s roles at work and at home over the past half-century or so, it is often still women who take the bulk of leave following childbirth, who reduce their hours when children are young, and who adjust their patterns of paid work more generally to fit their family and care commitments.

Parenthood has a particularly sharp impact on women’s employment in Hungary. Almost all new mothers in Hungary make use of the country’s lengthy parental leave scheme, allowing them to stay out of paid work until the child turns three. During the first two years of the child, this applies as much to highly educated mothers as it does to less educated mothers. Although some differences are observed when the child turns two, Hungary has the second lowest share of mothers that are employed and at work in the OECD when children are under age three.

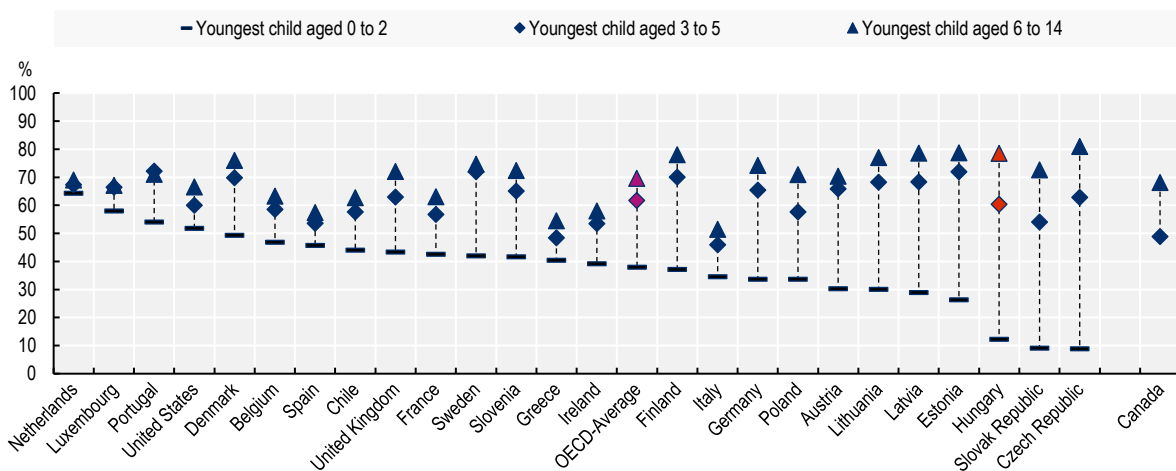
### 2.2.1. Very few mothers with very young children participate in paid work

In Hungary, the rate of mothers (aged 25-49) with very young children (age 0-2) participating in paid work was 18.9% in 2021 and 23.2% in the first quarter of 2022 (based on the old Central Statistical Office calculation methodology), and was 75% in 2021 and 78.7% in the first quarter of 2022, calculated according to the new Central Statistical Office methodology.

Across OECD countries with comparable data, Hungary has the third lowest “at work” rate for women aged 15 to 64 with a youngest child aged 0-2 (12.3%), after only the Slovak and the Czech Republics (9.1% and 8.9%) (Figure 2.5).

**Figure 2.5. In Hungary, very few mothers with very young children are at work**

At-work rates for women (15- to 64-year-olds) by age of youngest child, 2020 or latest year available



Note: Data for Chile refer to 2017 and to 2019 for the United Kingdom. The “at-work” rate includes only those who did at least one hour of work for pay or profit during the survey reference week. It differs from the employment rate in that it excludes those who are employed but absent from work during the survey reference week. For Canada and the United States, data refer to mothers with children aged 0 to 17. For Canada, the child age groups are 0 to 5 and 6 to 17, and for the United States 0 to 2, 3 to 5 and 6 to 17.

Source: OECD estimates based on the EU Labour Force Survey, <https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey>, the Canadian Labour Force Survey, <https://www.statcan.gc.ca/eng/survey/household/3701>, the Chilean Encuesta de Caracterización Socioeconómica Nacional (CASEN), <http://observatorio.ministeriodesarrollosocial.gob.cl/index.php>, and the U.S. Current Population Survey, <https://www.census.gov/programs-surveys/cps.html>.

Estimates based on the European Labour Force Survey show that, differently from most OECD countries, in Hungary single mothers with very young children are almost as likely to be employed and at work than



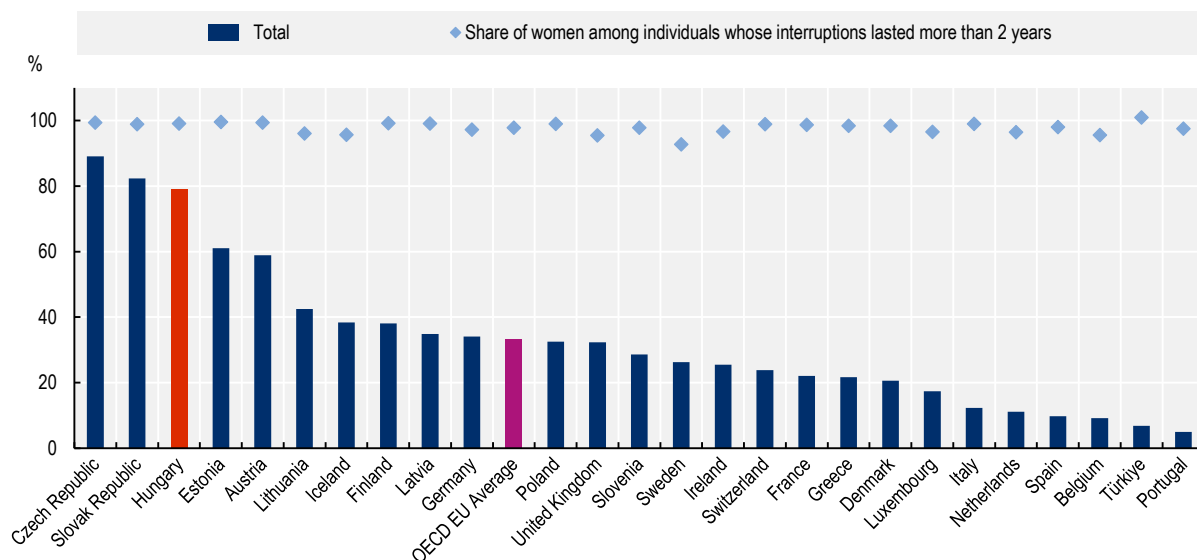
partnered mothers with very young children. One possible reason might be that, together with children from other disadvantaged backgrounds, the children of single parents are given priority access to nursery institutions in Hungary (European Commission/EACEA/Eurydice, 2019<sup>[10]</sup>), helping their parents access paid work.

