



COUNTRY REPORT HUNGARY



A first analysis and profiling of social enterprises in Hungary
prepared by the SEFORIS research consortium

September 2016

INTRODUCTION

Between April 2015 and December 2015, the SEFORIS consortium surveyed over 1000 social enterprises in Hungary, Romania, Spain, Portugal, Germany, Sweden, the United Kingdom, Russia and China. This means that thanks to the diligent cooperation of social enterprises and funding from the European Union, we have been able to launch the world's largest and most rigorous panel database on social enterprises. This report presents key findings for Hungary. Where possible, we compare findings to the 2009 SELUSI survey, the predecessor of the SEFORIS project.

What is the SEFORIS Survey? - The SEFORIS database is unique in its scope and depth – in our (admittedly, lengthy) conversations with social entrepreneurs, we discussed in detail topics, ranging from their innovation habits to their perceptions of the market in which they operate. It is also unique in its methodology – we adopted a special type of snowball sampling method, called respondent-driven sampling, which allowed us to survey a representative sample of social enterprises in each country through tapping into their networks. Finally, our database is unique in its rigour as we took meticulous steps to ensure highest data quality. For instance, our interviewers (analysts) were extensively trained and we conducted ongoing checks to ascertain that interviewers are consistent in the way they recorded the answers of social entrepreneurs.

Who should read this report? - This report is designed to help social entrepreneurs benchmark their organisation against fellow social enterprises in Hungary. We hope the report can help social enterprises to better place their organisation (e.g. what makes it distinct; readily spot differences and similarities with their peers). The report will also be useful for support organisations and policy makers to obtain an overview of social enterprises in Hungary. If this report can be put to any other good uses, we would be most delighted. Of course a rich database like ours contains many more insights and policy implications, which will soon be published on www.seforis.eu.

Please feel free to contact us with any questions or remarks. Below you will find the contact details of Orsi Tarjanyi, SEFORIS Country Manager for Hungary and Marieke Huysentruyt, Principal Investigator and President of the Academic Advisory Board of the SEFORIS Project. If you would like to read the other country reports or find out more about the other research initiatives within SEFORIS, please visit our website: www.seforis.eu.

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SOCIAL ENTERPRISES IN HUNGARY

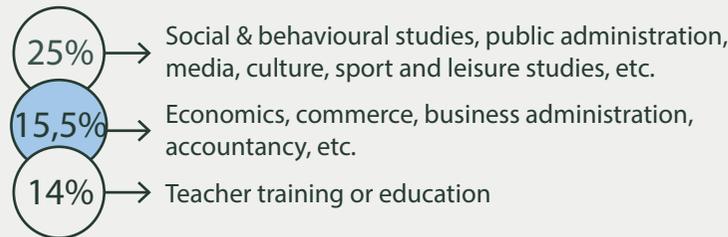
How to read this report?

At the beginning of each topic section, we briefly recap what we measured and how to interpret the data summarised in the graphs or visuals. In case you are interested in more detail on how we analysed the information, you will find a more detailed description in the 'methods' boxes. We interviewed 122 social enterprises in Hungary. Please note though that the total sample size we base this report on varies slightly across the different sections; this is due to some missing data, some questions not being applicable to all social enterprises, and some questions having multiple answers.

CEO PORTRAIT - HUNGARY



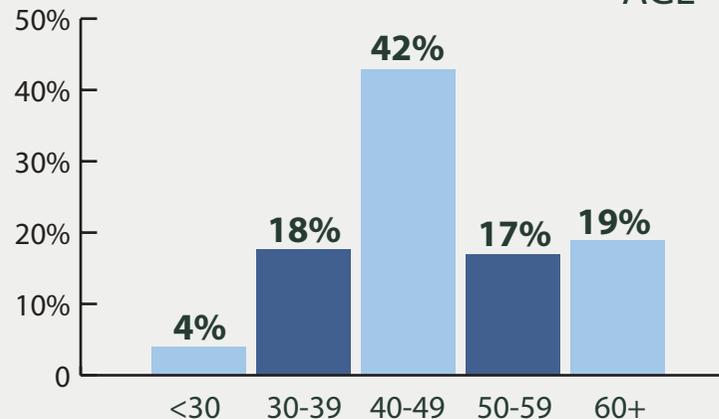
EDUCATION AREA (Top 3)



EDUCATION DEGREE (Top 3)



AGE



average age



122 social enterprises

GENDER



note: 2 CEOs did not disclose their gender

1. ORGANISATIONAL GOALS: MISSION AND VISION

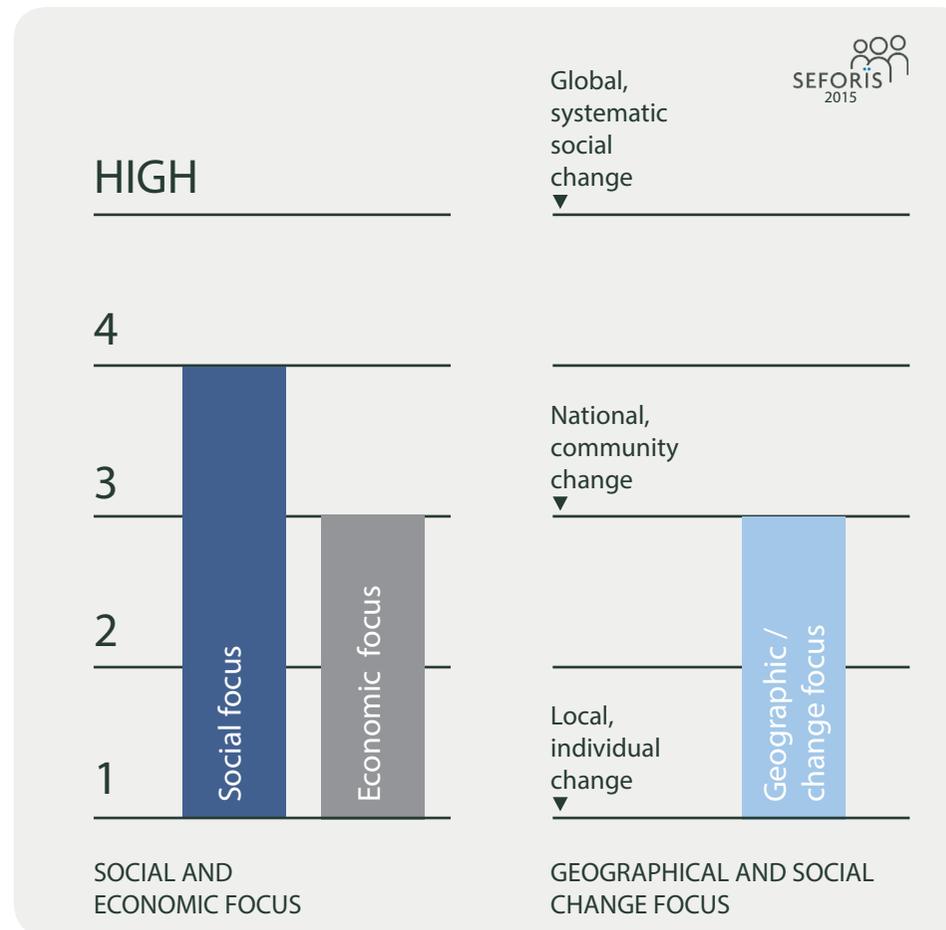
A distinct feature of social enterprises is their pursuit of social goals. We were interested in capturing the goals that social enterprises aim to achieve more broadly and so asked social entrepreneurs to tell us about their organisation's mission and vision.

Figure 1 presents evidence on three categories of organisational goals (see also Methods Box A for more detail):

1. Social goals – capturing to what extent an organisation focuses on achieving societal change.
2. Economic goals – capturing to what extent the organisation focuses on economic success and financial viability such as developing revenue-generating activities to cover its costs and generating surpluses.
3. Geographic and social change focus – capturing to what extent the organisation works locally vs. internationally and aims to transform and empower individuals, communities or society as such.

The survey conducted led us to capture the predominance of social focus to organisations' missions and visions. Hungarian social ventures expressed strong social goals as main purpose

for their activities. While driving social change is highly recognized, the economic focus benefits of a more moderate importance as source of concern to Hungarian social organisations. Finally, Hungary's case highlights their tendency to conduct change at a rather regional to national scale by empowering communities and specific groups of the population.



◀ Figure 1: Organisational Goals – Mission and Vision. Note: N=122. See Methods Box A for more information.

METHODS BOX

A

A mission elaborates on an organisation's purpose of being and captures organisational goals, while a vision captures the closely related goals an organisation strives to achieve in the future. SEFORIS analysts scored mission and vision reports of the interviewed social enterprises using a total of 8 rating scales (scores ranged from 1 to 5). The rating scales were developed based on extant theories of social enterprise and

previous research into organisational goals. We factor-analysed the ratings to summarize the 8 scales according to their common underlying dimensions. The three underlying dimensions are: social goals, economic goals and geographic focus. These dimensions are summarised above and are described in more detail below.

The dimensions reflect:

1) SOCIAL GOALS

A score of 5 reflects strong social goals, in that the organisations mission and vision centre entirely on the alleviation of a social issue. This is reflected in great concern about the well-being of others, social justice concerns and/or environmental concerns. A high score in this dimension also reflects that the organisation had specified a theory of change, i.e. the logic of how it works to bring about societal change. A score of 3 reflects moderate and less specific social concerns, for instance when the target group or the social issue which the organisation aims to deal with are not clearly specified. A score of 1 reflects virtually no social goals.

2) ECONOMIC GOALS

A score of 5 reflects strong economic goals, in that the organisation's mission and vision put a high emphasis on economic success and financial viability of the organisation, such as earning high profits which can then be used to grow the organisation and scale social impact. A score of 3 reflects moderate economic goals, for example when the organisation addresses a social issue in a self-sustainable way such that it covers all its costs through own revenue-generating activities. A score of 1 reflects low concern for self-sustaining economic success, as is often the case with pure non-profits which are close to 100% grant financed or subsidised.

3) GEOGRAPHIC AND SOCIAL CHANGE FOCUS

A score of 5 reflects that the organisation operates internationally (across continents). Our analysis finds that these organisations typically aim for systemic societal change, i.e. aim to change society as such and in a way that the social issue that the organisation addresses would no longer exist. A score of 3 reflects that the organisation aims at community change, typically at a national level. In other words the organisation seeks to transform a community or segment of the population, with the aim of empowering that group. A score of 1 reflects that the organisation aims to change and empower individuals. These organisations typically work locally, e.g. within a certain city or town (not a region).

2. OPERATIONAL MODEL OF MAIN ACTIVITY

Industrial sectors

While social entrepreneurs in Hungary typically combine 3 to 4 core activities, we focus on the most important activity only. The services or products that result from those main activities can be ranged in different industrial and social sectors.

The first point to note is that the main social entrepreneurial activity in Hungary spans a broad range of industrial sectors. Secondly, 60% of Hungarian social enterprises have either developed a main activity in the 'community and social services', whose importance (from 11% to 44%) strongly rose over 5 years, or the 'health and social work' industrial sector. The first two industrial sectors are closely followed by 'education'. Unlike in the Western European countries we study, few social enterprises in Hungary provide business services.

