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# An Overview of Non-Profit Organizations Across Hungary

## SUMMARY

This paper aims to present a wide range of examining the research concerning Non-Profit Organizations in Hungary. Starting with a review of the civic society's theories relevant to this field, encountering various essential definitions to clear the concept, exploring through the phenomena among the European Union in general defining their mission, motives and tools, in addition to shedding light on the Hungarian Non-Profit Organizations in depth by performing trend analysis to reveal the time series changes using M-K test as a non-parametric approach as well as applying the Sen's slope method to encounter the trend magnitude. This study examines the financial sustainability of NPOs by calculating the differences between their income and expenditure, provides an overview of multiple variables related to these organizations such as Number of NPO, Expenditure, Revenues, Employees in NPO sector and Number of volunteers. This paper also highlights the emergence of NPOs sector in Hungary between 2003–2023, as well as evaluating their performance on a county scale with providing a spatial distribution and clearing the average revenue of NPOs in Hungary.

**Keywords:** Non-Profit Organizations, Third Sector, Civil Society, Social Economy, Hungary

**JEL codes:** A13, M1

## INTRODUCTION

Civic Organizations can shape new democratic political systems as they shift numerous tasks towards the current systems challenging them to apply more democratization (Douglas, 1991). After the second world war, the number of the civic organizations (which are considered as a median between the political and the social organizations) has increased mainly due to the seizures in the states and the lack of democracy since civic organizations thrive to enhance democracy worldwide (Salamon – Anheier, 1999).

The importance of civil society systems from its ability to achieve stabilization and citizens collectiveness (Bocz, 2009). Voluntary associations, charitable institutions and organizations that aim to serve the civil interest form the main pillars of the non-profit organizations represent a valid indication of a democratized civil society (Vacekova & Murray Svidronov, 2016).

The idea of non-profit organizations is deeply connected to the concept of civil society since both feminist federations and gatherings during the world wars played a major role in the

emergence of civil society organizations, similarly to the impact that the United Nations had towards activating the non-profit organizations back in 1945 (Shekhani, 2006).

The non-profit organization is one of the most crucial components of the civil society, the interests and topics adopted by these organizations vary as these organizations are fully or partially independent from the governmental sector and characterized by a developmental and humanitarian nature which aim at achieving the public interest and providing services to groups of people who need financial or moral support (ESCWA, 2000). These organizations according to Hulme (1995) are divided into two parts, one that does not make profits and its work is free of charge, and the other that makes profits from its activities, but it invests these profits in the service of public affairs.

## BACKGROUNDS

### Definitions

*Non-profit Organization (NPO)* is defined as “an organization whose most important goal is something that does not involve making a profit” (Cambridge dictionary). NPOs are parties with an independent will, which stems from the free will of citizens who have common professions (Alecsandri, 2009). Non-profit organizations are also defined as “those organizations created by members of a particular community to solve the problems facing their community” (Ross, 1995). According to the Report of the Economic and Social Commission for Western Asia (ESCWA, 2000) NPOs are defined as “a group of voluntary, non-profit administrative organizations that seek to achieve social benefits related to the public interest, or to achieve the interests of individuals in a manner that does not contradict the public interest, and is characterized by autonomy and self-management, in addition to that within the internationally agreed standards Not distributing any profits to their boards of directors, and not moving them within the framework of partisan political activities”.

Comprehensive definitions of NPOs include functional and structural characteristics provide information about the organizational model that NPOs follow as well as the goals they seek to achieve (Vaceková, 2016). The World Bank has referred to the definition of NGOs as: “It includes many groups and institutions that are completely or largely independent from the government, which have primarily cooperative humanitarian goals rather than commercial goals, and that they are private agencies in the state that support development” (UNDP, 1998). Several synonyms can be given to non-profit organizations, including non-commercial organizations, non-government organizations, the third sector and others (Alecsandri, 2009).

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### *Theories of non-profit organizations*

Market failure is the most common theory related to NPOs, it represents the shortage in allocating resources to the people in need, as it deeply reflects the prioritize of the private value over the public gratification. Therefore, it ignores the need of starting from the unsatisfied population and try to fulfil their ungratified consumption preferences, Meanwhile NPOs thrive and are mainly created to accomplish this challenge. The theory of the division of labor explains the presence of the NPO as a reflection theme of self-sufficiency for individuals, since this theory sees the gratification mechanisms of human needs are divided into exchange and self-sufficiency where the latter can be full or partial depends if the practices are applied on a group or on an individual (Valentinov, 2016).

Veblen's theory states a relationship between the presence of social issues which NPOs target to settle, and the personal stimulus to create these NPOs, rebuilding this relationship is a key to theoretically understand the creation of NPOs (Chasse 1995, Hodgson 2004). Veblen (2007) argued that "the decay of business enterprises" is due to the superiority of the financial compensation over the services. Veblen assumes that there is a clear isolation between the motivation of businessmen and the individuals where the first group search for financial compensation represented by the ability of selling the products, Meanwhile, the second group aim to get the maximum benefit of services out of these products, this isolation will lead to a "Leisure class" therefore will stem the creation of NPOs.

