COUNTRY FICHE – Hungary

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A. Overview, sociological framework of working time

Working time in an employment relationship has two dimensions: it defines the overall duration of work as specified in the employment contract and the specific timing and duration of actual work, which the employer can unilaterally set within their right of determination. The employment contract establishes the maximum daily working hours and the conditions under which the employee must be available or work. The employer then determines the precise working hours and schedule based on the employment rules and contract.

An employee's availability and work performance are strictly limited to working hours as determined by the employer. This regulation not only limits the employee's obligation to be available and work but also restricts the employer's right to direct the employee and their duty to provide work. The employer has significant control over organising working time, including unilaterally extending work hours through extraordinary working time. While extraordinary working time can increase the hours an employee must be available and work, it does not extend the overall employment obligation. The first step in fulfilling the employment obligation is scheduling work time, which the employer must do unless the employee is unable to work.[1] Employers often expect availability for overtime and efficient use of working time, while the employee wants flexibility, the opportunity to be informed, instructed and deployed in a fair and timely manner and within reasonable limits. The specific body of labour law does not cover all this, but it is undoubtedly part of the bargain behind the contract. However, the regulation of working time does not always lead the parties to respect this agreement in principle but rather motivates them to work even when they do not have to or to carry out their tasks for shorter periods of time rather than to work efficiently and economically.

The dilemma of working time reduction theories is whether a reduction in working time implies a reduction in wages or not. From a labour law perspective, there are basically two ways in which a reduction in working time can be achieved, subject to current legislation. One is part-time work, and the other is reduced to full-time work. In the case of part-time work, the reduction in working time is accompanied by a reduction in pay, whereas in the case of reduced full-time work, the pay remains unchanged, except that the employee works fewer hours due to a legal restriction related to the nature of the activity or due to a work organisation decided by the employer or the employee himself. Sipka and Zaccaria argue that the legislator should establish a clear framework to guide workers and employers in determining whether a specific activity qualifies as working time, as this is essential for resolving disputes and ensuring accurate compensation between the parties. (Sipka & Zaccaria, 2016).

[1] Labour Code, section 55. The Labour Code is available at https://njt.hu/jogszabaly/2012-1-00-00, only in Hungarian.

The regulation of non-traditional employment relationships was fragmented in the previous Labour Code (1992). The most traditional atypical forms (e.g. part-time, fixed-term) were created. Since the adoption of the 1992 Labour Code, many new atypical forms of employment have spread throughout the world, which were unknown in Hungary 20-25 years ago when the previous Code was adopted. During the codification of the new Labour Code, there was a clear need to fully develop and incorporate atypical forms of employment into Hungarian labour law. The reforms were in line with the new European concept of flexicurity (European Commission, 2012) and aimed at increasing employability in the EU, as well as efforts to address labour market anomalies exacerbated by the recent economic crisis (Rab, 2022). The new Labour Code of 2012 clarifies and simplifies the previous concepts and introduces new atypical forms of employment, such as on-call work, job-sharing or multi-employer work. An important structural change in the Labour Code is that, with some exceptions, atypical forms of employment are brought together in a separate chapter.

Despite legislative efforts to promote atypical work arrangements, their adoption has remained limited (see Figure 1). Remote work surged during the COVID-19 pandemic but has since declined, with the proportion of teleworkers stabilising at 7%, largely due to ongoing legislative uncertainties. Additionally, the rate of part-time workers has consistently been well below the EU average and continues to decline.

