

Innovate or Die! Financial Innovations in a Turbulent World

Katalin BOTOS

Latest financial crises draw attention to financial innovations, the evolution of the financial system is the history of monetary innovation. The study shows how money has changed in substance and how monetary instruments helped the evolution of the real sector. One of the causes of recent financial crises is that financial innovations were used in order to raise profitability of the monetary intermediary sector without measuring and evaluating risks correctly. Credit default swaps were harmful for the economy. The misled actors of the market ruined the financial system and made necessary the intervencion of the state. Price of this will be paid by comming generations. Innovation is necessary in the financial sector further on especially in connection of longevity and ecological problems.

Keywords: *monetary innovation, crises, risk evaluation, GDS*

Crisis Management in EU-10 Countries: Change in Positions

Árpád KOVÁCS

The crisis that broke out in 2008 and kept recurring in several waves, has brought to the surface not only the consequences of the shifting centre of world economy development and the structural problems of the European economy, but also the differences of capabilities, respectively of governance philosophies (e.g. choice of action scenarios) that existed within the group of the former „East Bloc” countries, accessing later the European Union (the EU10), as well as the differences that existed between the „old members” and the letter group.

In light of the above, it was appropriate to review, what common features and action solutions could be identified in the crisis management steps targeted at public finance, respectively, reviewing the emerging differences. The inherited structural differences in the public finance management of the later accessed group of the former “socialist” countries, the given level of their respective social entitlements, the equal taxation and social insurance ability of the real economy and of the society, the differences of the political traditions when it comes to judging the different possibilities, as well as in the chosen crisis management scenarios, all have come to the surface. Problems originating from lack of balance appeared, first of all, in countries where the harmony of economic performance and social services or the financing of welfare systems have been missing for a long time and the consequences of lack of performance have been covered by loans. Maintaining

harmony between economic performance and financing services by public finance resources are the preconditions of economic stability. Under the circumstances of a crisis this would require the solution of such financing „equations” that adapt to the new, external and internal economic capabilities and social realities that would far exceed the world of traditional „budgetary arithmetic.

Keywords: fiscal policy, crisis management, debt management

Crisis Management with Innovative Methods: The Example of Central-European EU Member States

Marcell Zoltán VÉGH

The Global Financial Crisis broke out in 2008 challenges the decision-makers of economic policies from all over the world. Currently, we can see a constant debate concerning the efficient methods of crisis management due to slow recovery of the economies. The complexity of trading and capital-flows between countries leads to interdependence of the countries' crisis management, so innovative and forward-thinking measures can be justified.

The Crisis hit the economies of Central-Eastern Europe hard, showing less capability to resist the effect of the financial collapse than Western European countries. The economic situation of the CEE region was aggravated by factors like huge levels of public debt, household indebtedness in foreign currency and undercapitalization of banking sector, but with different impacts. The situation urges the equilibrium of fiscal discipline and stimulus.

In my study I examine the crisis management measures of the EU member states of Central-Eastern Europe during the Global Financial Crisis. I make an attempt to typify these measures, identify crisis management strategies and underline which strategy is supposed to be successful in the specific macroeconomical environment.

Key words: crisis, eurozone, eurozone crisis, crisis management

Conceptual Relations of Institutions, Uncertainty and Competition

László CSORBA

The fact that institutions reduce the uncertainty of actors is a well-known finding of institutional economics. Those institutions that allow competition, caused greater

uncertainty in given action situation for the players than harmonious institutions, such as cartel. For continuous renewal of the institutional system, however – the coordination mechanisms function properly too – an extensive and continuous relevant players' innovation is required. The necessary institutional innovations, however, likely only the greater competition can create. Thus, participants of the competition must take in uncertainty increasing in order to be able to decrease the all uncertainty of players by the renewal of the institutional system.

Keywords: institution, uncertainty, competition, scarcity, innovation

Why has Technological Development Slowed Down in Europe?

Julianna CSUGÁNY

At the end of 20th century, the information and communication technologies launched a new techno-economic paradigm shift. The skill and knowledge-based innovation could create opportunities for income inequalities moderation, but at the same time technological gap become larger between USA and European countries. In the field of R&D&I and institutions, there are special European characteristics.

This paper compares EU countries and USA concerning differences in the relevant areas of technological progress. In the United States, research and development concentrated mainly in enterprises, as well as there is effective cooperation between actors who are interested in innovation. European countries try to become successful in the field of R&D with government support, while knowledge transfer is not so effective between the actors of innovation system. In Europe the practical application of results of R&D is moderate, which cause the slowdown of technological progress.

