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Hungary ¹

Representativeness of the social partners: Telecommunications sector – HUNGARY

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This sectoral study examines the representativeness of the main industrial relations actors in the telecommunications sector in Hungary as of May 2006.

GENERAL AIM AND CONCEPTUAL REMARKS

The aim of this EIRO representativeness study is to identify the respective national and supranational actors (i.e. the trade unions and employer associations) in the field of industrial relations in the telecommunications sector. In order to determine their relative importance in the sector's industrial relations, this study will, in particular, focus on their representational domain as well as their role in collective bargaining.

Since this study aims to investigate the representativeness of the social partners, the collection of quantitative data is essential. Needless to say, it is often difficult to find quantitative data on such issues as associational density or collective bargaining coverage. In case of certain questions, it may be impossible to collect precise data. In such cases, we would like you to give rough estimates rather than leave the question blank. If you think that the reliability of an estimate is doubtful, please make a note.

In principle, data on the rates of density and coverage may stem from three sources:

- representative survey studies;
- administrative data (i.e. membership data provided by the respective association which are then used for calculating the rate on the basis of available figures on the potential membership of the association);
- personal estimates of the rates by representatives of the respective association.

When documenting the rates of density and coverage, please report the type of source underlying your data. For simplicity, please use the following codes: S = survey study; A =

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Language: EN

Publication date: 18-05-2007

ID: HU0606019Q

administrative data; E = personal estimates from interviews with the association's representatives.

The sectors are defined in terms of NACE classification. To assure cross-national comparability, it is important that each national centre proceeds from this definition. In exceptional cases, national classifications may deviate from NACE, such that the figures for question 1 must follow the national classification. In this case, please explain the national classification. However, responses to any other question must follow the NACE classification! This implies that the sectoral data on density and coverage may be drawn from personal estimates (E), if available survey studies and administrative data are not congruent with the NACE classification.

The domain of the unions and employer associations as well as the purview of collective agreements are likely to be not congruent with the NACE classification. Hence, we include all unions, employer associations and collective agreements which are "sector-related". Being sector-related applies to the following four patterns:

- Congruence: the domain/purview is identical with the NACE classification
- (2) Sectionalism: the domain/purview covers only a certain part of the sector as demarcated by NACE classification, while no group outside the sector covered
- (3) Overlap: the domain/purview covers the entire sector plus (parts of) one or more other sectors
- (4) Sectional overlap: the domain/purview covers part of the sector plus (parts of) one or more other sector

Telecommunications is defined in terms of NACE classification as follows: 64.20 (i.e. telecommunications without cable TV and radio activities)

Please note that the Hungarian statistical definition of the sector (TEÁOR 64.20) does include cable TV and radio, therefore sectoral statistical data (such as number of companies and employees) include these activities too!

1. Sectoral properties

Please provide the following data:

1.1.	1998***	2004**
Number of companies	497	864
Aggregate employment*	n.a	n.a.
Male employment*	n.a.	n.a.
Female employment*	n.a.	n.a.
Aggregate employees****	22,268	19,131
Male employees	n.a	n.a.
Female employees	n.a.	n.a.
Aggregate sectoral employment as a % of total employment in the economy	n.a.	n.a.
Aggregate sectoral employees as a % of the total number of employees in the economy	0,82 %	0,74 %

* employees plus self-employed persons and agency workers

** or most recent data

*** earliest data available

**** for businesses with more than 4 employees

2. The sector's unions and employer associations

This section has to include the following unions and employer associations:

- (i) unions which are party to sector-related collective bargaining (In line with the above conceptual remarks, we understand sector-related collective bargaining as any kind of collective bargaining within the sector, i.e. single-employer bargaining as well as multi-employer bargaining. For the definition of single- and multi-employer bargaining, see 4.3)
 - (ii) unions which are a member of the sector-related European Union Federation (i.e. UNI Europa Telecom)
 - (iii) employer associations which are a party to sector-related collective bargaining
 - (iv) employer associations which are a member of the sector-related European Employer Federation (i.e. ETNO – European Telecommunications Network Operators' Association)
- For the notion of “sector-related”, see the conceptual remarks.

