

## HOW TO INCREASE TAKE-UP RATE OF SOCIAL BENEFITS IN HUNGARY – TOWARDS SUSTAINABLE SOCIAL DEVELOPMENT

**Siposne Nandori ESZTER**

Associate professor,

University of Miskolc, Hungary

E-mail: [eszter.sne.nandori@uni-miskolc.hu](mailto:eszter.sne.nandori@uni-miskolc.hu)

ORCID: 0000- 0003-2737-2886

**Abstract:** *Low take-up of social supports represents a persistent challenge for welfare systems, undermining both their effectiveness and social legitimacy. This study examines the determinants of supports non-take-up in Hungary, with a particular focus on Győr-Moson-Sopron County, one of the country's most economically advanced regions. Despite favorable labor market conditions, a proportion of the population remains vulnerable and dependent on social assistance, highlighting the importance of well-functioning support systems. The research is based on a survey conducted in 2024 among local municipalities, capturing expert insights from mayors, notaries, and social administrators. The findings indicate that the system of social supports is perceived as moderately effective and relatively transparent; however, notable deficiencies persist in terms of equitability and targeting accuracy. A key structural barrier is the presence of undeclared employment, which distorts eligibility assessments. The study identifies stigma associated with benefit claiming as the primary factor behind low take-up, alongside insufficient information and the perceived inadequacy of benefits. Policy recommendations emphasize the need for reducing stigma through targeted communication, improving access to information, strengthening administrative transparency, and addressing informal employment. Enhancing take-up rates is essential not only for improving system efficiency but also for promoting inclusive and sustainable social development.*

**Keywords:** *take-up rate, system of social supports, sustainable development, Győr-Moson-Sopron County, efficiency, transparency, equitability.*

**Classification JEL:** *I38.*

**UDC:** *364.4:316.42(439)*      **DOI:** <https://doi.org/10.53486/ser2026.18>

### 1. Introduction

Although there has long been debate over how extensive the state's role should be in providing support to low-income populations, the necessity of such assistance is widely acknowledged. Public intervention typically seeks to reduce poverty through means-tested benefits. Even though many of these programs are designed to improve the living conditions of disadvantaged groups, a significant challenge lies in their low uptake: social supports and services often fail to reach all those they are intended for.

This lack of uptake represents a serious issue for both the effectiveness and the legitimacy of welfare systems globally. It limits individuals' ability to cope with socio-economic changes and to develop the capacity to adapt to them. When a substantial proportion of eligible individuals do not claim benefits, it weakens the system's ability to reduce poverty and creates unjust disparities among those who qualify. Furthermore, high levels of non-take-up can lead to delays in accessing healthcare, lower educational outcomes, and unsafe or unstable environments for children.

Beyond its immediate policy implications, the functioning of the social assistance system is closely linked to the broader framework of sustainable social development. In this context, sustainability extends beyond environmental concerns and encompasses the long-term stability, inclusiveness, and resilience of social systems. Sustainable development is widely

understood as a process that integrates social, economic, and environmental objectives while ensuring that present needs are met without compromising future generations' opportunities (Hediger, 2000).

While a considerable body of research has examined benefit non-take-up in Western European countries, this issue has received less attention in Central and Eastern Europe (CEE). In many of these countries, including Hungary, the discussion has largely focused on “accurate targeting,” emphasizing the exclusion of ineligible recipients from welfare programs. In contrast, comparatively little attention has been given to the problem of eligible individuals who do not receive benefits. The aim of the research is to examine the effectiveness, transparency, and equitability of the system of social supports in Győr–Moson–Sopron County, Hungary, and to formulate recommendations about how to increase the take-up rate of social benefits. To do so, representatives of approximately one fourth of the local municipalities were asked to gather their local expert knowledge and to draw conclusions.

## 2. Literature Review

Hungary has long been characterized by significant and spatially uneven economic and social inequalities (Kocziszky, Lipták&Szendi, 2023; Péter&Orosz, 2023, Orosz&Kiss, 2025). These disparities became particularly pronounced following the political and economic transition of the early 1990s, when regional differences widened rapidly. Budapest further strengthened its dominant role, while the gap between more developed “core” regions and less developed “peripheral” areas deepened considerably.

Although the growth of regional divergence slowed from the mid-1990s onward (Nemes Nagy 2005; Kiss 2008), structural inequalities have persisted. Certain areas—most notably Budapest and the western border regions - have maintained a sustained development trajectory due to favorable geographic positioning, stronger economic integration, and better access to international markets (Tóth&Nagy, 2016). In the post-2000 period, Hungary’s spatial structure has continued to reflect a dual pattern: a developed core, including Budapest and the northwestern Transdanubian region and a less developed periphery, particularly in northeastern and southern parts of the country (Pénzes&Kiss, 2025).

