

# SOCIAL ENTERPRISES IN THE FIGHT AGAINST POVERTY

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The study examines the evolution of poverty and social exclusion in post-socialist countries, in particular in Hungary. When examining the fight against poverty, the authors examine the role of social enterprises in poverty alleviation. A certain part of social enterprises is created to find solutions to social needs and critical social situations like increased and deep poverty or long-term unemployment. Their existence is justified by the fact that for many social problems, effective and long-term solutions cannot be provided by the governments, the market or public aid. We test whether there is any relationship between the extent of poverty and social exclusion and the spatial pattern of social enterprises established to alleviate poverty in Hungary, one of the post-socialist countries.

**Keywords:** poverty, social enterprises, Hungary

## Introduction

Central and Eastern European countries were relatively rich before 1990, when the market economy followed a planned economy and democracy followed state socialism (Tagai et al., 2018; Bezemer, 2006; Macours and Swinnen, 2006). After the transition, market economy reforms were relatively rapid in comparison with other transition countries and the economic decline resulting from the transition remained short and moderate. Nonetheless, not all of these countries had the same economic performance. In this study, we present the development of poverty in five post-socialist countries (Czech Republic, Poland, Lithuania, Hungary, and Slovenia), concentrating on any potential differences among them.

Given that many social problems cannot be effectively solved in the long-term by the governments, the market or public aid, a certain part of the social enterprises is established to fight against poverty and exclusion (Madanipour, Shucksmith and Talbot, 2015). The question of our research is whether the spatial distribution of social enterprises (especially those aiming at reducing poverty and exclusion) is related to the extent of poverty and exclusion. It can be assumed that a higher proportion of social enterprises is engaged in the fight against poverty and exclusion in areas where poverty and exclusion are higher. However, it may also be the case that there are fewer social enterprises to address this problem in areas affected by extreme poverty and severe social exclusion due to the lower activity and higher hopelessness. The hypothesis can be tested in the case of Hungarian social enterprises, as social enterprises were examined with a survey in 2017 there. To test the hypothesis, the material deprivation dimensions of the Eurostat (2017) and subjective poverty indicators (Spéder, 2002; Váradi, 2015) are used to measure poverty and exclusion. In addition, we examine the share of disadvantaged workers in social enterprises, as higher rates of such workers may help eradicate poverty and exclusion (Eurostat, 2017).

We describe the evolution of social enterprises in Europe. Then, we describe how poverty and deprivation are defined in the European Union. In the next chapter, we describe the evolution of poverty and deprivation in the examined post-socialist countries. The relationship between the extent of poverty and the density of social enterprises is analysed in Hungary using regional level data. In the next part, the role of social enterprises in employing disadvantaged workers is examined. Then, in the next chapter, we examine to what extent creativity and the active organizing force, required for the successful operation of social enterprises, can be found in the peripheral regions mainly hit by poverty.

## Social entrepreneurship and the state of being excluded

The solidarity-based economic approach relies on the fundamental conviction that people are infinitely creative, are able to work out their own solutions to economic problems and these solutions will be different in different places and situations. The solidarity-based economic approach strives to make already existing and emerging alternatives visible and link them with methods which mutually help each other. The basic idea is simple: alternatives are present everywhere, and our task is to identify and link them in ways making it possible that the coherent and robust social movement of a different economic order will be built up. This way, solidarity-based economy is not so much a model but a process of economic organization, not a vision but an active process of collective foresight (Miller, 2007).

Presumably, the concept of 'social entrepreneurship' first appeared in Europe in Italy in a periodical entitled *Impresa sociale* in 1990. It is true that in Italy, there were cooperative-like initiatives in the second half of the 1980s in response to the unfulfilled needs particularly in the fields of job integration and personal services. As the effective legal environment did not make it possible for associations to pursue business activities, in 1991, the Italian parliament passed an act which created a new legal form – namely, the 'social cooperative' – which proved to be excellently applicable for the trailblazing social enterprises.

The remarkable development of the latter provided inspiration for several countries both within and outside Europe (for example, South Korea) in the following two decades. Indeed, several European countries adopted new legal forms in response to the entrepreneurial approach applied by the increasing number of 'nonprofit-oriented organizations' although the legal statutes themselves did not always include the expression 'social enterprise' (Defourny and Nyssens, 2021). In France, Portugal, Spain and Greece, the new legal forms were of the cooperative type. Other countries such as Belgium, the United Kingdom and Italy (the latter by passing a second act in 2006) chose much more open enterprise models, not restricting themselves exclusively to cooperative traditions. Naturally, there is a huge variety behind the essential dual classification. For example, French and Italian legal forms can be characterized as 'multi-stakeholder formulas' with regard to the fact that they round up actors with different interests so that they can work together on a specific project with social objectives. The Belgian act on 'enterprises with social objectives' and the Italian act on social enterprises include articles which cut across the borders of all legal forms and may be applied by organizations of different types (not

only by cooperatives and nonprofit organizations but also, for example, by organizations owned by the investor) if they clearly define a social objective and do not operate for the members' becoming rich.