Valentinov (2008) argued that Veblen did not take into consideration the possibility of establishing the NPO by poor people who want to address their wounded social issues which at the same time represents their incentives and interest (Valentinov & Chatalova, 2016).

Public goods theory argues that NPOs are created to fulfil the remained unsatisfied demand occurred due to governmental and market failures, where these failures are a result of the orientation towards satisfying the needs of the median voter, in addition to the free rider issues that might face the for-profit organizations (Besley, T., & Ghatak, M. 2007). Consumer control Theory suggests that the need for NPO is derived from the insufficient solid consumer control over the for-profit firms' activities. Therefore, high quality products will be guaranteed in addition to the limitation of the opportunistic behavior (Ben-Ner, 1986).

However, Trustworthiness theory sees that the consumer restricted capability in estimating the quality of several products provided by for-profit firms, may open doors for opportunistic behavior by their providers. Therefore, the presence of NPO will frustrate this motive (Hansmann, 1987). Nonetheless, the supply-side theory starts from comprehending the incentive and motive behind creating the NPOs over the for-profit ones. Clearly, the ideology of the entrepreneurial sense plays a crucial role in this theory (Rose Ackerman, 1996).

### *NPOs in Europe with shedding light on the Hungarian case*

The self-regulation of NPOs appeared in Europe before 1900 (Hayes, 1996). At that time, the concept has begun to emerge, it was ignored by mainstream economics and was considered as a theoretical and not yet completed concept (Steinberg, 1997). During the two world wars, many NGOs in Europe and America

have addressed their activities towards developing countries (Abdul Rahman, Tanoum and Amal, 2020). In the European community, the term non-profit organization is used to describe a large group of organizations engaged in commercial activities such as mutual insurance companies (Helmut, 2005).

EU countries apply different labels for NGOs depending mainly on their tasks and practices (Geszt, 2003). The prevalence of the democracy in the EU countries has always been the priority (Reisinger 2011). The term non-profit on a legal nature was widely used through the Hungarian social and legal subjects (Csehi, 2010).

The emergence of the non-profit organizations sector was one of the most important steps that led to the transformation of Eastern and Central Europe towards democracy (Fagan 2006, Fric 2004 & Rose-Ackerman 2007). Regarding the legal framework in the European Union (EU), NPOs have undergone significant and radical reforms since 1989 (Rutzen, Moore & Durham, 2008).

The communist regime was limiting the development of non-profit organizations in Central and Eastern Europe (Czike 2010, Rikmann and Keedus 2013, Szent-Iványi and Tétényi 2008). The EU was ready to fund and support non-profit organizations through the financial resources obtained by the Union via the European Union's cohesion policy (EC 2014).

The openness in Hungary happened mainly due to three major reasons, firstly was in 1987 where the aspect of a foundation renewed to a legal entity, followed by the confirmation of the Associations Act in 1989, and thanks to the amendment of the civil code (enacted in 1990) which stated the abolishment of the previous constraints on establishing a foundation only by a governmental authorization (Kakai, 2015).

Although the difference between civil society in Western, Central and Eastern Europe was clear and large (Bernhard, 1993). This has led to a significant weakness in the services provided by NPOs in Central and Eastern Europe (Rose-Ackerman 2007). Meanwhile Czech non-profit organizations are similar to the nonprofit organizations in Eastern and Central Europe in terms of financial vulnerability (Fagan 2006, Fric 2004 & Rose-Ackerman 2007). The reoccurrence of the civil society in Hungary was preliminary among other East European countries besides former Yugoslavia and Poland, where small social clubs, peace and solidarity movements announced the spark (Kaldor – Vevoda, 1997).

One aimed challenge facing Eastern European countries, including Hungary, is to make the non-profit sector, financially, mature and developed (Tanayeva, 2005). The Hungarian state contributed by 40% for non-profit organizations, where the state is the largest shareholder for the non-profit organizations of Hungarian sector, the regulation of Hungarian NPOs is not optimally flexible (Csehi, 2019).

### *Mission*

The history of NGOs goes back to the nineteenth century, when in 1832 the British Anti-Slavery Society was founded, and this initiative came as a result of the spread of liberalism and its ideas (Abdul Rahman, Tanoum and Amal, 2020). In 1942 the United Kingdom established the Oxford Famine Committee with the aim of helping the Greek people who suffered from starvation during the Nazi occupation (Abdul Rahman, Tanoum and Amal, 2020).

The non-profit sector is concerned with the cultural, artistic, educational, social and environmental fields, Charities are not limited to developed countries only, but are widely spread in developing countries (Helmut, 2005). Supplying public services that NPOs do has attracted researchers' and politicians' attention (Tonkiss, 2000).

