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Complex economic analysis of welfare and well-being:
The natural border of income inequality

Doctoral (PhD) dissertation
Thesis booklet

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1 Introduction

Research of income inequality is in its renaissance era. Since the 1970`s, publications and researches in the topic are multiplying. Scientific texts of the most recent decades are plentiful with research on the increase of income inequalities. At the beginning of the 3rd millennium after the birth of Christ, we live in an era burdened with inequality and injustice. This is made ever more alarming by the fact that a very small fraction of our society (the super riches of the world) became wealthy beyond all imagination, while a sizeable portion of humanity is removed even from the most basic opportunities. This is well exemplified by examining the assets of the wealthiest 8 people in the world, who have as much as half of the global population (Hirschler, 2017). Economic growth excluding the majority of our society only enlarges the inequality, and results in the countries with greater inequalities having worse performance in various healthcare- and societal indicators. It is also interesting from a social scientific standpoint that the daily wage of an American farmer equals the yearly pay of his African colleague. In the field of income inequalities Friedman and Kuznets, both Nobel-laureate economists have reached the conclusion already at the beginning of the last century, that the income difference between the more- and less educated workers is significantly higher than it should be based on the surplus capital investment (Atkinson, 2017). This dissertation attempts to provide a summary of the Hungarian personal wealth distribution`s – so far undiscovered and undocumented – problems, showcasing the parallels between migration and wealth inequalities. On the one hand, the inquiry is methodical, as in one of its goals is the methodical innovation of the bearable level of income inequality. Our investigation, conducted among Hungarians living abroad, has found that the 1042 responders gain on average 4.2 times more wage income abroad than in their home country. This is interesting also because such an income inequality results in migration for some of our fellow countrymen. According to the inquiry, responders wouldn`t return to Hungary even if they would earn 2.5 times their original Hungarian income. The thesis also highlights that the most extreme income inequality in Hungary between the least paid and the top-earning employee is 1394-fold. The dissertation investigates the following central question throughout: what is the optimal income difference within a workplace, a country or the countries? However, the work`s main methodical innovation is that it determines the economic analytical framework, where the question of inequality can be assessed in space and time. On the other hand, the relationship between material wealth and happiness is going to be investigated, which has gained significant attention in the social sciences in recent years. Examining the results of the primer research, it has been

found that Hungarians living abroad are happier abroad, but their happiness is not solely influenced by better material status, there are other factors involved as well.

2 Significance and goals of research

Changes in global economy are best characterized by the increase of local differences, continuous growth of social and economic inequalities and the differentiation of geographical space. If the historic development of global economy is examined, a more and more asymmetric picture is drawn: in terms of development and economic growth, each country and region shows major differences. Driving factors of unequal development sparked the interest of researchers (Schumacher, 2014). Therefore the question of income differentiation has stayed relevant as well, international capital inequality is important especially for future, since it can reach unprecedented levels within the bounds of our globalized world. Capital and income inequalities have effects way beyond economic consequences, namely their social and societal reverberations. Richard G. Wilkinson and Kate Pickett analyzed data from 23 countries and the 50 states of the US and found that the countries and states with greater inequalities perform worse in a number of healthcare and societal indicators.¹ All of this means that the indicators from more unequal societies are worse in terms of societal problems – such as life expectancy at birth, infant mortality, teenage pregnancy, obesity and mental illnesses (and so on). In 2015, global leaders in the UN summit made a commitment to end global poverty, mitigate unfair inequality and fight global social problems endangering millions of citizens. Among the unequivocally accepted 17 sustainable development goals (SDG) and indicators, reduction of income inequalities has a significant role. 2018's World Inequality Report warns that income inequality has grown in all parts of the world, although with different speed. However, this trend is not expected to stop in the future either. A central topic of the 2018 World Economic Forum was the growing inequality within countries and between countries, which not only hides a chronic economic risk, but also has a very disturbing effect on the societies. Worries about inequality also highlight fundamental doubts about social fairness as well.

