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FOREWORD

The editors of current publication are indebted to a wondrous variety of authors who kindly contributed to our very first English language symposium material.

We recommend that our readers welcome some of these remarkable articles which are thought-provoking. It is undeniable that all the articles have excellent choices of topic centering around the burning issues companies as well as individuals face today.

We all feel that these times are exceptional. We all feel that it is the calm before the storm.

Some of the big changes we should all be prepared for are addressed here such as the questions of sharing economy or the coexistence of many generations at workplaces.

The pressing issues of conflicts are also discussed in considerable depth. The key notions binding the articles are all related to our ever changing global world.

We suppose the real question is how we will be able to adapt to all that. Is it through revolutionizing our education system or improving our global infrastructure and forms of agricultural cooperation.

It is hard to tell, but We think it is all of that and possibly more...

Editors

**THE SHARING ECONOMY MODEL:
THE NEW FINANCING OPPORTUNITIES
FOR COMPANIES**

Éva MESTER - Róbert TÓTH - Tímea KOZMA

Keywords: *Sharing Economy, business model, innovation, financing, competitiveness*

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ABSTRACT

It is generally true that every entity is doing the same, that is, from ideas, subassemblies, raw materials, information and financial resources, with the participation of human capital, they create value in the form of a product or service for the final consumer. However, there is an essential difference between organisations in how they achieve this. What kind of financial structure, what quality and quantity of raw materials, what human capital they use, and what kind of other organisations they cooperate with. Consequently, the difference lies in the applied financial model, i.e. in the fundamental logic and the strategic elements of value creation and value acquisition in the value chain. The Sharing Economy Model only appeared a few years ago, yet, there is already a lot of money and human workforce in this area, which demonstrates the success of companies using that structure. Despite the fact that the authorities look suspiciously at Sharing Economy, it seems to be staying with us in the next few decades. Therefore, it is worth considering how it can restructure power relationships between companies and governments, employers and employees, banks and their customers. Banks are looking at peer-to-peer lending companies that lend money by eliminating traditional financial institutions with distrust. They do so for a reason: it is enough to take a look at the exponential growth in turnover figures. This study aims at presenting the new transaction platforms in the chosen sector by analysing the competitiveness of domestic banks (Túróczy, 2016), as well as placing the model in the well-known theoretical framework of economics.

INTRODUCTION

It can basically be stated that every entity is doing the same, that is, from ideas, subassemblies, raw materials, information and financial resources (Katits, 1998), with the participation of human capital, they create value in the form of a product or service for the final consumer (Csath, 2010). However, there is an essential difference between organisations in how they achieve this. What kind of financial structure, what quality and quantity of raw materials, what human capital they use, and what kind of other organisations they cooperate with. Thus it can be said, the difference lies in the applied financial model, i.e. in the fundamental logic and the strategic elements of value creation and value acquisition in a value chain. It is only worth talking about a business model given the knowledge of organisational objectives – customer expectations –, however, a successful business model requires a creative business idea that is not easy to come up with. A business model can be built up based on the basic idea and objectives. Rapid change and the global interdependence of national economies significantly enhance uncertainties for companies in business. To adapt flexibly to rapid changes, learning is inevitable. All the more so as the production process is mostly intellectual production, that is knowledge production. Knowledge production can be divided into two phases: creating new knowledge, which is manifested in innovation, and acquiring the new knowledge created by others, that is learning (Hámori, 2013; Katits, 2002). However, it should be noted that a business model can only be interpreted on the basis of the internal

environment (Demeter, 2010), thus, it does not deal with the market, competition, competitors and changing economic and legal conditions. Therefore, it is not sufficient to interpret the business model. In today's globalised and rapidly changing environment internationally operating businesses need to develop new business models. This is not only a requirement because of the novel opportunities in the current world financial system, but also because of the restructuring supply chain systems (Katits, 2015). Hence, we need to introduce business model innovation, which means the reorganisation and the renewal of the whole business, and constant adaptation to the environment. Sharing economy is such a novel innovative business model. Its detailed description can be found in the section below.

SHARING ECONOMY – COLLABORATIVE ECONOMY BASED ON SHARING

Technological advancement and increasing internet usage bring about significant change in our everyday lives. Broadband internet helps match immediate needs with current supply, for a larger public, and the platforms enabling sharing are available in a structured way. New opportunities are opening up in collaborative working, and thus in sharing economy. Sharing economy, that is, collaborative economy based on sharing, is nothing new in the history of mankind. In former times it existed in smaller communities – a family or group of friends – , today, however, thanks to the wide use of internet and smart phones, it can be applied more extensively. What is new, compared to traditional economic practice, is the use of internet, and the resulting networking (Deloitte, 2015). Collaborative economy is believed to be an unstoppable global trend that can radically transform several fields of economy: hyper-consumption can in particular lead to a greener and more sustainable consumption, as well as to the strengthening of local collaborative production, which in turn can emphasise the importance of interpersonal relationships in both the economic and social sense (Kalóz, 2015). The significance of the model is further confirmed by the fact that the *Time* magazine listed it among the '10 business ideas that will change the world' – definitely in the long run and potentially in the short term. Arun Sundararajan (2016) in his book, *The Sharing Economy*, calls this business model the new industrial revolution. It has to be pointed out though that the rapid proliferation of sharing economy has been facilitated by the changes in how consumers relate to products, services and product-services (access is more important than ownership).

The separation of capital from its tangible and monetary material forms, and the prevalence of immaterial, intangible and difficult-to-measure capital, is the result of historical development. In their article *Basu and Waymire* (2008) rightly remark that “recent times are not unique in terms of the importance of intangibles. Indeed, intangibles are ubiquitous to human economic interaction and are present even in seemingly simple economies” (Basu & Waymire, 2008, p. 171.). ‘Dematerialisation’ of the conditions and results of economic processes is not entirely new, neither is the strengthening of connectivity; this is simply a matter

of the *phenomenon* breaking out of its subordinate position: it *was given a key role*, was raised to a new power and *taken brand new forms* with the appearance of computers (Hámori, 2013).

The sharing economy phenomenon has several definitions. Their common point is that they all make a distinction among *peer-to-peer* (P2P, which emphasises collaboration as opposed to traditionally vertical, hierarchical consumption models pointing from businesses to consumers), *business-to-consumer* (B2C) and *business-to-business* (B2B) models. In the P2P model structure of collaborative economy a platform connects supply and demand.

Sharing economy includes a business model which is based on sharing already existing assets and lets them be used on user demand. Belk (2014) places the collaborative economic model between sharing and exchange of market goods. Another special feature of the model is ownership, that is, users can mobilise given assets without actually purchasing them (Weber, 2014). Hyung et al. (2014) view sharing economy model as the ultimate future business model which is capable of providing profit maximisation. The specificity of the sharing economy can be summarised as follows: declining ownership in favour of gaining right of use (see Figure 1).

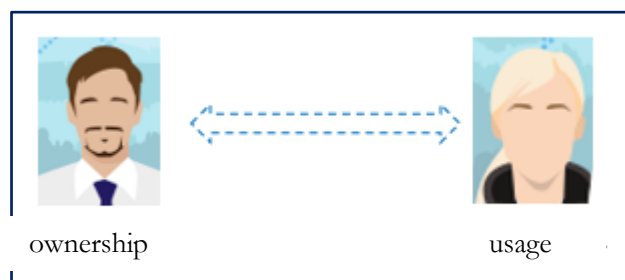


Figure 1. The fundamental logic of sharing economy

Source: Authors' own compilation

The consulting firm PricewaterhouseCoopers (PWC) in a summary report (2015) provide the following definition for summarising the essence of sharing economy: The users

- share with one another their unused capacities, resources (e.g.: assets, service, money)
- on an on-demand basis (as soon as consumer need arises), normally through an IT platform
- based on trust, with a special emphasis on personal interaction and collaborative experience and
- seeking sustainability.

According to Koopman and his co-authors (2014) the sharing economy model can be

viewed as a marketplace where individuals meet to share or exchange their unused goods. This includes all types of products and services (even product-services) that are put up for sharing or exchange, in hopes of material or immaterial gains. The question arises as to what motivates this innovative worldwide trend and why it has a future. The answer has already been presented above. It can be said that this process is underpinned by peer-to-peer technologies, as well as (individual) economic and social considerations. According to one of the most committed researchers of the topic, sharing economy is a tremendous economic and social force that has commercial and cultural consequences. In the future ‘self-centredness’ will be replaced by the ‘us-centredness’ approach. Basically, it means a change in consumer attitudes: it will become more important to have access to certain goods at a given time than owning them and to implement accessibility as a form of social collaboration. Another important change is that consumers do not wish to buy the given product on demand but instead they wish to avail the service provided by the product.

Free flow of information, facilitating *participation* and *self-expression*, the ability to build *cross-border relations*, and the spread of strong open source technologies helps to create new values: openness, transparency, originality, participation and opportunities are values that result from the dominant technology of the last decade (*Dawson, 2011 emphasis added – Hámori 2013*).

Rachel Botsman (2011) (based on a large-scale research) divided the elements of collaborative consumption into three main groups:

1. redistribution markets,
2. collaborative lifestyle and
3. product-service system.

These three activities need to be interpreted in conjunction. This way, products have a longer lifespan reducing environmental pollution. All three activities can facilitate sustainable consumption thereby further emphasising the significance of these consumer preferences. According to the expert, there are four main underlying processes, confidence in collaboration, in peer-to-peer social networks, real-time technologies, pressing unresolved environmental problems, and finally global recession. It is all complemented by the PWC (2015) research in Hungary, which identified additional four main economic and social factors contributing to the success of this innovative model:

- proliferation of sophisticated digital tools and platforms,
- aiming at more rational use of financial resources,
- more eco-friendly consumption and
- globalisation and urbanisation trends.

These are the most important generators that helped launch the model, in which the participants only “operate an online platform where the supply of unused capacities and demand

can meet, and there is a peer-to-peer collaboration with supply meeting demand in a fast and efficient way” (Budai-Lehota, 2016).

THE ROLE OF TRUST IN THE BUSINESS MODEL

The collaboration of social networks and real-time technologies enables building trust among unknown individuals and organisations, as well as bringing potential behaviour patterns and trust-based forms of cooperation inherent in the system to the surface. In this light, it is evident that building trust is the bottleneck in the system: in its absence the system would not be able to operate. Trust in sharing economy can be interpreted along the lines of the social interchange theory, that is, in combination of the fields of economy, psychology and sociology. This means that the basic definition of trust originates from the social interchange theory. The basic assumption of the theory is that every human relationship is determined by the analysis of input and advantages (Homan, 1961). In his theory, Homan argues that individuals take part in reciprocity-based transactions which yield benefits for them, and they remain in the relationship as long as the participants provide each other with valuable resources or some form of benefits or rewards.

John (2013, p. 18) in his definition states that “In both online and offline environments, sharing refers to a type of interpersonal relationship based on equality, trust, mutuality, cooperation, selflessness (or at least a lack of outright selfishness), considerateness, and other similar values.” Trust has become one of the most essential critical success factors for competitiveness. For an enterprise operating based on a business model to maintain its competitive position in the market, it requires adequate trust and expertise-based decision-making procedures (Mester et al., 2016). Trust plays a vital role not only in shaping external economic factors but also in the organisational structure, human capital efficiency and cost management of an enterprise. Fukuyama (2007) in his work entitled *Trust*, projects the interrelationship of trust and efficiency onto business cost management: “For example, countries where business participants have trust can save on transaction costs and become more efficient than low-trust societies which need extensive contract and legal regulations of their relations.” It has to be highlighted when using the term trust in business that this approach emphasises its role in efficiency and competitiveness, that is, stable relationships can reduce transaction costs (Karmazin, 2014). Chikán et al. (2006) argue that by increasing the level of collaborative trust, work in an organisation becomes more efficient and competitiveness increases. Kelen (2016, p.25) also stresses that “the new emphasis lies on emerging patterns of reciprocity, such as public good resulting from collaboration, volunteering and reciprocity among business participants, as well as on the capitalisation of trust and local self-help and exchange – these can become alternatives for redistribution in maintaining market balance.”

Trust and commitment are central factors that contribute to successful networking as they directly lead to collaborative behaviour and proceedings that improve efficiency and productivity (Morgan and Hunt, 1994). It is interesting to observe how trust has become one of the

key pillars of sharing economy model while in other areas, such as in our institutional systems, or in finances torn by the 2008 recession, it is collapsing.

The efficiency of trust-based business models has been proven as business relations born and operating in a non-competitive environment based on trust since they can win not only new customers and markets but also reliable high-quality suppliers. What could be more telling than the fact that these innovative solutions have raised the interest of mainstream organisations?

THE SHARING ECONOMY MODEL AND GLOBALISATION

The relevance of the sharing economy model is justified by the birth of such businesses in more and more areas (Theurl, 2015). Figure 2 shows the most important sectors where the sharing economy model has gained its footing.



Figure 2. The sharing economy model in different sectors

Source: Authors' compilation based on Brenke (2013)

The sharing economy model has expanded at a staggering rate over the past half-decade all over the world (see Figure 3) challenging existing business models and thereby showing the relevance of business model innovation. Besides posing a major challenge for traditional models the rapidly growing collaborative models affect legislation and tax authorities. Tax legislation in force is viewed as difficult to apply in trade in services between private persons. In the new business model delivering supply and demand is *much simpler, faster and more transparent, and simultaneous on a global scale*.

The above factors are closely linked to that fact that information technologies, especially the internet – in contrast with Fordian industrial technologies – are *decentralised*. The internet does not have a ‘master switch’ to control the network. Moreover, there is no government to stop it, or a jurisdiction to control it (Taylor, 2003). However, it is most often the state

assisting restriction of competition. Information technologies – especially the internet – promote an enhanced (and often unbridled) competition in almost every sector (Hámori, 2013).

Internet openness enhances competition in itself. Since new internet companies (the so called startups) usually have very few physical products and a short supply chains, or they centre around information commerce, they can be set up overnight.

Low or non-existent entry barriers allow smaller local companies – using the internet as a distribution channel – to *take part in global competition*. This means that any small local entrant can pose a threat to better services. However, the other side of the coin is that global majors can endanger the smallest local companies which have dominated their local markets (Hámori, 2013). *Dominant global companies enter more and more segments of the ICT market leaving little space for smaller participants.*

A typical example is collaborative ‘peer-to-peer lending’ or as it is called ‘marketplace lending’. The rate of growth for sharing economy model investments is rapidly increasing.

Today even big European banks and investment issuing houses overtly take part in starting investment funds that invest in collaborative loans of small and medium enterprises. The biggest collaborative creditors’ own several-hundred pounds worth funds become passive acquirers of collaborative creditors’ loans (Tózsdefórum, 18 January 2016, 11.40 source: TF information)

The following figure shows the growth of global investments based on the sharing economy model.

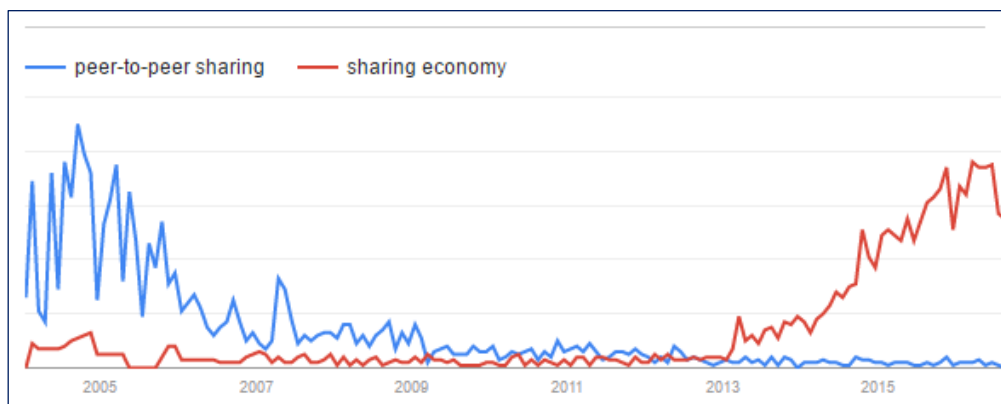


Figure 3. Trends in peer-to-peer and sharing economy investments (2005-2015)

Source: Theurl (2015)

Figure 3 clearly shows a rapid growth in a short time interval in sharing economy, in comparison with the traditional peer-to-peer method. Factors underlying the drastic growth are:

- technological and technical, IT innovations (knowledge));
- change in values;
- change in consumer expectations;
- change in economic conditions (cost awareness);
- change in social factors (need for social cohesion);
- increasing environmental awareness and ecological pressure.

The economic activities that can be pursued within the sharing economy framework are closely linked with transaction costs. One of the basic concepts of new institutional economics is institution itself, which can be interpreted as an operational rule or norm. Coase, the father of new institutional economy, provides a classic definition for transaction costs: they are the costs of using market institutions and price mechanisms. In this light, institutions should not be interpreted as organisations but the total of general and specific economic operational rules (Kieser, 1995). Coase (1937) often asks the question “Why do firms emerge?” His answer is that by operating companies a part of transaction costs can be saved. Therefore, the question arises which phases and activities of the production process in a given institutional structure should be performed internally, and which are on the market. Within the framework of institutional economics the most important area is transaction costs theory (Kállay, 2014). In Coase’s theory if there were no transaction cost, then market would do the coordination, therefore, the reason for the existence of organisations (companies) are transaction costs. Coase (1937) mentions two types of transaction costs: (1) discovering relevant prices, (2) the costs of negotiating and writing enforceable contracts for each transaction. According to Coase transaction costs can be reduced by internalising, that is, organising them inside the firm, certain market transactions. In supply chain management experts use Coase’s theory to reduce ‘discovery’ and other transaction cost for consumers. Transaction costs reduction will most probably have an impact on global-scale social problems such as environmental pollution, sustainability, mass consumption, as well as social disparities. Ronald Coase was awarded a Nobel Prize for his discovery and clarification of the significance of transaction costs and property rights for the institutional structure and functioning of the economy. Sharing economy means flexibility to its users, since they only need to hire products and services (Kapás, 2000).

Sharing economy and logistics

Collaborative economy means a business model which is built on sharing tools enabling participants to use resources on demand without actually buying the tools (European Union, 2013). As already discussed the new innovative business model detailed above is beneficial for not only startup businesses but it also offers considerable opportunities and investment potentials for large companies. It is worthy of mentioning that bigger companies often operate in a network-like structure, that is they are usually interested/shareholders in smaller startup companies, or even research institutes.

Figure 2 showed those sectors where the novel business model is predominant. Out of these logistics has to be highlighted since this is the sector which has been developing at the fastest rate. As Karmazin (2016) writes in his book, “The global logistics market shows a steady growth, according to estimates current production reaches the 13.8 per cent of global GDP, approximately 6700 billion dollars”. The most prominent examples for sharing economy can also be found in the transportation sector. Sharing economy can shed a new light on both human and goods transportation markets. The emerging new surfaces offer several alternatives to buying and renting cars with their convenient, flexible, fast and high-tech-based provisions. The new business model gather the ‘fragmented’ transportation sector, and, at the same time, it provides customers with a simpler and more intelligent – on demand – service. Horváth and Karmazin (2014) emphasise that “the road transport subsector, which is most appropriate for today’s logistics requirements, is capable of door-to-door transportation without transshipment [...] and precise service”. It is no coincidence that sharing economy has taken root in this sector.

Sharing economy has the potential to revolutionise the road transport business since any logistics service in Europe can be organised within a short time interval through cooperation with a business operating a collaborative platform. This trend could mean a strong step towards sustainable development for using a collaborative transport service pollutes the environment to a lesser degree than an individual company using its own car park. Accession using a GPS tracking device enables tracking the path of goods, users can pay in advance, so there is no need for consumer financing, more precisely, financing current assets for transport companies.

New financing opportunities – the sharing economy model

Loan, stock or venture capital financing? There are only few small and medium enterprises (SMEs) that ask the previous question when they need financing. Well-established enterprises look for a cheap bank source for working capital financing or investment. If they have capital financing needs smaller businesses prefer a professional investor or a(n) (already known) partner. Venture capital raising is considered as a characteristic of start-up businesses entering unique industries, whereas stock financing is typically not even considered as an option, especially, because recently businesses in the sector have a positive experience with acquiring bank loans.

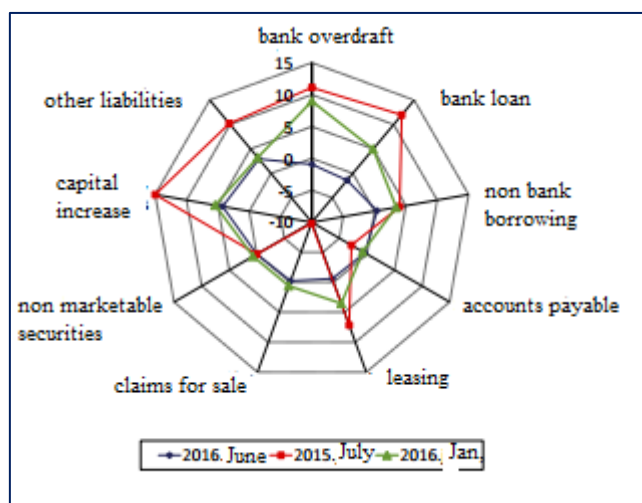


Figure 4. Financial Stability Report MNB (Central Bank of Hungary) November 2016, p. 22

Nevertheless, it is an integral part of the government’s strategy to create a new, SME-specialised institutional and market framework for capital market fundraising opportunities, since these can be valuable channels in the growth and financing of these companies. The annual financing gap is almost 40 billion HUF in the domestic capital investor market. This can partly be explained by the fact that – due to significant default and return risks – several viable ideas and projects are left out of private market financing opportunities. For this problem the long-term solution, which can also have a stimulating effect on the capital market, is state support for the riskiest businesses (Hungarian Development Bank press release, 27 October 2016). It is an intrinsic part of the Budapest Stock Exchange’s five-year strategy to increase the number of issuers and to make the advantages of venture capital raising available to more businesses. To achieve this, a very important step is to develop the Hungarian SME stock market, which, as international examples show, can serve as a major forum for financing fast-growing businesses as well as a “breeding ground” for them to mature into large companies (Budapest Stock Exchange press release, 10 January 2017). The SME stock market section is not only a platform to raise capital by well-established “story-ready” companies, but it can become the natural exit for risk capital financing, which can increase mutual fund activity.

Lower return rate environment benefits private investors seeking riskier investments, investment targets for them are easy to find in Hungary. Besides, stock market introduction may have several other effects, for example, it can become a strong motivator in marketing or for employees, and common results are improved trust among partners due to transparency or the expansion of borrowing opportunities (Budapest Stock Exchange press release, 10 January 2017). Are we too late? It is a fact that based on recently released aggregated data, in 2016 the companies entering the stock market only raised one third of the capital raised

in 2010 globally, largely owing to the fact that smaller companies virtually disappeared. Paradoxically, the marginalisation of the stock financing model was caused by the same thing that benefited the stock market most: technological progress (Attila Tóth, 2017). The biggest drop in Initial Public Offering percentages could be observed on the American continent, the global centre of stock market exchange. The contrast is even bigger if we look at how business angels, seed and risk capital companies, as well as more and more popular crowd-funding platforms altogether have increased their activities 2.5 times over the course of the past 4 years. In the USA the cash flow in this type of financing was 75 billion dollars, which is 3 times the result of the IPO market, says Attila Tóth, based on data from The Global Funding Report 2016, Funderbeam. With the international current trend the exit does not divert companies in the direction of the stock market, instead, they move towards big professional investors. As a result, of accelerated progress, emerging businesses simply do not have the time to skim the market as they develop organically, they have to sell out their products before they become obsolete. Globalisation makes it all possible. Both the international and domestic stock markets and bank systems are looking at peer-to-peer lending companies that lend money by eliminating traditional financial institutions with distrust. They do so for a reason: it is enough to take a look at the exponential growth in turnover figures.

