

Rethinking Workplace Childcare in the Framework of Diversity Initiatives – The Case of Hungary

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National Overview

In 1990, at the beginning of the Transition period, Hungary had a relatively well-developed traditional system for childcare solutions:

- Day-care centres were provided for children of 0-3 years old;
- kindergartens for pre-school age children of 3-7 years old, and
- after-school day-care services for primary school students aged 6-14 years old.

The basic structure of childcare provision has stayed the same to date, but there has been a significant decline in the access rate for children under age 3 to day-care centres, while participation rates slightly increased in both kindergartens and after-school-care services. The present lack of sufficient childcare services for children under 3 years represents the biggest challenge for childcare provision and a major obstacle for mothers who want to re-enter employment.

Women's employment and childcare

It is important to note that a rather generous maternity and parental leave system of 3 years and childcare allowance is in place in Hungary dating back to the end of the 60s when politicians wanted to take action against low fertility rates and - due to the high mortality rate in addition – a decline in the size of the Hungarian population. Several amendments were made in the past 10 years to the system, but basic financial coverage is provided to both insured and non-insured women.² This opportunity for women to exit the labour market in the medium term has had several effects. On the one hand, it relieved pressures for the need for day-care centres for children aged 0-3 years. On the other hand, it became a major trap for women interrupting their career, as changed labour market conditions and increased

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² Maternity leave lasts 24 weeks with 70 per cent of previous earnings. For non-insured women GYES, a flat-rate payment equal to the minimum wage (approx. 100 Euros/month) is allocated until the 3rd birthday of the child. Insured women receive GYED equaling to 70 per cent of earnings, but with a cap at 70 per cent of the double of the minimum wage, 96600 HUF/month (approx. 320 Euros) in 2008. GYED is paid until the second birthday of the child. After that the insured women also receives GYES for the third year. In theory both mothers and fathers can opt for taking the different forms of childcare allowance, but over 90 per cent of them are mothers.

unemployment rates after the transition period made it more and more difficult for women with young children to re-enter the labour market.

Women's employment situation has clearly deteriorated in the last decade in Hungary. The 57,3 per cent female employment rate of 1990 decreased to 51 per cent by 2007 (compared to 64 per cent for men)³. The employment rate of women caring for young children under 6 years reveals the vulnerability of women on the labour market: only 30 per cent of them were in employment in 2002⁴.

The OECD statistics highlight the fact that the employment rate of women with children under 3 is extremely low in Hungary at 11 per cent compared to the OECD average of 57.5 per cent. On the one hand, this can be clearly linked to the very generous maternity and childcare allowance system and women being socialised to it for the past 40 years. On the other hand, the liberalisation of employment during the allocation of childcare allowance in 2006 seemingly did not radically increase the labour market presence of women with young children also due to discriminative hiring practices, the low rate of flexible and family-friendly employment practices, and deficiencies in childcare facilities for this age group.

The same OECD survey shows a smaller, but still significant gap of employment rate of mothers with children between 3 and 5 years old. The Hungarian average employment rate for this group of mothers is 46 per cent, compared to 61.8 per cent for the OECD. The Hungarian participation rate is significantly lower than the OECD's average despite the 90 per cent access rate to kindergarten for children of this age cohort. The employment rate gap among the OECD average and Hungarian mothers becomes much smaller after the child's entry to primary school (67 per cent versus 60 per cent in Hungary), but does not disappear completely at that point either.

A survey conducted in 2005 by the Hungarian Central Statistical Office⁵ revealed that among those inactive and taking care of children under 15 years of age, 39 per cent had a problem in relation to childcare provision. This means that they would like to work but cannot because of they lack access or cannot afford the personally needed childcare service. The situation is most critical in the case of mothers living in villages. Very often the only solution is to stay inactive and rely entirely on the childcare allowance system until the child reaches the age of 3. As discussed previously this constitutes a major trap for women as their employability is diminished and re-entering the labour market is becoming more difficult.

Existing facilities for childcare of pre-school children

The responsibility for pre-school childcare and education is split between two ministries in Hungary. The Ministry of Health is held accountable for day-care services for under-3-year-old children. The Ministry of Education is responsible for the kindergarten education for children 3-7 years. Kindergarten education is considered the first stage of the public education system.

³ http://portal.ksh.hu/pls/ksh/docs/hun/xstadat/xstadat_evkozi/tab12_01_03hb.html

⁴ OECD, Society at a Glance, 2005. <http://www.oecd.org/dataoecd/34/30/34542436.xls>

⁵ Hungarian Central Statistical Office (2006): A munkavégzés és a családi kötıtségek összeegyeztetése, 2005. (Reconciliation Between Work and Family life).

<http://portal.ksh.hu/pls/ksh/docs/hun/xftp/idoszaki/pdf/munkacsalad05.pdf>

Day-care centres (nurseries)

In 2006, a total of 543 day-care centres operated in Hungary which was practically half as many as in 1990. As a matter of fact, the number of day-care centres has been rapidly decreasing since 1980 due to a decrease of birth rates leading to low level of utilisation of existing facilities even before the Transition. Also, the percentage of children under age 3 in day-care centres has declined rapidly from 13.7 per cent in 1990 to only 6.5 per cent in 2006.⁶

Of the 543 day-care centres in 2006, 511 were financed by the local municipality. This means that 94 per cent of day-care centres were managed by a municipality despite the fact that legally both for-profit and non-profit organisations could set up such institutions.⁷

Before the Transition approximately 10 per cent of day-care centres were operated by workplaces. But within five years from 1990 to 1995 the number of both municipal and workplace day-care institutions have dropped dramatically by half. For the local municipalities the major argument put forward was the low utilisation rate due to demographic reasons. In case of workplaces, it was the easiest way to cut costs in areas not belonging to the core profile of the company. In this period many companies were undergoing privatisation and the general argument articulated referred to the outdated nature of continuing workplace welfare institutions inherited from the socialist era. As a result, by 2006 there were only 9 company-run day-care services in Hungary.

The regional distribution of day-care centres is very unequal. Budapest has an above average rate of day-care centres compared to other regions of the country. According to the 1997 law on the provision of day-care centres, local municipalities above 10,000 inhabitants are obliged to set-up and operate such institutions, but several towns do not comply with the law due to their financial hardship, especially in high unemployment regions thus aggravating the employment prospects of women. Of the 2856 villages of Hungary only 50 possessed day-care centres in 2005⁸.

The cost of childcare is born by a combination of funding from state, local governments and parents. The state budget allocates a subsidy based on number of children treated per day (in 2007 it came to 547 thousand HUF/year, approx. 2100 Euros), but the majority of operating expenses would need to be complemented by the municipality as the state subsidy covers only 25-30 per cent of operational costs. Parents pay for 10-15 per cent of the operational cost in the form of payment for meals for the child. From the 1st January 2004 day-care centres provide free meals to children from low-income families⁹.

As a result of a temporary demographic boom starting in 2000 (the children of the baby-boomers of the 1950s start to have children nowadays) the demand for day-care centres has increased significantly in recent years. Parents need to register on waiting lists for day-care centres practically just after the birth of the child. While the demand is higher for the service, the available places have not increased significantly. Only the utilisation rate has increased

⁶ Hungarian Central Statistical Office (2007): Társadalmi ellátórendszer, 2006. (Social services, 2006) <http://portal.ksh.hu/pls/ksh/docs/hun/xftp/idoszaki/pdf/tarsellatorendszer.pdf>

⁷ Hungarian Central Statistical Office (2007): Társadalmi ellátórendszerek 2006

⁸ Luca Koltai – Bernadett Vucskó Ed. (2007): A munka-magánélet összeegyeztetését segítő és gátló tényezők Magyarországon. (Factors enabling and hindering work-life balance in Hungary) Fővárosi Esélyegyenlőséget Segítő Iroda. http://www.pestesely.hu/doc/tanulmany_vegleges.pdf

⁹ OECD. 2004. Early childhood education and care policy: Country note for Hungary, p. 15. Available at <http://www.oecd.org/dataoecd/51/20/34425201.pdf>

meaning that more children are enrolled in the facilities than the available places, counting on the regular sicknesses of infants. In 2006 the utilisation rate of available places amounted to 114 per cent, but the access rate of the age cohort to day-care services had dropped to 6.5 per cent in 2006.