In many European countries, in addition to the creation of the new legal framework, the 1990s also brought on special state programs targeted at workplace integration. Obviously, social enterprises may be active in a wide range of activities, and their ambitions may be related to several different fields. At the same time, from the mid-1990s, one major type of social enterprises became dominant all over Europe, namely 'work integration social enterprises' (WISE). The main objective of these enterprises is the support of employees with low qualifications, threatened by long-term exclusion, and their integration into the world of labor and into the society through production activities (Nyssens, 2006). In some cases, the dominance of WISE on the map of social enterprises led to the concept of social enterprise systematically identified with such occupation creating initiatives.

Although at the beginning of the 1990s, with the inspiring model of Italian social cooperatives, the initiatives all through Europe were flourishing, the concept of social enterprise did not really spread. In the academic sphere, larger-scale investigations only started from the second half of the 1990s both on the theoretical and empirical level, especially due to EMES European Research Network, mainly consisting of researchers in the social sciences (Defourny and Nyssens, 2021).

With regard to the activities of social enterprises, there is no permanently used standard and classification within and across countries. It is problematic to give a statistically robust account of what European social enterprises do. At the same time, a wide activity range can be outlined on the basis of the existing sectorial classification:

- the social and economic integration of the handicapped and discriminated (such as labor market integration and protected employment);
- public interest social services (like providing long-term care for the disabled and the elderly; education and child care; employment and training services; social housing; health care and medical services);
- other public services such as the maintenance of public transport and public spaces, etc.;
- strengthening democracy, civil rights and digital participation;
- environment protection activities like the reduction of emission and waste, renewable energies;
- solidarity for developing countries (for example, supporting fair trade).

While the range of activities undertaken by social enterprises is getting wider and wider, in some countries, the legal definition of social enterprises limits the range of permitted activities. One example of this can be pursuing activities within the legal framework of 'public benefit' which, in several countries, is done by de facto social enterprises. Such are, for example, Austria, Bulgaria, the Czech Republic, Germany and Switzerland (Gagyi, 2020).

One of the pioneers of social enterprises to help the poor and the excluded is the Grameen Bank, founded by Muhammad Yunus, a Bangladesh economist in the 1970s (Yunus, 2011). The bank provides the so-called micro-credits to poor people who would not get credit from other banks. Because of the success and the social utility of the Grameen Bank, it now has countless followers: enterprises that seek to improve the conditions of the poor, the disadvantaged (like children or women) and the excluded. Encouraged by the example of micro-crediting, many social enterprises are now dealing with solving or alleviating critical social situations. Such activities may

include providing accommodation for the homeless, operating folk kitchens or reintegrating those who dropped out of public education into society (Lévesque and Mendell, 2005).

Social enterprises can survive in the long run if they can sustain themselves. Many social enterprises operate like a for-profit enterprise, with the difference that their profits are used for social purposes. Others internalize social goals which usually means extra burden (time and expense). Therefore, social enterprises often operate in a more complex and expensive way than market-based enterprises (Kiss and Mihály, 2019).

### Poverty and the state of being excluded

Poverty is often identified as having low-income level. The main idea behind it is that the extent of poverty is determined solely on the basis of income, because money is a general and universal asset that can be converted into other goods. The sole consideration of the income situation has the advantage of making it relatively easy to define the poverty line and to measure the income level of the observation units. Poverty can be defined as an objective (absolute and relative) or a subjective category. In absolute terms, the theoretical basis for measuring poverty is that the minimum human needs, the satisfaction which is essential for individuals to remain healthy and able to work, are independent of space and time. When measuring poverty, the amount of money needed to meet these needs is determined that is (Központi Statisztikai Hivatal, 2018). In a relative sense, poverty is defined in relation to the average income level in the society, and people are said to be poor if they cannot keep up with the average living standard of the society (UN, 2017). The subjective way of measuring poverty is based on what the members of the society think about the level of the sufficient income. This can be interpreted in two aspects: on the one hand, what income level people think is needed in order to make ends meet. On the other hand, how they judge their own situation in the system of income inequalities (Spéder 2002). Several studies (Ravallion and Lokshin, 2002; Deaton, 2010; Želinský, Mysíková and Garner, 2021) have highlighted that the extent of objective and subjective poverty rates does not always coincide in a given place and time. Therefore, the authors consider it important to examine not only objective but also subjective poverty when examining the relationship between the prevalence of social enterprises and poverty.

