
Capitalist Divergence and Labour Market Flexibility in the Czech Republic and Hungary: A Comparative Analysis of Standard and Non-Standard Employment

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Abstract The article presents a comparative analysis of standard and non-standard employment (part-time employment, fixed-term employment, self-employment and employment without a contract) in the Czech Republic and Hungary. It examines what the weight of the various types of employment is, and to what extent standard employment has the same meaning in the two countries. Also, it analyses what gender, age groups, educational groups and branches are particularly exposed to flexibility, and what the relationship is between flexibility and income. Finally, it discusses to what extent the differences observed between the two countries are linked to broader labour market developments and to diverse approaches towards the creation of post-socialist capitalism. The analysis shows converging as well as diverging tendencies between the two countries. They have similar levels of standard employment, but standard employment is constituted differently in terms of income, hours worked and working-time patterns. Also, the composition of non-standard forms of employment and their relationship to income is different. In both countries, standard employment is low in the sectors of agriculture and trade and services, as well as for the young, the old and the lowly educated. Women have higher rates of standard employment than men. The Czech labour market is however much more 'egalitarian' and the Hungarian one more 'polarised', while employment is most precarious in Hungary. The differences between the two countries are linked to the stronger market orientation of the Hungarian post-socialist reforms, as well as to the fact that during the 1990s aggregate employment in Hungary fell much more strongly than in the Czech Republic.

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1. Introduction¹

The demise of state socialism and the turn to capitalism in Central and Eastern Europe (CEE) has presented social scientists with the question of what type(s) of capitalism(s) are emerging in this region. Studies on Western capitalist societies show that large and persistent differences prevail between national models of capitalism [Crouch and Streeck 1997; Hall and Soskice 2001], between welfare-state regimes [Esping-Andersen 1990], or between industrial relations systems [Crouch 1993]. Indeed, capitalism is no single order. And neither was CEE state socialism. State socialism revealed similarly profound differences across space and time, with a generality of experience that could be claimed only on a broad systemic level [Kornai 1992]. Based on this diversity, the CEE countries have been constructing their own variations on the general theme of capitalism. What capitalism in the various CEE countries looks like then becomes a question for comparative empirical research.

In this paper, I take a comparative view of one of the core dimensions of contemporary capitalism, labour market flexibility, in two CEE countries – the Czech Republic and Hungary. The labour market has been one of the key areas of reform in the post-1989 period, and it has been one of the areas where the dramatic changes from state socialism to capitalism have been most apparent and have had the most impact on the well-being of the countries' populations. It has also been one of the most hotly debated areas of reform in capitalist countries around the world over the past two decades, with the debate focusing again on the issue of flexibility.²

Little agreement exists on what types of flexibility are desirable or feasible, and in what way labour market regulation should be (re-) shaped to allow for or foster labour flexibility. In line with the capitalist diversity argument, large differences can be found between Western countries concerning the way labour market flexibility has taken shape, including the types of employment that prevail, working-time patterns, and labour market regulations [Esping-Andersen and Regini 2000; European Commission 2001]. While in all countries flexibility is constituted in a complex and multidimensional way, each has its own particular characteristic features. For example, in the USA, flexibility is largely achieved through minimal dismissal protection and decentralised wage bargaining. In Spain, it is embodied in widespread temporary employment. In the Netherlands, part-time employment is widespread. In Greece, almost half of the employed are self-employed. In Germany, labour market flexibility to a large extent originates in flexible forms of work organisation.

The aim of the analysis presented here is to contribute to obtaining an understanding of the way labour market flexibility is constituted in the Czech Republic

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² For some recent contributions to this debate, see e.g. Sarfati and Bonoli [2002]; Standing [1999]; Esping-Andersen and Regini [2000].

and Hungary. Some aspects of this issue have been the subject of comparative research on CEE countries elsewhere, including labour turnover and employment stability [Cazes and Nešporová 2001], and employment protection legislation and labour market policies [Riboud et al. 2002]. In this article I will focus on standard and non-standard types of employment and their characteristics, a core flexibility issue on which as yet little comparative research has been done in the CEE countries. Non-standard types of employment are at the heart of the labour flexibility debate and, as we will see below, they are increasingly seen as viable instruments for increasing labour market flexibility in the two countries under study. The discussion will be based on the results of the Households, Work and Flexibility (HWF) survey, a unique survey fielded in 2001 in eight Eastern and Western European countries, and dedicated specifically to an inter-country comparison of various types of flexibility.³

The questions that this article is centred on are the following:

- To what extent are the two labour markets typified by standard employment, to what extent does standard employment have the same meaning in the two countries, and what is the weight of the various more flexible types of employment (part-time employment, fixed-term employment, self-employment and employment without a contract)?
- What are the age groups, gender, educational groups and branches that are particularly exposed to flexibility, and what relationship exists between flexibility and personal and household income? To what extent do the two countries differ here?
- Are the differences observed between the two countries in terms of types of employment linked to broader labour market developments and to diverse approaches towards the creation of post-socialist capitalism?

The rest of the article is structured as follows. In section 2 I provide a brief overview of some major aspects of economic and employment policy in the Czech Republic and Hungary since 1989, along with the major changes in the labour market. In section 3, I present the results of the HWF survey concerning the incidence and character of standard and non-standard employment. In section 4, I offer a summary of my findings.

