

Small and Medium Enterprises in Hungary 1988-2022

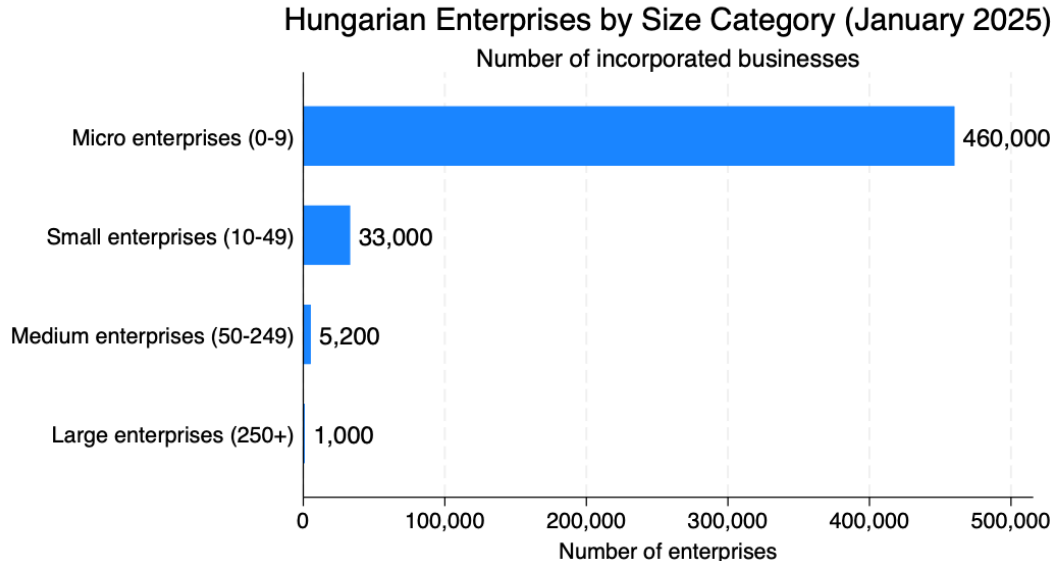
Miklós Koren, Bálint Szilágyi, András Vereckei

macromanagers.eu

Politicians love small businesses

Current snapshot

Size distribution of enterprises



Source: KSH

Politicians love small businesses

In addition, 1.3 **million** solo entrepreneurs.

SMEs **employ** two-thirds of all private sector workers.

With an average family size of 2.3, at least 4 million people—a significant portion of Hungary's population—live in households that **own** a small business.

The emergence of private enterprise in Hungary

1980s: The economy was dominated by approximately 1,000 “corporations” and 4,000 “cooperatives” (large socialist enterprises)

1983 onwards: Between 1,000 and 7,000 GMKs (“economic partnerships”) emerged as a form of spinoff microenterprise

1988: New corporate law introduced, total businesses reached 25,000

1990: Business count increased to 60,000

1992: Following new bankruptcy and corporate laws, total businesses surged to 164,000

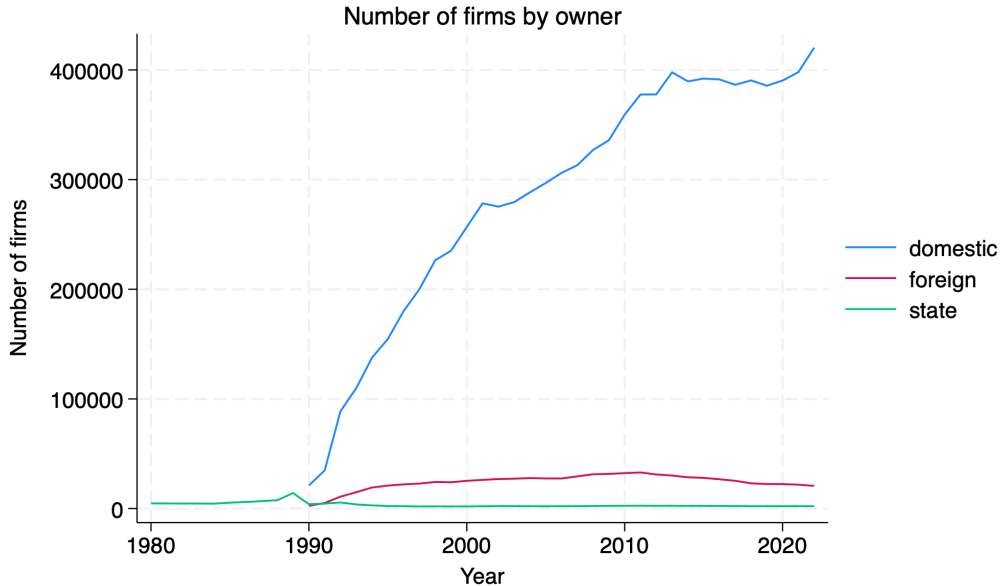
Hungary, 1980 (Fortepan / Szalay Zoltán)



