

COMPARING PRE- AND POST-COVID LABOR MARKET CHALLENGES IN HUNGARY AND AZERBAIJAN: EMPLOYEES' PERSPECTIVES

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ABSTRACT

This paper examined the differences in pre- and post-COVID-19 labor market challenges from the perspective of employees in Hungary and Azerbaijan. The research was conducted through a comparative analysis of the relevant literature and data from the International Labour Organization, Eurostat, and the countries' statistical offices. The study revealed that both countries experienced a significant reduction in labor market activity due to the pandemic and subsequent economic downturn. In Hungary, the pandemic caused a sharp decline in employment and a rise in unemployment, while in Azerbaijan, the pandemic resulted in a decrease in wages and an increase in labor market insecurity. The study found that the most affected were those in vulnerable employment and the informal sector in both countries. Moreover, the pandemic had a greater impact on women and young people due to their overrepresentation in the informal sector with lower and less competitive compensation. The findings suggest that further research is needed to examine the long-term implications of COVID-19 on the labor market in both countries.

Keywords: Labor market, Labor market challenges, Covid-19, Hungary, Azerbaijan

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INTRODUCTION

This paper examines the impact of the COVID-19 pandemic on the labor markets of Hungary and Azerbaijan, comparing pre- and post-pandemic challenges with a focus on the perspective of employees. The unprecedented challenges include financial instability, job insecurity, income inequality, and skills mismatch. The pandemic has intensified these issues, leading to widespread job losses, reduced working hours, and a rise in informal and precarious work. Specific labor market challenges affect certain regions and demographic groups, such as developing countries and women, including limited access to social protection, gender inequalities, and underrepresentation. Addressing these issues necessitates investment in education, training, and social protection, while transitioning to sustainable and inclusive economies is crucial (ILO, 2020).

The study delves into the labor market challenges specific to Azerbaijan and Hungary in the context of the global COVID-19 pandemic. Azerbaijan faced pre-existing issues, including high youth unemployment and skills-job mismatch, exacerbated by widespread job losses and reduced work opportunities due to the pandemic. This situation underscores the urgency for Azerbaijan to diversify its economy, emphasizing resilience and adaptability (World Bank, 2021).

Conversely, Hungary, already grappling with a skilled labor shortage, experienced a sharp increase in unemployment rates in 2020 due to business closures and reduced economic activity, reaching 4.2% (Eurostat, 2023). The COVID-19 pandemic has uniquely impacted the labor markets of both countries, exacerbating existing challenges and introducing new obstacles. This paper aims to shed light on these issues and their implications for employees in Hungary and Azerbaijan.

1. LITERATURE REVIEW

Identifying prevalent challenges in the labor market varies based on factors like industry, location, and personal circumstances. Common challenges include unemployment, causing financial instability and difficulty finding new jobs (Autor & Dorn, 2013). Job insecurity is widespread, often triggered by automation and restructuring (Kalleberg, Reskin, & Hudson, 2000). Income inequality persists, with many earning low wages while a small percentage earns significantly more (Piketty, 2014). Some struggle with skill-relevant job searches in declining industries (Bessen & Brynjolfsson, 2017). Discrimination based on gender, race, or age limits job prospects (Paresashvili et al., 2021). Balancing work and personal life pose challenges, leading to stress and burnout (Greenhaus & Allen, 2011).

The COVID-19 pandemic intensifies these challenges globally, with high informality and precarious work, especially in developing countries, hindering social protection and decent working conditions. Gender inequalities persist, and a transition to sustainable and inclusive economies demands investment in education, training, and social protection. Job losses, reduced working hours, and increased informality affect women and young workers disproportionately. Robust social protection mitigates these impacts, emphasizing the need for policymakers to prioritize decent work, social protection, and gender equality for future sustainable and inclusive economies (ILO, 2022).

The paper titled "Current Trends in the Labor Market: Impact of Digital Technologies and COVID-19 Pandemic" analyzes contemporary labor market trends, focusing on the influence of digital technologies and the COVID-19 pandemic. It explores the labor market's significance, shaped by demographic changes, technological progress, and economic policies. Digital technologies have created new job opportunities but also pose challenges like job displacement and the need for evolving skills. The COVID-19 pandemic significantly affects employment, wages, and working conditions. Government and employer measures, such as job retention schemes and remote work arrangements, aim to mitigate these impacts.

