

INTRODUCTION

This is a quarterly newsletter presenting recently completed projects and updates of ongoing research activity as well as highlights of publications, workshops, seminars and conference presentations.

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PROJECT UPDATES



Electromobility in the automotive industry. Despite the success of active and passive emission control systems in the reduction of air pollutants from transport (**European Environment Agency, 2018**), there are limits to the emission reductions that can be achieved by developing or improving the efficiency of internal combustion powertrain technology. **Gábor Túry** (*Institute of World Economics, IWE*) in his recent study presents a forecast on the spread of electromobility, highlighting the advantages and disadvantages of the possible solutions and

uncovering regional trends regarding vehicle production and sales. **Read more**



Cross-cultural aspects of management practices at Asian firms in Hungary. Asian foreign direct investment is substantial in Hungary. Multinationals from China, India, Japan, and Korea, like Huawei, Suzuki, Apollo Tyres and Samsung certainly play a very important role in the country's economy. Research fellows **Magdolna Sass** (*Institute of Economics, IE*), **Ágnes Szunomár** (*IWE*), **Andrea Gubik**, **Shobha Kiran** and **Éva Ozsvald** (*IE*) looked at the business practices of these firms from a cross-cultural aspect and tried to reveal how home and host country institutions influence the operation of foreign owned companies. Based on an interview series conducted in seven Asian

subsidiaries in Hungary, researchers could identify both home and host country influence, however, customary business practises of the host country turned out to be positively dominant and even more pronounced over time. **Read more**

Project: '**Non-European emerging-market multinational enterprises in East Central Europe**' supported by the National Research, Development and Innovation Office of Hungary.





Comparing Brazilian and Chinese outward foreign direct investments.

According to the **2015 World Investment Report** investments from emerging-markets reached a record level: “developing Asia now invests abroad more than any other region. Nine of the 20 largest investor countries were from developing or transition economies”. **Judit Ritz** (IWE) and **Ágnes Szunomár** (IWE) analyse in their current the driving forces behind the international expansion strategy of non-European emerging market multinationals by comparing

the cases of China and Brazil. These two large emerging economies reveal many cultural, historical, economic, political and institutional differences. At the same time they are the two largest emerging economies among developing countries to invest abroad, and to conquer on world markets by successfully internationalizing public and private companies since the Millennium. **Read more**

Project: 'From developmental states to new protectionism: changing repertoire of state interventions to promote development in an unfolding new world order' and 'Non-European emerging-market multinational enterprises in East Central Europe' supported by the National Research, Development and Innovation Office of Hungary



Administrative Panel Data open for research at KRTK.

In the summer of 2019, our Databank has established Admin3. The third round of the Panel of Administrative Data contains records from the period 2013-2017, retrieved from a wide range of administrative databases owned by different governmental bodies such as the national health insurance, the state treasury, the tax and custom administration, the ministry of finance and the education authority. The new panel is based on a sample of 50% of the whole Hungarian population. In the

coming months, an individual-and firm-level, anonymized panel dataset will be created at the Databank, which will contain monthly individual observations on educational activity, employment status, occupation, gross wages, health events and many more. **Anna Sebők**, (IE) shares the features and the research relevance of the panel as well as practical information regarding access. **Read more**

Social enterprises in Central Eastern Europe. Given the socio-political and allegedly transformative nature of the “social enterprise” concept, many find it truly inspiring. For others, the phenomenon remains too broad, or even too complex, and undefinable. In a stakeholders’ brief, **Melinda Mihályi** (Institute for Regional Studies, IRS) and her fellow researchers in a 4 years’ EU-funded collaboration project will shed some light on the different ways in which SEs are theoretically defined in the target countries (former member and satellite states of the Soviet Union, and the Socialist Federative Republic of Yugoslavia) and show their different empirical forms (legal forms and sectors) and, the various institutional regulations that frame their activities. **Read more**



Further reads in the topic: **International Typology of Social Enterprise Models** (conference report), **Updated Country Report for Hungary on Social Enterprises And Their Ecosystems.**

Projects: 'Empowering the next generation of social enterprise scholars', COST Action (2017-2021) supported by EU Horizon 2020, Update of the Mapping of Social Enterprises and their Eco-systems in Europe (2017-2019), supported by European Commission, Directorate General for Employment, Social Affairs and Inclusion