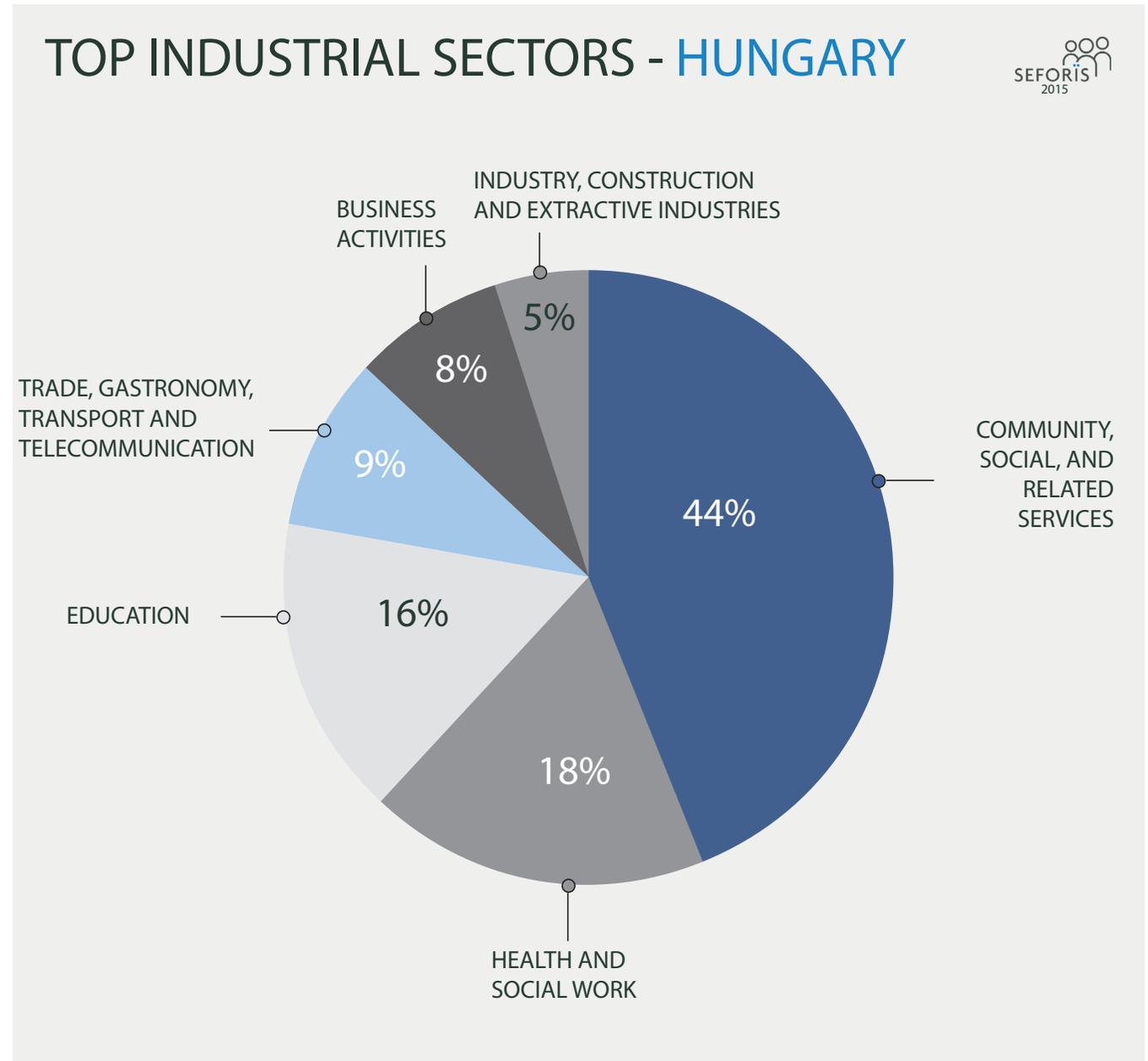


Figure 2a: Top Industrial Sectors. Note: N=122. ► We used the the 'statistical classification of economic activities in the European Community" (NACE). See Methods Box B for more information.

OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

Social sectors

Interestingly, the social sectors to which Hungarian social enterprises' main activities belong are as diverse and relatively similar to the industrial sectors above-mentioned. Indeed, 'social services' (27%) and 'health' (12%) sectors represent, respectively, the first and third highest concentration of main social activity. Like the 'health' social sector, 'development and housing' (24%) have significantly grown in proportion amongst Hungarian social enterprises' most important activity.

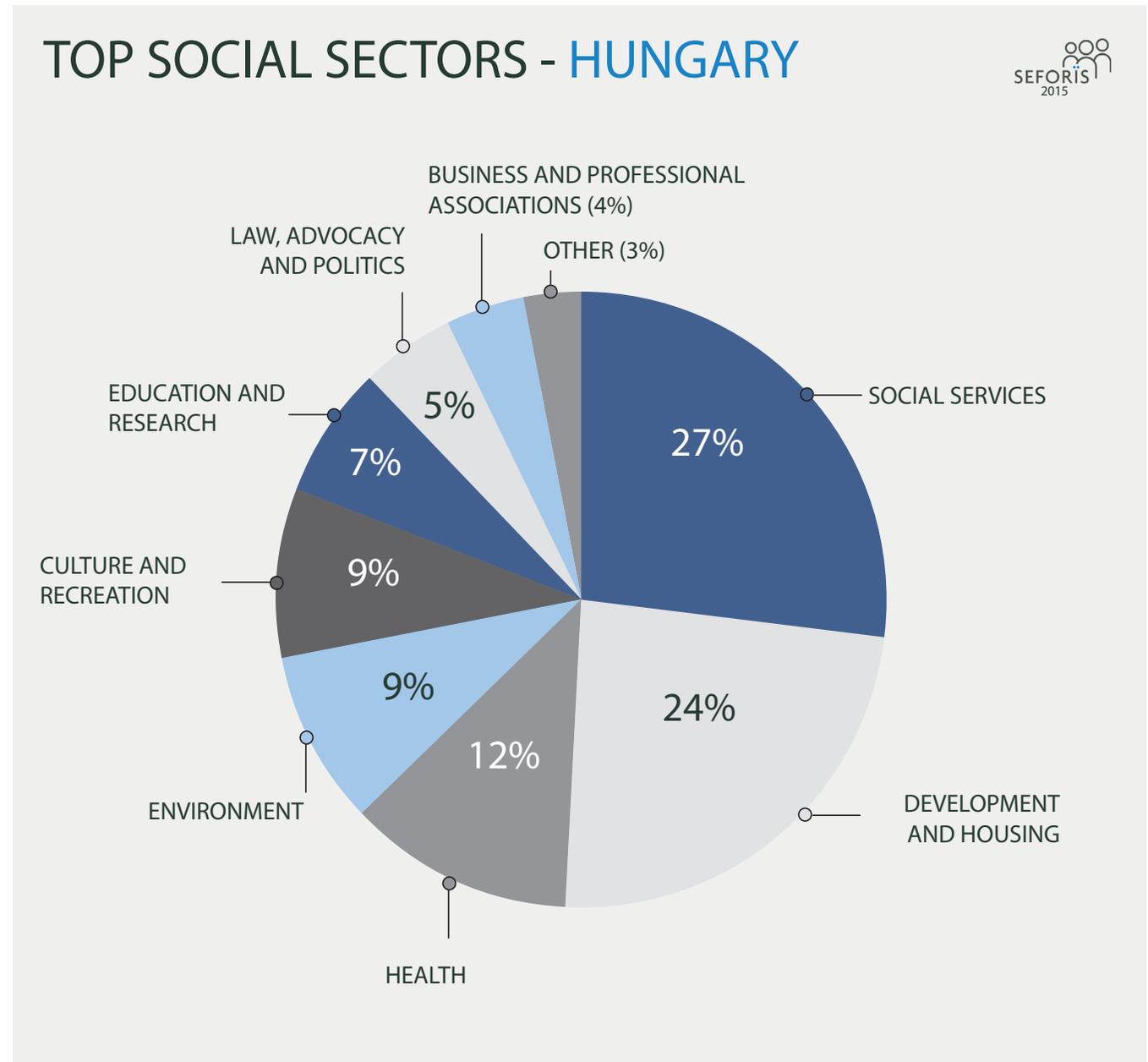


Figure 2b: Top Social Sectors. Note: N=122. ►
We used the International Classification of the Nonprofit Organisations (ICNPO). See Methods Box B for more information.

METHODS BOX

B

Social enterprise represents a unique hybrid organisational form that combines aspects of charity and business at its core. To help give you a sense of the range of activities that the surveyed social enterprises undertake, we therefore draw on two established classification systems.

- 1 Industrial sectors**

The Statistical classification of economic activities in the European Community, abbreviated as NACE, was developed since 1970 in the European Union and provides a framework for collecting and presenting comparable statistical data according to economy activity at European and in general at world level.
- 2 Social sectors**

The International Classification of Nonprofit Organisations (ICNPO), was developed in the early nineties through a collaborative process involving the team of scholars working on the John Hopkins Comparative Nonprofit Sector Project and provides an effective framework for classifying non-profit organisations across countries.

OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

Operational models

To realize their main activity, Hungarian social enterprises tend to combine different operational models. There is a strong emphasis on sales, often to cross-subsidize a social program and embed it in a cooperative model.

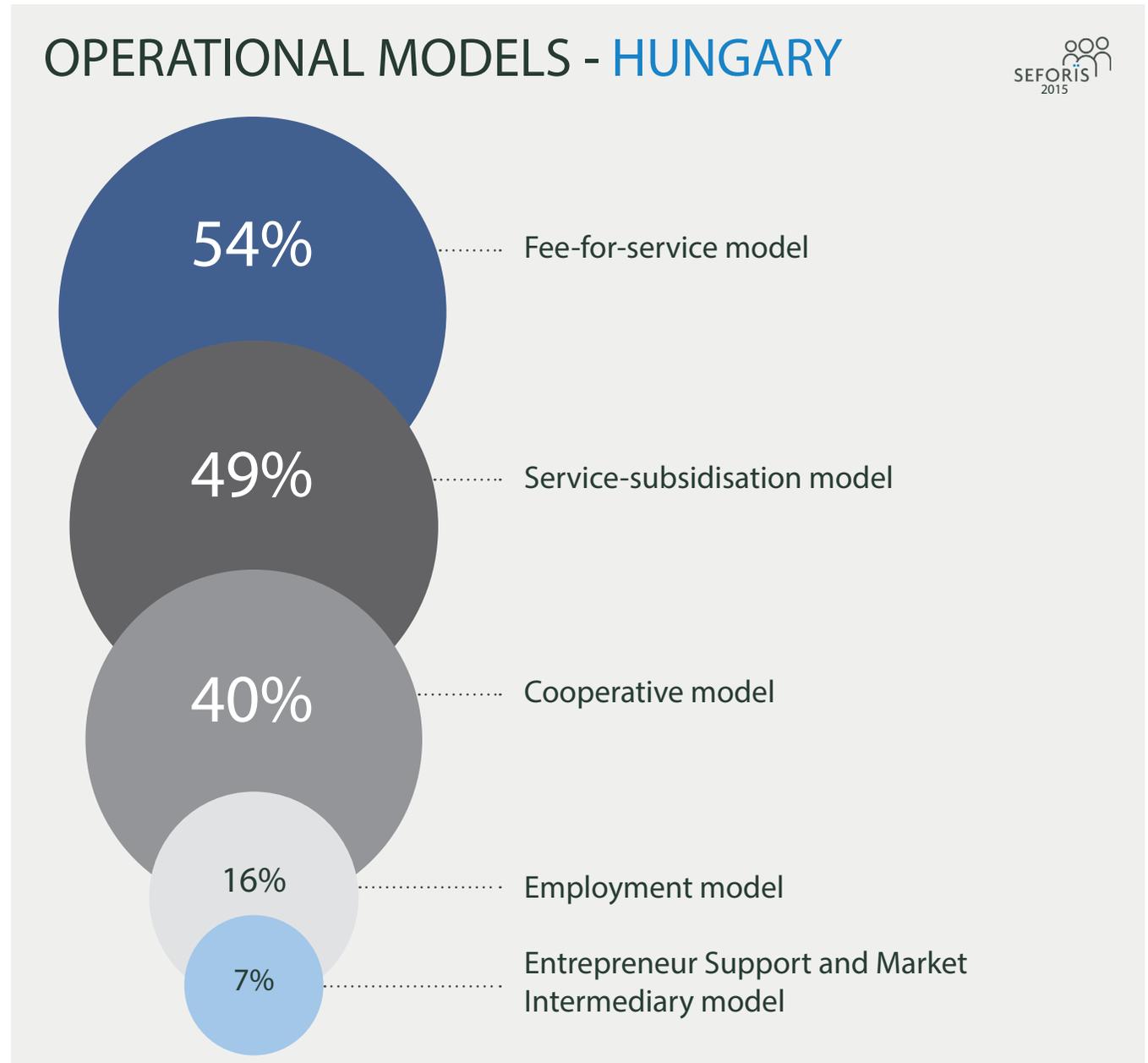


Figure 2c: Top Models. Note: N=122. We adapted the typology of operational models developed by Alter (2008). See Methods Box C for more information. ▶

METHODS BOX



Operational models illustrate configurations of how organisations create social value (societal impact) and economic value (earned income). They are designed in accordance with the social enterprise's financial and social objectives, mission, marketplace dynamics, client needs or capabilities, and legal environment. Fundamental models can of course be combined and enhanced to achieve

maximum value creation (Alter, 2008). Our analysts recorded social entrepreneurs' answers verbatim, and used these answers to identify the enterprise's main operational model.

