



# Regulation of Advancement and Salary Systems in the Hungarian Public Administration

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## Abstract

In this study, I examine the advancement and salary systems within the content of the legal relationship. Civil service acts are based on a wide range of personnel policy solutions in the Hungarian public administration. While one act prefers public law and centralized regulatory methods, another tends to focus on labour law and decentralized solutions, while the third seeks to mix them. Thus, in all cases, a similar legislative intention can be identified, yet a completely different approach is reflected behind the regulation of one or another legal relationship. Based on all this, a number of issues can be identified. Which personnel policy system solution is better in line with international trends in civil service legislation? What legal and personnel policy solutions characterize the advancement and remuneration of one or another civil service status? Can differentiation or fragmentation contribute to the modernization of civil service careers? At all, can we talk about solutions in this case or are we currently witnessing some ‘post-bureaucratic’ search for a way?

**Keywords:** civil service law, civil service career, personnel policy trends, salary systems, advancement systems

## The aim of the study

In my previous study, I examined the differentiation of the civil service relationship (Ludányi, 2020). I have identified that differentiation primarily affected the scope of the Kttv (2011 CXCV. Act on Civil Service Officials), that could ultimately lead to its emptying. It was also shown that differentiation is not

always consistent. Regulatory inaccuracies and contradictions have emerged due to the accelerated legislative practice. The analyses of the scope of the legal relationship have shown that there are several government administrative bodies for which it is difficult to determine exactly, on the basis of the legal regulations, what type of legal relationship the officials have there. An analysis of the scope of the legal relationship has shown that it is difficult to determine the type of legal relationship of officials in several government administrative bodies. Based on these, I concluded that differentiation is neither an advantage nor a disadvantage in itself. In order to take advantage of differentiation, a combination of two conditions is required (Ludányi, 2020). On the one hand, the rules and principles of law-making must be observed (György, 1998). On the other hand, it is expedient to regulate the content of each civil service legal relationship according to similar principles and solutions. Otherwise, the regulation may lead to problems of interpretation or professionally unjustified differences in content between the various civil service legal relations (Petrovics, 2018). At the same time, in order to find deeper connections, it is necessary to examine the legal relations in terms of content. In this study, within the content of legal relationship, I specifically examine the advancement and salary systems.

Civil service acts are based on a wide range of personnel policy solutions in the Hungarian public administration. While one act prefers public law and centralized regulatory methods (for example Kttv), another tends to focus on labour law and decentralized solutions (for example Kit), while the third seeks to mix them (for example NAV szjtv). Thus, in all cases, a similar legislative intention can be identified, yet a completely different approach is reflected behind the regulation of one or another legal relationship. Based on all this, a number of issues can be identified. Which personnel policy system solution is better in line with international trends in civil service legislation? What legal and personnel policy solutions characterize the advancement and remuneration of one or another civil service status? Can differentiation or fragmentation contribute to the modernization of civil service careers? At all, can we talk about solutions in this case or are we currently witnessing some ‘post-bureaucratic’ search for a way (Demmke, 2019)?

In this study, I classify the bodies as ‘administrative’<sup>1</sup> due to the administrative work carried out in the offices and I consider them comparable (György, 2014). The methodology of my article is a legal comparison and analysis. The

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1 István György points out that this problem arises mainly in the offices of state authorities, and according to him, it should also be approached on a theoretical level, based on the principle of the division of powers.

comparison covers the sectors of the Hungarian public administration. The comparison covers the civil service regulations of local government administration bodies, the Office of the Parliament, the State Audit Office, government administration bodies, special status bodies, law enforcement bodies and the National Tax and Customs administration. To interpret the Hungarian legislative processes, I will also briefly address the main findings of an international EUPAN<sup>2</sup> comparative study.