From an economic point of view, the charitable work of non-profit organizations has a positive economic impact (Rigoberto; Daza, 2010). NPOs provide a wide variety of services and goods that they create and therefore they constitute a vital sector of the economy, as they build a link between individuals and government services (Talom, F. S. G., & Tenge, 2020). The economic aspect of NPOs is concerned with analyzing the tax advantages that characterize this type of organization (Rigoberto; Daza, 2010).

According to Helmut (2005), the structure of charitable organizations assumes that there is a specific motive on behalf of the recipient and the donor. They are either partially or completely financially independent, but in most cases, they depend on the revenues of government agencies and private sectors.

One of the most important roles of NPOs in achieving sustainable development goals is to use their volunteers, employees, and beneficiaries to recycle and reduce waste. NPOs support sustainable development goals and are an integral part of the plan developed by the local and global community to achieve these goals in various economic, social, and environmental aspects. (OECD, 2010, Šebestová and Sroka, 2020).

NPOs are committed to the mission of meeting the services and needs of a social nature for the poor population (Hasenfeld, 2015). In addition to play a crucial role in alerting issues that are in the shade and not noted by governments, they also prioritize the society and thrive to improve humanitarian conditions (Csehi, 2019). These organizations carry out their mission by the various projects and activities they undertake (Kitonge, 2017).

Today, the spread of non-profit organizations has increased around the world, and the interests of these organizations have increased in terms of the services they provide, and the entities directed to them (Helmut, 2005). According to (Salamon – Anheier 1999 ; Jagasics 2001) there are four development models which classify countries based on third sector characteristics, the classification is based on the following two factors: The level of the state intervention and The level of institutionalization. To keep the path of non-profit organizations from fluctuations in the positions of donors, financial independence must be maintained (Warleigh, 2001).

Hungary is one of the EU countries that witnessed a remarkable increase of NPOs in the last decade. However, this sector is still emerging in Hungary. In this context, the main goal of this research was to track changes in NPOs in Hungary (2003–2023) in a national and county scale, and to highlight the financial situation of these NPOs in terms of expenditure and revenue.

## METHODOLOGY

Data was collected from Hungarian central statistical office ([https://www.ksh.hu/stadat\\_eng](https://www.ksh.hu/stadat_eng)), which contains data about NPOs sector in Hungary (Table 1).

**Table 1. Description of obtained data**

Variable	Scale	Duration	Unit
Number of NPOs	National	2003–2023	Number
Expenditure	National	2003–2023	Thousands HUF
Revenues	National	2003–2023	Thousands HUF
Employees	National	2003–2023	Number
Volunteers	National	2003–2023	Number

*Source: authors elaboration based on KSH, STADAT, 2024*

Trend analysis is one of the most commonly used tools for detecting changes in time series (Al-Dalahmeh & Dajnoki, 2021). There are a variety of statistical methods for evaluating trends within time series, such as parametric and nonparametric approaches. In this research we applied the Mann-Kendall test (M-K test) (Mann, 1945; Kendall, 1975). The M-K test is classified as one of the non-parametric methods which didn't affect by extreme values (outliers) (Hamed 2008). Also, the trend magnitude was calculated by using the Sens Slope (SS) method (Sen 1968). As both M-K test and SS widely reported in the literature, the equations and hypothesis were not reported in this research, however more details could be found in Mann, (1945); Kendall, (1975), and Sen (1968).

The annual net income of the organizations was calculated as the difference between revenue and expenditure, to estimate their financial sustainability.

The simple linear regression was applied to study the general trend of changes of the net income of the studied NPOs in the study period from 2003 until 2023. Some descriptive analyses such as means and percentages were also used in the study.