2a Data on the unions

2a.1 Type of membership (voluntary vs. compulsory)

By (legal) definition, all unions shall have voluntary membership in Hungary.

2a.2 Formal demarcation of membership domain (e.g. blue-collar workers, private-sector workers, telecommunication sector employees, etc.)

There are two major unions in the sector: Telecommunication Trade Union (Távközlési Szakszervezet, TÁVSZAK) and Trade Union Federation of Posts and Communications Employees (Postai és Hírközlési Dolgozók Szakszervezeti Szövetsége, [PHDSZSZ](#)).

TÁVSZAK is basically a company union representing employees at the [T-COM](#) group (formerly: Hungarian Telecom Co. (Magyar Távközlési Rt, [MATÁV](#))), while PHDSZSZ is a sectoral federation operating in the field of post, telecommunications and IT.

2a.3 Number of members

TÁVSZAK has 2,500 members, PHDSZSZ has altogether 7,362 members, but it is not known how many employees belong to the telecommunications sectors.

2a.4 Female union members as a percentage of total union membership

2a.5 Density with regard to the union domain (see 2a.2)

At T-COM, which is the domain of TÁVSZAK, the rate of unionisation is 27%. (E)

According to the above self-reported membership data, PHDSZ represents 7.8% (E) of employees in ICT, post and telecommunications.

2a.6 Density of the union with regard to the sector

Within telecommunications, density of TÁVSZAK is around 13%, while PHDSZSZ' density is not known.

2a.7 Does the union conclude collective agreements?

There is no sectoral agreement in telecommunications. There are local agreements at 9 companies altogether. (See: 4.) Six out of them was concluded by TÁVSZAK only, three were signed by PHDSZSZ only, and in one case the agreement was signed jointly by TÁVSZAK and PHDSZSZ.

2a.8 For each association, list their affiliation to higher-level national, European and international interest associations.

TÁVSZAK is affiliated to the National Association of Hungarian Trade Unions (Magyar Szakszervezetek Országos Szövetsége, [MSZOSZ](#)). PHDSZSZ is affiliated to Trade Unions' Cooperation Forum (Szakszervezetek Együttműködési Fóruma, [SZEFE](#)). (Both of them are national-level confederations; MSZOSZ organises employees in the private sector, while SZEFE does so in the public service sector.) PHDSZSZ is also affiliated to [EUROFEDOP](#). Please document these data union by union.

Union density is defined as the ratio of union members to potential union members, as demarcated by the union's domain and by the sector.

If the domain of a union embraces only part of the sector, then the data on density should refer to this part.

2b. Data on the employer associations

There is no sectoral employer organisation which meets the above-mentioned criteria.

2b.1 Type of membership (voluntary vs. compulsory)

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2b.2 Formal demarcation of membership domain (e.g. SMEs, small-scale crafts/industry, sub-sectors of telecommunications, etc.)

2b.3 Number of member companies

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2b.4 Number of employees working in member companies

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2b.5 Density of the association in terms of companies with regard to their domain (see 2b.2)

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2b.6 Density of the association in terms of companies with regard to the sector

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2b.7 Density in terms of employees represented with regard to their domain (see 2b.2)

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2b.8 Density in terms of employees represented with regard to the sector

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2b.9 Does the employer association conclude collective agreements?

There is no sectoral bargaining either in telecommunications or in the IT sector.

2b.10 For each association, list their affiliation to higher-level national, European and international interest associations

Please document these data employer association by employer association.

Employer density in terms of companies is defined as the ratio of member companies to the potential member companies, as demarcated by the employer associations' domain and by the sector.

