

## SOCIAL STARTUP ENTERPRISES: THE CASE OF HUNGARY

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### Abstract

Startup enterprises are essentially profit-oriented enterprises. These days, in addition to profit-oriented production and non-profit organisational forms, the emergence of a new kind of enterprise can be observed: the rise of social startup enterprises. These are profit-oriented companies but, besides wanting to gain profit and navigate successfully in the business world, they also want to meet certain social challenges and fill various social needs. Many studies deal with startups and social enterprises, but the specific area of social startups is a less explored field. The present study aims to explore successful social startups in Hungary; their features, the programmes supporting them and the competition among them. The study concludes with the examination of two examples of social startups and features two internationally-prestigious companies exposing the multilayered nature of social startup activities.

### Key words

startup; social enterprise; support programme; case study; Hungary

**JEL Classification:** L26, L31;

### Introduction

In January of 2018, the founder and CEO of BlackRock, Laurence D. Fink, talked about the importance of social engagement. “To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society”. In his opinion, if a company wants to attract capital, it has to serve a social aim, regardless of the fact that it is a privately owned entity or state owned (cnbc.com).

A 2016 European Commission report states that the number of European enterprises is rising continuously and that their activities are entering new areas. Although many countries introduce new legislation and support systems in order to encourage social startups and the notion is widely considered among academics and political decision makers, there is no universally accepted definition for social startup development (Borzaga-Galera, 2016). The literature offers different interpretations. In spite of all of this, it is a fact that the role of social startups has increased all over Europe in past decades. It also led to an increase in the number of European research projects exploring social startups (an example of such a project could be the SEFORIS project (<http://www.seforis.eu/>), which explores social engagement; the TSI-project (<http://thirdsectorimpact.eu/>), which aims at providing new knowledge to social and economic development in Europe; and the EFESEIIS-project (<http://www.fp7-efeseiis.eu/>), which seeks to expose the operation of social startups using data collected from ten select countries). Although many EU countries, e.g. Bulgaria, the Czech Republic, Belgium, Hungary, Romania, and Slovakia, use the notion of social startups, there exists no agreed definition of it. Thus, a comprehensive database is also not available in this regard (European Commission, 2016).

According to social-startups.de, a German social startup magazine; “a social startup is a kind of social enterprise that uses creativity and innovation to provide sustainable solutions to social and/or ecological problems, where the maximisation of profit is not the most important goal”. Hungarian researchers put their number between 300-400 enterprises (Petheő, 2009), while some other estimates believe the number is closer to 600 (Kiss, 2017). The literature is growing, but the amount of empirical research is still low (Sastre-Castillo et al., 2015; Repisky-

Tóth, 2019). Gadócziné Fekete et al (2017) grouped the typical Hungarian social startup forms into four categories: co-operatives, social co-operatives; associations and foundations; non-profit companies; companies. “The determining factor in the operation of social startup enterprises is their business activity, but this activity is based on a moral aim influenced by business ethics or corporate social responsibility” (Gadócziné Fekete et al., 2017). Categorising the models for social startups, Hungarian players are put into six groups (Gadócziné Fekete-Hubai-Kiss-Mihály, 2018:114): public service provision social enterprises, enterprising CSOs, work integration CSOs, local development community enterprises, social startup enterprises and solidarity economy initiatives. From these models, the present study focuses on social startup enterprises.

The method used in the present research was twofold: research undertaken in the area of social startups and the related results are overviewed relying on secondary sources, then primary research focuses on the collection of organisations and programmes supporting startups and two case studies from Hungary.

This study consists of these parts as follows: first, the literature review on the notion of startup and development, then on social startup enterprises, followed by an explanation of the materials and methods used in the research. The third part presents the findings of the research, the collection of organisations and programmes responsible for supporting startup enterprises and ideas, availability in the EU and in Hungary and concludes with two case studies. The study aims to bridge the gap between practitioners and academia by exploring social start-ups and their support programmes in Hungary.

