

THE LABOUR MARKET POSITION OF PEOPLE WITH DISABILITIES AND WITH A REDUCED WORK CAPACITY AFTER THE CHANGE OF REGIME

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Abstract: The study aims at exploring, based on an overview of the professional literature, the economic, social and employment policy situation which characterised the period from the change of regime to 10 years thereafter and concerned people with disabilities and with a reduced work capacity, as well as, the institutions and instruments influencing the related labour market demand and supply. It discusses those initiatives too which aim at increasing the economic activities of the related disadvantaged group.

The topicality of the study comes from the fact that in the past few years the government has put a number of stricter legislation into force to strengthen the labour market position of people with disabilities and with a reduced work capacity in Hungary. Notwithstanding, the affected group still has low economic activity. In its background there is partially the economic-social situation and approach which characterised the transition period, as well as, the weak efficiency of the rehabilitation system, which was forming at that time.

Keywords: disability, reduced work capacity, labour market institutions and instruments, change of regime

Background

In the period before the change of regime, the socialist state apparatus tried to resolve the problems of people with disabilities and with a changed work capacity within its own framework.

According to the laws, occupational rehabilitation was the employer's responsibility. (no 33/1963. (XII.3) order of the Government; no 2014/1967.(III.29) resolution of the Government; no 1/1967.(XI.22.) MüM-EüM-PM joint order of the Minister of Labour, the Minister of Health and the Minister of Finance on the resolution of the situation of workers with a reduced work capacity). The company was obliged to establish the Corporate Committee Dedicated to People with a Reduced Work Capacity (hereinafter referred to as the rehabilitation committee), which was responsible for organising workplace rehabilitation, retraining of the employee, transformation of the workplace, new job training, etc. (Kálmán-Könczei, 2002).

The ever growing number of disability pensioners since 1967, i.e. following the adoption of the Disability Pension Order, indicated that the provision of working conditions, which are appropriate with respect to the capacities and state of the person, was an important task at the level of legisla-

tion, but real efforts were not made for the realisation thereof. According to findings of Kálmán-Könczei (2002), due to the undeveloped and defective nature of the rehabilitation system, the concerned parties (economic actors and persons who may be rehabilitated) are not interested in the operation of the system, either. At the same time, a typical phenomenon of this period is that the person who became disability pensioner subsequently fled to the second economy under "self-employment".

The operational anomalies of the disability system caused budgetary difficulties already in the eighties, therefore the government of that period set as a target the necessary reduction of the number of people with permanent disabilities in order to restore financial equilibrium in Hungary.

By its resolution adopted in 1986, the Council of Ministers set itself the task of correcting the definition of permanent disability and the work capacity reduction assessment system and creating the interest of employees with a reduced work capacity for rehabilitation, the higher responsibility of economic entities and the 3 % mandatory employment of workers with a reduced work capacity. The government's objective: to reduce the number of people who are disability pensioners and are able to work, but do not work or do not work in the state sector, by determining an absolute sum of disability pension

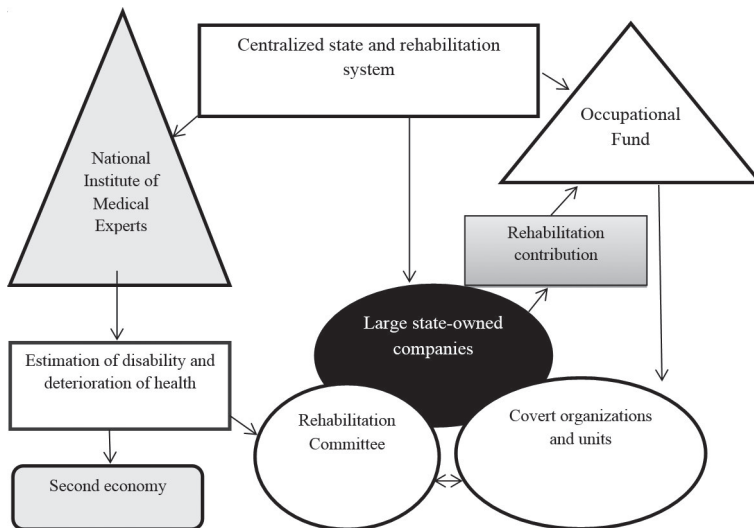


Figure 1. Institutions and instruments of occupational rehabilitation prior to the change of regime

Source: compiled by the author

on the one hand and by introducing a quota system in order to increase employers' motivation (Könczei, 1992).