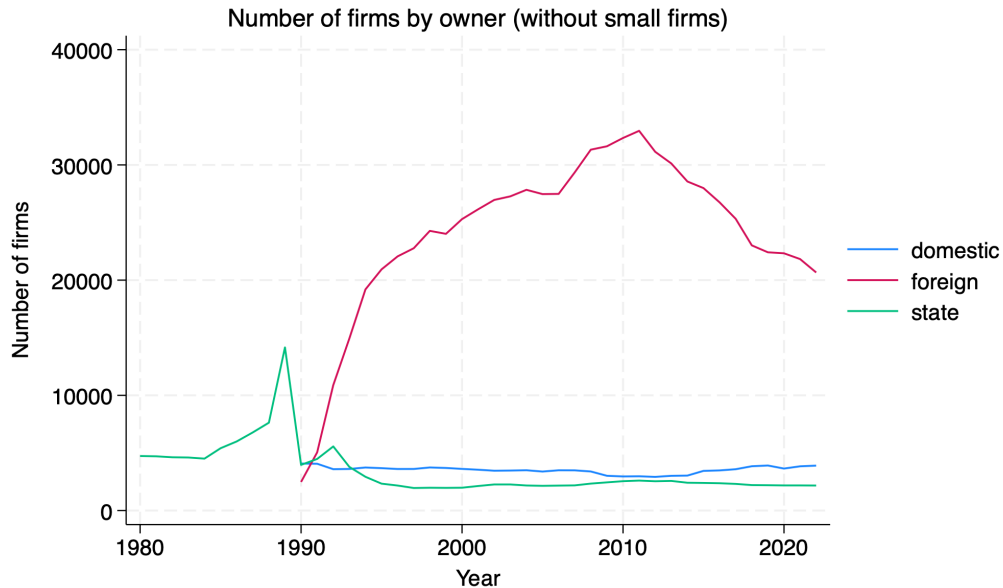
Hungary, 1990 (MTI)



