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Background

Employment in *central government* under the main General Employment Framework (GEF):¹

2012: 6 466 employees

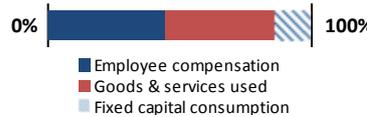
Total employment in the *general government sector* as a percentage of labour force (2010):[†]

20.1%

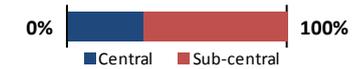
Central human resources management body:

Centre of Human Resource Management for Public Administration

Government production costs (2010)^{††}



Government centralisation (2008)^{††}



Type of recruitment system (2010)



Legal Framework

GEF covers all employees:	Yes
GEF includes fixed-term contracts:	Yes
Private law applicable in public sector:	Yes

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.

	Staff have the right:		Benefits, to which employees are entitled to, are:			Firing rules provide:	
	to unionise	to strike	Full funding of social security	Partial funding of social security	Some funding of pensions	Different guarantees about job protection / dismissal	Guarantees in favour of life-long employment
Public sector	Yes	Yes	No	Yes	Yes	Yes	No
Private sector	Yes	Yes	No	Yes	Yes	Yes	No

Composition of Employment

Central government employment (2012)¹

Total employment under GEF: 6 466 employees

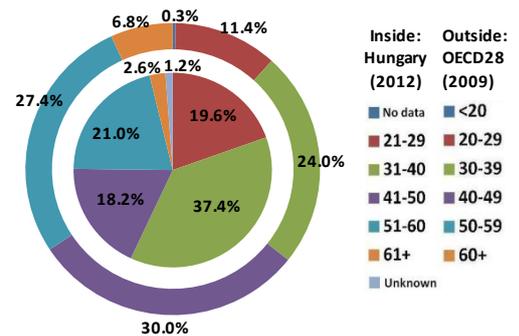
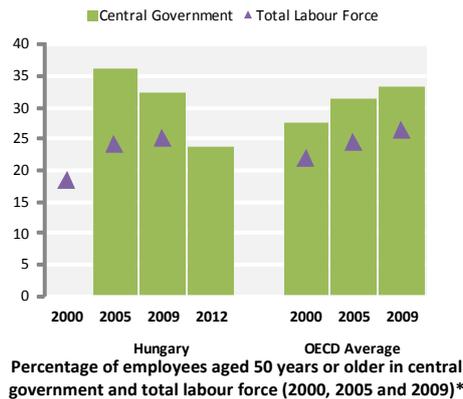
Part-time employment: 231 employees

Gender in the public sector (2009, based on 2006 data)¹

Female participation in central government workforce: 70.0%

Share of top and middle positions who are women: No Data

¹ Data are for core ministries of central government, excluding background institutes, agencies and technical support.



Age structure of central government

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.

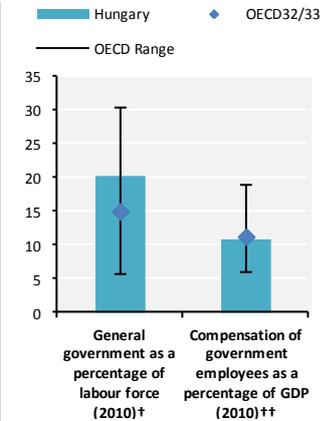
Public Sector Restructuring

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%.

Anticipated reforms' effect on employment level: Decrease

Implemented changes in employment levels affecting more than 50% of ministries/agencies since 2000:

- Discretionary hiring / dismissal
- Hiring freeze / non replacement of retiring staff
- Change in retirement age
- Devolution of authority over other levels of government
- Contracting out
- Delegation to other public or semi-public organisations
- Reorganisation / restructuring



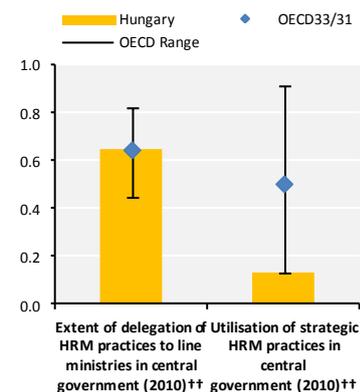
Organisation of HR Management

Decentralisation of HR Management

Central HRM unit:	Centre of Human Resource Management for Public Administration
Role:	Responsible for defining HR policy
Location:	Office of Public Administration and Justice Responsibilities
Responsibilities:	<ul style="list-style-type: none"> • Development of administrative HR knowledge base and provision of related support services • Assures services relating to the application and selection processes • Goal and performance management according to job descriptions • Further development and implementation of integrated HRM IT system • Develop and operate the trainee and labour supply programmes
Personnel, budget and pay delegation:	<ul style="list-style-type: none"> • Pay systems are managed centrally. • Budget allocation, bonuses and the number and types of posts are managed centrally and at ministerial level.
Classification, recruitment and dismissal delegation:	<ul style="list-style-type: none"> • The post classification system, recruitment, contract duration, career management and dismissal due to restructure are all managed by ministries and units/teams. • The central HRM body also plays a role in dismissal due to restructuring and other dismissal issues are handled by units/teams alone.
Employment conditions delegation:	<ul style="list-style-type: none"> • Working conditions, performance appraisal, the code of conduct and equal opportunity issues are managed by ministries. • The central HRM body also plays a role in equal opportunity issues.