### **The notion of startup and development - beginnings in Silicon Valley**

The term ‘startup’ was created in Silicon Valley in the 1970s. Silicon Valley is situated in the USA - Northern California, to be precise, covering inland to San Jose and its outskirts to the southern shores of San Francisco Bay. The original name of this area was Santa Clara Valley, known then as the breadbasket of San Francisco. The valley was famous for its apricot and walnut plantations. Food production was the leading industry in the region. The name Silicon Valley came from the chips used in silicon-based computers that were produced here. The expression was first used by a journalist, Donald C. Hoefler on 11th January in 1971, in the weekly magazine Electronic News. By using the term ‘silicon’, Hoefler referred to the large number of IT companies that had already settled in the area by then. 10 of the world’s biggest hardware companies were present in the valley, including Hewlett Packard, NEC Electronics (subsidiary of NEC Japan), Compaq, Intel, Sun Microsystems, Solectron, Seagate, Apple, Quantum and 3Com (businessdictionary.com).

The term ‘startup’, however, has many definitions. One of the two most popular definitions comes from Steve Blank, Stanford professor, entrepreneur and author, that a startup is a “temporary organization designed to search for a repeatable and scalable business model” (Blank, 2010). The other definition is from Eric Reis, writer of *The Lean Startup*: “A startup is a human institution designed to deliver a new product or service under conditions of extreme uncertainty”. “At its heart, a startup is a catalyst that transforms ideas into products and services” (Ries, 2011:75).

Kollmann, Hensellek and Kensbock (2016), in their *European Startup Monitor*, described startups using the following characteristics:

1. Startups are younger than 10 years.
2. Startups feature innovative technologies and business models.
3. Startups have enormous employee and sales growth potential.

The use of digital technologies and the novel solutions offered by startups - often based on information communication devices - is also emphasised by the report. (Kollman et al., 2016). Colvile (2016) detailed a description of startups in his book. Berezcki (2019) believes that startup entrepreneurs would risk employee and sales growth even at the expense of security.

Startups in Europe appeared after 1985, but papers researching them have only been published since 2014 (eu-startups.com; European Startup Monitor; Startup Genome; Beauchamp–Skala, 2017). Bundesverband Deutsche Startups (DSA) and the European Startup Network co-produced the European Startup Monitor (ESM) project in 2015. Academic collaborators of the project included the Vienna University of Economics and Business (Austria), the Antwerp Management School (Belgium) and the University of Cyprus. This comprehensive study is compiled yearly with the co-operation of startup representatives from EU member countries and Israel, harvesting comparative data about the European startup environment in the process. In constituting the European Startup Monitor, 2,300 startup enterprises and 31,000 employees were examined with results presented in Berlin as well as in Brussels (europeanstartupmonitor.com).

In Hungary, startups only appeared after 2008 (Márkus, 2016). The first Hungarian event that used the expression ‘startup’ in its title was Startup Underground in March, 2008. There is no Hungarian equivalent of the term ‘startup’ in Hungarian. The term originally signified any newcomer in the business world, but the meaning has changed by now since several companies listed on the stock market are also described as startups, e.g. Google or Facebook (Kézai–Konczosné Szombathelyi, 2020).

The National Research, Development and Innovation Office published *What is a Startup?* (2014) which summarises the main characteristics of the term (table 1).

**Table 1. The 8 main characteristics of startups**

1.	Early life stage and small size
2.	Big growth potential
3.	Innovation, breakthrough ideas or technologies
4.	Aims for the global market
5.	High uncertainty
6.	Unique work culture and thinking
7.	Unique financing needs and problems
8.	Special branch

Source: Own editing based on NIH (2014).

The 2017 decree about startups in Hungary (331/2017. (XI. 9.) Government Decree 1.§) defines these companies as early phase enterprises.

### Social enterprises

The term ‘social enterprise’ first appeared in Italy in the journal *Impresa Sociale*, published in 1990. Initiatives of this kind first began at the end of the 1980s and they became widespread in other parts of Europe after 1990 although the term “‘social enterprise’ was not always used as such in legislation” (Defourny–Nyssens, 2010: 2). Borzaga and Defourny (2001) distinguish four criteria, reflecting the economic and entrepreneurial dimensions of social enterprises: continuous activity, producing goods and/or selling services; a high degree of autonomy; a significant level of economic risk; the minimum amount of paid work. A further five points are named that summarise the social dimensions of such enterprises: an explicit aim to benefit the community; an initiative launched by a group of citizens; a decision-making

power not based on capital ownership; a participatory nature which involves various parties affected by the activity; a limited profit distribution (Defourny–Nyssens, 2010: 2–3).