1. Entrepreneur-support & market-intermediary model

a) The Social Enterprise selling business support and financial services to its target population or "clients," which are other self-employed individuals or firms. Social enterprise clients then sell their products and services in the open market. Income generated through sales of its services to clients are used to cover costs associated with delivering the support services and the business' operating expenses.

b) Similar to a), the SE providing services to its target population/clients, small producers (individuals, firms or cooperatives), to help them access markets. The SE services add value to client-made products, typically these services include: product development; production and marketing assistance; and credit. Unlike a) the

market intermediary SE purchases the client made products or takes them on consignment, and then sells the products in high margin markets at a mark-up.

2. Employment model

The Social Enterprise provides employment opportunities and job training to its target populations or people with high barriers to employment such as the disabled, homeless, at-risk youth, and ex-offenders. The SE operates as an enterprise employing its clients and sells products in the open market.

3. Fee-for-service model

The Social Enterprise commercialises its social services, and then sells directly to the target populations or "clients," individuals, firms,

communities, or to a third party payer. Income generated through fees charged for services.

4. Service-subsidisation model

The business and social function of the social enterprise are separate. The SE sells products or services to an external market and uses the income it generates to fund its social programs.

5. Cooperative model

The Social Enterprise provides direct benefit to its target population/clients, cooperative members, through member services: market information, technical assistance/extension services, collective bargaining power, economies of bulk purchase, access to products and services, access to external markets for member-produced products and services, etc.

OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

Primary beneficiaries

The most common primary beneficiaries are people with mental or physical disabilities' Hungarian social enterprises have been helping three main target groups: people with mental or physical disabilities, citizens and children and youth. The rest have been involved with other types of groups such as mainly: other social organisations or enterprises, unemployed, the elderly, migrants, and many others.

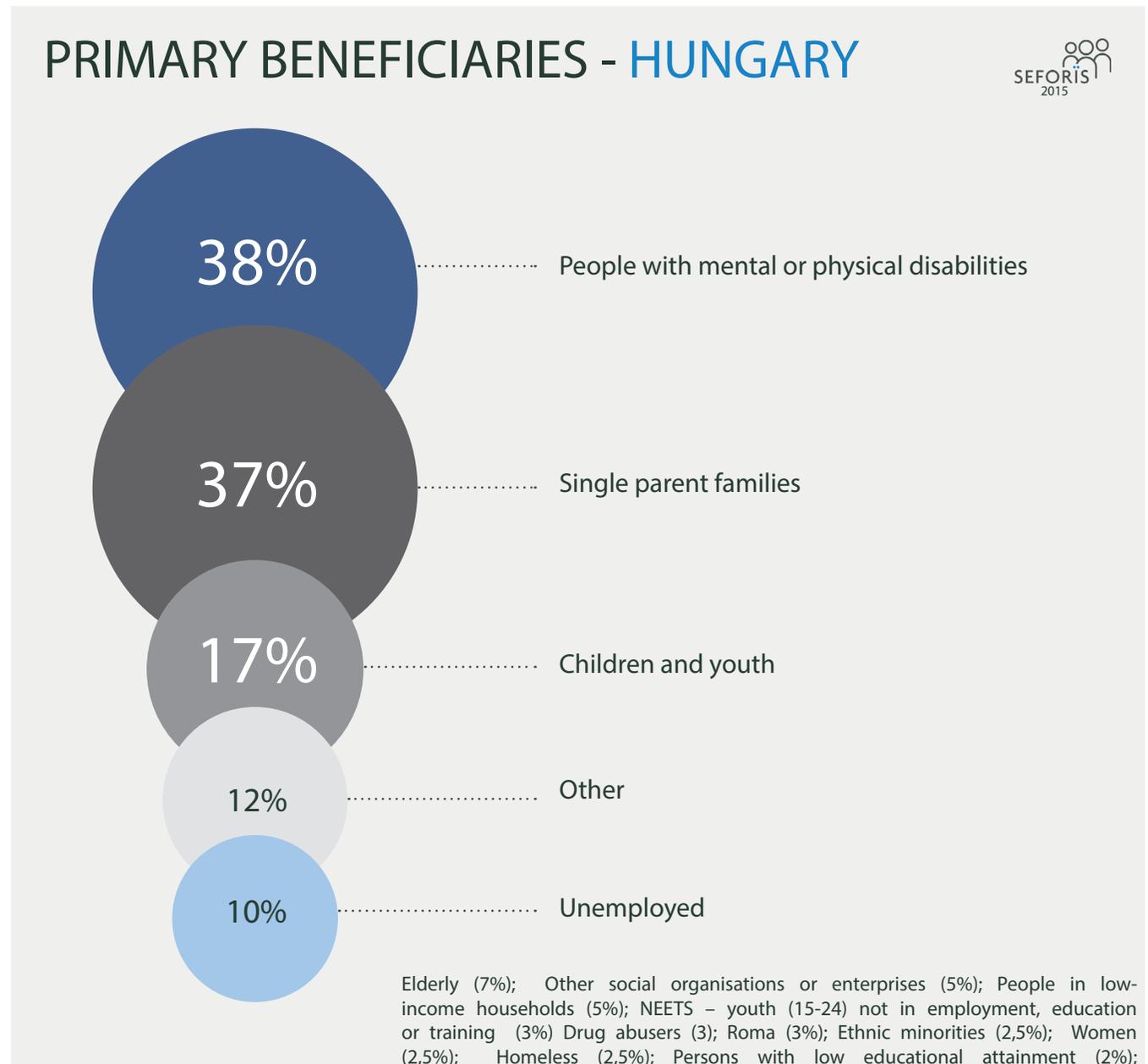
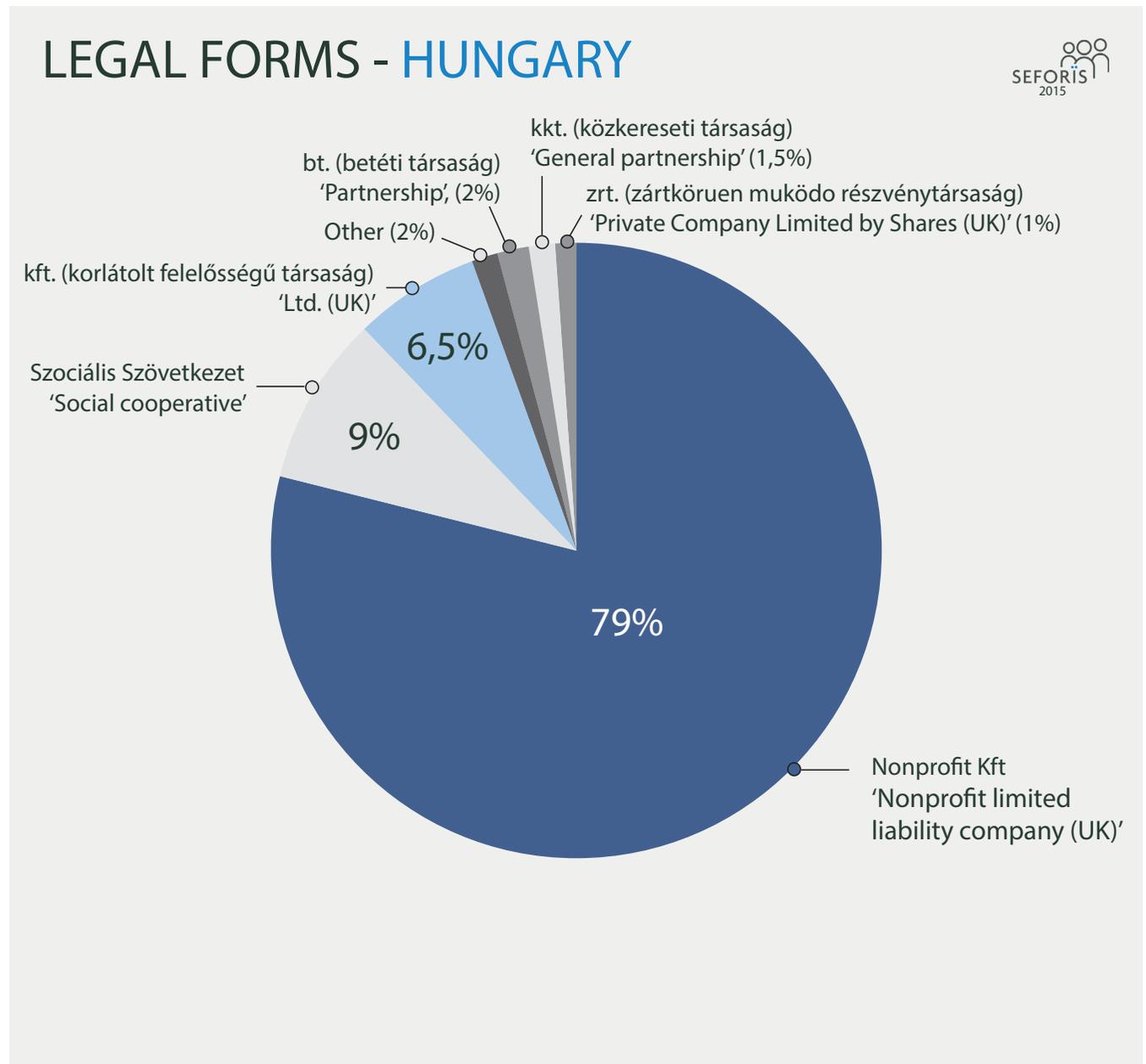


Figure 2d: Primary beneficiaries. ►
Note: N=122.

3. LEGAL FORMS

Hungarian social enterprises typically adopt one legal status only unlike other western countries where social enterprises might choose two. The largely dominant legal form is the 'Nonprofit kft', which is similar to the 'Nonprofit limited liability company' from the UK, with 79%. Then, about 9% opt for the 'Szociális Szövetkezet' ('Social Cooperative') entity whereas nearly 7% operate under the 'korlátolt felelősségű társaság' legal form; kft. being similar to the British 'Limited Company'.



4. ALIGNMENT

Clearly, the poor number of observations indicates that Hungarian social entrepreneurs are not conscious of the mechanics of societal and economic impact, and how they interact. Nonetheless, enterprises that answered have significantly integrated the economic dimension within their business models as more than a third report having a very large alignment between their revenue-generating strategy and their social impact activity. This even reaches more than 50% when considering a large alignment. Hence, many social enterprises have based their social impact creation strategy on revenue generating activities as confirmed by the average alignment of 3,7. Results indicate that social enterprises have adopted stronger economic orientation over the years as the alignment level was of 3,1 back in 2010.