Ten Years of Urban Regeneration in a Poor Neighbourhood – Case study. **Csaba Jelinek** and **Tünde Virág** (*IRS*) introduce in their recently published case study, the development projects carried out in a former mining community outside of Pécs, the fifth biggest city of Hungary. These developments are regarded as one of the most successful place-based projects in Hungary and they are often cited as “best case”, because of the

significant positive impacts on the fields of unemployment, housing quality, household indebtedness and criminal activities in the targeted neighbourhood. In their report, researchers credit **Hungarian Charity Service of the Order of Malta** for its special strengthening role as a broker in the local developmental coalition. **Read the report**

Give Kids a Chance: Spatial injustice in peripheral Hungary. In their recently published report **Judit Keller** and **Tünde Virág** (*IRS*) introduce the findings of their fieldwork in the district of Encs, one of the traditionally disadvantaged micro regions of Northern Hungary, characterized by the complex interplay of spatial, social and ethnic exclusion, and demographically polarized society with very high unemployment rate and low level educational attainment. According to their observations, **Give Kids a Chance program** could only provide temporary relief for marginalized communities in the district. **Read the report**



Project: **'Resituating the local in cohesion and territorial development' (RELOCAL)**
(2016-2020) supported by EU Horizon 2020

PUBLICATION HIGHLIGHTS

Pék Éva – Fertő Imre - Alobid, Mohannad: **Evaluating the effect of farmers' participation in irrigation management on farm productivity and profitability in the Mubuku Irrigation Scheme, Uganda.** *Water* Vol. 11. No. 11. 2019. Paper 2413.



Irrigation remains a critical input into farming and, therefore, it remains a proxy for food security and poverty alleviation in developing countries. Despite their role in economic growth and the received investment, irrigation schemes are still underperforming. Among many irrigation schemes, transferring more management responsibilities to farmers proved to be a viable path toward improving performance. However, the large diversity of implementation strategies makes evaluation difficult, while its well-demonstrated benefits have paramount importance to convince reluctant smallholders to take additional roles. In order to address this gap, we analyze the effects of participation on farming outcomes (yield, revenue, net profit) by estimating the treatment effect. We present the case study of a Mubuku small-scale irrigation scheme, Uganda. **Read more**



Grünhut Zoltán: **Diverse individual value-sets among entrepreneurs in Europe: A comparative analysis. International Scientific Journal Innovations** 2019. Vol. 7. No. 2. pp. 54-57.

The paper examines the relevant value-sets of entrepreneurs in Europe. As both approaches, i.e. the perspective of Economics, which is interested in ideal entrepreneur mentalities, and Sociology that rather takes entrepreneurs' ethically-morally significant roles into its main focus, are addressing epistemological and praxis-related aspects, then this paper highlights the importance of values as ontological foundations to these features. From the various value-theories Shalom H. Schwartz's concept about Basic Human Values is applied as a framework. The empirical part starts with a differentiation of entrepreneur-groups by cluster analysis based on the individualistic values. Then the collectivist values are invoked in order to draw up more comprehensive profiles about the primarily identified groups. Finally, additional variables contribute to the clarification of these profiles. [Read more](#)



Hardi Tamás – Csontos Péter – Tamás Júlia: **Environmental consequences of the rural abandonment – A pilot survey of gardens in a Hungarian ghost village. Tájökológiai Lapok / Journal of Landscape Ecology** 2019. Vol. 17. No. 1. p. 121-129.



This study aims to detect the environmental changes subsequent to village abandonment in a hilly region with the investigation of vegetation. The examined village has been deserted over a 40-year period; so it is observable how the vegetation reclaim the former human-used sites. In our study 14 sites (ruined buildings with their surrounding gardens) were subjected to detailed botanical survey in May 2018. In each site, woody vegetation was recorded in three categories: a) cultivated fruit, b) ornamental and c) wild-growing trees and shrubs. Spontaneous reforestation did not happen following abandonment, but a long term survival of certain cultivated fruit trees were striking, and the immigration of wild-growing berry shrub species was also remarkable. [Read more](#)

Somai Miklós: **Ecological footprint tax for the development of local agribusiness. Journal of Modern Accounting and Auditing** Vol. 15. No. 10. 2019. pp. 487-493.