Győr–Moson–Sopron County is one of Hungary’s most developed regions and forms part of the dynamic, export-oriented Western Transdanubian economic zone. Its competitive advantage stems from several interconnected factors:

- A strong industrial base, especially in the automotive sector;
- Proximity to Austria and Slovakia, enabling cross-border economic integration;
- Favorable demographic trends, including population growth since the 2010s.

The region benefits significantly from its border location, facilitating trade, labor mobility, and participation in cross-border development programs. At the same time, its strong export orientation makes it sensitive to fluctuations in global industrial cycles.

The labor market in Győr–Moson–Sopron County is notably strong compared to the national average. Its employment rates have steadily increased in recent years, reaching 69.7% in 2024 (KSH), which is among the highest in Hungary. Besides, unemployment remains exceptionally low (around 2.1% according to KSH data). The workforce is relatively well-educated, particularly in technical and vocational fields. At the same time,

demand for higher education qualifications and service-sector skills is growing, reflecting structural shifts in the economy.

Even if Győr–Moson–Sopron County is a developed area in all aspects, a part of its population lives under the poverty line and requires external help. Therefore, the functioning of the system of social supports is crucial. In an ideally designed and properly functioning system, both vertical and horizontal efficiency are realized simultaneously. This means that all individuals who are entitled to benefits receive them, while those who are not in need are effectively excluded from support. In such a scenario, the set of eligible individuals perfectly overlaps with the set of recipients, ensuring that no one is left outside their intersection.

In practice, however, various forms of system malfunction can be observed, particularly when social support fails to produce meaningful improvements in beneficiaries' living conditions. The concept of deadweight loss is typically used to describe situations where resources are allocated inefficiently. This occurs, for example, when some eligible individuals do not receive the benefits to which they are entitled. Such cases are often associated with low take-up or limited access, indicating shortcomings in horizontal efficiency. Conversely, there are also instances where individuals receive benefits despite not meeting eligibility criteria. These cases reflect deficiencies in vertical efficiency (Siposne&Nandori, 2025).

The effectiveness of social assistance largely depends on how transparent the system is, how well eligible individuals are informed about available benefits, how familiar they are with the application conditions, and how accurately they can assess whether they are entitled to a given form of support. In addition, the equitability and efficiency of the system is also an important benchmark (Balogh&R. Fedor, 2014). The system is considered efficient if only those in need receive benefits and none of those in need are left without support (Barr, 2009; Ferge, 2008).

An effective and well-targeted social assistance system contributes to sustainability in several ways. First, it helps reduce structural inequalities and mitigates the risks of social exclusion, which are central concerns of both social protection and sustainable development frameworks. Social protection policies are explicitly designed to reduce vulnerability and support disadvantaged groups, thereby contributing to more inclusive development trajectories (Cluver et al., 2016). Even in relatively prosperous regions, such as Győr–Moson–Sopron County, hidden forms of vulnerability - linked to precarious or informal employment - justify the continued relevance of targeted support mechanisms. Second, transparency and fairness in benefit allocation enhance institutional trust and governance quality, which are key components of sustainable social systems.

Social protection policies are not only redistributive tools but also instruments for strengthening social cohesion and political legitimacy, both of which are essential for long-term development and stability (Norton et al., 2003). Finally, improving efficiency and targeting of social benefits supports the optimal allocation of public resources, which is crucial for fiscal and social sustainability. Inaccurate targeting can weaken the overall effectiveness of social policies and reduce their contribution to poverty reduction and long-term welfare improvements (Patel&Midgley, 2023).

