Gender at the border: Uneven development in Post-Socialist Hungary

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Abstract

Borders can be seen as the clearest spatial products of the geopolitical changes since 1989 in Eastern Europe. In post-socialist countries, inextricably linked to the transition to democracy was the encouragement of private enterprise, which has been seen as having, generally, detrimental effects for both women and rural areas. However, these changes introduced an element of choice into the lives of women and men by increasing the range of possibilities and opportunities for livelihood strategies which differed between urban and rural areas. This paper compares gender and entrepreneurship in east and west Hungary. Principal components analysis was employed to interpret the village level data. Social capital involving linkages outside the village and across the international border was shown to be more important in western Hungary than in the east. The newly acquired freedom to develop a business has enabled previously undervalued entrepreneurial skills to be utilised, and encouraged flexible specialization and contingent labour practices, while bringing greater prosperity and a wider range of services to villages in Hungary.

Keywords: border, entrepreneurship, gender, livelihood, post-socialism, uneven development

Introduction

As the borders of the European Union change with the addition of several Eastern European countries in 2004, an understanding of the economies of the new border regions becomes of wider interest. Borders can be seen as the clearest spatial products of the geopolitical changes since 1989. In post-socialist countries, inextricably linked to the transition to democracy was the encouragement of private enterprise, which has been seen as having generally detrimental effects for both women and rural areas. However, these changes introduced an element of choice into the lives of women and men by increasing the range of possibilities and opportunities for livelihood strategies which differed between urban and rural areas.

In many countries accessible rural firms have been found to be more dynamic, innovative and technologically focused than their counterparts in either urban or remote rural locations. We test this finding through surveys of 349 male and female entrepreneurs in rural areas on the eastern and western borders of Hungary. Uneven development of rural areas has increased as relationships with the West have grown. Spatial differences in the location of small businesses within the community and region are analyzed and considered in terms of household structures. Family and community attitudes to entrepreneurship and changing gender roles in the two regions are compared.

From May 2004 the frontier of the European Union has moved eastwards and this new border is one of exclusion at which would be immigrants are controlled. In the west movement across the
border has been relatively easy for citizens of the European Union and of the neighbouring countries for several years. Although migration of citizens of the new EU members to the richer countries of the old EU is being restricted for the immediate future by several of these countries, and the Schengen Treaty, which has enabled virtually free movement within the boundaries of the pre-May 2004 European Union, will not be applied immediately to the new members, the border changes are enormous and far reaching. In this volume we examine these changes through a case study of the eastern and western borders of Hungary with particular reference to gender and entrepreneurship.

The gender aspect of the post-1989 transition in Eastern Europe attracted considerable interest outside the region in the early years of the transition (United Nations, 1992; USAID, 1991; Watson, 1993; Eberhardt, 1991; Einhorn, 1993; Goven, 1993) but within Hungary there was resistance to such issues (Répássy, 1991; Timár, 1993). Changes in the position of women were an intrinsic part of the transition. Yet, in Hungary, it appears that rural women are turning the situation to their advantage.

However, there have been very few studies of regional differences in the impact of the transition on gender at the sub-national level. Unicef (1999) published a study of Women in Transition covering all the post-socialist countries at the national level. Studies of changing gender roles in rural areas are especially rare with Bettina van Hoven-Iganski (2000) study of rural women in the former East Germany being one of the few.

**Rural areas**

Over two-fifths of the population of Hungary still lives in small settlements in rural areas where women have become spatially entrapped by the closure of rural industries and loss of childcare and cheap commuter transport services. The long term pattern of rural to urban migration has halted and there is a new counter-urbanization trend of middle-class urbanites attracted by lower living costs to the countryside. Hungary is unusual in that counter-urbanization also occurred during the socialist period when, as a result of economic reforms, it became profitable to earn extra money from a household plot, and housing shortages in the city made living in the countryside attractive (Paul, 1992). Thus many rural residents became peasant-labourers working in the urban-based state industrial sector during the day and on their land in their spare time. Swain (1996) calls this stage under-urbanization in which villages were starved of infrastructural resources. Some small industries were set up in association with the collective farms and often employed local women who could not commute to the cities for work because of household responsibilities. Thus both the closure of state-owned industries in the cities and the break up of the collective and cooperative farms in the countryside had a devastating effect on employment among rural dwellers. Dövényi (1994) sees mass unemployment as the greatest problem of rural regions. The main alternative to unemployment in the post-socialist countryside is setting up in business with all the risks involved in self-employment in depressed market conditions and the forced abandonment of regular incomes and secure social benefits.