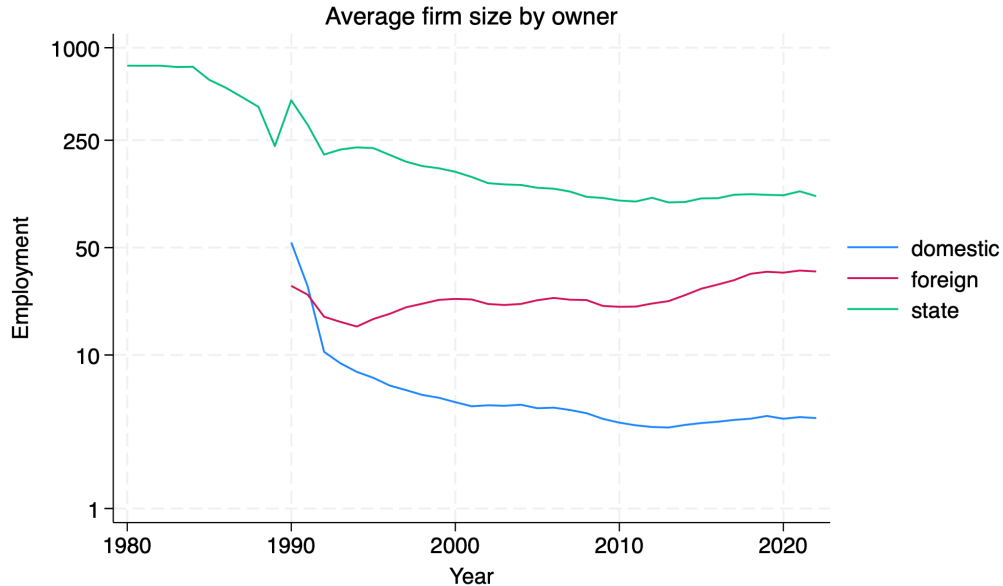
Extreme growth in entrepreneurship



Most dynamism in foreign firms

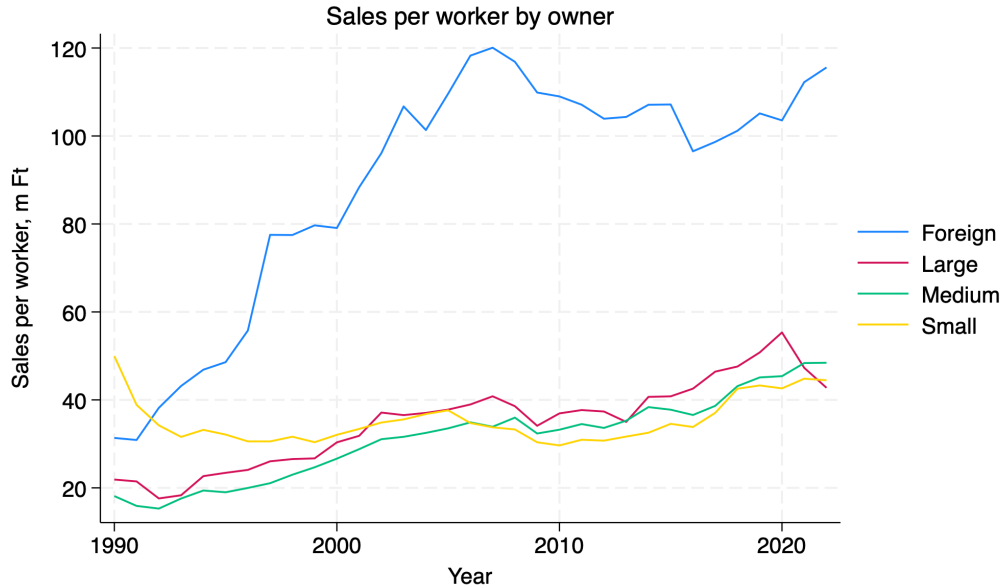


Domestic firms remain very small

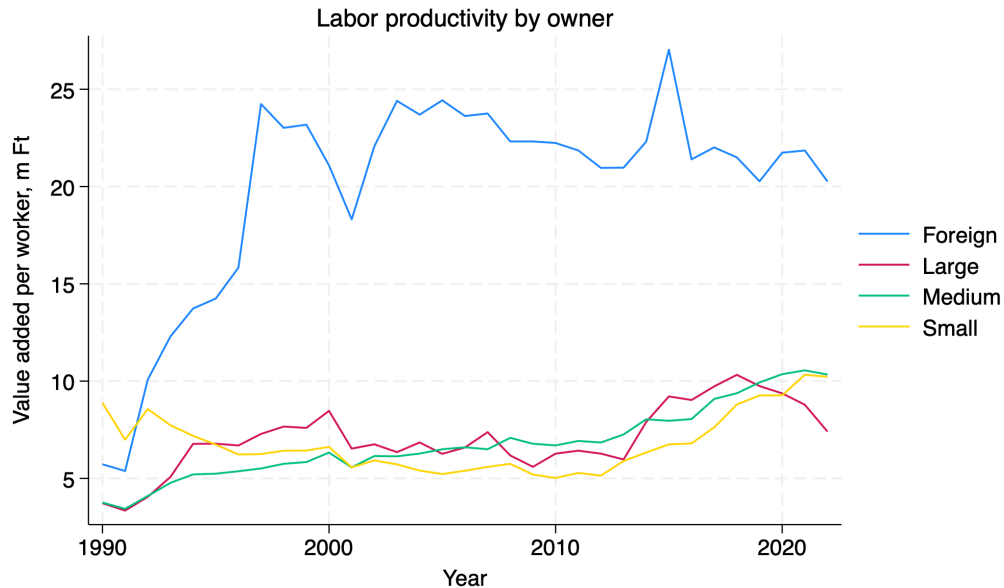


The dual economy