## RESULTS

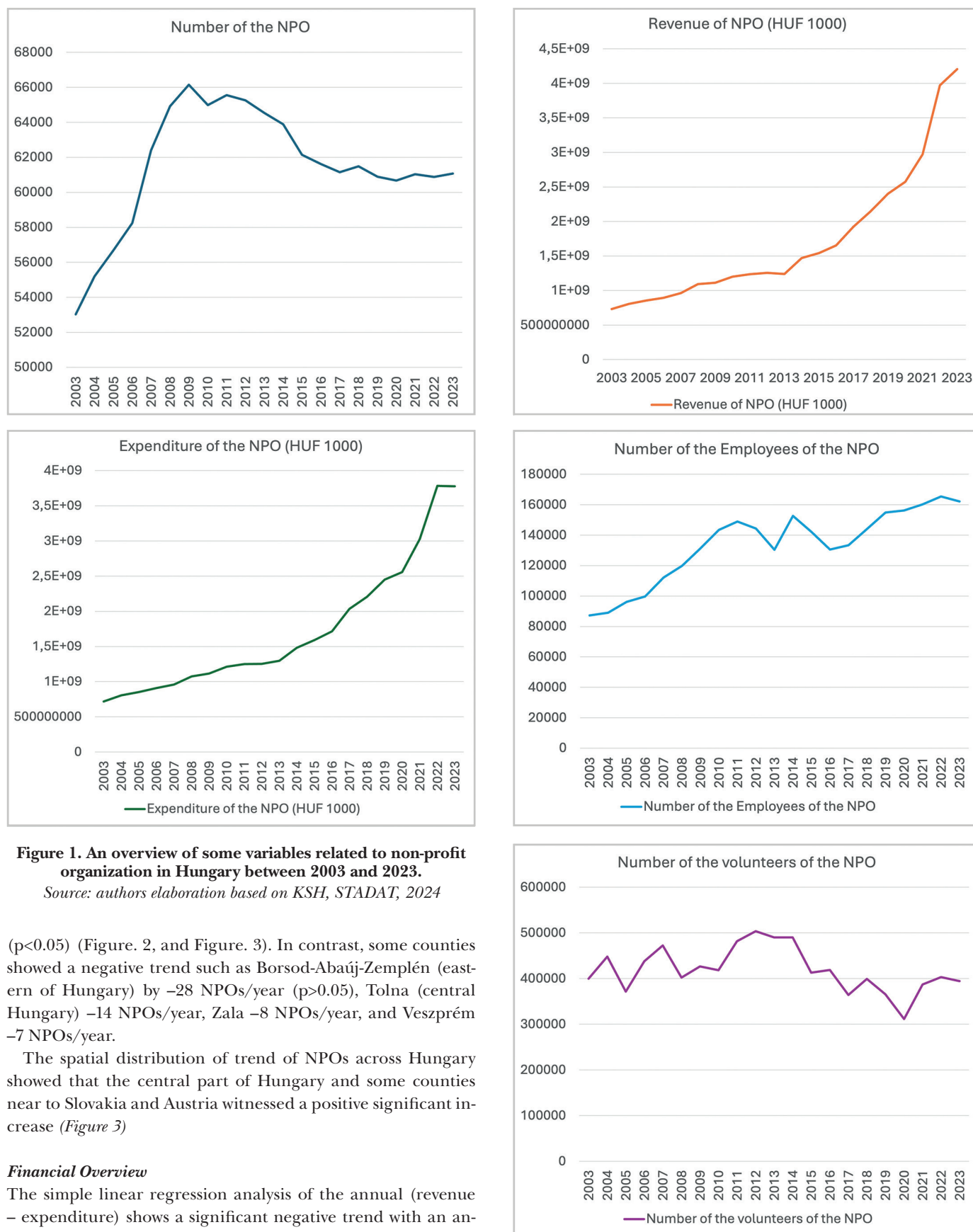
### *Emergence of nonprofit organization sector in Hungary (2003–2023)*

Some characteristics of NPOs in Hungary between 2003 and 2023 were depicted in *Figure 1*. In this context, the number of NPOs showed a positive but not significant trend ( $p > 0.05$ ). Similarly, the revenue and expenditure in the NPOs was increased by 73893944.45 thousand HUF/year ( $p < 0.05$ ), and 78694986.9 thousand HUF/year ( $p < 0.05$ ), respectively (*Figure 1*).

From human resources point of view, number of employees in this sector was significantly ( $p < 0.05$ ) increased by 4099 employees /year. While the number of volunteers was decreased by 1536 volunteers /year ( $p > 0.05$ ) (*Figure 1*). As showed in *Figure*, majority of the studied variables showed a positive trend, except for number of volunteers. Interestingly, the number of volunteers was notably increased between 2011 and 2015, then sharply decreased since 2016.

### *Evolution of nonprofit organizations across Hungary on a county scale*

In a county scale, majority of the counties (16 out of 20) witnessed an increase number of non-profit and other not profit oriented organizations across Hungary. MK test reveal that the highest increase was recorded in the capital of Hungary Budapest by 328.5 NPOs/year ( $p < 0.05$ ), followed by Pest 170.6 NPOs/year ( $p < 0.05$ ), then Csongrád-Csanád 76 NPOs/year



**Figure 1. An overview of some variables related to non-profit organization in Hungary between 2003 and 2023.**

Source: authors elaboration based on KSH, STADAT, 2024

( $p < 0.05$ ) (Figure. 2, and Figure. 3). In contrast, some counties showed a negative trend such as Borsod-Abaúj-Zemplén (eastern of Hungary) by  $-28$  NPOs/year ( $p > 0.05$ ), Tolna (central Hungary)  $-14$  NPOs/year, Zala  $-8$  NPOs/year, and Veszprém  $-7$  NPOs/year.

