

# **Labour and Environmental Sustainability**

**Hungarian Report**

by  
**Balázs Rossu**

# agreement!

*A Green Mentality for Collective Bargaining*

---

A EU research project led by

**ADAPT**  
www.adapt.it

Together with

**(Aix\*Marseille**  
université



UNIVERSIDAD DE ALMERÍA



Universitat  
Pompeu Fabra  
Barcelona

**SZTE**  
UNIVERSITY OF SZEGED

**WARWICK**  
THE UNIVERSITY OF WARWICK

**WU**  
WIRTSCHAFTS  
UNIVERSITÄT  
WIEN VIENNA  
UNIVERSITY OF  
ECONOMICS  
AND BUSINESS

With the financial support of



**Agreement – A Green Mentality for Collective Bargaining** investigates the role of social dialogue and collective bargaining in promoting sustainable development and the *Just Transition* to a low-carbon economy in six countries: France, Hungary, Italy, the Netherlands, Spain and the UK.

The Agreement project is co-funded by the European Commission, DG Employment, Social Affairs and Inclusion, under budget heading VP/2017/004 (Grant Agreement VP/2017/004/0037), Improving expertise in the field of industrial relations.

**More info at:**

<http://agreement.adapt.it>

## **Labour and Environmental Sustainability**

### **Comparative Report**

by Juan Escribano Gutiérrez in collaboration with Paolo Tomassetti

ISBN 978-88-31940-46-7

### **Dutch Report**

by Miriam Kullmann

ISBN 978-88-31940-47-4

### **French Report**

by Alexis Bugada with Véronique Cohen-Donsimoni, Vanessa Monteillet, Caroline Vanuls and Audrey Martinez

ISBN 978-88-31940-48-1

### **Hungarian Report**

by Balázs Rossu

ISBN 978-88-31940-49-8

### **Italian Report**

by Paolo Tomassetti

ISBN 978-88-31940-50-4

### **Spanish Report**

by Consuelo Chacartegui Jávega and Sergio Canalda Criado

ISBN 978-88-31940-51-1

### **UK Report**

by Ania Zbyszewska and Marie Pillon

ISBN 978-88-31940-52-8

© 2020 ADAPT University Press

# **Labour and Environmental Sustainability**

**Hungarian Report**

by  
**Balázs Rossu**

## INDEX

Executive summary.....	1
1. Introduction.....	2
2. Literature Review .....	4
2.1. Legal Background .....	4
2.2. Policymaking and Trade Unions .....	5
2.3. Fields of Supporting Scientific Research .....	6
2.4. Effects on Employability.....	7
3. Institutional Characteristics of Collective Bargaining in the Country.....	11
4. Presentation of Data.....	16
4.1. Core Data.....	16
4.2. Contents of (the Analysed) Collective Agreements.....	21
4.3. Opinions of Social Partners on the Contents of Collective Agreements and Flaws of the Current System and Practice.....	27
4.4. Possible Solutions and the Threat of Misuse Thereof.....	29
5. Analysis and Conclusions.....	32
Annex 1 – List of people interviewed and involved in the focus group.....	37

## Executive summary

*Based on the legal texts available and observable in Hungary, there is no normative obstacle set up by any form of legal regulation that would deny trade unions and employers the possibility to include norms or regulations regarding the topic of environmental protection, environmental consciousness and sustainability in their respective collective agreements, but unfortunately they rarely do in practice.*

*In Hungary the dominant level of the process of collective bargaining and execution of collective bargaining agreements is by far the local or corporate level, thus making Hungary a country with a decentralized structure for bargaining and sectoral level collective bargaining is incredibly underused in Hungary due to several reasons. Currently, political lobby activity became a necessary (if not the most necessary) tool of a trade union (confederation) in order to achieve anything on a wider scale (nationally speaking) according to trade union activists and experts alike. Social partners are well aware that this practice naturally makes the influence of any trade unions involved fragile, but they also know that in the same time this serves as the only gateway (in numerous cases) towards effective work.*

*Some employers' representations do act supportive of environmental actions on a local level as well, but those of the employees are mostly focusing on labour related questions exclusively, placing environmental protection and related issues to be discussed somewhere in the future and in most cases place in separate policies, not collective bargaining agreements. When asked directly they give a positive response regarding its importance but in practice they rarely (if ever) include it during the actual negotiation process as one of their requests or demands.*

*Hungary seems to be only in the beginning of a (much needed) paradigm change towards environmentally conscious thinking and only at the starting point of the process of actually considering to shift to the utilization of renewable energy sources. Thanks to social and cultural customs taken up by society throughout the country's history, the actual fundamentals of a proper industrial relations system are lacking in many cases. These include the tendency to overuse resources or the possibility to think collectively and placing the needs of the employees as a group before that of the given individuals.*

## 1. Introduction

This study on sustainability regarding the area of labour and environmental issues in Hungary mainly focuses on the actual situation of the country in question from the perspective of the “average” social partners. Since the European Union places a rather large emphasis on the subject, naturally some of the legislation in force and other regulations reflect such emphasis but in practice this is not always the case in Hungary. Although trade unions do tend to place fighting for fair labour standards in their focus in general, not many of them seem to have the opportunity and/ or possess the means required to move further than the basic questions.

There are companies – especially within the energy sector – that discuss environmental consciousness and sustainability in their various local level regulations and specialized agreements, but in most cases these companies are either required to do so by law (or other forms of legislation) or become eligible to various benefits (in the form of tax advantages in most cases) by utilizing such actions. Providing different forms of support and/ or benefit schemes to companies (or even individual households) in order to encourage and motivate them to turn to sustainable methods is an effective tool of the state and one mostly welcome by the citizens as well, but since Hungary seems to be only in the beginning of a (much needed) paradigm change towards environmentally conscious thinking and only at the starting point of the process of actually considering to shift to the utilization of renewable energy sources instead of carbon-based ones, these methods only seem able to reach short-term and narrow-scaled results.

The study does take the energy sector of Hungary into consideration but in order to be able to present the actual situation more accurately, it places a larger emphasis on sectors like public transportation and food processing. The main reason behind this is that these sectors are also known to have a relatively heavy impact on the environment but are usually not monitored as strictly by the state regarding the energy policies of their respective companies (as opposed to ones that are actually operating within the energy sector).

It is common in Hungary to have a well-structured system of legal regulations for most aspects, which seems to be especially true regarding the question of employment and the world of work. Since the main goal of the study is not only to



present the current situation regarding environmental sustainability and its relationship with labour issues and their (actual and possible) solutions, but also to uncover future possibilities to strengthen such connections and also to demonstrate the willingness of social partners to invest time and energy into this topic, the study itself starts by reviewing and summarizing some of the most relevant literature available regarding the subject. The first subchapter of the aforementioned literature review focuses on presenting the legal basis providing the main governing ideas and also setting up a structure for related actions. Even though as a member of the European Union, Hungary shall not neglect the directions of labour and environmental policies of the European Community, trade unions are rarely given an active role in this aspect. Although some of the employers' representations do act supportive of environmental actions, those of the employees are mostly focusing on labour related questions exclusively, placing environmental protection and related issues to be discussed somewhere in the future. When asked directly, they give a positive response regarding its importance but in practice they rarely (if ever) include it during the actual negotiation process as one of their requests or demands. The literature review also lays down the scientific background of the topic as Hungary is not falling behind the EU average on this regard; only combining the science with labour practices seems to be a slow process which is just recently starting.

The current system of institutions regarding industrial relations, social dialogue and collective bargaining is not the most favourable one in Hungary. At least that is how it is viewed by most Hungarian trade unions, mostly due to the intensive changes of the past decade, with special regard to the “new” Labour Code<sup>1</sup> (passed in 2012). In order to be able to understand the situation, it is required to briefly introduce the most important institutions of social dialogue and collective bargaining in Hungary and also emphasize their strengths, weaknesses and possible potential in the future.

The theory is then followed by practice, which is based on analysing more than one hundred collective bargaining agreements from both sectoral and local, company levels in various sectors in Hungary and ten interviews with social partners.

---

<sup>1</sup> Act I of 2012.

## 2. Literature Review

### 2.1. Legal Background

Hungarian legislation has undergone some major changes throughout the previous years, which naturally affected the area of sustainability as well. Numerous experts study the new legislation and amendments of older ones still in force which occurred on various fields and branches of law. They do however agree on the fact that the most important of such changes is the Fundamental Law of Hungary<sup>2</sup> replacing the Constitution of the Republic of Hungary<sup>3</sup> in 2011. It is of high importance for a solid legal basis to exist for any and all questions that require some form of deviation from the practices the general public is used to and as such it is especially important on a field as innovative as the utilization of renewable energy sources (bringing with it a possible need for the restructuring of the entire energy sector) and sustainability in general.

