WORKING PAPER

Industrial relations and social dialogue

Hungary: Developments in working life 2023

Author: Ágnes Hárs (Kopint-Tárki)

Research manager: Maria Sedlakova

Eurofound reference number: WPEF24048

Research carried out prior to the UK's withdrawal from the European Union on 31 January 2020, and published subsequently, may include data relating to the 28 EU Member States. Following this date, research only takes into account the 27 EU Member States (EU28 minus the UK), unless specified otherwise.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

European Foundation for the Improvement of Living and Working Conditions

Telephone: (+353 1) 204 31 00

Email: information@eurofound.europa.eu

Web: www.eurofound.europa.eu

Contents

Introduction

In 2023 Hungary was severely affected by various economic and labour-market events connected to external and internal developments of the previous years and the responses the Hungarian economic and political actors gave to them. As an outcome, the country faced a decrease in economic growth in the first three quarters of 2023 (-0.9%, -2.4%, and -0.4%, respectively) while at the beginning of 2023, inflation reached a peak with a price increase of 48.2% after rising continuously for two years. However, even after the easing, the rate of inflation remained the highest in the European Union, with a year-per-year price increase of 25.7% in January and 20.1% even in mid-2023 and reached a one-digit rate (9.9%) by October. The pace of food and household energy and heating price increases has been outstanding. In the deteriorating economic environment, the volume of sales in retail outlets fell continuously throughout 2023 as compared to the previous year, by 4.5ppt in January, by over 10ppt in each month from February to May, by 8.3 points in June, and by 5.4 points in November, according to the Central Statistical Institute (HCSO, 2023).

Amidst the high inflation rate, even the two-digit wage increase agreed upon in previous periods could not compensate for the economic positions of people. Net real earnings have stubbornly decreased since September 2022 compared with the same period of the previous year (in January 2023 by 7.6%, in February by 19.6%, in March-April each month by 6.9%) while slowly relaxed, and in September the indicator slightly increased (HCSO, 2023).

Despite the economic downturn, labour market indicators remained stable. The employment rate somewhat improved (74.6% in Q3 2022 and 75% in Q3 2023) while the unemployment rate slightly worsened (3.6% in Q3 2022 vs 4.1 in Q3 2023). Job vacancies fell from 2022 to 2023 (in Q2 3.0% vs 2.4%, respectively).[1]

In line with previous Eurofound reports, social dialogue has been weak in Hungary since 2010, coinciding with the government's intentions. The existing institutions are insufficient to fulfil the task of conducting relevant social dialogue, important issues are presented at the designated forums, but without the timely and meaningful involvement of the social partners. Among the circumstances of a permanent and extended state of emergency in recent years, as will be discussed in the next section, the involvement of the social partners has turned even weaker.

[1] HCSO data, cf. https://www.ksh.hu/stadat_files/mun/hu/mun0096.html-

Political context

In Hungary, the government in power is the right-wing FIDESZ-KDNP coalition (*Fiatal Demokraták Szövetsége-Kereszténydemokrata Néppárt*) with predominantly a two-thirds majority since 2010. With the strong mandate of the government, ruling by government decrees has become permanent, based on the repeatedly extended emergency states since March 2020. The state of danger and the state of pandemic emergency due to COVID-19 was followed by a state of war emergency reflecting on Russia's attack on Ukraine, in May 2022. Hungary's constitution, the Fundamental Law, has been modified several times, to help the government to regulate through government decrees, as discussed in previous Eurofound reports (Hárs, 2022). At present, a state of war emergency is effective until 23 May 2024. Remarkably, it will coincide with the date of EU elections also in May 2024, which will take place together with the local governments' election in Hungary and will back the governing majority's continuous power (HVG.hu, 2023).

Amidst the fast-increasing inflation, real wages decreased throughout 2023. However, despite the social concern, no general social protests have taken place. Continuing the previous year's events (see Hárs 2022), the sharpest social dissatisfaction and protests were raised in the field of education, to improve unfavourable work conditions and low wages. In 2023, in addition to previous dissatisfaction, the legal status of employees in education, i.e. the new "status law" connected to the social and labour market position of teachers, including the limited rights in social dialogue has changed and given a new impetus to the protest.

In 2023, another reason for social unrest developed in fear of the consequences of the establishment of Asian battery factories in Hungary (Keller and Garamvölgyi, 2023). The protests against the mushrooming investments take many forms: public hearings often turn into scandals, if they are held at all, in more and more localities a special working committee is set up to monitor battery investments by local authorities, and residents are forming associations and organizations to fight against the setup of these factories, whose numbers are growing under government pressure. Nevertheless, the protests are mainly on a local level (Szalai, 2023).

Actors and institutions

Social partners

Amendment of Act LXX/2023 on provisions related to further simplification of the functioning of the state among several other issues extends to the fact that, contrary to previous practice, employers may no longer "deduct and transfer union fees from the salaries of public employees, civil servants, government officials, public education employees, health service employees, and tax authority employees". Thus, in the future, the current rule will apply only to private companies. The draft, which was drawn up without prior consultation, has provoked protests from the trade unions concerned, since it is clear that the collection of dues by the trade unions themselves could lead to a significant reduction in membership (Liganet, 2023). Despite the trade union protests, the law is effective 1 January 2024.