Fathers' employment patterns tend to be much more stable following childbirth. Many fathers take a short period of paid leave directly after childbirth, but this normally lasts only for a few days or a few weeks at the most. After this, almost all fathers in almost all OECD countries return to full-time work and stay in full-time work as their children grow up. In Hungary, the overwhelming majority of fathers with a youngest child age 0-2 are engaged in paid work (in 2020, 88% were both employed and at work during the survey reference week) (Figure 2.6).

In Hungary, during the pandemic, employment tended to fall more among mothers with children aged 4-6, suggesting that this was mainly due to disruptions in the availability of formal childcare (see Section 5.2). For mothers with children aged two, the drop in 2020 was smaller and employment picked up to exceed its pre-pandemic level in 2021. A reason for this may be that mothers with small children is a selected group: they include mothers that are better educated and work in occupations for which home office is feasible. As discussed in Section 6.1.1, the increase in the share of telework was highest in this group in 2020.

### Figure 2.6. Hungarian mothers are much more likely than fathers to have lengthy career interruptions

Share of individuals whose work interruption lasted more than two years among adults in childbearing age with work interruption to take care of their child(ren)



Source: Eurostat: Population with work interruption for childcare by duration of interruption and educational attainment level [lfs0\_18stlened], [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfs0\\_18stlened&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfs0_18stlened&lang=en).

### 2.2.2. Most mothers in Hungary have returned to paid work by the time their child is three

In most OECD countries, the share of mothers in paid work increases as children move out of toddlerhood at about age three. By this point, standard statutory full-time paid leave has usually expired and, in many OECD countries, families have gained a statutory entitlement to a place in pre-primary education for their

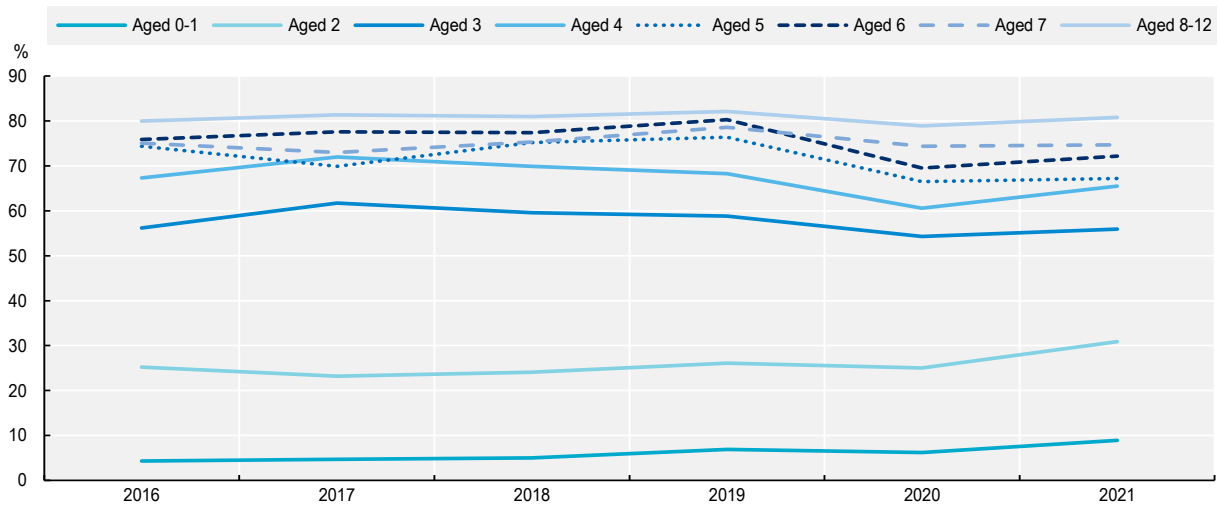
child, often free-of-charge or heavily subsidised by the government. In 2020, on average across OECD countries, 61.7% of mothers with a youngest child aged 3 to 5 were employed and at work (Figure 2.5).

Hungary had the third largest share of mothers that interrupt their employment careers for more than two years (81%) in 2018, just after the Czech and the Slovak Republics (90 and 83%, respectively). Up to age one, less than 10% of mothers work. At age two, about 25% are in employment (Figure 2.7), reflecting higher educated mothers' economic incentives to go back to work when the better-paid GYED benefit is over (see Section 2.2.3 below).

The majority of mothers move back into work when their child turns three, which is when compulsory kindergarten begins (since 2015). In 2020, as many as 60.4% of mothers in Hungary with a youngest child age 3 to 5 were employed and at work – approximately 48 percentage points higher than the rate for mothers with a youngest child age 0 to 2. For most parents, parental leave ends on the child's third birthday.

**Figure 2.7. The majority of mothers in Hungary are at work when their child is three**

Maternal at-work-rates by age of youngest child



Note: At-work-rates are used rather than employment rates, because since a modification in 2021, also mothers on parental leave can be considered employed (see Box 2.1 for more information). Data is weighted.

Source: Calculations by the Budapest Institute for Policy Analysis using data from the Hungarian Labour Force Survey, <https://www.ksh.hu/labour>.

