Attractive Workplace for All: a contribution to the Lisbon Strategy at company level
A feasibility study for Hungary

Overview of national situation
Review of the six orientations
Feasibility of the company case studies
Description of the company case studies
Conclusions
Bibliography

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Overview of national situations

In the period between 1989 and 2005, there have been major transitions in the economy of Hungary. These changes have obviously had an impact on the structure, the quality-demands and the basic principles of employment. If we look at the surface, the situation can be characterised by the fact that on 1st January 1989, according to the labour account of the Hungarian Central Statistical Office, 79.75% of the working-age population was at work, whereas on 1st January 2005, this ratio was only 59.73%. The two numbers are not fully comparable; the retirement age in 2005 was higher, thus the relative employment rates have not dropped as much as these numbers would suggest. What we can clearly see, however, is that in the economy, which has been transformed and structurally modernised by 2005, the workplace has gained a much greater value than what it had in 1989 and beforehand. This is also indicated by the data of the Hungarian Central Statistical Office that in the third quarter of 2005, the employment rate of the fifteen old EU members was on average ten percentage points higher than the 57.3% of Hungary. Nevertheless, it is important to mention that the low employment rate originates in the large number of the inactive population, as the 7.2% unemployment rate in 2005 cannot be considered as high compared to other countries in the European Union. Yet, the high number of inactive people indicates a specific Hungarian problem.

During the sixteen years after the regime change, not only the sectoral structure of the economy has adapted to develop to the present market economy conditions, but the conditions of ownership as well. After the major part of privatisation was completed, data according to the Hungarian Central Statistical Office in January-February of 2006 indicate that 69.5% of those at companies employing more than four people worked in the competitive sphere, 28.4% worked in the budget sphere and 2.1% worked at non-profit organisations. The dominance of the competitive sphere was, at the same time, related to the high proportion of small businesses. According to the data of the Hungarian Central Statistic Office in 2003, 99.2% of functioning enterprises employed fewer than 50 people. Moreover, 95.2% of them were micro-enterprises with less than 10 employees, 0.7% medium-enterprises with 50–249 employees and a mere 0.1% of them belonged to the category of firms with more than 250 people.

The above-mentioned statistics may be a bit bald, but they do express that since 1989, the Hungarian Economy has undergone radical changes. After the period of planned economy, the private sector became dominant and the structure of the economy has been modernised. Nevertheless, the process of development is not finished yet. In the future, the ratio of small businesses should decrease and the employment rate should increase. It is important that employees should work at more attractive workplaces. The intentions of the government have always supported the realisation of the Lisbon strategy. The same can be said about trade unions, as the organisations of employees. However, employers only stand up to the objectives if they coincide with their profit interests. Employees, in order to access and remain in employment, are often forced to set aside the Lisbon principles. For example, a large proportion of small businesses are struggling to survive, so here for example the question of making work pay – making work attractive is not often put on the agenda. Moreover, the balanced flexibility of work is often set aside by the employees themselves, in situations when keeping the job becomes the most pivotal question.

Despite all this, the most important aspect is that since the regime change and the EU-accession, the approach, which is vital for the future realisation of the objectives, has continuously been evolved. In the paragraphs below, we are going to summarise the Hungarian situation of the Lisbon objectives and the corresponding activities of the different social actors.

Reception, communication and assessment of the Lisbon strategy

At the government level, the Lisbon principles have been applied already before the official accession date 1st May 2004, with the harmonisation process of employment acts as well as through the setting of employment policy guidelines. These processes have accelerated and were explicitly formulated in the National Action Plan for Employment
of 2004, which was coordinated by the Ministry of Employment and Labour. The Action Plan puts specific emphasis on strengthening social cohesion, reception and the negotiation between the executive participating parties. Therefore, besides inter-ministry coordination, the conciliation of the Action Plan has also taken place with non-governmental partners, such as trade unions and employers’ organisations.

For the sake of harmonising economic development and growth with employment, the uniform plan – the National Reform Programme for Growth – was established in 2005 regarding the action plans towards 2008. To help the implementation of the programme, the government paid particular attention to national and European-level partnerships in the widest sense possible. As for national consultation, this means a continuous dialogue with domestic professional and social partners and the councils. As a part of the half-time investigation of the Lisbon strategy, certain strategic goals for employment policies were redefined, based on measures in the field of legal, monetary and tax regulations. The fulfilment of the National Reform Programme for Growth is also assisted by the government’s elaboration of the “100 Steps Programme”, whose labour measures strengthen and in some cases improve the action programme drawn up after European initiation.

Beyond doubt, the Hungarian administration is fully committed to apply the Lisbon strategy and the European guidelines for employment. However, we need to consider those unique problems (partly existing in other countries of the Central-Eastern European region as well), which hinder the realisation of these priorities. These specific problems are: the discrepancy between employment growth and wage improvement, the extremely low employment rate of the under-qualified population, the almost complete exclusion of the Roma population from the labour market, the degree and persistence of regional differences and the difficulties according the rapidly expanding higher education with labour force demand.

Although elaboration on the problems above is not the aim of this report, owing to its extraordinary weight, the question of the Roma population has to be briefly mentioned. There is a major difference between the data of the census of 2000, according to which 198,000 people confessed to be Roma, and their actual number, which can be estimated between 600,000 and one million, which means 6–10% of the Hungarian population. Every social scientist dealing with the question accepts this latter number as the real one. Researchers also agree that the Roma are the losers of the economic transformations (Köllö, 1998). This is because in the previous regime, they could not integrate into the society; however, due to the existence of workplaces in the socialist industry which demanded low qualifications, and the obligation to work, at least most of them had jobs. By losing their work, the majority of them entered a vicious circle: without any opportunity to earn money their housing conditions have worsened to a considerable extent, which has had a negative impact on the educational opportunities of their children and made their emergence from a disadvantageous situation even more difficult.

### Policies and programmes

The realisation of the Lisbon objectives is supported by numerous harmonised political programmes and measures. These programmes constitute 22 in the 100 Steps, which are related to the world of labour. The aim of the 22-step programme-package is to make work rewarding for the people. Everybody who wants to work should be able to find a job and this ought to be enough to make a living. The defencelessness of those working in the ‘grey and black’ should be disposed in order to provide them the security ensured by social security insurance. Work-related controls have become stricter and the book of casual employees has been introduced. With the book of casual employees those with a casual-work-lifestyle can obtain permanent legal insurance and therefore a right for unemployment, health and pension benefits.
The micro-, small- and medium enterprises that are so distinct in the Hungarian economy should expand as well. In line with this situation, the government has preserved the system of simplified entrepreneurial tax that has been introduced in 2003, which makes the administration and tax burdens of the involved enterprises considerably easier. They have established an innovation stimulating programme, which financially supports the innovative and founding activity of fresh graduates. For the initial support of small enterprises, incubator-houses have been introduced. The Operative Programme of Economic Competitiveness gives subsidies and loan opportunities to already operating enterprises. It is another objective that those who have already disappeared from unemployment-statistics, for example because they have become inactive, should also return to the labour market. Therefore, employers get different kinds of benefits if they hire previously unemployed people. The 100 Steps Programme also emphasises that older generations and the disabled should also find their suitable place in the labour market. Citizens with disabilities are assisted by special institutions as well. In every county’s employment-centre there is an Employment Information Consultant and in most counties, people with disabilities are assisted by Rehabilitation Information Centres. Another objective of the 100 Steps Programme is that discrimination against female employees should be curbed and everyone who wishes ought to be given the opportunity to do flexible work. A Start-programme, stipulated in a separate law, assists career-starters. (About these latter measures, see the recent legislation section in more details.)

