

## **Budapest as a destination of migration: the view of transnational creative workers**

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### **Abstract**

Creativity, knowledge and innovation are broadly recognised as the essential ingredients of economic success in the advanced capitalist world. Concerning further development of Europe it might be decisive how the metropolitan regions will be able to attract and integrate firms in the sphere of the creative economy and their manpower. In this process highly skilled transnational migrants play an ever increasing role and they contribute actively to the international competitiveness of cities. Based on the results of empirical research we try to assess those triggers and motivations that are decisive in attracting and settling down of transnational migrants in Budapest. Ex-pats living and working in Budapest expressed their opinions and criticism about hard and soft factors provided by the city. The paper highlights the most relevant findings about how foreign creative workers see the city and how they evaluate its potentials, strengths and weaknesses. At the end of the paper few recommendations are formulated for decision-makers to make Budapest more attractive for creative transnational migrants.

**Keywords:** creative workers, migration, transnational migrants, Budapest

### **Introduction**

In transnational migration Hungary is considered to be a source, transit, and destination country at the same time. However, according to experts its transit character is going to increase in the future and due to the emerging negative effects of the global economic crisis Hungary will probably strengthen its position as a transit country between the Eastern and Western European countries (ILLÉS, S. 2004). As a consequence of the transit character the country has remained more or less homogeneous regarding the ethnic composition of its population until now. Hungarians show up low mobility in international comparisons, so it is not likely either that masses of Hungarians would leave the country in order to work abroad. Obviously, these trends might be modified by the unpredictable effects of the global economic crisis and by the political unrest that might be entailed.

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Budapest has always played a significant role in the social and economic development of Hungary. The capital city has not lost its dominance following the systemic changes either and it is still to be considered the main driving force of the national economy. This can be explained by the fact that Budapest and its agglomeration has been the primary target of foreign capital investment and technology transfer. The restructuring of the economy and the consequent tertiarisation has been more profound here than in any other cities. This partly explains why Budapest has been the foremost leader of development of innovative and knowledge intensive industries in the country since the mid-1990s. The city is an undisputable centre of gravity for the growth of creative industries due to its human capital (EGEDY, T. and KOVÁCS, Z. 2008). As a consequence of the trends drawn above Budapest is the prominent destination of international and domestic migration within the country due to its economic performance and quality of life. Young people intending to study, jobseekers from abroad, including highly qualified transnational migrants feel a particularly strong attraction to the Budapest Metropolitan Region.

In order to assess the impacts of the emerging 'creative class' and 'creative economy' on the competitiveness of EU metropolitan regions the ACRE project (Accommodating Creative Knowledge – Competitiveness of European Metropolitan Regions within the Enlarged Union) was carried out in 13 metropolitan region across Europe between 2006 and 2010 (KOVÁCS, Z. *et al.* 2007). The project was financed by the European Commission within the 6<sup>th</sup> Framework Programme. An important stage of the integrated research was to investigate preferences and locations of transnational migrants working in creative and knowledge intensive industries in Budapest.

Current paper highlights the most relevant outcomes of the in-depth interviews carried out amongst ex-pats to recognise the drivers behind their decisions to settle at a certain location in Budapest and at the same time to estimate the relative importance of the location factors that played a role in their decision making.

### **Theories on migration: the case of highly skilled migrants**

There is no consistent theory on migration, as migration research is based on a wide range of theories. In the classical theories migration is explained as a consequence of economic disparities and adverse conditions on which individuals react and decide to migrate. Among them the push-pull-model is the best known which states that push-factors dominate in the location of origin (e.g. social and personal factors) and pull-factors do in the destination (e.g. economic disparities), encouraging migration (BÜRKNER, H.-J. and HELLER, W. 2008; HAUG, S. 2000; KNEER, G. 1996; LEE, E.S. 1972). Neoclassical theories are

based predominantly on the push-pull-model. Macro-economic approaches focus on economic factors like economic growth (LEWIS, W.A. 1954, TODARO, M.P. 1976). It is assumed that disparities between places of production and labour markets – namely disparities of wage level as well as labour supply and demand for labour – lead to migration. Migration is seen as an attempt to reach macro-economic equilibrium (BÜRKNER, H.-J. and HELLER, W. 2008). In the micro-economic approaches the focus is on the individual migrant. Individuals opt for migration by rational cost-benefit calculations. Hence, migration is interpreted as investment in order to maximise economic utilities (MASSEY, D.S. *et al.* 1993; HAUG, S. 2000). The new migration economy approach focuses on an economic factor: the income. According to this approach households try to maximise the expected income and to minimise risks for their economic wealth (HAUG, S. 2000). The dual labour market theory states that in advanced industrial societies a dual economy develops with a capital-intensive primary segment and a labour-intensive secondary segment. Hence these economies demand foreign workers for the secondary segment which generates migration (BOYLE, M. *et al.* 1994; HAUG, S. 2000). The world system theory deals with the idea of the clash between capitalist industrial, and less developed nations. It is presumed that international labour migration follows the international flows of capital and goods in the opposite direction. This means that migration is detectable first of all in global cities, which attract migrants mainly from the periphery (BÜRKNER, H.-J. and HELLER, W. 2008; LEBHART, G. 2002). The theory of migration systems assumes that the intensive exchange of information, goods, services, capital, ideas and persons between specific countries causes a stable system. Migration appears as one of these exchange processes (FAWCETT, J.T. 1989; LEBHART, G. 2002). Migration networks shape the social and spatial paths of migration that provide information and resources for new migrants and therefore facilitate their migration. Migrant networks can produce security but also dependency, liability, little integration in the host society and therefore less freedom (HAUG, S. 2000).

Two of the new migration theories applied in our article are the concept of the transnational migration and brain drain approach (FINDLAY, A.M. 1995). Transnational migration is characterised by spatial movements that can be nomadic and pluri-local, but these movements are not de-territorialised. Transnational migrants can benefit from opportunities of their home countries as well as of their current domicile. They are able to create flexible strategies of sojourn. The possibility of gaining power in their country of origin by i.e. transferring economic capital there and simultaneously gaining more power in the host society as political actors, as “voices for the minorities”, is a specific feature of transnational migrants. Transnationalism is explained by the process of globalisation and it is linked with modern communication, transport and labour forms (BÜRKNER, H.-J. 2005; HAUG, S. 2000; PRIES, L. 2001).

