Adverse Selection or Economics of Identity?

László GARAI

Akerlof, Spence and Stiglitz received the new Millennium’s first Nobel Prize in economics for recognizing that the beneficial or adverse selective operation of the market depends on economic-psychological criteria. Stiglitz interpreted these criteria within the frameworks of information economics established by him while Spence did the same in the context of signaling. However, the signaling and in general the relationships of what this regarded was not, in fact, information but rather the relation of its handlers and different respects in general (e.g. their asymmetry). Akerlof recognized that the key factor of this relation is the identity of those who compose it. The present study (based on the author’s book entitled Economy of Identity) further develops this research line: contrary to the Nobel laureates it does not consider ready-made (e.g. sexual, age, cultural, religious) identities, but shows instead how forming a social identity happens through the processes of social categorization and social comparison.

Key words: information economics, signaling, economy of identity, social categorization, social comparison

Where Does the Weakness of Large-Scale Systems’ Theory Lie?

– Model and Reality –

Tibor VÁMOS

The role of the human being and therefore psychology is far more important in economy and in the serving but not dominating type of realization of material relations connecting people than ever before, in times not so much supported by machines. This immense task may be facilitated by the continuous development of computer science, mathematics and model building although the ultimate goal is an ever-increasing fusion of humanities and science.

Key words: information society, economic psychology
Changes of Market Mechanisms and Behaviors in Information Economics

Balázs HÁMORI – Katalin SZABÓ

The 90s brought along surprises in various fields of economy. A series of unusual phenomena emerged, which contradicted all that was considered as normal and obvious based on experience and economics textbooks. Market innovations that significantly change the parameters of transactions – and often reverse them – could make a long list. Customized production methods that replace mass production give analysts a hard time just as well as the transformation of the market itself. The types of selling and buying so far unseen or novel dynamic pricing mechanisms based upon information technologies raise new questions. Our paper introduces the changes occurring in the fundamental building stones and mechanisms of the market departing from the dematerialization of the object of exchange through the digitalization of realizing transactions to pricing. In close relation to all these it also discusses the new aspects of market players’ attitudes and behavior, with special emphasis on trust.

Key words: E-commerce, customization, dematerialization, dynamic pricing, auction, personalization of prices, package selling, trust, macro and micro trust, repeated transactions, identity stealing, mixed strategies

Selection and Information

Péter KUBA

This paper approaches the phenomenon of information in economy from two different aspects. First it examines what mathematics can say to economics regarding the measurability, nature and role of information in decision-making processes. Then it also discusses how information occurs in economic processes from a psychological point of view. Each of the two approaches focuses on a narrow area: from a mathematical aspect on game theory of asymmetric information as an information process, more precisely social identity and selection, its special dimension. Finally the paper shows a connecting point between the two special areas with the help of the terms of improductive signals and selection, then poses questions worthy of further consideration regarding this connecting point.

Key words: asymmetric informational game theory, adverse selection, Spence-model, improductive signal, identity, social identity, categorization, selection
Information and Information Signals in the Liska Model

László CZAGÁNY

Tibor Liska originally approached the most important questions of economic systems on a different basis from what other Hungarian economists of the period used. The national attempts of reform in the 1960s and 1980s aimed at adapting the mechanisms and institutions of the Western economy that was without doubt more effective. Contrary to these Tibor Liska regarded all economic systems as bad and intended to create brand new grounds for economy and therefore society. The key representatives of Hungarian economic science could not fully identify with every detail of his radical views, however, his intellectual independence, moral courage and the depth of his thoughts won wide recognition.

He, for example, had a fundamentally different approach towards the question of the necessity of market relations. According to the widely accepted view existing property relations justified the necessity of expanding product relations. Liska, on the other hand, argued that the production of goods as one potential way of the institutionalization of economy could not be associated to any form of property. The market, or the production of goods is not a special system of acquirement but rather the institutional system of handling information.

While he regarded the market as the only possible coordinating institution of our days and not for a moment believed in the abolishment of production, he strictly criticized all systems of property evolved so far. His theoretical model outlined a mechanism ensuring that resources always belong to the entrepreneur who can operate them most efficiently.