The labour package of the 100 Steps Programme is in close connection with other components of the programme, especially with steps concerning taxation, education and agriculture. These programmes wish to expand working opportunities and improve the standard and quality of employment through regrouping tax-burdens with occasional cuts, improving the standard of basic training, and the modernisation of agriculture.

Owing to its novelty, in conjunction with vocational training, the recently launched Step One Forward programme is worth mentioning. Since a great number of the working-age population lack vocational qualification, the Step One Forward programme would like to help them to acquire marketable knowledge. The government offers free training, primarily from EU sources, to those people who have not even finished primary school and to those who have finished primary education but do not have other vocational qualifications. Those who do have qualification, but which is not marketable or those that have a secondary final exam, but no qualification with it, also get assistance. To acquire a marketable profession, the government ensures financial resources to these people. Marketable professions are defined on the basis of regional characteristics separately.

It is also worth mentioning the transformation of the training for those having finished primary school and choosing vocational training institutions. The weight of the professional orientation has been increased both in schools offering a secondary final exam and offering only vocational qualification, whereas in the past years, general knowledge education has been going on in the first two years almost exclusively. This has caused the drop-out of many young people who were not interested in general knowledge subjects, but would like to get a profession and would also like to work in it.

Recent legislation in relation to the Lisbon strategy
Recent regulation regarding the Lisbon objectives has been enforced in the above mentioned spirit of the 100 Steps, and at the same time, some earlier legislative measures are noteworthy as well. Recent legislation regarding the objectives is very comprehensive, therefore, only the most important elements will be highlighted in this report. More details can be found on http://www.afsz.hu (mostly in Hungarian).

- The system of unemployment support has been amended from a transfer-oriented approach to service orientation; i.e. those having lost their jobs receive job search support and a more efficient service instead of an unemployment benefit. The aim of the job search support is to back active job seekers only, but in a more efficient way than before.
- The system of entrepreneur-support has been introduced, which gives the same allowances to sole traders who have lost their job opportunities if they have paid entrepreneur contribution before, as it does to former employees.
The Book of Casual Employees has been introduced and developed. This serves the employment security of casual workers. The work has to be certified with a note and a stamp for the payment of common public charges, on the white page of the Book by enterprises, on its blue page by private employers, and on its green page by agricultural employers.

Work-related controls have also become stricter; the activities of different controlling authorities have been aligned. Building industry, tourism and the catering trade are of particular important in this field. New regulations have also been enforced concerning the legal liability of employers in the black market.

A new system of regulations and subsidies has been established for temporary agency work. On the one hand, the amendment makes it more difficult to avoid the payment of common public charges and on the other hand, it gives assistance to employers when they hire previously unemployed people.

The regulations concerning the utilisation of funds for public work, which offer jobs for those in the most difficult labour market position, have been amended, so that these funds are more concentrated, and help return to the labour market more efficiently.

The funding system of adult training has been changed. The objective is that only those institutions get support, which can certify that an adequate ratio of those taking part in the training managed to find work with their newly acquired skills.

The set of regulations concerning the programme for pre-pensioners has been elaborated in both the public and the private sector. With this, preceding part-time employment before retirement is supported. The public sector uses this programme to a greater extent, as the projected support for the private sector only refers to contributions.

The funding system of people with disabilities has been transformed. The objective is that it should be the needy that get the support and misuse should be restricted. Disability pensions are only available to those with an injury and an appropriate length in paid employment, whose income has considerably decreased by at least 20% in comparison to their former income.

The regulations of the Start-programme have been established, which gives a contribution-discount to employers hiring people under the age of 25 and, in case those young workers have degree, less than 30 years of age. For this, young people have to acquire a so-called Start-card.

A set of contribution deductions can be applied for those employers hiring unemployed people aged 50+, or those seeking a job after caring for a family member.

In order to transform, modernise and make vocational training more market-compatible, the regulations related to Regional Integrated Vocational Centres have been introduced. The aim of this is to abolish the extraordinary fragmentation of vocational training and that vocational training schools only teach professions which are marketable and the necessary human and intellectual resources to teach those professions are available.

The new law of higher education has been enforced, which, in accordance with the requirements on the European level in terms of higher education, divides tertiary education into bachelor’s and master’s degree, which are complemented by PhD programs on the highest level. The objective of the bachelor training is to ensure immediate access on the labour market.

Enterprises are obliged to pay 1.5% of the gross salary into the Vocational Training Fund, however, since 2004 one-third of this sum may be used for training their own workers, which can stimulate the arrangement of trainings at the workplace. Most of the remaining sum can be offered for investment in vocational training institutions. Those who fulfil their duties by organising practical trainings may even use the total sum for this purpose.
Processes between the key actors

The parties interested, or in some cases, less interested in creating the ‘attractive workplace’ are represented on the highest level in the National Tripartite Forum, which was formed in 1988. (The first National Tripartite Forum was replaced by the National Conciliation Council between 1999 and 2002) The National Tripartite Forum is a macro-level forum of trade unions, employer organisations and the government. The link between workplace and national-level reconciliation is the sectoral one, established after the EU-accession, in the form of 36 sectoral and sub-sectoral committees.

The opportunities and lobbying power of the three key actors are quite different. Based on the data of Labour Force Surveys (LFS), trade unions are only present at one-third of the workplaces. However, only 17% of the employees are trade union members and among them, the generation of unionist over 54 is over-represented as well. Employees are rather uninformed about collective agreements, thus the 25% collective agreement stated in the supplement-survey of the LFS cannot be acknowledged as a valid ratio either. The number of memberships of the six largest unions decreased even between 1998 and 2003 (Koltay-Neumann, 2005). It is not surprising that they can barely represent the interest of their members on corporate or sectoral-level. The illegal extension of working time, unlawful layoffs, offences against work-security and other labour regulations are frequent, when the interests of union-members cannot even be defended by the functioning unions. (E.g. See the Black Book of the Democratic League of Trade Unions, and the fact that, despite several disclosed offences, at the beginning of May 2006, only sixteen companies not complying with labour regulations were mentioned in the Book.) The position of trade unions is further weakened by the frequent conflicts among the six major confederations. Yet, they are more active in the National Tripartite Forum and they played a key role in defining the minimum wage in 2006.

Nevertheless, the employee representation in the National Tripartite Forum cannot be considered as the most powerful tool. The reason behind this is to a degree the decrease in trade union membership and to a certain extent the lack of trade union experience with the conditions of a market economy. The number of union members, as it has been implied by the data of the Labour Force Survey, decreased after privatisation. Moreover, the newly established companies rarely cooperated with trade unions as well. According to several trade union leaders, the membership publications of certain trade union confederations and smaller unions can be considered as a war-of-numbers, because there is no law in Hungary, on which the membership data of unions could be based and monitored on. As for objective data, we can only rely on different surveys. However, the greatest problem is the lack of experience in market-economy conditions. While for instance the British unions collaborate and elaborate common recruitment and campaign strategies, the Hungarian trade unions are either too small or too weak to offer a real reagent and oppose the employers or the government. The complexity of the issue needs further examination. Currently, the lack of data also obstructs an appropriate in-depth analysis of the level of employee representation in the National Tripartite Forum.

The employer representation in the Forum consists of nine organisations. Although the number of their members has coevally dropped in comparison to the numbers due to the previous obligatory membership before the regime change, they were always able to form a consolidated position and to offer adequate lobbying power. Nevertheless, the financial contribution of the organisations’ members also determines what interests each organisation supports.

