

1 An overview of policy options to reduce the gender employment gap in Hungary

This chapter provides an overview of the key issues covered in the report. It illustrates the gender gaps in labour market statistics and considers issues related to gender roles in families with very young children in Hungary. It then presents an overview of key Hungarian policies related to leave around childbirth, early childhood education and care services and flexible working arrangements, and complements it with selected international policy examples. This is followed by a series of policy recommendations in these three areas that could support a reduction of the gender employment gap in Hungary, with a special focus on the labour market attachment and participation of mothers of young children. The last section presents the methodology and structure of the report.

In Hungary, as in many other OECD countries, women's patterns of paid work continue to look very different to men's. While employment of both men and women increased since the global financial crisis, women in Hungary are still much less likely than men to be in paid work. In 2020, about 62% of working-age (15- to 64-year-old) women were in employment, compared to 77% of working-age men. Once in work, employed women in Hungary still often work shorter hours than men even though the gender working hours gap is only small. They also often find themselves working in different sectors and occupations, with fewer opportunities for career progression, and earning less than employed men.

In contrast to many other OECD countries and despite a series of recent policy reforms, in Hungary the gender employment gap – the gap between the employment rates for men and women – has widened slightly over the past 15 years. At 14.7 percentage points in 2020, the gap in Hungary is wider now than at any point since the mid-1990s, and it widens more sharply around the childbearing years than in most other OECD countries. However, in 2021, the recorded women's employment rate increased by 6 percentage points to 68% reducing the gender employment gap to just below 10%. In large part, this reduction was simply due to a definitional change in the European Labour Force Statistics applied from 1 January 2021 onwards – counting those who worked before the parental leave, receive job-related income and are guaranteed to return to their previous job as employed, in addition to active workers receiving childcare benefits.

One major reason for Hungary's persistent gender employment gap is that, similarly to several other countries in Central and Eastern Europe, mothers with very young children rarely engage in paid work. Almost all mothers in Hungary take an extended period out of paid work following childbirth, often until the child is two or three years of age. According to the updated statistical definition of employment, which includes also some parents on leave as employed (see Box 2.1), the employment rate of mothers with a youngest child aged 0-2 was 73.6% in 2020. Yet, when considering only those mothers who were employed and at work, this percentage was just 12% in 2020. These percentages increased to 75% and 18.9% in 2021, and to 78.7% and 23.2% in the first quarter of 2022, respectively.

The practice of taking an extended period out of work following childbirth is mirrored in Hungary's attitudes towards gender roles, which are among the more traditional in the OECD when it comes to family attitudes when children are very young. Eurobarometer data from 2017 show that, on average across European Union (EU) member states, 43% of men and 44% of women believe that “*the most important role of a woman is to take care of her home and family*” (European Commission, 2017^[1]). In Hungary, 78% of people agreed with this statement – the second highest rate in the EU, after Bulgaria. This reflects many Hungarian families', and mothers', preferences to take care of children when they are very young. A non-representative national survey reveals, however, that Hungarians prefer a two-income household (85%) and value childrearing equal to paid work (80%). Only 40% agree to the statement “*men should be the breadwinner and women should take care of the children*” (KINCS, 2019^[2]).

Hungary has one of the longest periods of statutory paid parental leave in the OECD (note that this is not always technically paid leave, as parents can also combine social security parental benefits with paid work through *GYED Extra*). Taking both the paid maternity and paid parental leave entitlements together, mothers in Hungary can take paid leave for a total of 160 weeks – almost three times longer than the OECD average (54 weeks). The first two years are well-paid with earnings-related benefits (for insured parents), while a low-paid flat-rate benefit is provided during the third year (or from birth until the child's third birthday for non-insured parents).

Childcare for children under age three is in principle affordable. Legislation entitles children to a place in nursery care when they turn five months old. Nursery care is mainly intended for the day care of children under three years of age of working parents and is subject to a fee, depending on the family's income and social situation (there is also a legal possibility for free care on the basis of means-tested eligibility). Yet, in certain areas – especially rural areas and in smaller municipalities – a gap exists in practice, as supply shortages mean access is often difficult (Gábos and Makay, 2021^[3]). The government has introduced

several measures and allocated considerable resources for closing the gap, which allowed to increase the number of places and also the number of municipalities covered by the nursery scheme. Parents are also eligible for a contribution towards the fee of a private day care facility, when they do not receive a place in a public nursery. Moreover, the programme for nursery care development has increased the state funding/subsidy in support of the quality of childcare and ensured a better financial appreciation of the professionals working in the sector.

In addition, part-time opportunities and other flexible work arrangements, which are often used by parents in other countries to balance work and family care, are still limited in Hungary. The COVID-19 pandemic has provided lessons on practices related to work-life balance and it showed that, during school closures, the extra burden of care work was put on mothers' shoulders. It also triggered the use of flexible forms of work, especially teleworking, which may well generate change in future work habits.

In recent years, Hungary introduced a series of policy reforms aimed at making it easier for mothers with very young children to move into paid work. Since 2013, Hungary has provided employers with tax breaks for workers returning from paid leave. In 2014, it introduced "GYED Extra", allowing parents in receipt of parental leave benefits to work unlimited hours once the child turns 12 months old, until the child's second birthday, with no loss of benefit; in 2016, the age limit was lowered to six months. Since 2015, the government has released substantial national and EU funds to local authorities for the creation of new day care places. In 2017, it introduced new requirements obliging local authorities with a population of less than 10 000 to provide public childcare services for children under age three in case of existing demand. Since 2020, employers have been obliged to offer parents of children under four years of age part-time hours (equivalent to half of the standard full-time working day) if requested, with no option of refusal; for parents with three or more children, the possibility is available until the youngest child turns six years old. Nursery care is generally provided for the children of working parents (proof of employment is required).

For Hungary, closing the gender employment gap and providing women and mothers with equal access to paid work responds to both gender equality and labour market concerns. Hungary's working-age population has been shrinking in recent years and the labour market was tightening before the onset of the COVID-19 crisis, as suggested by several labour market indicators, including consistent wage increases. Helping mothers return to work sooner following childbirth can contribute to ease these labour supply issues.