Two school of thought are distinguished: American and European. According to the American perspective, the enterprising individual, social innovation and profit orientation take precedence. The European perspective emphasises the collective dimension and democratic operations (Defourny–Nyssens, 2009: 21). The authors, in their 2014 study, state: “the various conceptions of social enterprise and social entrepreneurship are deeply rooted in the social, economic, political and cultural contexts in which such dynamics take place. This implies that supporting the development of social enterprise cannot be done just through exporting US or European approaches. Unless they are embedded in local contexts, social enterprises will just be replications...” (Defourny–Nyssens, 2014: 60). Kiss (2015) writes that in the English language literature, there is a distinction between the social entrepreneur as a person and social entrepreneurship as the activity or process (Kiss, 2015). Mihály (2017), using the international literature, analyses the history, schools and interpretations of terminology in social enterprises. In his view, the common framework for all these narratives is that they project a more ‘humanistic’ economy, although the use of this particular term can differ greatly, as well as the way leading to it. “According to the international organisation EMES, a social startup enterprise is an organisation that (1) bases its business activity on social or public aims; (2) reinvests profit in some social scheme; (3) features an organisational structure or ownership structure that is characterised by participatory or democratic principles, and social justice” (European Commission, 2011:2; Bereczk et al., 2018; 2019:37). Bereczk et al. in their 2019 paper - which is based on their 2017 primary research – explores the regional differences between Hungarian social startups. In the research, the age, motivation for founding, the amount of tender funding and the regional characteristics of employee numbers are examined. Their findings present Central Hungary, Central Transdanubia and Western Transdanubia as developed, Northern Hungary and the Southern Great Plain regions as below average, while the Northern Great Plain region and Southern Transdanubian regions as mixed from the perspective of social startup enterprises (Bereczk et al., 2019: 35). Repisky and Tóth (2019) seek to explore the motivation behind the phenomenon of social startups. Four distinct groups are identified in the research based on motivational factors in the establishment of social enterprises: external financial motivators, entrepreneurial motivators, social motivators and personal motivators. A further finding of the study states that because of their pro-social motivations and collectivist values, social enterprises in their study can be characterised by significant network motivation and higher levels of power motivation in addition to the usual high levels of performance motivation (Repisky-Tóth, 2019:11).

### **Social startup enterprises in the international and Hungarian literature**

VanSandt et al. (2009) think that social enterprises unite the efficacy of business organisations with the concerns of non-profit organisations and governments. In their opinion, social enterprises have high potential in alleviating many social problems. The study explores potential catalysts that enable social entrepreneurs to reach their goals in social development. Legitimacy and information technology were identified as key catalysts. Millner and Vandro (2014) examine social startup enterprises in the German sphere. Their research identifies three types of organisation groups (table 2) with Austrian, German and Swiss examples.

**Table 2. Organisation types of social enterprises**

	<b>Organisation features</b>	<b>Supporters in the ecosystem</b>
<b>Social Startup</b>	Before founding, idea phase	Incubators, universities (University incubator programmes), business plan competitions
<b>Social Enterprise</b>	Market-based business model	Social hedge-funds and other investors
<b>Social innovator</b>	Established effect models, high levels of innovation	Scholarship organisations, the media and science

Source: Own editing, based on Millner és Vandor (2014: 289).