2. Post-1989 reform policy and labour market developments

Following the capitalist diversity argument, we should not start by assuming a convergence in the way labour market flexibility takes shape in the two countries. First

³ The survey covers the population aged between 18–65 years old and has a sample size of 1556 in the Czech Republic and 1165 in Hungary. For detailed information on the survey, the questionnaire, or publications, see the Households, Work and Flexibility project web page: <http://www.hwf.at>

of all, they started the post-1989 period of building capitalism with quite diverse economies and labour markets. Hungary has traditionally had a smaller industrial sector, with less heavy industry than the Czech part of former Czechoslovakia (36.1% and 45.4% respectively in 1989), and a larger agricultural sector (17.5% and 11.8% respectively). Hungary was also a primary example of the reform of state socialism, including extensive decentralisation, and a relatively large second economy with small-scale private economic activity, while Czechoslovakia of that time had a more centralised economy with virtually universal state employment.

Also, although the systemic change from state socialism to democratic capitalism has had many basic elements in common in the two countries, important differences can be observed in terms of both economic and employment policy and in labour market developments.⁴ In Hungary, in the early 1990s, reforms were to a large extent oriented towards the creation of a competitive market environment for enterprises, including strict bankruptcy laws and the discontinuation of much of the state support for enterprises. This caused a massive wave of bankruptcies, as well as drastic employment cuts as a result of the restructuring and rationalisation in the surviving enterprises [Köllő 1998]. In the Czech Republic, the institutional context, including continued state subsidies, soft credits, and limited enforcement of bankruptcy regulations, favoured the survival of enterprises and made restructuring and layoffs less of a priority. The Czech (and earlier the Czechoslovak) government, in co-operation with social partners, also deliberately followed a low-wage, low-unemployment strategy during the first half of the 1990s [Nešporová and Uldríčová 1997]. If we compare, for example, the number of bankruptcies in the two countries, in the period 1992–1996, in Hungary 42 124 bankruptcies were filed compared to only 8 647 in the Czech Republic [Kornai 2001: 1576–1578]. As a result, while in both countries employment fell dramatically, the decline was much deeper in Hungary than in the Czech Republic. In Hungary, aggregate employment fell by no less than 29.7% in the period 1990–2000, compared to 11.6% in the Czech Republic. In fact, the decline in employment in Hungary has been the largest in the entire CEE region, with the exception of parts of the former Yugoslavia, while in the Czech Republic it has been one of the smallest [UN-ECE 2000]. And while the employment rate in Hungary was 5.6 percentage points higher than the Czech rate in 1990, by 2000 it was 5 percentage points lower.

These diverging developments in employment also signal differences in how the labour markets function in the two countries. In Hungary, the total collapse of aggregate employment indicates the disintegration, in the early 1990s, of large parts of the internal labour markets predominant in the 1970s and 1980s, and their dissolution into occupational labour markets [Gábor 1999]. In the Czech Republic, although the scope of internal labour markets narrowed significantly, they did con-

⁴ For detailed discussions of structural and institutional labour market change in the country cases, see e.g. Večerník and Matějů [1999]; [Večerník 2001a]; Keune [2002]; Fazekas and Koltay [2002].

Table 1. Employment by broad sectors, Hungary and the Czech Republic, 1990–2000

	Hungary					Czech Republic			
	Agriculture	Industry	Services	Total		Agriculture	Industry	Services	Total
1990	17.5	36.1	46.4	100	1990	11.8	45.4	42.8	100
1992	11.3	35.0	53.7	100	1992	8.6	44.8	46.6	100
1994	8.7	33.0	58.3	100	1994	6.9	42.2	51.0	100
1996	8.3	32.6	59.1	100	1996	6.1	41.5	52.3	100
1998	7.5	34.2	58.3	100	1998	5.5	40.9	53.6	100
2000	6.6	33.7	59.7	100	2000	5.1	39.5	55.4	100

Sources: CSU and KSH

tinue to function and were a significant source of over-employment and of job security for core employees [Frýdmanová et al. 1999: 23–25].

As far as gender, age and education are concerned, trends have been broadly similar in the two countries. Women were pushed out of the labour market much more harshly than men. At the beginning of the 1990s, in both countries female participation rates were 11 percentage points below male rates; by 2000, the differences between them had increased to 18.2 percentage points in the Czech Republic and 16.1 percentage points in Hungary. With regard to different age groups, it has been the old and the young that have been most affected by the changing labour market conditions [e.g. Večerník 2001a; Keune 1998]. Persons of pension age were among the first to be laid off in the early 1990s, in part because of the availability of ample early retirement provisions. They confront great difficulties in finding new employment, forcing many to opt for inactivity. As for the young, they have consistently had unemployment rates far above the average, and it is particularly difficult for young people to enter the labour market. Finally, the position in the labour market of people with low levels of education is especially difficult, as the level and type of education have in both countries gained in importance for determining access to employment and wage levels [Večerník 2001b; Kertesi and Köllő 1999].

A further element of labour market change has been the enormous shift in the sectoral distribution of employment (table 1). In the 1990s, sectoral developments included the rapid decline of the share of agriculture in employment and the more modest decline of the share of industry, combined with the strongly increasing share of services. Indeed, by 2000, in both countries agriculture has become very small while services represent by far the largest sector. However, industry continues to be an important sector particularly in the Czech Republic.

