



Lifepath Survey of Hungarian Households (LSH)



Final Project Report

Research working title: Hungarian Social Structure: Competitiveness and Cohesion – a Panel Survey

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1. Introduction

The Hungarian Social Structure: Competitiveness and Cohesion – A Panel Survey (working title: A Lifepath Survey of Households (LSH)) was a two-year research project, which commenced on 1 November 2006 and ended on 31 October 2008. This final report has been prepared for the National Office for Research and Technology, which contributed to the success of the project by financing it through the *Ányos Jedlik* Grant (NKFP-B2-2006-0005). This, the project's final report, presents the process and the most important findings from the research.

The aim of the research project was to gain comprehensive knowledge of the Hungarian population's income, property and labour market situation, as well as its attitudes towards social issues.

The research was, in fact, a continuation of the Hungarian Household Panel (HHP) survey that has been conducted since 1992 by TÁRKI and the Budapest University of Economic Studies (the Corvinus University). For two years, the Central Statistical Office also joined the project. In the first year, 2,600 households were selected. Several analyses and publications have been completed on the basis of this research, both domestically and internationally.

By the end of the sixth wave, the number of households remaining in the sample had become too small, and we did not have sufficient resources to renew the panel sample. This meant that the longitudinal survey had to be suspended.¹

After that, we had no means of following up on the lives of the respondents, although, thanks to the experience of our earlier longitudinal household surveys, we were well aware that a panel survey was the most informative in terms of social trends. That is why we regarded it as particularly exciting to have the chance to re-start the Hungarian Household Panel (HHP) within the framework of the *Jedlik* Programme. It basically enabled us to go back to the

¹ The decision was taken to abandon the panel model and continue the research under the name of TÁRKI Household Monitor, with a sample that changed from one year to the next but was similar in size. This research was conducted annually between 1998 and 2001, and then in 2003, 2005, and in the autumn of 2007.

members of the 1992 research sample and obtain information about their lives since (hence the working title of the research: A Lifepath Survey of Households (LSH)).

2. Undertakings within the scope of the project

The basic aim of our research was to study what the micro-level criteria for effective socio-economic functioning and effective adaptation to labour market conditions might be from a micro-economic point of view – namely from the perspective of household management and adaptation. During the entire project, we placed special emphasis on international comparisons. Thus, within the framework of comparative studies inside the European Union, we also looked at the social, regional and ethnic effects of integration. Thus, the aims of the research were as follows:

- to obtain additional information about the criteria for socio-economic competitiveness by gaining more knowledge about the labour market adaptation strategies followed by the households during the period of regime change (from a state socialist system to a market economy);
- by applying the methodology of panel surveys, which has been increasingly used internationally in both social and economic research over the past two decades, to contribute, within our own area of research, to the dissemination of modern scientific and methodological knowledge.

Furthermore, as ours was basic research, and yet has a closed and well-calculable outcome, thanks to the application of previously elaborated professional standards and methodological protocols, we indirectly made future applied research possible (simulation surveys, forecasting procedures, socio-economic models).

The tasks carried out during the two-year project can be arranged into three main phases. The first includes the preparatory, theoretical and conceptualization work. In the course of the survey, we visited those households where we had conducted interviews 10–15 years before. The planning of long-term panel surveys requires much greater circumspection than that of cross-sectional ones. The first phase of the research therefore consisted mainly of the extensive processing of the specialist literature, primarily in Hungarian, although the

international literature was also surveyed, mainly for its methodological insights. Another task was to prepare for the survey among the still traceable households of the 1992 Hungarian Household Panel.

The second phase involved conducting the empirical survey itself. The LSH project sought to look up the people who had participated in the 1992 HHP. Apart from conducting the interviews, this phase also included completing the complex data-collection design, continuous monitoring due to the special requirements of panel surveys, and various post-survey activities (data entering, checking, clearing, weighting).

