Most important characteristics of the nonprofit sector

Size and structure
HCSO, from 1993 onwards, conducts surveys on the nonprofit sector in a more or less unchanged structure. This also provides an opportunity to give an account on major changes and tendencies arising from these in the last nearly 15 years along with the most important findings on 2007. For the nonprofit sector the two most important indicators of development are: number of organizations and real value of incomes; these increased by 80 and 77% in the examined period. From 2000 to 2006, this latter’s growth rate exceeded growth in the number of organizations, however, in 2007 this tendency did not prevail; real revenues decreased which also meant a decrease in real revenue per organization compared with previous years. An even and rapid expansion took place in the number of employees. Nonprofit organizations provided employment for nearly three times as many employees as in 1993 so enhancing the economic weight of this sector.

In 2007, 62,407 organizations worked in Hungary, nearly two fifths of this – 23,732 as a foundation, while 38,675 as a membership organization. 62% of foundations may be linked to three activity fields: education (32%), social services (16%) and culture (14%). Among membership organizations, leisure (26%) and sport (17%) associations as well as professional advocacy groups (11%) continue to account for the largest proportions. Organizations with a status of public benefit, in 2007, accounted for a proportion of 48%, while the proportion of those declared as having an outstanding public benefit fell to 6%, as it was in 2000.

Nonprofit organizations and distribution in their total revenues by activity groups, 2007

Economic background
86% of organizations had revenues and expenditures in the given year, 5% of them were practically restricted to fundraising, more than 6% did not carry on any financial activities, 2% used only their existing reserves. A proportion of over 6% of classical1 civic organizations indicated that when performing basic functions no money was raised and there were no expenditures.

In the examined period (2000-2007), the nonprofit sector’s servicing role sensibly strengthened, along with this, its economic indicators also improved. Total revenues exceeded HUF 964 billion, which meant, at current prices, an increase of nearly 95 per cent on HUF 495 billion in 2000. In spite of this, organizations with revenue of less than HUF 500 thousand continued to account for 45%.

1 Nonprofit organizations are classified to three types by character: private foundations and associations are regarded as classical civic organizations; public bodies, trade unions, employer groups and unions belong to advocacy groups; public foundations and public benefit corporations are classified to other nonprofit organizations.
In 2007, 14 thousand organizations made cash or in-kind donations to the population or to different organizations. An aid of HUF 143 billion (out of this HUF 132 billion in cash) was provided by the nonprofit sector, an increase of over 60% on 2000. Organizations received 68% of donations, while private persons nearly 32%.

### Human resources

Between 2000 and 2007, there was an increase of 38% in the number of employees in this sector, so total headcount amounted to over 110 thousand. The number of full time employees in main job amounted to over 78 thousand. The work of 34 thousand people employed by nonprofit organizations in part-time or not main jobs accounted for the work of an additional 15 thousand persons. Three fifths of full-time equivalent employees worked for public benefit companies, 16 and 17% for associations as well as private and public foundations, respectively. Nonprofit organizations working in the capital city and county seats employed more than two thirds of salaried employees, while only 8% of them worked for village organizations. The average gross annual wage of HUF 1.8 million recorded in this sector increased by 3.6% year-on-year and amounted to 81% of the average wage recorded in the domestic economy.

When analyzing the territorial distribution in revenues a lessening in inequalities is appearing, however, there is still a very high concentration in the capital city. Within different activity groups significant discrepancies can be experienced concerning revenues and number of organizations. The numerous sport and leisure organizations account for a much smaller proportion of resources compared with their weight, while organizations working in areas of municipal and economic development show a much better than average financial situation. There was a significant increase in proportion of resources coming from public support. In 2000, for the sector as a whole, 28% of revenues came from a state or a local authority budget; this proportion amounted to nearly 41% in 2007. Along with this, the proportion of private donations decreased from 16 to 13%, which may be partially explained with a decrease in foreign resources. Foreign support, on 2006, decreased in value by HUF 10 billion – a reason for this is that numerous large Western European and American private foundations, previously making donations for several Hungarian nonprofit organizations, recently focused their funding on the Balkans and more distant regions; however, a large part of EU funding reaches these organizations through central funds and budgetary institutions.

Public benefit companies and public foundations account for 62% of a state contribution of more than HUF 390 billion; although out of organizations in this sector hardly 5% can be classified to this type. At the same time, in case of (private) foundations and associations that might be regarded as classical civil types central government funding only accounts for a proportion of one third in total revenues. 57% of financial amounts allocated by the state as a grant remain in the capital city and only 7% is for village organizations. Between 2000 and 2007 – to a large extent due to our accession to the European Union and the start of the National Civil Fund – organizations having support through applications increased in number by 15% and the amount gained by this sector increased by nearly 45%. A high degree of capital city-primacy in the distribution may still be experienced, 53% of revenues from application was still for organizations in Budapest. 92% of grant awardees may be classified to classical civil organizations and the grant awarded, on average, accounted for a proportion of more than 12% in their revenues.

In 2007, an estimated total of 472 thousand people worked in this sector as volunteers. The more than 50 million working hours performed by them accounted for the working time of approximately 24 600 full-time employees, their work accounted for an estimated value of over HUF 44 billion. Practically no voluntary work was involved by public benefit companies, professional associations and nonprofit institutions, as well as very little voluntary work was needed by public foundations and public bodies. More than 99% of volunteers worked for associations and private foundations.

Residential assistance is especially important for smaller organizations. In the income category of less than HUF 50 thousand, the value of voluntary work was over 27-times the total revenue, but in case of organizations with a budget of HUF 51 to 500 thousand labour cost saving, due to voluntary work, was also over two times the total revenue. 88% of membership organizations had individual members (natural persons). A total of 3.9 million members were registered, including a headcount of around 1 million of advocacy groups.

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2 This calculated value shows how many full-time employees are substituted by volunteers in these organizations.
Further information, data
(links)

Tables

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