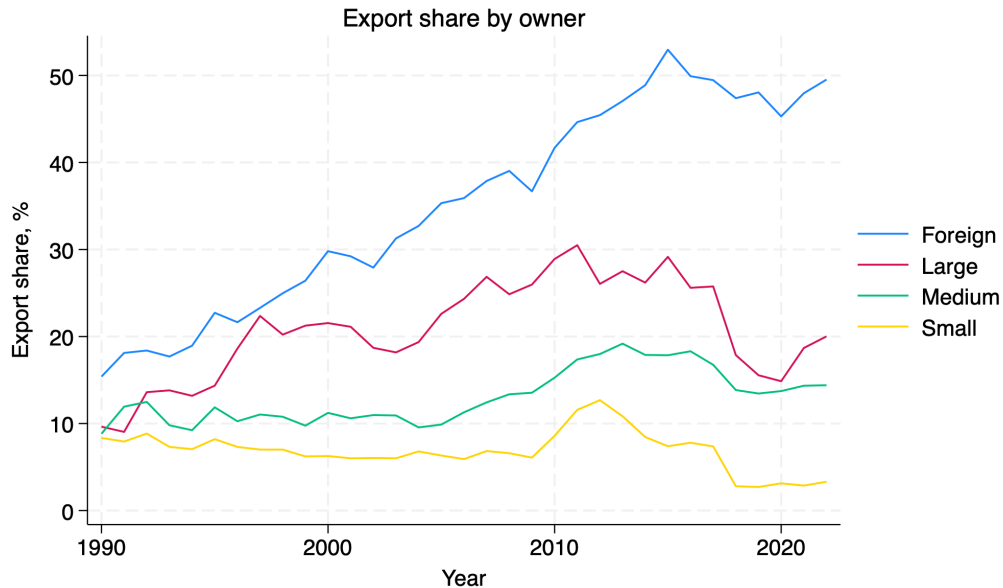
Foreign firms are something else



Large gaps in labor productivity

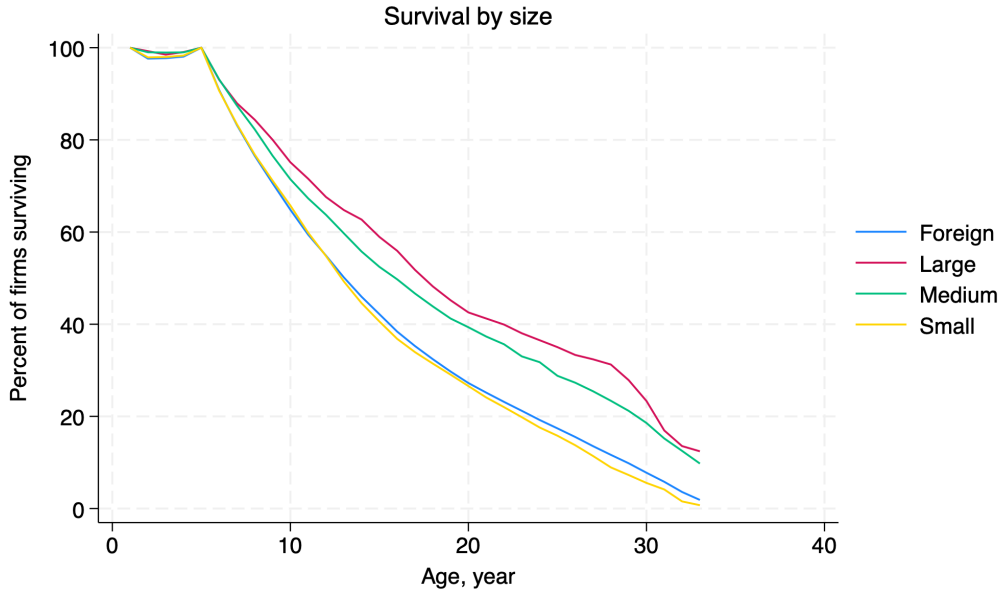


Widening gap in export share



Why don't small firms develop?

Business survival is very similar



But foreign firms grow faster

