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Balancing Flexibility and Protection: Legal and Regulatory Aspects of Student Cooperative Work in Hungary

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Abstract. Current labour market trends are fundamentally shaped by a structural shift in Generation Z's attitudes toward employment, favouring flexibility and autonomy over traditional relationships. This paper examines the legal and regulatory aspects of student cooperative work in Hungary, a prime example of an atypical legal construct designed to reconcile market efficiency with the protection of vulnerable young workers. Utilising a methodological basis of legal-dogmatic and statistical analysis, the research explores the tension between the classic labour law framework and the flexibility inherent in student work.

The analysis details the unique triangular legal relationship among the student, the cooperative, and the service recipient, noting that while this model functionally mirrors temporary agency work, it is governed by civil-law membership rather than by traditional employment contracts. The paper highlights the significant impact of Hungarian policy interventions, such as the personal income tax exemption for those under 25, which provides a competitive financial advantage that often outweighs the deficit in legal protection. Furthermore, the study addresses academic critiques and potential conflicts with EU law, specifically the Temporary Agency Work Directive, regarding equal treatment and fundamental rights. Ultimately, it concludes that while the cooperative model facilitates successful school-to-work transitions, it requires a balanced regulatory approach to ensure that flexibility does not compromise long-term career stability and employee protections.

Keywords: *student cooperatives; atypical employment; Hungarian Labour Code; legal protection for young workers.*

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1. Introduction

Current labour market trends are fundamentally shaped by a structural shift in Generation Z's attitudes towards employment, which, compared to previous generations, favours greater flexibility, employee autonomy and work-life balance over traditional employment relationships¹. The spread of digitalisation and technological innovations has greatly facilitated the rise of atypical forms of employment, making it easier for young workers to find jobs via online platforms and to arrange flexible working hours that fit around their study commitments.²

Working alongside studies, as a form of atypical employment, is inherently characterised by flexibility and seasonality, which inevitably creates a tension with the classic labour law framework based on predictability, permanence and strict hierarchical relationships. Consequently, a marked market and regulatory need for the development of atypical legal constructs can be observed that simultaneously guarantees employers rapid, transaction-cost-free access to the labour supply and adequate labour law protection for vulnerable groups of workers – particularly young people.³

In Hungary, student cooperative work serves as a prime example of this trend, providing a highly flexible workforce for the market. However, this flexibility creates a profound tension with traditional labour law guarantees, leading to an ongoing struggle to balance market efficiency with adequate legal protection for vulnerable young workers.⁴

This paper aims to demonstrate that while traditional temporary agency work offers a higher level of protection for young people, the cooperative model is also common since both the market and the students themselves prefer its exceptional flexibility, lower administrative burdens, and tax exemptions, which offer a competitive advantage that outweighs the deficit in legal protection.

The methodological basis of the research consists of a detailed legal and legal-dogmatic analysis, supplemented by an analysis of statistical data,

¹ ZS. PÁLFFY, *Motivating and Retaining Generation Z in the Workplace*, Győr: Széchenyi István University, Published in: „A World Out of Joint, Unusual and extraordinary life situations: the era of unconventional, non-,normal, and unpredictable phenomena, Proceedings of the 24th Apáczai Days Scientific Conference, 2021, p. 118

² A. TARI, *Generations Y and Z Online*, Tericum Publishing, vol. 1, no. 1, 2015, pp. 1–100

³ Z. PÁLFFY, *Motivating and Retaining Generation Z in the Workplace*, Selected papers of the 24th Apáczai Days Academic Conference, vol. 1, no. 1, 2021, pp. 1–20

⁴ P. SIPKA – M.L. ZACCARIA, *The legal risks of employment relationships for cooperative members, with particular regard to fundamental employee rights*, Munkajog (Labour Law), 2017/1, pp. 23–30

thereby empirically verifying the prevalence of the legal institutions under examination in the labour market and the limits to the practical enforcement of employee protection mechanisms.

The paper is structured as follows: Chapter 2 introduces the legal framework and defines who qualifies as a student worker under Hungarian law. Chapter 3 details the specific structure of the employment relationship, including contract termination, health and safety regulations, and termination rules. Chapter 4 examines the theoretical background and the European legal context, while Chapter 5 concludes with policy recommendations.

2. The Background of Student's Work in Hungary

The labour market is not organised solely around traditional employment relationships; numerous forms of employment differ from the classic models⁵. A prominent example of such a category is student work, a collective term for work activities – typically temporary and not requiring specialist qualifications – carried out alongside formal studies. This form of employment provides young people with an opportunity to familiarise themselves with the professional world while gaining practical experience. Under Hungarian law, students can engage in work through various legal forms: traditional employment contracts (often part-time), simplified employment for casual or seasonal work, civil law contracts, and, uniquely, through student cooperatives.

