

Employees with Romanian citizenship in Hungary

Introduction

In August 2007, about 67 thousand foreign citizens possessed a valid work permit, a Green Card certificate, and complied with the obligations of employment registration in Hungary. More than 28 thousand of them were Romanian citizens, which means that 43% of the foreign employees in Hungary came from Romania. This is however a relatively small percentage. According to the data of the National Employment Service (hereafter referred to as ÁFSZ), the number of Romanian citizens among the legally employed in Hungary was close to 60% at the beginning of 2000; what is more, it even exceeded this percentage in 2002. This means that from year to year the biggest group of foreign citizens working in Hungary consists of employees coming from Romania.

In our study, we have presented the sociological features of the group consisting of around 30 thousand Romanian citizens who are legally employed in Hungary. We also analysed the territorial equality of their employment. Our investigation is based upon the results of a comprehensive research, which examined the supply aspect, social composition and labour market situation of this group, and also revealed the motivations that encouraged them to work in Hungary. The research also analysed the employers' aspects, their employment motivations, and their level of satisfaction.¹ Our study aims to introduce the territorial characteristics of an economic phenomenon, which rarely appears in the regional literature, and wishes also to make the national labour market better understood.

Working as a foreigner in Hungary – the legal environment

Hungarian employees with foreign citizenship can be divided into two main groups: the first group contains those, who have the freedom to work in Hungary; the second group contains those, who need permission to work here. In 2007, the first group included citizens coming from countries, which had acceded to the European Union before Hungary, and opened their labour market to Hungarian citizens without any constraints. Therefore, based on reciprocity, their citizens did not have to ask for any permission to work in Hungary either. The regulation was amended on 1st January 2009, enabling all citizens of the European Union and their families to work in Hungary without any

¹ The research entitled "Examining the presence of employees with Romanian citizenship in Hungary" was carried out between May 2008 and May 2009 at the Institute of Economics belonging to the Hungarian Academy of Science, with the participation of the Genius Loci Non-profit Foundation at Kecskemét. The research was supported by the National Public Employment Foundation (OFA). The full final report of the research is available here: http://econ.core.hu/kutatas/labour_proj.html

permission. They are only obliged to notify the locally competent employment office of their employment. After Romania joined the EU in 2007, the Hungarian regulation concerning Romanian citizens was modified and gradually liberalised. The first step was the adoption of the Government Regulation No 354/2006, which abolished the obligation for Romanians to apply for a work permit as of 1st January 2007. This regulation was repealed on 1st January 2008, and was replaced by the Government Regulation No 355/2007 (XII. 23.). This regulation stated that no permission is needed for the further employment of a Romanian “if he has been legally employed uninterrupted from or after 1st January 2007, with an employment contract for at least 12 months”. In any other cases the employment centre with competence had to assess the labour market situation, advertise the job, and issue the work permit only if no Hungarian citizen could fill the vacancy. However, according to the Government Regulation No 322/2008 (XII. 29.), which replaced the Regulation No 355/2007 (XII. 23.), *as of 1st January 2009 all types of required work permits have been abolished for Romanian citizens, and they have the freedom to take all kinds of jobs in Hungary*. It is only the employer who should comply with the collective registration requirement: this entails an announcement of the number of the employees using a simple form.

This legal environment is important from an analytical aspect, as the employment register contains only those foreign citizens, who need permission to seek a job, or the law requires them to announce their employment. All those who can take a job freely in Hungary are invisible to the statistics. Thus, for a realistic estimation on the number of employees with foreign citizenship, it is necessary to know every national regulation valid for different country groups. Due to the high level of liberalisation, the number of the foreign workers in Hungary could possibly be tens of thousands higher than the registered 50–60 thousand people.

Romanian employees in Hungary: results of the statistical analysis

The data of foreign employees, who are obliged to register or should have a work permit, are collected by the locally competent employment offices and are transferred to a special electronic registry system. We had the opportunity to access this electronic database, instead of using only the ÁFSZ's summary reports. In this way, our job was groundbreaking, as the ÁFSZ has never given free access to this database before.

According to the ÁFSZ database, Romanian citizens constitute the biggest segment of foreign employees in Hungary (they are followed by Slovakian and Ukrainian citizens). In 2007, the majority of the so-called Green Card certificates and seasonal agricultural certificates were claimed by Romanians. Some 227 124 Romanian citizens were registered during the assessed period, and the work permits' average term of validity was 1 year. After the EU accession of Hungary in 2004, and mainly in 2005 and 2006, the number of registered employees increased exceptionally. However, from 2007 on, it has continuously and markedly decreased. The reason for this process was partly Romania's EU accession, and partly the transformation of national employment regulations. By 2009, the employment registrations had almost ceased; thus, our research was conducted in the last period when the situation and the composition of Romanian employees could be analysed in detail.