At present the lack of sufficient childcare services for children under 3 years represents the biggest challenge for childcare provisions and a major obstacle for mothers who want to re-enter employment. Fortunately the issue is recently gaining higher media coverage. As an alternative solution, the government has introduced the possibility of setting up *family day-care services* since 2003. At the same time, private kindergartens, sensing the market demand for childcare for infants, started accepting 2 year-olds.

Kindergartens

Hungary has a strong historical pedagogical tradition in early education. The first kindergarten of Central Europe was set up in 1828 in Hungary. The general trends in implementing early care and education for children under 6 years parallel the developments in the rest of Europe.¹⁰ In 1993, the Public Education Act recognised officially kindergartens as part of the public education system together with primary and secondary education. The Ministry of Education is responsible for kindergartens. Children can start kindergarten from age 3 and are obliged to attend the last year as a preparatory year for primary school education which starts at age 6. The majority of kindergartens are maintained by local municipalities (88 per cent), but church, private and non-profit institutions have a greater share than is the case with day-care centres.¹¹ Regional disparities are less significant than in case of day-care centres.

The impact of the Transition has been much less dramatic for kindergartens than for day-care centres. The number of kindergartens showed relative stability throughout the past decade (See Table 3). In the 2006/07 school year, 4,524 kindergartens were operating in Hungary. This was 4 percent less than in 1990. Within the same period, the attendance rate of the age cohort reached 91 per cent. Though the number of places available slightly decreased since 1990, the utilisation rate of available places was only 93 per cent in 2007; in other words, more places were available than needed. From this we can assume that parents did not need to be put on long waiting lists and probably could find kindergarten services near their place of living.

Kindergartens typically have a summer break of 4 weeks. This period raises difficulties for the parents, but solutions have to be found on an individual basis for families. The daily opening hours of 7:30 to 17:30 are conducive to typical working schedules. Nevertheless, having more flexible opening hours in kindergartens to match the work schedule of parents is an issue to be solved.

Kindergartens are financed through a combination of central state budget and local funds. The state gives a subsidy that covers 50-60 per cent of operating costs. The local government complements these funds from their own resources (coming from local taxes), and parents pay for the meals of the child which amounts to 5000-10000 HUF/month (20-40 Euros) depending on the procurement of meals. Low-income earner families with children receiving a supplemental child protection allowance are exempted from meal fees.

¹⁰ OECD (2004): Early Childhood Education and Care Policy. Country Note for Hungary, p. 16

¹¹ <http://portal.ksh.hu/pls/ksh/docs/hun/xtabla/kozokt/taiblkozokt05.html>

Family day-care services

Family day-care services represent a relatively new type of service in early child care. The maximum number of children enrolled for such a service is 7. It can be in the home of the childcare worker or somewhere else. According to the law, family day-care can offer services to children from 20 weeks old to 14 years of age. Most of the family day-care services, however, provide care for children under 3 years of age.

This form of service receives a state subsidy since 2003. In 2007, 106 such family day-care services were registered at the local governments. The state subsidy equalled 250 thousand HUF/year/per child (approx. 1000 Euros), which meant that the level of funding is half that of day-care centres. The family day-care provider might sign an agreement of further local funding for the service, but this is not obligatory for the municipality. Since 2006, parents pay an hourly fee covering food and caring expenses. Typically the hourly cost price for a child amounts to 350 HUF (1.5 Euros). The state subsidy would cover one-third of the expenses, but if no extra funding is available from the local government, the family day-care service could require a monthly fee of 47 thousand HUF (180 Euros), two-thirds of the present minimum wage¹².

Facilities for care of school children

After-school day-care service is a traditional public school childcare service in Hungary. The service is provided in the same school that the child attends, typically with classmates or in smaller locations of the country children of year 1-4 and 5-8 are grouped together. A special pedagogue is responsible for organising learning sessions for the children to prepare their homework, and free time activities are scheduled as well. After-school day-care service is open from the end of the teaching hours to 17:30. Thus working parents can fetch their children after regular working hours.

The participation rate of children in after-school day-care services has slightly increased in the past years, from 37 per cent in 1990 reaching a rate of 42 per cent of the primary school population in 2006 (See table 4). In reality, a much higher participation rate is typical for younger children in grades 1-4, and a lower rate in grades 5-8. Using the catering services offered by the school is a common practice and in 2006 almost two-thirds of primary school students used them, up from 54 per cent in 1990.¹³

For the after-school care and catering services, parents pay only for the meals: breakfast, lunch and snacks in the afternoon. This would cost 7000-8000 HUF per month (approx. 30 Euros).

Day-care summer camps for primary school pupils are often offered by public primary schools and local municipalities. These camps are cheap compared to a variety of private summer camp offers. The public camps would cost approximately 5000 HUF per week compared to a price of 10-15,000 HUF (40-60 Euros) under private schemes.

Efforts for work-life balance

¹² Luca Koltai – Bernadett Vucskó Ed. (2007): A munka-magánélet összeegyeztetését segítő és gátló tényezők Magyarországon. (Factors enabling and hindering work-life balance in Hungary) Fővárosi Esélyegyenlőséget Segítő Iroda.

¹³ Hungarian Central Statistical Office (2007): Társadalmi ellátórendszerek 2006

In the past years there has been a growing awareness among employers of the need to tackle work-life balance and to provide equal opportunities at work for women. In this respect the Family-friendly Employer Award competition launched in 2000 by the Ministry of Labour has helped raise awareness. Each year award winning companies are identified in small, medium and large company categories. The award winning ceremony is accompanied by high media coverage to encourage shift in employers's attitude.

The Act on Equal Treatment and Promotion of Equal Opportunities (2004) has also played an important role in awareness raising in the country. Equal opportunity plans are compulsory to public sector employers since 2005 and women are a typical target group of designed initiatives.

According to a European comparative survey, Hungary has one of the lowest levels of atypical work within the European Union.¹⁴ The 24.9 per cent employment rate in atypical work forms (part-time work, self-employment and fixed-term contracts) in Hungary was half of the EU average (48.5 per cent). In particular, the rate of part-time work, a major source for female employment, was extremely low (4.1 per cent in Hungary versus 18.4 per cent in Europe).

The practice of flexible working hours is more widely spread among employers. A survey conducted by the Hungarian Central Statistical Office in 2005¹⁵ shows that approximately one-third of employers have introduced flexible working patterns to help the work-life balance of employees. Nevertheless, in international comparison the share of flexible working hours is relatively low compared to other European countries.¹⁶

Compared to employers, work-life balance and equality at work issues are lower on the agenda for Trade Unions in Hungary.

Government policies and programmes

The policy of Government is to provide financial support directly to nurseries and kindergartens with local authorities expected to also contribute and to manage many of the facilities. Expenditure on kindergartens for children aged 3-6 years is 0.79 per cent of GDP. Almost 91.7 per cent of this expenditure came from public sources, and 6.2 per cent from household.¹⁷ The contribution of parents thus represents a very small proportion of the actual cost.

The New National Development Plan proposed to establish day-care centres for children under 3 in every settlement of more than 10,000 inhabitants. The long parental leave available has tended to reduce the demand for care for children under age 3 but there is evidence that facilities are insufficient as discussed above. Within the framework of the New National Development Plan's regional development operative programme, 50 Billion HUF (192 thousand Euros) has been allocated in the seven Hungarian regions to develop childcare institutions, including day-care centres (nurseries) and family day-care centres, between 2007-

¹⁴ European Commission (2006): Employment in Europe, 2005.

¹⁵ Hungarian Central Statistical Office (2006): A munkavégzés és a családi kötıtségek öszeegyeztetése, 2005. (Reconciliation Between Work and Family life).

<http://portal.ksh.hu/pls/ksh/docs/hun/xftp/idoszaki/pdf/munkacsalad05.pdf>

¹⁶ European Foundation for the Improvement of Living and Working Conditions (2006): Working Time and Work-Life Balance in European Companies. Establishment Survey of Working Time 2004-2005.

<http://www.eurofound.europa.eu/pubdocs/2006/27/en/1/ef0627en.pdf>

¹⁷ OECD (2005), Education at a Glance.

2013. According to estimations this sum will cover the construction or reconstruction of 70 childcare facilities in the given period.¹⁸ The OECD Economic Survey of Hungary 2007¹⁹ suggests that government should review the long parental leave and the related cash benefits noting that savings could be used to help fund the expansion of childcare for children under 3 years. The report also suggests that introducing a system of childcare vouchers for parents would be one way of increasing efficiency in the provision of services.