Social dialogue bodies or frameworks

Council recommendations for Hungary in 2023 encompassed acting to 'ensure effective social dialogue'.[2] As an answer, a new social dialogue committee has been established at the Permanent Consultation Forum of the Private Sector and the Government (VKF) with its members delegated from among VKF members, on 4 May 2023. The participants of employers, employees, and the government supported establishing a "VKF Ad Hoc Committee" to act as a tripartite consultative, advisory, and proposing body that regularly consults on legislative changes affecting employment, labour market programmes, and employment support. According to Sándor Czomba, State Secretary for Employment Policy, the new body would further strengthen social dialogue in Hungary, saying: "The establishment of the new forum also proves that the Government considers the strengthening of social dialogue as a priority, which contributes to increasing employment and strengthening a work-based society" (Liganet, 2023b). However, no further action from the committee has been mentioned, to date.

Other working life related institutions

No relevant changes to mention in 2023.

[2] COM(2023) 617 final Brussels, 24.5.2023, (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2023%3A617%3AFIN)

Developments in collective bargaining

Changes to the collective bargaining structures and frameworks

No relevant changes to mention in 2023.

Data on collective bargaining

The collective agreement register based on obligatory notifications and registrations of collective agreements valid nation-wide is an official data source for data on collective bargaining.[3] In 2023, according to the register, 564 company-level single-employer collective agreements were effective in the business sector that covered around 330,000 employees. In the public sector 730 single-institution collective agreements existed, affecting 110,000 employees. In total, there are around 1300 single-employer collective agreements in force at the company level.

There is hardly any difference between the pattern of single-company vs. single-institution collective agreements in the business vs. the public sector according to the size of the companies and institutions. The number of collective agreements in small companies vs. institutions covered only very few employees, while mid-size companies of 51-300 persons had a relatively high number of collective agreements and the persons covered were also relatively high in numbers. Nevertheless, the very few collective agreements in the largest companies and institutes covered far the highest numbers of employees (See Table 1). The last two columns of the table show the average number of employees per collective agreement increasing progressively with the company vs institution size. Based on these data we can conclude that collective agreements are essential at large employers. Research overview focusing on collective bargaining coverage also underlines that collective bargaining is shifting towards larger firms in Hungary, and at the same time, a significant part of the trade unions refrain from the possibility of conducting collective bargaining (Berki 2023a).

Table 1: Single-company vs. single-institution collective agreements, 2023

company vs institution size (persons)	single-company collective agreements in the business sector		single-company collective agreements in the budget sector		Average number of employees per agreements	
	agreements	employees	agreements	employees	in business sector	in budget sector
10 or less	67	83	74	99	1,2	1,3
11-20	12	195	38	634	16,3	16,7
21-50	40	1 501	169	5 871	37,5	34,7
51-300	237	37 051	399	42 532	156,3	106,6
301-500	80	31 139	24	9 105	389,2	379,4

[3] The register is available online (http://www.mkir.gov.hu/lista2_2_3_1.php). While collecting all the relevant information, the register does not always keep track of changes or termination to collective agreements. Consequently, data are approximate, but a clean-up of the data is in process and has been foreseen to be completed by 2023. (cf. Berki 2023a)

501-1000	70	49 157	13	9 178	702,2	706,0
1001-2000	29	40 337	6	8 819	1390,9	1469,8
2001 or more	29	170 871	7	33 488	5892,1	4784,0
Total	564	330334	730	109726	585,7	150,3

Source: Collective agreement register, http://www.mkir.gov.hu/lista2_2_3_1.php

Collective bargaining coverage is rather moderate in Hungary. Based on the register data, in 2023 collective agreements covered 22.5% of the business sector and 12.4% of the public sector employees. In the public sector, the collective agreements cover single institutions, and a significant part of the collective agreements in the business sector cover single employers as well (13.8% out of 22.5%).

Collective agreements covered various issues, including rules on remuneration, social security, liability for damages; procedural rules, rules of obligations; provisions concerning labour disputes; rules on the conclusion and termination of employment contracts. A high share of single-company collective agreements in the business sector covered topics like remuneration of work, liability, contract duration, and amendment of the contract while in the case of the multi-employer collective agreements contract duration was covered in a high share of agreements. Other topics were included in about half of the agreements or less (based on information collected from the collective agreement register).

Collectively agreed pay outcomes and wage-setting mechanism

Wage negotiations normally start after the adoption of the government decree setting the minimum wage and the guaranteed wage minimum for skilled labour agreed upon at the tripartite VKF meeting. The annual increase in the minimum wage and the guaranteed wage minimum represents a kind of obligatory orientation point for the actors. It is also necessary to mention that no further prominent wage offer is agreed upon between the private sector and the government in the framework of the VKF. There is no relevant sectoral agreement, for the time being, in the Hungarian system.

A specific chapter of collective agreements is the wage agreement, which is part of the collective agreement but is usually re-negotiated annually, sometimes with a multi-year agreement, although this is quite risky, as real developments are difficult to predict several years in advance. According to expert evidence, the conclusion of wage agreements is a kind of “company custom”: where wages for the following year are traditionally set in this way, they are concluded regularly (Berki, 2023a).

Wage agreements are usually not concluded in the public sector, where wages (salaries) are set by legislation or central measures.

Collective bargaining and inflation

In Hungary, minimum wages are agreed upon at the national level while collective agreements are typically settled at the company level. The national-level wage negotiations on minimal wages and the guaranteed minimum wages for the higher-educated take place usually at the end of the year and conclude with a tripartite agreement. The national-level wage negotiations consider economic indicators including national inflation forecasts. The collective agreements follow the national-level minimum wages agreed upon, there is no further automatic measure for inflation, but it is possible to renew and update the agreements if needed, as discussed in last year's report (Hárs 2022).

