STATE REFORM AND PUBLIC ADMINISTRATION IN HUNGARY

Edit Soós

ABSTRACT

The study examines the most significant structural changes affecting state administration in Hungary (2010-2019). In 2010 two processes had the most important influence on structural government changes: the European integration (Hungary joined the EU in 2004) and the governmental philosophy, the concept of the Neo-Weberian State.

The aim of the Hungarian government is the creation of a 'Good State' which serves the needs of the individuals, communities and the enterprises in the framework of and interests of public good in the most adequate way and protects values and interests which promotes competitiveness and development.

The objective of the study is to approach processes in public administration between 2010 and 2019 from a public policy point of view. Public policy programmes are governmental activities that affect the lives of citizens. The government’s definite aim for 2020 is that Hungarian public administration should work in an organized, consistent and transparent structure, applying modern and customer-friendly procedures available for anyone with professional, national, ethical and motivated staffs.

The anticipated trends of territorial administration development until 2020 are included in public policy strategic documents with designated intervention areas, which intend to create a public administration that is highly professional, efficient with short administrative deadlines, thus creating service-oriented state operation enjoying the confidence of the public.

The strategic governmental goal meets the expectations and challenges of the European Union towards Hungary to modernise its public administration and to increase the use of modern information and communication technologies (ICT) in the interactions among the state institutions themselves and between the state institutions and citizens.

In methodological terms, besides the traditional legal-normative approach the empirical work is based on information obtained from three sources: interviews with civil servants in districts, documentation and statistical data. The research focuses on the collection of information relating to the operation of the Hungarian public administration system.

The survey presents practical recommendations to strengthen the way and manner of decision-making processes in district administration, including opportunities for co-ordination and collaboration between the citizens, enterprises and public administration employees.

The state reform resulted in comprehensive changes in the public-law, political, and organisational division of labour of the central and territorial units. The study concludes that further efforts are needed to transform public administration processes and workflows towards client-oriented, integrated and efficient territorial public

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2 Assistant professor, University of Szeged Faculty of Law, Szeged, Hungary
administration which is simpler, more transparent and more accountable to the citizens, thereby reaching the concept of the ‘Good State’. The further reduction of administrative burdens, the simplification of administrative procedures, the establishment of the necessary digital infrastructure could improve the access administrative services for the citizens, enterprises and public institutions. In the field of digital competences the most important task is to develop the digital skills of citizens, enterprises and public administration employees.

POINTS FOR PRACTITIONERS

It is necessary to organize IT training for administrators, to organize e-administration trainings, to improve technical conditions, to operate a unified professional system, and to provide information to customers. It is important to have customer-friendly communication with client. The expected behaviour for solving an emerging problem is professionalism, simplicity, and proper communication with customers by the agent after determining whether the client represents a direct, definite, distant, or uncertain style. On the other hand, it is an essential requirement to the client to verify the interview, check, and understanding.
Management decisions require the use of tools and methodology that help to achieve organizational objectives, so that employees can perform their tasks in a dedicated, completely professional, and cooperative manner. The role of professional training, effective information transfer, good communication, organisation of team building events are important, but leadership self-awareness, self-development, self-training, and continuous development of leadership skills and competences are of similar significance.
It is important for a good executive to promote positive thinking in order to have civil servants consider their work not only as a source of livelihood, but as a profession.
Leadership responsibility is essential in the detection of workplace conflicts, eliminating the root causes, and the role of management communication tools is paramount in the way of intervention and treatment.
There are factors determined locally. In adapting to the needs of the employees in a more flexible way, the role of the head of the district office is decisive in ensuring that the office environment is family-friendly, flexible, offers development, public service careers, does not raise wage tension, and engages employees in decision making.

KEYWORDS

Administrative district office, customer-friendly communication, digital administration, public policy strategic document, territorial public administration

1. INTRODUCTION
In 2010 the Hungarian government set the aim to reorganise the Hungarian public administration and Hungarian state and to create a ‘Good State’ which is willing to reform the previous structure. The ‘Good State’ concept emphasised the strengthening of the role of the state in ensuring professional and high-quality services for all. The development of the state requires strategic planning, prevision and risk management. The directions of public administration development and the operating framework of Hungarian public administration were formalised in strategic documents. The goal of these documents is to improve the efficiency of the operation of the state and the quality of administrative services, and to create an effective national public administration.