Both the international and domestic stock markets and bank systems are looking at peer-to-peer lending companies that lend money by eliminating traditional financial institutions with distrust. They do so for a reason: it is enough to take a look at the exponential growth in turnover figures.

Financial services in transferring that has emerged as a separate cast among startup companies and which aid online trade statements (fintech businesses), and the sharing economy model only appeared a few years ago. Yet, there is already a lot of money in this area, which demonstrates the success of companies structured thus. Despite the fact that the authorities look askance at Sharing Economy, it seems to be staying with us in the next few decades. Therefore, it is worth considering how it can restructure power relationships between companies and governments, employers and employees, banks and their customers.

As collaborative models are gaining ground companies, tax authorities and states are facing new challenges – for multiple reasons. To take an example, current tax legislation is difficult to apply in service trade between private persons, old laws need to be revised and adjusted to new trends (Internet-3) with a view to objectives.

Obviously, the collaborative business model has an impact on financing as well, bringing new forms to life in this area too. This is based on *P2P lending* – a collaborative lending type called ‘marketplace’ lending. Basically, it means that potential clients offer resources to each other directly, eliminating banks, through lending platforms built for this reason. One of the biggest advantages is that applicants for credit can take out loans fast and simply, eliminating excessive red tape. Moreover, it has to be mentioned that peer-to-peer outsourcing gives

chance to those participants that do not comply with the creditworthiness criteria of ‘mainstream’ creditors, especially viable businesses that do not have sufficient extra collateral, a basic requirement in banking practice.

The model works by individuals giving money into a common fund to satisfy loan applications accepted by the system. The mechanism is similar as in banks, however, they operate at lower costs. Therefore, depositors usually enjoy a higher interest rate than in a bank, whereas the applicant usually pays a lower interest than when taking out a bank loan. Not to mention that credit application assessment is much faster and they are not tempted into buying extra products under the ‘cross selling’ heading, as in banks.

Although depositors are not protected under the government’s Financial Services Compensation Scheme, the system contains several safeguards resulting in a lower amount of risky credit than in banks. First of all, all of them strictly filter applications. They not only check applicants’ credit history but also assess their future ability to reimburse loans. If reimbursement is unsecured, the transaction is rejected, even if the history is clear. It is a common practice to reject 75-80% of credit applications. Besides, deposits are diversified into small amounts in several loans so in case of default not all of the investment is jeopardised. Depositors have an individual account where they can set the type of project and the conditions for investments. Some companies charge their borrowers extra fees in order to finance a fund to compensate depositors in case of default. Typically, those companies are granted credit which have minimum two closed financial years and are financially viable. This requirement is also common practice in Hungarian banks.

Alongside lending-based systems there are equity-based systems as well, which offer risk capital opportunities in starting businesses. The term does not mean credit instead it refers to purchasing securities, which offers an alternative source for starting companies. The novelty on P2P platforms are revenue-based investments. Here investors are not compensated from reimbursements or securities, but receive a share from the ongoing gross revenues generated by the invested capital. A trend can be observed as justified by the fact that since 2010 in the USA the amount of this form of lending has doubled, but it is also rapidly increasing in China, Australia and the UK – as a study on Portfolió.hu reveals.

In P2P crowdfunding has to be mentioned as well. Many platforms do not make a clear distinction between the two, partly righteously, and partly not (Hamari et al., 2015). The difference is that while P2P mediates supply and demand for the realisation of a project or enterprise, crowdfunding focuses on individuals’ purchases, that is, in *collaborative financing* the financial source is provided by the buyers themselves. Collaborative financing is designed for entrepreneurs who are planning to introduce a new, unique product or service. It has been argued that crowdfunding may bring about a paradigm change – since this solution is fully conform to innovative thinking –, which process should not be missed. The only drawback in this approach is that it cannot be controlled by authorities.

On the one hand, the Hungarian retail market is not educated enough to understand the risks inherent in crowdfunding. On the other hand, Hungarian retail investors rarely possess substantial savings and are open for such an investment (Internet 1). The local market lacks the necessary business, trust and organisational structure, therefore, those who wish to raise capital through crowdfunding will do so in markets abroad. It has been argued that in the local market it is more possible that business angels will finance ideas and projects within a certain money range (1-5 million forints). From the point of view of businesses, this approach is highly supportable since why not sell an idea to others? Flexibility is a big advantage of crowdfunding, however, it is extremely hard to filter out participants who are not economically driven. The more extreme the innovation, the higher the risk of fraud. Thus, adequate, transparent and authentic report plays a significant role in this area.

It can be seen that in crowdfunding there is a range of factors to be seriously considered, where regulators have a significant amount of responsibility.

SUMMARY, CONCLUSIONS

Sharing economy can be viewed as a megatrend of the 21st century. It can be stated that in accordance with the changes in the world economy framework, businesses having potentially collaborative benefits are growing too. Sharing economy can help develop a socially more concentrated and more responsible economy, which would be essential in today's world. The 2015 PWC study pinpoints further realisable benefits such as the mutually beneficial relationship between 'buyer and seller' (in the economic sense), more flexible economic solutions, increased effectiveness and efficiency for businesses. These factors might help forge the individuals who make up the society and build a new cooperation- and trust based social system – in line with economic realities and the intertwined technological infrastructure and culture – which will have the potential to fundamentally change the current economic (Kalóz, 2015) and governance mechanisms. Túróczi (2015) draws attention to the fact that in our fast-paced and competitive world the need for all-directional efficiency has to be acknowledged, as it is one of the keys of profitability and growth (Botsman, 2015).

The consulting firm PriceWaterhouse (PWC) in a summary report provide the following definition for summarising the essence of sharing economy: The users

- share with one another their unused capacities, resources (e.g.: assets, service, money)
- on an on-demand basis (as soon as consumer need arises), normally through an IT platform
- based on trust, with a special emphasis on personal interaction and collaborative experience and
- seeking sustainability.

In the financial sector sharing economy may bring a paradigm change – since this solution is fully conform to innovative thinking –, which process neither clients, nor banks should miss.

Today it may be premature to disregard the functioning of traditional banks due to the emergence and rapid growth of the peer-to-peer system. These alternative economic participants ‘only’ challenge credit institutions in the areas of startup, and small businesses lending and unsecured loans. In the long run, however, it is worth paying an attention to new and innovative technologies as well as the growth of networking built on trust-based collaboration platforms. In this respect the question arises whether mainstream banks take action or watch sitting back as today’s small participants grow into real competitors and even leave them behind. New participants, new behaviour and new business models definitely pose a challenge to banks and authorities as well, but if they use it, new technology might actually help them.

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HRM AND ORGANIZATIONAL PERFORMANCE AT WORKPLACES WITH MULTIGENERATIONAL WORKFORCE

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Keywords: *Labour management, HRM, organizational performance, multigenerational workforce*

JEL code: *M12, M54*

ABSTRACT

In an ever-changing world with greater pressures being placed on people management professionals, the need to become faster, fitter and more flexible to meet the needs of our organizations has never been more pronounced. (Bakacsi et al., 2013) Alongside this managing multi-generational workforce has become a contemporary issue in human resource management. More so, with competition for talent on the rise, developing a corporate culture of employee engagement and commitment has become a foundational imperative for most organizations. Multigenerational workplaces has to deal with distinct age groups with differences in terms of motivations, working styles, communication patterns and technological preferences working together towards achieving the goals and objectives. The responsibility of HR becomes more and more strategic to ensure the continuity in the strategy execution on any level of the organization. (Bersin by Deloitte, 2015) Among others in the public sector leaders face a growing challenge to source efficiently, keep up with the free market within the compensation system, foster knowledge management and make sure the organizations' capability to further innovate.

This paper does not look for an ultimate solution or aims to standardize or even increase conformity. It shows elements of the HR-toolbox globally operating companies across industries use and is more to open up a discussion around the incompatibility and harmony of people's expectations, material world and value-based leadership. The study explores the current trends and challenges around the generational diversity at the workplace and tries to establish a linkage to the toolbox of talent management in order to provide possible solution scenarios based on practical experience.

INTRODUCTION

Sweeping demographic changes across both the developed and developing world will place greater pressure on both the government and private sector globally to initiate and implement creative solutions to educate, integrate and retain a rapidly changing and diverse working population.

Ageing populations across the globe will continue to pose a challenge for businesses. On the one hand, experienced employees are departing the workforce, leaving a leadership void. On the other hand, many older workers, especially those in industrialized countries, plan to carry on working well past the traditional retirement age. Many will simply need to continue earning, as social safety nets, pensions and other benefits will no longer be adequate or available. But HR will need to establish more targeted incentive structures to keep less committed older workers in the workforce. Companies will also need to anticipate and assess which new skills and training older employees will require, particularly in the realm of technology where they may feel less comfortable than many of their younger colleagues.

Companies will need to manage the successful transfer of experience and knowledge to younger generations at the outset of their careers. If demand continues to outstrip supply

for certain positions, companies will also need to rethink how to hire junior workers into positions requiring more tenure.

Preparing the world's youth for the workplace will certainly present challenges. In countries with high youth unemployment rates, there are increased concerns that many young people will leave the workforce permanently, producing a lost generation. Meanwhile, the skills and education of the millennials who remain in the workforce must always be relevant and attractive to employers. Governments, companies and educational institutions will need to create solutions that reform the educational system, and prepare the future workforce for employment opportunities.

The relevance and value of HRM

The first systematic empirical studies of HRM-Performance link were published in 1994 (ARTHUR, 1994) and 1995 (MacDuffie, 1995; Huselid, 1995). Although the bulk of literature seem to accept that HRM practices has a significant impact on organizational performance, it should be taken into consideration that there are two different approaches in scientific literature (Edgar, Geare, 2009; Paauwe, 2009):

1. the conviction concerning link;
2. the doubt about link or even denial.

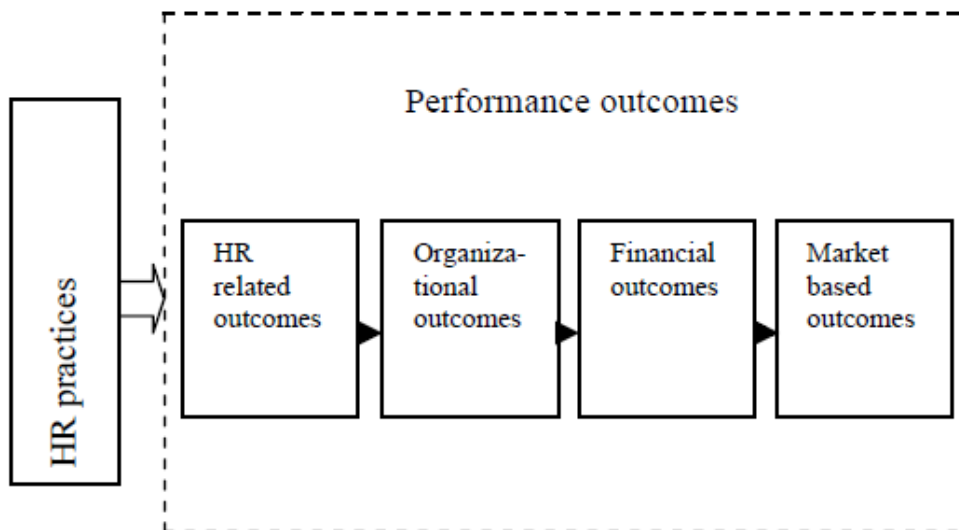


Figure 1. HRM impact on Performance

Source: Savaneviciene, A., Stankeviciute, Z., 2010

Although traditional HRM research has focused on the impact of individual HR practices, the strategic perspective on HRM research emphasizes bundles of HR practices, often referred to as high performance work systems (HPWS), high-involvement work systems, and high-commitment work systems, in examinations of the effects of HRM on employee and organizational outcomes (Wright and McMahan, 1992). A burgeoning body of strategic HRM research has shown that the use of systems of HR practices intended to enhance employees' knowledge, skills, and abilities, motivation, and opportunity to contribute is associated with greater commitment (Gong et al., 2009). Further research results show that the efficiency of HRM practice affects also lower turnover (Batt, 2002), higher productivity and quality (MacDuffie, 1995), better service performance (Chuang and Liao, 2010), enhanced safety performance (Zacharatos and Barling, 2005), and better financial performance (Huselid, 1995).

Jiang et al. researched diverse HRM models and their implications to the contribution to the financial performance, and adopted multiple perspectives to extend previous mediating models of HRM's influence on organizational outcomes. They found that, drawing upon the behavioral perspective on HRM, human capital theory, and the resource-based view, the current study demonstrates that HRM positively relates to financial performance both by encouraging desired employee behaviors and by building a valuable human capital pool (Lepak et al., 2012).

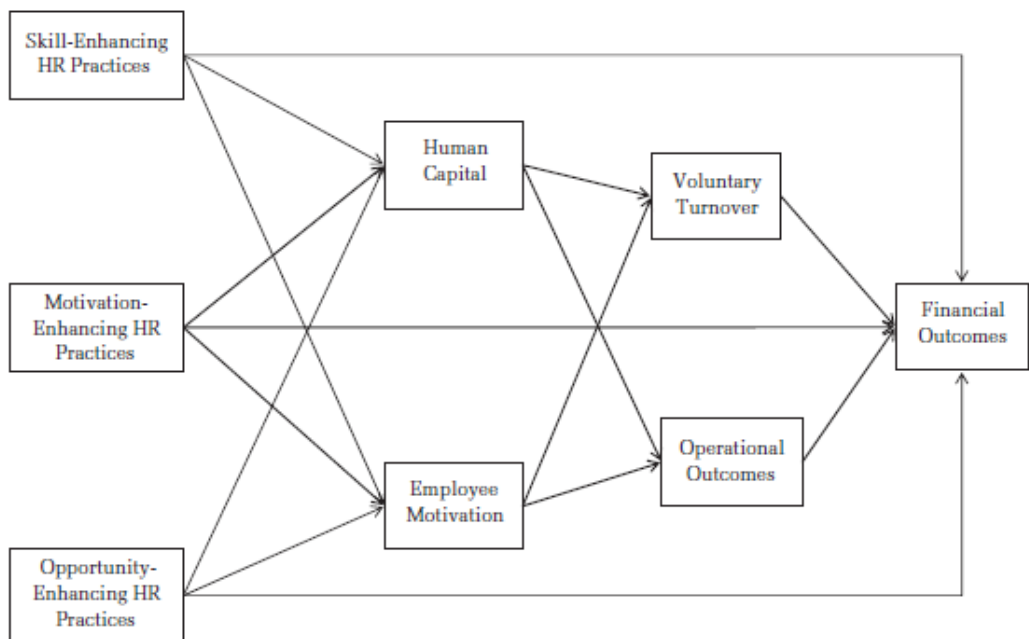


Figure 2. Theoretical Model of Effects of HR Dimensions on Organizational Outcomes

Source: Lepak et al., 2012

HR's Challenges with Multigenerational Workplace

As stated above the changing world brings every day new challenges to the organizations. The global labour market and mobility, skill gap observed in nearly every industry and across the globe made HR as one of the most complex and therefore crucial part of the organizational strategy and management.

Companies navigating choppy waters of a complex economy must simultaneously keep and strengthen their position on the market and continuously rethink and reinvent themselves in order to attract and retain the right people.

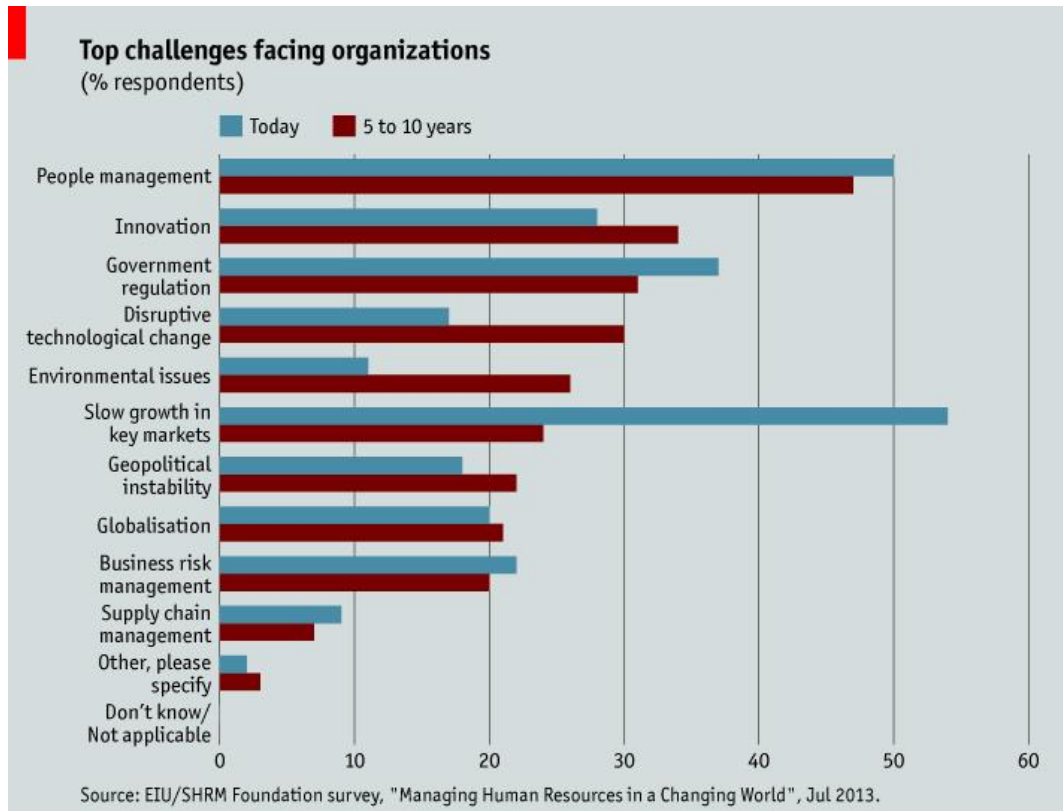


Figure 3. Top challenges facing organizations

Source: SHRM Foundation survey (July 2013)

To understand the current challenges HR faces with regards to the multigenerational workplace, the definition of “generation” shall be done first. A generation is a group of people who have shared the same events through news, music, mood, education, parenting styles, and more, during a certain point in time. It is through these formative experiences that a generation develops a collective outlook. There are currently five generations in the world today:

- Post War/Silent Generation/Traditionalists: Born approximately between 1928 and 1945,
- Baby Boomers: Born approximately between 1946 and 1964,
- Generation X: Born approximately between 1965 and 1979,
- Generation Y (Millennials): Born approximately between 1980 and 1995, and
- Generation Z: Born approximately starting in 1996

Several studies were conducted to research the multitude at different organizations in many countries on many continents yet. Besides the bottom-line benefits an established and focused strategical approach integrating the different age groups at the workplace brings, there are several observations and opinions what the real the challenges are. Although the results vary due to various reasons, I believe following challenges and bottom-line benefits remain the same in every study:

Challenges within the generational crowd at the workplace:

- Baby Boomers see Millennials and Generation X as lacking discipline and focus, being lazy and entitled.
- Generation X sees Baby Boomers as resistant to change, dogmatic in their thinking, sexist, defensive, and lacking in creativity. They also see Millennials as arrogant.
- Millennials see Generation X as having poor problem - solving skills and being slow to respond. They also see Baby Boomers as resistant to change, dogmatic in their thinking, sexist, defensive, and lacking in creativity.

Overcoming existing stereotypes is hard but inevitable to prepare the organization for the next change to take in order to keep up speed with the environment. According to the results of a multigenerational workplace survey, conducted at the UNC, HR and talent professionals should keep two concepts in mind when creating a plan to manage an organization's multi-generational workforce: honor each generation's unique contributions while focusing on their similarities (UNC, 2014). The study highlighted the gap in the communication as one of the most important reasons of wasting time in delivering solution and therefore losing productivity at the workplace. Many organizations consider the way out in choosing the right strategy not only for the communication but personifying a structured plan for the integration. To do so many companies tailor roadmaps to help leverage each generation's strengths while fostering the collaboration throughout the organization.

The bottom-line benefits include among others:

- Improved employee engagement and morale with the right leaders.
- Improved corporate culture. HR and talent management professionals who take the time to educate employees on generational issues will improve intergenerational understanding, multi-generational inclusiveness, respect, and productivity.

- Better employee retention, higher degree of flexibility as well as knowledge management and improved competitiveness (decreased brain drain while older generations leaving the workplace)

In the forthcoming sections, I would like to highlight some of the most critical topics where the diversity of the workforce increases the challenges and requests for an overall strategy.

War for Talent

As the bottom line benefits (only a few selected out of different studies) also describe, the retention rate and the organizations' capability to find and attract the right talent are clearly one of the most important factors for the sustainable development. The right initiatives in increasing the intergenerational understanding and minimizing the discrimination at the workplace will result in more flexible teams. Through higher acceptance and the right degree of "constructive chaos" many teams – especially in knowledge intensive industries – demonstrate increased innovation and creativity over time.

Digitalization & Transformation

While Millennials are technology team players, other generations could feel frustrated being deeply involved in the virtual world. Our lives were changed over the years, we are connected at and outside the workplace, and we are digital and online. Not everywhere in the world, though. The demanding dimensions of the digitization and transformation at the workplace are not applying universally. (Despite the fact we primarily focus on the age groups in this paper, another factors shall be considered here as well: geographical, economic and cultural diversity of the workforce.)

Leadership and Engagement

Appropriate communication, gearing messages for generational preferences is the essence of a dialogue between people. Being recognized as a leader by different ages is often hard to manage over the time, but the most important thing is to understand the generic requirements of the groups. Generation X wants mostly information delivered informally. Millennials, on the other hand, want opportunities to provide feedback and to receive positive reinforcement. The superordinate goal of all leadership development programs shall be in my eyes improving the leaders' skills and encouraging them at all levels to be flexible in their management styles. Some generations are eager to have the hands-off managers; others want a more involved management style (Pongrácz, 2012).

The potential of HR Digitization to integrate multigenerational workforce

The digital workplace can be considered the natural evolution of the workplace. Comprised of your employees' technology working environment. The digital workplace encompasses all the technologies people use to get work done in today's workplace – both the ones in operation and the ones yet to be implemented. It ranges from your HR applications and core business applications to e-mail, instant messaging and enterprise social media tools and virtual meeting tools (Deloitte, 2012).