### 3. Methodology

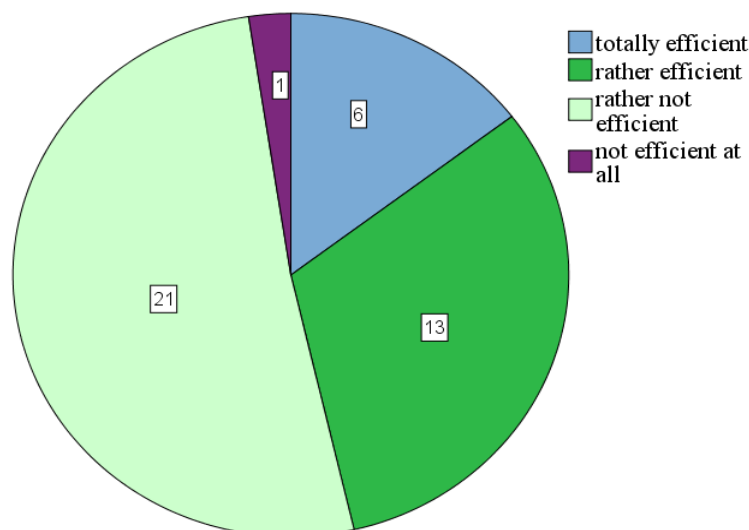
During the data collection phase in 2024, local governments in Győr–Moson–Sopron County were surveyed. The data were gathered using an online questionnaire that included both open-ended and closed-ended questions, allowing for a combination of quantitative and qualitative insights.

All mayors of the municipalities in the county were contacted electronically, and in cases of non-response, follow-up phone calls were made to increase participation. As a result, completed questionnaires were received from 43 out of the county's 183 municipalities, corresponding to a sample coverage of approximately 23%. Most respondents (93%) were mayors, notaries, or social administrators. This ensured that the analysis could rely on professionally grounded, institution-level perspectives on the functioning of the social assistance system, rather than public perceptions.

Regarding professional experience in the municipal sector, a substantial share of respondents reported long tenures, typically exceeding ten years. This suggests that participants not only possess a solid understanding of the current regulatory framework but are also capable of assessing the evolution, reforms, and local impacts of the social assistance system over time. The insights provided by this experienced group of practitioners are therefore particularly valuable when evaluating key dimensions such as efficiency and fairness. The data collected were then analyzed with SPSS program.

### 4. Results and Discussion

Most respondents consider the social assistance system to be moderately effective (Figure 1). Despite the favorable labor market conditions in the central region, there is a view that the system does not always achieve its intended goals: some people in need may be excluded from benefits, while hidden incomes and undeclared employment can distort the assessment of eligibility.

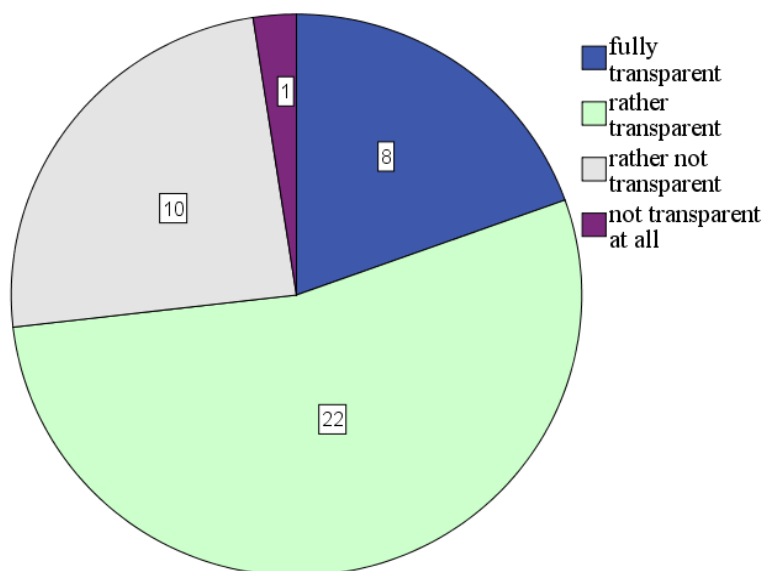


**Figure 1. How effective is the system of social supports?**

*Source: own compilation*

A key structural factor underlying these inefficiencies is the presence of hidden incomes and undeclared employment, which can significantly distort eligibility assessments. When income is not fully observable, it becomes difficult for authorities to accurately identify target groups, thereby weakening the precision of benefit allocation. This finding is consistent with earlier observations in the study, which identified undeclared work as a major obstacle to improving the targeting accuracy of social assistance.