On the basis of data released by the NRSO (National Rehabilitation and Social Office) and the legal predecessors thereof (in this period, the National Medical Forensic Expert Institute – abbreviation: NMFEI), it may be noticed that the above restrictions did not achieve the required result. The number of people declared permanently disable increased by 3,000 persons in 1987 compared to the previous year (NRSO, 2012).

Figure 1 shows the structure of institutions and instruments for the occupational rehabilitation of people with disabilities and with a reduced work capacity in the 1980s. In this era the strongly centralised management was typical, which concerned both the institutions of occupational rehabilitation and the operation of the instruments thereof. Like today, the National Medical Forensic Expert Institute played a role in the establishment of permanent disability and health impairment. At the same time, big state companies were responsible for the management of protected organisations, units, as well as, rehabilitation committees. Big companies which did not comply with the 3 % mandatory employment level, paid rehabilitation contribution to the Employment Fund, which was partially received in the form of grant by big companies providing an opportunity for the employment of employees with a changed work capacity and was partially used for financing the operation of protected employers.

Features of the socio-economic transition

The economic recession striking Europe in the nineties accelerated the economic collapse of socialist states, also including Hungary. The economic and structural changes of transition caused a serious economic recession in the Hungarian economy.

The economic changes experienced in the 1989-90s were characterised by: reduction of GDP, collapse of former markets, liquidation of outdated heavy industry sectors, privatisation and with these, the increase of private and foreign ownership. New forms of business were created (limited liability company, limited partnership), the number of big companies decreased, the proportion of small- and medium-sized companies and the role of the service sector increased (CSO, 1995, p.13.). In the economic sector, state property had a share over 90% in 1990, whilst the proportion of private property was close to 80% by the end of 1998.

Socio-economic changes occurred in the years of transition also affected the occupational policy system developed until that time, but which could not be said to be effective. During the transition, typically 1.4 million jobs were lost (CSO, 1995). The population and the leaders of the country had to face a sudden increase of unemployment (according to data from CSO: 80 thousand persons in 1990, 406 thousand persons in 1991, 660 thousand persons in 1992) and decrease in employment (after previous employment at 100%, in 1992, we can only talk about 57% national employment level) (CSO, 2010, Babos, 2010. p.68.).

But typically, many persons chose inactivity instead of unemployment (Halmos, 2001). In the first half of 1990s, various forms of care (pre-retirement, early retirement) were introduced, which aimed at facilitating the labour market exit of older generation and persons even with a minor health impairment.

People damaged by the transformational crisis included the most disadvantaged and most vulnerable stratus of the society: the group of people with disabilities and with a reduced work capacity. Since a significant proportion of such people worked at the rehabilitation divisions of big plants and within the framework of outworkers' cooperative system, due to the termination of the foregoing, they were the first to lose their jobs.

Market competition made more difficult the labour market situation of people with disabilities and with a reduced work capacity. By keeping their interest for profit increase in mind, newly established economic entities employed the most chargeable and qualified workforce (Gere, 2000, p.8).

According to Gere (2005), "by the time of economic transition, people with a reduced work capacity were weak in their employment position and unable to adapt. In the absence of institutions helping their integration – and being socialised for passivity -, they were completely vulnerable to labour market events. The only solution was obtaining the entitlement for care" (Gere, 2005, p.193). The government at all times having faced the consequences of economic and social transformations, applied a permissive policy in order to reduce social tensions: opened wider the doors of disability retirement. All the foregoing give an explanation for the high rate of growth, which took place in respect of the number of disability pensioners and persons subject to social care in the nineties.

The low level of employment, high unemployment and increased retirement-like benefits greatly burdened the state and social security budget, but they also indicated that the Hungarian economy has significant labor reserves. This encouraged the government to initiate the adoption of measures by which it could drive people with a reduced work capacity, who became inactive, towards the labour market and, which also encourage a major involvement of economic entities in the employment of people with disabilities and with a reduced work capacity.

Number and characteristics of people with disabilities and with a reduced work capacity

Conclusions may be drawn, regarding the number and the demographic and labour market position of people with disabilities and with a reduced work capacity during the transition and the years following that, from the registration data of the Central Statistical Office (CSO) and the National Medical Forensic Expert Institute.

After the second World War, questions relating to disabilities were left out from census programs, but from the 1980s

the Central Statistical Office's attention was also focused on the situation of people with disabilities. The topic of people with disabilities was included as a question relating to health condition and was based on self-declaration, and only 20 per cent of the population was interviewed on this subject (Tausz-Lakatos, 2004). Despite all the foregoing, a realistic picture may be obtained on the basis of results in this period, regarding the characteristics of population with disabilities.

