



# **Labour market situation of older workers in the Central Hungary Region**

**2007**

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## 1 Introduction

Demographic aging is a great challenge European countries will face in the future. The social security of the society is to be financed by the taxes of a narrowing circle of employees. A major danger in the coming decades will be the disproportionate growth of taxes, or a dramatic decline in the living standards of dependants. Aging of the populations reveals a significant problem in countries where the payment of active age citizens serves as cover for the public pension system.

The intensity of the effect that an aging population bears on the labour market can be reduced considerably by changing the current age structure, attitude and practice of employment. The notion of **active aging** can be heard of more frequently. It means that most work ability can be preserved even until 55-64 years of age. In every country the number of older workers entering the labour market increases; this manpower capacity should be exploited. The opportunity presents itself especially in regions (thus in the Central Hungarian Region as well) where the economical environment is enhancing and the labour market demand is appearing.

This review aims at depicting the situation of older workers in Hungary with special attention to those of the Central Hungarian Region, by utilizing available research and professional results. Special emphasis was placed on demographic and labour market processes concerning the target group, as well as on future tendencies. In addition, the study covers the means and services designed to enable reintegration of older workers. Also, it intends to present the measures taken to ensure equity in the workplace. Our review aims at stopping a gap as the edited picture of the situation provides a better overview of the issue for a professional circle as well as for employment politicians.

## 2 Demographic processes and tendencies to be expected

A demographic feature concerning the whole of Europe is that average age (life expectancy at birth) is increasing. Also, healthy life years display a gradually increasing tendency. Productivity rate is below the natural replacement level. In other words, European societies are **depopulating** and their age structures tend to shift towards older age classes as a result.

Chart 1<sup>1</sup>

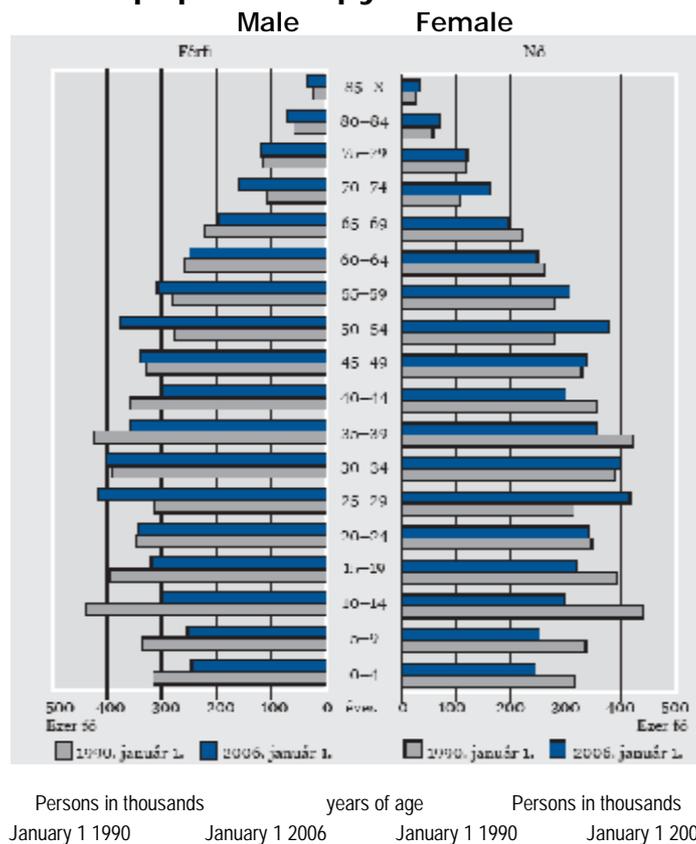
3 Major population numbers in 2005					
country	live birth	mortality	natural reproduction / decline	net migration	actual growth/ decline
EU-25	10,5	9,7	0,7	3,7	4,4
Czech Republic	10,0	10,5	-0,5	3,5	2,9
Estonia	10,6	13,1	-2,5	-0,3	-2,8
Poland	9,4	9,7	-0,3	-0,3	-0,7
Latvia	9,3	14,2	-4,9	-0,5	-5,4
Lithuania	8,9	12,9	-4,0	-3,0	-7,0
Hungary	9,7	13,4	-3,8	1,7	-2,1
Slovak Republic	10,0	9,8	0,2	0,8	0,9
Slovenia	8,8	9,2	-0,5	3,6	3,1
Bulgaria	9,0	14,6	-5,6	-1,8	-7,4
Croatia	9,4	11,1	-1,7	2,6	0,9
Romania	10,2	12,3	-2,1	-0,5	-2,5

The society structure undergoes a radical change. Similarly, the family structure alters: there are more older workers (aged 55-64) together with elderly (aged 65-79) and senior citizens (aged 80 and over), while the number of children, youth and adults of work ability drops. The link between various stages of life has become more complex in nature. This concerns the young, who arrive at certain stages of life later than in the past, namely obtaining a degree, entering the workplace, having their first baby. On account of these processes, the dependency rate increases constantly.