"Labor Market Rigidities: At the Root of Unemployment in Europe", this paper addresses the persistent high levels of unemployment in European countries and identifies labor market rigidities as a primary cause. Siebert emphasizes that these rigidities, including high minimum wages, strict employment protection laws, and inflexible wage-setting mechanisms, hinder employers' ability to adjust their workforce to changing demands. The author argues that such rigidities discourage firms from hiring new workers, especially those lacking experience or qualifications, leading to prolonged unemployment. Siebert explores the impact of these rigidities on wage differentials among various worker groups, exacerbating disparities between young and old or skilled and unskilled workers. The paper concludes by asserting that reducing labor market rigidities should be a top priority for European policymakers. Siebert suggests reforms to employment protection laws, minimum wages, and wage-setting mechanisms, coupled with improvements in worker education and training programs, to alleviate unemployment and enhance overall labor market functionality.

The paper "COVID-19 and the Workplace: Implications, Issues, and Insights for Future Research and Action" scrutinizes the profound impact of the COVID-19 pandemic on the workplace and workers, offering insights essential for understanding pre- and post-COVID-19 labor market challenges in Hungary and Azerbaijan. Despite lacking specific empirical results, the comprehensive review explores the shift to remote work, its effects on job security, wages, and mental health. The roles of employers and policymakers are discussed, emphasizing flexibility, support for workers, and workplace safety measures. A significant aspect of the paper is its call for further research to comprehend the long-term implications of the pandemic. This recognition is vital for refining the literature review in a comparative thesis. Although lacking specific empirical findings, the paper highlights emergent trends, such as the digital divide and the blurring of work-life boundaries, causing burnout. Disproportionate impacts on low-wage workers, women, and minorities in frontline industries are also underscored.

Salimli, A. (2021) examines the impacts of the COVID-19 pandemic on labor force participation and unemployment in Azerbaijan, utilizing data from the Azerbaijan Labor Force Survey (ALFS). Findings indicate a significant impact, with a sharp decrease in labor force participation, particularly among women and youth in the first half of 2020, recovering partially later. Unemployment peaked at 7.6% in the second quarter of 2020, slightly declining in the latter half of the year. Contributing factors, including business closures and mobility restrictions, are identified, exposing vulnerabilities, especially for informal and low-skilled workers. Recommendations to mitigate these impacts involve expanding social protection programs, supporting businesses to maintain employment, and investing in reskilling and upskilling programs for workers.

The paper titled "Impact of COVID-19 Crisis on Hungarian Employees" delves into the profound consequences of the pandemic on Hungary's workforce. Beginning with a global context, the authors spotlight challenges faced by employees, ranging from job losses to reduced working hours and heightened financial insecurity. Specific industries, notably tourism, hospitality, and retail, have borne the brunt of these challenges. The paper scrutinizes the government's response, acknowledging effective measures such as wage subsidies, tax breaks, and loan guarantees, while underscoring the need for additional support for vulnerable workers, especially those in the informal sector. The evolving landscape of work arrangements, marked by the surge in remote work, is discussed, acknowledging its flexibility but also noting potential drawbacks like increased isolation. Simultaneously, another paper (Toth, A., Kalman, B., & Poor, J., 2021). offers insights into the economic ramifications of the pandemic in Hungary. Highlighting declines in GDP and surges in unemployment, the authors emphasize sector-specific impacts, particularly in tourism and hospitality. The government's responsive measures are acknowledged for their role in mitigating the crisis's impact on employment, although concerns persist for certain groups, such as temporary and self-employed workers.

2. RESEARCH METHODOLOGY

2.1 Research design

To meet the aim and objectives of the study, the exploratory qualitative study (Bhat, 2023) by face-to-face interviews was chosen as a research design methodology for this paper in order to see a clear picture, similarities, differences, and the footprint of the pandemic in the labor markets of the countries, Azerbaijan and Hungary. Qualitative research methods are beneficial for exploring complex and nuanced phenomena, such as the impact of COVID-19 on the labor market from the employees' perspective. Exploratory qualitative studies are often used when the research topic is relatively new or when previous research is limited (Tremblay et al., 2021). An exploratory study aims to gain a deeper understanding of the research topic and generate hypotheses or research questions for future studies (Stebbins, 2001).

2.2 Data collection

The researcher emailed all the selected study participants by explaining the research details and describing the interview process step-by-step to visualize the participants clearly (Creswell, 2012). All 20 selected participants agreed to a face-to-face interview with the researcher by replying to arrange meetings and fill out the contest forms. Fortunately, all the participants could complete the contest form and return it to the researcher. Most of the interviews were arranged in person for those living in Hungary; for those who participated from Azerbaijan, an online meeting was set via one of the video call platforms since the researcher could not travel to Azerbaijan to conduct face-to-face interviews with the study participants.

Using secondary data collection as a supplementary approach to in-person interviews allowed the researcher to cross-validate and corroborate the findings from the primary data source. This analysis enabled the researcher to identify trends, patterns, and relationships that might have been missed if solely relying on primary data. The researcher mostly used central databases for collecting articles such as JSTOR, EBSCO, Scholars, and websites, namely International Labor Organization, Eurostat, and the countries' statistical offices.