## **The main civil service salary trends in an international perspective**

Before examining the advancement and salary systems of legal relationships, it is worth briefly reviewing international trends of civil service law and personnel policy in these issues. The Slovak EU Presidency compared the salary systems of the central administrations of the Member States and of the European Commission in 2016-2017 in the framework of the EUPAN cooperation (Mikkelsen, Števo ve & Dlesková, 2017). After identifying methodological and research issues, the comparative study examines many aspects of the salary systems. It deals with the characteristics, predictability, flexibility and the role of performance in salary systems (as well as various non-salary benefits, but I will not deal with this issue in detail).

The comparative study on the characteristics of salary systems concludes that there are several practices for calculating salary/basic salary in each civil service staffing system. Among of countries participating in the EUPAN cooperation, the least (3 Member States) use competency-based remuneration in central public administration. According to the research, the position (post, job)-based remuneration is second in line (6 Member States). The third most commonly used solution is grade-based remuneration (9 Member States). This solution is based on the idea that there are several salary grades within each grade, which offers additional career opportunities. The second most commonly used solution is fixed (grade-based) remuneration (10 Member States). The starting point for this is the salary base, which is set out in the budgetary rules. Most EUPAN Member States have a band-based remuneration system (16 Member States). The essence of this is that the exact amount of the salary is determined by the employer within the

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2 The European Public Administration Network (EUPAN) is an informal network of cooperation between the Member States of the European Union and other observer states, which often deals with various international issues in civil service personnel policy.

framework of the civil service law rules (between lower and upper salary bands). The nature of the solutions used also depends on whether the staffing systems of the EUPAN Member States are based more on labour law (such as Italy or the United Kingdom) or mainly on civil service law (for instance France). Moreover, there are staffing schemes where officials are subject to both labour law and civil service law rules (such as the Netherlands or Poland). In conclusion, nowadays flexible salary scales close to labour law institutions are becoming more common in European civil service systems, and there are a large majority of staff systems where remuneration is not necessarily based on fixed rules. At the same time, we can clearly conclude that we cannot talk about the ‘monopoly’ of any type of salary system, which corresponds to the grouping used in the comparative study (for more grouping options see for example György, 2019).

Regarding the predictability and flexibility of salary systems (thus with the criteria, conditions and factors that can be taken into account during the determination and increase of the salary), the findings of the comparative study can be summarized as follows. Most EUPAN Member States still use seniority as the main principle of salary increase (15 Member States). In other staffing systems, the amount and increase of salary are mainly influenced by the characteristics of the post, position, job (8 Member States) or the competencies required to fill the post, position, job (9 Member States). According to the comparative study, we can also find EUPAN Member States where quite different criteria and conditions dynamize salary growth (8 Member States). For instance, such criteria or conditions may be individual or organizational performance appraisal, customer satisfaction or various merits etc. These criteria and conditions simultaneously shape the mechanism of operation of each salary system in practice. There are Member States where several such criteria may be present to a greater or lesser extent at the same time when determining and increasing salary. Thus, for example, in the Polish civil service,<sup>3</sup> by decree of the head of the civil service, the director-generals of public administration bodies (employers) have to take into account the results of the job evaluation, the results of performance appraisal (assessment of work performance and competencies),<sup>4</sup> furthermore the labour market conditions when determining the exact amount of basic salary (Itrich-Drabarek, 2015).<sup>5</sup> The comparative study points out that although

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3 See the rules of the Polish Civil Service Act. Act of 21 November 2008 on civil service.

4 In the regulation of performance appraisal, the Polish legislators have certainly also been influenced by the solutions of the Kttv. See: Regulation of the Prime Minister of 4 April 2016 on the terms and procedure of periodical evaluations of civil servants and civil service employees.

5 Ordinance no 1 of the Prime Minister of 7 January 2011 on the rules of preparing job descriptions and job evaluation in the civil service; Ordinance no 57 of the Prime Minister of 24 July 2015 amending the ordinance on the rules of preparing job descriptions and job evaluation in the civil service.

remuneration is based on the rules laid down in most Member States, there is scope for some derogations from the general rules in many Member States. According to the terminology of the Kttv such a legal institution is ‘basic salary diversion’ or ‘personal salary’. There are Member States where derogations only apply to political actors, but there are also Member States where they apply to the entire civil service. The dysfunctions of the derogations can be seen in the example of the previous Slovak legislation. Although the amount of the basic salary in the Slovak civil service was fixed,<sup>6</sup> the scope and determination of the various salary supplements, benefits and allowances became untraceable. To highlight just one example, the amount of the individual allowance specified with discretionary power could have reached 100 percent of the basic salary according to the grade specified in the law (Staroňova, 2016),<sup>7</sup> but even exceeded it in some cases (Nemec, 2018).