Finally, it is important to mention the informal sector, because of its potential effects on flexibility, and because of the precariousness associated with it. This may stem from the limited effect of protective regulations, and it can also be assumed that

many (though not all) of those employed in the informal sector will have low or irregular incomes [Rossner et al. 2000]. Although there are enormous difficulties involved in defining and measuring the informal sector, comparative studies agree that this sector is much larger in Hungary than in the Czech Republic. Rosser et al. [2000] estimate the size of the informal sector for 1993–94 as 17.2% of GDP in the Czech Republic and 28.1% in Hungary. For 2000–2001, Schneider [2002] estimates its size as 18.4% in the Czech Republic and 24.4% in Hungary, and claims that out of the population aged 16–65, respectively 12.6% and 20.9% were active in the informal sector.

As far as specific policies oriented towards the creation of non-standard types of employment are concerned, when labour market flexibility was discussed in the first half of the 1990s, it was mainly in terms of dismissal regulations, adjustment of the quality of labour supply, or labour mobility. Policy debates then largely evolved around issues like the management of unemployment, training and education, wage control, or the promotion of structural changes. An exception was self-employment, the importance of which policy makers have continuously underlined as a source of dynamism and employment.⁵

However, this situation has been changing. During the second half of the 1990s, flexible types of employment have become one of the central elements of the debate on employment and labour market policy in both countries. With the ultimate goal of fostering employment creation, in both countries employers are increasingly allowed to hire labour on fixed-term, part-time or other flexible contracts. An important role in institutionalising the call for flexibility in the two countries under study is played by the EU. As part of the EU accession process, the Czech Republic and Hungary have been adopting much of the language and objectives of the European Employment Strategy, including the four-pillar framework and its call for flexible types of employment. Increasingly, policy makers propose the abandoning of open-ended, contract-based, full-time employment with stable working hours, in favour of more flexible employment forms.⁶ Indeed, today there are few formal limits on flexible contracts.

⁵ Self-employment is an important element in the discussion on flexibility and precariousness. One of the reasons for this is that self-employment may be the result of 'pull' factors – self-employment as an opportunity for income and personal development – and also of 'push' factors, like the lack of alternative employment opportunities or sources of income. In the latter case self-employment comes close to being a survival strategy. In addition, in many cases people are formally self-employed but are still dependent on one single employer, similarly to being in the position of employees. To illustrate this, according to a survey among small entrepreneurs in 1993, only 48% of them characterised their decision to start an enterprise as a positive decision based on good business opportunities [Laky 1996].

⁶ For example, the Progress Report on the implementation of the conclusions of the Joint Assessment of Employment Policy of the Czech Republic (November 2001, Ministry of Labour: p. 2) states: "Flexible contracts could become one possible response of enterprises, shielding them against fluctuations in demand, or assisting them in bridging the periods of changes of technological equipment. Part-time and fixed-duration contracts could also be a means towards the gradual integration of vulnerable groups into the labour market".

In section 3, I will discuss the incidence and characteristics of types of employment in the two countries. From the differences and similarities in historical and more recent labour market developments and policies presented above, we would expect to find considerable differences between the two cases. Hungary's enormous decline in aggregate employment, the dissolution of internal labour markets, and the resulting weaker position occupied by employees vis-à-vis their employers, and the country's larger service sector and more extensive informal sector would suggest that there should be more flexible types of employment. Less obvious, however, is what shape the differences between the two countries could take. They may relate to the incidence and characteristics of standard employment (such as hours worked, working-time patterns, income), the incidence of flexible types of employment, or the social groups or branches most affected. In the next section I intend to shed some light on these questions.

3. Forms of employment

3.1 *Forms of employment: incidence and basic characteristics*

Table 2 gives an overview of the distribution of the various employment prevailing in the Czech and Hungarian labour markets in 2001. The first conclusion that can be drawn from table 2 is that in both countries the vast majority – just over two-thirds – of employed people have so-called standard employment, i.e. a permanent, contract-based and full-time job, with Hungary slightly exceeding the Czech Republic. Non-standard or flexible forms of employment thus make up 32.9% of jobs in the Czech Republic and 31.7% in Hungary.⁷

An examination of the composition of non-standard employment demonstrates, first, that it refers almost exclusively to self-employment, fixed-term full-time employment, and employment without a contract, which together comprise 80.9% of non-standard employment in the Czech Republic and 82% in Hungary. Permanent part-time employment, fixed-term part-time employment, casual jobs, on-call workers, temporary agency work and work on a fee basis play only a small part in both labour markets, and together make up 6.4% of total employment in the Czech Republic and 5.8% in Hungary. This does not, however, necessarily mean that these forms are meaningless; it is precisely in this segment that some of the more flexible and precarious jobs could be located. Second, there are important differences in the composition of non-standard employment. The most striking difference is that, in Hungary, no less than 9.9% of all employment positions are not on a contractual basis, while in the Czech Republic the figure is much lower at 5.4%. This means that in both countries a significant part of all employment falls outside the

⁷ Part-time employment is defined as contract-based dependent employment of less than 30 hours weekly. Full-time employment is contract-based dependent employment of 30 weekly hours and more.