Hungary is the only Eastern European country in which unemployment rates of women are officially recorded as being lower than those of men (Einhorn, 1993b; Timár & Velkey, 1998). At the national scale, unemployment is most severe in the east and south of the country (Dövényi, 1994, Fig.3) and at the end of 1993 when Hungarys unemployment rate was 15%, only Budapest and the Gyor-Moson-Sopron area in the north-west had rates of 10% or less (Nemes Nagy, 1994: 364). Nationally unemployment fell to 10.1% in 1997, 8.8% in 1998 and rose again to 10% in April 1999 (Barclays, 2000) but rural unemployment was around 17% in the mid-1990s (Swain, 1996). Private employers could not afford to offer the subsidized childcare services formerly provided by the state which made female workers more expensive than male (Gömöri, 1980).
Moghadam (1992) believes that these economic costs combined with gender bias made women the principal losers in restructuring. Entrepreneurship is seen as the answer to jobs lost in the economic transition. Yet the specific gendered impact of these changes and the local solutions found differ widely from place to place, particularly in relation to external commodity markets.

As Smith and Ferenikova (1998) point out it is only recently that attention has turned to the sub-national regional development implications of transition in East and Central Europe (see for example Cséfalvay, 1994; Hajdú and Horváth, 1994; Nemes Nagy, 1994; Sadler and Swain, 1994 for Hungary). However, none of these studies utilize village level data as we have done. In order to test for regional differences in the gender impact of transition in rural areas we have taken a comparative approach in terms of agricultural and settlement structures and proximity to Western Europe.

We selected one study area on the northwest border with Austria in the county of Győr-Moson-Sopron, and one in the southeast in Békés County on the Romanian border. The two areas were chosen to maximize the range of conditions under which rural entrepreneurs operate: the north-western border with Austria is an area of intensive mixed farming and a dense network of nucleated settlements which benefits from flows of capital, ideas and tourists from Western Europe and daily movement of Hungarian workers across the border to better paying jobs in Austria; while in the more thinly-populated south-east where there is extensive grain and livestock production, cross-border contacts with Romania are predominantly in terms of refugees, illegal immigrants and black-market traders seeking opportunities in Hungary. In the west there is a recent history of private farming while in the east this was less widespread and most people remained as members of the agricultural proletariat working on the co-operatives and were never independent producers. Despite these differences, which might be expected to influence willingness to start businesses, in both areas rural women are responding to demand for services from local residents and from the externally generated growth of travelers and tourists.

Traditional rural development perspectives have generally assumed that rural poverty, in the sense of economic and social peripherality, is identical with or caused by geographical peripherality (Curtin et al., 1997). However, this territorial approach tends to mask inequalities based on gender and ethnicity between social actors within a ‘community’ by employing a consensus perspective. Our approach was to unpack local social inequalities while comparing levels of rural peripherality.

In rural areas wages are lower than in urban areas and jobs are especially hard to find since the agrarian reform (Répássy & Symes, 1993). In addition, there are both gender and regional differences in wage levels so that women, who generally command lower wages than men, may in the capital, Budapest, be paid more than men working in peripheral rural areas for similar jobs. Although the proportion of the population living in rural areas fell steadily from 62 per cent in 1946 to 41 per cent in 1989, the trend then reversed and by 1997 it was estimated that 47% of the Hungarian population lived in villages and towns of less than 10,000 (Kovács, 1997). Even those living in the urban areas had close links with rural life. It is thought that over 80% of the nation=s household heads were small scale farmers in the countryside in the mid-1980s (Kovach, 1991).

We look first at the importance of borders in defining the Hungarian regional political economy. This section is followed by a consideration of the pre-1989 situation of rural women, and its role in establishing the preconditions for the recent development of entrepreneurship in rural areas. We then consider differences in the growth of social capital in the two study areas.