### **2.2.3. Education plays a role in mothers' return to work mainly when the child reaches two years of age**

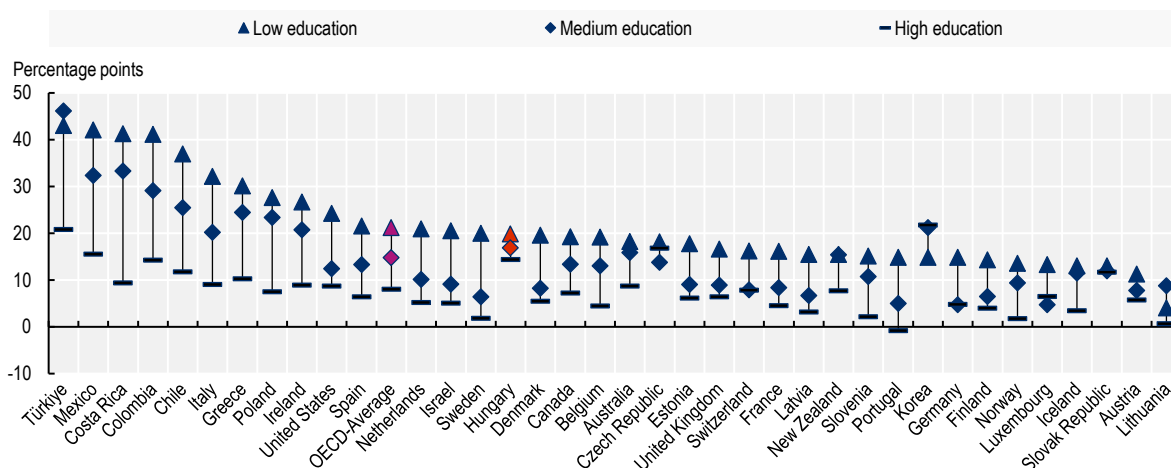
*The overall gender employment gap in Hungary does not vary much with education*

Gender employment gaps tend to vary with education and skill levels. In most OECD countries, gender employment gaps are smallest among men and women with higher levels of education. In 2020, on average across OECD countries, the employment gap for highly educated men and women stood at 8 percentage points, compared to a 21-point gap for men and women with low levels of education (Figure 2.8). In some countries, such as Lithuania, Norway, Slovenia and Sweden, the gender employment gap for highly educated men and women was less than 3 percentage points, while it is even negative for

Portugal. These days, in many OECD countries, tackling the gender employment gap mostly means tackling the employment gap among less educated men and women.

### Figure 2.8. In Hungary, the gender employment gap for low-educated men and women is not much bigger than the gap for high-educated men and women

Gender employment gap, by level of education attained, 25-64 year-olds, 2020 or latest year available



Note: Data for Chile refer to 2017, and data for Denmark and Türkiye refer to 2019. Education levels based on the ISCED 2011 classification system. “Low education” corresponds to a highest level of educational attainment at ISCED 2011 levels 0-2 (early-childhood education, primary or lower secondary education); “medium education” reflects a highest level of educational attainment at ISCED 2011 Levels 3-4 (upper secondary and post-secondary non-tertiary education); and “high education” corresponds to a highest level of educational attainment at ISCED 2011 Levels 5-8 (short-cycle tertiary education, bachelor or equivalent, master or equivalent, doctoral or equivalent). The gender gap is the percentage point difference between men and women.

Source: OECD Education Database, <https://www.oecd.org/education/database.htm>.

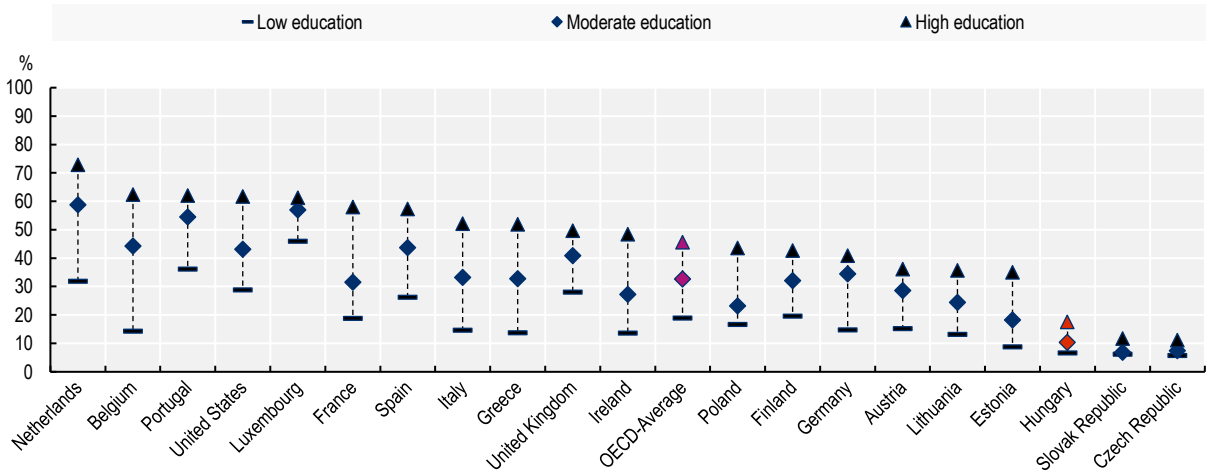
In Hungary, however, differences in the size of the gender employment gap across education levels are relatively small. In 2020, gender employment gaps in Hungary were greater than 10 percentage points across all levels of education, with the gap for men and women with low education (20 percentage points) slightly lower than the OECD average, and the gap for men and women with high education (14 percentage points) well above the average. The difference *between* levels of education in the size of the gender employment gap was among of the smallest in the OECD, similarly to several other OECD countries in central and eastern Europe (e.g. Austria, the Czech Republic and, especially, the Slovak Republic). The sections below look specifically at gaps focusing on the sub-group of mothers of young children.