The brain drain approach is normally applied on migration of highly skilled workers between different countries. The concept of brain drain assumes a unidirectional and permanent migration between 'more' and 'less' developed countries. Again economic factors like the higher income level in the destination area are claimed to be the main motivation for migration. Developing regions are characterised by a loss of human capital while highly industrialised societies benefit. As a consequence it is said that the emigration of highly skilled obstructs the economic progress of developing regions and as a result keeps them in economic dependence (PETHE, H. 2006). But this approach does not consider that highly skilled emigrant workers might return to their home countries. This would be brain gain since highly skilled workers improve their qualification abroad and therefore could push the development in their home countries. Instead of speaking about brain drain, it is more likely that there is brain circulation (PETHE, H. 2006, p. 9). Even though the region of origin firstly suffers a brain drain by losing highly skilled workers there is also a brain gain by foreign highly skilled or a brain re-gain by returning highly qualified workers, who might have improved their skills.

According to the emerging role of creative economy the theory of Florida has to be considered. "Regional economic growth is powered by creative people, who prefer places that are diverse, tolerant and open to new ideas", writes Richard FLORIDA in his book "The rise of the creative class" (FLORIDA, R. 2002). The attractiveness of cities is pivotal for the future economic development of regions. A good local climate will draw new creative people to those places and will increase the economic success of regions. Diversity which is described as heterogeneity in terms of ethnicity, sexuality and lifestyles is seen as a precondition for the inflow of new talent (FLORIDA, R. 2007). FLORIDA'S ideas might be one of the most prominent accounts in social science which emphasise the importance of the international migration for regional economies.

In the political arena the issue has been more strongly articulated since labour shortage appeared in several sectors across industrialised countries (OECD). Although several restrictions do exist, for examples for citizens of the new EU member states, the European Commission try to reduce the barriers, introduce a common migration policy and to support the mobility of certain groups actively. The goal is to increase the competitiveness of the member states of the European Union by stimulating their ability for innovation and knowledge transfer.

### **Brain drain and brain gain in Hungary**

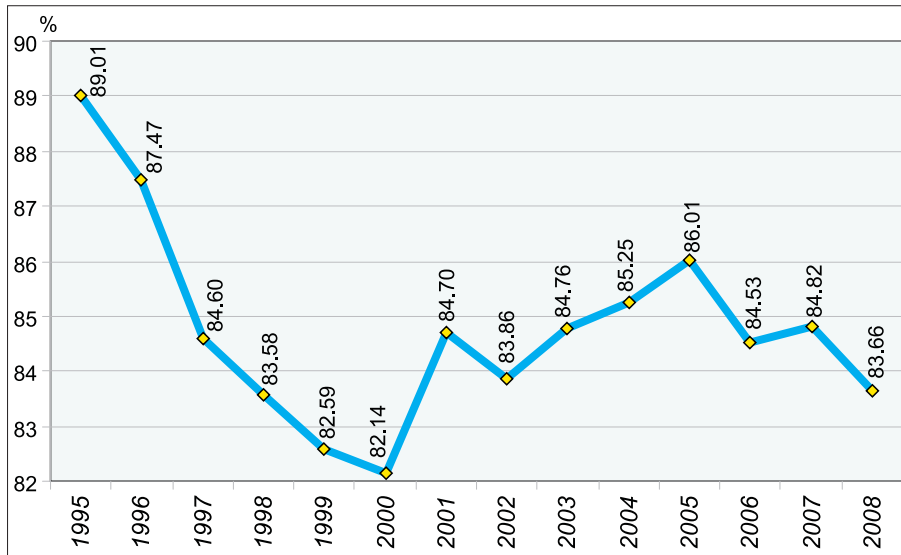
According to the estimation of migration potentials Hungary belongs to the low mobility countries by international standards regarding transnational migration. Only 0.8 to 1.3% of the population show intention to leave the country. Hungar-

ian citizens living in the EU member states accounted for around 80,000 at the very end of the 1990s and remained at a similar level ever since then. Meanwhile the number of EU citizens moving to Hungary increased gradually.

As for the composition of international migration according to nationality European migrants have always been dominant (*Figure 1*). The share of Europeans has varied between 90 and 82% since 1995, and it was 84% in 2008. Romania still has the highest (though decreasing) share followed by Ukraine, Germany and Serbia and Montenegro. The share of Asians increases slowly but steadily.

Educated and highly qualified people have always been overrepresented among those who were leaving the country. There were several personal reasons behind the decisions to emigrate but a common point was that people with greater ambitions and good educational background could not find any chance for a decent life and the environment for their talent to evolve was not found satisfactory. The main motivations of leaving the country have always been the higher income, the more fertile professional milieu abroad, and the changeable and unpredictable social climate in Hungary.

The emigration rate counts as medium among the people with higher education in Hungary (14%) compared to the global statistics. The problem is that even there is a shortage in the country of highly qualified professionals about leaving Hungary (physicists, mathematicians, researchers, IT experts, engineers, people in the medical service etc.). Around 83% of the highly quali-



*Fig. 1.* The share of Europeans among transnational migrants in Hungary (in percentage of the total number of migrants) *Source:* Central Statistical Office, 2008

fied emigrants were staying in the six most important target countries in 2000, and their total number exceeded 100 thousand (Figure 2). The “lost brains” are substituted via the Hungarian-Hungarian brain gain, which means receiving and employing highly skilled ethnic Hungarian immigrants from the neighbouring countries (e.g. in the medical service so far).

The reasons behind the relative high rate of brain drain is complex and to be sought for within the socio-economic environment of Hungary (GELLÉRNÉ, L.É. 2011). First of all, higher education is not in harmony with the expectations of the labour market. Another cause is that the budget of research and development in Hungary is low. This is not a new phenomenon, in the past 40 years most of the Hungarian scientists have been convinced that – independently from the field of science – the necessary conditions, means and the motivating milieu together are only available abroad.