**Uneven development**

In our study we tried to maximize the sub-national regional differences by looking at gender differences in two very different border areas, with a focus on entrepreneurial activity. The study
areas were selected to represent the range of conditions under which rural entrepreneurs operate: with one area in north-west Hungary on the border with Austria which has benefited from flows of capital, ideas and tourists from Western Europe, and the other area in south-east Hungary on the Romanian border where cross-border contacts are more limited. On the western border there were already joint planning projects in the 1980s with a cross-border national park and after 1995, when Austria joined the European Union, projects funded by the European Union through the INTERREG - PHARE CBC were set up along both sides of the western border. In the east there was no such transborder collaboration and contacts were mainly limited to illegal workers and black market trade. For many Romanians legal cross-border visits are still limited by the high cost of passports. These differences are reflected in the current numbers of border crossings in the two study areas: four in the east and eleven in the west.

Agócs and Agócs (1994) and J. Tóth (1992) argue that the expansion of the market economy with a redirection of trade towards the west from whence come most of the foreign investors, has increased regional differentiation. Of greater importance in terms of national regional policy is the growing influence of the European Union. In 1996 the Hungarian Parliament adopted the Law of Regional Development and Physical Planning. Its aims are “to assist the balanced regional development of the country and the socio-economic development of its regions,...in accordance with the content of the European Regional and Spatial Planning Charter and with the regional policy principles of the European Union” (Horvath, 1999: 166). This policy was very different from that of socialist planning, in which sectoral objectives had taken precedence, and instead targeted problem areas with high unemployment where re-structuring was causing major difficulties.

Inextricably linked to the transition to democracy was the ending of State control of the economy and the encouragement of private enterprise, with generally detrimental effects for both women and rural areas. These changes introduced an element of choice into the lives of women and men by increasing the range of possibilities and opportunities for livelihood strategies which differed between urban and rural areas. This freedom to choose is essential to development and is ‘the principal determinant of individual initiative and social effectiveness’ (Sen, 1999: 18). The exercise of freedom and the individual agency it encourages are mediated by values which may also affect the presence or absence of corruption and the extent of trust within a community. The speed at which the post-socialist transition took place led to a new spatial variation in local values. These differences are related to varying levels of isolation from both major Hungarian urban centres and from external influences. The two border regions studied exhibit quite different attitudes to the transition and so of changes in local values.

In Eastern Europe, where the networks developed under socialism were totally ruptured by the transition, social capital is a new and fragile commodity. This was especially true in small villages where the only employer had been the agricultural cooperative. The break up of these cooperatives left many rural areas with high unemployment (Kovacs, 1996). In many places one’s fellow workers on the cooperative had been considered a second family, especially for women who had often worked in groups rather than individually as the men did (van Hoven-Iganski, 2000). The new competitiveness for jobs created suspicion between neighbours and former fellow workers. This loss of trust has meant that new social capital has been slow to develop in these villages.

However, the ability to create new networks is vital in determining success or failure in the new post-socialist economy. In so far as many of these most important networks reach across national borders, we suggest that location close to a border with Western Europe is more beneficial to the development of social capital among rural entrepreneurs than location on an eastern border. The new market economy is also resulting in the broader commoditization of spatial relationships (Hamilton, 1999: 142). Thus transport, information, communications and transactions suddenly acquire costs associated with distance, quality of infrastructure and time, as
the former socialist government’s subsidies on transport disappear. Thus geographic proximity, accessibility, ‘demonstration’ and nearest-neighbour effects all reinforce the faster pace of transformation in the areas adjacent to the European Union. These areas are seen as being most welcoming to foreign firms which then, in turn, reinforce a business environment likely to sustain local entrepreneurship.

**Principal components analysis**

We undertook a Principal Components Analysis of the data for the whole study area (Table 1), the eastern and western areas separately and men and women entrepreneurs separately. Principal Components Analysis identifies the underlying structure or components of a data set, extracting components in the order in which they explain the greatest proportion of the overall variance in the data. We included in the Analysis fifteen composite variables related to household structure, size and location of business and aspects of social capital. For the study as a whole eight components accounted for 69 per cent of the overall variance. The first component, explaining 10.85 per cent of the total variance, was identified by high positive loadings for extent of foreign connections, language skills, and the number of enterprises run by the interviewee. This suggests that the main difference in the data set is a distinction between the more successful entrepreneurs who were reaching out to customers and sources outside Hungary and those who remained limited to their own community. The second component, explaining 9.61 per cent of the variance, was linked to age of entrepreneur, number of children and the availability of help from relatives. The third component linked the number of children and the help obtained for childcare, especially in terms of official maternity leave, and the number of enterprises operated and explained 9.10 per cent of the variance. The fourth, explaining 8.46 per cent of the variance, appeared to identify families with several linked businesses. These were often agricultural enterprises which were usually farmed as one unit but registered in separate parcels by different family members to minimize taxes. The fifth component (8.23 per cent of variance) was identified as related to businesses run by husband and wife. The sixth (7.99 per cent) is linked to business size as measured by location and number of employees, with the small enterprises run out of the home least likely to have several workers. The seventh (7.53 per cent) again reflected family dependence with the number of years of unemployment linked to assistance from relatives. The