1.1. Employment growth has not been accompanied by a reduction of the gender employment gap in Hungary

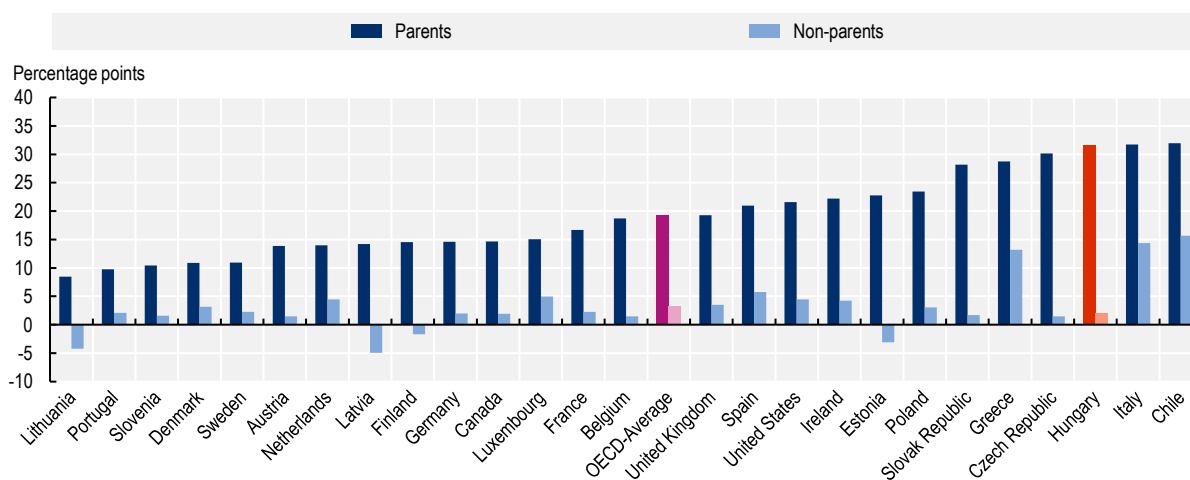
According to the most recent official statistics, the employment rate has been growing strongly in Hungary, both for men and for women. Through the 1990s and 2000s gains were limited, and the global financial crisis hit men's employment particularly. However, robust output growth along with public works and an increase in the number of people living in Hungary but working abroad/ cross-border through the 2010s has helped drive strong employment growth over the past decade. Supply side factors also played a role, including improvements in the educational composition of the workforce and pension reform. 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^[4]). Female employment grew steadily between 2012 and 2018, stagnated during 2019-20 and picked up again later and a similar trend can be observed for men. In 2020, at 62.3%, the employment rate for women aged 15-64 was 12.7 percentage points higher than in 2009 (49.6%).

Employment growth has not been accompanied by a reduction of the gender employment gap for working-age men and women, which has remained around 10-15 percentage points since the introduction of comparable labour market statistics in 1992. Unlike many other OECD countries, the gender employment

gap in Hungary does not vary much with education when children are below age two, mirroring the Hungarian population's cultural attitude towards childrearing. However, it does fluctuate more strongly with age than in almost any other OECD country. As elsewhere, the gender employment gap starts small but widens when young children appear in households. Parenthood has a particularly sharp impact on women's employment in Hungary (Figure 1.1) while fathers' employment patterns tend to be much more stable following childbirth. In particular, when children are under age three, Hungary has the third lowest share of mothers who are employed and at work in the OECD (see Section 2.2.1). According to the new definition of employment, in 2020, the employment rate of women aged 25-49 not raising a child was 85.9%, 12.3 percentage points higher than that of those raising children under three (73.6%). Importantly, Hungary's gender employment gap narrows considerably as men and women move into their 40s and early 50s and, similarly to many other OECD countries, it widens again as men and women approach retirement (Figure 1.1).

Figure 1.1. Gender employment gaps are far wider among parents than among adults without children

Gender employment rate gap (percentage points) by parent status, 25- to 54-year-olds, 2020



Notes: Data for Chile refer to 2017 and to 2019 for the United Kingdom. Parents are defined as those that live in the same household as a child (age 0-14) for who they are reported as either the mother or the father. Non-parents are defined as those who live in a household without any children (age 0-14) for who they are reported as either the mother or the father. For Canada and the United States, children aged 0-17.

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>.

Once in paid work, women work almost as many hours as men. This relates to the very low use of part-time work in Hungary, by both women and men, differently from many other OECD countries. The relatively low earnings make part-time work scarcely attractive from a household income perspective. To counteract this, the GYED Extra programme contributes to make part-time employment more viable from a household income perspective.

Women often work in different industries to men and they are heavily over-represented in the service sector. Women also tend to do different types of jobs than men: Hungary has some of the highest levels of gender occupational segregation in Europe. Similarly to other OECD countries, women tend to be over-represented in low- and medium-skill occupations (cleaners, sales workers and clerical workers) while they

are under-represented in science, engineering and information and communication technologies (ICT) roles. Women are also under-represented among tertiary graduates in subjects linked to these careers.

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. However, they often face greater difficulties in reaching top leadership positions. Moreover, Hungary's gender earnings gap is relatively narrow at the median, but widens higher up the pay scale. In addition, in Hungary, entrepreneurship remains less common among women than among men.

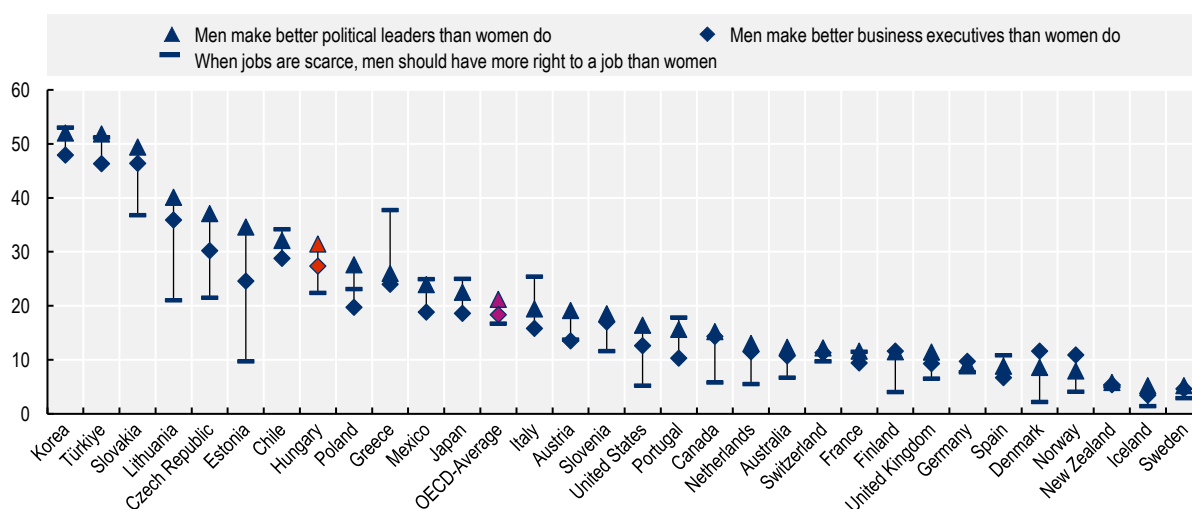
The COVID-19 pandemic has exacerbated some of the longstanding issues related to gender equality in the labour market and beyond (OECD, 2022^[5]). Like elsewhere in the OECD, also in Hungary women are overrepresented in many of the industries that have been most affected by the crisis, such as food and beverage services, accommodation services and the retail sector. They have also suffered an important increase in the burden of unpaid work due to the closure of formal care services. Yet, overcoming the negative employment effects of the pandemic happened faster in Hungary than in most OECD countries.

1.2. Attitudes towards gender roles in families with very young children appear to be traditional

Hungarians' attitudes towards gender roles are among the more traditional in the OECD. More than 30% of respondents to the European Values Study think that men make better political leaders than women do, almost 30% think that men make better business executives than women do, and more than 20% believe that men should have more right to a job than women when jobs are scarce (Figure 1.2). All these values are above the OECD averages of 21%, 18%, and 17%, respectively. However, Chile, the Czech Republic, Estonia, Korea, Lithuania, the Slovak Republic and the Republic of Türkiye have a larger share of respondents with traditional attitudes than Hungary.

Figure 1.2. More than 20% of Hungarians think that when jobs are scarce, men should have more right to a job than women

Percentage of respondents who agree with the following statements, reference year 2018 if not otherwise stated



Note: Data for the Czech Republic, Greece, the Slovak Republic, Slovenia, and the United States refer to 2017, data for Japan and New Zealand refer to 2019, and data for Portugal and Canada refer to 2020.

