Case Study on Ethnic Entrepreneurship

BUDAPEST

Author:

Tünde Szabo

Institute for Urban and Regional Research, Austrian Academy of Sciences

Postgasse 7/4/2, A-1010 Vienna

0 Foreword

In 2006, the European Foundation for the Improvement of Living and Working Conditions, the Congress of Local and Regional Authorities of the Council of Europe, and the City of Stuttgart created a European network of Cities for Local Integration Policies for Migrants (CLIP). The project aims at collecting and analyzing innovative policies and their successful implementation at the local level, supporting the exchange of experience between cities. The network enables local authorities as well as national and European policymakers to learn from each other and thus to pursue more effective integration policies for migrants.

Starting with module 3 the CLIP network is now supported by six migration research institutes in Bamberg (coordinator), Amsterdam, Wroclaw, Turin, Swansea and Vienna. The researchers at the Institute for Urban and Regional Research of the Austrian Academy of Sciences in Vienna are responsible for this report on Vienna.

An enormous effort has been undertaken by Ms. Tünde Szabo to collect all the necessary data for this report and who could make the interviews in Hungarian language. It is only thanks to Ms. Szabo's efforts that this report came about. A regrettable fact was that the Municipality of Budapest was neither very interested in the topic of this module nor very cooperative. Even the Common Reporting Scheme had to be completed by the author of this report because of a lack of response by the City.

Precious information for this case study was provided by a lot of Governmental institutions: the Ministry of Justice and Law Enforcement Department of Support Coordination; the Hungarian Central Statistical Office Demographic Research Institute and the Office of Immigration and Nationality Refugee Board. A lot of information could also be gathered from the Hungarian Chamber of Commerce and Industry and the Budapest Chamber of Commerce and Industry. Furthermore we are very closely obliged to Menedék Association and the Asia Center Budapest which provided information about the topic of migrant business from the migrants' perspective. We want also express our appreciation for the good mood of cooperation to the GVI Research Institute for Economics and Enterprise Analyst. Last but not least we thank the migrant entrepreneurs who agreed to be interviewed. A list can be found in the appendix of this report.

1 Introduction

The fourth module of the CLIP network is about ethnic entrepreneurship and explores the development of ethnic entrepreneurship and reviews the role of policy interventions in that process. It is motivated by the desire of municipal, national and European governments and third sector institutions to create an environment conducive to setting up and developing small and medium sized enterprises in general and ethnic businesses in particular.

Following the 'mixed embeddedness' logic, as has been explained in the Concept Paper, it is posited that various components of urban economy interact to produce a complex but also dynamic ecological system, dramatically affecting the political economy of cities and, in so doing, entrepreneurial opportunities. The study therefore focuses on the emergence of ethnic entrepreneurs in the sectors and cities involved and the role of governmental and non-governmental regulation in it. The basic research questions are:

A. What are the *characteristics of the urban economy* and which openings have emerged in a number of cities since 1980? How has the political economy of these cities evolved? More specifically, what has been the development of the SME sector in general in terms of numbers of businesses, volume of workforce, value of sales, variety of products, and market segmentation, and what has been

i) the spatial distribution,
ii) the distribution over the various sectors of the urban economy, and
iii) the ethnic, gender and age composition?

B. What kind of *profiles of ethnic entrepreneurship* can be identified? How does the emergence of ethnic entrepreneurship fit into the specific dynamics of the wider urban economy? Which general and specific barriers do ethnic entrepreneurs encounter, and what are their competitive advantages? What are the structural determinants of the observed trends? What are the employment effects of ethnic business? How many and what quality of job have been generated on the local labor market?

C. What *state and non-state rules and regulations govern the SME sector* in general and the ethnic SME sector in particular at the national and local levels and how have they shaped ethnic minorities' self-employment trajectories? How have policy debates and interventions on (ethnic) entrepreneurship influenced the emergence of entrepreneurial opportunities—real or discursive—and further development of ethnic businesses? What policies can be found supporting the access to employment for migrants in ethnic businesses?

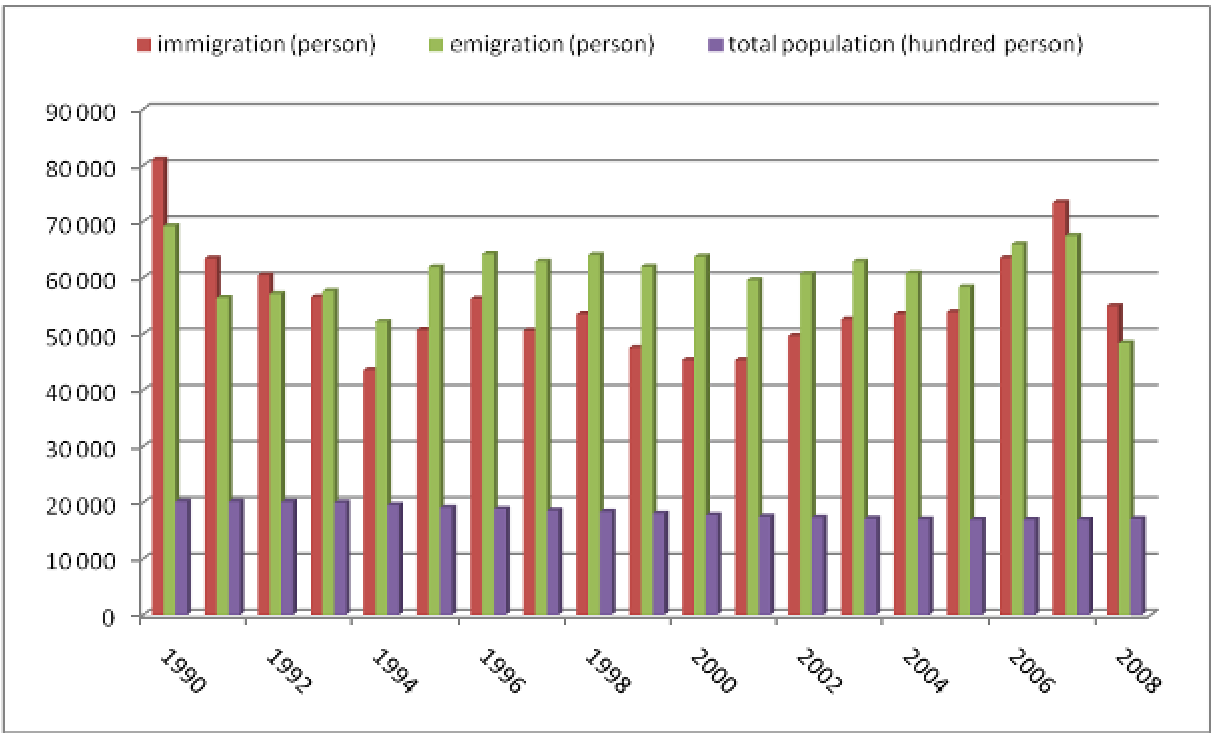
2 Background information of the city

Budapest is a multicultural city in terms of the deeply embedded heritage of the national minorities, which is resulted from the multi-ethnic character of the Austro-Hungarian Monarchy. Decline and fall of the historic Hungarian kingdom none the worse the population exchange obliged by the dictated peace after WWII effected on an altered and simplified ethnic map of Budapest. Socialist Budapest preserved but not changed these patterns due to the administratively prevented international migration.

Since 1990, Budapest revived also in ethnic diversity: opening up formerly closed borders started a migration boom of ethnic Hungarians from neighbouring countries trending towards Hungary. Long-continued Yugoslavian crisis of the ninetieth makes their influence felt by an increasing economic migration of both ethnic Hungarians and nationals (rather than asylum seeking, which terminated rather to Western European countries). Promulgation of the Schengen Agreement started an increased transmigration from countries outside of the EU (Romania previous to membership, Ukraine, Serbia), which characterized patterns of migration inflow in the first decade of the 21th century. In the years of 2007/08 around 6,000 people asked for residence permit to Hungary: 1,600 Ukrainian, 1,200 Chinese, 1,100 Serb, 500 Romanian and 300 Vietnamese. Meanwhile immigration from non-neighbouring countries (USA, UK, Germany, and France) kept continuing and resulted in a growing variance in ethnic and cultural diversity in Budapest.

The city's population has shrunk from a number of 2,016 thousand inhabitants in the year of 1990 (2,059 thousand in 1980, at the demographic peak) to 1,702 thousand in 2008. The majority of the population loss is due to the advantage of the metropolitan region of Budapest. However, trends of inland outward migration proved to be inverted since 2007 when there was an internal migration surplus indicated (+5,891 people) in Budapest. The first year of net population surplus (+6,100 people) after a long period of decline was 2008, when the annual mortality loss was counterbalanced by both inland and international immigration.

Diagram 1: Evolution of migration and population patterns in Budapest between 1990 and 2008



Source: KSH Budapest évkönyv 2008.

The number of foreign citizens residing in Budapest was steadily increasing from a stock of 39,200 persons (2.2 % of the population) in the year of 2000 to nearly 80 thousand people in 2008 (4.7% of the population). Foreign citizen immigration to Budapest indicates the increasing attractiveness of the city: an annual amount of 7,800 people in the year of 2000 grows to 11,600 in 2006, which felt back to 10,600 in 2007. The balance of migration of foreign citizens to and from Budapest shows a definite and tendentious surplus (8 to 10 thousand people annually between 2001 and 2007). The dominant age structure of immigrants has been shifted and spread from young adults (age group of 20-29 years olds: 40% in 2001; 31% in 2007) to young middle-aged population (age group 30-39 year olds: 18% in 2001; 22% in 2007) with an increasing share of children (age group 0-14 years olds: 10% in 2001; 15% in 2007).

Photo 1: Gyros-shop keeper from Yemen in Józsefváros

Source: Tünde Szabó

Budapest still bear characters of a multicultural city with preserved cultural identities remained from "eclectic" monarchic period. In 2001 2% (35,370 people) of the whole population declared itself as member of national minorities[1] in terms of cultural identity. The most numerous ethnic minority has been proved to be the German (11,600 persons, 31.5% of local ethnic population), the Romas (9,300 persons, 26.5%[2]) and then the Greek (3,100 persons, 9%). The issue of national minorities owes high attention by the prevailing government therefore this field is well equipped with statistic data.

Religion shows somewhat less diverse patterns in Budapest. In 2001 64% of the city's population declared themselves as denominational, 19.5% as non-denominational. 73% (837 thousand people) of religious population avow oneself as catholic, 24% as protestant (270 thousand people, Lutheran and Calvinist), less than 1% (9 thousand people) was Israelite. More than 26 thousand people, 2.3% of denominational population, belong to other religious groups.

There are no detailed migration data available for Budapest, however national data collection records the countries of immigrant's origin (Demográfiai Évkönyv 2008). Between 1995 and 2005 an annual average of 17,800 (an average of 58% of them has been settled to Budapest) immigrants arrived to Hungary with a maximum of 22,100 immigrants in 2004 and a minimum of 13,200 in 1997. In the year of 2005 there were 18,809 people who immigrated to Hungary. The bulk of foreign migration directing to Hungary is set up by ethnic Hungarians living in neighbouring countries (Slovakia, Ukraine, Romania and Yugoslavia/Serbia): about 53% to 72% of annual immigration originates from neighbouring countries with significant Hungarian ethnic population. During the period of Yugoslav crisis, immigrants from neighbouring countries reached a share of 50-60% of immigrants' total. The first years of the new century resulted in an immigration boom (73-74% of the migrants are coming from neighbouring countries) based on an increasing immigration from countries outside of the Schengen Convention[3] (Romania, Ukraine, Serbia) which culminated in a peak of 78% in 2004.

Photo 2: African food shop in Józsefváros (just before opening)

[1] Official ethnic minorities acknowledged by the Hungarian state are Bulgarians, Roma, Greek, Croatian, Polish, German, Armenian, Romanian, Ruszin, Serb, Slovak, Slovanian, and Ukrainian (see Tóth-Vékás 2004).

[2] Due to the reason that declaring ethnicity is voluntary, the real population of Roma communities in Budapest could be projected by the national esteemed ratio of 5-6% of Romas in the whole population. According to this method, Budapest's Roma population might presumably reach 60 thousand people.

[3] The Schengen Convention has been signed in 1985 and came into force in Hungary in 2007.

Source: Tünde Szabó

The share of EU 15 as countries of origin stagnated in number between 1995 and 2005 (1,400-1,800 people) but decreased of ratio (from 13% of total immigrants in 1997 to 8% in 2005). The number and share of Asian (China, Vietnam, Israel, Japan, Mongolia and Syria) immigrants decreased permanently since 1995 (from 3,000 people or 23% in 1996 to 1,900 or 10% of immigrants total in 2005). Immigration from America stagnated around 400-700 persons (2-4% of immigrants total) in the period of 1995-2005, meanwhile the ratio of African immigrants reached only 1% (mostly from Libya). Until the mid-year of 2009, 194,400 non-Hungarian citizens arrived to Hungary.