Wisniewski and Esposito (2016) examine Uber as a social startup enterprise causing social conflicts and its effects. Vnoučková and Urbancová (2018) report that, in the Czech Republic, the number of social startup enterprises is relatively low. Their study focuses on these enterprises. Their study is based on 17 startup projects and their qualitative research that was chosen from different incubator projects. The research features content analysis, keywords and short expressions used to explore the main characteristics and areas of socially oriented startup enterprises. The main criteria for a successful social startup enterprise include education and training, development, partners, ideological planning, the use of expert help, the use of technology, project management, personal involvement, efficient solutions and a psychological approach. The research examines real world startup projects in their incubation phases. Their findings are important in the development of startup ideas and projects. Peng Wei et al. (2018) emphasise the growing importance of social enterprises. These entities are expected to remedy market and government failures and to enable social changes with the help of innovative approaches in social problem solving. The paper considers the number of startups to be constantly on the rise, largely because of a passion in undertaking new ventures, while the number of social startup enterprises is insufficient; the reason for which can be found in the severe limitations of resources and sustainable development. The authors consider growth in the case of social startups to be a complex mechanism. The study integrates the prospects of organisational legitimacy and resources, producing in-depth case studies that expose, through four social enterprises, the growth model of social startups. The findings convey that the expansion of different resources can enable social startups. Gogan and Goode (2020) write about an IT-hybrid social startup case study. The study explores a social startup that comprises a charity pharmacy, two non-profit consortiums and two profit-oriented IT companies; aiming at the redistribution of surplus medicine for patients in need, i.e. 'wasted' medicine. Research findings suggest that flexibility in IT, different forms of business agility and the unique manifestations of social-trade agility all contribute to the survival of this hybrid social startup in addition to overcoming financial and other obstacles. Sansonea et al. (2020) examined incubators that supported social projects, ideas or startups in at least a fifty percent proportion. Findings show that social incubators are just as efficient as other incubators. These findings can encourage political decision makers to support social incubators and social enterprises. Shepherd and Gruber (2020) wish to bridge the gap between practitioners and science by exploring the lean framework in starting new businesses. The five building blocks of the lean framework are: business model, validated learning/customer development, minimum viable product, perseverance vs. pivoting and market-opportunity navigation. The aim is to improve startup establishment for practitioners through the understanding of the processes. A further



research direction is the use of the lean framework in supporting different social enterprises or enterprises specialising in social problems, e.g. social startups.

The Hungarian literature offers Szakács and Szakács (2014) whose paper explores the possibilities of social startups providing an answer to the challenges of climate change and social and environmental problems. In their article, social startups are a product of business logic and social need and, although social startups operate as non-profit entities, they aim at helping societies from the very beginning. As the case studies show, social startup models present important opportunities for young people without the need to surrender their dreams and livelihoods. A social startup provides an opportunity for a living and the chance to do something useful on top of getting a salary. Gadócziné Fekete, Hubai, Kiss and Mihály (2017b) analyse Hungarian social enterprises within ICSEM (International Comparative Social Enterprise Models) research. In a 2018 paper, the same researchers established the following groups for participants of the ICSEM study: Public service provision SE, Enterprising CSO, Work integration CSO, Local development community enterprise and the Social startup and Solidarity economy initiative. According to Gadócziné Fekete et al. (2018), there exists in all types some features that could give rise to debatable features: excessive state support in public service provision SEs, the weakness of entrepreneurial character in enterprising CSOs, in work integration CSOs and in local development community enterprises the role of local government (due to funding in the former and direct involvement in the latter), the democratic nature of operation in social startups, and with solidarity economy initiatives the breaking of the market economy framework. Table 3 shows the characteristics and differences of organisations featured in ICSEM research.

**Table 3. Main characteristics of Hungarian SE models**

	<b>Public service provision SE</b>	<b>Enterprising CSO</b>	<b>Work integration CSO</b>	<b>Local development community enterprise</b>	<b>Social startup</b>	<b>Solidarity economy initiative</b>
<b>Legal form</b>	Association, foundation, non-profit company, social co-operative	Association, foundation, non-profit company	Association, foundation, non-profit company, social co-operative	Association, foundation, non-profit company, social co-operative	Beside non-profit legal forms, for-profit company and co-operative	All legal forms as well as informal groups
<b>Sectoral affiliation</b>	Close ties to public sector	Close ties to civil society	Close ties to civil society	Close ties to local authorities	Close ties to private sector	Close ties to civil society
<b>Aim</b>	Public service provision	Gaining extra income for the sustainability of the	Employment of the target group, providing economic benefits	Integrated local development	Realising a socially useful, innovative idea	Promoting solidarity-based economy

		organisatio n				
<b>Field</b>	Social welfare, public utilities, employment	Social welfare, culture, environmental protection, etc.	Agriculture, social welfare, culture, environmental protection, communication	Any activity that fits in the local economic system	Culture, environment, IT, transportation	Alternative solutions in all fields
<b>Employment</b>	Important goal	Not a major goal	Important goal	Important goal	Not a major goal	Not a major goal

Source: Gadócziné Fekete et al. (2018: 128–129).