¹ Wilkinson, R.G., Pickett, K.E. (2006): Income inequality and population health: a review and explanation of the evidence. *Social Science & Medicine* 62 pp. 1768–1784

3 Research questions and hypotheses

Economists have greatly different opinions on what level of income inequalities would be ideal for a society, a driving force for the economy yet not too disturbing. Views differ regarding government involvement in reducing income inequalities, with transfers and taxation, and if yes, to what extent. The natural border between fair and unfair inequality is also highly questionable and plastic, as well as the indicator to describe such differences. In the thesis, I take special care about investigating and explaining the problems of personal income and capital. One of the new results of my thesis in my view, is that I locate the major questions systematically on the research map, and I propose an analysis framework for the almost infinite topic of inequality. Before starting the research, my hypotheses were formulated, which I am aiming to confirm or disprove based on secondary and primary data.

- H1: Among companies in Hungary, large scale wage differences can be observed – which are underestimated even by corporate experts – and the wage inequalities grow proportionally with the company size.
- H2: Hungarians earn 4-5 times more for their work abroad. If they received 2.5-times as much as before at home, they would return.
- H3: Hungarians working abroad are happier because of their improved monetary circumstances.

The thesis introduces the so-called „research map”, providing the bloodstream of the investigation topic. Goal of this map is to demonstrate the connections between inequalities found in society. Topic framework was formulated by systematically organizing relevant literature. The table’s holistic approach allows for examining the connection and securing research areas. Based on the research map, welfare and well-being dimensions as well as 5 different levels have been created and compared. Each cell contains those most important questions which help effectively examine problem-suggestions. This new „thinking map” has those advantages which are the contributions of the author of current research (different backgrounds signify these cells). The interdisciplinary nature of the research requires the creation of a standard framework, for which previously no precedent work existed. Opinions and knowledge – available to me – based on and formulated about scientific facts have never been systematically organized like this before. As these phenomena are always determined by multiple phenomena, the levels created by me (individual, corporate, national, etc.) allow for discovering deeper relationships and rules. I hold it especially important to investigate connections between the social phenomena.

Description			I.	II.	III.	IV.	V.
			Individual level	Corporate inequalities	National inequalities	EU-wide differentiation	Global inequalities
Welfare	Well-being	Income (1)	What is the real income? What level of wage inequality can people tolerate? Starting income vs. minimum wage?	Minimum wage vs. top-income Transparency vs. secret payments Female and male wages	Core locations vs. depression areas Average wages vs. top income	Centrum vs. periphery (GDP, minimum wages and average wages)	Where does income growth migrate to in the world? Who is disadvantaged?
		Consumption (2)	How are minimal living conditions and access to healthy foodstuffs made possible?	Top Cafeteria vs. „nothing“?	Subsistence wage vs. luxury consumption	Subsistence wage vs. luxury consumption?	Food waste vs. starvation
		Capital (3)	How many years of savings to reach secure existence (e.g. home, car)	Owner capital piling, manager equity vs. stakeholder-employee-related compensation	Super rich vs. deep poverty	Regional center vs. poor area?	Super-wealthy of the world vs. slums
	Happiness (4) general life satisfaction		What makes our life happy? To what extent do material goods influence happiness?	Fair working circumstances, good working atmosphere vs. severe employee exploitation	Wellbeing vs. illbeing	What makes Hungarians happy? What makes other nationalities happy?	Where are we on the global happiness map? Happiest vs. least happy countries
	Health (5) physical and mental comfort		How is the achievement of healthy living conditions realized?	Healthy workplace (promoting healthy lifestyle) vs. inhumane working conditions	Regional differences, varying healthy conditions, private. vs national/federal hospitals	Highly differing healthcare provider systems	Varying health risks around the world
	Education (6) School record		How much is the access to education, knowledge and qualification ensured? How much is lifelong learning ensured?	Knowledge fostering environment, participation in education, knowledge management vs. corporate culture against qualification	Quality education vs. underperforming schools Private schools vs. state schools	Different educational systems, different quality in education (Inequality of funds for education)	Elite schools vs. lack of quality education
	Environment (7) natural and living environment		How much are natural living conditions, liveable human conditions ensured?	CSR vs. maximizing profit (social responsibility differences)	Densely populated urban area vs. countryside, hyper-modern vs. rust zones, global deposits	Metropolis vs. countryside	Overuse (exploitation) vs. sustainability Ecological footprint vs. biocapacity

1. table: Introduction to the holistic approach of research area

Source: own contribution

With the desire to create a standardized framework for welfare and well-being, indicators defining the cross-section of various levels and dimensions become more and more pronounced, suggest new research questions and problems as well as forecast new scientific, methodical and solution opportunities.