In accordance with the limited extent of our study, we briefly summarise the main conclusions on the composition of Romanian citizens and their labour market situation in Hungary based upon the ÁFSZ database and our own data collection.² We had to carry out our own survey for several reasons. On the one hand, the ÁFSZ database does not include all the relevant information concerning the employees: the ÁFSZ has deleted for instance the personal identification number, as well as the identification of sex. Moreover, the office does not inquire about the nationality or the mother tongue of the employee. Similarly, it was only a small amount of information we could find concerning a particular employer: the ÁFSZ database includes only the company's ISIC-code, its location and the place of employment with the postal code. These data fail to reveal which companies employ Romanian workers and why. In addition, we could only explore with the help of our survey, why people from Romania come to work to Hungary, what their motivations are, and what they expect from having a job in Hungary. Our outcomes coincide with several points of the literature's general statements on the international migration (for more on this see e.: Rédei 2006).

The majority of the Romanian employees are men. As the ÁFSZ database does not include any information on this, we could only rely on our own survey. On this basis, we estimate the men-women ratio to be 2/3 to 1/3.

It is rather the Hungarian nationals with Romanian citizenship who come to work in Hungary; people of Romanian nationality barely occur in the Hungarian labour market. We have examined this issue from different sources, and found hardly any information about Romanian nationals; however, they also seem to speak Hungarian at least on a basic level. According to our estimations, working-age Hungarians with Romanian citizenship work in Hungary in the same proportion as working-age Romanian nationals work abroad.

Romanian employees are in general *lower educated*: approximately 2/3 of them completed elementary school as the highest level of education at best. In case of 2/3 of them, the scope of their activity belongs to the group of “*non-vocational elementary occupation*” (9th SCO-main group) (Table 4). The wide range of occupations (unskilled worker, unskilled worker in construction industry, semi-skilled worker, agricultural worker, agricultural unskilled worker) generally requires a lower level of qualifications or an expertise that is easy to acquire. The vast majority of Romanian workers are employed as *manual labour force*.

The most dominant employer sector is the *construction industry*: 1/3 of the Romanian employees work here. In addition, *agriculture* and *retail trade* also have a significant role, but their employment rate is under 10%.

Almost all Romanian employees work 40 hours per week, i.e. *they have a full-time job*. The majority are employed by continuously producing companies; that is, they do not have a seasonal job. Accordingly, employment contracts of an indefinite duration are the most frequent.

More than 1/3 of the Romanian employees work in Budapest, whereas the whole Central Region of Hungary represents 70%, which means that their employment is

² In the full research report, we describe the method and the efficiency of the data collection in details.

geographically strongly concentrated. In addition, the Central Transdanubian Region and the Southern Great Plain Region provide 9% and 8% of their jobs respectively.

Table 4

Number of employees per county by employment groups (SCO-2) and the place of work (the 10 most frequent occupations), 2000–2009 in aggregation*