#### *Differences in mothers’ return to work by level of education in Hungary become evident from the second year of the child*

On average across OECD countries, 47.2% of highly-educated mothers with a youngest child age 0-2 are employed and at work, compared to 20.5% of low-educated mothers (Figure 2.9). In Hungary, by contrast, highly educated mothers with very young children are only slightly more likely to be employed and at work than their low educated counterparts, and this gap has been closing over time.

**Figure 2.9. In most OECD countries, but less so in Hungary, highly educated mothers tend to return to work quickly**

At-work rates for women with at least one child age 0-2, by education level, 15- to 64-year-olds, 2020 or latest year available



Note: Data for Lithuania and the United Kingdom refer to 2019. The “at-work” rate includes only those who did at least one hour of work for pay or profit during the survey reference week. See the notes to Figure 2.5 for more details on the “at-work” rate and Figure 2.8 for more details on education levels.

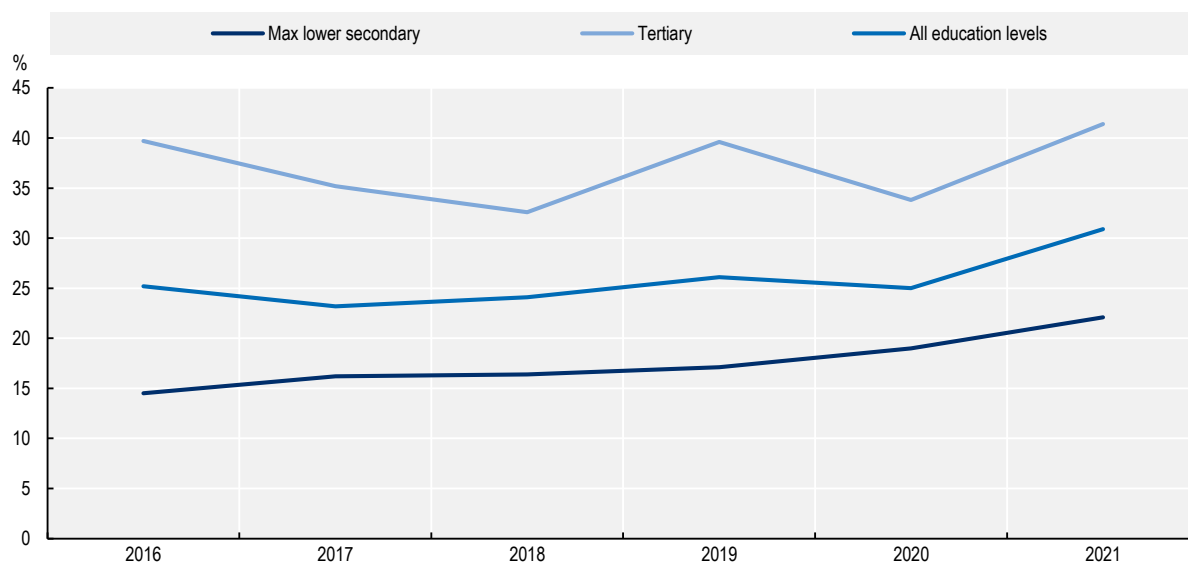
Source: OECD estimates based on the EU Labour Force Survey, <https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey>, and the U.S. Current Population Survey, <https://www.census.gov/programs-surveys/cps.html>.

In Hungary, the educational divide in at-work rates of mothers becomes evident from the child’s second birthday. In this age group, mothers with tertiary education are about twice as likely to work as mothers with lower secondary education or less (Figure 2.10). The higher employment rate of better educated mothers contributed to the overall increase via the rise in the share of mothers with tertiary education (from 34 to 42% in five years).

Once the youngest child turns three, much of the growth in at-work rates is driven by highly educated mothers moving back into work. In Hungary, in 2020, the at-work rate for highly educated mothers with a youngest child age 3 to 5 stood at 73.5%, slightly above the OECD average (71.0%). Their less educated counterparts are much less likely to return to work: in 2020, 30.9% of low educated mothers with a youngest child age 3 to 5 were employed and at work, below the OECD average (34.4%) (Figure 2.11).

**Figure 2.10. Highly educated mothers with young children are almost twice as likely to be in paid work as those with a lower secondary diploma**

At-work-rates of mothers with children aged 2, by level of education

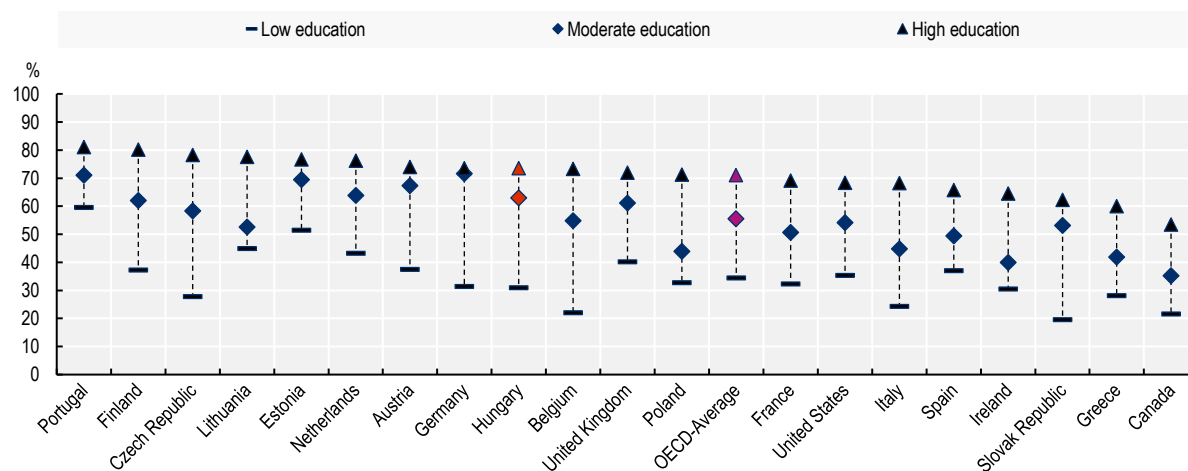


Note: At-work-rates are used rather than employment rates, because since a modification in 2021, also mothers on maternity leave are considered employed (see Box 2.1 for more information).