Table 2. Types of employment by gender, the Czech Republic and Hungary, 2001 (%)

	Total		Males		Females	
	CZ	HU	CZ	HU	CZ	HU
Permanent full-time employees	67.1	68.3	66.4	66.4	67.9	70.5
Permanent part-time employees	1.9	2.9	0.9	1.1	3.1	4.9
Fixed-term full-time employees	9.2	6.3	8	5.4	10.6	7.4
Fixed term part-time employees	0.9	1.3	0.4	1.3	1.5	1.2
Self-employed	12.0	9.8	13.1	12.4	10.6	6.8
Other types of contracts*	3.6	1.6	4.3	1.3	2.7	1.8
No contract**	5.4	9.9	6.9	12.1	3.5	7.4
Total	100	100	100	100	100	100
N	987	697	535	372	452	325

*casual jobs, on call workers, temporary work agency, work on a fee basis

** excludes self-employed

Source: HWF survey

legally regulated sphere and lacks any formal protection or security, but in Hungary this segment is almost twice as large as in the Czech Republic, which also confirms that the informal sector is much more extensive there than in the Czech Republic.⁸

In the following section I will discuss the differences between gender, age groups, educational groups and branches in terms of types of employment in the two countries. I will for the most part limit my analysis to the four main types: permanent full-time, fixed-term full-time, self-employment and employment without a contract. Only occasionally will I refer to the other, less salient, types, which, for the sake of comprehensiveness, will be presented in the tables anyway.

As far as gender differences are concerned, a higher percentage of women than men have standard jobs, particularly in Hungary, but the differences between the genders are limited (table 2). However, as female participation rates have been falling further behind rates for males, in absolute terms more men than women have standard employment. Part-time employment, as in most parts of Europe, is more widespread among women, while self-employment is more widespread among men, with a particularly significant difference evident in Hungary. What is striking is that employment without a contract is particularly high among men, the relative weight being twice as high for men as for women in the Czech Republic, and 1.6 times in Hungary. Fixed-term full-time employment is slightly higher for women than for men.

⁸ Work without a contract can have a variety of meanings. In the countries under study here the most obvious one is work in the informal sector.

Table 3. Distribution of types of employment by age, education and branches, the Czech Republic and Hungary, 2001 (%)

	N		Permanent f-t		Permanent p-t		Fixed-term full-t		Fixed-term part-t		Self-employed		Other contracts*		No contract**		
	CZ	HU	CZ	HU	CZ	HU	CZ	HU	CZ	HU	CZ	HU	CZ	HU	CZ	HU	
<i>Age group</i>																	
18-24	104	59	60.6	57.6	1.9	6.8	13.5	11.9	1.9	0	3.8	1.7	11.5	3.4	6.7	18.6	
25-34	255	208	69.4	66.3	0.8	3.4	12.9	8.2	0.4	2.4	10.6	7.2	2.4	2.4	3.5	11.1	
35-44	258	173	67.4	76.3	2.3	1.2	7	4.6	0.8	0.6	15.5	10.4	2.3	0.6	4.7	6.9	
45-54	257	183	68.5	71.6	2.3	2.7	7.8	4.4	0.4	1.1	13.6	14.2	2.3	0.5	5.1	6.6	
55-65	113	69	63.7	59.4	2.7	2.9	5.3	5.8	2.7	2.9	10.6	11.6	4.4	2.9	10.6	17.4	
<i>Education</i>																	
Primary	73	116	58.9	59.5	1.4	6	17.8	7.8	1.4	2.6	4.1	3.4	6.8	0.9	9.6	20.7	
Vocational	367	244	66.8	67.2	0.3	2	11.4	7.4	0.5	1.2	13.4	10.7	3.8	1.2	3.8	10.2	
Secondary	398	220	69.3	69.5	3	2.3	6.5	5.5	1.3	1.4	10.1	11.4	3.5	3.2	6.3	7.3	
Tertiary	149	117	65.8	76.1	3.4	2.6	6.7	5.1	0.7	0	17.4	11.1	1.3	0	4.7	5.1	
<i>Branches</i>																	
Agriculture, forestry, fishing	64	59	59.4	47.5	1.6	0	12.5	3.4	0	1.7	15.6	27.1	1.6	0	9.4	20.3	
Manufacturing, mining, quarrying	315	185	74.6	78.4	1	0.5	7.3	7.6	0.6	1.6	8.8	4.3	3.8	1.1	3.8	6.5	
Transport and storage	69	50	92.8	78	0	2	0	6	0	0	2.9	10	2.9	0	1.4	4	
Trade, repair and other services	259	180	48.6	58.9	1.2	4.4	11.2	5	0.4	0.6	24.5	16.7	4.2	1.7	10.4	12.8	
Financial intermediary, insurance	31	17	71	70.6	0	0	3.2	5.9	0	0	19.4	11.8	6.5	11.8	0	0	
Public admin., defence; soc. sec.	75	40	75.3	76	2.6	4	10.4	10.7	2.6	2.7	0	0	5.2	5.3	1.3	1.3	
Health	67	44	73.1	77.3	1.5	2.3	13.4	9.1	1.5	0	9	6.8	0	2.3	1.5	2.3	
Culture and Education	101	68	66.3	72.1	8.9	8.8	11.9	7.4	3	4.4	3	0	3	1.5	4	5.9	

*casual jobs, on-call workers, temporary-work agency, work on a fee basis

** excludes self-employed

Source: HWF survey

With regard to age groups, in both countries the percentage of standard employment is low primarily in the youngest age group of 18–24 year olds, but also in the oldest age group of 55–65 year olds, the two age groups also occupying a weaker position in the labour market in terms of employment and unemployment rates (table 3). However, in Hungary the differences between the age groups are much more polarised than in the Czech Republic: in the former the youngest and oldest age groups trail the age group with the highest incidence of standard employment by 18.7 and 16.9 percentage points respectively, while in the latter the differences are 8.8 and 5.7 percentage points respectively.