The state of being disadvantaged is believed by many poverty researchers to be a more complex concept than examining it on the basis of a single factor (Spéder, 2002). Researchers therefore put increasing emphasis on examining non-monetary factors. Social exclusion is defined accordingly, which is a more complex concept than poverty. Excluded are those who are disadvantaged in several aspects, so disadvantages are multiple and integrated in their case. Such a more complex approach is essential because the extent of deprivation is much higher when several dimensions are considered simultaneously than when poverty is defined solely on the basis of low-income level (Gábos, Szívós and Tátrai, 2013).

Complex analysis of social exclusion is possible with the help of social indicators. Calculating social indicators basically have two purposes: to assess social change and to measure and describe social well-being (Kronborg Bak, 2018). Social exclusion can be described with a variety of indicators. Material deprivation indicators applied by the European Union (Table 1) are used to measure social exclusion, giving an idea of what a household can afford and what it cannot.

For all dimensions (economic strain, durables, housing, and environment), an individual can be considered excluded, if he or she is affected by at least one of the listed problems. Economic strain expresses income poverty (which is defined on the basis of the absolute poverty

**Table 1** Dimensions of material deprivation as defined by Eurostat

Economic strain	Durables	Housing	Environment
cannot keep home adequately warm	lack of telephone	leaking roof/damp walls/floors/foundation or rot in window frames	noise from neighbours or from the street
cannot afford paying for one-week annual holiday away from home	lack of color TV	accommodation too dark	pollution, grime or other environmental problems
afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day	lack of computer	no bath/shower	
face unexpected financial expenses	lack of washing machine	no indoor flushing toilet for sole use of the household	crime, violence or vandalism in the area
confronted with payment arrears (mortgage or rent, utility bills, hire purchase instalments or other loan payments)	lack of personal car		

Source: own compilation based on Eurostat 2017

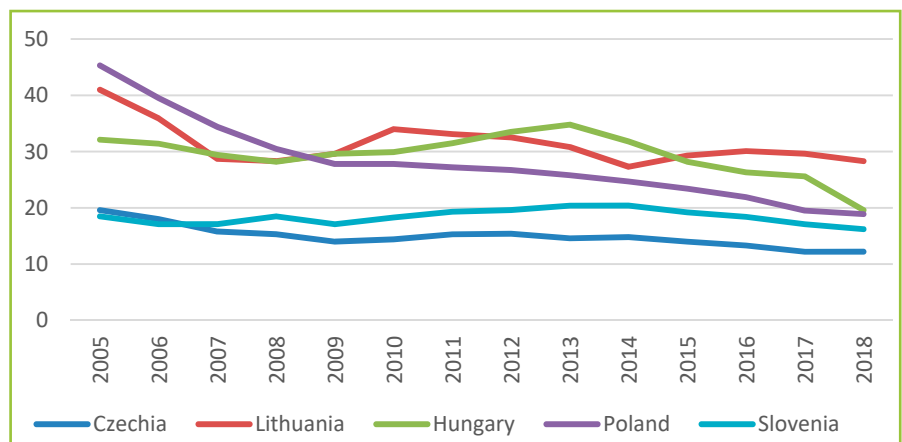
concept), while the other three dimensions take into account other dimensions of exclusion.

In the current research, the authors examine whether the density of social enterprises is related to the degree of exclusion (material deprivation), the latter one measured on the basis of the European Union's methodology. As the dimensions of material deprivation do not include subjective poverty, the authors examine its relationship to the proportion of social enterprises separately.

### Poverty in post-socialist countries

In the 1990s, poverty increased in all former socialist countries. Several studies showed that by 2000, it increased two to five times as its rate was in 1988. However, the increase in poverty was less significant in the Western part of the examined region (like in Hungary, Poland or Slovakia) than in the Eastern part (Ladányi and Szelényi, 2005). There are also significant differences between Eastern and Central Europe in terms of several poverty definitions (proportion of the population living below the national poverty line or proportion of those living on less than \$2 a day). The proportion of people living in poverty is significantly higher in Eastern European countries. The neoliberal – neopatrimonial opposition has had an effect not only on development but also on the evolution of poverty. In Central Europe, after the transition to market economy, structural poverty was mainly due to unemployment, while in Eastern Europe, employers continued to take care of the large number of working poor (Szelényi, 2003)<sup>1</sup>. In the age of state socialism (between the end of the 1950s and the end of the 1980s),

<sup>1</sup> Szelényi (2003) defines Central Europe as an area including Hungary, Poland, the Czech Republic, Slovenia, Croatia, Slovakia, and the Baltic States, while Eastern Europe includes Russia, Ukraine, Belarus, Bulgaria, Romania and Serbia.