According to brain gain in Hungary 3.2% of the people with higher education is transnational migrant. The rate is the highest in Budapest with 4.6% and in Pest County with 3.6%. It is important to note that except for the migrants from Romania, the migrants from the surrounding countries have higher level of education on average than that of the local population. It is the most striking in the case of migrants from the EU15 countries. From this group almost half of the people over 18 have at least one university or college diploma (Figure 3). This share is highly exceeded in Budapest (67%) and Győr-Moson-

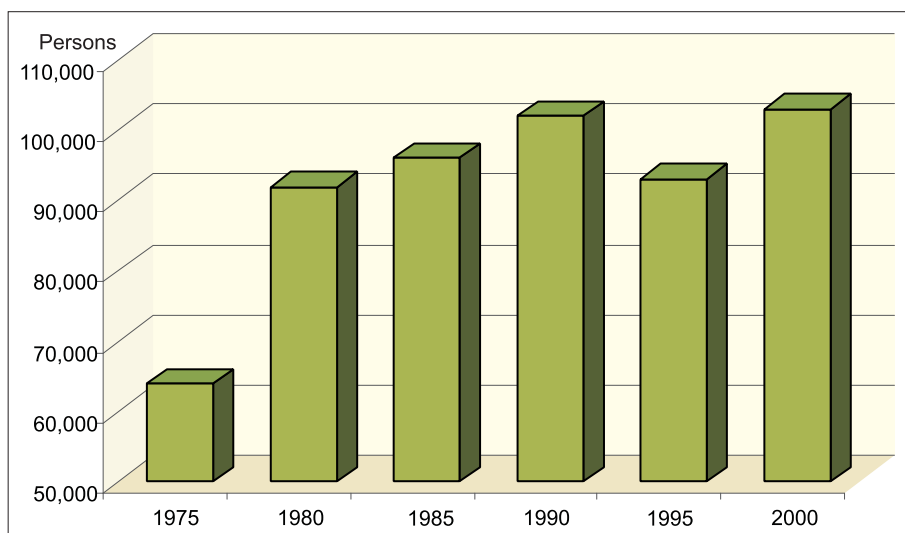


Fig. 2. Hungarian emigrant professionals in the six most important target countries (USA, Canada, Australia, Germany, United Kingdom and France). Source: <http://www.hier.iif.hu/hu/konf/muvelt.ppt>

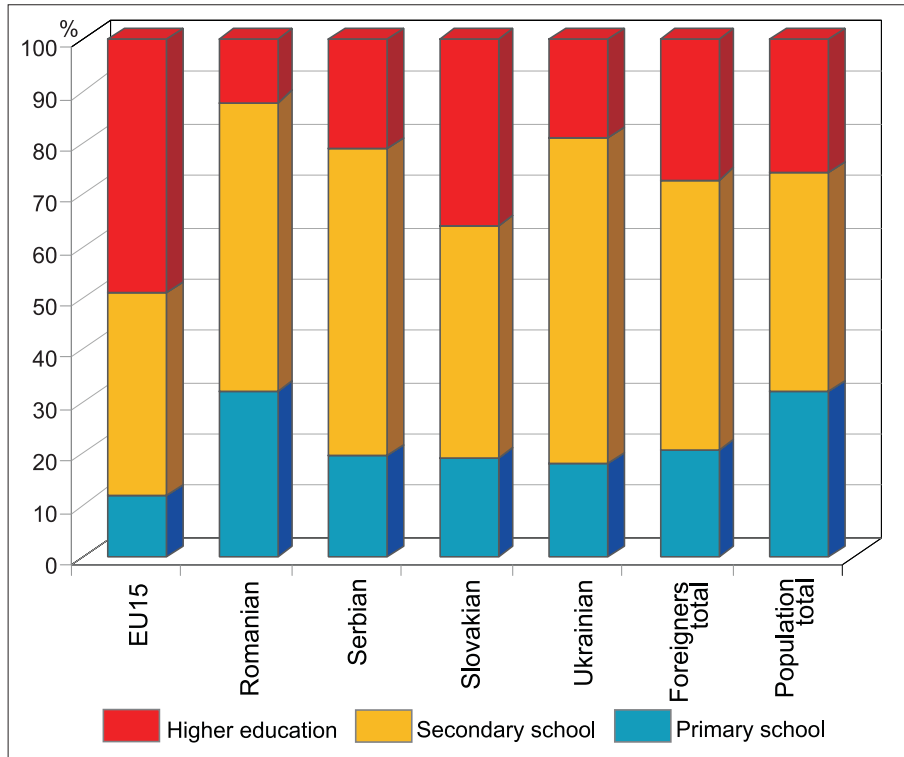


Fig. 3. Residents of Hungary over 18 years by citizenship and educational background.  
 Source: RÉDEI, M. and KINCSES, Á. 2008

Sopron County (65%). It seems that the migrants from the western countries (EU15) have higher educational diploma more frequently than the average of the transnational migrants (ILLÉS, S. 2009).

In contrast with the stereotypes, foreign residents with long-term permits on average have higher occupational status than Hungarian citizens, and permanent residents (who are mostly returning "ethnic" Hungarians) are less qualified than temporary immigrants. This is reflected primarily in the proportion of highly qualified individuals, which makes up one-third of the total immigrant population and more than 40% of temporary migrants. The proportion of non-manual workers is around 50% of the active foreign population (JUHÁSZ, J. 2003).

Within international migration temporary migration for the purpose of study has become increasingly typical by now. A whole industry has been established to provide services for the students arriving in Hungary in the recent years. The rate of students coming from foreign countries was 2.6% of



the total in 1998 and their share has been increasing ever since. According to the OECD data this ratio was 3.4% in 2001. Studentification process is also important for the viewpoint of the creative industries. Presently there are 15,500 foreign students in higher educational institutions in Hungary altogether. The majority of them are concentrated in the Budapest Metropolitan Region. Budapest's joining the European mainstream of students' exchange contributes substantially to the creative industries fertilizing especially the sphere of arts, sciences and research as bases of economic dynamism.

### **Brain drain and brain gain in the Budapest urban region**

Budapest and its metropolitan region (BMR) has always been the engine of economic development in Hungary, and the most spectacular changes with respect to migration flows have taken place here. The intensity of the migration flow between Budapest urban region and the rest of the country has decreased significantly in the past 40 years reflecting the general national trends. While in the 1960s and 1970s the migration to Budapest and Pest County made up 20–30% of the domestic migration, by the 1980s and 1990s it has reduced to 6–8%. The intensity of migration to Budapest proper was already extremely low in the 1980s and it further diminished almost down to zero in the 1990s. The national tendencies of permanent migration in the post-1990 period are shown in *Figure 4* according to settlement types.

The population loss of Budapest was the combined outcome of suburbanisation and natural decrease, while the increase in the agglomeration was due to the massive population inflow (from Budapest and to a lesser extent from the countryside), what outweighed the otherwise also characteristic natural decrease. The first recognisable signs of classic sub-urbanisation appeared at the beginning of the 1980s, however, it required even more thorough socio-economic changes to evolve. The suburban-bound massive population move affected the areas over the agglomeration zone as well, especially the settlements along the main traffic routes (railway lines and highways), which all joined the commuting zone of the capital city.