In Hungary, the age structure has undergone a considerable change in the past one and a half decades. The balance of live birth and mortality has resulted in a natural decline of population that has been ongoing for a quarter of a century. It has been partially counterbalanced by migration gain, therefore, the actual depopulation is less than the natural decline. The change in the age pyramid unequivocally indicates that aging of the population has accelerated: the proportion of the population aged 45 or more has increased significantly, while the number of those aged 25 years of age or less has dropped (Chart 2). An especially great increase can be witnessed in the number and share of population 50-64 years of age, namely in the age group of older workers. In international comparisons, a minor change is recorded for population aged 55-64, defined as older workers. However, the increase of their proportion can be claimed significant to the total population on account of demographic decline. The dependency rate is rather high (45.5%) due to demographic processes and displays a growing tendency.

1 Source: Eurostat, 2006

**Chart 2<sup>2</sup>**  
**The changes of the population pyramid between 1990 and 2006**



In the Central Hungarian Region similar processes took place, although the constant decline of population is still below national tendencies. In the Region, the population of the capital city has dropped dramatically due to residents moving out. However, the majority of them has found dwelling within the boundaries of the Region, namely in settlements in the vicinity of the agglomeration. Migration into the agglomeration area has been slowing gradually for the past few years. Population data in the Region is around 2.8 million persons showing a rather minor decline in the past 5 years. Although the proportion of decline - which was nearly 50 thousand persons in the past 5 years - together with the average childbearing age shift (from age 29 to 30) would have accounted for a more significant population decline, the actual decline is 6-8 thousand persons due to the relatively high positive migration balance. In line with that of the country, the population of the Central Hungarian Region has aged for the past 5 years raising the average age of population from 40.5 years to over 41 years. The ratio of population aged 45 or over is 43% showing only a minor change, while that of the population aged 55-64 has exceeded the 13% moving up from 11% for the past five years. The proportion of population aged 64 or over stagnates around 16%.

The increase of life expectancy at birth contributes to the aging of the population. Although in this respect Hungary belongs to the group of disadvantaged European countries. The lag from the European average is especially significant concerning male citizens. In the Central Hungarian

<sup>2</sup> Source: CSO, 2006

Region indicators of life expectancy at birth are claimed to be outstanding nationwide approximating the European average by both sexes.

**Chart 3**  
**Life expectancy at birth<sup>3</sup>**

Sexes	EU-15	EU-25	Hungary	Central Hungarian Region <sup>4</sup>
Male	73 years	72 years	64 years	71 years
Female	79 years	79 years	73 years	79 years

In the coming years the extent of population decline will slow down in Hungary. Based on estimations<sup>5</sup> the ratio of population 0-19 years of age will drop to 14-19% from 23% in accord with the productivity level. According to a more complex definition the proportion of the middle-aged will also decline in the long run. The double-fold effect of the “Ratkó generations”<sup>6</sup> and their children reaching senior age will inevitably result in the change about the share of this age group within the population. The ratio of the elderly rises constantly and significantly. The proportion of population aged 60 or over will reach 22% increasing from the current 21% by 2009, rising to 25% by 2016, and will move up to 27% by around 2030.

This denotes that the new wave of demographic aging that will develop in the coming decades will also develop in Hungary, which is expected to reach its peak in about half a century. As a result, a “one third” population may develop in which at least every third citizen will belong to the senior age class<sup>7</sup>.

As for the population of the Central Hungarian Region, a minor increase is expected (it will rise by 1.5% to the level of 2006 until 2021). It can be attributed to the fact that the extent of natural decline will permanently remain under 40 thousand persons until 2020 considering a 5-year period. Moreover, it may even drop to 30 thousand between 2010-15. The average childbearing age will permanently settle at the ages of 30-30.5. Migration balance of the Region will increase. It will be especially high – meaning nearly 54 thousand persons - in the period between 2006-2010 and is to be expected to reach 46-47 thousand persons in the subsequent 5-year period.

The average age of the population in the Region is expected to rise significantly probably reaching 43 years of age by 2021. By then the ratio of population aged 19 or less may drop by 0.5%. At the same time, population aged 19-44 will decrease by 3% while the proportion of age group 45 or over will rise by 3%. By 2011 the population aged 55-64 will increase by 1%, though in ten years time (by 2021) it will drop below the level of 2006 due to a 3% decline. In reference to the population getting older in the

<sup>3</sup> Source: Eurostat and CSO (Central Statistical Office), 2006

<sup>4</sup> Forecast based on corrected mortality data of 2005

<sup>5</sup> Forecast based on corrected mortality data of 2005

<sup>6</sup> Minister of Health in the period between 1950 and 1953. In a broader sense “Ratkó era” refers to the demographic policy of the half decade between 1950-56 when abortion was prohibited and childless tax was introduced.