**Figure 1** People at risk of poverty or social exclusion, percentage, 2005–2018

Source: own compilation based on Eurostat data

demographic variables played a significant role in the evolution of poverty (Ladányi and Szelényi, 2005). Especially families with many children, the elderly and the sick were considered poor. Ethnic origin (especially Roma origin) was associated with poorer living conditions (Bokor, 1987) and proved to be an important risk factor for poverty even after 1990.

After the transition in 1990, post-socialist countries did not perform uniformly. Some (like Slovenia) quickly overcame the downturn, and their economy began to grow, while others (like Lithuania) had low economic performance for many years. Due to the sudden rise in unemployment and inflation, the transition increased the risk of poverty for a significant part of the population in all the examined countries. (Bezemer, 2006)

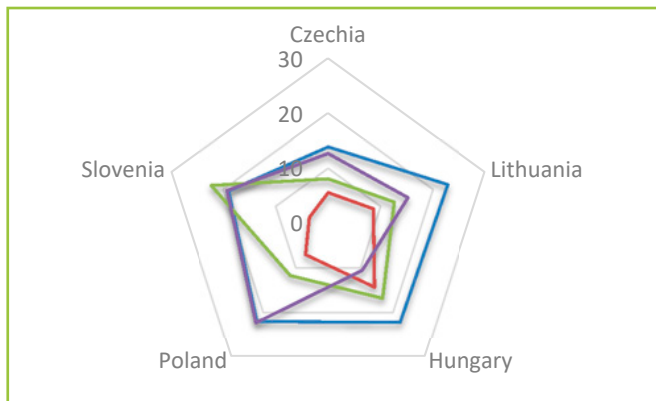
The examined post-socialist countries (Czech Republic, Poland, Lithuania, Hungary, Slovenia) joined the European Union in 2004. Subsequently, differences in the proportion of the population living at risk of poverty or social exclusion persisted among countries. While in the Czech Republic and Slovenia, this value has

been between 15–20%, it is over 25% in Poland, Lithuania, and Hungary. In the latter three countries, a significant decline in the poverty rate could be observed after joining the European Union. This favorable trend, however, was interrupted by the economic crisis, which again raised the poverty rate in Hungary and Lithuania from 2010 onwards. A decline in Hungary started only after 2013 (Figure 1).

Material deprivation by dimension can be seen in Figure 2. Economic strain (financial difficulties) mainly affects Lithuania, Poland and Hungary, while Czechia has the least problems with it.

Deprivation of durable goods is a major problem in Hungary. In Slovenia, deprivation of durable goods is less significant, but housing and environmental difficulties affect a relatively large proportion of the population.

The actors supposed to form the social economy inherently have different motivations and value systems. The demand base of social enterprises is provided by the needs unfulfilled by private and public sectors as well as by unsolved social or environmental problems. Due to the



**Figure 2** Material deprivation by dimension in post-socialist countries, 2018

Source: own compilation based on Eurostat data

economic processes in our age, there is an ever wider range of unfulfilled needs in the developing countries, as well. This, on the one hand, follows from the stronger than ever differentiation, weakening profitability, and the appearance of new, customized needs promising little economic profits right now, and, on the other hand, from the public services lost because of the withdrawal of welfare states or transferred to other actors.

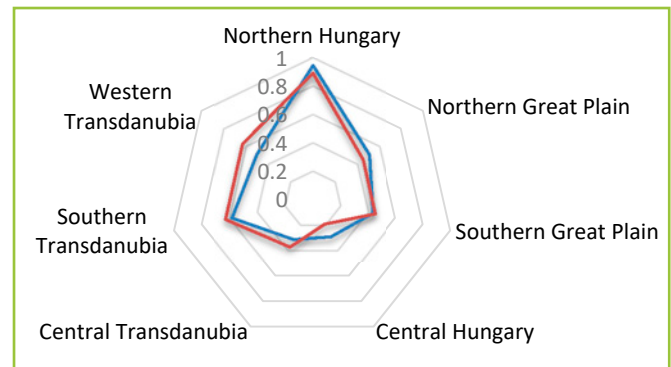
As all dimensions of material deprivation in Hungary affect a relatively large proportion of the population, it is worth examining the role of social enterprises in the fight against exclusion in that country.