Finally, another important element of the research was the publication and dissemination of the data files and the research findings. It was our aim to make the direct and indirect results of the research project available to as large an audience as possible, and this required the application of a multi-level dissemination technique. The data collections of the survey have been archived, according to existing standards, in TÁRKI's Social Science Data Archive. The events and results of the project were made available to the public on a section of the TÁRKI website. As far as paper-based dissemination is concerned, a 244-page volume on the project's results was published eight months after the survey. This publication was presented as part of a one-day conference, allowing participants to discuss the findings of the research.

Table 1: Presentation of tasks

Number	Definition of task	Start time (day, month, year)	End time (day, month, year)	Type of task*	Form of task completion
1	Conceptualization	01.11.2006	28.02.2007	Basic research	Study, survey plan
2	Survey and follow-up	01.03.2007	31.10.2007	Basic research	Data
3	Analysis and dissemination	01.10.2007	31.10.2008	Basic research	Studies, conference
	Total	01.11.2006	31.10.2008		

*Basic research, applied research, experimental development

3. The tasks

1. Conceptualization

Detailed documentation on the preparatory activities was published on the research site (www.tarki.hu/hev). On this website there is a separate page that deals with, and provides direct access to, the websites of several European panel surveys.

2. The survey

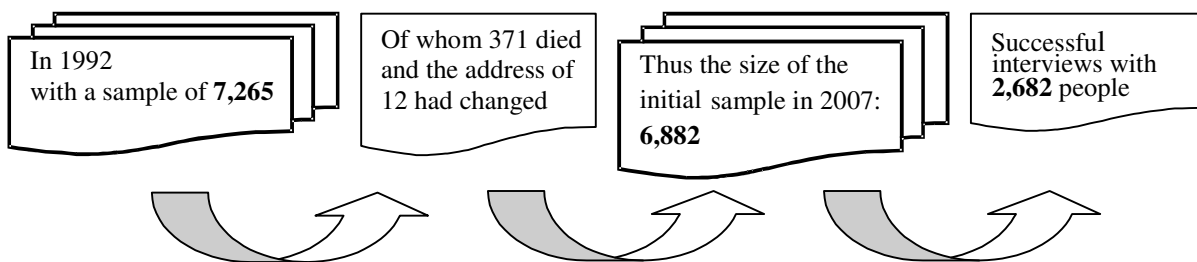
The Hungarian Household Panel (HHP) started in 1992, and altogether there were six survey waves. The basis for the HHP sampling framework used in this research was HHP 1993. The starting point for this research was a national sample of 2,000 households (1,600 country and 400 Budapest) plus a Budapest sample of 600 households. The reason for the oversampling of households in Budapest was to reach a sufficient sample size for a separate Budapest level analysis, but this oversampling was also useful to compensate for the foreseeable sample attrition during the survey years. Thus we gained a sample that was representative of both the national and the capital's population. The basis for the HHP was the selfsame group of households that was included in the 1992 research and was interviewed in that year, and that then went on to the 1993 research (7,265 persons). Where necessary, we also improved and updated our database.

After supplying the Interior Ministry's Central Data Processing, Registry and Election Office with the personal data (name, address, year of birth) of those who were included in the sampling framework (that is, of people from the 1993 sample), we learnt that 490 people had since died (we did not remove all of them from our sampling framework, but instead used some as a point of reference). It is the 7,265-strong group of the initial sample that constitutes the basis of the HHP-LSH database. However, that figure also includes those people who were not followed up on because we had found out during HHP surveys between 1992 and 1997 that they had died (371 persons), as well as 12 instances where details of the original

addresses were missing and so were unusable, even though they featured in the complete database with their earlier data, having been selected as one of the households to be visited in 2007.

That is how the group of 6,882 that became the target sample of the survey was drawn up.

Figure 1: Flowchart of the LSH sample



The first phase of the nationwide survey started on 7 March, and was completed on 31 May, with 2,566 successful interviews. In the second phase of the survey, in the summer months, we managed to obtain contact details (address, telephone number, e-mail address) for 252 of the 1,224 people who had moved to a different address.

So by the end of October 2007, our complete database was as follows.