In Hungary, the position of trade unions is rather weak. The collective bargaining coverage indicator provides a good indication of the significance of collective bargaining. According to a recently published detailed report on the coverage of collective agreements, in Hungary, which is dominated by single-employer collective agreements, the coverage is around 20%[4] with a continuously decreasing pattern, based on the latest available data up to 2018. The coverage is connected to the structure of the sector. It is high in sectors with large employers and a tradition of trade unions (especially in the state- and municipally-owned firms). In manufacturing, with most employers, coverage is average, however, in the technology industries (information, communication, professional scientific, and technical activities), coverage is particularly low (Berki 2023a).

As a result, in the absence of strong unions and collective bargaining coverage, workers mostly fight for wage increases on their own or as members of a collective in a large company year after year. Collective bargaining often bring forth prolonged discussions or even warning strikes. Nevertheless, in many cases, the lack of unions results in a lack of the possibility of bargaining.

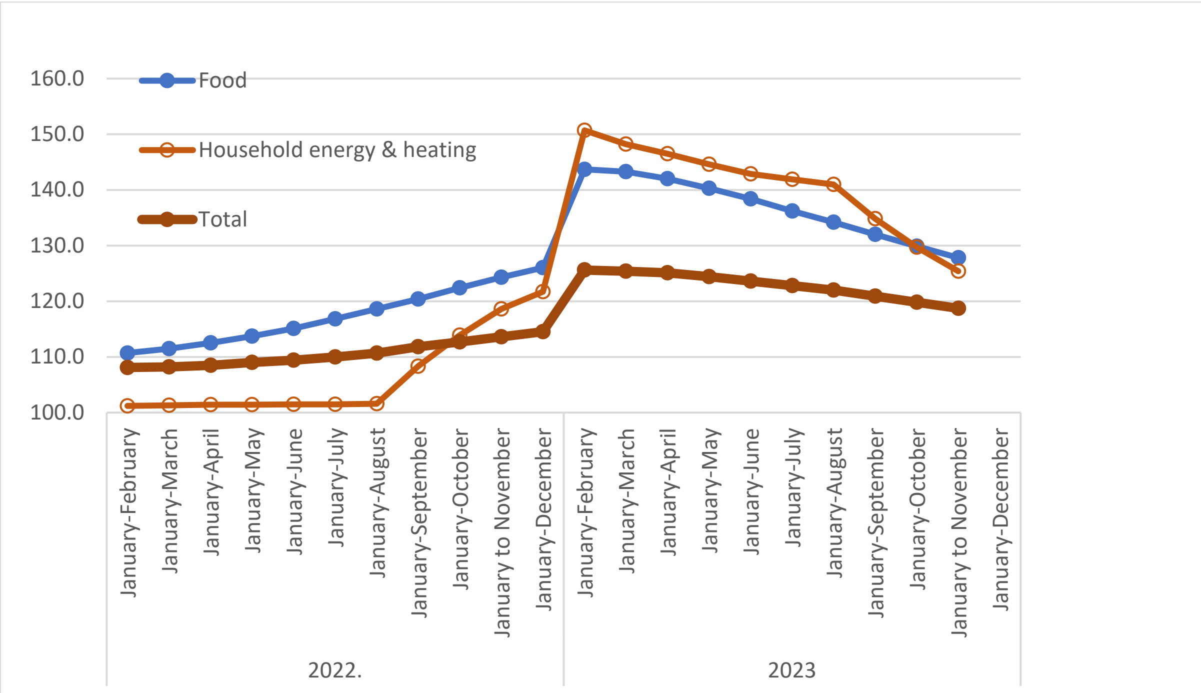
[4] Up to 2018, the HCSO Labour Force Survey data and the collective agreement register data (MKIR) are consistent, as regards the coverage, more recent data are not available (cf. Berki 2023a).

Developments in governmental responses to inflation

According to the government, the causes of the inflation are external, mainly because of Brussels' sanctions on energy, and it came to be called "sanctions inflation". Nevertheless, this interpretation has been widely disputed by experts, pointing to the fact that the high-pressure (overheated) economic growth and the government's steps to fuel economic growth have been the main reasons for the extremely high inflation in Hungary (see previous year's report, Hárs 2022).

Looking at the cumulative value of inflation, the trend was sizeable and long-lasting in Hungary with a 10% inflation rate at the beginning of 2022, 25.6% at the beginning of 2023, and even nearly 20% at the end of 2023 (see Figure 1). The figure shows that inflation has been most influenced by the increasing food prices and the household energy and heating prices.

Figure 1: Cumulative value of inflation (from the start of the year, same period of previous year = 100%)



Source: HCSO

There have been various efforts from the government to curb or compensate for the inflation. A considerable set of 20 governmental measures was launched on 27 February 2023 to bring the inflation down to single digits by the end of the year compared to the previous year (kormány.hu, 2023). The high base level made it likely to reach one-digit inflation in any case, but the government measures were to help the actors survive the hard economic situation. The measures aimed on the one hand at businesses and enterprises by providing financial support or decreasing burdens, and on the other at the population by increasing incomes and freezing or diminishing their financial burdens. Several measures were updates of previous ones while new measures were also launched.