By analysing the census data, the following characteristics are those, which describe disabled population the most. The number of people with disabilities is 368 thousand persons, i.e. 3.5% of the Hungarian population according to the 1990 year census (Tausz-Lakatos, 2004).

As regards gender, there is a dominance of men at 53,6%, i.e. 6 per cent more than the share of women, whilst such proportion is reverse in the non-disabled population.

During the examination of the age group structure of people with disabilities, it is striking that the proportion of persons over 40 or even older (68.3%) is extremely high compared to the non-disabled population (43.2%) (figure no 2). This is heavily dependent on the extremely poor health status of the population, as well as, on the difficult labor market situation of this age group.

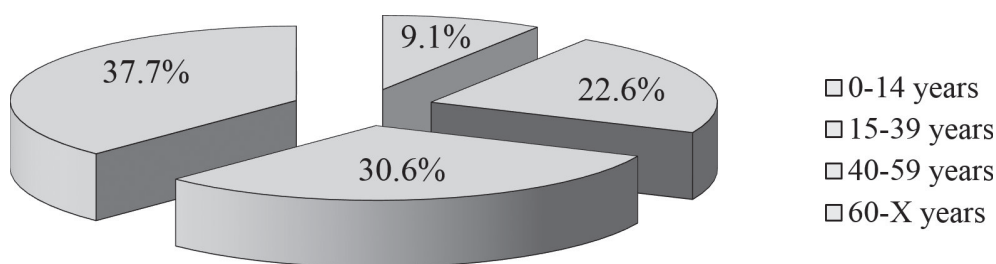


Figure no 2. Distribution of disabled population by age group, according to the 1990 year census

Source: Compiled by the author, according to Tausz-Lakatos (2004)

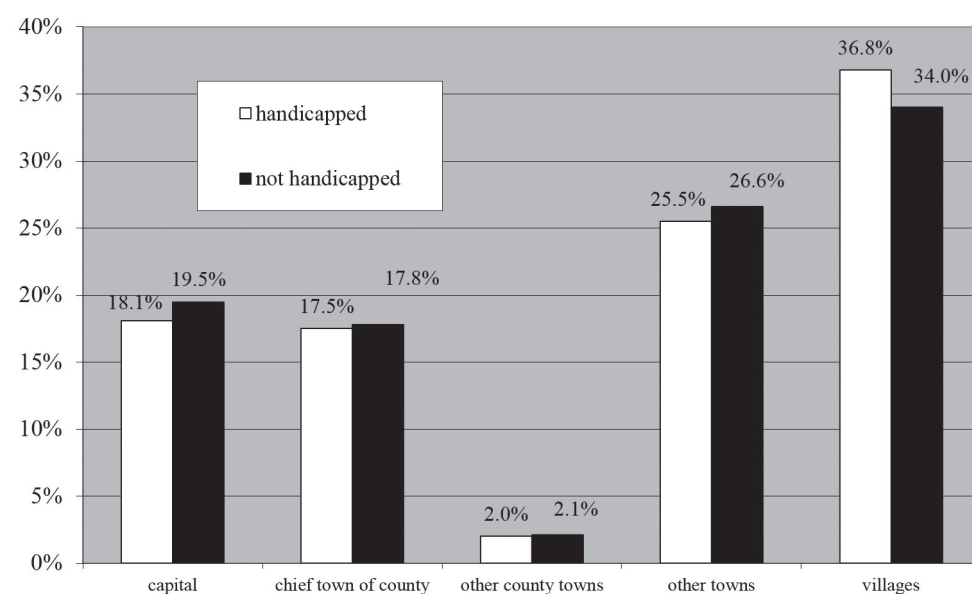


Figure no 3. Distribution of disabled and non-disabled population by settlement type

Source: Compiled by the author, according to Tausz-Lakatos (2004)

Based on the type of disability, physical disability or other physical deformities are more dominant (39.9%) and occur in leaps and bounds in the over 40 years' age group compared to the other types of disabilities.

Employment difficulties of people with disabilities and with a reduced work capacity are increased by the fact that a larger number of them live in villages (36.8%) compared to non-disabled population (34%), as well as, that a significant proportion thereof is lowly qualified (figure no 3). It can be concluded that persons not completing their primary school studies and those obtaining basic level qualification (63.9%) are characteristic of the given population, whilst a very low frequency is shown by the number of participants in higher education (7.1%).