The spatial distribution of trend of NPOs across Hungary showed that the central part of Hungary and some counties near to Slovakia and Austria witnessed a positive significant increase (Figure 3)

#### Financial Overview

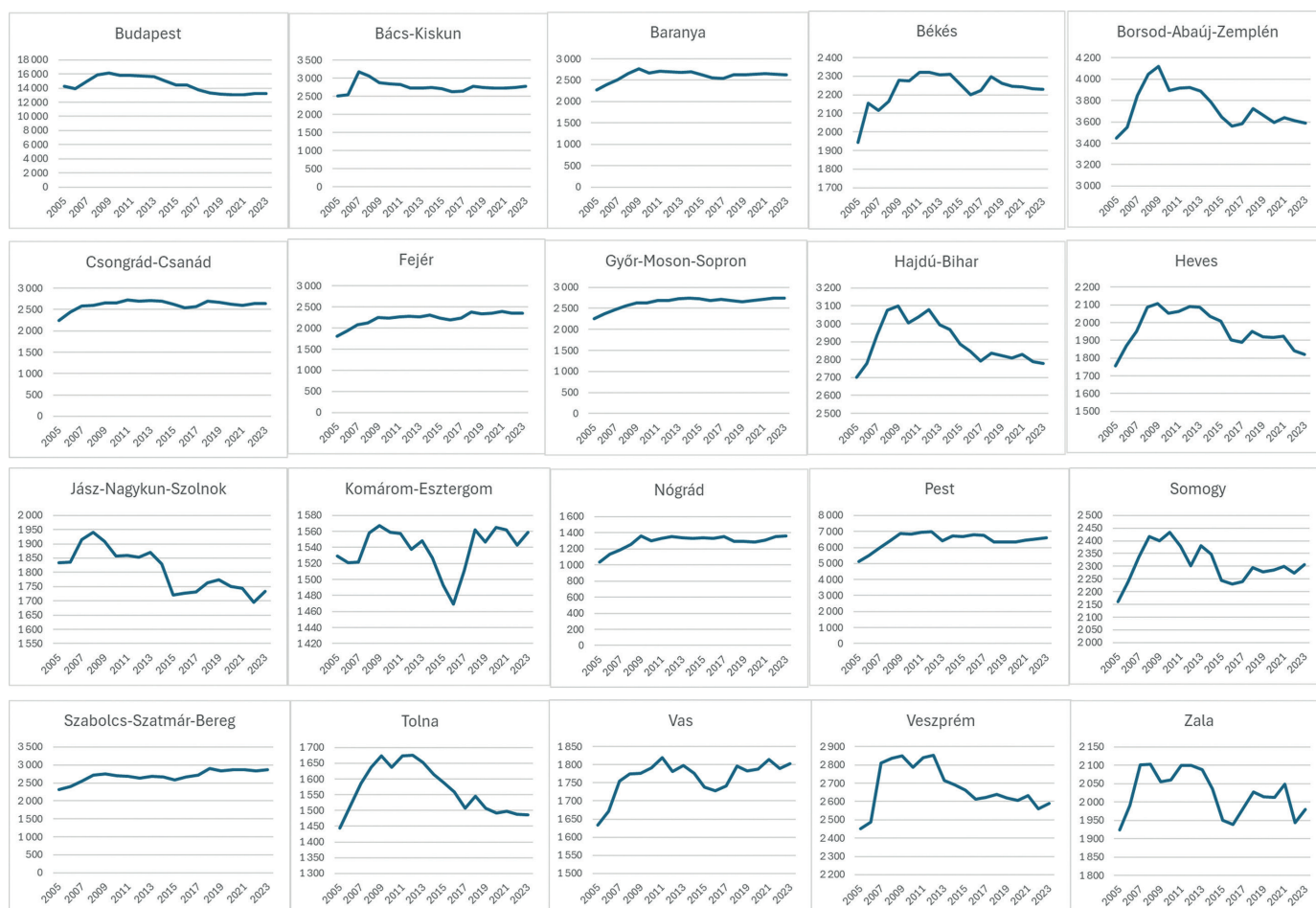
The simple linear regression analysis of the annual (revenue – expenditure) shows a significant negative trend with an annual decrease of 5404753.4 million HUF in the study period 2003–2023, as can be seen in equation (2).

$$y = 26051931 - 5404753.4 x^{(**)}$$

$$F = 23.74425^{**} \quad R^2 = 0.61^{**}$$

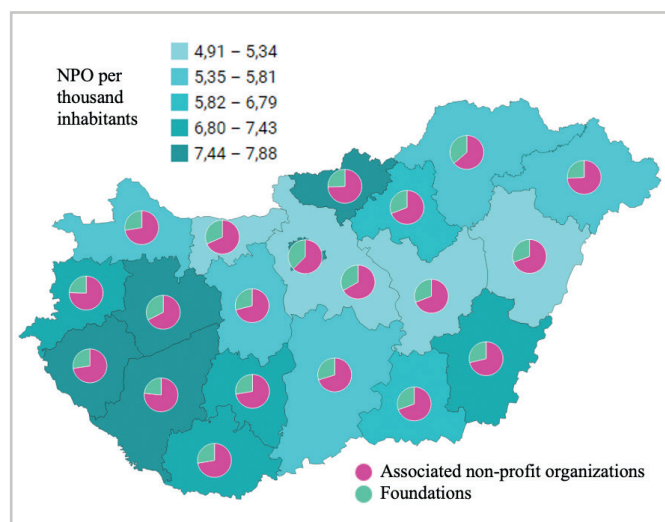
The revenue increased by %328.8, while the expenditure increased by %341.14; where the net income was negative in 11 years of the study period. The highest negative value of 111185198 million HUF was observed in 2011. In contrast, the





