

Inclusive entrepreneurship trends and policies in Hungary

This profile includes key indicators on self-employment and entrepreneurship activities by women, youth and seniors in Hungary and highlight recent policy actions to support under-represented and disadvantaged groups in entrepreneurship, notably actions implemented through the Youth Guarantee.

Key trends: The self-employment rate was below the rate for the European Union in 2016 (10.0% vs. 14.0% for the EU). Men were more likely to be self-employed than women in 2016 (12.1% vs. 7.5% for the EU) and the rate for seniors was relatively high (14.1%). Nonetheless, the Total early-stage Entrepreneurial Activities (TEA) rate was slightly above the European Union average over the period 2012-16 (8.8% vs. 6.7%), suggesting that Hungarians were more active in starting and managing new businesses that are less than 42 months old. The TEA rate for women was substantially lower than the rate for men (5.7% vs. 12.0% for men) and youth were more active than seniors (9.3% vs. 5.9% for seniors). Nearly one-third (28.0%) of entrepreneurs indicated that they started their business out of necessity since they did not have other opportunities in the labour market between 2012 and 2016, which was above the EU average (22.1%). Women (36.5%) and seniors (40.1%) were more likely than the EU average to report starting their business out of necessity (24.2% for women and 25.5% for seniors). Youth, however, were as likely as the European Union average to start a business out of “necessity” (18.6% vs. 18.7%).

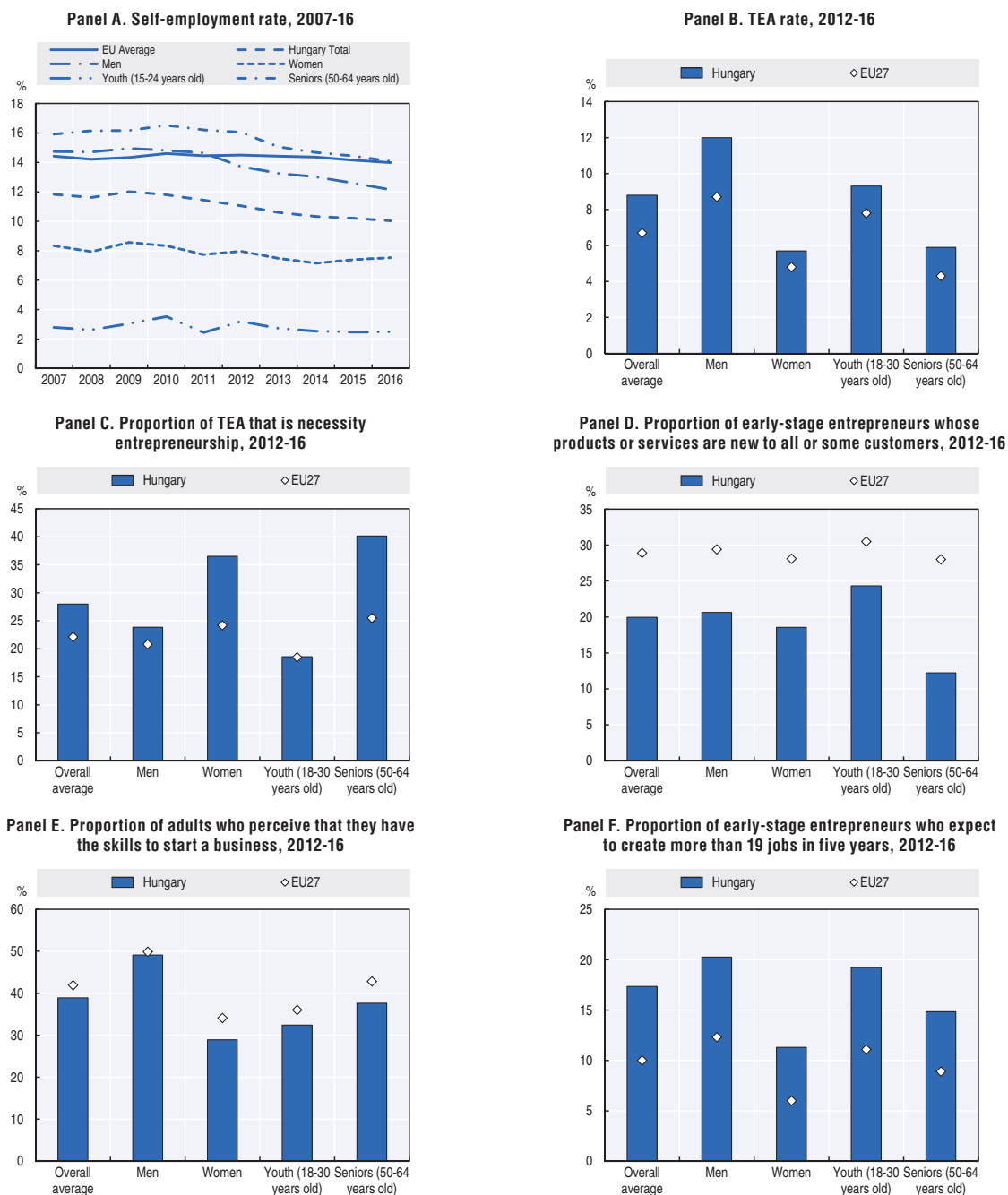
Hot issue: A key challenge in strengthening inclusive entrepreneurship support is to introduce more flexibility into the youth entrepreneurship support schemes funded by European Union funds. There is a danger that large programmes with a single path (i.e. a certain length of time for training, defined timing for setting up the business and the amount of finance required) will not suit all youth, which could lead to disenchantment. It would be helpful to build some flexibility into the programme to allow for entrepreneurs to move at different speeds and access different supports. In addition, the business environment in the convergence regions is materially different from that in Central Hungary and account should be taken of this in the design of the programme.