With regard to individual performance and its evaluation,<sup>8</sup> the study highlights that of the 30 Member States surveyed in the research, only 19 have formally defined rules for the performance-based salary component. However, there are significant differences between Member States with a performance-based component. There are a few of them where the performance-based salary of officials is determined in a particularly complex way. This means, among other things, that the evaluation does not take place at the individual level, but at the group or project level, for instance in the German or Dutch civil service (Staroňova, 2017). In these systems, the role of the performance-based salary component in remuneration is smaller. On the other hand, we can also find staffing systems where performance-based salary is a regular element of the remuneration. This study cites the Swedish or Finnish civil service as examples (Staroňova, 2017).

## **Advancement and salary systems in Hungarian civil service law**

Following the presentation of international trends, I compare the salary and advancement systems of public administration, looking for the answers to the questions asked in the introductory thoughts. In the comparison, I focus on a

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6 Enforcement practice is based on the previous Civil Service Act. See: Act No. 400/2009 Coll. on Civil Service. Since then, this act has been replaced by a new one in 2017. See: Act No. 55/2017 Coll. on Civil Service.

7 In the case of a civil servant with lower grades, this was limited to 40 percent.

8 A comparative study on performance appraisal practices was also carried out under the Slovak EU Presidency (Staroňova, 2017).

brief description of the systems, including the examination of the role of criteria, conditions and factors that ensure the advancement of officials in their salaries.<sup>9</sup>

## **Kttv's advancement and salary system**

For the first time (because of the chronological order), I will examine the salary and advancement rules and major legal institutions of the Kttv. The Kttv is primarily applied to civil servants in local government administration bodies. Of the relevant civil service acts, the Kttv contains the characteristics of career systems the most detailed. According to the rules of the act, advancement can take place in grades, titles and manager positions. Salary increases are related to advancement in grades. The salary consists of three components; the basic salary, the salary supplement and the various allowances. The basic salary is the largest part of the salary. It is important that the basic salary creates a link between salary and advancement. This is explained by the fact that the amount of the basic salary is given by the product of the multipliers belonging to the salary grades (these are within the grades) and the salary base. The salary base of civil servants is a fixed amount, which is determined every year by the Budget Act and it is necessary to mention that it has been unchanged for more than ten years (HUF 38,650). Advancement between grades (in salary) is primarily influenced by two factors. One of the conditions is the official's education and the other is the official's length of service (that is, seniority). The level of education determines the classes of officials and the grades, salary grades depend mainly on seniority. Advancement between grades should also take into account the results of the performance appraisal and the other merits of the official. (Thus, for instance, if the official fulfills the in-service training obligations set by the employer.) The extent of the salary supplement expresses the role and weight of the administrative body in the hierarchy. With regard to this element, it is worth noting that its role has essentially lost its significance due to the emptying of the scope of the act. I refer here to the fact that the civil service acts on the strata of personnel took over the provisions from the Kttv concerning the legal institution (although not as a salary supplement, but it was built into the salary), but did not repeal the previous rules.<sup>10</sup> The combined amount of the

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9 As a basis here I use the research aspects of Gábor Kártyás, already applied in previous research. My evaluation criteria along this are: education, length of service, identity of the employer, language skills, characteristics of the job/position/post held, the employer's discretion and the performance of the official (Kártyás, 2019).