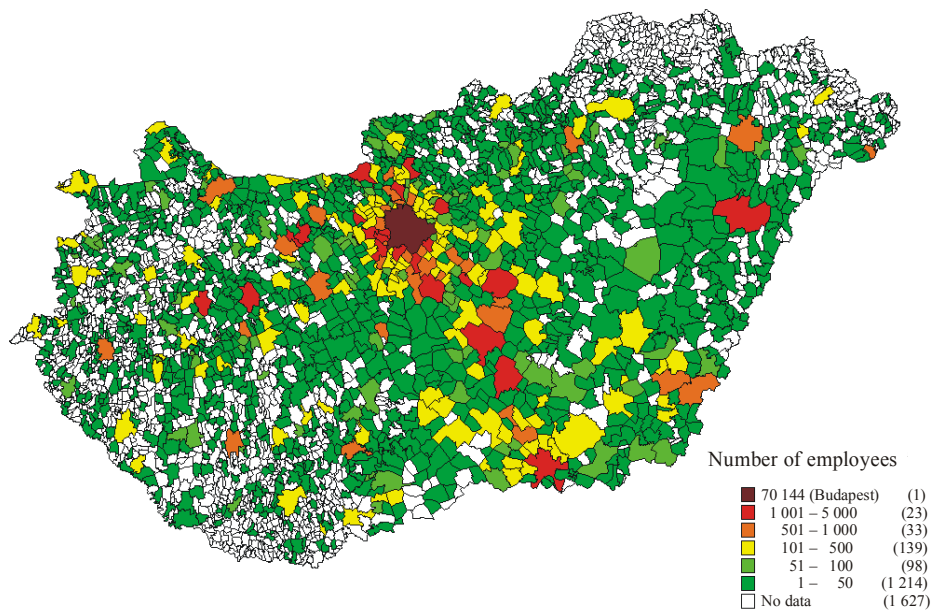
Capital city, counties	Employment groups (SCO)									
	91	92	73	51	74	76	81	61	83	32
Budapest	47 517	737	818	1 807	1 107	589	407	235	1 448	707
Baranya	342	23	76	101	137	52	16	83	27	34
Bács-Kiskun	2 323	1 178	94	90	138	94	155	1 321	67	122
Békés	276	656	237	149	215	116	19	168	36	361
Borsod-Abaúj-Zemplén	46	6	33	20	61	64	32	27	15	13
Csongrád	1 487	3 121	46	216	49	167	10	157	14	21
Fejér	1 372	379	745	208	554	306	269	225	96	61
Győr-Moson-Sopron	1 000	410	191	150	193	197	101	19	118	67
Hajdú-Bihar	206	135	259	58	140	204	31	24	100	114
Heves	695	686	299	230	152	165	122	82	71	23
Jász-Nagykun-Szolnok	224	121	118	204	168	60	28	40	61	39
Komárom-Esztergom	405	253	556	121	382	420	1 235	148	51	46
Nógrád	346	263	32	55	47	16	26	146	7	17
Pest	34 808	7 498	3 232	2 570	2 402	1 896	930	880	363	175
Somogy	347	134	169	560	145	247	130	69	5	48
Szabolcs-Szatmár-Bereg	243	82	556	131	89	67	176	68	44	34
Tolna	335	201	77	353	83	65	19	19	49	226
Vas	607	102	212	82	488	109	279	138	34	80
Veszprém	1 524	58	533	652	881	372	213	142	72	86
Zala	213	10	321	218	201	75	122	49	23	54
No data	6 031	26	30	98	38	168	8	53	35	2
<i>Total</i>	<i>100 347</i>	<i>16 079</i>	<i>8 634</i>	<i>8 073</i>	<i>7 670</i>	<i>5 449</i>	<i>4 328</i>	<i>4 093</i>	<i>2 736</i>	<i>2 330</i>

* Meanings of SCO-codes: 91: elementary services occupations; 92: elementary jobs in agriculture and forestry; 73: light industry; 51: trade, catering trade; 74: steel- and metal industry; 76: construction industry; 81: manufacturing machines operators; 61: agricultural occupations; 83: mobile machines operators; 32: healthcare occupations.

The results on the level of local settlements show that the number of registered employees in Budapest is much higher than in other areas of the country (Figure 2). Considering the place of work, settlements in the neighbourhood of the capital (Érd, Budaörs, Biatorbágy etc.) provide the most job opportunities, while *moving away from the agglomeration the density gets generally lower*. Among the most frequent settlements, areas that have specialised in a particular or given activity can also be found. However, the number of registered employees in the region of the Great Plain is also significant, particularly in the centreline of Szeged–Keckskemét–Cegléd–Budapest, as well as in urban settlements.

Figure 2

Number of employees according to the location of activity by settlements (LAU2) between 2000 and 2009



The internal sectoral labour market structure of Hungarian counties also affects the opportunities of the Romanian citizens. Budapest and Pest County provide the most unskilled (elementary) job opportunities on a national scale for Romanian employees; although considering their number, they play a significant role in every employment sector. Thus, there is a remarkable territorial concentration of these occupations. At the same time, in the counties of the Transdanubian Region, especially in those belonging to the Central Transdanubian Region, employees in the industry and construction industry represent the biggest rate. Furthermore, in Bács-Kiskun County and in some other counties of the Great Plain and the Transdanubian Region, agricultural and forestry jobs also have visible roles.

In general, the distance from *the Hungarian-Romanian border has only a minor effect on the employees and on the employers' decisions*; the level of the daily, or even the weekly commute is very low. The number of Romanian employees on the Hungarian-Romanian border is not significant.