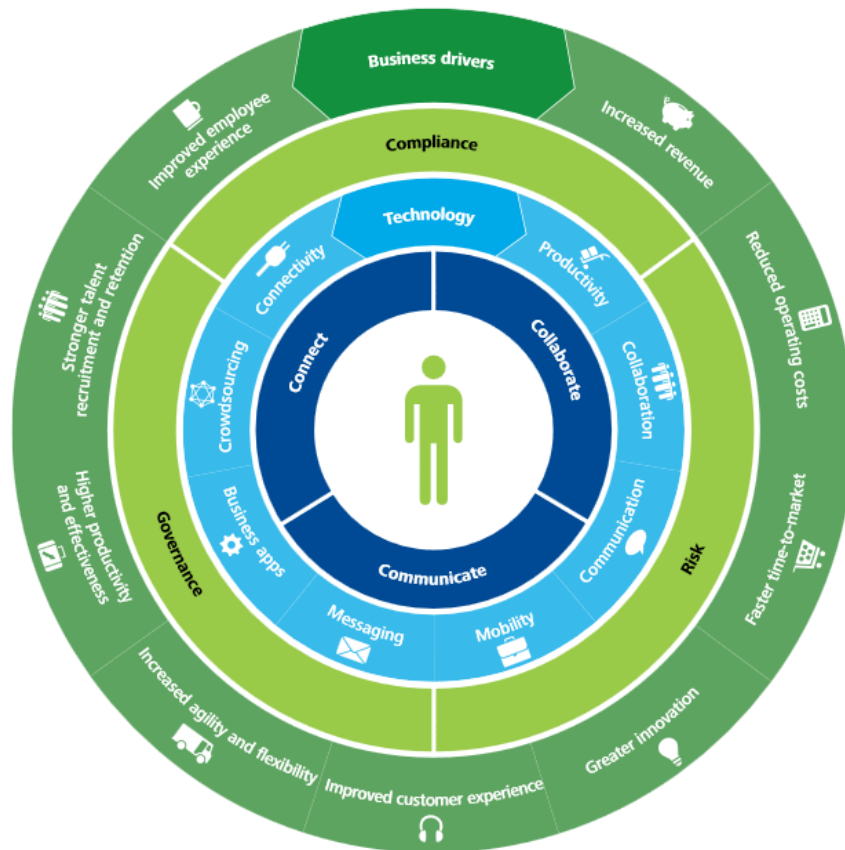


Figure 4. The digital workplace

Source: Deloitte, 2012

In alignment with the above model on HRM-Performance, underlined with research results, more and more organizations are committing IT budget on supporting digital workplace strategies that promise to deliver measurable returns. This trend is only set to accelerate as employees increasingly choose to forge productive business relationships beyond natural work groups in an effort to enhance knowledge sharing across the organization.

A diverse and inclusive workplace requires beyond innovation through technology break-through an open communication with an awareness of growing generational differences. It is a matter of strong leadership, embracing new approaches, and communicating in a way that engages all employees. However, this communication across age groups is challenging and demanding both, in strategy and technology.

IBM and Deloitte researched many times the employee behavior, workplace complexity and effective ways to improve beyond HR and organizational efficiency the enterprise performance. The found that in most organizations the digital workplace can be broadly defined in eight categories to support the ways in which you communicate, collaborate, connect and deliver day-to-day services. Too often, organizations implement these tools in silos without the benefit of a holistic digital workplace strategy.



Figure 5. HR Toolbox @ Digital Workplace

Source: Deloitte, 2012

Alongside these groups the HR responsibility is take the time to create a digital workplace strategy that clearly articulates the business focus, workplace diversity in an age-group manner to guide the development of your digital toolbox. By assessing the organization’s capabilities in each category, the identification of the focus areas and proper determination of the organization’s culture and business requirements are essential to identify the right tools. Based on my experience the right strategies are always dependent on the following:

- The organization's maturity in innovation both for the employees and the outside world
- The organization's capability of transforming the innovation power into authentic leadership behavior (risk-taking leaders with pioneer souls)

CONCLUSION

Value of HRM and its linkage to the organizational and financial performance is still on debate, whereas the vast majority of recent researches aims to prove it. Following my approach, studying research methodologies and results, and running – not yet detailed analyzed – interviews at globally acting multinational companies with a population of 35,000+ I believe in the strong relationship of HRM and Performance.

As my further activities in this scientific field I will further investigate the models established by research efforts in the past and try to extend them with a significant environmental constraint „technology”.

In my opinion the multigenerational workforce brings with it a wide variety of challenges and opportunities and represents nearly all workplaces around the world. The collaboration between age groups often causes conflicts and requires mediation through HR. The role of an innovation driven HR approach towards the digital transformation of supportive and strategical processes around the workforce is increasing and has enormous potential to extend (or just control / direct) the organizational performance.

In my research, as the base for my thesis I will further research the existing literature on the HRM and Performance linkage and follow-up on the new trends and results. Based on the practical experience I gained in global projects at industry leading organizations while transforming their HR+IT Strategy in alignment of their digital capabilities, I will establish a benchmark with the major focus on 3 different areas:

- HR+IT strategy and Governance
- HR Core Processes
- Talent Management

In parallel, although restricted for the West-Hungarian economical area, I will conduct the field study to survey the 100 biggest (based on the annual listing by the Chamber of Commerce and Industry for Győr-Moson-Sopron County) companies to establish a pulse check on following domains:

- Maturity of HRM strategy and practices including the companies innovation grade

- Readiness based on the maturity level to leverage the advantages of the digital transformation opportunities the global already using – comparison base will be the above benchmark

The clear hypothetical assumptions are not yet firm, will however be presented within shortest time.

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**EGYPT - ON THE WAY OF CONSOLIDATION OR JUST
THE CALM BEFORE THE STORM?**

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ABSTRACT

Six years have passed since the political metamorphosis, called Arab Spring that had swept away President Mubarak's three-decade rule. The following years can be divided to several periods: military governance, then moderately radical Islamist rule, then military government again, and finally – since May 2014 – the election and official tenure as president of the head of the recent military government, General Sisi who is the incumbent head of state even now. President Sisi came with ambitious plans, the essence and goal of which was the economic restoration, and the inner political and social reconciliation of Egypt. No doubt about the fact that it has already shown certain results at macroeconomic level. But, the dissatisfaction of the society seems to be growing. Prospects for the Egyptian society of nearly 90 million people, especially for the poorest groups (which ranges to the half of the population) have not yet improved and many people from the young generation feels no future. People in Egypt expected better living conditions and possibilities from the Arab Spring, but instead they experience increasing economic restrictions, corruption cases of politicians closely tied to the army, and certain signs of a police state, which was well known during the Mubarak-era. After all it is a delicate question whether President Sisi will be able to implement the macro-economic restoration of Egypt or not, but if so, what price the society has to pay for it? This paper will introduce the latter factors, the present state of the Egyptian economy and society.

INTRODUCTION

Two and a half years have passed since General Abdel Fattah el-Sisi became President of Egypt, but since then there are no signs of progress and prosperity in the economy and none of the major social problems have been solved. The formal and informal role of the Armed Forces are getting stronger while the state and respect of human rights resembles the former Mubarak regime.

The Egyptian population – mainly the poor and young people - feel growing disappointment and hopelessness for their future. They may ask the question: Is that really all what the Arab Spring has brought about?

The future of Egypt will have direct and thorough impact on Europe as well. Egypt is a country which has distinguished and peculiar geo-strategic position. It is located between continents, it is directly on the geographic borderline of Africa and Asia, but from many aspects it can be stated that it has close ties to Europe as well. Egypt has an important role in international trade – one of the most important navigation routes crosses her territory (Suez Canal). Egypt, is the most populous state in the Southern Mediterranean region and in the entire Arab world.

The objective of the present study is to examine and analyse how and why Egypt could fall into its present complicated situation from which – still at the moment – there is a chance to break out, but a much worse scenario – a new revolution – may also be envisaged.

MATERIAL AND METHODS

This study was based mainly on secondary research, including the available international bibliography and databases in this field. The author used to live and work in Egypt for a two-year period, which coincided with the Arab Spring and the fall of the Mubarak regime as well, while since then he still frequently visits Egypt. Therefore, his on-site experiences, his existing personal contacts and some of his formerly published papers related to this field (Neszmélyi, 2013, 2014) were also beneficial to the outcomes of this paper.

The antecedents of Sisi's rule

The Mubarak regime and the 25 January Revolution

Since 1981, following the assassinated President Anwar Sadat, the former vice-president, Mohammad Hosni Mubarak took over the presidency in Egypt, and based his power on a "veteran" military leaders' circle of the 1973 war and on the National Democratic Party (NDP) which functioned as a quasi state-party. The quasi dictatorial regime was operating beside the conditions of the so-called emergency state from the beginning to the end. In the maintenance of the regime, the police authorities and the secret services had a key importance. Human rights were strongly limited however, the regime, from the beginning to the end, strictly arose against political and religious extremities. Prior to 2011 the presence and activity of the above could rarely be experienced in Egypt.

The secular political system rendered possible the relatively peaceful coexistence of the moderate Moslem majority and the practically 10% of the Christian minority. Although the constitution determined the Sharia as a fundamental source of law, it was practically applied in cases of a family law only concerning the Moslem inhabitants. As part of the social provisions of the Mubarak regime, among others the foodstuffs and energy price level were kept low. This was a matter of life and death – and it is even today – for more than 10 million social strata of the local population having low income. Otherwise the state of emergency and the general, almost a control of a police-state, was not particularly disturbing for the foreign tourists and businessmen. Due to the low prices, respectively the increased control, the measures of the public security both for the foreign tourists and businessmen arriving to the country could enjoy it as peculiar, positive externalities.

The national economy of Egypt, before the beginning of the changes, stood on specifically firm bases. The structure of national economy based on the contribution to the annual GDP in 2010, the last full year of the Mubarak regime, was the following, according to the major branches: agriculture: 14 %, industry: 38 %, services: 48 %. From the aspect of employment, the proportion of the agrarian and the industrial sector was essentially different from the latter, almost inverse: agriculture: 32%, industry: 17 %, services: 51 %. The hydrocarbon reserves of the country, the amounts rolled in, from the usage of the Suez Canal and the annual 10-12 Billion USD income deriving from the potential of tourism created stable base

for the development of the economy. All these increased the growing performance of other branches e.g. the textile industry and the agricultural export, and the foreign direct investments further increased.

Egypt survived the years 2008-2009 of the world crisis without considerable losses and due to the economic reform process, which had started from 2004, and was hallmarked by the name of Prime Minister Dr. Ahmed Nazif. The growth of the gross domestic product in the preceding 10 years reached 7-8 % in average, and it was reduced only by 2-3% on the effect of the international economic crisis that broke out in the autumn of 2008. The most important export articles of Egypt in 2010 were the hydrocarbon derivatives with 51 %, industrial finished products representing 38 % (textile, clothes, footwear), further cotton and other agricultural products. Its major imported products were: machines and mechanical equipment, foodstuffs, chemical substances, wooden products, fuels. In the Egyptian economy - besides the export of goods - the incomes of tourism, the tolls paid by using the Suez Canal and the foreign remittances (mainly the transfers of the Egyptian guest workers) meant the main sources of incomes.

The Revolution and the first military government

In case of Egypt, in big cities of the country (Suez, Alexandria) – unlike earlier demonstrations during the rule of Mubarak some demonstrations of great importance arose which could not be kept under control by the police. The main trigger was the rise of the prices of foodstuffs, the planned suspension of consumer price subsidies for bread and other basic commodities. However, in the background several motives could be traced: unemployment, low minimum wages, holding out of poor prospects, especially among the members of the young generation. However, the claims of the mass demonstration in the street almost immediately overgrew the merely economic issues. The first claim was that the president and his clan should leave immediately, further on the basis of the above explained reasons the extorted of setting aside the profound political reforms.

The subsidy system of consumers' prices is one of the biggest item in Egyptian budget as it took (and event does till now) around 13% of the GDP. Even during the fiscal year between 01. 07. 2011 and 30. 06. 2012 the subsidy for foodstuffs and energy was 18 Billion USD. (Rohác, D. 2013) In addition, there were a number of factors of social tensions like unemployment, low minimal wages, lack of perspectives especially among the members of the young generation. In their study Doaa and Zaazou point out that the public opinion considers around 40% of the Egyptian population living under the threshold of poverty (under 2 USD per day income). However, the World Development Indicator – based on data of the year 2011 and other sources - considered this level „only” 17.5 – 23% between 2005 – 2010 but shows an increase and extends to around 20 million people (Doaa S. Abdou, Z. Zaazou

2013). In his study Tarrósy (2006) recalled the world rank list of Human Development Report in 2005 which – in a comparison of 177 countries – listed Egypt to place No. 119 within the medium-developed group of countries (Tarrósy, I. 2006).

The claims of the people who went to demonstrate to the streets were first economic-oriented, but soon extended towards radical political demands, like the prompt resignation and leave of President Mubarak, which should be followed by thorough political reforms. The police endeavoured with excessive forces to subdue and to extinguish the demonstrations to such an extent that due to the rough infringements done during their appearance President Mubarak disbanded the police force, then the defence of the public buildings and establishments for public purposes were taken over by the army. Still at the end of January a partial reshuffle of the government was implemented. However, this was not considered as sufficient change neither for the society nor for the rational international opinions. As a result of the continuing demonstrations Mubarak renounced on the 11th February 2011, and the power was temporarily taken over by the army. In the provisional period, started after the takeover of Cairo the Supreme Council of the Armed Forces (SCAF) became the centre of power. Field Marshall Mohammed Hussein Tantawi, Minister of Defence and Military Industry, came to the fore of the nineteen member corporate body which had a key position in Mubarak's disposition and earlier it stood under the guidance of the head of state. The General provisionally took over the capacity of the head of state as well (Gazdik, Gy. 2012).

Tantawi dissolved both of the houses of the Parliament and respectively appointed a managing (acting) government under the leadership of Ahmed Shafik, in which several ministers of the previous system of government were having positions, too.

Presidency of Morsi, and the Moslem Brotherhood

The presidential election – which had been postponed several times by the military government – finally took place on the 16-17th June 2012. At that time, the economy showed some signs of a slow stabilization. The election, which was relatively fair, resulted in the victory of Mohamed Morsi with 51.7 % of the votes as the candidate of the Moslem Brotherhood group which represented the Islamist line. (Morsi, formerly worked as professor at Zagzag University as head of the engineering department, and he even used to live and work in the United States between 1982 and 1985.)

During the presidency of Morsi which lasted nearly one full year he was not able, or perhaps he did not even strive to preserve the unity of the Egyptian nation. The inhabitants of Egypt above all revolted against the regime of President Mubarak with the aim of obtaining human rights and better living. The revolt was not organized for reaching the moderate Islamic majority and for the approximately 10 million Coptic Christians' minority living previously together peacefully serving as a base. However, the secularized social arrangement based on Islam should have been changed by a newer dictatorship. Morsi's international acceptance

was generally negative too in spite of the fact that he reached power by democratic elections. To the gaining ground of the radical Islam to inner division even to the possibility of eventual revision of Camp David Accords, not only the international community and the Christian minority but even the moderate Moslem inhabitants of the country looked at it as a risk factor of a grave destabilization.

It became clear soon that Morsi himself, and all the Moslem Brotherhood movement became divisive and was able to polarize the society. They enjoyed the support of a significant part of the society, but, at the same time, many people opposed his presidency who started protesting demonstrations, which became more and more frequent and far-reaching. On 30th June 2013 – on the first anniversary of Morsi's taking office – 14 million people in total proceeded in the streets all over Egypt – reclaiming the immediate resignation of the president. The demonstration was peaceful at the beginning, later it became hard claiming numerous deadly victims. In parallel with the above, in certain parts of Cairo, demonstrations for Morsi's party took place, which also led to violence. After Morsi's communication that he was not willing to resign from his office the events were continuing to escalate.

The second military government

On the 1st July 2013, the number one leader of the army, General Abdul Fatah Al-Sisi claimed Morsi in an ultimatum to renounce. After the deadline of the ultimatum had passed, Morsi was relieved and placed to custody, and later he was even jailed. He and his responsibility will be investigated by the court (the first trial of his case was held in November 2013 but it was postponed until the beginning of 2014). In parallel with all the above several other leaders of the Moslem Brotherhood were arrested too. The army suspended the constitution of the country. Moreover it entrusted Adly Mansour the Head of the Supreme Court to temporarily take over the presidency until the Egyptian people will decide about the new president in the forthcoming new elections (which are to be announced soon).

The Moslem Brotherhood, having approximately one million members, was prohibited in September 2013 with the motivation of having instigated Mohamed Morsi's devotees for violence as he had been elected as its candidate then such an overthrown head of state who was turned down by the army. Following this – just until now – the circumstances seem to be stabilized again. In the last week of September 2013, the previously suspended international charter flights were launched again and today it can be witnessed that the foreign tourism into Egypt has been rising although to a moderate extent.

It is worth to mention that the way of removal of Morsi and the Moslem Brotherhood from the power was judged negatively by the international community. For instance, in November 2013 a tension emerged between Cairo and Ankara, which resulted in the mutual expelling of ambassadors. The direct reason of this was the series of declarations of Turkish Prime Minister Recep Tayyip Erdogan (he is the head of state of Turkey at present) who sharply

criticized the dismissal of President Mohamed Morsi and the oppressive measures against Islamists. He added that he could not respect those who gained power by coup and claimed that Morsi should be released. He underlined that he did not speak against the Egyptian people but for the democracy, however the spokesman of the Egyptian foreign ministry declared the words of the Turkish prime minister as interference in the domestic affairs of Egypt which in addition „provokes the people and supports such forces which would undermine the institutions of democratic Egypt” (Ahram online, 2013). After all the actions of the army, especially its role played on 3rd July 2013 does not comply with the declared political goals, it could rather be a sign: the generals – like in the past – rather wanted to avoid the emergence of competing centres of power which could happen as a result of a democratic developmental scenario. (Besenyő, J. – Miletics, P. 2014.)

From General to President

The recent chapter of the post-Mubarak era in Egyptian political and social life started with the presidential election (26 – 28 May 2014) when the majority of voters elected – with a ratio of 96.91% - General Abdel Fattah al-Sisi, the former head of the armed forces as the new and legal head of state of Egypt. However, the official turnout was only 47.45 %, far less than Sisi expected before. Therefore, the legitimacy of the new president in the Egyptian society has been dubious from the first moment.

The election and its outcome was sharply criticized by the Moslem Brotherhood which denounced the election calling it "the election of blood" and liberal and secular activists, including the April 6 movement, dismissed the polling.

Even though the United States and Britain claimed they looked forward to working with Sisi, the United States expressed concern over the "restrictive political environment" in which polling was held. The US urged the new president to carry out human rights reforms. However, Sisi, right after his election claimed that "it was now time to work" ... (Sisi Declared Winner ... 2014), but the programme was still not clear by which the new president wanted to lead out the Egyptian society and economy from the preceding years' stalemate.

After suffering its worst economic crisis since the 1930s, Egypt under President Sisi managed to draw international attention to its reforms and recovery. At the beginning of 2014 the indexes of Cairo Stock Exchange increased and reached their highest value of the last 3 years.

In the first six months of Sisi's presidency it seemed that Egypt was on the right track. Most of the macro-economic figures, like unemployment improved, the previously halted foreign tourism inflow re-started. It also looked as if Egypt – with new foreign capital injections (mostly from the Gulf-states) would be able to start progress.

The fact that Sisi as a former general became president is nothing new in Egypt where the Army has always enjoyed a distinguished power and role, even since the Pharaonic ages.

Furthermore, Sisi is not the first high-ranking officer who became the head of state in Egypt. He followed the way of Mubarak, Anwar el-Sadat and Gamal Abd el-Nasser. In addition, the Army used to enjoy high popularity among people. (This was the reason why President Mubarak – in the first days of the Revolution in January 2011, after the first harsh police attack against demonstrators in Cairo – dismissed the police forces and asked the Army to restore the public order and a few days later he vested his power to the head of the Armed Forces.) But today, as a new phenomenon, it seems the Army visibly lost its prestige and popularity among the people.

The Main factors of destabilization

It is worthwhile to summarize the main factors and reasons which led to general disappointment and dissatisfaction with President Sisi's administration.

Shrinking political and human rights

The government shows strong commitment to combatting against the extreme political and religious movements including the agents and activists of the Islamic State, which appeared in Egypt. This attitude is used against all those who openly show support and sympathize with the outlawed Moslem Brotherhood and the former President, Morsi, who – in the meantime - has been sentenced to life imprisonment. The armed forces have been crushing down demonstration with increasing violence. It has reached such an extent that it cannot just be considered as a kind of “over-reaction” of the authorities but as a conscious and oppressive stance.

The Telegraph quoted Philip Luther, Amnesty's Middle East and North Africa director who said "Enforced disappearance has become a key instrument of state policy in Egypt. Anyone who dares to speak out is at risk." (The Telegraph, 2016).

After all it is contradictory, that Sisi who became a “civilian” president of Egypt left nearly absolute power in the hands of the armed forces. In fact, the Sisi administration applies strict retaliation against all who criticize or even question the role and actions of the armed forces, especially towards supporters of the Moslem Brotherhood.

The economic recovery is dubious and hits the poor the most

By the summer of 2014 it became clear that Sisi's administration, while launching its roadmap of economic recovery found the easiest way how to restore the balance of the national budget and the current account deficit: the government started to implement a series of cuts on the subsidy system and in parallel started to raise taxes. As a first step, on 5th July 2014 a 40-70% rise of fuel prices was announced, which was shortly followed by the increased prices of natural gas and electricity. It seems that the Sisi-administration is strongly devoted to the decomposition of the subsidy system of the consumers' prices. They announced also that the subsidies received by the energy sector would be cut by 67% in the course of 5 years.

On 29 August 2016, the Egyptian Parliament approved the introduction of the value added tax at a rate of 13 percent which was raised to 14% from January 2017.

While Sisi administration focused on the macro-economic recovery as Egypt its most important goal was to disregard the fact that nearly half of the Egyptian population lives in deep poverty (up to 2 USD/day income). The restrictive steps to restore the balance of the budget and the current account hurt most heavily the vital interests of those in deep poverty.

While it looks the poorest segment of society feels and pays the price of the recovery the most, there are no signs of the elimination or at least the mitigation of the social problems. However, *some* of its macroeconomic figures of the Egyptian economy are still not bad. For example, the ratio of public debt to GDP decreased slightly, from 93,7% to 91,7% (2014/2015) (CIA World Factbook, 2016) but according to analysts, it is still close to bankruptcy.

Table 1. Some of the main macro-economic indicators of Egypt 2011-2016

	2011	2012	2013	2014	2015	2016
GDP (bn USD, current prices)	247.7	275.8	285.4	301.4	330.8	na
Per capita GDP (USD)	3,081.2	3,346.5	3,370.0	3,476.3	3,740.2	na
GDP PPP (bn USD)	887.3	923.7	958.5	995.8	1,047.9	1,092.6
Per capita GDP PPP (USD)	11,035.8	11,210.4	11,316.7	11,485.0	11,849.6	12,113.1
GDP growth, annual (%)	1.8	2.2	2.1	2.2	4.2	3.3
Current account balance (bn USD)	-6.1	-10.1	-6.4	-2.4	-12.2	na
Current account balance (GDP %)	-2.5	-3.7	-2.2	-0.8	-3.7	-5.3
Inflation (annual %)	11.1	8.7	6.9	10.1	11.0	9.6
Unemployment (%)	10.4	12.4	13.0	13.4	12.9	13.0

Source: DFAT, 2016

Table 1. shows that the economy has still been growing at 3-4% annually, however at a negative and growing current account balance.



