



*Employees Beyond Borders*

## **Country Report**

### **About the Labour Position of Migrant Workers**

Hungary

**Menedék – Hungarian Association for Migrants**

**2014.**

## CONTENTS

|  |           |
|--|-----------|
| <u>1. SUMMARY</u>  | <u>3</u>  |
| <u>INTRODUCTION</u>  | <u>5</u>  |
| <u>1. GENERAL OVERVIEW: FOREIGN NATIONALS AND FOREIGN WORKERS IN HUNGARY</u> | <u>7</u>  |
| <u>1.1. METHODOLOGY</u>  | <u>18</u> |
| <u>2. RESULTS</u>  | <u>20</u> |
| <u>2.1. THE EMPLOYMENT OF FOREIGN NATIONALS IN HUNGARY</u>                   | <u>20</u> |
| <u>2.2. REGULAR VS. IRREGULAR EMPLOYMENT OF FOREIGNERS IN HUNGARY</u>        | <u>31</u> |
| <u>2.3. THE SIGNIFICANCE OF DIRECTIVE 2009/52/EC IN HUNGARY</u>              | <u>37</u> |
| <u>3. RECOMMENDATIONS</u>  | <u>39</u> |
| <u>4. APPENDIX</u>   | <u>41</u> |
| <u>4.1. LEGISLATION ON THE EMPLOYMENT OF FOREIGN NATIONALS IN HUNGARY</u>    | <u>41</u> |
| <u>4.2 MAIN SANCTIONS OF THE IRREGULAR EMPLOYMENT OF FOREIGN NATIONALS</u>   | <u>48</u> |
| <u>REFERENCES</u>  | <u>53</u> |

1.

## Summary

The irregular employment of foreign nationals in Hungary is a subject of a variety of widely held misbeliefs in Hungary (cf. eg. Krékó and Juhász 2012). Although the exact extent of the phenomenon, its economic impact, and the players involved are hard to discern, it seems safe to say that the contribution of irregularly employed foreign workers to the economy is rather limited. There is no statistics on the matter, and the players involved in the irregular employment of foreigners are hard to approach. A viable starting point for estimating the extent of the phenomenon is the number and composition of those foreign nationals who stay and work in Hungary legally.

The scope of the present study goes beyond the activity of the irregularly employed third country nationals staying legally or illegally in Hungary. Our main concern here is the implementation of Directive 2009/52/EC (Sanctions Directive) and its impact in Hungary, the main research goals being the identification of the most widespread forms of the irregular employment of foreigners and the motives for employing them irregularly, and finding out how the irregular employment of foreigners fits into the context of the wider employment situation in the country, and whether the Sanction Directive is an adequate means to prevent the irregular employment of foreigners and their exploitation.

Irregular employment can be defined in several ways, especially when it comes to the employment of foreign nationals. Paragraph 5 of the Sanction Directive's preamble limits the applicability of the Directive only to those foreign workers who stay completely illegally in a member state, without a residence permit of any kind. The scope of the present study extends further than that. It includes also the cases of half-legal employment of third country nationals who work without the legally required residence permit and/or work permit (which also means that they work without a contract and without social security provisions).

To complete the present study we performed

1. The analysis of existing data and expert reports on the labour market situation of foreign workers and their irregular employment;
2. The identification of market players and experts involved in the employment of foreign workers, including the analysis, promotion, regulation and control of their

employment, and the implementation of the Sanctions Directive.

3. 18 semi-structured interviews, on the ground of which the existing data were supplemented.

It is difficult to gather precise and reliable data on the irregular employment of foreign workers, and for a good reason. Irregular employment may carry heavy sanctions for both the employer and the worker, which makes them hard to reach by public authorities. Our study corroborates the supposition that the irregular employment of foreign nationals is more frequent in certain sectors because none of the parties involved have sufficient interest in “whitening up” their activity. In most cases employment in these sectors are governed by “habitual rules,” and none of the players is motivated to complicate the system with new elements that would disrupt its “smooth operation.”

Several employers confirmed that employing foreign workers regularly requires a complicated procedure that consumes a great deal of time and money. In many cases, however, this is not necessarily the main reason for employing them irregularly. Several of our interviewees were of the opinion that there are no fundamental problems with the regulations, the real drivers of irregular employment go much deeper than that (irregular employment being a widespread general practice, alongside the evasion of social security contributions and of the strict provisions of labour law).

The exploitation of foreign workers in Hungary is also a way too complicated matter to fit into a simple exploiter–exploitee dichotomy. Difficult labour conditions arise from a compound of mutual dependencies and coercions.

The first chapter gives an overview of the migration situation in Hungary, alongside with a summary of the relevant legislation. The second chapter presents the findings arising from 18 semi-structured interviews that were conducted in view of answering the following research questions:

- Why do some employers employ foreign workers, and why do others abstain from it?
- To what extent are Hungarian employers familiar with the procedure of employing foreigners legally, and how well are they acquainted with the institutions protecting the rights of their labourers?
- Why do some employers employ foreign workers illegally?

- Why do some foreign workers accept the status of an irregular employee?
- How familiar are the employers with the Sanctions Directive, and what is their opinion about it?
- How does the Sanction Directive affect the labour market?
- Does the Hungarian legislation implementing the Sanctions Directive provide sufficient protection for foreign workers?
- Does the Hungarian legislation implementing the Sanctions Directive have an actual impact on the Hungarian labour market?
- What other measures and institutions are in place in Hungary to protect the rights of foreign workers, and what further measures could be introduced?

The final chapter contains recommendations for solving the problems exposed.

## Introduction

This study was conducted by Menedék – Hungarian Association for Migrants as part of the project titled “Employees Beyond Borders” funded by the Visegrad Fund. The main purpose of the project was to explore the implementation and impact of Directive 2009/52/EC (Sanctions Directive), setting minimum standards for the lawful employment of foreign workers and preventing the employment of foreign nationals staying irregularly in member states. The study focused on information gathering among the various players on the labour market.

The Sanctions Directive of the European Union prescribes sanctions and measures in effect in all EU member states applicable against the employers of third-country nationals who stay there irregularly. The directive was adopted by the European Parliament and Council on 18 July 2009, and the deadline for its implementation in the national legislations was 20 July 2011. As it is stated in Paragraph 2 of the Preamble, the main objective of the directive is to fight illegal immigration, and in particular to counter its pull factors, such as the possibility of obtaining work in the European Union without the required legal status. Thus the provisions of the directive sanction primarily the employment of third-country nationals without an appropriate legal status, and the employers involved in such activities.

The sanctions may be financial, but in the most serious cases they may include also criminal penalties. The directive binds the member states to carry out “effective and adequate” inspections on their territory to control, and thus promote the transparency of, the employment of third-country nationals (Article 14). The directive has provisions also for the procedure in which foreign workers can be lawfully employed. Employers are required to ascertain that the migrant worker has the required legal status, and to notify the competent authorities of the start of the employment of any third-country national (Article 4(1)). If an employer complied with these prescriptions, then it is cleared from any further financial sanctions or criminal penalties.

The directive also provides some security and legal protection to the irregularly employed foreigners. Although the level of protection the directive provides for those employed without the required legal status falls short of the standards set in the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (passed by the UN’s General Assembly in December 1990), it ensures that any outstanding remuneration will be paid by the employer to the illegally employed third-country nationals, even if they have already returned to their country of origin (Article 6), and it also includes important provisions for complaints that the irregular foreign workers may wish to lodge against their employers.

Paragraph 15 of the directive’s preamble makes it clear that “An illegally employed third-country national should not derive a right to entry, stay and access to the labour market” from the provisions to protect their rights. The regulation that secures their entitlement to their back payments even after their return to their country of origin serves the same purpose. This is also one of the flaws of the directive, as far as the protection of rights is concerned. The directive protects the right of the irregular foreign workers to the back payment of their remunerations but it does not allow them to get a residence permit whose purpose would be that they can collect their outstanding payments.

The directive specifies that such a permit can be granted only on a case-by-case basis, and only if a penal procedure has commenced against the employer for a serious criminal offence, e.g. in case of particularly exploitative working conditions, knowingly employing a victim of human trafficking, or the illegal employment of a minor (Article 13(4)). The duration of the residence permit of third-country nationals can be extended until they have

received the payment of their remuneration only if such a permit was previously obtained under Article 13(4) covering the cases just mentioned (Article 6(5)).

## 1. General overview: foreign nationals and foreign workers in Hungary

Unambiguous statistical data on migrants staying in Hungary are hard to obtain. Our case is even more difficult in this respect, as the main purpose of the present study is to obtain information on irregular migration and the employment of irregular migrants.

Migrants are defined in two different ways in the European literature. They can be defined either as persons who were born in, or as persons who are the nationals of, a country other than where they stay (foreign-born/foreign population). Here we follow the second option: by “migrants” we only refer to foreign nationals staying in the country, for it is irrelevant, as far as the labour market is concerned, if a Hungarian citizen was born outside of the country, since their status and their rights are the same as if they had been born in Hungary.

Migration can be quantitatively characterized either by stock or flow data, the former giving a static report about the number of immigrants in the country at a given time, the latter reporting on the dynamics (trends, intensity) of migration.

One of the most comprehensive sources of statistical data in Hungary is the census. Census data allows also for comparisons to be made between the migrant and the domestic population. The data recorded provide information on both the foreign-born population and the foreign nationals staying in the country. It is a major drawback, however, that census data are recorded only once in ten years, and that only static data are recorded. Another major source of information, covering a wide range of migrants in Hungary, is the official data on the permits issued to foreign nationals wishing to stay in Hungary. The data published by the Central Statistical Office (KSH) and the Office of Immigration and Nationality are largely based on this information (Hárs 2010:25).

As it is reflected in the census data and the other available sources, the population of foreign nationals staying in Hungary grew in both size and proportion in the last ten years almost continuously. Decrease in the foreign population was observed only in the last two years of which we have data. In the 2001 census the number of foreign nationals staying in Hungary turned out to be 110.000 (1.1% of the total population). The 2011 census reported of

205.000 foreigners living in the country (2.1% of the total population), so their number nearly doubled in the ten years after 2001 (KSH 2011). The most recent data, however, revealed that since 2011 the number of foreign nationals staying in the country decreased, with only 141.000 in 2013 according to the Central Statistical Office, within which the share of third-country nationals grew (KSH 2013).

Compared with the other member states of the European Union, as it is revealed by the Eurostat data on the subject (Eurostat 2011: 71-2, Eurostat 2012, 2013a), despite of the growth in the last ten years, the share of foreign nationals in the total population is still low in Hungary. On average, foreigners comprise 6.8% of the total population in the European Union, while in Hungary it was just 1.5-2% until the most recent years, and the latest figure is only 1.4%.