Due to the fact that statistical data is not available to inform us about the current population of local ethnic communities, hereby we refer to the data made available by the civic initiative "Bevándorló Budapest – Immigrant's Budapest" project[4]. Today there are 1,400 Arabs living in Budapest, half of them are coming from Syria and Egypt. Arabs came to Budapest to follow their university studies or doing business like money-brokers, delicacy shops, and restaurants. Around 1,000 Turkish and Kurd people are living here as tradesmen, businessmen or restaurant keeper of the Kebab fast food bistros. The Iranian community in Budapest has deep roots going back to the 1940ies. Due to monarchist and ismaelist persecutions, their number reaches 700 people. Serbian migrants - mostly ethnic Hungarians - reach a number of 2,400, meanwhile only 1,300 Russian are living here.

Migrants from the Far East sets up the most populous ethnic communities in Budapest: 8,000 Chinese, 2,600 Vietnamese and 500 Mongolians are living here. Migration researcher stated that in 1990 around 40 thousands Chinese people arrived to Hungary, however most of them left Hungary for these days and moved to other European countries or returned home.

African and Latin-American migrants represent the less populous communities of Budapest: here there are living only 420 Africans (mostly from Nigeria), 160 people of Central-

---

[4] See www.kultours.hu.

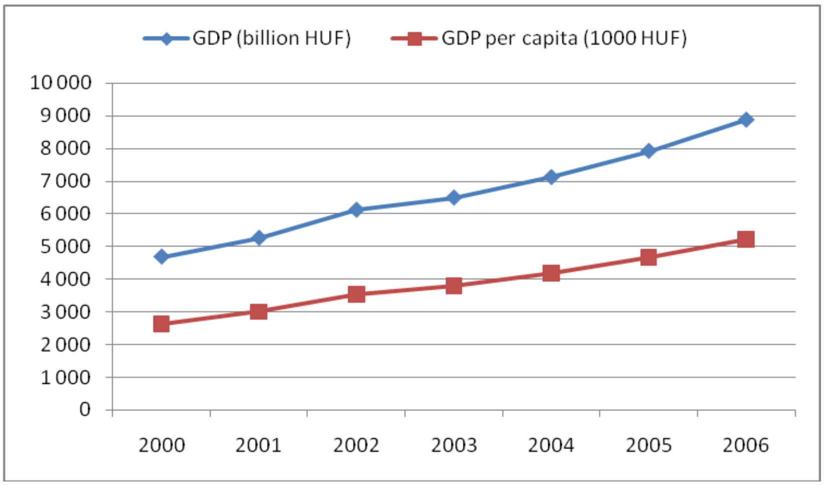
American (from Cuba and Mexico) and 220 people of South-American origin (from Brazil and Peru).

3. The urban economy in general

3.1 Historical development of urban economy

At the period of change of regime in 1989, Budapest's previously dominant industrial character (heavy industry, building and construction) was already of the past. For that time, the city makes the most benefit from its central administrative role (capital city functions) within the hierarchical state government, like institutions of state distribution, of public government and of public services.

Diagram 2: Changes of Gross Domestic Products evolved in Budapest between 2000 and 2006



Source: KSH Magyarország 2007.

Transformation period – privatisation, growing private sector, entrepreneurship, FDI inflow – in the early ninetieths resulted in a sectoral boom of financial services (banking, credit and money market services), personal services (consulting) and retail. Traditional high-scale industry and manufacturing – showing the successful realisation of the government's industry removal policy derived from '1960 – has never again returned to Budapest, although FDI inflow to IT businesses (telecommunication, software) remains significant up till the latest as well as pharmaceutical industry becomes one of the key branches of the urban economy. Thriving local economy based on service sector has not been shaken even by the sorrowful consolidation of state budget in 1994-95. Rocketing real estate market as well as increasing investments in building and construction (first in retail, however approaching to the end of the century the focus has shifted to housing and multifunctional investments) make room for further and more diversified growth in service sector, like accounting, shared service centres, business analysis and consulting, but also arts and education. Based on the flourishing local economy small-scale personal services, like gastronomy, arts, health, and beauty started to input dynamics to the SME sector as well. Lately creative businesses – marketing, design, media, and arts – started to boost the SME sector, which presumes the infiltration of a new urban economy paradigm in Budapest. Since 2006, slowing down of the national growth as well as an unbalanced state budget effected in holding back of urban economy.

Structurally the urban economy is remarkably balanced: both corporate types and relations are rich and ventures are diversified by staff-categories. There were 186 thousands active corporations in Budapest in the year of 2007 of which more than 1,800 are running in the form of joint-stock companies; more than 72 thousand as Limited Liability Companies; 52 thousands as limited partnerships and an amount of 55 thousands as sole proprietor enterprises. Still, there are branches where mammoth companies might bias market competition, for instance in the construction (mostly infrastructure), energy or transportation sector.

3.2 Main industries and services

Budapest operates a highly open and service oriented urban economy, which is divided by fault-lines of types and sizes of enterprises. Budapest's most dynamic branches are characterised by high foreign investments and a centralised enterprise structure. On the other hand, however there is the volume of SMEs – mostly microenterprises – disposing of limited capital and fragmented business structures. An extraordinary high amount of SMEs are private entrepreneurs and choosing entrepreneurship career under the pressure of necessity (underemployment, underpaid jobs, exit strategy from unemployment). In order to give a general overview on urban economy, of both globalised and local segments of the urban economy are worth to get a nearer view.

According to the registered own capital, industry is the most important sector in Budapest which is due to the capital intensive IT and chemical engineering activity. Despite the fact that those activities require a significant amount of investments, foreign capital shows relative low interest for those branches. In contrast to that property transaction and financial services as the third most capitalised branches concentrate huge foreign capital, with a share of 93%. Based on invested capital logistics, transportation and communication, financial brokerage as well as trade are the most important branches of the urban economy. Table 1 visualizes the extent of foreign share capital, mostly of Western companies, in different branches of the economy. Considerable differences are obvious. The foreign capital share is extremely high in financial services, in financial brokerage, in education etc. It is significantly lower in the whole industrial sector.

Table 1: Urban economy according to branches and capital assets

Economy sector	Own capital, million HUF	Of this: foreign share (HUF)
processing industry	3,850,307	1,159,758
electricity, gas, heating and water supply	316,857	260,288
industry	4,170,805	1,423,759
construction	124,201	95,499
trade, repair	1,133,410	1,099,278
hotel and catering	71,162	65,499
freight, storage, telecom	1,511,559	1,041,028
financial brokerage	1,449,141	1,384,461
property transactions, financial services	2,566,222	2,382,589
education	691	681
health, welfare provision	4,316	4,185
other community and personal services	41,373	33,249

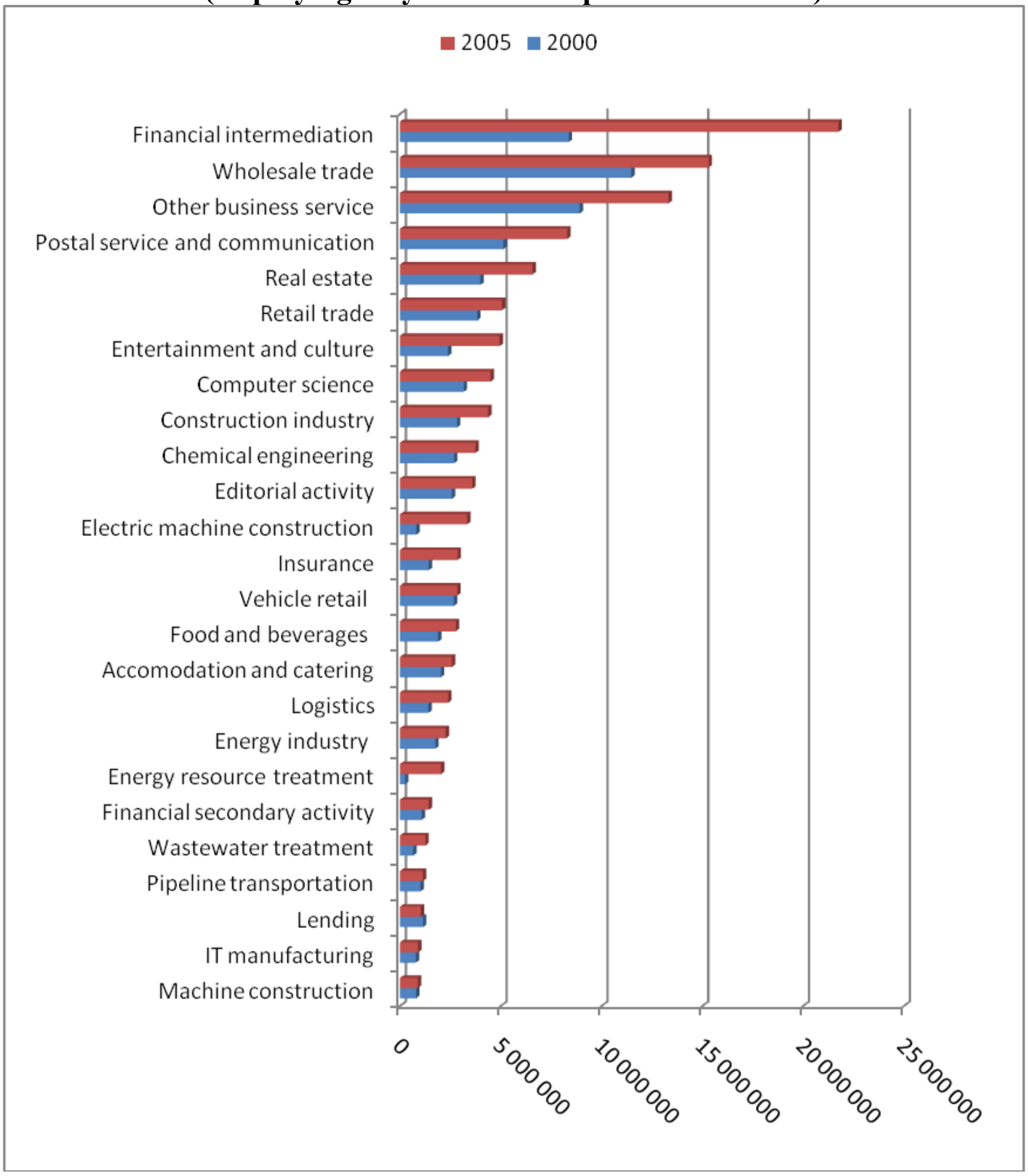
Source: KSH data processed by Studio Metropolitana in Budapest Facts and Figures 2006.

According to registered enterprises in the year of 2007 in Budapest, in the industry sector there were 21,500 corporations registered[5]. Construction counts more than 20 thousands enterprises. On the field of services, the most dynamic market is for real estates and business activities with 174 thousands enterprises from which 80 thousands are sole proprietor. Trade and repair counts 59,500 entities, which indicates a definite concentration. Community, social

[5] … of which 6,600 in manufacture of wood and paper products, and nearly 5,000 in manufacturing machinery and equipment.

and personal services sum up 28,500 enterprises, meanwhile transport, storage, and communication sustain 12,500 business entities. Branches of hotels and restaurants (11,500), education (9,500), and financial intermediation (8,000) show an equally less fragmented structure. The number of enterprises with foreign direct investment indicated slight growth (14,300 in 2000 to 15,300 in 2006). Enterprises with foreign capital operate businesses on the field of real estate, renting and business activities as well as on trade and repair.