Figure 1. Foreign reserves of Egypt 2006-2016 (M USD)

Source: Trading Economics, 2016

The level of foreign reserves in October 2016 reached almost 20 bn USD. It is somewhat higher than most of the preceding 5 years, however it is only just half of the sum that Egypt had in the last days of the Mubarak regime (around 38 bn USD).

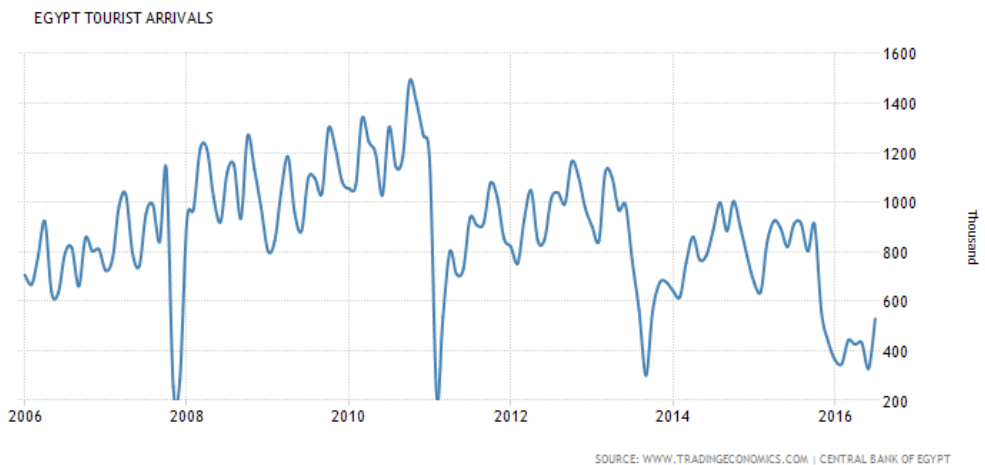


Figure 2. Tourism in Egypt 2006-2016 (in thousand people)

Source: Trading Economics, 2016

The arrival of foreign tourists was hectic and followed closely the political events and regime changes in the last 5 years. At the moment, it is quite low again, and it is also visible that since 2011 it never reached the level of the last few years of the Mubarak regime.

According to analysts the Egyptian economy would need higher annual growth to adsorb all the cc. 600 thousand new job seekers (Barsoum, G. - Ramadan, M. - Mostafa, M., 2014).

Prestige-projects

The government has been pushing forward several large and costly projects while Egypt is still struggling with difficult economic and social circumstances. The Sisi administration considers these as ambitious investments, which establish a better future for Egypt. But many people think that these projects, however useful they might be, are not needed right now as they mean additional burden to the taxpayers and some of them are not beneficial or may have negative implications. It is also added that the Egyptian public attribute these projects with corruption issues leading to the highest level of politicians.

Two of the most prominent examples for such “pet projects” are as follows:

The Second or New Suez Canal Project

Goals:

- Significant shortening of the waiting time and passing time for the ships.
- Duplication of the number of vessels crossing the Canal (from 48 to 97 per day).
- To increase the income deriving from the use of Suez Canal by 2023 (from the present 5.3 bn USD to 13.5 bn USD).
- To facilitate the economic development and job creation in the surrounding region (Suez Canal Authority).

Concerns:

- Mainly from domestic financial resources (8.2 bn USD) – harsh additional restrictions on the people.
- The new canal is not a full alternative, leading in parallel along with the old canal, but it is just a 72 km long section.
- There is no guarantee that the global trade will annually grow at 3.4% as it was predicted in the project plan so return of the investment can be longer.

Bridge over Gulf of Aqaba - The King Salman bin Abdel Aziz Bridge

Goals:

- To establish direct public road connection between the two countries or even between two continents at the entrance of Gulf of Aqaba. This project was planned long ago, even during Mubarak's period but it was suspended the project in 2005.
- In April 2016, the two heads of state agreed in the continuation of the project. (The previous project proposal counted with a 10 km long bridge at a cost of USD 5 bn, which should have been financed mainly by Saudi sources.)

Concerns:

- Hampering navigation.
- Environmental, marine-biological implications.
- The project will be coupled with handing over ***Tiran islands*** to Saudi Arabia (which is a very sensitive issue in itself and has already generated public anger).

CONCLUSIONS – FUTURE CHALLENGES

After almost six years following the revolutionary movement referred to as the “Arab Spring” Egypt is still in a difficult situation and it seems it arrived at crossroads. Egypt – luckily did not follow the Libyan and Syrian patterns – is still unified in terms of governmental administration. However, it is nearly just the only “achievement” as the economy is far from full recovery. Furthermore, the economic and chronic social problems have deepened, the trust from the foreign tourists and investors is still missing.

President Sisi tries to lead Egypt with strong hands and his methods seem to be more and more autocratic. There are no traces of any development in the field of democratic values and human rights. Furthermore, the behaviour of the authorities is intolerant and violent, just as it used to be during the Mubarak regime. So, the standard of democracy and human rights is already similar to which used to be typical during the Mubarak regime – but without its social policy that gave a protective net for the poor.

One may raise the question: *Did the Revolution of 25 January (2011) have any achievement at all? What did Egyptian people benefit from ousting President Mubarak?* A general fear to freely express opinion (if it is different from the official standpoint), and at the same time deepening social problems and growing economic burden on people does not look really promising. So far, all this led to a general mistrust towards President Sisi who needs to be very careful. He is still in the position of peacefully leading Egypt out from this critical situation, but has to be

aware that Egypt is following the wrong track. The main question many Egyptians ask is: can there still be a way for reconciliation or the eve of a new revolution has come about?

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INFRASTRUCTURAL NETWORKS ON GLOBAL LEVEL

László OSVÁTH

Keywords: *infrastructure, infrastructural development, network, globalization, localization, development, geopolitics, inequality*

JEL code: *F50, O10, O18, O19*

ABSTRACT

This paper aims to give a broad overview on the development interrelations and on the social as well as the geopolitical significance of infrastructural network in global level perspective. This network is seen as the backbone of the phenomenon of globalization and explains its vital role in the simultaneous recent process, which is localization.

The infrastructural network makes a link and reduces time distance and cost distance between remote places. Via this process, they give floor for the global movements of the factors of production (labor, capital), technology, goods, services, money, information, and externalities. They offer an opportunity for the emergence of the new globalized world economy based on great worldwide connectivity.

The condition of infrastructure is a development indicator. According to infrastructural index numbers, huge spatial disparities can be experienced in the world. These inequalities emphasize the importance of the development of infrastructure all over the world. Lack of infrastructure in a great part of the world is not only a local difficulty but also a global challenge.

The article describes the general financial background of infrastructural investments and it follows that state participation would be inevitably necessary for these great-scale investment procedures directly or indirectly. However, there is not one state on a global level. Nevertheless, a couple of international actors are eager to substitute the lack of a global state in this area of responsibility. This study offers a collection and categorization of the key actors being involved in global infrastructure development.

The infrastructural development implies political benefit on each spatial level from the settlement to the international ones. On the global scene superpowers also use this kind of benefit in their geopolitical fighting.

Moreover, some infrastructural elements have global significance. Not only now but in the past also there was a great endeavor between the powers to control them. This article identifies some of these oppositions and conflicts in relation to globally important infrastructural elements.

INTRODUCTION

Raising the problem: conceptual disorder

Infrastructure is a concept which is widely used in our modern urban society in a lot of parts of the life. This makes the impression it is a simple, well-known notion. However, if we would like to find an exact, general definition we will meet that this is a very difficult task. Besides, neither making a decision on which elements belong to the infrastructure and which do not is an easy challenge. The reason of this is not the lack of information, but the proliferation of definitions and categorizations. A number of scientific branches work with infrastructure and use their special understanding of the concept and give birth to numerous approaches.

Some sources (e.g. Abonyiné, 2007; Brodorits, 2004; Varga, 2014) offer a great collection of infrastructure definitions as well as different lists of infrastructural elements. These clearly demonstrate that there is no general agreement on the meaning of the concept and a lot of various approaches exist in parallel.

The concept of infrastructure is used in a numerous scientific environment as a background for a huge number of social and economic processes. Thus it is applied in connection with lots of topics, therefore it is placed into a number of different conceptual contexts. For example, the notion is widely used in economics, in engineering, in geography, in political science, in sociology etc.

General definition of the infrastructure

If the most general definition is sought, the widely accepted elements of the definition should be identified. These generally accepted statements could be the followings in connection the infrastructure:

- (1) It is developed by societies, thus infrastructure is an artificial object.
- (2) It is a very complex system with different kind of elements, mainly consists of networks.
- (3) It makes repeated human activities cheaper and more efficient in the long run.
- (4) It influences the standard of economy, living conditions of the citizens and development possibilities of societies.'

Economic definitions generally emphasize also that:

- (5) It is not a part of the direct production, but important as a background, more precisely as a precondition of production.

Utilizing these statements we can formulate a new very general definition, which is the understanding of the infrastructure in this article. According to this...

'Infrastructure is that kind of socially improved complex network system, which is not taking part directly in the processes of economy and society. However, this network makes repeated human activities more efficient. Via this, it influences the standard of economy, living conditions of the citizens and the development possibilities of the society.'

Some definitions and lists confuse the concept infrastructure and service or tertiary sector, this is because they work with same or similar elements in a lot of contexts. It is important to emphasize that infrastructure is not equal to services as well as underline infrastructure means the material possibility for an activity, but it is not the activity itself (FLEISHER TAMÁS, 1994).

AIMS OF THE ARTICLE

One of the main aims of this scripture is to offer a certain order in the chaotic conceptual environment in connection to the infrastructure and more exactly to global infrastructural

development. Another important objective is to give a general guideline for an accurate examination of the infrastructure of different local spots in relation to the whole global infrastructural system. The article collects a couple of point of views which could be important in this kind of analyses. Moreover, it provides an explanation for the relationships between the various approaches. Finally, examples of the main global challenges are embedded in the text linked to the appropriate part of the built up conceptual system.

METHODS

The main method of this article is taking into consideration the different concepts, statements, and ideas and utilizing them to compose a new single whole system as well as describing the relationships inside this new entity. Altogether, the method of synthesis was chosen to make an order in the chaos of different approaches. Moreover, the tools of system theory¹ were very useful in the definition the relationships between the different constituent elements and building up a certain model of the conceptual system of infrastructural development. The geographical point of view is occurred to be the most significant in the article, not only because of the method of synthesis but also because the unique characteristic of the different places is kept and emphasized in the examination. They are the most typical technics in this discipline. This is reinforced by that, the development questions are placed in central position in the descriptions and examples.

INFRASTRUCTURAL DEVELOPMENT IN GLOBAL CONTEXT

Conceptual frame of infrastructural development

Figure 1. demonstrates one basic logical chain in infrastructural development. This is described in the next paragraphs and is upgraded in the next chapters.

¹ System theory: It is '...a theoretical perspective that analyzes a phenomenon seen as a whole and not as simply the sum of elementary parts. The focus is on the interactions and on the relationships between parts in order to understand an entity's organization, functioning and outcomes.' (MELE, CRISTINA et al, 2010 p. 127.)

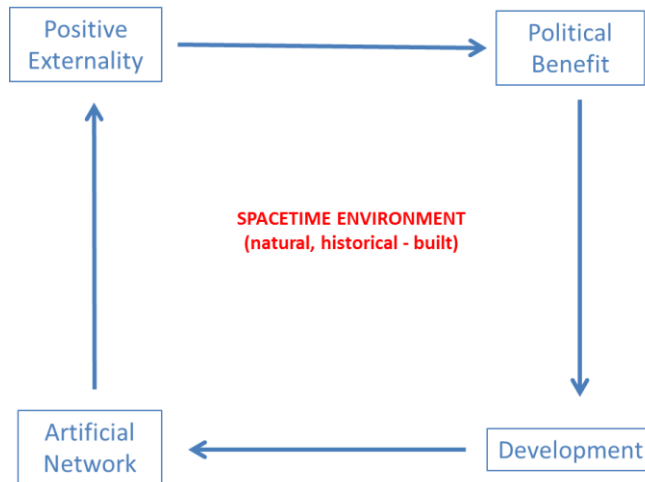


Figure 1. Conceptual frame of infrastructural development

Source: Own construction

According to the previously offered definition: infrastructure is an artificial network. Development of this network has been a historical process on each part of the world. The background of the infrastructural development is a certain spacetime environment. Infrastructure is a dynamic system which is continuously changing. It is improved and deteriorating.

This spacetime environment consists of two main parts. One of them is the natural environment, which was formed during the earth's long history. It is variable in space but more changeless in time. Another main part is the artificial environment, which was built during the human history from prehistoric times and antiquity up to the last weeks and days in our recent times. This built environment is also changeable in time and variable in space. The first one (natural) is like the theatrical scenery of the second one (historical). The natural environment is given. Humans try to continuously modify and fit it into their convenience via building infrastructural elements in order to make human activities easier (or cheaper). Thus the certain actual state of infrastructure is available in every time and in every spot in the world. New development always adapts to the natural environment and previous infrastructural elements. The spacetime environment highly influences the infrastructural development possibilities and costs of the improvement. This means a great role of sociologically understood 'path dependency'² is experienced in the progress of infrastructure. For instance,

² Path dependency: '... the notion of dependence in relation to the path taken highlights the historical dynamic that dictates that once a path is chosen, it is difficult to change it because the processes become institutionalized and are reinforced over time. It becomes increasingly difficult to reverse past institutional choices because not following the rules and standards established by previous choices

this means a pathway was constructed in the ancient times. It adapted to the natural environment, tried to find the best way then. In the recent time, the new road might be right over the same pathway, but the original reasons for its location were only in the past. This is because it was easier (cheaper) to upgrade the old one than finding a new pathway. As a conclusion, we can tell that certain state of artificial infrastructural networks could be found in all places of the Earth in all time and this is the basis of the further developments.

The motivation behind infrastructural developments is that infrastructure provides benefit for the society and economy. However, it typically does not offer a direct utility for the consumers and producers, but the contribution in the processes which offer it. The possibility of usage of infrastructure and the positive effect of the usage by other actors provide great yield indirectly. That is why we can tell that it causes positive externality. Certainly usage of infrastructure also inflicts negative effects, but this is not a motivation behind development, thus only positive things are emphasized in this frame. From the point of view of society, generally, the positive side of infrastructure overcome the negative one. Moreover, from the perspective of one single society member, the positive externality offered by the existence of the whole infrastructural system is enormous. If somebodies can join the infrastructure they will receive the advantage of the existence of the whole network, this is the so-called network externality. On the other hand, if somebodies are fully or partly excluded from the infrastructure they will have a great loss of possibilities.

Typically, the advantages of new or renewed infrastructural elements are easily perceived by the members of the societies. This is because these elements are regularly used in their daily life and they make that easier. All of this offers a great political benefit for those, who improve these infrastructural elements. It is recognized by politics. As a result, politicians often utilize the infrastructural development as a political tool. Consequently, politicians like to make this kind of decisions which distribute resources for infrastructural development for this political benefit. Nevertheless, the economic constraint has to be emphasized, they can only make this kind of decisions if the economic environment gives the possibility to do this.

If decision makers decide to allocate resources in order to develop infrastructure one more step is made in the historical process which results in the enlargement, renovation and/or modernization of the artificial network in a part of the world. Consequently at this point, we arrived back to the starting point of the frame, nevertheless, the conditions of this artificial network are not absolutely the same now than the beginning. Thus this frame demonstrates an improvement spiral, which has broader effects on its environment. These effects are going to be presented in the latter parts of the text. Before this, the driving forces of the system should be emphasized.

(exit option) generates 'costs' in terms of investment, learning, coordination and anticipation. That is why existing institutions are usually modified and not replaced despite their less than optimal nature, and institutional inertia is generated.' (Trouvé et al, 2010. p. 4.)

Inputs and outputs

Inputs and outputs provide ‘energy’ or motivation for the circulation of the spiral in the frame (Figure 2.).

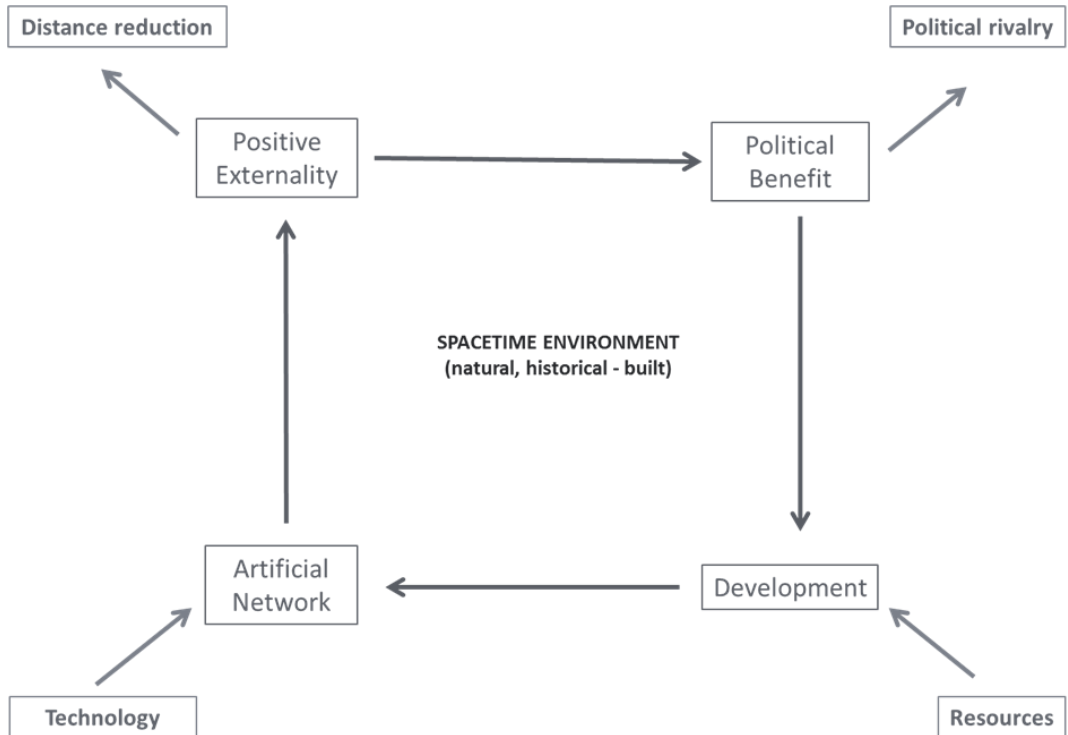


Figure 2. Inputs and outputs in the conceptual frame of infrastructural development

Source: Own construction

Two categories of the inputs are crucial in the described process. One of them is the group of factors of production, theoretically speaking they are labor, capital, land, and other natural resources. They are the resources which should be removed from other economic activities and invested in infrastructure development. As a consequence of this process, a great opportunity cost of the decisions occurs. Moreover, the scarcity of these factors of production gives limitation of infrastructural improvements.

Another category of the inputs is the technological development and new innovations which can be used in the infrastructure construction. They are able to make the existing system better or offer the possibility to build up the previously impossible links or elements.

In total, new technological knowledge provides an opportunity to upgrade even the whole artificial network, however, the previously mentioned factors of production display the reality in this, therefore the limits of the possibilities.

One output of the process is the so-called 'distant reduction' which is the general positive externality of the existence of infrastructure. In some respects, infrastructure distorts the space and brings places closer to each other, while the places without infrastructure are perceived like to be unattainable or to have very long distance from these spots. This phenomenon certainly does not occur in the physical but in the time and cost distance. (Nemes Nagy, 1998) In other words, the places with better and better infrastructure can be reached in shorter and shorter time and by lower and lower costs. In order to reach the places without infrastructure, the greater scale of time and/or money are needed. Ultimately it should be emphasized, time and cost distance have more and more importance in our recent time, especially in the field of economy.

Another output or more exactly consequence is on the side of political benefit, which induces political rivalry to realize the gain from infrastructural development. Political actor's competition for this can be experienced on each spatial level from settlement to the global scene.

Phenomena in relation to the frame

The artificial network of infrastructure with different technological level and conditions draws a certain spatial configuration. This can be described various ways like centralized, grid, only single line system or from another point of view density of network can be measured. This existing configuration is used by different flows like the movement of goods, people, factors of production (capital, labor), technology, services, money, information, and externalities. Movements follow infrastructural network configuration because they can reach other places more rapidly and cheaply his way. Consequently, infrastructural network collects and directs this kind of movements in space. This way appearance of the infrastructural network determines more and less valuable places for different kind of activities in space. The existence of infrastructure is a very important settlement factor in economy and society. Thus the configuration of infrastructure greatly determines the progress possibilities of different spatial entities (settlements, regions, and countries etc.). Not only scientific but also daily experience is that the more developed and richer actors have a greater influence on political power. They are more able to manipulate political decisions, among them decisions on infrastructural development, via this on the transformation of the infrastructure configuration.

Chart 3 visualizes these relationships between different phenomena. More advanced entities have greater political power. Who have more power they can exercise more control on the flows, so they can direct, select and filter the movements. Via this control, they give feedback to and influence the improvement of the artificial network configuration as well as ultimately the progress of different societies.

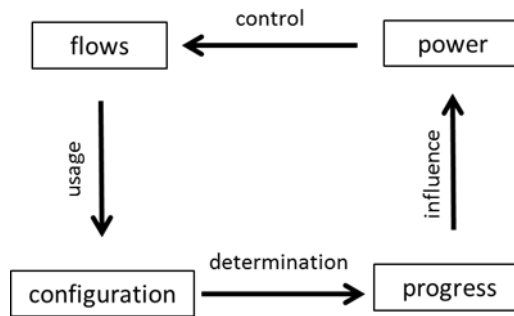


Figure 3. Phenomena in relation to infrastructural development

Source: Own construction

Upgrading to global level

The infrastructural network is a hierarchical system. Development of the elements of it occurs at each spatial level (Figure 4.) from local, microregional via regional, national, international to intercontinental and global.

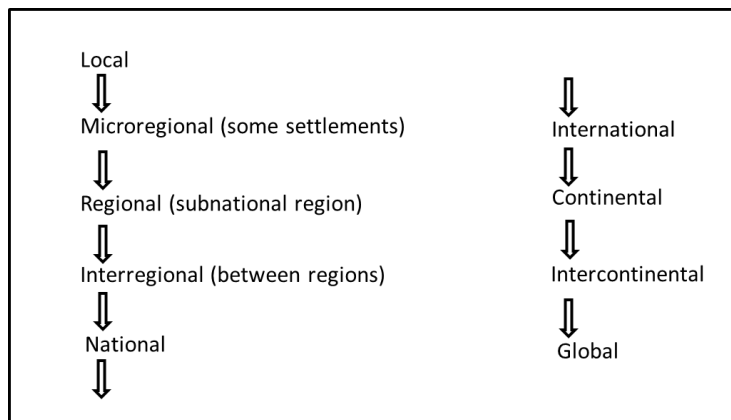


Figure 4. Spatial levels

Source: Own construction

The previously described development process operates in a similar way on all levels, but certainly, the scale of social, economic and political context is different. This hierarchical building is a subset system. That means, if there is a little microregional improvement somewhere this also build in and become a part of the whole global system. These billions of little infrastructural developments ought not to be ignored. They determine the disparities in the density of infrastructural network in different parts of the world as well as formulate the final configuration of infrastructure on distinct places.