Gadócziné Fekete et al., in their OTKA<sup>1</sup> research, define the characteristics of social startup enterprises: “the determining factor in the operation of social startup enterprises is their business activity, but this activity is based on a moral aim influenced by business ethics or corporate social responsibility. The social aim directly influences economic activity which facilitates the development of an economy based on a greater degree of solidarity and environmental consciousness. Social startups might be for-profit. Social and other co-operatives working in certain special areas (e.g. IT, waste management and recycling), community enterprises focusing on certain specific areas of the local economy and for-profit companies putting emphasis on philanthropic solidarity and innovation can be included in this category. Democratic decision-making might not be characteristic of for-profit companies. They can operate in any legal form: besides non-profit companies, foundations, associations and social co-operatives, for-profit companies can be social startups. Close ties to the private sector are typical. Their aims include implementing a socially (culturally or environmentally) useful, innovative idea. Characteristically, they operate in the field of culture, environment, IT and transportation. Employment is not a major goal, the number of employees is determined by economic necessity” (Gadócziné Fekete et al., 2018:127).

According to a Hungarian report - Social Enterprises and their Ecosystems in Europe - the number of for-profit enterprises which define themselves as social enterprises has been rising steadily since 2010. NESsT has been featuring traditional enterprises in its portfolio since 2009 but, before that period, it concentrated on social enterprises that were initiated by non-profit organisations (Kiss-Mihály, 2019). Kiss (2018) writes that market-based sustainability has become more pronounced in the approach of both development organisations with innovative startups and idea development further helped by new organisations and programmes. As Mura et al. (2017) stated, businesses and enterprises being oppressed by strong competitiveness have been trying to find new markets where they would be able to sell the company’s resources and make a better profit. As a result of globalization, the world is undergoing continuous social and economic changes in which competitiveness is an indicator (Farágó, 2020) and smaller businesses need a more flexible approach to the competitive environment (Machová et al., 2017). Therefore, many of them do not operate in the national

<sup>1</sup> OTKA – Reseach financed by the Hungarian National Scientific Research Fund

domestic environment, but they make their business international and enter into nearby foreign markets.

### Materials and methods

During the analysis, the author sought to answer the question of what successful social start-ups exist in Hungary and what characteristics they would have. The first part of the study provides an overview of the literature firstly in the startup, then in the social enterprise fields, finally in the social startup enterprises; summarising the related international and Hungarian research based on keywords (startup, social enterprise, social startup, Hungary) in scientific search engines (Web of Science, Science direct, Google Scholar). In the second part of the article, the author presents a collection of European and Hungarian organisations and programmes to support startups and two unique and successful social startup enterprises in their respective fields.

### Results

The following table summarises the programmes and organisations that support startups (Table 4).

**Table 4. Organisations and programmes responsible for supporting startup enterprises and ideas, available in the EU and Hungary**

Programme	Form of support	Aim	Supporter	Availability
<b>LIFE 2014–2020</b>	Environmenta l tender	Developing and working out innovative, novel ideas for meeting challenges related to environmental protection	European Commission	<a href="http://ec.europa.eu/easme/en/life">ec.europa.eu/easme/en/life</a>
<b>Startup and SME support to fight COVID-19</b>	Support	Aimed at startups and SMEs that offer products or services for the mitigation of the COVID-19 pandemic	European Commission	<a href="http://ec.europa.eu/info/news/startups-and-smes-innovative-solutions-welcome-2020-mar-13_en">ec.europa.eu/info/news/startups-and-smes-innovative-solutions-welcome-2020-mar-13_en</a>
<b>Social Startup Europe Award</b>	Competition	Aims at recognising startups offering products/services addressing education, quality childcare, healthcare, training, job-search assistance and rehabilitation	European Commission, European Parliament, Finnova Foundation	<a href="http://startupeuropeawards.eu/project-view/social/">startupeuropeawards.eu/project-view/social/</a>
<b>Climate-Kic</b>	Tender	Aims at supporting business ideas related to sustainability	European Institute of Innovation	<a href="http://climate-kic.org">climate-kic.org</a>