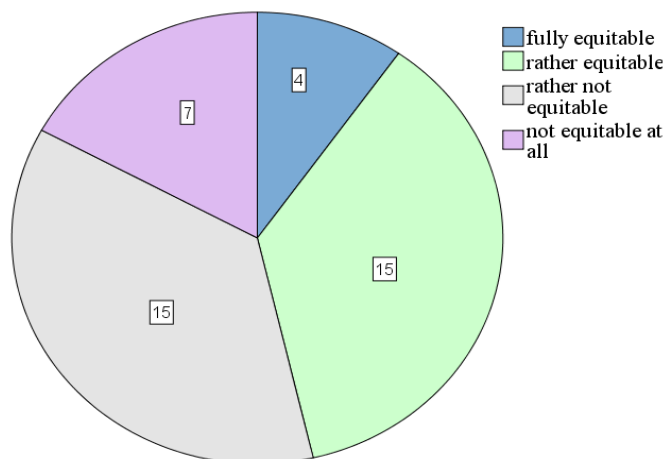
The current social assistance system's transparency can be assessed as generally moderate or better, according to the majority of respondents (Figure 2). At the same time, a notable minority (24%) believe that the system is only partially transparent. This result suggests that, although the administrative and legal frameworks are basically understandable for local decision-makers and those in need, the complexity of eligibility criteria and the diversity of benefit types may make consistent interpretation and application more difficult.



**Figure 2. How transparent is the system of social supports?**

*Source: own compilation*

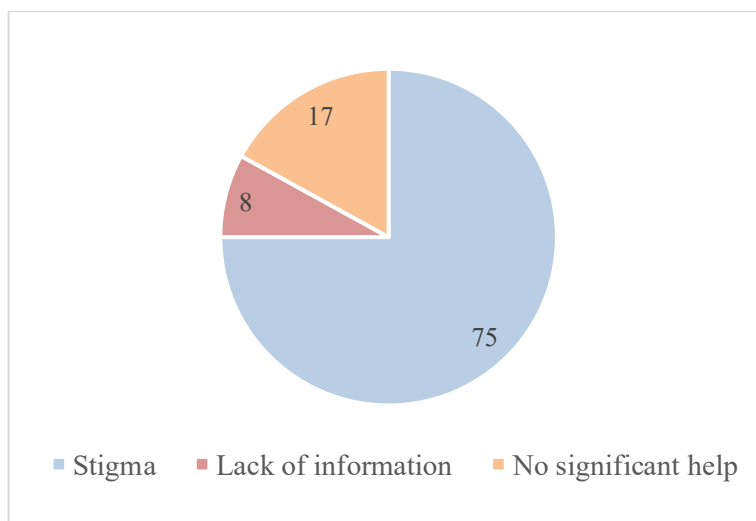
The assessment of equitability (Figure 3) reveals a more divided pattern. Although most respondents tend to view the system as broadly equitable, critical opinions appear more frequently than in the case of transparency. This indicates that, according to local experience, access to benefits is not always evenly distributed among those in need. In some cases, eligibility criteria may lack sufficient flexibility to account for diverse and complex life situations, such as irregular employment, household-level vulnerabilities, or sudden income shocks. As a result, certain groups may be disadvantaged despite formally meeting - or nearly meeting - the conditions for support.



**Figure 3: How equitable is the system of social supports?**

*Source: own compilation*

When asking questions about the reasons for the low take-up, most respondents said that the main reason was the stigmatizing nature of receiving support (Figure 4). According to Baumberg (2016), in areas where a significant proportion of the population receives social assistance, applicants are less likely to perceive benefit uptake as stigmatizing due to the emergence of so-called “welfare dependency” Bertrand et al. (2000) and Rege et al. (2012) demonstrate that individuals are more likely to claim benefits when others in their immediate social environment do the same. Their findings suggest that in regions where both poverty levels and the share of benefit recipients are lower, the degree of stigma associated with claiming social assistance tends to be higher.



**Figure 4. Reasons for low take-up**

*Source: own compilation*

Another important reason for low take-up is that eligible individuals believe that social support does not mean significant help for them. Besides, the lack of information about the available support can also decrease the take-up rate.

## 5. Conclusions

According to the assessment of municipal professionals, the transparency and equitability of the system of social supports are generally acceptable, but not without shortcomings. Deficiencies are particularly evident in terms of fairness and efficiency. The presence of undeclared employment further weakens the targeting accuracy of the system and makes it more difficult to ensure that only those truly in need receive support.

Overall, the findings suggest that in central regions, social assistance primarily serves a supplementary, safety-net function, while the strong performance of the local economy reduces the overall level of need. However, the persistence of non-take-up indicates that even in economically advanced areas, the system does not fully reach its target population.

In response to the central research question - how to increase the take-up rate of social benefits in Hungary - the results point to several key directions for policy intervention. First, reducing the stigmatizing nature of benefit claiming is essential. Since stigma was identified as the most important barrier, communication strategies should aim to reframe social assistance as a legitimate entitlement rather than a sign of failure. This could include awareness campaigns, community-level engagement, and the normalization of benefit use, particularly in regions where take-up rate is currently low. Furthermore, improving access to information is crucial. Many eligible individuals remain outside the system simply because they are not fully aware of available benefits or do not understand the application process. Targeted information campaigns, simplified communication, and proactive outreach by local authorities could significantly increase participation.