Processes act upon the *movement of labour from Hungary to Romania, instead of the movement from Romania to Hungary*. Due to Romanian labour shortages, attempts have already been made to attract available labour force from the border zone to Romania.

Concerning their role in the labour market, *Romanian employees bear a considerable resemblance to Ukrainian employees, whereas the Slovakian labour force holds an essentially different position*. The sole motivation to employ Romanian workers is almost only to address the Hungarian labour shortage (especially in the Central Region). Although the national unemployment rate is high in Hungary, and serious employment

problems exist among the less-educated working-age population, national enterprises cannot provide enough job opportunities for these Hungarian citizens. Namely, labour shortage hit sectors, where dominantly unskilled manual workers are needed, but anomalously, these businesses prefer to fill these positions with Romanian employees. There is also a strong regional character, as Romanians are mainly employed in Budapest and its vicinity, where the unemployment rate is low, and economic growth is relatively fast, which might be an explanation for the labour force shortage. It is thought provoking as to why the internal unskilled labour force cannot utilise the job offers around the capital more intensively, and why they cannot satisfy the needs for local employment in the Great Plain agriculture in their immediate vicinity, when the unemployment rate is high. Nevertheless, this result is consistent with the experiences concerning Slovakian employees in Hungary: the main motivation for their employment is also the shortage of local labour (Estélyi & Keszegh & Kovács & Mikóczy 2006).

We explored two types of labour shortage. The first one is an actual labour shortage, where the workforce for the particular job is not sufficient in the neighbourhood. The previous point refers essentially to this. The machine factory in Biatorbágy, as included in our business case studies, faced this problem, as it could not find enough unskilled labour. Similarly, the shoe manufactory in Csepel was unable to find a skilled labour force in the neighbourhood. At the same time, according to our experience with agricultural companies, another type of labour shortage also exists. In this case, there is a sufficient (primarily unskilled) labour force in the neighbourhood, but the particular manual work is so hard, or the conditions are so bad, that the locals simply do not take the job. Meat production belongs to this category, especially cattle slaughter. Similarly, conditions in fruit and vegetable production or livestock production can also be bad: there is no weekend or holiday, large distances have to be travelled, individuals homes may be left for long periods, and one might even have to live in livestock establishments. These jobs are occupied by thousands of Romanian (and Ukrainian) migrant workers.

Most of the Romanian employees live in, or near to the settlement of the workplace, usually in a workers' hotel. Those having a seasonal agricultural job *behave as typical guest workers*: their residence in Hungary is only temporary; it serves only to be able to work here and is not an integral part of their environment. However, a section of the Romanian citizens acts like internal employees: they already have, or try to have a home of their own, the whole family has moved to Hungary, and wishes to stay here. This attitude is typical at workplaces where employment is continuous, even among the lower educated.

Personal contacts, relations in the settlement, and weak ties have key roles in the employment of Romanians. Job information spreads through word-of-mouth even if the position job is initially filled through an advertisement; when the workforce is changed later on, it is rather these weak ties, which arrange the employment. A reason for this might be that they are employed for elementary, unskilled manual work, and in this case filling positions efficiently through informal links seems to be working well. In case of individual job opportunities – usually concerning an intellectual activity – recruitment is mostly through advertisements.

The majority of Romanian citizens are bound to the Hungarian labour market in a special way: *only a small section has worked in another (Western or South-European) country*, and even lesser figure has had a job in Romania in recent years.

The most important aspect of their Hungarian employment is their *language knowledge, but geographical distance is almost of the same importance*. Expectations of a higher salary also play a role. This suggests that people come to work in Hungary to avoid Transylvanian unemployment. In addition, the Hungarian market provides better conditions for them due to the language knowledge (as well as identical culture and belonging to the same nation), as if they tried to seek a job in parts of Romania populated by Romanians.

Employers are mostly satisfied with their Romanian employees, with no specific issues related to their work or performance has arisen. At the same time, neither was it highlighted that it would be easier to work with them, or they would be more reliable, or more productive than domestic employees. Companies employing them have simply searched for a workforce and have decided to hire them; they had no particular expectation towards them, except for carrying out the work assigned. The reason for this attitude is obviously labour shortages as well as the fact that the majority of these jobs are simple and require no skills.

As a result of these findings, a typical Romanian employee in the Hungarian labour market has the following characteristics:

- unqualified man, who
- works as an unskilled or semi-skilled worker
- in Budapest (in the construction sector).

