

THE IMPORTANCE OF HUNGARIAN EMPLOYEES ON THE AUSTRIAN LABOUR MARKET

Előd Kovács

Abstract

The importance of Austria in the employment of Hungarian workers is rapidly increasing ever since Hungary has become an EU-member in 2004. It is obvious, that as a border-country of Hungary Austria has its geological pulling effect being the direct gate to the western world, but much more important for already close to 70 thousand Hungarians working in Austria, the wages are three to five times higher, than for example in the definitely not underpaid towns of the relatively highly developed Western-Hungarian cities. So completely independently from the grade of education and their social ranks Hungarians simply want to work in Austria, accepting being forced by the situation itself to drive many kilometers day by day to the workplace, but knowing to have social safety only a few hour's drive away and get a salary not only 12 times a year, but actually 14 times. The importance of Hungarian employees on the Austrian labor market is also out of question: behind the Germans, the Hungarians are the second largest foreign citizens being employed.

Key words: Austria, labor market, Hungarian employees, foreigners

JEL Code: J61, O15, R23

Introduction

Migration has become a serious impact factor of all economies by today, and is at the same time very hard to analyze due to the fact that there is no common data system which would make it possible for either the country of origin or the destination country to reveal exact figures about the number of people affected. According to a recent publication of Abel and Sander existing data on global bilateral migration flows are incomplete and incomparable (Abel, Sander, 2014).

Hungary and Austria are border countries, partly with common history and culture, which makes migration a little bit easier than for countries with zero straps. By today it become quite normal, that ten thousands of Hungarians drive every morning to Austria and

start their daily activities abroad. Austria has namely a very strong pulling affect: three to five times higher salaries than what employees can earn in Hungary with the same knowledge and motivation. But this is not enough. In Austria employees get not only 12 times salary a year, but 14 times. And this all is wrapped in a safe and correct social welfare system. There is no doubt, that after the outbreak of the global economic crisis in 2008 the only answer that the Hungarians working in the mostly affected sectors by the crisis could give was to focus on the foreign labor markets. Austria as the closest country with attractive wages and social environment got a key role in assuring that many thousands of Hungarian families can survive the crisis. The fact itself that the Austrian labor market was ready – and probably in a need – to absorb the Hungarian workforce can have different meanings. These I try to figure out in my paper also.

1 International migration

International migration offers residents of different economies a potential strategy for economic advancement (Abramitzky et al, 2012). The macroeconomic indicators of one specific country are also influenced by the migration regardless of the direction of it. Migration can contribute or decrease the economical output of the country itself, labor migration in Europe has multiple social and economic affects that are both positive and negative (Roman, 2012).

Reasons for international migration - and especially work-related migration - can be very different, but the most important one nowadays are the economical motivating factors. Those who for any reason decide to work abroad can be indicated as either migrants for a long time, or only for a temporary period of their life. Those who migrate only temporary but still move abroad, will not be followed by the country of origin's national database, we can only get information about them from the statistics of the destination country – but also only in cases where the migrant gets legally part of the labor system of the destination country, that means that the person works legally abroad. We call those people, who work abroad but actually do not move there, and have habitation in the country of origin commuters. A temporary migration is also the time students spend abroad for example, or the seasonal workers.

We can find different interesting statements considering whether if migrations is helpful or not. Some researchers say that the migration can mean brain drain and brain gain

also, and indeed it is very hard to measure which is more significant as all employees are different and we cannot forecast their willingness of returning home or staying abroad forever. Upon talking about brain drain first of all we mean the fact that if clever and studied migrants go abroad to work, the country of origin might lose important employees. But it is also true in the opposite direction, as a migrant can learn innovative new things and technologies in the destination country, and upon moving home he can transfer his knowledge to his fellow citizens.