Diagram 3: Evolution of local tax income between 2000 and 2005, in thousands HUF (displaying only the most important branches)



Source: Municipality of Budapest

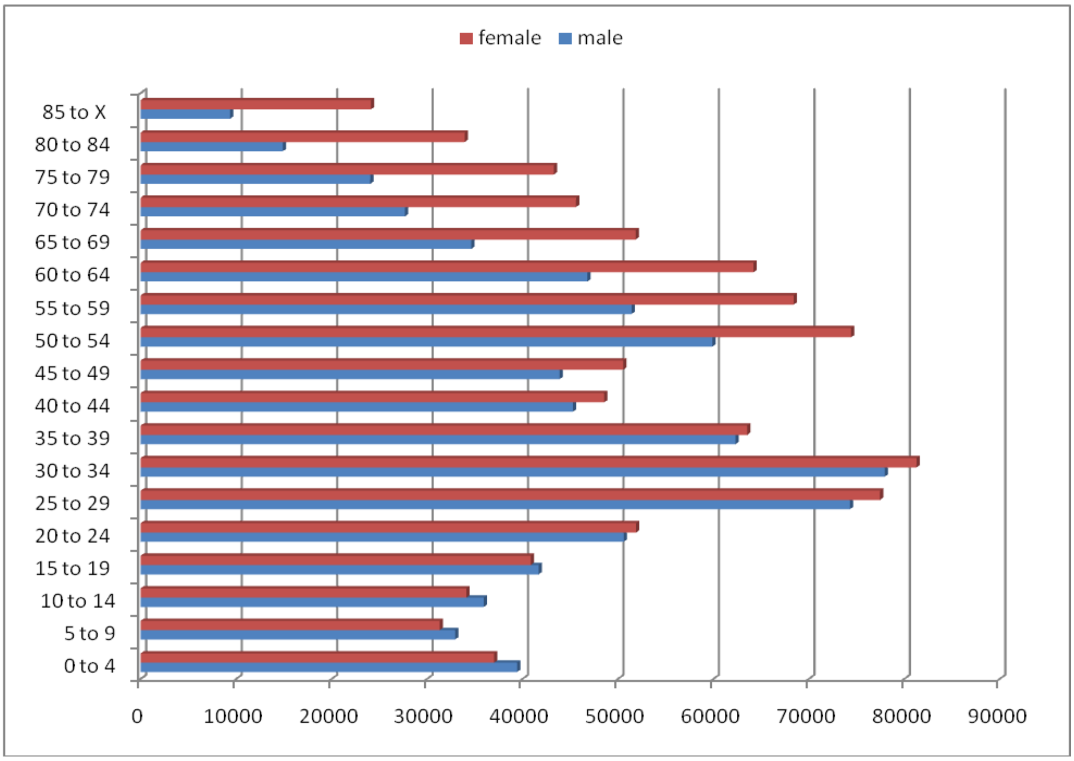
The figures on local tax income show which branches produce the highest income to the Municipality. It displays that performance of wholesale trade has been overcome since 2000 by financial intermediation. Business services hold their position between 2000 and 2005. Beyond that telecommunication, real estate, retail trade as well as entertainment and culture drive the urban economy of Budapest.

3.3 Size of workforce

The number of employees indicated 5% growth between 2005 and 2007 and reached a stock of 981 thousands wage earners. The rate of employment in the local population reached only 57% in 2007, but having due regard to the high importance of commuting, which means that 191 thousand jobs are filled up by non-residents (most of them are residing at the urban outskirts).

The unemployment rate stagnates around 5% between 2000 (5.2%) and 2007 (4.9%) with a lowest value of 4.4% in 2004. Average earnings by SNA concept reach 236,500 HUF in 2007, 256,000 HUF in 2008 (net income 149,000 HUF) and 258,000 in 2009 (net income 152,000 HUF). Despite the increasing gross wages net income has increased only by 1.5% from 2008 to 2009.

Diagram 4: Age-structure of the population in Budapest, 2007



Source: KSH Budapest évkönyv 2008.

There are no statistics available about the employees' age structure, but we found figures for the local population. **Budapest has an ageing population with a relatively populous cohort of middle age citizens, an increasing number of elderly, which is higher than the ratio of children.** The age structure points towards an increasing demographic bias: children (0-14 years old) 213 thousand 12.5%, youth (15-24 years old) 183 thousand 11%, economically active population (25-64 years old) 994 thousand 58%, elderly (64+ years old) 313 thousand 18.5%.

3.4 Characteristics of the workforce

Detailed information for the local workforce is only available for the year of 2001 (with the exception of the age structure of the population – see chapter 3.3). There is no data available about the ethnic/national background of employees.

The gender division of the employment market is relatively balanced: 52% of total employees are men (387,500), of which 78% is wage earners, 13% of them are self-employed and 9% of them are partners in private companies. 48% of total employees are women, 87% of them are wage earners, 7.5% are self-employed and 5.5% are partners in private companies.

Nearly 30% of local employees have university/college degree (222 thousand employees), 40% of them have general high school degree, 16% have certified occupational qualification, 13.5% have only elementary qualification (only 0.5% of the employees have less than elementary degree).

Arabs came to Budapest to follow their university studies or doing business like money-brokers, delicacy shops, and restaurants. Turkish and Kurdish people are living here as tradesmen, businesspersons or restaurant keepers of the Gyros-fast food bistros. The Iranian community in Budapest mostly consists of graduate students; others run carpet- and furniture retail businesses, stylish oriental restaurants and delis. Serbians (or ethnic Hungarians coming from Serbia, Vojvodina) living in Budapest are partly graduate students or rather dealing with intellectual work and interested especially in culture (performing arts), arts (DJs) and gastronomy. African immigrants living in Budapest live in a very cohesive dynamic community although their cultures of origin are rather diverse. There is a thriving underground cultural life evolved by African migrants, members of the community are dealing with trade of ethno-cultural goods and with performing arts. Latin-Americans are rather wage earners, but they are also participating in cultural events and run some ethnic restaurants in Budapest. Chinese migrants are dealing almost solely with retail trade and wholesale business and restaurants. They run the region's biggest Chinese market in Budapest. The Vietnamese population took the trade and service position of former Chinese businesspersons, who have abandoned their position due to the increasing competition on the Hungarian clothing and house ware market. Mongolian migrants work for companies of the textile and clothing industry which remained active in Budapest, some of them have their own dressmaker's saloon and there are a few people in fashion business with Mongolian origin.

3.5 Development of small and medium sized businesses (SMEs)

The number of small and medium sized businesses shows a growth of 41% between 1997 and 2007. There was an absolute decrease of the number of enterprises in the field of trade and maintenance (–26% with a relatively balanced setback according to size of venture) as well as on machine engineering (–14% decay revealed most accented in medium size businesses). A relative depression (less than average growth) is shown in the number of all industrial and manufacturing activities, especially in textile, clothing and leather products manufacturing (–0.1%), chemical engineering (1.5%) as well as foodstuff, beverages and tobacco production (13%). Meanwhile clothing manufacturing lost mostly medium size businesses, chemical engineering and food and luxury goods manufacturing underwent also some concentration: business sizes have been shifted from micro towards larger (small and medium) sizes.

Table 2 shows a comparison of the absolute numbers of micro, small and medium sized enterprises between 1997 and 2007. Trade and maintenance is dominating in both years but shows a considerable decrease (a minus of about 10,000) in the number of enterprises. A visible sign of this negative development are many empty shops which we have seen in all districts of Budapest. The growth in numbers of SMEs was marked in financial intermediation and related branches but this upward trend was abruptly interrupted by the economic crisis of 2008/09. Increases were also typical for the services sector, e.g. in education, health care and personal services but this sector too suffered by the crisis. One may be surprised about the fact that agricultural enterprises are also included. As a matter of fact in Budapest's urban fringe a considerable number of agricultural enterprises and nurseries can still be found and are working successfully in the field of providing local amenities.

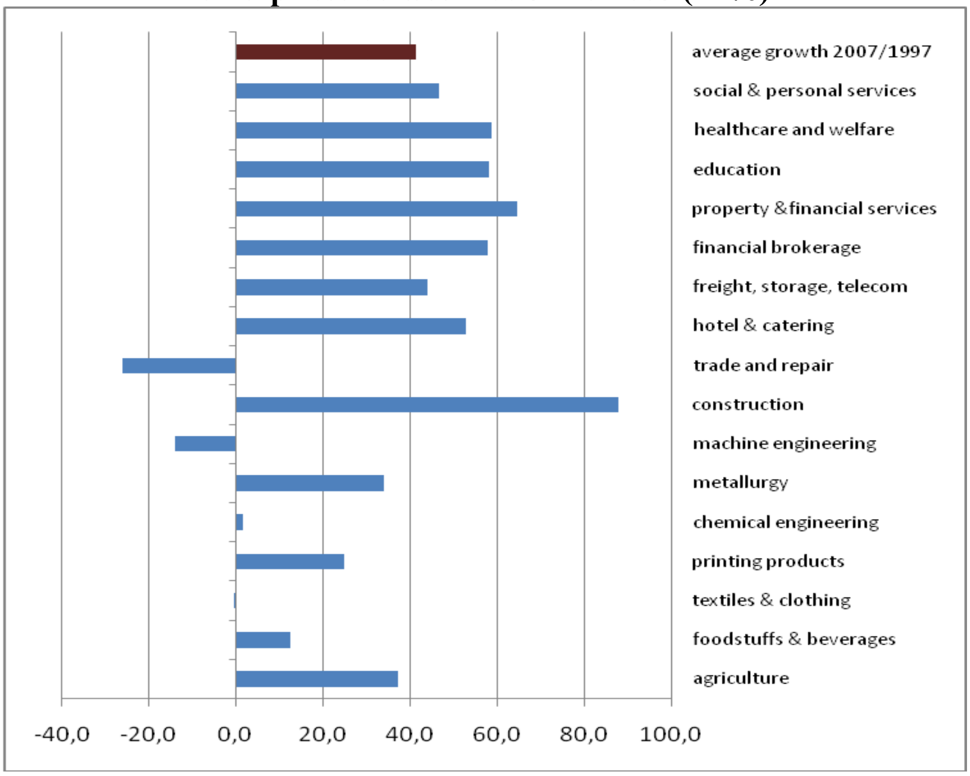
Table 2: Development of SMEs according to main economy branches in 1997 and 2007

	1997	2007

	micro	small	medium	**total**	micro	small	medium	**total**
agriculture, hunting and forestry, fishing	702	42	14	**762**	972	56	17	**1046**
foodstuffs, beverages and tobacco products	639	105	32	**797**	674	161	46	**898**
textiles, clothing and leather products	1571	167	68	**1822**	1616	176	23	**1821**
wood, paper and printing products	4373	281	57	**4726**	5513	342	41	**5907**
chemical engineering	699	96	41	**849**	670	137	42	**862**
metallurgy and metalworking	1139	176	42	**1371**	1538	252	45	**1839**
machine engineering	3497	424	132	**4089**	2998	394	97	**3518**
construction	7581	778	113	**8490**	14781	1058	108	**15963**
trade and maintenance	35194	1551	258	**37035**	25843	1352	186	**27402**
accommodation and caterings	3210	226	35	**3488**	6700	638	54	**7405**
transportation, storage and communication	3113	257	43	**3437**	5567	476	73	**6141**
financial intermediation	1018	66	40	**1147**	2503	129	69	**2723**
real estate, renting and business services	31932	1048	205	**33213**	90916	2447	295	**93725**
education	1500	43	8	**1551**	3634	56	10	**3700**
health care and social provision	1794	45	4	**1844**	4371	95	16	**4486**
social and personal services	6045	134	39	**6230**	11378	242	28	**11659**

Source: KSH Budapest évkönyv 1997, 2008.

Diagram 5: Development of the SME sector in Budapest: changes in the number of enterprises between 1997 and 2007 (in %)

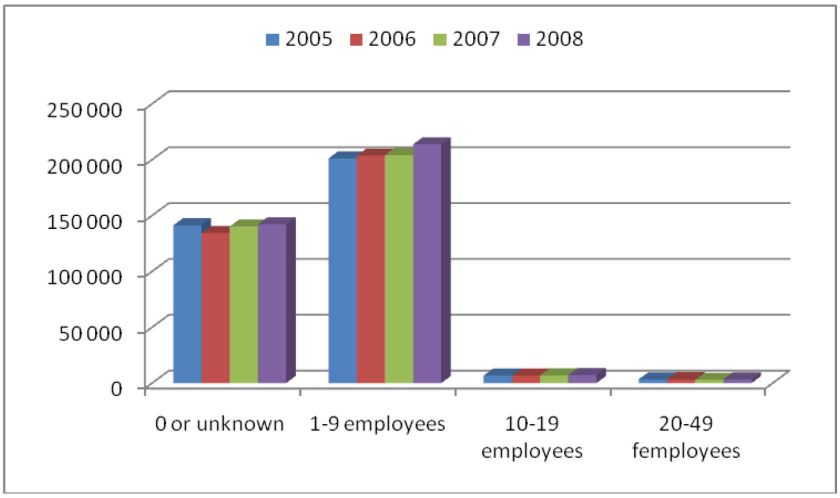


Source: KSH Budapest évkönyv 1997, 2008.

The most dynamic sector for SMEs proved to be construction (there was an increase of 88% in the number of SMEs!), mostly in micro-scales: the number of micro enterprises has grown by 95% between 1997 and 2007. Real estate (65% increase in number of businesses);

health care sector (59%), education (58%) and financial intermediation (58%) proved to be the most popular sectors for entrepreneurs. **In almost all cases, small and medium size businesses performed higher growth than the average sectoral growth.**
In 2007 there was an overwhelming dominance seen in the number of micro enterprises especially in community, personal and social services, education, health care and real estate and business activity aid services (ratio of 97-98% of micro enterprises). Somewhat less fragmented are the construction, wood, paper and printing products manufacturing, real estate as well as financial intermediation sector (92-94%). Small businesses (10-50 employees) are more important in foodstuff, beverages and tobacco manufacturing (18%), chemical engineering (16%), accommodation-services and caterings (9%) transportation, storage and communication (8%). The highest rate of medium size enterprises are shown in foodstuff, beverages and tobacco production and chemical engineering (5-5%), in some less important manufacturing branches as well as in financial intermediation (25%).