Key words: production of goods, property, information system, identification

Protestant Identity and the ‘Spirit of Capitalism’

György KOVÁCS

Departing from Max Weber’s by now classic thesis, the paper tries to give an answer to whether the connection between ‘protestant ethics’ and the ‘spirit of capitalism’ revealed by Weber, or Ernst Troeltsch – regarded as more determinant from the point of view of the protestant attempt of interpretation – was realized in Hungary’s case, if yes, to what extent and if not, why not. Is the opinion of theological professor Jenő Sebestyén, the outstanding Hungarian representative of the theological direction of historical Calvinism phrased in 1911 true, according to which the ethical ideas of Calvinism did not have such a great effect on the transformation of Hungary’s economic life as in Switzerland or Holland because the religious life of Hungarian Calvinism was not so strong or maybe the reformed activity also expressed in
solving social questions – as also Ernst Troeltsch emphasizes in his work entitled Die Soziallehren der christlichen Kirchen und Gruppen – was realized in Hungary as well, however, owing to the special historical relations this activity materialized in the fight against counter-reformation and in the protection of class-related positions and national independence. Discussing this question may be interesting also considering the fact that Hungary’s protestant public thought always had strong debates on whether reformed Christianity could be interpreted and evaluated mainly as a religion, as reformed individual and clerical life or – considering its scientific, cultural, national and political achievements – as a ‘nation-saving sociology’, cultural philosophy, life-shaping intellectual power.

Key words: protestant ethics, capitalism, historical Calvinism

Methodological Questions of Studying Economic Networks
László DINYA – Szilvia DOMÁN

The concept of network economy moved into the spotlight in the last decade although research in this field is hindered by various unclarified terminological and methodological questions. Following the precise interpretation of economic network we outline the potential novel aspects of research, with special emphasis on diagnosing the existence of spontaneously emerged complex networks as well as interpreting the general working principles of these networks in economic networks. We introduce the distinction between spontaneously emerged and formal economic networks and for the analysis of the competitive effects of formal economic networks the combination of Porter’s competitive forces and Porter’s Diamond Model. We also outline the ‘top-down’ survey model of economic networks and, related to this, phrase the common rules of their self-organization. We interpret classical organizational features in the case of economic networks and introduce terms like the intensity and coordinatedness of network relations as well as their categories and based on them alternatives for the novel classification of network configurations.

Key words: network economy, complex economy networks, methods of analyzing network features

Organizational Culture and Identity
Éva MÁLOVICS

No consensus has been born in the literature regarding the definition and features of organizational culture and there are contradictions in empirical studies as well. The reason for this multiplicity and confliction must lie in the complex definition of cul-
ture (its ‘onion-like nature’); researchers were forced to apply different simplifications in order to be able to define and research it. Of course everybody did this from their point of view and by emphasizing the aspects that they regarded as important.

Nonetheless, the role of the functional managerial approaches of the field becomes more and more significant. The followers of this approach view organizational culture as a sub-system of management interpreting it as a tool of managerial control that can contribute to the establishment and maintenance of the normative form of psychological contract in organizations. In terms of management this means that it has to deal with what employees think or believe in and according to this, management also includes a value-shaping process. In the literature a shift of emphasis can be seen towards soft elements, management style, shared values and identity.

This paper introduces more, relatively different approaches, out of which management sciences consider mainly the integration approach drawing a comparison with the approach departing from the theory of social grammar, great differences and unsolved questions are underlined.

Key words: integrational approach, theory of social grammar, learning culture

The Effect of Society and Culture on Networking

Réka PATIK

As the role of spatiality becomes more and more important, new challenges emerge in economy and regional science. Transforming economic space creates new structures (i.e. networks, clusters, industrial districts), which more and more often become the subject of empirical observations. The wide variety of these structures raises several questions. To give an example, firms of an industry in one country tend to cluster, while they seemingly do not in another, although the advantages of clustering are well known due to conferences, publications, etc. Differences occur in the nature of cooperation, too, the understanding of which can definitely help forming development programs and regional strategies.

Our paper defines the role of networks based on the current literature, additionally, it uses the concept of social capital, which plays a major role in cooperation. At the end empirical examples support our findings. Without analyzing empirical data, this paper intends to find the connection among the keywords of the topic.