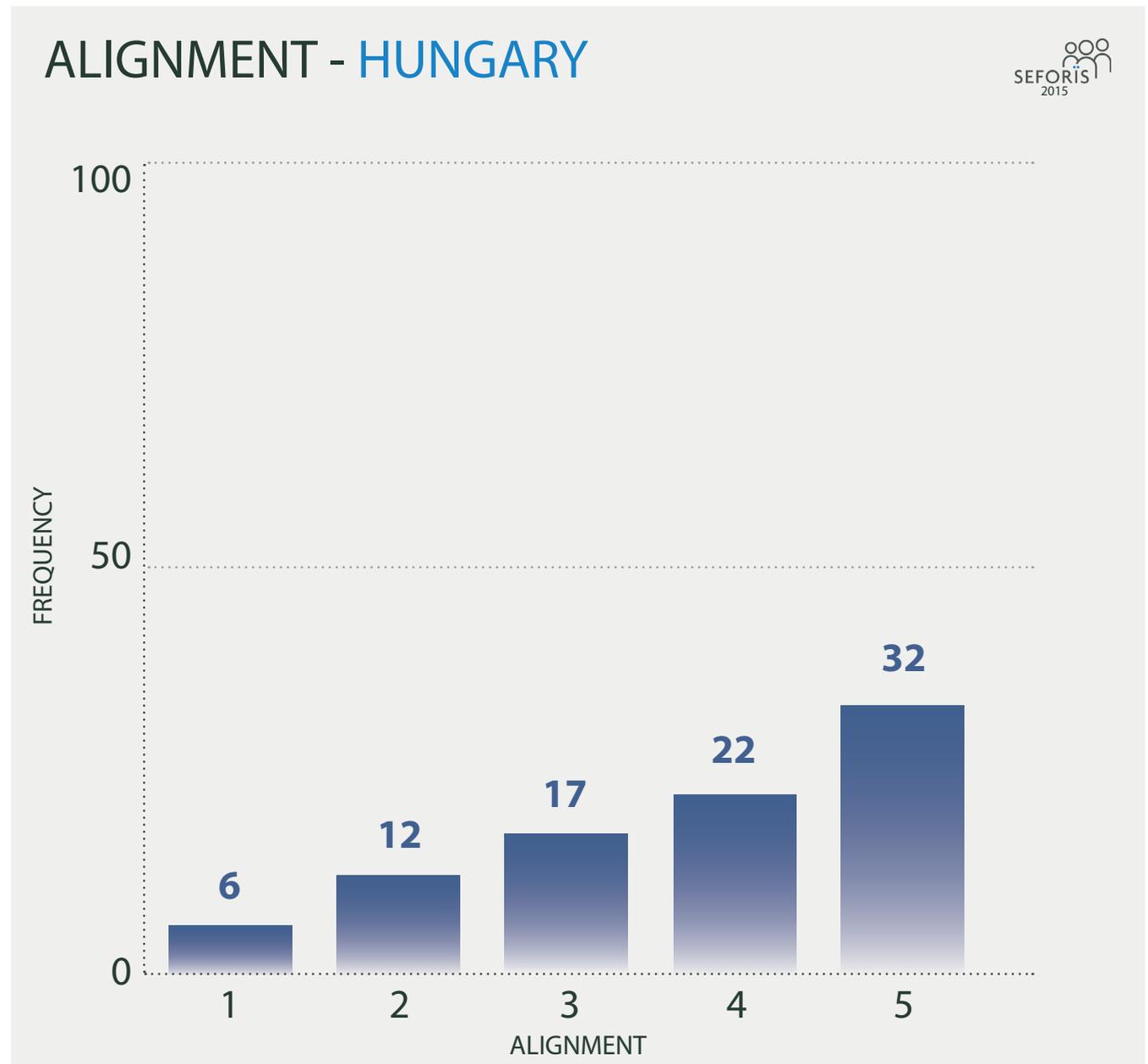


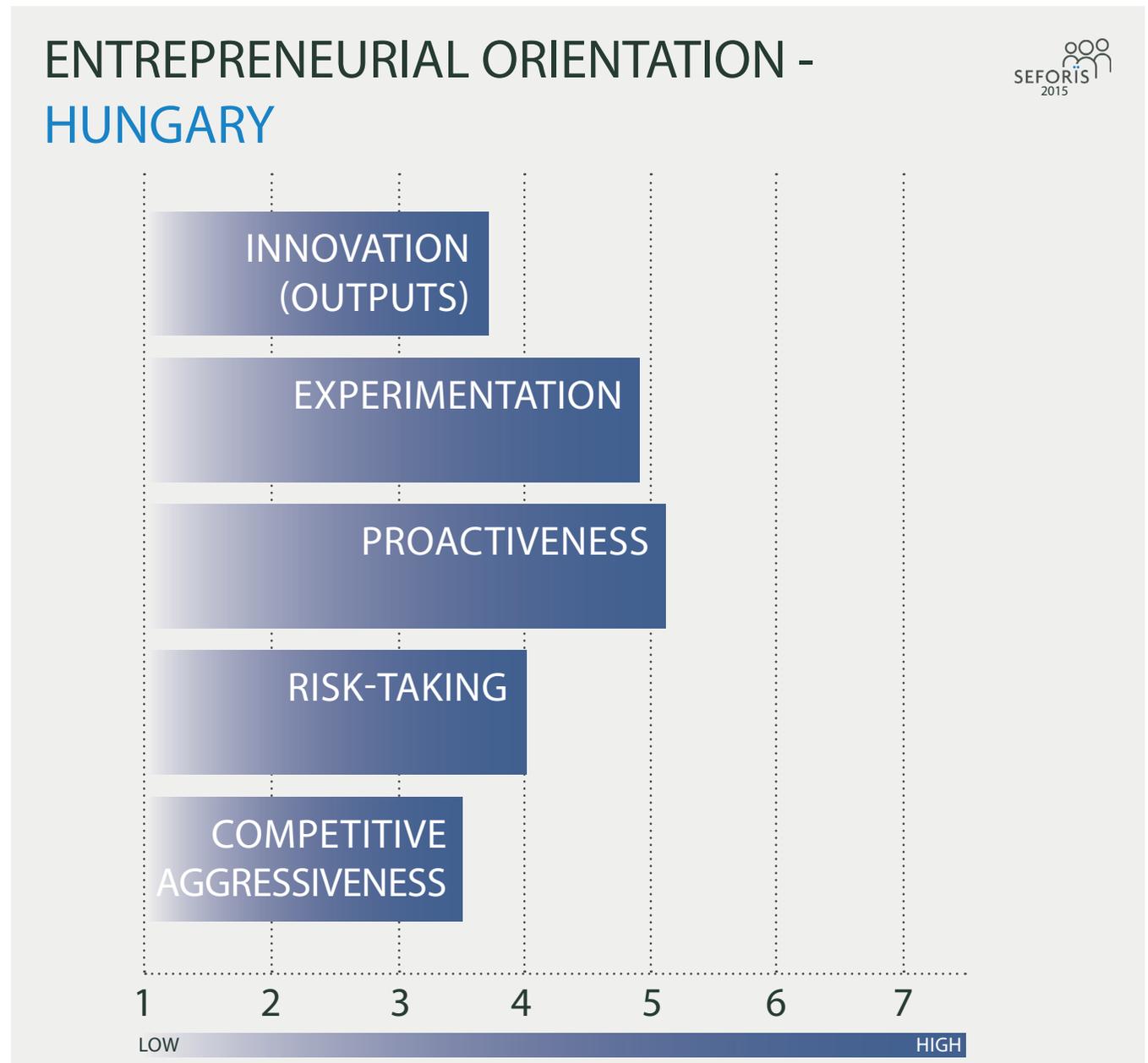
Figure 4: Alignment between Revenue-generation Activity and Social Impact Activity. Note: N=89.

5. ENTREPRENEURIAL ORIENTATION

We were particularly interested in the entrepreneurial orientation of social enterprises in the survey. In line with the literature, we gathered data on the five main components of entrepreneurial orientation: innovation, experimentation, proactiveness, competitive aggressiveness and risk-taking.

Hungarian social enterprises report being fairly innovative; introducing occasionally innovations in the market such as new products, services and processes. However, this moderate innovative stance is offset by their eagerness to experimenting, meaning that they try new ways of doing things such as developing unique methods and processes to solve problems. This is supported by a high proactiveness and risk-taking attitudes in the sense that they are typically introducing products, services and processes in their activity ahead of similar organisations and/or competitors. Nonetheless, as indicated by their low score in competitive aggressiveness, Hungarian social enterprises do not intend to fiercely compete against their peers, supporting their collaborative nature and primary anchoring in the non-profit sector.

Figure 5: Breakdown of Entrepreneurial Orientation in its Five Components. Note: Innovation, N=115; Experimentation, N= 114; Proactiveness, N= 98; Risk-taking, N= 104; Competitive Aggressiveness, N=100. See Methods Box D for more information.



METHODS BOX

D

Organisations are typically understood to have an 'Entrepreneurial Orientation' when they act in the following ways (e.g. Rauch, Wiklund, Lumpkin and Frese, 2009):

- Components of Entrepreneurial Orientation (EO):**
- 1 They regularly introduce innovations in the market such as new products, services and processes.
 - 2 They experiment with new ways of doing things such as developing unique methods and processes to solve problems.
 - 3 They behave proactively in the market, i.e. they are typically the first organisations to introduce a new product, service or process in the market – ahead of similar organisations and/or competition.
 - 4 They are risk-taking, i.e. have a proclivity to engage in high-risk projects, and don't shy away from bold actions in uncertain situations.
 - 5* They have a competitive aggressive attitude, i.e. an attitude that prefers an aggressive stance toward similar and competing organisations rather than collaboration.

Investigating EO in Social Enterprises (SEs):

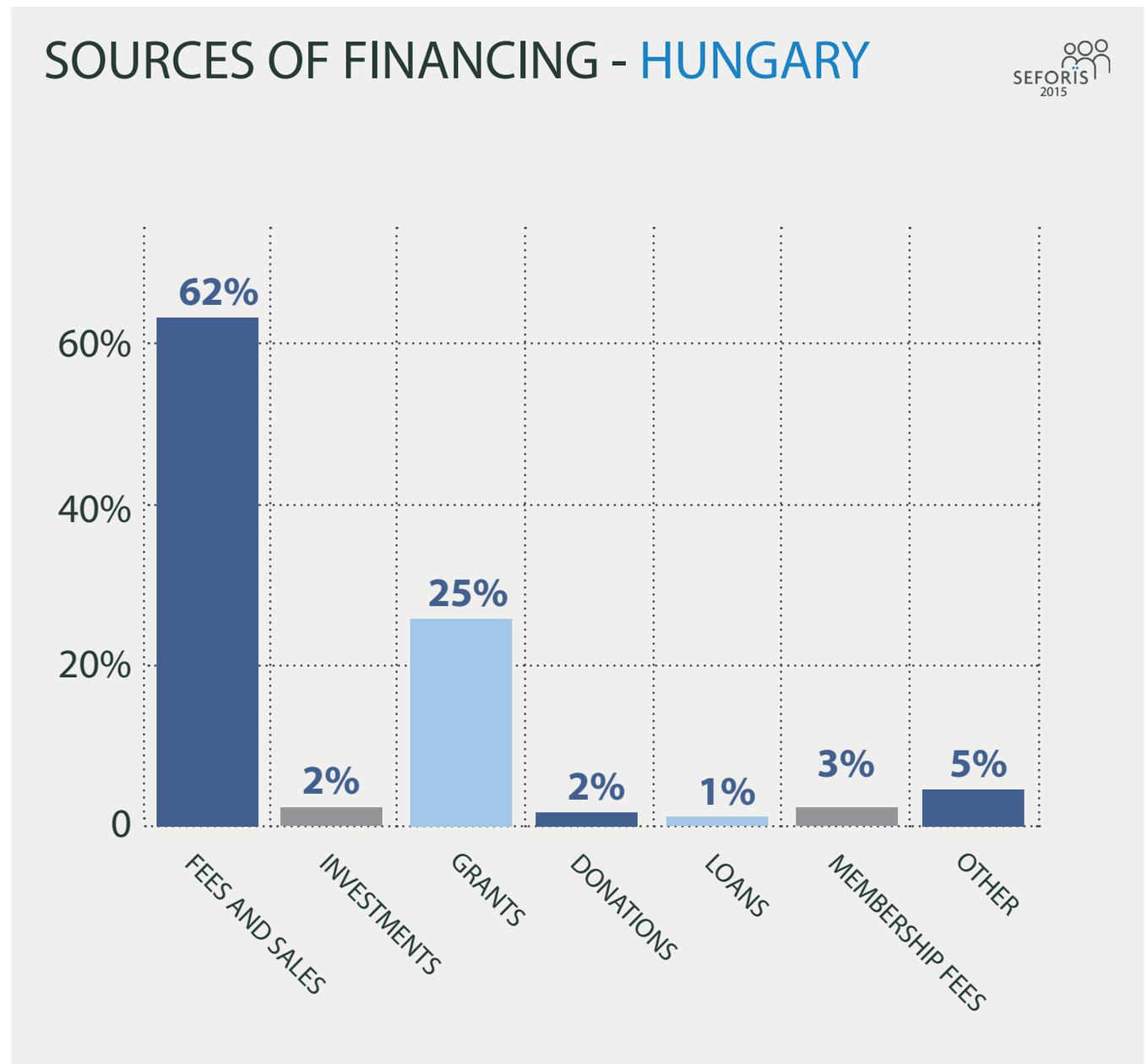
To obtain data on these four components, Innovation, Experimentation, Proactiveness and Risk-taking, we derived a series of questions from well-established measures of entrepreneurial orientation, commonly used in business studies. Social entrepreneurs were asked to indicate on a scale from 1 to 7 how much their organisation behaved like described in each of those questions. Statistical analyses such as factor analyses confirmed that these four aspects of entrepreneurial orientation were indeed meaningful in the context of social enterprises in Hungary.

* Competitive Aggressiveness and SEs

Interestingly, competitive aggressiveness, emerged as a distinct aspect, not at all associated with the standard four aspects of a social enterprise's entrepreneurial orientation. This suggests that the entrepreneurial orientation profile of social enterprises shares with that of commercial enterprises the emphasis on innovation, experimentation, proactivity and risk-taking, but is also distinct since an aggressive stance towards competition, i.e. one in which an enterprise tries to 'outcompete' and 'fight' similar organisations in a field, is not integral to the entrepreneurial behaviours of social enterprises.