One of the goals during compiling the table was to allow for modeling the research topic in the objective reality. The model has practical content, deeper knowledge can be gained by using it. In my view, in certain areas it is quite obvious that they are well-researched (like ecological footprint, biocapacity) while others are less in the foreground, so the latter require more fundamental technical expertise, contain innovative problem formulation (e.g. corporate wage politics, tolerable inequality, money's contribution to happiness, etc.).

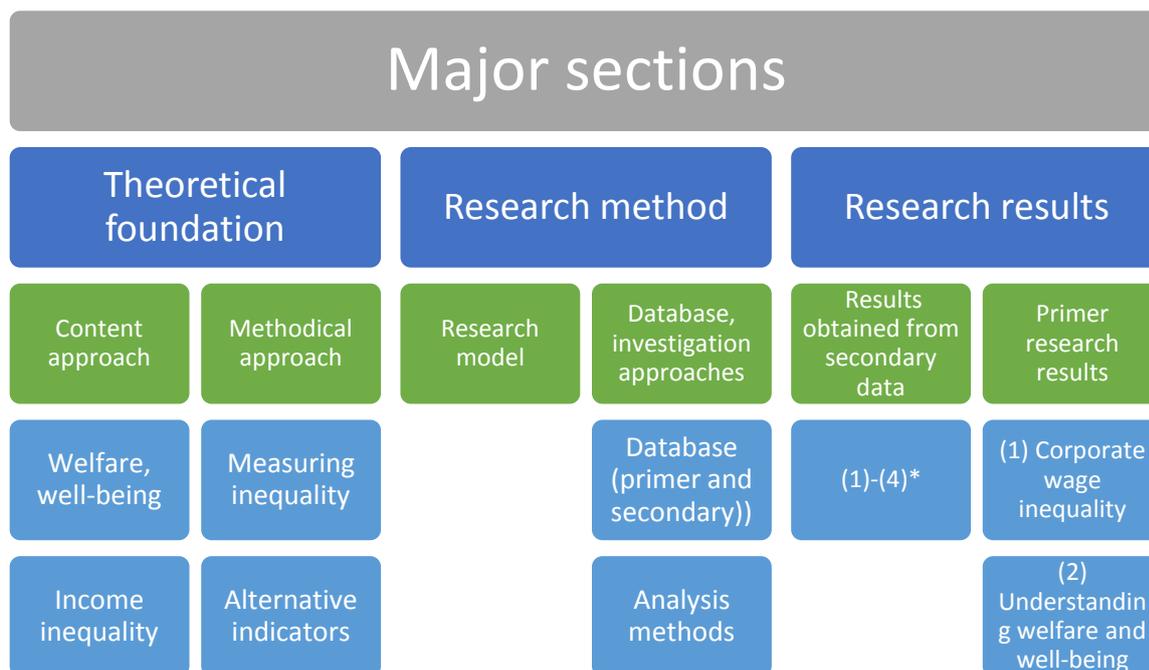
I believe that in the case of multiple studies, a single indicator's significance is overexaggerated, even though it does not provide a clear answer to the basic problem, while the significance of another indicator is relatively low (because, for instance mathematics as an expression method cannot be applied).

It can also be seen that data collected throughout the research and organized into the model have different significance from the viewpoint of the dissertation. The table aims to create ideas that influence further levels of scientific understanding through new laws. An overarching question of the dissertation is the optimal income difference in a workplace, a country or between countries. However, the methodical innovation of the thesis is to determine the economic analysis framework allowing for spatial- and time-analysis of inequality (providing real number value at least in one of the sub-areas, to answer the fundamental theory). Migration as a phenomenon is understood as a methodical opportunity, since I find that migration has a new, less analyzed version that makes it possible to investigate inequality's so-called natural border. Therefore I plan to research its tolerable level using a new theory. Income inequality creates a certain type and level of migration, and I build my inquiry on this relationship between income and migration.