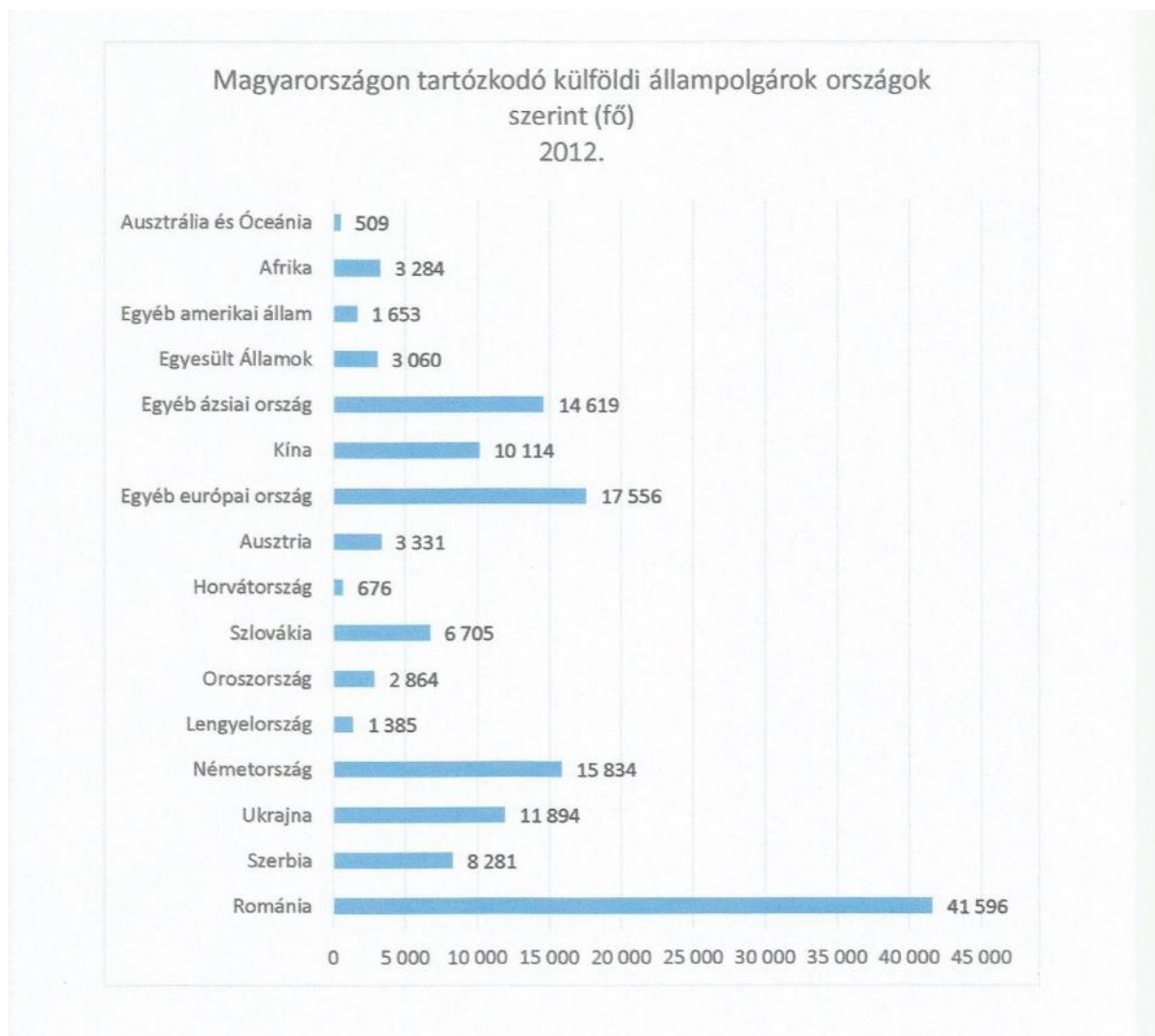
Hungary differs significantly from the EU average not only in the share of the foreign population but also in its composition. While nearly two-thirds of the foreign nationals living in EU member states are the nationals of non-EU countries (Eurostat 2012), in Hungary nearly 60% of them are from other EU member states, according to the 2013 data published by the Central Statistical Office. If “Europe” is understood in the broader geographical sense, 75% of the foreigners staying in Hungary are European. Most of them are from neighbouring countries, primarily from Romania, which was the country of origin of 30% of the foreign nationals staying in Hungary in 2012. Their share topped at 47.5% in 2005 and decreased since then most probably in consequence of the new legislation on the simplified naturalization procedure, which will be discussed later. As far as Europeans from outside the EU are concerned, in 2012 it was the Ukraine and Serbia from where migrants came to Hungary in the greatest numbers. From outside the geographical Europe, the most common country of origin of migrants coming to Hungary was China (KSH, statdat 2013)<sup>1</sup>.

**Figure 1. Foreign nationals staying in Hungary by country of origin**

---

<sup>1</sup> In references to KSH statdat tables the year refers to the year of the latest data included in the table.



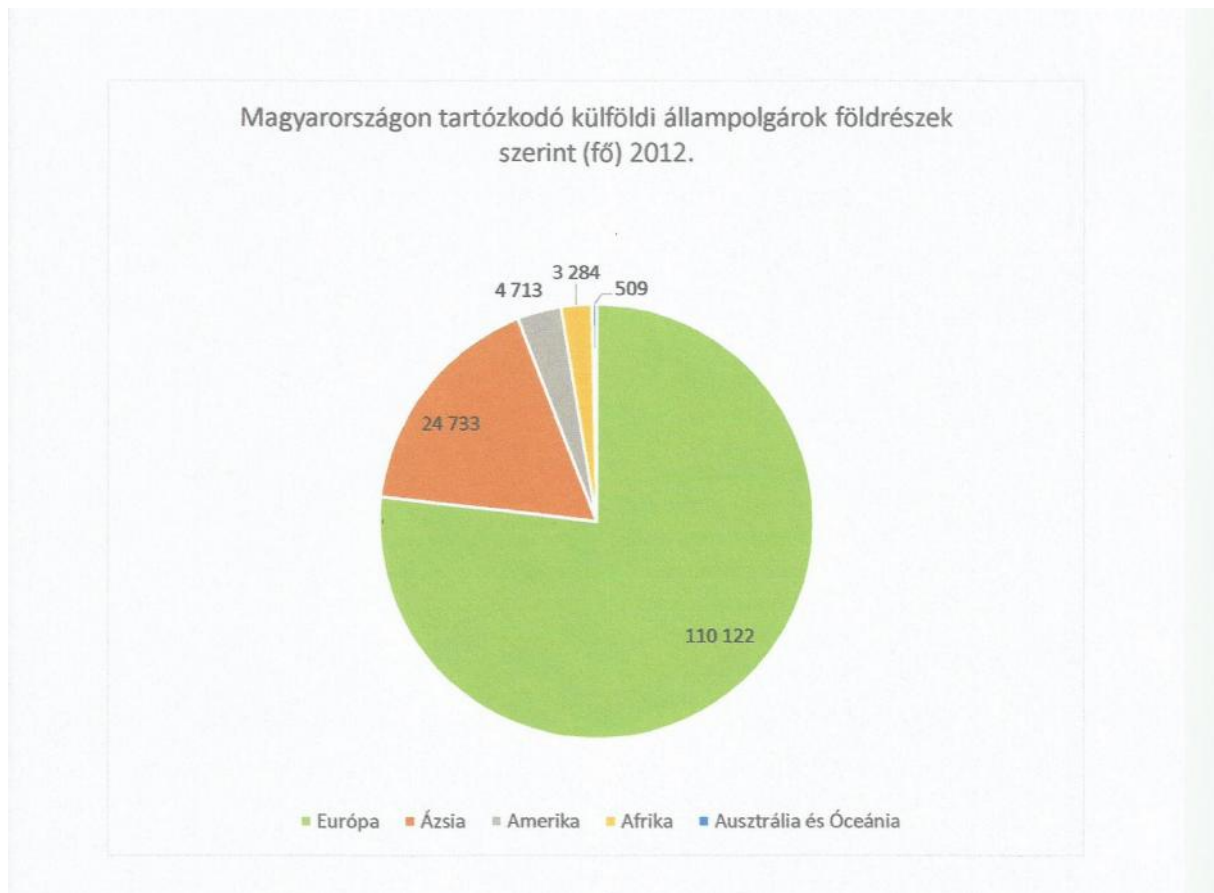


*Source: Central Statistical Office (KSH)*

Most nationals of neighbouring countries who live in Hungary are ethnic Hungarians. This accounts for the other distinctive characteristic of the migration situation in Hungary (besides the low number of immigrants): due to the predominance of ethnic Hungarians, most immigrants are culturally very similar to the domestic population.

As it was mentioned earlier, although the number of foreign nationals staying in Hungary decreased in the last two years, the share of third-country nationals among them grew. It was 37% in 2012, a few percentage-points more than in 2011 (34%) and 2010 (32%).

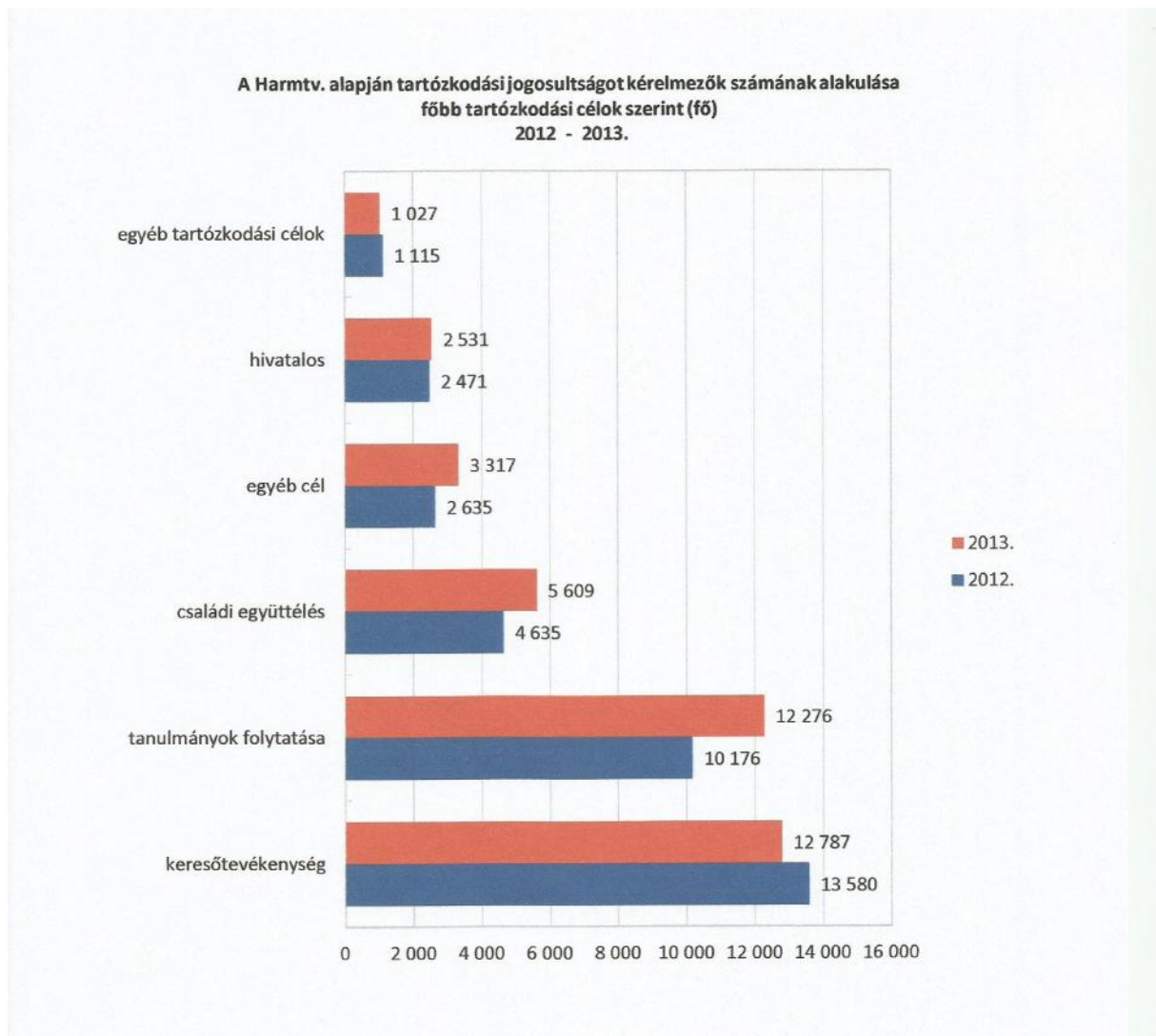
**Figure 2. Foreign nationals staying in Hungary by the continent of their country of origin**



*Source: Central Statistical Office (KSH)*

Not all of the foreign nationals who come to, and stay in, Hungary in a regular manner show up at the labour market: children, pensioners, students, dependants stay off. Migrants who have a residence permit take up jobs with or without a work permit. According to the public data available at the website of the Office of Immigration and Nationality, in 2013 37,547 third-country nationals applied for a residence permit to stay longer than three months. 12,787 of these requests were for the purpose of employment or other gainful activity, 5,609 for the purpose of family reunification, and 12,276 for the purpose of studies. These are the three foremost reasons for third-country nationals to migrate to Hungary, employment or other gainful activity being the most frequent purpose (BÁH 2014).