<sup>7</sup> Source: Judit Adler: Employment situation of age group 45 or over, GKI Llc.

Region, a major problem is that the ratio of population aged 64 or over may increase by even 5% reaching one-fifth of the full population. This age group is defined internationally as aging out of even the group of older workers. The future image is not too reassuring considering that every third citizen of the Region may be aged 55 or over by 2021. The increase of the dependency rate has to be taken into account as the proportion of children and youth practically does not change within the population.

#### 4 Labour market status of older workers

In 2005 the number of employed people was 3 902 000 in Hungary. Only 57% of the population aged 15-64 is employed. This ratio is 7% less than the average of the EU Member States and is in unreachable distance from the 70% suggested by the EU by 2010. The employment rate of the low qualified is especially low. As for economic activity, Hungary takes the worst position among the 25 Member States. Only 40% of the working age population is present at the labour market in Hungary. The low level of employment rate is closely related to the early mass retirement, lengthened time of education and using various forms of childcare support. Economic participation of the population traditionally varies according to territorial divisions of Hungary. The best region in respect to employment is the Central Hungarian Region, where the employment rate among local population aged 15-64 is nearly 62%. It can be claimed that due to a special territorial development, Budapest has become the economical, innovative engine of Hungary. At the same time, it is the center of the Central Hungarian Region. Beside residents of the capital, more than 200 thousand workers commute to work on a daily basis from the suburbs into Budapest. In Hungary, employees withdraw from labour market a year prior to the average exit age characterising the EU Member States. As for exit age, the Central Hungarian Region exceeds the national indicator reaching the average level of the EU-25 and EU-15 (chart 4).

Chart 4  
Average exit age from labour market<sup>8</sup>

EU-15	EU-25	Hungary	Central Hungarian Region
61 years	60,7 years	60 years	60,7 years

As for economic participation, the gap widens between the parameters of the EU and those of Hungary. The economic activity of the population aged 50-64 exceeds 55% in the EU, while in Hungary it is 10% less. As for the ratio of employment rate among the population aged 55-64 is 42% in the EU-15 and is 40.5% in the EU-25. Despite the significant increase from 31% to 33% in 2005, the employment of this age group lags behind the European average. It is due to the gradual rise of retirement age (male retirement age was 61 years of age and it was 59 years of age for female in 2005) and adjustments to retirement rules. The number of the employed in this age

<sup>8</sup> Source: Eurostat and CSO, 2006

group has increased by 102 thousand persons, namely 35%, for the past 3 years. The increase of employment ratio among population aged 55-64 exceeds the national level to a small extent. The European Union set a target goal to achieve a 50% employment rate of population aged 55 or over by 2010, while Hungarian national objective necessitates reaching a rate of 37%. The low employment rate of age group 64 or over is an impediment to the goal on a communal and national level. In Hungary, the ratio of population aged 64 or over being employed after retirement is only half of the average of the EU-25. However, in the Region this indicator is double the national average and exceeds even the average of the EU-25, although it does not reach the average of the old Member States (Chart 5).

Chart 5

Active after retirement (population aged 65 or over in percentage)<sup>9</sup>

EU-25	EU-15	Hungary	Central Hungarian Region
5,6%	8%	3%	6,5%

In relation to employment sectors, it can be claimed that 9% of the population aged 55-64 works in agriculture, and more than 30% is employed in industry. As opposed to this, the ratio of older workers in agriculture is 7% in the EU, while their proportion is 26% in industry. It means that production sector is slightly more popular among the elderly than the youth. In Hungary 61% of the population aged 55-64 work in services, while the corresponding data for the EU is 67%. Industry is a less preferred sector as opposed to the service sector among the elderly in Hungary, for the budgetary service affords 5 percentage points greater weight in the employment of age group 55-64 than the national economy average. At the same time, the non-budgetary services create less demand for older workers. In the Central Hungarian Region the weight of agricultural sector is well below the national characteristics, thus, the ratio of population aged 55-64 working in that sector can hardly be measured there. The majority of older workers are employed in the third sector. The employment of the elderly is considerable in financial and commercial field. It materializes in the capital and the agglomeration area on account of Budapest being one of the most significant financial, administrative, logistics and tourist centers. By major groups of employment, the number of older workers in an executive position is higher. It is a logical consequence of the fact that experience and practice in management are required for

a leading position beside expertise. At the same time, employees tend to adhere to executive positions acquired. Both in the country and in the Region, 11-15% of the age group 55-64 fulfils an executive position. In positions requiring a university or college degree, 30-35% of the age group 55-64 is employed. With these positions experience, comprehensive knowledge and network play a prominent role. Nearly 46% of employees worked in some form of non-standard employment, such as self-employment, part-time