Besides, addressing undeclared employment is also essential for increasing take-up. Informal economic activity not only distorts eligibility assessments but may also discourage individuals from engaging with formal institutions. Policies aimed at labor market formalization would therefore indirectly contribute to higher take-up rates. Finally, increasing the perceived adequacy and relevance of benefits may also play a role. If potential beneficiaries consider the level of support insufficient relative to the administrative effort or perceived stigma, they are less likely to apply. Adjusting benefit levels and aligning them more closely with actual needs could improve both participation and effectiveness.

In summary, increasing the take-up rate of social benefits in Hungary requires a multi-dimensional approach that simultaneously addresses informational, administrative, social, and structural barriers. Such improvements would not only enhance the effectiveness of the system of social support but also contribute to more inclusive and sustainable social development, by ensuring that support reaches all those who need it.

## 6. References

- BALOGH, E., R. FEDOR, A. *Pillanatképek a szociális munkások képzéséről a tanfolyamoktól a diplomát adó képzéseikig*. Párbeszéd: szociálismunka-folyóirat, 2014, 2(1)
- BARR, R R. (2009): *Populists, Outsiders and Anti-Establishment Politics*. Party Politics, 2009, 15: 29-48.
- BAUMBERG, B. *The stigma of claiming benefits: a quantitative study*. Journal of Social Policy, 2016, 45 (2): 181-199.

- BERTRAND, M., LUTTMER, E. F. P., MULLAINATHAN, S. *Network Effects and Welfare Cultures*, The Quarterly Journal of Economics, 2000, 115 (3): 1019-1055.
- CLUVER, L. D., ORKIN, F.M., MEINCK, F, BOYES ME, YAKUBOVICH AR, SHERR L. *Can Social Protection Improve Sustainable Development Goals for Adolescent Health?* PLOS ONE. 2016, 11(10):E0164808.
- FERGE, ZS. *Miért szokatlanul nagyok a magyarországi egyenlőtlenségek?* Esély, 2008, 19(2): 3-14.
- HEDIGER, W. *Sustainable development and social welfare*. Ecological Economics, 2000, 32(3), 481-492, ISSN 0921-8009.
- KISS J. P. *A területi jövedelemegyenlőtlenségek strukturális tényezői Magyarországon*. PhD dissertation, 2008,. Szeged: University of Szeged TTK.
- KOCZISZKY, G.Y., LIPTÁK K., SZENDI, D. *Torzuló értékrend, felemás eredmények: reflexiók az EU területi politikájával kapcsolatban*. Comitatus Önkormányzati Szemle, 2023, 33(246): 129-138.
- NEMES NAGY J. *Fordulatra várva – a regionális egyenlőtlenségek hullámai*. In: Dövényi Z. – Schweitzer F. (szerk.): *A földrajz dimenziói.*, 2005, Budapest: MTA Földrajztudományi Kutatóintézet, 141–158.
- NORTON, A, CONWAY, T, FOSTER, *M Social Protection: Defining the Field of Action and Policy*. Development Policy Review, 2003, 20(5): 541-567. DOI: 10.1111/1467-7679.00189
- PATEL, L., MIDGLEY, J. *The social development approach to social protection and social welfare* In Handbook on Social Protection and Social Development in the Global South, 2023,
- PÉNZES J. - KISS J. P. *A területi egyenlőtlenségek trendjei Kelet-Közép-Európában és Magyarországon az uniós tagság első két évtizedében*. In: Tóth, I. Gy. – Gábos A. (eds.): *Társadalmi Ríport 2025*. pp. 69-93. TÁRKI, Budapest.
- REGE, M., TELLE, K., VOTRUBA, M. *Social Interaction Effects in Disability Pension Participation: Evidence from Plant Downsizing*, The Scandinavian Journal of Economics, 2012, 114(4): 1208-1239.
- SIPOSNÉ NÁNDORI, E. *Low take-up of social benefits and what local municipalities think about it in Hungary*. Hungarian Studies, 2025, 38(2), 276-291.
- TÓTH G. - NAGY Z. *Centrum periferia viszonyok Kelet-Közép-Európa térszerkezetében*. Észak-Magyarországi Stratégiai Füzetek, 2016, 13(1): 18-31.