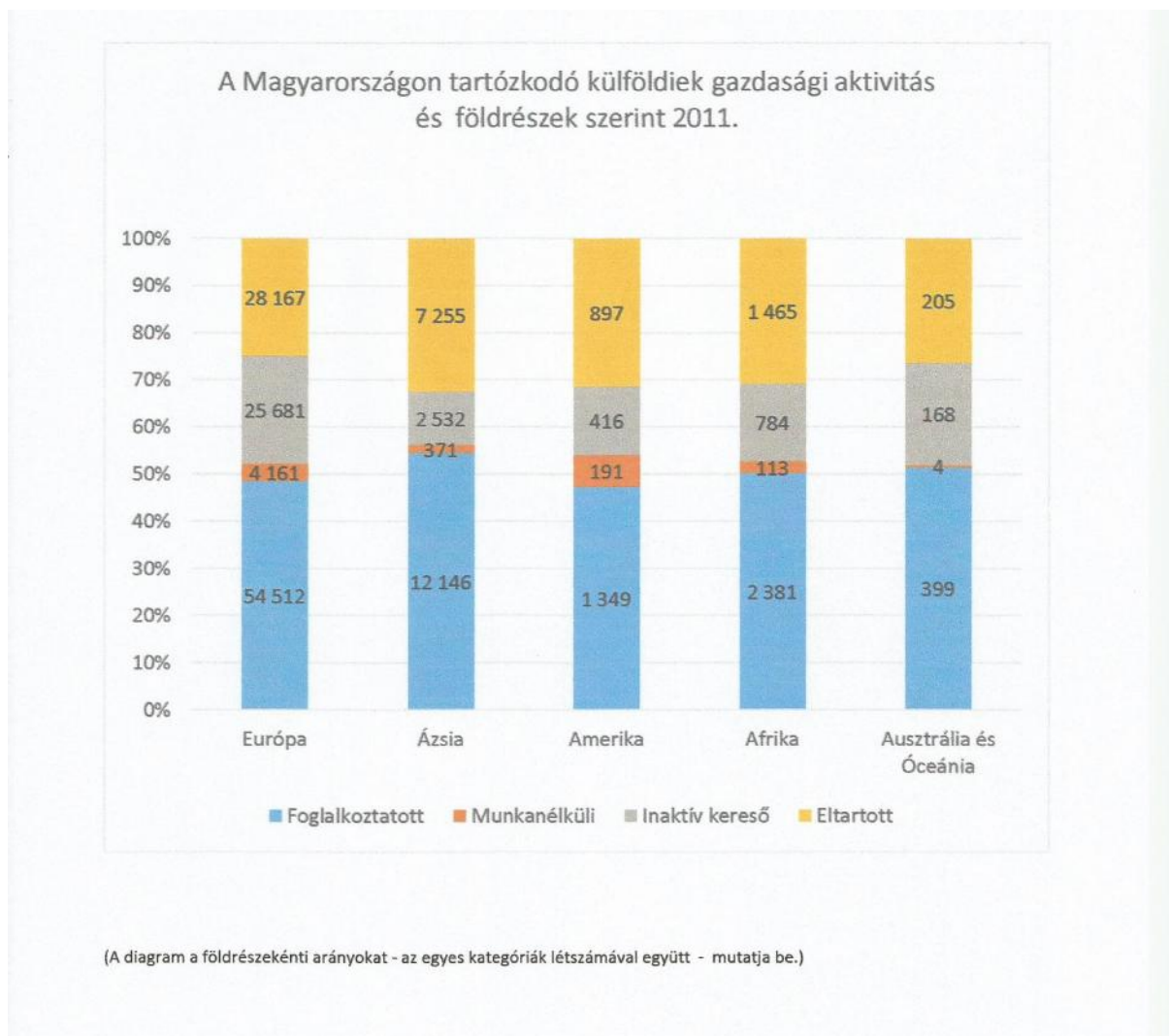
**Figure 3. Third-country nationals applying for a residence permit under the Act on the Admission and Right of Residence of Third-Country Nationals by the purpose of stay**



*Source: Office of Immigration and Nationality*

Besides the statistics on residence permits, census data also provides some information on the labour market situation of foreign workers. According to the most recent data, 34% of the foreign nationals staying in Hungary are employed, 70.787 people, 41.728 of whom are EU nationals, meaning that the number of third-country nationals legally working in Hungary is no more than 30 thousand (KSH 2011a).

**Figure 4. Foreign nationals staying in Hungary by economic activity and the continent of the country of origin**



Source: Central Statistical Office (KSH 2011a)

Another source of quantitative information on the employment situation of third-country nationals is the data on the work permits issued to them.

**Figure 5. Individual work permits issued 2004-2013**



*Source: National Labour Office (Nemzeti Munkaügyi Hivatal 2014)*

As it is shown on Figure 5, the number of work permits issued declined significantly after 2008. The main cause of this sharp change was that as of 1 January 2009 Hungary abolished the within-the-EU restrictions with regard to workers coming from Romania. From the same date there is no need for a permit for the employment of citizens of EEA countries, employers are only required to notify the authorities about the employment of workers coming from these countries. Besides the administrative changes, the decrease in the number of work permits issued can partly be attributed to a decline in the number of foreign nationals wishing to work in Hungary, i.e. that Hungary is a target country for less migrant workers than it was before.

As it can be seen from the data just presented, from the statistical sources available one can make secure inferences only with regard to the legal immigration and employment of foreign workers. As far as the illegal employment of third-country nationals is concerned, we have to settle for estimates. One of the most important works giving such estimates is Judit Juhász's paper from 2008, commissioned jointly by ILO and the National Labour Office (Juhász 2008). Juhász supplemented the existing research results and statistical data with the information extracted from interviews with experts and employers hiring migrant

workers.

Based on Juhász (2008) the most general characteristics of irregular employment are these:

- ✓ The employer fails to register the employee (thereby evading taxes and social security contributions).
- ✓ The employee accepts the unregistered status, which allows them to evade personal income tax.
- ✓ The employee fails to notify the authorities that, being employed, they are no longer entitled to unemployment benefit, and keeps collecting it.
- ✓ Registering the employee as if they were paid the minimum wage. Although the employee is registered, their pay is usually higher than the minimum wage, and the part above the minimum wage is transferred to them from pocket to pocket, evading taxes and contributions.
- ✓ Violations of further labour rights.

It is important to note that irregular employment and its most common forms, such as unregistered employment, or registering at the minimum wage, look back on a long tradition in Hungary, which can be traced back to the previous political regime. Employment outside the sector of formal economy has existed ever since the 1960s, and for long it was regarded as being tolerated by the authorities. Irregular employment became widespread since then, and the irregular employment of foreign workers can be accounted for only in the light of the widespread domestic phenomena of black or grey economy. In Hungary, policies aiming at the reduction of the irregular employment of foreign workers are only a small component in the array of policies trying to reduce irregular employment in general.

The definition of “irregular employment” of migrants is a complex matter also because often it refers to ambiguous cases when their employment is partly legal, partly illegal. The regularity of their employment can be judged from three aspects. They can be regular or irregular in respect of (1) how they crossed the border, (2) their authorization to stay (whether or not they hold a residence permit), or (3) the legality of their activity (whether or not they work with a work permit, or are engaged in an activity which they are authorized to pursue by their status). This latter aspect is further complicated by the rigidity of work

permits (a work permit is issued for a specific job to be done with a specific employer), which results in cases of migrant workers employed with a work permit, but not exactly in the particular job or at the particular workplace for which the permit was issued. A further, fourth issue is whether their employment, (4) if otherwise regular, is respective of the migrant worker's labour rights.

The authorized employment of foreign workers, based on the number of work permits in effect, is the most frequent in the following branches of the economy: trade, automotive repair and maintenance, process manufacturing, hotel and catering industry (Nemzeti Munkaügyi Hivatal 2014: 23). Juhász (2008: 37) concluded that foreigners are most likely to get employed irregularly in sectors that are already infested with the irregular employment of Hungarian nationals, e.g. hotel and catering, agriculture, construction, household employment, and textile industry. As far as their country of origin is concerned, irregular foreign workers in Hungary are most likely to come from neighbouring countries (ibid.).

One of the most important decision-making and controlling authorities relevant for the employment of foreign workers is the Office of Immigration and Nationality, while the actual controlling of the employment of foreigners and the sanctioning of irregularities are carried out by National Labour Office (in closer or looser co-operation with the Office of Immigration and Nationality). The National Labour Office issues the work permits for foreigners, and has the right to control them. The regional branches of the Office for Immigration and Nationality decide about the applications for residence permits submitted by immigrants coming to Hungary. From 1 January 2014, in most cases, a single (residence and work) permit is issued by the Office of Immigration and Nationality, based on the opinion of the National Labour Office (see later).

The admission and stay of third-country nationals is regulated by Act II of 2007 on the Admission and Right of Residence of Third-Country Nationals whose Article 13 specifies the conditions for a third-country national to obtain permission to stay for a period longer than three months in Hungary. The most important of these are that they are required to have accommodation or a place of residence in Hungary, that they are required to have the sufficient means of subsistence and the financial resources to cover for their accommodation for the entire time of their stay, and for their return to their country of origin or leaving Hungary otherwise, and that they are also required to have full healthcare

insurance, or the financial resources to cover any healthcare services that may become necessary.

Third-country nationals can be employed for work only if they hold a residence permit that allows them to stay for longer than three months (and also to pursue a gainful activity). For being employed legally, they also need a work permit. In certain cases they are exempted from the obligation to obtain a work permit. Article 2 of the Act IV of 1991 on the Promotion of Employment and Unemployment Benefits rules that “the rights and obligations contained in this Act and in its implementing decrees that pertain to Hungarian nationals shall also apply to foreign nationals with refugee status, beneficiaries of subsidiary protection and persons enjoying temporary protection under specific other legislation, those who have been granted immigrant or permanent resident status, and persons with the right of free movement and residence.”

A special status is enjoyed also by those highly qualified third-country nationals, who, under the provisions of Directive 2009/50/EC, are entitled to apply for an EU Blue Card. An EU Blue Card can be issued if further conditions are met by the third-country national. They have to meet the conditions specified in Article 13 of Act II of 2007 (summarized, in part, earlier), and comply with the regulation pertaining to the issue of a work permit. Apart from these, and among other things, they also need to have resided legally for at least 18 months in the EU member state in which they apply for the Blue Card, and they are required to produce a work contract for at least one, but not more than four years, with a salary of at least 1.5 times the average salary paid in the profession concerned.

A further special case is the employment of third-country nationals holding a seasonal work visa. This type of visa allows its holder to stay for altogether 150 days within a year with the purpose of employment, which may be divided, if the seasonal work so requires, into multiple periods. Seasonal work visas are issued by the Ministry of Foreign Affairs.

The introduction of these options, however, did not actually boost the employment of third-country nationals. It may be so partly because, even though seasonal work visa holders are not required to obtain a work permit, they have to meet the residence conditions all the same. Experts widely agree that foreign nationals seeking employment in Hungary tend to have a level of qualification higher than the Hungarian average, nevertheless, according to the data published by the National Employment Service, on 31 December 2013, the number



of the valid EU Blue Cards issued in Hungary was only three (Nemzeti Munkaügyi Hivatal 2014).

Act LV of 1993 on Hungarian Citizenship also has an important bearing on the issues of our concern. Following its amendment by Act XLIV of 2010, nationals of neighbouring countries of Hungarian ethnicity can acquire Hungarian nationality in a simplified naturalization procedure. Naturally, once they are awarded with Hungarian nationality, they are no longer required to have a work permit to be employed in Hungary. They enjoy the same rights as any other Hungarian citizen on the Hungarian labour market. Antal Örkény and Mária Székelyi (2013) pointed out that “Since the 2010 amendment of the nationality Act came into force, there is a huge difference in the treatment of immigrants depending on whether they are ethnic Hungarians from across the border, or belong to some other ethnic group” (Örkény—Székelyi 2013:173). The number of applicants for a naturalization procedure in Hungary grew continuously in the period between 2008 and 2012: “While in 2008 only every third, in 2012 every other immigrant sought to obtain Hungarian nationality” (Ibid: 176).

If an employer wants to employ a foreign national, it is required to perform a labour market test. The function of the test is to justify the employment of a foreign national in the position concerned. A foreign national can obtain a work permit only if the competent branches of the National Labour Office deem that their employment in the given position is justified. A residence permit for a period exceeding three months they can be obtained only if the Office of Immigration and Nationality is satisfied that they meet the respective conditions.