6. SOURCES OF LIQUIDITY

Today, Hungarian social enterprises predominantly rely on revenue-generating activities to finance their operations. Interestingly, five years ago, this was not the case, with grants playing a more substantial role and the significance of sales that were almost halved compared with 2014 figures. Such results confirm the stronger economic orientation and entrepreneurial mindset recently adopted in Hungary. Besides, it is interesting to mention a unique peculiarity of the country. Taxpayers in Hungary can donate 1% of their personal income taxes to an approved charity of their choice and 1% to an approved church of their choice. This may be a considerable source of income for many organisations.



CASE: NEM ADOM FEL ALAPÍTVÁNY

CEO

Dely Géza

MISSION

The primary objective of Nem Adom Fel (Never give up) Foundation is to help disadvantaged members of the society rehabilitate to work on their own. We also strive for the community's better future by recognizing their own values, possessing self-trust and self-esteem and being independent. We want to push them to become people actively involved in the creation of a spiritually strong and responsible society in Hungary

ZOOMING IN ON 'SOURCES OF LIQUIDITY'

The Foundation was launched with a small capital of 400.000 Ft- 10 years ago. Now it employs over 100 people, and 90% of the employees are disabled. We perceive the change of thinking as biggest social impact we achieved: our friends living with any type of disability are not thought of as people requiring help but as employees tempered in struggles, having various experiences, who can be very effective partners in making us a better world to live in! The foundation puts a big emphasis on diversifying the sources of income, and securing smooth financing for the organisation, while creating meaningful jobs for the beneficiaries. Besides the already existing income sources – government grants, company and individual donations, providing cleaning and gardening services, sensitising company trainings and home-care services, in 2016 the foundation opened the first Café in Budapest, which was founded and is run by people with disabilities.

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Everyone is wealthy enough to help others, you just have to turn to others and the whole world with joy and open heart. //

Dely Géza, CEO Nem Adom Fel Alapítvány



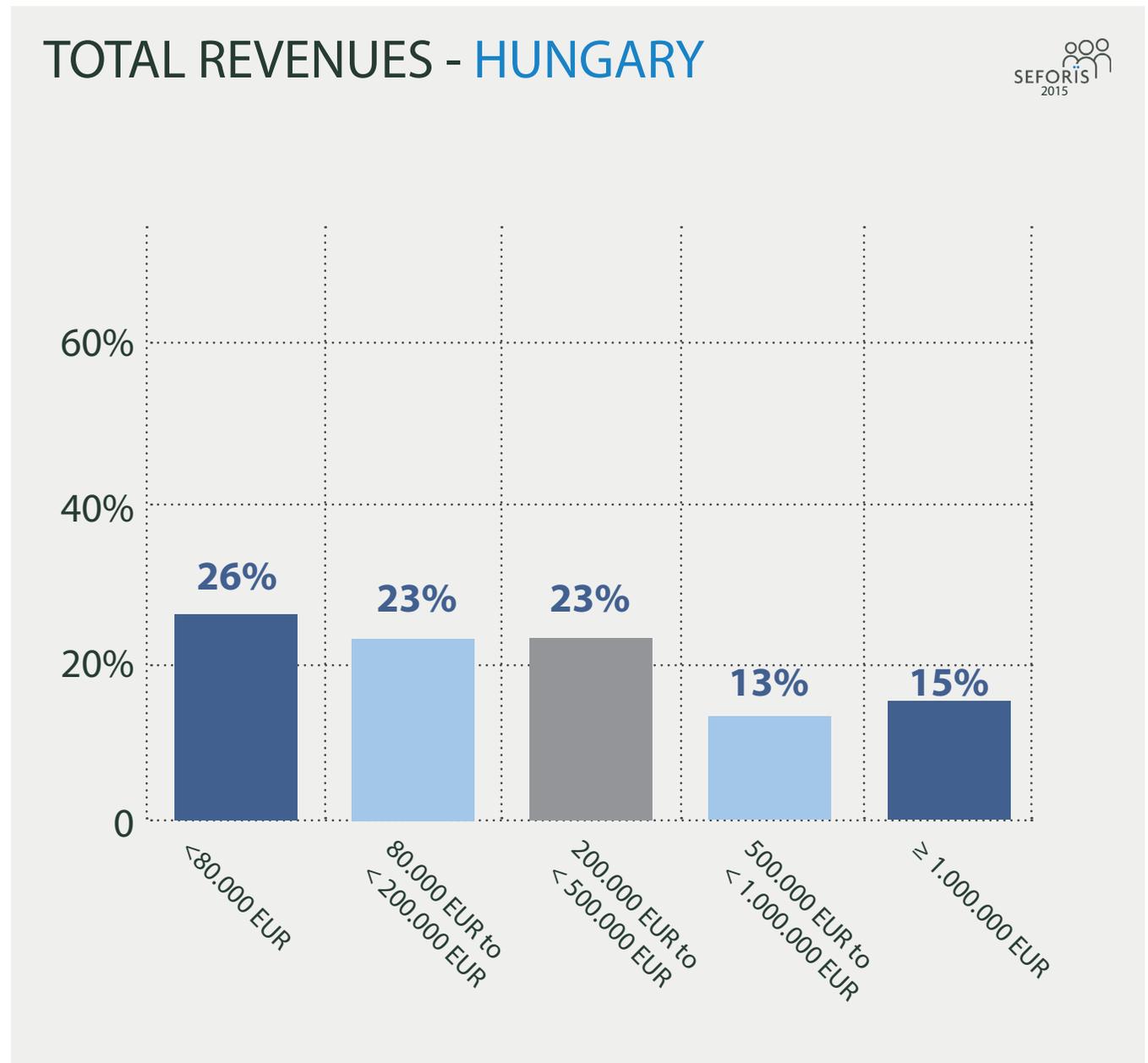
7. REVENUES

Total revenues in 2014

Hungarian social enterprises seem fairly evenly distributed across the different revenue categories; when merging the last two categories. Slightly more than a quarter of our sample reported annual revenues of at least or more than 500.000EUR whereas nearly the same proportion (26%) is unlike the previously mentioned organisations given that they generated less than 80.000EUR. The remaining social enterprises mostly belong to the two equal-sized groups of from 80.000EUR to less than 200.000EUR and from 200.000EUR to less than 500.000EUR.

Interestingly, within 5 years, the proportion of social enterprises over 1 million EUR rose by 3% while the enterprises generating less than 80.000EUR dropped by 12%.

Figure 7a: Total Revenues (EUR) in 2014. Note: N=112. Figure shows percentage of social enterprises in each revenue category. The answers were given in Hungarian forints, which we converted into EUR using exchange rate of 1 EUR = 308.71 HUF (2014). Revenue categories were chosen taking into account revenue development across the entire sample of analysed countries. According to Eurostat, GDP per capita in Hungary in 2014 was 10.500 EUR or 68% in PPP (percentage of EU28).



REVENUES (CONTINUED)

Change in revenues (2013 to 2014)

The majority of social enterprises experienced zero or positive growth in revenues. Half of Hungarian social ventures reported constant revenues while 22% even strongly grew theirs. Yet, more than 1 out of 4 faced revenue depletion over one year with 11% that have seen their revenues deteriorate by more than 20%. This fact highlights the economic difficulties encountered by some actors of the field especially as social enterprises losing revenues have increased by 5% in comparison with 2010 figures.

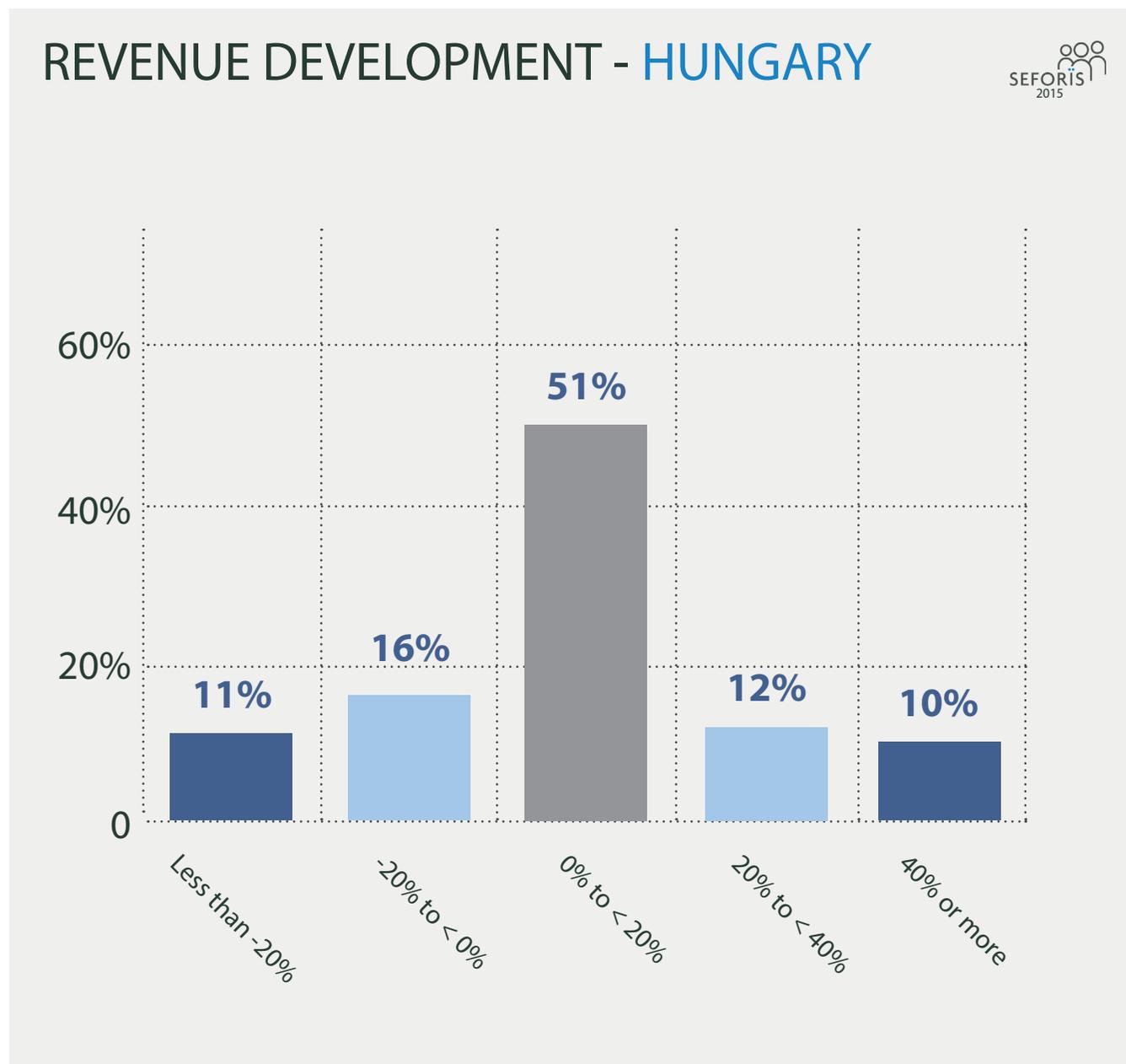


Figure 7b: Revenue Change from 2013 to 2014. ►
Note: N=108. Figure shows percentage of social enterprises in each category.

8. AGE AND LABOUR FORCE

Organisational age distribution

Through the survey, organisations were asked when they were formally established by registering with the appropriate government agency. The overwhelming majority of social enterprises are over 5 years old. This high share is likely to be in part due to the panel dimension of our survey. However, it suggests that the recent institutional and macro-economic context has not been particularly favourable to the emergence of new social enterprises. although the government tried to push the development of 'social cooperatives'. Organisations of 4 years old or below used to represent 19% of social enterprises in 2010, this number has dropped to 5%. We observe a fairly high share of social enterprises that have managed to maintain their existence for over 20 years now.