10 This is also a legislative problem with other legal institutions (Hegyesi & Juhász, 2021).

basic salary and the salary supplement must reach at least the amount of the guaranteed wage minimum [Kttv Section 131 (3)]. In the system of Kttv, the compensation for language skills and the value of the job held is mostly expressed among the salary supplements. The extent of this depends on the salary base depending on the language and the type of language exam (Kttv Section 141). It is necessary to mention that the rules on the job-based allowance were repealed by the legislator after the Kit entered into force. The act rewards the knowledge of the so-called priority and non-priority languages. It should be noted that, in the case of knowledge of priority languages, the official is entitled to the allowance. The employer's discretion and the performance of the official are decisive in several cases, despite the fact that the advancement and remuneration system of the Kttv is one of the most regulated. Employer's discretion also affects the determination of salary supplements, bonuses, basic salary diversions, and personal salaries, as well as the acceleration or deceleration of advancement. It should be pointed out that the employer's discretion does not appear at the time of classification only later (Kártyás, 2019). An official's performance has an impact on salary through performance appraisal. Performance appraisal is mostly related to basic salary diversion, as here the result of performance appraisal must be specifically taken into account to determine the legal consequences. For example, performance appraisal is needed for basic salary diversion, but also for career acceleration [Kttv Section 133 (3), 120 (1)]. (It is worth noting that we can also find rules for the ministry government officials' basic salary modification that are no longer applicable in practice, because these officials were transferred to the scope of the Kit.)

## **Ogytv's advancement and salary system**

Secondly, it is recommended to examine the salary system of parliamentary civil servants. The Kttv states that, unless otherwise provided by law, its provisions shall also be applied to the civil service status of the Office of the Parliament and the civil servant of the Parliamentary Guard. The Ogytv (2012 XXXVI. Act on the Parliament) contains provisions different from the rules of the Kttv. The advancement of parliamentary civil servants can also take place in grades (salaries), titles and manager positions. However, most of the advancement and salary rules of the Kttv are not applicable to the legal status of parliamentary civil servants, for whom the Ogytv lays down its own rules. Thus, according to the rules of the Ogytv, a parliamentary civil servant must be classified in the appropriate grade of the relevant class on the basis of the level of

education required for his or her job and the time spent in civil service. As in the case of Kttv, it is mainly the educational level that decides, which class can the civil servant enter. The act separates four classes from each other. Two of these are linked to educational attainment and the other two are linked to special (manager position and title) forms of advancement. However, a significant difference compared to the Kttv is that in this case we can only find grades within the grade classes, not salary grades. Career conditions and mechanisms are very similar to those learned in the Kttv, so advancement between grades is primarily based on the length of service, supplemented by performance appraisal and fulfilment of statutory or employer-defined conditions. Unlike the Kttv, the salary consists of two salary elements; it consists of a basic salary and a foreign language allowance. In this case (in the absence of salary supplement), the amount of the basic salary must reach at least the amount of the guaranteed wage minimum. The grades of each classes have ascending multipliers, and the product of the grade multiplied by the salary base determines the basic salary for the grade. This brings us to the most significant difference between Ogytv and Kttv. The salary base is provided by an amount equal to the amount of the average monthly gross earnings of the national economy for the year preceding the reference year, officially published by the (Hungarian) Central Statistical Office.<sup>11</sup> Thus, the basic salary is not calculated on the basis of the salary base of civil servants set out in the Budget Act. The performance appraisal rules of the Kttv must be applied (but it is possible to create different rules in the Organizational and Operational Rules of the Parliament) and based on this it is also possible to modify (raise or reduce) basic salary (according to the specific provisions of the Ogytv). A parliamentary civil servant is entitled to an allowance on the basis of certain priority languages.<sup>12</sup>

## **Ásztv's advancement and salary system**

The rules concerning the staff of the State Audit Office of Hungary (State Audit Office), including the rules on advancement and remuneration are contained in Ásztv (2011 LXVI. Act on the State Audit Office) and Kttv. The staff of the State Audit Office consists of a president, a vice-president, managers, auditors, and employees subject to labour law. Of the personnel categories listed, it is worth

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11 In January – December 2020, the gross average salary was HUF 403,600.