Generally speaking, Act I of 2012 on the Labour Code (LC) sets out explicit safeguards to enhance protection for young workers by limiting daily working hours and prohibiting overtime and night work.

At the same time, Act X of 2006 on Cooperatives (Sztv.) also provides a sui generis legal institution: the employment of young people with full-time student status through student cooperatives. This special form of employment means that the student does not perform work under an employment contract; rather, by joining a special cooperative (a school cooperative), the student's work is based on their membership in the cooperative. The cooperative enters into a civil-law contract with a third party (the service recipient), and the member (student) performs the work there.

However, there is a strong dogmatic connection between temporary agency work and the cooperative model, both based on the same structure: a

⁵ Z. BANKÓ, *Telework in Hungary – Legislative, Juridical and Labour Market Policy Experiences*, Hungarian Labour Law E-Journal 2016/2, pp 91-103.

triangular legal relationship involving the worker, the cooperative, and the service recipient. Functionally, it serves the same purpose as agency work, yet it is regulated differently⁶. Within the framework of cooperative employment, a specific membership relationship is established between the member and the cooperative – one that incorporates the Civil Code’s rules on agency rather than a formal, traditional employment relationship – raising the issue of the equivalence of labour law protection and the enforcement of fundamental employee rights.

These theoretical risks must be evaluated against the backdrop of the broader labour market, where young people are increasingly present but often in vulnerable positions. In terms of general statistics, the overall employment rate for the 15–64 age group reached 74.8% in 2023, showing continued growth despite economic headwinds⁷. However, among youth (ages 15–24), the employment rate stood at 27.4% in 2023, remaining below the EU average⁸. Based on the research by Koltai and Bördős (2024), the labour market situation of Hungarian youth is characterised by a high degree of early engagement coupled with structural vulnerabilities. Their analysis reveals that approximately 62% of the 15–29 age group have already entered the workforce, while a striking 82% of those aged 20–24 possess at least 3 months of professional experience. Despite these high participation rates, the study identifies a significant trend toward precarious employment, noting that younger workers are disproportionately represented in fixed-term and temporary positions compared to older generations. This vulnerability stems from a combination of professional inexperience and the flexibility of entry-level roles. Ultimately, Koltai and Bördős emphasise that while early work experience—often gained through the specific legal framework of student work—is a vital catalyst for a successful school-to-work transition, it necessitates a balanced regulatory approach to ensure that flexibility does not come at the expense of fundamental employee protections and long-term career stability.⁹

The legal regulation of student work, therefore, plays a key role in ensuring that employment for young people is not merely an opportunity to earn an

⁶ G. KÁRTYÁS, *The Place of Employment in School Cooperatives Among Forms of Employment*, Pázmány Péter Catholic University, vol. 1, no. 1, 2013, pp. 1–20.

⁷ T. BAKÓ – J. LAKATOS, *Labour Market in Hungary 2023* (Magyarországi munkapiac) (link: <https://real.mtak.hu/219663/1/Munkapiac.pdf>)

⁸ https://eures.europa.eu/living-and-working/labour-market-information/labour-market-information-hungary_en

⁹ L. KOLTAI – K. BÖRDÖS, *The labour market situation of Hungarian youth (A magyar fiatalok munkaerőpiaci helyzete)*, Új Munkügyi Szemle, (2024) 5(1), 53–68. <https://doi.org/10.58269/umsz.2024.1.5>

income but also provides a safe environment. The question of how well the current legal framework meets this expectation is significant not only from the perspective of protecting young people's rights and interests, but also for the long-term sustainability of the labour market. In the following, the specific features of this comprehensive system will be examined.

3. Provisions relating to Young Workers

To ensure the physical and professional development of young people entering the workforce, Hungarian law provides a multi-layered system of protection. This chapter outlines these safeguards, examining the foundational rules of the Labour Code before exploring the specific tripartite legal relationship inherent in the student cooperative model.

Main provisions of the Labour Code

Atypical forms of employment, particularly the employment of young people and students enrolled in full-time education, pose specific legal challenges for those applying the law, necessitating a differentiated system of safeguards. These restrictions – which, as previously noted, apply regardless of the contract's legal nature – mainly concern occupational health and safety and working-time provisions.