1.1 Key reasons of migration

Migration can have lots of reasons. Not only work related motivating factors, but also for example religious, ethnical, political causes can play an important role upon taking such decisions, but also war can be a key push for those affected. As we have push factors (e.g. economical situation in the country of origin) we also know pull factors, for example the social welfare system of the destination country. Among the work related migration factors we can find cyclic and structural reasons. The first group covers those, where upon taking the decisions the changes for getting a job play a key role. The cyclical reasons are caused by the differences between the country of origin and the destination country in the unemployment rate and the chances to get a job. Structural reasons are differences in wages, similar elements in the languages spoken and common cultural elements, the number of citizens of the migrant in the destination country, and administrative barriers. Migration represents a complex phenomenon that can be studied by relying upon selected theoretical frameworks (Josifidis et al, 2012).

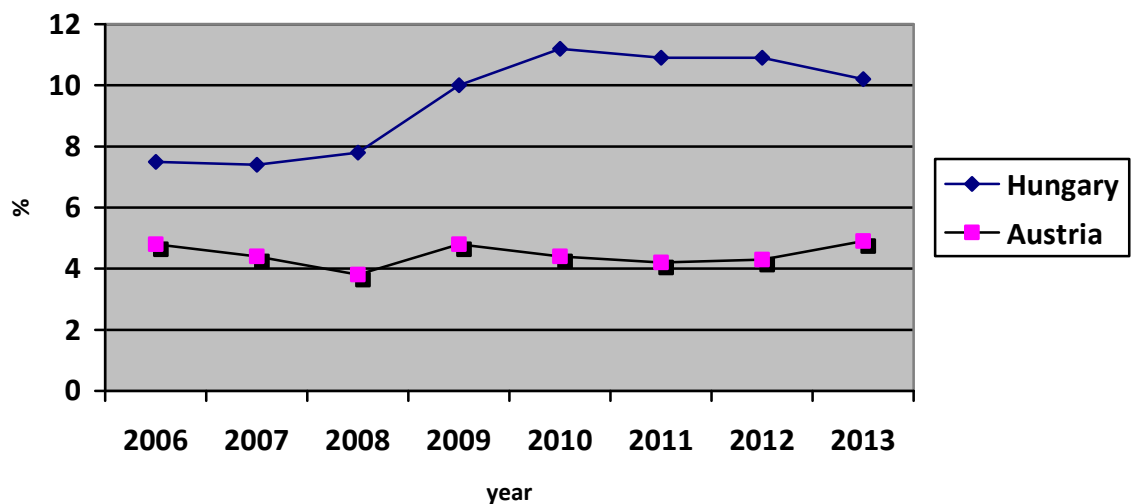
2 Hungary as the country of origin of employees

The number of Hungarian migrants shows a significant increase after 2008. It is obvious, that the EU accession of Hungary in 2004 already brought partial success on the fields of migration, but we must also keep in mind that all barriers were only eliminated after 2011, as the whole European labor market become open (Hárs, 2008). Still after 2004 migration from the new EU member countries has grown constantly. By that time Hungary was an exception, as the increase was not as big as that of the other ‘virgin’ countries. After 2008 the trend changed and the number of Hungarians working abroad is rapidly increasing. This must be taken seriously due to the fact that besides the social cohesion it influences many different

segments of the economy, like the labor market, the savings, the competitiveness and the growth.

According to figures of the World Bank in 2011 462 thousand Hungarians were living abroad (World Bank, 2011), but certainly this does not cover the commuters but only a little part of them combined with those living abroad indeed. After the outbreak of the global economic crisis, the unemployment rate in Hungary has significantly increased, which contributed to migration. Figure 1 shows the changes of the unemployment rate in Hungary and in Austria between 2006 and 2013.

Fig. 1: The changes of the unemployment rate in Hungary and Austria



Source: Eurostat

Besides the unemployment rates the rates of the actively employed people is also of big importance. Table 1 shows the employment rates of Hungary and Austria in Q1 2014.

Tab. 1: Employment rates in Hungary and Austria in Q1 2014

Country	Employment rates					
	15-24 years old	25-54 years old	15-64 years old			
			men	women	together	changes
Hungary	22.5	77.9	67	55.1	60.9	4.3
Austria	52.4	83.9	75.7	67.2	71.5	0.4

Source: KSH 2014.