Based on the Central Statistical Office's data, the following characteristics can be highlighted regarding the labour market situation of people with disabilities. In 1990, the economic activity of people with disabilities was significantly

lower compared to non-disabled population, but proportion of economically inactive people is very high. Difference between the employment of disabled (16.6%) and non-disabled (44.6%) population is striking. Despite this, the 16.6% rate of employees with disabilities can be considered a highly favourable ratio compared to those measured in subsequent censuses (in 2001, only 9%) (figure no 4).

It is an eye-catching data that in respect of unemployment, the proportion of people with disabilities (0.7%) remains below – even if only slightly – that of the non-disabled persons (1.1%), but the proportion of economically inactive people with disabilities (57.5%) is more than double of the proportion of non-disabled economically inactive people (24.5%).

Overall, according to the census data, it can be said that in this period the persons affected by the problem of disability and reduced work capacity are: men over the age of 40 who completed primary school and live in the countryside, who suffer from movement disorders or other physical disability and therefore on the labor market they are the losers of the years of transition and the period of change to market economy.

In my opinion, the changes occurred in the economy influenced the difference between genders. It was a characteristic of the economic transformations that by the decline of former dominant sectors: industry and agriculture, the growth of the service sector began. So, in the period of transition, typically the mines and factories pursuing heavy industrial activities closed their doors, in which typically male workforce represented itself to a greater extent. In Hungary, 26% of the persons employed in the industry were laid off between 1989 and 1993. Therefore many persons became inactive due to the transformation and modernisation of the industrial and agricultural sector. In addition, it should be mentioned as a factor influencing the differences that the retirement age in this period was 60 years for men, while it was 55 years for women. So, the number of women with disabilities was probably influenced by the possibilities of retirement prior to the age of 55 and early retirement, as well.

During the inspection of nationwide data of new applicants as assessed by the National Medical Forensic Expert Institute (NMFEI), it can be seen that demand for disability benefits has been growing steadily since the development of the disability system, but a significant peak was observed between 1988 and 1992. Compared to 1987, in 1988 the number of new applications increased by more than 14 thousand. Such dynamism is also maintained in the following years, the peak occurred in 1991, when 144,809 new applications are assessed. Despite the growing rejection of applications, the positive assessment of applications is significant: in this year 71,871 persons were

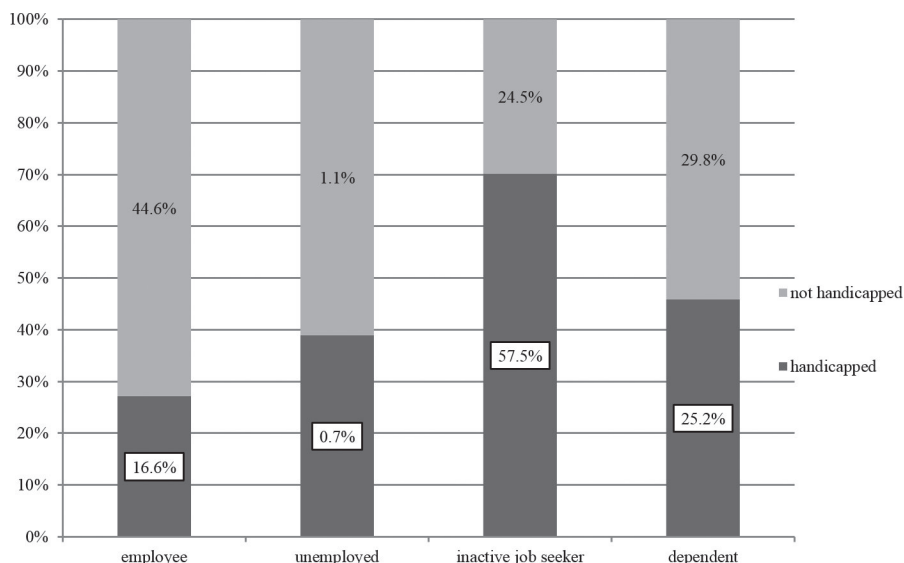


Figure no 4. Distribution of disabled and non-disabled people by economic activity

Source: Compiled by the author, according to Tausz-Lakatos (2004)

declared permanently disabled, which is 7,000 persons more compared to the year of 1990. It can be concluded that the number of new persons obtaining entitlement to disability care increased by an average of 60-70 thousand persons per year between 1990 and 1996 (NRSO, 2012).