Beyond the general OHS requirements, jurisprudence holds that the rules for safe working conditions must be enforced with greater diligence for young employees than for adult employees¹⁰. Consequently, employers bear stricter obligations to provide detailed instructions and supervision, especially for work processes considered hazardous. Additionally, in the realm of social security, statutory provisions grant preferential entitlements to the youth. Individuals who become incapacitated for work before reaching 18 years of age are entitled to sick pay without regard to the duration of their prior insurance period.¹¹

The daily working hours of a young employee may not exceed eight hours¹², while for employees under the age of 16, this limit may not exceed six hours¹³. Where there are several concurrent employment relationships, the daily working hours for each position must be considered collectively. There is no possibility of overtime or night work for young employees, and, in the case of irregular working hours, a maximum of 1 week of working

¹⁰ Kúria (Supreme Court of Hungary), Decision No. EBH2011. 2426

¹¹ Section 44/A of the Statutory Health Insurance Act

¹² Section 114 (1)

¹³ Section 114 (2)

time is allowed¹⁴. To ensure adequate rest, a break of at least thirty minutes must be granted for a daily working time of more than four and a half hours, and a break of at least forty-five minutes for a daily working time of more than six hours, whilst the mandatory minimum daily rest period is twelve hours¹⁵.

In addition, young workers are entitled to five working days of additional annual leave in the year in which they reach the age of eighteen.¹⁶

The framework of Student Cooperatives

As mentioned above, student cooperatives play a specific intermediary role in the labour market, as students are not in a direct employment relationship with the employer through the cooperatives. These special entities are registered organisations with legal personality, in which the involvement of a public educational institution is also essential to their establishment and operation.¹⁷

Regarding the working conditions of members, the Act on Cooperatives incorporates labour law guarantees into its own system by stipulating that the protective provisions of the Labour Code relating to young employees must be applied in full to the personal contributions of student cooperative members who have not yet reached the age of 18. A further restrictive condition is that, in the absence of an employment relationship or a civil-law relationship, a member under the age of 16 may perform only activities related to the school's educational programme or the proper functioning of the institution¹⁸.

With these protective elements, working through a student cooperative has a special regulatory framework for pupils and students, specifically those in full-time education, to promote flexibility and reduce administrative burdens. An inherent condition of this structure is participation in full-time education; thus, membership of a student cooperative automatically ceases upon the termination of student status. The key element of this form is that

¹⁴ Section 126(5)(a) to (d)

¹⁵ Section 126(5) points (e) and (f)

¹⁶ Section 119

¹⁷ G. KÁRTYÁS, R. RÉPÁCZKI, G. TAKÁCS, *The role of temporary agency work and school cooperative work in youth employment. Final research report*, (2012) Budapest, p. 54. Available at: https://www.researchgate.net/profile/Gabor-Kartyas-2/publication/339386782_A_munkaero-kolcsonzes_es_az_iskolaszovetkezeti_munka_szerepe_a_fiatlok_foglalkoztatásban/links/5e4eb7e5299bf1c9db9390d1c/The-role-of-labour-market-integration-and-school-cooperative-work-in-youth-employment.pdf

¹⁸ Section 11(1) – (2)

a pupil or student member of the student cooperative fulfils their personal contribution through so-called external services provided to a third party¹⁹. It must be emphasised that this situation does not constitute a classic employment relationship; the work is based on a special legal status governed by the Civil Code and includes the specified guarantee provisions of the Labour Code. A valid commencement of work is subject to a written agreement between the parties, which sets out the external recipient of the service, the specific task, the remuneration and the time of payment, as well as the place and duration of performance²⁰. A distinctive feature of this tripartite legal relationship is that the recipient of the external service may give direct instructions to the student. This right extends to determining the manner, time and schedule of task performance.

Although the legal relationship is fundamentally civil-law in nature, the legislator considered it essential to incorporate labour law rules designed to protect students' health. If the student is under 18, the strict provisions of the Labour Code automatically apply (including the protective elements described above). However, for adult students (over 18) working through cooperatives, the Cooperative Act sets its own, slightly more flexible health and safety standards, such as a minimum of 11 hours of daily rest.²¹ The principle of fair remuneration is also ensured, as the law stipulates that the remuneration for the duration of the work may not be lower than the mandatory minimum wage (minimum wage).