Key words: cluster, network, social capital, trust
Organizational Learning, Network Competence, Trust

Márton VILMÁNYI

In the concept of network cooperations knowledge and learning appear as the key elements speeding up the innovation process. Network cooperations realized among organizations assume a significant role in the interactive learning process; however, research in social sciences poses the question again and again: how can a company really develop network relations, and operate along these; how can a business or non-profit organization exploit the competitive benefits that are potentially available through its relations?

This paper examines this question from the aspect of organizational competence. Our aim is to identify organizational competence, the presence of which enables a company to develop other types of competence in a network environment using the features of that environment. We introduce the concept, the model of network competence that offers a solution to handling these factors.

The paper shows what competence-elements need to be developed in order to realize successful network operations and exploit potential benefits. To realize efficient network operations organizations need information and knowledge about the entire network describing the parameters of individual partners as well as organization-specific features and the capability of handling trust, one of the central issues of the research analyzing today’s interorganizational relations.

Key words: network learning, network competence

Gender Aspects of Social Networks of Relations

Zsófia KÜRTÖSI

Several social sciences recognized the use of analyzing social networks of relations and have been successfully applying a network approach in their own research area to analyze the relations of different social players and explain network members’ behavior. The present paper focuses on the forms of interaction among individuals and intends to show their potential differences based on gender. Besides describing networks inside and outside the working organization, at the introduction of network features we also go into details regarding the gender differences occurring in the system of relations at different life cycles and working mechanisms of selection on the basis of similarity.

Key words: network approach, gender differences, networks in the organization
The Role of Regional Identity in Regional Economic Development

Miklós LUKOVICS

Lately – parallel to globalization – localization has been playing a significant role. The resources of the permanent competitive advantages of successful companies seem to have local concentration; therefore regional scientists are expected to become experts of the local basis. Concerning countries, the European Union places special emphasis on the question of economic and social cohesion. Programs elaborated to accomplish cohesional goals can only be successful with strong regional unity. Therefore, it seems essential to find out whether a region can bear an identity and whether identity can be present in any collective form at all.

After attempting to clarify the theoretical background of identity, the present paper examines what kind of message the presence and strength of regional identity has for regional economy development.

Key words: regional identity, regional economy development, regional competitiveness

Local Social Environment in the Incubation of Small Enterprises

Zoltán BAJMÓCY

A problem always present – although rarely examined – in connection with the development of start-up enterprises is that the differences in economic structure cannot justify the regional differences of newly formed small enterprises. From the aspect of successful development it is therefore necessary to include other social elements in the set of analyzed aspects. Especially significant among these elements are local culture, local identity and the social capital rooted in these that exercise a fundamental effect on the success of entrepreneural activities.

Through the example of business incubation, a special business development tool, the present paper examines the effect of local environment on start-up enterprises and on the success of their development, with special emphasis on cultural and motivational elements influencing the formation of enterprises. Based on a review of international literature we intend to define the factors affecting the success of business incubation, then to draw conclusions from the built-up model in connection with the Hungarian application of the tool.

Key words: new firm firmation, business incubation, local culture, local identity
Schizophrenic Small Entrepreneurs

Katalin BOTOS – Péter HALMOSI

The situation, loan relations, capital supply of small enterprises, their role in employment, and the overall importance of the sector constitute the object for analyses of economic-policy and research institute debates on a daily basis. A relatively large number of publications deal with this field, therefore, it is highly questionable whether a different approach can be established in an environment constituted by traditional research directions.

Most approaches are economic. They look for the competitiveness of small enterprises and try to find out whether they can survive in the midst of today’s challenges and how much they cost society. In other words, what type of support is necessary to maintain the viability of the sector or maybe to strengthen it. At the same time, not so many analyses are available on the psychological approach towards the entrepreneurs of the sector. With surviving in the focus not much attention is drawn to the entrepreneurial inscape and soul. Our paper focuses on this aspect.

Key words: small entrepreneur, forced enterprise, role conflict, legal protection

The Role of Entrepreneurial Spirit in the Formation of Spin-off Enterprises

Norbert BUZÁS

In terms of entrepreneurship the EU lags far behind the United States, its main technological competitor. Former research shows that the fundamental reason for this lies in the differences of risk-taking. As shown by various authors, in the United States many bright young professionals form their own businesses at the beginning of their career and, in case of failure, keep trying to establish new companies again and again and search employment only after several failed attempts. On the other hand in Europe those starting new enterprises most often tend to be the ones who after several attempts could not find employment or ‘settle’ in a workplace. Entrepreneurial spirit is particularly important in the formation of spin-off companies since these enterprises are the main depositaries of the market utilization of research results. The present paper aims to explore the major hindering (identity, motivational etc.) factors that in a university center (Szeged) obstruct the mass formation of spin-off companies and looks at how the higher education contributes to strengthening the entrepreneurial spirit.