The youngest and oldest age groups are thus much more involved in non-standard employment, particularly in Hungary. This is reflected in the higher-than-average occurrence of fixed-term employment among young people, at 1.5 times the average in the Czech Republic and 1.9 times the average in Hungary, a phenomenon that can be presumably linked largely to their initial entry into the labour market. Another factor is the high levels of part-time employment (Hungary) and other types of contracts (Czech Republic) among young people, both of which indicating that many combine education with employment. In addition, Hungarian young people in particular exhibit a very high incidence of employment without a contract, at no less than 18.6% of their age group. The high level of employment without a contract is also the most striking factor in the case of the oldest age group in both countries, with the situation in Hungary again being much more polarised. This clearly indicates the more precarious position of these age groups and their relatively high level of participation in the informal sector. In Hungary the oldest age group is also engaged in self-employment on an above-average level.

As far as education is concerned, in both countries the lowest levels of standard employment are found among those with only primary education. In absolute terms, this affects more people in Hungary than in the Czech Republic, given that in the former 16.6% of the sample had primary education as their maximum level, while in the latter only 7.4% did. While in the Czech Republic the differences between educational groups are fairly small, in Hungary the difference between those with primary education and those with tertiary education is noticeable, their respective percentages of standard employment being 59.5% and 76.1%. In addition, the main alternative to standard employment for the less educated in the Czech Republic is fixed-term employment (17.8%), while in Hungary it is employment without a contract (20.7%), suggesting the latter are in a much more precarious position.

If we then look at the different branches of employment, we can first identify two particularly flexible branches with very low levels of standard employment. One is agriculture, particularly low in Hungary (47.5%), but also far below the average in the Czech Republic (59.4%). The other is trade, repair and other services, which are particularly low in the Czech Republic (48.6%), but again in Hungary far below the average (58.9%). All other branches have standard employment levels clearly above the average, or close to it in the case of culture and education in the Czech Republic. Much of non-standard employment can be traced back to trade, repair and other services, the fastest growing branch of the 1990s, linking non-stan-

dard employment closely to the structural changes in the two economies. Because of its size (26.4% of total employment), this branch comprises no less than 41.3% of all non-standard jobs in the Czech Republic. In Hungary, the figure is not much lower: 37.2%. The high incidence of employment without a contract is especially indicative of the precarious nature of many jobs in this branch. Agriculture, however small a branch it may be, is responsible for 8.4% of self-employment and 11.5% of employment without a contract in the Czech Republic; the respective percentages for Hungary are much higher: 24.6% and 21.1%. In Hungary particularly this underlines the marginal position of this branch.

The above information should not lead us to the conclusion that manufacturing is of little importance in terms of non-standard employment. Indeed, manufacturing has high levels of standard employment. However, owing to its size, in the Czech Republic manufacturing also includes 25.6% of all fixed-term full-time jobs, 34.3% of other contracts, and 23.1% of employment without a contract. Likewise, in Hungary, 32.6% of all fixed-term full-time jobs, 22.2% of all other contracts, and 21.1% of employment without a contract correspond to manufacturing.

3.2 Types of employment and personal and household income

One of the implicit assumptions in the flexibility-deregulation debate is often that non-standard employment in general and certain types of it in particular not only provide less security to the person employed, something derived directly from the contractual characteristics of these forms of employment, but also come with worse conditions in terms of income and working hours. What can we say about these issues based on the HWF survey? Let's first consider the matter of income, focusing again on the four main types of employment.⁹

Looking at personal income, table 4 shows that the type of employment an individual has is indeed of great importance for his/her income position. First of all, in both countries, the percentage of those people with standard employment who fall into the lowest income group is far below the average. In Hungary, this also applies to the second income group, while there are higher than average shares of persons with standard employment in the upper two income groups. In the Czech Republic this also applies to the second-highest income group, but not to the highest income group. In Hungary, standard employment is more likely to provide relatively high incomes than in the Czech Republic. The main reason for this is the different position occupied by self-employment in the two countries. In the Czech Republic, self-employment is clearly a high-income activity, as the share of the Czech self-employed who fall into the highest personal income group is 2.3 times the average. At the same time, the corresponding shares in the two lowest personal income groups are below

⁹ Some caution should be observed when interpreting the income data; on the one hand because there is quite a high number of missing values in the Hungarian sample. On the other hand, there may be cases of under-reporting, particularly in the case of the self-employed.

