

## **The GVH cracked down on a cartel and imposed a fine of HUF 1 billion on HR consultants**

**18 December 2020, Budapest – The Hungarian Competition Authority (GVH) established that the internal rules of the Association of Hungarian HR Consulting Agencies restricted competition among its members. The GVH imposed a fine of HUF 1 billion for the infringement.**

The GVH found certain provisions contained in the ethical code of the Association of Hungarian HR Consulting Agencies to be unlawful since they aimed to restrict competition among members. The investigation of the Authority found that the internal rules of the organisation had been fixing minimum fees and other conditions with respect to the labour-hire and recruitment services provided by its members for a period of seven years starting in 2011. Price fixing is the most severe among restrictive market practices as it results in a direct and significant excess burden on society.

In addition to the minimum fees, the prohibition on members enticing the employees of fellow members to switch employers ('no-poaching clause'), which sought to share the sector between members and prevent the free movement of employees on the market, was determined to be unlawful as well. Market sharing was also found to be the motive behind the provisions of the internal rules which prohibited members from recruiting employees who had previously worked with another member. These restrictions were disadvantageous for the recruited employees as well since they prevented them from finding better employment and higher wages.

Furthermore, the professional association also infringed the law by limiting the cases where its members were permitted to submit tenders using the data and CVs of employees working for another undertaking in the context of public procurement procedures concerning labour-hire arrangements. The aim of this provision was to allocate the sources of supply among members and restrict competition between them.

In addition to the professional association, the proceeding launched by the GVH was against 23 undertakings, including undertakings with significant foreign backgrounds as well as Hungarian businesses. In its decision, the GVH imposed a fine of HUF 1 billion on the Association of Hungarian HR Consulting Agencies. Pursuant to the resolution of the Authority, if the fine cannot be enforced upon the professional association, its members will be jointly and severally liable for it in the form of secondary liability in proportion to their revenues in the previous year.

In the past, the GVH [has already drawn the attention of chambers and professional organisations which bring together market players](#) to the requirement of ensuring that their operation, ethical codes, and other self-regulatory activities are in compliance with competition law. This is due to the fact that measures which restrict price competition (publishing recommended or sectoral minimum prices, coordinating price increases) or

result in market sharing, geographical or otherwise, may infringe the laws of both Hungary and the European Union on the prohibition of restrictive market practices.

The official registration number of the case is: **VJ/61/2017**.

GVH Press Office