Source: World Values Survey and European Values Study, <https://www.worldvaluessurvey.org/WVSEVSjoint2017.jsp>.

Yet, many stakeholders consulted in this study indicate a clear preference in the society for joint contributions to household income by both partners as opposed to a one-earner family model (OECD, 2021^[6]). Similarly, most stakeholders suggested that men have an important role to play in looking after children. Different reasons may explain why this result differs from the ones shown above: it does not consider the hypothesis of scarcity of jobs, and it is asked to a non-representative sample of stakeholders.

1.3. In Hungary, paid leave is available until the child's third year of age

Entitlements to paid parental leave in OECD countries are often shareable, with each family having the right to a certain number of weeks of parental leave payments to divide as they see fit. While this allows both parents to take paid parental leave, it usually makes economic sense for the mother to take most of it, because she often is the second earner (OECD, 2017^[7]). Moreover, societal attitudes around caring for children and potential career implications contribute to a general reluctance among many fathers towards taking long leave.

Individual paid parental leave entitlements are used to encourage leave take-up among men. Some OECD countries offer paid parental leave as an individual, non-transferable entitlement for each parent, on a “use it or lose it” basis. Fathers’ leaves and non-shareable entitlements bring positive effects, e.g. in terms of leave take-up by men and fathers’ engagement in unpaid work and childcare (OECD, 2016^[8]; Adema, Clarke and Thévenon, 2020^[9]). The EU Work-life Balance Directive aims to contribute to a more equal leave sharing between parents (European Union, 2019^[10]).

1.3.1. The Hungarian system of leave around childbirth

Employed mothers in Hungary are entitled to 24 weeks paid maternity leave, set at 100% of daily average gross earnings of the previous year (raised from 70% in 2021), with no ceiling, paid by the Hungarian State Treasury. Eligibility is restricted Women in employment or self-employment who have had proof of having an employment relationship (insurance relationship) with at least 365 days of employment in the two years prior to birth, including up to 180 days in education and any periods spent in receipt of parental leave benefits. Employed men are entitled to five days of paid paternity leave, to be taken within two months of the birth, and paid at 100% of earnings through a benefit from the Hungarian State Treasury (OECD, 2020^[11]).

Employed parents in Hungary can access paid parental leave until the child's third birthday. The entire leave period is fully shareable. This system allows mothers and fathers – *de facto*, mothers – to take paid leave until the child's third birthday. For insured parents, payment is made through a combination of an earnings-related parental-leave benefit (*Gyermekgondozási díj*, or GYED) until the child's second birthday, and a flat-rate benefit (*Gyermekgondozást segítő ellátás*, or GYES) until the child's third birthday. GYED is paid at 70% of previous gross earnings up to a limit of 70% of twice the minimum daily wage – a maximum benefit of HUF 234 360 (EUR 663), about 52% of average full-time earnings. For parents who are not insured – and for insured parents from the end of GYED until the child's third birthday – payment is made through GYES at a flat-rate of HUF 28 500 (EUR 72.6) in 2021, equal to about 6% of average full-time earnings.

The overwhelming majority of leave users in Hungary are mothers (Eurostat, 2020^[12]). Almost all new mothers in Hungary make use of the country's parental leave scheme. Up to the child's first birthday, less than 10% of mothers work. Unlike other OECD countries, in Hungary highly educated mothers with very young children are only slightly more likely to be employed and at work than their counterparts who have relatively low levels of educational attainment and this gap has been closing over time. Some differences are observed when the child turns two, when about 25% of women are in employment, reflecting higher

educated mothers' economic incentives to go back to work when the better-paid benefit is over. Once their youngest child reaches age three, the majority of mothers is in paid work.

Overall, stakeholders' consultations conducted as part of this project revealed general agreement among respondents that a mother's return to full-time work before the child is half-year old is inappropriate, and limited support for a return over the following year; while returning to work when a child is aged two, rather than three, is considered more socially acceptable and feasible if full-time childcare is provided.

Hungary has created additional incentives to work while preserving the available leave entitlements. Since 2016, under the "GYED Extra" programme, parents in receipt of parental leave benefits can work unlimited hours once the child turns six months old until the child's second birthday, with no loss of benefit (Gábos and Makay, 2021^[3]). They also retain access to public childcare services. Although the scheme has been relatively popular (by 2021, about 61 000 workers/parents had made use of GYED Extra, according to data from the Hungarian Statistics Office), the extent to which it has contributed to increase the number of mothers with young children in (formal) paid work is unclear.

Unlike in many other OECD countries, the Hungarian system does not include a period ("quota") for the exclusive use of fathers, or a "bonus period" which provides both parents in households with financial incentives to take leave. Instead, the Hungarian family support system gives parents the freedom of choice to decide whether the mother or the father will take parental leave. Parents can also divide the period of GYED between themselves (but always only one of the parents at a time) if they both meet the eligibility conditions. However, like in most other OECD countries, it is mothers who take the vast majority of parental leave. The leave setting in Hungary may well be subject to change in the coming months, considering that the EU Work-Life Balance Directive requires EU countries to introduce at least two months of non-transferable parental leave for each parent by August 2022.

1.3.2. International practice in paid leaves around childbirth

OECD countries have adopted different practices in paid leave, some of which aims at creating incentives for a balanced use of leave by both parents. Parent-specific leave entitlements can follow different models. The most common are "mummy and daddy quotas", whereby specific parts of an overall parental leave period are reserved exclusively for each parent. This model is common in the Nordic countries. In 1993, Norway was the first OECD country to implement fathers-only paid parental leave, with a four-week father quota, followed by Sweden two years after. Since 2000, many OECD countries have moved to provide fathers with strong financial incentives to take parental leave for at least two months. As another example, Iceland provides non-transferable and paid parental leave, following principles of non-transferability, flexibility in use and generosity in compensation (Eydal and Gíslason, 2021^[13]).

Following a distinct policy design, bonus periods in parental leave aim to incentivise fathers' uptake of child-related leave entitlements. Their key principle is that a couple may qualify for additional days of paid leave if the father/ both parents use a certain amount of shareable leave. International examples include the "Partner months" in Germany, whereby the 12-month benefit provided after the birth of the child is extended by two months if both parents take at least two months of leave (Reinschmidt, 2018^[14]; Reimer et al., 2021^[15]; OECD, 2017^[7]), and the "Sharing bonus" in Portugal, whereby an additional 30 days are available if parents share their leave (Correia, Wall and Leitão, 2021^[16]). Similarly, in Canada, the Employment Insurance Parental Sharing Benefit promotes greater gender equality by adding five weeks of benefits when parents share parental benefits (OECD, 2020^[17]; Doucet et al., 2021^[18]).

Targeted support has also shown positive effects in terms of both parents' involvement in childcare and the labour market. For instance, measures have been launched to face constraints related to the eligibility criteria for leave around childbirth and its remuneration. According to EIGE (2020^[19]), one in five people in the EU is not eligible for parental leave – around 23% of men and 34% of women aged 20-49 on average in the EU. Values are slightly lower for men and slightly higher for women in Hungary. Eligibility may

depend on criteria related to the labour or migrant status, the sector or tenure, the type of work (self-employed or employee) or couple's characteristics. When parents have no alternatives to parental leave, ineligibility can inhibit having children and employment. International examples were identified in Denmark, where a specific reimbursement fund was set up to cover self-employed people who were reimbursed for the equivalent 31 weeks for women and 23 weeks for men around childbirth (Rostgaard and Ejrnæs, 2021^[20]), as well as in Poland, where "Care allowance" is one of few examples of a relatively comprehensive right to leave for family care reasons that existed before COVID-19 (Social Security Department of Poland, 2015^[21]; OECD, 2020^[22]).