However, if only the global level is in focus some new concepts occur which related in the process of infrastructural development. They ought to be embedded in the general frame (Figure 5).

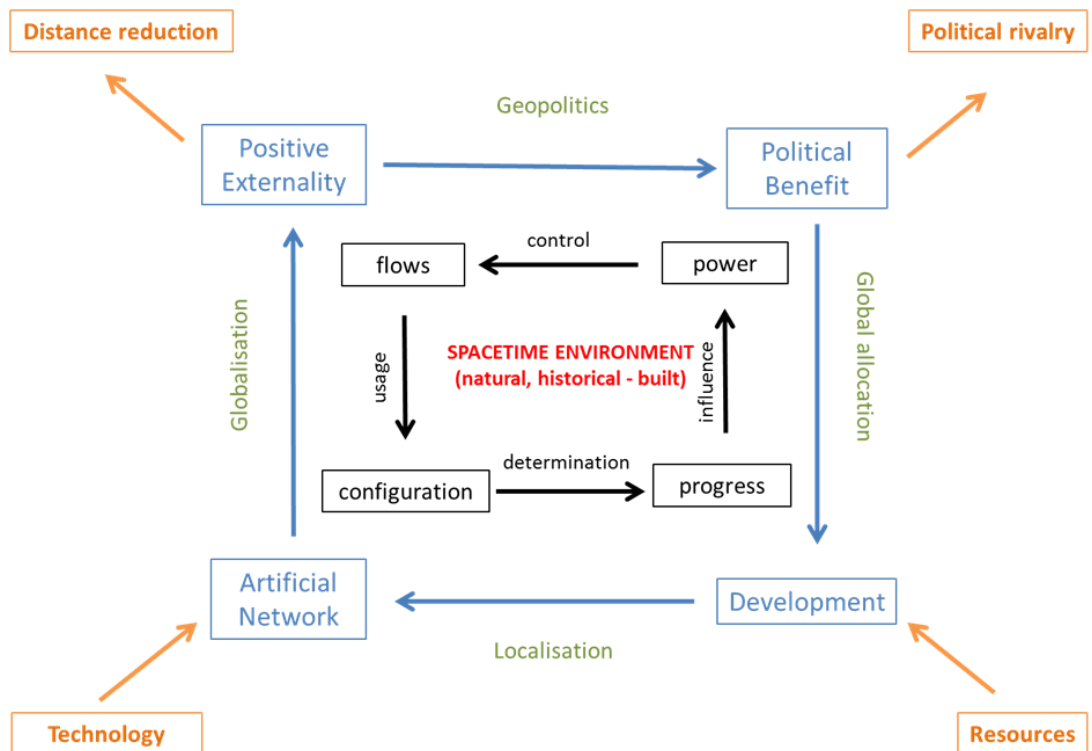


Figure 5. Conceptual frame of infrastructural development on global level

Source: Own construction

First one is 'globalization'. It is a general experience in recent ages that events and decisions on one place cause effects and have consequences on one another - maybe very remote - site of the world. In connection to this, it is often neglected most of these effects and con-

sequences would not be possible without the transmitter medium, which is typically an infrastructural element: road, railroad, pipeline, wire, a telecommunication system and so forth. Great global movements like the global flows of goods, services, people, labor force, capital, money, and information have only become possible thanks to the improvement of transportation and telecommunication systems in the last decades, as well as the gradual reduction of the costs in connection with their usage in long run.

In this relation, global infrastructure can be understood a stable material background, in other words, the backbone of the phenomenon of globalization. Infrastructure 'brings closer' further places in the world to each other. However, this certainly could be true only for those areas in which modern infrastructure has been established. Areas without modern infrastructure seem like very remote and inaccessible areas.

On the whole, that can be claimed, global infrastructure is a precondition of globalization. Global flows follow the configuration of the infrastructure. They seek those areas which are equipped with dense modern infrastructure.

These last thoughts lead us to one other concept, which is 'localization'. Localization means the increasing significance of sub-national (regional, settlement) levels in the economy, in decision making and in culture. At this point that ought to be underlined localization is not the opposite of globalization. On the contrary, localization is a global tendency, which exists simultaneously with globalization and they vitalize each other.

Globalized economy typically seeks ideal places for different activities, however, these places are not countries but certain cities and regions on subnational level. One hand geographical position in an international infrastructure network, on the other hand, the existence of well-developed infrastructure (e.g. for R&D, for headquarters, for advanced production and so forth) in a location offer competitive advantages so they are very important settlement factors in the globalized world economy. Consequently, these conditions attract modern economy and in relation to this advanced factors of production as well as modern technology into that certain area. On the contrary, the areas with lack of infrastructure are avoided by the global movements. Thus these global flows do not participate in the progress. These areas have no opportunity to exploit the economic advantages of globalization. Thus infrastructure is one of the most important factor (but not the only factor!) in the development of the modern globalized economy. This settlement role of infrastructure gave birth to the theories of infrastructural based regional development theories in the last decades (e.g. Aschauer, 1990; Munell, 1990).

Similarly to lower spatial levels, the global level utilization of infrastructure also offers benefit. This positive externality is huge on this level because it offers the whole worldwide linked network for those, who are able to use it.

Global infrastructural development, as well as the globally important elements of the infrastructure network, are generally in the focus point of the 'geopolitics' and geopolitical

oppositions. Political benefits of global infrastructure development and the key elements of the global network are tried to be exploited and controlled by global political actors. Via these geopolitical struggles political actors try to collect strategic allies in the world politics and besides this, they try to control the flows of the strategic resources. This way the strongest political superpowers could direct the global flows and via this, accelerate the progress on certain preferred areas (or decelerate the progress on other rejected areas). Moreover, the strongest global political actors can decide on the ‘global allocation’ of development resources and this way they control the future direction of the global infrastructure development. Through this control, they mainly determine the progress perspectives of different areas of the world.

This controlled global infrastructure development provides a new artificial network configuration. This also collects global flows and gives a little bit different, newer material ways for the further process of ‘globalization’ than before. At this point, the circulation has arrived back the starting point in the spiral of the frame (Figure 5.) in this chapter.

Challenges

At each corner of the frame, different challenges should be identified, which are important issues in connection to infrastructure development (Figure 6.).

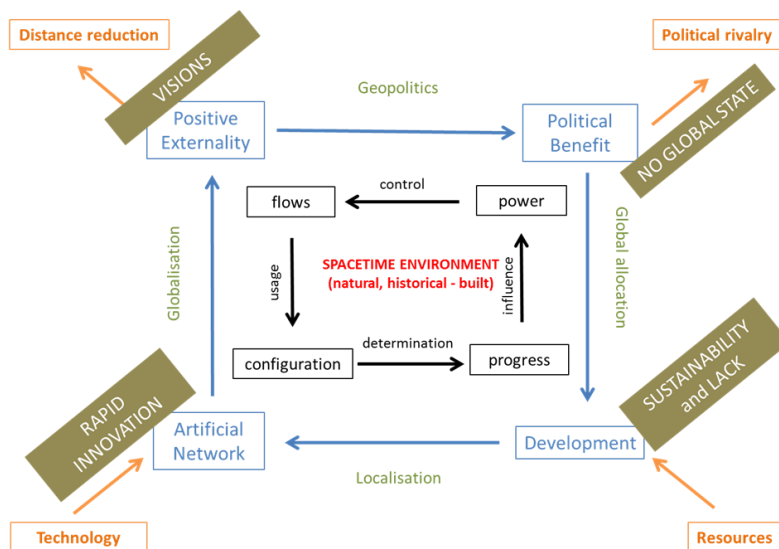


Figure 6. Conceptual frame of infrastructural development on global level with great challenges

Source: Own construction

At first, the artificial network of global infrastructure is continuously deteriorating, thus not only the building but the maintenance of it needed a lot of resources and continuous investments. Moreover, at this corner (Chart 6) the more and more rapid innovation creates newer and newer demand for more modern infrastructural elements which implies new huge investments. At the same time, this process makes the old network of an infrastructural element obsolete. These new innovations follow the typical ways of innovations from the wealthiest nations towards the poor countries (but it is not sure they ever attain these latter ones). For example, this kind of innovations has been in the electronic car market in the recent years. These technological improvements imply the need for building in the electronic car charger network all over the world as the necessary infrastructural background, while the traditional petrol station network might become outdated.

The second challenge is on the corner of development (Chart 6). A huge number of governments could not make the above described continuous investments. In a lot of areas of the globe, there is simply not or is only a quite rare infrastructure. Besides direct consequences, lack of infrastructure causes lots of other social and economic problems indirectly, which also nourishes other negative development spirals. Beyond that, this situation obstructs the local progress, in a lot of cases it results also global dangers. For instance: the lack of sanitation system in Africa could lead to serious infections all over the world. In a way, if viruses reach the global transportation system they could travel everywhere and result in an epidemic in distant parts of the earth or worldwide. Another example is the lack of the perspective of the better life and the attraction of well-off areas drive a lot of people to leave their home and try to migrate to well-developed countries by which they cause social and economic tensions also in that areas. This kind of dangers emphasizes that the infrastructural development all over the world is a global interest not only the local citizens' case.

Another core question in connection to the infrastructure development is the sustainability. One hand, this is also an economic question and more serious in developing countries. However, that ought to be emphasized it is also very important in the rich ones. Great infrastructural investments alone in order to build a new infrastructural element offers only short-run solutions. Continuous maintenance and restoration of the infrastructural elements are also necessary for a long run. Without this latter the great investment is no more than political prestidigitation, it is not a true infrastructural development from long run perspective. On the other hand, sustainability is more and more important question from the ecological point of view, since infrastructural networks, especially transportation and energy networks, direct and transport also the pollution.

The third challenge is the lack of global state and government. In spite of that infrastructural elements are mainly built and operated private business actors, the government generally has a crucial role in financing infrastructural development in all spatial level from the settlement to the national. This is almost unavoidable. It comes from the typical financial nature of the infrastructural developments:

- 1) A great investment is needed at the beginning of development.
- 2) It is a long term investment with the slow return and small profit perspectives.
- 3) A great part of the benefit from the investment is not realized directly by the investor but in the whole society as a positive externality. (E.g. New infrastructure supports economic development.)
- 4) Maintenance of infrastructure is also very expensive (e.g. replacing depreciation).
- 5) Marginal cost in connection with one more user is small.
- 6) Great opportunity costs occur in connection with the investments (e.g. invested resources could be used for another purpose).

These characteristics together do not offer a good business possibility for a typical private business investor. Therefore, state (government) participation is crucial in the financing of infrastructure development. However, as it has already mentioned there is no global state. It follows infrastructural networks all over the world are mainly improved on the national level (or subnational level). As a consequence, the infrastructure development and the location of infrastructure are determined by national interests. It is a strange situation that global infrastructure (which is a backbone of globalization) is mainly improving in the frame of national borders.

Nevertheless, there is infrastructural development financing on international and even on a global level. This does not only mean the nations' bilateral agreements and co-financing on this topic. A lot of international bodies exist which eager to substitute the missing global state in this field (Table 1). Incentives behind this could be the humanitarian point of views, but collecting geopolitical advantages is also important motivation.

Table 1. Group of organizations behind international infrastructural development with some examples

Group of organizations	Examples
International regional integrations	European Union (Trans European Network - TEN)
Multilateral financial organizations	
a) Multilateral development banks (MDBs)	World Bank, African Development Bank, Asian Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development
b) Multilateral financial institutes (MFIs)	European Investment Bank, Islamic Development Bank, Nordic Investment Bank, OPEC Fund for International Development
c) Sub - regional banks	Caribbean Development Bank, Central American Bank for Economic Integration, East African Development Bank
Aid coordination Institutes (International donors)	Canadian International Development Agency, Swedish International Development Cooperation Agency, U.S. Agency for International Development
Multilateral international organizations	United Nations (United Nations Development Programme – UNDP, United Nations Environment Programme – UNEP, International Telecommunication Union – ITU)
International non-governmental organizations (INGOs)	International Federation of Red Cross and Red Crescent Habitat for Humanity

Source: Table is own construction. However, the categorization of multilateral financial organizations and aid coordination institutes are from World Bank (<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,content-MDK:20040612~menuPK:8336267~pagePK:51123644~piPK:329829~theSitePK:29708,00.html> Downloaded: 02/02/2017).

A huge number of examples are for geopolitical rivalry in connection with international infrastructural elements and the development of them not only in our recent times but also in the history. As an example here the new multilateral development banks are mentioned (Nelson, 2015).

Between the 1940s and 1990s, only five multilateral development banks were established and no more until the beginning of 2010s. On the contrary of these occasional events, only in 2014-15 two more were founded. Both of these new multilateral development banks links to great, populous and recently emerging countries in the world economy. It seems the leader of this group of the countries is China. They try to increase their significance in the world politics simultaneously with their rising economic weight. One of the tools for this purpose is the development policy including global infrastructure development policy.

New Development Bank (NDB), which is nicknamed 'BRICS Bank', was founded in 2015 by the BRICS countries (Brazil, Russia, India, China, Republic of South Africa). Its headquarter is in Shanghai.

Asian Infrastructure Investment Bank (AIIB) is founded in 2014 by 22 countries in Beijing. Its headquarter is in Beijing.

Their missions are defined against the existing status quo in international development world politics, which is described by 'leadership of the USA'. They intend to offer the alternative of this. The sharpest opposition is mainly between the newly founded multilateral development banks and the World Bank - Asian Development Bank duo (IMF is also generally mentioned in this relation among them, but it is truly a different category because it is not an MDB.)

Here are to quotations from the official website of New Development Bank, which demonstrate the described opposition:

NDB is an '... alternative to the existing US-dominated World Bank and International Monetary Fund.' <http://ndbbriics.org/> downloaded: 26/09/2016

'Unlike the World Bank, which assigns votes based on capital share, in the New Development Bank each participant country will be assigned one vote, and none of the countries will have veto power.' <http://ndbbriics.org/> downloaded: 26/09/2016

Fourth challenges are in the corner of positive externality (Chart 6). They are the future elements of the global infrastructure. They often seem like the 'dreams' of humankind. There are not always resources and/or technology behind them. That is also typical they are monumental ones. Some examples from the recent media:

- Bering Strait crossing (tunnel and/or bridge).
- Bridge over Bab-el-Mandeb (by this a new mainland link between Africa and Arabia instead of crossing the Suez Canal).
- Nicaragua Canal.

- Northeast and Northwest Passage (as an alternative of the existing trade waterways).
- The New Silk Road.
- Trans-Amazonian Railway.

Generally, the emerging China can be found behind these initiatives with a promise of great resources. It tries to make them believable and realistic.

Mankind always liked daydreaming and it is good to think of these possible monumental achievements of the mankind. However, the important question is there will be any responsible decision maker who truly examines that they are all really economic and sustainable investments. Cannot humanity allocate those great resources better way? Or are we only on the playing ground of the superpowers in geopolitical games and this overcomes the rationalities?

RESULTS

This article provided a general conceptual overview in the field of global infrastructure development. Firstly it gave a new definition of infrastructure, which is utilized in the text. Secondly, it built up a general frame of concepts in the infrastructural development and gave the relationships between the notions. Thirdly, the text raised this frame at the global level and place the topic into the global conceptual environment. Finally, the greatest challenges were demonstrated which are seen from the different professional and scientific perspectives. Moreover, examples were given for these challenges. Usage of this systemization of the concepts offers a guideline for the accurate description of the infrastructural developments. In addition, the improved conceptual frame might be upgraded in order to be applied for different purposes. For example typical positions of the different disciplines can be found in the system (Figure 7.).

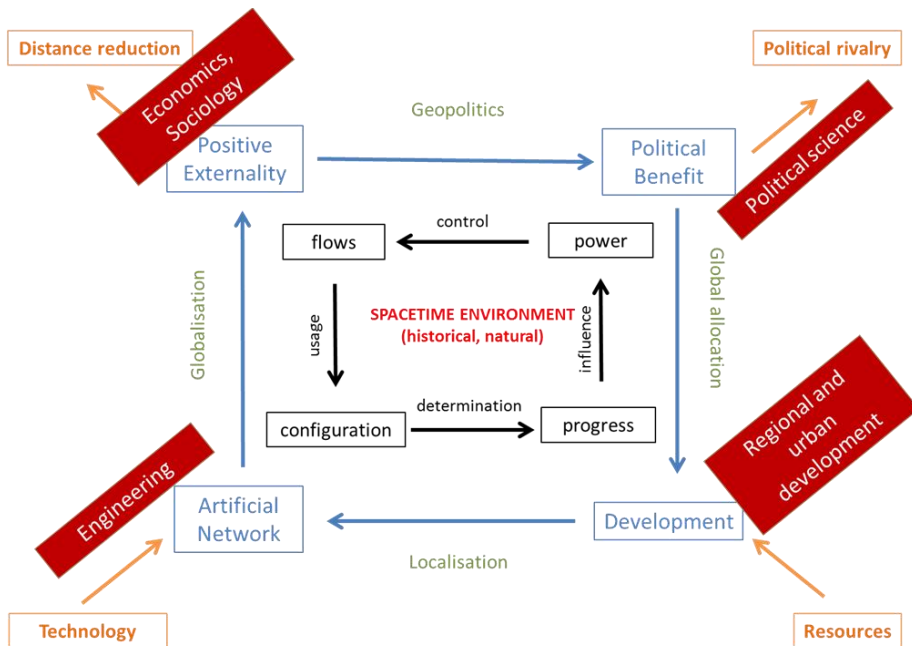


Figure 7. Conceptual frame of infrastructural development on global level with typical positions of disciplines

Source: Own construction

CONCLUSIONS

Infrastructural development is a very complex phenomenon, which has strong relations to numerous academic disciplines and professional fields. This makes its accurate description very difficult. However, the tools of system theory could make it more systematic, while it kept the complexity of the area. This could be useful when not only the specialties and details but the broad, general overview is also important. This is the situation for example if this topic is learned or taught.

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THE FORMS OF AGRICULTURAL COOPERATION IN HUNGARY

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Keywords: *Cluster, Confidence, Marketplace, Partners*

JEL code: *O13, O32, Q16*

ABSTRACT

In agricultural activities farmers work together with several individuals and organizations, and sign (oral or written) collaborations. These cooperations can be very different depending on horizontal or vertical form. Cooperation exists at many levels and takes place between individuals and organizations (e.g. farmers, producers, enterprises, employees, organizations, owners, and government agencies). Cooperation between and among parties is often referred to as a cooperative relationship. The cooperation concluded by participants are often analysed by the New Institutional Economics.

The development path of the Hungarian agricultural cooperatives was different from the Western European path from the second half of the 20th century. This situation caused the deterioration of trust between the partners in the agricultural sector. However, new cooperations and relationships were established based on product line collaborations since 1990.

It is important that the cooperation of partners can result in the agricultural sector and contributes to the success of agricultural actors because the transaction costs are reduced and the confidence between the producers and other stakeholders may gradually increase.

A new virtual system which makes connection between the demand and supply sides of the inputs can open prospective contacts and its findings are more than a traditional connection. In this work my main goal is to present the forms of the Hungarian agricultural cooperations and to develop a new cooperation system concept.

INTRODUCTION

During their agricultural activities the farmers work together with several individuals and organizations, and sign (oral or written) collaborations. These cooperations can be very different depending on horizontal or vertical form. Other difference can be the cooperating partners (e.g. farmers, producers, enterprises, employees, organizations, owners, and government agencies).

The early agricultural cooperatives in Hungary were similar to the other European Union member states (e.g. milk cooperatives from the end of 1800s, credit unions). While the cooperatives developed without socio-economic and political changes in the Western European countries, their development path was different in Hungary and in other socialist countries. Producer cooperatives transformed to organizations in the second half of the 1960s, which also had positive effects for the rural development after their solidification. However, many factors of this development path was different from the classic cooperatives, for example in the method of organization and the connection between members and cooperatives. The production of cooperatives continued jointly and not separately in the farms. The members were also employees of the cooperatives, so this is why the Hungarian and Central European cooperatives were mentioned as work-cooperatives.

The modernization of Hungarian agriculture took place mainly in the 1970's, when the cooperatives with the right to make their own economic decisions were the models of development, and renewal. In addition to the internationally recognized farming results, many samples were realized for the organizational modernization (such as production and service units by interest basis) structural expansion activities. Cooperatives cooperated with many advantages by integration of backyard which has been spread mainly in labour-intensive sectors (horticulture, vineyards, orchards, and livestock) and functioned on the basis of mutual interest. These changes and organizational solutions have helped the rural employment and livelihood. It is important to mention the specialized Hungarian cooperative forms, which brought together the producers of wine and fruit, that organized joint procurement and sales, but their activities were not significant.

The change of political system radically transformed the agricultural ownerships and organizational systems in Hungary since 1990s. The relatively well-functioning integrations, cooperation between large companies and small farms have been adversely affected by this change, while new private farms have been become market actors for which the integration would have been very important.

As time passed the private farms have been become more important factor, therefore it has become more urgent task to arrange common procurement, sale, and to mitigate of producers' vulnerability. However, after the political change the government initiatives (such as new types of cooperatives, organizing of cooperatives by product line) were less successful.

After so many changes it is important to ask the following questions: What forms of cooperation can be found in the Hungarian agriculture sector today? What novel and efficient interconnection options could be developed for agricultural actors?

MATERIAL AND METHODS

This study is built mainly on secondary research results, literature sources and international databases.

The main objective of this study is to present the current agricultural forms in Hungary because these models significantly transformed after the political change of 1990's.

After that it defines proposal for a new agribusiness marketplace which can help to develop the vertical and horizontal cooperation in Hungary and in line with the previous researches of the author could successfully be applied in Hungary.

RESULTS

Agricultural cooperation

Finding the exact definition of cooperation is a difficult task. One of the definitions is a joint action, which examined different aspects of the disciplines (MEK, 1992). In this case the participants take several actions with each other and repeat these actions. Cooperation is important because it allows people and groups to work together to achieve a joint goal or derive mutual benefits. Cooperative relationships can result in one-time collaboration between parties to achieve a goal or can involve recurring events to allow the parties to continue working with each other. The synonyms of cooperation are: assistance, collaboration, conformation, participation, partnership, etc. Cooperation can also be interpreted as a corporate strategy and feature of companies (Agárdi, 2004). The types of relationship between organizations can be the followings (Barrigen-Harrison, 2000):

- Differentiation of products and services connections.
- Increasing of market efficiency.
- Increasing of research, production, marketing.
- Influencing the governmental organizations.