Under the earlier regulations they could apply for a residence permit with the purpose of gainful activity only after they obtained a work permit. Since January 1 2014, however, the two permits can be obtained jointly, as a single permit, in a single-window system, due to the implementation of Directive 2011/98/EC (Single Permit Directive). While earlier the issue of the work permit was requested by the employer, in the new procedure the role of the employer is limited to performing the labour market test, all documents necessary for the single application procedure are submitted by the immigrant to the Office of Immigration and Nationality, while the National Labour Office is asked to give its position, as a competent authority, on the employment of the applicant in the given job at the given employer.

Work permits can be issued for two years at maximum. Under Government Decree 445/2013, work permits are valid only for working in the position and at the employer for

which it was requested. Should the migrant worker seek employment by another employer, or change for a different position at the same one, the procedure to obtain a work permit needs to be started over.

If an employer is found to employ a foreign worker without the required work permit, it is subject to the financial sanctions specified in Act LXXV of 1996 on Labour Inspection. In line with the Sanction Directive, the amount of the sanction is dependent on the number of foreign workers employed without the required permits, the frequency of the violation, and whether the violator is a legal or natural person – the amount being smaller if the irregularly employed workers were hired by a private person to cater for personal needs. Act II of 2007 also specifies requirements for the employers of third-country nationals. Article 71 of the Act requires the employer to check the status of the immigrant at the latest on the first day of their employment, and notify the authorities about their employment within five days. Failing that, besides the sanction imposed by the labour authority, the employer faces also a public order offence fine imposed by the immigration authority—although the information on particular violations is not passed on between the two responsible authorities.

Foreign nationals staying irregularly in Hungary have been given the opportunity to regularize their status only once in the last 23 years: on the occasion of Hungary joining the European Union, and even then only in a rather limited range of cases. Apart from the purposes specified in Act II of 2007, a third-country national may submit a petition for equitable consideration requesting a residence permit (the detailed rules of which are set in Government Decree 114/2007 on the implementation of the Act). Also, under the provisions of Article 29 of the same Act, a residence permit can be granted in the absence of the requirements to a third-country national on humanitarian grounds, e.g. having been “exposed to particularly exploitative working conditions,” or to “third-country national minors who were employed illegally without a valid residence permit or other authorization to stay.”

### 1.1. Methodology

The methodology used in this study has been chosen by the professional director of the Association for Legal Intervention (Poland), the main contractor of the “Employees Beyond Borders” project. It aimed at carrying out 20 interviews in each participating countries,

Hungary, Slovakia, The Czech Republic, and Poland, with the representatives of each of the following groups of experts and stakeholders relevant to the labour market:

- ✓ Public administration officials;
- ✓ NGO experts and union representatives;
- ✓ Representatives of relocation and recruitment agencies;
- ✓ Employers of foreign workers;
- ✓ Academics doing research on the subject of the employment of foreign nationals.

The number of interviews within each group and interviewees were chosen freely, except that both Budapest and country had to be represented.

The table below presents the distribution of the interviewees among the different groups.

| <b>Expert/stakeholder group</b>   | <b>Number of interviewees</b> | <b>M/F</b>         | <b>Location</b>                   |
|-----------------------------------|-------------------------------|--------------------|-----------------------------------|
| Public administration             | 4                             | 4 male             | Budapest/Nyíregyháza              |
| NGO experts                       | 3                             | 3 female           | Budapest                          |
| Relocation agencies               | 2                             | 2 female           | Budapest                          |
| Employers of foreign workers      | 5                             | 3 female<br>2 male | Budapest/Nyíregyháza/<br>Visegrád |
| Academics researching the subject | 5                             | 3 male<br>2 female | Budapest                          |

Altogether 18 semi-structured interviews had been conducted in Hungary with 20 interviewees (in two of the interviews we talked to two people). The academic researchers and the NGO experts were approached through the network of Menedék Association. The public administration officials were selected from the government agencies dealing with the employment of foreign nationals and the implementation of the Sanctions Directive. The

representatives of relocation agencies and the employers of foreign workers were identified and approached using information found on the internet.

The average length of the interviews was about an hour. The interview questions were selected by the main contractor and covered the following main issues:

- 1) The motives of employers
- 2) The information available on the lawful employment of foreign nationals in Hungary, and the employers' awareness of this information
- 3) Information on the rights of foreign nationals working in Hungary
- 4) Information regarding the relevance of the Sanctions Directive

It was not always possible to maintain this order of the questions, and in a number of cases the interviewees could not answer all of them.

## 2. Results

### 2.1. The employment of foreign nationals in Hungary

As it was mentioned earlier, on the ground of the official statistical data available, the sectors in which foreign nationals are employed in larger numbers are trade, automotive repair and maintenance, process manufacturing, and hotel and catering. Experts reported that the irregular employment of foreigners is the most widespread in the agriculture, in process manufacturing, in construction (in decreasing numbers), in the hotel and catering industry, in trade, and in household employment.

Although the interviewees belonging to the different groups of labour market players largely agreed about the motives of the employers of foreign workers, their answers diverged to some extent depending on whether they were concerned mainly with the regular or with the irregular domain of foreign labour.

The representatives of relocation agencies, for example, that provide relocation services to multinational companies, stressed two main points: the special knowledge and skills of the foreigners, on the one hand, and the lack of sufficiently trained and skilled domestic labour force in the given profession.

*They hire foreigners because there are lines of business in which there is a shortage of skills. In IT, for example, the Indians are just as good as the Hungarians, but the good Hungarians have already been taken abroad. ... One of our clients could hire about ninety development engineers, but there are not enough Hungarians ... There are these firms, you know, that moved in and offer services, and they need natives of every language who know the trade. (Relocation agency 1)*

The experts familiar also with the irregular employment of foreign workers emphasized more strongly the gains related to it, especially the low cost and flexibility of the irregularly employed foreign labour force, as the primary factor that makes this kind of employment attractive to employers.

The working conditions that foreign workers have to face and the degree of respect for their labour rights are largely the function of their status. Foreigners working without a permit are more likely to be put into worse (apparently exploitative) working conditions, since one of the potential motives for their unauthorized employment (without a contract), from the part of the employer, is that strict labour rights can be evaded this way. On the basis of the account given by one of the experts, foreign workers can be sorted into the following categories regarding their standing at the labour market:

1. EU nationals. They ought to be registered. Although violations are frequent, there is no sanction for the omission of registration.
2. Third-country nationals at the primary labour market. They are employed, usually for a longer term, by large multinationals, or occasionally by smaller companies, with the required authorization and a proper contract. As far as their labour rights are concerned, they are on a par with Hungarian nationals.
3. Third-country nationals employed without the required authorization, registration or contract. Not much is known about them apart from the fact that in some sectors they are hired in large numbers. They are the most prone to exploitation. They are in a difficult position to have their labour rights respected, and, if caught, they may face expulsion from the country.

Several of our interviewees stressed that the distribution of foreign workers among sectors may be driven by their nationality/ethnicity. Migrant workers arriving from certain countries tend to come to Hungary specifically to work in certain sectors, depending on the training

and special skills they have. The rough correlation between sectors and countries of origin/ethnicity is displayed in the table below. The cases of employment represented in the table can be both irregular and regular (although the sectors mentioned are largely infested by irregular employment).

| <b>Nationality/ethnicity</b> | <b>Sector</b>  |
|------------------------------|--|
| Ukrainian                    | Household employment<br>Agricultural seasonal work                           |
| Serbian/Albanian/Kosovan     | Food industry: bakeries  |
| Mongolian                    | Textile industry   |
| Arab                         | Hotel and catering industry<br>(often as independent entrepreneurs)          |
| Far-East (e.g. Thai)         | Massage parlours   |
| Chinese                      | Trade<br>Hotel and catering industry<br>(often as independent entrepreneurs) |

Several of the respondents indicated that foreign workers are the most defenceless, and are exposed to the most exploitative working conditions in the agriculture, in process manufacturing, and in construction, which latter has lost greatly from its earlier significance recently. One of the interviewees emphasized that the working conditions of foreign workers are determined in a good part by the general conditions characteristic of the sector concerned. Defencelessness and labour market status are determined by the worker's nationality only in a limited part, the general characteristics of the sector and the nature of

the activity are much stronger determinants. The nationality of the migrants affects their labour conditions usually only through the characteristics of the sectors they tend to work in.

*Coercive determination, as far as Szabolcs county is concerned, applies only to the Ukrainians. We mentioned also the Serbians and the Albanians earlier. Their situation is completely different. In their case, the entrepreneur is foreign, too. They have special products, the product itself, alongside with the technology, belongs to that country. They bring along their employees in many cases because they know how to manufacture these products. They get higher pays, and they are not so defenceless. Compared to the Ukrainians, their situation is very different. Serbians and Albanians get quite decent pays around here. (Public administration official 1)*

When enquiring about the difference in the working conditions of foreign and Hungarian irregular labourers, the picture emerging from the answers was again that their status and conditions were dependent mostly on the type of labour concerned. For example, in the case of household employment, it is the distinction between “sleep-in” and “go-out” workers that makes the most difference. Those who do not live in the household of the employer are much freer than those who “sleep in” and can be made to work 24 hours a day. The difference between domestic and foreign workers is caused mainly by the fact that the latter are much more likely to take up a “sleep-in” job.

*In my experience, they prefer to employ foreigners. Hungarians get employed if no foreigner is available. When elderly people need to be taken care of, it often requires the employee to stay for the night. But Hungarians are not likely to move in, leaving their families behind. ... How are they treated? Well, it does not make much of a difference where they come from. It is the form of employment that counts, that is, whether it is “sleep-in” or “go-out”. Going out to the employer, one has roughly the same conditions regardless of being foreign or domestic. Not nearly as defenceless as the “sleep-ins”. Among the “sleep-ins” you will not find many Hungarians. (Academic researcher 2)*

The experts also pointed out that in these positions (e.g. household employment), besides a small number of Hungarian nationals, employers often hire ethnic Hungarians from across the border (from the Ukraine and Romania), the main reason for this being the common

language and the cultural similarity, often accompanied by the fact that although the employees are technically migrants, their original homes are near. In this sector the employment of foreign nationals is sometimes motivated by the quite widespread presupposition that people coming from the East are fitter to take care of a house or of an elderly or ill person.

*It is the willingness to adapt that the employers are concerned with. They tend to suppose that the further East you come from, especially if you are a woman, the more likely you are to be a naturalistic figure fit for domestic roles, much rather than someone more civilized coming from the West. (Academic researcher 2)*

Household employees constitute a special group of foreign workers. Under Act XC of 2010, if the household work is done by a natural person, for their employment to be legal they only need to be registered with the National Tax and Customs Administration, alongside with the payment of a registration fee of 1000 forints per month. Once so registered, neither the employee, nor the employer is subject to any taxation in relation to the pay the former receives from the latter, and as the registration does not make the employee entitled to social security services, they do not have to pay contributions either.

*Some incentive or other could decrease irregular employment. Take this regulation for example. There is nothing in it for either the employee or the employer. They have no interest in registering the employment. From the part of the employees, one such incentive could be if they could have healthcare insurance. I was surprised to see how neglected this possibility is. Unless the employer and the employee have plans with each other for a longer term, they have no motive to formalize their relation. We know that a great deal of Hungarian workers is trying to get by in the black sector. There are well-established social practices in place to make such arrangements work, and there is no loyalty or discipline towards the state that would make them register everything. There are quite a number of factors to prevent things from changing. (Academic researcher 2)*

As it was confirmed also by the ones interviewed, employers tend to get in contact with foreign workers, especially unauthorized foreign workers, through their network of personal



acquaintances. The role of advertisements and recruitment agencies is limited. The types of answers obtained from employers are summarized in the table below.

| <b>Employers of foreign workers</b> | <b>Employer 1</b>  | <b>Employer 2</b>   | <b>Employer 3</b>   | <b>Employers 4 and 5</b>                       |
|-------------------------------------|--|---|---|--|
|                                     | employs a household employee irregularly                 | employs a household employee regularly                    | employs workers in a Thai massage parlour regularly                             | employ foreign language proofreaders regularly |
| How did they find the worker?       | Through acquaintances                                    | Through acquaintances                                     | Through acquaintances   | Through official channels                      |
| Reasons for employing them          | Hardworking<br>Has no family<br>Available 24 hours a day | Cleanly and orderly<br>Reliable<br>Lives where the job is | Has the specific knowledge required<br><br>Improves the “image of the business” | Has the specific knowledge required            |

There are two widely held explanations for the choices of the employers who do not employ foreign workers. One refers to objective difficulties that may account for such choices (e.g. linguistic difficulties). The other, mentioned by several interviewees, is the xenophobia of the Hungarians. According to the results of the European Social Survey, Hungarians attribute very little significance to the migrant labour force. Their attitudes are not welcoming towards migrants. 52% of the respondents were of the opinion that migrant workers harm the economy, while only 22% thought that the economy might benefit from migration and migrant workers (European Social Survey 2010).

