Issues for the Visegrád countries of global and regional integration and sustainable economic growth

Miklós Losoncz

The paper analyses the major features of global and regional integration and their relationship with sustainable economic growth, using the example of the four Visegrád countries (the Czech Republic, Hungary, Poland and Slovakia). Global integration is interpreted as involvement of a country in the world economy, and regional integration as involvement in the internal market and EU policies. Global integration of Visegrád occurred with the transition to the market economy in the early 1990s, and thereafter through their regional involvement in the EU, which proved to be an external factor of outstanding importance to sustainable economic growth. The benefits for economic growth and impacts on it were far more significant for integrating into EU cohesion policy than for assimilating its trade policy and the single European market. However, the Visegrád countries face the task of identifying new external and internal driving forces for their economic growth in the light of the profound changes expected in EU cohesion policy after 2020.

Recession management and economic reforms in Hungary, 2010–2016

Gergely Baksay and Dániel Palotai

The authors assess Hungary's pursuit of economic convergence since the millennium. Initially Hungary opted for the seemingly easier course of economic convergence, but the model of relying on external financing turned out to be unsuccessful and unsustainable. Later the challenge presented by economic convergence was intensified by a need to restore the macro-financial balance. After 2010, reforms first in fiscal policy, then through monetary policy contributed to restoring the internal and external balances and so to a recovery in economic growth. Thus the economic fundamentals for sustainable long-term growth are in place, but competitiveness must be strengthened if the convergence process is to succeed.

Innovation as the key to sustainable economic growth in Hungary

Ferenc Pongrácz and Gábor András Nick

The Hungarian economy is approaching a modulation change. Growth hitherto has been powered by export-oriented international companies utilizing the labour force available in the country, which offered them good value for money. Hungary today

has one of the lowest rates of unemployment in Europe, and the level of employment, having been the second lowest in the EU, has reached the European average. So there is limited scope for further incremental economic development based on the hitherto successful tactic of attracting more people into the labour market. The key factor here, apart from demographic problems, is the ongoing technological revolution, fuelled by the increasing influence of software-enabled innovation. This is expected to change traditional industries and business models and becomes a key element of value creation.

Division and diversity – interrelations of cultural heterogeneity with quality of life and development

Zsuzsanna Bacsi

Spatial inequalities in the development and quality of life in countries are well known. Convergence and divergence in countries' development levels have been widely researched, but little heed has been paid to internal divisions and fragmentation among the population in the research area. Although heterogeneity may often impede cooperation, world economic history offers many examples of cultural or ethnic heterogeneity coinciding with development. The paper analyses the relation of cultural, ethnic, linguistic and religious diversity to level of development, using a sample of 155 countries, to which regression and discriminant analysis are applied. The research provides quantitative evidence that while linguistic, ethnic and cultural fragmentation coincide with lower development levels, religious fragmentation is often experienced in the most developed countries.

Changes in asset sales and ownership structures in Europe's energy sector, in 2010–2016

Klára Székffy

Among the changes in Europe's energy providing sector, mounting significance became attached to the sale of corporate property. The range of assets sold was very wide, covering power-station capacities, natural gas infrastructures, and whole regional groups of firms. The asset-sale programmes devised by the energy providers usually covered several years, with the declared purpose of reducing their indebtedness. Such redistribution of the property changed the size and business profile of the companies concerned. In almost all segments of electricity and natural gas the ownership relations changed as well: the importance of financial investors increased and new investors from outside Europe appeared. The asset-sale process cannot be seen as concluded, as the market conditions for traditional energy providers remain unfavourable.

International diversification and the innovation activity and performance of leading fast-moving consumer goods retailers

Irma Agárdi, Zombor Berezvai and Mónika-Anetta Alt

The paper investigates how international diversification affects innovation and performance at large European grocery retailers. It also analyses the financial impacts of the various innovation types. Based on a list of the top 250 retailers, European retailers show the most widespread international operations. International diversification provides several benefits to companies, such as access to new resources, development of innovation capabilities, and reduction of market risks. A panel database was created from secondary data sources containing measures for international diversification, innovation activity and financial performance of the largest European fast-moving consumer goods (FMCG) retailers in the period 2008–13. It was found that international diversification has a non-linear effect on process-innovation activities. Furthermore, international diversification has an inverted U-shaped impact on the retailers' profitability. Finally, marketing, product and process innovation have a positive, lagged effect on the profitability of the firms.

The complexity of industry 4.0 – Part 1

Olivér Kovács

This two-part study aims to go beyond the prevailing analyses of the fourth industrial revolution by shifting towards a complexity-economics approach. With a systems view, it explores the dynamic configuration of Industry 4.0 and the Digital Economy within the socio-economic system. In doing so, the author focuses on fields and interactions considered as the most relevant where some developments can already be perceived. Part 1 gives an overview of the nature of Industry 4.0 and the Digital Economy, outlines the contemporary status of European industry, sheds light on the main mechanisms behind recent trends, and concludes that digging deeper is necessary to a better understanding of the complexity of Industry 4.0. This will be addressed in Part 2, where the main trade-offs, synergies and unintended consequences are deciphered by emphasizing the need for cultivating governance. Part 2 therefore formulates the basic principles of the intelligent economic governance that can make the development of Industry 4.0 and the Digital Economy sustainable.

Market concentration among the banks in the European Union

József Tóth and Zoltán Zéman

Measurement of banking concentration can display numerous aspects and goals, but one of the most important issues is to determine the risks originating from the concentration. The authors calculate the concentration of banks in the EU by analysing the numbers of banks and branches, measuring the total assets, own capital, net fees and income from interest. According to this approach, a particular member-state is a unit of the population and the subject of analysis is the concentration of the quantitative data related to member-states. Bearing this in mind, the authors depict by the Lorenz-curve and calculate by Gini, Herfindahl-Hirschman as well as CR3 to arrive at indices of the concentration of EU banking market. The findings show that the concentration level of the European banking system is at least at a medium level.