A specific asymmetry can also be observed in the area of liability for damages: for any damage caused or infringement of personal rights by the student (member) during the provision of external services, the student cooperative and the recipient of the service are jointly and severally liable to the third party in accordance with the general rules of civil law on compensation for damages, and the student cooperative and the recipient of the service are also jointly and severally liable for any damage or infringement of personal rights caused by the student whilst performing their duties²². This rule essentially means that, in the context of cooperative work, the legislature seeks to maintain a liability regime similar to that of an employment relationship: if a student causes damage to a third party, the cooperative and the service recipient are primarily liable; however, if the

¹⁹ Section 10/B(1)

²⁰ Section 10/B(8)(a)-(e)

²¹ M. BÁLES, *An Overview of Regulations Governing Full-Time Students Under the Age of 18 Who Are Members of the School Cooperative*, (*Az iskolaszövetkezet 18 év alatti nappali tagozatos tanuló, hallgató tagjaira vonatkozó szabályozás áttekintése*) Pécs Labor Law Bulletin, vol. 16, no. 1–2, 2023, pp. 78–100.

²² Section 10/B(9) – (10)

student suffers damage, both the cooperative and the service recipient are responsible.

Some case law has also shaped the framework for student work, as evidenced by two landmark decisions that set precedents. In the case of Decision No. Mfv. 10151/2012/6, the labour authority fined a student cooperative, arguing that it had engaged in unlawful labour hire without a licence and in a disguised manner by assigning its students to work at a limited liability company. However, the Supreme Court ruled, on a point of principle, that the Act on Cooperatives expressly permits a student cooperative to enter into an employment contract (or a contract under civil law) with its members as a form of personal contribution, and to provide services to external clients within the framework of this commercial economic activity. According to the court's reasoning in principle, the authority cannot arbitrarily reclassify the parties' civil law contract of mandate as labour hire if the legislation expressly legitimises this specific form of operation for student cooperatives. The legal consequence of this decision was that it clearly distinguished student cooperative services from traditional labour hire, both in legal theory and in practice, thereby protecting the cooperatives from administrative sanctions for unauthorised hiring and ensuring the continued existence of this atypical market model.

Another precedent-setting decision, No. Kfv. 45044/2025/5 addressed a different critical area: the issue of responsibility for ensuring rest periods. According to the facts of the case, the labour inspectorate had found a student cooperative at fault because its students, whilst working in a restaurant, had not been granted the mandatory 11-hour daily rest period between working days. The Supreme Court stated that, during an employment inspection, the authority must examine on a case-by-case basis who the actual 'employer' is, i.e. for whom and under whose direction the substantive work is carried out. Since the Labour Code grants the recipient of external services the right to issue direct instructions regarding the timing and scheduling of task performance, the Supreme Court noted that the student cooperative has no substantive influence over these matters and, therefore, cannot be classified as an employer in this respect. A crucial legal consequence of the decision is that, in future, objective liability for breaches of the rules guaranteeing working and rest periods will lie not with the formal contracting party (the student cooperative), but with the actual employer, i.e. the recipient of the external service, thereby requiring the authorities to take action against the company exercising the right to give instructions at the actual place of work.

4. The Characteristics and Criticism of Hungarian Legislation

Hungarian legal literature has closely scrutinised student work, and in particular employment through student cooperatives, which, whilst ensuring flexibility, raises numerous theoretical and practical problems. Kenderes and Prugberger note that one aspect of student cooperative employment is rooted in civil law, while the other is rooted in labour law. In their view, the legislator, through this legal institution, coyly glosses over the fact that the arrangement is essentially a ‘temporary agency work’ contract.²³

Other authors view with concern the asymmetry arising from the tripartite legal relationship, in which the recipient of the external service has the right to issue direct instructions regarding the timing, scheduling and manner of task performance, whilst the cooperative with which the student has a legal relationship is completely sidelined. They also level sharp criticism at the rules on liability for damages: if a student suffers harm during work, the general rules of civil law apply instead of the stricter, employer-guaranteed liability rules under the Labour Code, which clearly sacrifices the safety of the young person carrying out the work on the altar of economic flexibility. According to the authors, this under-regulated system may also violate the provisions of the Charter of Fundamental Rights of the European Union, in particular the protection against unjustified dismissal (Article 30 of the Charter) and the right to working conditions that respect human dignity (Article 31 of the Charter).²⁴

Kártyás voices his criticism from the perspective of EU legal harmonisation. In his view, employment through student cooperatives is, in essence, structurally and functionally identical to temporary agency work. In his analysis, he refers to the judgment of the Court of Justice of the European Union in the *Ruhrlandklinik* case, which held that Member States cannot evade the scope of the Temporary Agency Work Directive (2008/104/EC) merely by defining the person performing the work under national law not as an employee but as a member of a specific cooperative, provided that they enjoy protection under national law in respect of the work performed. According to Kártyás’s doctrinal conclusion, members of student cooperatives should also be entitled to the equal treatment enshrined in the Directive – for example, in terms of pay and working hours