<table>
<thead>
<tr>
<th>Principal component</th>
<th>Overall scores (%)</th>
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<tbody>
<tr>
<td>1. Foreign connections, language skills, and the number of enterprises run by the interviewee</td>
<td>10.85</td>
</tr>
<tr>
<td>2. Age of entrepreneur, number of children and the availability of help from relatives</td>
<td>9.61</td>
</tr>
<tr>
<td>3. Number of children and the help obtained for childcare, especially in terms of official maternity leave, and the number of enterprises operated</td>
<td>9.10</td>
</tr>
<tr>
<td>4. Families with several linked businesses</td>
<td>8.46</td>
</tr>
<tr>
<td>5. Businesses run by husband and wife</td>
<td>8.23</td>
</tr>
<tr>
<td>6. Business size as measured by location and number of employees</td>
<td>7.99</td>
</tr>
<tr>
<td>7. Family dependence with the number of years of unemployment linked to assistance from relatives</td>
<td>7.53</td>
</tr>
<tr>
<td>8. On travel abroad and links to local government</td>
<td>7.45</td>
</tr>
<tr>
<td><strong>Total Scores</strong></td>
<td><strong>69</strong></td>
</tr>
</tbody>
</table>
The eighth component (7.45 per cent) had its highest loadings on travel abroad and links to local government perhaps identifying those entrepreneurs who were most cosmopolitan and influential in their villages.

For data from Békés County in the east the components accounted for 71 per cent of the total variation but the identification of the components differed. The first component, explaining 11.89 per cent of the total variance, was linked to childcare and the number of children, the second to links between family businesses, the third was linked negatively to age and spouse’s business perhaps recognizing young unmarried entrepreneurs. The fourth component linked aspects of social connections including travel and foreign connections and links with local government. The fifth picked up size and location of enterprise, the sixth had only one high loading variable, that for unemployment. The seventh component had high loadings for help from relatives and number of enterprises while the eighth had a negative link between language facility and links to local government. This last component may indicate that Romanian speaking villagers were less likely to have close links to local government than those whose first language was Hungarian, suggesting the continuing importance of ethnic barriers (Table 2).

In the richer western County of Győr, the eight components explained 70.5 per cent of the total variance. The first component, explaining slightly less than in the east, 10.21 per cent of the total variance), was identified by high loadings for age and the number of children, perhaps reflecting that older couples had completed families and younger couples may also have fewer children because of the post-socialist decline in the birthrate. The second component emphasized the link between foreign travel and language skills. Interestingly, this relationship was not seen in the east where travel to other countries was usually short term and was undertaken for trade, often taking the form of illegal smuggling. In the west travel was generally more long term and to well paying jobs in Austria where knowledge of German was necessary. In addition, several people in the west were sending their children to study in Germany or Austria. The third component for the Győr data reinforces the different aspect of social capital in the west. On this

<table>
<thead>
<tr>
<th>Principal component (Békés County)</th>
<th>Principal component (Győr County)</th>
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<tbody>
<tr>
<td>1 Number of children and the help obtained for childcare, and the number of enterprises operated</td>
<td>Age of entrepreneur, number of children</td>
</tr>
<tr>
<td>2 Families with several linked businesses</td>
<td>Foreign connections, language skills, and the number of enterprises run by the interviewee</td>
</tr>
<tr>
<td>3 Age of entrepreneur, businesses run by husband and wife</td>
<td>Size and location of enterprise with degree of foreign connections</td>
</tr>
<tr>
<td>4 On travel abroad and links to local government</td>
<td>Relative’s businesses</td>
</tr>
<tr>
<td>5 Business size as measured by location and number of employees</td>
<td>Childcare and children</td>
</tr>
<tr>
<td>6 Family dependence with the number of years of unemployment linked to assistance from relatives</td>
<td>Number of enterprises operated with foreign connections</td>
</tr>
<tr>
<td>7 Number of children and the availability of help from relatives</td>
<td>Spouse’s enterprise and negatively linked to help from relatives and to local government</td>
</tr>
<tr>
<td>8 Foreign connections, language skills, and the number of enterprises run by the interviewee</td>
<td>Time spent unemployed and was negatively linked to local government contacts</td>
</tr>
</tbody>
</table>