Of course the division of the table is not absolute. It does not aim to create an exclusive and generalized, all-encompassing theory. It rather focuses on the approach that the research in the topic needs to use a systemic approach, as well as to seriously consider the fundamental questions of life during our study of welfare and well-being. It also foreshadows those dimensions which provide future research potential. This descriptive model should be used in a way that it can form the foundation of future research but still be available for expansion, refinement and extension.

4 The dissertation's structure

After introducing the topic's actuality in the first chapter, national and international scientific literature is reviewed and organized in the second chapter to introduce the theoretical fundamentals. In the next section, the methods of research are thoroughly introduced. Chapter "Research results" deals with the central research topic: results obtained from secondary data and empirical analysis.



1. Figure: Main sections of the dissertation
Source: own contribution

Results obtained from secondary data cover the following areas:

(1) Reason for researching income inequality

The goal of this chapter is to introduce how scientific literature's keywords appear in scientific online full-text databases, like income distribution or income inequality, equality as well as poverty and deprivation; furthermore what emphasis was placed on migration and how these changed through scientific history.

(2) Income inequality map of the European Union

This chapter introduces the variety of the EU's development map. Within the European Union, both in between countries and in the countries themselves, large developmental differences exist, supported by statistical data.

(3) Roots of employment-orientated migration

This chapter aims to discover the factors behind migration due to wage inequalities, what kind of wage inequalities are prevalent in the European Union. As a result of income inequalities, households formulate a need for increasing income, and this demand manifests itself in migration.

(4) Gender-based wage gap

The chapter describes global equality between genders, with special focus on income differences, then the focus shifts to wage differences between male and female employees in Hungary. Introduction of the wage gap indicator mentions recent years' results, as well as spatial differences.

Primer researches focus on two areas:

(1) Questionnaire-based research of corporate wage inequality

The investigation aimed to discover inequalities in Hungary's corporate sector (within selected companies) in terms of employee compensation, and the opinions of those asked about wages and wage differences. This research was conducted with involvement of professional economists – financial and HR managers, accountants.

(2) Questionnaire about welfare and well-being for private individuals

The chapter disseminates the research results collected from investigating welfare and well-being factors of Hungarians working abroad. Source of the data were those Hungarian responders who migrated from Hungary – in hopes of a better quality of life – abroad. Emphasis was placed on income available abroad (income differences) and factors affecting happiness.

5 Research methods

5.1 Database

To obtain secondary data in my research, I used Eurostat databases. Source of the cited data are the most recent results published by Eurostat in the past years. Database was formed by the 28 EU member country's data. Data was collected on GDP and its trends, minimum wages according to law, and net average wage income.

The research attempted to (1) obtain primary data from the corporate sector about employment compensation differences, as well as (2) measure the tolerable income inequality

level, its so-called *natural border*² with the help of employment-oriented migration – involving Hungarians living abroad. Primer data was collected using questionnaire.

(1) The first section of the research involved economic professionals – financial and HR managers, accountants. Questionnaire was conducted between January and March of 2017.

(2) Second part of the inquiry aiming to collect primer information was conducted by involving Hungarians living/working abroad; source of data were those Hungarian responders who left Hungary – in hopes of a better life – to another country. The investigation was conducted between November and December of 2017.

During sampling, I strived to select a “balanced” group in both questionnaires. Neither case employed statistical sampling, the reason being the limited research funds. In both analyses, however, I attempted to select representative important indicators.

(1) Professional sampling was used in the corporate questionnaire processing. Thereby those responders can be highlighted from the base population, who are professionals among the analyzed population. The point of this method is that those individuals are determined who definitely should or should not be included in the sample. Within companies, financial and HR managers as well as accountants have the best insight into wage inequalities.

(2) Snowball sampling was applied in the questionnaire targeting Hungarians abroad. This method was selected because it starts out from personal acquaintance circle and can reach quite far from there. Online acquaintance- and relationship networks as well as the online space are more and more popular platforms for establishing virtual relationships, which are helpful in transmitting messages, exchanging information and data. Most of the online relationship networks are public. The reason for the system building on relationships is that social media has slowly seeped into everyday life and became an important tool for free communication. In my opinion, Hungarians abroad also use these social networks, maintaining their relationship with relatives, friends and acquaintances (even with people living abroad using groups) mostly using these services. In the case of the performed study, the high number of individuals sampled provides the representative results.