According to Section (1) of Article M) of the Foundation(s) of the Fundamental Law of Hungary the economy shall be based on work which creates value, and on freedom of enterprise. Creating value through work in itself may be interpreted in a wide variety of ways but a following provision addresses the issue in a slightly different manner as Article XII states that everyone shall have the right to freely choose his or her work, occupation and to engage in entrepreneurial activities as well as everyone shall be obliged to contribute to the enrichment of the community through his or her work, in accordance with his or her abilities and possibilities. In later Articles the Fundamental Law also sets some major goals for the entire country, including but not limited to the following:

- protecting the living conditions of future generations by making prudent use of our material, intellectual and natural resources; and
- ensuring the protection of the environment.

The Fundamental Law also clearly states that:

- everyone shall have the right to a healthy environment; and also that

---

<sup>2</sup> 25 April 2011.

<sup>3</sup> Act XX of 1949 on the Constitution of the Republic of Hungary.

- anyone who causes damage to the environment shall be obliged to restore it or to bear the costs of restoration<sup>4</sup>.

It is clearly visible that even the fundamental law makes some very important connections between the freedom of choosing one's job and keeping the importance of preserving the environment in mind<sup>5</sup>.

## 2.2. Policymaking and Trade Unions

The reason for setting up a clear understanding of the legal provisions and their wording is that currently, political lobby activity became a necessary (if not the most necessary) tool of a trade union (confederation) in order to achieve anything on a wider scale (nationally speaking) according to trade union activists and experts alike. Throughout the years, trade unions (and more importantly their stronger confederations) have become increasingly dependent on the social dialogue institutions of various governments as well as the funding flowing through them and different lobbying opportunities that arise throughout the process. They are aware of the fact that this practice naturally makes the influence of any trade unions involved fragile<sup>6</sup>, but they also know that in the same time this serves as the only gateway (in numerous cases) towards effective work on sectoral level as well as national level<sup>7</sup>.

There are also practices on the field of influencing the public indirectly and actually leading by a good example. Some of the more influential social partners in Hungary, for example the Confederation of Hungarian Employers and Industrialists (MGYOSZ, Business Hungary) apart from engaging in political lobby, commented on the national action plan on both national and European level

---

<sup>4</sup> J. SÁRI, B. SOMODY, *Alapjogok: Alkotmánytan II*, Osiris Kiadó, Budapest, 2008, 46-47.

<sup>5</sup> Országgyűlés Hivatala (Parliament Office): Irományszám (Document n.): T/2627 Érkezett (Issued): 2011 március 14, available in Hungarian at: <http://www.parlament.hu/irom39/02627/02627.pdf>.

<sup>6</sup> A. SZABÓ-MORVAI, G. BORBÁS, M. VONA, *Szakszervezetek a gazdaságban – A szakszervezetekkel kapcsolatos közgazdasági elméletek és kutatások összegzése*, "A munka világába tartozó érdekképviseletek" című kutatás résztanulmánya, COMPLEO, Budapest, 2010, 55-58.

<sup>7</sup> L. NEUMANN, *Szakszervezeti dilemmák az ezredforduló után*, in *Közös jövőnk, a szakszervezetek jövője*, c. konferencia kötet, ed. Kozák, László, Szakszervezeti Kiskönyvtár, 2005, Budapest, 46-52 (HU ISSN 1787-1824).

as well as partnered up with companies supplying green equipment and green products domestically<sup>8</sup>.

### 2.3. Fields of Supporting Scientific Research

In many cases Hungarian experts try to find the answers to practical environmental and economical questions on different fields of science. Countless literature focuses on fields such as the chemical study of fuels and the possible effects caused by abandoning them or moving on to alternative ones. Such studies go to the extent of comparing the economic stability in the case of active mining activities being carried out in the country and the case where the need for fossil fuels is no longer a high-priority issue<sup>9</sup>.

Other fields of scientific research include analysing the past on a socio-geographical level. In most cases such researches paint a picture of failure due to the fact that our country might not have the geographical setting required to fully operate in a sustainable manner envisioned by the European Union due to not only the possible lack of natural minerals required<sup>10</sup> but the social and cultural customs taken up by our society throughout history<sup>11</sup>. These include the tendency to overuse resources in a manner proportional to the potential increase in welfare that would arise due to the successful application of policies<sup>12</sup>. This would naturally result in a short-term success only. To counter this, there is not only a need to achieve a paradigm change in the energy sector itself but also in the general way of thinking<sup>13</sup>.

---

<sup>8</sup> Magyar Gyáripár c. folyóirat, L. évf. 2010. 7. sz. p. 8, available online (in Hungarian) at: <https://www.mgyosz.hu/gyaripar/2010szeptember/tartalom.pdf>.

<sup>9</sup> C. GÉVAL, *Nagyon zöld könyv*, Pozsonyi Pagony Kft., Budapest, 2011, 41.

<sup>10</sup> R. DOMJÁNNÉ NYIZSALOVSKAI, L. JUHÁSZ, *Magyarország természetföldrajza*, Mezőgazda Kiadó, Budapest, 2010, 48.

<sup>11</sup> N. PÁP, *A területfejlesztés földrajzi alapjai*, Lomart Kiadó, Pécs 2006, 96-102. The same issue is also tackled by another expert listed lower regarding a different issue (I. GYULAI, *A fenntartható fejlődés. Ökológiai Intézet a Fenntartható Fejlődésért Alapítvány*, Miskolc, 1999, 62-67).

<sup>12</sup> M. SIMAI, *Zöldebb lesz-e a világ? A fenntartható fejlődés szerkezeti problémái a XXI. század elején*, Akadémiai Kiadó, Budapest, 2001, 103-112, 120.

<sup>13</sup> E. FEKETE, *Energiáról okosan. Energiahatékonysági tanácsok a mindennapokra*, Magyar Természetvédők Szövetsége, Nyíregyháza, 2009, 49-50.

## 2.4. Effects on Employability

According to various authors, it has become obvious in Hungary during the past few years that environmental protection has become a key sector only by looking at data about GDP growth ratios. Both the investment in technologies that would lead to decreasing the amount of carbon dioxide emission and those required for producing and utilizing renewable energy sources hold a great opportunity for creating new jobs and increasing national employability (not to mention the fact that achieving “energy independence” would greatly boost the economy as a whole). But for this to happen a lot of training is required as we lack trained workforce on this field. The first sector that seems to show incredible growth is sustainable architecture but even there seems to be a need for professional workers. This sector does not seem to be different from any other sector regarding the general competitiveness as there is a demand for highly trained professionals able to adapt to new challenges in a flexible manner<sup>14</sup>.

Some literature argue that understanding or defining the term “green” when it comes to social inclusion or employment still seems to be a major problem. The main reason for this however is not the lack of information available, but the exact opposite. There are too many possible definitions in existence, as most companies, authorities, etc. came up with their own versions focusing on their own unique viewpoints on the matter. Since such definitions and unique viewpoints sometimes serve as basis for policymaking, the danger of overlooking an important factor or falling for the same mistake multiple times may also occur as an undesired result<sup>15</sup>.

According to field experts, for general understanding, the term “green-collar workers” in Hungary are to be understood as people who do work in relation to the green economy and thus play a vital role in creating a sustainable economy and in guaranteeing its constant growth. A green-collar worker is someone who fully supports the green economy and pictures life in a sustainable and

---

<sup>14</sup> See V. ÉRI, *A környezettudatos gazdasági átalakulás munkaerőpiaci hatásai, a zöld munkahelyekben rejlő foglalkozási potenciál*, Foglalkozási és Munkaügyi Minisztérium, Budapest, 2010, 50-57.

<sup>15</sup> B.R. ROSSU, *Zöld munkahelyek és az energiaszektor: A megújulókat hatása a magyar foglalkoztatásra*, Szeged, 2011, 6-7.

environmentally conscious society<sup>16</sup>. This means that to such people it comes naturally to live their everyday lives in a way that is conscious towards their environment and the economy, be it at their workplaces or their respective homes. Any goods and resources created through said economy and lifestyle is also utilized in a conscious manner, which seems to be the hardest part<sup>17</sup>. For this to happen one must possess a green set of values and an exceptionally high level of collective thinking as well as solidarity<sup>18</sup>.