**Figure 2. Trend of non-profit and other not profit oriented organizations across Hungarian counties and Budapest**

Source: authors elaboration based on KSH, STADAT, 2024



**Figure 3. Spatial distribution of non-profit and other not profit oriented organizations across Hungary in a county scale**

Source: KSH, STADAT, 2024

net income was positive in just 6 years, with a highest positive value of 17564650 million HUF in 2005 (Figure 4).

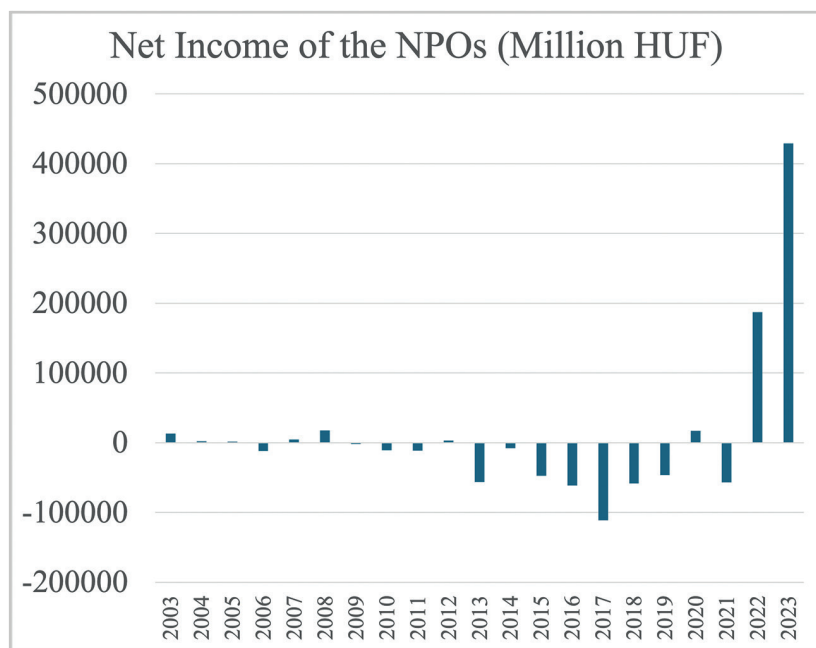
Regionally, Hungary is divided into three major large regions (Central Hungary, Transdanubia, and Great Plain and North). The average revenue of these large regions during the period 2003 – 2023 reached (855550.9, 207329.8, and 266159.6) mil-

lion HUF, respectively. However, these 3 regions are composed of 20 counties; where, Budapest has the largest percent of the total revenue with %58, followed by Pest with %7, then the other counties (Figure 5)

## DISCUSSION AND IMPLICATIONS OF THE STUDY

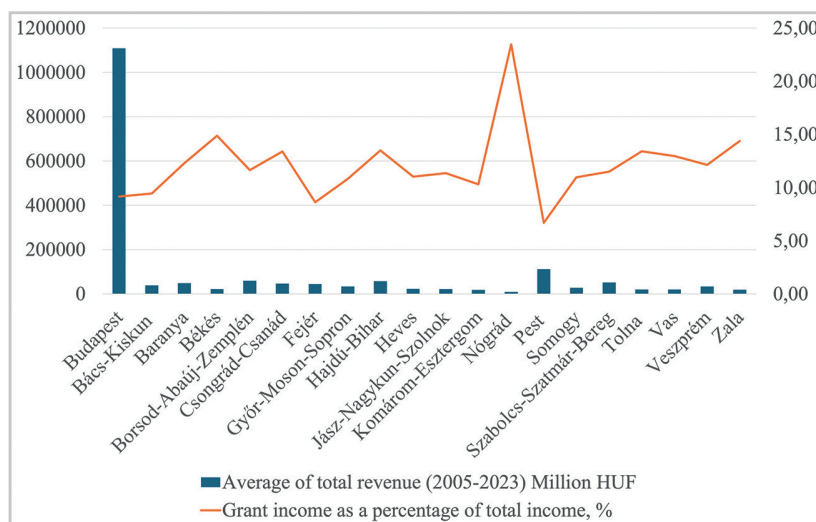
In this research, the emergence of the NPOs in Hungary was analyzed in both national and county scale along with financial aspects. Results showed a notable increase in both numbers of NPOs and employees in this sector. Despite the increasing challenges faced by NPOs (Weerawardena et al. 2010), our results come along with many other research conducted in many parts of the global. For instance, in China (Ni, & Zhan, 2017; Deng 2017; Ming, & Weilin 2010), Europe (Borzaga, & Santuari, 2003), Italy (Lombardi, & Costantino, 2020), and Australia (Walsh et al., 2008). In this sense, Yurenka (2007) argued that the growth in the NOPs could increase the competition on the limited sources of donation sources.