<sup>9</sup> Source: Eurostat and CSO, 2006

job, labour contract of limited duration in the EU, while in Hungary their ratio remained under 25%. This proportion among the elderly employees aged 45-64 and 55-64 was slightly higher, 26.5% and 36.7% respectively, in line with that of the Central Hungarian Region. At the time of the census, 6% of the working age unemployed 55-64 years of age belonged to the unemployed in the country, while this ratio was 4% in the Central Hungarian Region. Out of this age group 80% of the economically inactive population is old-age pensioner. Disability pension is allocated to 13% of the population aged 55-64, and to 15% in the Region<sup>10</sup>. In branch offices of the Regional Labour Centers – according to closing data of 2006 – more than one-fourth (10 743 persons) of registered unemployed (41 463 persons) belong to age group 50 or over. Nearly 10% (4009 persons) of the registered unemployed belonged to age group 55 or over. Sixty percent of the unemployed aged 50 or over registered at labour centers remained registered for over 6 months, thus they fell into the group of permanently unemployed.

As some members of this age class do not register at labour centers, it difficult to define the actual number of the unemployed belonging to the age group. In addition, no regional data was available providing a proper means (according to ILO concepts) to determine their number. Based on estimations according to basic version<sup>11</sup> applied, in age group 55-64 the proportion of active population will increase slightly (growing from 2.7% to 2.9%) until 2021 in the Region. As for age group 64 years of age or over, this proportion doubles (from 3.5% to 7%) by the given date. Within the economically active population the rate of age group 55-64 will increase by 1%, reaching almost 9.5% (ie. the number of the economically active will increase by 18 thousand persons in the age group). Moreover, by 2021, the number of economically active persons from age group 55-64, as well as their proportion within the economically active population will drop below the level of 2001. At the same time, the number of economically active persons in age group 65 or over will double (meaning 21 thousand persons) by 2021 and their proportion among the economically active will increase to 1.8% from 1%. Based on these facts, we can claim that with the current system, such as retirement rules, coupled with the lack of encouragement for older age groups to participate at the labour market, it is highly unlikely that significant increase will take place concerning the weight of older age group within the economically active population.

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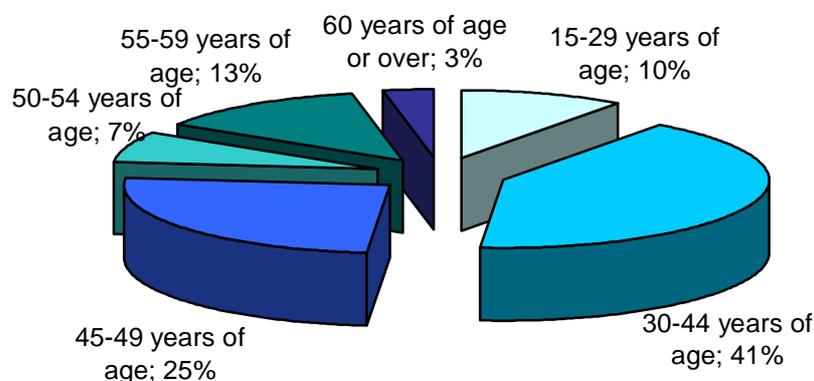
<sup>10</sup> Source of paragraph: Census dataroll

<sup>11</sup> Source: László Hablicsek: Forecast of Territorial Labour Force Demand until 2021 The estimation based on the basic version does not take account of the dynamic growth of labour market activity. Even though, we present this estimation model to depict the negative consequences of the minimal increase or stagnation of current activity level. Naturally, the pace of prosperity growth may affect the validity of the estimation provided to a great extent

## 5 Employer attitudes concerning the employment of older workers<sup>12</sup>

In 2004 the GKI Economic Research Co. analyzed the employment situation of citizens 45 or over under the direction of researcher Judit Adler. In the framework of the research small and medium-size enterprises were interviewed based on a survey deriving from panel samples. The inquiry concerned their employment policies and their attitudes to older workers. The number of employees participating in the research was 1.3 million persons. Among them the proportion of persons aged 45 or over was 45%. The number of employees aged 45 or over was higher at medium-size and large enterprises than at micro- and small enterprises. Also, their number in the public sector was higher than in the private sector. Similarly to the latter group, companies with foreign majority also tended to employ less workers aged 45 or over. Based on the answers given in the past five years on the occasion of layoffs persons aged 55 or over were "saved" while persons aged 45-55 preceded the age group of 45-55 on the layoff hierarchy (chart 6).