The Government is concerned about the difficulties which women often have in re-entering employment after a childcare break. The Start Plusz program introduced in 2007 provides employers who employ women after their childcare career break with a subsidy for paying the social security contributions. Women can apply for the so-called Start Plusz card. To date, 4,735 have done so. Incentives for women to study throughout the duration of the childcare allowance have also been introduced.

Conclusion

To sum up, the major problem related to childcare provision in Hungary is the lack of day-care service facilities available to parents with children under 3. Despite the state subsidy provided for nurseries most local municipalities with less than 10000 inhabitants are not in the position to finance such institutions. The family day-care services could be an alternative and a more flexible form of childcare provision compared to nurseries. But the relatively low state subsidy and the reluctance of local governments to financially support their operation limit their attractiveness to both potential service providers and clients.

In the last 10 years, a minority of employers have started to implement family-friendly initiatives at the workplace in order to retain female talent at the company, but only the most innovative ones have invested in childcare provision. The examples which follow show a diversity of cases from companies which have modernized facilities inherited from the socialist era (Gedeon Richter, The Hungarian Post Office and the Hungarian Academy of Sciences) to those taking new initiatives (IBM Hungary and Magyar Telekom). It is interesting that four of the five companies are providing help for accessing summer camp for the school children of employees, thus fulfilling a need which is often overlooked in efforts to help with childcare.

¹⁸ <http://www.nfu.hu/content/1190>

¹⁹ OECD. 2007. Economic Survey of Hungary 2007. <http://www.oecd.org/dataoecd/18/23/38617698.pdf>

IBM Hungary

Type of business: IT

Workplace: Four independent IBM units are operating in Hungary: two in Budapest (IBM Hungary Ltd. + IBM ISC Hungária as IBM Hungary's subsidiary and IBM ISSC), one in Székesfehérvár (IBM IDC) and one in Vác (IBM DSS Ltd.)

Workers: Mostly IT professionals, sales representatives, business consultants, and financial, logistics and human resources personnel

Working hours: Sales representatives and business consultants have flexitime, 80 per cent of employees have internet access from their homes, so they can rely on distance working, administrative staff works according to regular full-time working hours.

Childcare solutions: back-up care (baby-sitter services), summer camp for children

Partners: company, employees, childcare provider organizations, IBM Global Work-Life Fund

IBM celebrated the 70th anniversary of its first Hungarian legal entity in 2006. During the past decades, the hardware company has been transformed into a services and solutions provider which has many operations in Hungary, employing thousands of skilled and talented workers.

- IBM Hungary - which has the longest history in Hungary - is the solution provider and sales organization of IBM, while the two other Budapest based entities provide shared services to IBM and non-IBM clients.
- The IBM Shared Services Center (IBM ISSC) provides financial, HR, CRM and other services to primarily European and Hungarian clients.
- The Székesfehérvár based Integrated Delivery Center of IBM and the IBM ISC Hungary in Budapest provides system monitoring services for European clients (ERP, Mainframe, Printing services, etc) on different platforms.
- the Vác based IBM Data Storage Systems is a manufacturing-assembly operation of IBM: the widely known DS8000 mainframe subsystem is made in this plant and shipped to every continent on the planet.²⁰

Globally, IBM launched more than two decades ago the first national corporate childcare initiative that evolved into a five-year, \$25 million IBM Fund for Dependent Care Initiative to help employees balance work and personal needs. As childcare and eldercare became increasingly important to IBMers, the company responded by creating the Global Work/Life Fund with a five-year, \$50 million commitment. It was the first fund of its type to address employee issues on a global basis. It emphasizes a complete range of dependent care services with the specific intent of increasing the number of women in the workforce and the use of IBM technology by providing IBM computers with age-appropriate educational software to childcare centers.²¹ In 2005 IBM announced further funding of the multi-year Global

²⁰ <http://www-05.ibm.com/employment/hu/index.html>

²¹ <http://www.ibm.com/ibm/responsibility/people/wellbeing/work-life-balance.shtml>

WorkLife Fund for an additional \$50 million with a continued focus on increasing the supply and improving the quality of dependent care where IBMers work and live.²²

Hungary became one of the targeted countries of the Global WorkLife Fund for 2005. As part of the needs assessment process, a group of external consultants delegated by the Global WorkLife Fund visited IBM Hungary for a week in 2004. They conducted several interviews and focus group discussions with employees, with the Hungarian management team, and with external dependent-care provider organizations. As a result of this visit the consultants prepared a report and an action plan related to the specific work-life balance needs in Hungary. The needs assessment process identified two major areas in which employees were looking forward to support: back-up care for children (baby-sitter services) and summer camps during school vacation.

In addition to the childcare provisions, IBM also has a maternity leave and return programme. Women going on maternity leave can keep their Thinkpad and User ID for a maximum of one year. The company also provides various e-learning opportunities to women away from work for maternity reasons. As part of the “maternity buddy system” mothers-to-be are matched with a mother, who has already gone through the experience of maternity leave and returned to IBM. The re-entry process is managed in a way that if women on maternity leave only stay home for a short period of time, a replacement will be hired on a temporary basis as a “fixed term maternity replacement”.

As a result of the needs assessment, IBM has implemented two types of childcare provision: summer camps and back-up care for the children of employees.

Summer camps

IBM offers both international/regional and local summer camps



The international summer camp for children of IBM employees of the region was launched in 2005 in Slovakia. Each year 10 school-age children from Hungary participate in the international summer camp together with other IBM children from the Central European region and from the United States of America. The international camp in Slovakia is very attractive to employees and applications were always exceeding the quota for Hungary. For this reason from 2008, IBM enlarged the choice of international summer camps. This summer,

camps will be offered in Poland, Croatia, Bulgaria and Slovakia. The international camps offer English language courses and other interesting activities, like fun and adventure games, music and dance studios, camp radio, interesting night games, journalist centre, sport activities, disco and karaoke show and others. Beginning in 2008, 40 children from Hungary now have the chance to participate in the international programme.

²² http://www.ibm.com/ibm/responsibility/s4_4.shtml

A local summer day camp was organised for the first time by IBM Hungary in 2007 in Budapest. The camp site was at the Petneházy Country Club, a Club Hotel in the suburbs of Budapest near a beautiful national park area. IBM reserved places in the summer day camp for the children of IBM employees. The duration of the camp was basically one week, but if a child wanted to enrol for several rounds that was also possible during the 5 week period. A bus service was offered to drive children from IBM to the camp and back in the afternoon. The summer day camp targets primary school-age children from 6-14 years old. Each Friday the camp is open to family members.



In 2007, the summer day camp at the Petneházy Country Club was offered to four of the IBM companies in Hungary. In 2008, eligibility has been widened and all Hungarian IBMers can send their children to the summer camps. In 2007 there was no waiting list, and a total of 25 children attended the day camp. This year, in 2008, places are reserved in four consecutive weeks, which will enable a total of 80 children to enjoy the camp.

Back-up childcare

2007 was the start-up year of the IBM's back-up care pilot project to help employees find a baby-sitter to come to their home while subsidizing the cost. In 2007, IBM Hungary, with the help of an external consultant, chose a baby-sitter and elder care provider agency whose services were available to IBMers for a two months period. As a result of the positive feedback received from the pilot project, a two-year agreement has recently been signed with the agency (Dédy-sitter & Baby-sitter).²³ The full range program started in April 2008.

In addition to in-home services, the agency has a contract with 7 play-houses in Budapest where IBM employees can get a 30 per cent discount from the regular price. IBM employees access the backup care website through the internal WorkLife Essentials (WLE) portal.

The back-up childcare service is available to only IBM Hungary employees. Both female and male employees can benefit from the programme with no limit in terms of usage. According to the calculations and plans approximately 112 days of care will be used during the two-year programme. The agency will send a monthly report to IBM on the exact number of hours used so IBM can monitor the available resources for the remaining period of time.

Costs and Financing

Overall, the childcare initiatives are financed 60 per cent by the Global WorkLife Balance Fund and 40 per cent by IBM Hungary. The discount rate is different in case of each service.

For the international summer camp in Slovakia, IBM parents have a discount price for the 10 camp days of 75 Euros (instead of 195 Euros), the rest is financed by the support of the Global WorkLife Fund and IBM Hungary. In case of the day-care summer camp the price

²³ <http://www.dediszitter.hu/>

paid by employees amounted to 18–20 thousand HUF (70-75 Euros) depending on the number of weeks/children at the camp.