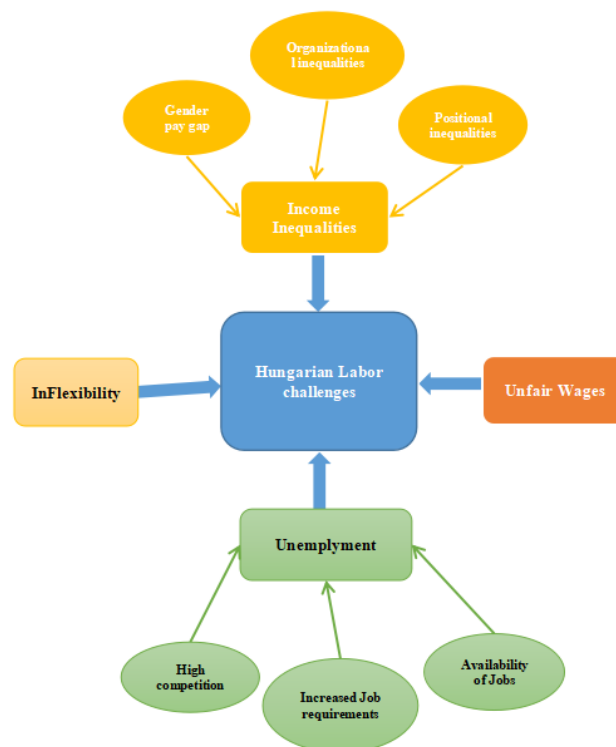
2.3 Data analysis

The researcher applied a qualitative exploratory method to find detailed answers and cover the research questions and objectives. Analyzing the data starts when the data is collected in a qualitative study (Bryman, 2012; Rubin & Rubin, 2012). According to Creswell (2014), in the qualitative study, not all the firstly collected data are useful; it is fresh and needs to be processed. Winnowing is sifting through the data to identify and focus on the most significant and relevant parts (Guest et al., 2012). The researcher must undertake several steps when analyzing the data, including explaining the meaning, establishing connections between topics, coding the data, reading through all the data, organizing it, and preparing it for analysis (Creswell, 2014). The researcher followed the steps mentioned above when analyzing the data.

3. FINDINGS OF HUNGARIAN LABOR MARKET.

The Hungarian labor market has been a subject of scrutiny in recent years, with numerous challenges impacting both job seekers and employees. Through extensive interviews conducted with individuals closely associated with the labor market, a range of critical issues have come to light. Among the foremost concerns voiced by participants are the heightened requirements imposed by employers, intensifying competition among job seekers, a noticeable decline in job availability, and a return to inflexible employment practices. Additionally, the persisting issue of wage inequalities has been highlighted as a key factor exacerbating the overall labor market situation. This introduction aims to provide an overview of the multifaceted challenges faced by individuals navigating the Hungarian labor market, shedding light on the complex dynamics that influence employment opportunities and conditions in the country.

Figure 1. Mind Mapping - Hungarian Labor Market (*Author's own creation*)



3.1 Unfair wages

The research participants in Hungary exhibited a considerable level of experience and education, enabling them to form a comprehensive understanding of the prevailing circumstances and the general state of the labor market. With significant working experience across different companies and exposure to their peers, they possessed ample information regarding wage levels in various industries and organizations. Additionally, as individuals in the country are legally permitted to move and work in other European Union countries, they could readily compare their own country's economic situation and wage levels with those of other nations. Considering their background knowledge, participants expressed dissatisfaction with the perceived lack of fair compensation in relation to their living standards, economic challenges, and inflationary pressures. Despite the presence of multinational companies operating in the country, concerns regarding unfair wages persisted, particularly among employees hailing from wealthier nations. This observation underscores the prevailing concerns and highlights the potential financial challenges faced by employees in Hungary. Employees express dissatisfaction with their wage levels, perceiving them as unfair and not reflective of the current economic challenges, including the global pandemic and inflationary pressures. They contend that companies tend to offer lower salaries for entry-level positions and fail to account for inflation or the cost of living. The low wage levels prevalent in the labor market, particularly for entry-level positions, lead to frequent job changes among individuals seeking better compensation. This situation not only causes disappointment but also hampers motivation for career advancement, as it would take several years to attain a satisfactory salary. Unfortunately, the challenge of unsatisfactory wage levels in the Hungarian labor market is still a complex issue that affects a significant portion of the workforce (Eurostat, 2022).