The importance of Romanian employees in the Central Hungarian Region's economy

The ÁFSZ's webpage includes the distribution of the main employment types by area (by counties).³ According to this database, around 20 thousand unskilled workers⁴ are employed in Budapest – under normal work conditions –, but their total number does not exceed 23 thousand. If we add the semi-skilled workers, this labour group has about 90 thousand members. With Pest County, the number grows to 132 thousand. Taking the ÁFSZ database of the registered foreign employees as a basis, the distribution shows that at least 40% of the Romanian employees belong to this category (see partly Table 4). No exact statistical number is known, as only the names of the occupied jobs are available, but whether they belong to the unskilled or semi-skilled categories, as described in the 6/1992 Ministry of Social Affairs and Labour regulation, is not clear. For this reason, 40% is a cautious estimation, and the real data should be around 2/3 or rather 80%. If we base it on 40 thousand Romanian employees, 70% of whom work in Budapest and Pest County, we get the number as per Table 5, showing how many Romanian citizens can work legally in the Hungarian region as unskilled or trained workers.

³ http://www.afsz.hu/sysres/adattar/tables/T06_01.html.

⁴ According to the Ministry of Social Affairs and Labour regulation 6/1992. unskilled workers are: "*Classification requires one month of training at maximum, and no qualification is necessary. The employed worker can usually start work without any training.*" It also provides a definition for trained workers: "*Classification requires no qualification, but it takes more than one month of training to acquire skills needed for the tasks*".

Table 5

*Estimation on how many Romanian unskilled and trained workers can work
in the Central Hungarian Region*

Estimation criteria	Estimation results, person
Estimation: 40% If 40% of the Romanian citizens working in Hungary are unskilled or trained workers	11 200
Estimation: 2/3 If 2/3 of the Romanian citizens working in Hungary are unskilled or trained workers	18 480
Estimation: 80% If 80% of the Romanian citizens working in Hungary are unskilled or trained workers	22 400

Their number may be around 15–20 thousand, which indicates that the capital and its vicinity suffer from a labour shortage to at least this amount concerning unskilled manual jobs. This number is increased for instance with the number of Ukrainian citizens, who we know to have the same role in the Hungarian labour market as Romanians. In addition, the same situation can be assumed about Serbians, Moldavians as well as others. If we only look at legal employment, this entails at least 30 thousand employees. It should be emphasised that these foreign citizens work:

- legally (their employment is registered), with an employment contract;
- under no extreme, but normal physical conditions;
- for a salary that meets normal Hungarian wages.

Meanwhile, in different – mostly peripheral – areas of Hungary, the unskilled working-age population is unemployed in large numbers. The state launches training for them, and the office for the 33 most disadvantaged micro-regions handles the funds of the European Union separately for them. At the same time, thousands of job opportunities are advertised for unskilled and semi-skilled workers in the central region, that are filled by Hungarian nationals from Transylvania, South-Carpathia, and Vojvodinia. Therefore, Budapest, as the central settlement of the Carpathian basin, organises the whole area of Hungarians partly into one labour market. It is a significant question as to how the potent influence of the capital could contribute more effectively in solving the employment problems within the country's borders.

Summary

Our research results fundamentally coincide with the statements of national literature concerning the labour market's regional differences, and particularly those concerning its long-term stability. Károly Fazekas already found in the early 90s that the unemployment rate is substantially lower than the average in areas where the number of entrepreneurs is higher; the infrastructural conditions for doing business are better; the educated population is younger; the size of the settlement is bigger; soil fertility is better, and industrial traditions are stronger than the average. The unemployment rate proved to be significantly lower in business-industrial areas than in business-non industrial, non business-industrial and non business-non industrial areas (Fazekas 1993). It is particularly interesting for us that when Fazekas repeated his research a few years later, he found similar results, and could again point out the regional differences of the labour

market, as well as the greater stability in the micro-regions (Fazekas 1997). The literature concerning general (developmental) inequality still confirms this stability and the uniformity of this configuration (Nemes Nagy–Németh 2005, Németh 2009); whereas, on the labour market it is rather the negative tendencies that dominate, instead of positive ones (Fazekas & Telegdy 2006, Szabó 2006). One of the main results of our research is that it attracts attention to a practical factor that stands behind these regional differences, and has partly evolved because of them. The Hungarian labour market struggles with a territorial structural crisis that heavily burdens the national budget: the social system finances unskilled, working-age Hungarian citizens, while the most developing region of Hungary, which is also competitive on a European level, would need thousands of exactly this type of workforce.

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