²³ GY. KENDERES, T. PRUGBERGER, *An assessment of the regulation of temporary agency work and work carried out by school cooperatives under the new Labour Code*, *Gazdaság és Jog* (Economy and Law) 2012/2, p. 21

²⁴ P. SIPKA – M.L. ZACCARIA, 2017

– and the general exclusion of students from this protective umbrella of labour law raises serious concerns under EU law.²⁵

Despite academic doubts, it is clear that work through the student cooperative has become an integral part of student employment. Although legal literature has criticised the introduction of the regulation on a few points²⁶, the statistical data shows that the market has vindicated the legislator's position, as working within this framework is significantly simpler, faster and more flexible, which is an absolute priority for students, even over higher levels of legal protection. Additionally, despite student wages generally hovering around the statutory or guaranteed minimum wage, it is still worth being a student worker. The reason for this fact is an essential financial incentive: young people under the age of 25 are exempt from the 15% personal income tax; furthermore, cooperative work is exempt from social security contributions. As a result, for these students, the gross wage effectively equals the net wage, making this form of work highly lucrative.²⁷

5. The Advantages of Student Work in the Labour Market

As mentioned above, the constant evolution of the labour market has not only created new forms of employment but has also slightly transformed existing ones. This is particularly true of student work, which has received increasing attention among atypical forms of employment, as the main characteristic of student work is that it differs from traditional, permanent, full-time employment, which is considered the classic form of labour law.

One of the most significant differences is the duration of employment, as the majority of student jobs are temporary; for example, students take them on during the summer holidays or outside of exam periods. Furthermore, student work is often part-time or casual, so it can be adapted to students' timetables and other academic commitments, as well as the specific characteristics of their age group. Another key difference is the flexible working hours, which allow students to take on work by prior arrangement,

²⁵ G. KÁRTYÁS, *Interpretation of the Temporary Agency Work Directive in the case law of the Court of Justice of the European Union and its implications for Hungarian labour law*, Part I, Magyar Jog, 2023/9, p. 528

²⁶ I. HORVÁTH, *Temporary Employment: The Obligation to Harmonise Laws - Problematic Implementation*, (Munkaerő-kölcsönzés: jogharmonizációs kötelezettség - aggályos teljesítés), Magyar Jog, 2012/3, pp. 171–176

²⁷ L. GÁL, *Student Work: How Hourly Wages and Tax Credits Will Change in 2025*, (Diákmunka: így változnak az órabérek és az adókedvezmények 2025-ben) Eduline, vol. 1, no. 1, 2025, pp. 1–2; A. POMPER, *Smart Student Wage Survey 2025*, Tudatos Diák, vol. 1, no. 1, 2025, pp. 1–5

tailored to their free time. This kind of flexibility is typically not available in standard employment relationships, where working hours are much more rigid.

One of the greatest attractions of student jobs for young workers lies in their flexibility. Working alongside studies can only be sustainable in the long term if working hours and duties are tailored to school commitments. However, flexibility is crucial not only for balancing work and studies, but also because leisure activities – such as sport, socialising or family outings – play a significant role in young people's lives.

According to an online survey conducted in Hungary in May 2022, 89.2% of students considered flexible working hours to be the most important factor when choosing a job, whilst nearly three-quarters highlighted the opportunity to earn money. This indicates that when taking up employment, young people do not consider solely financial factors; the freedom to manage their own time carries at least as much weight. Another 2025 wage survey shows similar results, indicating that flexibility is the most important factor for students when taking up employment.²⁸

In practice, flexibility takes many different forms. Many student cooperatives allow students to cancel or change shifts they have already taken on, either without a reason or, if the shift is scheduled for the near future, with a valid excuse. In addition, there are increasing opportunities for students to select times that suit them best through online systems, allowing them to shape their own schedules. Furthermore, in many places, there is no required minimum number of working hours per month or week, or the requirement is not nearly as strict as for a regular employee.