In Hungary, the term “social enterprise” is directly linked to social services (Buchko, 2018). However, there is still a lack of research regarding social enterprise and other forms such as NPOs due to lack of resources and legal environment (Buchko, 2018). According to Buchko, (2018) the NPOs in Hungary can be divided into association and foundation, however both of them used financial return to fulfil social goals. Many studies highlighted the role of NPOs in social development across Hungary such as, Huysentruyt et al. (2010) and Etchart et al.



**Figure 4. Differences between revenue and expenditure for the non-profit and other not profit oriented organizations in Hungary (2003-2023)**

Source: authors elaboration based on KSH, STADAT, 2024



**Figure 5. Average of total revenue and the grant income as a percentage of total income, % of the organizations (2005-2023) by counties**

Source: authors elaboration based on KSH, STADAT, 2024

(2014). However, the steady increase of NPOs in Hungary was previously reported by Kozma (2017).

Herein, it can be mentioned that this study based on a dataset until 2023, which means one year just before the global crisis of Corona virus that has affected all economic projects around the world, then many donors and even governments have suffered from lack of funding. Such an issue will badly and negatively affect the sustainability of NPOs in Hungary. Thus, these organizations should find other sources of fund, otherwise, their services quality will decrease, or they will not be able to continue. Knowing that the number of employees in the nonprofit sector increased by %178, while the number of nonprofit organizations increased by %115. In fact, this number may not reflect the real situation because more organization doesn't necessarily mean more employees. In addition, this research mainly focused on all

organizations founded in Hungary between 2003–2023; thus, during those 21 years, some organizations may be merged with other ones; some others may end up, and others may be established; therefore, this study is not about specific type of organizations.

The nonprofit sector has become very competitive intensively in the past two decades because of the increase in the number of NPOs, the decrease in the governmental support, and the increased number of for-profit companies that entered the market of nonprofits organizations (Topaloglu et al., 2018; Randle & Dolnicar, 2009; Chetkovich & Frumkin, 2003). Therefore, under such competition conditions, managers of NPOs have pursued to balance between money and mission, that often contradicted, which have been called the “double bottom line” (Dolnicar et al., 2008; Fairfax, 2003). This two-directed focus has been a reason why scholars suggest that NPOs should adopt a more business-like approach (Dart, 2004) and become more pioneering (Weerawardena et al., 2010), which has been applied increasingly over the past decade by many NPOs to improve their effectiveness and efficiency (Sawhill and Williamson, 2001).

It is known that the main goal of NPOs is to fulfill their mission rather than making a profit, however, Tuckman and Chang (1992) assured that greater effectiveness and longevity can be related to organizational surplus, therefore, NPOs should also seek to increase their equity and reduce revenue portfolio volatility even within a resource-rich environment. Thus, including active board members in NPOs is extremely needed to support their mission (Holland, 2002; Carver, 1997).

The resource dependency theory is applied in the field of NPOs (Hodge and Piccolo 2005; Froelich 1999), usually, government subsidies and grants, different types of donations, and volunteers are possible resources of NPOs. However, changes in political leadership and public policy cause fluctuations in the allocation of governmental funding (Froelich, 1999).

The diversification strategy adopted by NPOs should lead to more stability in their revenue structure, which also increases the potential of longevity and sustainability (Jegers 1997; Kingma 1993). In general, nonprofit CEOs make strategic decisions based on the stability and nature of the organization's funding (Gronbjerg, 1991); where Stone et al., (2001) illustrated that the organization's primary funding source affect the board size and the structure of the studied organizations. Similarly, Carroll and Stater (2009) resulted that revenue diversification leads to decrease revenue volatility, which makes the financial condition of NPOs more stable over time. In the same context, Chang and Tuckman (1994) and Tuckman and Chang (1991) showed that the financial health of NPOs is positively correlated with revenue diversification, based on larger net assets and higher operating margins. Moreover,

