Public service employment under the GEF in Hungary is governed by Act CXCIX/2011. A small number of technical support staff are typically not covered by the GEF and are employed under the general labour law. Fixed-term contracts are allowed and the GEF makes no guarantees in favour of life-long employment.

The public service in Hungary uses a very small proportion of part-time employment. The reported age structure is not appropriate for direct comparison to the OECD average as the brackets differ slightly. Despite this, it appears that there are significantly more public employees in their twenties, and fewer in their forties, than the OECD average. The percentage of employees aged 50 or older, 23.6% in 2012, is well below the OECD average of 34.3% for 2009. In addition, this group is a declining portion of government staff, contrary to the average OECD trend. This may reflect the effect of recently implemented policies aimed at increasing the intake of young professionals in the public administration. Based on data from 2006, women are reported to account for approximately 70% of public employees, which is the highest rate of all reporting OECD countries. Data are unavailable regarding female participation in management.
Public Sector Restructuring

Hungary is one of 27 OECD countries that reported an anticipated decrease in public employment levels as a result of planned reforms. The central and regional governments of Hungary have seen substantial restructuring over several years, including changes to regional jurisdiction and reduction in the number of ministries. Measures to reduce operational costs feature prominently in the government’s fiscal consolidation plan, and include a freeze to the gross wage bill and improving asset management. Dismissal is allowed when the government seeks to restructure, with the employee receiving a regulated allowance, and early retirement packages are in use. General government sector employment (excluding public corporations) as a percentage of the labour force, 20.1% in 2010, is higher than the OECD average of 15.1%. On the other hand, compensation of public employees as a percentage of GDP, 10.9% in 2010, is consistent with the OECD average of 11.3%.

Organisation of HR Management

Decentralisation of HR Management

<table>
<thead>
<tr>
<th>Decentralisation of HR Management</th>
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</thead>
<tbody>
<tr>
<td><strong>Central HRM unit:</strong></td>
<td>Centre of Human Resource Management for Public Administration</td>
</tr>
<tr>
<td><strong>Role:</strong></td>
<td>Responsible for defining HR policy</td>
</tr>
<tr>
<td><strong>Location:</strong></td>
<td>Office of Public Administration and Justice Responsibilities</td>
</tr>
<tr>
<td><strong>Responsibilities:</strong></td>
<td></td>
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<tr>
<td>Development of administrative HR knowledge base and provision of related support services</td>
<td></td>
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<tr>
<td>Assures services relating to the application and selection processes</td>
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<tr>
<td>Goal and performance management according to job descriptions</td>
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<tr>
<td>Further development and implementation of integrated HRM IT system</td>
<td></td>
</tr>
<tr>
<td>Develop and operate the trainee and labour supply programmes</td>
<td></td>
</tr>
<tr>
<td>Personnel, budget and pay delegation:</td>
<td></td>
</tr>
<tr>
<td>Pay systems are managed centrally.</td>
<td></td>
</tr>
<tr>
<td>Budget allocation, bonuses and the number and types of posts are managed centrally and at ministerial level.</td>
<td></td>
</tr>
<tr>
<td>Classification, recruitment and dismissal delegation:</td>
<td></td>
</tr>
<tr>
<td>The post classification system, recruitment, contract duration, career management and dismissal due to restructuring are all managed by ministries and units/teams.</td>
<td></td>
</tr>
<tr>
<td>The central HRM body also plays a role in dismissal due to restructuring and other dismissal issues are handled by units/teams alone.</td>
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<tr>
<td>Employment conditions delegation:</td>
<td></td>
</tr>
<tr>
<td>Working conditions, performance appraisal, the code of conduct and equal opportunity issues are managed by ministries.</td>
<td></td>
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<tr>
<td>The central HRM body also plays a role in equal opportunity issues.</td>
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</tbody>
</table>

Hungary delegates HRM practices to line ministries to an extent consistent with the average OECD country. The central HRM body has a reasonably wide range of responsibilities and plays more than just a coordination role. Despite this, most employment issues are delegated to ministries and units/teams. Overall, delegation has led to a broadly comparable employment framework across all of central government. Hungary makes the least use of strategic HRM practices of any OECD country. No accountability framework for management exists, HRM targets are not considered in performance appraisals and there are no regular assessments of ministries’ HRM capacity. Management is required to report on a reasonable range of issues, however. In addition, forward planning is not used.
**Human Resources Management Country Profiles**

**HUNGARY**

**HR Management Practice**

**RECRUITMENT:** Hungary uses a recruitment system which is more position based than the average OECD country. Entry into the public service is gained through direct application and interview for a specific post, although an entry examination (Assessment and Development Centre) may be used in the application process. There is no requirement for openings to be published, but all posts are open to external applicants. Special assistance is given to disabled and Roma people in preparation for entrance examinations. With the assistance of the European Union, a training programme for specially designated positions in the public service was implemented for Roma people. Also, the Hungarian Public Administration Scholarship Programme targets young employees who are willing to fulfil their career as a public servant.