Public administration is concerned with the organisation, activities, and behaviour of administrative agencies and officials in the conduct of governance. It is an important strategic goal for Hungary to modernize its public administration and to increase the use of modern information and communication technologies in the interactions between state institutions themselves as well as between state institutions and citizens.

The study examines the ongoing processes of public administration as political processes, as a process of making and accomplishing decisions and programmes that are in close connection with the characteristics of the political system. Public policy focuses on the analysis and explanation of government responses to public problems and is also concerned with the evaluation and impact of these policies on citizens.

2. METHODOLOGY

In methodological terms, besides the traditional legal-normative approach the empirical work is based on information obtained from three sources: interviews with civil servants in districts, documentation and statistical data. The research focuses on the collection of information relating to the operation of the Hungarian public administration system.

The study provides an evidence-based evaluation of the current situation of the reform of district offices, and identifies steps that can be taken to improve service delivery in district offices. The survey presents practical recommendations to strengthen the way and manner of decision-making processes in district administration, including opportunities for co-ordination and collaboration between the citizens, enterprises and public administration employees.

3. THE ‘GOOD STATE’ CONCEPT IN HUNGARY

In 2010 two processes had the most significant influence on structural government changes: the European integration (Hungary joined the EU in 2004) and the governmental philosophy of the ruling coalition of Fidesz – Hungarian Civic Alliance (Fidesz) and Christian Democratic People’s Party (KDNP), the concept of the Neo-Weberian State.

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3 The Government started three major administrative programmes in 2011, in line with the state’s constitutional organisation: judicial and local government reform, and the Magyary Zoltán Public Administration Development Programme.

4 There are some variation regarding the number of stages in a policy cycle, but most describe the identification of policy-maker aims, the formulation of policies to achieve these aims, the selection and legitimation of policy measures, implementation and evaluation. See: Cairney, Paul: Understanding Public Policy: Theories and Issues. Palgrave MacMillan, 2012. pp. 32-34.
The development process of the European integration prioritises answering the question of how public administration can be understood in the European standardisation process, especially at organisational-institutional level and with regards to the activities and operations of public administration. The deepening European integration brings forward the institutional harmonisation of the government systems of the EU Member States, particularly from a functional and value-oriented point of view. This process is about the unification of the member states’ administrative authorities and their administrative procedures. With all these taken into account a development of the European Administrative Space, as an informal entity, is a harmonized synthesis of values realized by the EU institutions and the Member States’ administrative authorities through creating and applying the EU law. This effort will result in the approximation of the national administrations of the Member States, bringing closer the administrative cultures and models on national administrations. These states have to take into consideration the common values and administrative principles, such as reliability and predictability, accountability, openness and transparency, effectiveness and efficacy.

After the reform attempts to consolidate the role of the state, the neoliberal state concept and the New Public Management derived from it, the second Orbán government (2010-2014) reconsidered the role of the state in government decisions in order to make it serve the common good. A response to the distortions of public management in order to strengthen the state resulted in the introduction of the Neo-Weberian state paradigm in Hungary.

The Neo-Weberian state model gives a great role for national governmental level in providing the common good, but on the other hand it greatly affects the strengthening of various levels of representative democracy (central, regional, local) while emphasising the importance of the unity of the executive power of the state. The modern, public-law and public-authority attitude of state-centred governance has a serious influence on exercising local public affairs and public authority, moreover, it also affects the regulation of the renewing system of municipalities.

Different countries need different governance systems in terms of both principles and structure. Countries with different ideologies have and require different unique governance setups. However preferable redesigns of governance depend significantly on specific conditions and problems. Before identifying the tasks of governance and working out required redesigns, we need to look at the environments within which governance will have to operate in the foreseeable future and the problem domains with which it will have to cope.