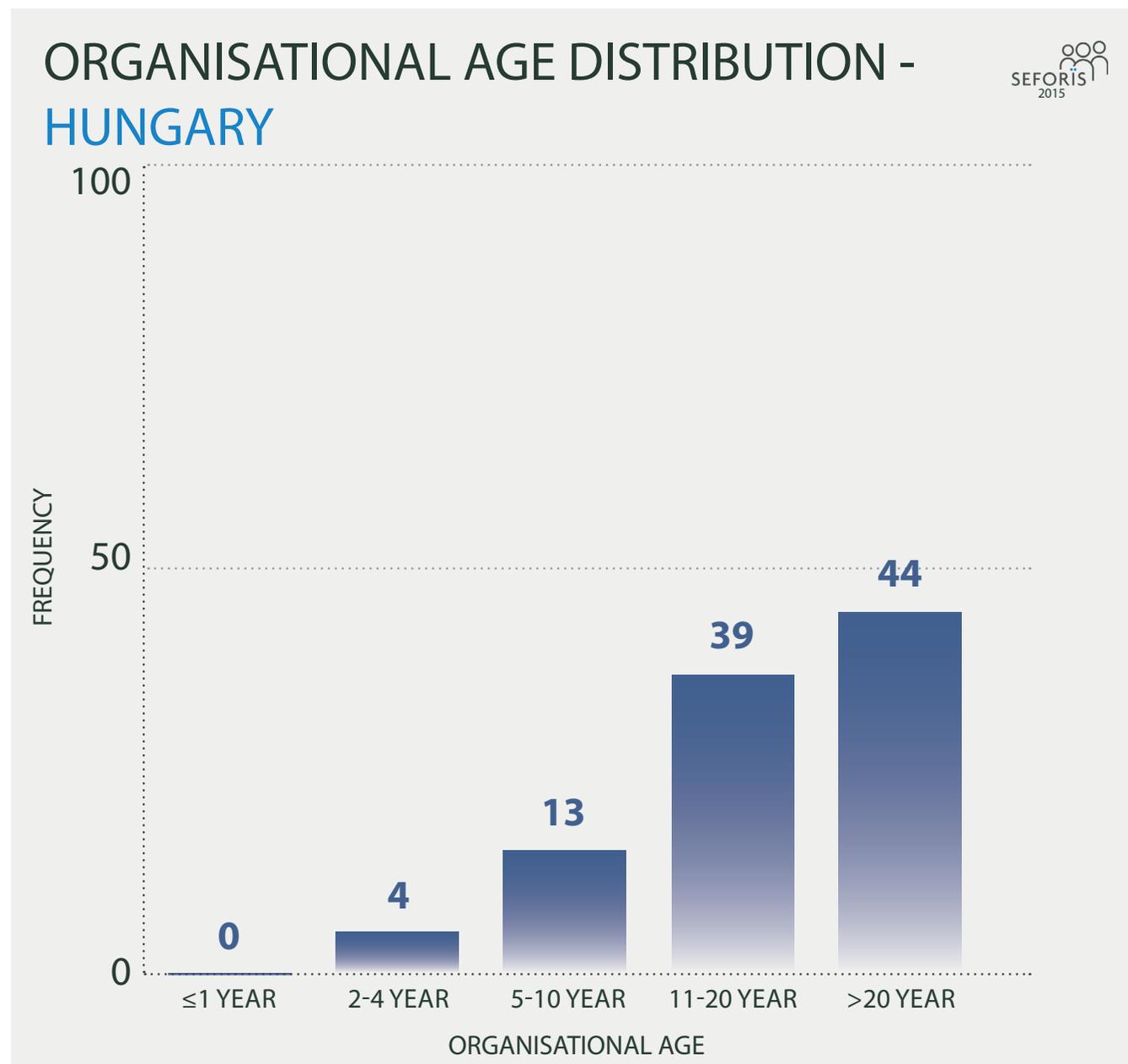


Figure 8a. Organisational Age. Note: N=118. ▶

AGE AND LABOUR FORCE (CONTINUED)

Number of Full-Time Equivalentents (FTE)

It turns out that Hungarian social enterprises are usually small or medium-size enterprises with 82% reporting having less than 50 FTEs. Half of the sampled social enterprises count less than 10 full-time equivalentents (FTEs). On the other hand, 13% employed 50 FTEs or more.

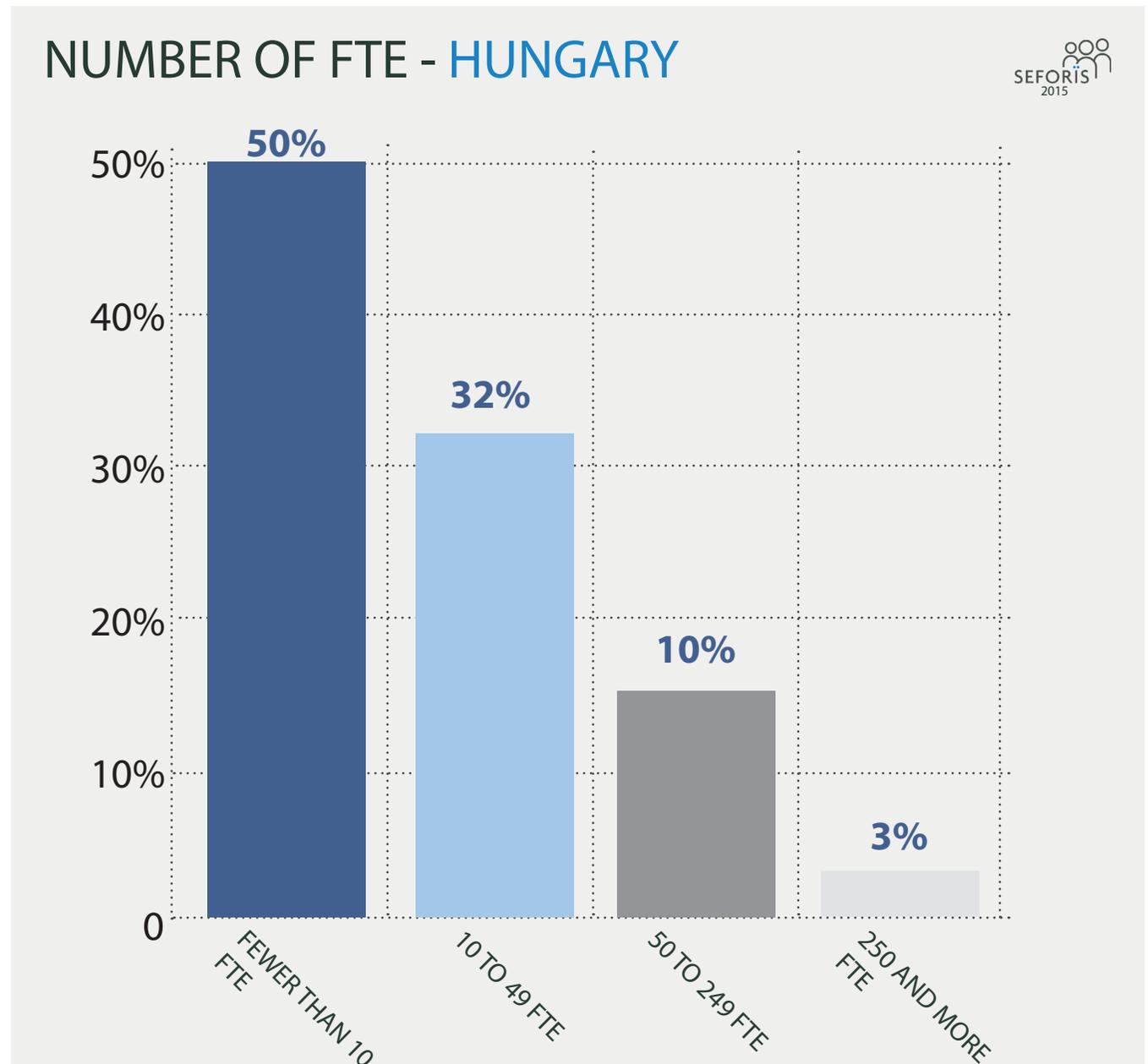


Figure 8b. Number of Full-time Equivalentents Employed (not including the owners). Note: N=121.

AGE AND LABOUR FORCE (CONTINUED)

Number of volunteers

Regarding the number of volunteers, more than half (55%) of the interviewed social enterprises utilise the support of less than 10 volunteers while slightly more than one-fourth (29%) do not utilise volunteers at all. Both categories have increased due to a drop in the proportion of organisations with 10 to 49 volunteers while organisations utilising 50 or more volunteers remained consistent with 2010 figures.



Figure 8c. Number of Volunteers Working at the Social Enterprise. Note: N=116. ▶

9. SOCIAL PERFORMANCE INDICATORS

It is first important to notice that just over half (56%) of the sampled organisations track their social performance, which indicates that Hungarian social entrepreneurs either do not understand the importance to assess their social impact or struggle tracking it. Whatever the reason, this low percentage underlines the persistent complexity to assess social performance. The main indicator (44%) used by participating organisations is the 'number of beneficiaries/clients served/attended', which is significantly more utilised than the next most used indicators: 'client and beneficiary satisfaction' (16%); 'social audits and local currency' (10%).

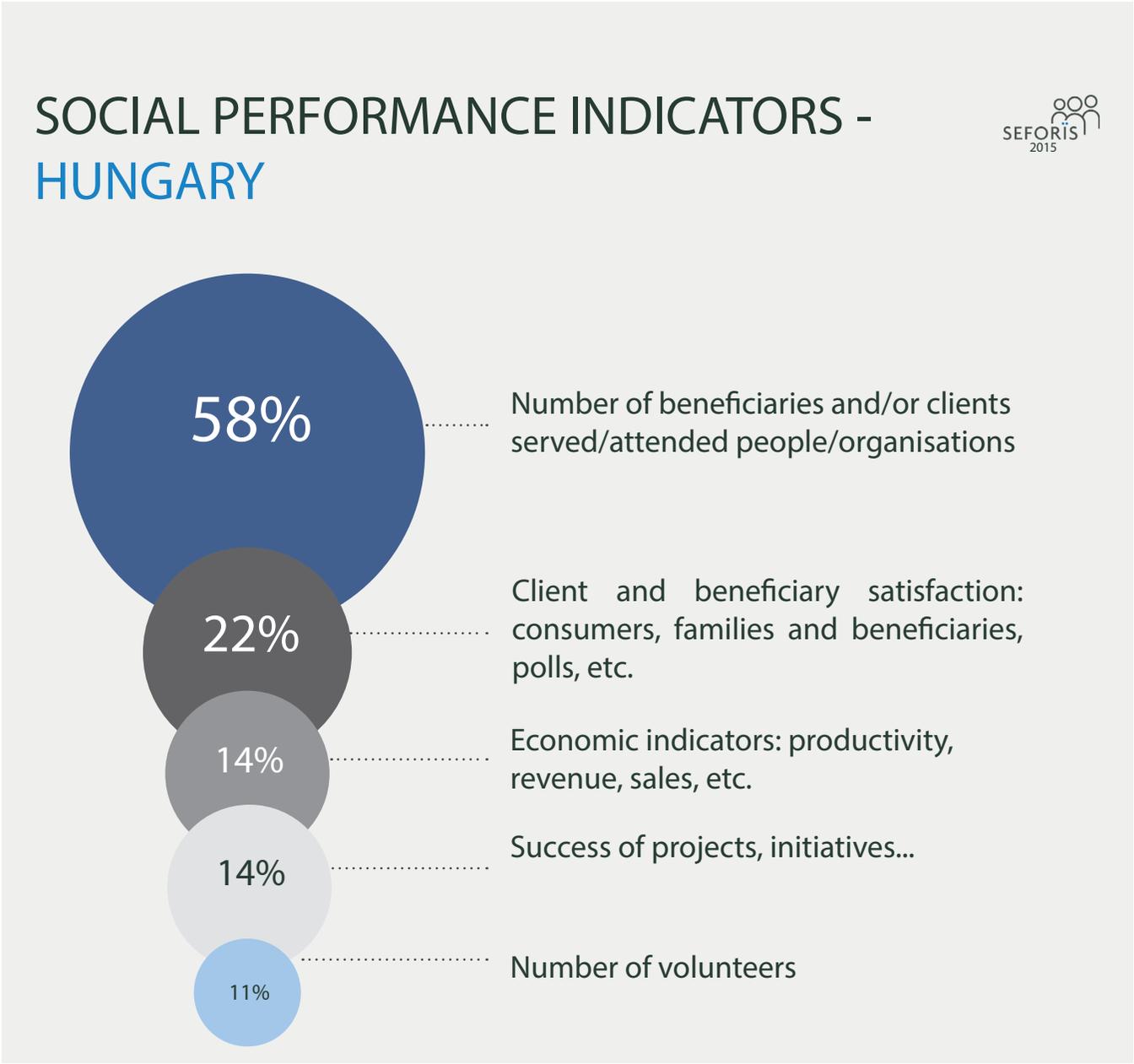


Figure 9. Top 5 Most Used Social Performance Indicators. Note: N=69.