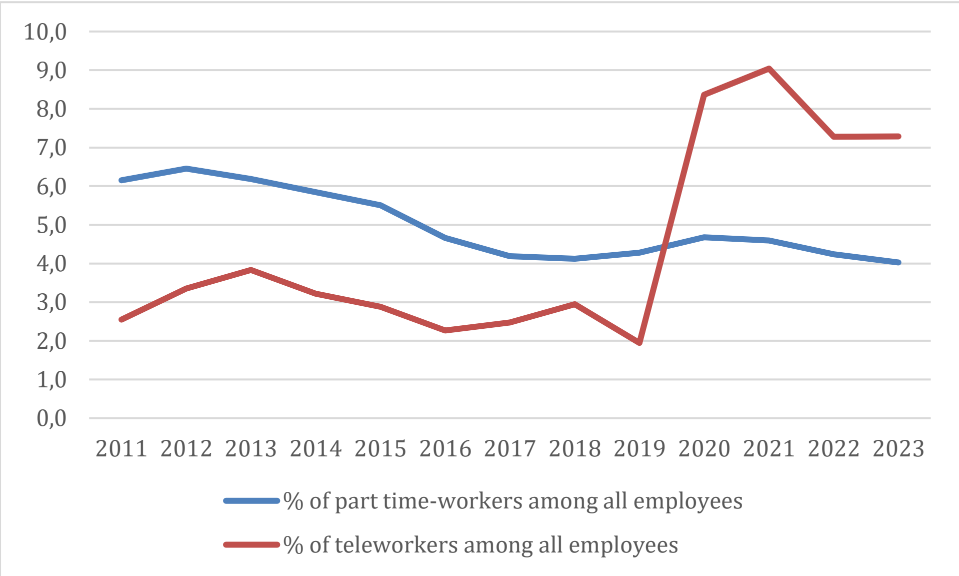

Figure 1. Ratio of atypical workers (2011-2023) Source: Hungarian Bureau of Statistics, https://www.ksh.hu/stadat_files/mun/hu/mun0016.html, https://www.ksh.hu/stadat_files/mun/hu/mun0021.html, own compilation.

B. Legal regulation of working time flexibility (for the employer, for the employee)

The Labour Code defines working time as "the period from the beginning to the end of the prescribed working time, plus the duration of preparatory and finishing activities connected with the work".[2] An important difference with the EU definition is that the domestic definition defines working time as the period from the beginning to the end of the prescribed working time and the duration of preparatory and finishing activities connected with the work, whereas the EU definition is broader – the period during which the worker is working, at the employer's disposal and carrying out his activity or task.

The Labour Code sets strict limits on working time allocation. By default, the duration of working time must be defined on a daily basis in employment agreements, not on a weekly basis. It is legally impossible to set a weekly working time as a contractual term because working hours can only be determined within a specific calendar period, such as a week or a month. The weekly working time may vary depending on factors like public holidays and must always be based on the general working time schedule for that specific week.[3] When daily working hours are specified, the contract must also define whether the work is full-time or part-time, with part-time arrangements requiring explicit contractual terms. More flexible arrangements, such as working time allocation on a weekly basis can only be ordered within a reference period concerning working time banking. It can be imposed unilaterally by the employer for a maximum of 24 weeks, but only by collective agreement for a longer period.
In Hungary, one of the most common ways of ensuring flexibility is through part-time work. Part-time work is shorter than the full daily working time for a given job. The only legal basis for defining the daily working time as part-time is the employment contract. The parties must agree in the employment contract not only that the daily working time is shorter than the full working time but also that the working time is part-time. In the absence of the latter, the daily working time is considered to be shorter than the full daily working time. Since the part-time nature of the daily working time must be determined in relation to the full working time applicable to the work in question, in the case of on-call work, where the duration of the contractual daily working time may be up to 12 hours, a daily working time of less than 12 hours shall be considered as part-time.[4] In the case of part-time work, the employee's remuneration and other benefits may be determined on a pro-rata basis, but this does not apply to holiday entitlement, as part-time employees are entitled to the same number of holiday days as full-time employees; only remuneration is pro rata. A special provision on the organisation of working time for part-time workers is that the working time allocated to them may be less than four hours per working day. A special provision that also applies to part-time workers is that the limit on the duration of extraordinary working time (200 hours per calendar year) must be taken into account in proportion to the total daily working time for the job in question.[5]

As part of the legal development process, the legal concept of job sharing, a specific type of part time work was introduced into the current Labour Code in 2012 (Hajdú, 2017). According to the relevant legislation, the employer and two or more employees may agree in the employment contract to share the duties of a job.[6] In the event of the incapacity of one employee (e.g. illness, ordinary leave, childbirth and, childcare, etc.), the other employee(s) who entered into the contract are obliged to fulfil the obligations arising from the employment relationship.

[2] Labour Code, Section 86 (1).
[3] Labour Code, Sections 92 (1) and 93.
[4] The decision of the Hungarian Supreme Court (Curia) Mfv.10627/2016/1.
[5] Labour Code, Section 109(3)(c).
[6] Labour Code, section 194.

The rules on working time apply mutatis mutandis to the organisation of working time, i.e. the employees agree among themselves which of them will work when. In principle, the parties can also agree on fixed working hours or consecutive working hours. The Labour Code leaves the division of work to the parties but stipulates that if one worker is prevented from working, the other worker who has entered into the contract must carry out the task. The rules on informal working time apply to the organisation of working time, and employees are paid the same - although the law allows for a different agreement. The employment contract should not specify the basic wage to be paid to each worker, but the basic wage to which all workers in the employment relationship are collectively entitled.