12 As long as English, German, French, Russian, Chinese and Arabic are considered to be the preferred languages according to the Kttv; until then, according to Ogytv, only English, German and French can be assessed as such.



taking a closer look at the rules for auditors. First of all, we need to look at how *Ásztv* defines its relationship with *Kttv*. On the one hand, according to the *Kttv*, unless otherwise provided by law, its rules do not apply to employees of the State Audit Office. On the other hand, the *Ásztv* lists the provisions of *Kttv* that must be properly applied to the legal relationship of the managers and auditors of the State Audit Office. Based on these, the advancement rules of the *Kttv* in grades (salary), titles and manager position cannot be applied either. All this means that the special provisions of the *Ásztv* apply to these legal institutions. Among the rules on remuneration, rules of a labour law nature (such as rounding, payment of wages or protection of wages) should be applied (as we have seen in the relationship between *Ogytv* and *Kttv*). The auditor shall be assigned to one of the categories of auditor in his or her appointment. Further rules for the classification of the auditor are set out in the organizational and operational regulations of the State Audit Office (Instruction 3/2021 (VIII 13) of the President of the State Audit Office on the Rules of Organization and Operation of the State Audit Office). Advancement – that is not automatic and largely shaped by employer discretion – can be interpreted among auditor grades, at the manager and expert positions. Unlike the *Kttv* and *Ogytv*, an important difference is that the principle of seniority does not apply during advancement (for instance in salary). The auditor's salary consists of a basic salary (special rules apply to managers, who are entitled to manager salary supplement). The amount of the basic salary shall be calculated on the basis of the multiplication number of the auditor's grade and the product of the auditor's salary base. The *Ásztv* applies the same solution as the *Ogytv* to determine the amount of the salary base. So, the salary base is provided by an amount equal to the amount of the average monthly gross earnings of the national economy for the year preceding the reference year, officially published by the (Hungarian) Central Statistical Office. The performance evaluation of auditors is based on the definition of the *Kttv*.<sup>13</sup> An important difference from the rules of *Kttv* and *Ogytv* is that the President of the State Audit Office may increase the basic salary of the auditor by up to 60 percent or decrease it by up to 10 percent depending on the performance appraisal. For reasons of cutting red tape, the *Ásztv Módvtv* (2019 XXXVII. Act Amending 2011 LXVI. Act on the State Audit Office) also abolished the foreign language knowledge and training allowance (these factors are included in the calculation of the basic salary amount).

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13 Section 130 (1) of the *Kttv* says the following: The performance of the work of a government official shall be assessed in writing (performance appraisal) by the exercise of the employer's discretion.

## Kit's advancement and salary system

The dynamics of advancement in the Kit (2018 CXXV. Act on Government Administration), as opposed to Kttv and Ogytv, are not shaped by the education and length of service of a government official, but by the characteristics of the position, such as the professional conditions for filling the position.<sup>14</sup> This also means that there are no horizontal advancement opportunities (grades) within the position and the advancement of a government official is not guaranteed either. Rather, advancement can only be interpreted vertically between individual positions (which are related to more complex tasks). Thus, the system of the Kit is similar to the classification system of auditors. From an international perspective, this salary system is primarily comparable to the Anglo-Saxon (such as the British) or Scandinavian (like the Swedish) civil service staff systems (Hazafi, 2019a). However, advancement between positions is also not automatic. Accordingly, in 2019, the Kit has introduced a new salary system, breaking with the seniority-based remuneration. Instead of length of service, the legislature focused on the performance and duties performed by the official. Thus, according to the legislator, the abolition of fixed salary and the creation of differentiated, performance-based salary can help attract and retain workforce to the government administration bodies (Hazafi, 2019b). By law, classification is made for a position/post, which is the basic unit of government administrative staff management. Six grades can be distinguished on the basis of positions. These are the administrator, the professional manager, the professional senior manager, the person with the status of a commissioner, the consultant and the political senior manager. The administrator category can be further divided into grades. Among these categories, salary advancement is not automatic (the employer decides into which grade a government official should belong, what position he or she should work in). The salary shall be set so as to remain within the salary band corresponding to the grade of the position. The Kit contains two salary scales: the first applies to government officials employed in ministries, while the second applies to government officials in government agencies, central offices, the capital and county government offices. With regard to the method of determining the salary, it is important to mention that when determining the exact amount of the salary, the parties have the option of a kind of wage bargaining (as opposed to all the wage-setting rules mentioned earlier). This is limited by salary bands. A further limitation (with the exception of general principles and labour law guarantees) of the employer's authority is the