Both figure 1 and table 1 underline the huge gap related to employment between the two neighbor countries. Not only is the unemployment rate much higher in Hungary, but at the same time the employment rates are much lower than in Austria.

2.1 Commuters

People who work abroad, but actually do not move there, and have habitation in the country of origin are called commuters. In Hungary they appear in the statistics of the national Workforce survey, according to which in 2013 100 thousand people were commuters (KSH, 2014). The database of this workforce survey covers all people who work abroad but are members of a Hungarian household and with their salary earned abroad they contribute to the smooth operations of the homeland household. The employment of Hungarians in Austria is mainly given by the daily and weekly commuting (Hárs, 2009).

According to the recent study of the Central Bank of Hungary, the commuters are younger, have much less experience than the other citizens and have had mainly secondary education (MNB, 2014). Another important finding in the study is, that a great part of the Hungarian migrants work in a job role claiming a lower qualification than what they have. The increasing number of Hungarian commuters plays key role in the building- and catering industry.

2.2 Emigrants

According to the project results of SEEMIG, in the beginning of 2013 about 350 thousand Hungarian emigrants were living worldwide, who have left the country after 1989 but at least one year before the survey was taken (SEEMIG, 2014). The survey kept all Hungarians emigrants, who lived actually abroad. Based on the SEEMIG findings we can state that mainly members of the younger generations move abroad. 25% of all emigrant Hungarians are under 30 years of age, 63% has not reached 40 yet. Another outcome of the survey is that the great majority of the Hungarian emigrants are well-educated, and their target countries are Germany, Great Britain and Austria.

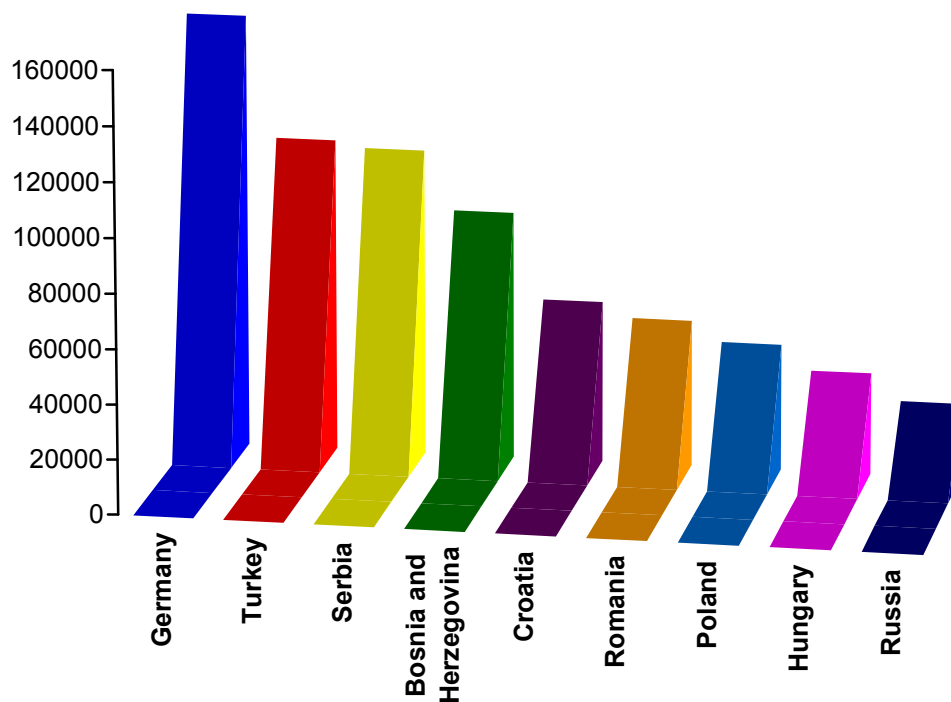
Adding together the number of commuters and that of emigrants we get a dangerous result which coincides with the rough estimation of the Hungarian government that approximately half a million Hungarians are already working abroad.