Finally, the objectives of the government as the third actor in the Forum have already been presented in the previous sections. The goals defined by the government are not only determined by the negotiating power of the two other actors but also by the budget availability as well.

The initiator to implement the Lisbon objectives in the National Tripartite Forum is clearly the government. The activities of trade unions and employer organisations are rather a reaction to ideas and legislations of the government rather than initiative actions. We can also put it this way that the Hungarian situation is similar to the circumstances
described in the 2004 Annual report of the European Foundation for Improvement of Living and Working Conditions. In the government program for the period 2002–2006 it states that “the government calls for social dialogue, continuous conciliation with the trade unions, with employers’ representatives and with non-governmental organisations.” The collaboration between the government and the social partners is fairly complex, but aims to be in line with common EU practices. The Ministry of Social Affairs and Labour (formerly: Ministry of Employment and Labour) is primarily responsible for the establishment of social dialogue by means government-level coordinating competences.

**Impact and outcomes**

Since all Hungarian ideas regarding the Lisbon objectives are focused on the 100 Steps, the possible outcome should also be evaluated from this perspective. The 100 Steps programme uses the EU as a stimulus to elaborate medium-term national strategies as well as deliberate plans. However, the economic policy of the government, which was created after the 2006 spring elections, contains several modifications and inevitable restrictions. As these measures are in the stage of negotiations and introduction at the end of June 2006, it is not known yet, how they are going to influence or foster the realisation and the impact of the above mentioned programmes.

Earlier we could see that the most important key actor in the realisation of the Lisbon orientations is the state. Thus, the opportunities of the state greatly influence the realisation of certain objectives. Budget restrictions have shortened, whereas prospects of subsidies have lengthened the steps towards the attractive workplace. The actors outside the state have rarely stepped up as initiators. Trade unions have supported higher wages and working time regulations. Employers, as expected, were rather interested in lower wages. They supported state measures, which offered benefits not only for employees but for them as well. In forming the social atmosphere, different social organisations have also played a role, such as movements for the equal rights of women, and certain youth organisations. However, most of these social organisations are connected to political parties and do not have an independent strategy.

**Significance of the 6 orientations in the national context**

The Lisbon objectives are very important for Hungary. If they materialise, they would contribute to an increase in the employment rate, the decrease of unemployment, the strengthening of entrepreneurship and the acquisition of competences in modern technology, which eventually facilitate economic development. Moreover, it would lead to a balanced reconciliation between work and family life; they would feel better at their workplaces; there would be no groups excluded from work and women would not be penalised for leaving because of maternity duties. In the paragraphs below we are going to present the current state of Hungary regarding each orientation.

**Review of the six orientations**

Before joining the European Union, Hungary implemented several measures to facilitate the realisation of the Lisbon objectives. However, from 2004 onwards these efforts have become more pronounced, due to considerable improvement, which is evident in all six orientations.

**Orientation 1: Fostering employability**

The two most important factors in ensuring continuous employment in Hungary are adequate basic training and life-long learning for workers. According to the data of the Central Hungarian Statistical Office the standard of basic qualification has improved. In 2004, almost 48% in the 20–24 age bracket took part in some form of training, which mostly meant higher education. However, the large number of early dropouts is a problematic issue. For years now, the ratio of those finishing primary school within the prescribed time is only 90%. Three out of four students from the remaining 10% never finish primary school. The situation is made only worse, as many people after finishing primary school remain unskilled. This is also caused by the previous educational policies decision, which aimed to improve the qualification level of the population at any cost that proved later on to be wrong. Thus training which does not offer a secondary
general final exam (the so-called matriculation exam) was brought down to a smaller scale, in favour of training offering such matriculation exam. However, not all students managed to obtain a matriculation exam, though they would certainly have been able to learn a marketable profession. Today about 80,000 to 100,000 qualified workers are excluded from the labour market.

The situation of life-long learning is well illustrated by the fact that, according to the data of the Central Hungarian Statistical Office, in 2003 19.5% of the population between 25 and 34 and a mere share of 4.5% of the 55–64 age group took part in some form of formal or informal learning. Typically, the larger the company, the more likely is training offered. This tendency is also strengthened by the option to spend a third of vocational contribution (see last point in recent legislation regarding the Lisbon strategy) within the company. Since 0.5% of the gross salary paid is not enough to finance in-house training at smaller firms, bigger companies can benefit from this regulation. Numerous duties regarding the application of the vocational contribution may act, however, as a discouraging factor.

Working on different premises in the same company in different Hungarian cities does not concern many employees, due to the small size of Hungary and the usual locations of enterprises. In the future, we can expect mobility between foreign and domestic premises of multinational companies to be a more relevant issue.

**Orientation 2: Increasing labour market participation of underrepresented groups**

The unemployment rate among young people has exceeded the unemployment rate of the whole working-age population and this difference is steadily increasing. According to the data of the Central Hungarian Statistical Office, in the 15–19 age group the rate reached almost 28% in 2004, although it should be noted that those who are active in labour market in this age-group come from the underprivileged group of dropouts. Nevertheless, the deviation from the average unemployment rate in the age bracket 20 to 24 accounted for 7% in 2004, although the average qualification of this age group is considerably higher than compared to the whole working-age population. The high proportion of career starters among registered unemployed with diploma calls our attention to the increase of unemployment with a degree (Berde, 2005a). The above mentioned Start programme aims to improve the position of young professionals. In addition, other active labour market programmes give them assistance, to obtain work experience and support employment. The proportion of young people regarding training is also the highest.

The unemployment rate of women has been lower in comparison to the male employment rate, although the gap has lessened in the past few years. The labour market position of women is characterised by a low activity rate (about 10-14 percentage points lower than men) and their lower average wages. For example, women are willing to take a job for the 85% of the salary expected by men before they obtain a university degree (Berde, 2005b). Their prospects to find paid employment are improved by a number of supportive measures, such as: child-care allowance, family-friendly workplace programmes, obligation to make equal opportunity plans for workplaces with a large number of employees, governmental support of flexible working hours and controlling the decline of child-care institutions.

The labour market situation of older people, although the situation is similar to the EU-15, has worsened due to the economic transformation after the regime change. In many cases, the degrees obtain in the pre-transition area are now “useless”. Hence, we can presently experience two opposite tendencies: on the one hand, raising retirement age gradually to the age of 62 and the demand of an ageing society for active people has created labour market opportunities for older workers. On the other hand, the relative scarcity of workplaces in conjunction with the inadequate qualification of the elderly and their obsolete labour market experience hinder their current employability. Another serious problem is that the health condition of this particular age cohort is below average. Active labour market programmes support the employment of older workers, by offering them the opportunity to obtain qualifications over the age of 50 and by allowing certain burdens of those employing unemployed over the age 45. Yet, another important component is the introduction of general health-check-ups.
Orientation 3: Integration into the labour market of people at risk of exclusion (the long-term unemployed, early school-leavers, people with disabilities)
The long-term unemployed, along with the also populous group of inactive non-seekers, point to the most critical area of Hungarian labour market problems. According to the data of the Central Hungarian Statistical Office, in 2004 – very similar to previous years – more than 40% of the unemployed were jobless for more than one year. Although the 100 Steps Programme aims to offer support to re-enter the labour market, the solution is not simple. According to Köllő (2005), a part of this social stratum is the continuously ageing out of the labour market and the problems in conjunction with social benefits in the labour market. The problem is that, mainly due to early school-leavers, this layer is continuously reproduced. As it is pointed out in the paragraph in Orientation 1, about 7-8% of the young never finish primary school and never learn what constant working means. Government efforts are evident in the elaboration of the mentor system, the casual opportunities of applications for the training of underprivileged layers and in the support of non-governmental organisations dealing with these issues. As it was mentioned in the National background section, the population falling behind is largely made up of Roma citizens. The problems of the Roma students are on the agenda on all forums concerning equal opportunity and aim to provide assistance by means of special application opportunities. However, we cannot expect a substantial improvement until social mindset has radically changed.