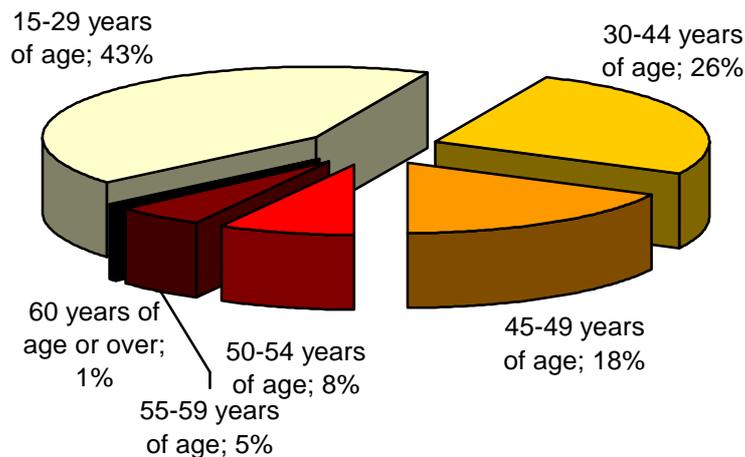
**Chart 6**  
**Subjects of company initiated layoffs by age**  
(among companies initiated an extensive layoff for the past 3 years in percentage)



When hiring employees one-third of the companies attempt to hire young labour force in the first place. Moreover, 20% of them employs persons aged 45 or over only if younger workers are not available. At the same time, employees hired at a young age are welcome to remain in employment even after reaching 45 years of age or over (chart 7).

<sup>12</sup> Sources of the chapter: GKI Plc. (Judit Adler- lecture presentation) and national research by Equal Opportunity Office of the Municipality of Budapest of 2000

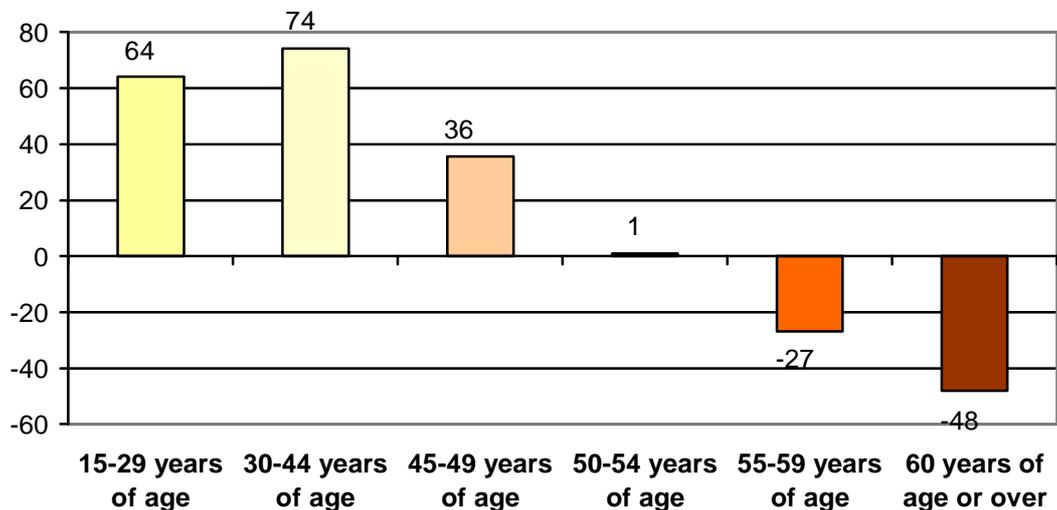
**Chart 7**  
**Newly hired employees by age (in percentage)**



When employing new workers negative attitude concerning older employees strengthens with the advancement of age. Employers opt for hiring employees aged 30-44, as aging is not a distinct factor in their case and, at the same time, they are over the beginning phase of their carriers. Attitudes overtly shift into the negative field concerning employees aged 55 or over, while employers explicitly reject hiring persons aged 60 or over (chart 8).

**Chart 8**  
**Preference for age class in employment**

(average on a scale from -100 to +100, where -100 = complete rejection and +100 = pleasurable, N=500)



Exploiting and utilising experience of older workers is a problematic issue. It is displayed by the fact that knowledge transmission to the youth takes place in an organised way only at 28% of older workers. Adapting to the needs of elderly employees is close to minimum level. Only 9% of the companies have adjusted work processes to enhance the achievement of older workers. Employers considered outdated knowledge as a main deficiency of elderly employees that could be redressed by further training. However, the actual proportion of older workers participating

**in trainings organised and financed by companies is not higher than that of younger age group. Only 29% of employees aged 45 or over with a high school diploma participated in some kind of training after reaching age 45, while among employees of the same age group with a degree, 49% took part in further training. Almost 60% of CEO's claim that age has no bearing on their training policies. However, where they claim to have age group focus, training is with regard to age group 30-44. According to company prognoses, no significant restructuring is to be expected on the labour market according to age. The Equal Opportunity Office of the Municipality of Budapest prepared a national a survey in the 3<sup>rd</sup> quarter of 2005 in order to map the contents of equality policies at the workplace. Half of the filled-in questionnaires out of the 396 were sent back from the capital and cities located in the Central Hungarian Region. Almost every organisation participating in the panel sample hires employees aged 40 or over in the Central Hungarian Region. More than half of the employees are aged 40 or over at almost two-thirds of these organisations. Concentration of employment of this age group is a general feature of the participant organisations of the sample, thus, it is rather high. The most frequent answer "prevalent health problems" was given as for a commonly occurring problem when hiring employees aged 40 or over. As further difficulties, three more issues were mentioned, namely that this group of employees is "more expensive to employ", they characteristically "lack skill", also, are considered "inflexible and their knowledge is outdated". The fact of higher wage demands in case of older workers as opposed to that of the youth hinders employment of older workers aged 40 or over with a family, with greater work experience, and possibly with managerial skills. As for equality policies, less than one-fifth of the employers reported that their employees aged 40 or over are provided assistance in health protection on an organizational level. Only 7% reported that they support participation of employees aged 40 or over at trainings.**