Household energy price increases was one of the main reasons for a very high inflation (cf. Figure 1). As a response to growing energy prices in 2022, the government updated its utility cost reduction programme, and differentiated prices according to usage were introduced[i]. The original programme (adopted in May 2013, Act 54/2013) on energy price cuts, was originally a socially motivated state intervention, the "utility bill reduction scheme", that obliged service providers operating under market conditions to freeze or reduce the prices of services they provide. As of 1 August 2022, a new tariff, called the “residential market price”, was introduced for households. As a result, lower, subsidised energy prices only apply up to a set usage limit, above which higher prices are paid, which are closer to market prices. The measure was introduced on 1 August 2022, originally to last until 31 December 2022, but was extended (by government decree 259/2022) until 30 April 2023, and then extended indefinitely (by an amendment of government decree 259/2022). In addition to the subsidy for residents, subsidised lower energy prices were also made available for micro-companies (up to a limited annual consumption level) and that scheme, too, was extended.[ii]

The other extreme element of inflation was the very high and increasing food prices. Measures aiming to cut food price increases included price caps on basic food items.[iii] With an increasing inflation rate, on 1 February 2022, the government capped selected food prices at their level of 15 October 2021. The price caps on certain food items were extended and various items were included until 31 July 2023 when the measure was discontinued. By this time, the following new measure was launched: mandatory promotions, price discounts, in retail outlets with the hope of encouraging a decrease in prices.[iv] In addition, to keep inflation down, the government launched a food price monitoring system from 1 July 2023, operated by the GVH (the Office of Economic and Competition Affairs). The platform, available at https://arfigyelo.gvh.hu, requires the prices of food products in 62 product groups to be displayed in around 1,200 stores of 6 major retail chains (Aldi, Auchan, Lidl, Penny, Spar, Tesco). “The system is hoped to enable consumers to decide which products of the same quality and at the best price are the ones they want to buy, and in which shops, thus increasing competition and decreasing the daily burden of by shopping” (HVG.hu, 2023b).

Beyond influencing food and energy prices, the government introduced other measures, e.g. discounted monthly county, and country travel passes.[v] The government introduced new passes for regional trains and coaches at a flat price. The measure is intended to help people, especially commuters, save money on transportation. There have been no tripartite negotiations on these measures, which can be enacted and amended by government decree.

The set of various measures, mainly price caps launched by the government were intended to curb inflation, i.e. the programme would mitigate the negative effects of inflation on businesses and households. Nevertheless, in doing so, the programmes were rather encouraging inflation instead of curbing the trend and would increase and sustain the deterioration of money, the measures can, in fact, be seen as a programme of an inflationary price-wage spiral (Brückner, 2023).

[i] Eurofound (2022), Utility price cap scheme change *case HU-2022-32/2778* (measures in Hungary), COVID-19 EU PolicyWatch, Dublin

[ii] Eurofound (2022), Utility bill reduction for SMEs*, case HU-2021-50/2161 (measures in Hungary),* EU PolicyWatch, Dublin

[iii] Eurofound (2022), Price cap on basic food items *case HU-2022-6/3084* (measures in Hungary), COVID-19 EU PolicyWatch, Dublin

[iv] Eurofound (2023), Mandatory special offers for food products in shops to counter inflation *case HU-2023-22/3222* (measures in Hungary), COVID-19 EU PolicyWatch, Dublin

[v] Eurofound (2023), Discount regional public transport passes *case 2023 HU-2023-18/3201* (measures in Hungary), COVID-19 EU PolicyWatch, Dublin

Labour disputes and industrial action

Strikes in Hungary have been limited in certain occupations by the requirement to prove an “adequate minimum service” in certain occupations since 2010, which can be regulated by law or agreed upon by the parties. If parties fail to agree on the minimum service to be provided, the (labour) court decides on request. Legislation exists in the areas of passenger transport, postal services, and public education, for the time being, for the other essential services there is still the option of agreement and court action, but according to the law, a strike is unlawful if an “adequate service” is not established or guaranteed or if cooperation with the employer failed (Berki 2023b).

Changes to the right to strike

In line with the regulation of strikes after 2010, several changes have taken place since 2018 (based on Berki, 2023b).

In 2020, the regulation of the *status of healthcare workers* was passed (Act C of 2020), according to Article 15 (11) of which "the healthcare provider of the state-owned health care service shall be subject to the right to strike may be exercised under specific rules agreed by the union and the health service provider." Since such an agreement does not exist, the question is whether, until there is an agreement, it is legal to strike in the health sector or not.

To maintain the safety of air transport during an emergency and to ensure the smooth transport of essential equipment for COVID-19 protection, the government (Government Decree 446/2021 (26 July) *withdrew the right to strike from air traffic controllers*, a group of workers who had gone on strike to demand better working conditions, the legality of which had been ruled on by a final court order that also settled the issue of the adequate servicegs. The workers concerned appealed to the Constitutional Court, which rejected the complaint.

The "adequate services" *in the field of public education* were defined in 2022, referring to certain emergency rules concerning public education institutions (Government Decree No 36/2022 (II. 11.)) The decree provides for a level of service which far exceeds what could reasonably be called "adequate": the same number of teachers should work during the strike as in normal times, only some of them would not be required to teach classes but only to supervise. The trade unions concerned turned to the Constitutional Court and the Supreme Court (Kúria), but both bodies rejected their cases.

In addition, the government has declared almost all strikes organised against it, as an employer, to be illegal.

To summarise, restrictions on the right to strike have been implemented in various segments of public service and in community services, where the relatively strongest unions have been present. The changes in legislation, coupled with the curtailment of collective rights and the weakening of the trade unions - led to a decline in the number of strikes.