greater revenue diversification reduced the potential of an organization to cut its program expenses or to witness a loss in its net assets over three consecutive years (Trussel, 2002; Greenlee and Trussel, 2000), which is in the line of the results suggested by (Keating et al., 2005) who revealed that revenue diversification reduces the risk of insolvency and the significant decrease in revenue; therefore, decreases the likelihood of closure (Hager, 2001). Furthermore, some studies assured that the mission of the organization may be affected by revenue diversification which may undermine its legitimacy (Carroll and Stater 2009). On the other hand, Hodge and Piccolo (2005) suggested that the role of resources in designing the organization strategy is unclear among NPOs, where Hardina (1990) reported no differences in customer-inclusive strategies related to funding sources; while De Los Mozos et al., (2016) mentioned that the NPOs' fundraising efficiency may be negatively affected by the increases in income diversification. However, securing multiple payers from the same funding sources can reduce the funding risks of NPOs. In terms of fundraising, the efficiency of fundraising increases by reducing non-programmatic expenses that can be achieved by depending on a certain funding source that suits the organization goals.

#### LIMITATIONS OF THE STUDY

This study based on a dataset until 2023, which means one year just before the global crisis of Corona virus that affected all economic projects around the world, then many donors and even governments suffer from lack of funding. Such an issue will badly and negatively affect the sustainability of NPOs in Hungary. Thus, these organizations should find other sources of fund, otherwise, their services quality will decrease or they will not be able to continue. Knowing that the number of employees in the nonprofit sector increased by %178, while the number of nonprofit organizations increased by %115. In fact, this number can be misleading because more organization doesn't necessarily mean more employees. In addition, this research mainly focused on all organizations founded in Hungary between 2003–2023; thus, during those 21 years, some organizations may be merged with other ones; some others may end up and others may be established; therefore, this study is not about specific type of organizations.

Despite the fact that this research based only on 21 years, many scholars reported about the paucity of data that facing researchers in this field. In this sense, Kim, & Kim (2015) observed the scarcity of longitudinal data about NPOs, particularly outside the United States. Recently, in Hungary, decision makers paid more attention to data availability from different sectors as the main indicator for measuring progress in development plans at the local and regional levels.

#### CONCLUSION

Non-profit organizations constitute an important element of any community's components. They provide humanitarian and social services to most of the population; we can say that these organizations are working without profit, they seek to achieve charitable work. These organizations are an important factor of sustainable development agents at the local and global levels as they strive to achieve various (environmental, economic, and social (relating to the support of the poor)) services.

NPOs are a bridge between society and government; they also play an important role in community.

The emergence of non-profit organizations in west and central Europe had an important role in shaping the principles of democracy, there were many differences between western and eastern Europe, and the non-profit organizations in Hungary are like those in west and central Europe.

The method used in this study, performed the simple linear regression, some descriptive analyses, the Mann-Kendall (M-K test) and the Sens Slope (SS) method, to detect the changes in time series.

The results show that there were a positive but not significant trend for number of non-profit organizations in Hungary during (2003–2023). The MK test reveal that the highest increase was recorded in the capital of Hungary Budapest by 328.5 NPOs/year. Also, Budapest had the largest percent of the total revenue with %58. The revenue and expenditure in the NPOs were increased by 73893944.45 thousand HUF/year ( $p < 0.05$ ), and 78694986.9 thousand HUF/year ( $p < 0.05$ ). the number of employees in this sector was significantly ( $p < 0.05$ ) increased by 4099 employees/year. While the number of volunteers was decreased by 1536 volunteers/year ( $p < 0.05$ ).

Overall, the revenues and economic weight of the Hungarian non-profit sector increased in the period 2020–2023, while the impact of the COVID-19 epidemic and challenges related to transparency of public subsidies affected the sector's performance.

Between 2020 and 2023, the Hungarian non-profit sector underwent significant changes, characterised by the following main economic trends:

*Number and type of organisations:* In 2023, there were about 61,100 NPOs in Hungary, of which more than 20% were operating in Budapest. Around 61.20 % of the total number of NGOs in the sector was made up of more than 20,000 NGOs, of which more than 20% were non-profit organisations. Almost half of the NPOs were active in the fields of culture, sport, leisure and hobbies.

*Revenue evolution:* In 2022, the total revenues of NPOs reached HUF 4 000 billion, an increase of 34% in current prices and 17% in real terms compared to the previous year. Within this, the revenue of public and trust foundations increased most significantly.

*Government grants:* Government funding accounted for a significant share of the sector's revenues. In 2022, government grants to NGOs reached HUF 513 billion, compared to HUF 144 billion in 2010.

*Employment and volunteering:* In 2022, employment in the non-profit sector increased by 3.3% compared to the previous year. However, in previous years, the COVID-19 pandemic had a negative impact on public contributions: the number of volunteers fell by 15% and financial assistance by 18% in the first year of the pandemic.

*Economic weight:* In 2022, the weight of the non-profit sector in the national economy, based on the average of the share of GDP revenue and the share of employees, was 4.7%, an increase compared to previous years.

In addition, planning a good strategy of non-profit organizations requires the diversification of revenue where it should be applied in this field of NPOs to protect these organizations from crisis.



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