Most recent statistics indicate that the massive rearrangement of population within the BMR has slowed down and even terminated in 2008. It is also indicated by the facts that it was the turn of 2007 and 2008 when the population of Budapest started to grow again after almost 20 years of massive decline and the loss of approx. 300 thousand inhabitants. The suburban bound flows have not ceased, but there is also a detectable counter-flow of people, a kind of backward movement to the city. The reason is complex, but it definitely has a lot to do with the increasing costs of living related to suburban lifestyle, and to the improper traffic infrastructure which makes commuting extremely time consuming and inconvenient.



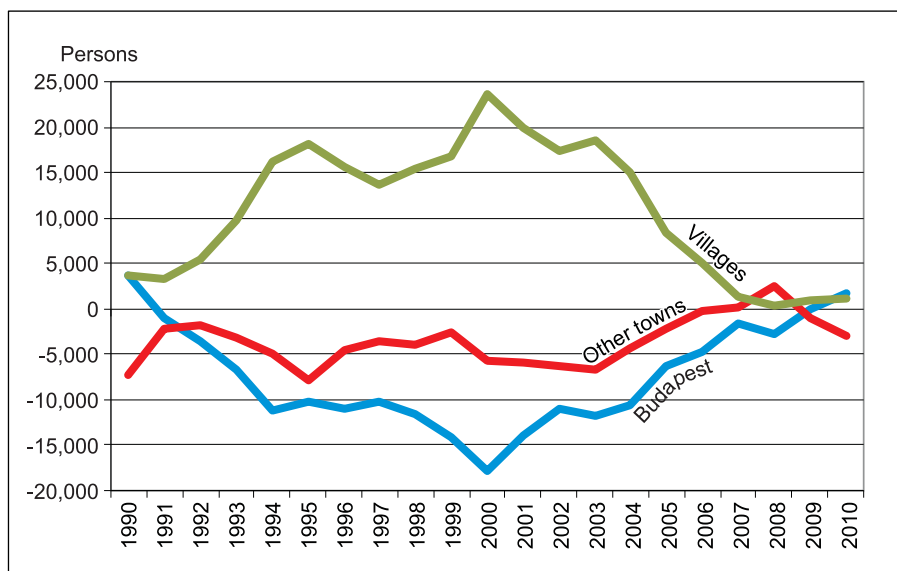


Fig. 4. Balance of internal migration by settlement types. Source: Central Statistical Office, 2010

Domestic migration has contributed to increasing socio-economic disparities within the country. One of the main triggers is the growing unemployment in the east and south-east of the country. The pull areas are the western regions and more specifically the Central Hungary Region with better prospects for higher income. Table 1 shows those counties, where every sixth migrant found its new home in the Central Hungary Region (including the

Table 1 The share of people moving to the Central Hungary Region by counties (within the total number of migrants)

County	percent
Bács-Kiskun	16.0
Békés	15.2
Borsod-Abaúj Zemplén	15.0
Fejér	17.7
Heves	17.3
Jász-Nagykun-Szolnok	21.9
Komárom-Esztergom	16.6
Nógrád	25.0
Szabolcs-Szatmár-Bereg	15.3

Source: Central Statistical Office, 2005.

BMR) in 2005. As it can be seen the brain gain of the Central Hungary Region is the strongest with regard to the northern and eastern counties, as especially the younger and better educated segment of the population is leaving these regions. Due to migration the general educational level of these areas is decreasing to the advantage of the BMR and of the western counties where people take steps even further and leave for abroad with aspiration of the same nature but at an advanced level as the young educated migrants arriving from the disadvantaged areas.

Regarding the BMR as a migration destination it can be stated that it is the one and only area in the country that is equally important to all the transnational migrant groups with no respect to their national origin (*Figure 5*).

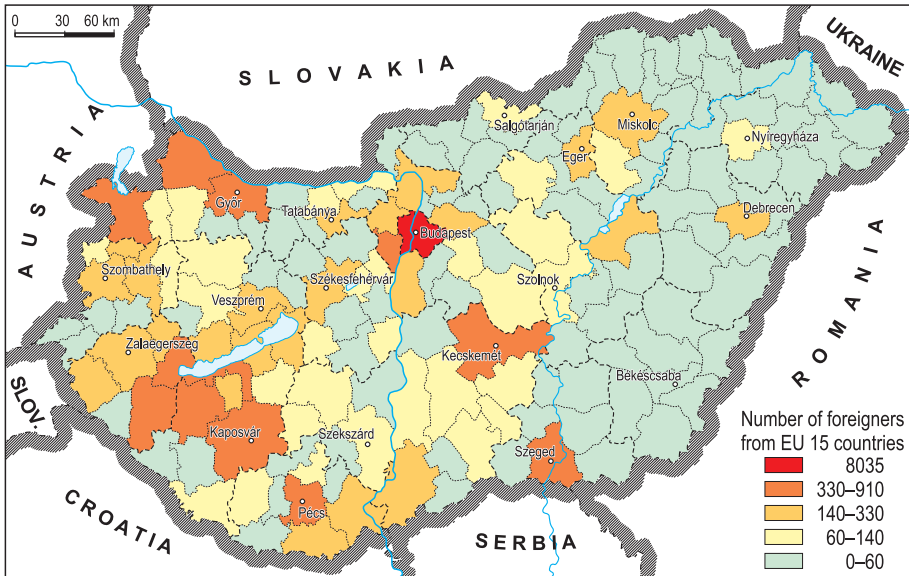
Creative industries – especially business and the arts to a lesser extent – were the most affected by the arrival of highly skilled ex-pats sent over by their mother companies in the 1990s. The circle of top and second line managers of the branches established by multinational firms in Hungary has been concentrated in Budapest and the BMR just as the companies themselves have. Typically this special “privileged” group of ex-pats have had no inclination to integrate in the local society. They socialise within circles of their own and live a cosmopolitan life, though making home here for a relatively longer period of time (3–5 years). After 20 years of capitalist transformation this group is more and more restricted to the sphere of top managers. The position of the second line managers are prone to be filled up with and taken over by talented local managers educated and trained by their companies.