However, the degree of flexibility varies across jobs. Office or digital roles, such as administration and customer service, often allow students to work flexible hours or even from home, while working hours in the hospitality, retail, or manual labour sectors are, in many cases, strictly predetermined. Young workers in these sectors must not only be present at the workplace but also adhere to specific shifts, leaving them with fewer opportunities to accommodate their school commitments. Here, working hours are often inflexible, making it more difficult to balance work and leisure time. On the other hand, a high degree of flexibility is also found in these industries. This is particularly true for those employed through student cooperatives, as their popularity stems not only from the availability of easily accessible job vacancies (usually advertised via various online platforms) for students, but

²⁸A. POMPER, *Smart Student Wage Survey*, 2025, Ed.: P. Balogh; (Published: 10 March 2025). Available at: <https://tudatosdiak.hu/tudatos-diak-berfelmeres-2025>, produced by the Job Force School Cooperative, part of the Work Force HR service provider

also from the fact that, as employers, they pay greater attention to their rights and studies.²⁹

This kind of flexibility has become increasingly significant in recent years, particularly as remote working and home-office arrangements have opened up new opportunities for students. Whereas in the past students typically held the traditional, location-bound roles listed above, nowadays they have access to an increasing number of opportunities that can be carried out from home. The rise of remote working and the emergence of online work environments provide students with the opportunity to better align their working hours with their school commitments.³⁰ Jobs such as – among others – online customer service, telemarketing, programming or social media management do not require travel, so young people can save time and money, and university students can easily take on even short shifts of up to two hours. The opportunities offered by the digital space help students to adapt flexibly to their own schedules.

In the present labour market, flexibility is therefore not only an advantage for students, but also an expectation. Thanks to the digital transformation and the growing prevalence of remote working, student work is increasingly adapting to the lifestyles of young workers, enabling them to effectively manage the challenges of both work and school life. Sociological and HR research indicates that this early socialisation into flexible working conditions deeply influences their future expectations. When Generation Z enters traditional, full-time employment, they continue to demand similar flexibility, autonomy, and atypical arrangements from their primary employers.³¹

6. The Risks of Vulnerability: The Downsides of Student Jobs

Although student jobs offer numerous benefits – particularly in terms of flexibility and the opportunity to gain experience – the risks that young workers may face in practice should not be overlooked. Specifically, these challenges encompass the financial limitations of entry-level remuneration,

²⁹ *Salary Survey for 2026*, Tudatos Diák Bérfelemérés 2026; Tudatos Diák, Available at: <https://tudatosdiak.hu/berfelmeres-2026#letoltes>

³⁰ A. SZŐCS, *Young People and the World of Work: Characteristics of Part-Time Employment While Studying in the Years Following the Expansion of Higher Education*, (Fiatalok és a munka világa: A tanulás melletti munkavállalás jellemzői a felsőoktatási expanziót követő években), Belvedere Meridionale Publishing, vol. 1, no. 1, 2024, pp. 1–150

³¹ S. BÖHLICH; R. AXMANN, *Generation Z: A comparative study of the expectations of Gen Z and the perception of employers*, IUBH Discussion Papers - Human Resources, 2020, No. 1/2020, IUBH Internationale Hochschule, Erfurt, pp. 1-16

the precarious nature of atypical employment, and the potential gaps in social security coverage.

Low pay

One of the most characteristic features of student jobs is low pay, which, whilst remaining within legal limits, is in many cases not commensurate with the work involved or the responsibilities of the role.³² With hourly rates close to the minimum wage, students often have very little financial leeway, and working alongside their studies frequently places a significant burden on them.

Hungarian labour market statistics highlight a structural dichotomy in the earnings patterns of young workers: while those under 20 show a nearly 39% increase in average gross earnings, and those aged 20–29 show a negative deviation of more than 13% compared to the national average, their net income position is significantly adjusted by targeted policy interventions³³. The gross wage disadvantage arising from a lack of experiential capital and the dominance of entry-level positions is substantially mitigated by the personal income tax exemption for those under 25, which provides a relatively competitive advantage and greater consumption capacity through higher disposable income for career starters during the initial phase of labour market integration.

However, this situation appears to have improved slightly in recent years: the steady rise in Hungary's minimum wage – with annual increases averaging between 9% and 15% in the recent 2024–2026 period – is also affecting student pay, so the wage increase may provide some relief for young people. It is important to note, however, that wage increases do not always keep pace with inflation, so alongside rising living costs, students' financial leeway often remains limited. Wage growth, therefore, does not in itself necessarily provide a meaningful solution to the financial difficulties faced by young workers.