The concept of ecological footprint tax (EFT) can be developed to cover the whole economy, but as a first experimental step, this paper suggests to introduce it in agriculture and food industry. The EFT is expected to mitigate two of the greatest anxieties of people in developed and semi-developed world: (rural) unemployment and climate change. The proposed arctan relation between the ecological footprint of products and the tax to be paid would result in a fairer allocation of tax charges (rich big-consumers having to pay much higher tax than low-polluter average people), assure sustainability for both the ecosystem and local economy (the tax charge itself depending first of all on the distance a product is to be shipped to the customer), and allow a healthier diet (local production, reaching the customers within much shorter time period than imports, not having to be stuffed with preservatives). [Read more](#)



Szalavetz Andrea: **Artificial intelligence-based development strategy in dependent market economies – any room amidst big power rivalry? Central European Business Review** Vol. 8. No. 4. 2019. pp. 40-54.



This paper investigates whether the activities of start-ups specialising in artificial intelligence (AI)-powered solutions could contribute to upgrading in dependent market economies. Mapping the ecosystem of Hungarian AI-solution providers, collecting, and analysing data of their solutions, activities, and performance, we identify the main mechanisms of AI-driven upgrading. We argue that AI-solution providers induce productivity and resource efficiency improvement at technology adopters by enabling process upgrading. By selling their services to the local subsidiaries of global companies, they intensify the local backward linkages of these companies. Increased local embeddedness of subsidiaries is an important manifestation of economic upgrading. Additionally, AI-solution providers diversify the drivers of growth. Therefore key policy implication for supporting the scaling up of AI start-ups by promoting the adoption of AI-powered solutions and stimulating venture capital financing promises good return on public investments. [Read more](#)

[More recent publications >>>](#)

CONFERENCE PRESENTATIONS

Norbert Szíjártó: **The Evolution of European Economic Governance**



EU decision-makers established certain institutions and processes to achieve economic growth and social progress, however, the last decade proved that these governance institutions, prior to the global financial crisis, was in reality incomplete, poorly coordinated and in certain macroeconomic areas insufficient. **Norbert Szíjártó** (*Institute of World Economics*) walks us through the transformation of this old governance structure in his recent presentation and identifies remaining risks that will have to be tackled in the future. [Read the publication](#)

Miklós Somai: **More integration, disintegration or something in between: Lessons from Brexit and some other issues**

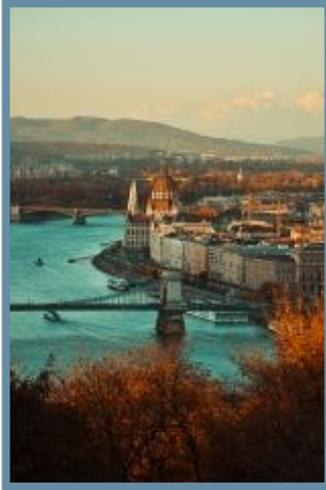
The major treaties, which are regarded the milestones of the European integration, outline ambitious plans and noble goals. The Preamble of the Rome Treaty says that the signatories are "resolved to ensure the economic and social progress of their countries"... The Maastricht Treaty expresses the desire "to promote throughout the Community a high degree of convergence of economic performance", and the Lisbon Treaty further elaborates on these common goals. And yet, recent developments, hick-ups in the integration, disintegration in a most prominent case show clearly how far reality is from the initial expectations. **Miklós Somai** (*Institute of World Economics*) in his recent study highlights some crucial problems, such as the remaining East/West divide, the growing North/South divide, and the way both Brexit and the Greek crisis have been handled. [Read the publication](#)



September 26 2019, Budapest, 13th Hungarian-Romanian Round Table: Romania and Hungary in the globalised World and partners in the European integration



UPCOMING EVENTS



23 January 14:00 - 16:00 Budapest, IE Seminar, Csillag Márton - Márk Lili: **Is sickness insurance a way to postpone job search?**

2 February 14.00 - 16.00 Budapest, IE Seminar, Bíró Anikó - Szabó-Morvai Ágnes: **Mass media coverage and vaccination uptake: evidence from the demand for meningococcal vaccines in Hungary**
28–29 November Budapest 5th The Role of State in Varieties of Capitalism (SVOC) Conference Institutions and Change, international conference of the Institute of World Economics.