Key words: spin-off, knowledge intensive enterprises, technology transfer, entrepreneurial spirit
The Sociology of Consumption

Erzsébet HETESI

The analysis of consumption started attracting sociologists’ attention at the end of the 80s since it became more and more obvious that consumption does not simply have the function of reproduction but has become the driving force of society. Individuals’ decisions of consumption are not merely rational decisions but are socially imbedded and consumption does not only serve the satisfaction of needs but reinforces status, has a demonstrative nature and constructs identity.

First of all, the paper searches an answer to what the existing and detectable connections of social position, living standard, lifestyle and consumption are, in other words, whether belonging to a social class determines living standard, with living standard affecting lifestyle and lifestyle defining consumption or does consumption demonstrate our social position? A further question of theoretical approaches and empirical research results is whether the redefinition of consumption is necessary and how much research into consumption is needed for learning more about our future society?

Key words: stratification, living standard, lifestyle, consumption, product fetishism, status, identity

Results of Marketing Research in the Sociology of Consumption

Zoltán VERES

The antecedents of marketing research with an interpretative force for the sociology of consumption are sporadic. Only a few theoretical and business research projects can be mentioned in this field. An unusual phenomenon of well-known for-profit researches sometimes being more mature from a methodological point of view can also be observed and the impetus to developing theoretical frameworks can also be expected from that direction. The most promising research is the Target Group Index (TGI), which can serve as ‘raw material’ for certain further scientific investigations. On the other hand, its achievements also include such elements that explore certain models relevant to the sociology of consumption with a high level of scientific methodology. The further research topics of the Marketing & Management Department at the Faculty of Economics and Business Administration of the University of Szeged include the exploration of the regional consuming profile of certain social segments. Within another topic the research team is going to verify TGI’s nationwide representative results with a qualitative research method. In this latter especially the analysis of segment overlaps, i.e. group deviations of consumption sociology seems a research problem, the solution of which is indispensable for theoretical
clarification. The aim of the present paper is to review the above defined research antecedents and define further potential research directions in this field.

Key words: sociology of consumption, marketing research, lifestyle research, McDonaldization, Target Group Index

Brands of Countries, Countries of Brands
– the Theory and Practice of the Country-of-origin Effect –
Árpád Ferenc PAPP-VÁRY

The judgement of products and brands on the global marketplace is closely related to which country they are produced in. The English-speaking marketing literature calls this country-of-origin effect (COO-effect), although many experts use the expressions of ‘made-in marketing’ or the ‘made-in label’ too.

In this study I first analyze the different image concepts to describe the theory of COO-effect in an easily understandable way. My goal is to produce results that can also be used in practical marketing; therefore I introduce certain marketing strategies depending on the image of different countries and the image of different brands. At the end of the article I pose a question instead of a traditional summary that may be interesting for all of us: what image do Hungarian products have?

Key words: image, brand, product, country, marketing

Consumer Rationality and Competition Policy
Zsolt FENYŐVÁRI

One corner stone in the traditional analysis of economics is the assumption that well-informed consumers behave rationally. Representatives of the new institutional school who (also) deal with this topic have already made successful attempts to expand the orthodox analysis in many ways at the same time preserving its values. A common feature of the efforts is that they represent institutional elements as endogenous variables in the examined system that make the model life-like and realistic, therefore suitable for testing empiry. In the spirit of these efforts the paper attempts to analyze limited consumer rationality taking into consideration Hungary’s competition policy. Its aim is to show how the factors influencing consumer behavior are institutionalized in designing competition law and especially the Competition Council’s legal practice that jointly channel Hungarian consumers struggling with the challenges of welfare towards the range of limited rationality – horribile dictu, towards irrational behavior. In other words: we search the answer to the question of whether – and if yes, how – limited consumer rationality is displayed in the practice
of competition policy as a consciously treated institutional element. According to our assumption the practice of lawmaking and application in competition policy justifies the behavioral patterns differing from rational – defined by prospect theory.