Diagram 6: Development of registered SMEs according to size of employees, 2005-2008

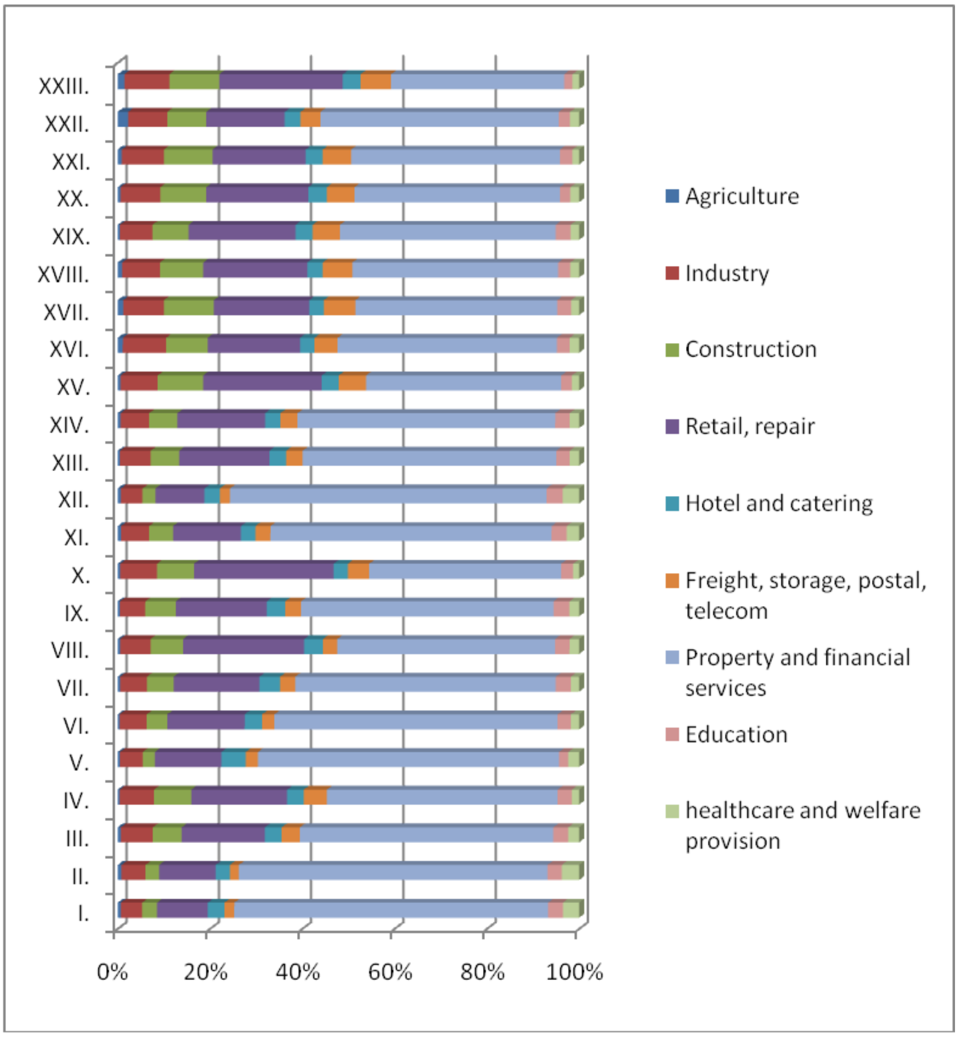


Source: KSH Budapest évkönyv 2008.

3.6 Sectoral and spatial distribution of SMEs

There are definite spatial patterns of SMEs location in Budapest, according to status of and space-demand of business activity. Manufacturing and construction, retail activity as well as transportation, storage and communication demanding space are located at the urban outskirts. On the other hand, spatial arrangements of retail are more spread out, showing a concentration at the Districts VIII, X, XV and XXIII, most of these are residential and retail areas of the Chinese population, but VIII is also known as accumulation area of urban poor and is a residential area of a populous Roma community. SMEs of real estate and business services as well as health care sector enterprises show more or less the same distribution in space: they reach an outstanding concentration in the high-prestige Buda-districts (I, II, and XII) and in the case of business services at the Central Business District of Budapest (Vth District). **Some activities, like accommodation-services and catering have no definite spatial pattern** – they spread out in space – due to a general wealth in small-scale catering and gastronomy provision in the Hungarian capital.

Diagram 7: Number of registered companies and enterprises according to main economy branches and to Budapest's districts, 2007



Source: KSH Budapest évkönyv 2007.

3.7 Recent changes

Current recession exerts considerable influence mostly to SMEs; this is backed by insolvency data, which is unfortunately not available by corporation size. In Budapest, in the year of 2007 there were 3,051 company proceedings in winding-up, which number grew to 3,127 in 2008 and reached a peak of 4,820 in 2009. The winding-up of companies always effects SMEs: 90% of these proceedings are conducted for corporation types of small sizes (usually limited partnerships). There are hardly any winding-up proceedings against multi-national corporate enterprises. Based on that there was an increase of 50% in enterprises insolvency in 2009, there is a high certainty that these proceedings are conducted almost entirely against SMEs (Kondor 2010). Insolvency data therefore shows the shock which the entrepreneurial sector had to face with in 2009. Capital shortages of SMEs in Hungary are not provided by suitable measures – like bridging loans, reserve funds – which would enable them to survive turbulent market situations.

Photo 3: Reuse of a "brownfield" – ethnic businesses in Ganz district

Source: Tünde Szabó

4 Profiles of ethnic entrepreneurship

4.1 Definition of ethnic entrepreneurship

The concept of ethnic entrepreneurship did up to now not take root into Hungarian municipal policy. There is no migration strategy or any kind of integration policy available for migrants coming to Hungary, so defining self-employment in terms of a specific policy measure for integration fails as well. The **Working Group for Policy Building at the Ministry for Law Enforcement and Security** is the main governmental think tank for ethnic integration matters; this Working Group elaborates the **Multi-annual Programme for the Integration of Third-country Nationals 2007-2013**. According to their experience the failure of policy making is not solely caused by relative low numbers of immigrants with a non-Hungarian ethnic background, but also by the resource allocation policy of EU funding, which is available for migrants' integration. Advancing that point, it must be added that any kind of labour integration programme granted by the central government relies on the European Social Fund. Based on that the Multi-annual Programme is only able to accommodate policy goals, which have no specific migration profile, and the labour integration programmes have no migration focus.

Photo 4: A typical Chinese restaurant in Budapest

Source: Tünde Szabó

Beyond policy building academic literature (see Irimiás 2008; Nyíri 1999, 2002, 2006 etc) uses the term "ethnic economy". This approach emphasizes the availability and strength of the relational networks of relatives, friends and partners as the secret of entrepreneurial success of migrants. On the other hand, this approach points up the transnational character of Chinese businesses in Hungary referring here to the active transnational business relations, which are needed for market success. **There is a specific phenomenon however, which differentiates the ethnic economy in Budapest from others in North-western Europe, and this is the tendency of employing Hungarian staff in the shops and restaurants.**

According to the fact that data gathering on ethnicity of venture owners is legally recusable, national regulation on private entrepreneurship has to be followed, which states:

"Private enterprise is a form of economic activity performed by national residents (individuals) or foreign citizen (being qualified as foreign citizen according to foreign exchange regulation). Economic activity is for-profit production or service activity constantly done in a businesslike way for value received. Foreign citizens being entitled to run an enterprise in Hungary need to have a valid residence permit."(see Private Entrepreneur Act 1990/V).

Despite the fact that the definition of ethnic entrepreneurship does not postulate any significant academic debate, the analysis of Hungarian ethnic entrepreneurship advanced remarkably during the last years. Hungarian scientists admitted that similar to ethnic communities around the world the success of Chinese and Vietnamese businesses in Hungary is based on low transaction costs, network cooperation and is kept going by moral resources. **Ethnic business relations in Hungary are informal and multiplicative and embrace weak and strong ties[6] equally** (see Várhalmi 2010). Another specific feature of the ethnic entrepreneur sector is that it has a strong transnational character – i.e. migrants do not follow an assimilation strategy but keep up double ties with the country of origin and the host country. **The so-called "mixed embeddedness" is the key factor of successful ethnic businesses** (compare Nyíri 2002).

4.2 Development of ethnic entrepreneurship

The early nineties used to be the golden age for Chinese tradesmen, due to an explicit shortage of consumer goods. In 1992 there were 1,400 registered Chinese companies, and the total capital invested by Chinese businesses had reached 1.6 billion HUF, however annual account turnover of the biggest reached 5-30 million USD per company. In 1994 the Chinese Market "Four Tiger" was opened for the public (this market is leased and run by a Hungarian businessman who is the owner of the area), which alone generated an annual turnover of 1.5 billion HUF and a profit of 280 million HUF in 1997. The market stands are rented mostly by Chinese, but there are also some Vietnamese, Turkish, Romanian, Ukrainian, Hungarian and Afghan traders operating there. Hungary used to provide its role of being the regional centre of Chinese wholesale during the nineties. In 2005 there was an import stock of 4 billion USD to Hungary from China, which was one hundred-times as much as in 1992.

Photo 5: An Arab shop as franchise branch of the Hungarian food-shop chain Coop

[6] For the theory of strong and weak ties see Granovetter (1983).

Source: Tünde Szabó

During the first months of the fourth democratic cabinet the Hungarian Government realised opportunities to become China's European Gate to Eastern Europe embracing a market of 150 million potential customers. The government started to support projects of private interest and with a specific transnational character aiming at vitalize Chinese-Hungarian trade. That support focused mostly on infusing new blood into diplomacy and opened up foreign representation offices. At that time (2002-03) Hungary as EU candidate had a good access to the emerging markets of Eastern, South-Eastern and Central Europe alike and provided beneficial business opportunities for those non-European ventures.

That challenge raised the idea of the **Asia Center,** which has been forwarded by a Chinese and an Austrian businessman in the early years of the decade. Investment environment at that time provided South-East Asian and Middle Eastern entrepreneurs the opportunity to enter into a more accessible market than that of the EU and get treated on equal terms with EU businesses after Hungary became a member. The project is about to provide complex retail, storage, office, business and personal services in a professional environment for entrepreneurs of foreign origin. The tenant acquisition programme management of Asia Center focused not only on entrepreneurs living already in Hungary aiming at broadening their business activities, but also on obtaining new migrant entrepreneurs in order to come to invest in Hungary. For that reason, Asia Center maintains overseas customer services not only in China but in Vietnam, Mongolia and Indonesia as well with a definite aim of tenant acquisition and business consultation. Due to the SARS pandemic (it resulted in refusing people and goods to enter the EU and into the candidate countries), which raged in China during spring 2003 it became more difficult to find tenants with a suitable profile for the Asia Centre. That year set back Chinese economy which implicated also some turbulence in the diasporas. After the pandemic was over it took some more years for Asia Center to stabilize tenant arrangements. Despite of adverse circumstances at the initial stage, the Center has clear future strategies focusing on emerging Chinese brands via providing China Brand Trade Center.

Photo 5 and 6: Interior of Asia Center Budapest

Source: http://www.asiacenter.hu/hu_menu_img_details.php?gallery_id=22.

Years of economic crises made it more difficult to grow or even to survive for the entrepreneurs settled in Asia Centre. Those having diverse business profiles, like interest in manufacturing or high added value services could overcome turbulent period easier than those concentrating solely on retail or catering. However, the sales volume decreased significantly for tenants, which postulates that - in line with the good performance of the Chinese economy - remigration became a plausible alternative for some.

Photo 7: View into the east wing of Asia Center Budapest

Source: http://www.asiacenter.hu/hu_menu_img_details.php?gallery_id=22.

Amongst international migrants in Hungary there is a significant group of Western-European and Northern-American newcomers and expatriots, some of whom are running businesses for example in intellectual occupations. During the nineties Hungary was an attractive and exotic destination for adventurers from these countries, aiming at utilizing transnational relations. Those people settled in Hungary were dealing in personal and business services (design, fashion, and marketing) with high additional value, and are active on the intercultural market of arts and design too.

4.3 Sectoral and spatial distribution of ethnic enterprises

There are no statistical data available in Hungary on the sectoral distribution of migrant's enterprises, so only indirect conclusions can be made by analysing data from some cognate fields of survey.