It has to be noted though that no matter the actual amount, renewable resources alone will never satisfy the entire energy demand of the planet (or a given country for that matter) but their use undoubtedly helps easing the burden posed by carbohydrates (such as natural oil, natural gas and carbon). This also results in the decrease of greenhouse gas emission. In order to even strategize about achieving something on a global scale there is a need to come up with strategies that focus on bringing change to national or even local levels. The principle of subsidiarity shall be observed at all times<sup>19</sup>. This means no less than always trying to solve the problems closest to the place where they arose, leaving the decisions up to the lowest levels of authorities possible<sup>20</sup>. This will not only ensure the inclusion of the actual people affected by the problems but will also eliminate most (bureaucratic) factors which would make the process lengthy and unnecessarily complicated<sup>21</sup>.

In Hungary it has become widely known that investing in wind turbines is one of the fastest growing and most rapidly developing parts of industry across Europe. This includes production, installation and sales and in some cases operation and providing maintenance). As a result of rapid development, newer and newer technologies were invented which began to gradually decrease the overall costs

---

<sup>16</sup> I. GELLÉRTHEGYI, *Az Európai Unió környezetvédelmi szabályozása fejlődésének hatása a hazai környezetvédelmi igazgatás fejlesztésére*, Budapesti Corvinus Egyetem, Közigazgatástudományi Kar, Budapest, 2011, 7.

<sup>17</sup> See D. SCHÄFFERNÉ, *Katalin: A környezettudatos fogyasztói magatartás többszintű értelmezése és modellje*, Pécsi Tudományegyetem, Közgazdaságtudományi Kar, Pécs, 2008, 5.

<sup>18</sup> See H. ABAYNÉ, *Enikő CSs. et al: Zöld társadalom, zöld gazdaság, innováció*, Károly Róbert Főiskola, Gyöngyös, 2012, 15.

<sup>19</sup> A. LÁNYI, *Fenntartható társadalom*, L'Harmattan Kiadó, Budapest, 2007, 52.

<sup>20</sup> I. GYULAI, *A fenntartható fejlődés. Ökológiai Intézet a Fenntartható Fejlődésért Alapítvány*, Miskolc, 1999, 26.

<sup>21</sup> "Van hozzá energiánk!" című Greenpeace ismeretterjesztő füzet, Szerk.: B. Stoll, M. Vay, 2010, 10-12.

relating to wind turbines. This made it one of the biggest employers among all renewable energy utilizing workplaces<sup>22</sup>. It has to be noted though that the level of support the government provides has not always been sufficient. There has been a mandatory acceptance program for more than ten years now but the determined amounts and terms did not take the actual needs into consideration. Changes have been made though and the actual action plan has been set up to meet such needs while also taking reality into consideration<sup>23</sup>. The area does seem to develop but there will be a limit soon reached where such rapid development will eventually slow down or even stop. Considering the possibilities employment wise the situation does look promising<sup>24</sup>. Utilizing wind energy however is only the second biggest source of renewable energy in Hungary. Levels of using solar and geothermal energy have also been increasing slightly but biomass is still at the top. When comparing data from reports and investigative studies, strangely the numbers regarding wind-, solar-, or geothermal energy, the numbers tend to vary. The only somewhat consistent numbers found are those regarding the use of biomass<sup>25</sup>.

When examining the labour market, many experts immediately place focus on vulnerable participants such as the elderly, young entrants or women in general. Even though there are some cases where companies originally favouring men as their workers have demonstrated a huge shift towards gender neutrality and went as far as employing more women than men, (in some instances even up to a 65:35 gender ratio) even on fields “traditionally” dominated by men (e.g. vehicle drivers or even engineers)<sup>26</sup>, according to recent studies, the so-called “glass ceiling” phenomenon exists in Hungary that actually limits the advancement possibilities

---

<sup>22</sup> *Stratégia a magyarországi megújuló energiaforrások felhasználásának növelésére 2008-2020*, Budapest, 2008, 19-21.

<sup>23</sup> T. TÓTH, *A megújuló energiaforrásból származó villamos energia piaci részesedésének növelésére irányuló támogatások Közép-Kelet Európában* (RES-E támogatási rendszere Lengyelországban, Csehországban, Szlovákiában és Magyarországon) Konferencia publikáció, Széchenyi István Egyetem, Európa-tanulmányi Központ, Győr, 2005, 4.

<sup>24</sup> J. BARTHOLY, H. BREUER, I. PIECZKA, R. PONGRÁCZ, K. RADICS, *Megújuló energiaforrások ed. Pieczka Ildikó, Eötvös Loránd Tudományegyetem*, Budapest, 2013, 99-101.

<sup>25</sup> N. KOHLHEB, G. PATAKI, A. PORTELEKI, B. SZABÓ, *A megújuló energiaforrások foglalkoztatási hatásának meghatározása Magyarországon*, Negyedik, átdolgozott változat, ESSRG Kft. Budapest, 2009-2010, 32-41.

<sup>26</sup> J. HAJDÚ, B. ROSSU, *Hungarian case study: focus on the renewable energy Center of Hárskút, in Final Report Presented to the European Commission on the project called Women in the Renewable Energy Sector (WiRES)*, ADAPT, 2009-2010, 290-293, available online at: [http://www.bollettinoadapt.it/old/files/document/11145wire\\_report\\_03\\_1.pdf](http://www.bollettinoadapt.it/old/files/document/11145wire_report_03_1.pdf).

of female workforce starting from a certain level of hierarchy. This is not uncommon in Europe either. According to the authors, the general situation is not worse in Hungary compared to EU averages except for maybe one field of employment that being politics<sup>27</sup>. Any other field of employment does not seem to be less available for women in Hungary currently. The attention of readers however is brought to the fact by the author that even though the current level of legislation does provide a satisfactory level of protection against (gender-based) discrimination, there seem to be multiple cases out there that might never be discovered<sup>28</sup>.

---

<sup>27</sup> A. BETLEN, *A nők munkaerő-piaci integrációja*, in J. BORBÁLA (ed.), *A Magyar Női Érdekvégyesítő Szövetség közpolitikai ajánlásai*, Magyar Női Érdekvégyesítő Szövetség, Budapest, 2016, 19-20.

<sup>28</sup> See A. HONECZ, *Esélyegyenlőség a munka világában*, in A. ÁGÓ, E.K. FRISS, *A férfiak és nők közötti jövedelemegyenlőtlenség és nemi szegregáció a mai Magyarországon*, Egyenlő Bánásmód Hatóság, Budapest, 2013, 7.



### 3. Institutional Characteristics of Collective Bargaining in the Country

In Hungary the dominant level of the process of collective bargaining and execution of collective bargaining agreements is by far the local or corporate level, thus making Hungary a country with a decentralized structure for bargaining. This also results in the number of collective bargaining agreements being relatively low in general compared to the EU average. The primary source regarding the rights and obligations of trade unions in Hungary is the Labour Code which only focuses on local, company level collective bargaining agreements and their regulations. The Labour Code only mentions the existence of collective agreements with a broader scope<sup>29</sup> and collective agreements with (or of) limited effect<sup>30</sup> and only states that a collective agreement of limited effect may derogate from the general one (one with a broader scope) – unless otherwise provided therein – insofar as it contains more favourable regulations for the employees<sup>31</sup>. It is common practice in Hungarian legislation to hint that some details are regulated by a separate act or law but the text currently in force does not include any such phrase.

Despite the constant negative feedback regarding the “new” Labour Code, the governing aspect seems to be that both employees and employers are to be viewed as equal partners who may negotiate and execute agreements freely. As such, regulations are mostly dispositive (as opposed to the Labour Code of 1992 which mostly allowed derogation in a relatively dispositive manner, meaning only if it contained more favourable regulations for the employees). This should be encouraging both parties to close both individual and collective agreements. The main goal of the lawmaker was to achieve trade union autonomy, although in numerous cases trade union rights have been weakened or in some cases even removed. Some of the most stressful of such matters include the following (without limitation):

- some very distinctive rights of trade unions focusing on strengthening their negotiating positions were either restricted or transferred to works councils;

---

<sup>29</sup> Paragraph (5) of Section 276 of the Labour Code.

<sup>30</sup> Paragraph (4) of Section 277 of the Labour Code.

<sup>31</sup> Paragraph (4) of Section 277 of the Labour Code.

