
Whistleblowing In Hungary

Whistleblowing does not enjoy the high profile in Hungary that it has in the US, the UK or elsewhere in Europe. There is no concise translation in the vernacular and the practice rarely receives attention in the media. There is a historical context to this reticence.

Hungary, like many of its neighbours, was governed for much of the 20th century by authoritarian regimes and dictatorships – thus the concern that reporting corrupt activity could end very badly for the citizen(s) concerned.

However, recent proposed developments in the country's legislation have brought Hungary and its constitution, to the public's attention. On April 1st 2010 a new whistleblowing regulation, the Act on the Protection of Fair Procedures, was ratified enabling whistleblowers to safely report on issues that may provoke public concern.

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This was supported by the initiation of the Public Interest Protection Office, whose remit was to handle incidents arising from the Act. This met with contention from opposition parties and the Office doors were never opened.

The Protection of Fair Procedures Act is now solitary in its stance against the protection of whistleblowers and indubitably weakened by the lack

of an office to facilitate the law. The initiatives were part of a wider anti-corruption strategy which faltered after a change in government to the centre-right Fidesz Party in May 2010, intended to strengthen the existing constitution rather than introduce new legislation.

As it stands, the Hungarian Labour Code does not offer employees recommended avenues for whistleblowing but more general information regarding how to behave when exposed to corruption or wrong-doing in the work place. Disregarding externally imposed legislation (such as the United Nations Convention against Corruption) there are only intermittent mentions of whistleblower protective policy throughout Hungarian Law.

Regulations are outlined in the Act on the Protection of Fair Procedures aiming to ensure that the whistleblower is protected across economic, legal and personal spheres. Provided the information has been submitted to a regulating body named by the employer, the whistleblower enjoys full confidentiality of personal data and is kept informed throughout the lifecycle of the investigation.

There is a clear absence of an institutional foundation on which whistleblowing in Hungary is to stand. Despite this lack of coherency, a study carried out in 2007 by Price Waterhouse Coopers suggested that whistleblowing has been highly beneficial to Hungary in reporting economic crime and in fraud detection.

Another study by Gallup showed that while most citizens surveyed were happy to report corruption, most did not know how this would be best achieved.

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For those not willing to do so, the main reasons were fear of reprisal or fear of the police (who were listed as the only option for referral). A further justification was that the interviewee felt that the incident did not merit reporting.

The value of this data is diminished by the police-only option for referral and that the survey did not make the distinction between reporting in and out of the workplace, and whether the interviewee was using a private or public sector context.

However, the survey does highlight the discrepancies and lack of understanding of the whistleblowing and corporate governance culture in Hungary. Holistically, the Act and overall approach to whistleblowing rests on shaky ground.

When it comes to global business, the Hungarian data protection authority has adopted the stance that it is illegal for domestic whistleblowers to make reports directly to the international parent company (considered to be a third party) rather than for the matter to be reported to the Hungarian employer.

The control of data therefore rests with the Hungarian employer; the option to retain the assistance of the parent company in processing the report remains. Currently the Hungarian Government is facing a humiliating review by the European Commission regarding changes in its media laws.

This embarrassment is felt even more keenly by Orban who is coming to the end of a six month presidency of the EU. Neighbour states are challenging proposed changes to media laws that activists fear could subjugate free press and create a public information culture that panders to the Government.

Under new laws if national security is considered 'at risk', a journalist protecting a source (or associated data) can be fined up to €661,000, and a press provider fined €180,000.

If media agenda marches to Orban's drum then what truly defines national security is surely subject to Government bias. Orban recently stated that his government is willing to review these laws at the request of his neighbours. Perhaps his stated original intention of strengthening and integrating Hungary's existing constitutions holistically could herald a greater institutional seachange to whistleblowing and corporate governance for his country.

Find out how Expolink's whistleblowing hotline can help protect your staff and business.

Contact us on +44 (0)1249 661 604

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