² Based on own definition: Tolerable, explainable level to human sin the given circumstances.

5.2 Research methods

Two questionnaires form the center of my research. The questionnaires have been created in a way that the responders have to simply just mark the relevant factors and indicators, while the open-ended questions allowed for freely wording a response. Online dissemination was used to overcome geographical boundaries and help dynamic questioning, save costs and be sustainable (no printing required). Questionnaires were distributed during 2017.

The table below shows the properties of the quantitative data collection in the two sectors.

Properties		Research period	Estimated response rate	Population
Corporate questionnaire	online self-filled 20 questions	Jan – Mar 2017	25%	105
Private individual questionnaire	online self-filled 40 questions	Nov – Dec 2017	85%	1042

2. Table: Properties of research questionnaire
Source: own contribution

I do not hold the corporate questionnaire results representative, answers only reflect on the actual responders, and there is no intention to generalize them on the whole population. However, the results are still valuable, since the opinion of 105 experts is available for analysis (comparable to secondary data), makes one think and can guide towards new research directions. In the case of the private individual questionnaire, the high population was the expected source of representative data. Moreover, the high response rate makes significant data distortion less likely. According to literature, if it can be proven that our data is not distorted due to lack of responses, it can be more beneficial than a high response rate. It cannot be neglected in this case that the 1042 responses were collected in almost a month and a half, and the interest that the responders have shown in the topic (436 of them voluntarily provided their e-mail addresses to receive research results). Content analysis was also performed in the dissertation. I held this method especially important since the thinking and attitudes of chosen target groups could be better understood this way, so I gained a more comprehensive insight. The Atlas ti program was used in the research, able to perform both quantitative and qualitative analysis. The software highlights keywords with their relevant contexts for qualitative analysis. This function was very useful in analyzing the responses to open-ended questions. Multiple data coding methods are available. Reliability of the analyses is ensured by the automatized search function. One of the software's great advantages is that it is compatible with the most widely used social program package, SPSS.

5.3 Data processing methods

Descriptive statistics

For single variable analyses, statistical methods summarized in Table 2. were used, appropriately to the type of scale. During the design of questionnaires, thorough planning guided in choosing the measurement scales. An important aspect was that for a nominal measurement level (employed in relevant field for qualification, considers homecoming), variables allow for categorization and classification. Applying the ordinal scale enables ordering based on a select individual property of the population’s members (for example the questions directed towards material wealth or general happiness). A high measurement level – mostly ratio scale – was used in the quantitative properties (like monthly savings amount or time to secure existence).

Indicators	Nominal scale	Ordinal scale	Interval/ratio scale
		modus	
Status indicators	-	quantiles, minimum, maximum	
	-	-	average
Spread indicators		frequency, relative frequency	
	-	spread, inter-quartile spread	
	-	-	standard deviation, relative standard deviation (V%)
Graphical display		frequency bar- and pie charts	
	-	-	histogram, scatter plot, box-plot figure

3. Table: Correlation of applied indicators and scale types

Source: own contribution

However, in the case of questions pertaining Hungarian and abroad wages, it was especially notable that an ordinal scale was used in order to obtain responses (even though the wage analysis would be more reasonably performed on a ratio scale). Notable also that statistics in table 16. could only be exactly determined for a ratio scale, but based on responses organized into class divisions – since these properties can also be measured on a ratio scale – I strived to use all possibilities and indicators were estimated. Therefore during processing, variables were estimated where responders organized wages into an interval. In these cases, class division frequency was used for calculations. Calculating quantile values was important in dealing with extreme values, it corrected for an incidental error in determining the standard deviation value.

From the quantile values, the most frequently used quartiles were applied, with notations Q_1 , Q_2 and Q_3 . Interquartile magnitude was chosen in cases where the statistical series' central 50% (values under the first quartile and above are outliers in this case) carried relevant information. To allow for comparing methods in my analyses, so-called *multipliers* (ratios), and partial multipliers were used. Multipliers ensure that it is explicitly expressed, what the ratio of the two compared factors is. The descriptive statistical analyses also reveal the necessary conditions to perform multivariable analyses.