CASE: ORSZÁGOS KID EGYESÜLET (DEBRECEN)

CEO

Balla Ildikó

MISSION

Reducing youth unemployment, assisting in labour inclusion as an umbrella organisation.

ZOOMING IN ON 'SOCIAL PERFORMANCE INDICATORS'

Since our foundation in 2005, our association strives to strengthen the engagement of civil organisations. Together with our 27 member organisations we foster to improve the labour market situation of jobseekers and young unemployed, and we support their social inclusion. Our association is continuously involved in informing, training, providing advocacy services for our member organisations and cooperating partners, and in the development of the youth target group. The operation of civil organisations working in the field of employment and youth requires flexible attitude which can be achieved only by continuous developments and updates. The professional cooperation with the National Youth makes this knowledge multipliable, it makes our organisation the basic source of information in this field.

Examples of indicators:

- Number of young people we have reached: 10.000 to 30.000 people
- Number of cooperating partners: 50 organisation above the 27 member organisations
- Number of our professionals: 60 experts

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Everything is wonderful, as you can make it a wonder just you have to notice!
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Balla Ildikó, CEO Országos Kid Egyesület



CASE: RETEXTIL ALAPÍTVÁNY (RETEXTIL FOUNDATION)

CEO

Angéla Thiesz

MISSION

The Foundation's mission is to provide therapy activities and art rehabilitation employment as well as to produce development tools for disabled people and parents of underdeveloped children.

ZOOMING IN ON 'SOCIAL PERFORMANCE INDICATORS'

Retextil means products made out of old clothes: fashion, furniture, decoration and therapeutic tools. Waste Art-cycling made by disadvantaged people. Disabled people and parents of underdeveloped kids not only prepare the products: with professional help, they also learn how to use the swings, tubes, building bricks, balls, installations in a fun, yet developing way, creating a magical space for their children.

A baby swing is produced by 1 person in 10 days, recycling approximately 10 pieces of clothes. Based on their historic data the following amounts have been up-cycled: in 2009 425 kg, in 2012 600 kg, and in 2013 450 kg.

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Every thread regardless of its colour or quality will find its place in the textile.

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Angéla Thiesz, CEO Retextil Alapítvány



10. INNOVATION

New-to-market innovations

An additional special focus was given to innovation. We collected general data on 'how innovative' social enterprises were using standardised questions from the European Community Innovation Surveys (available through Eurostat), and found that almost 85% social enterprises reported having introduced at least one new or significantly improved service, product and/or process to their organisation within the past year (i.e. 2014). Additionally, 64% of those "innovative" social enterprises introduced a "new to market" innovation, i.e. a 'radical' innovation in 2014.

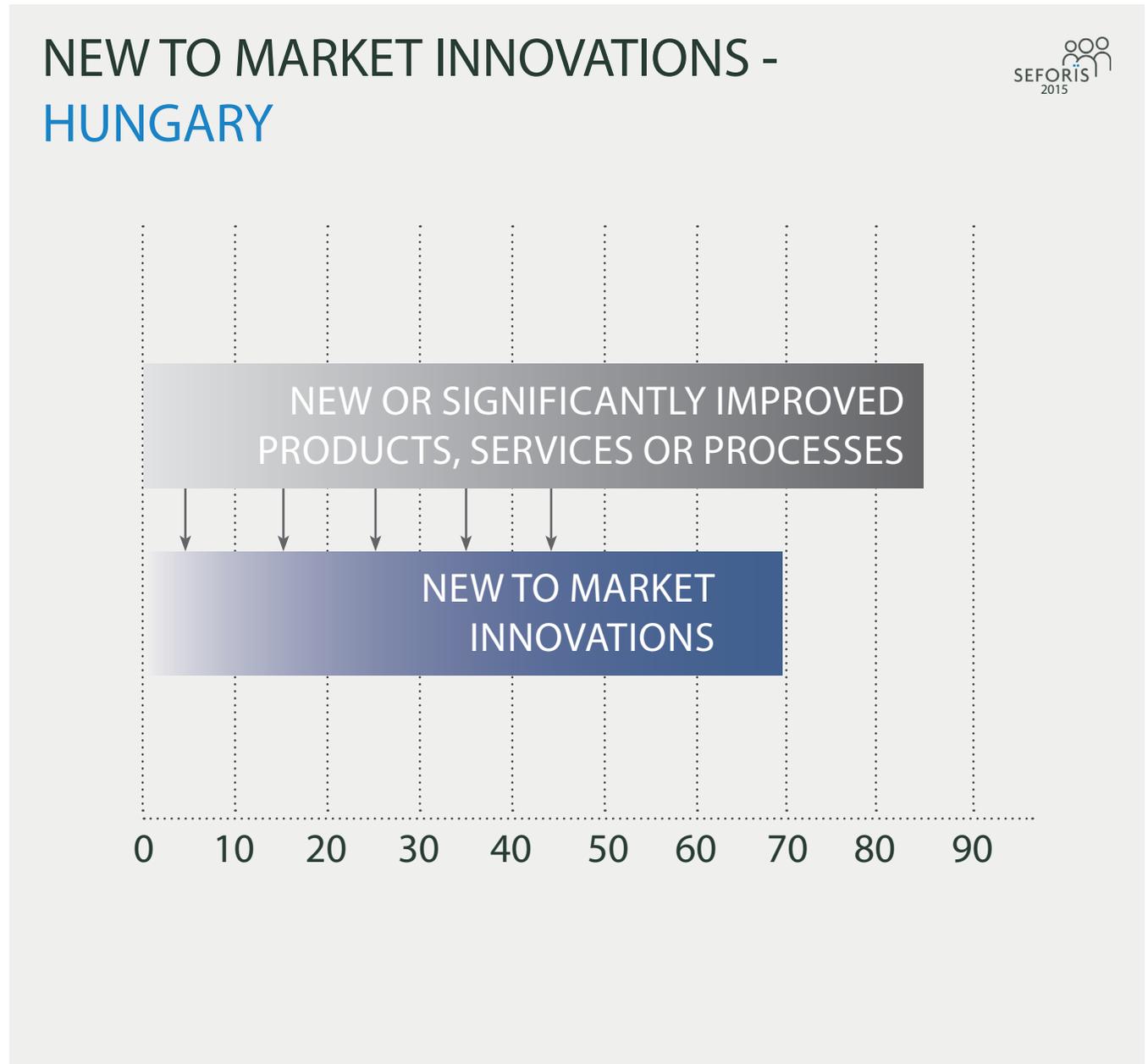


Figure 10a. Proportion of Social Enterprises that had introduced New-to-the Market Innovations during the past year. Note: Innovation, N=122; Radical Innovation = 104.

INNOVATION (CONTINUED)

Innovation barriers

Further attention was granted to barriers to innovation (see Methods Box E for more information) that were faced by our sample of Hungarian social enterprises over the past 12 months. It appears that 'finance-related' barriers are the most frequently met (63,5%) factor whereas the second most frequent barrier, 'regulation and institution-related barriers', is mentioned three times less (20,5%). Organisation-specific (13%) as well as market-related (3%) are less often raised as barriers by sampled organisations.

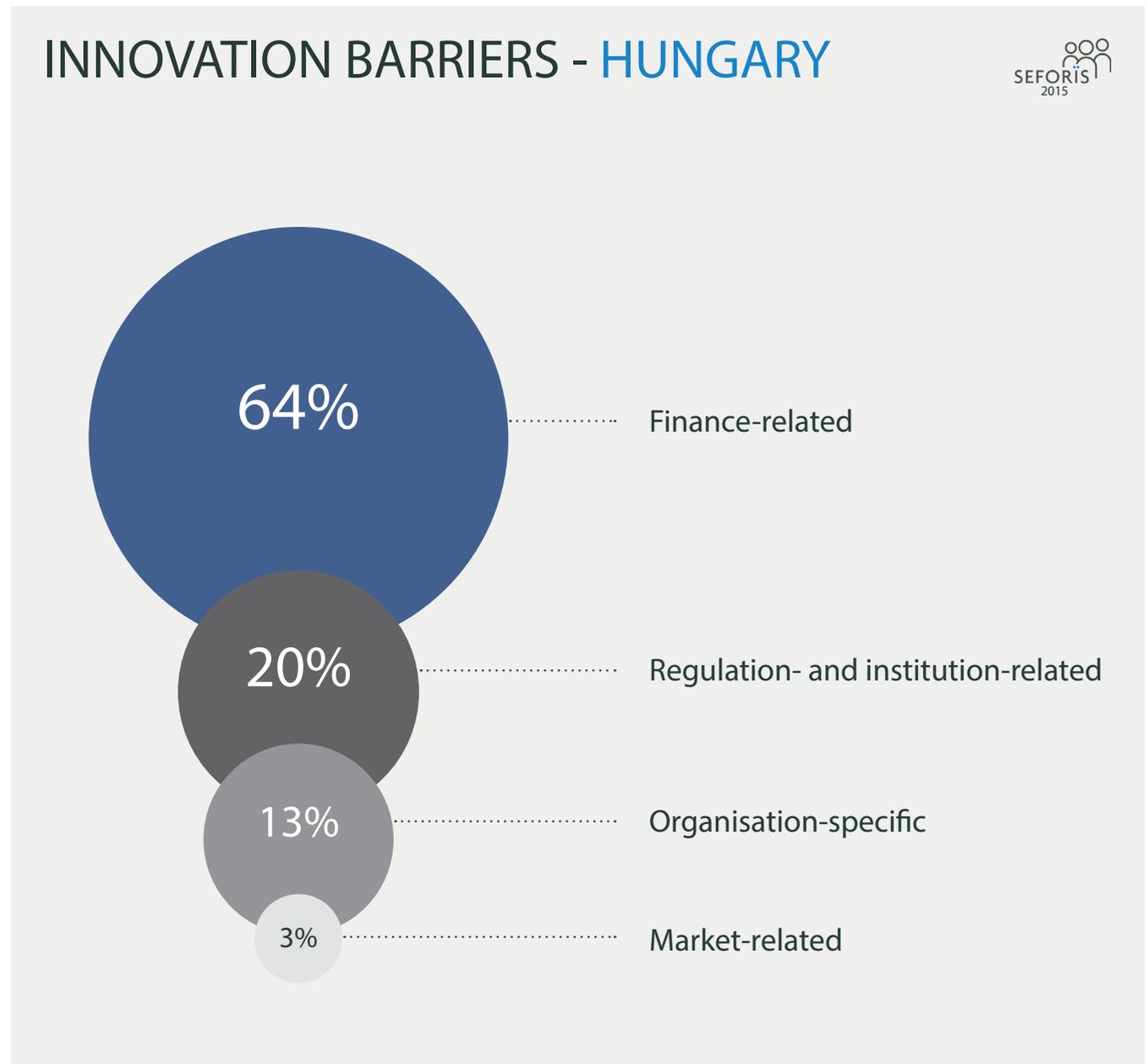


Figure 10b. Innovation barriers. Note: N=93. See Methods Box E for more information. ▶

METHODS BOX

E

The barriers typically reported by commercial enterprises are more numerous and most frequently relate to the cost of innovation being too high, the economic return of an innovation being uncertain, and market-related barriers (D'Este, Iammarino, Savona & von Tunzelmann, 2008).

- 1 Finance-related barriers – reflect excessive economic risk that would be associated with pursuing an innovation, as well as the cost and/or lack of available financing for an innovation. This category also captures whether an innovation has not been pursued due to the ongoing economic crisis.
- 2 Organisation-specific barriers – reflect lack of time, lack of qualified personnel and/or lack of information on technology and/or markets to pursue innovation activities further.
- 3 Regulation- and institution-related barriers – reflect the fact that innovations were inhibited by the need to meet government and/or EU regulations and/or also the fact that social enterprises do not receive support from official institutions because these are not familiar with 'what a social enterprise is'.
- 4 Market-related barriers – reflect the fact that an innovation was not pursued because it was envisioned that it would not be accepted by the market, e.g. potential customers. Furthermore uncertain demand for an innovation as well as the dominance of another established organisation discouraged innovation activities of social enterprises.