**To conclude, employees are less willingly hired with the advancement of age. Disadvantageous situation of older workers is revealed in both the process of hiring and layoff. At most companies, the practicality of knowledge transmission of elderly employees is not attained. According to the employers, employment inequality and other employment issues of older workers derive from their deteriorating health status and lack of skills. On account of these problems hiring elderly employees becomes costly. At the same time, employers hardly take any measures to enhance older workers' skills level and health status.**

## 6 Means and services enabling reintegration of older workers

### 6.1 Government measures

By making amendments to legal regulations concerning the various forms of support, the government has enhanced the employment conditions of age groups with a labour market disadvantage and, within this group, those of persons 50 years of age or over. These measures resulted in the increase of interest in employment. A majority of these regulations came into force and was modified based on strategies motivating employers, and thus, employees indirectly.

- No health contribution is to be paid if the employer hires an employee 50 years of age or over, who had been a registered unemployed for over 6 months
- From among subsidies fostering employment, in case of wage subsidy, the rate of support is allocated within a 3-month registration period when hiring unemployed aged 45 or over making it half of the regular awaiting time. As for the rate of support, 70-100% allocation was possible to be obtained instead of the basic scenario 50-100%, while the length of the period was doubled to 2 years.
- In case of subsidised public work, persons aged 45 or over were allowed to work in such an employment for one and a half years, while this period was half a year longer for persons 50 years of age or over. Beside other things, the employment took place on condition that the activity is to be related either to medical, social, cultural, educational, or environmental field. The rate of subsidy related may reach 90%.
- In case of taking over contributions setting the rate of subsidy is the task of the labour centers when employing a person aged 50 or over, nonetheless, it could not be less than 70%.
- From year 2007 a major change was brought about due to the modifications of the Employment Law. Based on that, new regulations were introduced as for employment related wage subsidy. Accordingly, a person aged 50 or over threatened to lose employment status, inter alia, should be considered a person with disadvantageous situation when allocating wage subsidy.
- A significant contribution reduction is provided for enterprises and organisations hiring unemployed aged 50 or over within the framework of "Start Extra" programme launched in 2007.
- The fact that employers are not bound to contribute to training expenses of employees aged 45 or over was designed to foster the participation of older workers in trainings. In addition, obtaining a second profession has become free of charge.

## **6.2 Central programmes**

### **Programme for persons 50 years of age or over**

The Ministry of Employment and Labour launched a program in order to increase the employment of jobless persons aged 50 or over on 1 January 2005. Beside applying the actively operating means job probation was introduced in this specific programme. It is a specially subsidized employment in which the employer guarantees hiring an unemployed aged 50 or over for a 3 month limited period. The employment is based on the employees' education, skills and former work experience in regular working conditions without a probation period. Results of the program in the capital (year 2005) Within the framework of the programme, 355 persons were hired with the help of the job probation subsidy instead of the previously set objective of 170 persons. As for education, 60.5% of the newly employed possessed a high school diploma, 38% of them had only elementary level education and 1.5% were graduates. After the closure of job probation a majority of employers requested subsidy to be able to continue the employment. The Labour Centers allocated the wage subsidies and income support accordingly. Within the framework of the programme, 157 persons 50 years of age or over were involved in the training. Qualified workers took computer and language courses while among the unskilled workers, social worker, personal assistant, flower arrangement and shop assistant courses were popular. The number of persons working subsidized in public sector was 413 persons out of whom 70% had only elementary level education. Results of the programme in Pest county (year 2005) The fluctuation of young labour force is a characteristic process in the settlements of Pest county, especially in areas in the vicinity of the capital. For this reason at the launch of the programme employers displayed a low level of willingness to employ older workers. There were 485 beneficiaries of the programme, out of whom 53 persons participated in trainings and 220 persons were employed through job probation. The number of employees with wage subsidy was 57 persons and that of the ones employed by taking over contribution equaled to 42 persons. Sixty-four persons were employed in the public sector and by means of wage subsidy and taking over contribution designed to improve employment was 51 persons and 8 persons were employed by other form of subsidy.