Another important way to ensure working time flexibility is related to telework. The legal definition of telework is that an employee performs his or her work duties for part or all of his or her working time at a place other than the employer's premises.[7] The parties are not obliged to agree in the employment contract, but it is reasonable to agree that the employee is obliged to work all or part of his working time (specifying how much) at the employer's premises or at another place of his choice. If there is no such agreement between the parties, Section 196(3)(c) provides that "the employee shall not work at the employer's place of work for more than one-third of the working days in the year in question". The employer's right to direct and control the teleworker may be limited due to the specific nature of the work. In general, the employer's right to give instructions only covers the definition of the tasks to be performed. In practice, this means the assignment of tasks to be performed by the employee, but the employer no longer has the right to give instructions as to the manner, organisation, etc., in which the work is to be performed. The parties may agree otherwise, giving the employer full rights of instruction, direction and control.

Arguably, although in many cases this is the case in the normal sense, it is not teleworking if the employer allows the employee to work from home, subject to certain conditions. The employment contract must specify the employee's place of work, or the parties may agree on a place of work other than the place of employment. In such an agreement, the employer usually has the unilateral power to determine the employee's specific place of work, adapted to the performance of the duties. A home office is nothing more than the employer providing or allowing the employee to choose the place of work, whether at home or elsewhere.

It is questionable whether the contractual freedom of the parties can extend to a situation where the employee is required to work at home not only at the employee's request but also at the employer's direct instruction, i.e. where the employer designates the employee's place of work as the employee's home. Thus, it is no longer a home office if the employee is required by the employer to work at home.

The fundamental difference between telework and homeworking is the contractual basis. Whereas in the case of telework, the employee is obliged to work at his or her home (or other specified location) and the employer is bound by this (in other words, the employer has only exceptional possibilities to oblige the employee to work at a location other than the telework location), in the case of a home office, the employer merely allows the employee to choose where to work, but there is no obligation on the employee to actually work at his or her home or other specified location, In the case of a home office, the employer merely gives the employee permission to choose where to work, but there is no obligation for the employee to actually work at home or at any other place on the basis of this permission, not to mention that

[7] Labour Code, Sections 196-200.

the employer cannot unilaterally restrict the employee's ability to work at his or her place of work - under the employment contract.

A further criterion for distinguishing between telework and homework is the difference in the organisation of working time. The working hours of a teleworker are ex lege informal (with the possibility for the parties to agree otherwise). The fact that the employee occasionally works at home, i.e. in a home office, does not in itself affect his otherwise applicable working hours but requires an express provision by the employer (or an express agreement between the parties) if he wishes to work according to a different schedule.

The employer must inform employees, referring to the job description, about the availability of positions at the workplace, including whether they are full-time or part-time, teleworking, and for an indefinite period. Outside the first six months of employment, employees may request modifications to their contract. Specifically, the employer must accommodate requests for part-time work (up to half of the normal full-time hours) until the child is four years old, or six years old for employees with three or more children. Employees or caregivers may also request changes in work location, working hours, teleworking arrangements, or part-time status until the child is eight years old, except during the first six months of employment. Requests must be submitted in writing, detailing the reasons and the desired change date. The employer is required to provide a written response within fifteen days. If the request is denied, the employer must explain the reasons in accordance with Section 64(2) of the Labour Code. In the case of an unlawful refusal or failure to respond, the court may substitute its decision for the employer's statement.[8] A collective agreement may derogate from the above provisions only in favour of the employee.[9]

C. Main features of industrial relations in the country

According to Hungarian labour law, the parties to a collective agreement must notify the Ministry, headed by the Minister responsible for employment policy, of the conclusion (termination, amendment, expiry) of the agreement electronically for registration within 30 days of its conclusion.[10] Notification is not a condition for the validity of the conclusion of a collective agreement, and there is no specific sanction for failure to notify. This may be the reason why, despite the notification requirement, there is no precise data on the practice of collective bargaining in the country, including data on coverage; moreover, this is not a public register.[11]

The coverage indicator shows the proportion of employees covered by collective agreements out of the total number of employees in a given group. International studies put collective bargaining coverage in Hungary at around 30%,[12] but data show a much lower figure of 20%.[13] Coverage is higher in state-owned enterprises and among employers with at least 300 employees.[14] In Hungary, collective agreements are usually concluded at the company level,

