

Abstracts in English

Andrea Éltető – Anikó Magasházi – Andrea Szalavetz: Global Value Chains and Upgrading – Experiences of Hungarian Firms in the Machinery Industry

Global production networks and global value chains have become widespread today. In these cases firms locate the various stages of their value adding activities across different countries. The activities of global value chains form a new phase of globalization characterized by fragmented production, transfer of technology, and decreasing transport costs (Kaplinsky 2013). Developing countries are involved in these production networks, perceiving this as an important (if not the only) way to develop. The Central European countries have taken an active part in the chains of multinational firms since the nineties. The benefit derived from this participation varies across sectors and firms. In this article we analyze the experiences of Hungarian companies in the machinery industry. The structure of the article is the following. After a description of the basic research question and methodology, a literature review is provided. In the following section we introduce the companies surveyed and review their product-, process- and functional upgrading experiences. Finally, we discuss our findings and suggest some managerial and policy implications.

Journal of Economic Literature (JEL) codes: F23, M21

Keywords: global value chains, upgrading, machinery industry, MNC subsidiaries, Hungary, case study

Zombor Berezvai: Production Efficiency Analysis of the Hungarian Meat Processing Industry

This paper analyzes the performance of the Hungarian meat processing industry in the wake of the global financial crisis. Between 2011 and 2013 many high-capacity meat processors went bankrupt in Hungary. Possible reasons for that could be unfavorable market situation and inefficiency in production. In this paper, the latter hypothesis is examined. Two different types of production function estimation techniques are used to calculate firm-specific inefficiency estimates. Based on the estimation results, the lower bound of average firm-level efficiency is 0.50, while the upper bound is 0.88. Estimated firm-level inefficiencies are compared to the characteristics of the given firms. Pre-tax profit, company size and

domestic ownership are associated with lesser inefficiency. On the other hand, time trend of inefficiencies indicate that the global financial crisis negatively affected the production efficiency of the meat processors. This can be a reason behind the bankruptcies happened.

Journal of Economic Literature (JEL) codes: C33, L66

Keywords: stochastic frontier approach, technical efficiency, meat processing industry, Hungary

Eleonóra Baghy: The Role of VAT Registrations in the Hungarian International Trade

Foreign companies generate more and more international trade through their non-active VAT registrations but these firms do own Hungarian tax numbers. Although these special-purpose firms are present in various fields of economy e.g. storage, re-export, etc. their most important function is their involvement in global manufacturing. Because of their special legal status following the actions of VAT registrations in international trade statistics and in GDP compilations leads to diverse results, which causes significant difference in the data of these fields. The detachment of the product flow, the change of ownership and the money flow that is experienced today also makes it hard to follow the economical processes. Because of the above mentioned changes one of the most important methodological tasks for statisticians became to measure the activity of the VAT registrations and to ensure the consistency of data at national and an international level. We are demonstrating these complex transactions in three case studies at the end of our article.

Journal of Economic Literature (JEL) codes: F10, F23

Keywords: international trade, statistics, VAT registration

Judit Futó: On the Global Expansion of Venture Capital

The venture capital industry has also been negatively affected worldwide by the financial crisis of 2008, thus the usual investment conditions have changed. One aim of the study is to provide an overview of the changes. As shown in the global trends, the level of the global annual venture capital investments in 2013 just reached the level of before 2008. Although in some Asian countries (China and India) the decline was not significant, unlike in the European countries. Another aim of the study is to examine whether there is a reality of an integrated global venture capital model, or it is different in each country. If there is a difference, then what kind of explanatory factors can be tracked back. On the basis of extensive international literature the article argues that there are a number of factors such as the characteristics of financial systems, the legal and institutional barriers and the culture that affect the emergence of an integrated venture capital model.

Journal of Economic Literature (JEL) codes: G24

Keywords: venture capital, institutional factors, globalization

Zsolt Zsombori: The Actual Experiences of SME Lending

This paper is intended to show the quantitative research results of an actual survey conducted within 82 active SMEs in Borsod-Abaúj-Zemplén County. The sample of participants was selected by a two-step combined sampling method resulting in a non-representative, but still useable data collection. The survey especially focused on identifying and ranking SME pressing factors, identifying and ranking credit prohibiting factors from the viewpoint of SMEs, identifying the actual financial preferences of SMEs with special attention to subsidized credits and non-refundable subsidies. It gives actuality to most of the aforementioned questions that currently even the Central Bank of Hungary pays attention to boost the crediting activity by its Funding for Growth Schemes (FGS).

Journal of Economic Literature (JEL) codes: G30, G32, G39

Keywords: SME, survey, lending, subsidized loans, Borsod-Abaúj-Zemplén County