- rules regarding working time reduction and trade union officials' protection from dismissal have been reduced and weakened (in some cases rather significantly);
- criteria regarding representativeness have also been amended in a way that it became easier to be eligible to execute a collective bargaining agreement but in a way also made local trade unions significantly weaker<sup>32</sup>.

According to the Labour Code, a trade union with representation at the employer shall be entitled to conclude a collective agreement if its membership reaches 10% of all workers employed by the employer<sup>33</sup>. Should a local level trade union meet the criteria, entering into negotiations upon an offer for the conclusion of a collective agreement may not be refused<sup>34</sup>. Once entered into negotiations, the eligible trade union and the employer may cover basically any rights and obligations arising out of or in connection with employment relationships<sup>35</sup> so long as they do not contain any restrictions concerning the provisions regarding the employees' free will to join or not join a trade union or disclosure of such information to the employer and not contain derogations regarding the basic regulations on industrial relations and works councils at the work place<sup>36</sup>. This means that there is no legal or normative regulation that would not let the parties include the topic of environmental protection and sustainability in their agreements. The Labour Code specifies that any collective bargaining agreement executed by the parties meeting the criteria of being empowered to sign a collective agreement is to be considered legally binding; however the legal text does not include any specific sanctions in the matter. It only states that the parties may seek legal remedy in case the employer would violate any provisions on information or consultation<sup>37</sup> and that special provisions for the enforcement of claims on any grounds defined in the collective agreement may be laid down in the collective agreement itself<sup>38</sup>.

---

<sup>32</sup> I. KÉPESNÉ SZABÓ, B. ROSSU, *Country Report Hungary in. "An attempt to revitalize social dialogue and national industrial relations systems in some of the CEECs" – lesson learnt and best practices in the way out of the crisis*, ed. Melinda Kelemen, LIGA Szakszervezetek, Budapest, 2015, 10-16. available online at: [http://socdial.eu/img/21120/hungary\\_country-report\\_en\\_ir\\_vs\\_2014-0588.pdf](http://socdial.eu/img/21120/hungary_country-report_en_ir_vs_2014-0588.pdf).

<sup>33</sup> Paragraph (2) of Section 276 of the Labour Code.

<sup>34</sup> Paragraph (7) of Section 276 of the Labour Code.

<sup>35</sup> Paragraph (1) of Section 277 of the Labour Code.

<sup>36</sup> Paragraph (3) of Section 276 of the Labour Code.

<sup>37</sup> Paragraph (1) of Section 289 of the Labour Code.

<sup>38</sup> Section 290 of the Labour Code.

As briefly mentioned above, works councils may also be present on a local level. For years they acted closely together with the trade unions and in some cases they still do since there is no regulation that would not allow a trade union official to be a member of the works council as well. However the new regulations did weaken the bond between the two institutions as some rights of the works councils became stronger in the same time when trade union rights were weakened. It is also possible for the employer and the works council to conclude a works agreement<sup>39</sup> which many trade unions fear would replace the need for collective bargaining agreements in the future. At the moment however it is only possible to execute such agreement in the total absence of a collective agreement at the workplace and only if there is no trade union present that would meet the criteria to be eligible for signing one<sup>40</sup>. Currently not many works agreements have been closed and the ones that were, place their focus almost entirely on regulating the operation of the works councils and managing their relations with the employer.

The relatively low number of local level collective bargaining agreements still far surpasses the number of sectoral ones. Sectoral level collective bargaining is incredibly underused in Hungary due to several reasons, one of which is that the level of real cooperation and the willingness to do so between the sectoral representatives of employers' and employees' organizations is not satisfactory. The actual legal regulation is also misleading in this regard as it is not mentioned directly by the Labour Code, and the separate act that actually focuses on the question of sectoral level collective bargaining<sup>41</sup> is also not entirely clear on the actual rights of social partners regarding the execution of collective bargaining agreements on this level. Numerous trade union officials interpret the legal text that they are not empowered entirely to conclude collective agreements without the inclusion of Sectoral Dialogue Committees, while others understand it as an easier and more secure way of execution. The reason for trade unions not eagerly using or in some cases not willing to use the help of Sectoral Dialogue Committees is their lack of flexibility in most cases. This includes a significantly slow administration process and a rather bureaucratic way of using financial funding received by the state. This naturally carries the result that more

---

<sup>39</sup> Section 267 of the Labour Code.

<sup>40</sup> Paragraph (1) of Section 268 of the Labour Code.

<sup>41</sup> Act LXXIV of 2009 on Dialogue Committees at Sectoral Level and on Certain Issues of Intermediate Level Social Dialogue.

comprehensive industry groups are being pulled apart, (mostly by the interests of the owners), also, structural changes initiated from political sides, concerning certain sectors are not sufficiently developed and do not even take the system of sectoral level bargaining into account. It is also a common practice in Hungary that collective bargaining agreements that are concluded on a sectoral level are formulated and phrased in a way that they should automatically (or after only slight changes) be eligible to be extended to be applicable by the entire sector or sub-sector. The process of extending the scope of a collective agreement is also very complex and lengthy, which should have been made easier with the inclusion of Sectoral Dialogue Committees but as long as the social partners (especially trade unions) view them as a burden this is not likely to happen.

Collective bargaining is practically non-existent on a national level in Hungary. It is not prohibited but it is also not regulated directly. The national level is practically there for social partners to take part in social dialogue and join the policymaking process of the state through institutions like the National Economic and Social Council<sup>42</sup> and the Permanent Consultation Forum Between the Private Sector and the Government<sup>43</sup> (in the private sector) and the National Public Service Interest Reconciliation Council<sup>44</sup> (in the public sector). It is also the level where the more influential trade union confederations use lobbying in order to try and influence government decisions regarding (mostly) labour policies and in some cases to change regulations in force.

The trade union density has unfortunately always been relatively low and is showing a continuous decrease ever since the regime change in 1989. This naturally means that collective agreement coverage is also not high in Hungary and has also shown a continuous decrease and according to some experts, it seems to stagnate at around 20%, but sources vary on the actual numbers. The latest official data made available by the Hungarian Central Statistics Office<sup>45</sup> are from the second quarter of 2015 and they show that both trade union density and as a result, collective agreement coverage varies depending on the sector. In the case of trade union density, the lowest numbers are around 1.4% and the highest are at

---

<sup>42</sup> Nemzeti Gazdasági és Társadalmi Tanács (in Hungarian), (official abbreviation: NGTT).

<sup>43</sup> Versenyszféra és a Kormány Állandó Konzultációs Fóruma (in Hungarian), (official abbreviation: VKF).

<sup>44</sup> Országos Közszolgálati Érdekegyeztető Tanács (in Hungarian), (official abbreviation: OKÉT).

<sup>45</sup> Központi Statisztikai Hivatal (in Hungarian), (official abbreviation: KSH), available online at: <https://www.ksh.hu/?lang=en>.

29% giving the average of 9% whereas agreement coverage is ranging between around 5% and 62% resulting in an average of 24%<sup>46</sup>.

---

<sup>46</sup> E. NÉMETH, G. RAINER, *Félúton a rezignáció és a felemelkedés között – Aktuális események a magyar szakszervezeti mozgalomban*. Friedrich Ebert Stiftung, Budapest, 2018, 26, available online at: <http://library.fes.de/pdf-files/bueros/budapest/14551-20180919.pdf>.

## 4. Presentation of Data

### 4.1. Core Data

Following the theoretical overview and normative possibilities set up by law, the emphasis shall be placed on the actual situation in practice. Based on the legal texts there is no normative obstacle set up by any form of legal regulation that would deny trade unions and employers the possibility to include norms or regulations regarding the topic of environmental protection, environmental consciousness and sustainability in their respective collective agreements. In order to see the trends followed by trade unions and employers during their negotiation processes and the actual agreements they execute, the text of 103 collective bargaining agreements were analysed. This was followed and backed up by 10 interviews conducted with social partners from various fields and sectors represented in Hungary. Emphasis was placed on finding interview partners from various levels of trade union hierarchy as their opinions and experiences may vary even in the same sector of business.

#### *Information on the Interviewees*

In the case of the interviews, the main methodology behind choosing partners was based on the sectors they represented. As mentioned above, focusing only on sectors that are *required* to place emphasis on the subject of environmental protection by law or other forms of regulations might have yielded better results in a numerical sense but would have been far from the actual situation on a country level. Which is why, partners from sectors such as transportation, education and food processing were chosen in higher numbers than those actually representing the energy sector. While choosing the interviewees, asking representatives of different levels also played an important part, as even within the same sector, the knowledge and experience as well as the perspective of a local level trade union official (especially if their respective trade union is not considered representative at the workplace) and that of an official acting on a regional level may largely differ. Representatives with a “richer” network of professional business partners were also preferred solely because of the wider scale of practical experience they could share.