3.2 Unemployment

According to data from the Hungarian Central Statistical Office (KSH, 2020) the unemployment rate was already on a downward trend before the pandemic, but the pandemic caused a significant increase in unemployment in 2020. The unemployment rate in Hungary increased from 3.5% in Q4 2019 to 4.5% in Q1 2020, and then to 4.6% in Q2 2020. This was the highest level of unemployment in Hungary since Q1 2019. However, by Q3 2020, the unemployment rate had decreased slightly to 4.3%. It's worth noting that the Hungarian government implemented various measures to mitigate the impact of the pandemic on the labor market, such as wage subsidies, job creation programs, and tax breaks for employers. These measures may have helped to stabilize the unemployment rate somewhat (EC, 2021).

Job availability: The situation in Hungary underwent significant changes even before the onset of the pandemic. Respondents highlighted the profound impact of the pandemic on job availability in the Hungarian market, mirroring the effects observed in other countries. While specific industries experienced varying degrees of influence, the overall economic downturn and the sharp decline in aggregate demand and spending had a widespread impact on all sectors. Consequently, respondents unanimously agreed that job opportunities had significantly decreased. While there has been some progress in the recovery of economies and labor markets over time, participants emphasize that a complete return to pre-pandemic conditions has not yet been achieved. Despite the presence of large international companies

in the country, their ability to swiftly restore the market's availability and create sufficient job opportunities is limited. Respondents highlight the ongoing challenges in restoring the labor market to its previous state.

Increased competition: The labor market in Hungary experienced a surge in the competition following the pandemic, as employees reported that despite the reopening and normalization of job availability in various sectors after the pandemic. This influx of workers from other sectors contributed to the persistence of high competition levels within the labor market. The presence of these new entrants, with varying skill sets and backgrounds, has intensified the competition for limited job openings, requiring job seekers to enhance their qualifications and differentiate themselves to secure employment. Consequently, employers have been presented with a broader talent pool to choose from, but also face challenges in selecting the most suitable candidates amidst a crowded applicant pool. This sustained high competition necessitates strategic workforce planning, skill development initiatives, and targeted policies to address the evolving dynamics of the labor market and promote a more balanced and efficient employment landscape.

Increased requirements. The labor market in Hungary has undergone significant transformations in recent years, leading to increased requirements and a heightened sense of competition among labor market participants. The implementation of remote work arrangements and the rapid adoption of digital tools have created both opportunities and challenges. Employees are now expected to constantly enhance their technical acumen to remain competitive in the labor market. This increased competition and demand for specific skills have presented challenges for employees, particularly in sectors where significant efforts are required. The intensified competition within the labor market, coupled with the accelerated pace of technological advancements, has created a dynamic environment where individuals must proactively enhance their skills and knowledge. The ability to adapt to new technologies and embrace ongoing learning has become crucial for employees aiming to maintain their competitiveness. As the participants noted, the pandemic has acted as a catalyst, intensifying the process of skill development while also presenting difficulties for individuals.

3.3 Inflexibility

The implementation of remote work during the pandemic brought about newfound flexibility and comfort for employees in Hungary. However, as companies gradually transition back to working from the office and reduce the flexibility that was once enjoyed, employees are expressing their concerns. The COVID-19 pandemic has had a significant impact on the way we work, and one of the most notable changes has been the widespread adoption of remote working. For many employees, this has brought greater flexibility, reduced commuting time and costs, and improved work-life balance. However, as the pandemic begins to recede, many companies are now calling their employees back to the office, eliminating the flexibility that many have come to rely on. This shift may pose additional challenges for Hungarian employees, such as long commutes, the need for expensive work attire, and a lack of support for childcare and other personal responsibilities. Many employees have also expressed concerns about their health and safety in the workplace, particularly given the ongoing threat of the pandemic. It's worth noting that some companies are adopting a more flexible approach, allowing employees to work from

home part-time or providing hybrid work arrangements that combine office and remote work. However, this is not yet the norm in Hungary, and many employees are feeling the strain of a return to traditional office-based working practices.

3.4 Income inequalities.

Prior to the pandemic, Hungary had one of the highest levels of income inequality in the European Union, with the top 10% of earners accounting for almost 40% of the country's total income. The pandemic has had a disproportionate impact on low-income workers, many of whom have lost their jobs or seen their incomes reduced. This has further widened the gap between the richest and poorest in Hungarian society. The income of the top 10% of earners increased during the pandemic, while the income of the bottom 10% decreased. The pandemic has also exposed the precarity of many low-wage jobs in Hungary, particularly in sectors such as hospitality, tourism, and retail. Many of these jobs offer low pay, little job security, and limited benefits, making it difficult for workers to make ends meet. The pandemic has also highlighted the gendered nature of income inequality in Hungary. Women are overrepresented in low-wage sectors and are more likely to work part-time or in precarious employment (Svraka, 2021).