### **"Premium Years" programmes**

The programmes aim at maintaining labour market participation until the retirement age and enabling gradual withdrawal from labour market. Participation was ensured for employees working in public sector as related to modernisation of public administration from 1 January 2005. From 1 October of the same year, older workers employed in business sector were also included in the programme. A further condition of participation is that the employee must qualify for retirement within 3 years, agrees to participate in the programme and also to the possibility of part-time employment for the duration of the programme. Participants receive 60% of their previous wage and remain employed until retirement age. Time spent in the programme qualifies for health insurance. Even if a participant gains employment in the business sector before the 24<sup>th</sup> month of the programme, they are entitled to receive the subsidy until the end of the programme (ie. 24<sup>th</sup> month). The

programme is supposed to operate in the current form between 1 January 2005 and 31 december 2009.

#### "One Step Ahead " central training programme

Persons with elementary level education or unskilled workers are entitled to apply for the free trainings provided by the One Step Ahead programme until May 2007. During the course of the programme it has to be accounted for that 55% of the supported should be registered unemployed. Persons with employment status may apply to the remaining places. Advantage should be given to unemployed persons aged 50 or over when being accepted to the training programmes.

### *Participation of older workers in active labour market policies<sup>13</sup>*

#### Labour market trainings

These trainings are provided by organisations specializing in the field and by enterprises in general. The "training lists" approved by the assigned labour centers include a limited number of participants by each field of education. Also, the "training lists" are designed based on "reccomended" and "accepted" fields of education. Enterprises apply for these trainings and the assigned labour center decides upon the actual training offer based on the opinion of the subcommittee of the Labour Councils. According to the year-end data of 2006 provided by the Regional Labour Center, 8444 persons participated in labour market trainings. Within this group the ratio of persons aged 50 or over was 11%, while that of the persons 55 years of age or over was altogether 2%.

#### Public employment

For the long-term unemployed public employment proves to be great assistance even if it is temporary as it provides tolerant working conditions as well as wage and contributions. According to the year-end data of 2006, the number of participants in public employment was 4759 persons. The ratio of persons 50 years of age or over participating in the programme was 30%, while that of persons aged 55 or over was 11%.

#### Wage subsidy designed to increase employment

This means aims at providing employment in the business sector for the permanently unemployed. To achieve this, employers are supposed to undertake a non-subsidized period equal length to that of the wage subsidy. According to the year-end data of 2006 of the Regional Labour Center, the number of persons receiving wage subsidy was 1642 persons. The ratio of persons aged 50 or over within the group was 31%, while that of persons aged 55 or over was 10% in the Region.

### **6.3 Good practices of non-governmental organisations (NGO-s)**

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<sup>13</sup> **Active labour market means** foster the reintegration of the registered unemployed into the primary (non-subsidized) labour market. They aim at enhancing labour market participation.

### Services of Foundation For "40+"

The foundation was established to support and assist the employment and success opportunities of age group 40 or over. The foundation aims at:

- I Fostering the employment and success opportunities of age group 40 or over. Also, ceasing labour market discrimination and competitive disadvantage concerning this age class.
- I Decreasing gender-based differences within the age group at the labour market, supporting female labour market participation as well as assisting the harmonisation of family and work.
- I Improving the employability of persons with a disadvantage within the age group, assisting their reintegration at the labour market
- I Supporting the age group 40 or over to prepare for the retirement years, in reaching active old-age and creating a solid financial background.

### Services:

*1. Providing information* For employers: Companies, institutions and small- and middle-size enterprises are informed on possible ways and advantages of using certain labour market services, as well as benefits related to the employment of persons aged 40 or over. For employees: After registration, workers of the foundation office hold an in-depth conversation with the unemployed client or a client changing jobs. They provide the employees with detailed information and individual solutions. *2. Recruitment* They assist the client in finding the most suitable workplace from among vacancies available with regard to location, working hours, work regulations and income opportunity. *3. Representation of interests - legal certainty- law application* *4. Self-awareness – Career-orientation- Behaviour culture- Communication – Successful job interview* *5. Conflict management – Healthy lifestyle, sports and motion culture* *6. Investment options, savings – financial security for retired years*

### Hungarian Business Leaders Forum (HBLF) Fifty plus/minus program

HBLF intends to elaborate effective means specifically designed to assist unemployed graduates aged 50 or over. This group has only a small share within the group of the unemployed, thus Labour Centers do not have contact with companies offering employment and taking care of their special needs. The HBLF involves its 101 member companies in order to outline strategies concerning older workers as well as calls their attention to the situation of unemployed graduates. Among others, Mol Llc., Matáv Llc., Zwack Unicum Llc., The World Bank, Shell Hungary Plc. are member companies.

The programme of HBLF rests on three pillars:

- I On one hand they upgrade the professional competence of their participants and adjust it to the requirements of the actual labour market. Within the framework of this pillar computer and language courses are offered for participants.
- I The core of the second pillar is skills development. In the course of this participants are taught good communication skills and teamwork among other things.
- I The third pillar provides assistance in employment by offering

mental health services and personal development programmes. In addition, participants are offered practical knowledge such as composing a curriculum vitae or strategies to be followed at job interviews.