**PAY SETTING:** Remuneration is set through centralised collective bargaining with adjustments by department and sectoral branch. Base salary and bonuses are indexed to inflation, with base salary being revised annually. Age and educational qualification are the most important determinants of base salary for professionals, secretarial and technical support staff, whereas job content and performance are relevant for management and professionals. Seniority based pay is used in Hungary.

**PROMOTIONS:** Experience, qualifications and performance appraisals are relevant factors in determining promotion decisions for middle management, professional and secretarial staff. Education levels pose a formal restriction to promotion between hierarchical grades. Transparent listings of vacancies are open to all government employees and targets for promotions are in place for women, Roma people and the disabled.

**MOBILITY:** Internal mobility in the Hungarian public service remains steady, but the government is willing to increase it by introducing a career-based system which would transform the current system to an interconnecting one. The National University of Public Service (NUPS) plays a specific role in building an interconnected system by facilitating the interoperability of the public service careers (public administration, law enforcement, national defence). External mobility is promoted by the introduction of the Career Bridge Programme. Staff on external posts are liable to lose the accumulation of salary and benefits or career prospects if they do not return to the public service.

**TRAINING:** Initial training is provided in order to prepare for the mandatory public service examinations. The function of the national procedure regarding exams, organisation of preparations and the exams themselves are provided by the National University of Public Service. The average yearly training per employee is 3-10 days.

**PERFORMANCE:** Hungary uses performance assessment in HR decisions to a somewhat greater extent than the average OECD country. Assessment is used for almost all employees and takes the form of a meeting with, and written feedback from, the immediate superior. Hungary is reforming its performance assessment system, aiming to streamline the system and introduce real time feedback which allows for immediate correction. An extensive range of criteria is used, including activities undertaken, timeliness and quality of outputs, cost effectiveness of work, values and improvement of competencies. Assessment is of some importance for career advancement, remuneration and contract renewal. Hungary uses performance-related pay to a substantially greater extent than the average OECD country. It is used for most employees and takes the form of permanent pay increments, representing a maximum of 30% of base salary and potentially lowering base salary by up to 20%.

**WORK CONDITIONS:** The average yearly working hours in Hungary, 1 770 hours in 2010, is quite close to the OECD average of 1 745 hours. A longer than average working week is partly offset by a few extra days of annual leave. Data regarding the average absentee rate are unavailable; however, there is a policy to limit the maximum number of certified sick days to 15 per year, with anything beyond being paid on a reduced benefit provided by social security.
Human Resources Management Country Profiles

HUNGARY

Senior Management

Hungary uses separate HRM practices for senior civil servants (SCS) to a much lesser extent than the average OECD country. SCS are not considered a separate group, there is no centrally defined skills profile for senior management or policies to identify potential senior management early in their careers. There is, however, more emphasis on managing their performance and avoiding conflicts of interest. In addition, a greater proportion of their pay comes from benefits and PRP to and all senior management positions are open external recruitment. The minister has influence over employment decisions for all management. The prime minister is also involved in the appointment/dismissal of permanent state secretaries (highest level), who in turn contribute to the appointment/dismissal of other management levels. All permanent and deputy state secretaries, as well as many advisors and heads of department, turn over with a change in government.

Industrial Relations

Civil service unions are involved in many workplace negotiations and are mostly funded by public funds. By law, unions must be consulted regarding base salary, working conditions and the employment framework, with negotiations taking place centrally. Consultation with unions is voluntary regarding bonuses, the introduction of new management tools and the code of conduct, with negotiations being held at the central level, decentralised level and both levels, respectively. Agreement with unions is mandatory regarding the right to strike/minimum service, with negotiations being held at central and decentralised levels. All public service employees are granted the right to unionise and most are guaranteed the right to strike, except during defined times, in relation to particular motives and where minimum service rules apply.

Reforms

The Hungarian government established a framework for reforming the public administration through the Magyary Programme 12.0. The programme set four main areas where reforms have to be made, and from the HRM point of view the programme focuses on the following measures:
- Development of a career-based system
- Renewal of the performance assessment system
- Establishment of a lifelong career system and a stable career model
- Assure the recruitment of civil servants
- Enhancement of the competencies of civil servants

In line with the Magyary Programme, Hungary has already implemented reforms in the above-mentioned fields:
- Compilation of competency maps of public employees’ scope of activities
- Professional and personal competency training are contributing to more qualified staff
- Development of a new civil service career examination system
- Introduction of the Hungarian Public Administration Scholarship Programme
- A new career model and motivation system was introduced.

Challenges

- Making public administration a desired career opportunity
- Establishing a life-long career system for government officials
- Further simplification of the administrative organization
- Identification and review of public administration tasks
- Shift from organisation-based approach of public administration to a task-based system
- Further simplification of the administrative procedures and rules (deregulation)

Sources

Unless indicated otherwise, all data are sourced from OECD (2010), Survey on Strategic Human Resources Management in Central/Federal Governments, unpublished.
† Data from International Labour Organisation (ILO) LABORSTA Database and OECD National Accounts Statistics. See Methodological Note.
† OECD (2010), Survey on the Compensation of Employees in Central/Federal Governments, unpublished.

Further Reading


Last updated 06 December 2012