The Hungarian peculiarity regarding the issue of people with disabilities is that there is a tendency in the public opinion to offer financial support rather than equal treatment of disabled or the integration in the labour market. Social employment centres, which are part of the labour defence screen, work in all regional units but they only offer a limited range of working opportunities. However, the elements encouraging employment of the disabled are more and more emphasised within active labour market programmes. Since the end of 2005, employers hiring people with disabilities can ask for a so-called accreditation and thereby they can receive substantial state support.

Orientation 4: Make work pay – Make work attractive
Making work pay and attractive is at an early stage in Hungary compared to older EU member states. Additional ambitions in this direction can be observed on two distant fields. One of them concerns those low-paid people who live in regions with high-unemployment, live on social benefits and work in the black (G. Tóth-Pusztai, 2006). Here, the few and low-paid legal working opportunities do not offer an attractive alternative to the unemployment benefits. However, positive initiatives are more and more pronounced in this issue. Active labour market programmes foster job-creation in this direction and become very important.

The other area is related to the best and average-paid groups of employees. For them the most prestigious companies compete and one way of winning them is to offer an attractive workplace not only in terms of content but in terms of finances as well. Their remuneration often depends on the profitability of the company. The cafeteria system also concerns their prospects, and its expansion can be seen at more and more firms.

Orientation 5: Towards a balanced flexibility
The realisation of flexible working conditions in Hungary is rarely compatible with job security requirements. The balance between work and other fields of life can be considered as reality in four typical cases. Firstly, flexible working time arrangements are applied, when the employer finds it important, for some reason, even at the expense of short term profitability. Fortunately, the number of these cases is increasing. Secondly, the nature of work should allow the implementation of flexible scheme, such as telework and working at home. The third kind of examples comes from those multinational companies, whose native working culture requires flexibility and they have transferred this mentality to Hungary. The fourth case refers to those state-owned companies and budget-institutions, where in line with state’s objectives, they aspire to offer flexibility. Despite this development, the statistical data regarding balanced flexibility are not too encouraging. According to the data of the Central Hungarian Statistical Office, in 2004, 3.3% of employees worked part-time, 2.4% worked with flexible working-hours and 1.4% via temporary work agencies.
The analysis differentiates between fixed-term and an indefinite-time contract, which is often applied to the description of flexibility, but it cannot give a definite result in the private sector due to Hungarian legal regulations. Cancelling 1 or 2-year-old indefinite-time contracts does not involve too much payment, whereas breaking fixed-term ones may result in serious losses. In the public sector however, which is subject to a number of special contract constructions, the termination of an indefinite-time contract would result in a considerable amount of compensation.

**Orientation 6: Business creation and entrepreneurship**

One of the fundamental objectives of the 100 Steps Programme is economic stimulation via business creation. The proposed case studies are going to illustrate the actuality of this objective and in certain areas, its effects on work as well.

The number of loan- and capital-programmes available to small- and medium-size enterprises has increased. The entrepreneurial contribution and the entrepreneurial support resulting from it made the functioning of sole traders more secure. Within the framework of the Operative Programme of Economic Competitiveness, entrepreneurs are supported with free guidance concerning lending operations. Fund resources from the EU primarily target the SME sector as well. New legislation ensures a discount in compensations to small- and medium-size enterprises if they hire unemployed people. Entrepreneurs in underprivileged regions may get special support. (As for the measures assisting enterprises, see the Policies and programmes section.)

The steps towards the realisation of each orientation have all contributed to the economic development of Hungary. Most probably, this is going to be true for the expected positive changes as well. From these, the most important ones are the direction summarised in the third orientation, the integration of social groups at a disadvantage, having been excluded from the labour market, and the business creation described in Orientation 6.

**Feasibility of company case studies**

**Description of the feasibility of company case studies under each orientation**

With regards to all six orientations, we can find several companies in Hungary, which show a good example for each orientation. Apart from the two European Working Conditions Surveys, which also encompassed Hungary, there are no other studies regarding the orientations. Moreover, none of these orientations have been in the focus of Hungarian analyses. Nevertheless, there are various voluntary surveys and competitions for the firms, where the evaluation criteria are very similar to the Lisbon objectives. In addition to this, due to the fairly open-minded Hungarian press, there are hardly any firms with a good or particularly bad example, where no written information is available.

The most important competitions evaluating the working-conditions are organised by the Ministry of Employment and Labour and the Ministry of Youth, Family, Social Affairs and Equal Opportunities. Based on their tender, the two ministries commonly decide about the ‘Family-friendly workplace’ awards in the categories of large companies, medium-size enterprises, small businesses, budgetary institutions and non-profit organisations each year since 2000. The competition was organised for the 7th time this year and 50 flexible ambitious firms and institutions decided to participate. The two ministries try to draw attention to those businesses that focus on those issues. The main objective is to introduce those management strategies, which target the employees’ coordination of work and family life. Among the applicants, many believe in taking care of their employees and in taking their needs into consideration. Among the participants, we can find small businesses with a few employees, as well as large companies employing thousands. Among budgetary institutions, there are health- and child-care institutions, mayor’s offices, police stations and administrative offices as well.

For more information: [http://www.iciesszem.hu](http://www.iciesszem.hu) (mainly in Hungarian)
Another tender can be mentioned in conjunction with the American-Hungarian Chamber, AmCham Hungary. The members of the chamber are corporations, which are either in American ownership or which are interested in membership because of their American trade contacts. Their number exceeds 600. AmCham has organised the so-called ‘Healthy workplace’ competition for its members since 2003. Winners of the three categories (big corporations, medium-size companies and small businesses) are entitled to use the label ‘Healthy workplace’. The competition is related to the public health programme of the National Health Promotion and Development Centre and the Ministry of Health. Among the criteria we can find the following: developing a healthy working environment, ensuring employment health services, occupational safety and the protection of environment, a healthy-living package (concerning smoking, healthy eating and exercise), mental hygiene (with regards to alcohol- and drug abuse, resting hours, recreational events, conflict management and the improvement of managers’ HR sensitivity), health check-ups and campaigns, and adult immunisation.

For more information: http://www.amcham.hu

The existence of workplaces in line with the Lisbon objectives is not only in the interest of the society. The employers’ objectives are also more supported when their employees are balanced and motivated. On the basis of this aspect, Hewitt Human Consulting Ltd., the Hungarian subsidiary company of Hewitt Associates has been conducting its ‘Best workplace’ survey in Hungary since 2001. Until this year, they published their results in cooperation with the Observer (Figyelő), a weekly economic magazine. But this year they are going to publish their results in World Economy Weekly magazine (HVG). Taking part in the tender under the patronage of the Ministry of Employment and Labour is voluntary, and by 2005 there was an opportunity for comparison in the CEE region (Austria, Czech Republic, Slovakia, Poland and Hungary). Every company with at least two years of operation and 50 employees can participate in the survey. Hewitt has different kinds of specialised questionnaires, which need to be filled out by the top management and by HR employees of the company. Eventually they are evaluated and provide valuable information to the firms. There are two categories: small- and middle-size businesses and large companies. The five most successful applicants are entitled to use the ‘Best workplace’ label and get publicity as well. The central questions of the survey are the following: What are employees’ expectations and how are they realised? Which are the employee-keeping factors in the firm? On which satisfaction-area can they intervene at the lowest cost? Is it worth introducing an allowance-package; do employees appreciate it or does only money matter to them? Are employees of the given company more satisfied than the staff of other ones with a similar profile? Can we recognise typical sectoral problems at the company? In the 2005 survey, about 34,000 workers of 120 companies participated. The 2006 survey will be published shortly.