[8] Labour Coe, Section 61.
[9] Labour Coe, Section 61.
[10] Decree No 2/2004 (I. 15.) of the Ministry of Finance on the detailed rules for the notification and registration of collective agreements.
[11] The register is available at http://mkir.gov.hu/, only in Hungarian.
[12]ETUI (2014), Collective bargaining coverage, https://worker-participation.eu/National-Industrial-Relations/Across-Europe/Collective-Bargaining2
[13] Central Bureau of Statistics (2016), Summary tables (STADAT) - Intermediate data - Trade unions, strike event https://www.ksh.hu/stadat_evkozi_9_1.
[14] Ibid.

with sectoral agreements playing little practical role. Detailed legislation and the establishment of sectoral dialogue committees have not changed this situation. As a result, it is not possible to make a clear statement about the validity of the collective agreements in the register with regard to the notified collective agreements, as the timeliness and accuracy of the data in the register depends primarily on the parties' compliance with the law. On the other hand, the database does not provide information on the exact content of collective agreements but only on whether the working conditions are covered by the agreement or not. Therefore, the quality of the content (for example, whether the clause is valid at all or how innovative, creative or merely repetitive) is not shown.

Moreover, national research conducted in 2006 on the content of collective agreements argues that the content of agreements is poor, with few creative solutions, responses to new phenomena in the world of work or provisions based on genuinely local, sectoral specificities (Fodor, Nacsa, & Neumann, 2008). There is often literal copying and unnecessary repetition of the text of the Labour Code (parrot language), without any meaningful content. The research has also shown that social partners do not make use of the possibility of derogating from the law, even when this would be possible - even to the detriment of the employee - or when it would be justified to supplement the legal provisions. This is also reflected in the 2015 survey of the Central Bureau of Statistics, which found that more than a third of respondents' working conditions are not affected by collective agreements, even if there is an applicable agreement at the workplace (Central Bureau of Statistics, 2015).[15] According to the data, more than two thirds of workplaces in Hungary do not have a trade union, a works council or an elected employee representative. Only around 10% of workers are union members. Surprisingly, almost 20% of workers could not answer the question whether there were any representative bodies at the workplace.

D. The role of collective bargaining in working time

Atypical work is hardly covered by registered collective agreements. A recent survey suggests that only part-time work is covered by about a fifth of the agreements, while the other atypical forms examined are practically exceptional, both for the so-called classical forms (e.g. teleworking) and for the new institutions introduced by the 2012 Labour Code (e.g. on-call work). (Kártyás, 2019) The latter finding is surprising because these new atypical employment relationships are regulated by the law only in very general terms, leaving it to the parties to agree on the details. Kártyás argues that this role is not being played by the collective bargaining parties for the time being, and he provides the following data to underpin his argument:

Collective agreements covering one employer	
Subject matter	Percentage of respondents with a collective agreement regulating the subject matter
Part-time work	21%
On-call work	6%
Job sharing	6%
Telework	4%

[15] Central Bureau of Statistics (2015), The practice of collective bargaining in Hungary, Labour Force Survey 2015, 2nd quarter supplementary survey.

Outworking[16]	2%
Collective agreements covering multiple employers	
Subject matter	Percentage of respondents with a collective agreement regulating the subject matter
Part-time work	22%
Job sharing	12%
Telework	6%
Agency work	6%
Outworking	0%
On-call work	0%

Table 1: Subject matter of collective agreements, Source: Kártyás, 2019, pp 86-87.

Almost all agreements (96%) deal with this issue and 90% of them make use of the option of setting the annual limit at more than the statutory maximum of 250 hours (Kártyás, 2019). The provision for exceptional working time appears to be a key issue for the parties.