Strategic HR Management

Existence of HRM accountability framework for managers:	No General Accountability Framework exists.
HRM targets feed performance assessments:	No
Regular HRM assessment of ministries and departments:	No
Top & middle management plan and report on:	<ul style="list-style-type: none"> • Compliance with HR rules & targets for employment and pay • Workforce strategies to close competency gaps • Participation in whole of central government initiatives • General people management
Forward planning use:	No forward planning is in use.

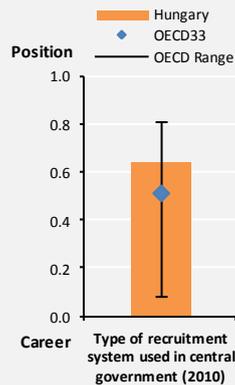


Hungary delegates HRM practices to line ministries to an extent consistent with the average OECD country. The central HRM body has a reasonably wide range of responsibilities and plays more than just a coordination role. Despite this, most employment issues are delegated to ministries and units/teams. Overall, delegation has led to a broadly comparable employment framework across all of central

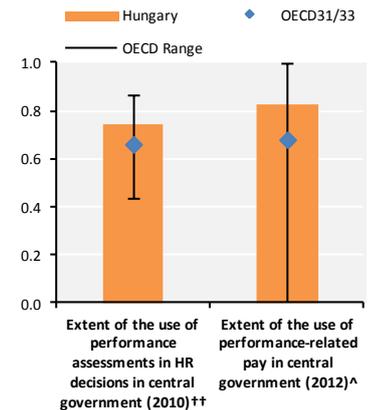
government. Hungary makes the least use of strategic HRM practices of any OECD country. No accountability framework for management exists, HRM targets are not considered in performance appraisals and there are no regular assessments of ministries’ HRM capacity. Management is required to report on a reasonable range of issues, however. In addition, forward planning is not used.

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.



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%.



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.

Most important factors to determine base salary	Top Management	Middle Management	Professionals	Secretarial Level	Technical Support
Educational qualification	○	○	●	●	●
Job content	◐	◐	◐	○	○
Ministry	○	○	○	○	○
Performance	◐	◐	◐	○	○
Age	○	●	●	●	●
Seniority in the position	○	◐	◐	○	○
Relevant experience	○	○	○	○	○

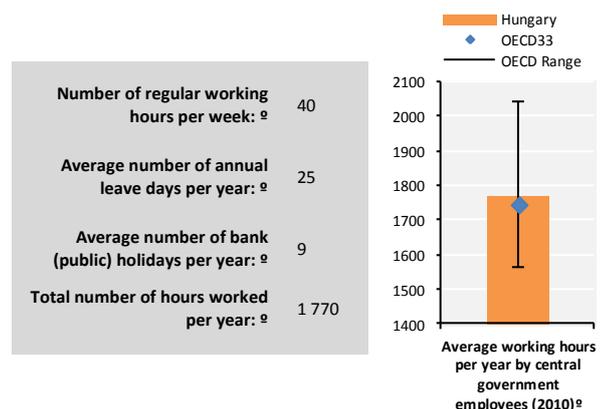
● Key importance ◐ Somewhat important ○ Not at all important

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.

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.

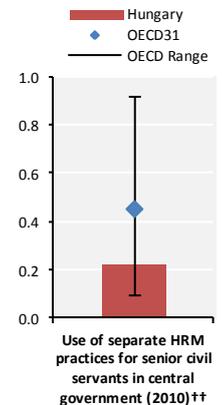


Number of regular working hours per week: º	40
Average number of annual leave days per year: º	25
Average number of bank (public) holidays per year: º	9
Total number of hours worked per year: º	1 770

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 Magyar 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 Magyar 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 for Total Labour Force from OECD *Labour Force Statistics Database*; data for Central Government from OECD (2011), *Government at a Glance 2011*.

† Data from International Labour Organization (ILO) *LABORSTA Database* and OECD *National Accounts Statistics*. See Methodological Note.

†† OECD (2011), *Government at a Glance 2011*, OECD Publishing, Paris.

~ OECD (2012), *Restoring Public Finances, 2012 Update*, OECD Publishing, Paris.

° OECD (2010), *Survey on the Compensation of Employees in Central/Federal Governments*, unpublished.

^ OECD (2012), *Rewarding Performance in the Public Sector: Performance-related Pay in OECD Countries*, unpublished.

Further Reading

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD Publishing, Paris.

OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris.

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