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14 The source of this chapter: Ludányi and S. Horváth (2021).

principle of professionalism, which stipulates that the salary of a government official must be determined on the basis of professional skills, qualifications, practice and performance. Salary is not made up of different components, but is made up of a single amount (in similar the Anglo-Saxon and Scandinavian system solutions already mentioned above). This also means that the calculation of the salary does not depend on the amount of the salary base and the multipliers related to the salary grades (considering that there are no salary grades and multipliers in the Kit). There are no salary supplements or allowances attached to the salary, so only the ‘basic salary’ can be found. Although the Kit does not use the legal institution of the salary supplement (as Kttv did), the differences can be deduced from the hierarchy of government administrations. I would point out that it is the employer’s responsibility to determine the level of education associated with the bands, and it is not a mandatory content element of the salary system. The same can be said for salary allowances. The personal abilities or organizational characteristics of a government official may be incorporated into the remuneration as a result of an employer decision. Salary can be adjusted based on performance appraisal. However, the legal institution of basic salary diversion is not found in the Kit (but, very similar rules can be found). Though, my study does not cover the analysis of benefits in addition to salaries, I must briefly mention the merit recognitions as they are intended to replace the donation of titles and the opportunities for advancement in titles.<sup>15</sup>

## **Küt’s advancement and salary system**

The legislator developed the principles of the Küt (2019 CVII. Act on Bodies with Special Legal Status and the Status of Employees) classification and advancement system on the basis of the Kit. This means that the basic unit of work here is also job-based staff management. However, the Küt adapts to the requirements of independence and autonomy, so we cannot find centralized government positions. The Küt’s salary, merit recognition and performance evaluation system reflects the solutions already presented in the case of the Kit. The salary system is divided into three types of salary scales based on the typology of special status bodies. The ‘classic’ differentiating role of the salary supplement is also expressed in this case by the band remuneration system.

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<sup>15</sup> Although civil service law previously has not contained the recognition of merit in this way, the legal institution is not entirely unknown in the broader field of public service law (it is enough to think about the Hszt’s merit recognition system and its terminological features).

Accordingly, higher value bands are included in the salary scales of the Office of the President of the Republic and the Office of the Constitutional Court. The Küt establishes lower value bands for the following bodies: The Office of the Commissioner for Fundamental Rights, the Secretariat of the Hungarian Academy of Sciences, the Secretariat of the Hungarian Academy of Arts, the Historical Archives of the Hungarian State Security, the National Election Office, the Committee of National Remembrance and the Hungarian National Authority for Data Protection and Freedom of Information. In addition, these fall into a third category: Hungarian Energy and Public Utility Regulatory Authority, the National Media and Infocommunications Authority, Hungarian Competition Authority and the Public Procurement Authority. In the latter bodies, certainly for market and competitiveness reasons, the civil service relationship of civil servants is established by a civil service employment contract. It comes from the nature of the civil service employment contract and the Küt stipulates that the parties agree on the amount of the salary in the contract (regardless of the banded salary tables presented above). A similar solution characterizes the employment conditions of the Polish central administration. The Polish civil servant's employment is created by appointment for an indefinite period. In contrast, the civil service employee's employment is created by civil service employment contract for an indefinite or fixed period (Itrich-Drabarek, 2012). The characteristics of career systems (additional rights and obligations) are more pronounced for civil servants and less defined in the employment rules of civil service employees (Czaputowicz & Sakowicz, 2013). These differences can also be found in the case of the Küt, that is pointed out by the characteristics of the civil service employment contract, such as determination of the salary (Küt Section 98).