Migrants from neighbouring countries are often ethnic Hungarians. In the year of 2001 19% of them had jobs in the intellectual field 3.5% of them were traders, 2% worked in services and only 1% of them were craftsmen. Others were skilled, semi-skilled and unskilled labourers, therefore employees presumably prevail amongst them. The share of entrepreneurs – mostly ethnic Hungarians – migrating from neighbouring countries reached 7.2%, meanwhile 6.4% of the total Hungarian population operate in private enterprises. The orientation towards entrepreneurship is slightly higher in the case of ethnic Hungarians, but is considerably exceeded among non-Hungarian migrants.

The entrepreneurial performance of Asians considerably differs from that of migrants from neighbouring countries. In 2009, there were 3,677 Chinese and 915 Vietnamese enterprises operating in Hungary. **There is a trend to emphasize that Chinese and Vietnamese entrepreneurs show increasing interest in manufacturing industry, which is a definitive shift from the predominant trading activities that characterised Asian migrant's businesses in the nineties.** In the year of 2009, most of the Chinese and Vietnamese enterprises dealt with trade and maintenance[7]. About 40% of the Chinese and Vietnamese enterprises had an interest in real estate and business services, and 8-13% of the Asian enterprises dealt with manufacturing, catering as well as transportation and logistics. Less important was construction with around 3.5-4% of the businesses operating in that field. It is also worth to mention that 8% of Vietnamese businesses dealt with education, which is only 3% in the case of Chinese enterprises. That difference might be implicated by the more diverse assimilation patterns of the Vietnamese community, which is more open to the host nation. Reaching a conclusion the profiles of Chinese and Vietnamese businesses are rather similar, so-to-say there is hardly any significant deviation in entrepreneurship segmentation. However, there is a definite inconformity to mention which is trade volume: 83% of Chinese enterprises exercise wholesaling activities; but only 59% in the case of Vietnamese enterprises (for details see table 3)

Asian migrants' business activities occupy an economic niche and have a different branch division than the general SME sector. Chinese and Vietnamese traders share a significant stake in the dynamic growth of trading and retail and business services, which meets with general trends. However increasing manufacturing activity (which is mostly exercised by larger scale international corporate enterprises) is rather contradictory to urban economic trends, and might be an outcome of Hungary's international economic role as an "advanced post" of Chinese business activity in Eastern Europe. An increasing presence on the field of logistics and business services matches with the policy of urban development of Budapest. The importance of Asian catering businesses lays somewhat below the average of the sectoral growth.

Table 3: Profiles of Chinese and Vietnamese enterprises, 2009 January

	Chinese enterprises		**Vietnamese enterprises**	
	n	**%**	**n**	**%**
Retail, maintenance	3,476	94.5	837	91.5
Real estate and business services	1,545	42.0	377	41.2
Manufacturing industry	378	10.3	120	13.1

[7] According to Hungarian regulations of entrepreneurship, it is possible to register in more than one field of business activity performed by a private enterprise; the number of activities available to enter to is only limited by regulations on special business activities (i.e. hazardous occupations).

Catering and accommodation	451	12.3	76	8.3
Transportation and logistics	364	9.9	71	7.8
Construction	142	3.9	32	3.5
Education	101	2.7	73	8.0
Health and social care	80	2.2	10	1.1
Financial intermediation	73	2.0	21	2.3
Agriculture	49	1.3	6	0.7
Fisheries	2	0.1	0	0.0
Mining	2	0.1	1	0.1
Public services	1	0.0	0	0.0
Energy supply	1	0.0	0	0.0
Total	**3,677**		**915**	

Source: Várhalmi 2009, p. 28.

The spatial patterns of ethnic enterprises in Budapest show a quite simple model. Asian businesses are spread out more consistently in the urban area than other migrant enterprises. Chinese fast food restaurants can be found all over the city. The most visible concentration of Asian retail businesses in Budapest is located at the District VIII (Chinese Four Tiger Market). Urban outskirts accommodate further high scale retail business like the Asia Centre in District XV and the Drake Centre - mostly Vietnamese - in District XVIII within the catchment area of the Budapest International Airport. District XV also hosts Chinese cultural institutions, as the Hungarian-Chinese Bilingual Grammar School or the Chinese Centre for Culture and Arts.

Enterprises of other ethnic groups are rather concentrated in the downtown and central entertainment area of the city. The Great Boulevard is overwhelmed by ethnic – Latin-American, Middle-Eastern and Asian – cuisines, there are ethnic delis available, meanwhile cultural institutions and community meeting points are located somewhat further away from the downtown and rather close up with the religious centres. A significant concentration of them can be found at the “embassy-quarter” along Andrássy Boulevard.

4.4 Ownership of ethnic businesses

Chinese and Vietnamese businesses in Hungary bear characteristics of family management. Ventures operating mostly in the sector of micro-enterprises lean on family members in order to minimize operational costs. **Key positions in the businesses are held by family members but seasonal employment of extra staff is feasible.** The general pattern of labour division is that female family members deal with daily proceedings and operation, meanwhile males are active in negotiation, business transactions, the acquisition of new markets and controlling deliveries.

The atmosphere of family enterprises provides children with the experience of a specific business culture, however life strategies of the second generation are multiple. There are families who strongly try to hand down their family business to the children. Other children are given free choices of career.

Photo 8: Helal meat shop in Józsefváros

Source: Tünde Szabó

4.5 Reasons for entrepreneurship career

Most of the immigrants came to Hungary to make use of the dynamic market opportunities of the transformation period. Hungary was never ever an extraordinary destination of international refugees, therefore many migrants who arrived to Budapest came with the specific aim to do business here. **Chinese migrants well recognized the market opportunities in Budapest and Eastern Europe, and the information about good business possibilities were spread by relational network fairly soon.** Pre-migrational motivation has a definite driving force in almost every case of Asian migrants coming to Hungary. **There is hardly any Asian migrant settled in Hungary who did not arrive via the migration chain of family networks;** rare exemptions are Asian students coming to graduate from Hungarian universities. For instance about 80% of Mongolian migrants have employment before their arrival to Hungary; most of them are women and work for Mongolian textile manufacturers in Budapest. Middle-Eastern migrants arrive mostly for completing studies in Hungary or similar to South-eastern Asians, come for acquiring markets to improve specific migrant's resources. Considering the factor of unique migration resource, Asian and Middle Eastern businesspersons in Budapest act fairly similar. They build up their entrepreneurship career likewise to utilise transnational cultures and relations (i.e. specific knowledge on more than one manufacturing and sales market), for self-exploitation as well as for using relational networks (see Várhalmi 2010).

Citizens of Germany, the USA, the UK, France and Austria used to have a specific goal to utilise transnational relations and become chief officers at Hungarian affiliate of international corporate enterprises or started enterprises offering expertise which were hardly available in Hungary in the ninetieth. Lately entrepreneurs from Western Europe and North America arrive to Budapest to utilise the high share and low wage-level of the educated young professionals, not to mention the significantly lower costs of living in Hungary.

Ethnic Hungarians and others from neighbouring countries were probably the only group of migrants in which the ratio of refugees (from Yugoslavia, Croatia) and economic motivated migrants (mainly from Romania, Ukraine) reached at least a minimal share. This group moved because of the pressure of unemployment and the hopeless economic situation in the home countries. On the other hand those migrants run enterprises which often exercise intellectual occupations (cultural freelancing) utilising intercultural relations between their home countries and Hungary.

4.6 Market

Chinese and Vietnamese traders cater both the national middle and under class in retail and catering. The major incomes of Chinese entrepreneurs evolve by wholesale activities which create resale markets of clothing, consumer goods, furniture and electronics in the shopping malls. Some Chinese entrepreneurs aim at accommodating quality brands at the Eastern European market, like "Golden Land" men's wear, which is addressed to higher income and quality-sensitive consumers in Hungary. Asian enterprises have an explicit international character well due to wholesale and sub-sale activities extended to the whole of Eastern Europe. Their presence in manufacturing and business services postulates however a clientele of mainstream national and international consumers.

West European and North American migrants' enterprises focus to the specific upper-end niche of the market and work for global – mostly European and North American - orders. A high share of educated and skilled young employees in the IT sector or in the creative industry makes Budapest an emerging market for transnational manpower brokers. For instance, a company owned by a Canadian manager deals with electronic banking transaction services and uses Hungarian skilled workforce for system development and management. On the other hand, an Irish-American decided to move to Budapest in order to launch a private enterprise focusing on freelance publishing consultancy, editorial works and training. Her motivation is rather concentrated on low level of living costs and a suitable quality of business services available in Budapest.

4.7 Competition

The market competition of ethnic entrepreneurs has sharpened in line with the overstocking of the market, which is an implication of market liberalisation and the raised standards of living. Since consumer expenditures grow significantly in Hungary (from the first year of the new century) **warehouses and shopping malls with Western capital became rivals to low-price ethnic markets.** The economic niche of Asian and Middle Eastern retailers is partly taken up by hypermarkets situated close to high-scale residential areas. Shopping malls fit much better to the changing lifestyles (suburban growth and car-usage) which together with dumping prices raised huge competition to Asian businesses. The idea of Asia Centre proved to be an advanced measure to outperform high-scale warehouses by providing similar quality of shopping for a more competitive price. The recent financial crisis exerts much more negative influence on ethnic enterprises than on the capital intensive department store chains, which push many ethnics into competitive disadvantage.

There is a sharpened competition also amongst Chinese traders for the acquisition of new markets. Even successful businessmen could suffer significant losses due to aggressive pricing. There is less evidence of Vietnamese businesses that sharply confront each other. This is due to the fact that Vietnamese entrepreneurship is much more based on a network cooperation model both in purchase as well as in sale. It is also worth to mention that the marketing toolkit of Asian enterprises differs from western-like measures. Due to the lack of significant specialisation, market segmentation within an ethnic group remains negligible, mainly the price distinguishes market actors. However, a prearranged division of markets or even the existence of cartels can be defined as common marketing strategies mostly for Vietnamese entrepreneurs.

Photo 9: Arab carpet shop near to the Chinese Market

Source Tünde Szabó

Despite the fact that there is definite some overlapping amongst Vietnamese and Chinese business activities in Budapest, they occupy somewhat different economic niches according to the community's unique resources. The overlapping of Vietnamese and Chinese niches is mostly temporary: Chinese pioneer entrepreneurs experienced novel opportunities and more beneficial business challenges, which inspire them to shift to other, more profitable niches. Their previous market positions have been overtaken by Vietnamese entrepreneurs with adequate abilities to utilise the potentials of the niche. **That postulates that Chinese and Vietnamese businesses differ from each other by volume, market segmentation and even by portfolio.**

4.8 Workforce

Statistical analyses of the workforce employed by ethnic entrepreneurs are hardly available due to the lack of national and local data collection on that field. Surveys and qualitative studies concentrate on the general economy and social characteristics of ethnic entrepreneurs so as management strategies including recruitment and number of workforce remain fairly unexplored.

Beside this lack of data some general remarks are possible: According to local characteristics of the ethnic economy, both Chinese and Vietnamese businessmen are keen on taking over relatives and compatriots, gaining cheap and loyal labour force. The r**ational for that model is based on mutual assistance, migrant's solidarity and economic rationality, equally and what is called the "carrying over-letting fly" model.** This means the following: New labourers earn very low wages or receive only board and lodging, but get assistance for official matters. After a period of socialisation – when both parties feel prepared – mentors contribute to the former employee's business plan in order to launch ones own business. That assistance embraces granting credits, consignation or building business networks.

It is a local feature that Chinese retail shops and restaurants are keen on employing Hungarian staff. These people are rather poorly paid and have to adopt Chinese working moral. For the later reason, Chinese shops and restaurants prefer older Hungarian employees, because elderly Hungarians' approach to work is closer to Chinese conception than that of the younger staff.

4.9 Employment conditions and labour relations

The local migrant economic cluster in Budapest bears the general characters of an employment-market of this type: cheap employment, employees' unique knowledge of working in transnational environment, a common mentality and language and mutual assistance through migrant's solidarity. **Unique features of the Budapest migrants labour market are multifunctional job specifications, long working hours (often self-exploitation), shortage of legal safeguarding of employees as well as employing Hungarian labourers** (see Várhalmi, 2010). In Asian migrant communities the typical entrepreneurship career – according to the "carrying over-letting fly" model (see chapter 4.8) – starts with a special kind of general and business socialisation. During that period employees get acquainted with the national culture of consumption, with the local frameworks of doing business and gather experiences on ethnic and non-ethnic business environment. That period is meant to get embedded into the local entrepreneurial network which is essential for a successful career. After a socialisation period of differing length migrants can start their own business with a close cooperation of their former mentors and relatives.

Based on qualitative methods diverse types of Asian entrepreneurial strategies are to be specified (compare Várhalmi 2009):

- <u>the Brand-Builder</u>

  They are the most successful entrepreneurs with a deliberate business strategy focusing on higher segments of the market. There are more Chinese than Vietnamese enterprises which belong to that type. Well equipped with financial and network capital, they arrived in the early nineties and got engaged with higher segments of the market. The business success of these entrepreneurs is based on finding quality manufacturers in China (which also postulates regular controls on production and delivery) which enables them to build a reliable and popular brand, and of course reasonable capital in order to launch wholesale import.