| 71 % | 70.5 % |
component, the highest loading variables were size and location of enterprise with degree of foreign connections. The fourth component was linked to relative’s businesses, the fifth to childcare and children, and sixth linked the number of enterprises operated with foreign connections, again emphasizing the importance of cross-border links. The seventh component was identified with the spouse’s enterprise and negatively linked to help from relatives and to local government. This component may be recognizing nuclear families with a strong entrepreneurial tradition and no need to depend on relatives or local government. The final component had its highest loading for time spent unemployed and was negatively linked to local government contacts suggesting that only the successful had good relations with local government. These last two components seem to indicate less dependence on family and local connections in the west than in the east (Table 2).

Principal Components Analysis by gender (Table 3) revealed marked differences in the importance of social capital in explaining overall variation. Eight components extracted 72.63% of the total variation for women entrepreneurs and 70.71% for men entrepreneurs. For the women the first and most important component, explaining 10.68 per cent of the variance, was related to language ability, foreign contacts and number and size of businesses operated, suggesting that the most successful women entrepreneurs were those with the most links across the border. The first component for the analysis of men entrepreneurs was similar but also included foreign travel but not number of employees and it explained more of the total variance at 11.54 per cent. However, for men and women in the east the first component, explaining over 13 per cent of the variance, was identified with high loadings for number of children and availability of childcare. In the west the first component for the analysis of men entrepreneurs, explaining 11.86 per cent of the variance, was linked to foreign connections while for women the two most important variables on this first component, explaining slightly less of the total variance at 10.53 per cent, were age and children, Differentiating between older women with children and younger women without. The importance of foreign social capital showed up on the second and third components for women while the importance of age and children was relegated to the fourth and fifth components for men. In the east local government contacts (Component 3) were more important for women than foreign contacts (Component 8) while for men the reverse was true with language ability and foreign contacts defining Component 2 and local government links relegated to the last component extracted. In the west social capital derived from links with the local government loaded highest on the sixth component for both men and women.

These gender and regional differences, as shown by the Principal Components Analysis, seem to underline the permeability of the western border with its eleven crossing points versus the east with only four crossing points. They also suggest that cross-border trade and collaboration is more important than local community-based trade in the west while in the east the opposite is true. In the east the number of children and the availability of childcare loaded highly on the first component for both men and women. In the west, however, although children had their highest loading on the first component for women entrepreneurs this variable was relegated to the fourth component for men. Availability of childcare loaded highest on the fourth component for women and the fifth component for men entrepreneurs in the west. These gender differences suggest that for women in the west entrepreneurship is a way of coping with childcare by working from home while for men, children and their needs had little influence on their business activities. The fact that children and childcare accounted for the greatest amount of the total variation for both men and women in the east may indicate a greater gender balance in domestic labour in the east and/or the importance of entrepreneurship for family support in a situation of overall poverty.
Table 3. The Principal Components analysed by gender

<table>
<thead>
<tr>
<th>Principal component</th>
<th>Principal component</th>
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<tbody>
<tr>
<td><strong>Men</strong></td>
<td><strong>Women</strong></td>
</tr>
<tr>
<td>1 Number of children and the help obtained for childcare, and the number of enterprises operated</td>
<td>Age of entrepreneur, number of children</td>
</tr>
<tr>
<td>2 Families with several linked businesses</td>
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</tr>
</tbody>
</table>

| 70.71% | 72.63% |

Unemployment

Such regional differences in rural poverty levels can be seen in the unemployment statistics. It is often said that many people are ‘forced’ into self-employment by the loss of a job. In Békés County border villages 41.6 per cent of entrepreneurs, equally divided between men and women, said that they were forced entrepreneurs. In Győr in the west, only 21.6 per cent of men and 30.4 per cent of women said that they were forced entrepreneurs. In some cases our respondents told us that they had set up a business because their spouse became unemployed or was forced to take early retirement because of disability. In other cases young people were forced to become self-employed when they finished their training as no jobs were available for them in the villages. In both areas village teachers said that they had to take on part-time self-employment in order to earn enough to live, while several retired people were supplementing their inadequate pensions by farming part-time, taking advantage of land returned to them following the break-up of the cooperative farms.