In the Hungarian agriculture, the cooperation of producers is diverse, which are characterized by legal and unincorporated business organizations, as well as other secondary agricultural organizations were established. On one hand, the aim of these organizations is to meet with market demands, achieve a better market bargaining position by the purchases and sales. On other hand, their goal is to use funds for the establishment and operation of the organization. Cooperation can be grouped differently (see Table 1).

Table 1. The characteristic of economic cooperation

Aspect	Characteristic
Legal status	Formal, informal (HIGH et al., 2005)
Bargaining power	Symmetric, asymmetric (BALOGH, 2007)
Ownership	Independent, joint (ARTNER, 1995) Sectoral, geographical (HÖGBERG, 1977)
Size	Activities (BARRINGER – HARRISON, 2000) Participants (HORVÁTH, 2010)
Complexity	Actors, processes, environment (SAVERI et al., 2004)

Source: Bíró et al. (2015)

The direction of producer relationships can be vertical or horizontal by the agricultural cooperations (one or the other relationship clearly is rare).

Vertical integration means that cooperation connects production and/or sales activities of organizations with each other. The main goal of the vertical integration is to increase the technological and market efficiency, as well to strengthen the financial position of producers and their independence (Lengyel – Vasa, 2006). It is based on the supply chain, which is organized as a product line.

Horizontal integration involves cooperation with entities that function on a similar level. The integration linked together sequential features and actions in the product line, and these structures are usually realized in final product. Participating enterprises have similar size and market position. Cooperation is based on joint product, storage capacity, marketing and sales. Its main goal is to take advantages of the joint work (e.g. higher purchasing power, bargaining power, economies of scale). The driving force of horizontal connection between small and medium enterprises is to obtain resource needs, lower cost alternative, effective markets, learning and sharing of technology (Sáfrányiné Gubik, 2008). Vágány et al. (2013) analyzed the relationship between collaboration and innovation.

Agricultural Cooperatives

According to the Act No. CXLI of 2000: „The cooperative is a business organization with legal personality that was established by registred document and defined the amount of share-equity. Its membership is open. It works according to the principles of variable financial capital. It helps its members to increase effectiveness and sometimes to get cultural, educational and social needs of members, employees and their dependents.” Cooperative is a member-owned business enterprise which is controlled by the members and the benefits are allocated in proportion to the business activity (Barton, 1989). So agricultural cooperatives have legal personality and are owned by their owners.

Cooperatives provide an opportunity for more equal and fairer allocation of work and income. It has an important role in the development of human resource and reducing of social exclusion. Cooperatives are one of the pillars of national and international socio-economic development.

The main specifics of cooperatives can be summarized as follows:

- It is a volunteer organization that is open to everyone who accepts the obligations and responsibilities with the membership.
- Democracy member control: It means the active participation of members in leadership and decision-making process. One member has one vote. It is allowed to achieve a higher voting rate in each EU member state but they cannot determine their share of voting.

- Contribution of members and democratic control to the cooperative's assets, a part of the assets in joint ownership.
- Cooperation with third participant in the market (the democracy and the cooperative autonomy cannot be weakened).
- Participation of members in education and training in order to develop the cooperative. Informing the public about the nature and advantages of cooperative.
- Developing of membership with local, national, regional and international cooperation.
- Continuous and sustained improvement of members.

Their activities cover production, processing and distribution processes. Their cooperation may be first (formed at the beginning of the product line, mainly in production), secondary (along the product chain, production, procession, sales, logistics and marketing function) and third level (in the whole product chain, protection of interests, export promotion) (Horváth, 2010). Producer cooperatives can be found mainly in Denmark, the Netherlands and France. Neszmélyi (2016) also dealt with the role of Danish cooperatives. In the main market segments the share of agricultural products sold through cooperatives is between 30-90% of total sales of agricultural products.

In the agricultural market in 2013 42% of total net income realized by cooperatives with below of 0.5 billion HUF net income and 31.8% of total net income realized by cooperatives with more than 1 billion HUF net income (see Table 2).

Table 2 The main economy indicators of Hungarian agricultural cooperatives (2013)

Category of net income	No. of co-operatives	Total asset value	Net income	Investment	Employees
Billion HUF			Rate (%)		
0-0,5	89.3	50.5	42.0	40.8	58.2
0,5-1	7.4	26.5	26.2	20.8	26.7
1-5	3.4	23.0	31.8	38.5	15.2
5<	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0

Source: Bíró et al. (2015)

Producer Organization and Associations of Producer Organisations

In the European Union, the operation of producer organizations and their associations set out by EU Regulation No. 1308 of 2013. According to this regulation the producer organization may be recognized on application by the EU member countries, which found in the agricultural sector. These organizations are under producer control, created by initiative of producers and defined the objectives.

Producer organisations and their associations are important participants which contribute to strengthening the position of farmers and growers in the food supply chain versus other downstream actors by carrying out a wide array of activities on behalf of their members. By working more closely, producers will be able to achieve economics of scales and synergies to process and market the products of their members.

Producer organisations are voluntary cooperations of producers of agricultural products. Producer organisations and their associations assume important functions on behalf of their members. They may concentrate supply, improve the marketing of products, optimise production costs, carry out research, and a wide array of other activities.

Two types of the associations can be identified: producer groups and fruit-vegetable producer organization.

Producer Group

According to the Regulation of Ministry of Agriculture No. 42 of 2015: „The producer group is organized producers' cooperation by the same product or group of products, which in order to strengthen their agricultural or forestry market positions, compliance with the rules of this Regulation voluntarily attached. According to the Act No. X of 2006 (Cooperative Act) producer group can be established only by cooperatives.”

The number of members' producer groups should be at least fifteen producers and the registered capital has to be not less than 1.5 million forints. The minimum revenues are defined by sector and it resells the products without margin. Principles are the open membership.

Producer groups were established first in Italy, Belgium and France.

Recognizing the usefulness of these groups the 12 new EU member country were given opportunity to establish and support of producer groups.

Due to the supports of fruit and vegetable producer groups the number of groups increased to 201 in Hungary (see Table 3). The number of members was 13.339 persons (the natural persons rate is nearly 90%) in 2013.

Table 3. Change of the main indicators of producer groups in Hungary (2006-2013)

	Unit	2006	2010	2013
No. of producer groups	Piece	157	196	201
No. of members	Thousand persons	13.5	16.2	13.3
Average No. of members	Persons	86.0	82.7	66.0

Source: Bíró et al. (2015)

Fruit and Vegetable Producer Organization

The definition of fruit and vegetable producer groups drafted in the Regulation of (EC) No. 2200/96, 1580/2007, 1182/2007 and in the Regulation of Ministry of Agriculture No. 150/2012.

Producer groups may cover the following products: vegetables, fruits, mushrooms, nuts, citrus fruits. Sales may be made for fresh market and processing industry, but also operate their own processing plant.

Preliminary recognition plan may be made by cooperative or company that has minimum 10 founding members and the turnover is more than 150 million HUF one year before the submission of the recognition plan.

Recognition request for a producer organization may be made by cooperative or company that has a minimum of 15 producer members (in case of company minimum 15 business quota) and the value of products is more than 250 million HUF the year before the submission of the recognition request.

The aims of fruit and vegetable producer organizations are the coordination of production, adapting supply to demand, increasing of value added, product storage and sale, technology innovation, quality management, quality assurance, procurement of input materials, pre-financing, using of integrated plant protection, and direct relationships with customers.

80-90% of produced fruit and vegetables are sold through producer organizations in Belgium and in the Netherlands. In Hungary the first fruit and vegetable producer organizations was established at the beginning of 2000s.

Table 4 shows that the number of approved producer organizations was 81, with 14.7 thousand members, while the total size of their land was 31.8 thousand hectares in 2013.

Table 4. The main indicators of fruit and vegetable producer groups and producer organizations (2000-2013)

	Unit	2000	2005	2010	2012	2013
No. of approved producer organizations	Piece	3	71	72	80	81
Total size of land	Thousand hectare	1.1	26.1	41.9	38.5	31.8
No. of members	Thousand persons	0.4	20.5	18.3	16.6	14.7
Total turnover	Billion HUF	0.9	32.9	38.2	40.4	44.8

Source: Bíró et al. (2015)

Fruit and vegetable producer organizations do not have independent legal status. The legal form of recognized organizations is cooperatives (69%), joint stock company (2%) and limited liability company (29%). 22 organizations are available in Szabolcs-Szatmár-Bereg County, 13 pieces in Csongrad County, 46 in other Hungarian counties.

In the Hungarian agriculture, several organizations of purchase, sale, and other services can be found. These organizations deal with the purchase of agricultural products, warehousing, sales, and materials needed for the purchase of agricultural production and the need for agricultural production and providing services. The purpose for their members is to provide procurement of raw materials for agricultural production with the purchase of large quantities and with the highest quality, to facilitate sales of products, to offer services for their members.

Agricultural machinery organization

The following types of machinery cooperations can be found in Hungary: association, rental organization, and machine-wage employment services (Takács et al., 1996).

The aim of agricultural machinery organizations is that the farm with shortage capacity can use properly extra capacity from other farms. Takács and Baranyai (2013) identified three machine cooperations forms in Hungary: working with machines based on reciprocity, lending of machines, joint ownership and using of equipments. Financing of operating costs is from the membership fees, contributions and support. These organizations are considered cost-effective and joint using of machines cooperation.

Agricultural machinery organizations can be found mainly in Germany (300 pieces, 200.000 members), Austria and Switzerland. In Hungary in the last decades the mechanization of farms was increased through the EU support to buy powerful tractors and combines. It demonstrates that the number of big engine power (over 60 kWh) tractors per farm four

and half fold increased, while the number of low engine power (under 19 kWh) tractors halved between 2000 and 2013 (see Table 5).

Table 5. Change the number of machines in Hungary (2000-2013)

	No. of machines (Thousand piece)			Change 2000=100%	No. of machines per farms (piece)			Change 2000=100%
	2000	2005	2013		2000	2005	2013	
Tractor	123.5	128.3	120.2	97.3	0.13	0.05	0.09	73.8
<i>from this</i>	28.2	24.0	14.1	50.0	0.03	0.03	0.03	97.9
<i>under 19 kWh</i>								
<i>20-59 kWh</i>	75.9	67.0	59.5	78.4	0.08	0.09	0.12	153.5
<i>over 60 kWh</i>	19.5	37.3	46.6	239.2	0.02	0.05	0.09	468.2
Harvester	12.1	12.1	10.8	88.9	0.01	0.02	0.02	174.1

Forrás: Bíró et al. (2015)

Integrators

During the production, the farmers need input materials and devices with good quality, as well financial constructions to help secure production. Multi-directional cooperation required for these tasks, which appears in the coordinated relationships of integrators. An agricultural entrepreneur has its produce financed with an integrator contract, and after the sale of the product it fulfils its liabilities toward the integrator. The integrator can be business organization or individual entrepreneur.

According to the integrator contract the integrator helps and coordinates the production of the integrated partner. The partner of the contract finance partly or totally the current asset needed to produce. Integrator buys up the product in order to processing or resell (be an exception). It demands technical and/or administrative services on request. The required subsidies and discounts will be passed for the integrator and it enforces them in the accounts.

In Hungary, today's modern integrators were established at the end of 1960s (Juhász – Mohácsi, 1995). The integrator holdings were continuous changed in the last 25 years and international integrators have also appeared in the market. Nowadays the integrators offer financial and credit opportunities, innovation transfer and other services (e.g. plant protection, storage) to the farmers.

Most agricultural cooperation (80%) made by integrators and cooperatives forms. The financial data (net income, total assets, profit before TAX, investment) and numbers of employees are very important factors in the market.

Table 6. The main data of agricultural cooperations by forms in Hungary (2013)

Form	No. of organizations	Net income	Total assets	Profit before TAX	Investment	Employees
	Piece		Billion HUF			Thousand persons
Cooperative	597	118.1	159.7	7.6	13.0	6.3
Producer organization	79	54.7	50.1	0.04	5.6	0.6
Producer group	201	273.6	68.0	1.0	1.4	1.0
Integrator	615	1662.4	1190.1	43.9	72.7	29.3
Total	1472	2108.8	1467.9	52.5	92.7	37.2
Rate (%)						
Cooperative	40.0	5.6	10.9	14.5	14.0	16.9
Producer organization	5.3	2.6	3.4	0.1	6.0	1.6
Producer group	13.5	13.0	4.6	1.9	1.5	2.7
Integrator	41.2	78.8	81.1	83.6	78.4	78.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Forrás: Bíró et al. (2015)

Clusters

The main reason for the development of clusters is that global companies have appeared in the market generating competition in supply and demand side.

“Clusters are geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure. Clusters also often extend downstream to channels and customers and laterally to manufacturers of complementary products and to companies in industries related by skills, technologies, or joint inputs.” (Porter, 1990)

The actors are linked mainly in knowledge generation and transfer, and innovative preferred solutions (Bíró et al., 2014), so it means cooperation based on mutual advantages between

the actors. Clusters are generally characterized by the key corporations of sector or region because they are able to grow and quickly expand production.

Clustering is a self-generating process. Cooperation between the sectors, institutions, infrastructures, and industries will be started automatically after reaching critical mass. The advantages of clusters are the faster adaptation to the market, reduced transaction and transportation costs, faster and more accurate information transfer, easy input substitution, technology and organizational experience, and exchange of knowledge.

The number of agricultural clusters is very different in the EU countries. The rate of agri-clusters is 11.5% in Italy, 6,1% in France, 5,0% in Finland and 4,3% in Spain, but only 1,7% in Hungary (EUROPEAN CLUSTER OBSERVATORY, 2013) (see Table 7).

Table 7. Number of clusters in the European Union (2013)

Member states of EU	Number of clusters (piece)	Number of agri-clusters (piece)	Rate (%)
Germany	227	2	0,9
Italy	183	21	11,5
France	132	8	6,1
Hungary	118	2	1,7
Spain	116	5	4,3
Denmark	66	2	3,0
Finland	40	2	5,0
Portugal	34	1	2,9
Total EU 27	1131	48	4,2

Source: Bíró et al. (2015)

Professional and Inter-professional Organizations (product councils)

Professional organizations operate with different organizational structure in the European Union member states. In the Hungarian legal system, we can find the Act XCVII of 2015 on the agricultural product market, professional and inter-professional organizations. Professional and inter-professional organizations are non-profit and advocacy organizations of the agricultural participants with national professional competence. Their tasks focus on the coordinated action of production, marketing, monitoring, and participation in the preparation of legislation also. According to the Regulation of No. 88 of 2003 Product Line Committees were established in seven product lines in Hungary (cereals, dairy, meat, sugar, fruit and vegetables, grape and wine, and tobacco) which mainly carry out management, organization and agri-market regulatory functions.

An electronic agricultural marketplace

Today, the Internet is part of everyday life, because there are only a few segments of life that can not connect to web service/portal. Various Internet sites promote learning, information gathering, networking, and working and last but not least purchasing. Opportunities offered by the Internet become more involved in all segments of today's economy, more and more companies offer commercial support and other services via the Internet (Grotte, 2014). At present, mainly the medium and large companies are using this option, however, the recent development is significant and more and more retail businesses use it.

The electronic commerce (e-commerce) means all form of business transactions in which the parties are contacted in more electronic than physical or direct ways. The basis of its development was the Internet. The electronic marketplaces (e-marketplaces) have evolved as a result of the e-commerce development processes. The e-marketplace is a specific combined trading form, where many sellers and many buyers take part at the same time, but it is not simply electronically controlled trading process of a company.

The three types of e-marketplaces based on the operating service and on the major stakeholders (Fónai, 2006):

- Independent e-marketplaces that are operated by a third party. Independence means that the operator does not appear in the portal either as buyer or as seller. All the companies of the particular industry or region can participate in the trading.
- Sales oriented e-marketplaces operated by an industrial cooperation with limited number of participant are designed to effectively sell the products and services of the members of the consortium for customers. These portals have electronic ordering and payment system and adequate logistical background.
- The members of the cooperation arrange their purchases through a supply oriented e-marketplace. The lower price is achieved by the management of procurement. The indirect sources, which are required in daily operation, maintenance, are often purchased on the portal.

The advantages of e-markets are the followings: significantly simplifies the traditional sales structure (the trading sector excluded), reduces transaction costs, users do not have to finance the development of its own web site (assuming the coordinator). One of the most critical aspects of the marketplaces is that users do not have personal contact with each other. This is not a problem in some cases (e.g. well-standardized and known products), but could also be specifically disadvantaged (e.g. by the purchase of used agricultural machinery).

The strategic options of the customer have been strengthened during the online shopping. While possibilities of the customer are restricted by geographical position during the classic purchasing process, these barriers significantly loosened in the internet age. The buyer has

opportunity to overview a wide range of offers available on the Internet and it can also be graded (e.g. on the website).

The most important factors of e-commerce are the confidence and the so-called critical mass (network effect). The network effect is based on the principle that the value of a network is proportionate to the square of the number of related items (users), and therefore the demand for access to the network (the demand of network) is proportionate to value of the network. There is a critical mass beyond which further new connections stimulated new connections, but until this point the network is vulnerable.

The advantages of a company, what it can expect from the use of an e-marketplace, are influenced by several factors. On the one hand, it depends on that the company want appear on the buyer or seller side, on the other hand it depends on the company's internal operation and on the selected e-marketplace as well (Fónai, 2006).

Advantages of the customer's point of view:

- May expand the supply base, because new suppliers can be contacted via the Internet.
- It is easier to obtain information about the business partners and the offered products and services; it is also easier to compare them. More information is available to make purchasing decisions, a greater selection of offers are on the same site (in one place) which help comparison.
- More efficient, error-free purchasing process, as semi-automated process takes over the manual procurement.
- The costs are more transparent because it can compare the prices and choose the right product/service at the right price. The products of competing companies are comparable.
- Nonstop trading, comfort, termination of geographical boundaries.

Advantages of the supplier's point of view:

- New sales channel, which means a wider customer base and higher revenue.
- Lower marketing costs.
- More transparent and lower transaction costs, more efficient and faster process execution.
- The entry and access is relatively cheap.

- It is easier to obtain information about the customers, their satisfaction and needs, and about the competitors.

Disadvantages of the customer's point of view:

- Customer cannot touch or just take a look at the product.
- Safety issues, whereas the risk of identity theft exists and buyers are wary of electronic payment methods.
- Specific customer base.
- Delivery problems may occur.

Disadvantages of supplier's point of view:

- The margin may decrease.
- There is no personal contact with the customers, which is an advantage by the traditional markets, because it is possible to inform immediately the customer about a particular product, so it is not possible to persuade the buyer.
- Competition can occur quickly due to the low barrier of entry.

An important advantage of the e-marketplaces is cost reduction, since experience shows that an average user can reduce their costs by 10-20% (sometimes up to 30-50%). Cost reduction is an important feature, as this is the most effective and safest way to increase profits.

As described above, the use of worldwide commercial IT networks provides the opportunity to promote businesses. It is a competitive factor, which must be exploited, if a company wants to survive. The services that can be used away from the service provider (such as electronic marketplaces) are spreading rapidly on the world networks.

It can be established that the general existing marketplaces in Hungary can have large agricultural section, where the trade processes are partly supported by the marketplace itself. There are also marketplaces, with more or less state participation, that serve as an export-oriented agricultural products' catalog of the country, where large range of producers and products can be found, but the deals are taking place outside of the marketplace. Based on these thoughts it can be concluded that there is currently no real and viable electronic agricultural procurement marketplace in Hungary. A system is needed to fill these market gaps, which can keep close contact with producers, can solve the effective lobbying, as well as can increase the innovation activity.

The proposed agricultural marketplace can be perceived as commercial and industrial systems as well, which should take into account the followings:

- The producers are managed as autonomous and equal individuals/entities which must be placed in the best decision-making positions, and whose production decisions cannot be restricted.
- The production must meet requirements and conditions set by the market.
- The system must meet various boundary conditions (such as environmental regulations, subsidies).

The main inputs in agriculture are bio-products, chemicals, technical systems, human, and material factors. Dynamic developer-renewal activities can be experienced in the field of inputs and it results in supply dominance. The users of marketplace are farmers, input producers (e.g. machine builders, distributors, producers of pesticides, fertilizers, etc.) and partner organizations (strategic partners: research institutes, universities, professional organizations, book publishers, and operational partners, etc.). Users can belong to different sectors in terms of structuring (e.g. crop production, livestock production and mixed farms). The planned marketplace concept design primarily provide support for farmers within the scope of essentially small and medium-sized enterprises by procurement and efficient utilization of production inputs, by production and product development, by establishing business relationships, and by effective sale of the products. Other important goal is to support the cost effective sub-processes of the production chain between input producers and farmers.

The producers, regardless of size and spatial location, may contact each other in order to joint purchase of input materials or to cooperative use of inputs (e.g. joint use of technical tools, achieve more efficient access to funds, etc.). The system must create transparency, comparability and, last but not least, traceability. It is also important to create competition among the input suppliers, to expand the supply side, to loosen up the rigid commercial structures in order to create the most favourable purchasing conditions. To do this it is needed a system that enables to request joint bid of the producers, which would result a more favorable position by contracting through the competitive tendering (see Figure 1). In recent years, the information technology is involved more and more in the operation of markets and the marketplaces helps to implement these tasks more cost-effective.

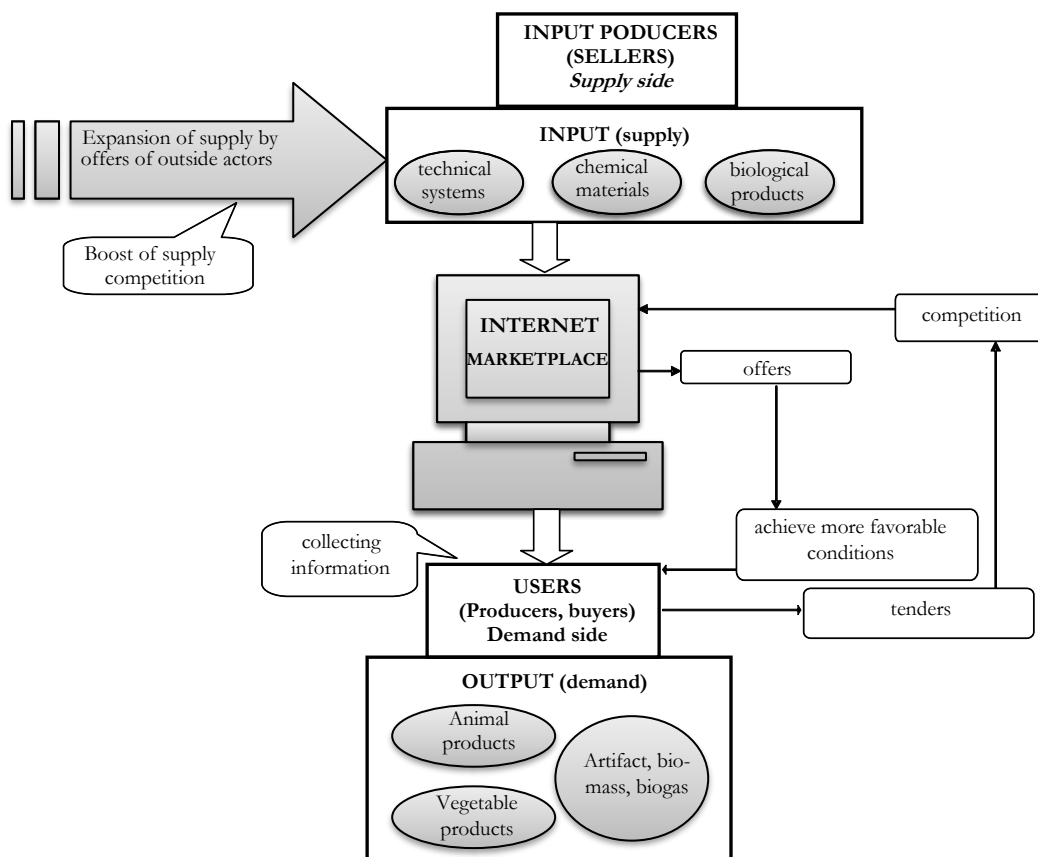


Figure 1. A simplified model of the agricultural marketplace

Source: Erdeiné Késmárki-Gally (2014)

The marketplace gathers information to users (producers) and it helps to draft the purchasing and sales tenders, as well to compete suppliers and customers. Exact data of input consumption, their timing, quantity and quality characteristics can be obtained from the information system. Producers can achieve better positions in the level of purchase price, quality, and other characteristics of the input substances using this system. In addition to the faster flow of information cost reducing will also be realized, in case of financing the management of outstanding debt is an important matter of corporate management (NAGY, 2015).