### **Research methodology**

In order to find out motivations of foreigners to live and work in the BMR a survey was carried out among them. The target group of the survey was the transnational migrants acting in the creative economy. Only highly skilled persons actively working in the creative knowledge sector could be selected for in-depth interviews. The topics of the interviews contained 7 large clusters of questions (introduction of ACRE research project, education and professional career of the interviewee, reasons for selecting the BMR, motivations of site selection, the relevance of hard and soft factors, advantages and inconveniences of the city, social networks and family background of migrants, living and working conditions, personal backgrounds).

We applied the so-called semi-structured topic of interview which means that the topics (groups of questions) chosen could be varied by the interviewer freely or the prepared list of questions could be completed with new ones if he/she felt it was indispensable for obtaining the necessary information.

A



B



Fig. 5. Spatial distribution of foreigners by microregions (LAU level 1), January 2007. Foreigners of EU 15 (A) and their total numbers (B). Source: RÉDEI, M. and KINCSES, Á. 2008

It was stipulated that the sample should consist of highly qualified persons working in the creative economy with continuous stay in Hungary and in the BMR for at least 6 months. For the sake of identifying motivations and location factors it was necessary to involve people who after spending considerable time here had got to know the country and the city quite well, created a well-defined image of Budapest and formed a firm opinion about the study area. The selection of interviewees began from the acquaintances of the researchers and followed with the snowball method (the interviewees proposed to invite persons who might have been involved). This method was suitable to perform the required number of interviews to meet the criteria. The composition of the sample is summarised in *tables 2 and 3*. As it was planned earlier altogether 28 interviews were conducted amongst transnational migrants and in addition 4 in-depth interviews were performed with local experts on transnational migration.

*Table 2. Number of interviewees by sectors and gender*

Sector	Male	Female	Total
Creative industries	6	2	8
Knowledge intensive industries	13	7	20
Total	19	9	28

*Table 3. Number of interviewees by country of origin*

European countries	19
EU 25	18
Non-EU countries	1
Neighbouring countries	2
Non-European countries	9
America	5
Asia	3
Africa	1

### **Motivations to come to Hungary and Budapest**

From the results of in-depth interviews it became clear that personal and family ties should be handled separately from the hard and soft factors. The analyses showed that personal and family reasons proved to be such a strong motivation to move into a place (in our case to Budapest and its region) that any other hard or soft factors were secondary for the migrants (see also STRY-JAKIEWICZ, T. 2010).

Analysis of the personal, hard and soft factors as motivation factors revealed that in many cases the decision of interviewees was not determined by one particular group of factors (*Table 4*). This is supported by the results: in 8 cases of the 28 interviews the combination of two groups of factors from the three was decisive in making a choice to move to Budapest. Even in the case of these interviewees, however, the stronger influence of a certain factor could be pointed out in the decision making process.

*Table 4. Motivations of creative people to come to Budapest by sectors and gender*

Sector and gender	Pure motivation			Mixed motivation			Total
	H	P	S	Hs	Sp	PH	
Creative workers	4	1	1	1	1	0	8
Knowledge intensive workers	6	7	1	2	2	2	20
Male	5	7	2	2	3	0	19
Female	5	1	0	1	0	2	9
Total	10	8	2	3	3	2	28

H = Hard factors, P = Personal trajectories, S = Soft factors

As demonstrated by *Table 4* a large part of transnational migrants were attracted to Budapest by hard factors (work and studies, living and housing conditions). So it can be stated that for transnational migrants hard factors are critical when making decision. It became also clear that a considerable part of them moved here for personal or family reasons. For 13 interviewees personal and family reasons had played certain role in one way or another in moving to Budapest and 8 of them these were the only triggers. Of personal ties the intention to join the Hungarian companion (boy- or girlfriend, husband or wife) was the first priority. In these cases personal tie supported the intention to move and it was a strong migration drive contributing to an eventual settling down of the interviewee. Our survey also testified the subordinated role of soft factors among the triggers of migration. Altogether only two interviewees argued that they came to Budapest due to soft factors exclusively. It was also confirmed by the survey that decision to undertake a job or to join the partner was often made on the basis of positive experiences and impressions gained earlier.

Examination of the results by economic sector and sex highlights some differences. On the one hand, hard factors were more frequently mentioned among the motivations of creative workers (50%) whereas in the answers of those belonging to the knowledge intensive sector personal reasons dominated. On the other hand, males tended to make their choice on emotional basis and followed their partners, what means that in voluntary international migration it is more frequent that they follow companion. In contrast, female transnational migrants had a tendency to choose their place of living with hard factors such as study and work opportunities (50%).

## Assessment of localisation factors by transnational migrants

### *Opinion of foreigners about hard factors*

#### Education, schools and universities

According to the respondents public education is aimed at a direct conveyance of knowledge instead of raising interest in children and youth, to make them open-eyed and apt to think. Since the change of regime there has been a considerable structural change in public education followed by further attempts of reform over the past ten years (revision of the subject-matter, change in the system of final examination) but all these are subject to vivid professional debates.

*„Hungary is a wonderful country with a lot of theoretical learning, but knowledge that could be applied in practice is frequently missing. The problem with the system of education is that the children study for 12 years and then they cannot find any job because their knowledge is not market compatible and nobody cares about how many skilled workers by different professions are needed.“ (49 years old married English male, teacher, business manager).*

According to the interviewees in the university sector there is a high-level of education providing stable professional background. However, in international comparison the Hungarian universities are more conservative, less dynamic and flexible than their West European or Anglo-Saxon counterparts. University environment in Hungary seems to be unstructured in many respects, what is stimulating for creativity but negative for the younger researchers and lecturers because they should find their ways themselves. There is a dire necessity of higher dynamism, more active international cooperation in research, an extensive collaboration between the researchers and fields of studies; these activities should be given an emphasized interdisciplinarity. Young lecturers and researchers arriving from the Anglo-Saxon world have voiced unanimously that feedback of quality control is missing from the Hungarian higher education, especially over research activities and strategy, there is no feedback of evaluation, or students' assessment about education either and this is a big difference in comparison with the international education programmes.

*„One of the real problems is that nothing is being changed, everything is being the same for long years. The system is inflexible; there is a lack of dynamics and the management is also responsible for the lack of development. As feedback is missing, nothing could really be changed because no information is available about what should be changed actually?“ (36 years old married English female, researcher, lecturer).*



## Employment and actual working conditions

Based on the statements of the interviewees a general conclusion could be drawn that highly qualified international workers in Hungary operate in a more favourable infrastructural environment than their local colleagues do. Accordingly, the interviewees were highly satisfied with the background infrastructure provided by their workplace; they enjoy good conditions in comparison with the average situation in Hungary and Budapest (*Photo 1*). As a whole respondents were content with their work and they as a rule did not want to quit.