## Materials and methods

At the University of Miskolc, on behalf of the Hungarian Employment Public Benefit Non-Profit LLC (OFA Országos Foglalkoztatási Közhasznú Nonprofit Kft.), within the framework of the GINOP-5.1.2-15-2016-00001 "PiacTárs" project, Hungarian social enterprises were examined in 2017. The questionnaire was sent to all social enterprises registered in Hungary. Within the framework of the project, 220 social enterprises filled out a detailed questionnaire about their operation, target groups, aims and other important characteristics. Now we analyse the most important results in this paper. A correlational relationship is calculated between the proportion of social enterprises surveyed and the proportion of social enterprises that aim to alleviate poverty or achieve poverty alleviation in the long run and the degree of material deprivation. The correlation between measures of social entrepreneurship and material deprivation is described in this paper. Social enterprises can also help disadvantaged people by providing them with job opportunities. The regional distribution of the average share of disadvantaged workers is also analysed using the Mann-Whitney test.

## Results and discussion

The regional distribution of the organizations was as follows: Southern Great Plain (12%), Southern Transdanubia (11%), Northern Great Plain (16%), Northern Hungary (24%), Central Transdanubia (7%), Central Hungary (19%) and Western Transdanubia (11%). The proportion of the sample in Southern Transdanubia was the same as the proportion of the population, while it was higher than the population proportion by 5% in the Northern Great Plain and 4% in Northern Hungary. Central Transdanubia, Southern Great Plain and Central Hungary were underrepresented in the sample (by 2%, 3% and 8% respectively). The responses of social enterprises highlight their regional



**Figure 3** Number of social enterprises per ten thousand inhabitants in the regions of Hungary, 2017

Source: own edition based on GINOP-5.1.2-15-2016-00001 data of the "PiacTárs" project and (Siposné Nándori, 2018)

distribution and role in combating poverty. Their regional distribution can be examined based on their headquarters and premises.

The regional distribution of the proportion of the examined social enterprises to the population highlights that most of the examined social enterprises operate in Northern Hungary, while the fewest can be found in the Central Hungarian region. In the case of the latter region, the difference between the number of social enterprises with headquarters there and the number of social enterprises with premises there is the largest (Figure 3).

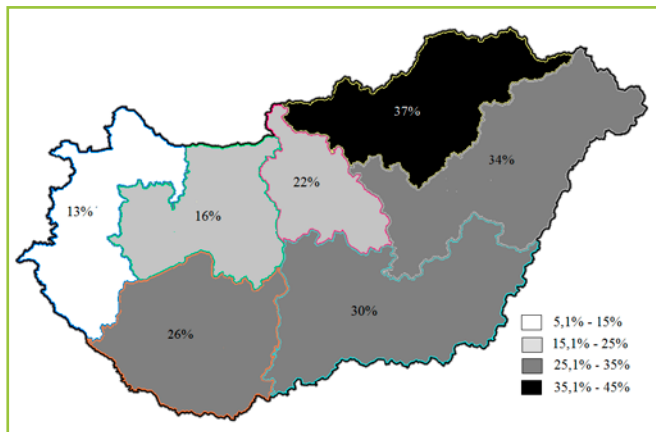
The reason for the discrepancy is probably the fact that many enterprises have their registered headquarter in or around the capital while operating (depending on its nature) in another region. The location of their actual operation is better reflected by its premises. The examinations are carried out not only by premises but also by headquarters, so that any potential discrepancies can be revealed.

Among the respondents, the Northern Hungarian region has the highest proportion of the social enterprises (37%) whose target groups are the poor and disadvantaged. This is followed by the Great Plain regions (34% and 30%) and the Southern Transdanubia region (26%). Less than 16% of social enterprises aim at helping the poor and disadvantaged in the Central and Western Transdanubia regions (Figure 4).

Social enterprises with poverty reduction as a long-term social impact<sup>2</sup> are present at the highest extent (48%) in Southern Transdanubia. This is followed by the regions of the Great Plain (44%) and Northern Hungary (33%). In Central Hungary and Central and Western Transdanubia, however, less than 30% of the social enterprises have such a long-term effect (Figure 5).

