

Abstracts of the Articles

Conference summary report – Filed research in the Hungarian economy, 16–17 November, 2012, International Business School, Budapest

DÓRA PIROSKA – MIHÁLY LAKI

The Institute of Economics, Center for Regional and Economic Studies, Hungarian Academy of Sciences (KRTK MTA) and the International Business School, Budapest (IBS) convened a two-day conference on field research in the Hungarian economy. The conference was designed to bring together experts from economics, political science, business studies, sociology and anthropology, from Budapest and a number of large Hungarian universities and research centers to present their latest research based on field research methodology. The conference consisted of seven sessions and the keynote speaker was Attila Chikán, from Budapest Corvinus University. The keynote speaker, Attila Chikán presented methodological groundings of his famous competitiveness studies and discussed issues of technical and methodological difficulties in carrying on a decade old project. The sessions covered issues from large firm behavior in Hungary, small and medium size enterprises, Hungarian entrepreneurs' attitude, national champion research, and methodological discussions. Each session was structured with four-five presenters, followed by a discussant and a short question and answer period. The discussants included Annamária Inzelt, László Szerb, György Lengyel, Pál Valentiny, Pál Juhász and Iván Major. The organizers Dóra Piroška (IBS) and Mihály Laki (KRTK MTA) concluded that the conference showed the strength and weaknesses of field research in Hungary. Among the strength they mentioned the business and policy relevance of researches, the high quality research designs and careful methodological conducts of researchers, but also pointed to the weaknesses such as lack of sufficiently developed theoretical underpinnings of some researches and the dangers involved in contributing to international research networks.

After the crisis: changing role of the government in the venture capital and private equity industry

KARSAI JUDIT

The article is analyzing the venture capital and private equity industry's international tendencies from a Hungarian perspective. A double nature characterizes the behavior of the government in this sector: a fear of systemic risk and the desire to stimulate companies with growth potential. The tightening of regulations pertaining to fundraising and fund management would eliminate the competitive edge of the venture capital and private equity industry compared with other types of alternative asset classes. As a result, this could disproportionately restrict the positive effects of the venture capital and private equity industry on the long term development of businesses; however, it would undoubtedly increase the sector's transparency. On the other hand, the government has considerably modernized its involvement as an investor in the venture capital market, better adapting its tools to the very nature of venture capital. However, the true results of these two effects can only be seen after a long time. Is world trade recovering from the crisis?

Captive offshoring of services-type business functions – functional upgrading at manufacturing MNCs' Hungarian subsidiaries

ANDREA SZALAVETZ

This paper is concerned with a relatively underinvestigated part of the burgeoning 'business process outsourcing' literature: with manufacturing firms' captive offshoring of selected business functions to low-wage subsidiaries. Drawing on field investigations at nine Hungarian subsidiaries in the machinery and electronics industries, we examine the functional upgrading impact of manufacturing subsidiaries' diversification into auxiliary and strategic business services. We scrutinize parent companies integration and coordination methods (i.e. whether parent companies' apply different coordination methods in the case physical operations and services-type business processes). We try to identify MNC headquarters' core competence and examine whether the quest for cutting costs through offshoring increasingly high value business functions results in a loss of core competence. Where are the limits of offshoring? We find that the offshoring of

high-value, ‘strategic’ business functions, does not result in a loss of headquarters’ core competence. Lead companies in global value chains continuously redefine their core competence: they reclassify some activities that were previously considered strategic – as operational, and keep a shrinking portfolio of strategic activities in headquarters’ responsibility.

Conflicting and matching interests

Examples for the relationship and interactions of Mol Group and the state

PÉTER VINCE

Mol Plc as a national champion does not simply take part in the implementation of the state’s decisions but the company’s cooperation is needed in realizing the economic, political and social considerations of the authorities. Therefore the company is provided with special preferential treatment. Besides, Mol can take advantage of its efficient bargaining power to secure the authorities’ favorable decisions in important cases. The regulations and special decisions of the European Union limit Mol’s position as a national champion. In cases belonging exclusively to national competence the main position of authorities was to prevent the emergence of foreign ownership control. In other cases, the authorities behaved differently: sometimes they contributed to the consolidation of the company’s position as national champion, sometimes they weakened it with their decisions. The relationship of the company and the state is thus characterized not only by matching but conflicting interests too.

Development trap? – Empirical results about the relation of institutional regulation, regional development policy and inequalities in the light of the EU-funds

PÉTER BALOGH

In this paper we introduce a section of the results from our field-research within the framework of our PhD-research concerning the Hungarian territorial development policy, paying special attention to the institutional regulations influencing the absorption of the funds and the implementation of the projects.

From the quantitative (secondary statistical analysis) and qualitative (interviews) outcomes the question of beneficiary status seems to be counter-final due to the complex combination of the lack of resources. The respecting relationships furthermore imply a kind of development trap, in so far as on the project level it is worth to be beneficiary because then higher support rate and amount of support can be achieved, but aggregated on the settlement, micro-regional, county, regional level the impact of being beneficiary is negative, i.e. disadvantageous.