Of the remarks concerning conditions at workplaces the flexible and versatile working environment and opportunities offered for self-realisation and personal liberty in the creative and knowledge intensive professions (e.g. universities, research institutes) could be mentioned. However, a few respondents voiced that the state does not pay enough attention to a more efficient use and integration of human capital to be found in Hungary and sometimes a highly qualified transnational migrant employed in the creative sector had hardly any relation with the Hungarian economy.



*Photo 1.* Graphisoft Park providing a modern working environment with high-quality services. *Source:* photo by EGEDY, T.



*„My impression is that in Western Europe all things are pre-structured, quiet and finished, already completed, and you have to fit into these certain boxes and you have to do what is expected from you or what was done before you. Here is a lot of freedom to develop what you want.“ (27 years old single German male, project manager, media expert).*

Besides the positive circumstances the negative ones were also pointed out. These are mainly associated with the relatively low level of salaries. It is typical that wages in Hungary are lagging far behind those in Western Europe and US. They often do not commensurate with the work performed. Not only the Hungarian wages are very low but the personal purchasing power is also extremely weak by international comparisons.

### Living conditions and cost of living

Our results confirmed that the cost of living in Hungary is more favourable, than in Western Europe. In the opinion of the interviewees, however, the coin has two sides: there are some aspects of everyday life where the costs are definitely lower but in other respects Hungary is an expensive country. Costs of housing and transport are cheap in international comparison. Energy and food prices are at similar level than in the West, perhaps they are even lower. In contrast, consumer goods, technical equipments, computer devices and electronics are more expensive. It should also be kept in mind that wages are relatively low in Hungary compared to the West.

*„When I came to Hungary for the first time I had English pounds and everything seemed to be very cheap but now I get the average Hungarian salary for my work and I see how expensive the life is here. I can not even imagine how people can live from wages lower than mine? And life in the countryside does not seem to be cheaper either.“ (36 years old married English female, researcher, lecturer).*

### *Housing conditions, price of dwelling*

The composition of housing stock and dwelling prices show a favourable picture in Budapest in international comparison. It is the main reason why Budapest has become a favourite target of Irish, Dutch, and Spanish real estate purchasers and speculants for the last ten years. Real estate development and investments in the sector have also shown an upward trend during this period. As a result many new houses were built in the BMR. A wide variety of the new residential areas and growing diversity of the housing stock cre-

ated favourable conditions for transnational migrants who wanted to settle down here. Favourable price of housing has appeared as one of the significant motivation factors:

*„Expenses and price of housing are good. For instance one has to pay one fifth of the price in London for an apartment of a similar size. It is a high sum in terms of Hungarian wages but really cheap with English standards.” (36 years old married English female, researcher, lecturer).*

When looking for a dwelling, besides the quality parameters other soft criteria came to the fore such as the character of the neighbourhood, the accessibility of green spaces, the distance from the workplace, just like shopping opportunities and places of entertainment nearby. When searching for a suitable dwelling foreigners preferred two areas within the city: districts on the Buda side that are rich in green spaces (2<sup>nd</sup> and 12<sup>th</sup> districts) or quarters located close to the downtown on the Pest side. Price of dwelling is much higher on the Buda side, whereas there is a considerable difference in the prices of the downtown apartments and dwellings located elsewhere. This is why the less affluent foreigners are eager to choose the newly developed quarters (e.g. 13<sup>th</sup> and 14<sup>th</sup> districts).

#### Administration, bureaucracy

From the viewpoint of legal administration it is still difficult to settle down in Hungary and get citizenship. Citizenship is granted only after a long procedure, and dissatisfaction has been often voiced by foreign citizens working here and living with Hungarian husband or wife. It must also be noted however, that the worst experiences with administration go back to the times prior to Hungary's EU accession. Information gained from the interviews revealed that the situation has improved and the level of bureaucracy dropped since then – especially in the case of EU citizens.

*„Prior to Hungary's accession to the EU it was virtually impossible to settle down as a foreigner. After that it became much faster and smoother but the whole administrative system is very complicated, frustrating and senseless. And in addition it is expensive.” (30 years old married English male, teacher, catering expert).*

Bureaucracy is very tough to foreign entrepreneurs in the field of economy too. It has been expressed that foreigners are discriminated negatively as there is too much and contra-productive and also very expensive administration relating to the operation of firms and SMEs. For the small ventures

it is more advantageous if foreign citizens do not work as entrepreneurs or managers but employees. According to highly skilled transnational migrants the Hungarian system does not support foreign creative workers in their efforts to settle down and establish their venture. The present system is not prepared for the smooth acceptance of foreigners.

### *Taxation*

In the last years it became obvious that the Hungarian economy (and society) suffer very much from the system of taxation. Not only the bands of personal income tax are high in European comparison but the contributions to be paid both by the employers and employees are among the highest in Europe. This system is detrimental and hits these social groups hard. To keep manpower working the employers are in a difficult position because a great part of the declared payment “disappears” in the form of taxes and extras. This has a direct impact on the employment level and quality of workforce because highly qualified persons are in underpaid jobs and many people are employed illegally. Foreigners also drew the attention to the fact that in spite of the relatively high taxes paid in Hungary no positive effects could be recognised in education, health care or in infrastructure development.

### *Opinion of foreigners about soft factors*

#### Social networks

On the basis of the interviews the circle of friends of an „average foreigner” is recruited from foreigners living in Budapest whom he/she as a rule got acquainted with at the workplace or in the course of free time activities (pubs or clubs visited by foreigners, national circles, sub-networks). A general experience is that foreigners living in Hungary establish friendly contacts with foreigners much easier (and perhaps more willingly?) than with the locals. In this case, however, it might be a problem that many foreigners stay in the country provisionally so the relations are to be interrupted or to vanish. Within the circle of friends there is a high share of Hungarians who have spent more or less time abroad or speak foreign languages fluently. They can find common topics and share experience, and communication is not hampered by language barrier.