E. Other issues regarding working time arrangements and overall conclusions

An important additional issue is related to the Hungarian regulations concerning overtime. The law sets time limits on the performance of overtime mainly indirectly, by setting maximum daily and weekly working hours. The limit of twelve hours per day or forty-eight hours per week must include the hours of extraordinary working time, thus indirectly limiting the duration of extraordinary working time. There is an explicit limitation on the duration of extraordinary working time per calendar year, which is limited to a maximum of two hundred and fifty hours per calendar year.[17] However, this is only a relative limit, as the collective agreement and/or the agreement between the parties may provide for a longer period. A collective agreement may fix the maximum duration of the extraordinary working time that may be imposed in a given calendar year at three hundred hours.[18]

The parties may agree to increase the maximum number of hours to a maximum of 400 hours per calendar year (voluntary overtime).[19] The agreement must be in writing and may be terminated by the employee at the end of the calendar year. In the case of an agreement concluded during the year, the law's provision on pro rata temporis does not apply in the case of an indefinite employment relationship, so the parties are not precluded from increasing the amount of extraordinary working time that may be worked during the calendar year, even if this is done during the year. However, an agreement to this effect can only be lawfully concluded at a time when the duration of the employee's hours of extraordinary working time still corresponds to the duration prescribed by law or collective agreement, i.e. the conclusion of the agreement cannot subsequently make lawful an employer's order that would infringe the duration of the extraordinary working time. But in this case, too, the general requirements of

[16] An outworker is a person who agrees to work for a particular enterprise or to supply a certain quantity of goods or services to a particular enterprise by prior arrangement or contract with that enterprise, but whose place of work is not within it.
[17] Section 109(1) of the Labour Code.
[18] Section 135(3) of the Labour Code.
[19] Sections 109(2) and 135(3) of the Labour Code-

conduct, in particular the duty to exercise rights in good faith and in accordance with the principles of fairness[20] cannot be ignored.

Regarding the validity of the agreement, it is of course possible to check whether the employee's legal declaration actually corresponds to his will, whether he was not mistaken about material circumstances when concluding the agreement, and whether the agreement was not concluded under the influence of deception or unlawful threats. In such a case, he may challenge the agreement in accordance with the provisions of Section 28 of the Labour Code.

The agreement may be concluded for the duration of the extraordinary working time that may be imposed, in accordance with the law, but the parties are not precluded from making provisions that are more favourable to the employee than the law with regard to the conditions for the imposition of the extraordinary working time or the remuneration.

In conclusion, the most important weakness of Hungarian labour law legislation lies in the inefficient social dialogue system. Although Hungary experienced one of the most severe recessions among OECD and other transitional countries in 2009, with a sharp decline in real GDP, it showed strong economic recovery just a few years later, achieving some of the highest GDP growth rates in the EU (OECD, 2019). This substantial growth gave rise to a false perception that the economic resurgence was due to effective governance. However, this development—shaped by multiple factors—did not stem from innovation or productivity gains but was driven by the concept of an "illiberal democracy," marked by two key elements: a workfare regime (Ravallion, 1999) and anti-pluralism (Bartha, Boda, & Szikra, 2020). While Hungarian labour and social law reforms may not explicitly follow populist doctrines, their characteristics are evident in the new institutional framework (Illéssy, Huszár, & Csizmadia, 2024).

In the government's view, illiberal democracy means the end of the welfare state and the creation of a labour-based society. The overwhelming electoral success of the Fidesz-KDNP coalition enabled them to reshape major policy areas with little opposition, drawing significant scrutiny from both national and European institutions due to the erosion of democratic safeguards in political processes. In this framework, essential democratic controls, such as participation and trade union rights, have been significantly weakened to reinforce the executive power of the ruling coalition. As a result, social dialogue in Hungary is largely ineffective at both national and workplace levels. Although the formal structures of social dialogue exist and meet the technical requirements of democratic provisions, they are dysfunctional in practice. These institutions are not used to foster genuine discussion or debate but operate in a top-down manner, with the central government taking cues from its strategic partners to shape employment policies. This excludes transparent, democratic engagement with relevant social partners, thus reinforcing anti-pluralist trends—a hallmark of populist governance.

Moreover, the new Labour Code adopted in 2012 further paved the road for the workfare regime and brought in a wide range of deregulations and increased labour market flexibility while severely curtailing collective labour rights. The labour law reforms prevented social partners to fulfil their roles in protecting workers vis-a-vis employers by securing the freedom of meaningful participation in regulating the economy. However, the populist turn severely

[20] Section 6(2) of the Labour Code.

curbed the autonomy of economic actors and has swept away pluralism from society in general and industrial relations in particular.

Collective Agreements and Legislation

The register is available at http://mkir.gov.hu/, only in Hungarian.
National Laws in general: https://njt.hu/, only in Hungarian.
Labour Code: https://njt.hu/jogszabaly/2012-1-00-00, only in Hungarian.
A translation of the Labour Code at the time of its adoption: https://mta-pte.ajk.pte.hu/downloads/12-01.tv-en.pdf (many amendments were adopted ever since).

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