Source: Calculations by the Budapest Institute for Policy Analysis using the Hungarian Labour Force Survey, <https://www.ksh.hu/labour>.

**Figure 2.11. Highly educated mothers in Hungary return to work in large numbers once children enter pre-primary education at age three**

At-work rates for women (15- to 64-year-olds) with at least one child age 3-5, by education level, 2020 or latest year available



Note: Data for the United Kingdom refer to 2019. The “at-work” rate includes only those who did at least one hour of work for pay or profit during the survey reference week. See the notes to Figure 2.5 for more details on the “at-work” rate and Figure 2.8 for more details on education levels.

Source: OECD estimates based on the EU Labour Force Survey, <https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey>, and the U.S. Current Population Survey, <https://www.census.gov/programs-surveys/cps.html>.

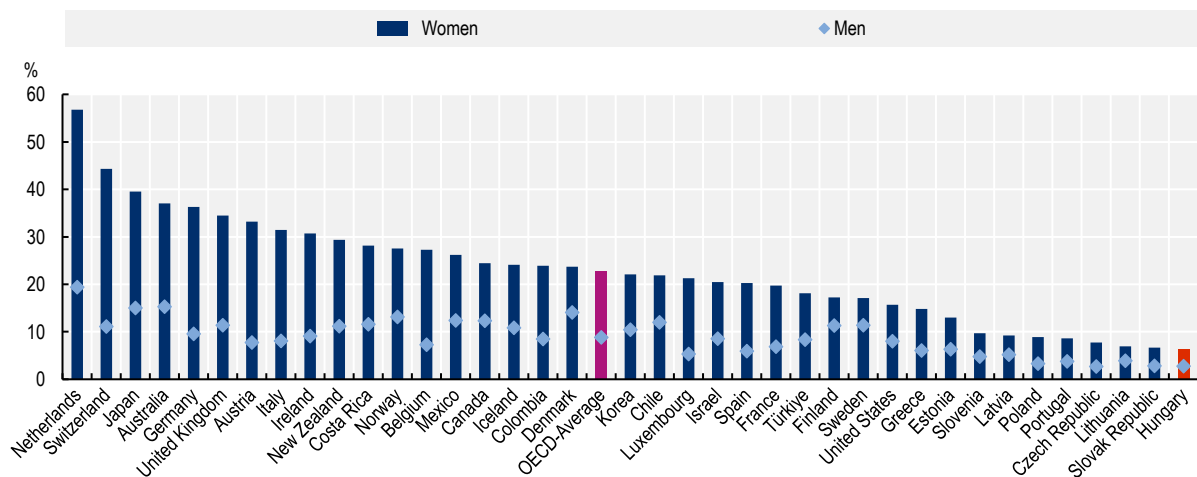
### 2.3. Once employed, women work almost as many hours as men

Compared to many other OECD countries, Hungary's gender gap in working hours is small. On average, in 2020, employed men in Hungary usually worked 39.8 hours per week, and employed women 38.6 hours per week (*OECD Employment Database*). The gender gap – 1.2 hours per week – was the second smallest in the OECD, behind only Lithuania and far lower than the OECD average gap (5.1 hours per week).

A key reason is that, in contrast to many other OECD countries, very few women workers in Hungary work part-time (Figure 2.12). This is true for men workers as well. In 2020, as few as 6% of employed women in Hungary, and just 3% of employed men, usually worked part-time. These rates have remained largely stable for the past few decades (*OECD Employment Database*).

**Figure 2.12. Part-time employment is very uncommon in Hungary**

Part-time employment as a percentage of total employment, by sex, all ages, 2020 or latest year available



Note: Part-time employment is defined as usual weekly working hours of less than 30 hours per week in the main job. For the United States, data refer to dependent employees only. For Australia, Finland, Iceland, New Zealand, Norway and the Republic of Türkiye, data refer to usual weekly working hours in all jobs. For Japan and Korea, data refer to actual weekly working hours in all jobs. Data for Australia and Germany refer to 2019.

Source: OECD Employment Database, <http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm>.

One common explanation for the continued scarcity of part-time work in Hungary is that wages are too low to make part-time work viable and worthwhile (Koncz, 1996<sup>[11]</sup>; Cazes and Nesporova, 2004<sup>[12]</sup>; Fazekas and Szabó-Morvai, 2019<sup>[13]</sup>). In contrast to many countries in Western and Northern Europe – where high wages can allow second-earners in particular to work reduced hours – the comparatively low wages on offer in Hungary (and other countries in Eastern Europe and the Baltic) mean that households can rarely afford for one (or both) earners to switch to part-time work. As a result, few workers in Hungary actually want to work part-time. The GYED Extra Programme launched by the government in 2014 contributes to address this issue: by upholding the GYED benefit for those parents returning to the labour market making, it makes part-time employment a more viable option from a household income perspective.

#### **2.3.1. Women in Hungary still often work in different jobs and different industries to men**

In Hungary, as in other OECD countries, men and women often still work in different sectors, industries, and areas of the economy. As elsewhere, employed women in Hungary are heavily over-represented in

the service sector: in 2019, more than three-quarters (77%) of employed women were employed in services, compared to just over half of employed men (52%) (*OECD Gender Data Portal*). In terms of specific sectors, women in Hungary make up a particularly large share of workers in the retail industry (63%), in health care (74%) and residential care (86%), in education (77%), and especially in social work (89%) (ILO, 2020<sub>[14]</sub>). They also make up a disproportionate share (60%) of public sector workers (*OECD Gender Data Portal*).