Table 4. Types of employment and personal and per capita household income, the Czech Republic and Hungary, 2001 (%)***

	N	Total	Permanent full-time	Permanent part-time	Fixed-term full-time	Fixed-term part-time	Self-employed	Other contracts*	No contract**
<i>Czech Republic, personal income groups</i>									
I	81	8.6	4.9	22.2	14.6	12.5	4.4	39.4	30.4
II	210	22.2	21.0	22.2	37.1	37.5	15.9	27.3	19.6
III	207	21.9	24.5	16.7	22.5	12.5	15.0	6.1	17.4
IV	287	30.4	35.0	22.2	22.5	25.0	26.5	6.1	13.0
V	160	16.9	14.7	16.7	3.4	12.5	38.1	21.2	19.6
		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Czech Republic, per capita household income groups</i>									
I	186	18.0	16.3	21.1	23.4	22.2	12.2	21.4	36.7
II	269	26.0	26.3	15.8	28.7	22.2	25.2	38.1	15.0
III	160	15.5	15.4	10.5	18.1	22.2	16.3	16.7	10.0
IV	201	19.4	20.8	26.3	19.1	11.1	16.3	14.3	13.3
V	218	21.1	21.1	26.3	10.6	22.2	30.1	9.5	25.0
		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Hungary, personal income groups</i>									
I	40	9.1	2.7	0.0	18.8	20.0	22.2	14.3	34.8
II	47	10.7	5.7	50.0	18.8	0.0	19.4	14.3	17.4
III	83	18.9	19.8	12.5	25.0	20.0	8.3	14.3	19.6
IV	138	31.4	37.2	12.5	21.9	40.0	25.0	42.9	8.7
V	132	30.0	34.6	25.0	15.6	20.0	25.0	14.3	19.6
		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Hungary, per capita household income groups</i>									
I	52	14.1	10.4	33.3	17.2	0.0	16.1	11.1	31.4
II	77	20.9	21.9	25.0	24.1	50.0	25.8	11.1	5.7
III	62	16.8	16.7	0.0	13.8	0.0	16.1	44.4	20.0
IV	86	23.3	24.7	25.0	20.7	50.0	16.1	11.1	22.9
V	92	24.9	26.3	16.7	24.1	0.0	25.8	22.2	20.0
		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* casual jobs, on-call workers, temporary-work agency, work on a fee basis

** excludes self-employed

*** The income groups represent near income quintiles for the total sample, including the unemployed and inactive.

Source: HWF survey

that of all other forms of employment. In comparison, in Hungary, self-employment tends much more to be a low-income activity, given that the share of the Hungarian self-employed who fall into the lowest income group is more than twice the average and the share of those who fall into the second-lowest income group is almost twice the average; their share in the highest income groups is well below the average. This suggests that in the Czech Republic, with its more limited employment decline over the 1990s, self-employment is more a result of 'pull' factors, that is, of positive income opportunities, while in Hungary it is more the result of 'push' factors, that is to say, it represents more of an alternative to unemployment and poverty.

Hungarian fixed-term full-time employment is also a low income activity: it has around double the average in the lowest two income groups, and represents a quite low share in the highest income groups, almost half the average. People employed without a contract in Hungary trail the average even more, which is particularly evident in that the share of them in the lowest income group is 3.8 times the average. For Hungary, then, it is possible to conclude that there is a clear divide between standard employment as a relatively high-income form of employment and the various types of non-standard employment as relatively low-income forms of employment, particularly where employment without a contract is concerned. This suggests that not only much of self-employment, but also much of all non-standard employment has the function of representing an alternative to unemployment and poverty, a situation that is closely linked to the sharp decline in aggregate employment in the 1990s.

In the Czech Republic, the situation is less clear-cut. Like in Hungary, fixed-term full-time employment is a low-income form of employment, with much higher than average percentages in the lowest two income groups and much lower than average percentages in the highest two income groups. However, as mentioned above, self-employment is the clearest type of high-income employment, more so than standard employment. As far as employment without a contract is concerned, like in Hungary, there is a very high share in the lowest income group, 3.5 times the average. However, unlike in Hungary, in the Czech Republic a significant proportion of employment without a contract is relatively well rewarded, considering that there is an above-average share of them in the highest personal income group and a well above-average share in standard employment.

To what extent does this situation concerning personal income change when we look instead at per capita household income? Are the relative earning positions of the various types of contracts confirmed in this case? An important question here is whether households have other sources of income (other employment, social benefits) which they can use to compensate for the disadvantageous position the more precarious, low-income types of employment are in.

From table 4 it is possible to conclude that, in both countries, when the per capita household income is taken into account, the distribution over the five income groups moves closer to the average for all four main types of employment. Because of the size of households and/or the presence of other types of incomes, the relative income position of the more precarious types of employment is somewhat strength-

ened and that of the better earning types of employment weakened. However, little change can be observed in what types of employment are related to higher and lower incomes, here the rank order stays the same, it is only less polarised. In the Czech Republic, self-employment is still related to the most favourable per capita household income situation, while in Hungary it remains standard employment. Also, employment without a contract continues to show a bifurcated distribution over the income groups. It is only fixed-term employment in Hungary that considerably improves its relative position in comparison with the average, suggesting that there more so than in the Czech Republic, it refers to young people living with their parents.

3.3 Types of employment and weekly working hours

A final aspect of the various types of employment concerns the number of hours worked (table 5). On average, the weekly hours worked in Hungary are 3.7 hours more than in the Czech Republic. This difference stems basically from the fact that in Hungary no less than 21.3% of the employed work more than 50 hours a week, compared to 12.8% in the Czech Republic. In both countries, men work more hours than women, and the percentage of men who work over 50 hours a week is more than double that of women. In both countries the vast majority of employed people work 36 hours or more weekly, 89.5% in the Czech Republic and 88.2% in Hungary.