In this context, the personal income tax exemption plays an important role: those under 25 can earn income of up to 656,785 HUF (approx. 1,640 EUR) in 2025 and 715,765 HUF (approx. 1,790 EUR) in 2026 (approx. 2,000 EUR), which could represent significant tax savings for them.³⁴

³² https://www.ksh.hu/stadat_files/mun/hu/mun0208.html

³³ https://www.ksh.hu/stadat_files/mun/hu/mun0208.html

³⁴ L. GÁL, *Student work: how hourly rates and tax allowances will change in 2025*, (Published: 1 February 2025). Eduline.hu, Available at: <https://eduline.hu/felsooktatas/20250131 diakmunka-oraber-minimalberemeles-2025-szja>

However, if this limit is exceeded, a 15 per cent personal income tax must be paid on the excess amount. It is important to note that the tax relief is only available until the month of one's 25th birthday, not until the end of the year.³⁵

The Issue of Gender Distribution

Gender inequalities are also present in the student job market. According to data from the Central Statistical Office, the general pay gap between women and men also varies by age. For workers under 20 years, the gender pay gap in gross salaries is only 5,1%, rising to 12,8% among workers under 30 years.³⁶ However, the personal income tax exemption for those under 25 and the extension of the tax credit for mothers under 30 form a fiscal safety net that largely offsets the market-based gross-wage disadvantage at the net-pay level.³⁷

The research findings reflect that the gender pay gap is also present in the student job market, not just among those in full-time employment.³⁸ Depending on the type of work, certain preferences regarding the gender of student workers can also be observed. Physical jobs – such as stocking shelves, warehousing, site management at events, or deliveries involving larger parcels – are primarily available to male students. This can be attributed to stamina and physical strength; however, there are still positions that do not require these to the extent that employers assume, and which female students could perform just as well. Female students are more likely to be offered administrative tasks, hostess work, cashier roles, customer service activities or lighter physical work, such as packing or gift wrapping, which often involve less physical strain but frequently come with lower hourly wages.³⁹

Unfortunately, this gender-based division of labour reinforces social stereotypes in the world of student work, whilst limiting students' opportunities to gain both experience and income. This may also impact

³⁵ Section 29/F of the Personal Income Tax Act

³⁶ KSH STADAT – 2.1.2.8. Average monthly gross earnings of full-time employees by age group and sex (mun0208). Reference link: https://www.ksh.hu/stadat_files/mun/hu/mun0208.html

³⁷ KSH STADAT – 20.2.1.49. Average gross earnings of full-time employees by major demographic characteristics of employees, quarterly cumulative. Reference table: https://www.ksh.hu/stadat_files/mun/hu/mun0199.htm

³⁸ A. Pomper *Salary Survey for 2025* (Tudatos Diák Bérfelmérés 2025); (Published: 10 March 2025); Tudatos Diák, Available at: <https://tudatosdiak.hu/tudatos-diak-berfelmeres-2025>

³⁹ *Salary Survey for 2026*, Tudatos Diák Bérfelmérés 2026; Tudatos Diák, Available at: <https://tudatosdiak.hu/berfelmeres-2026#letoltes>

career choices and planning in the longer term. All this is particularly contradictory in light of Generation Z's values, as equal opportunities and social justice are key priorities for them. The reinforcement of gender roles associated with specific jobs prevents students from freely exploring their abilities in different fields, thereby also reducing labour market mobility.⁴⁰

Legal Protection, Subordinate Status

As atypical workers, students are in a particularly vulnerable position in the world of work. Although labour law provides them with basic protection, these regulations are often insufficient due to the specific nature of student work.⁴¹

Although students are, in theory, protected by the law in the same way as any other employee, the practical enforcement of these protections can face obstacles. Particularly in the case of work carried out within the framework of student cooperatives, the specific nature of the legal relationship (a contractual, rather than a traditional employment, relationship) reduces the effectiveness of traditional labour law protections.⁴² During short-term, flexible work arrangements, breaches of the law are difficult to document, and these very young workers often do not dare to take action against abuses, fearing they will lose their job opportunities. Consequently, although legal remedies are theoretically available, redress of students' legal grievances through the courts remains rare.⁴³

7. Summary

The Hungarian legal environment supports employment through cooperatives in two ways: first, by incorporating most of the protective provisions (working hours, occupational safety) from labour law, thereby creating de facto identical regulatory conditions. On the other hand, by introducing financial incentives (personal income tax exemption, tax breaks for employees under 30), it seeks to reduce the disadvantages young workers face due to inexperience and a limited ability to assert their rights. Of course, criticism can always be directed at the regulations. Still, based on the statistical data, it can be concluded that this is a beneficial form of