Together with all of these, the number of beneficiaries with disability between 1990-1996 grew from 540,000 to 740,000 persons. A small reduction was only caused by the restrictions introduced in 1997-98, as a result of which in 1999, 600 thousand persons under retirement age received disability pension and the various benefits of people with disabilities. Typically, 10% thereof was under 40 years, 34% thereof was between the age of 40 and 49 and 54% thereof was between the age of 50 and 59 (Gere, 2000, p.9).

According to calculations by Ágota Scharle (2003), the proportion of inactive people reached 31% of the entire population by the second half of the 1990s.

Instruments and institutions

The institution of rehabilitation and labour market instruments, which encourage employment play a key role in the successful employment of people with disabilities and with a reduced work capacity. A part thereof already existed in the pre-transition period. Such as: the National Medical Forensic Expert Institute, the rehabilitation quota system, the sheltered entities, whilst due to the transition, further institutes and entities could start their activities: the Ministry of Labour and the Employment Fund.

A feature of the transition is that state administration, including the employment policy system was reorganised and transformed. In 1990, the Ministry of Labour became the major state organisation of occupational policy and labour administration. The newly established Ministry was responsible for, inter alia, the organisation and development of occupational

rehabilitation, as well as, the management of the Employment Fund established in 1988 where the amounts of rehabilitation contribution paid by economic entities were also placed.

In response to the created socio-economic situation, the government created Act IV of 1991 on employment, which comprehensively set out the guidelines for employment policies and the instruments thereof. The applied instruments were primarily passive occupational policy instruments, which tried to manage the phenomenon of the suddenly appearing, large scale unemployment, as well as, any resulting social tensions (so, for example, unemployment benefits, pre-retirement).

The Act defined the system of cash subsidies facilitating the subsistence of persons became unemployed, a part of which also applied to health-impaired persons, such as unemployment benefits, which also covered those, who did not reach the retirement age, but were not eligible for disability or accident pension.

It is a typical method that the worker losing his or her job was not required to accept any job, but only which was also suitable for, amongst other things, his or her health condition.

It is typical of the occupational policy system evolving that time that active labour market instruments hardly existed, neither the existing ones worked in a coordinated and effective manner, and less than a few parts thereof reached people with a reduced work capacity (Halmos, 2001.). And they did not encourage the people with a reduced work capacity to start working, nor the economic organisations to employment.

Act IV of 1991 on the promotion of employment and the care of unemployed introduced a significant change in two sections, also concerning people with a changed work capacity. First, in order to promote a more effective and efficient employment of persons with disabilities and people with a reduced work capacity, it decentralised (referred) the functioning of the rehabilitation committees (to the county employment offices' responsibility), on the other hand, introduced a grant for the creation and preservation of jobs for people with a reduced work capacity as a new active occupational policy instrument. In the framework of this, according to the study of Halmos (2002), 1,280 new jobs were created and 2,500 jobs were preserved with a grant of one billion forints (Halmos, 2002, p.25). However, this amount primarily supported such activity of the target entities rather than the open labor market organisations.

The occupational rehabilitation and therefore the employment of people with disability or with a reduced work capacity was rendered more difficult by the fact that the responsibility of the National Medical Forensic Expert Institute (NMFEl), involved in the establishment of the rate of reduction of work capacity and the assessment of permanent disability, remained unchanged in the years following the change of regime. The medical forensic expert practice continues to be characterised by the fact that it was focused on exploring the capability gaps (disability) and expert opinions contained the descriptions of these deficiencies, and established whether the person concerned continues to be suitable for his or her current work. The examination did not cover which existing capabilities the rehabilitation and further employment of the given person

may be built on. Examinations were carried out by medical forensic experts and occupational rehabilitation experts did not participate in the survey process.

This procedure corresponds to the medical approach of the disability concept, according to which emphasising the lack of ability and bringing it into focus will further prevent people with disabilities and with a reduced work capacity from having a more active social participation and hence it increases the employment discrimination.

According to the NMFEl's proposal, the subjects of medical forensic examination could be classified into three categories (Könczei, 2009, p.12):

- the 1st group of disability includes those who are entirely incapable of work and are in need of care by others;
- the 2nd group of disability includes those who are entirely incapable of work but are not in need of care by others;
- the 3rd group of disability includes those who have lost at least 67% of their capability to work and shall be capable to work thanks to rehabilitation.