4. REFORMS OF THE STATE ADMINISTRATION (2010-2020)

In 2010 the Government announced its reform ambition and government programme in different strategic documents. The beginning of this process was the adoption of the National Cooperation Programme in 2010. According to the new understanding of state in this programme ‘We must restore the demolished authority of the

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State, and to this end we must establish the operational conditions for the State to function in a lawful, transparent manner, and provide public services fully and reliably. The State must be rebuilt.\footnote{Office of the National Assembly. The Programme of National Cooperation. Document Number: H/47 Received: 22 May 2010. p.78.}

The Fundamental Law of Hungary, adopted on 25 April 2011\footnote{The Fundamental Law of Hungary 2010. (25 April 2011)}, brought about radical changes in state administration. The reform process has brought the effectiveness of the central government’s decision-making system to the forefront in European terms and without this it would have been impossible to implement changes in public administration system. The Government adopted an unprecedented number of significant laws aiming at extensive changes in the political system and constitutional frame.

**Table: 1: Legislation activity of the National Assembly**

<table>
<thead>
<tr>
<th>Cycle</th>
<th>Laws</th>
<th>Modification</th>
<th>Total</th>
<th>Resolutions</th>
<th>Political declarations, guidelines, principled positions</th>
<th>Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2014</td>
<td>321</td>
<td>538</td>
<td>859</td>
<td>419</td>
<td>4</td>
<td>1282</td>
</tr>
<tr>
<td>2014-2018</td>
<td>221</td>
<td>509</td>
<td>730</td>
<td>121</td>
<td>0</td>
<td>851</td>
</tr>
</tbody>
</table>


The strengthening of the state requires strategic planning, prevision and risk-management. The strategic documents with a schedule identify responsibilities with the main objective to create a single, more efficient, and simpler state public administration system. The directions of public administration development and the medium-term operating framework of Hungarian public administration were formulated in the public policy strategic documents, the Magyary Zoltán Public Administration Development Programmes (MP 11.0, MP 12.0).\footnote{The Magyary Programmes were the basic documents for public administration reform.} From 2014 the key responsibilities over administrative reforms are vested in the Prime Minister’s Office. According to Article 18 (1) of the Fundamental Law ‘The Prime Minister shall determine the government’s general policy.’ The Government has a decisive role in determining the state’s goals, deciding on the directions and contents of state activities, managing public service and public institutions. The act-preparing and act-proposing governmental activities of the government greatly influence the issues to be debated by Parliament.

The head of government, as the leader of the executive power, embodies government policy thus having a significant influence on the functioning of the public administration. In accordance with Article 15 of the Fundamental Law of Hungary ‘The government shall be the supreme body of public administration and may establish public administration agencies as defined by law.’

In the Government Decree No. 1602/2014.(XI. 4.) on the setting up of the State Reform Committee, the Government decided on the reform of state services, the reform of state administration services (in the framework of this, the creation of the national network of government windows) and the continuation of the transformation of the territorial public administration.\footnote{Dr. Imre László Horváth: The reform of the territorial public administration from 2010 to the present, with special emphasis on the re-interpretation of the customer-service model1. Új Magyar Közigazgatás, 2017. No. 1. p. 24.} The National Info-Communication Strategy (2014-2020) is paving the way for a digital government policy. The strategy is build on the achievements of the Magyary
Programmes and its defined aim is to deepen the administrative simplification and to improve quality and delivery of public services with the main objective being to have a paperless government offices.

5. REFORMS OF THE TERRITORIAL PUBLIC ADMINISTRATION (2011-2020)

5.1. Establishment of administrative county government offices (2011)

The territorial administration reform is part of the overall reform of public administration which was primarily triggered by a diagnosis of the weaknesses, inefficiencies and bottlenecks in the structure of Hungarian public administration at all levels of government. As a result, the public administration lacked stability, predictability, certainty and uniformity of process across the country and among the administrative actors involved in policy formulation, regulatory decision-making and administrative service delivery.\(^{12}\)

As part of the operational and organizational renewal of the public administration, in accordance with Act CXXVI of 2010 (XI.19.) and the Government Decree No. 66/2015 (III. 30.), the capital and county government offices were established.\(^{13}\) The altogether 20 government offices are located in the county seat cities and in the case of the capital city and Pest county in Budapest. In accordance with Article 17(3) of the Fundamental Law 'the capital or county government offices are the territorial state administration organs of the Government with general competence'.