Women in Hungary also tend to do different *types* of jobs to men. Previous analysis by the OECD shows that Hungary has some of the highest levels of gender occupational segregation in Europe, with employed women much more restricted in the types of job they do than employed men (OECD, 2017<sub>[15]</sub>). Employed women in Hungary make up a disproportionate share of service and sales workers (6%), and of clerical workers (74%) (ILO, 2020<sub>[14]</sub>). These are both typically medium-skill occupations. They also make up a large share of workers in certain low-skill elementary occupations, such as cleaning (87%). By contrast, employed men make up a disproportionate share of workers in several higher-skill occupations, including as science and engineering professionals (76%) and as ICT professionals (88%), as well the majority of managers (see below). This under-representation of women in science, engineering and ICT roles is likely linked at least in part to the under-representation of women among tertiary graduations in subjects linked to these careers.

### **2.3.2. Women make up a relatively large share of managers in Hungary, but still struggle to make it to the very top**

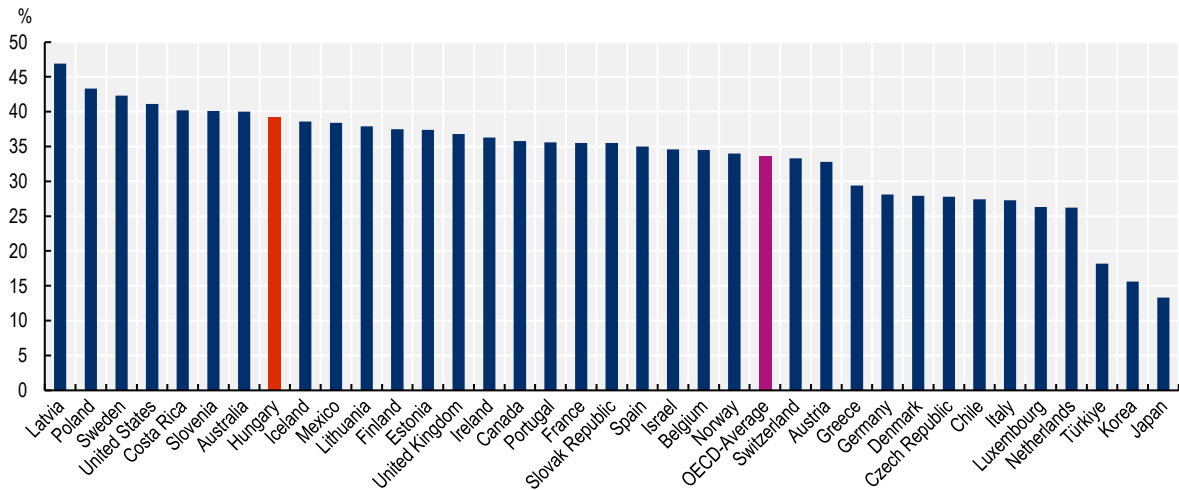
The work interruptions and concessions that women make for family reasons often lead to attrition in the number of women who advance to management positions. The “leaky pipeline” to top jobs has contributed to women making up only about one-third of managers, on average across OECD countries. Women are also far less likely than men to sit on boards of private companies or to make it to executive positions: in 2019, on average across OECD countries, they made up just 25% of seats on boards of the largest public companies (*OECD Gender Data Portal*).

Despite high levels of occupational segregation, women in Hungary tend to fare better than their peers in many other OECD countries at attaining management positions. In 2020, 39% of managers in Hungary were women (Figure 2.13). This was well above the OECD average for the same year (34%), and the eighth highest share in the OECD, behind only Australia, Costa Rica, Latvia, Poland, Sweden, Slovenia and the United States.

However, they often face greater difficulties in reaching top leadership positions. In 2021, women held only 9% of seats on boards of the largest public companies in Hungary (*OECD Gender Data Portal*). This was one of the lowest shares in the OECD, behind only Estonia and Korea. In 2019, women also made up 18% of executives in Hungary’s largest public companies – about average for EU member states, but lower than in some other countries, such as Latvia (31%), Lithuania (30%), Slovenia (25%) and Sweden (24%) (EIGE, 2020<sub>[16]</sub>).

**Figure 2.13. Almost 40% of managers in Hungary are women**

Share of managers that are women, 2020 or latest available



Note: Data for the United Kingdom refer to 2019, data for Israel refer to 2017. The OECD average excludes Colombia and New Zealand.  
Source: OECD Employment Database, <http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm>.

### **2.3.3. Hungary's gender earnings gap is relatively narrow at the median, but widens higher up the pay scale**

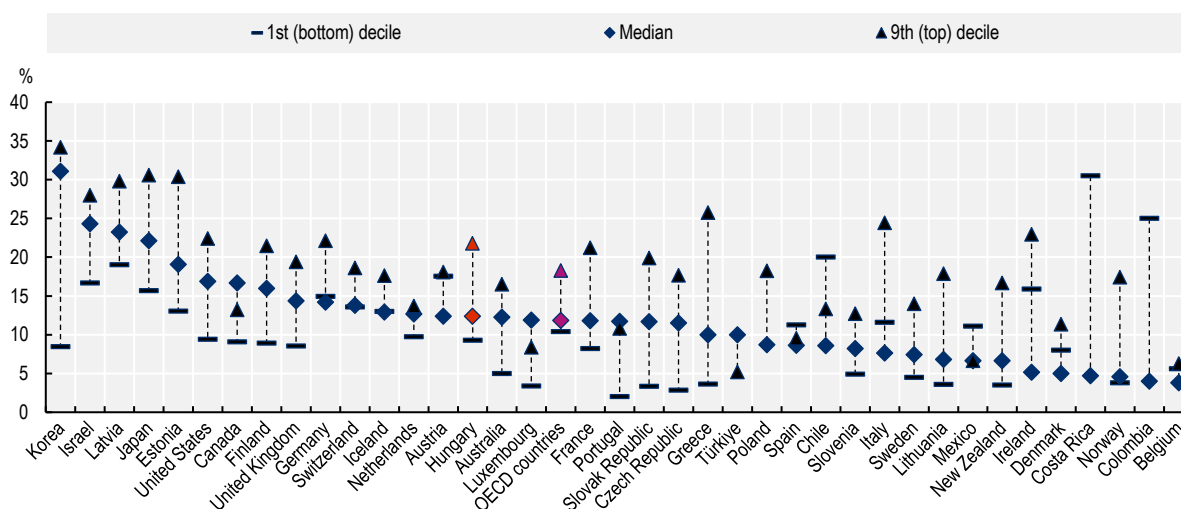
Across OECD countries, and across the globe, women continue to earn less than men. Together with discrimination, gender differences in education, working hours, employment histories, job and employer characteristics, and preferences all contribute to employed women earning, on average, lower wages than employed men (OECD, 2017<sup>[15]</sup>).