Recent policy developments: The National Youth Strategy 2009-24 was approved by the government in 2010 and was followed by a set of actions under the European Union’s Youth Employment Initiative. Additional specific measures aiming at promoting youth self-employment have been designed under the Economic Development and Innovation Operational Programme 2014-20 and include training on business plan development and business management and start-up grants. It is envisaged that 6 300 young people will benefit from this support by 2020. Initial calls for proposals have been announced recently, seeking to provide start-up subsidies to 965 young entrepreneurs in the convergence regions and to 333 young entrepreneurs in the Central Hungarian region by 2019. In addition, the Youth Professional Forum was established in 2013 as a cross-ministerial co-ordination platform for the implementation of the National Youth Strategy. It co-ordinates the implementation of the strategy and has a dedicated Entrepreneurship Working Group, focusing on supporting youth in business creation. The mandate of the Forum was recently expanded to cover the promotion of young female participation, including the development of targeted measures for young women. Within the framework of the Forum, the Ministry for National Economy organised a collaborative roadshow in 2016 with the goal was of identifying the basic difficulties that are hindering the full integration of entrepreneurial and financial education into the curricula of the formal education system. Starting in the 2016-17 school year, there will be a thematic week about entrepreneurship and financial literacy in state schools.

The full Country Assessment Note can be found at: www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key inclusive entrepreneurship data

Figure 21.1. Entrepreneurship and self-employment data for Hungary



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

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Reader's guide to the country profiles

This section of the book provides a short overview of inclusive entrepreneurship trends and recent policy actions in each European Union Member State. Each Country Profile highlights recent trends for key inclusive entrepreneurship indicators, focusing on activity rates, quality and barriers to business creation for people in under-represented and disadvantaged groups, drawing on a set of charts (see below). In addition, the Country Profiles briefly describe a current policy issue relevant for inclusive entrepreneurship policy development. Finally, each Country Profile describes a recent policy action that was introduced to support the unemployed, women, youth or seniors in business creation and self-employment.

The country overviews are complemented with a common set of country-specific data that benchmark key inclusive entrepreneurship indicators against the European Union average and over time. Data are presented for men, women, youth, seniors and the overall population total. These data help to show the scale of the challenge and its recent evolution. All Country Profiles contain six figures (except for the Malta profile, which does not participate in the Global Entrepreneurship Monitor survey):

Panel A: Self-employment rate, 2007-16. This presents the proportion of those in employment who are self-employed.

Panel B: Total Early-stage Entrepreneurship Activity (TEA) rate, 2012-16. This presents the proportion of the population who is actively involved in starting a business or who is the owner-operator of a business that is less than 42 months old.

Panel C: Proportion of TEA that is necessity entrepreneurship, 2012-16. This presents the proportion of early-stage entrepreneurship that was launched due to a lack of other opportunities in the labour market.

Panel D: Proportion of early-stage entrepreneurs whose products or services are new to all or some customers, 2012-16. This presents the proportion of early-stage entrepreneurs who self-report that they offer products and/or services that are new to potential customers.

Panel E: Proportion of adults who perceive that they have the skills to start a business, 2012-16. This presents the proportion of the population who believe that they have the knowledge and skills needed to start a business.

Panel F: Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in five years, 2012-16. This presents the proportion of early-stage entrepreneurs who anticipate the creation of at least 19 additional new jobs over the next five years.



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