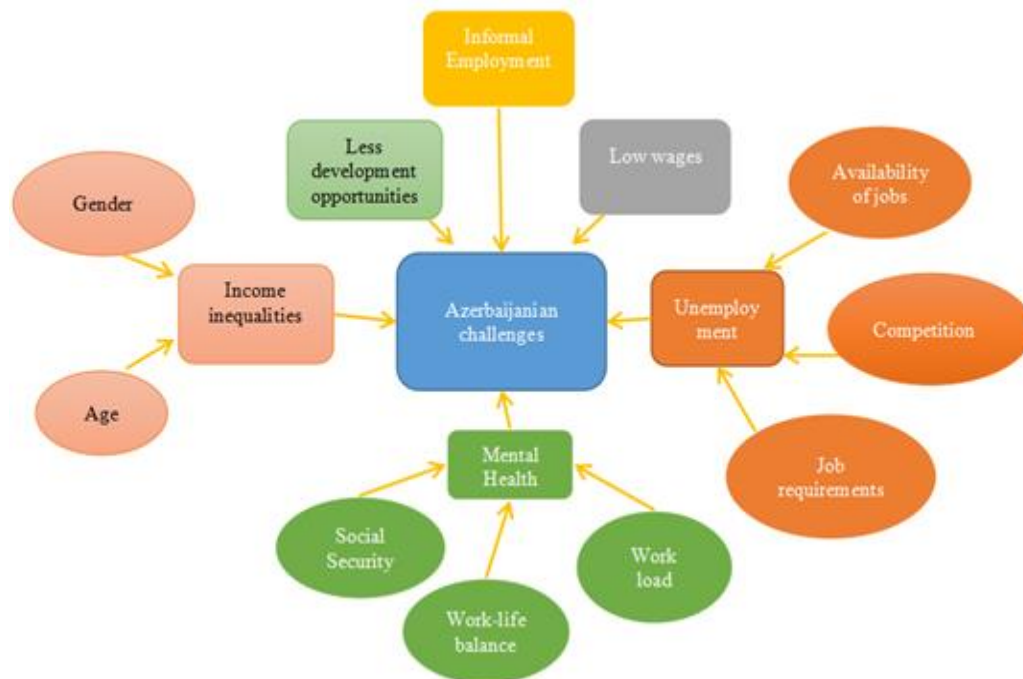
Income inequalities among employees in Hungary stem from various factors, including the positions held, the influence of multinational corporations, the differentiation between private and public sectors, and gender disparities. Firstly, wage discrepancies can be attributed to the hierarchical structure within organizations, with higher-level positions often commanding higher salaries compared to lower-level roles. This hierarchical distinction contributes to income inequality within the workplace. Secondly, the presence of multinational corporations in Hungary can also impact income inequalities. Pay disparities can arise based on the nationality of these foreign companies, with differences in compensation packages and benefit structures between local and multinational employees. This further widens the income gap among employees. Furthermore, income inequalities can be observed between the private and public sectors. In certain cases, the private sector offers higher wages and additional benefits compared to the public sector, leading to disparities in income levels between employees working in these different sectors. Lastly, gender plays a significant role in income inequalities (Boll & Lagemann, 2019). Women, in general, tend to earn less than their male counterparts. Although efforts are being made by large multinational companies to address gender pay gaps, the overall disparity persists.

4. FINDINGS OF AZERBAIJANI LABOR MARKET.

The labor market in Azerbaijan has also been subject to various challenges, affecting both job seekers and employees alike. Through comprehensive interviews with individuals closely associated with the labor market, several critical issues have emerged, highlighting the complexities and dynamics at play. In addition to the existing challenges faced in Hungary, such as unemployment, low wages, inflexibility, and income inequalities, the labor market in Azerbaijan is further burdened by workload pressures that disrupt the work-life balance, inefficient employee benefits, and a significant prevalence of informal employment. These additional factors contribute to the complexities of employment opportunities and conditions in Azerbaijan, presenting individuals with a unique set of hurdles and obstacles to navigate. This introduction seeks to provide an overview of the multifaceted challenges

encountered in the Azerbaijani labor market, shedding light on the diverse range of issues impacting employment dynamics in the country.

Figure 2. Mind Mapping - Azerbaijani Labor Market (*Author's own creation*)



4.1 Income inequalities

According to interviews conducted with individuals in Azerbaijan, Income inequality remains a significant issue in the labor market of Azerbaijan. Factors such as gender, age, education level, and ethnicity contribute to this inequality. Participants noted that personal relationships can influence salary determinations, implying that individuals with influential connections may have access to higher wages, further contributing to income disparities. Opinions varied regarding the impact of the pandemic on income inequality. Some individuals believed that prior to the pandemic, companies had the capacity to pay higher staff costs. However, the damages caused by COVID-19 may have constrained their ability to do so, especially in the initial years of the crisis. This suggests that the pandemic might have further strained companies' capability to offer higher wages. The pandemic has had a particularly significant impact on women in the labor market. School closures have intensified caregiving responsibilities, leading to challenges in balancing work and family obligations. As a result, many women have been forced to reduce their working hours or leave their jobs entirely. This has widened the gender wage gap and increased income disparities.