Almost all of the interviewees agreed that the administration required to employ foreign workers lawfully is lengthy and complicated, while several of them emphasized that this is not necessarily a reason for abstaining from employing foreigners or employing them

irregularly: *Those who want to employ foreigners know how to get by with the administration.*

The representatives of the different groups of interviewees usually agreed that the employers are aware of the special situation of foreign workers, but not necessary of the details of the procedure required to employ them lawfully. The interviewees also agreed that after the first occasion that an employer employs a foreign worker, they start dealing with further cases routinely. There was disagreement, however, about how accurate and easily accessible the information about the procedure is.

Representatives of relocation agencies emphasized their role in providing information on the details of the procedure required to employ foreign workers lawfully. They reported that relocation agencies produce summaries and lists from which their potential clients may obtain comprehensive information about the procedure, claiming that information in a comparably comprehensive form cannot be obtained from the authorities.

*Our clients are well aware of the procedure. We always prepare a comprehensive brochure in which we state that third-country nationals are required to have a work permit. ... In case the legislation changes, we write it down in advance. ... It is worth noting that even the Office of Immigration was ignorant about the changes that were to come to effect from January 1. Their clerks will not bother reading the official journal to keep track of changes. It is not their job. (Relocation agency 1)*

Some of the interviewees were familiar with the cases of foreign workers whose employment in Hungary is covered by intergovernmental agreements. As they put it, “there is a separate VIP-corridor for them in the Office of Immigration and Nationality,” adding that otherwise they would have to face an awfully complicated and lengthy procedure.

*The VIP-line is not much simpler. But if it did not exist, the administration would be still a lot more difficult for them. ... I can't imagine how they could get it over with without the knowledge of either English or Hungarian. (Academic researcher 1)*

The next two tables summarize the opinions expressed by the interviewees belonging to the different groups on the availability of the information necessary for the employment of foreign workers, and the experience of employers about the procedure.

**How accessible is the information about the procedure of employing foreign workers, and whose job it would be to make the information accessible?**

|  |  |
|--|--|
| <b>Public administration officials</b> | <p>The information about the regular employment of foreigners is available at the websites of several public authorities.</p> <p>The authorities give information through their websites, on telephone, or in person in their customer service offices.</p> <p>The relevant legislation is also available.</p> |
| <b>NGO experts</b>                     | <p>Mediation and support from NGOs is needed. Without it, employers are not likely to agree to employ foreign workers because the procedure deters them.</p>   |
| <b>Relocation agencies</b>             | <p>Mediation and administrative support from relocation agencies is needed. Clients are not familiar with the details of the entire procedure. They tend to rely on relocation agencies.</p>   |
| <b>Employers</b>                       | <p>None of the authorities makes the whole range of the necessary information available.</p> <p>Often one has to visit the same office several times.</p> <p>Authorities require different documents in subsequent years. Sometimes they give inaccurate information.</p>                                      |
| <b>Academic researchers</b>            | <p>The necessary information is available at the official websites.</p> <p>Besides that, making the information accessible is not the job of any player in particular.</p> <p>The employers of foreign workers are familiar with the procedure.</p>  |

**What is your experience about the procedure required for the legal employment of foreign workers? Could you get help from anybody?**

|   |  |  |   |   |
|---|--|--|---|---|
| <b>Employers of foreign workers</b>                                 | <b>Employer 1</b><br>employs a household employee irregularly  | <b>Employer 2</b><br>employs a household employee regularly                          | <b>Employer 3</b><br>employs workers in a Thai massage parlour regularly  | <b>Employers 4 and 5</b><br>employ foreign language proofreaders regularly                          |
| <b>Experience about the procedure required for legal employment</b> | Completely unfamiliar with the procedure.<br><br>Neither the employer nor the employee had any interest in it. | The procedure is very complicated and lengthy. It took 3-4 months at the first time. | The procedure is very complicated and costly. It took 7 months at the first time to get through with everything.  | The procedure is very complicated and costly. They could not afford it without external assistance. |
| <b>Help from outside</b>  | No. Did not want any help.   | Yes. Tried to get help from the authorities, but got misinformed on many occasions.  | No. An information bulletin or list presenting all the documents required for the procedure in a comprehensive manner was impossible to get from anybody. | The procedure has been managed routinely for a long time. Managed by own workforce.                 |

The interviews revealed that the employers usually do not pay much attention to the specific rights of foreign workers, but often they neglect the labour rights of the Hungarian nationals too.

*Employers have to be familiar with the basic legal framework, but it is not in their interest to make their employees aware of their rights. Under Schengen, Hungary is a transit country, a springboard to Europe. So what the employers think to themselves about their employees is something like “you should be happy to be here, happy to be in Europe.” (Academic researcher 1)*

An important remark made by several of the interviewees was that it is of no practical significance whether or not the employer or the employee is aware of the rights of foreign workers, since the employees are very unlikely to take any action to vindicate their rights. Employers are certain that their employees will cooperate with them no matter what, that they should lodge any complaint or press for any legal procedure against their employer they take to be out of the question.

Interviewees from the other groups confirmed this presupposition. Officials dealing with labour inspections reported that even when caught in the act the cases of illegal employment are not easy to prove. The worker (irrespective of whether they are Hungarian or foreign) will cooperate with the employer at the hearing. The case of household employees and agricultural workers are special even relative to this general situation.

*Controlling working conditions and proving cases of employment in unsafe conditions are much more difficult if the worker has no work permit whatsoever. If there is no trace of their employment, the authorities cannot prove anything. The common practice is, mainly in the case of the Ukrainian workers, that they live in very poor circumstances just across the border, and it is in their interest to cooperate with their employers in an inspection. The inspection is not against them, it is to control their employer, but they will cooperate with the employer all the same. They typically refuse to comment on their previous employment. They say they have crossed the border today, just started working today. Proving anything with respect to the time passed is really difficult. (Public administration official 1).*

*Even in sectors more exposed to inspections there are well-established practices to deflect the authorities. For example illegally employed agricultural workers are known to have*

*agreements with their employers that if they are caught in the act by inspectors of any kind they will say the produce in their hands they have stolen. They will be prosecuted only if the landowner presses charges. They get caught mainly in the construction industry. (Academic researcher 2).*

The researchers among the interviewees emphasized that in most of the cases even Hungarian labourers would be reluctant to take any steps against their superiors to vindicate their rights, since their position within the organization depends on their being on good terms with the boss. In the case of foreign workers, this is even more so.

Foreign workers in the Hungarian labour market are also bound to their employers with their work permits, which are issued for a specific position at a specific employer. Taking legal steps against their employer could easily bear the consequence that they lose their status. The strict conditions for staying in the country make this connection even stronger. A residence permit for a period longer than three months is conditional on the applicant's subsistence and accommodation having been secured. Since foreign workers often have very moderate financial resources, and their pay is often also very low, in many cases their food and accommodation is provided by the employer. Breaking up with the employer could easily mean that they can no longer demonstrate that their subsistence and accommodation is secured, and so they may lose their authorization to stay for longer than three months.

If a foreign worker is employed without the required permit, they risk expulsion from the country on account of the offence of pursuing an irregular gainful activity, so they will hide from the authorities, rather than lodging complaints against their employers. Under Article 7A(7) of the Act on Labour Inspections, if a foreign national is found working without permit, and the labour authority has passed a resolution on the offence that has taken effect, the labour authority is bound to report the case to the immigration authority, and the commencing procedure may result in their expulsion.

The interviewees also noted that foreign workers tend to be highly distrustful of the Hungarian public administration. The basis of this distrust is anecdotal. The stories passed around in the community of foreign workers are supposed to demonstrate that the Hungarian authorities are partial in favour of Hungarian nationals when deciding on debated issues between them and foreigners.

## 2.2. Regular vs. irregular employment of foreigners in Hungary

The motives of employers to employ foreign workers have been outlined in the previous section. As we have seen, these motives can be different depending on whether we are concerned with regular or irregular cases of employment. The regulations on the employment of foreign nationals in Hungary being rather complicated, the range of possible irregularities is quite limited. The cases of irregular employment can be divided into two broad categories. In the first category of cases the employee has the required residence and work permit, and the irregularity consists in the violation of labour rights or other provisions in the Labour Code. To the second category belong the cases of employment without the required work or residence permit.

In the former category we are dealing with a well-regulated area. In such cases the foreign worker enjoys the same rights as the Hungarian nationals, and these rights are enforceable by the competent authorities at the request of the employee. In the second category we are dealing with much less transparent matters, in which the prospect for vindicating labour rights is much slimmer. Black economy is not the field for the effective protection of rights, since the players whose rights would have to be protected are hiding from the authorities. The second category can be further segmented into the following types of cases:

- ✓ When the worker has the opportunity to travel home at least once in every three months (e.g. if they come from just across the border).
- ✓ When the worker is employed only for a short period (e.g. as a seasonal worker), and stays in the country for less than three months.
- ✓ When one stays in the country with a residence permit which gives no authorization to pursue a gainful activity, but seeks employment nevertheless (e.g. someone holding a residence permit with the purpose of studies, but takes up a job of more than 24 hours a week during term-time, probably unregistered).

More serious but probably less frequent are the cases in which irregular employment is combined with irregular stay:

- ✓ When the worker entered the country with a tourist visa, stayed longer than three months and took up a job. In this case not only his employment but also his stay in the country is completely irregular.

- ✓ When one overstays one's residence permit and also gets employed. Again, both the employment and the stay in the country are irregular.
- ✓ Cases when also the entry itself to the territory of the country was irregular, let alone the stay and the employment. (Human trafficking would be such a case, but Hungary is not a common target country in this respect, it is rather a sending country.)

As it was mentioned earlier, the irregular employment of foreign nationals is best examined in the context of the broader features of the Hungarian labour market. The most important features of the Hungarian economy and labour market in this respect are its hourglass-like enterprise structure, with an SME sector lacking in capital and profitability, the extremely low employment rate of the low-educated, and the high tax wedge on labour.

The vast majority of the enterprises are micro-enterprises with less than ten employees. Even among partnerships, that is, disregarding sole traders, their share amounts to 92%. Half of the remaining partnerships are small enterprises employing less than 50 employees. By contrast, nearly half (44%) of the GDP is produced by large-sized, and in a good part foreign-owned, businesses. The layer of medium-sized enterprises employing a workforce between 50 and 250 is very thin. Only 0.7% of the enterprises fall into this category (KSH 2011b, 2014). Consequently, the mediation between the internationally owned large-sized businesses and the local SMEs is almost completely missing. The Hungarian subsidiaries of multinationals manufacturing exported products from imported parts and materials are practically isolated from the rest of the Hungarian economy. Their growth has hardly any spillover effect on the local SME sector, the transfer of knowledge and technology is very limited (Novák 2003).