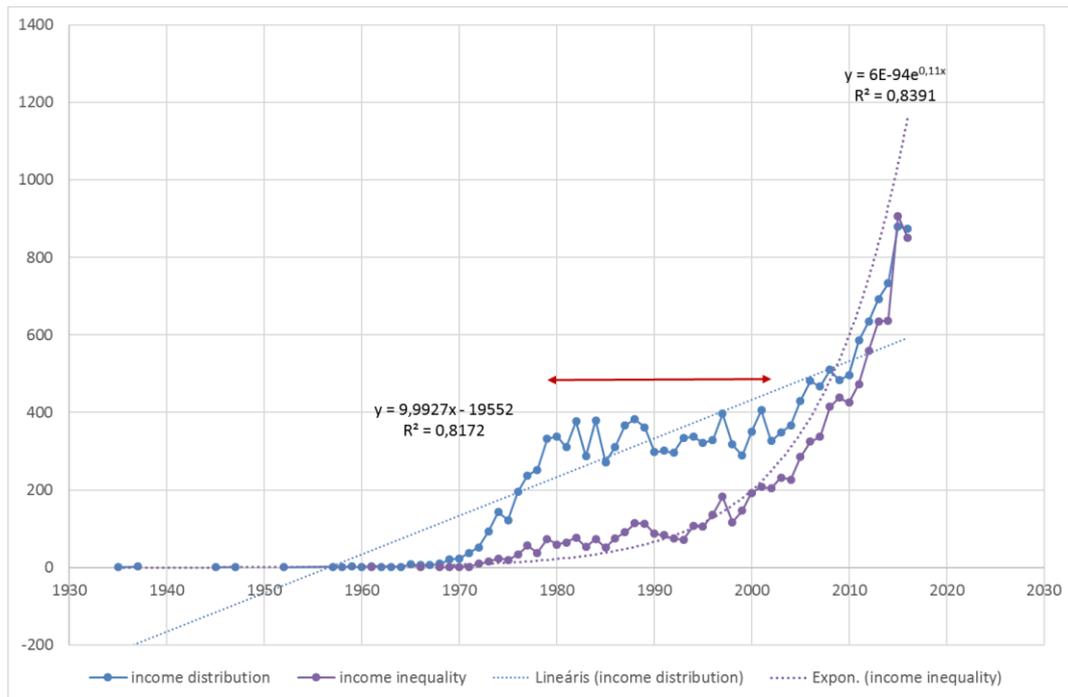
Inference statistics, correlation-study

In relationship analysis, different methods were used depending on the type of variables: cross-table analysis was performed with categorized variables, while correlation- and regression calculations as well as cluster analyses were used for metric variables. When examining the relationship between two categorical variables, normally a χ^2 probe was used. In case of a proven significant correlation, the value of the Cramer indicator was also displayed to emphasize the significance of the correlation. Non-parametric probes were used to compare independent samples of ordinal measurement level variables, and for ratio scale as well, if the normal distribution of data was not ensured. Mann – Whitney – Wilcoxon probe was performed if the independent sample t-probe conditions were not met. The fundamental method of Mann – Whitney or U test statistics is the pairing of elements in two groups; if the ratio of one type of pair is largely different to the other, there is probably a difference in the distribution of numbers in the two populations. Kruskal – Wallis test was used in multiple independent sample cases (instead of single-variable variance analysis). The probe's null hypothesis is that the median of analyzed groups is equal (so there is no stochastic dominance between them). Statistical probes checked for the hypotheses of the population. 5% significance level was used to make decisions ($\alpha = 0,05$) based on empirical significance level, the p value. For correlation-calculation, Pearson's linear correlation coefficient was used to measure the strength of relations. During time series analysis, polynomial trendline was used (well applicable curve for oscillating data, mostly parabolic curves are used).

6 Results

It is well observed that the 1970's brought about a major change in social science studies, since the number of publications in the topic grows exponentially in these years. Information revealed in content analysis has explicitly proved that the scientific researches provide an overview of societal stratification problems in the most varying cross-sections, and

the equality-inequality, balance-imbalance questions represent an almost daily topic in various publications.



2. Topic: Frequency of occurrence for “income distribution” and “income inequality” in Science Direct’s database

Source: own contribution based on Science Direct database

My theses are formulated in the dissertation based on the following fundamentals.