Table 2: Some characteristics of the LSH survey

	N	%	As percentage of those living
Completed questionnaires	2682	36.92%	45.37%
Refused to respond	1480	20.37%	25.03%
Moved to unknown address	1317	18.13%	22.28%
Died since HHP	982	13.52%	-
Died during HHP	371	5.11%	-
Was abroad	89	1.23%	1.51%
Unable to respond	77	1.06%	1.30%
Was temporarily away	72	0.99%	1.22%
Moved to a known address but was not followed	21	0.29%	0.36%
Was left out in 2007 for other reasons	174	2.40%	2.94%
Total living*	5912	81.38%	100.00%
Total	7265	100.00%	

* Upper estimate: of those who have moved to an unknown address there is no way of telling how many are alive.

The first phase of the LSH project ended on 31 October 2007. The following important cornerstones of the research were laid by then:

- the survey had been successfully completed, and a database created with a total of 2,682 observations;
- those studies were prepared that help TÁRKI experts in the optimal weighting of the database; and
- a list of researchers had been drawn up, which included the names and draft research papers of those scholars who had taken part in the LSH.

3. Analysis and dissemination

In the second year of the LSH, the tasks were the following:

- archiving of the data (the database was placed in TÁRKI's Social Sciences Archive);
- preparation for analysis of the database by the appointed researchers (the end products of this analysis are presented in detail in section four)
- editing of the volume (the compilation of studies was edited by the scientific leader of the project, Tamás Kolosi, and by the head of research, István György Tóth. The reader of the publication was Júlia Sík);
- completion of the volume (the research report, entitled *Re-Planning: Careers and Adaptation in the Decades of the Regime Change, prepared on the basis of the Lifepath Survey of Households (LSH)*, was released in 250 copies, and included 15 studies written by 20 researchers); and
- a one-day conference (the results of the research, entitled 'A Lifepath Survey of Households', were presented at a workshop held at the Budapest Corvinus University on 13 October 2008 (see: www.tarki.hu/hu/news/2008/kitekint/20081014.html)).

As part of the analysis and dissemination activity:

- the LSH website was constructed and widely publicized (available at www.tarki.hu/hev);

- we forwarded the completed volume to numerous decision-makers, high-ranking public administration officials and politicians.

3.1. Research topics and the volume produced

The basic aim of our research was to study what the micro-level criteria for effective socio-economic functioning and effective adaptation to labour market conditions might be from a micro-economic point of view – namely from the perspective of household management and adaptation. During the editing of the research papers, our main concern was to answer the basic questions of the research. The volume makes the results of the project available to a wide professional audience.

3.2. The conference

The findings of the research – entitled ‘A Lifepath Survey of Households’ – was presented on 13 October 2008 at a workshop held at the Budapest Corvinus University. The participants were each given a copy of the volume and had the chance to discuss the lectures as well as the studies included in the publication.

3.3. The website

As the LSH research progressed, we steadily built up a website with that research. This now includes the collection of data itself, as well as the administrative details of the research and supplementary material on research methodology. The website also includes all the documentation on the whole of the Hungarian Household Panel research, as well as its supplementary materials, its questionnaires in English and in Hungarian. We have also made public the databases for each year, as well as the complete database (containing more than 11,000 variables) of the HHP. In fact, open access to the data was an important element of the project, and one by means of which the added value of the empirical study could be increased substantially. The website was presented to the participants in the final conference, and was made accessible to the wider public as from 14 October 2008 (until that date only those who

had taken part in the research could access it). The website contains the material of the published volume and of the conference as well.

4. The findings of the research

A significant decline in the level of employment has meant that large numbers of employees have been permanently and/or periodically excluded from the labour market or been forced to retire for economic reasons. These people can unequivocally be regarded as the real losers of regime change. Our findings show that around one-tenth of the respondents (about 8 per cent of present-day Hungarian society) belong to this underclass, which is basically now living on welfare.

During the change of regime, there was an upsurge in entrepreneurship. In the past 25 years (since 1980) approximately 9 per cent of respondents have, at some stage, been an entrepreneur (though the present figure for people who are entrepreneurs is only half that (4.4 per cent)). The overwhelming majority of those who are currently entrepreneurs (90 per cent) set up their ventures after the change of regime, but more than a third of those who became entrepreneurs after the regime change are now either employees or do not work. While those who are now entrepreneurs are clearly to be seen as having gained from regime change, those who have abandoned their self-employed status should be regarded as losers.