International practice helps to identify key policy issues:

- Individual rights, bonuses and targeted actions contribute to a more equal sharing of caring responsibilities, supporting mothers' employment;
- Length, generosity and eligibility of leave entitlements and benefits play a key role in leave access and use; and
- Contextual factors, social and cultural norms influence the use of leave systems.

1.4. The offer and use of early childhood education and care services for children under age three in Hungary

The provision of accessible and affordable early childhood education and care (ECEC) services has been identified as one of the most effective family-friendly policies in reducing gender gaps in employment, and instrumental to address social inequities affecting children (Olivetti and Petrongolo, 2017^[23]). All OECD governments support and help fund ECEC in one way or another, but the scale and form of support are highly diverse – including comprehensive publicly operated ECEC systems, extensive publicly operated pre-primary services for children from around age three, or a greater use of cash supports and demand-side subsidies directed at parents (OECD, 2020^[24]).

1.4.1. Hungary is expanding its childcare offer, but access to services for very young children could be further improved

In contrast to several countries in the region, in Hungary, children under the age of three are cared for in a system that is still predominantly state-governed. The main form of care is the institutional nursery care (nursery, mini nursery), which is predominantly operated (94%) under state (municipal) maintenance. Hungary predominantly operates a public system of day care services for children under age three, mainly through public nurseries (*bölcsőde*). Children can attend day care from 20 weeks, with centres typically open for at least ten hours per day (on call services are available). Financial support from central government is substantial and is also available to families that are unable to find a local nursery place and therefore opt for private care solutions.

Despite legislation entitling children to childcare and the low parental cost to parents, access to day care services for children under age three could be further improved. OECD statistics suggest that, in 2019, just 20% of 0 to 2-year-olds in Hungary were enrolled in recognised ECEC – much lower than the OECD average, which reaches the Barcelona objective of 33% participation of children below the age of three in formal ECEC. Hungary is one of the five EU countries reported as "critical" in the European Social Scoreboard analysis of the Barcelona target (European Commission, 2021^[25]), which is nonetheless not recognised as a meaningful objective by Hungary. Since the closure of many state-owned facilities in the early 1990s, supply shortages continue to cause problems. In addition, it is also important to take into account that mothers' decision to take long leave may reflect their preference to provide personal care, especially when the child is under two years of age.

To react to these issues, in recent years, Hungary has launched reforms to increase the supply of places and provide more flexible solutions. Some progress has been made in terms of childcare offer in Hungary: 56 000 places were available in 2021 (KSH, 2022^[26]), 58 500 were operational in September 2022, and 13 000 places are under construction. From 2015, substantial development funds are made available to local authorities for the creation of new day care places. In 2017, the government established alternative forms of childcare including family nurseries, “mini-nurseries” (smaller centres with lower limits on child-to-staff ratios) and workplace nurseries (employer-established services with similar child-to-staff ratios to mini-nurseries). In 2017, it introduced requirements for local authorities with a population of less than 10 000 to maintain some form of care service if at least 40 children under age three live in the area or if at least five families request access. Various measures have also been progressively introduced to render opening hours more flexible, support those most in need to access nursery care, ensure more adequate remunerations of childcare professionals and ensure possibilities to create workplace nurseries by employers. Employer-provided childcare is nonetheless still limited (Box 1.1), despite increased public financing. The public subsidy rules for service-based provision are also undergoing continuous adjustments. As a result of substantial investments, the ratio of children aged below three with no childcare facility in their vicinity has decreased from 26% to 20.1% between 2017 and 2021 (KSH, 2020^[27]).

On the other hand, Hungary has historically provided extensive public ECEC services for pre-primary-age children (3- to 5-year-olds; preschool education is mandatory from the age of 3), and most primary school age children continue to be cared for in schools after lessons have finished.

Box 1.1. Employer-provided childcare as a complementary offer mode

Employer-provided childcare is an alternative option for childcare provision. Employers can play a key role in supporting and/or directly providing ECEC services, for their employees exclusively or as a broader offer also open to the local community. These services can take different forms, from facilities to financial support, provided by the company exclusively or in partnership with other stakeholders.

In Hungary, employer-provided childcare is one of the available childcare delivery modes since 2017 (OECD, 2021), but it is still not widespread. The state-run EMMIKE workplace nursery and the workplace nursery of the university in Dunaújváros serve as a model for the establishment and operation of such nurseries. As of September 2022, in Hungary there were 18 workplace nurseries, for a total of 195 places. Workplace nurseries primarily target the children of employees, typically between 20 weeks and 3 years of age.

In 2017, Hungary introduced major changes in the regulation to support employer-provided childcare (OECD, 2021^[28]) and since then the financial allocation for operating the employer-provided nurseries has been constantly increasing; simplified set-up rules are in place; the operating costs do not increase the corporate tax base; employers may team up and operate the service jointly; and, from 2021, the specific amount of the annual operating subsidy has been set at the same level regardless of the type of operator (i.e. non-public employers and public bodies). The government also promotes workplace nurseries through conferences and events for foreign and Hungarian companies, leaflets and consultations with higher education institutions, and through tenders targeting firms and companies to establish and run work-place nurseries.

1.4.2. International practice in ECEC services for children of very young age

Public investment to ensure universal, affordable and accessible ECEC have been increased in different OECD countries, stressing the role of ECEC as part of a continuum of supports for families with children. Accordingly, in Nordic countries childcare is part of a comprehensive policy, which ensures continuity

between birth and compulsory school age; high quality and universal access to ECEC contribute to the success of childcare provision in these countries. International examples include the case of Sweden, which provides extensive financial support to parents accessing childcare (Hofman et al., 2020^[29]), and Denmark, where municipalities must provide a place in a day-care facility for all children older than 26 weeks that is appropriate for their age until the child starts school (Hofman et al., 2020^[29]). Public efforts to increase ECEC participation and quality are also well exemplified by the case of Germany. During the mid-2000s the German federal government started to increase public investment and moved towards a Nordic-style legal entitlement to ECEC for all children aged one and older; in addition, support is available for Land-specific measures and to enhance participation in childcare. As a consequence, public childcare attendance rates have increased over the years, also positively affecting maternal employment rates (Hofman et al., 2020^[29]).

Flexibility in ECEC use and provision is an increasingly important feature for a successful ECEC offer – taking into account the changing schedules of the world of work and the existence of different family models and work-life balance preferences. Adapting the childcare offer to the changing needs of working parents can support their labour market participation and attachment. For example, the Danish Government took action to increase the quality of ECEC facilities, adapting them to both working hours and family preferences (Rasch-Christensen et al., 2018^[30]), while in Germany, ECEC facilities have long opening hours, and the KitaPlus programme launched in 2016 supports parents who have unusual working hours through customised care time (European Commission, 2019^[31]). Employer-provided childcare is offered in various countries. In Italy, a relevant example is the creation of public-private partnerships offering childcare as a service for the territory.