Keywords: technological environment, research and development, innovation, intellectual property rights

Modern Methods in Innovation-targeted Research Organisation in the Food Industry

Sándor BALOGH

The trends of new product development in the food industry shows towards more and more complex food items. Indication of this can be seen in the growing offering of the functional and "novel" food items. These innovative food products support the

restoration of the consumers' health; assist in overcoming a number of "popular" health issues, such as obesity, and help strengthening the human immune system. This orientation of development in the Food Industry's system of "vertical" links demands a course towards the Health Industry. At the same time, a complete review of the current organisational practice in the local R+D is warranted. Change should be implemented in the areas of research projects, in the financing background, in the targeted concentration of human resources, and in the co-operation with the International Scientific bodies.

Keywords: new product development (NPD), functional foods, novel foods, health industry, R&D, international research cooperation

Surveying the Clustering Opportunities of SMEs in the Hungarian-Romanian Cross-border Region

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As cluster-mapping – identifying potential and existing clusters in a region's economy – has found its place in the scientific literature, several attempts have been made in the developing countries to reveal the economic structure of the country, a specific region or county, and to find their highpoints.

Despite the fact that an effective regional or local development process with the rational use of the resources at hand ideally needs the outputs of a thorough study revealing the true drivers of the economy, in practice the toolkit of cluster-mapping is often ignored. The reason is the difficult and problematic adaptation of the tools developed for developed countries: statistical databases have their shortcomings, primer data collection is rather costly.

The aim of this paper is to carry out an inquiry into the southern part of the Hungarian-Romanian cross-border region on the basis of this toolkit, however. Besides the awareness of deficiencies and difficulties, this study gives results based on exact data. These results may also form the starting point of further studies. The economic structure of the cross-border region is analysed from different aspects, which together lead to certain consequences and also to the identification of the potential "Human resource", Construction and various processing industry clusters of the region.

Keywords: cluster mapping, cross-boarder, processing industries, innovation

Territorial Capital – A Theoretic Framework of Innovation Systems of Rural Areas

Gábor BODNÁR

In the past decades, rural areas came through significant changes in whole Europe and in Hungary too. Due to the relevant social and economic changes, countryside areas have important functions beyond agriculture.

In my paper, with the aim being thorough literature review, I examine the concept of territorial capital, which appeared a decade ago already in policy documents, but the scientific framework has been outlined in the recent past. My paper's logic as follows: first, I'll shed light on the way which lets us understand the essence of such a complex approach. So, in this part I review the processes of rural areas both in Hungary and in Europe. Later, I examine the presence of innovation systems in countryside what belong to the valorisation of endogenous development. Such way I can describe the Agricultural Innovation Systems (AIS), which today already have relevant literature. In the second logical unit of my work I highlight of complex approach of territorial capital.

Keywords: territorial capital, rural areas, agricultural innovation systems

The Importance of Social Capital in Economy, and its Role in the Social Construction of Innovations

Péter SAVANYA

The concept of „social embeddness” was summarized by Granovetter, based on the result of sociology and economics and network paradigms. Regional science underlines the role of social relations behind economic performance, transactions of business networks, and institutional background of innovation system.

The social capital is a possible answer for forming the network mechanisms of social-cultural space. Social networks can be identified as the appearing form of social capital, where the connections are based on values, norms, trust, information; social capital means the manifestation of mechanism behind cooperations and actions in society. As institutional background the social capital includes principles in economic and social interactions, such as fair competition, co-operative behavior in common actions, learning, knowledge diffusion, and forms the space for business transactions, creation of network-based resources, and shaping innovation processes.

Keywords: social capital, economic networks, innovation

The Role of Innovation in Competitiveness of City Regions

Sarolta Noémi HORVÁTH

Competition between cities and city regions is peculiar. Its basic goal is the increase of the total income of the given territory and thus the rise of social welfare. Taking into consideration different economic models, various assumptions emerge within regional studies too. Therefore, different conclusions appear with regard to the economic catching up of distinctly developed as well as having different conditions city regions. However, it has become self-evident nowadays that innovation potential of a given area significantly affects the competitiveness of city regions.

Through the examples of city regions, present study primarily discovers the main relationships of territorial competitiveness and territorial innovation from the viewpoint of endogenous development. The paper attempts to determine a possible set of indicators expressing territorial competitiveness. Those indicators are selected, which appear in the most of the international competitiveness analyses.

Keywords: *innovation, city region, competitiveness, development*

The Role of Dynamic Relational Capabilities and Loyalty in Inter-organisational Links

Erzsébet HETESI – Márton VILMÁNYI

The focus of our study is the relation of the business organisation to the management of networked relationship. In this paper, we study the effort of the global crisis on the refereeing of the relationship capability and organisational loyalty in inter-organisational context. In our study we review the literature background of the B2B loyalty and relationship capability. On basis of earlier research findings and our empirical experiences, we try to identify the factors of B2B loyalty and relationship management. Based on our results, we suggest, that the level of relationship management influences the level of loyalty. In our opinion the mechanisms of relationship management affect the perceived relationship quality and contribute to partner loyalty.