As far as those people who are in leading positions are concerned, there have been quite significant changes. Part of these changes are of a generational nature, since a substantial proportion of those who held important positions (on account of their political affiliations) in socialist times became inactive on account of their age. Others set up enterprises. Therefore, one part of the old leaders can be classified as winners and the other part as losers. At the same time, the proportion of those who were new to leading positions was also significant. On the one hand, they came to occupy newly created positions, while on the other hand they took over from the earlier elite as the new generation of leaders.

A relatively small proportion of those who were present on the labour market throughout the period under survey were affected by significant upward or downward mobility. On the whole, the employment hierarchy proved to be relatively stable during the regime change.

Between the start point and the end point of the period surveyed, income differences decreased within this section of the population. This is partly due to a kind of aging effect, with those who belonged to the active generations in 1992 got 15 years older by 2007. The consequent moves along the age-income profiles and the resulting the higher proportion of pensioners contributed to the fact that the distribution of income has levelled out somewhat (as the distribution of pensions is always narrower than that of pensions).

It is a feature of financial-income status that both a decline and a rise can be observed. Almost 60 per cent of those who, in 1992, belonged in the bottom quartile of society were there in 2007 as well, while almost half of those in the top quartile were still there 15 years later. In other words: in the wake of the regime change, examples of both upward and downward movement were to be found in society, but there was a larger movement at the top than at the bottom.

It is the same factors (education, cultural capital) that played the greatest role in shaping material-income status in 1992 and 2007. However, the fact of holding a position in socialist times is also significant. Between 1992 and 2007, the variation in settlement type became greater, and there was a bigger difference between entrepreneurs and non-entrepreneurs, as well as between those with an inclination to start up an enterprise and those without.

In the period since regime change, property-income status has become more and more connected to the most important socio-demographic variables. This shows a decline in the inconsistency in status that was to be found in the eighties, and the emergence of a stronger hierarchical inequality system. The level of education of the various members of society plays a greater than ever role in explaining property and income differences.

When studying the social effects of regime change, it makes sense to distinguish between four generations that differ markedly from one another both demographically and in terms of the labour market. For each of these generations, we must define and interpret differently the

concept of winners and losers from the change in regime, and we have every reason to suppose that it was different factors in the case of each generation that were important in whether they became winners or losers.

In the case of the *lost generation*, which was not involved in labour market changes mainly due to its age, it was the type of settlement they lived in; while for the *status-changing* and *regime-changing* generations, it was workplace adaptability that determined who should be considered financially successful or unsuccessful. As far as the *regime-changing generation* is concerned, an important factor was the level of education of its members by 1992. While for the *young generation*, apart from their career on the labour market, the determining factor is the effort they have made to raise the level of their schooling. What obviously plays a role here is also the type of cultural capital elements that the respondents' parents possessed.

As a result of the regime change, the first half of the nineties was characterized by significant employment turbulence. This was partly prompted by internal shifts (politically inspired economic processes such as privatization), but the external, international effects of globalization also made themselves felt, further strengthening the post-industrial processes, the expansion of the service sector, and the influx of multinational capital. The extent to which these different factors were each responsible for the employment turbulence remains to be determined. Hungarian society became more open in the years following regime change. Employment turbulence is also connected with human capital investment: higher qualifications induce greater upward mobility, but this association can change, depending on life cycles and time.

Despite the volatility experienced, entrepreneurial inclination did have a significant positive effect on the chances of people becoming entrepreneurs, even when we tested this correlation along with the social background variables and attitudes in the regression models. The relationship between entrepreneurial inclination and dissatisfaction breaks down in the longer term, whereas its connection with satisfaction remains durable. The image in society of a potential entrepreneur is of someone who is more conscious than the average person of the weakening of society, and who places an above-average emphasis on tax cuts. In a certain sense, however, the group of potential entrepreneurs was internally divided. Those who eventually did not become entrepreneurs believed in the principle that the state should look

after people, while those who did become entrepreneurs held the principle that people should look after themselves. The figures for both of these were well above average for society as a whole.