Agricultural production carried out primarily by small and medium-scale farmers. Financing of Hungarian agricultural farmers can be different (Kozma et al., 2016). Through this system the coordination of production intensity should be achieved on a higher and more extensive level by involving more producers; however it is difficult to achieve the required market

concentration to obtain the market benefits for the farmers. The marketplace can provide efficient information flow as well through the full range of users.

The supply and demand market participants will be competing with each other, but there will be also advantages because the supply-demand market of inputs can be more predictable and more transparent, the penetration to the market becomes easier for the participants and thus increases the efficiency of their trade. As a result of this system the number of participants of the supply market may increase gradually as the system calculates with new actors, thus the competition will increase between the input distributors (e.g. compare prices, offer simplification), the number of offered products will grow and their quality standards will improve. Shortening of the commercial chain results increased engagement of producers, while cost-effective support of sub-processes is expected. It would be able to achieve a better bargaining position for small farmers with joint procurement. The quality will be improved and the risk of fraud will be decreased by the traceability of business track record of individual operators, distribution statistics, and the feedback of partners. The marketplace would be an integrated platform to follow general market trends and information that would help the sector's participants to strengthen their role in the market through improving the economic efficiency.

The uniqueness of the system is that all submitted information is according to the specifics of the given farmer (e.g. property size, location, conditions). This means that the producer receives personalised production information in optimal case. The horizontal development lines are created “spontaneously” by the system, because several sub-elements may be the same by the product line, and along the activities related development, where the treatment can be done similarly.

CONCLUSIONS

The development path of the Hungarian agricultural cooperations (including cooperatives) is radically different from the Western European model with lots of controversial changes in the second half of the 20th century. This situation has been resulted in the deterioration of confidence between the partners in the agricultural sector. However, new types of cooperations began to be organized after the political changes.

An interconnection between the actors can contribute to the success of the agricultural companies, as it will reduce transaction costs, increase confidence, save time between producers and other participants in the sector.

A novel system, which connects the producers, the input sellers and buyers, can open such contact options, where the outcomes go beyond the traditional connections. The goal of the development concept is to provide support for farmers and suppliers (basically small and medium-sized farms) by procurement and efficient utilization of inputs, by the production and product development and establishing business relationships. The purpose of this system

is to help the agricultural producers, to improve their economic efficiency, to strengthen their role in the market.

To sum up, currently there are examples of various B2B marketplaces availability of agricultural products, or even B2C marketplace based on profit-oriented platform. There is neither domestic nor international level advanced solution that brings together an integrated system of procurement, innovation, communication and trade issues while creating the transparency, comparability and the traceability.

An integrated electronic-agricultural marketplace with advanced IT technology can provide broad access for all users of the marketplace to offer customized information via variety of portal modules and by the use of partnership opportunities.

A comprehensive agricultural market ecosystem can be created that provides a marketplace-based advanced integrated technological approach to agricultural production, communication, and commerce. This marketplace system creates business opportunities based on the real marketplace, where it can assist users by every level.

A more detailed analysis of this concept is required.

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**7 SEMESTERS - 2 DEGREES WITH THE DOUBLE
DEGREE PROGRAM AT BUDAPEST BUSINESS SCHOOL,
FACULTY OF COMMERCE, CATERING AND TOURISM**

Eliza HAJDU – Brigitta CSIMA

Keywords: *30 years Erasmus Programme, double degree program, BBS CCCT, student research*

JEL code: *F55, I21, A22*

ABSTRACT

The purpose of our research is to reveal and explore deeper motivations and experiences of the Bachelor double degree program of Budapest Business School, University of Applied Sciences, College of Commerce, Catering and Tourism. Furthermore, this year the European Commission has a historical anniversary of the Erasmus Programme, which gave us the idea to emphasize this program in our research as well, because in most cases the double degree program is related to the Erasmus+ scholarships. We also had a personal motivation to investigate this topic, as the authors of this research are currently completing their double degree studies at Hof University of Applied Sciences, in Germany.

First, we searched for facts and aims about the double degree and the Erasmus Programme, then we analyzed the data from the BBS CCCT Erasmus+ participation rate in a 8 years of period. Due to the topic and the small number of interviewees, we decided to conduct depth interviews. The interviewees were selected by the snowball method and arbitrarily from the sample, which was fundamentally small, and after the short introduction of the research questions, the main issues were revealed. Exceptionally interesting results have been produced, which can be found in the research and in the annex. The most important proposition (because in qualitative research no concrete conclusions can be drawn, the results are not representative) has been formulated in the following statements. The double degree program is an outstanding opportunity for the students of BBS, because they can be awarded with their own university's and the partner university's degree as well in the same period. Furthermore, the students of the program can gain competitive advantage on the labour market and professional language skills, just like widespread intercultural competences.

On the other hand, our results according to the double degree program awareness in BBS CCCT was only partially fulfilled, because the results showed us that there is no specific promotion activity from the CCCT side to emphasize the program.

INTRODUCTION

In our research, we would like to analyze and explore deeper motivations and experiences behind the double degree program of Budapest Business School, College of Commerce, Catering and Tourism at the Bachelor level. One of the main reasons for our special topic selection was primarily personal motivations: in March 2017, we were honored in Germany by the invitation of Hof University of Applied Sciences Academic Advisor of the International Management course, Professor Dr. Peter Schäfer as lecturers at the "60th Anniversary of the Treaty of Rome and the 30th Anniversary of the Erasmus Programme, moreover the Brexit" which is an event that plays a significant role in today's political life. (60 Jahre Römische Verträge, 30 Jahre Erasmus - und nun der Brexit!?) Feeling the importance of the event we started the scientific preparations weeks before the conference about the European

Union and the Erasmus Programme. As young students, only the two of us participated in the conference and our main task was to represent the views of young people in the European Union, including the advantages and disadvantages of the EU and the opportunities the Erasmus Programme offer. After the success of the podium discussion we decided to make a further investigation about the topics of the conference: how the 30th anniversary of the Erasmus Programme can influence students to spend semesters abroad.

Moreover, the authors of this research are currently complete their studies in Germany as double degree students from the Commerce and Marketing (in English) BA course from the College of Commerce, Catering and Tourism (furthermore: CCCT) of the Budapest Business School – University of Applied Sciences (furthermore: BBS). As we have been living in Hof for the last nine months and attending the courses at Hof University of Applied Sciences which is one of the four partner universities of BBS CCCT, we had a broad knowledge about how this program operates in the real life. We were outstandingly motivated and curious about the behind motivations and experiences of the students who are also participating in this unique experience. On the other hand, our questions are also related to our university studies: in Commerce and Marketing we had several subjects in connection with marketing research or research methods. The third reason for choosing this topic was that there were no similar research in this topic done before in BBS (such as double degree program and its marketing), so we had a chance to execute real, own analysis instead of analyzing former research.

METHODOLOGY

Definition of double degree program

There were remarkable changes in the field of the labour market in the last decades. Nowadays, most of the students need to know at least two foreign languages in intermediate or professional level to get a diploma. Moreover, in our world economic and social globalisation, internationalization, intercultural relations and experiences play a significant role in the everyday life. One way to gain competitive advantage is by intercultural competences and experience, moreover learning foreign languages in their original environment is a specific characteristic of the double degree program.

The double degree program is a special contractual agreement between two partner universities which contains that during your studies or after a further one or two semesters of the required studying period you have the possibility to get the partner institution's degree, as well as your home university's degree. The degrees of foreign universities are of great prestige in the labour market. The double degree programs not only give you specific language knowledge at a very high level, but also you will get to know the economy, society, and working environment of another country, which matters a lot in a multicultural environment. Furthermore, this is an outstanding experience, you can acquire new knowledge and language

skills like in the “normal” Erasmus semesters abroad, but in the end of your studies you will have a degree about your abroad experiences as well. An important element of the double degree program is that under an agreement between two or more institutions, students do not have to pay for a tuition fee. Students already enrolled in higher education institutions can apply for double-degree programs - applicants are selected by means of a proposal, including on the basis of the remarkable study results and their language skills.

BA double degree programs at BBS

The Budapest Business School – University of Applied Sciences is officially the oldest public business school in the world, with the establishment in 1857. Since its founding, BBS always has been on the list of the top Hungarian higher education institutions that have been specializing in economics. Following closely the international tendencies it has continuously expanded and shaped its training offerings, also adapted to the social needs generated by the internationalization. Budapest Business School offers an incomparable number of double degree opportunities in the case of Bachelor Programmes (BA): At the College of Commerce, Catering and Tourism in the Commerce and Marketing BA course there are four possibilities for the students to get another degree from the BBS’s partner universities: At Hof University of Applied Sciences and at Kempten University of Applied Sciences in Germany, at University of Oviedo in Spain, and at University of Le Havre in France. At College of International Management and Business on the English held International Business Economics BA course, there are several chances to have a double degree at the end of the study programs: at School of International Studies Avans in the Netherlands, at Frankfurt University of Applied Sciences in Germany and at College of Management of USC in Taiwan. Moreover, in the French held International Business Economics BA course the students can earn a double degree from Université de Picardie Jules Verne in France. These eight partnerships prove to us that the Budapest Business School provides unique chances for participation in the internationalization.

Briefly introduction to the Erasmus Programme

Erasmus (*European Region Action Scheme for the Mobility of University Students*) is an exchange program for students in Europe financed by the European Commission. The original Erasmus was launched as an exchange program in 1987, with the aim of enabling students in higher education to experience how to live and study in another country. Nowadays the name of the program has changed to Erasmus Plus or Erasmus+ and contains all the schemes for education, sport, training, and youth. We can say that today the program offers many additional individual and institutional opportunities, including volunteering, internships or participation in international projects. The program now extends beyond Europe.

Since the launch of Erasmus+ in 2014, a total number of 2 million people have been involved in various fields to study, volunteer and experience abroad. Over the past 30 years, over 9 million people have participated in the program. (European Commission, 2017)

Erasmus at Budapest Business School, College of Commerce, Catering and Tourism

Those students who want to participate in the Erasmus+ program at CCCT can study abroad one or two semesters in 58 partner institutions in 19 countries. The college has relations in the following countries: Austria, Belgium, Czech Republic, Denmark, United Kingdom, Finland, France, Netherlands, Croatia, Ireland, Poland, Germany, Norway, Italy, Portugal, Romania, Spain, Slovenia, and Turkey.

In our research, we are focusing on the data from the academic year of 2009/2010. We investigated how the numbers of the students who participated in the program, their destination countries and the number of the partner universities changed through this 8 years of period. As *Figure 1* shows, till the 2012/13 academic year there were more than 70 students involved in the program every year, but after that there was a significant decrease of the participants from the 2013/2014 academic year. In the case of the destination countries the number has never went below 10, with the tipping number at 14, so we can say that there is continuity in the number of the participant countries. The number of the partner universities is between 21 and 35 which means that students from CCCT participating in the opportunities of available partner universities in approximately 30%-60%.

The Erasmus and the double degree program are related to each other while most of the students at the double degree program apply for the scholarship from Erasmus+.

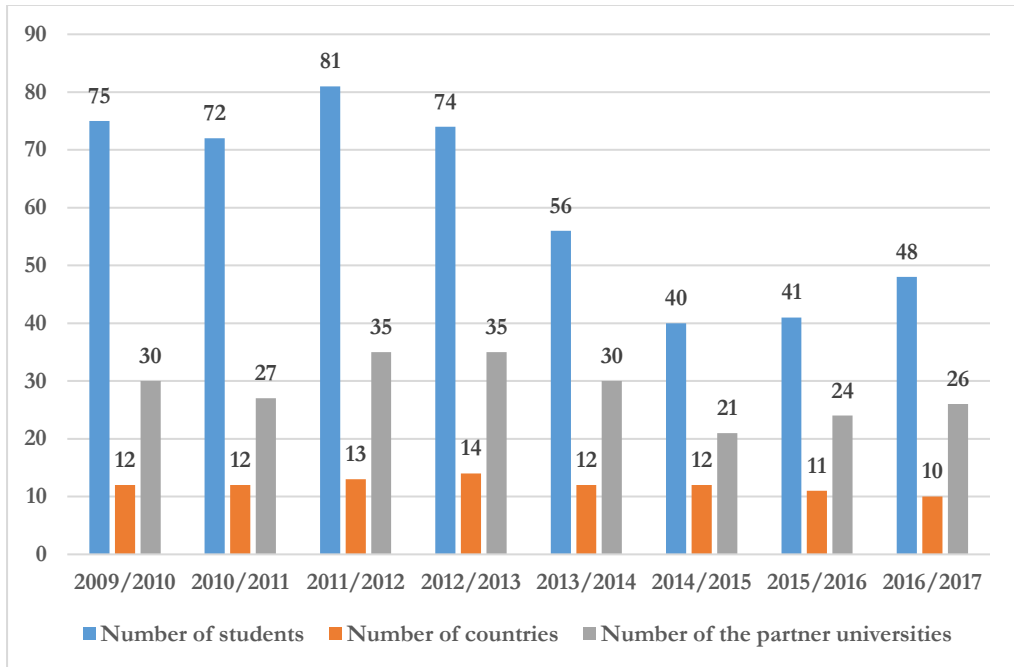


Figure 1. Participation in the Erasmus Programme at BBS CCCT

Source: Own construction

Sample and methodology

Selection of the research method

During the preparation and the topic selection phases of our research quite a high number of factors influenced the selection of the research methodology. First of all, the only possible solution for us was to conduct primary research, since there are no previous similar analyses made on this topic.

After we have identified our hypothesis we had to choose the methods of our data collection. With help of the BBS CCCT's International Office we had the opportunity to send our questionnaires via direct e-mails for the double degree program participants who have attended the program from the academic year of 2009/2010. Unfortunately, we couldn't anticipate that the number of the participants of the BBS CCCT's double degree program were so small in the last seven years: There were only 15 students from that two of them are writing this research, so we only have 13 respondents, which is not a big number enough to use the given information as sufficient quantitative answers for coming to adequate results in the end. After this realisation, we have clarified that our research questions are based on the motivational factors, the value of the double degree and how to make it more attractive to the students that is why we would like to understand the deeper drivers, thoughts and

opinions of the students. These kinds of information cannot be obtained in a clearly structured and formalized way; we had to find a primary qualitative research method that meets the conditions of our plan to conduct the research.

Due to its nature and the topics according to our research questions, the number of possible interviewees in our case was very low (numerically 13). In the focus group discussions there are usually 8-12 people sit together and split into homogeneous groups (Malhotra, 2001). The main argument against the focus group technique is the fact of the ability of influencing, that people tend to change their own opinions before a bigger crowd because of the role of the group pressure. (Gyulavári et al., 2012) This is confirmed by the focus group research that we have made earlier. After all we started to focus on the method and the advantages of an in-depth interview.

Why an in-depth interview?

The in-depth interview, like the focus group methodology, is a direct form of information acquisition, but the interviews are conducted individually. The qualitative interview is "a uniquely sensitive and powerful way to get acquainted with the experiences of the interview subjects have drawn from their everyday world and the already lived experiences of this world." (Kvale, 2005, p. 79) This methodology was the most suitable option for our research: ideal for a small sample of people, can be executed quickly in relaxed conditions, via the Internet as well, and the most important arguments beside it were understanding and exploring individual motives of the different people completing the same study program. As we are also students of the double degree program, we are currently living in Germany. This is why we had to pay attention already in the beginning of research process to choose a method which can be conducted via Internet and in-depth interviews are proved to be appropriate from this point of view as they could be conducted via Skype or on the phone as well.

Taking into consideration all the mentioned aspects, our final decision was the in-depth interview as our research method.

About the sampling process

As we have outlined in the previous chapters, the ultimate research methodology has become the in-depth interview, which is a primary type of qualitative research focusing on individual opinions. Since qualitative research is not a representative type of sampling, therefore only theoretical sampling can be used in this case. In addition, qualitative research does not strive to have a random, large sample, but rather to individual cases where the aim is to present the diversity of the viewpoints. Typically, non-probability sampling is conducted, such as judgemental sampling or snowball method. (Gyulavári et al., 2012)

Since our research question was limited to a very small sample of people, for us the only way was the non-probability sampling. During our research, we first set out some criteria for searching potential subjects (e.g.: past or current double degree students from the BBS CCCT), thus defining the sampling frame (Gyulavári et al, 2012). We shared the interview with the snowball method, where the sample elements provided information to the interviewer not only about themselves but also about the person they named. (Frank - Srijders, 1994) By this method we also reached people who we could not personally know. Finally, based on the distributed questionnaires and in addition to a few other aspects (e.g.: studying abroad currently as a double degree student), we chose the final interviewees with judgemental sampling where, as the head of the research, we decided about who are going to participate in the sample. (Gyulavári et al., 2012)

Research questions and propositions

In our research we are mainly focusing in the frames of the 30 years of Erasmus Programme to the operation of the double degree program at Budapest Business School CCCT Department. Based on this topic we declared three main research questions that we found as the most significant ones. These questions are the followings:

- 1) What are those most important motivational factors why the students decided to apply for the double degree program?
- 2) How the value of the two degrees is increased by the gained knowledge from the host university, the professional and the intercultural experiences?
- 3) Are most of the students aware of the double degree program at CCCT?

Choosing the main focus areas of the study our university studies also had influence in it, as we are currently participating at the double degree program in one of the Budapest Business School's partner university, at Hof University of Applied Sciences in Germany. Moreover, our Bachelor studies are in the field of Commerce and Marketing, so we believe that we have sufficient experience and knowledge to create the appropriate research questions and propositions with a professional background.

The guide of the in-depth interview (for the current double degree students and for the expert as well) started with three introductory questions, where we mainly focused on how they became aware of the possibility of the double degree program, why it was attractive to them and when they decided to go and spend a year at a foreign university to study. These questions were mainly used to create the atmosphere and for the better understanding of the interviewee. The main issue is closely related to the specific research questions: we had not only asked them about the double degree program of BBS CCCT, but in the beginning of the main issue we were interested about the Erasmus Programme and if they have experienced something special about the 30 years' anniversary of the program. We have asked them to share what they think as an advantage of the double degree in contrast to a normal

degree and their opinion about the enhancement of the double degree program. In the final part, each interviewee could share his or her own ideas and further comments about the interview.

As we chose the methodology of qualitative research, on one hand we used in-depth interview to gather information that we needed for the study, on the other hand we applied for the non-probability sampling method where the subject of the research did not have equal chance to be selected. This technique is based on personal opinions and experiences that we were interested in, but these are the reasons why we could not predict the results in advance and make hypotheses. Although we were able to make some propositions to the three main research questions:

- 1) The most significant motivational factors why the students decided to apply for the double degree program according to our views are that during 7 or 9 semesters students are able to graduate from two universities and the scholarship that they receive from the Erasmus Programme is also an important decision factor.
- 2) We expect that students who complete this program are going to gain competitive advantages on the labour market while after participating in the program they are going to enjoy professional language skills and unexceptional intercultural competences.
- 3) We believe that the double degree program can be made more attractive to the current and future students of the CCCT.

RESULTS

Participation in the double degree and the Erasmus Programme

The double degree and Erasmus Programme are closely related to each other while most of the students at the double degree program use the scholarship from Erasmus+. During our research, we have identified that in the period from 2009/2010 till 2013/2014 there were no students from the BBS taking part at the double degree program which was surprising for us as there were at that period a big number of students in the Erasmus Programme. On the other hand, from 2014/2015 and 2015/2016 the participations in the Erasmus Programme started to decrease, there were 10 students who attended the double degree program: 3 students at the University of Oviedo, 5 students at the Kempten University of Applied Sciences and one student at the Hof University of Applied Sciences. In the current academic year (2016/2017) there are 5 students who are participating at the double degree program: 3 students started their semester in Oviedo, Spain, while the authors of this research studying in Hof, Germany. All in all, we can say that based on the statistics in the last 8 years (from 2009/2010 till 2016/2017) there were only 15 students who studied in the double degree program of CCCT which is compared to the number of the students at the course of Commerce and Marketing BA is infinitesimal. Also, if we are taking under consideration that 487

students spent one or two semesters abroad in this period, the double degree participants' number is minimal.

There were other interesting results according to our analysis: the distribution of the students based on their language studies is consistent between the English-taught and the Hungarian taught Commerce and Marketing BA. Our results have shown us that because of the double degree program at CCCT basically for those who have an intermediate or better German, Spanish or France language knowledge, advanced English knowledge is not obligatory to participate in the program.

On the other hand, we found that extremely strange that in the examined period of 8 years there were no students at all from the Commerce and Marketing German held BA course, because at first the German double degree programs sounds axiomatic for the participants of the German held BA course of BBS CCCT. Unfortunately, the reason why there were no double degree students at this period is a disappointing fact: The Commerce and Marketing BA course in German language - regarding the low number of candidates – did not start in 2009, 2010 and 2012, however since 2013 the course is continuing successfully.

Introduction of the interviewees

The first interviewee (male respondent, 23 years old) studies at the Budapest Business School University of Applied Sciences from 2013 September and from 2016 September he is also a student at the University of Oviedo. He originally comes from Budapest. He heard about the double degree program “...from our Spanish teacher *András Kéry*, who told us almost every lesson that the double degree program is a unique and outstanding opportunity to study abroad, get more language knowledge and experiences with it. The best ones can have a degree from BBS's partner university” (male respondent, 23) He thought that the Spanish double degree program is very attractive because “...you can make 2 degrees with one plus year in Spain, you must use Spanish as a foreign language and can easily improve it and you really live in Spain – not like when you are somewhere only for one semester. Moreover, the scholarship from *Erasmus* was also a remarkable point for me.” (male respondent, 23) He knew from the start of his university life that he wanted to participate in the double degree program of BBS.