Compared to other OECD countries, Hungary has a relatively narrow gender gap in median earnings (Figure 2.14). At 12.4% in 2020, Hungary's gender gap in median earnings is slightly above the OECD average (11.8%), and far lower than in countries such as Korea (31%), Israel, Japan and Latvia (22% to 24%). Similar to several other OECD countries, Hungary almost sees no difference between the gender differences in earnings at the bottom end and at the median of the earnings distribution.



**Figure 2.14. The gender gap in median earnings is comparatively narrow in Hungary, but the gender gap at the top end of the earnings distribution is wide**

Gender earnings gap at the 1st decile, at the median, and at the 9th decile, full-time employees, 2021 or latest



Note: The gender wage gap is unadjusted, and is calculated as the difference between the earnings of men and of women relative to the earnings of men. Estimates of earnings used in the calculations refer to gross earnings of full-time wage and salary workers. However, this definition may slightly vary from one country to another; see the OECD Employment Database and the individual country metadata data available in OECD.Stat (<http://stats.oecd.org/index.aspx?queryid=64160>) for more detail. Data for Australia, Austria, Chile, Denmark, Finland, Germany, Greece, Poland, Portugal, Sweden and Switzerland refer to 2020; data for Belgium, Colombia, Estonia, Ireland, Israel, Italy, Latvia and Lithuania refer to 2019; data for Costa Rica, France, Iceland, the Netherlands, Slovenia, Spain and Türkiye refer to 2018; and data for Luxembourg refer to 2014. For Australia data at the bottom and the top deciles refer to 2018. The OECD average at the bottom decile excludes Poland and Türkiye, and the OECD average at the top decile excludes Colombia and Costa Rica.

Source: OECD Employment Database, <http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm>.

However, much more than in other OECD countries, Hungary's gender earnings gap widens towards the higher end of the pay scale (Figure 2.14). In Hungary in 2020, the gender earnings gap at the ninth decile stood at 21.8%. This was much wider than the OECD average gap (18.3%), but not as substantial as in Korea (34.2%) and Israel, Japan and Latvia (28% to 31%). Part of the reasons behind the gender pay gaps in Hungary may lie in its relatively high level of sectoral segregation, with women disproportionately likely to work in industries and sectors (e.g. education, social work) where even the earnings of the highest earners are limited. But part may also lie in the extended periods women often spend out of work following child birth, which hampers career progress and may lead to a reluctance among employers to invest in the careers of young women (OECD, 2019<sub>[17]</sub>).

To tackle the gender wage gap, countries have promoted policies addressing discrimination and promoting equality in pay and employment opportunities (Das and Kotikula, 2018<sub>[18]</sub>; OECD, 2020<sub>[19]</sub>). About half of OECD countries require pay gap reporting and/or auditing by private sector firms (Box 2.2). Yet, Hungary has not yet implemented a mandatory gender pay gap reporting and/or pay gap audit system to help police equal pay between men and women. Changes may be expected as the European Commission has proposed a Directive to strengthen the application of the principle of equal pay for equal work between men and women (COM/2021/93 final) (European Commission, 2021<sub>[20]</sub>).

In 2020 Hungary introduced a personal income tax exemption for mothers with four or more children for their entire career. This measure benefits 50 000 mothers and is promoted by the government an example of the social recognition of motherhood.

### Box 2.2. Pay transparency and reporting measures

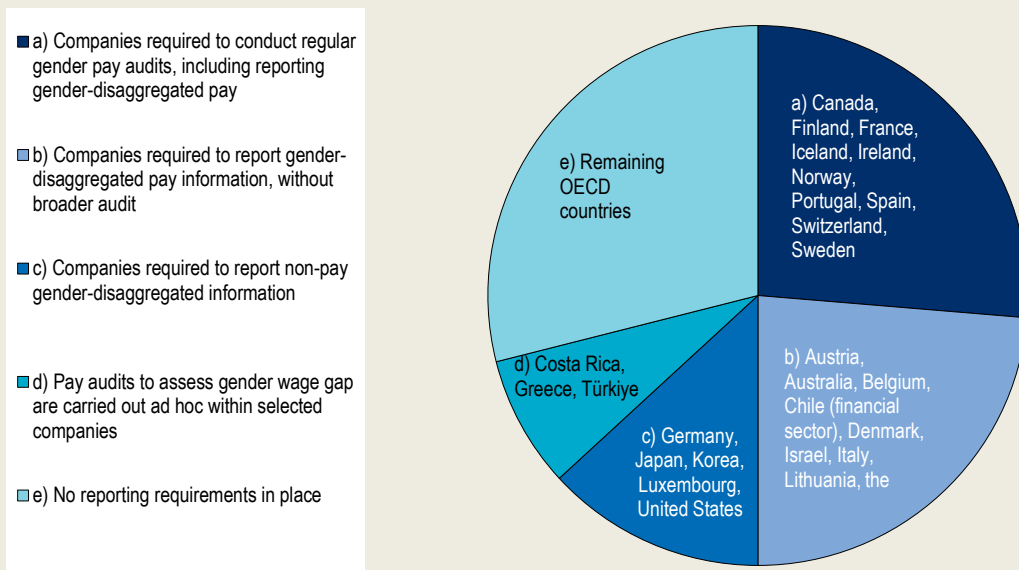
Half of OECD countries use job classification systems in the public and/or private sector while ten countries mandate that job classification systems, when they are used, be gender-neutral. This is an attempt to correct for gender biases in job valuations that can exacerbate pay disparities. Gender-neutral job classification systems are often embedded in more detailed equal pay auditing processes, suggesting they may become more widespread if auditing becomes more common.