For the back-up care service, IBM signed an agreement with the Dedy-sitter & Baby-sitter company to provide the service for a 1000 HUF/hour price (4 Euros). Employees have to pay only the 70 per cent of the price, so 700 HUF and IBM (through the support of the Global WorkLife Fund) reimburses the remaining 30 per cent of the price.

The staff

None of the childcare programmes is operated directly by IBM but rather out-sourced to local providers. The summer camps offered by IBM in Hungary are provided by an organization called: NIHOA Ltd.²⁴, a rapidly developing company with the philosophy of holistic approaches. One of the enterprise's activities is event and program organization focusing on families and especially on children. The other activity is providing services in the field of recreation and natural healing. All the designed activities of NIHOA are based on the belief that children grow best when they are intrinsically involved in their own learning.

Dedy-sitter & Baby-sitter is an agency offering backup child and elder care services in Hungary. They offer care for healthy and mildly ill individuals, as well as for those with special needs. Services include overnight or extended hours care for employees to meet business purposes. Childcare providers at the agency have gone through a certified babysitter training course, or are qualified teachers. In addition to offering in-home care, Dedy-sitter will build a database consisting of at least twenty-one childcare centers and childminders (seven per location) that offer backup care for those employees who prefer out-of-the-home care.

Management perspective

IBM Hungary management is aware of the fact that employees with children are often challenged to find care when regular caregiver is ill or otherwise unavailable, or when they are travelling for business. Employees may be forced to miss work in some of these situations. Many employees are not aware of the services available; researching these options may take a significant amount of their time. The Initiative of the Global WorkLife Fund had a positive welcome on behalf of IBM Hungary management team.

Employee perspective

Employees who have used the childcare services are generally quite pleased with the quality as witnessed by the two examples below.

Mother of children ages 10 and 14

Last year my children participated at the Nihoa camp at the Petneházy Country Club. The children really liked the programme: the group of children was not too many, they could swim, ride the horse, the meals were delicious, the educators were very friendly. The whole atmosphere was very different from the day-care camps organized by the schools. This was a real present for the children.

²⁴ <http://www.niho.hu/>

For me this was a great help, as I was sure that the children were in the right place, and the price/quality ratio was good. It was not cheap, but the children were getting a high-end programme for this price. I really hope that this initiative will continue because it is extremely difficult to organise a quality programme at an affordable price for the 10 weeks of summer holiday. In the past, children were sent to grand-parents in the country-side for the whole summer, but nowadays children expect to have more interesting programmes. Last year a colleague of mine asked “Eva, are you economising throughout the whole year to be able to finance the summer programmes of your children?” I really appreciate that IBM is investing in these summer camps.

Father of 2 year old daughter and 4 year old son

“While my wife was on childcare allowance and took care of my daughter we did not really have childcare problems. But after her return to work, life became more complicated. We have a baby-sitter who has been caring for our children for a long time but on one occasion we were in real trouble. I had read about the new back-up care service on the IBM Intranet page. I contacted the HR department and asked about the service. What I really liked was that the baby-sitter company was ready to respond to urgent needs, as I telephoned in the evening and the baby-sitter was there in the morning on time. We were a bit afraid about how the children would respond and behave, but actually there was no problem. The price was favourable, not more expensive than the usual price. I am really happy about the fact that IBM provides such services. It gives a feeling of security for the employees that IBM has selected the baby-sitter company and has surely made a responsible choice.”

Lessons learned

Careful research, assessment, and action planning were key steps in understanding the specific needs of working parents and designing responsive programmes that have been highly successful. Providing back-up care for employees is a very rare and innovative practice in Hungary. Many business people in Hungary would think that an employer has nothing to do with childcare provisions. At IBM, on the contrary, investing in work/life balance of employees is a strategic issue and not an act of charity. The goals of work/life balance initiatives are to reduce absenteeism, increase productivity, to help IBM attract and retain key talent, and motivate employees.²⁵

²⁵ http://www.worldforumfoundation.org/wf/global_leaders/ibm_fund.php

Gedeon Richter Plc.

Type of business: pharmaceuticals

Workplace: two domestic production sites in Hungary, one in Budapest, the other in Dorog, 40 kilometers from the capital town.

Workers: nearly 5,000 of whom about half are women. More than 800 are in the Research and Development team. Others are production workers, sales representatives, administrative workers, financial and managerial staff.

Working hours: depend on type of job and range from continuous shifts, to one, two and three shifts, and even flexible working hours for administrative staff.

Childcare solutions: 2 company kindergartens, summer camp

Partners: company, government through subsidy, workers and retired workers, trade union

Gedeon Richter Plc. is a Hungarian-controlled Central-Eastern European multinational pharmaceutical company and the largest pharmaceutical factory in Hungary.²⁶ It was established by pharmacist Gedeon Richter in 1901 and the plant was built in 1907 in Budapest's Kőbánya suburb. In the period between the two world wars, the plant became an internationally recognized major factory. In 1948 the plant was nationalized under the new name "Kőbánya Pharmaceutical Factory" (Kőbányai Gyógyszerárugyár).

The 1990s brought major changes in the company's markets as well as in the company itself. The collapse of COMECON, where sales were highly predictable and exports were profitable for Richter, precipitated the loss of the company's traditional markets. The company was operating at a loss in 1992. Privatization offerings in the 90s led to a reduction in the state's shareholding in the company. By the end of 2006, state ownership decreased to 25 per cent, complemented by 64 per cent international and 11 per cent of domestic private ownership.

The new management drew up a new strategy in 1992. Today Richter has grown into a Central Eastern European regional multinational company. Unique among East European firms, the market network of Gedeon Richter covers five continents with its products reaching nearly one hundred countries around the world. The company is present in thirty countries thanks to its production sites (Hungary, Russia, Romania, Poland, and India), thirty representative offices, fourteen commercial subsidiaries and wholesale joint ventures.

Gedeon Richter Plc. has been a socially sensitive and responsible firm from the very beginning of its existence, originating from the philosophy and personal values of the founder, Gedeon Richter. Its first childcare institution was set up in Budapest in 1952. The reason for having the company owned facility was that production workers had difficulties placing their children in locally managed childcare institutions. During this era of the "baby boom", the former socialist regime put strong political pressure on nationalized state-owned companies to provide childcare facilities for their employees. The first facility was a combined one,

²⁶ Background information has been taken from the company's website
http://www.richter.hu/en/Pages/our_company.aspx

including both a nursery for children under age 3 and a kindergarten. Later in the 1980s as the fertility rates declined, the nursery was closed down and the kindergarten was maintained in Budapest. A new building was built in 1973 that was reconstructed and enlarged in 1981. The second kindergarten was opened in Dorog in 1976 when the company had set up a production site in the town.

Today the company owns 2 kindergartens, 2 sport grounds, 1 swimming pool with fitness, and 1 community house. It organizes family sport events for employees every second year and supports employee initiatives for social events, to highlight some of the more important social services it provides employees.

Although the focus of this case study is on the company kindergartens, it should be noted that Gedeon Richter Plc. provides two other benefits for parents: a summer camp and a voucher subsidy at the start of the school year.

Summer camp: The summer camp for children aged 6-12 years old is organized every year in a 2 x 2 weeks structure, where the first week is a day-care summer camp in the company's community house, the second is held in the country-side. In 2007 a total of 160 children attended the summer camp. The camp is sponsored by the company and a trade union related foundation which makes it possible to offer the camp at a below-market price rate to employees.

School bonus: To cover expenses at the beginning of the school year, the Hungarian taxation law allows companies to provide a tax free financial support for parents with children aged 6-18. Many companies have adopted such practices, either as part of the compensation package and the cafeteria benefit system, or as a social support. Gedeon Richter Plc. uses this opportunity and offers 20700 HUF/year/child (80 Euros) to employees with school-age children.

Company kindergartens



The two company kindergartens are located in Budapest and Dorog near the production sites. The kindergarten is approximately a 5-10 minute walk from the company headquarters in Budapest. The distance between the production site and the kindergarten in Dorog is not more than 1.5 kilometres.

The kindergartens are open from Monday to Friday during the whole year. The summer break is synchronised with production stops to avoid childcare problems for workers in the summer.

The daily opening hours also follow the schedule of shift workers: the facility is open from 6:00 to 1730. Meals are provided three times a day.