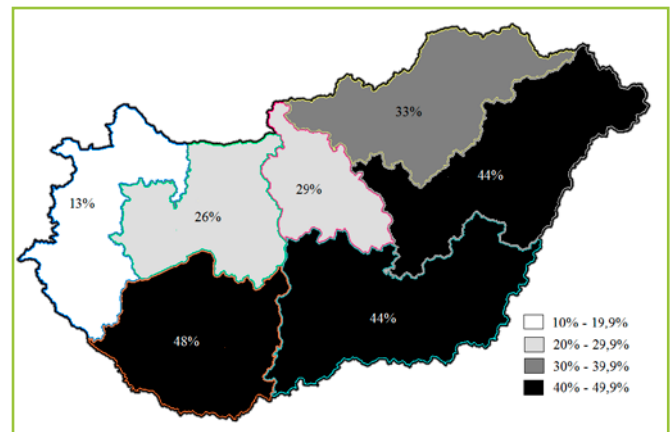
- 2 The question about this topic in the questionnaire was the following: "What is the long-term social (social, cultural, communal, environmental) impact of your organization/business? Please mark the relevant ones!  
Better living conditions; Improving labor market participation/reducing unemployment; Improving housing conditions; Preservation of cultural values; Preserving diversity; Development of equal opportunities; Development of individual abilities; Easier access to food supply (better food quality); Better social relations; A more inclusive/accepting/open society; Strengthening social cohesion; Better health status; More educated communities; Healthier environment; Healthier relationships/stronger families; Development of social competencies; Ensuring human dignity; Development of the nonprofit sector; Economic development; Individuals/communities capable of independence; Integrable individuals/communities; Poverty reduction; Reducing the lack of basic skills; Animal welfare; Dissemination of social innovations; Other.





**Figure 4** Proportion of social enterprises whose target group is the poor and disadvantaged, 2017

Source: own edition based on GINOP-5.1.2-15-2016-00001 data of the "PiacTárs" project and Siposné Nándori (2018)



**Figure 5** Proportion of the social enterprises that have poverty reduction as a long-term social impact, 2017

Source: own edition based on GINOP-5.1.2-15-2016-00001 data of the "PiacTárs" project and Siposné Nándori (2018)

While the social enterprises that aim to help the poor and disadvantaged can be found to the higher extent in Northern Hungary, the enterprises that can reduce poverty in the long run are more likely to be located in the Great Plain and South Transdanubia regions.

### The relationship between social entrepreneurship and levels of deprivation in Hungary

Due to the availability of the data, regional distribution of material deprivation can be examined in the case of economic strain, the lack of durables and the lack of housing. The authors use per capita GDP and per capita annual income level to measure economic strain as these are the available data at the regional level in Hungary. Lower values of these indicators are associated with greater probability of poverty. The correlation between the different indices expressing the rate of the examined social enterprises and the different indices used to measure material deprivation is shown in Table 2. Both measures of economic strain (per capita GDP and per capita annual income level) show inverse, moderately strong relationship with the proportion of social enterprises. That is, the greater the material well-being in a given region, the lower the proportion of social

enterprises and the fewer social enterprises operating there that target the poor, disadvantaged, or have a long-term social impact on poverty reduction.

At 5% significance level, there is a significant correlation between income level (GDP per capita and annual labor income) and the proportion of social enterprises whose target groups are the poor and disadvantaged.

The authors measure durables dimension of material deprivation with the number of telephones, the number of desktop or a laptop computer and the number of personal cars per 100 households. The environment dimension is measured with the proportion of households with a bathroom and the proportion of households with flushing toilet.

All examined variables have a moderately strong or strong negative relationship with the proportion of social enterprises. The inverse ratio between the proportion of households with bathroom and flushing toilet and the proportion of social enterprises is significant at 1%. The relationship between the number of personal cars per 100 households and the proportion of social enterprises is very weak (positive in case of a premises and negative in case of headquarters), therefore their independence can be assumed. The number of personal cars per 100 households, however,

**Table 2** Pearson's correlation between the indices of social enterprises and the indices of material deprivation

Indicator of material deprivation	Number of social enterprises per ten thousand inhabitants		The proportion of social enterprises that target groups are the poor are disadvantaged		Proportion of social enterprises that have a long-term social impact of decreasing poverty	
	headquarter	premise	headquarter	premise	headquarter	premise
Per capita GDP (thousand HUF)	-0.578	-0.617	-0.762*	-0.599	-0.462	-0.594
Per capita annual income (HUF)	-0.672	-0.632	-0.793*	-0.739	-0.623	-0.695
Rate of households having a telephone (%)	-0.610	-0.532	-0.479	-0.543	-0.425	-0.623
Number of desktop computers per 100 households	-0.451	-0.570	-0.302	-0.236	0.024	0.076
Number of laptop computers per 100 households	-0.364	-0.356	-0.729	-0.621	-0.507	-0.655
Number of personal cars per 100 households	-0.184	0.150	-0.231	-0.757*	-0.636	-0.636
Rate of people with bath (%)	-0.932**	-0.810*	-0.401	-0.751	-0.391	-0.375
Rate of people with flushing toilet (%)	-0.890**	-0.740	-0.555	-0.865*	-0.563	-0.542

Source: own edition based on GINOP-5.1.2-15-2016-00001 data of the "PiacTárs" project and Siposné Nándori (2018)