Half of the OECD countries mandate systematic, regular gender pay gap reporting by private sector firms (OECD, 2021<sup>[21]</sup>). This can entail calculating and reporting a range of different wage gap statistics, including the simple average or median wage gap. These results would subsequently be shared with stakeholders such as workers, their representatives, a government agency, and the public, typically every one or two years. Reporting requirements are typically determined by company size. Mandatory reporting is most common for medium to large companies with 30-50 employees or more. Penalties for non-reporting include restrictions on government tenders, publicly publishing individual firms' publishing history, and the possibility of fines – but many countries do not closely monitor compliance (OECD, 2021<sup>[21]</sup>).

Ten OECD countries have implemented comprehensive equal pay auditing processes. Equal pay audits require additional gender data analysis and typically propose follow-up strategies to address inequalities. Audits typically require an analysis of the proportion of women and men in different positions, an analysis of the job evaluation and classification system used, and detailed information on pay and pay differentials based on gender.

### Figure 2.15. Half of the OECD countries mandate systematic, regular gender page gap reporting by private sector firms

Distribution of countries by the presence of regulations requiring private sector pay reporting, pay auditing, or related measures, OECD countries, 2021



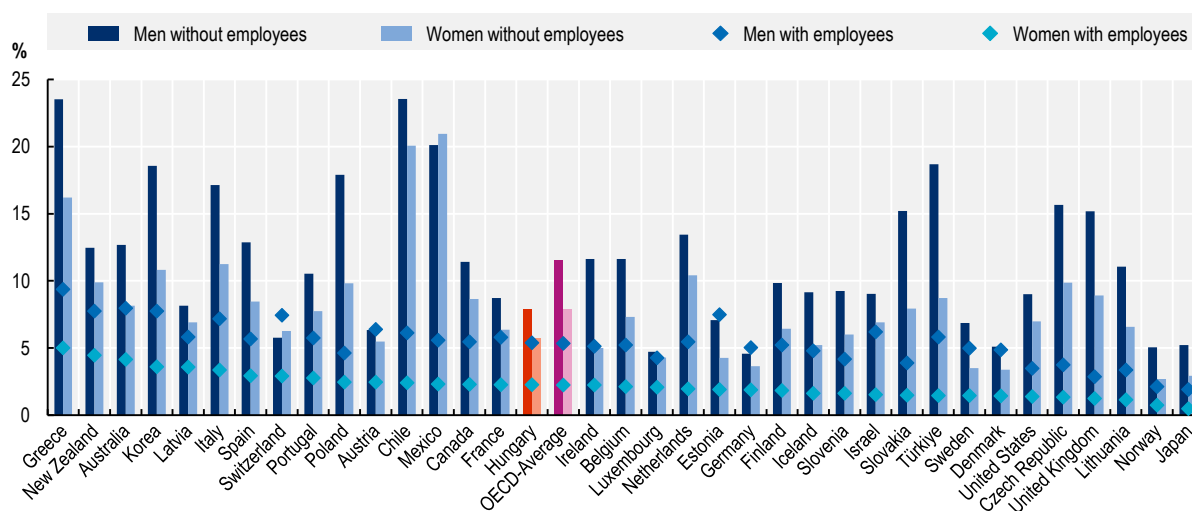
Source: OECD (2021<sup>[21]</sup>), *Pay Transparency Tools to Close the Gender Wage Gap*, <https://doi.org/10.1787/eba5b91d-en>.

## 2.4. In Hungary, entrepreneurship is less common among women than among men

Despite some progress over past years, a gender gap remains throughout the entire entrepreneurship pipeline across the OECD. Women continue to be less likely than men to create a business or to be working on a new start-up, to operate an established business or be self-employed. In 2020, on average 16.9% men were self-employed and only 10.1% of the female population (Figure 2.16). At 5.3 percentage points, the gap in Hungary is slightly smaller than the OECD average (6.7 percentage points). Behind this, a much smaller share of men and women are actually self-employed: 13.2% of men and 8.0% of women. Specifically self-employed women with employees are an underrepresented group across the OECD and in Hungary (2.2% and 2.3%, respectively).

**Figure 2.16. Women are less likely to be self-employed than men in Hungary**

Population who is self-employed, with and without employees, 2020 or latest available



Note: Data for Canada, Japan and New Zealand refer to 2021, data for the Republic of Türkiye and the United Kingdom refer to 2019, data for Australia, Chile, Korea and Mexico refer to 2017, and data for Israel refer to 2016. The OECD average excludes Colombia and Costa Rica. Source: OECD Gender Data Portal, Entrepreneurship, <https://www.oecd.org/gender/data/entrepreneurship/>.

Self-employment is not always the most desired choice for workers (OECD, 2021<sup>[22]</sup>). Indeed, between 2012 and 2016, almost a third (28.0%) of Hungarian entrepreneurs reported not having other opportunities in the labour market and having started their business out of necessity, slightly above the EU average (22.1%). Women (36.5%) and seniors (40.1%) were particularly disadvantaged as compared to the EU averages (24.2% for women and 25.5% for seniors) (OECD, 2022<sup>[23]</sup>).

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