The kindergartens have two different pedagogical programmes. The one in Budapest focuses on providing *education on healthy lifestyle*, while the kindergarten in Dorog aims to nurture *traditional Hungarian popular practices*. The kindergarten offers special gymnastic activities, swimming lessons, excursions, playful German lessons, horse-riding, Ayres therapy and cultural activities. In Budapest there are 4 groups organized according to age, in Dorog the three groups have children of mixed age. In 2007, a total of 97 children attended the kindergarten in Budapest, and 60 in Dorog.

In Budapest the facility consists of a large two-storey building, and a large garden with a well-equipped playground. The swimming pool and fitness centre of the company is in the same street, so children can simply walk there to take their swimming lessons. The building was reconstructed in 1981, but smaller repairs are done on a yearly basis. The kindergarten also has a separate room for gymnastics with full equipment. The physical conditions at the Dorog kindergarten are similar to the ones in Budapest.

The rooms are nicely furnished; toys are regularly bought for the children. Each group is provided with a separate bathroom including toilets, basins, and a shower. There is also a kitchen available.

Eligibility and use

The children of all Richter employees are eligible for the kindergarten. Aside from children of Richter employees, the grand-children of Richter pensioners are also admitted, but nobody else. This rule applies even though it is not filled to capacity.

At present the kindergarten is open to children aged 3-6 years old. As there is an apparent demand to accept children from the age of 2, the company accepts applications under the age of three if the child is sufficiently mature for admission.

In Budapest the capacity is 120 places, but just 97 children were enrolled in 2007, for a utilisation rate of 80 per cent. The utilisation rate in Dorog is also 80 per cent. Despite the existence of “empty places”, management only accepts applications from within.

All the different company occupations are represented among the parents of the children. However employees living in the country-side and commuting to Budapest would rather use local kindergartens despite the fact that monthly fees would be approximately 30 per cent higher.

Costs and financing

Gedeon Richter Plc. applies for the state funding available for kindergartens in Hungary. As a private company Richter Gedeon Plc. is entitled to 30 per cent of the state subsidy paid according to the number of children. The state subsidy represents approximately 5 per cent of the kindergartens' yearly costs. The remaining 95 per cent is financed by the company. Overall costs are increasing year by year partly related to the fact that national regulations on kindergarten equipment and standards are more and more demanding.

Employees using the kindergarten have to pay a daily fee of 314 HUF for the meals. On a monthly basis this totals approx. 6500 HUF (25 Euros) which is very cheap. This would equal

10 per cent of the national minimum wage. (In case of grand children of Richter pensioners the price is 30 per cent higher).

The staff

The staff consists of well-experienced educators and other support personnel. The turnover is very low, thus they have been working together for a number of years. Most of them have been working for the kindergarten for more than 15 years. Educators have a higher education diploma in Hungary. The staff of the kindergarten is officially employed by the Humanco Ltd, an independent company into which the kindergarten staff had been outsourced by Richter in 1998, together with other social service related job-holders. Humanco Ltd. finances 100 per cent of their salaries and social security coverage which is equivalent to the industry average.

The head of the kindergarten has been working there for 25 years. She is satisfied with the functioning of the organization and feels that the outsourcing of the personnel did not impact the level and quality of the service provided. Every year management and kindergarten staff discuss the developmental areas and the key issues of financing. On a yearly basis the heads of the kindergartens are required to prepare a report on their activities and operations.

Staff have good relationships with parents. They make family visits, too, and hold parents' meetings several times per year.

Management perspective

Obviously the question arises why Gedeon Richter Plc. did not close down these kindergartens as did many other companies in the 1990s when political pressures to maintain such facilities did not exist anymore. The answer is threefold. On the one hand, the founder, Gedeon Richter, was a socially committed person, and his spirit is considered important in the present company culture, too. Secondly, the enlightened self-interest of the company is to support the work performance of employees by providing high quality childcare for the employees during their working hours. Thirdly, the company outsourced the maintenance of the kindergarten together with other social services in 1998, thus lowering the involved costs for financing the childcare services, but in the meantime keeping tight control over the quality of services provided.

Gedeon Richter Plc is devoted to maintaining its childcare institutions. Nevertheless, the largest challenge is to maintain the financial sustainability of the two kindergartens. Despite the difficulties, each year there are investments made by the company.

Every year the company organizes a satisfaction survey among parents. Generally parents ask for new equipments and toys to be purchased. Employees can also discuss their concerns and ideas on the company's intranet Forum page.

Gedeon Richter Plc. considers providing kindergarten services to employees a good means to support performance during working hours as employees do not need to be disturbed by childcare problems. Additional business benefits linked to childcare provision for Gedeon Richter Plc. are retaining present employees and attracting new employees to the company.

Employee perspective

Employees who have used the kindergartens are generally quite pleased with the quality of the service provided as witnessed by the two examples below.

Mother: "I have been working for the company since 1991 as a journalist of the company newsletter and so had the opportunity to get acquainted with the kindergarten as a journalist. This meant that even before my first child was born, I decided to place her/him in the Richter kindergarten. I did not even think about looking for another place. Fortunately, our expectations have been met. My daughter has been attending the kindergarten since last year. The educators are very friendly, the activities are good. Related to the main philosophy, "education for a healthy life style", the kindergarten organizes a lot of excursions to the open-air, for example to farms. In the playground, there are many types of equipment that help develop their physical capacities. Another positive factor is its proximity to the company."

Mother: "When my son finished kindergarten, my daughter entered. So we have been visiting the kindergarten for more than six years. My daughter has activities as drama, extra gym, dance once a week. They have vegetables and fruits to eat every day. The garden is very beautiful with large pine trees. They prepare Advent fairs, Easter fairs and the income is used to purchase toys for the children.

It is very good that the parents know each other from work - it can even help interdepartmental communication when I know that the colleague's child is also in the same group at the kindergarten. It is a very good feeling as well that I know that the children at the kindergarten are not from just anywhere, but at least one of their parents works at the same place. So it gives a sense of security. Also at the primary school, they are always very happy to have the children from the Richter kindergarten because they are considered well prepared for school"

Lessons learned

The case of Gedeon Richter Plc is a good example of a company which, driven by enlightened self-interest, invests in maintaining and developing the company's childcare institutions even in times when most Hungarian firms sold their similar facilities. Outsourcing the personnel at the end of the 90s provided a more economical form of financing, but did not decrease the level of services. Higher performance, employee retention and attracting jobseekers to the company are the most important benefits Gedeon Richter Plc. gains from its childcare provision.

Hungarian Academy of Sciences

Type of business: academic

Workplace: central administrative building plus 48 research institutes

Workers: The number of employees in research institutes amounted to 4300 in 2007, of which most are highly qualified researchers, 30 per cent were under 35 years old²⁷, and about 25 per cent were women.

Working hours: For full-time researchers two days/week at the research institute and three days distance working, for administrative staff full-time employees work from 8.00 am to 4.30 pm.

Childcare solution: nursery and kindergarten taking children from 18 months to 7 years

Partners: the Academy and affiliated institutions, the workers and retired workers, parents outside the academy, National Methodological Centre for Nurseries (a state organisation)

The Hungarian Academy of Sciences (HAS) was founded in 1825. Today the Academy is a scholarly public body founded on the principle of self-government, whose main task is the study of science, the publicizing of scientific achievements, and the aid and promotion of research. Its members are the academicians. The Academy maintains 48 research institutes and other institutions (libraries, archives, information systems, etc.) assisting their work, and extends aid to university research centres. The operation of the Academy is financed by the state budget, income derived from its assets, and by foundations and donations.²⁸ The majority of employees are highly qualified researchers coming from all areas of human and natural sciences. Most of them are employed on a full-time basis.

The Hungarian Academy of Sciences (HAS) had a nursery day-care institution running near the central building of the Academy in Budapest from the 1950s. The nursery was located in a rented building. The idea to set up a kindergarten was born in the mid 1970s. This was the time when the children of Hungarian baby-boomers of the 1950s started to reach kindergarten age. Six large institutions affiliated to the Academy decided to raise funds, buy a building plot in the hilly Buda side of the city and build a new kindergarten. The kindergarten opened in 1980 and stayed under the control of the investing institutions until 1986 when the central administrative body of HAS took responsibility for financing the kindergarten.

In 1995, the previously independent nursery was merged with the kindergarten, as enrolment numbers were decreasing and also for reasons of cost saving. In the new set-up, the kindergarten groups were decreased from four to three and one nursery group was added.