During the process of research one employer (who wishes not to be named) unfortunately had to withdraw his answers due to legal issues happening on a company level shortly after the actual interview and a trade union official originally applying to be a part of the project could not be reached. In the end 9 interviews could be used in the actual research. The names, occupations and connections to trade unions or employers' representations can be found in Annex 1.

### *Information on the Collective Agreements Analysed*

Regarding the methodology behind choosing collective agreements to analyse, the basic idea was similar to that governing the choice of interviewees. The aim was to be able to have coverage of the entire country with the inclusion of as many sectors of operation as possible but doing so without showing a result untrue to the average level of the actual situation of the country in the regard of the topic researched. There is one factor that also hindered the analysis and that is the willingness of trade unions to actually share the text and contents of their collective agreements in force. Some institutions, mostly ones that are either operating in the public sector (such as institutions of healthcare and education) or ones that are among the dominant companies in their respective sectors of operation share their collective agreements openly by uploading them on their websites making it easily accessible not only to their own employees bound by it but to the public as well, although this is not the situation in most cases. Even after reaching out to the actual local level trade unions directly and explaining the purpose of the research and also ensuring them about not disclosing the actual texts to third parties, they would still not share them pointing to regulations regarding business confidentiality and trade secrets. This mentality is common regardless of the actual sectors of operation or profiles within the private sector even though it is required by law to register a new collective agreement together with amendments and termination thereof<sup>47</sup>. During the research phase of an older project<sup>48</sup> done by the Democratic League of Independent Trade Unions (or "Liga" for short) in 2015, experts faced a very similar problem. The solution to it was that the trade union confederations were asked to talk to their member trade unions and convince them to share the texts of their collective agreements with

---

<sup>47</sup> FMM Decree n. 2 of 2004 on the arrangements for the notification and registration of collective agreements.

<sup>48</sup> The project was titled *A munkáért!* (which translates to *For work!*).

the experts conducting the research. Since the Liga is one of the largest trade union confederations in Hungary and they were also the main contributors and coordinators to the project itself, a little over 70 collective agreements were shared, but nearly half of these were not the most up-to-date versions. During the research phase of the current project, the trade unions participating in the aforementioned project were approached first, many of whom were willing to share their collective agreements if they had one in force at that time. Some of them still refused to help and pointed out that they only shared their agreements' texts last time because they were approached by the trade union confederation directly and they were obliged to do so as members. Some trade unions however seemed really motivated and interested in participating in the project and even offered to contact other trade unions they work closely with and ask them to participate as well. This resulted in 103 collective agreements being made available for review. Interestingly enough, the trend of not sending the most recent version of the agreements seems to still apply. As a result, after reviewing all available collective agreements, many of them could not be used in the actual research unfortunately. Even though some of the agreements made available are still in force solely because they were concluded for an indefinite period years ago, in certain cases as much as a decade ago, and in some cases one or both of the signing parties been changed in part or in full, without indication to the fact of such change in the collective agreement, the inclusion of these agreements still serves a purpose regarding the current research questions, namely if they contain any form of environmental clauses that would have implications to the external environment either directly or indirectly. Table 1 shows the number of collective bargaining agreements reviewed by sector of operation on a local level, and Table 2 shows the numbers regarding the sectoral level agreements reviewed in different sectors of operation. It should be noted that it is common to close an agreement in Hungary to either bind a sub-sector only or to bind multiple companies in the given sector but not all of them. Such agreements are still considered to be sectoral ones.



**Table 1** – Number of Local Level Collective Agreements Reviewed by Sector of Operation or Profile

<b>Sector or Profile</b>	<b>Number of Agreements Reviewed</b>
Archives	1
Construction	3
Education	17
Electricity-, Gas-, Steam Supply and Air Conditioning	7
Food-, Drink- and Tobacco Production	2
Healthcare	5
Information Technology and Communication	3
Manufacture of Chemicals and Chemical Products	1
Manufacture of Computer, Electronic and Optical Products	1
Manufacture of Electrical Equipment	2
Manufacture of Machinery and Equipment N.E.C.	5
Manufacture of Rubber and Plastic Products, and Other Non-metallic Mineral Products	2
Manufacture of Transport Equipment	1
Manufacturing Basic Metals and Fabricated Metal Products	1
Mining and Quarrying	1
National Defence Activities and Law Enforcement	6
Postal Services	1
Science	1
Transport, Storage	18
Water Supply; Sewerage, Waste Management and Remediation Activities	5
Total	83

**Table 2** – Number of Sectoral Level Collective Agreements Reviewed by Sector of Operation

<b>Sector</b>	<b>Number of Agreements Reviewed</b>
<b>Agriculture</b>	<b>1</b>
<b>Construction</b>	<b>5</b>
<b>Electricity-, Gas-, Steam Supply and Air Conditioning</b>	<b>4</b>
<b>Forestry and Logging</b>	<b>1</b>
<b>Hotels, Catering and Tourism</b>	<b>2</b>
<b>Leather Industry</b>	<b>1</b>
<b>Private Security</b>	<b>1</b>
<b>Sugar Industry</b>	<b>1</b>
<b>Transportation</b>	<b>2</b>
<b>Water Supply</b>	<b>2</b>
<b>Total</b>	<b>20</b>

It is visible that the available collective agreements are mostly local level ones, which is in relation to the fact that the dominant level for collective bargaining in Hungary is in fact the local or company level. Most of the collective agreements executed on a sectoral level are made widely available which is why so many of them were available for review but it should be noted that the 4:1 ratio regarding the agreements' level of conclusion is not representative by far regarding the Hungarian practice. For perspective, more than 50% of the sectoral level collective agreements reviewed are ones that are signed by multiple employers but these do not bind all employees in a given sector, only those who are employed by the actual employers signing the agreement. It should also be highlighted that out of the 103 collective agreements reviewed in total, only 64 are in force for certain with the version of the text being the actual one as it was reviewed. 41% of the analysed collective agreements were concluded during the previous 5 years which is noteworthy as it is common practice in Hungary that should the parties agree on executing the agreement for a fixed term, usually the upper limit to do so is 5 years. Even though over 70% of the analysed collective agreements were signed by the parties for an indefinite time, this still means that most of these collective agreements are likely to be reviewed by the parties soon in order to decide to prolong them or to conclude a new one in its place. Though the data collected by analysing the collective agreements may not be considered as representative of the

country's overall situation, it is more than possible to see the usual trends followed by the employers and employees engaging in the process of collective bargaining in Hungary, at least regarding the questions discussed and topics covered by collective agreements.

Even though the changes in regulation brought by the legal text of the “new” Labour Code did affect the overall bargaining situation of the trade unions in general, some might even say that with the change of the Labour Code, the rules governing the employment relationship have changed radically, this however does not mean a significant change regarding the list of topics that could be covered by a collective bargaining agreement. The “old” Labour Code did directly authorize the parties to bargain over any matter that would determine or affect the employment relationship, the working conditions or the system of relations of the parties in the framework of a collective agreement, and the “new” Labour Code does seem to take a new approach by substantially narrowing down the scope of such issues by indicating at the end of each chapter which issues may the parties derogate from, in what form and to what extent, the general outcome (to be understood as the actual contents of the collective agreements signed) does not show drastic levels of change compared to ones executed while the “old” Labour Code was effective. There is one major difference worth mentioning when comparing the regulation set forth by the two Labour Codes and that is that the “new” one allows derogation not only by collective agreements but also by works agreements (where applicable) and individual agreements between the employer and a single employee as well. Furthermore these derogations are mostly dispositive which means that they may be done in favour of both the employers and the employees. This naturally causes alarm in most trade unions but the reason for all this to be covered is that the “new” Labour Code basically allows most of the language of the “old” one to be kept in force on a local level, should both parties decide on that being the most suitable solution for them. This creates the strange situation of having to keep the legal regulation of an act already amended still in focus, as in many cases these regulations serve as the base for the collective agreements.