The initial phase of social networking couple of months after the arrival in Hungary is really difficult for the foreigners. This is why national circles maintained by foreigners are very important as sub-networks; they

can provide occasions to regular meetings with compatriots. Via partners and acquaintances foreigners can be members of several sub-networks simultaneously. Such sub-networks might be instrumental to make the establishment of contacts and everyday life easier; one can get acquainted with others and made to be known (e.g. Professional Women's Association).

*„When I arrived in Budapest I did not realise immediately that I was in a cosmopolitan city. Soon I got to know what a sizeable French community live in Budapest. I got acquainted with a great number of French citizens and also with Hungarians speaking French. This was a brand new feeling as my command of English in England only provided a link to the English culture.“ (32 years old single French male, IT executive).*

The interviewee's workplace plays an important role in shaping the size of his/her social network. Those employed in the academic sphere have the most favourable position since in everyday work they meet many colleagues and students in an open, receptive and multicultural environment. The position of foreigners employed by international institutions of higher education with foreign languages of instruction (e.g. CEU) is the best. Those having jobs at transnational firms occupy intermediate position because there are many colleagues speaking foreign languages but personal ties are rarely friendly due to the market sphere and permanent competition. Freelance workers are in the worst position, especially those on their own or working alone, because the lack of professional contacts and interactions is a hindrance to the establishment of contacts in an alien environment.

In the course of the analysis of social networks it emerged repeatedly that the knowledge of Hungarian language might be decisive not only in the establishment of contacts but it has a part to play in the long term employment and settlement in Hungary. With only few exceptions the interviewees have serious problems with the Hungarian language.

### *Quality of life*

#### Everyday life

All in all, quality of life is good in Budapest – in the opinion of the interviewees. Budapest and its society is becoming increasingly multicultural, nevertheless, it is still far from being too cosmopolitan as other European capitals. Budapest has both advantages and disadvantages. Its greatest advantage is that life is more quiet and calmer here than in the megalopolises in the West. For the respondents it means that they feel well during workdays, people

are kind and they claim being in safety all day and night. Highly qualified transnational migrants think that life is slower in Hungary than in Western Europe so people have more time and they are friendlier. Some of the interviewees mentioned that the work is not so tense, one should not work so much, but the level of payment is also much lower. Altogether it means for the migrants that they have more time to spend with family and for themselves and they have more time for leisure activities.

*„There are lots of positive things here, we have a lot of friends, life is not so stressful here, the weather is much better. I think people have better priorities here in things like family. It is definitely much safer here.” (35 years old single English female, teacher).*

### *Culture, leisure and entertainment*

Cultural values and programmes belong to the strongest attractions of Budapest – as it was held unanimously. Cultural life is versatile, the choice is extremely rich. Festivals are organised regularly, there are especially many cultural events in spring and summer (e.g. Sziget Festival of European fame). Galleries, museums, cinemas and concerts, performances of contemporary art make the cultural offer even more varied (see also MICHALKÓ, G. 2007). The only negative remark is that the programmes could underline more the specific character of the city.

*„High culture is much more typical for the streets of Budapest than of those in Prague or Vienna. I prefer theatre, contemporary dance and fashion shows. Good programmes are just as frequent as to satisfy the fans of different arts.” (28 years old single Vietnamese male, fashion designer).*

Foreigners can attend theatrical performances and watch movies in their languages which promote to maintain links with their native culture. A great help in this respect is provided by the activities of institutions supported by the mother countries (British Council, Institute Francaise, Instituto Italiano, Goethe Institut etc.). Newspapers and journals in foreign languages have lately been published in an increasing number.

### *Quality of the environment*

The main attraction of Budapest is associated with its geographical settings. The hilly Buda side with full of greenery, separated by the Danube from Pest is the main destination. The magnificent panorama with the Royal Castle of

Buda, bridges over the Danube and buildings of invaluable architecture flanking the banks on both sides gives the city a unique character (*Photo 2*).

Although Budapest is one of the largest metropolises in Central Europe it is smaller and more compact than those cities familiar to transnational migrants from Western or Eastern Europe. One of the greatest advantages is that one can get out of Budapest relatively rapidly (within 20-40 minutes) and reach the agglomeration, the surrounding green belt and hills. The countryside is easily accessible within the metropolitan region.

Although the positive remarks on the quality of the environment unambiguously outnumbered the negative comments in Budapest, the city has its negative features and life is far from being ideal for all. One of the biggest problems is the scarcity of green spaces in the inner part of the city. The general attitude towards green spaces in Hungary is at a lower level than in the West, which means that less money and energy is spent for the creation and proper maintenance of green areas. Environmental protection and environmentally conscious lifestyle is not general yet, the streets are littered with rubbish and they are dirty of dog shit. Air pollution is high due to the intense vehicle traffic, especially in the downtown. Frequent road works and constructions are a hindrance to urban transport, traffic jams are frequent.



*Photo 2.* Geographical settings of Budapest. *Source:* photo by EGEDY, T.



The quality of public areas should be improved as well. On the squares creative pieces of art are few. There are extensive squares but they do not attract urban life.

There is a sore need in public territories that would make the appearance visually and creatively vivid and the city modern and where young people could gather spontaneously to attend social and cultural events (like Covent Garden in London).

*„Even if I were rich I would not moved away from Budapest because there is something inexplicable why I feel bound to this place. Perhaps it is the rhythm of life, the atmosphere of the city. It seems an attractive and proper place to live if it must be abroad.” (43 years old single American female, photographer, video maker).*

#### *Attractive architecture and attractive residential environment*

As it was mentioned in the previous section Budapest is a highly spectacular city from architectural point of view. The ensemble of edifice built in art nouveau style at the turn of the 19–20<sup>th</sup> centuries is invaluable and deserves attention.

The Royal Castle of Buda with the panorama of the Danube and the row of the buildings along the banks became part of Unesco World Heritage in 1987. Andrassy Avenue with Europe's second („Millennium”) underground (after London) also was put on the list in 2002. Downtown districts abound in art nouveau buildings even though many of them are in bad shape due to the neglect of maintenance (FÖLDI, Zs. 2006).

The inner courtyards of tenement houses with hanging corridors also represent architectural interest (*photos 3 and 4*). Night lights in the streets and illuminated buildings, a varied street pattern are also belonging to the beauties of the city.

Some interviewees emphasized that they were grasped by the great diversity and wide variety of architecture of Budapest. Respondents live in most different places throughout the city from the most elite neighbourhood of Buda (2<sup>nd</sup> district) to lower class neighbourhoods of Pest side (e.g. 8<sup>th</sup> district). Transnational migrants coming to the city could find the attraction they were looking for or the neighbourhood where to live.

