

#### HETEROGENEOUS FIRMS AND FOREIGN TRADE

Gábor Békés, László Halpern and Balázs Muraközy

The paper presents the characteristics of Hungarian foreign trading firms and specificities of export dynamics that are revealed by analysing data on firm-level balance sheets and product-level trading. This empirical analysis follows the logic of models based on models of heterogeneous firms. It is found, in line with international evidence, that foreign trade in Hungary is highly concentrated, five per cent of firms accounting for more than eighty per cent of the total export–import volume. The firms that conduct foreign trade are more efficient than their non-trading peers in exports and in imports. Moreover trading status is a more important factor in efficiency ranking than whether the firm is domestic or foreign-owned. Finally, the authors present the main empirical findings on three aspects of Hungarian trade; the relationship of exports and imports, the role of innovation, and the stability of international trade flows. The findings suggest that competitiveness and growth are strongly related to trading activity. Thus the promotion of entry into foreign markets needs to be a prime economic policy concern.

#### THE ORIGIN OF THE FIRM

Gyula Lőrinczi

Three-quarters of a century have elapsed since Coase's path-breaking essay "The nature of the firm" appeared in 1937. After a pupation period of several decades, the bright butterfly of transaction-cost economics eclosed at last in the 1960s. The literature since abounds with theories of the firm, its economic behaviour, micro-economic rationality, etc. Though much is known about the firm, one important question remains outstanding and unexplored. Missing, apart from the economic and organizational reasoning behind the development, structure and operation of firms present and past, is a precise description of the real economic and legal circumstances that made the effective emergence of the firm as we know it historically possible. The article takes complex economic and legal approach to investigating this historical process.

## CHALLENGES IN ECONOMIC RESEARCH AND EDUCATION

László Csaba

This essay joins the soul-searching that has developed globally among economists since the financial crisis of 2008–2009, whose still open-ended outcomes make it likely that such self-critical reassessments will continue in the years to come. Economics is marked by the parallel existence of substantive hollowing and increased reliance on interfaces with neighbouring disciplines. So the plurality and none-too-peaceful coexistence of schools and methodologies is likely to persist. Similarly abundant are the attempts to theorize and generalize new phenomena in policy and business practices. Hungarian economics continues to be a follower – a trend-taker rather than trend-setter – as it was in the inter-war period. Experience has been accumulating for over 25 years in introducing Western-style higher education in economics. The increase of student numbers and steep decrease in public funding thereof call for major restructuring in curricula, institutions and teaching methods and styles alike.

## CHANGES OF HR FUNCTION AT LOCAL SUBSIDIARIES OF FOREIGN-OWNED FIRMS IN HUNGARY AND THE CEE REGION

József Poór

More than two decades ago, a pair of authors (Bagó and Kulcsár 1990) drew attention to the significant difference between the ways domestic and foreign-owned companies managed human resources (HR/HRM). It has been shown in several studies by Hungarian and foreign researchers (Hiltrop 1991, Kertesi Köllő 2001a and 2001b, Potter 2003, Antalóczy and Sass 2005, etc.) that international subsidiaries have a significant advantage over local firms in wages and productivity. Failure to highlight the HR basis and drivers of these marked advantages is a debt still owed in empirical Hungarian literature. The research project considered here examines the HR functions and practical applications of multinational subsidiaries in seven countries (Croatia, Estonia, Hungary, Poland, Romania, Serbia and Slovakia) in the Central and Eastern European region. This article reviews the literary history of the research model, on whose various sources and experiences the proposed research model will be based. The author describes in detail the analysis conducted in 2008–2009 (at 279 subsidiaries), and finally discusses the sum of the research experience in the relevant countries and in Hungary.