The first measure that was taken to a certain extent in recognition of the necessary changes was that the National Medical Expert Institute (OOSZI) started a pilot project from 1997. Its aim was to increase the relevance of medical expertise and that the general practitioner directly and regularly treating and referring the applicant for a reassessment of their disablement could provide the most possible information about the health condition of the applicants attending such a reassessment.

Medical rehabilitation, however, essentially remained a competence of the general healthcare provision. As a side effect of the change of regime, the role of the occupational health care system that used to be in place has also become symbolic and complex assessment or complex rehabilitation is not available.

Social security expenditures that has been imposing a growing burden on the budget (the pension and health care funds take also part in the financing of the disability pension) encouraged the government to initiate the review of the disablement benefit scheme and to design a new concept in order to strengthen the economic role of people with disabilities and with a reduced work capacity (Gere, 2001, p.221). Table 1 shows the growing expenditure on disability provisions that has constituted a considerable budgetary burden by the second half of the 1990s.

In 1997, the Parliament adopted a Decision on the reorganisation of the social benefit scheme of the disabled and the disadvantaged (Parliament Decision 75/199 (VII. 18.)). Several ministries, such as the Ministry of Social Welfare,

Table 1. Expenditure on disability provision 1992–1998

Year	Expenditure (million HUF)
1992.	44 000
1994.	52 700
1996.	79 000
1998.	150 000

Source: compiled by the author, according to Gere (2001)

the Ministry of Finances and the Ministry of Justice as well as diverse organisations such as the Central Administration of National Pension Insurance (ONYF), the National Health Insurance Fund Administration of Hungary (OEP) and some NGOs have taken part in the implementation of the Decision.

Their task was to improve the quality of the opinion on the capacity to work, and the assessment of the remaining capacity to work, the skills that could be developed and the rehabilitation as well as to design the institutional system and the instruments of rehabilitation in order to improve the quality of the procedures in place for disablement assessment. However, as a result of a default of final intention of the government, the newly designed method was not implemented.

In 1997–1998, the government took the aim of *tightening the criteria of disablement assessment* in order to reduce the number of people entering into the disablement benefit scheme. The measures had the objective of making the disablement benefit a less reliable source of income. The essential steps of the changes were as follows: the pension payments were based on the real health condition, permanent rights to disablement benefits were suspended, certain permanent rights obtained earlier were qualified as temporary and a more frequent medical assessment has become compulsory in order to maintain a temporary right. As a result of the measures, the number of people obtaining the right to disablement benefits decreased to 40–50,000 between 1997 and 1999 (Scharle, 2003).

The *rehabilitation quota system* that can be regarded as an extra tax payable by business organisations may be an efficient tool for increasing labour market demand for people with disabilities and with reduced work capacity. Its aim is to make business organisations interested at employing workers with disabilities.

In accordance with the legal regulation of this period, rehabilitation allowance must be paid by business organisations employing at least 20 people and by employers of the social sector if the number of people with reduced work capacity does not reach in the given year five per cent of the total statistical mean of the staff of the business organisation (Act IV of 1991, 41/A§, 42§ and 42/A§).

The rehabilitation allowance introduced in Hungary in 1987 at a level of 3% was changed to 5% from 1993, and it was managed by the newly created Rehabilitation Employment Fund, and then by the Labour Market Fund from 1997. The Labour Market Fund that was created in 1997 as a result of the unification of five previous funds with the aim of providing a wider range of opportunities to ensure an integrated service for people with disabilities and with a reduced work capacity. Subsidy could be given from the rehabilitation core part for an investment, for an expansion that cannot be considered to be an investment and for all payments aimed at other developments helping the employment of the workers concerned. (Tamás, 1997, p.17)

The efforts of the government to increase the amount of the rehabilitation allowance reflect the support of the group concerned that is in a disadvantageous situation on the labour market. The amount of the rehabilitation allowance kept constantly growing after the change of regime, however, it can be

Table 2. Alterations in the amount of rehabilitation contribution between 1993 and 1999

Fiscal Year	Amount of the allowance (HUF)
1993.	2500
1994.	5000
1995.	6000
1996.	7000
1997.	8000
1998.	11 000
1999.	20 600

Source: compiled by the author based on www.adko.hu

stated that its value is so low that it hasn't given real incentive to labour supply for business organisations (Table 2).

Sheltered employers are also part of the employment instruments of disabled and disadvantaged people.

Sheltered employers have existed already during the period of the transition. The bottom line of their activities is to provide employment for people with disabilities and with a reduced work capacity corresponding their abilities in the event if the possibility of integrated employment cannot be ensured (Csányi, 2007, p.6). Sheltered organisations also used to be heavily subsidised by budgetary resources. It used to exist under several different forms.