The nursery and kindergarten

With the merging of the nursery and the kindergarten, quite an innovative pedagogical approach was adopted: the kindergarten educators were reorganised in such a way to lead the

²⁷ See http://www.mta.hu/index.php?id=634&no_cache=1&backPid=390&tt_news=8419&cHash=6defa8343d

²⁸ <http://www.mta.hu/index.php?id=687>

same group of children throughout their entire pre-school education. The new approach has proved to be successful leading to a state award for the head of the kindergarten.

The pedagogical programme focuses on maintaining *traditional Hungarian popular practices*.

From the very beginning, great emphasis has been put on providing a high level of educational programme corresponding to the profile of the mother institution. Educators have an above average qualification with highly valuable specializations ranging from dance therapy, to zoo-pedagogy, and art pedagogy, etc. The kindergarten offers special gymnastic activities, swimming lessons, excursions, dance therapy, logo pedagogy classes and cultural activities, as museum visits, invited music and theatre performances above standard curriculum



The kindergarten is open from Monday to Friday from 7.00 am to 5.30 pm. There is a summer break usually from the beginning of July to mid August. Meals are provided three times a day. The full capacity is 90 places, 15 places in the nursery and 75 places in the kindergarten. At present the institution is run at full capacity.

The kindergarten is located in one of the elite, residential parts of Budapest. It is not particularly near either the Central administrative building of the Academy or the research institutions, but not too far away either. A great strength of the facility is the big garden with a well-equipped playground and the quality of the air.

The facility consists of a large two-story building and has a separate place for gymnastics in the hall area. The rooms are nicely furnished; toys are regularly bought for the children. Each group is provided with a separate bathroom including toilets, basins, and a shower. There is also a kitchen available.

Eligibility and use

The nursery accepts children from 18 months to 3 years, the kindergarten from 3-7 years. The children of all Academy employees are eligible for the nursery and kindergarten. Parents pay only for meals - approximately 13 thousand HUF/month (50 Euros). This would amount to 10 per cent of net earnings on average. Grand-children of academicians or Academy pensioners are accepted at a special price of 50 per cent of the cost. Non-academy affiliated children are accepted for remaining places on a market based price. At present there is a waiting list for nursery places. (10 non-Academy children's applications were rejected in 2007.)

Currently, 50 percent are children of Academy employees. 25 per cent of the children are the grand-children of Academy-related people and 25 per cent are non-Academy, private enrolments.

Finance and management

The yearly budget of the Academy Kindergarten and Nursery is composed of three parts:

- payments from the Hungarian Academy of Sciences's central budget,
- payments of non-Academy parents who are obliged to pay a market based cost price (350 thousand HUF/year (1300 Euros) in 2007)²⁹,
- fees paid for the meals by all the parents.

Approximately 80 per cent of the budget comes from the Academy central budget.³⁰ The central administration of the Academy conducts an internal audit on a yearly basis. In addition, every two years a thorough financial investigation is carried out.

For reasons of economic rationalisation and cost efficiency, as of January 2008 all social institutions owned by the Academy, including the kindergarten and the six holiday resorts, have been centralised under one financial unit.

Official inspection of the kindergarten is carried out by the Ministry of Education while the National Methodological Centre for Nurseries inspects the operation of the nursery.

The staff

A total of 20 employees form the group of personnel, including 8 educators, 6 nurses, 4 cleaning personnel, 1 accountant, and the head of the institution. According to the head of the kindergarten, from the staff's perspective, the most important problem is the low salaries. Until 2000 their salaries were somewhat higher than of those working at institutions financed by the municipalities, but now the salaries have lost a great deal of their value.

Nevertheless, the staff seem to appreciate the atmosphere and pedagogical approach as witnessed by the testimony of one of the educators:

“I came to work for this kindergarten 19 years ago; previously I was the Head of a local kindergarten. I was on childcare allowance when I observed the construction of the facility. By the time I finished the childcare allowance, all the new jobs were taken, but I regularly came to speak with the Head of the kindergarten to ask about job vacancies. I visited the facility several times prior my employment and one could feel a very special and relaxed atmosphere, very different from my previous workplace.

Management is in favour of our self-development, this is why practically all of the educators have some kind of specialisation, above average qualification. Personally I am most interested in dance and movement therapy. In addition, with my colleague we learn and use art therapy, and these complement each other. Continuous learning also helps us to keep good relations with parents, as the generations have changed extremely in terms of expectations. Twenty years ago we were focusing on cognitive development whereas today emotional development is much more at the forefront. Children are overloaded with information, but they are instable from an emotional point of view.

Overall, I think that the technical equipments available at the institution are much higher than at an average local kindergarten. The head of the kindergarten has always

²⁹ The parents of children whose grand-parents were affiliated with HAS have to pay 50 per cent of the yearly cost price. (175 thousand HUF (650 Euros) in 2007.

³⁰ <http://ovoda.office.mta.hu/uvegzeb.html>

put an extra effort to maintain standards, and create an environment that matches the high standards of the Academy both physically and intellectually.”

Management Perspective

The most important issue for the administration is maintaining the financial sustainability of the nursery and kindergarten. Still management believes that providing childcare for the research community is important and also a means to support the younger generation of researchers.

Employee perspective

Mother: “This is the second year that my son has been attending the kindergarten. I visited some local institutions, too and then I decided to look here. I talked with the head of the kindergarten, and decided that this can be a good choice for us. I thought that the composition of parents might be an important factor in the choice of the kindergarten.

I am completely satisfied with the institution from a professional point of view. The only thing I would be happy to have is more flexibility regarding opening hours. Being a researcher, many times there are conferences or meetings that start in the afternoon, and it can be difficult sometimes to get here by 5 o'clock. It would be ideal if – even for extra cost – a baby-sitter service could be provided after regular closing hours. It would be much simpler for everybody.”

Mother: “My mother was the head of library of one of the research institutes of the Academy. I heard about the institution from other people, too, as I was not living very far from here. Before deciding for this kindergarten I visited another local kindergarten, but I found the head of the kindergarten too rigid there, and the garden was very small. Afterwards I came here with my older daughter to visit the nursery. I liked the educators, the environment, and the garden. So I decided to apply here despite the 50 per cent cost price we had to pay as not direct employees of the Academy. In case of our younger daughter, the decision was automatic. Overall the kindergarten is very friendly, its pedagogy is really child-centred. ”

Lessons learned

The Academy Kindergarten and Nursery is an interesting initiative from the Communist era as six independent research institutions have co-operated to collectively finance the creation of a joint kindergarten. The Institution has gone through several reorganisations, including the merger with the nursery, becoming a part of the central budget of the Academy, and the financial regrouping of all welfare institutions recently. From a professional point of view the institution has maintained its high level of pedagogical services, including integrating nursery and kindergarten education, and thus remained an attractive childcare provider not only for Academy employees, but also for clients paying the market price for the services. Charging outsiders for use of surplus capacity has helped the financial sustainability of the facility.

Hungarian Post Office Ltd

Type of business: Postal services

Workplace: State-owned company with 35,600 employees of which two-thirds are women, 57 per cent are above 40 years old.

Workers: Customer service personnel in post offices, postmen/post women, administrative and managerial staff.

Working hours: 85 per cent of staff is working on full-time basis, 15 per cent are part-timers.

Childcare solution: Summer camp for children

Partners: Company, Vadkacs Hotel Balatonlelle, ETALONSPORT Általános és Sportiskola Pestszentlőrinc (Primary School), Hungarian National Recreation Foundation³¹

The Hungarian Post Office Ltd. (Hungarian Post from hereon) is the largest employer in Hungary. The company has had a long history as it became an independent national public institution in 1867. Hungarian Post has gone through several reorganizations during its history, but is still a 100 per cent state owned corporation. At present, with the coming liberalization of postal services within the European Union in 2011, Hungarian Post is in the process of modernizing products, organizational structure and culture. As part of the modernization process the company's welfare services have been reorganised, too. Welfare services were centralised into a national office in 2004. The Welfare Services Office is responsible for the maintenance and operation of the Hungarian Post's summer resorts, workers' hostels, sport facilities, catering services, and company apartments.

Besides offering summer camps for children, Hungarian Post invests in organising and subsidising family holidays, as well as paying a subsidy for parents with school-age children at the start of the school year. It is important to note that Hungarian Post has a well developed equal opportunities policy in the framework of which women and employees with more than three children are both target groups of the implemented initiatives.