In all EU countries, funding mechanisms to make ECEC affordable have been reinforced, and this is often built on the basis of principles of proportionate universalism – i.e. ensuring access for all whilst further supporting those in a more vulnerable financial position. The EU Child Guarantee and policy priorities for children also supports the combination of universal actions with targeted measures addressing vulnerable groups of children (European Commission, 2021^[32]). Examples include the case of Flanders, Belgium, where extra attention is paid to vulnerable families within a universal offer: different policies have introduced income-related parental fees, when there are shortages of places, special day-care schemes are offered to vulnerable families, and some Flemish cities have a central enrolment policy for all childcare centres – establishing quotas for different target groups (Vandenbroeck, 2020^[33]). In some countries, Roma parents benefit from special conditions to access ECEC. In Croatia, for instance, they are exempt from paying kindergarten fees (ICDI, 2019^[34]).

The above examples help to identify key policy issues:

- Integrating the offer of childcare supports and services can increase their relevance, especially if supported via territorial and partnership approaches; and
- ECEC use can be enhanced through flexible, adapted solutions and alternative childcare provision modes.

1.5. Flexible working arrangements are not so common in Hungary

Flexible working practices are a key element of work-life balance and family-friendly employment solutions. While flexible working practices are often set at the firm level or through collective agreements, OECD governments are increasingly looking to facilitate access by providing workers with the right (to request) certain arrangements (OECD, 2016^[8]; OECD, 2017^[35]).

Teleworking has gained momentum since the COVID-19 pandemic. Teleworking can support women to stay in employment and in higher-paying full-time jobs after childbirth. By reducing commuting times and enabling higher schedule control it allows to better shape work around family demands. It represents a

valid alternative to part-time options, which are likely to relegate women in lower-paying jobs, with worse career development opportunities. However, it also bears risks for gender equality: during the pandemic, teleworking mothers suffered negative consequences in terms of productivity (Alon et al., 2021^[36]), interruptions during work hours (Andrew et al., 2020^[37]) and higher childcare burden (Boll and Schüller, 2021^[38]).

1.5.1. Flexible working practices were uncommon in Hungary before the pandemic

Overall, flexible working practices are still scarcely used in Hungary. The use of part-time work remains rare, both for mothers and for workers more generally (see Section 2.3). Other flexible working arrangements were not widespread in Hungary before COVID-19. In Hungary, Section 61 of the Hungarian Labour Code states that the employee can request teleworking by offering an amendment to the employment contract. Yet, the legal framework specifying teleworkers' working conditions is limited compared to other OECD countries (OECD, 2021^[39]). The Hungarian law defines teleworking as an atypical employment relationship and provides that it needs to be based on a consensual agreement explicitly referred to in the employment contract.

Nonetheless, like in many other countries, the use of telework strongly increased in Hungary during the pandemic. Provisional regulatory adjustments of the general rules established by the Hungarian Labour Code allowed for employer unilateral decisions on teleworking, in order to protect the health of employees and ensure flexible arrangements for parents. As a consequence, from April to June 2020, 16.5% of employees (occasionally or regularly) worked from home, representing a roughly six-fold increase relative to January-February 2020 (Köllő, 2021^[40]).

Stakeholders consulted as part of this study stressed that the government decree which stipulated exemptions to make home office work possible during the pandemic is expected to have long-term effects on perceptions of flexible forms of work (OECD, 2021^[6]). Accordingly, available evidence shows that the COVID-19 pandemic has increased employers' acceptance of flexible work options, including remote work. Stakeholders consulted stressed the need to settle regulatory issues on remote work and raised the issue of different levels of "teleworkability" depending on the types of jobs (i.e. if they could technically be performed remotely/ from home).

From June 2022, the provisions on teleworking have been amended: unilateral decisions are not allowed and the parties shall agree on telework in the employment contract; part-time telework has been newly introduced; and employers can exercise the right of remote control. The current provisions distinguish between computer- and non-computer-based teleworking, setting different occupational health and safety requirements. The rules for computer-based teleworking have become more flexible, e.g. the place of work can be freely chosen, but stricter safety rules have been retained for non-computer-based activities, as the health risk is also higher.

1.5.2. International practice in flexible working arrangements: A focus on telework

In recent years, OECD governments have increasingly supported flexible working for all workers. Several OECD countries have introduced broader rights to request flexible working arrangements including not just the number of working hours, but also, in some countries, the scheduling of hours and the *place of work*. In many OECD countries, workers have a statutory right to request reduced working hours. In some of these countries, they also have a complementary right to return to full-time work and/or to previous hours after a specific period. In some countries these rights are restricted to parents with young children and/or workers with caring responsibilities, while in others they are provided to all workers. In most cases employers can refuse requests on business grounds.

The international workshop conducted within this study showed different international practices in teleworking arrangements. Teleworking regulations in OECD countries can be classified according to

whether they have an encompassing legal framework and/or an enforceable right to request telework or not (OECD, 2021^[39]). In the Netherlands, Portugal and the United Kingdom employees have an enforceable right to request teleworking, meaning that employers can refuse it only on serious business grounds. Widening the “right to request” to all employees confers bargaining power and reduces the risk of discrimination against specific groups of workers (e.g. parents). In Portugal, the possibility for unilateral decision to opt for telework was introduced later for specific categories or workers, including parents of children until three years of age. While employers can refuse regular requests on any ground, for parents of children under the age of three or victims of domestic violence, refusal is only possible if the employees’ activities are not compatible with telework or if the employer does not have resources for teleworking arrangements (OECD, 2021^[28]).

Also in countries that do not necessarily have enforceable rights to request regular teleworking in place, various interventions are supportive of telework practices. Italy has an enforceable right to request occasional teleworking: agile working is a modality of execution of the subordinate employment relationship characterised by the absence of time or spatial constraints and an organisation by phases, cycles and objectives, established by agreement between employee and employer (Polytechnic University of Milan, 2021^[41]). As another example, Poland introduced dedicated financial incentives for employers in order to encourage the development of telework practices (Vandeninden and Gorauš-Tanska, 2017^[42]).

Discussions from the international workshop highlighted pros and cons related to telework. There can be a negative flexibility stigma related to the idea that workers who use flexible working for care purposes are not as productive or committed (Chung, 2020^[43]), and this can apply to teleworking parents as well. Moreover, boundaries between work and private life may become more diffuse, and the care burden for teleworking parents can increase, if no childcare is available (OECD, 2021^[28]).

Key policy issues raised by the discussion above include:

- Frameworks that best support flexible working arrangements include telework as one of their pillars;
- Teleworking has important pros and cons for gender equality in the labour market and work-life balance: it allows to better shape work around family demands, but it can involve a higher childcare burden for teleworking parents, who may also face a negative stigma as being less career-committed; and
- Teleworking regulations encompass several aspects, including rights to request it and restricting employers’ options for refusal, for instance on the basis of serious business grounds, whilst accounting for the teleworkability of jobs.

1.6. Towards potential policy reform

Actions in the policy fields of leave around childbirth, childcare services and flexible working arrangements could contribute to tackle the large gender employment gap in Hungary, and especially support a higher involvement of mothers of young children in the labour market.