H1: Among companies in Hungary, large scale wage differences can be observed – which are underestimated even by corporate experts – and the wage inequalities grow proportionally with the company size.

Figure 3. shows average wage differences reflecting on business sizes. With increasing business size, average wage differences grow as well. It was worthwhile to highlight those aforementioned maxima, which show the difference between the minimum and maximum wages within a company.

	Average wage difference	Maximum wage difference
Micro-business	1 : 2	1 : 9
Small business	1 : 3	1 : 10
Mid-size business	1 : 5	1 : 50
Large business	1 : 11	1 : 150

3 Figure: Wage differences in business categories between employees (ratios)

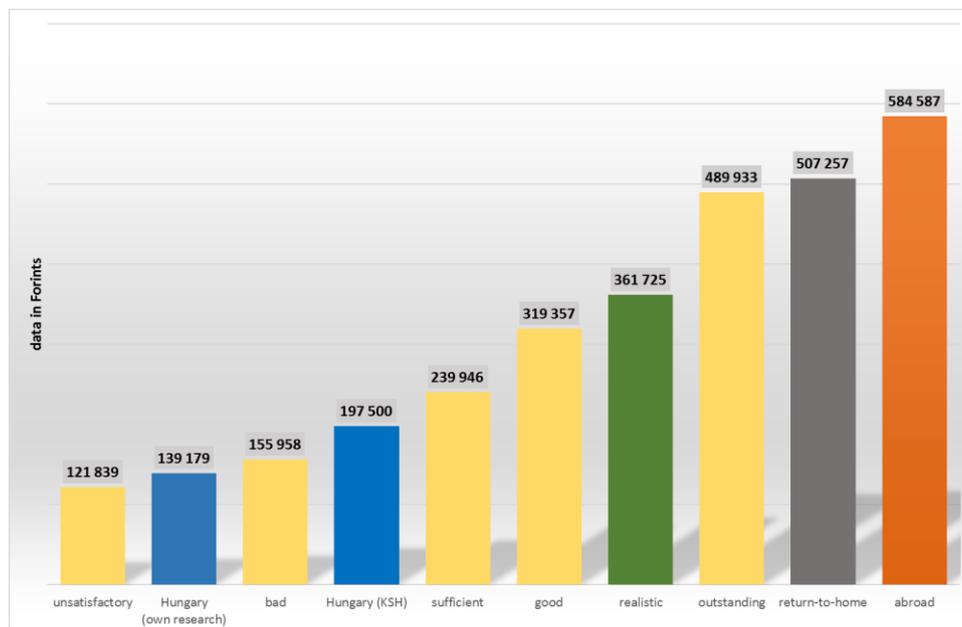
Source: own research, 2017 (N=105)

My hypothesis was proven, since comparing the primer data collection results to statistics published by the National Tax and Customs Administration of Hungary, a significant difference is found in terms of the wage differences. The hypothesis was also proven in the sense that the average wage differences were also presented in relation with business size. With growing business size, average wage differences also increase.

T1: Among companies in Hungary, large scale wage differences can be observed – which are underestimated even by corporate experts – and the wage inequalities grow proportionally with the company size.

H2: Hungarians earn 4-5 times more for their work abroad. If they received 2.5-times as much as before at home, they would return.

It was not an everyday challenge to investigate the so-called natural border of wage inequality. Figure 4 compiles the received results. Tens of questions, over a thousand participants and the analysis of thousands of characters provided the results of how wage differences are perceived among those who have actual comparison basis. Even though material wealth cannot be the main goal of human existence, but it is still a determining factor (more so to some people than to others). Perception of average wages in different dimensions shows an almost breathtaking tendency, but that is certain is that these numbers existed at most in ideologies up to now.



4. Figure: Perception of net average wages along various dimensions (2017)³
Source: own contribution based on primary research results

³ Source of Hungarian Central Statistical Office data: Gyorstájékoztató Keresetek, 2017. January-November Available: <https://www.ksh.hu/docs/hun/xftp/gyor/ker/ker1711.html>

The questionnaire proved that indeed a four-fold wage difference can be observed between the Hungarian and foreign wages. In case of the second statement, the opposite of the hypothesis has been proven to be correct, based on which my thesis was formulated.