The summer camp

The summer camp initiative is not a new one at Hungarian Post as the service has existed for more than 20 years. But the new market-driven business strategy of Hungarian Post had an effect on the way summer camps were organised for children. Previously the summer camp took place in one of the summer resorts of the company at the Lake Balaton in Siófok. The building's infrastructure, however, has become outdated in the meantime and a larger renovation would have been necessary. The costs of this renovation would have been

³¹ The Hungarian National Recreation Foundation was founded in 1992 by the Hungarian government and six trade-union federations to support the recreation chances of disadvantaged groups. According to the present regulations employers can offer recreation vouchers to employees on a tax free basis up to the level of the minimum wage. Since 2005, Hungarian Post is awarded each year for being among the top 10 employers buying the largest amount of recreation vouchers.

extremely high for a company under re-structuring, so in 2006 top management decided to sell the former summer resort and find a new place for the summer camp on a market basis which would provide a much higher quality environment and service for the children. Providing high quality service (accommodation, food, sport facilities) for the children was a major objective in the implementation of the new initiative.



The Hungarian Post issued a call for applications in several national and local newspapers for hotels located on the banks of the Lake Balaton which would volunteer to provide the accommodation, catering and sport facilities for children from 1 July to 20 August. Approximately 10 hotels applied. The representatives of the Central Workers Council and those of management investigated all the offers and chose the Vadkacsza Panzió³² in Balatonlelle as the new premises for the summer camp. The Hotel is located on the banks of the lake, with a two story

building including rooms with bathrooms for two-three persons, a balcony available for each room, a big garden, a playground, a tennis court, table-tennis, and a media-room.

The camp is organised in 10 day sessions. The programme is planned ahead for each day, but the activities are offered mostly on an optional basis for the children. Activities include swimming, sport activities (tennis, football, table-tennis, chess, basket-ball, volley-ball, hand-ball, athletics), disco, group games, beauty contest, “Who knows what?” competition, excursions, visit to museums, movies, boat-excursion, drawing, painting and other artistic activities.

Eligibility and use

In 2007, five sessions of the 10-day camp were held. In each session 60 children were present, thus a total of 300 children had the possibility to attend the summer camp. For the 300 places more than 700 applications were handed in, which meant that Hungarian Post needed to implement a selection policy. The selection criteria were the following: children who received less holiday subsidy previously had a priority; among those with equal amount of previous subsidy, children whose parents had longer years of employment with the company were given priority. From an income point of view, 80 percent of the children participating in the camp had parents who fell in the lowest income category.

Concerning the age group, a new regulation was introduced in 2006. The maximum age of children eligible to the summer camp was reduced from 14 to 12 years of age. Thus children between 7-12 years old became eligible for the camp. The new regulation caused some dissatisfaction among parents, but the rationale behind the new regulation was to avoid behavioural problems within the group related to the relatively large age gap.

As a response of the high application rate among employees, Hungarian Post decided to add one more camp session in the second half of June, thus increasing the available places from 300 to 360 in 2008.

³² <http://www.vandytravels.hu/szalloda/szallodah.htm>

Finance and management

Traditionally, parents had to pay for the children's summer camp, at a relatively low discounted price (5000 HUF/ 20 Euros in 2006). Since 2007, as part of the new initiative, Hungarian Post introduced the employee-friendly measure to provide the summer camp completely free, including the costs of transporting children from all over the country to the camp site.

The costs of the summer camp per child for 10 days amounted to 65,000 HUF (250 Euros) in 2007. The total cost for Hungarian Post reached approximately 20 million HUF (75,000 Euros). The method chosen to finance the costs of the summer camp is innovative. Hungarian post buys recreation vouchers from the Hungarian National Recreation Foundation which can be offered to the children of employees as a benefit on a tax free basis.

The staff

Hungarian Post has had a long-term partnership with a primary school in Budapest (ETALONSPORT Általános és Sportiskola Pestszentlőrinc33) from which the educators have been recruited and selected. Thus educators are professional teachers who work as camp educators during the summer. For each camp session 6 educators are assisting and caring for the children. Thus 1 educator is responsible for 10 children.

Selection criteria for educators working in the camp consist of being a dynamic, extrovert personality with good communication and problem solving skills. In addition, being sportive and able to facilitate group activities is a must.

Management perspective

Providing recreation services for employees and their children is a not a new practice of Hungarian Post. Nevertheless seeking alternative ways to provide the same services, if possible at a higher quality, is a new aspect of the Hungarian Post's welfare strategy. It is important to stress that maintaining the existing services is a strategic decision on behalf of Hungarian Post's management. There has been an agreement to re-invest the revenue from the sales of summer resorts into the renovation of existing ones or other holiday opportunities offered to staff. Offering free summer camp opportunity to staff is also a tool to increase employee satisfaction among relatively low income earners. As a large proportion of employees is composed of women with relatively low incomes, support for childcare during the summer is of great help.

According to the satisfaction questionnaires sent out to parents in 2007, the initiative to search for a new and better equipped site for the children's summer camp was a management decision well perceived by employees. Satisfaction rates equalled 4.8 on a five point scale which was higher than that of the previous year.

Employee perspective

Mother: "I have been working for Hungarian Post since 1982. In 2007, my daughter who is 11 years old volunteered to participate in the summer camp. This was the first time my daughter

³³ <http://www.c3.hu/~benedek/>

attended a summer camp. Fortunately she was very happy, and not at all disappointed, about her decision. Everyday when I called her she was so enthusiastic, always busy with some kind of activity.

I was completely calm. The camp was completely free for us, including the transportation as well. It is really amazing that an employer provides such welfare services to their employees nowadays. In addition to the summer camp our family also had the opportunity to spend the summer holiday in Hévíz where the air-conditioned room was ideal.”

Mother: “I have worked for the Hungarian Post since 1996 in Budapest. My two sons; age 10 and 11 years went to the summer camp last year for the first time for a 10 day period. This was a rare opportunity and I was really in favour of the camp. They provided full service and transportation. The boys were very enthusiastic. This camp was really a present for me. I have to admit that I am not satisfied with my wages, but the camp is of great help. Otherwise the children would have gone to some day-care camp for an entrance fee which would have been difficult to finance. I was very satisfied with camp. Fortunately, my sons received access for this year, too.”

Lessons learned

Many state owned or privatised companies have inherited from the socialist era real estates used as summer resorts/kindergartens/etc. in Hungary. The maintenance and operation of these buildings represented a huge cost for these organisations. A major dilemma the companies faced was whether to sell or maintain these facilities. The most typical business decision was to sell the facilities and discontinue those welfare activities. Hungarian Post is a good example of a different approach. The company decided to keep the welfare services while searching for more economical ways to finance them without decreasing (but rather increasing) the level of the service. The children’s summer camp seems to be highly appreciated because of its quality and its responsiveness to workers’ needs to find summer care for their children. Moreover, the programme reaches many lower paid workers, providing them access to what would otherwise be expensive holiday activity programmes and increasing their job satisfaction as noted by both workers and management.

Magyar Telekom Plc.

Type of business: Telecommunications

Workplace: 6,500 employees, of whom 65 per cent are men and 35 per cent are women.

Workers: Mostly technical professions, operations, sales, call centres, administrative and managerial jobs

Working hours: 85 per cent of staff is working on a full-time basis, 15 per cent in atypical work forms (teleworking, part-time jobs, and flexible working hours).

Childcare solutions: kindergarten and nursery services for preschool age children aged 2-7, summer camp for school-age children aged 7-18.

Partners: company, employees, childcare provider organizations (summer camps and kindergartens), Dimenzió Insurance and Self-Supporting Association

Magyar Telekom Plc is a leading info-communication service provider in Central Europe. The Magyar Telekom Group members offer the full range of telecommunications for residential, SME and large corporate customers.³⁴ The majority shareholder is Deutsche Telekom.

Magyar Telekom is renowned for its high social and environmental performance and has won several awards as a result of its Corporate Social Responsibility (CSR) practices:

- first prize in the large company category of the *Inclusive Workplace Award* in 2006;
- first place in the *Accountability Rating Hungary* in 2006 and 2007.
- Diversity Award among member companies of the Deutsche Telekom Group in 2007.

Sponsorship, donations, sustainability and diversity issues form important pillars of the company's CSR practices.

As part of its diversity policy, Magyar Telekom has set up several initiatives to support the employment of women.