\* significant at 5%; \*\* significant at 1%

**Table 3** Pearson's correlations between the indices of social enterprise and the indices of subjective poverty

Indicator of subjective poverty	Number of social enterprises per ten thousand inhabitants		Proportion of social enterprises that target groups are the poor are disadvantaged		Proportion of social enterprises that have a long-term social impact of decreasing poverty	
	headquarter	premise	headquarter	premise	headquarter	premise
Amount of income considered necessary for a very scarce standard of living (thousand HUF/month/person)	-0.504	-0.639	-0.783*	-0.364	-0.410	-0.405
Amount of income considered necessary for a scarce standard of living (thousand HUF/month/person)	-0.460	-0.619	-0.731	-0.282	-0.343	-0.324

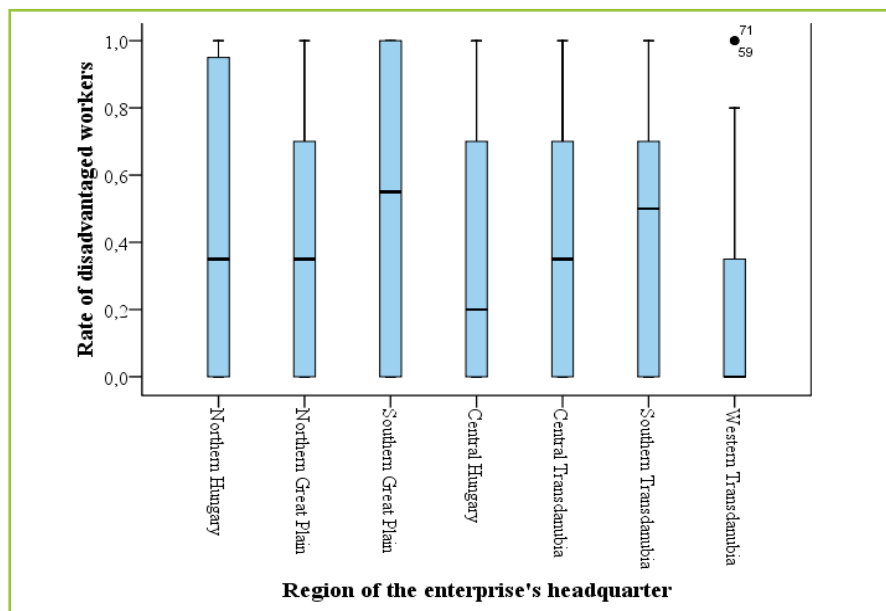
Source: own edition based on GINOP-5.1.2-15-2016-00001 data of the "PiacTárs" project and Siposné Nándori (2018)

\* significant at 5%

shows a moderately strong and a strong negative relationship with the proportion of social enterprises dealing with poverty, which relationship is significant at 5% in one case

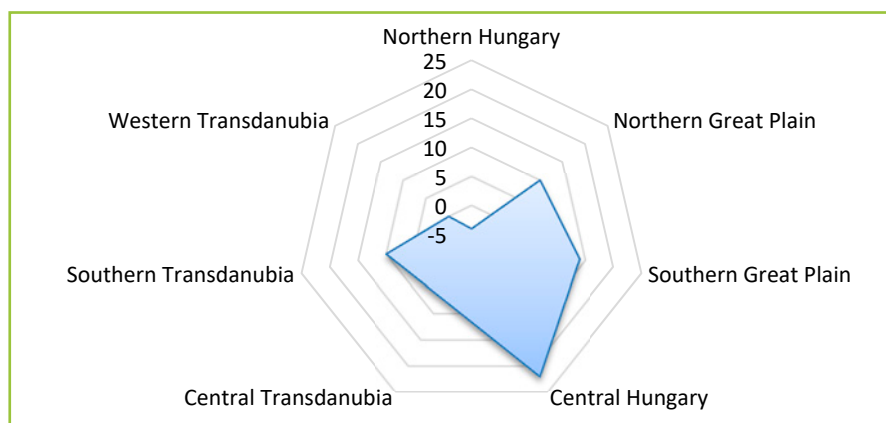
(the proportion of social enterprises whose target group is the poor and disadvantaged) (Table 2).

Subjective poverty can be measured by the amount of income considered necessary for different living standards. These data are published for the Hungarian regions by the Hungarian Central Statistical Office (HCSO) yearly. Their Pearson's correlations with the indices of social enterprises are shown in Table 3. The amount of income considered necessary for a scarce and very scarce livelihood is in all cases inversely related to the number of social enterprises. The relationship is moderately strong in most cases. The proportion of social enterprises (measured based on their headquarters) that target the poor or disadvantaged is in a strong (and in one case significant), is inversely related with the amount of income considered necessary. Since it can be assumed that the amount of income considered necessary for a lower subsistence indicates higher poverty, it can be concluded that the higher the poverty, the higher the number of social enterprises.