The second interviewee is (female respondent, 22 years old), from Budapest. She is a 4th year student at the Budapest Business School University of Applied Sciences, on the College of Commerce, Catering and Tourism; she is studying Commerce and Marketing in English. This interviewee is studying at the University of Oviedo in Spain, as a double degree student. She decided to enter this program because she successfully completed all compulsory subjects at the BBS so far so she lived with the possibility of the double degree program, first of all to learn another language (in this case Spanish), because she does not know yet what the advantages of the double degree program are going to be later. She has heard about this

possibility in the home university, on her Spanish lessons from her teacher who often emphasized the high standards of the program. However first she was not sure whether she would like to apply for the double degree program or not but after some time and because of the support she got from her friends and family she decided to take part in the program. In 2016 January and February she started to arrange all the paperwork that is needed to apply for the double degree program and at that time she was already very sure about that she wants to go and study in Spain for one more year. As she said *“In Spain, one year, another language and another degree, these sounded fully attractive to me”* (female respondent, 22) and also there was not any barrier in the way of her plan.

The third interviewee is (female respondent, 25 years old) studied in a Spanish dual language secondary school in Budapest. First, she attended Tourism and Hospitality BA in the Budapest Business School University of Applied Sciences but she decided to switch to the Commerce and Marketing BA major. One of the main reasons why she decided about the change was because the double degree program is only available in the Commerce and Marketing major and she thinks that this is an outstanding opportunity not only to study in abroad and but to get a degree in the end. She heard about the double degree program *“... accidentally on the corridor of BBS from one of my fellow student when I was in the Tourism and Management BA course.”* (female respondent, 25) After she switched the bachelor courses in BBS CCCT she built up her course selection as she will go to Spain, to the double degree program in the last year of studies. *“I took up the BBS courses earlier than it is written in the academic schedule – preparing for the last year abroad at the University of Oviedo.”* (female respondent, 25)

Our fourth interviewee is (male respondent, 24 years old) from Budaörs. He is also a student of the Budapest Business School on the College of Commerce, Catering and Tourism, he is studying Commerce and Marketing but in Hungarian language. He is also a double degree student of the Hof University of Applied Sciences in Germany. Our interviewee heard about the double degree opportunity first on a lecture that took place some years ago at the home university CCCT department, given by a Professor from Kempten University of Applied Sciences, Germany. In the beginning he wanted to apply for the double degree program of Kempten University as he founded the Professor’s speak impressive. After this lecture he gave in his application form and his motivation letter, however he was accepted from the Hof University at the end, but he also took the possibility and went to Hof to study one more year.

All the four interviewees who took part in our in-depth interview had some characteristics in common. They are all from Budapest or from the suburb of Budapest, they are active students of the BBS College of Commerce, Catering and Tourism. As all of them are participant of the double degree program, each of them are studying Commerce and Marketing. Only one of the interviewees is completing his studies in Hungarian language at the home university, the remaining three students are studying in English. This finding justified our hypothesis that a more significant number of students choose to take part in the double degree program from the English Department than from the study program that is held in

Hungarian. Those undergraduates who are studying in a foreign language and surrounded by other foreign-speaking Erasmus students during their studies at the home university are more likely to get motivation for taking part in the Erasmus Programme and even more in the double degree program. They are going to have more courage to speak in another language than their mother tongue and they can also recognise some of the advantages of being an Erasmus or a double degree student. We received satisfying answers from our respondents to the three introductory questions as each of them could remember where they have first heard about the program or when and why they decided to take part in it. In all the cases the first informations about the existence of the program can be traced back to the home university of BBS which is a positive outcome of this part, but we still believe that only a very small amount of students in the CCT Department are aware of the opportunity of the double degree program. It was also surprising to know that our third interviewee had to change her study program from Tourism and hospitality to Commerce and Marketing to get the possibility of being a participant in the double degree program. All four of them gave the answer that first of all it was attractive to them to gain advanced language competences in a foreign speaking country and they all hoped for obtaining competitive advantage on the labour market after successfully graduating from school.

Table 1. Introduction of the interviewee's

Interviewee's gender, age, occupation	Double degree university	How did you get in touch of the double degree program of the BBS CCCT?	Why do you think that the program is an attractive opportunity?	When did you decide to participate in the double degree program?
male, 23, student in English study program	University of Oviedo, SPAIN	From his Spanish teacher at CCCT	2 degrees with one plus year, foreign language improvement, living in abroad, Erasmus scholarship	From the start of his university life
female, 22, student in English study program	University of Oviedo, SPAIN	From her Spanish teacher at CCCT	One year abroad, 2 degrees, foreign language improvement	After her friend asked her to go with him
female, 25, student in English study program	University of Oviedo, SPAIN	From a fellow student	Study in abroad and get a degree in the end	After she switched the BA courses in CCCT
male, 24, student in Hungarian study program	Hof University of Applied Sciences, GERMANY	From a German Professor at a lecture on CCCT	Gaining intercultural competences, know other people, foreign language, 2 degrees	After he took part in the lecture held by a German Professor

Source: Own construction

Introduction of the expert

We agreed that for better insights as well as for totally covering of our topic we should ask the opinion about mainly the same issues from an expert, who has professional views, job-related activities and experiences that may serve our study in an exceptional way. We have

invited Ms Katalin Faluvégi, Course Director of the German Commerce and Marketing BA, to share her ideas about the Erasmus and the double degree program with us. She graduated with her second degree in Economics in 1997 and she is currently finishing her PhD academic work at the University of Pécs. She is working for the Budapest Business School since 1997, in that year she immediately received as one of her tasks to start to organise and make it possible to establish a German language course in the field of Commerce on the university which she successfully managed as in 1998 September the course came into operation. After long discussions in 2003 the first double degree agreement with the Hof University of Applied Sciences was signed and she finds it still today very attractive as she explained, *“it means a serious added value to the degree which can be obtained at our home university.”* (Ms Faluvégi)

Evaluation of the main issue

After the warm-up questions we have introduced the main issues to the interviewees which were specifically related to our research topic. In this session we started by asking questions in connection with Erasmus Programme focused on their personal as well as on general issues. In the next part we reached our most important topics, the question of the double degree program from their point of view and also to the problem of promotion.

The first question we asked in the second and main part of our interview was in connection with the finances and scholarships of these four students by the Erasmus Programme. It is known that only those students are honoured to get the financial support from Erasmus to their participation who achieved advanced results in the university so far. We were curious, out of four people usually how many receive this money or any other type of scholarship, as beside of the Erasmus scholarship there are many possibilities that can be applied for as a financial support for student's semesters spent abroad (both of us for example are in the Campus Mundi excellence scholarship). Three of the interviewees are in that rewarding situation that they are receiving the Erasmus+ scholarship as a further promotion for their semesters spending abroad. *“This is an advantage, a significant help from the program.”* (female respondent, 22) The same interviewee had a remark that she missed to apply for other scholarships and our third respondent has also emphasized that *“unfortunately she found out about these possibilities too late.”* (female respondent, 25) which let us to draw a conclusion. Either these helpful monetary supports are either not emphasised enough or students do not take appropriate amount of time on getting as much information as it is possible about these potentials.

In the next question we inquired about the benefits of being an Erasmus student according to the interviewee's own experiences. Three of them highlighted those advantages they can feel while they are spending their semester abroad. They talked about the importance of acquiring foreign language skills and one of them also added that *“the advantages for us are a little bit different because we have already could speak in English well when we came to Spain”* (male respondent, 23) but then he explained the benefits more generally *“the most important is improving your foreign language skills or getting familiar with new kinds of teaching methods in a different type of*

education system". (male respondent, 23) The other male respondent of the research approached this topics from the side of the Erasmus Programme and more from the organisation of the European Union because *"it is already an outstanding possibility that in the frames of the Erasmus Programme, in the European Union, students have the opportunity to go and study abroad and they do not have to pay the enrolment fee of the hosting university."* (male respondent, 24) On the other hand one of our respondents talked about what it means for her at the home university being an Erasmus and a double degree student which was also a very interesting and remarkable view to think about. She summarised it as the following: *"It was quite hard for me in this semester to enroll to the university as an active student, to solve all the administrative problems like taking up subjects, which is anyway not easy for me because I have changed the BA program. Although I study in this year in Spain, as a student I could not solve these things in a flexible way."* (female respondent, 25)

When we came to our third question we got very well-reasoned and quite diverse answers, from different point of views that we did not expect. Our first respondent was very positive about the recommendation of the Erasmus Programme, moreover he also emphasised the place itself where he is completing the double degree program, Oviedo, because it is a liveable city where people speak the original Spanish language which he found an important aspect according to his studies. The second interviewee divided the question into two parts as she founded it crucial to distinguish between the recommendation of the Erasmus Programme and the recommendation of the double degree program to others, despite the fact she also answered with a definite yes to our question. She explained her ideas in a way that who are those people or students to whom she would recommend the "normal" Erasmus Programme and who are those that she thinks should try to complete also the double degree program abroad. *"Basically I would recommend the Erasmus Programme to the students who would like to make new acquaintances because this program gives you first of all new relationships, you can be more communicative and you can also improve your language skills. Moreover I would recommend it to students who are sometimes tend to be shy and would like to change on it a bit or those who are just the opposite of shy and would like to enjoy and profiting from their language skills and confidence"*. (female respondent, 22) Our third respondent has approached the question again from another aspect as she was considering the time-consuming nature of the program and when is it worth to take part in a study program like the Erasmus. Her aspect was formulated from the examples from her closest surroundings, she mentioned her friends who earlier participated in the Erasmus Programme and the way they could manage it. She highlighted that lots of students should complete one more semester at the BBS as some of the subjects they sign up to at the host university will not be accepted by the home university. That is the main reason why she would recommend the Erasmus Programme to those students for whom it would not be a problem to complete one more semester at the university if it is needed. When she first heard about the possibility of the double degree program, she immediately started to gain as much information as possible to find out whether the program is worth to apply for as a candidate. Finally as she said, *"the double degree program is absolutely worth to spend some more time on it."* (female respondent, 25) In connection with this question our fourth respondent was again very positive

as he told as *“those students who do not take part in the Erasmus Programme are missing a good chance to get to know another culture, new people or learning the language well and seeing new places from the world.”* (male respondent, 24)

The next two questions we asked from the respondents were more specific but shorter questions; on the other hand what the results show to us is more thought-provoking. We were curious their opinions from their closest surroundings, whether they feel that a sufficient number of Hungarian students choose to take part in the Erasmus Programme and if they have heard about the occasion that the Erasmus Programme is 30 years old this year. Our respondents told us with no exception that they do not think that enough Hungarian students take the possibility of the Erasmus Programme and leave for one semester to study abroad. There were some very rational solutions and propositions they explained to us to find out the hidden reasons for it. As one of men interviewees said, *“because of the students are usually paying for their studies at the university and more likely they will have to complete one more semester as their subjects are often not accepted at home, they cannot do anything just paying for one or two more semesters. Although it is good that they have participated in the Erasmus Programme, it does not help in this way.”*(male respondent, 23) because if the subjects are not accepted, the program will not be more attractive to the university students. The second respondent highlighted as a fact that *“I believe from the BBS there are not enough Erasmus students in abroad”* (female respondent, 22) which we can also confirm with statistical data that we received from the International Office of the CCCT. We can say she was more surprised and disappointed because of as she explained, *“this place is really beautiful, not to mention the university and the professors are so exceptional, I do not understand why somebody would not to come and spend a semester here as an Erasmus student who can speak just a little bit of Spanish”.* (female respondent, 22) By asking this question the problems of the inappropriate promotion of both of the study programs were already revealed. All four of them first heard about the 30 years of Erasmus anniversary during our interviews.

The following two questions are closely connected to each other; usually we asked them together from our interviewees. For our first respondent, it does mean a lot that he will have working experience from abroad as he is doing his internship also in Oviedo and as he said *“you get another degree from a foreign university so in this case your language skills are accredited and acknowledged by graduation, which is anyway a plus for companies.”* (male respondent, 23) The second man from the in-depth interview group believes that it counts more significantly abroad but at home he would like to apply for jobs at German companies *“where German language skills matters a lot and I may get competitive advantage because of it”.* (male respondent, 24) He also pointed out that we are going to be among those students who are graduating from the BBS BA program with two degrees and that makes this program and us special when we are speaking about if the double degree gives you more benefits or not. Our second interviewee just replied as *“exactly this was the reason why I went for a double degree”* (female respondent, 22) when we asked this question, she explained she had spent significant amount of time in England before where she learned the language well where she made lots of contacts and now she is

trying to do the same but in Spain. She has quite the same intentions as the previous interviewee, she hopes *“by knowing another language (Spanish) beside English is hopefully going to give me a competitive advantage on the labour market in Hungary.”* (female respondent, 22) She is interested in the Public Relations sector; she would like to get a Spanish-English position in the future. She also added that *“in the business life today Spanish has started to come to the front”* (female respondent, 22) so it is quite sure that there is a need for this kind of labour force. Although the third interviewee would like to be trained and educated more to the international market because she has a Spanish high school graduation as well, she emphasised that *“a lot depends on diligence; students should be really interested in what they are studying at the university, have a passion for completing it and to learn the language.”* (female respondent, 25) To summarise all the things we heard from them, we can say that they see lots of potential in accomplishing the double degree program, because of two main reasons: to learn foreign languages in an exceptional way and to become competitive on the labour market through their experiences abroad.

Before asking our last and one of the most important questions, we were curious about the similarities and the differences of the three different universities' (BBS, University of Oviedo, Hof University) education systems and more about the teaching methods if the students recognised any important advantages or disadvantages when correlating them to the teaching methods of our home university. What the four respondents uniformly highlighted in the first place was one big difference, the examination system in Oviedo and also in Hof. At these universities the established custom is to do only one exam from all the subjects at the end of the semester and there is no possibility to take the exam again in the same semester, in the case when the student has failed. Three out of the four respondents also added that whether or not students like this system, it is granted that they are going to learn much more with might and main and take the examination period more seriously than students at the BBS where there are second, third and sometimes also fourth chances to pass an exam within one semester. The third respondent also pointed out regarding to the topic that *“it is also beneficial for us that there will not be a day where we are going to have 4 exams after each other”*. (female respondent, 25) What our first interviewee emphasised as another difference in addition was *“there are many practical examples and even more case studies taken from real life that are included in our curriculum and help not only in learning the language but also in the better understanding of the materials as next week we always get the evaluation of last week's tasks which makes it very advantageous for us”*. (male respondent, 23) *“In Hof University I think the lectures are more open and students are more talkative as they are at the home university and it is also special here that courses named “Personal Competences” are also available for the students”* (male respondent, 24) After the interviews were conducted, we could identify the main similarities in the teaching methods of these universities as well. The results we got were that in Spain and in Germany none of the lectures are compulsory to attend and there are many in Hungary too, where there is no attendance sheet, after all it does matter in a big percentage whether students appear on the lectures or not. Professors are usually paying attention to those students who are present and solve the group works during the lectures. Another similarity which can be mentioned is that making presentations is a current,

practical and well-tired method when students have to work out different topics using their own ideas, research and hold the presentation in front of their fellow students at the lectures. These group works, case studies and presentations are usually included in the final grade of the students at all three universities. One last thing that was remarkable for us during the interviews that two out of the three students who are currently finishing their studies in Spain emphasised the Spanish mentality as an influencing factor in the teaching methodology, *“they are really flexible which is not a pro or contra in this case as it is coming from their mentality”* (female respondent, 25) The other student stated as a difference that *“there are a lot more elderly students at the university than we used to it at home, which originates from the fact that they do not hurry with their studies, they really enjoy their university years for longer than the Hungarian students in general”*. (male respondent, 23) We can find many similarities and differences, also advantages and disadvantages when we examine the education systems or the teaching methods at certain universities. In each country and every university there are good working practices institutions can be proud of but also customs that should be improved in the future in favour of their students and professors.

In the last phrase of the main questions, we revealed the most crucial issue in connection with the operation of the double degree program at the BBS CCCT. All of our respondents stated their views to the last question firmly by saying the program would provide a significant competitive advantage to the College of CCCT. On the other hand they all continued by declaring that it is not emphasised and promoted in an adequate way and we came to the conclusion that they are sure about only a minimal number of people are aware of the fact that students have the opportunity to participate in a double degree program at four universities in Germany, Spain and France from our college. Our second interviewee approached the question as a future professional, *“as a future marketing expert I would say the application for the BBS CCCT can be made much more attractive by promoting the double degree program and making people aware of it.”* (female respondent, 22) She thinks that *“no better marketing exists to our university than giving the chance to students to spend one year in abroad and get two degrees for it if they are hardworking enough.”* (female respondent, 22) While she explained it further she pointed out that the chance for students applying for the double degree program should not be based on fortune or accidental events and primarily it is also not the business language teacher’s job to promote the program. She believes that for the future potential students of the BBS it should be emphasised that if they complete the BA program’s first two or three years in Budapest, they have the possibility to go and successfully fulfil the requirements of the double degree program abroad and at the end of their studies they can leave university holding two degrees within 7 to 8 semesters. The other female of our in-depth interview group mentioned also some important instruments for promoting the program more efficiently. *“On the Education exhibitions or on the open days of our college the topic of double degree should get a lot more space, students’ attention on the Registration week should be waken up by explaining that it is worth to attend Business Language courses and write homework during the semesters and if they have good grades, are passionate enough and can speak the language in an adequate way go for the double degree abroad.”* (female respondent,

25) She added that it would be better if the attitude towards the program would be more open and motivating, it could help a lot to those students who choose to complete it. Although we can say we received quite the same answers to the last question, four out of four students made a final conclusion that the program means a high competitive advantage not only to the students participating but also to the university of BBS but it is a serious issue that there is a lack of promotion, usually people are not aware of their possibilities in connection with it so something should be done to make change this.

After we finished asking them, we thanked them that they accepted our invitation and shared their opinions with us about the operation of Erasmus and the double degree program at the BBS CCCT. We added at the end that if they have any further ideas or comments in connection with the topic they are free to say it or contact us as well. We also stated that in the case they are interested in our final results; we are going to send our study to their given e-mail addresses.

About the expert's opinion

Ms Katalin Faluvégi stated in the beginning of the interview that she is more familiar with the question in connection with the double degree program, but she made some remarkable thought concerning the Erasmus Programme to encourage students, *“it does not matter what are the ideas of students about their future, that is quite sure that they can earn such professional and life experiences through the program that otherwise may not.”* (Ms Faluvégi), although she added she does not think that enough Hungarian students live with this exceptional opportunity. It was interesting for us to find out that also our expert did not know that this year is the 30 year anniversary of the Erasmus Programme. When we asked her about the benefits of the double degree for students accomplishing it she told us significant information that we should be aware of. *“In 2002-2003 we have worked out syllabuses partnering with Hof University’s delegation that allow for our truly dedicated and gifted students to take up courses at the host university that cannot be reached in our home university and vice versa, beside the cultural and language benefits.”*(Ms Faluvégi) She added that in our changing times students are going to only profit from their time spent in a multicultural atmosphere, knowing by a new kind of working culture and educational system as well and *“by participation, these young people can be hired after their studies at workplaces where otherwise maybe with lot more efforts only.”* (Ms Faluvégi) The example about one of the previous double degree students turned up here as he managed to get a job in Hong Kong right after his studies. When we asked our expert what she thinks about the double degree (is it more advantageous for students in contrast to the “normal” degree of the university), her answer was that it must be more beneficial in certain areas, particularly when students have strong intentions about working for a foreign company, also in Hungary. In the followings Ms Faluvégi emphasized that she feels the awareness among students about the double degree program is low but the world-of-mouth plays a big role in this case. When we asked about it deeper she shared with us, she is sure that *“whether by the help of one of my colleagues students are*

becoming aware and interested in the program or they hear it simply from the fellow students which is anyway a good thing but should be much more emphasized in the future. If it would have good marketing, it could be a serious image-improving possibility for our university and college as well.” (Ms Faluvégi) For our last question our expert responded in a positive way as she explained that it gives an exceptional competitive advantage that *“nowhere else in Hungary you can find so rich palette of the double degree program that it is on the BBS CCCT where lots of enthusiastic students got the chance to live with this possibility.” (Ms Faluvégi)* After we finished questioning we thank her for her acceptance of our invitation, for participating in our research and share with us her individual, valuable thought can count on.

FINAL CONSEQUENCES

After analyzing the main issues we can see the broader operation of the Bachelor double degree program of BBS CCCT. However, it is important to emphasize that because of the research qualitative nature, the results cannot be regarded as representative, but rather a discovery of intentions and understanding of different opinions about the double degree program. We had received exceptionally interesting results from the interviewee’s and the expert as well that we could work with more successfully.

All the four of the interviewees and the expert first heard about the 30 years of Erasmus Programme during our interviews what is surprising for us because in Germany it was highlighted in an outstanding way. What we found out as a clear result here is they all think and speak about the double degree program in a very positive way as they all responded with full of motivation to the question of gaining more benefits from the double degree in contrast to the “normal” BBS degree. All of them are optimistic when they talk about future possibilities on the labour market and they all had similar expectations when they chose to complete the program.

Our first proposition, that *the most significant motivational factors of the double degree program are that during 7 or 9 semesters students are to be able to graduate from two universities; and the scholarship that they receive from the Erasmus Programme* were fulfilled through our research. Moreover, all the interviewees have the same opinion about the remarkable experience and opportunity what they have earned abroad through the double degree program: they can try themselves out living abroad in a foreign-speaking country for at least 1 year.

Our second proposition was that *students who complete this program are going to gain competitive advantages on the labour market while participating in the program they are going to acquire professional language skills and unexceptional intercultural competences.* In this case, the proposition from us was relevant because they were not only expected the competitive advantage on the labour market, but through their internship abroad they have already felt the advantage of the double degree program. Furthermore, they enjoy special advantages because of their professional

language skills were gained through in the motherland of the language along with their intercultural competences.

The third and last proposition of the problem was that *the double degree program can be made more attractive to the current and future students of the CCCT*. However, the research has showed us that our last proposition and more the research question were highly underestimated because the main problem that we found out is not whether the program is attractive or not, but it is has no promotion at all and students become aware of the program in most of the cases just accidentally. Answers in connection with the third question have shown us the most controversial results correlated to our last proposition.

The expert's opinion has also confirmed what we found out that the most significant issue is with the double degree program is the lack of awareness. Based on the interviewees and Ms Faluvégi's ideas we have identified several propositions that can be implemented to promote the double degree program and increase the number of the semesters spent abroad among students. There is a need for promoting the programs already in the beginning of students' university lives and on events like the Educatio exhibition, open days or the registration week by giving enough information on the topics. Moreover we would like to suggest highlighting the programs on CCCT itself with for example spreading it by means of social media, Neptun messages and the webpage of the university. During the open days opportunities can be to set up stands, hold lectures on these topics and use flyers in addition. We can see a huge potential in the possibility of the double degree, we would suggest expanding this already developed program to other courses of the Budapest Business School, University of Applied Sciences, College of Commerce, Catering and Tourism.

Because of the lack of previous research made on the topic, it could be used as a pioneer in this field. In our view, it is a sufficiently interesting and useful area for further future research, just starting from the fact that through the double degree program intercultural awareness is a fast-developing concept today.

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