The picture regarding child-bearing in the period following regime change showed unequivocally that women who do not finish their secondary education have their first child in their early or mid-twenties. By contrast, the child-bearing inclination of women with a secondary school or college/university degree increases more slowly with age, and their age–child-bearing profile is flatter. Those women who return to the labour market are less likely to have more children. The prospect of good living standards works against the postponement of births and therefore can serve to raise the total number of children.

As for the relationship-network dynamics of the members of Hungarian households between 1992 and 2007, we found that the greatest growth occurred in the cluster of strong non-instrumental ties, while the greatest reduction is to be found in the multi-functional medium relationship network. When analysing the movements between clusters, we found that the position of the majority had changed by 2007, so that they ended up in a different cluster.

Another comprehensive analysis was conducted into the connection between childhood background and level of education. The expansion of the education system has brought about dramatic changes in terms of completed education – not only in a comparison of children to parents, but also within the age group examined. Our data also show that a higher level of education among women than among men is to be observed not only among those who were children in 1992, but even in their parents' generation. As for the level of schooling of children, the inheritance of cultural capital is more important than wealth, although the latter does play a significant role, too. Our estimate is that, compared to parents with no secondary school certificate, if at least one parent has completed secondary education that will increase a child's chances five-fold; while at least one parent with a college or university degree will boost the chances of a child obtaining at least a secondary school leaving certificate eleven-fold. Just the fact of being a Roma means the chances of completing secondary school are eight times smaller than if one is non-Roma.

Comparing objective situations with subjective status perceptions, what we found was that the worse an individual's mental condition is, the greater the negative effect of social factors. Bad mental health, however, can also predict later adverse changes in the individual's private life, as well as their labour market career. The changes in family and private life show that pessimistic or depressed people, when they suffer objectively negative events, become isolated as a consequence. The objectively adverse conditions further damage their professional career, as they are less adaptable to labour market needs and show a lower level of investment in human capital. It is not surprising, in fact, that one of the main reasons for permanent exclusion from the labour market is depression.

Looking back at the past two decades, on the whole Hungarian society has seen a deterioration in living standards: thinking back to 1987, every second adult said that his/her living conditions were better than average; 10 years later we found that a clear majority rated their standard of living as somewhat or definitely worse than average. The proportion of those who are more or less deprived in terms of their quality of life has continued to increase over the past decade, and by 2007 three-quarters of the population classified themselves as belonging in this category. And although Hungarians look ahead to the next 10 years in a somewhat more optimistic frame of mind, those who generally rate their future standard of living lower than average may well remain the majority. On the basis of evaluations spanning 30 years, we tried to identify typical standard-of-living careers, and we came up with five different types: besides the tiny group of winners, and the somewhat larger (but not outstandingly large) groups of losers and people who have bounced back from adversity, every second Hungarian adult belongs to the group of people who are stagnating; finally, there is the group of people who, though currently losers, are optimistic about the future (one adult in four).

In the period between 1992 and 2007, the slight downward trend in terms of people practising religion was due to a moderate reduction in the majority's activity, though the number of people who go to church on a weekly basis, and who can be regarded as the most religious, did not decrease. We also found that there was no trend over these 15 years for people to lose their religion. Quite the reverse: in some age groups and birth cohorts, the number of regular church-goers actually increased. Our data show that the tendency of older people to 'convert' seems to be strengthening, as does the tendency among the very elderly to leave the church.

We suppose that this last finding is due, at least in part, to reasons of health: while their religious belief may be strong, they are not able to attend services. In terms of religiosity, the generation gap seems to be narrowing.

We also looked at the role of voter loyalty in voters' behaviour. The most important determining factor for voter behaviour is behaviour in the past. Considering the peculiarities of the Hungarian electoral and party system and the large extent of vote concentration, as well as the effectively small number of political parties, the low level of voter swing and the ideological polarization between left and right, in future the use of party-identity models may become topical in describing the behaviour of Hungarian voters.