## **Riasztv's advancement and salary system**

According to the Hszt, as amended by Riasztv, and its Chapter XXVIII/A, the advancement of law enforcement officials can take place in several ways. On the one hand, there should be an opportunity to advance in salary grades within a job category and on the other hand, to enter a higher job class or a higher job category.<sup>16</sup> Thus, classification is based on job class, job category and job concepts. Classification and advancement in every job unit is based on various factors. While advancement in the job class and between categories depends primarily on educational attainment and the nature of the job, advancement in

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16 The source of this chapter: László, Orosz and Ludányi (2020).

salary grades depends on length of service. The jobs belonging to each job category, and that can be filled by a law enforcement official, are determined by the head of the law enforcement body. The general condition for advancement is the fulfilment of the conditions set for the next salary level (which I have already mentioned in connection with Kttv or Ogytv), the existence of practical experience, skills and competencies necessary for the performance of the job and the appropriate level of performance evaluation. Overall, the Riasztv has introduced a merit-based advancement system (that is not entirely devoid of automatism and employer discretion), which combines the system elements of Kttv, Hszt, Kit and Küt. In addition to career advancement, we can also talk about special forms of promotion, such as the advancement of managers or higher education graduates to a key job category. The salary of a law enforcement official consists of a basic salary and other allowances. The exact amount of the basic salary must be determined between the lower and upper limits of the corresponding step in the job category. In terms of the remuneration practices Riasztv (like most of the statutory statutes examined above) is moving in the direction typical to more open schemes, as the decision on the amount of the salary is based on the discretion of the employer. It is possible to review the salary within the band on an annual basis, in the framework of which a higher or lower salary can be set for the law enforcement official. The principle, that the number of allowances is to be reduced, also applies to law enforcement officials. Thus, the foreign language proficiency allowance can only be considered for civil national security services.

## **NAV szjtv's advancement and salary system**

The latest act of Hungarian civil service legislation is the NAV szjtv (2020 CXXX. Act on the Legal Status of Personnel of the National Tax and Customs Administration). The primary goal of the NAV szjtv was to implement the integration of the personnel after the organizational integration processes (Kiss-Hazafi, 2019). To this end, a new tax and customs service relationship has been established, which applies to both financial guards and (tax administration) government officials with attention to their specific requirements. The NAV szjtv uses a job classification and advancement system like Riasztv. The classification of each job is determined by the head of NAV in the employment regulations, similar to the concept of Riasztv. There are the job categories. Within this, we can find managerial positions, jobs in Class I grades, and jobs in Class II grades. The employee (financial guard and government official) must be provided with a

planned career opportunity in salary grade within the job categories and grades. However, it is also possible to progress to a higher value job grade or category. A special form of advancement for financial guards is promotion in the rank. The general conditions for advancement are very similar to those already mentioned in Kttv, Ogytv and Riasztv with the exception that the various conditions of aptitude (e.g., physical or psychological) are more important here. The employee's salary consists of a basic salary; and may consist of time allowances, job allowances and other salary allowances. All this suggests that the NAV szjtv returns to some extent to the foundations of the salary system 'laid down' by the Kttv. At the same time, it follows the 'innovative line' of the Kit, in which the exact amount of the basic salary is not given by a calculation based on some kind of salary base, but is determined by the employer. The employer's decision is made within the lower and upper bands belonging to the salary grade on the basis of experience, education, other qualifications, language skills and responsibilities related to the performance of the job. The length of service appears not only in advancement between salary grades, but also in the case of time allowances. The NAV szjtv is primarily similar to Kttv in terms of terminology and legal solutions. The NAV szjtv regulates the salary diversion, the legal institution of personal salary, but many types of allowances known in the Kttv can also be found in the provisions of this legislation (such as the night allowance). It is worth noting that the system of non-salary benefits is extremely wide-ranging. Unlike the Kttv, the act regulates professional titles and recognitions in this section. The latter are only partially consistent with the merit recognitions mentioned in the Kit and the Küt (e.g., the diploma of appreciation) and here we should rather identify some of the Kttv's career acceleration tools (e.g., reducing waiting time meanwhile the advancement). All in all, the new act retains the 'career' nature of the regulation (such as role of length of service, planned advancement) while at the same time significantly loosening previous constraints and introducing more flexible solutions (Magasvári, 2021). Thus, the act retains length of service during advancement, but breaks with the calculation of basic salary from the salary base.