Data on industrial action

As an outcome of the developments discussed above, strike events have been moderate since 2010 in Hungary. The number of strikes somewhat increased in the mid-2010s with a peak in 2019. COVID-19 stopped the process, but strikes are increasing in 2022 again. The warning strikes followed similar patterns in number (See Table 2). Looking at this in more detail, the average number of participants in strikes was by far the highest at the end of the period, in 2022 when nearly 10,000 persons were involved on average and the working hours lost totalled 68,000 altogether. However, looking at the number of hours lost per participant in strikes, this was the highest in 2018 and 2019, when 19 and 20 hours were lost by participants on average, respectively (See Table 3).

Table 2: Strikes: number of events, participants and hours lost

Year	Number of strikes	Number of participants in strikes	Number of hours lost per participant in strikes. thousand	Number of warning strikes
2018	6	15 535	289.4	3
2019	12	20 905	416.3	8
2020	2	n.d.	n.d.	3
2021	4	2 357	19.3	2
2022	4	38 959	271.2	2

Source: HCSO, data on warning strikes: Berki (2023b)

Table 3: Strikes: Detailed data on participants and hours lost in strike

Year	Average number of participants in strikes (2/1)	Average number of hours lost in strikes. thousand (3/1)	The average number of hours lost per participant in strikes. (3/2*1000)
2018	2589.2	48.2	18.6
2019	1742.1	34.7	19.9
2020			
2021	589.3	4.8	8.2
2022	9739.8	67.8	7.0

Source: Hungarian Central Statistical Office KSH

According to Berki (2023b), there were 15 strikes and warning strikes between 2020 and 2023, of which in 2020 and 2022 all events occurred in state or municipality-owned companies or institutions, while in 2021, during COVID-19, strikes were held at private firms. Altogether, strikes have tended to take place in state- or municipality-owned companies or institutions, and in these workplaces, there was mostly an "adequate service" obligation, which hindered the strong pressure-power of the employees. Only one in three strikes ended in an agreement while none of those that addressed the government. There were several cases where the government failed to fulfil its legal obligation to negotiate, and therefore, some of the strike situations were very prolonged and the problems that triggered the conflict were not resolved.

Collective labour disputes in 2023

In the private sector labour disputes were mainly around wages. Due to the high inflation level, several labour disputes aimed at inflation-compensating wage increases. For instance, in the company Bosch Hungary, a several-month protest and short warning strike helped the employees to reach the required wage increase. The company offered a 14% pay rise, but this included an earlier increase, namely the 5% supplement to income that workers had received in September 2022, due to worsening inflation. According to the National Union of Planned for Life Workers (ÉTMOSZ - Életre Tervezett Munkavállalók Országos Szakszervezete), this was the main reason for the tension. Bosch management's offer was to include the same 5% supplement in the basic pay of the workers, so this would be a reorganisation of pay which would have no effect on their actual income. The union does not think it is a fair move to include last year's inflation compensation in the 2023 figure. The 14% increase, which at first glance seems to be in line with the inflation average, is therefore only 9%, and roughly half of this is not basic pay but a bonus, which is only for one year and can be taken back by the employer later. The company implemented the increase unilaterally, but there will be no peace between the employer and the union, ÉTMOSZ said. Although workers accepted the increase, ÉTMOSZ is ready to open debate at any time during the year. When workers come forward with a wage claim - even in the face of rising inflation - they can go back to the bargaining table or organize a strike. (Szilágyi, 2023)

Apart from the private sector, the most vocal protests have been in the public sector. The longest protest has been for better work conditions and higher wages for teachers, which had started in 2022 already (Portfolio, 2023). Nevertheless, instead of accepting the demands of the teachers, in spring 2023 the government framed a so-called 'status law' for teachers, which significantly changed their working conditions. The law attempts to respond to the worsening teacher shortage by increasing the burden on teachers who remain in the profession and further restricting teachers' rights and ability to strike. The new regulation raised a new wave of protests, without any success, however (Portfolio, 2023b). Before and after the bill was tabled, there were successive protests and street demonstrations. The government consulted with the teachers' unions, but in the end, it was only willing to make concessions in the text of the bill, without withdrawing the bill itself. In the face of this, protesting teachers across the country began to say that they would not accept the conditions of the new status and would resign. The process has still not come to an end. (Fődi, 2023)

Public-service trade unions also held severe protests during 2023. For example, the Bus Transport Trade Union announced a two-day strike at the long-distance bus firm Volánbusz in December, upset that no wage offer had been made for 2024. Nevertheless, in Hungary, under rules of "adequate or minimum services", a sufficient level of services must be provided even during the strike, which diminishes the pressure power of trade unions (i.e. 80% of normal services were running on the first day of the strike and 55% on the second day). The protest was planned to continue in 2024 (Portfolio, 2023c, Szurok, 2023). However, in early 2024 the employer's wage offer was accepted at a level lower than employees' demands, and the protests ended.

Developments in working time

Changes to legislation

Many aspects of the Labour Code have been affected by the amendments that apply to all employers and employees from January 2023. As discussed in last year's Eurofound report in detail (Hárs 2022), the amendments intended to transpose two EU directives, of which Directive (EU) 2019/1152 on transparent and predictable working conditions affecting working time. The Directive defines the employer's obligation to inform employees. By the regulation of the Labour Code, the content of the information notice must be much more detailed than before, and the deadline for notice is shortened. The Labour Code does not follow the Directive in the sense that employers must define the framework of employment for the employee according to definite and pre-fixed principles. This is particularly significant in the case of a working time frame without interruption, or with multiple shifts, where the employer's operating principles are not known to the employee when establishing a legal contract.