4.2 Unemployment

The COVID-19 pandemic has significantly impacted the labor market in Azerbaijan, resulting in increased competition, higher job requirements, and decreased job availability. These factors have collectively contributed to a rise in unemployment rates throughout the country. As the pandemic took hold, job opportunities in various industries began to decline. The economic downturn, coupled with businesses struggling to survive, led to a decrease in job availability. This limited pool of available positions intensified competition among job

seekers. With fewer jobs to go around, individuals faced greater challenges in finding suitable employment. Adding to the difficulties, job requirements became more stringent during the pandemic. Many entry-level positions started demanding 1-2 years of experience, reflecting heightened expectations for applicants. As a result, individuals without the necessary experience found it increasingly difficult to secure employment. The increased requirements acted as a barrier for those seeking entry-level positions, exacerbating the unemployment situation. The transition to remote work and digitalization further compounded the issue. The demand for digital skills, such as proficiency in digital tools and remote collaboration platforms, became vital for job seekers. Individuals lacking these skills faced additional obstacles in meeting the evolving job requirements, further contributing to unemployment rates. The combination of decreased job availability, increased competition, and higher job requirements created a challenging labor market landscape in Azerbaijan. Many individuals, particularly those without the desired qualifications or digital skills, found themselves unable to secure employment. As a result, the unemployment rate in the country increased as the pandemic unfolded. Prior to the COVID-19 pandemic, Azerbaijan was experiencing a downward trend in unemployment. According to the State Statistical Committee of Azerbaijan, the unemployment rate decreased from 5% in 2017 to 4.9% in 2018 (Samadov, 2018). The country's government had implemented policies and programs to stimulate economic growth, which had positively impacted the job market. However, the pandemic and subsequent lockdown measures resulted in a sharp increase in unemployment. As businesses closed, many individuals lost their jobs or experienced reduced working hours. The International Labour Organization (ILO, 2020) reported that Azerbaijan's unemployment rate rose to 6.2% in the second quarter of 2020, a significant increase from the 4.9% rate the year before. Despite the government's efforts to support workers and businesses during the pandemic, many individuals remain unemployed or underemployed. In addition, sectors such as tourism and hospitality have been hit particularly hard, further exacerbating the unemployment situation.

4.3 Unfair wages

According to individuals who were interviewed, wages have been a problematic issue even after the COVID-19 pandemic in Azerbaijan. Many companies have offered low wages, particularly for junior positions. The oversupply of bachelor graduates in the labor market has created a situation where companies do not feel the need to offer competitive salaries. This lack of competitive wages has affected employees' ability to meet their expenses and engage in non-essential activities. The pandemic has further exacerbated the problem, as employers faced decreased revenue and financial difficulties. As a result, they have been less inclined to offer sufficient salaries to their workers. Job seekers have encountered difficulties finding jobs that provide fair wages, and even those already employed have experienced reductions in bonuses and other benefits due to the decreased demand and financial constraints. Therefore, the state of wages in the eyes of employees is one of concern. Many individuals struggle to find jobs that adequately cover their expenses, especially considering the cost of living. Even before the pandemic, finding positions with fair wages was challenging, but the crisis has worsened the situation. Some employers have taken advantage of the pandemic to offer lower salaries or reduce employee benefits, exploiting the difficult economic conditions.

4.4 Mental Health

Disruptive work-life balance: Work-life balance and workload have long been significant challenges for employees in Azerbaijan, even prior to the COVID-19 pandemic. In fact, employees in the country have reported that employers expect them to overwork and cover for others, often resorting to manipulation or passive-aggressive threats if unrealistic key performance indicators (KPIs) are not met. This disregard for work-life balance can be attributed to the abundant labor supply in Azerbaijan, which allows employers to exploit the balance between work and personal life. The situation has only been exacerbated by the pandemic, particularly with the widespread adoption of remote work. With employees having their work devices at home, the boundaries between work and personal life have become increasingly blurred. This has made it easier for employers to request additional tasks and extend working hours, making it challenging for employees to establish a healthy work-life balance.