- <u>the Importer</u>

  The Importers become bridges between the country of origin and Hungary due to their successfully building and utilisation of transnational capital of trust. They are high-positioned within the local ethnic community, gain high profits and are less exposed to market turbulences. They successfully find and fill in market gaps.

- <u>the Surf-rider</u>

  The Surf-riders perform the classic type of Asian traders, whose business success is based on flexibility, dynamically changing portfolio of goods, and an advanced cooperation network of trust. Their business strategy is quite simple: gaining the highest profit within the shortest period of time. Cooperation however is an important element for their business success, usually more entrepreneurs join forces for purchasing and selling goods for a prearranged price. In Budapest the Vietnamese retailers rather belong to that entrepreneurial type.

- <u>the Ally</u>

  Allies dominate specific segments of the market and own a significant share from sales. They build up family alliance networks – each family member has his own enterprises – and together they have a hold on some market segments (e.g. lingeries). They are early birds on the market, because to establish well interconnected networks takes time. Allies are interested in balanced operation.

- the Retailer

This entrepreneurship form provides less income and is therefore only suitable for those having no other income sources. The Retailers are starting entrepreneurs or senior's ventures in the lower segments of the market. It is a second choice for latecomers who could not stabilise their positions, or those who lost market positions.

- the Caterers

Their role is usually overestimated within the local ethnic economy. There are quite a lot of latecomers operating in catering. It requires less specific resources however relational capital in running catering business should not be overestimated. Investment requirements and risks are low at that segment, however many caterers suffer significant setback as a consequence of the recent economic crisis.

Photo 10: An Asian coffee shop near to the entrance of the Chinese Market

Source: Tünde Szabó

4.10 Problems and barriers—general management

The Asian community in Budapest works as a local ethnic economic cluster and their business operations are based on network cooperation. Due to overregulation of the Hungarian SME sector managing ethnic businesses may result in a contradictory situation. **For that reason a well-specialised group has been evolved in the Chinese and Vietnamese colony in Budapest, the "komprádor"** (see Várhalmi, 2010). These persons provide bilingual business and personal services in the field of general administration, translation, legal matters and bookkeeping. Those people are mainly Chinese or Vietnamese speaking Hungarians.

4.11 Problems and barriers—financial management

Due to the characteristics of the local network cooperation model, credit loans are usually available via family relations[8]. In our interviews **there was not any mention of requiring**

[8] During the nineties there were also low-cost credits available which were granted by the Chinese State for international businesspersons.

special credit facilities from the Hungarian State. However, one has to admit that the general governmental enterprise aid policy is rather insufficient in Hungary, so as national SMEs could not lean on them either. Bank credits are not very often demanded by migrant entrepreneurs but are, of course, equally accessible to them, if they provide the necessary warranties to the credit grantor. As a matter of fact the warranties are often the main problem for the owners of small enterprises.

Overnight loans are typical for ethnic entrepreneurs, and operate by their relational network, i.e. are interest-free and for an indefinite time. That means that ethnic enterprises can acquire loans on more competitive conditions than Hungarian entrepreneurs. However, the loaner requires strict business objectives, a kind of business plan, which assures low risk of not-repayment. Another form of granting credits is consignment when payment is realised later than the exchange of goods.

4.12 Problems and barriers—marketing

About the topic of marketing only a few informations could be gathered by our interviews. The network cooperation among ethnic entrepreneurs postulates joint actions like common purchasing. Another western-type marketing measure is price competition, which resulted in extraordinary discounts and sometimes in a huge financial loss by competitors. Sharp competition amongst Chinese shop owners can often be seen – contrary to the network cooperation of Vietnamese businesses, which usually segments the market according to mutual satisfaction but this can only be said from a very general perspective. There are also exceptions.

4.13 Problems and barriers—rules and regulations

The discussion paper of the long awaited national integration strategy for migrants states the need to improve the involvement of immigrants into the urban economy. Migrant entrepreneurs could not get into the Hungarian business community due to administrative reasons, to lack of capital or to different working methods (for instance, a certain share of Chinese businessmen do not abide by the law of bookkeeping). Those enterprises need more information to get acquainted with and to adapt to Hungarian regulation on enterprises. It is also worth to consider, as stated in the discussion paper mentioned before to extend Hungarian business assistance schemes (EU founds) to enable migrant entrepreneurs to benefit from those grants. The nostrification process of foreign qualification also needs some simplifcation, which could add to an increasing activity rate of migrants.

A lacking integration policy as well as a general neglect of regulation in force hinders a better adaptation of immigrants. Hungarian law on elections defines settled migrants as eligible voters both in local and national elections; however, there is no certain governmental institution responsible for the communication with ethnic associations or for the consultation of entrepreneurs. On the other hand, Hungarian law on anti-discrimination is one of the most advanced in Europe – it established the Authority for Equal Treatment - however application by the policy is not very well controlled.

A common argument of Asian entrepreneurs against the national regulation is that the central government is not willing to contribute to national economy growth or at least, does not prove to aspire for that. They do not speak up for easing facilities of customs regulation, or for simplifying administrative regulations of SMEs, but stress that the necessity of job generation has failed by the Hungarian government. This resulted in a decreasing demand for Asian goods and significant financial loss of entrepreneurs.

4.14 Problems and barriers—bureaucracy and intermediary institutions

Generally migrants do not experience discrimination by the Hungarian authorities. Thus, in our interviews we could not gather cases of explicit discrimination. In media there are only a few stories about inequal treatment of migrants by the bureaucracy in the course of administrative proceedings. However, subtle critics on the sluggishness of administration are typical. In our interviews we got much more comments on the significant improvement of authorities and bureaucratic processes since the early nineties. This sounds strange because of the recent political developments but one must strictly distuingish the situation of migrant businessmen from that of the Roma minority. Even the Roma don't have many problems with bureaucratic institutions (they simply try to avoid direct interaction) but much more with the negative attitudes of the broader Hungarian population and its nationalistic wing.

5 Rules and regulations, policies

5.1 Overall strategy

There is no integration strategy for migrants available in Hungary, neither at the national nor at the local level. Reason for that might be the relatively low level of inward migration (which level also decreased from 2007 to 2008) **and also, institutional insensitivity for long term strategy building in general.** National laws on migration – adopted by the Parliament in the year of 2007 – serve only the purpose of adapting relevant EU policies, but are neither creating a legal framework for realising a long term strategy on migration policy nor providing integration measures serving the benefit of the whole Hungarian society.

5.2 Objectives and dimension

Despite lacking overall regulations some high quality integration programmes are run by the civil sector supported by the Ministry of Justice and Law Enforcement via the European Social Fund. Integration aid programmes work under the framework of an annual tender procedure. The Department of Cooperation and Migration at the Ministry of Justice and Law Enforcement is responsible to the annual and multi-annual goal setting of integration aid programme, meanwhile assessment and supervision of funds application is managed by the Department of Support Coordination at the same Ministry.

The Ministry operates an **Expert Pool for Integration Goals**, which embraces international actors (Helsinki Commission and International Organization of Migration), NGO's (Menedék Association, Artemisszió Foundation), an aid service (Hungarian Interchurch Aid), research institutes (Hungarian Academy of Science Research Institute of Ethnic and National Minorities, Kopint-Tárki Institute for Economic Research Ltd.) as well as various Ministries and state services (on the field of migration and nationality, statistics, local government, health care, social and family affairs, education and culture). Every year the Expert Pool sets up the draft of an **annual integration programme** based on consensual goals and priorities. The draft programme after that is to be reconciled by Brussels; then the final annual programme is ready to be launched.

The **Multi-annual Programme for the Integration of Third-Country Nationals** has been elaborated in a similar way. **It has to be highlighted that labour market integration does not form a specific goal** because the programme is founded by the European Social Fund which enables to support a scale of activities, rather than focusing on personal services, consultancy, education and training. The successful and well-informed programme proves the motivation and engagement of the mostly young professionals working at and with the Ministry.

5.3 Main Actors

The Ministry for National Development and Economy is the main institution responsible for the elaboration and realisation of the national entrepreneurship policy, which contains also advancing the entrepreneurial climate for the SMEs in Hungary. The development of frameworks for an improved SME sector gained only significant attention – as well as public funding – for a short period of time between 1998 and 2002. **Otherwise the entrepreneurship policy remained unsubstantial in the last two decades.**

The Municipality of Budapest as well as the District Governments do not operate integration programmes for migrants however a limited amount of financial support is usually available for cultural programmes aiming at intercultural discussion. There is however no comprehensive conception on how to contribute to the integration of third country nationals in the city.

5.4 Targets

The **Multi-annual Integration Programme** as mentioned before supports goals defined by and funded by the European Social Fund, which means a sole focus on education and training activities. Priorities of the programme embrace to provide

- advanced education for migrants and prevent early school-leaving,
- assistance for employers to provide Hungarian language trainings,
- encouraging migrants to participate in the social and political life,
- measures for an advanced intercultural dialogue,
- an improved admission procedures and more effective administration of migration affairs,
- anti-xenophobia campaigns,
- civic and cultural orientation programmes.

The promotion of entrepreneurship amongst migrants is lacking priority both in the national as well as in the local social and economic improvement policies. The mid-term urban development programme (Podmaniczky Programme, 2006) does not even mention the goal of migrants' integration(!). The **economic improvement strategy** of the Budapest metropolitan region (ongoing) however refers to the local migrants' economy (Chinese and Vietnamese) and suggests launching a proactive economic diplomacy programme in the South-eastern Asian region. However it does not propose specific measures to contribute to migrant entrepreneurship. The **Retail Trade Development Strategy** of Budapest only refers to structural urban issues of retail development, such as zoning and licensing and not to the issue of operating urban retail.

5.5 Institutions

National government institutions possess the responsibility and take the measures to coordinate migrant's integration issues in Hungary. Since Hungary is a strongly centralised country with fragmented municipal arrangements, power and efficacy of policy making is considerably decreasing on the lower territorial levels of public administration. A general scheme of social and economy improvement programmes operated by the Hungarian Government is that governmental institutions – mostly the ministries – having disposal of European funds coordinate goal setting and programming of the specific field of public responsibility. Those programs will be announced through public tenders. Another department of the same Ministry manages the assessment of the applications as well as makes decision on getting relief to a certain amount of applicants suitable to the annual budget of the programme. Applicants are rather NGOs, public authorities or institutions, which have in common the non-profit character.

According to the general scheme of public policy programmes, the level of the governmental institutions is the most advanced for realising integration programmes with significant competencies and measures for coordination. The main institution is the **Ministry of Justice and Law Enforcement**, which operates the **Department of Cooperation and Migration,** responsible for programme setting as well as the **Department of Support Coordination** which takes over the tasks of coordinating and controlling the realisation of appreciated projects. The **Ministry for National Development and Economy** is responsible for the elaboration of the national entrepreneurship policy, exerting probably insignificant effect to SMEs. Those policies have no ethnic character and do'nt differentiate between national and ethnic entrepreneurs because that would be appraised as discrimination according to the Hungarian interpretation of law. The Ministry also operates the **Economic Conciliation Committee,** in charge of the elaboration of the development strategy for SMEs, in which however no ethnic interest organ participates.

The **Office of Immigration and Nationality** is the public body responsible for visa and residence permission and other administrative affairs as well as for refugee affairs and the integration of asylum seekers. That office is the very first interface with the migrants and mostly remains the only one they are regularly connected with. Other public institutions, like the **Hungarian Tax and Financial Control Administration** or the **National Health Insurance Fund** are further afar from migrants and their relations are rather indirect.

Business associations like the **National Association of Entrepreneurs and Employers** provide consultations and trainings for SMEs, and also organise a joint appearance on international and national fairs. The **Hungarian Chamber of Commerce and Industry** offers the same service as the national association; none of them provides trainings, consultancy or other services specifically for migrants. The Hungarian Chamber of Commerce and Industry however operates the **Research Institute of Economics and Enterprises**, which finances some research programmes dealing with ethnic enterprises (mostly with Asian migrants). The **Confederation of Hungarian Employers and Industrialist** announced a position paper on workers free movement in Central and Eastern Europe as an output of the EU-funded project "Free movement and Social Dialogue"[9] which however deals with inland labour migration. The **Association of Entrepreneurs** which is the interest group organ especially for SME's in Hungary provides rather poor services to entrepreneurs and does not operate any measure for ethnic enterprises.

At the local level the Budapest Enterprise Agency provides basic consulting, loan facilities as well as trainings especially for SMEs. The Budapest Chamber of Commerce and Industry operates as the professional representative body of urban business life. Fellowship to the Chamber requires registration which does not postulate any specific proviso to fulfil. According to Hajduk 2008[10] the **Budapest Chamber of Commerce and Industry has not a single registered enterprise with owners of foreign origin(!). This information we got in our interviews too**.