Surprisingly, despite this high level of negative reasons for choosing to become entrepreneurs, 91 per cent of men and 86 per cent of women in the western study area and 91 per cent of men and 87 per cent of women in the east said that they preferred to be self-employed rather than work for someone else. This overwhelming consistency of support for entrepreneurial independence in two regions where the local economy offers very different success rates and opportunities is remarkable. It may well indicate a new attitude to self-employment among the wider population. The positive associations with self-employment and independence may also explain why the unemployment variable had little explanatory strength in the Principal Components Analysis especially in the western study area.

Although in both areas studied, many people said that they were ‘forced’ entrepreneurs only
becoming self-employed when they lost their previous jobs, the unemployment variable had few associations with other variables in the analysis. For male entrepreneurs in the study it was linked with help from relatives on the sixth component while for women it was linked to the location of the business but also loaded highest on the sixth component. These differences suggest that men turned to the family for help when they lost their jobs while women chose to stay home in the village and set up a business. When broken down by both area and gender further differences occurred with the unemployment variable accounting for more of the overall variation in the east than in the west although the gender difference remained. In the west, help from relatives was associated with other forms of social capital-for men with links to local government and for women with language skills and foreign contacts, while in the east help from relatives for men was associated with age while for women it was associated with linkages among entrepreneurs generally. This regional difference suggests that in the west those with strong family links also made connections both inside the community and outside while in the east it suggests that for men dependence on family support increased with age, perhaps reflecting the large number of middle-aged men on disability pensions in the east.

Conclusion

Small businesses in peripheral rural areas of Hungary may be seen as being one part of a complex household jigsaw used to construct a livelihood in a rapidly changing economic environment. We also noted an additional benefit from feelings of well-being or psychic income (Withers 1985) which had not been possible under communism where citizenship was linked to paid employment. The choice to resign from a disliked job, to give up commuting, to move from the city to the countryside, to work part-time or even to stay at home with children beyond the period permitted by the state childcare allowance, were especially important for women. These were often mentioned during our fieldwork in western Hungary. We even met one woman who had moved to rural western Hungary to escape the disapproval of her husband’s family who thought he had married beneath him. She had trained as a pilot but had started a business designing flower arrangements which she sold through a German partner. Her business was not only financially successful employing 10 people, but also gave her personal satisfaction through her enjoyment of and pride in her artistic creativity and her daughter’s interest in the business. In the east self-employment was seen more as part of a very restricted range of livelihood strategies rather than an opportunity which allowed a lifestyle choice.

The family was central to all these small businesses largely because of the loss of trust within the broader community. Entrepreneurs were cautious about seeking credit from a bank because of high interest rates and feelings of financial insecurity and risk avoidance. They preferred to rely on loans or assistance from family members, or to build up personal capital by working abroad for short periods. Labour also was usually supplied by family members as it was felt that only family could be trusted. This focus on the family may partly be a relic of the situation under communism where the family was seen as a refuge from the state, especially in relation to the second economy. In several cases we found that the official registered entrepreneur was not the person actually running the business. The choice of who took out the license was a family decision taken to minimize taxes. In one case an eighteen-year old woman was the official entrepreneur employing her parents to run the village shop. She had been chosen for this role as taxes were lower for entrepreneurs who had never been employed. A quite common situation for agricultural entrepreneurs was for the farm to be subdivided among family members. Each family member registered as an entrepreneur and the production value was divided up and portions assigned to each official entrepreneur so that taxes were minimized, although the land was still farmed as a single unit. Such family negotiation made it very difficult to identify clear differences between
male and female entrepreneurs and underlined the importance of obtaining village-level survey data. Despite these measurement difficulties, both study areas had women as over one-third of entrepreneurs compared to the average for transition states of one-fifth (Unicef, 1999).

Self-employment has become a part of rural family livelihood strategies in Hungary and the links with the second economy under socialism are becoming ever less relevant, although the capital, managerial experience and networks built up before the transition were useful in the early stages (Maurel, 2000). Such early legacies remain more important in the more difficult economic environment of eastern Hungary than in the west. Social capital involving linkages outside the village and across the international border were shown to be more important in western Hungary than in the east. The newly acquired freedom to develop a business has enabled previously undervalued entrepreneurial skills to be utilized, and encouraged flexible specialization and contingent labour practices, while bringing greater prosperity and a wider range of services to villages in Hungary.

References