The tasks of government offices are to coordinate the implementation of government policies at territorial level. They exercise coordinative, authority-type, proposing and consultative powers, allowing the adjustment of central decisions, policies to territorial characteristics. The government offices are strictly controlled by the central government, and integrate a diverse set of special and general administration services.\(^{14}\) With the establishment of capital and county government offices on the 1\(^{st}\) of January 2011 the first phase of the integration of territorial state administration was completed.

The relationship between the State and citizens is greatly influenced by the burdens that public administration procedures impose on clients. Some problems occurred with administrative burdens, customer orientation, time and cost, non-standardised service qualities, and with the non-interoperable operating and management systems. Customer service became unsustainable, operating in a fragmented and inefficient manner. The overwhelming public administration system and the unclear roles of responsibilities cause not only low efficiency but are also a major source of corruption.

Important step towards a less bureaucratic public administration was the setting up of the system of physical points of single contact. In January 2011, in accordance with Government Decree No. 288/2010 (XII.21.), Government Windows, an integrated network of service contact centres, were established. The Government Windows started to operate as the front offices of Government Offices. The one-stop-shops provide information and other administrative services from initiating and handling to closing a procedure to citizens in 2,500 different

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\(^{13}\) The capital and county government offices are led by government officials whose task is to coordinate and help the implementation of governmental tasks at a territorial level.

types of administrative cases. The extended task portfolio of the Government Windows is extremely broad but very shallow. The delegated tasks show various pictures and embrace almost all public sector services (e.g. agriculture, employment and welfare benefits, personal document services (passport, ID card, driving licence), vehicle administration, customer protection, national register tasks, etc.) For the general public the Government Windows represent a customer-friendly, single-window administration system. By 2019 there are altogether 295 Government Windows in Hungary which make it easier for citizens to personally administer their affairs, served by 36,000 civil servants.

5.2. Establishment of administrative district offices (2013)
In the second phase of the systemic integration, on the 1st of January 2013, districts were established. The district offices comprise the lowest level territorial units of state administration. In accordance with Act XCIII of 2012 (VI.25) and Government Decree No. 218/2012. (VIII. 13.) on the district (capital’s district) offices there are 174 provincial offices and 23 in the capital. Their function is to carry out administrative tasks below county level. Responsibilities transferred to the district offices are specific state administration cases falling within the competence of the notary, or, in exceptional cases, the mayor or the administrator of the mayor’s office. Some 46.6% of the decisions adopted by the authorities in state administration cases (there were more than 10 million decisions adopted by notaries in 2010) were made within the sphere of responsibilities that are now being transferred to the administrative district offices. The integration of a certain part of the tasks of notaries into the district system accomplishes the concentration of the state administration, which, without doubt, provides exceptional possibilities for the state administration of the strong state. Tasks of districts’ addressed to the head of the district office, who is also responsible for the tasks assigned by the government commissioner.

The districts grant the vast majority of public services for all Hungarian citizens. With the establishment of district offices the goal of the Government is to create a customer-friendly administration, modern administrative districts in order to help reduce costs to society, and to operate more effectively and with more attention to the needs of the public. In order to ensure that administrative services are available to anyone, the branches of district offices operate in small municipalities and villages. In 2013 their number was 2030. The reason for creating the branches is that out of the 3,155 municipalities in Hungary 462 municipalities have fewer than 500 inhabitants.