Employer density in terms of employees is defined as the ratio of the number of employees working in the member companies to the number of employees working in the potential member companies, as demarcated by the employer associations' domain and by the sector. If the domain of an employer association embraces only part of the sector, then the data on density should refer to this part.

3. Inter-associational relationships

3.1. Please list all unions covered by this study whose domains overlap.

In the pluralistic Hungarian system of unions there is no limitation on the number of unions at a particular workplace. It is characteristic that, especially in the case of big employers (for instance, at the T-COM group in telecommunications), more than one union organise employees and are involved in collective bargaining. However, there is no serious overlap between the two major unions due to their different domain: the majority of PHDSZSZ's membership is recruited from postal and broadcasting services, while TÁVSZAK was originally a company-level union at MATÁV, and is recently trying to expand in the sector.

3.2. Do rivalries and competition exist among the unions, concerning the right to conclude collective agreements and to be consulted in public policy formulation and implementation?

There's no strong rivalry between the two major unions in terms of company-level collective bargaining due to their different organisation domains. However, the picture is different at sectoral level: PHDSZSZ is the member of the relevant Sectoral Social Dialogue Committee (SSDC) as a branch-level union, but it is not authorised to negotiate a collective agreement for

the telecommunications sector, because it fails to meet the criteria of representativeness. (See the criteria and process in 6.) In turn TÁVSZAK is basically a company-level union, thus it can not be a member of SSDC, though it could meet the criteria for sectoral bargaining in terms of membership. (The currently valid authorisation is based on data from 2004, but it may change if the membership growth they achieved in the previous two years is taken into consideration.) Obviously, the current operation of SSDC is the source of a sort of rivalry between the two major unions at sectoral level. Their relationship is also burdened by former debates concerning inherited union assets.

3.3. If yes, are certain unions excluded from these rights?

See 3.2.

3.4. Same question for employer associations as 3.1.

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3.5. Same question for employer associations as 3.2.

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3.6. Same question for employer associations as 3.3.

4. The system of collective bargaining

Collective agreements are defined in line with national labour law regardless of whether they are negotiated under a peace obligation.

4.1 Estimate the sector's rate of collective bargaining coverage (i.e. the ratio of the number of employees covered by any kind of collective agreement to the total number of employees in the sector).

In 2005 the 9 company level collective agreements of the sector covered 10,419 employees altogether, which equals to a coverage of 67.5% (R) in the NACE 64.20 sector.

4.2 Estimate the relative importance of multi-employer agreements and of single-employer agreements as a percentage of the total number of employees covered. (Multi-employer bargaining is defined as being conducted by an employer association on behalf of the employer side. In the case of simple-employer bargaining, it is the company or its subunit(s) which is the party to the agreement. This includes the cases where two or more companies jointly negotiate an agreement.)

Neither sectoral nor multi-employer agreements exist in the sector, therefore there is no possibility to use the extension procedure either. Interestingly, a functional equivalent of extension occurred at T-COM in the course of the merger between MATÁV and [T-MOBILE](#) in 2004. Previously, there had not been a collective agreement at T-MOBIL, but with the merger T-COM's agreement became valid at the former T-Mobile units as well (with some transitional rules: working conditions will be completely levelled out by 2010).

4.2.1 Is there a practice of extending multi-employer agreements to employers who are not affiliated to the signatory employer associations?

See 4.2.

4.2.2 If there is a practice of extending collective agreements, is this practice pervasive or rather limited and exceptional?

5. Formulation and implementation of sector-specific public policies

5.1 Are the sector's employer associations and unions usually consulted by the authorities in sector-specific matters? If yes, which associations?

Mainly employer associations are consulted, as their main function is the representation of the companies' economic interests, and they are usually involved in the preparation of specific policy decision-making affecting their particular domain.