SME's are responsible for about three-fourths of the employment in the private sector, in less developed regions their share in non-public employment can be nearly 90%. More than half of the SME's employees work at micro-enterprises, and a further quarter is employed by small enterprises (KSH 2011c). Most small and micro businesses operate at a low technological level and in a lack of sufficient working capital. They hire their few employees typically from among the less-educated. High-skilled labour force is usually skimmed by the technologically advanced internationally owned large-sized businesses (Fink 2006). Hungary has been struggling with a very low employment rate ever since the transformational recession in the early 90s. Disregarding public works, which in the most recent years affected



the official statistics significantly, Hungary's employment rate has long been among the lowest in the European Union. Like in several other CEE countries, the employment lag is caused primarily by the high number of the low-educated and their extremely low employment rate (Köllő 2006, KSH 2013b). The structure of taxation is not helping the employment of the less-educated. The Hungarian tax-to-GDP ratio has been quite close to the EU average since the last third of the last decade. The share of taxation on labour in the total tax revenue is also not far from the European average. However, due to the low employment rate, this average share translates into a huge tax wedge. In 2012, the tax wedge on labour at two-thirds of the mean wage was the second highest in the EU after Belgium (Eurostat 2013b). The restructuring that took place recently in the personal income tax regime significantly increased the tax burden near the lower end of the wage spectrum (Tóth and Virovác 2012), hindering unskilled employment and placing additional burden on employment-intensive SMEs which tend to employ workforce at or near the low end of the wage spectrum. Small and micro-enterprises are often simply not profitable enough to cope with the high burden of regular employment. Consequently, grey and black labour is a widespread phenomenon in the sector. In great outline, this is the labour market situation into which foreign workers arrive.<sup>2</sup>

Employing foreign nationals may put an extra burden on employers. They may be responsible for the employee's travel to the country, and in many cases also for the fulfilment of the requirements of their stay (such as accommodation and subsistence). Two schoolmasters regularly employing foreign teachers made a very revealing comment on the cost of employing foreigners in lawful manner. They said that they could employ foreign proofreaders only at times when they received support from assisting organizations. The burden of employing foreign nationals fully complying with the regulations (and any other option was out of the question, both schools being public institutions) exceeded their financial means without external assistance.

The main difference between the irregular employment of Hungarian and foreign employees is in their chances to resist the extra demands and requests of the employer. Since foreign workers who immigrated to, or work in, Hungary in an irregular manner are much more

---

<sup>2</sup> A newer, positive trend worth mentioning is that atypical forms of employment (part time and seasonal employment and self-employment) are gaining ground, involving both foreigners and Hungarians.

defenceless with respect to their employers for the reasons mentioned earlier (hiding from the authorities, their work permit binding them to their employer, accommodation), they are much more likely to accept harder working conditions, and much easier to exploit by their employers. This accounts for the widespread opinion that foreign labour is cheaper and more flexible.

*Foreigners who came to make some money in Hungary are determined to work because they want to support their families. They may be paid badly in Hungary, but often it is more than what they could get at home. This all depends of course on their personal circumstances, but usually they deem that they are better off this way than being unemployed instead. Hungarians can also find themselves in similar conditions. (Public administration official 3)*

To be contrasted with, it is worth mentioning the reasons on which the employers of regular foreign labourers operate. Several of them were of the opinion that the regulations are so “detailed and thorough” that employing foreign nationals irregularly is hardly possible.

*You can perhaps employ irregularly those who are already here. But if you have to bring in someone from outside, that is the hardest thing you may ever face. Seven months of endless administration. My guess is that they made it so unbearable on purpose. Now that I know how to do it, maybe I could do it in four months.*

*In Thai massage you cannot employ anybody irregularly. You can't bring in anybody irregularly. Once they are in, it is easier to do things the regular way. We have a clientele, we have our business, and we don't want it to go down. The process is so complex and thorough that it is impossible to get around it. It does not happen very often that someone just comes over from Thailand as a tourist and starts working irregularly. I can hardly imagine anyone risking that. (Employer 3)*

Apparently, those who want to employ reliable foreign labourers for longer periods are forced to choose the regular way.

### **The motives of the employers to employ foreign nationals unlawfully**

| <b>Interviewee group</b><br><b>Motive</b> | <b>Public administration officials</b> | <b>NGO experts</b> | <b>Relocation agencies</b> | <b>Employers</b> | <b>Academic researchers</b> |
|---|--|--------------------|----------------------------|------------------|-----------------------------|
|   |  |                    |                            |                  |                             |

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| Evasion of social security contributions  | X | X | X | X | X |
| Evasion of other labour rights  | X | X | X |   | X |
| It is not worth to employ foreigners legally because the procedure required for their legal employment is too complicated |   | X |   |   | X |
| Foreigners are more likely to accept the irregular status   | X | X | X | X | X |
| Due to the insufficiency of inspections the probability of getting caught is small  | X |   |   |   | X |
| Hungarians would not take the job   | X |   |   | X |   |

Within the irregular employment of foreign nationals the case of household employees is special. As it was noted earlier, household employment is covered by special legislations. The case of household employees employed to take care of an elderly or ill member of the

household is special also because in the lack of publicly provided services, and given that hiring a trained nurse from the market is very costly, employers are practically forced into choosing this kind of employment.

There was agreement among the interviewees about the reasons foreigners might have for accepting the irregular status. The chief reasons, as mentioned earlier, are their defencelessness with respect to their employers, and their intention to remain unnoticed by the authorities. Those who come to work in Hungary from just across the border might have several further reasons. Their income at home might be low, but what they earn in Hungary might help to sustain their lives there (in many cases supplementing a regular income they have there, e.g. a pension). In some of the cases there is some personal reason for which they are forced to leave their community, etc. They might feel freer if they are employed irregularly, feeling that they can walk out and leave the employer whenever they want (although they could do the same even if they had a regular contract).

These cases should be distinguished from the cases of those foreign workers who accept an irregular situation mainly because they are unaware of the regulations, probably because they do not speak the language and have not received any guidance. Often they end up agreeing to work without a permit, or even if they have a work permit, they are often unaware of the fact that if they change for a new place or new position, they have to obtain a new one, starting the procedure all over again.

Many who are aware of the regulations accept the irregular status because they are in a pressing financial situation. Even employed irregularly, they usually make more money than they could in their country of origin. Their main reason for migrating is economic. Often they take jobs unconditionally. In certain sectors they would have no chance to find work if they insisted on the regularity of every aspect of their employment.

*Subsistence is the reason why foreigners accept the status of an irregular employee. Regularly they would be unemployed, but this way they have work, and they don't even have to pay taxes. (Public administration official 4)*

### 2.3. The significance of Directive 2009/52/EC in Hungary

Mapping the implementation of the Sanction Directive was also among the objectives of the present study. The public authority responsible for the implementation of the Directive was the Ministry of Interior, in cooperation with the Office of Immigration and Nationality. The Ministry of National Economy and the National Labour Office were also involved. Only some of the interviewees representing the different groups of stakeholders and experts were aware of the existence of the directive and the details of its implementation in Hungary, primarily those whose work is related to the regulation of the employment of foreign nationals. The employers of foreign workers, either regularly or irregularly, did not know of the existence of the directive, but even among the experts dealing with the employment of foreigners only a few did. It is only the conditions foreigners have to meet in order to obtain a residence permit set in Act II of 2007, of which employers have any detailed knowledge, and the process of obtaining a work permit.

The representative of the Office of Immigration and Nationality mentioned the obligation of the employers to check the status of their foreign employees and to notify the authorities about their employment as the most significant regulations of the legislation implementing the directive. Sanctions, such as fines, exclusion from public procurement and state subsidies, are sufficient to deter employers from employing foreigners irregularly, although employers tend to operate in a law-abiding manner anyway. (Representatives of the Ministry of National Economy and the National Labour Office agreed with these comments.)

Representatives of the Ministry of National Economy and the National Labour Office emphasized the sanctions of employing foreign workers without the necessary authorization. According to the statistical data provided by the National Labour Office, they inspected 111.000 employees in the last year, of which less than 1%, about 1.000 employees, were foreign nationals. In 2013 the Labour and Work Safety Branches of the regional Government Offices imposed fines for the unauthorized employment of 37 foreign nationals, altogether. According to the data provided by the Office of Immigration and Nationality, in 2012 the Office expelled 28 foreign nationals for having been employed without authorization, and further 8 persons in the first 5 months of 2013.

Although the number of inspections relative to the total number of officially registered employees is below the European average (18.468 inspections affecting 110.000 employees

in 2013, which is 3% of the total number of the registered employees, while the European recommendation is 10%), the data sufficiently grounds the conclusion that the irregular employment of foreign nationals is a relatively insignificant phenomenon.

The respondents with a broader perspective on the employment of foreign nationals were usually of the opinion that the directive serves several distinguishable intentions. On the one hand, they found it acceptable that the European Union wants to keep off poorly qualified migrants who would work irregularly. On the other hand, some of the respondents saw “progressive elements” in the directive’s provisions in the area of protecting the rights of migrant workers.

It is doubtful, however, that the directive, or the Hungarian legislation implementing it, could have a significant impact on the employment of foreign nationals in Hungary, regular or irregular, or that it could increase significantly their level of protection against exploitation. Many of the respondents were of the opinion that the regulations are appropriate, it is the general characteristics of the economic situation and the bureaucracy that are responsible for the problems.

*How shall we put an end to irregular employment in Hungary? We shan’t! Foreigners only attract a larger number of inspections. In Hungary employers are burdened heavily. The question is who they can afford to employ. ... It is simplest to press down wages, if they are good enough to register their workers at all. (Academic researcher 1)*

Neither the previous National Strategic Reference Programme for the years 2007-2013 titled “The New Hungary Development Plan: Employment and Growth”, nor the National Reform Programme of 2013 makes any mention of the issue of migrant labour. In the Migration Strategy adopted in August 2013, “controlled openness” being one of its core notions, interest in attracting migrant investors is expressed primarily: *“It is necessary to make better use of the economic development opportunities created by migration by receiving third-country migrants who contribute to the development of the economy by their job-creating investments”* (Belügyminisztérium [Ministry of Interior] 2013:31). Reference to migrant workers is made in the Strategy only at one place, in the description of the objective titled “Fostering economic growth through migration”. According to passage on this objective, “the sectors in which attracting migrant workforce is advisable need to be identified, and domestic regulations need to be amended accordingly” (ibid: 33).

When reviewing the provisions to protect the rights of migrant workers, one has to go beyond the legislation implementing the Sanctions Directive and their enforcement. It is important to take notice of the general approach towards the rights of immigrants. Hungary is one of the few countries which are not parties to the conventions of any of the major international organizations (EU, Council of Europe, UN) on the rights of migrants or migrant workers. Moreover, Hungary, when ratifying the European Social Charter, declined from accepting the provisions of its Articles 18 and 19, establishing rights for migrant workers and the members of their families.

In the justification of Act VI of 2009, which is the Hungarian legislation on the ratification of the Revised European Social Charter, the lawmaker briefly comments on the Articles that have been omitted. As far as Article 18 is concerned, the lawmaker simply notes that the Charter does not differentiate between nationals of third countries, and therefore the Hungarian immigration law currently in place is not in line with the Article's provisions. In similar vein, on Article 19 the lawmaker notes that the current Hungarian labour law does not conform to its provisions, so upon losing their employment foreign workers are not entitled to unemployment benefit or any other financial assistance (Cf. Kozmáné 2009).

It is also worth noting that the implementation of the provisions of the Sanctions Directive to protect the rights of third-country nationals is not very successful, as far as its practical application is concerned. According to the data provided by the Office of Immigration and Nationality, no residence permit was granted on humanitarian grounds either in 2012 or 2013, and no procedure was started to secure the back payment of the remunerations of migrant workers. The relevant regulations, however, are relatively new, so their practical application may well improve in the future.

### 3. Recommendations

The irregular employment of foreign workers in Hungary appears to be part in a web of more general problems with the Hungarian economy and labour market. Whiteness of their employment cannot be achieved without the transformation of the whole Hungarian labour market.

Changes in the extent of the problem may, however, be achievable through policy changes. One such change could be a significant cut-back of the bureaucracy and costs employers

have to put up with if they want to employ foreigners regularly. Another important step could be to make at least either the employers or the employees interested in regular employment. Currently neither of two parties has sufficient incentive to make their relation fully legal, especially in the case of short-term employment, since that would place heavy extra burden on both the employer and the employee.

Giving information to the players before they get involved could also improve the situation. Prospective foreign workers should optimally be informed about the conditions they have to meet in order to obtain a residence permit and work permit in Hungary before they leave their country of origin. A comprehensive and intelligible description of the whole procedure required for the regular employment of foreigners should also be made available to the prospective employers on the websites of the relevant authorities.

The protection of the rights of foreign workers could be improved if labour inspections would be separated from immigration inspections, and the two respective authorities would abstain from passing on the information about the irregularities they found. Another important step would be if Hungary adopted a different general approach to the rights of migrants, including migrant workers, and joined the international conventions (ILO 1949, ILO 1975, UN 1990, CoE 1969, CoE 1977, CoE 1996) providing for the labour rights of migrant workers of various statuses, or even without a status.