For more information: http://legjobbmunkahely.hu (in Hungarian)

A similar survey to the Hewitt survey was attempted by Gordio Consulting group, however the extent and content of their research falls behind Hewitt’s. Despite of this, their data can also be used as a source of company behaviour analysis in relation to the Lisbon objectives.

For more information: http://www.gordio.hu (mainly in Hungarian)

Small-scale and local actions similar to the Family-friendly workplace are more and more frequent as well. The most significant one is the ‘Welcoming workplace’ tender in Budapest. This tender was first launched in 2005 by the Equal Opportunity Office within the EQUAL communal initiative and was supported by the European Social Fund and the Hungarian government. The purpose of the award is to appreciate employers that provide a good example in terms of actively striving to strengthen equal opportunity in the workplace.

For more information: http://www.pestesely.hu (in Hungarian)
The most important papers of the printing press, which deal with company strategies, are World Economy Weekly (HVG), Daily World Economy (Napi Világgazdaság) and Observer (Figyelő). In addition to these, this report also uses personal contacts and called key people at the company.

Description of the case studies

- **Orientation 1. Fostering employability. (Training, occupational mobility, work organisation and skill management)**
  
  **CIB Leasing Group**
  
  Sector: financial services (Hungarian and foreign-currency financing, operative and financial leasing, credit, insurance).

  Staff number: 550

  Headquarters: Budapest. They have products meeting the demands of small- and middle-sized enterprises and they offer services on all areas of leasing.

  The Budapest-based, 5-member financial group was founded in 2000 and its 100% owner is CIB Bank Zrt. (whose parent company is the largest banking group of Italy). One year after their foundation, they already acquired a leading position in the Hungarian leasing market. CIB Leasing Group, similarly to other leading companies in the realisation of the Lisbon objectives, can be mentioned as an example for each orientation. Even so, they were probably the most active in fostering employability.

  They aim to strengthen a preserving company culture. The success is indicated by the fact that with an annual staff growth over the past three years of 45% on average, fluctuation remained very low. They consider inside training to be strategically important and they are willing to emphasise it even more in the future. They are going to make regular internal training more frequent as well. New employees take part in a short training immediately. After this, they organise annually 5-6 trainings for skill and competence development to all associates. Top and medium managers are encouraged to take part in conferences regarding their specific area. They continuously inform their employees about the objectives of the company and try to utilise their experience as much as possible. They try to adjust their benefit-packages to the needs of their employees. In the 2005, they came in 5th place in the category of large companies the ‘Best workplace’ survey of Hewitt and Figyelő.

  Website: [http://www.cib.hu/cibsgroup/lizingcsoport/lizingcsoport](http://www.cib.hu/cibsgroup/lizingcsoport/lizingcsoport) (in Hungarian).

  **Eger Trust and District-heating Zrt.**

  Sector: according to basic activity, district heating service, apart from this, accounting and asset-management at the local government of Eger.

  Staff number: 120

  Headquarters: Eger

  The company is completely in the hands of the local government. The continuously improving firm plays a leading role in the life of Eger. In addition to heating services, they manage the assets of the council; moreover, they direct programs in the nearby Fair Lady-valley and manage three museums of the city. The company's heating-district is middle-sized, but regarding modernity, it is among the best ones. As a result of their good work, the number of those abandoning district-heating declined and later in 2004, the number of users started to grow. The firm does everything to boost employees’ working abilities, because they know that this is the key to the success of the company. They expect quality performance and teamwork from the staff and in exchange offer a steady workplace, a high-standard working environment and adequate background. Employees take part in courses, trainings and school education on a regular basis. Due to this, 4-5 employees acquire secondary or tertiary qualification per year. Inside trainings are
regular at the company as well. An employee participates on average in about 200 hours per year in terms of inside training. This way they can ensure that the working culture of the company meets present-day demands. Although the following activities are not related to the first orientation, they do enrich the positive Hungarian experience in conjunction with the other orientations and therefore these are also worth mentioning.

The credo of the firm is to keep the services, the quality, the environmental effects and the prices at a competitive level in line with the demands of both the council and the population. They try to offer employees competitive wages and other allowances. They have created a working-atmosphere, where a safe, healthy and comfortable working environment is a key issue. Due to the flat company hierarchy they cannot ensure prospects of promotion to all colleagues who might deserve it. Therefore, the management primarily expresses appreciation to the staff by offering them the possibility to work independently and by means of financial remuneration. Thanks to the open management style workers can always find their superiors at the workplace or address private problems and put forward their suggestions at any time. The relationship works in the other direction as well, managers regularly inform their employees on current events and achievements. This way, employees are in the circulation of the company. Because of the nature of work, only about 70% of staff can benefit from the opportunity to flexible work. This encompasses a core working time from 9 AM to 2:20 PM. Before and after this period, the employee is free to map out working hours. However, they always pay attention to personal problems and they manage them in a flexible way, even within working hours and in any position. They trust their employees and know that they would not take advantage of this opportunity and leave early from work. They can finish the tasks which were not completed due to an urgent case later. Since 2004, they have organised a ‘company-day’ on a regular basis, when the workers and their families are invited for entertaining programs. In the 2005 ‘Best workplace’ survey of Hewitt and Figyelő, they were 1st in the category of medium-size companies, and in 2006, they can took the 3rd place in the Central-European region.

Website: http://www.evatzrt.hu (in Hungarian).

Orientation 2. Increasing Labour Participation. (Women, Young people)
GfK Hungary Market Research Ltd.
Sector: market research
Staff number: 86
Headquarters in Hungary: Budapest

The Nuremberg-based holding is present in several countries around the world. GfK Hungary was founded in 1989 and since then, they have gained considerable experience in coordinating research in the Central and Eastern European region. 53% of their employees are women, whose job satisfaction is given special emphasis by the company. They pay great attention to maintaining relations with those caring for children at home (on maternity grant) and their reintegration after maternity leave. The company makes it possible for mothers to work part- or full-time or in projects, even while they are on maternity leave. The firm credits one year of employment in its register after every child, which comes into consideration when loyalty bonuses and premiums are calculated.

As the company is too little to maintain a kindergarten, e.g. to solve suddenly emerging minding problems, employees are allowed to take their children to work. The company coffee room was equipped so that children can find activities as well: they can surf on the net or watch television. If necessary, they are even allowed to enter the offices. As a result of this, the building of GfK is full of children in the summer.

In addition to this, the spirit of the firm is in line with the Lisbon objectives. After an agreement with their immediate supervisors, employees can decide how they want to allocate their daily eight or weekly 40 working hours. If the workload requires additional working time, they can decide to start work earlier or finish later. It is also possible that they work more (10 hours) on certain days and less on others. In addition to the average 8-hour working day, they have the opportunity to work 6 hours. 7% of the employees decided to opt for this possibility. Every employee receives an indefinite contract after a three months probation period, with the exemption of posts that require a fixed-term contract.
to cover maternity leaves. Training demands are approached in different ways as well. There are trainings of strategic importance assigned by the management and trainings which are considered to be important during feedbacks by the employees or their immediate superiors. Within a defined budget framework, they support their employees to participate in graduate and post-graduate courses in line with the given job. For this, the employee has to be in the GfK headcount for at least one year. Apart from this, they have self-organised IT and English courses. The company finds it especially important that newcomers adapt to the company culture. Thus, they have established a mentor-system, where the new colleague is familiarised with the demands and the structure of the firm by another employee who was assigned to this mentor task. They won the award in the ‘Family friendly workplace 2006’ competition among medium-size companies.