5.2 Do tripartite bodies dealing with sector-specific issues exist? If yes, please indicate their domain of activity (for instance, health and safety, equal opportunities, labour market, social security and pensions etc.), their origin (agreement/statutory) and the interest organisations having representatives in them:

The Telecommunication Interest Reconciliation Council (Távközlési Érdekegyeztető Fórum, TÉF), as a body for civic dialogue forum, had an important say in the period of the liberalisation and privatisation of the sector. Since privatisation was completed in the mid-nineties there has been no specific forum in the telecommunications sector.

Since 2004 more than twenty Sectoral Social Dialogue Committees were set up in Hungary ([HU0212106F](#)), and one of them is assigned to deal with the IT sector and telecommunications together. In 2002, at the time of establishing the Committee, the following organisations signed up to participate in it:

Name of the body and scope of activity	Bipartite/tripartite	Origin: agreement/statutory	Unions having representatives (reps) *	Employer associations having reps.*
Telecommunications Sectoral Social Dialogue Committees (Hírközlési Ágazati Párbeszéd Bizottság)	Formally bipartite	National agreement	PHDSZSZ Metalworkers' Union (Vasasszakszervezet) MATÁSZ IT Sector Trade Union (Informatikai Szakszervezet) Association of Hungarian Telecommunication Unions (Magyar Telekomunikációs Szakszervezetek Szövetsége)	Hungarian Cable Communications Association (Magyar Kábelkommunikációs Szövetség) Hungarian Association of IT Companies (Informatikai Vállalkozások Szövetsége. IVSZ) and Hungarian Association of Content Industry (Magyar Tartalomipari Szövetség, MATISZ) National Association of Strategic and Public Utility Companies (Stratégiai és Közszolgáltató Társaságok Országos Szövetsége, STRATOSZ)

According to the national agreement of September 2004, both employer associations and unions have to provide a special Committee with proofs/documents of their representativity. ([HU0501105F](#)) In February 2006 this special Committee issued its first rulings about the telecommunications sector. It recognised the Metalworkers' Union, the Hungarian Cable Communications Association, and MEISZ as representative sectoral organisations, and declared the Telecommunications Sectoral Social Dialogue Committee (Hírközlési Ágazati Párbeszéd Bizottság) as officially established with the above three founding members. All other organisations, which failed to meet the criteria of their representativity, may file an appeal and supplement further documentation.

6. Statutory regulations of representativeness

6.1 In the case of the unions, do statutory regulations exist which establish criteria of representativeness which a union must meet, so as to be entitled to conclude collective agreements? If yes, please briefly illustrate these rules and list the organisations which meet them.

In the context of the pluralistic union structure the 1992 Labour Code intended to define detailed criteria for collective bargaining entitlement at company level:

- If there is only one trade union at the employer, and it received 50 per cent of the cast votes at the elections of the works council, this trade union has the right to conclude the collective agreement.
- If there is more than one trade union at the employer, then – as a basic rule – all trade unions jointly have the right to conclude the collective agreement, provided that they received at least 50% of the cast votes at the election of the works council.
- If the collective agreement can not be concluded by all the trade unions, the representative trade unions have the right to conclude it, provided that they received 50% of the cast votes at the election of the works council.
- In some cases, not even the representative trade unions can conclude the collective agreement, because they did not receive 50% support, or they failed to reach an agreement among themselves concerning the standpoint of the employees. If so, the trade union that received 65% of the votes has the right to conclude the collective agreement independently.
- Should not even this condition be met, the negotiations might be carried on with the participation of all the trade unions represented at the employer and the text of the agreement can be worded, but the collective agreement may be concluded only if the employees are in favour of it. Employees should vote on it. This voting is valid only if more than half of the employees take part in it, and if the majority of the voters are in favour of it in order to get the necessary support. In practice it means that the collective agreement can be concluded with the support of one-fourth of the employees. (Section 32-33)

The criteria for having representation at a company is also prescribed by the law: at least 10% of the votes should be obtained at an election for the works council. Also, a trade union might become representative if it succeeds to achieve an extremely high level of organisation within one occupational group. Consequently, those trade unions are also qualified representative where minimum two-thirds of the employees belonging to the same occupational group (profession) at the employer are its members. (Section 29) However, rules are less strict concerning multi-employer agreements.