Policy action does not happen in isolation. To be effective, policy reforms will also need to take into account contextual aspects that may support or hinder the potential of such policies. For instance, the support of the narrative of “choice” as regards mothers’ involvement in childcare and/ or paid work are likely to affect not only the design, but also the potential demand for certain services. Such aspects will need to be carefully considered at both the policy design and implementation phase, by contextualising policy action and focusing on its effectiveness, through:

- The identification of potential barriers to policy effectiveness and related response measures (for instance, respecting the socio-cultural tradition of extended parental leave, but building on a two-earner model for Hungary);
- The identification of facilitating factors that should be embedded in the design of such policies (for instance, systems of incentives);
- The definition of monitoring and evaluation frameworks for such policies;
- Where possible, the implementation of pilot projects to be assessed and, if needed, adjusted before scaling up; and/or
- The design of complementary actions to tackle specific barriers to policy effectiveness (for instance, public awareness campaigns and outreach actions, as well as recognising the role of the private sector as an agent of change).

1.6.1. Parental leave

Hungary's paid parental leave system enables parents, and mothers in particular, to take an extended break from work, but it also provides them with the possibility to choose to return to the labour market once the child turns six months old. Under the EU Work-Life Balance Directive (European Union, 2019^[10]), Hungary is required to introduce various changes to its paid leave system, including the introduction of at least two months of non-transferable parental leave for each parent. Hungary will need to explore options for best adjusting the existing paid leave structure in order to integrate the Directive. In addition, it may as well consider options for providing parents and families with greater choice and flexibility in how they use paid parental leave more generally. Additional possible avenues for reform include introducing flexible options for leave taking, over different periods and at different payment rates.

Findings from this study support the following key recommendations in the field of parental leave in Hungary:

1. Support a more gender-balanced leave uptake
 - a. Take action to transpose the following provisions of the EU Work-life balance directive within August 2022 (the Hungarian authorities informed the OECD that the directive is currently being transposed, but no information is available on this process and its outcomes at the time of writing):
 - Introducing ten working days of paternity leave around the time of birth of the child, compensated at least at the level of sick pay;
 - Ensuring that two out of the four months of parental leave are non-transferable between parents and compensated at a level that is determined by the Member State.
 - b. Consider the option to further increase the number of days of paternity leave, which could contribute to a higher uptake of leave among fathers and a higher involvement of fathers in childcare.
 - c. Consider adopting a bonus system, which would strengthen incentives for both mothers and fathers to take leave around childbirth.
2. Strengthen the incentives structure regarding the flexible use of leave through part-time work
 - a. Consider providing parents with an additional period of leave if both parents engage in part-time work for a minimum duration, which would contribute to a more gender-balanced uptake of leave, labour market participation, and gender-equal use of part-time work by both parents.
 - b. Consider options to ensure that GYED Extra incentivises both parents to be in paid (full- or part-time) employment, subject to the availability of (part-time) childcare (see below).

Key actions related to the implementation of the recommendations in the field of parental leave and a non-exhaustive list of indicators suggested for their monitoring are included in Table 1.1 below.

Table 1.1. Actions and monitoring of the recommendations on parental leave

Recommendation	Actions	Monitoring (non-exhaustive list of indicators)	
		Outputs	Outcomes
1. Support a more gender-balanced leave uptake	a. Take action to transpose the EU Work-life balance directive	<ul style="list-style-type: none"> Number of available days of paternity leave compensated at least at the level of sick pay (minimum ten days) Number of non-transferrable months of paid leave (minimum two months) 	<ul style="list-style-type: none"> Recipients/users of paternity leave benefits per 100 live births (expected increase) Recipients/users of parental leave benefits per 100 live birth, by gender (expected increase in gender balance) Number of additional days of paid leave used (in the case of bonus system) (expected increase) Number of additional days of paid leave used (in the case of part-time work) (expected increase) Part-time use, by gender (expected increase in use and gender balance) Households receiving GYED Extra and where both parents are at work/ total recipients (%)
	b. Consider the option to increase the number of days of paternity leave	<ul style="list-style-type: none"> Number of days of paternity leave compensated at least at the level of sick pay (beyond ten days) 	
	c. Consider adopting a bonus system	<ul style="list-style-type: none"> Minimum duration and use of paid leave by each parent to be eligible to bonus leave Number of available additional days of paid leave 	
2. Strengthen the incentives structure regarding the flexible use of leave through part-time work	a. Consider providing parents with an additional period of leave if both parents engage in part-time work	<ul style="list-style-type: none"> Number of available additional days of paid leave 	
	b. Consider options to ensure that GYED Extra incentivises both parents to be in paid (full- or part-time) employment, subject to the availability of (part-time) childcare.	<ul style="list-style-type: none"> New system of incentives in place 	

1.6.2. Childcare services for children under age three

Overall, consultations conducted as part of this project revealed that mothers' return to work when a child is aged two, rather than three, is considered more socially acceptable and feasible if full-time childcare is provided. The private sector also plays an important role in closing gender gaps. Businesses can advance the agenda of employing more women, supporting their entrepreneurship, and providing flexible working hours and childcare.

Findings from this study support the following key recommendations in the field of ECEC services in Hungary:

3. Continue to improve the "childcare offer"
 - a. Further strengthen public investment in childcare in order to ensure that the legal entitlement to childcare for the youngest age group is fully operational and to avoid shortages of childcare places throughout the whole territory.
 - b. Ensure that smaller municipalities have greater financial incentives to work together to enhance the provision of childcare services for very young children.
 - c. Support flexibility in the childcare offer, including through part-time solutions, in order to better support mothers' earlier return to paid work, for instance through part-time employment.
 - d. Ensure that the financial incentives to municipalities are sufficient to support the provision of childcare services that are relevant to different types of families and different family needs (for instance, part-time use of childcare, etc.).
 - e. Support territorial welfare in order to tackle the needs of different local realities through partnership approaches. Innovative modes of collaboration between public and private stakeholders should be encouraged to ensure relevance and reach, responding to potential unmet needs and ensuring a widespread availability of ECEC services.

4. Strengthen co-ordination in the system to ensure a continuum of supports to parents since the child's birth to school age
 - a. Ensure a smooth co-ordination between the different systems of support, including between the end of childcare leave entitlements and the start of childcare attendance. Promoting complementary actions – such as out-of school hour services, employee-friendly work practices and a gender-balanced use of leave – can contribute to the creation of an ecosystem of supports. This would ensure that both parents can return to full-time work when the period of parental leave runs out, or before that time should they wish.
5. Continue to improve the quality of childcare through staff qualification and support to professional development
 - a. Ensure the high quality of childcare offer (especially if the offer of childcare is to be increased), making the necessary supports for the training of educators/ quality of teaching.
6. Further support the offer of employer-provided childcare in order to contribute to meet the demand for and increase the attractiveness of childcare
 - a. Continue to increase the state support, ensuring sufficient resources and financial incentives to employers and employees. Continue to promote the successes of early-adopters of employer-provided childcare can also prompt others to follow such examples and contribute to create a critical mass of employers providing such services.
 - b. Accompany a cultural shift by continuing and increasing activities to raise local administrations, employers and families' awareness of the benefits of employer-provided childcare.

Key actions related to the implementation of the recommendations in the field of childcare services for children under age three parental leave and a non-exhaustive list of indicators suggested for their monitoring are included in Table 1.2 below.