The first employers of the social sector were created during the period of the state socialism. By the end of the 1980s, beginning of the 1990s their significance has decreased or a large part of them were transformed to target firms thanks to the more beneficial state subsidy (Kovács, 2009). Employers of the social sector used to work as independent budgetary entities and their employees used to work as outworkers.

Target firms are business units that provide employment to people with disabilities and with a reduced work capacity in a great proportion (at least 60%) as compared to the total number of their employees (Dávid et al, 2000, p.11). These employers provide long-term or temporary employment for workers with disabilities and with a reduced work capacity who could not find employment at the open labour market or for those who were not able to accomplish their tasks as requested by employers of the open labour market. Employment of disadvantaged people is endowed through the subsidy system of the state. Thanks to the endowment provided by the state, the proportion of which could have amounted up to a 50–150% wage subsidy to the extent of the employment of disadvantaged people, the role of target firms became highly important in the 1990s (Kovács, 2009).

The results of the study that Keszi et al. made (2004) amongst target firms show that most target firms were created during the period of transition of the economic and social system, therefore between 1990–94 under the form of private property.

The aim of target and sheltered firms was to achieve open labour-market integration which represents a step forward to successful participation on the open labour market. This, however, has not been materialised in general. In fact, people who

can cope with the challenges of the open labour-market are employed as much as those who need rehabilitation employment by sheltered firms due to their health condition (Könczei, 2009).

A favourable effect of the change of regime was that the *non-governmental organisations* were given the possibility to participate in labour provision between business organisations and prospective employees and to provide other labour market services (Varjú, 2008).

Salva Vita Foundation was founded in 1993 with the aim of helping prospective employees with disabilities to be employed on the open labour market. In this perspective, it provides a service adapted from the United States to the person with disability and to the employer as well. This labour-market service started its heroic operation in Hungary as a unique initiative of this period, taking into account that according to the views of society as well as to that of the employers people with disabilities even in the best of cases can only perform in the framework of sheltered employment (Dávid et al., 2000).

In my opinion, supported employment can be seen as the first rehabilitation human resource management initiative in Hungary, taking into account that its essential methodological steps included job analysis, preparation to work, introduction to the job, training at the workplace and the institution of mentoring which are key to validate both the interests of the people with a reduced work capacity and the employer. According to the statement of Dajnoki (2013), without investigating the aims of both parties it is not possible to detect what the needs are of people with a reduced work capacity on the job market and how the companies can be convinced on employing disadvantaged people on the longer run, or at least how to make them open to such a possibility (Dajnoki, 2013, p.10).

Governmental *legislative measures* on awareness-raising of the society played an important role on increasing possibilities for the employment of people with disabilities and with a reduced work capacity. Act LXXIX of 1993 on public education was also created in this context, according to which the right of all children has been recognised (10§(3) a) to participate in schooling, education, vocational training or in the work of a school factuality preparing them for work (1993 LXXIX, 30§(2)) that correspond to their abilities and capabilities. The spirit of the law contributes to developing the qualification of disabled people and their preparation to work, creating a possibility for a successful future employment.

Act XXVI of 1998 on the Rights and Equal Opportunities of Persons with Disabilities, enacted as a result of long discussion was also of special importance, representing a

completely new direction in its approach regarding disabled people. Notwithstanding that the act has determined the rights that people with disabilities are entitled to, it has also dealt with areas of equal opportunities, hence with employment as well. In connection to that, the act has stated the people with disabilities are entitled to integrated or, in the absence of such, to sheltered employment (1§, 15§). This has also been complemented by the National Programme of the Disability Affairs which declares that, from now on, it is the duty of the employer to provide the necessary conditions for integrated employment (Gere, 2005, p.193).

Figure 5 represents the process that took place regarding the participation and the efforts carried out by the state as well as the employment rehabilitation of people with disabilities and with a reduced work capacity as a result of the economic changes of the change of regime and the period that follows.

Negative effects of changes to market economy were reflected in the unfavourable changes that took place on the labour market. The raise in the number of the unemployed and the invalids was accompanied by a considerable increase of state expenditures. All this gave an incentive to state stakeholders in order to initiate steps to increase employment of people with disabilities and to enhance the interest of business organisations. These steps were visible in summary in 4 areas: tightening the criteria of the disablement system, increase of the amount of the rehabilitation allowance, decentralisation of the employment rehabilitation scheme and the changes of the legal framework.