Key words: competition policy, consumer rationality

Investors or Angels? The Motivations of Informal Venture Capital Investments

Andreász KOSZTOPULOSZ

A report completed for the European Commission points out that the capital supply available for start-up or early stage enterprises in the Union increasingly depends on the activities of business angels. These investors not only ensure sources of financing but they also lend their managerial experience to enterprises, what increases the chances of start-up enterprises’ survival. The authors of papers dealing with venture capital investment in Hungary more and more often mention the Hungarian presence of business angels and increasing role of their investments too.

A well-defined direction of international research conducted in the field examines the nature of business angels and its special characteristics different from venture capitalists’ and general investors’ behavior emphasizing that in these investors, besides financial motivations, altruistic and hedonist considerations are also palpably present. After introducing these achievements, our paper, also shows based on an empirical survey that the activities of Hungary’s business angels are not exclusively motivated by the financial return of the investment either.

Key words: business angels, informal venture capital, investment motivations, utility-based market segments, altruistic and hedonist investors

The Institutional Support for Entrepreneurship in Csongrád County

Szabolcs IMREH

One of today’s most important problems is unemployment that may lead to serious economic and social tensions. A possible tool of reducing unemployment is to support entrepreneurship, which, in a fortunate case can create permanent workplaces. Various different solutions are known for the encouragement of becoming an entrepreneur, the paper analyses one of these alternatives.

The study first of all offers a review of the role of small- and medium size enterprises in employment, then it examines some theoretical questions of the support for entrepreneurship introducing the most important experience available from international practice. Finally we describe the programs organized by the Employment
Center of Csongrád County, discuss experiences accumulated in the past few years and also phrase some proposals.

Key words: entrepreneurship, enterprise development, unemployment

The Situation of the Aged and the Crisis of Hungary’s Pension Scheme during the Transition in Hungary

Szabolcs DEÁK

The development of a pension scheme requires long term planning since members of the age group that will retire in 2040 are already employed. Therefore, the stability of pension insurance is highly significant. On the contrary, Hungary’s pension scheme was reformed three times during the life of this age group. The crisis of the mechanism shaped by the reform in 1975 occurred owing to the social and economic transformations of the change of the political system, therefore, in 1991 the Parliament decided to reform the pension scheme. Although this was realized only in 1997, the situation called for immediate intervention, as a result of what regulations regarding pensions underwent significant modifications in 1992. This way people who started work in 1974 reached only half of their career in 1997 but they had to learn the rules of the fourth pension scheme already.

This paper examines the processes leading to the two latter reforms following one another in only six years’ time and the effects of these reforms on the pension scheme and through this on the situation of pensioners. The first part of the paper reviews the entire pension scheme through its financability. Within this we describe the processes resulting in the crisis of the early 90s with special emphasis on the changes in pensioners’ situation. The second half of the paper introduces some elements of the reform that took place in 1997.

Key words: pension scheme, social policy, change of the political system, income inequalities

The Social Embedness of the Underground Economy

Ion IMBRESCU

Economic activities mean not only official activities but also the activities that belong to the so call underground economy. In this paper, I try to define the sphere of underground economy and to reveal the aspects of informal economy as part of it. Informal economy means those kinds of activities, which have predominant non-negative effects in the economic life of a country. There are several cases when informal activities belong to traditions or even culture and not to pure economy. But,
if these kinds of activities are used as special events, it is possible to have a positive 
and stimulating role in the development of the areas where they are present. I try to 
reveal in this paper that several informal activities created very strong liaisons be-
tween members of small communities of Almaj Valley, liaisons, which create a 
process of social identification.

Key words: underground economy, social identification, social and economic devel-
opment

Market Information and Multicollinearity

Tibor PETRES – László TÓTH

Databases consisting of a great amount of data often carry little information. The re-
lation of the variables in the database can explain this. This relation can in fact be 
interpreted as a type of redundancy.

Our paper introduces a new measure that includes the eigenvalues of the cor-
relation matrix of variables and also makes possible the percentual measurement of 
the degree of collinearity: its value is 0 percent if each eigenvalue equals one, and 
100 percent if all but the first eigenvalues equal zero.

Key words: database, redundancy, multicollinearity