#### **4.2. Contents of (the Analysed) Collective Agreements**

It was made obvious during the analysis of the collective agreements that the parties usually aim to only answer the most general questions regarding the employment relationships at a company level and use collective agreements as a

way of elevating on the regulations set forth in the Labour Code. This means that some basic questions could be found in more than 90% of the reviewed collective agreements. These include the following:

- relations between the contracting parties;
- employment issues;
- working hours;
- rest time;
- remuneration of work, agreement regarding wages;
- fringe benefits;
- social benefits.

Accordingly, over 90% of the collective agreements reviewed include some form of regulation regarding the possible amendment of the collective agreement in the future by mentioning at least the possibility, the means and applicable deadlines. In most cases the actual in-depth regulation only exists to the extent that it requires the joint will of the parties in all cases. Usually the text of the Labour Code is not extended in any manner; it is only repeated or partially rephrased. The right of amendment shall be held by the parties who originally signed the agreement as well as any trade union who meets the requirements set forth by the Labour Code in order to become an eligible party. It is commonly emphasized as a general rule that invitations to negotiate a collective bargaining agreement or its amendment may not be refused by the employer. This may seem unnecessary but the Labour Code itself empowers the collective agreements to include special regulations regarding legal disputes based on the text of the agreement itself. Rules applicable in the case of termination of the collective agreement are also common, even if these only set the exact deadlines already mentioned by the Labour Code. Unfortunately not many collective agreements (less than 10%) include some form of regulation regarding the start of a new negotiation process upon termination of a collective agreement.

In some instances the collective agreements did include topics other than the ones listed above but the trend seemed to be the same in those regards as well. The aim is to repeat the most important regulations of the Labour Code (in many cases word-by-word) and in some cases to add some explanation to the legal text or change the numbers to better benefit one party or the other. In some cases, parties would argue that repeating the legal text is a waste of potential in a collective bargaining agreement as there could be so much more decided and agreed on among the contents, while others see it differently and reason that the average employee usually never actually picks up the Labour Code to learn about his/ her

rights and so providing a brief overview of the most important regulations affecting his/ her employment relationship carry a lot of benefits.

### *The Topic of Environment in Collective Agreements*

When it comes to the inclusion of environmental issues in collective bargaining agreements, the situation is far from optimal. Even though there is no normative or legislative obstacle that would deny the parties the right to include such regulations in their agreements whatsoever, neither side seems to do so in practice. Out of the 103 collective bargaining agreements analysed there were only 5 in total that would include or even mention the question of environment or relating issues and matters. These 5 collective agreements were all local level ones concluded in the following sectors:

- construction: 1 agreement;
- education: 2 agreements;
- energy sector: 1 agreement; and
- transportation: 1 agreement.

Apart from the staggeringly low number of occurrences, the actual mentions are also far from satisfactory. 2 cases out of the abovementioned 5 are regulations that actually required active behaviour and cooperation on behalf of the parties. These collective agreements included the plan to set up covered bicycle storage areas on the institution's premises in order to promote commuting to work on a bicycle. Naturally this fits into the question of environmental friendly transportation and decreasing the ecological footprint of the employees but in both cases it was a request filed by the employees whose transportation method of choice was the bicycle already but found it hard to safely store their bicycles while at work and the trade union only voiced the request towards the employer who eventually gave way to the initiative<sup>49</sup>. This means that even if the actual request can easily be linked to environmental issues, the original idea unfortunately had little to do with environmental consciousness on either party's side.

The next category of occurrence is no more than a mere mention of the topic of environmental protection in the appendices of the actual collective agreement that lists all company level regulations including the Code of Conduct, Occupational

---

<sup>49</sup> A very similar case was mentioned by Ms. Edit Kerekes during the interview but in her case, this initiative was not included in the collective agreement, but a separate agreement.

Health and Safety Protocols, Dispute Resolution and Complaints, Privacy Policy and Environmental Protection Plans. The latter one mainly includes separation of waste and energy efficiency by installing motion sensors in common areas that would turn the lights on and off<sup>50</sup>. During the process of research it was discovered that numerous companies also have similar practices and regulations but these are simply not mentioned in the collective bargaining agreements for various reasons.

The third and unfortunately final group of mentions only contains a single collective agreement and is relatively similar to the second group, or might be placed somewhere in-between the previous two categories. This collective agreement mentions the importance of environmental protection in a way that it requires trade union officials to promote active projects and tenders that the company is participating in. This does not state the involvement of environmental issues outright on its own but the company is actually participating in two tenders that place the question of sustainability in the focus. These projects are named:

- Low-Carb; and
- SASMob

#### *Brief description of the Low-Carb Project*

As global climate change poses an increasingly pressing problem for mankind, the European Union's transportation policy is giving priority to replacing carbon-based fuels in transportation. The target is to achieve a 60% reduction by 2050. The Low-Carb project is financing innovative ideas and proposals in urban areas. The main instrument is the development of the so-called "SUMP" (short for Sustainable Urban Mobility Plan).

In addition to working to promote sustainable modes of transport, the Szegedi Közlekedési Kft. will draw up a strategic plan by interviewing employers and employees of the industrial area of "Budapesti út – Dorozsmai út" to improve mobility in the area. In this plan, the Szegedi Közlekedési Kft. will also make suggestions for cycling, public transport, and car sharing. In the same program, the Szegedi Közlekedési Kft. intends to improve passenger counting methods on vehicles to provide real-time data on the load capacity.

---

<sup>50</sup> A similar initiative was mentioned by Mr. Norbert Makra, during the interview but he also said that it was not part of the collective bargaining agreement.

The program is scheduled to run till 2020. In December 2018 the partners' meeting was held in Szeged. In addition to reviewing the current tasks and partnerships, the meeting also had a presentation to the international audience on the experiences regarding the preparation of the SUMP in Szeged, held on behalf of the local government and the Civitas Prosperity project was also introduced. Participants had the chance to get to know the environmentally friendly transport development activities of the Szegedi Közlekedési Kft., which include the installation of electric car chargers, the operation of self-propelled trolley buses, the credit card ticketing project, and the development of an electric bus with motion charging system. Guests were also able to visit the ELI (Extreme Light Infrastructure) Laser Research Centre and see the areas of development studied in Szeged<sup>51</sup>.

#### *Brief description of the SASMob Project*

A partnership with 11 members led by the Municipality of Szeged County submitted an application within the framework of the URBAN Innovative Actions (UIA) EU program, titled *Smart Alliance for Sustainable Mobility*. The program was accepted successfully in November 2017. The project aims to develop innovative ways of transport and management solutions thereof that focus on the following:

- working on innovative and supportive business environment conditions;
- elaboration of a promissory note – known as “SASMob PLEDGE” – based on contractual relations between the Municipality of Szeged and the major local employers, providing effective means of action to address the issue of employees' commuting to work in a sustainable manner;
- developing an intelligent data-driven, rapid-response system to enable high-quality transport services and better information for users – known as “SASMob Response”<sup>52</sup>.

Actively participating in projects such as the abovementioned SASMob and Low-Carb should serve as proof that employers do think that the question of sustainability and environmental consciousness are important. They also think however that since this is still to be considered an innovative field; it requires the

---

<sup>51</sup> Information and insight provided by the Tender Assistant and Controller at SZKT, Mr. Norbert G. Újhegyi following the interview with Mr. Norbert Makra.

<sup>52</sup> Information and insight provided by the Tender Assistant and Controller at SZKT, Mr. Norbert G. Újhegyi following the interview with Mr. Norbert Makra.

expertise of professionals who they may not be able to find among the ranks of their local or even sectoral level trade union officials. As a result, decisions regarding such issues become one-sided decisions made solely by the employers. In some cases employers do arrange formal consultations with trade unions regarding these issues as well but such consultations rather serve as a way to inform the employees' representatives about the decisions already made<sup>53</sup>.

### *The Topic of Environment in Other Agreements and Policies*

Viewing the question from this respect, it would seem fitting to discuss such questions in works agreements instead of collective bargaining agreements, especially since the “new” Labour Code significantly broadens the range of issues that can be regulated by works agreements. While under the “old” Labour Code it was only possible to cover the rules of cooperation between the parties, costs of operation and the remuneration of the chairman, according to the “new” Labour Code it is possible to regulate all rights and obligations related to the employment relationship (with the exception of wages and protection thereof). Since the works councils operate on the principle of cooperation, employers also should be able to feel more comfortable sharing financial information regarding the investments and financial status of the company. However this would only be possible theoretically as the Labour Code only authorizes the conclusion of works agreements if the employer is not subject to a collective agreement in force and if there is no trade union entitled to sign one at the organization. It would be possible to change the current system into a dual channel one that would utilize the potential of works councils to their fullest and allow a company to have a collective bargaining agreement and a works agreement in the same time (naturally focusing on different topics) but since the current regulations and possibilities regarding works councils (with special regard to strengthening works agreements) are still not welcome by most trade unions, this is not likely to happen any time soon either.