6. EVIDENCE-BASED POLICY-MAKING IN DISTRICT OFFICES

16 Act XCIII of 2012 (VI.25) on the formation of the districts and on the necessary amendments of the related acts.
17 The high level of autonomy for local authorities has been compromised by the new Fundamental Law and cardinal Act CLXXXIX on Local Government of 21 December 2011. The difficult economic context is the reason to rationalise structures and to cut local public spending.
18 The offices will primarily take over the following tasks from local councils: clerical and registration duties; child protection and guardianship matters; social, environmental and conservation management issues. Guardianship matters, veterinary and food-related supervision, district land offices and district labour offices.
19 The settlement structure of Hungary is laid down in the Constitution. Settlement-level units are villages, towns and the capital, which necessarily cover the whole area of Hungary. Out of the 3155 settlements of the country 346 are towns (1 of which is the capital and 23 are towns of county rank), and 2809 are villages.
The development of digital administration (e-Government) has been a strategic direction on the agenda of both the EU and the Hungarian government since 2010. National Info-Communication Strategy (2014-2020) defines the Government’s aims for a 7-year period in the field of info-communication in four areas and investigates the necessity of governmental intervention. These areas are the following: digital state, digital infrastructure and digital competences besides the digital economy.

The situation analysis of the Strategy reveals the limited character of digital literacy among citizens. The conscious use of info-communication tools by the Hungarian population as well as micro and small enterprises is rather low. According to EUROSTAT data, the digitally literate e-Government service uptake is close to the EU average, therefore a key precondition of further development is developing access and digital literacy. The National Info-Communication Strategy’s major aspiration is that the rate of the digitally illiterate among the adult population should be reduced to 40% by 2016 and 30% by 2020, and that the indicator of regular internet use should reach 65% by 2016. According to the target values set in the strategy, 90% of micro and small enterprises could have internet access by 2016 and 99% by 2020. The final goal in respect of creating the ‘Good State’ and modernizing territorial public administration is to have satisfied citizens and clients.

The modernization and transformation of electronic public administration in Hungary and the development of the necessary legal environment have been greatly influenced by EU requirements. The expectations of the EU are the informatisation, modernisation and alignment of public administration. Since 2010, the state administration and IT legislation has expanded and changed, with the objective to replace paper-based administration with electronic administration.

The purpose of the Government is to accelerate procedures, reduce administrative burdens, more widely computerise the state-to-citizen relations, ensure the cooperation of the bodies of e-administration, and provide the public with more modern and efficient public service. (During the deregulation process around 200 outdated e-Government related regulations have been removed.)

In district offices, interviews with administrators and executives were designed to reveal the relationships between public administration and the population with the aim of identifying problems arising when customers conduct their administrative affairs, considering services that reduce the load on public administration.

Based on the experience of district administrators, there are many problems in practice in e-administration. During the administration several e-interfaces are used: a General Form Filler Program (ANYK), Customer Access Portal (KRID Identifier), Document Management System (Poseidon, KÉR), Hungarian National Chamber of Civil Law Notaries (MOKKIT), Hungary’s courts of law, eKAT (document signing, verification, extension).

The use of e-interfaces requires a different access codes; many e-systems have to be used; e-interfaces do not have a uniform datasheet; the filing system constantly changes (uploading and downloading documents, document management) in many cases the lack of proper technical background (computers are outdated).

Customer distrust of electronic administration is still the consequence of digital illiteracy. On the one hand, the disadvantages arising from social situation, the lack of awareness and intellectual knowledge, and the disadvantages of the level of education which make the process of fast and efficient administration difficult. This

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means that the citizens may – but, because of the low digital literacy and the associated high learning costs of using e-government services – actually frequently do not choose the e-government services instead of the traditional ones.

Civil servants argue that the electronic management of cases is a constraint, an unreasonable burden on customers who do not have the right competencies or a sufficient background. The measure becomes customer-oriented when the concerned target groups – citizens, micro and small enterprises – have the appropriate IT skills.

*Ensuring the efficient, customer-oriented professional performance of the district organization is a major challenge for district administrators and executives in the decision-making process.*

Based on all these aspects, the following suggestions have been made:

According to the opinion of civil servants it is necessary to organize IT training for administrators, to organize e-administration trainings, to improve technical conditions, to operate a unified professional system, and to provide information to customers.