When specified by types of employment, there are three particularly striking features relating to the weekly hours worked. First, in both countries self-employment stands out as the type of employment with the highest weekly working hours, and with the highest percentage of people working over 50 hours a week, particularly among men. While this is not surprising, it nonetheless underlines the fact that self-employment is highly time-intensive and that in this sense it features precarious working conditions. Second, the distribution of weekly hours worked for those working without a contract has a bifurcated character. A high percentage of this group work over 40 hours: 64.2% in the Czech Republic and 47.8% in Hungary. But there is also a high percentage of them who work less than 30 hours weekly, which would in this sense qualify them as having part-time employment: 20.7% in the Czech Republic and 24.6% in Hungary.

Third, possibly the most significant difference between the two countries concerns the large group in standard employment. In Hungary, this group on average works 4.9 hours more per week than in the Czech Republic. Also, in Hungary, no less than 20.6% of this group work more than 50 hours a week, almost three times the percentage in the Czech Republic, a difference that could possibly be linked to overtime regulations, which, if regulated through collective agreements, allow for much more annual overtime in Hungary than in the Czech Republic. This difference in hours worked may partially explain the fact that standard employment in Hungary is a relatively high income activity, while in the Czech Republic only few people with standard employment fall into the highest income group. However, it

Table 5. Types of employment and weekly hours worked, the Czech Republic and Hungary, 2001

	N		Average		0 to 14		15 to 29		30 to 35		36 to 40		41 to 50		over 50	
	CZ	HU	CZ	HU	CZ	HU	CZ	HU	CZ	HU	CZ	HU	CZ	HU	CZ	HU
Permanent full-time employees total	662	475	43.5	48.4	0.0	0.0	0.0	0.0	3.6	2.3	43.5	30.9	45.2	46.1	7.7	20.6
Males	355	246	44.6	50.7	0.0	0.0	0.0	0.0	2.0	0.8	39.2	24.4	48.5	48.0	10.4	26.8
Females	307	230	42.2	45.9	0.0	0.0	0.0	0.0	5.5	3.9	48.5	37.8	41.4	44.3	4.6	13.9
Permanent part-time employees total	19	20	14.3	20.2	63.2	20.0	36.8	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Males	5	4	11.8	14.8	80.0	50.0	20.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Females	14	16	15.2	21.6	57.1	12.5	42.9	87.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed-term full-time employees total	91	43	43.7	45.3	0.0	0.0	0.0	0.0	8.8	4.7	38.5	32.6	42.9	55.8	9.9	7.0
Males	43	20	44.3	44.8	0.0	0.0	0.0	0.0	7.0	5.0	41.9	25.0	39.5	65.0	11.6	5.0
Females	48	24	43.2	45.6	0.0	0.0	0.0	0.0	10.4	4.2	35.4	37.5	45.8	50.0	8.3	8.3
Fixed term part-time employees total	9	9	17.7	17.1	33.3	44.4	66.7	55.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Males	2	5	16.5	14.6	50.0	60.0	50.0	40.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Females	7	4	18.0	20.0	28.6	25.0	71.4	75.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Self-employed total	118	68	49.8	54.5	3.4	5.9	5.1	5.9	5.1	4.4	8.5	16.2	40.7	30.9	37.3	36.8
Males	70	46	53.4	56.6	1.4	6.5	0.0	6.5	1.4	2.2	7.1	13.0	45.7	26.1	44.3	45.7
Females	48	23	44.5	50.3	6.3	4.3	12.5	4.3	10.4	8.7	10.4	21.7	33.3	39.1	27.1	21.7
Other types of contracts* total	35	11	33.8	44.1	17.1	18.2	20.0	18.2	8.6	0.0	14.3	9.1	25.7	18.2	14.3	36.4
Males	22	5	35.8	61.3	13.6	0.0	18.2	20.0	9.1	0.0	9.1	0.0	27.3	20.0	22.7	60.0
Females	13	6	30.6	30.7	23.1	33.3	23.1	16.7	7.7	0.0	23.1	16.7	23.1	16.7	0.0	16.7
No contract** total	53	69	45.4	43.4	9.4	17.4	11.3	7.2	1.9	11.6	13.2	15.9	32.1	21.7	32.1	26.1
Males	37	43	47.2	45.4	8.1	18.6	10.8	2.3	2.7	11.6	10.8	16.3	32.4	20.9	35.1	30.2
Females	16	23	41.1	39.7	12.5	17.4	12.5	17.4	0.0	8.7	18.8	13.0	31.3	21.7	25.0	21.7
Total	987	695	43.3	47.0	3.0	3.7	3.2	4.6	4.3	3.5	35.0	26.5	41.7	40.4	12.8	21.3
Males	535	369	45.3	49.7	2.4	4.3	1.9	2.4	2.6	2.4	31.4	21.1	44.7	41.5	17.0	28.2
Females	452	326	40.9	44.0	3.8	3.1	4.9	7.1	6.2	4.3	39.2	32.2	38.3	39.6	7.7	13.8

* casual jobs, on-call workers, temporary-work agency, work on a fee basis

** excludes self-employed

Source: HWF survey

Table 6. Types of employment and working-time arrangements, the Czech Republic and Hungary, 2001 (%)