3 The importance of Austria as a workforce destination country

Ireland, Great Britain and Sweden have made their labor market completely open in 2004, but just like Denmark, Italy, Portugal and Holland Austria only has opened it for some specific professions. Still they were among those European countries who at least have decided to start taking part in the gradual opening. In 2011 the whole European labor market become open.

According to STATISTIK Austria, in 2012 over 140 thousand people have migrated to Austria and only over 96 thousand people left the country (STATISTIK Austria, 2013). Globally the migration into Austria between 2001 and 2011 was the 6th highest in the EU/EWR states. Compared to the 2011 the migration into Austria has grown by more than 12% in 2012. The biggest part of the new foreigner migrants are the Germans with almost 18 thousand people, followed by the Romanians and Hungarians with equally over 13 thousand migrants. In the beginning of 2013 the foreign population living in Austria went up to 1,004 million people, which is 11.9% of the total population. Figure two shows the number of foreign citizens living Austria on the 1st of January 2013 based on the figures of STATISTIK Austria.

Fig. 2: Foreign citizens living in Austria



Source: STATISTIK Austria, 2014.

Similar to the new migrants, also in case of the foreign citizens living in Austria the Germans give the biggest majority with slightly below 158 thousand people. Hungarians are on 8th rank with almost exactly 37 thousand people living in Austria.

3.1 Foreigners on the Austrian labor market

According to STATISTIK Austria in 2012 13% of the people employed in Austria were foreign citizens. 16% of them were working in the production and 15% in sales, whereas 12% of them in the accommodation and catering industry. According to the data of the The Main Alliance of the Austrian Social Insurance Cover (called Hauptverband der österreichischen Sozialversicherungsträger) the number of the foreign employees is growing rapidly. Table 2 shows the number of foreign employees in Austria total and based on gender.

Tab. 2: Foreigner employees in Austria

Yearly average/month	Foreigner employees		
	All employees	Men	Women
2009.	431 561	254 860	176 701
2010.	451 278	266 021	185 257
2011.	488 947	289 655	199 292
2012.	527 067	312 234	214 833
2013.	556 759	328 430	228 329
2014. Sept.	613 131	366 183	246 948

Source: Hauptverband, 2014.

Out of the 613.131 foreign employees 193.762 people (32%) work in Wien. A greater number of people work in Lower-Austria (15%) and also in Upper-Austria (14%). 92% of all foreign employees in Austria are Europeans, but with only 20% arising from the original EU member countries. The over 613 thousand employees with foreign citizenship could cover the total need of for example Kärnten, Salzburg and Voralberg provinces, with altogether 607 thousand employees.

As we have seen in Figure 1. the unemployment rates in Austria are relatively low, which also means that Austria indeed is in a need of foreign citizen employees, as even they with over 600 thousand people do not cause high unemployment on the labor market, while 17% of all employees in Austria are foreign citizens.

3.2 Hungarians on the Austrian labor market

The 'Hauptverband' publishes among others the employment figures of the country and its provinces (Hauptverband, 2014). The figures of September 2014 show that out of the 3.550 thousand employees on the labor market totally there were 613.131 foreign employees working in Austria, out of which 68.758 people were Hungarians. This means, that 1.9% of the employees working legally in Austria are Hungarians. Not taken the ex-Yugoslavian countries combined into consideration, Hungary gives the second largest group of foreign employees for the Austrian labor market behind the Germans with 89.900 people. Out of the eight provinces in 3 – namely in Lower-Austria, in Burgenland and in Steiermark the number of Hungarian employees is even higher than that of Germans. At the border-province Burgenland, out of the 23.514 foreign employees 15.315 come from Hungary, which is a significant figure. 15% of all employees in Burgenland have Hungarian nationality.