*„Budapest has a unique architecture. Dilapidated buildings, firewalls appearing here and there, varied ornaments mixed with modern edifice or with houses still wearing traces of projectile impacts from the world war along with the renovated buildings are very expressive about a perpetual deterioration and rejuvenation of a city.” (47 years old divorcee Japanese male, painter, artist).*





*Photo 3. Art nouveau building in the inner city of Budapest. Source: photo by EGEDY, T.*



*Photo 4. Hanging corridors in the inner courtyard of a tenement block built at the turn of the 20th century. Source: RÉV8 Urban Development Company*

### *Tolerance, acceptance of diversity, equality and openness*

*„ I think tolerance and acceptance do not belong to the main features of Hungarians. Sometimes I feel suddenly a little bit disattracted by these nationalistic tendencies what I can perceive. I don't feel frightened, I feel a certain mood in the population that is rather direct it backwards than towards the future.“ (33 years old single German female, researcher, teacher).*

In the Hungarian society the gravest prejudice is related to the Roma (KOC SIS, K. and BOTTLIK, Zs. 2004). According to some polls this is the case with 70% of the Hungarians. Foreigners hold that the Roma are blamed for lots of things, often even for deeds they are not responsible for. On the other hand, there is a highly developed sexism within the Hungarian society and this statement seems to be supported by lots of sexist anecdotes about women, gays or lesbians. The status and place of women in the society is not clear. In the opinion of the interviewees a lower level of tolerance might be attributed to the fact that Hungarian society is less cosmopolitan, there are not so many minorities and foreign ethnicities here as in the countries of Western Europe.

Inevitably a low level of tolerance and acceptance of diversity are the issues that will have to be solved by politics and society in the near future. Even now there are signs that highly qualified foreigners living in the country are under some apprehensions about intolerance and it might have negative feedback on the economic efficiency of Hungary not to mention the social consequences.

### **Conclusions and recommendations**

As statistics show the presence of foreign labour force in the Hungarian labour market is not significant though it is steadily increasing. The estimated share of labour migrants is below 2% of the population which is rather low compared to the level of European Union and similar to other post-socialist countries. Recently, within international migration temporary migration for the purpose of study is becoming more and more important. Beside the traditional migration for working and settling in a foreign country the 'studentification' process became also important, which has direct effects on the development of creative industries.

Nowadays the Budapest Metropolitan Region (and the city itself) is the most prominent destination of international and domestic migration within the country due to its economic performance and quality of life. Secondary concentrations of transnational migrants can be recorded in regions along the national boundaries. Migrants from the EU15 clearly prefer Budapest and

its surroundings as well as Győr-Moson-Sopron and Somogy counties near the Lake Balaton in the West. Budapest and its region is the only area in the country that is equally important to all groups of transnational migrants with no respect to their national background.

Our empirical research revealed that the greatest part of transnational migrants was attracted to Budapest by hard factors (work and education). A considerable part of them came to the city due to personal or family reasons (e.g. following their partners). Our survey as a whole testified the subordinated role of soft factors among the triggers of migration. For the transnational migrants living in Hungary it was difficult to separate and identify individual soft factors. Our survey showed that moving to Budapest was not motivated by one single factor, it was rather the joint and multiple effects of hard and soft factors, latter often playing an indirect role. Based on our interviews it became also clear that hard factors play an important role in attracting creative transnational migrants to the city, while soft factors are decisive in the decision about staying in the metropolitan region on the long run.

Highly qualified foreigners in Budapest work under very comfortable circumstances as far as the infrastructure provision of the workplaces is concerned. The greatest problems for the foreigners are the low wages by international standards and high taxes imposed on the income. The system of taxation imposes a negative impact upon employment and economic performance in the country. According to ex-pats living conditions in Hungary (and Budapest) are good in international comparisons, but the cost of living is too high compared to the average wages in Hungary.

Both positive and negative opinions were expressed about the system of education. One of the main shortcomings of the Hungarian education system was described by its less practice oriented character while the high theoretical level has been admitted. The average standard of higher education is very high in international comparison but the system as a whole is rather unstructured and not flexible enough.

Of the soft factors the attractive architecture and residential environment are to be mentioned in the first place. These factors were emphasized by the interviewees as the main attractions of Budapest. Cultural services, thermal spas and wellness opportunities and in the sphere of gastronomy Hungarian cuisine and wine culture are highly popular among the foreigners.

A richness of the built environment in Budapest and its monuments, a diversity and multi-faceted character of the residential quarters might contribute to the positive decision of transnational migrants about settling here. Similarly positive opinion was expressed about the geographical settings of the city and quality of environment. The boasting dynamism of the city couples with calmer and safer conditions of living compared to other West European cities.

Negative aspects of life in Budapest could also be determined. Unanimously negative opinion was expressed about the low level of tolerance and openness in Hungary and its capital city. Not only the economic success of the country depends on the measures to be taken in order to ease the present, increasingly alarming tensions within the society and among people; it is the future of the society at stake.

There are still some unfavourable conditions perceived by highly qualified foreign workers living in Budapest: these are the extremely heavy tax burdens especially in the light that Hungarian salaries and their purchasing power are still rather low in international (EU) comparison. A further problem is caused by the fact that Hungarian administration is highly bureaucratic so management of affairs (i.e. business, housing) is quite a challenge for foreign citizens. In everyday life the language barrier also creates serious problems for transnational migrants. The lack of well maintained green spaces, the high intensity of traffic with all the negative consequences and the less environmentally conscious lifestyle were mentioned among the main shortcomings.

Highly skilled creative workers formulated important proposals for the Hungarian and Budapest decision makers in order to make the city and its region even more attractive for transnational migrants. These proposals could be grouped around four main topics:

*a) Strategy and image building* – Budapest needs a new communication strategy with an emphasis on image elements to call the attention to its real, potential and unique values in the international competition of large cities.

*b) New functions for public spaces in planning and land-use* – New, functioning public spaces should be created based on interdisciplinary planning that would support social strata representing innovative and creative spirit all over the city.

*c) Information for transnational migrants* – Foreigners arriving in Hungary generally do not know much about the country and even afterwards they receive scarce information about it, therefore information networks should be extended and more materials need to be released.

*d) Political and administrative arrangements* – Measures need to be taken to raise the level of social tolerance, modify the system of taxation and to minimize bureaucracy in public administration.

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