Web: http://www.gfk.hu (mostly in Hungarian).

ALCOA-KÖFÉM Ltd.
Sector: aluminium industry, production of semi-finished goods
Staff number: about 5500
Headquarters: Székesfehérvár

The company is the Hungarian subsidiary of the well-established US-based ALCOA. ALCOA-KÖFÉM Ltd. (further Alcoa) is the 12th largest employer in Hungary. In 1993, Alcoa acquired the majority of the Székesfehérvár Light Metal Works holding, which was founded in 1941. In 1996 Alcoa bought the remaining state-owned shares as well. Among their values they strongly emphasise integrity, staff security, appreciation, health and safety and a dwelling environment. Improving the employability of their workers is one of their basic interests, since this is how they can improve the efficiency of the company. This is especially emphasised among the young workers, to whom they ensure apprenticeship opportunities during their studies. University students who have connections with Alcoa can write their thesis at the company. They have co-operative contracts with numerous tertiary educational institutions. Young people already employed by the company are given special attention by the human resource management, in order to support their career prospects. They ensure continuous training opportunities to all their employees. They spent much more on training than what they could write off from the vocational training contribution (see the section titled recent legislation in relation to the Lisbon strategy).

Besides fostering employability, their efforts regarding other Lisbon objectives are also worth mentioning. In addition to the outstanding working conditions and competitive benefit-package, they attempt to keep the staff up-dated about the future of the company and involve them in important decisions.

Based on the values of the company, they ensure equal conditions to all employees. However, Alcoa pays in certain aspects special attention to their female workforce. They offer special health check programmes for women and if the organisational structure allows it, they try to support emerging issues that are relevant for working women. For example, they support those returning from maternity leave with occasional work time allowances.

They draw up company career plans and all new positions are advertised to their employees as well. According to the feedbacks, successful employment at Alcoa is a good reference when searching for another job.

They are proud of the sound relations between management, trade unions, work councils and labour safety bodies. All parties consider the collective agreement of vital importance and work according to its rules.

Besides the basic health examinations, they provide their workers with a lot of extra services. They organise regular cholesterol, osteoporosis, breast cancer and cardiology check-ups. With the help of recurring anti-smoking campaigns, 15-20 colleagues per year quit smoking. Those with mental problems can consult a specialist two times a week. This service is offered to family members as well. In order to develop a sense of community and to bring the firm and the family closer, they organise regular family days every year where 6,000 to 7,000 employees and family members are
entertained. Moreover, every worker receives a tree each year to plant it in their own environment. With this programme, Alcoa is one of the greatest tree-planters of Székesfehérvár. Through the Alcoa Foundation they support institutions, where disadvantaged young people and disabled youngsters receive education. In order to establish a work–life balance, they operate additionally an educational and entertainment club-house.

They won the award of the ‘Family friendly workplace 2006’ competition in the category of large companies. Furthermore, in both 2003 and 2004 they won the ‘Healthy workplace’ award of AmCham.


**Orientation 3. Integration into the Labour market of People at Risk of Exclusion. (Long-term unemployed, early school leavers, and People with disabilities)**

*Fekete and Nagy Trade and Service Partnership*

*Sector: printing industry, preparatory works*

*Staff number: 29*

*Headquarters: Budapest*

The company, which has been operating since November 2005, started out with 25 employees. All of them were people with disabilities and since then they have employed further four. Until October 2005, they all worked for the same typographic firm; however, it did not pay its employees for several months. Moreover the owner kept the state support for disabled employees, instead of paying it out. Finally, the above-mentioned 25 of them had enough and started their own private enterprise. The firm in question has gone bankrupt and the former employees are afraid that they will not be able to get back their unpaid emoluments. Similar cases proved that owners transferred the assets to private property, e.g. to a relative to avoid paying the salaries in the case of insolvency.

The present manager put a mortgage on his private flat to finance the foundation of the new company. The level of trust between him and his former colleagues is very high. Moreover, the company emphasise a very familiar atmosphere due to a number of daily routines, such as coffee in the morning and to pay attentions to individual needs. ‘People would sooner give money than work, but we would like to prove ourselves. I often say that we would go out to advertise our clients on banners, if they gave us work’, says the manager. Despite all difficulties, they have established secure partnerships with eight large firms. Hence, they presently have constant but low-paid orders. The small premises, where their workshop is located, have been renovated from the initial loan by the manager. The council on the other hand, was not in the position to give any financial support due to budget restrictions. They constantly take part in tenders with special focus on disabled people, but the procedures are slow and were so far not successful. They also unsuccessfully contacted the National Association of Entrepreneurs to obtain an additional loan. This situation is likely not to improve as the new regulations for public support schemes for disabled people are subject to future cuts. Nonetheless, they try to establish connections with many firms although they are often faces with rejection. According to the manager a mediator might be helpful to obtain new orders and give support in tenders. Despite the fact that the manager works hard to maintain the company, the frequent rejections are putting him down. He has also written to the former Minister of Equal Opportunities who has put the letter onto her blog, the address of which is website: http://www.levaikatalin.hu (mostly in Hungarian).

*Gambling Zrt.*

*Sector: organising and executing gambling and betting*

*Staff number: over 1,000 and in addition, they have an extensive counter sale circle as well.*

*Headquarters: Budapest*

The share of the state-owned company on the gambling-market is still around 50%. In the network of ticket-dealers they primarily hire people with disabilities. In particular this means that for ticket-sales (this does not mean working
by terminals, where they take direct and immediate betting, but paper-format lottery-tickets) they exclusively hire people with disabilities. The driving force behind all this is the personal conviction of the CEO that people with disabilities should be equal members of the society. According to the CEO, the subsidies available to them for hiring the disabled has gradually decreased in the past two years and since 1 July, 2006, they don’t receive any contributions for employing disabled people. Although the subsidy still exists, the particular form of employment does not entitle the company to receive these benefits. In spite of this, they still hire people with disabilities for ticket-sale. Moreover, they continuously establish these kinds of employment relations. They have made contact with all existing organisations that support disabled people, but recruitment through them proved to be difficult. They are now trying to establish cooperations with the Hungarian Railroad Company so sell lottery tickets at the railway stations. In this case, the dealers would be former railroad company employees with disabilities. The negotiations have not been finished yet.

Gambling Zrt. puts great emphasis not only on integrating people with disabilities into the labour market, but also on inside training of their staff (Orientation 1). Short-term trainings take place on the premises, whereas longer ones take place in their own training centre in Leányfalu. They have regular trainings for middle-level managers; one of the most important goals of these trainings is team-building. Employees take part in various health-prevention programs. In addition to this, the future security of employees is ensured by a regular employer contribution to their voluntary pension funds. Nevertheless, due to the nature of the work, working hours remain fixed with no possibility to offer flexibility. The company’s nationwide sponsoring activity is outstanding: they support sports, cultural, health-care and, to smaller extent, educational activities based on the principle of regional differentiation. In 2005, they were 4th among large companies in the Hewitt-Figyelő ‘Best Workplace’ survey.

Website: http://www.szerencsejatek.hu (in Hungarian).