⁴⁰ *Salary Survey for 2026*, TudatosDiák

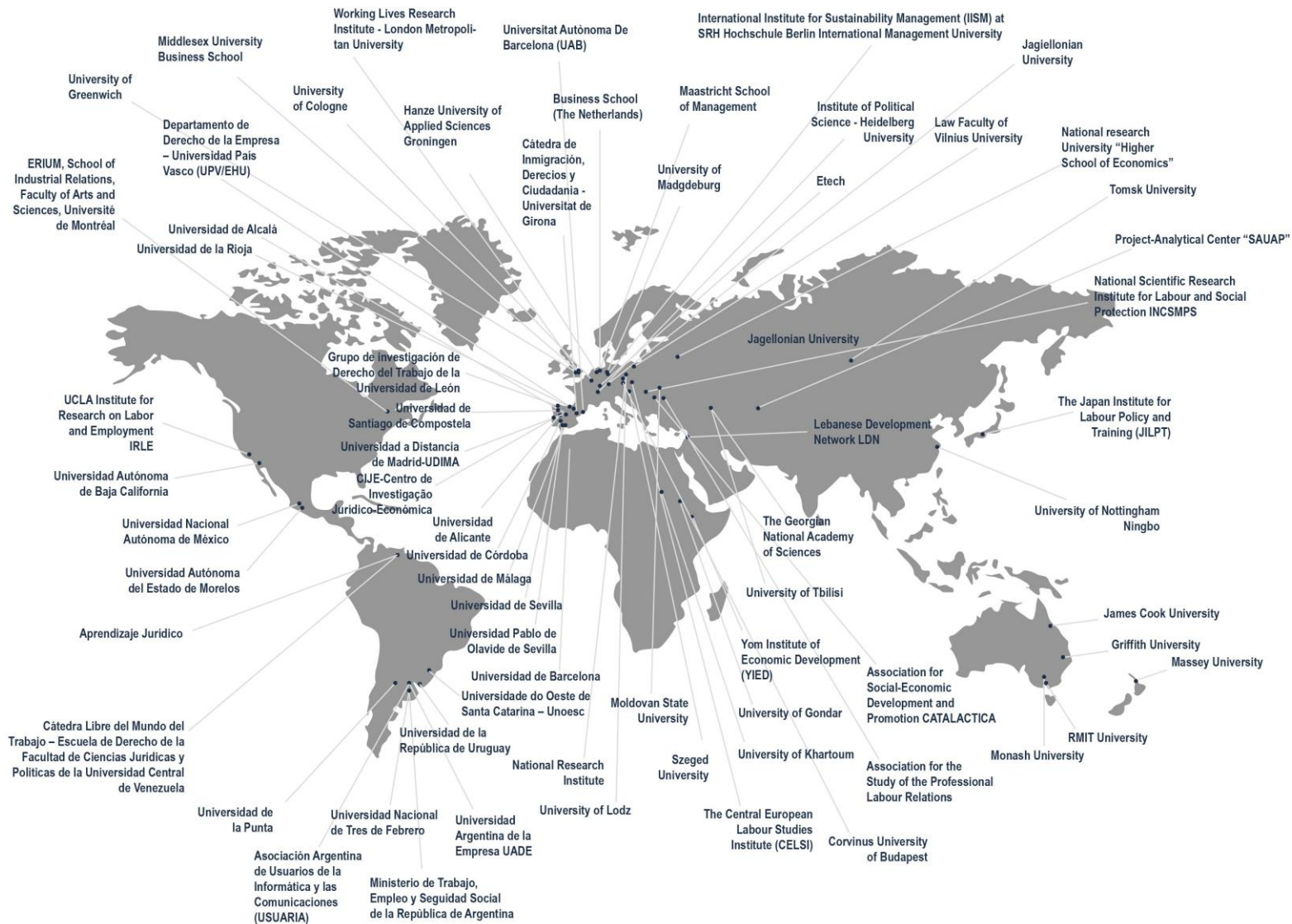
⁴¹ J. KÁRPÁTI, K. BOGNÁR, *Alternative Forms of Employment in the Hungarian and European Labor Markets*, (Alternatív foglalkoztatási jogviszonyok a magyar és az európai munkaerőpiacon), Economy and Law (Gazdaság és Jog), 2020, pp. 32–39.

⁴² SIPKA – ZACCARIA, 2017

⁴³ M. BÁLES, 2023

employment for the labour market. The questionnaire-based studies presented confirmed that for young workers, potential labour law protections (e.g., protection against dismissal) carry significantly less weight, so they perceive this as a step backwards to a lesser extent. In contrast, starting work at a relatively early age not only offers financial benefits but also constitutes a socialisation process that provides multiple advantages throughout one's career, thereby having an overall positive impact on the employee's subsequent life.

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