## Conclusions

I began my examination of advancement and salary systems by exploring international trends. On this basis, I have come to the conclusion that flexible salary scales close to labour law institutions are becoming more common in European civil service systems nowadays and there are a large majority of staff systems

where remuneration is not necessarily based on rigid, fixed rules. I also pointed out that there are many types of salary systems in the international dimension. As I have shown, this kind of ‘variety’ in the application of remuneration criteria, conditions and factors can also be seen.

Following the presentation of international trends, I analysed the last years of Hungarian civil service legislation. In the comparison, I focused on a brief description of the advancement and salary systems. I have identified a number of regulatory solutions within the Hungarian public administration (although it should be emphasized that in this case we are talking about the public administration of a single state and not the trends of the EUPAN Member States). The comparison clearly showed that almost none of the status acts apply the same advancement and salary system. While there are acts that link remuneration to classic civil service legal advancement, other acts leave the decision to the discretion of the employer. One system distinguishes between several forms of advancement, while the other does not regulate advancement in this way. One act applies a multi-component salary, the other a lump-sum salary. There are acts where a fixed salary base gives the amount of salary/basic salary, but there are also acts where the salary base does not play a role in determining salaries. While in one sector the salary base is determined by the Budget Act, in another case the salary base is linked to the gross average earnings. We can find an act where the basic salary is linked to grades and salary grades, but we can also find an act where it is linked to job classes and categories. It is also clear that banded salary systems are becoming more widespread in the Hungarian public administration. Finally, civil service sectors can be identified where a mixed salary system operates. The list could go on for a long time, but the point is that these legal and personnel policy solutions apply to one branch or another of the public administration. This raises the question of whether there are so many differences between the characteristics of each branch of public administration that justify this wide variety of regulations. In my view, this is more a ‘poetic’ issue. The variety of regulations is important not only for the ‘ideal of a civil service’, but also for legislative and enforcement purposes. The consequence of the regulation is that there may be significant differences in the wage conditions of the sectors and it may not be justified by the differences in the tasks performed.

In conclusion, as in the context of European civil service systems, we cannot talk about clear solutions in the case of the Hungarian public administration. In other words, as many branches of public administration can be identified, as many advancement and salary systems can be found. Integrating international trends and the solutions of the Hungarian legislation, it is possible to propose a system in which the achievements of public service law (thus mainly the merits

and the main guarantees) can be mixed with the possibilities provided by more flexible legal institutions (thus, the dangers of flexibility can be eliminated). This system would be based on the same principles and a common methodology, but would also allow the necessary distinction between administrative sectors, administration bodies and layers of officials (however, the detailed proposal should already be developed in another study).

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## Laws and Regulations

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### *Hungarian civil service law*

- 2011 CXCIX. Act on Civil Service Officials (Kttv)
- 2011 LXVI. Act on the State Audit Office (Ásztv)
- 2012 XXXVI. Act on the Parliament (Ogytv)
- 2015 XLII. Act on the Service Relationship of the Professional Staff of Bodies Performing Law Enforcement Tasks (Hszt)
- 2018 CXV. Act Amending 2015 XLII. Act on the Service Relationship of the Professional Staff of Bodies Performing Law Enforcement Tasks (Riasztv)
- 2018 CXXV. Act on Government Administration (Kit)
- 2019 CVII. Act on Bodies with Special Legal Status and the Status of Employees (Küt)

2019 XXXVII. Act Amending 2011 LXVI. Act on the State Audit Office (Ásztv Módvtv)  
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Regulation of the Prime Minister of 4 April 2016 on the terms and procedure of periodical evaluations of civil servants and civil service employees.

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Act No. 400/2009 Coll. on Civil Service.

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## **Reference of the article according to APA regulation**

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