Inefficient Employee Benefits: In Azerbaijan, employers are legally required to provide social security and health insurance benefits to their employees. However, challenges persist in accessing these benefits, especially for workers in the informal economy or those who are self-employed. Despite progress in health insurance coverage, other aspects such as social security and additional benefits like cafeteria plans and perks are often overlooked, creating disparities in the benefits offered to employees. While the government offers various social security benefits, not all workers have been able to access these supports, particularly those in vulnerable or precarious employment situations. The pandemic has highlighted the need for stronger social safety nets and protections for all workers. During the COVID-19 pandemic, the government of Azerbaijan took steps to support workers who faced job losses or reduced incomes, providing financial assistance and tax breaks for affected businesses. However, there were cases where benefits were reduced or eliminated, especially in heavily impacted sectors. Despite efforts to enhance health insurance coverage, challenges remain in ensuring comprehensive and accessible coverage for all workers. In addition to social security issues, the provision of additional perks like cafeteria plans and training opportunities is problematic and often overlooked. Employees still face difficulties in accessing social security benefits or receiving comprehensive and flexible packages that cater to their diverse needs.

4.5 Informal Economy

Informal employment poses a significant challenge in the labor market of Azerbaijan. It is prevalent in sectors such as agriculture and small businesses, where many workers operate without formal contracts, social security benefits, or legal protections. This lack of formal employment arrangements exposes workers to various vulnerabilities, including low wages, exploitative working conditions, and limited access to benefits and protections. The informal employment sector in Azerbaijan faces several issues. Workers often lack job security and stability, as they do not have the legal protection of formal employment contracts. This makes them more susceptible to exploitation by employers who can easily disregard their rights and benefits (Abdurrahimli, 2019). Additionally, as reported by participants, the informal workers may not have access to social security benefits such as healthcare, pension plans, or unemployment insurance, further exacerbating their financial insecurity. Informal employment also hinders career growth and limits opportunities for professional

development. Without formal recognition of their skills and experience, workers in the informal sector may find it challenging to access training programs, advancement opportunities, or secure better-paying jobs. This perpetuates a cycle of low wages and limited upward mobility.

5. DISCUSSION OF FINDINGS

This study provides a comprehensive analysis of the labor market challenges faced by Azerbaijan and Hungary, with a particular focus on the impact of the COVID-19 pandemic. The findings reveal several key themes, including high competition, increased job requirements, decreased job availability, flexibility issues, unfair wages, income inequalities, informal employment, inadequate training support, reduced social security benefits, and heightened mental health issues. Through an examination of these challenges, we gain valuable insights into the labor market dynamics and the consequences of the pandemic in both countries. One significant challenge observed in both labor markets after the pandemic is the high level of competition. This stems from the economic downturn and the limited availability of jobs, which has led to increased requirements for job applicants. However, the situation in Azerbaijan's labor market appears more severe, largely due to its heavy reliance on the oil industry. The decline in oil prices and reduced global demand have resulted in higher unemployment rates and a more challenging job market compared to Hungary. Flexibility has also emerged as a common issue, albeit with different perspectives. Hungarian employees expressed dissatisfaction with a shift towards rigidity after experiencing high flexibility during the pandemic. In contrast, Azerbaijani employees faced both inflexible work environments and heavy workloads, which disrupted their work-life balance. This highlights the need for employers in both countries to adopt more adaptive and supportive work policies that promote flexibility while ensuring the well-being of their employees. In addition, unfair wages are a shared concern in both labor markets. Employees in both countries reported low wages, indicating a need for regulatory measures to address this issue. However, the situation appears more critical in Azerbaijan, where employees stressed the urgency for government intervention and action to rectify wage disparities and improve their financial stability. Another point was Income inequalities which were prevalent in both labor markets, stemming from various factors such as gender, job position, public versus private sectors, national company affiliations, age, and personal relationships between employees and employers. To promote a fair and equitable labor market, measures are necessary to ensure equal pay, transparency in salary structures, and opportunities for career advancement for all workers.

Informal employment emerged as a significant challenge in Azerbaijan, exacerbated by the pandemic. Many workers, particularly in the agricultural sector and small businesses, operate without formal contracts, social security benefits, or legal protections. This vulnerable segment of the labor market requires attention from policymakers to establish fair employment practices and provide adequate protections for workers.

The pandemic has also affected training support, social security, and mental health in both labor markets. Employees of both countries experienced a decrease in training and development opportunities as businesses cut costs. In Azerbaijan, employees faced reduced social security benefits and inadequate training support from employers, resulting in

increased mental health issues. These challenges highlight the importance of investing in employee well-being, providing comprehensive training programs, and strengthening social security systems to support workers during times of crisis.