			and Technology	
<b>Global (Central European) Startup Award</b>	Competition	The biggest independent startup ecosystem competition	European Commission and further companies	centraleuropeans tartupawards.co m, globalstartupawa rds.com/categori es-2020
<b>V4 Startup Force</b>	Incubation programme; mentor programme and competition	Supporting startups in the V4 region	Visegrad Fund	v4startupforce.d esignterminal.hu
<b>COVIDEA</b>	Ideas and startup competition	Offering solutions for the challenges posed by the epidemiological, health and social situation	National Research, Development and Innovation Office (Ministry for Innovation and Technology)	nkfih.gov.hu/cov idea
<b>MVM Edison</b>	Ideas and startup competition	Aims at finding energy-conscious SMEs in Hungary, and supporting the effective operation of the energy sector	MVM Group	mvmedison.hu/ mi-az-edison
<b>ERSTE SEEDS Programme</b>	Incubation programme	The biggest social startup support programme in Hungary	ERSTE Foundation	erstebank.hu/hu/ ebh- business/social- banking/kozosse gi- szerepvallalas/a- seeds-program

Source: Own editing.

### Case studies

In the last part of this study, two exemplary Hungarian social enterprises are presented. The first case is a modern art base with the social aim of bringing contemporary art to a wider audience, making it more available and consumable. The GARTEN 2020 modern art base was

organised in Lovas, near Lake Balaton, with two explicit aims: making contemporary art and cultural education more available. The second case is a for-profit startup enterprise with the social aim of making reading more popular among young children.

### Modern art for the price of a pair of female boots – GARTEN 2020



#### 1. Picture. Garten2020 # művészettel védekezünk

Source: <https://www.garten2020.com/>

GARTEN 2020 dates back to 2013. The idea originates from Ákos Bánki, a painter and curator, and János Schneller, an art historian and curator. The first modern art fair was held in Budapest, where the price of every piece was equal to the price of a pair of female boots (HUF30,000). This business model has since become a Hungarian and international practice. The Godot Gallery has had a similar scheme since 2015. These fairs were met with huge success and in the third year, a hundred paintings were sold in two weeks. The artists consign their paintings with the aim of bringing their art closer to the general public. The organisers also wanted to provide a venue for young, relatively unknown, contemporary artists and showcase their art to a wider audience. The fair could be reached from all over the world through an online catalogue. The 2018 success led to the decision of establishing an art base on the shores of Lake Balaton, with Budapest being empty for the summer. GARTEN 2019 and GARTEN 2020 were supported by the Nagy Gyula Art Foundation in Lovas with the venue being provided by the Nagy Gyula Gallery. GARTEN is basically a modern art base, with programmes (22 in 2019, 36 in 2020) for families from diverse backgrounds. These programmes include guided tours, art cinema events, concerts, a children's camp and thematic walks. The explicit aim of the base is to create a win-win situation: visitors are educated, the young modern artist get a venue, and Lovas receives visitors for a full month. The success of the base gained new recognition when the city of Veszprém won the title of Cultural Capital of Europe for 2023, and at the opening ceremony of GARTEN 2020, a co-operation agreement was announced with Veszprém, laying the groundwork for future development in the history of GARTEN.

## BOOKR Kids – where tales come to life



## 2. Picture. BOOKR Kids

Source: <https://www.facebook.com/bookrkids>

The 2015 PISA Test exposed a strong correlation between reading comprehension and students' sociocultural backgrounds in Hungary. This also means a better performance at tests for those who grow up in a book-rich environment in which the parents regularly read (Educational Authority, 2016). "Educational reading could be partially implemented in the use of IKT devices, e.g. with the possibilities of interactive books. The Hungarian startup enterprise BOOKR Kids is a smartphone/tablet application, working and in development since the spring of 2015, which is targeted at the age group of 2-11, helping both from a technical aspect and from the quality point of view in educating readers" (Urbanik, 2020:204). Another proven fact is that those children who are told many tales perform better in school. The funders of BOOKR Kids, Dorka Horváth and Daniel Karányi, have the goal of - using 21st century technology - bringing reading closer to children.