In addition to the transposition of EU directives into national law, several rules that are not directly linked to the provisions of these directives are also part of the amendment package. As regards working time, the changes in the Labour Code affected the working time and rest periods, and the way that granting of leave is administered (Szakszervezet.net, 2023).

Regarding working time, in addition to the starting and finishing dates of the working time, the duration of the working time must now be specified in writing and made public. So far, the law has not contained any restrictions on the extent to which derogations from the rules on the timing of the communication of working time schedules can be made. However, with the change, even based on a collective agreement, the already published working schedule may be changed by up to forty-eight hours before the start of the daily working time according to the schedule. The change includes the rule that if an employer allocates a weekly rest day/rest period, they do not have to add the daily rest period beforehand.

The amendment strengthens the employer’s power to grant leave since the employer may reject a request for leave in a certain period postpone the leave for up to 60 days or interrupt leave already taken by the worker "for reasons of exceptional economic interest or for a reason directly and seriously affecting the operation of the employer". The employer must state the reasons in writing, and, when postponing the release of leave, must inform the worker of alternative dates they propose. However, employers still do not have this right in day-to-day operations.

Bargaining outcomes

The trade unions asserted that they were excluded from the drafting process, and they, led by the Hungarian Trade Union Confederation MASZSZ, expressed their concerns about the proposal in several forums, without any changes, however (Szakszervezet.net, 2022, 2023). The working time legislation was a sensitive issue mainly for employees, less so for employers, which is why trade union concerns were more vocal.

Debates on duration and organisation

No relevant debates on this issue.

Other important policy developments

Regulations on employment status and contracts

In 2023, the main development regarding the employment status regulations took place in education. The government has significantly changed the working conditions of teachers in public education by adopting the so-called “Status Law for teachers”, which ends the status of teachers as *public employees* and allows them to continue working as *public education employees* under the regulations of the Labour Act from 1 January 2024. The change of status brings with it several essential changes: (Neuberger, 2023)

- the school district management responsible for the centralised management of the schools may transfer teachers to another school until the end of the school semester, provided the commuting does not take more than three hours per day. Considering the serious shortage of teachers, this possibility may be a real threat. potentially leading to more teacher resignations.
- in case of a teacher strike, the classes or groups of classes concerned may be transferred, terminated, or reassigned to another school. Considering the recurrent strikes in the previous year, the changes may be an answer to the actions of teachers to curb future protests.
- increase teachers' maximum weekly working time from 32 hours to 40-48 hours, which is the outcome of changing the status from public to public education employee.
- disciplinary action may be ta ken against teachers who fail to comply with their "obligations as public education employees", which is a clear message to the teachers to follow the new requirements of the “Status Law” without any form of protest.
- an annual evaluation of teachers' performance in the workplace is introduced. Although reforms in this field have been requested earlier by the teaching profession, under the new system, the evaluation will be the responsibility of the director of the school, based on a set of criteria: the best-performing teachers may receive a bonus, while not suffer a wage cut (as the original outline suggested) however, they may, for example, be sent on for training chosen by their employer.

Both major teachers' unions and several teachers' and students' organisations have launched strong protests against the introduction of the “Status Law for teachers”.

Health and safety regulations and policies

In the field of health and safety two important regulations were initiated in 2023. Both regulations were included in a bill package with a large number of unrelated topics, which is a tactic to conceal or at least to make proposed changes less visible. (1) At the beginning of 2023, the amendment of the Labour Code addressed, among others, the position of those medically unfit for the present job. (2) At the end of 2023 a package of modifications in the frame of increasing the efficiency of public administration and the amendment of the compulsory occupational health check were initiated, which, in fact, abolished the compulsory health check.

(1)

The Labour Code has been amended in various directions, the modifications were effective 1 January 2023. An important change in the revised Labour Code affects those who became medically unfit for work. In case the employee’s health worsens to "incapacity to perform a job for medical reasons" (e.g. does not pass the occupational health assessment) that makes it easier for employers to dismiss the employee concerned in such cases. This could affect mainly blue-collar workers, as they are more likely to become unfit to work due to a permanent health condition. In this case, the employer had so far the choice of finding another suitable position within the company or dismissing the person under relatively strict conditions (e.g. severance pay). By contrast, according to the amendment, a person who is unfit for the job for medical reasons could remain with the company without being offered another job, but they would not be fired. Instead, they simply would not work and thus would not be paid. In this case, the employee would likely quit on their own accord.

The social partners only received the draft amendments a day and a half before the meeting of the Permanent Consultation Forum of the Private Sector and the Government (VKF) and it became clear at the meeting that there was no room for negotiation, the package having been submitted without any changes (Előd, 2022.) The Trade Unions' Alliance expressed sharp criticism of the proposal but without any success, the amendments were incorporated into the Labour Code (cf. Labour Code. 55. § (1) section).

(2)

The amendment proposal titled "The amendment of certain laws related to strengthening the competitiveness of domestic economic operators and increasing the efficiency of public administration", was in fact a major deregulation aimed at reducing the administrative burden on companies. One of its most interesting and resonant elements was the amendment of the compulsory occupational health check. The amendment to the law on occupational safety and health removes the requirement for a compulsory medical examination as a condition of fitness for work.

Statements by trade unions and employer representatives have suggested that the government did not consult in advance with the organisations representing millions of people affected. It is important to see that the precise impact of the measure on employment will only be known when the detailed rules are published, which will include the jobs for which medical examinations will remain compulsory. However, as the change would only come into force from 1 September 2024, there is sufficient time for stakeholders to react and prepare for the changes (Csiki, 2023).