6. CONCLUSION

Overall, the labor market challenges and pandemic impact in Azerbaijan and Hungary demonstrate both similarities and distinct characteristics. The labor market challenges faced by Azerbaijan and Hungary necessitate urgent attention and action from policymakers, employers, and stakeholders. It is imperative to address issues to ensure the well-being and prosperity of their workforce. By implementing targeted measures and comprehensive reforms, both countries can foster resilient and inclusive labor markets that provide fair job opportunities, promote work-life balance, and prioritize their workers' overall welfare. Moreover, by addressing these challenges, employers can create a more productive, engaged, and satisfied workforce, which benefits both employees and the broader economy. To effectively mitigate labor market challenges in Azerbaijan and Hungary, policymakers, employers, and relevant stakeholders should prioritize the following recommendations. Firstly, there is a need to improve job opportunities and social protection by investing in job creation programs, supporting small businesses, and incentivizing companies to expand and hire more employees. Strengthening social protection systems, such as unemployment benefits and healthcare, is essential to provide a safety net for workers facing job loss or reduced income. Additionally, addressing wage inequalities is crucial, necessitating the implementation of pay transparency measures, equal pay for equal work, and regular wage reviews to ensure fair compensation. Both countries should also prioritize training and skill development programs to equip workers with the necessary competencies for the evolving labor market. Promoting entrepreneurship, supporting small and medium-sized businesses, and upskilling initiatives can enhance employability. Fostering diversity and inclusion is another critical aspect, involving anti-discrimination policies, gender equality measures, and equal opportunities for marginalized groups. Flexible work arrangements, such as remote work options and flexible hours, should be encouraged to promote work-life balance. Attention should be given to strengthening social support and well-being, including affordable healthcare, mental health support, and creating a supportive work environment. In Azerbaijan, it is vital to address the issue of informal employment through policies that encourage formalization and increase worker awareness of their rights. By implementing these comprehensive recommendations, both countries can create resilient, inclusive, and prosperous labor markets that support the overall welfare of their workforce.

Along with the crucial findings, the study has several limitations that should be acknowledged. Firstly, despite extensive efforts to search for relevant literature through various sources such as EBSCO, JSTOR, Scholars, and the International Labor Organization (ILO), it was challenging to find appropriate literature that directly addressed the research topic. Similarly, obtaining country-specific literature on the labor market challenges in Hungary and Azerbaijan proved difficult, limiting the availability of in-depth information on each country's labor market dynamics. Moreover, there were difficulties in recruiting participants for interviews, resulting in a smaller sample size than initially planned. The limited number of participants may affect the generalizability of the findings and may not fully represent the diverse range of perspectives within the labor markets of both countries.

Additionally, the reliance on self-report data from interviews introduces potential biases and limitations, such as recall bias or social desirability bias. It is important to note that the findings of this study may not be generalizable to other countries or contexts due to the unique socio-cultural, economic, and political factors at play in Hungary and Azerbaijan. The study was also subject to time constraints, which limited the depth of data collection and analysis as well.

By exploring these areas, researchers can deepen their understanding of the labor market challenges in Azerbaijan and Hungary, identify potential solutions, and contribute to evidence-based policymaking and interventions. While this study has focused on the immediate impact of the COVID-19 pandemic on the labor markets of Azerbaijan and Hungary, future research should examine the long-term effects. By conducting longitudinal studies, researchers can gain insights into how the labor market dynamics evolve, stabilize, and recover in the post-pandemic period. This analysis will provide a comprehensive understanding of the lasting consequences of the pandemic and enable policymakers to develop effective strategies for long-term recovery. To gain a deeper understanding of the labor market challenges, researchers should conduct sector-specific analyses. This approach will allow for a detailed examination of key industries, such as oil and gas, agriculture, manufacturing, and services. By focusing on specific sectors, researchers can identify sector-specific challenges and vulnerabilities, enabling policymakers to design targeted interventions and policies to address the unique needs of employees within each industry. To provide a broader perspective on the labor market challenges, future research should compare the experiences of Azerbaijan and Hungary with those of other countries. By examining the labor market dynamics in different contexts, researchers can identify commonalities and differences in challenges and potential solutions. This comparative analysis will contribute to a global understanding of the impact of the pandemic on employees and facilitate the identification of best practices and policy approaches for addressing these challenges effectively. Understanding how the labor market challenges and pandemic impact vary among different demographic groups is crucial. Future research should explore the experiences of specific demographic groups, such as women, youth, older workers, and individuals with disabilities. By analyzing the unique challenges faced by these groups, researchers can inform policymakers and employers about the need for targeted policies and interventions to promote inclusivity, equal opportunities, and fair treatment within the labor market. The pandemic necessitated a rapid shift to remote work arrangements. Future research should investigate employees' perspectives on remote work, including its benefits, challenges, and preferences. This research will provide insights into the long-term implications of remote work on job satisfaction, work-life balance, productivity, and overall well-being. Findings from this research can guide policymakers and employers in shaping future work policies and practices.

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