#### "Net Granny" programmes

The idea of a computer course for employees aged 50 or over and for retired people emerged at a leadership training for retired club leaders in 2001. The first courses were launched in Budapest as experiment in 2002. Since then the programme has spread to 50 locations countrywise. According to the national survey of november 2005 by the Budapest Cultural Center (BCC) similar education was organised in 18 settlements and 1030 persons have completed the courses. Currently running "Net Granny" programmes:

- I The "Click on Granny Programme" at BCC. Training starts from the basis, and by the end of the 6-lesson course every "student" learns how to surf on the net, using search engines and emailing. They are provided the opportunity to practice at the computer room that serves as location for the course.
- I The WIFI Training Institute provides internet courses designed for retired people. Their courses compose of 12 lessons and they are given practice opportunity as well.
- I The elderly are offered to participate twice weekly at the 6-session course organised by the Csokonai Cultural Centre in the 15<sup>th</sup> district of the capital.

#### ***6.4 Regulations and activities promoting equity at the workplace***

According to a survey<sup>14</sup> Hungary is the country where second most discriminative events happen in Europe. Another survey claims that almost two-thirds of Hungarians feel that they were subject to negative discrimination at the workplace in the past five years.

In the field of promoting equity at the workplace, a significant step was that the Act *CXXV of 2003* was accepted *on the implementation of the principle of equal opportunities and equal treatment*. Among other things, this law established sanctions against discrimination at the workplace. Local governments, state-owned enterprises with more than 50 employees, and economic societies of state majority were bound to accept equal opportunity plans.

After this law came into force, employees could turn to the **Equal Treatment Advisory Board** of national authority in case subjected to discrimination. The Board was established in accordance with the EU requirements. Several hundred claims were handed in to the bureau even in the first year of its operation in 2004. Based on these, mainly people with restricted working capacity, mothers with young children, Roma people and members of senior age class are subjected to discrimination. The Board may take sanctions against the employers in the form of a significant fee based on the result of their investigation process.

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<sup>14</sup> With reference to the survey of the Kelly Services HR Consulting Company. The company interviewed 70 thousand people in 28 countries in the framework of the survey.

In the Central-Hungarian Region, the Municipality of Budapest has had a leading position for the past years regarding patronising initiatives aimed at strengthening equity at the workplace. In its "EQUALITY 2000" action plan and in the related accomplishing process the Municipality of Budapest devoted itself to a professional assisting and coordinating role in order to establish a more efficient, cooperative, and unified employment practice in the capital. The Municipality accepted the "40+ Code of Ethics" in 2000, which urges actions against discrimination by age. It even made it compulsory for economic societies in its jurisdiction and their companies to adopt the code. Also, it entrusted the Equal Opportunity Office of the Municipality of Budapest to monitor the equality policies and the situation of employee groups with a disadvantage at economic societies in its possession and enterprises ran by them. The Equal Opportunity Office of the Municipality of Budapest prepares annual reports to the Municipal Assembly of Budapest.

The "Welcoming Budapest" programme by the Equal Opportunity Office of the Municipality of Budapest aims at achieving palpable results and providing an operating practice against the prevalent discriminative employment attitude. It aims at developing a human policy technique at the workplace and introducing it at "great" service companies in Budapest. Besides, it intends to involve people with disadvantageous position on the labour market and assist their reintegration and carrier path as well as creating sensitivity about employers for equity measures. The Budapest Public Employment Service Non-Profit Company and its partners obtained the financial sources in tenders to carry out the EQUAL community initiative programme. In the framework of the "Welcoming Workplace Programme" the Equal Opportunity Office of the Municipality of Budapest announced the "Inclusive Workplace Award" in 2005 for the first time, with the support of the European Social Fund and the national government. The capital city intends to express its appreciation to employers paying special attention to equity of their employees.

## **7 Summary**

It is vital but not sufficient to employ the economically inactive aged 55 or younger in order to increase the employment rate. In addition, it is necessary to **increase labour market participation and work ability of older workers** currently reaching retirement age or above as their demographic weight is increasing among Hungarian population, in line with that of the Central Hungarian Region. To achieve this, raising retirement age is **not enough in itself**. Measures must be taken to foster labour market participation of employees reaching retirement age or over. The **economic development and prosperity** of the Central Hungarian Region - a most developed area countrywide - **do not provide a solution in themselves**. Success is to be achieved on condition that older workers are capable of adapting to the requirements of employers and those of the workplaces available. Moreover, workplaces are to satisfy the special needs deriving from their age.

**Main directions of necessary employment policy interventions:**

- I To increase the labour market adaptability of older classes, to increase their willingness to participate in trainings and to establish the model of life-long learning in Hungary.
- I To increase the flexibility of labour market, to foster spreading atypical employment patterns.
- I To motivate employers in order to hire older workers (by e.g. contribution allowance).
- I To dissolve obstacles concerning attitudes: to support and promote inclusive workplace practises, to protect older workers against discrimination at the workplace, urging equal treatment measures.
- I To launch active labour market programmes specifically designed for older workers.