Table 1.2. Actions and monitoring of the recommendations on childcare

Recommendation	Actions	Monitoring (non-exhaustive list of indicators)	
		Outputs	Outcomes
3. Continue to improve the “childcare offer”	a. Further strengthen public investment in childcare	<ul style="list-style-type: none"> • Public funds allocated to childcare services (expected increase) • Public expenditure on ECEC as a percentage of GDP (expected increase) 	<ul style="list-style-type: none"> • Number of additional childcare places available, by municipality size, by type of ECEC centre, etc. (expected increase) • Enrolment rates in ECEC services for 0- to 2-year-olds, by household and parents' characteristics (expected increase)
	b. Ensure that smaller municipalities have greater financial incentives to work together to enhance the provision of childcare services for very young children.	<ul style="list-style-type: none"> • Public funds allocated to childcare services in small municipalities (expected increase) • Specific actions targeting small municipalities 	<ul style="list-style-type: none"> • Average usual weekly hours in ECEC services for 0- to 2-year-olds (expected increase) • Population covered by ECEC services (expected increase)
	c. Support flexibility in the childcare offer, including through part-time solutions, in order to better support mothers' earlier return to paid work, for instance through part-time employment.	<ul style="list-style-type: none"> • Part-time offer of childcare services: percentage of establishments providing part-time options (expected increase) • Other flexible solutions for childcare services: percentage of establishments providing flexible options (expected increase) 	<ul style="list-style-type: none"> • Offer of employer-provided childcare (expected increase) • Increased awareness of the availability and benefits of childcare: size of audience reached through dissemination and awareness-raising actions
	d. Ensure that the financial incentives to municipalities are sufficient to support the provision of childcare services that are relevant to different types of families and different family needs (for instance, part-time use of childcare, etc.).	<ul style="list-style-type: none"> • Pilot projects supporting flexible solutions 	<ul style="list-style-type: none"> • Quality of childcare services: number of teachers trained (expected increase)

Recommendation	Actions	Monitoring (non-exhaustive list of indicators)	
		Outputs	Outcomes
	e. Support territorial welfare in order to tackle the needs of different local realities through partnership approaches.	<ul style="list-style-type: none"> • New collaborations and partnerships established 	
4. Strengthen co-ordination in the system to ensure a continuum of supports to parents since the child's birth to school age	a. Ensure a smooth co-ordination between the different systems of support, including between the end of childcare leave entitlements and the start of childcare attendance. Promoting complementary can contribute to the creation of an ecosystem of supports.	<ul style="list-style-type: none"> • Pilot projects implemented to test new approaches • New collaborations and co-ordination projects launched • Complementary actions launched 	
5. Continue to improve the quality of childcare through staff qualification and support to professional development	a. Ensure the high quality of childcare offer (especially if the offer of childcare is to be increased), making the necessary supports for the training of educators/ quality of teaching.	<ul style="list-style-type: none"> • Funds for teachers' training (expected increase) • Programmes for teachers' training 	
6. Further support the offer of employer-provided childcare in order to contribute to meet the demand for and increase the attractiveness of childcare	a. Continue to increase the state support, ensuring sufficient resources and financial incentives to employers and employees. Continue to promote the successes of early-adopters of employer-provided childcare.	<ul style="list-style-type: none"> • Public funds supporting employer-provided childcare (expected increase) • Number of employers providing childcare (expected increase) • Pilot projects in the field of employer-provided childcare • Dissemination and awareness-raising actions 	
	b. Accompany a cultural shift by continuing and increasing activities to raise local administrations, employers and families' awareness of the benefits of employer-provided childcare.	<ul style="list-style-type: none"> • Dissemination and awareness-raising actions 	

1.6.3. Flexible working arrangements, including telework, as a tool for work-life balance

The use of flexible forms of work, including time-part arrangements, is limited in Hungary. Teleworking is not an enforceable right and it requires agreement between the parties, but teleworking regulations have been recently modified, also in light of recent developments and increased use in the context of the COVID-19 pandemic.

Findings from this study support the following recommendations in the field of flexible working arrangements in Hungary:

7. Consider the introduction of “right to request” policies
 - a. Take action to extend the right to request flexible working arrangements to carers and working parents of children up to eight years within August 2022, as part of the transposition of the provisions of the EU Work-life balance directive (the Hungarian authorities informed the OECD that the directive is currently being transposed, but no information is available on this process and its outcomes at the time of writing).
 - b. Consider the introduction of a “right to request” flexible working arrangements for all workers, with employers able to refuse only on serious business grounds.
8. Make progress in teleworking legislation

- a. Further regulate the right to request telework for employees in the public and/or private sector by including the possibility to provide specific groups (for instance, mothers of young children) with a unilateral right to enforce teleworking, if this is feasible in the business context.
 - b. Establish the requirements for teleworking arrangements and related employer-employee agreements, covering aspects such as working time (for instance, part-time teleworking arrangements), the duration of the arrangement and grounds for interruption.
9. Support a gender-equal access and use to flexible working arrangements
- a. Accompany the implementation of the legislation with complementary actions – such as awareness-raising actions – to avoid the flexibility stigma and ensure that flexible working arrangements are equally made available to and used by both men and women.
10. Create a family-friendly working culture
- a. Promote the role of employers as ambassadors for work-life balance, disseminating information and evidence to raise their awareness of the benefits of family-friendly practices.
 - b. Continue to allow family-friendly employers to stand out, for instance through awards, voluntary audits on work-life balance practices and certifications of companies.

Key actions related to the implementation of the recommendations in the field of flexible working arrangements, including telework, and a non-exhaustive list of indicators suggested for their monitoring are included in Table 1.3.

Table 1.3. Actions and monitoring of the recommendations on flexible work

Recommendation	Actions	Monitoring (non-exhaustive list of indicators)	
		Outputs	Outcomes
7. Consider the introduction of “right to request” policies	a. Extend the right to request flexible working arrangements to carers and working parents of children up to eight years within August 2022 (EU Work-life balance directive).	<ul style="list-style-type: none"> • Right to request flexible working arrangements by sub-groups of population (yes/no, eligibility requirements and conditions provided) 	<ul style="list-style-type: none"> • Number of workers using flexible solutions, by gender • Additional persons in work thanks to flexible working arrangements, by gender • Increased awareness of the benefits of family-friendly working practices: size of audience reached through dissemination and awareness-raising actions
	b. Consider the introduction of a “right to request” flexible working arrangements for all workers, with employers able to refuse only on serious business grounds.	<ul style="list-style-type: none"> • Right to request flexible working arrangements to the overall population (yes/no, eligibility requirements and conditions provided) 	
8. Make progress in teleworking legislation	a. Further regulate the right to request telework for employees in the public and/or private sector by including the possibility to provide specific groups with a unilateral right to enforce teleworking.	<ul style="list-style-type: none"> • Provision of unilateral right to request telework, by sub-groups of population (yes/no, eligibility requirements and conditions provided) 	
	b. Establish the requirements for teleworking arrangements and related employer-employee agreements, covering aspects such as working time, the duration of the arrangement and grounds for interruption.	<ul style="list-style-type: none"> • Progress in the legislation 	
9. Support a gender-equal access and use to flexible working arrangements	a. Accompany the implementation of the legislation with complementary actions – such as awareness-raising actions – to avoid the flexibility stigma and ensure that flexible working arrangements are equally made available to and used by both men and women.	<ul style="list-style-type: none"> • Complementary actions launched 	

Recommendation	Actions	Monitoring (non-exhaustive list of indicators)	
		Outputs	Outcomes
10. Create a family-friendly working culture	a. Promote the role of employers as ambassadors for work-life balance, disseminating information and evidence to raise their awareness of the benefits of family-friendly practices.	<ul style="list-style-type: none"> Dissemination and awareness raising campaigns on family-friendly practices. 	
	b. Continue to allow family-friendly employers to stand out, for instance through awards, voluntary audits on work-life balance practices and certifications of companies.	<ul style="list-style-type: none"> Initiatives to promote family-friendly workplace practices 	

1.7. Methodology and structure of the report

This report represents the final project deliverable of the technical support to improve women's access to the labour market provided to Hungary by the Directorate General for Structural Reform Support of the European Commission (DG REFORM), in co-operation with the OECD. The beneficiary of the project was the Hungarian Prime Minister's Office, Strategic State Secretariat for Families. Throughout the implementation of the project, the Maria Kopp Institute for Demography and Families has been involved as a member of the Advisory Board.