The authority cannot expand beyond its sphere of competence, so problem-solving must be the most important aspect of decision-making. Therefore, it is important to have customer-friendly communication with the client. The most important expected behaviour for solving an emerging problem is professionalism, simplicity, and proper communication with customers by the agent after determining whether the client represents a direct, definite, distant, or uncertain style.

With regard to the development of customer information, it would be important to have electronic information displayed on a large monitor positioned in the client waiting area. Public service communication requires preparedness for public administration as a whole, but there is no single good communication strategy, it is necessary to select the right one for each organizational unit.

How can the leaders promote a change in attitude, loyalty, or positive thinking in decision-making of civil servants? To this end, management decisions require the use of tools and methodology that help to achieve organizational objectives, so that employees can perform their tasks in a dedicated, completely professional, and cooperative manner. The role of professional training, effective information transfer, good communication, organisation of team building events are important, but leadership self-awareness, self-development, self-training, and continuous development of leadership skills and competences are of similar significance.

Workplace conflict is detrimental if it has negative and destructive effects on workers or the workplace. Leadership responsibility is essential in the detection of workplace conflicts, eliminating the root causes, and the role of management communication tools is paramount in the way of intervention and treatment.

In many cases, it is necessary to find the methods of performance enhancement at local level, which are needed for retaining skilled, experienced labour force. In addition, a leader can also contribute to effective decisions with unique incentives (such as recognition, or engaging in challenging tasks).

The respondents drew attention to the fact that there is a large number of circumstances that are independent on local decisions (wage-related benefits, improvement of workplace conditions, etc.), but at the same time there are factors determined locally. In adapting to the needs of the employees in a more flexible way, the role of the head of the district office is decisive in ensuring that the office environment is family-friendly, flexible, offers development, public service careers, does not raise wage tension, and engages employees in decision-making.
It is important for a good executive to promote positive thinking in order to have civil servants who consider their work not only as a source of livelihood, but as a profession.

8. CLOSING REMARKS

The Hungarian Government (2010-2019) fundamentally reconstructed the central state system. The reforms launched in 2010, aiming at the central state administration, resulted in centralisation, further strengthening the role of the Prime Minister and further broadening the competence of its apparatus, organisational integration and the reduction of the number of central authorities.

After the 2010 change of government a complex public administration development programme was introduced, which is aimed at the renewal of public administration on a completely new basis. One component of the new basis is the role of a thriving state in the widely changing world.

The state territorial administrative reform triggered by the public policy programmes in the process of the administrative decentralisation resulted in a centralised territorial model of the state administration within the terms of the European Administrative Space. When building a strong, centralised state with a strong public administration it became necessary to redefine the balance between the organisational principles of centralisation and decentralisation, and in that process the EU principle „close to the citizens” must be taken into account.

Public service communication requires preparedness for public administration as a whole, but there is no single good communication strategy, it is necessary to select the right one for each organizational unit.

In many cases, it is necessary to find the methods of performance enhancement at local level, which are needed for retaining skilled, experienced labour force. In addition, a leaders can also contribute to effective decisions with unique incentives (such as recognition, or engaging in challenging tasks).

There is a huge backlog with regard to digital illiteracy, the use of interactive technologies is still limited among the Hungarian population, they do not have competitive knowledge. The same statement applies also to the employees and managers of enterprises, and there is also some backlog in the digital competencies of public administration employees.

9. References

Books, articles


Documents

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Act CLXXIV of 2011 on the amendment of the Act CXL of 2004 on the General Rules of Administrative Procedures and Services

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Government Decision No. 1299/2011 (IX.1) on the formaton of the districts

Government Decree No. 218/2012. (VIII. 13.) on the district (capital’s district) offices

Government Decree No. 515/2013. (XII. 30.) on the government windows

Government Decree 1602/2014.(XI. 4.) on the setting up of the State Reform Committee

Government Decree No. 1744/2014. (XII. 15.) on new measures related to the transformation of the system of territorial state administration

Government Decree No. 66/2015. (III. 30.) on the capital and county government offices and the district (capital’s district) offices


Magyary Zoltán Public Administration Development Programme. Ministry of Public Administration and Justice, Government of Hungary, Budapest, 10 June 2011