- A *cross-company survey* investigated how atypical work forms could be used to a greater extent. Information was gathered on jobs in which it would be possible to introduce atypical work practices in order to increase the number of women and other vulnerable group members. Telekom plans to integrate the employment of a larger number of people in atypical work patterns within the performance expectations of unit and department heads.
- A *conference and HR roundtable discussion* was organised on the topic of *Life after Maternity Leave*. This initiative aimed primarily to change the mentality and attitude of upper management toward women with small children.
- A series of *lectures and consultations* was organised for employees to inform them about the most recent research results on balancing work and family life and provide the opportunity of professional consultations about typical problems.
- As part of the *re-orientation program for women on maternity leave*, women receive company news via the e-mail system, including invitations to various company events.

³⁴ <http://www.magyartelekom.hu/english/aboutmagyartelekom/companyhistory.vm>

After the maternity leave a one-day training program is offered to women. Furthermore flexible working hours are available upon request.

Magyar Telekom was one of the first companies in Hungary to apply the Global Reporting Initiative (GRI) criteria in their sustainability reporting system. As one of the standard questions of the indicator is related to how the company supports the work/life balance of employees with children, using the GRI indicators was a key factor in starting to focus on employees with children. Providing a subsidy at the start of the school year for employees with school-age children, and offering a children's camp for school-age children in the country-side³⁵ as part of the Telekom's recreation services were practically the only supports provided above the legal minimum until 2007.

Childcare services



The company's first new childcare initiative targeted the provision of temporary solutions for parents while regular kindergartens/childcare institutions were closed in summer. It was visible at the workplace that during these periods, a lot of employees were accompanied by their children during working hours. According to plans, in spring 2007 Magyar Telekom would have contracted with a kindergarten to provide care for children during the regular summer break. However, the results of the needs assessment questionnaire showed that relatively few people responded positively to the opportunity as they had already searched for other solutions. On the other hand, employees signalled that they would prefer to have summer activities for their school-age children. This was how the idea to organise more camp opportunities for school-age children arose.

Summer camps

As the time was too short to organise a camp only for Telekom children, it looked for good quality operating camps on the market. As a company, Telekom could negotiate discount prices for these camps. Magyar Telekom signed a general contract with the provider organisations on the level of discount and then, advertised internally the list of camps available for employees.

In the selection of camps, it was a deliberate decision to offer a wide variety in terms of length, location, and content. In 2007, 15 camps were chosen, including summer day camps, one or two week long summer camps in Budapest and in the country-side, and camps with thematic focuses (language, sports, etc.). The average discount rate equalled 10-15 per cent of the regular price. Approximately 35-40 children participated in 4 or 5 of the listed camps during the summer of 2007. In this scheme, Magyar Telekom was not in any legal relationship with the employees. Employees were simply offered camp services for children at discount prices as a result of the contracts signed by Magyar Telekom and the camp providers. Parents decided on the camp and made their payments directly.

³⁵ The recreation site is in Gyöngyöstarján, a small village in the hilly area of the Matra. Each year two one-week sessions of children's camp were organized for a total of 80 participants.

In 2008, Magyar Telekom plans to continue a similar scheme for offering summer camp opportunities for employees, but the list of camps has been reduced to 7-8 from 15 and the subsidy system has been further developed (see Costs and finance section).

Childcare for pre-school age children: Kindergartens and nurseries

From the needs assessment conducted on the usefulness of a temporary kindergarten during the summer holidays, it became clear that employees were not really interested in a temporary kindergarten, but would be very much in favour of a permanent company facility.



Typically there are two options available for companies in the field of childcare, either maintaining their own facility as was typical in the socialist period of the company, or leasing places in external kindergartens operating on the market. Magyar Telekom decided to use a combination of these two solutions given the geographical dispersion of its employees. The company conducted a second needs assessment in the spring of 2008 to gain information on what amount of money employees would be ready to pay for this service. Approximately 300 employees responded positively to the possibility to have company kindergarten services through the Dimenzió Insurance and Self-Supporting Association³⁶ (see option 2 in the Costs and finance section).

Telekom started to search for childcare providers near the largest Telekom locations. To date, it has signed an agreement with 4 private kindergartens to reserve places for Telekom children, and has bought 1 kindergarten in Budapest. At present 90 places are ensured for Telekom employees in these 5 institutions of which 40 are in the newly bought Telekom kindergarten. In five large cities of Hungary, additional partnerships will be sought if at least five applications are handed in (employees had to officially apply for the childcare service by the April 25, 2008). The age group of children accepted in private kindergartens is more flexible than in those in local municipalities and in most, children are accepted as from 2 years old. For 25 of the places, children less than 2 years old can also be enrolled. Thus the childcare solution offered by Magyar Telekom covers both traditional nursery and kindergarten services.

Costs and finance

In 2008 a new subsidy system has been developed by Magyar Telekom for both the summer camps and the kindergarten services.

Option 1: Concerning the camp, all employees are entitled to the same 10-15 per cent discount on regular prices for the camps as in 2007.

³⁶ Dimenzió Insurance and Self-Supporting Association is a member organisation of the Dimenzió Insurance Group, a non-profit organisation open to both individuals and employers. It provides different life, health and pension insurance schemes, as well as company tailored cafeteria systems, of which the Magyar Telekom represents a good example. <http://www.dimenziocsoport.hu/csoport.php>

Option 2: In addition to option 1, Magyar Telekom updated its “Family package” at the Dimenzió Insurance and Self-Supporting Association, and included both the summer camps and the kindergarten services in the portfolio of benefits. 60 per cent of Telekom employees are members of this Association to which they pay 1 per cent of their salary monthly. The employer also contributes 2.2 per cent of the employee’s salary. As a result, the employee who is a member only has to pay one-third of the service price for the camp or the kindergarten, while the Dimenzió Insurance and Self-Supporting Association pays for the remaining two-thirds of the price. This system is part of the cafeteria benefit system the company is using.

Option 3: For those who are not members of the Dimenzió Insurance and Self-Supporting Association, another possibility to gain a subsidy for the camp or the kindergarten service is through the *Matching Fund Program*. This is a program to stimulate individual charity donations by employees. If an employee donates to any foundation or NGO and brings a certificate, Magyar Telekom will contribute to the same organisation an equal or double amount of money depending on the amount. If the donation is to a camp or a kindergarten operated by a foundation or NGO, the company will contribute double the amount. Thus the company contribution will be two-thirds as in case of the “Family package” of the Dimenzió Insurance and Self-Supporting Association, as described in option 2.

To give a practical example, for a summer camp costing 30,000 HUF (115 Euros), each employee will get the original 10-15 per cent discount on the price, leading to a sum of 27,000 HUF. If the employee is a member of the Self-Support Association the person only has to pay one-third of this price, that is, 9000 HUF (35Euros). Thus, the employee receives the camp service for a 70 per cent discount on the original price.

In the case of the kindergartens, the employees will have to pay 20-25,000 HUF (75 - 95 Euros) /month for the basic service, plus 10 - 15,000 HUF (40 – 55 Euros)/month for meals, in total, 30-40,000 HUF (120-150 Euros).

Management perspective

A major objective of Magyar Telekom is to have the most professional Human resource management system in Hungary.³⁷ In addition, the company aims to become a best practice case in diversity management on an international level. According to their human resource vision “Committed professionals with independent initiatives are the key factor for the Magyar Telekom Group’s business success.” These factors are the major driving forces why Magyar Telekom considers employees as strategic resources and focuses on employee satisfaction as a strategic issue. Thus investing in childcare provision for employees is a business driven practice at Magyar Telekom.

The company also has plans to enlarge the present system of childcare solutions by introducing baby-sitter services for back-up care in the framework of the Dimenzió Insurance and Self-Supporting Association “family package” in the near future. According to the plans, Magyar Telekom will sign contracts with independent childcare provider organisations.

³⁷ Magyar Telekom: Sustainability Report 2006.

<http://www.magyartelekom.hu/english/aboutmagyartelekom/sustainability/reports.vm>

Lessons learned

Magyar Telekom represents a case where corporate social responsibility practice and diversity management initiatives raised awareness of the need to implement new welfare provisions for employees. Childcare solutions for employees is treated as part of the total compensation and benefit system, and needs assessment has played a key role in shaping and re-orienting the company's strategies for childcare support. While part of the benefits system, the company also promotes individual responsibility for these services, designing innovative ways for combining individual and company contributions. Employees must contribute financially through the Self-Supporting Association and via individual payments. Magyar Telekom represents an interesting example on how human resource management, corporate social responsibility and diversity management practice can be implemented in an integrated manner.