1.7.1. Methodology

This report builds on a series of activities and outputs produced during the implementation of the project since July 2020 until September 2022. The key project outputs, or a summary of their main findings, are available on the project website at <https://www.oecd.org/gender/reducing-gender-employment-gap-hungary.htm>:

- The Inception report sets the basis for the study and identified mothers of very young children as the main target group when analysing policy needs and solutions towards closing the gender employment gap in Hungary. It provides an extensive analysis of how Hungary fares in a numbers of indicators related to gender equality, mainly building on key indicators from the OECD gender portal, as well as on an extensive literature review, data and policy analysis on Hungary.
- The Report on stakeholders' views and beliefs (OECD, 2021^[6]) builds on extensive stakeholders' consultations in the form of a non-representative survey and follow-up focus groups and in-depth interviews. Different policy options of relevance for reducing Hungary's gender employment gaps were explored, and results allowed to identify leave around childbirth, ECEC and flexible working arrangements as the key policy areas where reforms could most contribute to reducing the gender employment gap in Hungary.
- The Report on international good practice in policies to close gender employment gaps (OECD, 2021^[44]) builds on an extensive literature review of policies adopted by different OECD countries in the areas of leave around childbirth, childcare and flexible working arrangements. It also takes into account the findings from a follow-up international workshop (OECD, 2021^[28]) where different international practices were discussed, focusing on their effectiveness, their relevance as well as potential transferability to the Hungarian context, ultimately supporting the assessment of the current policy setting in Hungary and the identification of elements for potential policy change
- This Final report presents the key findings from the study and a series of policy recommendations for Hungary in policy areas of relevance to reduce the gender employment gap. It builds on the evidence collected in the previous deliverables and complements it with the results of the analysis of the most recent available labour market data on Hungary, from a national and international

perspective, as well as available evidence related to the COVID-19 pandemic and preliminary considerations on its impact on gender gaps in employment. It also takes into account inputs provided by the Hungarian authorities, analyses performed by the Budapest Institute for Policy Analysis as well as inputs from the final conference organised for the presentation of the key findings of the report and the discussion and validation of its policy recommendations with a range of Hungarian and international stakeholders, including representatives from Hungarian Ministries, the European Commission and the OECD.

The above analyses were mostly conducted prior to the large scale aggression by the Russian Federation against Ukraine, which led to an inflow of a great number of refugees in Hungary from February 2022 onwards. It is as yet unclear how many Ukrainian refugees will end up staying in Hungary, for how long, and what the socio-economic ramifications might be. What is clear is that this will have important labour market consequences which will need to be carefully analysed with a gender lens, considering that most of the Ukrainian refugees are women and children. As highlighted at the final conference of this project, Ukrainian refugees face multiple challenges when it comes to life in general (e.g. access to housing and health services) and the labour market specifically (e.g. access to childcare, language barriers, administrative barriers, and reluctance by employers). The Hungarian authorities have already promoted actions to support the employment of Ukrainian refugees (Box 1.2).

Box 1.2. Measures promoting the employment of Ukrainian refugees

Hungary places great emphasis on providing asylum seekers with access to the labour market, therefore a package of measures is provided to ensure that refugees can work in Hungary quickly and easily.

- Ukrainian citizens fleeing the conflict who have crossed the Hungarian border on or after 24 February can be hired without administrative constraints. The aim is to ensure access to employment and income for those who wish to stay in Hungary on a permanent basis.
- Placement activities have been strengthened and support is provided to the refugees' employment and the recruitment efforts of interested employers. Services are available at the registration points of the border and also at major sports and conference centres (i.e. the Humanitarian Transit Point at the BOK-hall). Employment of Ukrainian refugees is handled as priority by labour offices and governmental offices and vacancies are offered for those looking for a job.
- Targeted support measures have been introduced for those fleeing the conflict and for their employers. In order to encourage the employment of Ukrainians and Ukrainian-Hungarian dual citizens (hereinafter: refugees), Hungary has introduced a subsidy that partially compensates the housing and travel costs of refugee workers. In the framework of the programme, employers employing refugees receive a non-refundable allowance to cover the employee's housing and travel expenses. Specifically:
 - If the employer provides the accommodation in a preferred small settlement as defined in Annex 2 of Government Decree No. 17/2016 (II.10.) on the family housing allowance that can be claimed for the purchase and expansion of a second-hand apartment, the amount of the subsidy is 100% of the employee's housing and travel expenses per month.
 - A new support was introduced for Ukrainian workers who arrived in Hungary before 24 February 2022 and whose family members joined them after the start of the conflict. The amount of the subsidy is 50% of the employee's housing and travel expenses per employee per month, or if the employer provides accommodation to the employee in a preferred small settlement as per Government Decree No. 17/2016 above, the amount of the subsidy is 100% of the employee's housing and travel costs per month, which may not exceed the

maximum amount of HUF 30 000 per employee and the additional HUF 12 000 per child for minor children living in the same household as the employee.

In any of the above cases, the maximum amount of support is capped at 150% of the minimum wage (HUF 300 000 (EUR 764) per month per person). The support can be provided for 12 months and can be renewed for another 12 months. Until mid-June, 761 employees and 159 employers have been granted support for a total amount of HUF 269 million (EUR 658 000).

- Individuals with temporary protection taking care of a minor are entitled to nursery care, kindergarten provisions or services of the Sure Start Children House under the same conditions as Hungarian citizens would. This adds to the existing regulation, that has been in force for several decades, whereby refugees have the right to make use of nursery care, public education services, including kindergarten care, as well as institutional and holiday day care/school meals with the same terms as Hungarian citizens.

Source: Information provided by the Hungarian Authorities.

1.7.2. Structure of the Report

This chapter provides an overview of the key issues covered in the analysis and presents a series of policy recommendations in the areas of leave around childbirth, ECEC services and flexible working arrangements that could support a reduction of the gender employment gap in Hungary, with a special focus on the labour market attachment and participation of mothers of young children. Chapter 2 provides an assessment of gender employment gaps in Hungary. Building on secondary data from OECD databases as well as original OECD analysis of labour force survey microdata, it describes and discusses gender gaps in paid employment and working hours in Hungary, as well as related gender gaps, including gender occupational segregation, gender gaps in career attainment, and gender gaps in earnings. It also gives a closer look at the labour market situation of mothers with very young children. The chapter also provides an overview of gender aspects of labour market trends in Hungary during the COVID-19 pandemic.

Chapter 3 identifies the main barriers to employment for mothers of young children, which determines the policy discussions in Chapters 4 to 6 providing an overview of Hungary's family policy and other supports for parents with young children. Chapter 4 focuses on parental leave, Chapter 5 on childcare and Chapter 6 on flexible working arrangements, with a focus on telework.

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