According to interviewees, Hungary still needs a long time, somewhere between twenty to fifty years<sup>54</sup> to be able to reach a level of collective thinking needed to address questions that point further than individual interests. To be able to focus

---

<sup>53</sup> These thoughts were shared by both Mr. Norbert Makra and Mr. Zsolt Bessenyei during their respective interviews.

<sup>54</sup> These are the numbers mentioned by Mr. Norbert Makra during the interview.



on issues like environmental protection using the instrument of collective bargaining, trade unions should be able to completely forget about short term gains, but for that to happen, the economic structure of the country should also change drastically.

Employers interviewed seemed to agree on the fact that it is common practice in Hungary that collective bargaining agreements tend to only discuss questions regulated by the Labour Code and in many cases the collective agreements are structured in a way to reflect the structure of the Labour Code itself. Some of them added that this is how it should be as well, since this makes it easier to look up actual relating regulations in the Labour Code, should the employees feel the need to do so. In its current form, in the current economic and industrial relations system of Hungary collective agreements do not seem suitable to include regulations regarding questions like environmental protection or sustainability on a company level. This is not because legal regulation wouldn't allow such agreements but because in order to close an agreement that benefits both parties, both parties should have a deep understanding of the issue at hand which is not the case regarding these questions in most instances. As long as this situation is not about to change, the employers would rather consider deciding on their own after consulting with experts on the field and only informing trade unions and employees about details that actually concern them. Even though some collective agreements do have regulations regarding occupational health and safety (mostly repeating the text of legal regulations) the current trend is to have rules of procedure regarding this and similar questions in a separate documents entirely independent of the collective agreement (if there is one at the company at all).

#### **4.3. Opinions of Social Partners on the Contents of Collective Agreements and Flaws of the Current System and Practice**

According to employers interviewed, sometimes the trade union officials are not to be considered experts on the field of labour related regulations either. In some cases trade unions desperately want to include regulations in the collective agreement that would only hinder both parties instead of helping them. This includes the work pattern for example<sup>55</sup>. Once the work pattern becomes part of the collective agreement, it could only be modified by having both parties to agree

---

<sup>55</sup> Shared by Mr. Zsolt Bessenyei during the interview.

on the change, whereas originally this should solely be the right of the employer and for good reason.

When it comes to collective agreements containing regulations that would actually bind the signing parties in a sense that the parties would have more obligations resulting from the agreement, the attitude of the parties seem to differ widely. Employers in general do not like to be restricted in any manner, whereas trade union officials higher up in ranks welcome the idea of taking up more responsibility. Local level trade union officials seem to be uninterested and rather unconcerned about adding the topic of environmental protection to the process of collective bargaining on a regular basis.

It is clearly visible from the abovementioned disagreement regarding added responsibility that in many cases the system is unable to work adequately. This is mostly based on the fact that in many cases it is unclear who is entitled to do what exactly acting as entitled by one official role or another (e.g. the same person may be a chairman of the works council and a trade union official). This should be the first thing to clarify legally, as even the text of the Labour Code seems to be vague and incomplete in this manner and it would also benefit the overall relationship between employees and employers as being able to receive the right information from the right source should be the basis of cooperation.

It is important for the employers to understand the needs of employees. Some good practices include the reduction of paper usage by switching to electronic systems to be used for payrolls, accounting, leave and basically all labour related issues that could be accessed through an online interface. Some employees complained however that they are used to paper forms and would not change if they were given the opportunity to choose. In a situation like this, the only effective way to settle the dispute is by open communication and adjusting company goals to reasonable employee demands.

Some employers argue that the state should not interfere with the actual collective bargaining process, not even through the indirect approach of strict policymaking. Others view it differently and have the opinion that local governments and municipalities are not supportive either to begin with when it comes to discussions about innovation regarding environmental issues. If the state would really be supportive, change should always be started from the top<sup>56</sup>. Strictly following

---

<sup>56</sup> Most employees' representatives agreed on this during their respective interviews.

relating policies on a national level and placing more and more focus on the issue might be a possible solution to get the process started but the current system has its flaws and there are necessary actors missing from the structure. It would be possible for a local community to have a good idea which then could be passed to sectoral committees who would send it further to the top but the current system is rigid and thus not suitable for such information flow.

#### 4.4. Possible Solutions and the Threat of Misuse Thereof

A possible way to start from local, company levels is to change the internal culture of the company accordingly and influence and more importantly motivate the employees to change with it. Whenever something new is requested from the employees not strictly in connection to their actual job, they should be rewarded in one way or another for their time and effort. This might be something as small as a pen or something as big as a paid vacation time or an extra month's payment. It is very important that the reward is proportionate to the task required to be done by the employee. If the reward is too small, they will likely lose interest too soon but if the rewards are too big, it will cost too much to maintain the system<sup>57</sup>.

Fortunately it seems to be a widely known fact among employers that when seeking funding for making a company more environmentally conscious or looking for a possible financial source to rely on in order to award employees for their ideas and actions on the field of sustainability, looking at available tenders is always a useful idea. Utilizing Renewable or "alternative" energy sources seems greatly profitable in Hungary at the moment. There seems to be a formidable amount of financial support available through tenders for various fields of use, starting from:

- interest-free, refundable subsidies [with a total amount of 114.6 billion HUF (~354.3 million Euros)] available for most citizens; through
- programs aiming to increase the competitiveness of local businesses; to the
- possibility for NGOs to participate in social responsibility events.

There are more than two hundred tenders either available or currently running, 12% of which clearly sets a goal on innovation, good- and best practices on the field of renewable energy. There does not seem to be too many tenders directly

---

<sup>57</sup> Argued by Mr. Norbert Makra, during the interview.

aiming to support trade unions or other membership organizations but some tenders aimed at NGO-s allow the participation of such organizations as well.

In many cases however, most job opportunities created for the fulfilment of the tender goals only last till the support is actually received from the tender subsidies (or as long as they are required by the tender). Through the process of research it seemed that it was possible to divide renewable energy related investments into two categories, (very similarly to CSR related ones) based on the actual goal of the investing company:

- the first one being companies with actual long-term goals, in which case the funds and subsidies are properly used and will likely have a longer lasting effect on the company and on the region, or in an optimal case, even on the community;
- companies that engage in so-called “Showcase Activities” belong in the second one, in which case the only goal is to use the subsidies and other funds available and “show something” for them.

In reality however there seems to be a third group as well. This category is made up by companies that may best be nicknamed “Thinkers” or “Survivors”, as they evaluate their situations and adapt to it by making decisions based primarily on financial aspects but later find a connection to “popular” issues like environmental consciousness or sustainability and highlight the connection points with the actions already carried out. As a result, these companies are able to profit by setting up actual marketing or PR policies around such actions and decisions and even become “local heroes” in a sense of corporate social responsibility while still placing primary focus on financially conscious decisions that would benefit the company. A good example for this may be investing in electric cars and scooters as company vehicles to be used to move around and in-between company premises and in the same time showing the local community that such environmentally friendly means of transportation are utilized by the given company<sup>58</sup>.

E.ON Hungary (Zrt.) deserves to be mentioned as a company clearly belonging to the first category, being the first large group of companies to pay special attention to all three business areas of future energy: energy networks, renewable energy, and complex energy solutions. They also do not distance themselves from their customers as they operate and regularly update a blog with energy (utilization)

---

<sup>58</sup> Based on the interview with Mr. Sándor Nagy.

related information. They also maintain a good relationship with their local trade unions which are members of the United Trade Union Confederation for Workers of the Electricity Industry<sup>59</sup>.

---

<sup>59</sup> Based the information provided by Mr. István Sebestyén following the interview.

## 5. Analysis and Conclusions

The research process included interviewing 9 social partners, people representing employers or employees from various parts of the country and various sectors of industry including the following:

- agriculture;
- construction;
- education;
- food industry;
- information technology;
- maintenance;
- power sector; and
- transportation.

More than 20 trade unions were contacted and consultations were in order to find the best partners to cover the most sectors of operation in Hungary as a whole.