## 4. Appendix

### 4.1. Legislation on the employment of foreign nationals in Hungary

| Legislation   | The area regulated  | Content   |
|---|---|---|
| Act II of 2007 on the Admission and Right of Residence of Third-Country Nationals | Conditions for third-country nationals to stay in Hungary for no longer than 90 days. (They cannot be employed unless they have a visa that authorizes them to stay for more than 90 days.) | Article 5 <sup>3</sup><br><br>(1) Third-country nationals may enter the territory of Hungary and stay for up to three months within a period of six months from the time of first entry ... under the conditions set out in Regulation (EC) No. 562/2006 of the European Parliament and of the Council of 15 March 2006 establishing a Community Code on the rules governing the movement of persons across borders (hereinafter referred to as "Schengen Borders Code"). |
| Act II of 2007 on the Admission and Right of Residence of Third-                  | Conditions for third-country nationals to stay in Hungary for more than 90 days.  | Article 13<br><br>(1) For entry into the territory of Hungary and for stays in the territory of Hungary for a period of longer than three months the  |

<sup>3</sup> Here and hereafter for the translation of the sections cited from Act II of 2007 we relied on the already existing unofficial translations available on the internet at <http://www.refworld.org/docid/4979cae12.html> and [http://konzuliszolgalat.kormany.hu/download/7/f9/20000/EN2007evi\\_II\\_trv\\_harmadik\\_orsz\\_allamp\\_beutazas\\_tart.pdf](http://konzuliszolgalat.kormany.hu/download/7/f9/20000/EN2007evi_II_trv_harmadik_orsz_allamp_beutazas_tart.pdf)

|                   |   |
|-------------------|---|
| Country Nationals | <p>entry conditions for third-country nationals shall be the following:</p> <p>a) they are in possession of a valid travel document;</p> <p>b) they are in possession of ba) a visa for a validity period of longer than three months, bb) a residence permit, bc) an immigration permit, bd) a permanent residence permit, be) an interim permanent residence permit, bf) a national permanent residence permit, bg) an EC permanent residence permit, or bh) an EU Blue Card;</p> <p>c) they are in possession of the necessary permits for return or continued travel;</p> <p>d) they justify the purpose of entry and stay;</p> <p>e) they have accommodations or a place of residence in the territory of Hungary;</p> <p>f) they have sufficient means of subsistence and financial resources to cover their accommodation costs for the duration of the intended stay and for the return to their country of origin or transit to a third country;</p> <p>g) they have full healthcare insurance or sufficient financial</p> |
|-------------------|---|

|   |  |   |
|---|--|---|
|   |  | <p>resources for healthcare services;</p> <p>...</p> <p>(2) In the event of non-compliance with the requirements set out in Paragraph (1), the entry and stay of third-country nationals shall be authorized only on humanitarian grounds, on grounds of national interest, or because of international obligations.</p>  |
| Act II of 2007 on the Admission and Right of Residence of Third-Country Nationals | Residence permit for the purpose of gainful activity | <p>Article 20</p> <p>(1) A residence permit may be issued for the purpose of gainful employment to third-country nationals whose nature of stay is:</p> <p>a) to perform work for or under the direction and/or supervision of others, for remuneration, under contract for employment relationship;</p> <p>b) to lawfully perform work in a self-employed capacity for remuneration;</p> <p>c) to engage - save where Point b) applies - in any gainful activity in the capacity of being the owner or director of a business association, cooperative or some other legal entity formed to engage in gainful employment, or is a member of the executive,</p> |

|  |  |   |
|--|--|---|
|  |  | <p>representative or supervisory board of such entity.</p> <p>(2) Unless otherwise prescribed in this Act, the third-country nationals wishing to engage in gainful employment in accordance with Subsection (1):</p> <p>a) shall have a seasonal employment visa, or</p> <p>b) shall have a residence permit granted on humanitarian grounds, or</p> <p>c) shall have a residence permit for the purpose of gainful employment, family reunification or in order to pursue studies, or</p> <p>d) shall have an EU Blue Card.</p> <p>...</p> <p>(4) The validity period of a residence permit granted for the purpose of gainful employment shall be three years maximum, and it may be extended by three additional years at a time.</p> |
| Act II of 2007 on the Admission and Right of Residence of Third- | Third-country nationals with residence permits issued for the purpose of studies | <p>Article 20</p> <p>(3) Third-country nationals with a residence permit issued on grounds of pursuit of studies may engage in gainful employment</p>   |

|  |  |   |
|--|--|---|
| Country Nationals  |  | during their term-time for maximum twenty-four hours weekly, and outside their term-time or for a maximum period of ninety days or sixty-six working days.  |
| Act IV of 1991<br>on the Promotion of<br>Employment and<br>Unemployment Benefits |  | <p>Article 7<sup>4</sup></p> <p>(1) With the exceptions set out in Paragraphs (2) and (3) of Article 2, third-country nationals, as defined in the Act on the Admission and Residence of Third-Country Nationals, may only engage in work in Hungary</p> <p>a) in possession of a residence permit issued by the immigration authority on the ground of a single application procedure specified in the Act on the Admission and Residence of Third-Country Nationals, or</p> <p>b) in possession of a work permit issued for the employment of a third-country national holding a residence permit issued on a the ground of normal application procedure.</p> <p>(2) The contract for an employment relationship concerning any work that is subject to authorization shall be concluded only upon receipt of the authorization specified in (1).</p> |

---

<sup>4</sup> For the translation of the sections cited from Act IV of 1991 we relied (to some extent) on the already existing (but outdated) unofficial translation available at [www.ec.europa.eu](http://www.ec.europa.eu)

|   |   |   |
|---|---|---|
|   |   | <p>8) The provisional agreement specified in (7) should contain</p> <p>a) the position and work intended to be performed by the third-country national (FEOR),</p> <p>b) the qualification required from the third-country national to perform the activity specified in point a), in the case of EU Blue Card holders the name of the required higher qualification,</p> <p>c) the amount of remuneration to be paid to the third-country national,</p> <p>d) the type of legal relation in which the gainful employment will take place, and</p> <p>e) the expected duration thereof.</p> |
| Act II of 2007 on the Admission and Right of Residence of Third-Country Nationals | Provisions regulating the issue and extension of single permits | <p>Article 29</p> <p>(1) If a third-country national applies for a residence permit for the purpose of gainful employment establishing an employment relation with a specific employer, the residence permit is granted or extended in a single application procedure.</p> <p>(2) The residence permit is granted or extended in a single application procedure also in case the third-country national intends to establish a legal employment relation and</p>  |

|   |   |  |
|---|---|--|
|   |   | <p>a) submits a residence permit application for the purpose of family reunification, or</p> <p>b) submits an application for an EU Blue Card.</p>   |
| Act II of 2007 on the Admission and Right of Residence of Third-Country Nationals | Regulation implementing the provisions of Directive 2009/50/EC regarding highly qualified third-country nationals | <p>Article 2(r)</p> <p>An EU Blue Card is a residence permit issued to a highly qualified third-country national for the purpose of employment requiring advanced skills, meeting the conditions specified in Article 20/C, in an EU member state.</p> <p>An EU Blue Card can be issued to a third-country national, who, besides meeting the general conditions of residence</p> <ul style="list-style-type: none"> <li>- possesses an employment contract for at least a year</li> <li>- with a wage at least 1.5 times the average wage in the profession</li> <li>- can prove at least 18 months of lawful stay in the EU member state issuing the EU Blue Card. (Article 20/A)</li> </ul> |

#### 4.2 Main sanctions of the irregular employment of foreign nationals

| Legislation                            | Penalized party | Specification of the offence  | Type of procedure | Sanction   |
|--|-----------------|---|-------------------|--|
| Act LXXV of 1996 on Labour Inspections | Employer        | <p>Article 7/A</p> <p>(1) If the review of compliance with the provisions of Article 3(1)j by the labour authority establishes that the employer employed a third-country national without a residence permit issued in the single application procedure specified in Article 7(1)a of Act IV of 1991 on the Promotion of Employment and Unemployment Benefits, or a work permit specified in Article 7(1)b of the same Act, the labour authority imposes a fine payable to the central budget according the provisions of Subsections (2)-(5).</p> | Labour inspection | <ul style="list-style-type: none"> <li>– A fine is payable for each employee employed irregularly.</li> <li>– The amount of the fine is progressive: it depends on the previous record and status of the offender. Frequent offenders pay more, private individuals hiring third-country nationals for their own purposes are subject to more moderate fines.</li> </ul> |



|   |          |   |   |   |
|---|----------|---|---|---|
| Act CVIII of 2011<br>on Public<br>Procurement | Employer | <p>Article 56<sup>5</sup></p> <p>(1) The following economic operators are excluded from participating in the [public procurement] procedure as tenderers, candidates or subcontractors, and may not contribute to the certification of suitability either:</p> <p>...</p> <p>gb) those who, in case of employing foreign nationals subject to an employment permit in Hungary have violated the law by failing to fulfil the obligation of the employer to apply for the employment permit, and this fact has been established in an administrative resolution or – in case of a review thereof – a court judgement, which has become enforceable no more than two years before, and has been ordered to pay a fine to the central budget, or to pay a public order offence fine under the provisions of the Act on the</p> | - | Exclusion from public procurement procedure in the capacity of a tenderer, candidate, subcontractor, or certifier of suitability. |
|---|----------|---|---|---|

<sup>5</sup> The unofficial translation of Act CVIII of 2011 prepared by the Public Procurement Authority was used in this section with alterations:  
[http://www.kozbeszerzes.hu/static/uploaded/document/PPA%202012\\_011.pdf](http://www.kozbeszerzes.hu/static/uploaded/document/PPA%202012_011.pdf)

|   |          |   |                         |   |
|---|----------|---|-------------------------|---|
|   |          | Admission and Right of Residence of Third-Country Nationals.  |                         |   |
| Act II of 2007 on the Admission and Right of Residence of Third-Country Nationals | Employer | <p>Failing to comply with the provisions of Article 71:</p> <p>(1) Employers shall be required to ascertain on, or before, the first day of employment of a third-country national that the third-country national affected has a valid residence permit or some other form of authorization for stay, and has a permit prescribed in this Act for engaging in gainful employment.</p> <p>(2) Employers are required to keep a copy of the valid residence permit or other form of authorization presented by the third-country national affected for the entire duration of employment.</p> <p>(3) Employers are required to notify the immigration authority of the start of employment of third-country nationals within five days.</p> <p>(4) Employers shall be required to notify the</p> | Minor offence procedure | <p>Article 71(5) Any employer who fails to satisfy the obligations defined in Subsections (1)-(4) shall be subject to a public order offence penalty - specified under specific other legislation -, which shall increase in amount according to the number of employed third-country nationals, levied by the immigration authority.</p> <p>(6) An employer shall be exempted from the payment of the public order offence penalty if able to verify of having satisfied the obligations of notification and control specified in Subsections (1)-(4), except if the document presented as a residence permit or other form of authorization turned out to be untrue, of which the employer had been aware, or should have</p> |

|   |          |   |                         |  |
|---|----------|---|-------------------------|--|
|   |          | immigration authority within five days if the third-country national failed to report for work as authorized, or if their employment is terminated before the expiration of the validity period of their work permit. |                         | <p>been aware given reasonable care.</p> <p>The employer's main contractor, and any subcontractor in between, shall be jointly and severally liable for payment of the public order offence penalty, if they knew or should have been aware given reasonable care that the employing subcontractor employed third-country nationals without a valid residence permit or other form of authorization, or without a permit prescribed by this Act for the purpose of gainful employment.</p> |
| Act II of 2007 on the Admission and Right of Residence of Third-Country Nationals | Employee | <p>Article 43(2)</p> <p>The third-country national who</p> <p>c) was engaged in any gainful employment in the absence of the prescribed work permit or any permit prescribed under statutory provision</p>            | Minor offence procedure | <p>Article 43(2)</p> <p>The immigration authority shall order the expulsion of a third-country national under immigration law.</p>   |

|                                    |          |   |                    |  |
|------------------------------------|----------|---|--------------------|--|
| Act C of 2012 on the Criminal Code | Employer | Article 356 <sup>6</sup><br>(1) Any person who employs:<br>a) a third-country national on a regular basis or frequently without authorization to undertake gainful employment; or<br>b) a substantial number of third-country nationals at one and the same time without authorization to undertake gainful employment          | Criminal procedure | Article 356(1)<br>Guilty of a misdemeanour punishable by imprisonment not exceeding two years. |
| Act C of 2012 on the Criminal Code | Employer | Article 356(2)<br>a) if the offender employs a third-country national without authorization to undertake gainful employment under particularly exploitative working conditions;<br>b) if the third-country national employed without authorization to undertake gainful employment is the victim of trafficking in human beings | Criminal procedure | Article 356(2)<br>The penalty shall be imprisonment not exceeding three years for a felony.    |

---

<sup>6</sup> The existing English translation of the Criminal Code of 2012 at [www.academia.edu](http://www.academia.edu) posted by Xiaoping Qian was used with minor alterations.