CASE: ESŐEMBEREKÉRT EGYESÜLET

CEO

Schenk Lászlóné

MISSION

Improving life quality of autistic people by development, changing their closer or broader environment.

ZOOMING IN ON 'INNOVATION'

The autism and the accompanying development and behaviour disorders require multidisciplinary care, inter-professional cooperation, and coordination of different treatments. The consulting and therapy provided for the autistic people and their families has a significant importance. In Hungary there are very few diagnostic centres, with long waiting lists. However, their offer is not combined with development services. The Rainman Association not only provides autism-specific diagnosis, development, care and consulting services, but does it in a severely under-represented geographical location. The social enterprise of the association produces bio food and natural material crafts products. Autistic people work here in a predictable and understandable structure. The world's chaos gets to order.

//

We would like to react to the needs of the families with our services of professional, evident-based interventions, flexible, customised packages. We would like to help the prevention and solution of behaviour issues and the successful social inclusion by advisory services, consulting and home based trainings.

//

Schenk Lászlóné, CEO Esőemberekért Egyesület



11. COLLABORATION

With who do social enterprises collaborate?

The two main types of organisations Hungarian social enterprises collaborate with are charity/non-profit/NGO as reported by almost three quarters of them (74%) and commercial businesses for nearly half of the sample (46%). Local government or authorities (29%), National governments (28%), and similar organisation (21%) are fairly equivalent other types of partners. Results indicate that Hungarian social enterprises connect with various types of partners but could also look for opportunities to strengthen their bonds with other kinds of organisations such as 'other government-related organisations', 'individuals' or 'network of organisations'.

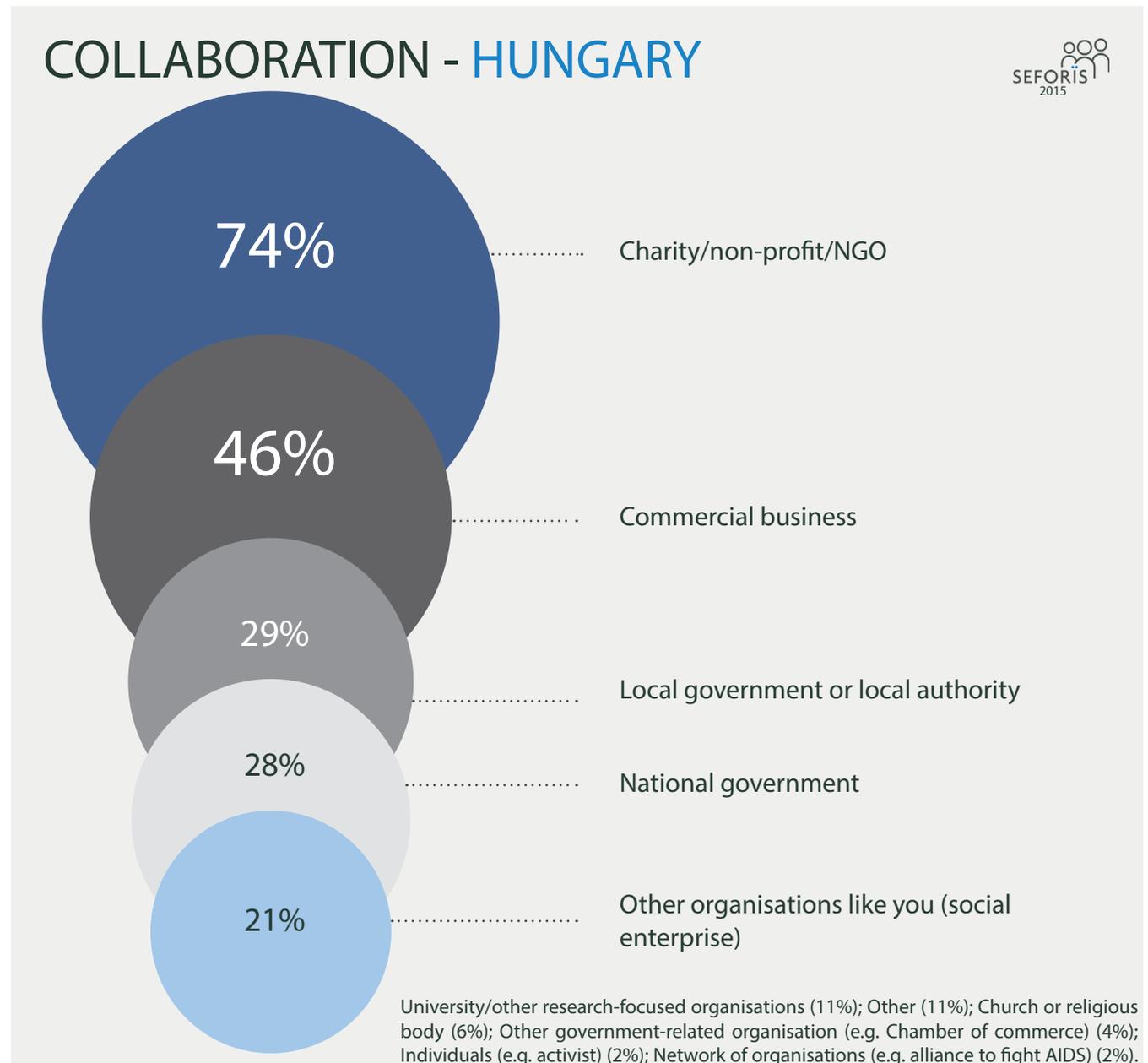


Figure 11. Top 5 organisational types with whom Social Enterprises have collaborated at least once. Note: N=122.

CASE: RÉV ALAPÍTVÁNY

CEO

Cseh Sándor

MISSION

Helping socially excluded young and middle aged people, assisting in labour inclusion, and providing cultural activities. Helping disabled people, vocational trainings for adults.

ZOOMING IN ON 'COLLABORATION'

Our foundation strives to establish cooperation with local advocacy, social and cultural civil organisations such as with municipalities and employers. It is necessary for sharing experiences, also for separating the competencies and responsibilities in joint projects, and for the proper division of labour. In the past years we have successfully cooperated with at least 50 civil, governmental, municipal, religious and for-profit organisations, from the simple form of multiple assistance till consortium. It is essential for us in each partnership that our partner could profit from it either professionally or financially.



// *The base of a good cooperation is the open and sincere communication and the complementing strategic goals.* //

Cseh Sándor, CEO RÉV Alapítvány

12. POLICY SUGGESTIONS

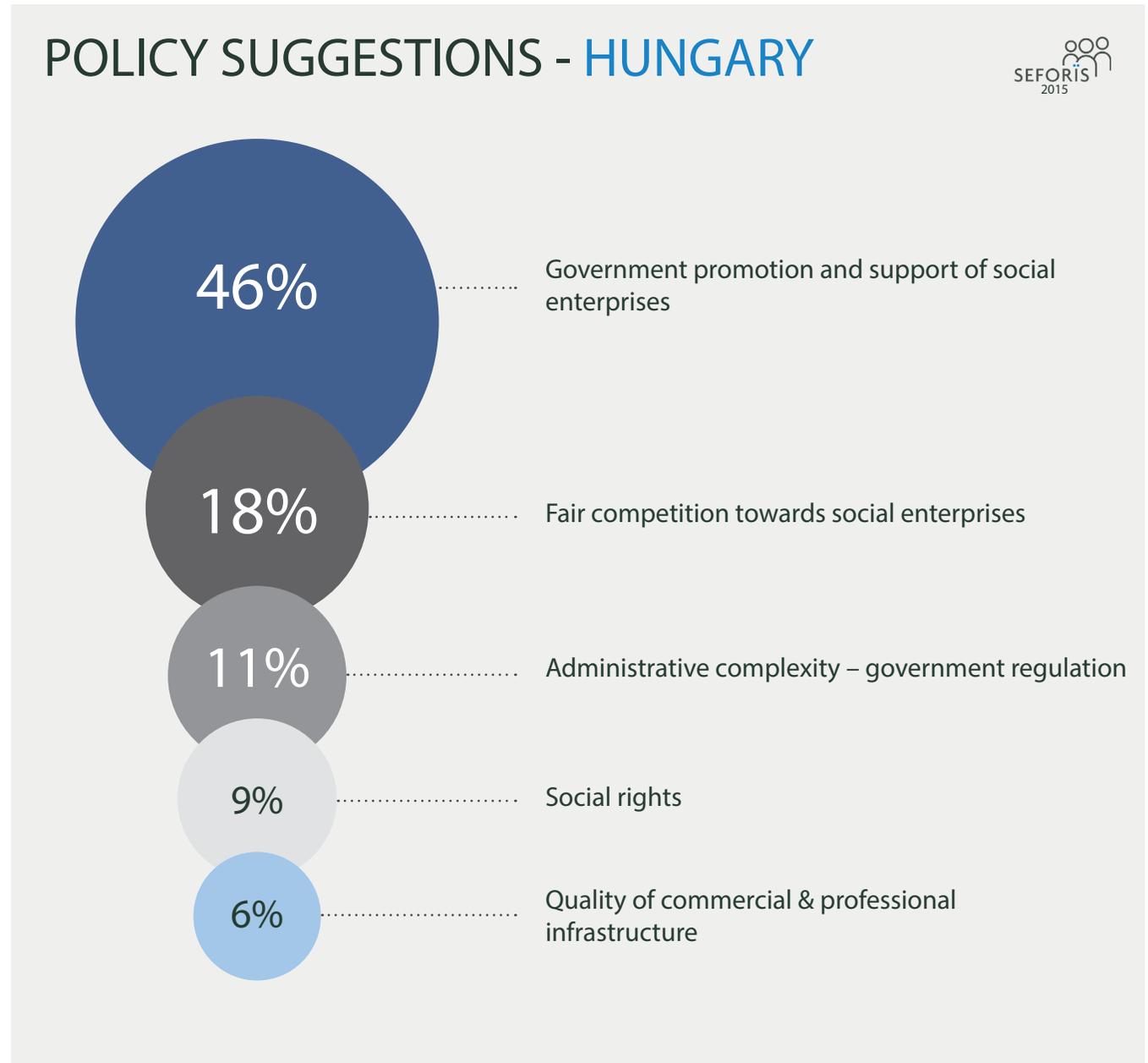
Top 5 Policy Suggestions to Hungary's Government

We asked all social enterprises about suggestions they may have for their country's policy makers to support social enterprises. We classified all policy suggestions into common categories, as well as selected quotes to illustrate the 5 most recurring policy suggestions for Hungary's government.

Government promotion and support of social enterprises (e.g. public procurement favouring social enterprises, awareness-raising for social enterprises) (46%)

"We need a national strategy for the development of social enterprises with financial assistance and targeted support measures, like affordable and specialised trainings to enhance business skills, networks where peer-to-peer learning and experience sharing is possible among social enterprises."

Figure 12. Overview of Policy Suggestions to their Country Government. N=115. We adapted a typology of policies used by the European Commission: http://ec.europa.eu/policies/index_en.htm



POLICY SUGGESTIONS (CONTINUED)

Fair competition towards social enterprises (18%)

“There should be equal opportunities and financial support for NGO service providers in the disability area, because for the last 20 years, those that provide services under governmental or church institutions have had a privileged status.”

Administrative complexity – government regulation (e.g. Bureaucracy, Regulation, Ease of Obtaining Permits & Licenses) (11%)

“The financial support mechanisms of the government should be simple, easy to understand, quick and efficient.”

Social rights (e.g. Fair Employment) (9%)

“The government should provide incentives to multinational companies to employ people with disabilities.”

Quality of commercial & professional infrastructure (6 %)

“Social enterprises need platforms where they can get connected to for-profit companies.”

A FEW CONCLUDING WORDS

SEFORİS stands for “Social Entrepreneurship as a Force for more Inclusive and Innovative Societies”. It is a multi-disciplinary research programme, funded by the European Commission, that investigates the potential of social enterprise in the EU and beyond to enhance the inclusiveness of societies through greater stakeholder engagement, promotion of civic capitalism and changes to social service provision. SEFORİS combines insights from policy makers and social enterprise practitioners with cutting-edge academic research to build robust and novel evidence on social entrepreneurship. We develop theoretical frameworks for inclusion and innovation processes in context, employ novel experimentation with social enterprises, build a unique international database of in-depth case studies, and test and validate conclusions using robust longitudinal survey data. To find out more, latest news, reports, publications and upcoming events go to www.seforis.eu.



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