It is worth to mention that in Budapest some civic organisations overtake significant responsibilities from public bodies. They are the grantees of the Ministry's integration programme and provide high quality and suppletory services for migrants, i.e. integrated

[9]Compare http://www.mgyosz.hu/projektjeink/WorkersMobility.pdf.
[10] See Hajduk, A. (2008) Esély vagy veszély? Bevándorlás Magyarországra. DEMOS.

permission assistant service, entrepreneurship consulting (managed by the Ediktum Foundation) and awareness raising campaigns, like the **“Migrant’s Budapest”**[11].

5.6 Access and involvement in policymaking

Due to the fact that there is no open policy debate on migrant’s integration policies in Hungary, there was no dissatisfaction evolved by those have not been involved in the discussion. **Open policy making in general is realised mainly as analyses of professionals and as reconciliation of interests amongst stakeholders most affected. The general public is usually not informed about such issues, therefore a broader discussion does not take place.** The adverse result of lacking public debate is the unconsciousness and poor information of the public, which postulates xenophobia and beliefs, like ’Chinese deprive jobs from Hungarians’. **Habits like this keep intolerance despite the fact that Asian migrants contribute significantly to the local economic performance.** Even more so under the circumstances of global economic crisis this raises the importance of Asian business relations and postulates an increasing demand for Chinese foreign direct investment to Budapest.

Still, the Ministry of Justice and Law Enforcement realised an advanced and well-informed policy making procedure, via launching the **Expert Pool for Integration Goals** (see above at 5.1). The method is to gather participants, field-workers, researchers and officials of regulative bodies, that enable decision makers to initiate programmes to overcome real barriers of integration.

5.7 Formal access to entrepreneurship

There is not any particular requirement for arranging entrepreneurship but at least a residence permit is required. It is also needed to have arranged a legal relation with the Tax and Custom Authority and with the National Health Service. In some cases and branches there may be other licences needed during the proceeding. There are no regulations on adequate qualification; however there are skilled professions which could only be exercised in case of an adapted qualification. The immigrant status is officially not relevant for accessing to entrepreneurship, if the entrepreneur receives a residence permit and if she/he was authorized to exercise business activity. **In sum, there are no legal obstacles for immigrants to become entrepreneurs, however, administrative procedure is enduring, sluggish and need a plethora of official documents,** verifications, in addition to that, information is only poorly available and solely in Hungarian language. **Migrants surely need some assistance** and sometimes paid consultancy services in order to launch an enterprise in Budapest.

5.8 Rules and regulations

Beyond detailed and sometimes confusing legal regulations on entrepreneurship, hot topics and the “**guiding principle” of the SME sector is now to access the EU grants and beneficial loans**[12]. The b**idding procedure is however remarkably complicated and needs some specific knowledge and experience on Hungarian tendering.** Migrant entrepreneurs – just as nationals – need some professional help, which is provided in many cases by another individual entrepreneur dealing with business consultancy and application procedures. Asian entrepreneurs get into touch mainly with licensing authorities in cases of permit procedure (e.g. improving shops, on-site development, etc). In that case they usually employ a relative or friend having more experience with Hungarian authorities and also somewhat more language knowledge.

Tax avoidance is a habit of Hungarian entrepreneurs, which might in some cases be even the reason or the result of a highly complicated and turbulent taxation system. This behaviour also characterises entrepreneurs of Asian origin (i.e. duty offences). Network cooperation and strong family ties can help starters to get acquainted with taxation and duty regulations.

[11] Compare www.kultours.hu.
[12] Scarcity of capital is probably one of the nastiest fields of SME’s operation in Hungary.

"According to the New Aliens Act, an all-inclusive health insurance (or sufficient means of covering any foreseen medical treatment) is a prerequisite of obtaining any type of residence permit valid for more than three months" (Multi-annual programme, p. 13). Diverting from those applying for residence permit, **ethnic entrepreneurs running business in Hungary stand committed for the same regulations as nationals.** That means that **health insurance** has to be payed monthly, which contains 29% social security contribution and an additional 8% health care contribution of the total income. The whole range of social security benefits can be received only by those paying the fee; that means health insurance benefit and pension insurance benefit. On the demand side, one has to mention two habits of migrants in Budapest. Firstly, young mothers utilise national medical services regularly, but secondly others prefer to visit ethnic doctors providing services for the migrant community. Common is however that both pay health insurance to the Hungarian State.

5.9 Zoning plans

Zoning regulations of Budapest are manifold; zoning is controlled both by the Municipal as well as the District level, meanwhile licensing authority is exercised solely by the district level (there are 23 districts which have elected governments and there is no hierarchical relations amongst the Municipality and the Districts). Zoning regulations are binding however, always subject for negotiations in case of higher scale projects. For instance, there was a resolution issued in 2008 on behalf of the co-owner of the Four Tiger Chinese Market, which obliges traders to abandon the owner's territory. However, the other owner has a "sine die" tenancy agreement with the operator company, which is still in effect. The official zoning plan can only take effect if the operator company denounces the tenancy agreement.

Photo 11: Chinese Market in Józsefváros, entrance

. *Source: Tünde Szabó*

Photo 12: Chinese Market early in the morning

Source: Tünde Szabó

The revival of the area of the Chinese market gives a good example on shortages of municipal zoning and regulation power. **Zoning planning** in Budapest, especially at brownfield areas **is hindered by unclear plot ownership as leftover of former state-owned concerns and as the results of reprivatisation.** The former industrial area which gives place to the huge Chinese Market underwent a spontaneous development process after 1990 parallel with deindustrialisation. The location of the district – the so called Ganz district renamed after the industry concern operated here for decades – favours settling down retail activities due to excellent accessibility and cheap lots within the prezoned area. Site development trends are lead by ethnic entrepreneurs providing wholesale, distribution and logistics on an international scale. The service sector reuses deteriorated brownfield areas, however no intention could be observed so far by the ethnic enterprises for renewal or rebuilding the outdated physical environment. However, local government is able at least to “guide” the development process via indirect measures of permitting or refusing certain activities. Renewal of the Ganz district follows municipal guidance for as much as ethnic investors propose to extend wholesale and retail trade, distribution and logistics further away from the market, however quality and complexity of the project remains far under municipal expectations.

Photo 13: Renewal of the Ganz district – extension of the Chinese Market

Source: Tünde Szabó

5.10 Sectoral rules and regulations

It is a general experience on migrant's economic activity that international economic diplomacy, bilateral agreements on improving international trade and manufacturing resulted in a significant growth of the number of ethnic enterprises. **High-scale economic improvement projects like the specialised international trade centres (Asia Centre, Drake Centre) are a result of intersectoral cooperation, supported by active participation of international diplomacy.** Custom regulations have also a significant influence on entrepreneurial activities relying mostly on transnational trade. For instance EU enlargement and integration enabled Asian entrepreneurs to exercise the custom procedure in another EU country with a special duty. More rigorous regulations for instance on working conditions – made obligatory by EU integration – bring about the winding up of Chinese markets, which make up living for a decreasing but still quite significant number of retail traders.

5.11 Business acumen

Hungarian SME sector's operational rule is the **"natural selection"**: there is a limited training available for entrepreneurs (and those are only available in Hungarian language) and access to relevant information (e.g. changing regulation) is hardly eased by the government. There are no specific measures available for ethnic entrepreneurs.

Skills and competences enable entrepreneurs to be successful and many skills can be bought on the market. Dozens of consultants, bookkeepers, estate brokers offers their services especially for migrant entrepreneurs; ethnic businesses can even maintain a for-profit research enterprise dealing with market analysis and economic trends.

5.12 Finance

For all Hungarian enterprises it is highly difficult to access soft loans. Due to the formalised procedure of application Asian entrepreneurs rather leans on family relations for aid. A shift in the habit is seen in the way that national entrepreneurs apply mostly for cofinancial constructions (e.g. combining national grants with bank loans): due to intensive planning and administration required by those construction, limited loans are lent to those enterprises which are able to carry out the application procedure. That means that **ethnic enterprises have less experience in the Hungarian grant system and are handicapped on that market**.

5.13 Business locations

Due to the high growth rate of ethnic economy in the last decades the provision of real estate as well as commercial areas on a sufficient scale and quality proved to be a challenge in Budapest. For satisfying this demand high-scale private development **projects have been launched – Asia Center, China Mart, Drake Centre, and Euro Square – providing quality business location for ethnic entrepreneurs.** Asia Center opened up in 2003 and counts a number of 500 enterprises of which 100-120 are Chinese and twice as much Vietnamese. The Center provides complex services of infrastructure, logistic and development, and as a result of both the upturning Chinese industry and of the global economic crisis aims at focusing on wholesale trade of Chinese brands. Drake Centre rose because of the network cooperation model of Vietnamese entrepreneurs and has a volume of businesses similar to the Asia Center, but is oriented solely on retail and provides fewer services.

An overall strategy shift can be observed in ethnic business activity during the last years namely to leave “traditional” retail at open-air markets and to **move towards diversified retail and distribution activities which are realised in well-equipped malls and market halls**. Beyond high-scale investments, like Asia Center, other projects targeting a lower-income ethnic niche are planned, like Monori Udvar in the District X, or Europe Trade Center opposed to the Chinese Market.

5.14 Access to employment with ethnic businesses

With the exception of some international companies the role of migrant entrepreneurs as employers is still not so relevant. Migrant entrepreneurs in Hungary mostly run family businesses, which do not require significant numbers of employees. This is the main reason why institutionalized measures in this field do not exist.

5.15 Staff matters

One cannot say that there might be typical differences between migrant and Hungarian enterprises. Working conditions mostly depend on the branch of economy. Staff matters controlled by labour inspectorates are regulated by general national law. There are various possibilities for employing staff, like contract for work, casual labour or full time or part time employment. Cases of violation of employee’s rights happens in Hungarian as well as in migrant enterprises, though in the latter the number of complaints is very small. If there are concrete complaints about grievances the Trade union intervenes. Often informal ways of conflict resolution are preferred instead of raising a complaint at the Trade Union. The potential of intervention of the trade unions is limited and mostly concentrated on the public sector. In the private sector of the economy the influence of labour organisations is modest. Employees are explicitly not encouraged by the employers to become trade union members.

5.16 Marketing

National and local Chambers of Commerce and other interest organs of employers and entrepreneurs organise regularly the appearance of Hungarian SMEs on international fairs, but due to the fact that ethnic enterprises are not members of those chambers and also because of their market segmentation they fail to grasp these opportunities.

5.17 Transnational economic connections

There are vital transnational economic relations amongst China, Russia and the Arab countries organised by the Hungarian Chamber of Commerce and Industry. Economic diplomacy is a boosting field of government operation and only resulted in significant investment projects (high-scale developments like the Asia Centre) since the early years of this decade. In particular members of the Chinese business community make use of their network of transnational business connections which is not only for their individual advantage but also for the advantage of China's booming economy.

Várhalmi pointed out that the issue of migrant's integration looses its significance in the case of a transnational economy maintained by international migrants. He added that the habit of multiple embeddedness performed by these migrants neglects general standards of integration and because of this does not add any benefit to a migrant's successful career. Highlighting this point he suggests to investigate novel lifestyles and habits of those double-anchored migrants, benefitting significantly from a transnational business model.

5.18 Training and management support

In this field no measures from the Municipality's side exist. Civic organisations run programmes for improving entrepreneurial skills of migrants, mostly for asylum seekers at the three refugee camps in Hungary, which includes basic consultation on requirements on becoming an entrepreneur and information on how to launch business in Hungary. Those advanced management skills focusing on everyday operations are needed to use the market by hiring a tax consultant or taking into account one of Budapest's business service enterprise specialised to ethnic businesses. The number of migrants who intend to be self-employed is limited.

5.19 Illegal and informal practices

Tax avoidance could be formulated as a habit of Hungarian entrepreneurs, which might be even the reason or the result of the highly complicated and turbulent taxation. This also characterises behaviour of entrepreneurs of Asian origin (i.e. duty offences). Extraordinary high taxes on entrepreneurs resulted in tax avoidance and this is one of the most critical problems of the urban and national economy, which is deepened by corruption.

5.20 Non-action

Due to the limited number of ethnic entrepreneurs in Hungary, institutions responsible for regulating the SME sector failed to integrate the ethnic economy segment into the national economic improvement policies and as result, they neglect to develop adequate measures (i.e. multilingual information provision and consultancy). The importance of ethnic economy has not been comprehended as a significant issue, even though the Municipality did not put much emphasise on joint elaboration of a general economic improvement policy. Lacking national regulation is also a result of a relatively limited stress that migrants exert on the society. On the other hand right now there is no European funding available for labour integration, which postulates that without EU co-financing not a single national programme would be launched.