Work-life balance related policies

As presented in an earlier Eurofound report (Hárs 2022), the labour law Directive (EU) 2019/1158 on work-life balance for parents and carers has been transposed by modification of the Labour Code and is effective from 1 January 2023. The regulation had some impact on paternity leave, parental leave, and flexible working arrangements for parents, however with a minimum obligatory period and very moderate compensation that even contradicts the Directive (cf. Labour Act. 118/A. §, 118. § (4) section, 146. § (4) & (5) section, 65. § (3) section c), d), 121. § (1) section).

Commentary and outlook

Hungary's economy declined in the first three quarters of 2023 (-0.9%, -2.4% and -0.4%, respectively), while in early 2024, food-price inflation peaked at 43.7% and household energy inflation at 50.7% in two years combined. Even after an easing, the inflation rate remained the highest in the EU, standing at 25.7% in January and 20.1% in mid-2023, year on year.

According to the 2023 national wage agreement, if inflation were to exceed the expected level, additional compensation would be paid to low earners. A proposal for one-off compensation was not endorsed, and resolution was left to the regular wage negotiations. During those negotiations under the auspices of the VKF (the Permanent Consultation Forum of the Private Sector and the Government), the representatives of employers and employees agreed on the minimum wage for 2024 and the compensation for 2023. A minimum wage increase of 15% for unskilled labour and a 10% rise for skilled labour were decided, and, as compensation, the increased wages were paid out in December 2023. Reaching an agreement was not easy, although the government's position was simple: agreement should not burden the state budget. A recommendation to maintain or increase real wages in the bargaining process in future was made.

Employers' and employees' representatives also agreed on the need to develop a longer-term, four-year improvement of wage agreements, including a motion to merge the two types of minimum wages. According to this, the minimum wage for skilled labour should be agreed within the framework of sectoral agreements instead, although this is the weakest level, with low representation at present. To increase the coverage of sectoral collective agreements, several decisions and legislative amendments are needed, creating capacity and readiness for both workers and employers to conclude sectoral collective agreements. This could be developed in the VKF.

Social dialogue in general has been weak in Hungary since 2010, and the government has shown no willingness to improve this. The existing institutions are insufficient for conducting relevant social dialogue, except the wage negotiations on minimum wages. Amid the circumstances of a prolonged state of emergency in the legislative process in recent years (explained by the refugee crisis, COVID-19, and war in Ukraine), regulation through government decrees intensified and the involvement of the social partners further weakened.

Many aspects of the Labour Code have been affected by amendments from January 2023 to transpose EU directives, including those on transparent and predictable working conditions affecting working time (Directive (EU) 2019/1152). In addition to the transposition, other new rules concerned working time and rest periods and the postponement of approval of leave. The changes were not preceded by consultation, and the concerns of employee representatives were not heard.

Due to the high inflation, labour disputes aimed at inflation-compensating wage increases occurred. At Bosch Hungary, the desired wage increase was secured after a protest and warning strike. Vocal protests were also held in the public sector. The longest protest was for better working conditions and higher wages for teachers, which started in 2022. Instead of accepting teachers' demands, in spring 2023 the government framed a 'status law' for teachers, which significantly changed their working conditions. In response to the teacher shortage, working hours were increased and the ability to strike curtailed. Protests were unsuccessful.

There were also protests in public services during 2023, including a two-day strike at the coach operator Volánbusz in December, demanding a wage offer for 2024. In Hungary, rules require the provision of a minimum level of services even during a strike, which diminishes the pressure power of trade unions (80% of services were running on the first day of the strike and 55% on the second day).

References

Berki, Erzsébet (2023a), Kollektív szerződések Magyarországon (2012–2023) (Collective agreements in Hungary (2012-2023), in A kollektív szerződés lefedettség csökkenése Magyarországon (2012–2023) (Decline in collective agreement coverage in Hungary (2012-2023) Eds: Gyulavári, T. and Kártyás, G, Friedrich Ebert Stiftung, 2023 pp.5-19, https://library.fes.de/pdf-files/bueros/budapest/20640.pdf

Berki, Erzsébet (2023b), A munka beszüntetésének joga és ahogyan éltünk vele (The right to strike and how we have used it) Munkaügyi Szemle, April 2023

Brückner, Gergely (2023), Orbán infláció elleni 20 pontos csomagjával csak az a baj, hogy annak minden eleme növeli az inflációt (The only problem with Orbán's 20-point anti-inflation package is that every element of it increases inflation), Telex, 8 March. https://telex.hu/gazdasag/2023/03/08/orban-viktor-20-pontban-sorolta-fel-hogy-mi-mindent-tesz-az-inflacio-ellen-a-baj-csak-az-hogy-a-20-pont-mind-emeli-az-inflaciot

Csiki, Gergely (2023), Hirtelen eltűnhet több százezer orvosi vizsgálat Magyarországon - Mi lesz ebből? (Sudden disappearance of hundreds of thousands of medical examinations in Hungary - What will happen?) Portfolio, 17 November, https://www.portfolio.hu/gazdasag/20231117/hirtelen-eltunhet-tobb-szazezer-orvosi-vizsgalat-magyarorszagon-mi-lesz-ebbol-651973

Elődi, Fruzsina (2022), Proposed Labour Code changes to curtail Hungarian workers' rights again, Telex, 21 November, https://telex.hu/english/2022/11/21/proposed-labour-code-changes-to-curtail-hungarian-workers-rights-again

Fődi, Kitti (2023) Elfogadták a státusztörvényt (The status law was adopted), 444.hu, 4 July, https://444.hu/2023/07/04/elfogadtak-a-statusztorvenyt