The Hungarian Demographic Research Institute as made a research in 2013 with the title Migration plans in Hungary among the people between 18-40 years of age (NKI, 2013). The findings clearly show that if besides the migration plans motivated by work related issues we also take into consideration the plans for studies, we get a large migration potential, as 27% of the people asked plan to migrate short term and 28% for a longer period. Third of the young adults doesn't plan to live in Hungary. The research considered three aspects, the short and long term migration and the emigration also. Among the elderly respondents, in all three types of migration aspects Austria leads as destination country. The younger respondents got divided by the time spent abroad: for their short term migration they intend to choose Germany and Austria, but for longer terms Germany and Great Britain are the two leading destination countries.

Conclusion

In my paper I analyzed the importance of Hungarian employees on the Austrian labor market from both the country of origin and the destination country. As we have seen almost 2% of all the employees in Austria are Hungarians, and in 3 of the 9 provinces Hungarians are the most foreign citizen employees. Also compared to the total foreign employees we can see that 11.2% of them come from Hungary. In my opinion these facts and figures state the Hungarian employees play an important role on the Austrian labor market, and their rapidly growing

number combined with the newest research forecasts can lead to an even more intense presence of Hungarians in Austria.

References

- Abel, G.J., Sander N. (2014). Quantifying Global International Migration Flows.
- Abramitzky R.- Boustan L.P.- Eriksson K. (2012). Have the poor always been less likely to migrate? Evidence from inheritance practices during the age of mass migration. In: *Journal of Development Economics*
- Eurostat (2014). Retrieved October 15, 2014 from http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/File:Unemployment_rate_2002-2013_%28%25%29.png
- Hauptverband (2014). Statistische Daten aus der Sozialversicherung – Beschäftigte in Österreich – September 2014. Retrieved October 19, 2014 from <http://hauptverband.at/portal27/portal/hvbportal/content/contentWindow?contentid=10007.693676&action=2&viewmode=content>
- Hárs, Á. (2008). Csatlakozás és családokozás – a magyar munkaerőpiaci és a migráció. In: Kolosi T.-Tóth I. Gy. *Társadalmi riport*, 108-130
- Josifidis K. et al (2012). Eastern Migrations vs Western Welfare States – (Un)Biased Fears. In: *PANOECONOMICUS*, 2013, 3, Special Issue, pp. 323-345
- KSH (2014). Munkaerő-piaci folyamatok, 2014. I. félév. Retrieved October 16, 2014 from http://www.ksh.hu/apps/shop.kiadvany?p_kiadvany_id=35960
- Migration& Integration (2013). Zahlen.daten.indikatoren. Retrieved October 18, 2014 from http://www.statistik.at/web_de/services/publikationen/2/index.html?id=2&listid=2&detail=579
- MNB (2014). A kivándorlás hatása a hazai munkaerőpiacra. MNB-tanulmányok 114. Bodnár K.- Szabó L.T. Retrieved October 15, 2014 from http://webcache.googleusercontent.com/search?q=cache:2zq0T47ffuUJ:www.mnb.hu/Root/Dokumentumtar/MNB/Kiadvanyok/mnbhu_egyebkiadvanyok_hu/A_kivandorlas_hatasa_a_hazai_munkaeropiacra.pdf+&cd=1&hl=hu&ct=clnk&gl=hu
- NKI. 2013. One third of the young adults plan to go abroad. Retrieved October 20, 2014 from http://www.tarki.hu/hu/news/2014/kitekint/20140408_fiatalok.html

Roman M. (2012). Financial Effects of the International Migration in Europe: Modelling the Decision to Remit. In: PANOECOMICUS, 2013, 4, pp. 541-555

SEEMIG – Managing Migration in South East Europe (2014). Retrieved October 19, 2014 from <http://seemig.eu/index.php/downloads-project-outputs>

World Bank (2011). Migration and Remittances Factbook.

Contact

Előd Kovács

Doctoral School of Regional- and Economic Sciences, Széchenyi University, Hungary

HU-9026 Győr, Egyetem tér 1.

Mail: elodmail@gmail.com