In contrast to the meticulous company-level rules, the law does not specify any rules of trade unions' representativity for collective bargaining at sectoral level.

Paradoxically, for the purpose of extending the coverage of the sectoral collective agreement there are again criteria set by the Labour Code (Section 34 (2) and (3)). In this respect, the law states that those trade unions are especially representative which are the most significant in terms of the number of their members and their support by the employees. Again, support by the employees should be measured on the basis of the results of the last works council elections held prior to the conclusion of the collective agreement.

6.2 In the case of the unions, do statutory regulations exist which establish criteria of representativeness which a union must meet, so as to be entitled to be consulted in matters of public policy and to participate in tripartite bodies? If yes, please briefly illustrate these rules and list the organisations which meet them.

The rules for sectoral and national representation for taking part in consultative bodies were established in a draft bill in February 2006, which is not yet on the agenda of the Parliament ([HU0602101F](#)). Sectoral representativity rules are based on a 2004 national agreement between the social partners, which laid down the criteria and established a special Committee to decide which organisations should be deemed representative. ([HU0501105F](#)). The complex criteria for participation in the SSDCs include: appropriate legal foundations of the organisations, the share of companies and employees covered by them, affiliation to national and international federations, previous experience in social dialogue and collective bargaining, results of the latest works council elections (for unions only), etc.. The Committee makes its decisions by using a complicated score-system, and finally may award different

status for the applicants: consultative, decision making and representative decision making ones.

6.3 Are elections for a certain representational body (e.g. works councils) established as criteria for union representativeness? If yes, please report the most recent electoral outcome for the sector.

Yes, see 6.1 for details.

6.4 Same question for employer associations as 6.1.

According to the Labour Code, an employer may conclude only one collective agreement with trade unions at a given company/institution. It is also possible to conclude joint (multi-employer) agreements covering several organisations by management and company trade unions.

Similarly to the case of unions (See 6.1), there is no legal criterion for employer associations to conclude sectoral collective agreements. Consequently, a sort of voluntaristic collective bargaining takes place at industry (or industrial branch) level, based on the parties' mutual recognition. In practice, however, the by-laws of employer organisations are supposed to include the authorisation to do so on behalf of the members, or a procedure for ratification (or possible opt-outs) concerning the agreement negotiated by the association.

For the extension procedure, representativity rules, similar to those for unions (See 6.1), are set by the law. According to these criteria those employer organisations are especially representative which are the most significant in terms the number of their members, economic importance and the number of employees.

6.5 Same question for employer associations as 6.2.

The same as for unions. See: 6.2.

6.6 Are elections for a certain representational body established as criteria for the representativeness of employer associations? If yes, please report the most recent outcome for the sector.

No.

7. Comments

Please give your views on the issue of representativeness in the sector, especially on jurisdictional disputes and recognition problems, and indicate any specificities or other problems which refer to representativeness in this sector in your country.

A previous study on the representativeness of the Telecommunications sector was undertaken by UCL, Institut des Sciences de Travail, Université catholique de Louvain, on behalf of the European Commission. For the previous version of the study please check the following website: <http://www.trav.ucl.ac.be/recherche/dg5.html>

In this revised version of the report employer organisations which fail to meet the above-mentioned criteria have been excluded. Nevertheless, it is a special feature of industrial relations in Hungary that many sectoral organisations have not yet concluded sectoral agreements, but they are parties to various sectoral activities such as consultations and negotiations in the sectoral social dialogue committees (which have recently been established with the assistance of the EU), issuing joint declarations, code of conducts and even engaged into negotiations with the view of concluding a collective agreement in the future.

Comment on methodology: following written authorisation of each organisation, we used data of trade unions which they submitted for the special Committee for establishing representativity.