HCSO (2023), KSH MONITOR https://www.ksh.hu/ksh-monitor/

Hárs, Ágnes (2022) Hungary: Developments in working life 2022, Eurofound, 2022 https://www.eurofound.europa.eu/en/publications/eurofound-paper/2023/hungary-developments-working-life-2022

HVG.hu (2023) Újabb fél évig élhetünk háborús veszélyhelyzetben, folytatódik a rendeleti kormányzás (We could live in a state of war for another six months, as decree government continues) 6 November https://hvg.hu/itthon/20231106_Ujabb_fel_evig_elhetunk_haborus_veszelyhelyzetben_folytatodik_a_rendeleti_kormanyzas

HVG.hu (2023b), Tényleg nem nézi szinte senki az állami árfigyelőt - derült ki a GVH-elnök szavaiból (Almost no one really looks at the state price watch website - the GVH President's words reveal) 30 July https://hvg.hu/gazdasag/20230730_Gazdasagi_Versenyhivatal_GVH_arfigyelo_rendszer_Aldi_Auchan_Lidl_Penny_Market_SPAR_Tesco_arak_inflacio_elelmiszerarak

Keller-Alánt, Ákos and Garamvölgyi, Flóra (2023), Német nyomás, kínai érdek, orbáni politika: ez áll a akkumulátorberuházások hátterében (German pressure, Chinese interest, Orbán's policy: behind battery investment) Szabad Európa, 11 October kormány.hu (2023), 20 intézkedés az infláció ellen, a munkahelyek és a családok védelmében (20 measures to fight inflation, protect jobs and families), https://kormany.hu/hirek/20-intezkedes-az-inflacio-ellen-a-munkahelyek-es-a-csaladok-vedelmeben

Liganet (2023), Közös OKÉT nyilatkozat (Joint OKÉT(National Civil Service Consultation Council) declaration), 10 February, https://www.liganet.hu/11626-kozos-oket-nyilatkozat.html

Liganet (2023b), Új bizottság a VKF-en (New committee at VKF) https://www.liganet.hu/11530-uj-bizottsag-a-vkf-en.html 5 May

Neuberger, Eszter (2023) Hány tanár hagyja ott a közoktatást a státusztörvény miatt? Várjuk ki a végét (How many teachers are leaving public education because of the status law? Let's wait and see) Lakmusz, 31 August/, https://www.lakmusz.hu/hany-tanar-hagyja-ott-a-kozoktatast-a-statusztorveny-miatt-varjuk-ki-a-veget/

Portfolio (2023), Jön az országos pedagógussztrájk (National teachers' strike coming) Portfolio, 10 January, https://www.portfolio.hu/gazdasag/20230120/jon-az-orszagos-pedagogussztrajk-591900

Portfolio (2023b), Sztrájk lesz holnap Budapesten, a státusztörvény ellen tiltakoznak (Strike tomorrow in Budapest, protesting against the status law) Portfolio, 23 April 23, https://www.portfolio.hu/gazdasag/20230423/sztrajk-lesz-holnap-budapesten-a-statusztorveny-ellen-tiltakoznak-610954

Portfolio (2023c), Folytatódhat a Volán-sztrájk, a munkáltató nem tudja megadni a kért béremelést (The Volán strike may continue, the employer cannot give the requested wage increase) Portfolio, 12 December, https://www.portfolio.hu/gazdasag/20231212/folytatodhat-a-volan-sztrajk-a-munkaltato-nem-tudja-megadni-a-kert-beremelest-657247

Szakszervezet.net (2022) A Magyar Szakszervezeti Szövetség álláspontja az Mt. módosításáról - Éles kritika (The position of the Hungarian Trade Union Confederation on the amendment of the Labour Code - Sharp criticism), szakszervezet.net, 3 November, http://www.szakszervezet.net/public/hirek/74/MASZSZ,%20Mt.,%20kritika

Szakszervezet.net (2023) Munkajogi változások 2023-tól - Az Mt. új szabályairól (Labour law changes from 2023 - New rules in the Labour Code), szakszervezet.net, 4 March http://www.szakszervezet.net/public/hirek/110/Munkajogi%20v%C3%A1ltoz%C3%A1sok%202023-t%C3%B3l%20-%20Az%20Mt.%20%C3%BAj%20szab%C3%A1lyair%C3%B3l

Szalai, A (2023), Az azonnali jogvédelmet adó perek nyithatnak megoldást az akkugyárak ellen tiltakozó civileknek (Immediate redress lawsuits could provide a solution for NGOs protesting against battery factories), Népszava, 14 November, https://nepszava.hu/3215318_azonnali-jogvedelem-akkugyarak-civilek

Szilágyi, Sára (2023), Az infláció töredékét adná béremelésként, és akadályozza a dolgozók szerveződését a Bosch (Bosch would give a fraction of inflation in wage rises and prevent workers from organising), Mérce, 23 January, https://merce.hu/2023/01/23/az-inflacio-toredeket-adna-beremeleskent-es-akadalyozza-a-dolgozok-szervezodeset-a-bosch/

Szurok, Dávid (2023), Betelt a pohár, országos sztrájk jöhet a Volánnál: ezt minden ingázónak tudnia kell (The cup runneth over, a national strike at Volán: all commuters need to know) Hello vidék, 27 November, 2023, https://www.hellovidek.hu/gazdasag/2023/11/27/betelt-a-pohar-orszagos-sztrajk-johet-a-volannal-ezt-minden-ingazonak-tudnia-kell

WPEF24048

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.