  
  **Polgár-Társak Ltd.**
  
  Sector: stationery wholesale and retail
  
  Staff number: 17
  
  Headquarters: Törökszentmiklós

It is a small-sized enterprise in Hungarian ownership, which was founded in 1991. The management’s basic interest is to create attractive working conditions, in order to achieve their efficiency objectives. Individual initiatives are supported by offering a high level of independence to their employees. Management-approval is not obligatory not even on the level of salespeople. However, they focus on the information flow on and between all levels. The management is task-oriented, which consequently led to no fixed working time. Due to this task-oriented approach, employees are in the position to allocate their working time according to their private needs. For instance, colleagues can finish incomplete task, when urgent private matters occur. Even the two employees in the exhibition room that are theoretically subject to fixed working-hours can be substituted if necessary and they can divide the work between each other. At first, there was great demand for stationery in the vicinity of Törökszentmiklós, but recently this tendency has reversed. Therefore, in order to keep the company buoyant, the manager and owner came up with a new initiative. Every distributor had to make an individual plan. The increase in performance compared to the plan is recorded on the common notice board and the best ones will get substantial remuneration.

In addition to this, the company’s continuous interest regarding modernisation and innovation is worth mentioning as well. The firm’s openness to novelties is well indicated by the fact that as soon as it was financially feasible, they established their own successful website. It should be noted that this is not typical yet for small Hungarian enterprises with less than 20 employees operating in small towns. This step has noticeably helped to boost their business activities. Moreover, the company organises several family programs every year. In the summer, they offer working opportunities to workers’ children who are over 16. Thereby they can ensure their employees’ holiday as well. The performance of
the young is personally assessed by the manager, who acknowledges the value of decent work. In 2003, they got a ‘Family friendly workplace’ certificate in the category of small businesses and in 2004 they won the main prize in the same category.

Website: http://www.polgar-tarsak.hu (in Hungarian)

National Bank of Hungary (MNB)
Sector: finance. The central bank of the Republic of Hungary (Plc.). The owner of the shares is the state.

Staff number: about 800

Headquarters: Budapest

The bank, owing to its special functions, exerts a significant influence on social and economic life. In the past few years, the efficiency of the company has noticeably improved by means of simplified working procedures. This is also testified by the Hewitt-Figyelő survey of 2005, which assessed the situation from an objective angle. MNB serves as a great example to show how to improve performance orientation and efficiency by boosting the intrinsic motivation of employees. Besides keeping to the rules of the organisation, the independence of the staff has increased and they try to tackle emerging problems involving all concerned specialists. The human resource management has become more sensitive to individual problems of the employees and they pay special attention to individual career-building. Employees are stimulated to work efficiently according to a well-defined set of moral and financial regulations as well. MNB gives its workers moral remuneration in various ways. For instance, they annually elect the ‘Man of the year’ and the ‘Award for the National Bank of Hungary’ is given to those who have contributed to improve the reputation of the bank with their outstanding professional work. Employees having worked with significant job tenure receive for example anniversary bonuses. Even similar jobs are subject to a differentiated salary scheme, based on meeting performance targets and the completion of tasks. In addition, they map elaborated career objectives and prepare suitable employees for prospective management position. This also applies to those, who are not prospective managers, but show high professional commitment in a key area, to whom they give moral and financial remuneration. They always try to fill vacant management positions from inside and only turn to the outside labour market if they do not have the expert with the appropriate competence and it is not possible to train a colleague in this direction. In line with the special character of the company, the strategy of the National Bank of Hungary is defined by the top management, but they attempt to make room for individual initiatives as much as possible. For instance, their HR strategy elaborates in two directions and tries to encompass earnestly the employees’ interests.

Apart from making work attractive, they pay constant attention to improving their workers’ employability. Their inside training activity concentrates on the extension of workers’ professional competence, as well as their skill-development, the direction of training is defined by the requirements of successful work. They have a contract with the Budapest-based Central European University, where they send their workers to further training regularly. Apart from this, they often organise inside training and after a trip abroad from one associate, they discuss with others newly acquired knowledge. In case the necessary special knowledge cannot be acquired in the country, they organise foreign study trips and courses. The basic labour contract form at the National Bank of Hungary is indefinite.

If a mother-to-be goes on temporary leave, they hire an associate with a fixed time contract. Parents caring for their children at home are informed on training opportunities at the bank and internal job opportunities. If a young mother stays at home for a longer period and her position ceases within that time, they help her to find a suitable position within and outside the banking by means of counselling and training. The ratio of part-time workers is negligible, but in certain positions working at home is possible. In this case, they also offer indefinite contracts, but the homeworker status of the job is fixed. This contains a core working time of six hours per day and the remaining hours can be used in a flexible way by the employee. The recreation of workers is promoted with sporting opportunities as well. Within the framework of their cafeteria-system, employees can enjoy different kinds of benefits: they can go on holiday, buy public transport season tickets, learn according to their ambitions, choose health policies, purchase clothes, subscribe
to the internet etc. In order to maintain a good workplace atmosphere, they organise numerous community programs involving the staff and their families.

Website: http://www.mnb.hu (mostly in Hungarian).

- Orientation 5. Towards Balanced Flexibility. (Working time, employment contract)

  dm Drogerie Markt Trade and Servicing Ltd.
  Sector: cosmetics retail trade
  Staff number: more than 1600 in shops around the country
  Headquarters: Törökbálint

The German owners of the business have continuously expanded their store-chain since 1993 and today they have more than 180 shops throughout the country. At Drogerie Markt employees are considered to be the most important factor in increasing profits, so the HR policy is elaborated according to this corporate philosophy. Their slogan, ‘For I feel I am important here’ also reflects this approach. They attempt to achieve employee-commitment by offering varied tasks and development opportunities. They know that employees are most efficient at work, when they able to combine work and family responsibilities. About 85 of their workers work part-time. It has occurred among employees that due to nursing a family member, studies or long-term illness, they dropped out of work for months. In these cases, the opportunity to return was offered although this might imply to work at a different shop. They have established their training system in the spirit of staff appreciation and employees with a family can also easily join. They have elaborated four kinds of internal training which offers the opportunity to develop professional skills and competence and to discuss good ideas. During these trainings colleagues working in different shops and offices can meet and mutually develop each others working skills. By this, the company created the possibility of occupational mobility. Besides group trainings, they put special emphasis on individual career-planning and a reasoned selection of areas that need to be developed. In addition, the offer annual discussions. Internal recruitment is part of their HR strategy. Moreover, at the management-level, they solely accept candidates with several years of working experience in dm. Hence, only dm employees are considered in the recruitment process.

Moreover, the company is a good example for other Lisbon objectives. New employees are usually recruited with the help of internet advertisements and in addition they have an active relationship with employment centres as well. Thereby they also help to place unemployed people. In addition, dm offers young workers the opportunity to acquire work experiences. For instance, students of two Budapest vocational schools spend their interim and summer practice in dm shops. Moreover, they maintain an intensive relationship with other vocational institutions and they support such institutions from their vocational contribution. Furthermore, the company emphasises the necessity to improve the situation for women on the labour market. Since 1 January 2006, they have been working together with the Jól – Lét (Well-Being) public foundation, which is the first Hungarian mother-friendly registry office.

In 2005, they received a pecuniary award in the Human Resource Development Programme for their extensive training programme. They won a certificate in the ‘Family friendly workplace 2006’ competition in the category of large businesses.