*"We are building a bridge between classic tales and the digital world. We can show tales of former generations in a completely new, exciting form to children of today" (bookrkids.com).*

BOOKR Kids is basically a tablet application for children; combining a book, audiobook and interactive game. The stories bring characters to life. Móra-BOOKR Kids Ltd. was founded in January, 2015 ([corp.bookrkids.com/privacy/](http://corp.bookrkids.com/privacy/)). The startup won many prestigious awards shortly after the start: CEE Lift Off, the biggest startup competition in Central and Eastern Europe featuring 23 countries with 148 startups; in 2016 - besides winning Women Startup Competition Europe, the company also won the title Game of the Year, and the Innovation Award of the Ministry of National Economy in 2016. In 2017, the company was named the best digital education solution, and it also received the Special Prize at Nestlé's startup competition. In October, 2019, the startup won the Social Startup Award at the Central European Startup Award ([startuponline.hu](http://startuponline.hu)). In 2018, the company provided through mobile and tablet applications more than 170 traditional and modern interactive audiobooks, and more than 300 educational games for children with intellectual disabilities (Szabó-Krátki, 2018).

In 2019, one thousand Hungarian students in state owned, rural, mainly micro regional institutions, could try the BOOKR Suli programme ([startup.hiventures.hu](http://startup.hiventures.hu)). BOOKR is also an

international success: the service has been available in Norway since September, 2017, in the Czech Republic since October, 2017, in Germany since 2018 and in China since May, 2018. Co-operation with educational agencies in Turkey, Pakistan and Greece began in 2019, where sights were set on distributing the company's flagship product, BOOKR Class; a programme promoting English learning via literary works. The company's range of tales is constantly growing. The repertoire includes tales by Elek Benedek ('The Great Folk-Tale Teller'), and stories of Pötyös Panni written by Mária Szepes., The Little Prince and others performed by prestigious Hungarian artists. Since its inception, the company has produced more than 700 children's books in 5 different languages. In March, 2019, Hungarian families faced a new challenge in the form of online learning due to the COVID-19 outbreak. In order to enable students to continue their studies under these special circumstances, Samsung and BOOKR Kids made more than 400 interactive audiobooks from the BOOKR Kids Library free to download for a month ([bookrkids.com](http://bookrkids.com)). With this step, the company proved to be an outstanding example of successful Hungarian startups.

### Conclusion

As the European Union report (2016) has emphasised, social enterprises are growing rapidly in Europe both in numbers and in areas of activity, with many countries implementing new legislation and support systems to encourage further growth. A good example is Germany, where Social-Startup.de is a platform promoting social enterprises and social startup enterprises in becoming more widely recognised. The platform brings together interested parties, serves as an information portal by publishing current information, and encourages entrepreneurial people to become the businessmen and women of the future by presenting them with successful examples of entrepreneurs. Joint partnerships can effectively face the pressure of competing businesses (Machová et al., 2017). Besides presenting interesting business ideas, the funding possibilities for social startups and how they are organised are also exhibited. The database of the platform wishes to enable job seekers to find appropriate employment with social enterprises, or, should they start their own businesses, they can also receive help (social-startups.de).

Gadócziné Fekete et al. (2018) state that market-oriented social enterprises with market aims and sustainable business models have already appeared in Hungary but in relatively small numbers and they are not visible enough for a wider audience. This may not be entirely true in 2020. As Table 4 shows, a growing number of competitions, programmes and organisations support social startups; helping them in realising social ideas in the form of products and services. A further aim could be the introduction of successful companies like BOOKR Kids and GARTEN 2020 to the public. It can be assumed that the 2013 platform for supporting social enterprises (iGen programme), that was cancelled after three years due to a lack of quality ideas, would stand a chance in 2021.

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