	N		Regular		Shift work		Irregular	
	CZ	HU	CZ	HU	CZ	HU	CZ	HU
Permanent full-time employees	661	472	65.1	62.3	17.9	10.2	17.1	27.5
Permanent part-time employees	19	20	63.2	70.0	10.5	15.0	26.3	15.0
Fixed-term full-time employees	91	43	60.4	65.1	28.6	9.3	11.0	25.6
Fixed term part-time employees	9	9	77.8	33.3	0.0	0.0	22.2	66.7
Self-employed	118	68	39.0	22.1	0.8	0.0	60.2	77.9
Other types of contracts*	34	11	44.1	9.1	8.8	0.0	47.1	90.9
No contract**	51	69	35.3	24.6	2.0	7.2	62.7	68.1
Total	987	727	59.4	53.9	15.3	8.4	25.3	37.7

* casual jobs, on-call workers, temporary-work agency, work on a fee basis

** excludes self-employed

Source: HWF survey

also shows that standard employment in Hungary requires greater effort. Indeed, both in terms of income and hours worked, standard employment is not exactly the same thing in the two countries.

In addition, while in both countries the majority of the employed have regular working-time arrangements, in the Czech Republic the share of this group out of total employment is 5.5 percentage points higher than in Hungary (table 6). Also, the percentage of shift work is higher in the Czech Republic, almost double that of Hungary. The main difference between the two is in irregular patterns of working time, which make up 37.7% of Hungarian employment compared to 25.3% in the Czech Republic. As far as the four main types of employment are concerned, the main difference occurs between standard and fixed-term employment on the one hand and self-employment and employment without a contract on the other. Standard employment and fixed-term full-time employment have predominantly regular working-time patterns, at between 60–65%, while self-employment and work without a contract have predominantly irregular working time patterns, at over 60% in both countries. However, a significant share of standard employment features irregular working-time patterns, and this share is 10 percentage points higher in Hungary than in the Czech Republic. In other words, standard employment in Hungary not only has higher average weekly working hours, as discussed above, but it is also more irregular. The share of shift work in standard employment and in fixed-term full-time employment is much higher in the Czech Republic. This further confirms that standard employment does not have the exact same meaning in the two cases.

4. Concluding remarks

Building upon diverging versions of state socialism, the Czech Republic and Hungary have been constructing their particular versions of capitalism since 1989. In Hungary this process has featured a stronger market orientation than in the Czech Republic, and, in close relation to this, Hungary also experienced a much greater decline in aggregate employment during the 1990s. In this context, the analysis presented here demonstrated some of the important similarities and dissimilarities in the way one core dimension of contemporary capitalism, i.e. labour market flexibility, is constituted in the two countries in terms of types of employment. Quite similarly, in both countries, two-thirds of employment fit the definition of standard employment, which is quite a high rate in comparison with EU countries. Also, in both countries, persons with standard employment rarely fall into the lower personal income categories. However, standard employment is not entirely the same in each of the two cases: in the Czech Republic, persons with standard employment work fewer hours a week and have a much lower incidence of irregular working-time patterns than in Hungary.

Around one-third of employment is non-standard employment, but there are important differences in the weight of the various types of non-standard employment. The most noticeable difference here is the much higher level of importance in Hungary of what is most likely the most flexible and precarious type of employment, i.e. employment without a contract, which represents 9.9% of total employment, almost twice as much as in the Czech Republic (5.4%). Another interesting difference is the relationship of non-standard employment to income, in particular as far as self-employment is concerned. In Hungary, all types of non-standard employment are largely low-income activities. This is less the case in the Czech Republic, where self-employment is the clearest high-income activity, even more so than standard employment. This suggests that in the Czech Republic, which experienced a more limited decline in employment over the 1990s and has a higher employment rate, self-employment is more a result of 'pull' factors, while in Hungary it is more the result of 'push' factors.

The relative position of the various social groups and branches is for the most part similar in the two countries. In both, standard employment is particularly low in agriculture and in trade, repair and other services. In both these branches self-employment and employment without a contract are strongly over-represented, reflecting the precarious nature of a large proportion of the jobs they provide. Standard employment is also comparatively low for the lowest and highest age groups, and for the less educated. Given that these groups also have the least favourable employment and unemployment rates, and thus occupy a weaker position in the labour market, this suggests that for many of them non-standard employment is a 'forced choice' and the only alternative to unemployment. However, this line of reasoning does not apply to women. In spite of the fact that for women employment declined much faster than for men in the years 1990–2000, and that today their employment rates are considerably lower, women have a higher percent-

age of standard employment, and work less hours weekly. In other words, a weaker labour market position in terms of employment rates is not necessarily linked to higher levels of flexibility.

But, while tendencies are similar in the two countries with regard to the relative position of social groups, the differences between age groups, between men and women, and between educational groups are much more pronounced in Hungary than in the Czech Republic. In this sense, the Czech labour market is much more 'egalitarian' and the Hungarian one much more 'polarised'.

To summarise, the broad trends tend to follow similar patterns in the two countries as far as the incidence of standard and non-standard employment, and the position of social groups and branches are concerned. However, important differences prevail, which indicate the more precarious nature of employment in Hungary and the more polarised nature of the Hungarian labour market. As argued throughout this paper, such differences can plausibly be linked to the stronger market orientation of the Hungarian post-socialist reforms, and to the closely related fact that, during the 1990s, aggregate employment in Hungary fell much more than in the Czech Republic.

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