After acquiring and reading through 103 collective bargaining agreements, unfortunately the results regarding the main focus of the research are not the least satisfactory. It seems that social partners in Hungary mainly focus on covering the most fundamental and basic questions regarding their employment relationships. This includes the following questions in general:

- basic questions regarding the relations between the parties signing the collective bargaining agreement, mostly including regulations regarding the possible amendment and termination of the agreement as well as trade union rights and employers' obligations;
- employment issues, generally focusing on the process of hiring and probationary periods;
- working hours and rest time, which in some cases only differ from the legal text of the Labour Code currently in force because the partners signing the agreement still refer to the previous Labour Code as the basis of regulation (in this aspect at least);
- remuneration of work, including different forms of fringe- and social benefits.

Less than 5% of the analysed collective bargaining agreements contain any mentions regarding the environment and even in these cases they mostly reference

other Rules of Procedures or Internal Regulations that are supposed to detail applicable standards relating to the topic of environment. These include:

- mentioning the topic of environmental protection in the appendices of the actual collective agreement that lists all company level regulations including the Code of Conduct, Occupational Health and Safety Protocols, Dispute Resolution and Complaints, Privacy Policy. Many of such regulations, rules and standards only seem to repeat applicable legal standards;
- mentioning the importance of environmental protection in a way that it requires trade union officials to promote active projects and tenders that the company is participating in.

Only 2 collective bargaining agreements included an actual topic that could be considered environmentally conscious. These were plans to set up covered bicycle storage areas on the institution's premises in order to promote commuting to work on a bicycle.

According to legal regulations in force regarding labour issues the eligible trade union and the employer may cover basically any rights and obligations arising out of or in connection with employment relationships so long as these do not contain any restrictions concerning the provisions regarding the employees' free will to join or not join a trade union or disclosure of such information to the employer and not contain derogations regarding the basic regulations on industrial relations and works councils at the work place. This means that there is no legal or normative regulation whatsoever that would not let the parties include and discuss the topic of environmental protection and sustainability in their agreements. This naturally points to the fact that the problem must be elsewhere.

As a member of the European Union, Hungary shall not neglect the labour and environmental policies of the European Community. Unfortunately trade unions are rarely given an active role in this aspect. The only practical way for trade unions to participate in social dialogue and join the policymaking process of the state through institutions like the National Economic and Social Council and the Permanent Consultation Forum Between the private sector and the Government and the National Public Service Interest Reconciliation Council (in the private sector and in the public sector respectively). Although some of the employers' representations do act supportive of environmental actions, those of the employees are mostly focusing on labour related questions exclusively, placing environmental protection and related issues to be discussed somewhere in the future. When asked directly they give a positive response regarding its importance

but in practice they rarely (if ever) include it during the actual negotiation process as one of their requests or demands.

According to interviewees, Hungary needs quite some time (one of them mentioned around twenty more years, while another partner talked about even more) to catch up to “the western world” in order to be able to focus on issues like environmental protection using the instrument of collective bargaining. An interviewee even mentioned fifty years only to be able to develop a preferable «collective manner of thinking» that would be a base recommendation for such issues to be addressed effectively.

Investments related to environmental protection, environmental consciousness and renewable energy may be divided into three categories based on the actual goal of the investing company:

- the first category includes the unfortunately not so numerous group of companies with actual long-term goals, in which case the funds and subsidies are properly used and will likely have a longer lasting effect on the company and on the region, or in an optimal case, even on the community (in most cases these are investors from abroad);
- the second category consists of the somewhat broad group of companies engaged in so called “Showcase Activities”, in which case the only goal is to use the subsidies and other funds available and “show something” for them; and
- the third category is made up by the “Thinkers” or “Survivors” who make decisions based primarily on financial aspects but find a connection to “popular” issues like environmental consciousness or sustainability and highlight the connection points with the actions already carried out and as a result gain profit by setting up actual marketing or PR policies around such actions and decisions and becoming “local heroes” in a sense of corporate social responsibility.

There are some good and best practices available but most of them are based around economic decisions and many of these are actually one-sided decisions made solely by the employers, in some cases even without prior consultations with the trade unions or even the works councils, which is mostly the case with companies belonging in the third group of investors mentioned above. Although this should not be viewed in an entirely negative manner either as the main reason for one-sided decision making on the employer’s behalf is due to the fact that he/she is the one responsible for the financial part of these decisions and in most



cases trade unions do not have economic- and energy-efficiency experts among their ranks for the employer to consult with in hopes of coming up with a better solution. Such decisions include:

- separate collection of waste based on the main material of the waste (e.g. placing different coloured bins throughout company premises);
- installing motion sensors in common areas in order to save energy that would be wasted otherwise should employees not turn off the light when they leave; and
- reduce the use of paper by switching to electronic systems to be used for payrolls and accounting.

There are some great examples on how cooperation between employers and employees' representatives should work, but unfortunately the topic of sustainability and environmental protection rarely (if ever) comes into focus.

Some employers however shared some very interesting ways of funding ideas in order to possibly change this in the future.

- In some cases such ideas include the need of governmental programs to work.
- There are also some employers who seem dedicated enough to come up with programs on their own that provide some form of reward for any employee engaged in an activity that is aimed at sustainability and/ or environmental protection.
- Other groups of employers however are deliberately waiting on trade unions to launch an initiative on their own and are only willing to reply to such actions by offering rewards upon completion.

As mentioned above, not all employers support the idea of offering rewards to employees in order to make them think in an environmentally conscious manner, as it should be made obvious for them that it is their own interest to do so as well. Other employers however accept the fact that if the employees are required to do any activity that is not closely related to their jobs, something should always be offered as compensation for their time and effort. The compensation does not have to be money at all times and should be adequately proportionate to the action(s) and activities carried out.

In order to find to funding for any action in respect of making a company more sustainable and environmentally conscious, there literally are hundreds of tenders actively available that can be applied for in order to increase the competitiveness of local businesses. With the right collective thinking and social partners working

together there should be no issues, labour related or other that could not be solved with a united effort. This is something all participating partners agreed on throughout the research process.

## Annex 1 – List of people interviewed and involved in the focus group

The following partners were interviewed during the research and preparation of this national report:

### *Trade unions were represented by:*

- Edit KEREKES, President of BMLSZ Trade Union (branch of the Democratic League of Independent Trade Unions located in Baranya county) representing the following industrial branches (among others) throughout the country: Construction, Power, Agriculture, Transportation, IT;
- Ilona TÖRÖK, Human Resources Manager at HAD Gussputz Kft., Vice-President of local trade union of ASA Építőipari Kft. (Hódmezővásárhely);
- László SZENTE, Repair Service Mechanic at SZKT, Member of Presidential Board of the Workers Council at SZKT and President of the Csongrád County Federation of Workers' Councils;
- Sándor NAGY, President of Trade Union at DÉMÁSZ, works with representatives in the power sector throughout the entire country; and
- Tibor KISZNER, Maintenance Personnel at School District Centre of Szeged, Member of Civil Workers' Council Szeged, President of Szeged School District Workers' Council.

### *The employers' side was represented by:*

- István SEBESTYÉN, Industrial Relations Expert, Labour/ Employment Lawyer representing the employer of E.ON Hungária Zrt., working with EBSHU representing the employers' interest of the IT branch of the company;
- Norbert MAKRA, Head of Personnel and Services Office at SZKT, works with KTI (Közlekedéstudományi Intézet), KEA (Szeged) and VEKE (Budapest) which also act as employers' representatives, also works closely with DKV (Debrecen), MVK Zrt. (Miskolc) and BKV/BKK (Budapest) covering the entire road transport of the country;
- Tamás HOFFMANN, CEO and Gergely GARAI Human Resources Manager at LAFARGE Cement Magyarország Kft.; and

- Zsolt BESSENYEI, Human Resources Manager at Pick Szeged Zrt. working with employers' representatives of the meat industry named Magyar Húsiparosok Szövetsége.

- 

All of the aforementioned partners were invited and most of them either attended or otherwise contributed to the National Workshop. As an addition to their much appreciated help, the following employers' and trade union representatives were involved in the focus-group discussion held on October 17<sup>th</sup>, 2019, at Paks:

*Trade Unions:*

- NKM Energia Zrt's local trade union
- PADOSZ
- DÉDÁSZ
- E.ON Pécs
- E.ON Digital Technologies
- BMLSZ
- PA Zrt PADOK
- PA Zrt MÉSZ/MVM

*Employers:*

- NKM Energia Zrt
- MCS Zrt
- PA Zrt