5.21 Dialogue

There is a commencing economic cooperation initiative (**Economy Conciliation Committee**) between local government and economic shareholders and professional representation of businesses, which currently operates in Budapest. This is always a difficult task to involve collaborative approaches to urban development planning: the launching of the Economy Conciliation Committee took three years. Under these circumstances involving ethnic enterprises in economic improvement policies is an issue further away in the future.

6 Other

6.1 Summary and conclusions

In Budapest, most of the ethnic communities run vital ethnic businesses, and create a dynamic segment of the urban economy. Most ethnic groups living in Budapest satisfy specific local demands, like Turkish kebab shops offering a warm meal for bats of the thriving nightlife up till early in the morning or Brazilian salsa-clubs that turn Latino fever of the dance clubs to good use. On the other hand, many ethnic businesses serve the mainstream demand of home-furnishing – referring here to Arab carpet shops or Chinese bathroom-fittings – or clothing for lower income households served by Vietnamese retail traders. Chinese wholesale traders form a privileged group in the local ethnic community; they feed regional demands in Eastern Europe via running high-scale import and distribution enterprises. Chinese entrepreneurs are able to run capital-intensive businesses; many Chinese entrepreneurs of the new generation intend to expand activity from international trade to manufacturing in the EU. There are vital transnational economic relations between Hungary, China, Russia and the Arab. In particular members of the Chinese business community make use of their network of transnational business connections which is also for the advantage of China's booming economy.

The appearance of ethnic enterprises in the city shows a decade-long symbiosis. Proximity of the single downtown ghetto of Budapest, good accessibility to the international freight service as well as availability of plentiful cheap brownfield plots resulted in an ethnic business area at the border zone of the District VIII (Józsefváros – Ganz district) and District X. Presence and dynamism of ethnic entrepreneurs on the field gave rise to the municipal conception of comprehensive reuse and renewal of the area as a joint programme embracing ethnic businesses and public entities. Another concentration of ethnic – mostly Asian – businesses is located in the close proximity of the Asia Center at the district XV (Rákospalota), which caused the creation of not only China Mart but also the Center for Chinese Culture and Arts.

Ethnic businesses utilise specific ethnic resources like transnational relations, strong business co-operations, and strong ties created by trust or self-exploitation. Those resources enabled ethnic entrepreneurs to find their local economic niche and serve mainstream demands of mostly lower income population. It is worth to mention that urban Roma population is possibly one of the most populous groups taking advantages of ethnic services and are also themselves often active in small business. There are barely any open marks of intercultural tensions in the business sphere reported, however competitive situations on market division could be expected – i.e. between Vietnamese traders and diverse ethnic groups from the Balkan sharing the Chinese Market.

Concluding the experiences evolved from interviews and from analysing academic and mainstream literature it is to emphasize that migrants coming to Hungary have a definite premigrational goal of starting entrepreneurship career, which make them aware of ways and means to achieve their goal and of hindrances to tackle with. The only group exposed to an inaccessible labour market is the one of asylum seekers. They receive however occasional trainings on how to become self-employed in the three refugee camps in Hungary. Since Hungary is a transit post rather than a host country for asylum seekers, problems evolved from lacking entrepreneurial skills are limited and controllable.

6.21 Good practices

In Budapest, the number of examples of good practices is very limited. Successful measures to improve self-employment of the migrant population can be found in the building of shopping malls like China Mart or Europe Trade Center.

Photo 14: Budapest China Mart

Source: Tünde Szabó

Profit business centres for ethnic entrepreneurs are meant for tackling the institutional vacuum raised by EU integration – assessing whether this is really a good practice or an unsuccessful trial for structural change in ethnic entrepreneurship is controversial.

Photo 15: Asia Center Budapest

Source: http://www.asiacenter.hu/hu_menu_img_details.php?gallery_id=22

From the Municipality's side no sustainable measures of good practice were installed, so far. For the future it will be the economic and political development which determines the chances of migrant business too. The recent elections brought some political changes and one will see how this change will also influence the economic landscape.

6.3 Any other final comment or suggestion?

6.4 Interview partners

1. **Mr. Zoltán Várhalmi**, GVI Research Institute for Economics and Enterprise Analyst, Sociologist

2. **Ms. Eszter Soós**, Asia Center Budapest, Director for Business Improvement

3. **Ms. Éva Nagymáté**, Administration Service Bt., Ediktum Foundation, Managing Director
4. **Mr. László Vábró,** Ministry of Justice and Law Enforcement Department of Support Coordination; Head of Department
5. **Ms. Anna Gyöngy**, Ministry of Justice and Law Enforcement Department of Cooperation and Migration
6. **Mr. Nándor Laklia**, Office of Immigration and Nationality Refugee Board
7. **Mr. András Kováts**, Menedék Association, Managing Director, Hungarian Academy of Science Research Institute of Ethnic and National Minorities
8. **Melegh Attila**, Hungarian Central Statistical Office Demographic Research Institute, Senior research fellow
9. **Mr. Péter Dunai**, Hungarian Chamber of Commerce and Industry, Secretary General
10. **Ms. Mary Murphy**, Írj jól! Ethnic enterprise owner and manager
11. A **Vietnamese and a Chinese enterprise owner** both renting more shops and restaurants at Asia Centre **(**Interviews have been organised by the Asia Center)
12. **Ms. Dorisz Szanyi,** PR referee BKIK (Budapest Chamber of Commerce and Industry)
13. **Ms. Róbertné Szilágyi**, Chief Secretary, Chairman's Office BKIK (Budapest Chamber of Commerce and Industry)

6.5 Books and reports

1 **Hajduk, A.** (2008): Esély vagy veszély? Bevándorlás Magyarországra (Challenge or risk? Immigration to Hungary). DEMOS.

2 **Várhalmi, Z.** (2009): A Távol-Keletről Magyarországra érkező állampolgárok munkavégzésének fő jellegzetességei, típusai (Features and types of migrants' employment arrived from the Far East) Hungarian Chamber of Commerce and Industry, Research Institute of Economics and Enterprises.

3 **Irimiás, A.** (2008): A Budapesten élő kínai közösség (Chinese community living in Budapest) Földrajzi Értesítő. LVII: 469-481.

4 **Nyiri, P.** (2006): Transnationalism and the Middleman Minority Model: Chinese Entrepreneurs in Hungary, in: Kirby, W.C, Leutner M. & Mühlhahn K. (eds.): Global Conjectures: China in Transnational Perspective. Münster: LIT: 73-91.

5 **Várhalmi, Z.** (2010): A budapesti kínai és vietnámi gazdasági klaszterek néhány jellegzetessége (Features of Chinese and Vietnamese economy clusters in Budapest) unpublished.

- www.needs.hu
- www.ediktum.hu
- www.migransintegracio.hu

6.5 References

Budapest – Józsefváros Integrált Városfejlesztési Stratégia 2. kötet (Józsefváros Integrated Urban Development Strategy Volume 2.). Budapest.

ERESER Közvélemény és Piackutató Bt. (2009): Beilleszkedési utak és lehetőségek. (Chances and opportunities for integration). Research report.

Gödri, I. & Tóth, P. P. (2005): Bevándorlás és beilleszkedés (Immigration and Integration) (www.demografia.hu/letoltes/kiadvanyok/Kutjelek/KJ80bevand.pdf).

Granovetter, Mark (1983): The Strength of Weak Ties: A Network Theory Revisited. Sociological Theory, vol 1, pp. 201-233.

Hajduk, A. (2008): Esély vagy veszély? Bevándorlás Magyarországra (Challenge or risk? Immigration to Hungary). DEMOS.

Hungarian Central Statistical Office (Központi Statisztikai Hivatal, KSH) (ed.): Census 2001 (http://nepszamlalas.hu/eng/index.html).

Igazságügyi és Rendészeti Minisztérium: (http://www.irm.gov.hu/eia_palyazatok).

Irimiás, A. (2008): A Budapesten élő kínai közösség (Chinese community living in Budapest) Földrajzi Értesítő. LVII: 469-481.

Kínaiak Magyarországon (http://www.hetek.hu/archiv/2007_marcius_09_xi10).

Kondor, A. (2010): A normák hatása a társadalmi-gazdasági térfolyamatokra és a területi szabályozás lehetőségei. (Effects of norms on social-economic territorial development and potentials of spatial regulation) unpublished, 140 p.

Kovács, Z. & T. Egedy (2009): A kreatív gazdaság helyzete, fejlesztési feltételei és lehetőségei a budapesti városrégióban (Features of the creative economy, conditions and possibilities of its development at Budapest metropolitan region). MTA FKI

Központi Statisztikai Hivatal (KSH) (ed.): Budapest évkönyv (Budapest Statistic Yearbook) 1997; 2007; 2008.

Központi Statisztikai Hivatal (KSH) (ed.) (2007): Társadalmi jellemzők 2006 (Social features 2006).

Központi Statisztikai Hivatal (KSH) (ed.) (2008): Magyarország 2007 (Hungary)

Központi Statisztikai Hivatal (KSH) (2009): Társadalmi jellemzők és ellátórendszerek 2008. (Social features and health care system 2008).

Központi Statisztikai Hivatal (KSH) (ed.) (2009): Demográfiai évkönyv 2008 (Demography Yearbook 2008). Budapest.

Menedék Egyesület (ed.): Bevándorló Budapest (Immigrant's Budapest) projekt. Menedék Alapítvány (http://www.kultours.hu).

Ministry of Justice and Law Enforcement (ed.): Multi-annual programme of the European fund for the integration of third-country nationals for the period 2007 to 2013 member. Budapest.

Müller, M. (no year): Magyar Chinatown - Die Chinesen von Budapest (http://www.mediatandem.hu/downloads/573--muller_liga_china.pdf).

Municipality of Budapest (ed.) (2008): Budapest Főváros Integrált Városfejlesztési Stratégiája (2008) (Integrated Urban Development Strategy for the Municipality of Budapest). Budapest.

Nyíri, P. (1999): New Chinese migrant in Europe: The Case of the Chinese Community in Hungary. University of Oxford, UK (Research in Migration and Ethnic Relations Series).

Nyíri, P. (1999): New migrants, new community: The Chinese in Hungary 1989-1995, in: Gregor Benton & Frank Pieke (eds.): The Chinese in Europe. London, Aldershot: 295-312.

Nyíri, P. (2002): Új ázsiai migráció Kelet-Európába: magyarországi kínaiak Tér és Terep 2002.1.

Nyíri, P. (2002): "Introduction," in Nyíri, Pál and Igor R. Saveliev (eds.), Globalising Chinese Migration: Trends in Europe and Asia, Aldershot: Ashgate Publishing.

Nyíri, P. (2003): Chinese Migration to Eastern Europe. International Migration 41:3, 239-265 Online publication date: 1-Aug-2003.

Nyíri, P. (2006): Transnationalism and the Middleman Minority Model: Chinese Entrepreneurs in Hungary, in: Kirby, W. C, Leutner M., Mühlhahn K. (eds.): Global Conjectures: China in Transnational Perspective. Münster: LIT: 73-91.

Nyíri, P. (2007): Chinese Entrepreneurs in Hungary, in: Dana, Leo Paul (ed.): Handbook of research on ethnic minority entrepreneurship: a co-evolutionary view on resource management. Cheltenham, UK; Northampton, MA: Edward Elgar: 543-554.

Odehnal, B. (30-11-2007): Budapest wird zu Chinas Filiale in Europa. Tagesanzeiger 30-11-2007 (http://sc.tagesanzeiger.ch/dyn/news/wirtschaft/818895.html).

Office of Immigration and Nationality (ed.): Database of the Office of Immigration and Nationality (http://www.bm-bah.hu/statisztikak.php?specialization=0).

Podmaniczky Program Mid-Term Urban Development Programme of Budapest, 2006

Sixth Framework Programme of the EU ACRE http://acre.socsci.uva.nl/results/index.html).

Studio Metropolitana (2010) Metropoly – Economy Improvement Strategy - Orientation Study for the Metropolitan Region of Budapest. unpublished.

Tóth, Á. & J. Vékás (2004): Nemzeti és etnikai kisebbségek Magyarországon (Ethnic minorities in Hungary). Etnikai-nemzeti Kisebbségkutató Intézet. (http://adatbank.transindex.ro/regio/kutatoioldalak/htmlk/pdf999.pdf).

Várhalmi, Z. (2009): A Távol-Keletről Magyarországra érkező állampolgárok munkavégzésének fő jellegzetességei, típusai (Features and types of migrants' employment arrived from the Far East) Hungarian Chamber of Commerce and Industry, Research Institute of Economics and Enterprises.

Várhalmi, Z. (2010): A budapesti kínai és vietnámi gazdasági klaszterek néhány jellegzetessége (Features of Chinese and Vietnamese economy clusters in Budapest) unpublished.