

Executive summary

Employment growth in Hungary has been strong in recent years, but as men's employment rates increased faster than women's, the gender employment gap increased to almost 15% in 2020, wider than at any point since the mid-1990s. For 2021, the definitional change in the European Labour Force Statistics contributed to a marked increase of women's employment to 68% in Hungary, compared to 63.4% in the European Union on average, and helped reduce the gender employment gap to just below 10%. Nevertheless, women's employment patterns in Hungary remain different from men's in other aspects too: women in paid work often work shorter hours than men even though the gender gap in working hours is small in international comparison. Women also often work in different sectors and occupations than men, with fewer opportunities for career progression, and on average women earn less than employed men.

One major reason for the persistent gender employment gap is that in Hungary, 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. The employment rate of mothers with a youngest child aged 0-2 who are at work was 12.3% in 2020, compared to an OECD average of 37.9%.

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 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). Maternity leave of 24 weeks is paid at 100% while the parental leave is paid at 70% of earnings for the first two years (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). Policy has moved to facilitate a return to work and since 2016 the *GYED Extra* programme allows parents who receive parental leave benefits to work unlimited hours once the child is six months old until its second birthday. Fathers working full-time can also receive the earnings-related benefit, if the parents so choose. Available data do not allow to analyse to what extent the reform has contributed to an increase in the number of mothers in paid work.

The practice of mothers 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 families' and mothers' preferences to take care of very young children. At the same time, Hungarians prefer dual-earner households rather than male one-earner families, and stakeholders surveyed in this project found it important that fathers contribute to caregiving also by taking part of the parental leave entitlement. Indeed, as in other OECD countries, parental leave is overwhelmingly used by mothers. However, unlike many other countries, Hungary has not yet implemented policy measures that stimulate the use of leave by fathers to care for very young children. The EU Work-Life Balance Directive required each EU Member State to introduce at least two months of non-transferable parental leave for each parent by 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.

The Hungarian system of Early Childhood Education and Care (ECEC) services for children under age three mainly concerns public nurseries providing on-call care and day care centres that are often open for

10 hours per day. The system of nursery care is divided into institutional type (nursery, mini nursery) and service type (family nursery, workplace nursery) benefits. All these types can operate in state (municipal) or private maintenance. 90% of service-type care providers and 6% of institutional-type care providers are not state-run. Net childcare fees for parents are well below the OECD average, but enrolment rates of children 0-2 are around 20% – compared with an OECD average of 33%. To help parents in work, Hungarian policy has moved to increase the number of places in ECEC services. In recent years Hungary created 58 500 places with another 13 000 under construction (which in total would cover almost 26% of the 280 000 children aged 0-2 in the country). Hungary should continue to improve its “childcare offer”, which will require additional investment to provide stronger financial incentives for smaller municipalities to work together towards the provision of ECEC services, and further improve its quality and flexibility of services (e.g. through supports for staff qualification and professional development), stimulate employer-provided childcare and enhance flexibility in terms of participation on a part-time basis.

The use of flexible forms of work, including part-time arrangements, is limited in Hungary. The relatively low earnings make part-time work scarcely attractive from a household income perspective, although the reform of the GYED extra has made part-time work more attractive to parents with very young children. Teleworking is not an enforceable right in Hungary (as it is not in many other OECD countries) and it requires agreement between the parties, but teleworking regulations have been recently modified, also in light of its increased use in the context of the COVID-19 pandemic. Further progress could be made by considering introducing “right to request” policies – for example, the right to request flexible working arrangements to carers and working parents of children up to eight years as part of the transposition of the provisions of the EU Work-life balance directive. It is also important to establish requirements for teleworking arrangements and related employer-employee agreements, including around aspects such as working time (for instance, part-time teleworking arrangements) and the duration of the arrangement, issues around occupational health and safety of teleworkers and employer’s responsibilities for the provision and costing of teleworking equipment.

In all, with public spending on family benefits at about 3.5% of GDP, Hungary is on par with Denmark, France, Sweden and Norway as the five OECD countries spending most on family benefits. Hungary has developed a comprehensive set of policies that provide families with a continuum of supports from birth throughout childhood. However, compared with the other four “big spending” countries, Hungary has the greatest focus on cash and fiscal supports to families rather than supports for services (including ECEC). Recently, Hungary has moved to expand ECEC support for families with very young children, but there is room for further investment in the area. The leave system and prevailing attitudes foster an environment in which mothers provide care for very young children. Nevertheless, family policy stakeholders value the role of fathers in providing care for children and favour a more gender-balanced use of parental leave entitlements. New policy initiatives should move in that direction.



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