**Figure 6** Boxplot of the proportion of disadvantaged workers employed in social enterprises by region, 2015

Source: own edition based on GINOP-5.1.2-15-2016-00001 data of the "PiacTárs" project and Siposné Nándori (2018)



**Figure 7** Difference between the proportion of social enterprises mentioning poverty reduction as a long-term effect and the proportion of social enterprises that mention the poor and disadvantaged as target groups

Source: own edition based on GINOP-5.1.2-15-2016-00001 data of the "PiacTárs" project and Siposné Nándori (2018)

boxes in Figure 6) and the length of the vertical lines (expressing 1.5 times of the interquartile range) are more than 80% in most of the regions (Figure 6).

Any significant differences in the average proportion of disadvantaged workers among regions can be determined using the Mann-Whitney test.<sup>3</sup> Based on the Monte-Carlo significance levels obtained during the pairwise comparison of the regions and the boxplot figures, the authors can conclude that at the 5% significance level, the average rate of disadvantaged workers in the Western Transdanubia region is significantly lower than in the other regions of the country. There is no significant difference among the other regions.

The number of the social enterprises is the highest in the Northern Hungarian region, where the level of poverty and exclusion are one of the highest in the country. It should be noted, however, that the proportion of social enterprises included in the sample in Northern Hungary was 4% over-represented compared to the total population (Fekete et al., 2017).

The rate of the examined social enterprises that have the poor and the disadvantaged as target groups is the highest in Northern Hungary, while poverty reduction as a long-term social impact appears mostly among social enterprises in the Great Plain and Southern Transdanubia. In Northern Hungary, a relatively high proportion of social enterprises (37%) have the poor and disadvantaged as target groups, but poverty reduction appears to a smaller extent (33%) as a long-term social impact. In contrast, the proportion of social enterprises that have a long-term social impact of decreasing poverty is higher than the proportion of those who mentions the poor and disadvantaged as target groups in Northern Great Plain, in Southern Great Plain, in Southern Transdanubia, in Central Hungary and in Central Transdanubia (by 10%, 14%, 7% and 10% respectively). (Figure 7). The question therefore arises as to whether the poverty management practices of social enterprises operating in the Northern Hungary region are sufficiently effective. Answering this question could be the subject of further research.

The examined social enterprises can also play an important role in alleviating poverty and exclusion by providing employment opportunities for disadvantaged workers. Such social enterprises are most common in the Great Plain, Southern Transdanubia and Northern Hungary.

A further result of the research is that the proportion of the examined social enterprises aimed at alleviating poverty and reduced poverty in the long run is low in Western Transdanubia, Central Transdanubia and Central Hungary. In addition, the proportion of disadvantaged employees of social enterprises is significantly lower in Western Transdanubia than in the other regions of the country. This may be related to the higher prosperity and lower poverty of these regions.

## Conclusions

Exclusion, measured by the dimensions of material deprivation of the European Union (economic strain, lack of durables, housing difficulties, and environmental deprivation), is high in Hungary compared to the other examined post-socialist countries. Therefore, the question rightly arises as to whether social enterprises can reduce poverty and disadvantage. In this respect, the number of social enterprises, especially the proportion of social enterprises that target the poor and the disadvantaged or those that have a long-term social impact on poverty reduction, are telling indices. Based on the data of a primary data collection conducted within the framework of

“PiacTárs” project, it was possible to examine the characteristics of social enterprises in Hungary.

There is an inverse, mostly moderately strong relationship between the proportion of the examined social enterprises and two dimensions of material deprivation (economic strain and lack of durables). Similarly, the relationship between the proportion of social enterprises and the extent of subjective poverty is inverse, mostly moderately strong. The fact that not only the rate of social enterprises, but also the proportion of social enterprises to help the poor and disadvantaged, and the proportion of social enterprises where poverty reduction appears as a long-term social impact are inversely, moderately, or strongly related to the extent of material deprivation and subjective poverty highlights that there are bottom-up activities to eradicate poverty in places where it is most needed.

Social enterprises in post-socialist countries focus on the mitigation of the damage caused by rapid territorial and social polarization following the change of regime and on helping the lagging social groups and territories, while in Western European countries, in areas not shocked in their economic development, the focus is on mitigating the damage of civilization. In the post-socialist countries, therefore, one of the primary objectives is to increase and retain the ability to work to help employment, to prevent poverty and to reduce the “risk of poverty due to job loss”.

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3 T-test, which is widely used to compare averages, cannot be used in this case, as its condition of normality is not met for all regions.

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