## References

- Belügyminisztérium [Ministry of Interior] 2013: Az 1698/2013. (X. 4.) kormányhatározattal elfogadott Migrációs Stratégia és az azon alapuló, az Európai Unió által a 2014-2020. ciklusban létrehozásra kerülő Menekültügyi és Migrációs Alaphoz kapcsolódó hétéves stratégiai tervdokumentum [Migration Strategy Established by Government Resolution 1698/2013 (X.4)]. Available at: <http://moszlap.hu/uploads/files/migrstrat0416.pdf>
- Bevándorlási és Állampolgársági Hivatal (BÁH) [Office for Immigration and Nationality] 2014: A BÁH statisztikai kiadványfüzete, 2013. január – 2014. január. [The Statistical Booklet of the Office for Immigration and Nationality, January 2013 – January 2014.] Data are available in an MS Excel Spreadsheet format at: [http://www.bmbah.hu/jomla/index.php?option=com\\_k2&view=item&layout=item&id=177&Itemid=1232&lang=hu](http://www.bmbah.hu/jomla/index.php?option=com_k2&view=item&layout=item&id=177&Itemid=1232&lang=hu)
- Council of Europe (CoE) 1969: European Agreement on Au Pair Placement. Available at: <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&CM=1&NT=068>
- Council of Europe (CoE) 1977: European Convention on the Legal Status of Migrant Workers. Available at: <http://conventions.coe.int/Treaty/en/Treaties/Html/093.htm>
- Council of Europe (CoE) 1996: European Social Charter (az 1996-os felülvizsgálat után). Available at: <http://conventions.coe.int/Treaty/en/Treaties/Html/035.htm>
- European Social Survey (ESS) 2010: ESS data are available at: <http://www.europeansocialsurvey.org/essresources/findings.html>
- Eurostat 2011: Migrants in Europe: A statistical portrait of the first and second generation. 2011 edition. Available at: [http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/publication?p\\_product\\_code=KS-31-10-539](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-31-10-539)

- Eurostat 2012: Statistics in Focus 31/2012: Nearly Two-Thirds of the Foreigners Living in EU Member States Are Citizens of Countries outside the EU-27. Available at: [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-SF-12-031/EN/KS-SF-12-031-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-12-031/EN/KS-SF-12-031-EN.PDF)
- Eurostat 2013a: European Social Statistics. 2013 edition. Available at: [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-FP-13-001/EN/KS-FP-13-001-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-FP-13-001/EN/KS-FP-13-001-EN.PDF)
- Eurostat 2013b: Taxation trends in the European Union. Data for the EU Member States, Iceland and Norway. 2013 edition. Available at: [http://ec.europa.eu/taxation\\_customs/resources/documents/taxation/gen\\_info/economic\\_analysis/tax\\_structures/2013/report.pdf](http://ec.europa.eu/taxation_customs/resources/documents/taxation/gen_info/economic_analysis/tax_structures/2013/report.pdf)
- Fink, Philipp, 2006: FDI-led Growth and Rising Polarisation in Hungary: Quantity at the Expense of Quality, in *New Political Economy*, Vol 11, No 1, March 2006, pp. 47-72. Available at: [http://www.relooney.info/SI\\_Expeditionary/Vicious-Circles-Transition\\_2.pdf](http://www.relooney.info/SI_Expeditionary/Vicious-Circles-Transition_2.pdf)
- Hárs, Ágnes 2010: Migráció és munkaerő-piac Magyarországon [Migration and labour market in Hungary]. In Hárs Ágnes – Tóth Judit (eds.) 2010. Available at [www.mtaki.hu/data/files/61.pdf](http://www.mtaki.hu/data/files/61.pdf)
- Hárs, Ágnes 2013: Harmadik országbeli migránsok munkaerő-piaci helyzete [The labour market situation of third-country migrants]. In Kováts (ed.) 2013, pp. 42-69. Available at [http://www.mtaki.hu/data/userfiles/H%C3%81\\_Harmadik%20orsz%C3%A1gbeli%20migr%C3%A1nsok.pdf](http://www.mtaki.hu/data/userfiles/H%C3%81_Harmadik%20orsz%C3%A1gbeli%20migr%C3%A1nsok.pdf)
- Hárs, Ágnes – Tóth, Judit (eds.) 2010: Változó migráció, változó környezet [Changing migration, changing environment]. MTA, Budapest. Available at [www.mtaki.hu/data/files/61.pdf](http://www.mtaki.hu/data/files/61.pdf)
- International Labour Organization (ILO) 1949: Migration for Employment Convention (No. 97). Available at [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C097](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C097)
- International Labour Organization (ILO) 1975: Migrant Workers (Supplementary Provisions) Convention (No. 143). Available at [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100\\_ILO\\_CODE:C143](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_ILO_CODE:C143)

- Juhász, Judit 2008: Migrants and Informal Work in Hungary. International Migration Papers No. 92. International Labour Office. Available at [http://ilo.org/global/topics/labour-migration/publications/WCMS\\_178150/lang--en/index.htm](http://ilo.org/global/topics/labour-migration/publications/WCMS_178150/lang--en/index.htm)
- Kováts, András (ed.) 2013: Bevándorlás és Integráció [Migration and integration]. MTA, Budapest. Available at [http://www.mtaki.hu/data/userfiles/Bev%C3%A1ndorl%C3%A1s%20%C3%A9s%20integr%C3%A1ci%C3%B3\\_minden.pdf](http://www.mtaki.hu/data/userfiles/Bev%C3%A1ndorl%C3%A1s%20%C3%A9s%20integr%C3%A1ci%C3%B3_minden.pdf)
- Kozmáné Szigeti, Andrea 2009: A szociális jogok európai egyezménye és magyarországi végrehajtása [The European Social Charter and its implementation in Hungary]. Jog, Állam, Politika 2009/4, pp. 91-106. Available at <http://dfk-online.sze.hu/images/J%C3%81P/2009/4/Kozm%C3%A1n%C3%A9.pdf>
- Köllő, János 2006: Workplace Literacy Requirements and Unskilled Employment in East-Central and Western Europe. Evidence from the International Adult Literacy Survey. Budapest Working Papers on the Labour Market 2006/7. Corvinus University – Institute of Economics, Hungarian Academy of Sciences. Available at <http://www.econ.core.hu/doc/bwp/bwp/bwp0607.pdf>
- Központi Statisztikai Hivatal (KSH) [Central Statistical Office] 2011a: Népszámlás 2011 [Census 2011]. Available at [http://www.ksh.hu/nepszamlalas/tablak\\_demografia](http://www.ksh.hu/nepszamlalas/tablak_demografia)
- Központi Statisztikai Hivatal (KSH, statdat) [Central Statistical Office] 2011b<sup>7</sup>: Működő vállalkozások létszám-kategóriák szerint [Enterprises in operation by the number of employees]. Available at [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qpg001.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qpg001.html)
- Központi Statisztikai Hivatal (KSH) [Central Statistical Office] 2011c: A kis- és középvállalkozások helyzete a régiókban [Small and medium-sized enterprises in the regions], Győr, 2011. Available at <http://www.ksh.hu/docs/hun/xftp/idoszaki/regiok/gyorkkv.pdf>
- Központi Statisztikai Hivatal (KSH, statdat) [Central Statistical Office] 2013a: Népeség, népmozgalom. Idősoros éves adatok. 1.6. Magyarországon tartózkodó külföldi állampolgárok földrészek, országok és nemek szerint, január 1. [Demography, Migration.

---

<sup>7</sup> In references to KSH statdat tables the year refers to the year of the latest data included in the table.

Longitudinal Series. 1.6. Foreign nationals staying in Hungary by continent, country of origin, and gender, 1 January.] Available at [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_wnvn001b.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_wnvn001b.html)

- Központi Statisztikai Hivatal (KSH, statdat) [Central Statistical Office] 2013b: Foglalkoztatási ráta a legmagasabb iskolai végzettség szerint [Employment rates by educational attainment]. Available [http://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_qlf045.html](http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qlf045.html)
- Központi Statisztikai Hivatal (KSH, statdat) [Central Statistical Office] 2014: A regisztrált vállalkozások száma létszám-kategóriák szerint [Registered enterprises by the number of employees]. Available at [https://www.ksh.hu/docs/hun/xstadat/xstadat\\_evkozi/e\\_qvd014.html](https://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qvd014.html)
- Krékó, Péter – Juhász, Attila 2012: Honnan jönnek, hányan vannak, mit csináljunk velük? [Where do they come from, how much of them are there, and what should we do with them?] In: Sík–Simonovits 2012. Available at [http://www.tarki.hu/hu/research/migrants/tarki\\_eia\\_tanulmanyok\\_2011.pdf](http://www.tarki.hu/hu/research/migrants/tarki_eia_tanulmanyok_2011.pdf)
- Nemzeti Munkaügyi Hivatal [National Labour Office] 2014: A külföldi állampolgárok magyarországi munkavállalásának főbb sajátosságai a 2013-as évben [The main characteristics of the employment of foreigners in Hungary]. Available at [http://www.afsz.hu/engine.aspx?page=stat\\_kulf\\_munkavall\\_mo-on](http://www.afsz.hu/engine.aspx?page=stat_kulf_munkavall_mo-on)
- Novák, Csaba, 2003: A külföldi működőtőke és a technológiai tovaggyűrűzés Magyarországon [Foreign FDI and technological spillover in Hungary], In: MTA VKI Műhelytanulmányok, No. 50. October 2003. Available at <http://www.vki.hu/mt/mh-50.pdf>
- Örkény, Antal – Székelyi, Mária 2013: Honosítás és aktív állampolgárság a harmadik országbeli bevándorlók körében [Naturalization and active citizenship among migrants from third-countries]. In Kováts, András (ed.) 2013. Available at [www.mtaki.hu/data/userfiles/ÖA\\_SzM\\_Honosítás%20és%20aktív%20állampolgárság.pdf](http://www.mtaki.hu/data/userfiles/ÖA_SzM_Honosítás%20és%20aktív%20állampolgárság.pdf)



- Sík, Endre – Simonovits, Bori (eds.) 2012: Abena, Sára, Chen és Ali esélyei Magyarországon – Migráns esélyek és tapasztalatok [The chances of Abena, Sára, Chen, and Ali in Hungary – Migrant chances and experience]. Kutatási zárótanulmány. Budapest: Táarki 2012. Available at [http://www.tarki.hu/hu/research/migrans/tarki\\_eia\\_tanulmanyok\\_2011.pdf](http://www.tarki.hu/hu/research/migrans/tarki_eia_tanulmanyok_2011.pdf)
- Tóth G, Csaba – Virovác, Péter: Nyertesek és vesztesek. A magyar egykulcsos adórendszer vizsgálata mikroszimulációs módszerrel [Winners and losers. A micro-simulation analysis of the Hungarian flat rate tax system]. Pénzügyi Szemle, 2012/2. Available at <http://www.asz.hu/penzugyi-szemle-cikkek/2013/nyertesek-es-vesztesek-a-magyar-egykulcsos-adoreform-vizsgalata-mikroszimulacios-modszerrel>
- United Nations (UN) 1990: International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, Adopted by General Assembly resolution 45/158 of 18 December 1990. Available at <http://www2.ohchr.org/english/bodies/cmw/cmw.htm>