Website: http://www.dm-drogeriemarkt.hu (mainly in Hungarian)
**József Pata Machine Industry Ltd.**  
Sector: steel-profile manufacturing  
Staff number: 58  
Headquarters: Fajsz ( Bács-Kiskun county)

The Hungarian-owned enterprise was founded by József Pata, the manager of the company in 1994. They focus their work on quality and quality assurance, which allows them to supply companies like Opel and Suzuki. Fajsz is a small village near Kalocsa, where the only prospect of employment was the local cooperative farm. This farm has been kept buoyant, but the employment possibilities decrease each year. The enterprise of Mr. Pata therefore, means a lifebuoy to the locals. Despite the fact that under these circumstances, the manager was actually in the position to apply more severe working conditions, he opted to offer his employees more balanced circumstances benefiting mutually employer and employee, where also duties off-site are taken into account. The manager himself work his way up the career ladder, starting as a physical worker, rising to an ever-higher position in the corporation and achieving a position to found his own enterprise. After continuous learning, he knows exactly that it is worth thinking in the long term. Therefore, he makes sure that working conditions are good at the company, where 60% of employees are women. He personally guarantees that those workers will be taken back, who stay at home for family or health reasons. He arranges that associates that drop out of the headcount are replaced by their colleagues. He has also ensured that ergonomics are applied to the workplace, e.g. a conveyor belt and scientifically designed swivel-chairs, since he is acquainted with the difficulties of physical work. The employees are entitled to part-time work on request. Moreover, the working time schedule is in line with the local starting times of kindergartens and schools. In addition, health check-ups and aptitude examinations are also emphasised at the company.

This company is not directly related to the issue of balanced flexibility, but in the long run, their further strategic goals certainly serve mutually the interest of the company and its employees. They organise factory visits for local primary school students several times a year. The demonstration of their achievements is also important, because they like to utilise their own resources and increase the number of employees from the local labour-supply. By the development of the company they would have the opportunity to take jobs demanding more specialised knowledge, but for this they require qualified workers. Unfortunately, it is difficult to convince local youngsters to choose a profession which demands more studying, but which is marketable. Many of them pursue an education, after which they will eventually be unemployed, even though their career prospects at the firm are evident. The performance of physical workers in production is assessed annually. Talented and ambitious employees get promoted and if they demand, their training opportunities are ensured as well. The current office and quality-control manager and the manager of the progressive plant have also gone through this process. They annually organise internal training, which consists of three components: acquiring quality assurance principles, refreshing knowledge on labour safety and fire protection and teaching new professional procedures. From their vocational contribution, they support the Budapest University of Technology and Economics and a vocational school in Pécs. The Technical University gave professional assistance to them: recently they have calibrated a steel-profile to be produced soon. The life of the village and the company is closely interdependent. The manager allows the use of the company bus and lorry in all cases when a trip is organised for the children or when there is a need to transport something. It is no surprise that the manager has recently been awarded honorary citizenship in the village. They won a ‘Family friendly workplace 2006’ certificate in the category of medium-size companies.

- **Orientation 6. Business Creation and Entrepreneurship**
  
  **Kürt Zrt.**  
  Sector: IT, data protection, data saving  
  Staff number: 52  
  Headquarters: Budapest
The company is one of the few in Hungarian ownership, which was established before the collapse of the socialist regime as a private enterprise. It started operating in a garage in 1984 and by 1990 they had a huge demand for their products. As a result of this, they started to grow and extend their range of products to almost all kinds of building-glassware. After continuous growth and the establishment of premises, they bought out an Italian company as well. Furthermore, they have established several logistic centres. Later on, companies including Alba Glas Ltd. merged and after the fusion Jülich Glas Holding Zrt. was founded in 2005. Today they manufacture and distribute their products to eight Hungarian cities (including Budapest). Their motto is ‘Everything that is glass!’ This concept has resulted in a uniquely broad range of products in the glass industry. With their current technology, they can meet any possible demand in manufacturing building-glassware with their own production capacity. They expand abroad as well, but on the basis of the firm’s strategy, they rather attempt to realise it by long-term cooperations with other companies, instead
of establishing foreign subsidies. Due to continuous technological developments, they have a demand for highly qualified employees. Among their workers, the ratio of those living in disadvantaged regions with a high unemployment rate is significant. At the company, employees are involved in concrete problem-solving during the different quality, production and logistics team-meetings. By this, they try to achieve that workers comply with the company’s objectives. Following the developments in the glass industry persistently is a key issue in order to apply a continuous improvement of production efficiency. The expansion of the company also facilitates the boost of production activity at other firms. The company outsources a growing number of tasks, due to the growing opportunities to apply outsourcing activities. Such activities are e.g. transportation and the building-in of glass elements. In addition, as one of the first firms to have moved to Sóstó Industrial Park, Jüllich Glas Holding Zrt. has played an important role in developing and expanding the park.

Similarly to Kürt Zrt., the company tries to maintain their original values and thereby contribute to the Lisbon objectives. They organise several on-site trainings every year and they support employees in their related off-site studies. The company is a sponsor of Albacomp Basketball Club and ORKA Synchronised Swimming Club and they annually devote a considerable amount of money to support various foundations and schools. In 2005, the owner of the Holding, Adam Jüllich won the ‘Entrepreneur of the year’ award of the National Association of Entrepreneurs and Employers.

Website: [http://www.jullichglas.hu](http://www.jullichglas.hu)

**Conclusions**

The examples of four prominent companies regarding each orientation show that the Lisbon objectives can be applied on the company level and those positive experiences in the working world are becoming more and more pronounced. It would be useful to make a more detailed analysis and field research on the company level to provide good practice examples. This would point to emerging opportunities and difficulties in conjunction with the realisation of the objectives.

On studying the positive examples in Hungary, it is necessary to keep the circumstances in mind that we are talking about an economic framework, which began to transform in the beginning of the 1990’s. As Sándor Kürti, the founder of the renowned Kürt Zrt., who was dismissed from his rural workplace before the political transformations, points out: ‘in 1989 the miracle, or horror, I don’t know how to say it, so the regime change happened. The miracle was that the new economic law was enforced and private enterprises could be founded legally and the horror was that our large corporations went bankrupt.’ (Hajdók – Horváth, 2006)

Since 1989, numerous enterprises have been established and many foreign companies have come to Hungary and all of them have contributed to our economic growth. Almost all the firms with a good example can be categorised into three groups.

- Small enterprises in Hungarian ownership, whose proprietors are willing to realise the Lisbon objectives due to their personal attitude and their carefully-analysed long term profit-interests.
- Multinational companies expanding to Hungary, who transfer their national working culture and consequently they consider the realisation of the Lisbon objectives important. Interestingly, these mostly large corporations sometimes represent the interests of Hungarian employees better than Hungarian firms. (The contradiction can also be found in the fact that there are multinational companies in Hungary which have been famous for ignoring the interests of their employees.)
- Budgetary institutions and state-owned companies. Among them, those with a history that began long before the fall of communism but coevally managed to preserve their operability and those which were established in the market-economy system have both adapt to the requirements of the market economy. In line with goals of the government, these institutions strive in many cases for the realisation of the Lisbon objectives.
No matter which positive example we choose, we cannot clearly distinguish each orientation. If a company is sensitive to training its employees, it will apply flexible working schemes as well. Generally speaking, those kinds of firms are open to flexible working hours and flexible forms of employment. On the other hand, owners who invested in business creation have a self-evident interest to try to make work pay and make work attractive. A more complex approach to the evaluation of the orientation might prove to be efficient.

The positive company examples clearly show that the declared intention of the state is not enough to fulfil the objectives. The realisation of the Lisbon strategy can only be applied on a broad base, when all actors of the social and economic sphere are involved. That is why social partnership is of specific importance, since mutual consultations and the exchange of views can shape the ideas of employers and employees and eventually prove that the Lisbon strategy is in the interest of all actors.

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