Conclusions

- Based on the review of the literature of the topic, the following conclusions can be drawn regarding the situation of economic, social and employment policies related to disabled

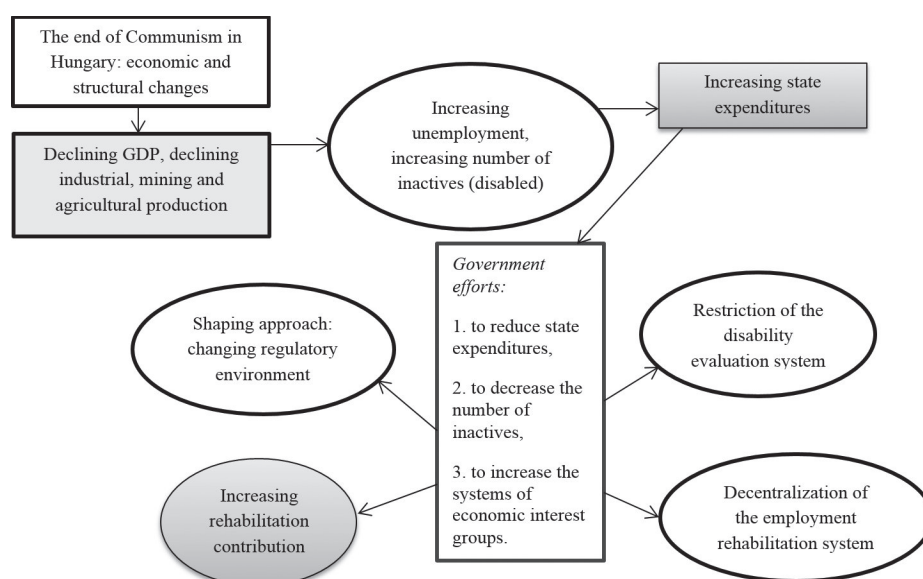


Figure 5. Flowchart of the Hungarian labour market system after the change of regime 1990–1999

Source: compiled by the author

and disadvantaged people and also regarding the related institutional background and instruments influencing the supply and demand on the labour market for the period of the change of regime and during the 10 following years. As a result of the socio-economic regime change, the old economic structure that used to ensure the employment of people with a reduced work capacity does no longer exist. The group that is concerned has become more of a victim of the negative effects of the changes. The workforce that was laid off has not joined the group of the unemployed but that of the inactives instead.

- Changes following the change of regime further enhanced the labour market disadvantages and discrimination of workers with disabilities and with a reduced work capacity.
- Instead of integration to the labour market, it is segregation that is becoming more important as a result of economic downturn, structural changes and the deterioration of labour market opportunities of workers with disabilities and with a reduced work capacity. Disabled and disadvantaged workers, even in the best case, take part in sheltered employment, provided by target firms where the opportunity to progress towards open labour-market is neither in the interest of the employee, nor in that of the employer thanks to the hiatus of the previous system for economic incentive.
- Active employment measures preventing unemployment of people with a reduced work capacity are under represented – practically, it is only the wage subsidy that exist and also serves mostly the enlargement of the circle of sheltered employers.
- The employment quota system (rehabilitation allowance), due to its low value is not a real incentive for business organisations.
- As a result of structural changes of the economy, demand for workforce is concentrated on cheap, young, trained and healthy workers due to the surplus of workforce.
- The newly created and implemented system motivated neither the people with disabilities and with a reduced work capacity nor participants of the open labour market to take a more active role in business and to develop employment.
- Still no comprehensive and complex system has been established that would support and help the employment rehabilitation and introduction to employment of workers with disabilities and with a reduced work capacity as well as their remaining on the post. Such aspirations were only present from the second half of the 1990s, but no real emphasis has been put on creating the interests of business participants.
- In the absence of system harmonisation the labour market opportunities of people with disabilities and with a reduced work capacity could not have been increased efficiently until the Millennium. Such economic and social attitude as well as human knowledge were absent that would have been indispensable for a change. The driving force behind the changes was the possibility to join the European Union, as well as, the fulfilment thereof.

In conclusion, it can be stated that at the time of the change of regime, and during the period of the following 10 years, people with disabilities and with a reduced work capacity did

not encounter significant changes in their position on the labour market, and even efficient employment rehabilitation did not take place. Some efforts, however, can be detected from the side of the government, aiming at making business organisations interested in increasing employment of the group that is concerned.

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