T2: Hungarians receive on average 4.5-times as much wage income for their employment as at home. Would they receive 2.5-times their Hungarian income, they would still not return.

Differences between living abroad and in their home country are exemplified by the indicative factors (multipliers) in Table 4.

H3: Hungarians working abroad are happier due to their improved material circumstances.

Altogether, Hungarians living abroad perceive material welfare abroad as better than at home, and the responders abroad are happier.

However, there is only a loose correlation between earned income and human happiness both in Hungary and abroad.

Responders decide for moving home mostly for personal reasons. It is highly notable that those, who are most likely to come home rated their previous Hungarian material circumstances (welfare) somewhat better on the 6 level scale (not based on the actual monetary values) than those, who do not plan on returning. However, their perceived material circumstances abroad do not correlate with their desire to return.

This hypothesis has been proven wrong. It can be observed that altogether, material welfare is rated as being superior than that in Hungary, and Hungarians living abroad are happier. However the effect of money on happiness cannot be explicitly stated. Between the earned income and human happiness, there is only a loose correlation, both in Hungary and abroad. This leads to the conclusion that there are other factors affecting responder happiness as well. Based on my analyses, the hypothesis is modified and extended to become a thesis.

T3: Hungarians working abroad are not only happier just because of their better material circumstances, there are other factors influencing their happiness as well.

Indicator	Hungary	Abroad	Abroad vs. Hungary	Multiplier
Difference between monthly net income (Ft)	139 179	584 587	Advantage abroad	4,2
Difference between typical monthly net income (Ft)	106 806	428 739	Advantage abroad	4,0
Difference between median monthly net income (Ft)	109 251	479 699	Advantage abroad	4,4
Average difference between monthly net income (Ft)	calculated from individual data		Advantage abroad	11
Average savings time for a secure existence (years)	20,4	6,5	Advantage abroad ⁴	3,1
Average monthly savings (Ft)	14 768	227 463	Advantage abroad	15,4
Indicator				Multiplier
Net worth difference between perceived fair monthly income and Hungarian minimum wage (Ft)	361 725	84 787	-	4,3
Net worth difference between perceived fair monthly income and Hungarian guaranteed wage minimum (Ft)	361 725	107 065	-	3,4
Net worth difference between perceived fair monthly income and Hungarian average wage recorded in research (Ft)	361 725	139 179	-	2,6
Net worth difference between „Return home wage” and Hungarian average wage recorded in research (Ft)	507 257	139 179	-	3,6
Net worth difference between „Return home wage” and perceived fair average wage recorded in research (Ft)	507 257	361 725	-	1,4

4. Table: Summary of research results
Source: own contribution

⁴ Should be understood in reverse: On average, 3.1 times more time is required in Hungary to establish a secure existence.

7 Summary

The sailing ship of researches on income inequalities is struggling on rough seas. By taking a look out in the world, a very peculiar phenomenon is taking place: international wealth inequality has been growing for a long while now, and is still on the rise. Crisis signs gaining momentum in relation to income inequalities is beyond dispute. Analyses and reports on global problems show that income inequalities are on a huge scale.

There is no doubt that Hungary has become an employee exporter towards Western Europe. Experiences from secondary migration show that the motivations of migrating citizens is still a black box of our knowledge. Stemming from the great income differences and the general huge divergence of life quality available abroad, Western employment is an importation migration phenomenon in our country.

The problem of inequality can be experienced in the European Union as a regional cluster just as much as globally. My thesis recounts the objective economic inequality situation within the European Union. In my view, the social and economic stratification in the European Union is partly the product of history. As a broad generalization, there is a tendency in poor countries to have greater regional differences in income distribution than in richer ones. Partly, today's developed countries are more successful and solid politically because throughout their history, they have influenced market driving forces and created a political system that balanced and modified the adverse effect of these forces. In my opinion, the European Union has to account for the legal migration from East to West within its bounds.

The main goal of current economic politics should be to avoid too great inequalities, since capital concentration, increasing economic inequalities are not only unfair but intolerable as well. A real drive to greater equality should happen for the advantage of poor social masses. Wealthy citizens are "indebted" to the poor, and this debt has to be equalized in some form. I believe that with the help of reforms seeking social equality, the socio-economic system can be made fairer and better, if and when politics and science work strongly together.

8 Literature review

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