Keywords: *dynamic relational capability, relational management, trust, B2B loyalty, crisis*

The Importance of Trust in the B2B market on the Example of a Pharmaceutical Innovation

Beatrix LÁNYI

Innovation is one of crucial elements of company growth and competitiveness. In modern business life new market structures and branches may arise. There is no strict border-line between these new innovative market structures, as frontiers among competition and co-operation have blurred. Majority of innovations does not only origin from the research and development department of a company. As a consequence of company co-operations and interactions new networks with specific characteristics arise, so unique and particular resources become available to the members. During innovation activity - especially on B2B market - the influence of business partners has become much more intensive. This shared fruitful value creation is beneficial for both parties. Co-operation can only remain stable and long-lasting if trust is mutually expressed. Enduring business relationships mean safety, trust and certainty also from the point of view of resource allocation. All this encouraged me to analyse the importance of trust in my article. I examined the relevance of trust during innovation co-operations among pharmaceutical companies with production base, which can be considered as one subsegment of Hungary's most innovative branches.

Keywords: innovation, co-operation, pharmaceutical industry, trust

Effects of Management Orientations on Growth in Case of Austrian and Hungarian SMEs

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In our study we examined the relationship between corporate resource availability and growth moderated by the effects of entrepreneurial orientation and customer orientation. Our two sample consisted of Austrian and Hungarian SMEs which made an opportunity to compare the two countries. We used a questionnaire based on the model of Eggers et al. In case of the two countries the relationship between the resources and the customer orientation was the most obvious difference. In the Hungarian sample the availability of resources also related to higher customer orientation which is connected with short-term growth goals. In Austria the availability of resources has a relationship only with entrepreneur orientation. Only the entrepreneurial orientation is positively correlated with growth. Considering the

valuation of cultural dimensions in the GLOBE-study our findings were interpreted also in terms of cultural differences.

Keywords: management orientation, growth, culture

The Role of Technological Development / Innovation in Child Labour: Problem or Solution?

Bettina MARTUS

In our rapidly changing world innovations are necessary for companies if they want to be competitive. While corporations tend to carry out their R&D activities in a developed and dynamic environment, production activities often take place in developing countries. The demand for low cost factors of productions is so high among present market circumstances that many children have to work because of mass production. Does innovation contribute to child labor? Or is there an inverse relationship: can technological development help to eliminate child labor?

Present paper analyses the relationship between innovation and child labor. It concludes that because of the effects of globalization, innovation contributes to an increase in the rate of child workers. The main reason for that is that R&D activities are even more separated from production activities both in a spatial and in an organizational sense which increase the demand for low paid (child)workers.

Keywords: child labour, innovation, macroeconomic effects

Innovation and R&D in International Financial Reporting Standards

Zsuzsanna Ilona KOVÁCS

It is essential that general purpose financial statements give proper information on the economic entities' innovation capacity, which plays a fundamental role in the knowledge-based economy. However, international financial reporting standards leave a very narrow space for internally generated intangible assets on the balance sheet, except for the costs of development. Defining the innovation process as basic research and applied research (development) derives from the linear model of innovation.

Certain modifications of financial reporting standards shall be considered based on the critical review related to the linear model of innovation. As present regulations fail to give all relevant information on intangible property (including in-

novation capacity), the modification of the applied definitions and the recognition criteria could be a possible solution.

Keywords: international financial reporting standards, internally generated intangible assets, innovation

The Application of Corporate Controlling Methods in the Evaluation of State Performance.

József KÁRPÁTI

The performance of a “good” government should be examined in a very complex way. In my opinion this achievement can be reached first of all by the use of up-to-date controlling (management control) practices in public organizations. My article introduces the brief history of this idea in the 20th century then describes basic operational differences of the public and competitive sector. The article shows the elements of the “3E” model in public administration, emphasizing the importance of strategy creation and strategic planning in the controlling circle process. After the further description of the organizational controlling model for public institutions, on macro level I introduce a complex set of possible indicators and a framework for their usage in the overall judgment of state performance.

Keywords: public administration, controlling, „3E” model, strategic planning

The Law-Instruments of Technology and Knowledge Transfer

Márta GÖRÖG

There are two determinate agreements in the field of technology-transfer: license and assignment agreements. Focusing on law-instruments, the paper concludes that the license agreement is the basis of any other transfer-agreements, basis for example of the merchandising or franchise contracts. The know-how/trade secret is the most characteristic article of the technology-transfer and knowledge-transfer. Know-how and his/her definition sometimes can not so easy in practice interpret, it is provided in the new Civil Code as trade secret. In the paper are illustrated the changing rules of research agreement as well.

Keywords: trade secret, license agreement, assignment agreement