THE ROLE OF SUB-REGIONS “HEVES” AND “BÁTORTERENYE” IN THE ECONOMIC DEVELOPMENT

A Hevesi és Bátonyterenyei kistérségek vállalkozásainak szerepe a gazdaságfejlesztésben

BARANYI Aranka – TARALIK Krisztina

Abstract

The economic performance of a country is clearly influenced by the facility of the local environment, the resources, infrastructure, and market conditions of the local areas. The importance of the development of the local economic is indisputable. There are 94 sub-regions which are underprivileged, 47 sub-regions are most disadvantageous and 33 sub-regions are the most disadvantageous and require complex developer program within the 174 Hungarian sub-regions. It is very important to develop these sub-regions. The local process of economic development is generally based on traditional solutions, but the present environment requires them to apply in modern social and economic circumstances. In the country there are numerous examples and methods of local economic development, however, while some of them have become fairy popular, others have rather scattered, insulated character. Every settlement has special, local features that might encourage, or sometimes discourage the development of the local economy. The local characteristics can seriously determine how the relative advantages are able to involve and retain new investments. Enterprises play a determinant role in local economic development. In our research we analyse the special functional features of sole proprietorships and partnerships in the sub-regions of Heves and Bátorterenye, indicating several typical processes of these sub-regions.

Keywords: disadvantaged sub-region, proprietorships, partnerships

JEL code: G00

Introduction

The governing tendency in the field of regional development practice used to be the approach that the missing local resources of the certain regions should be raised by invited and settling down outsider investors. Due to this theory, local resources with relatively limited economic interest on smaller territories were often utilized partially or were fully ignored. Since the beginning of the 2000s a new economic approach has gained ground in Hungary, too, aiming at the well-balanced utilization of the local and external resources, in the process of which the requirement of sustainable development and local decision-making have received higher and higher importance. The local process of economic development is generally based on
traditional solutions, but the present environment requires them to apply in modern social and economic circumstances. In the country there are numerous examples and methods of local economic development, however, while some of them have become fairly popular, others have rather scattered, insulated character. Every settlement has special, local features that might encourage, or sometimes discourage the development of the local economy. The local characteristics can seriously determine how the relative advantages are able to involve and retain new investments.

The development of local economy is a very complicated process. At present there is no generally accepted definition for its terminology and purpose, either. According to MEZEI [2006] developing of the local economy is a wilful intervention into the economic processes by the local community, which can utilize both the domestic and external /incoming/ resources. The aim of the process is establishing the economic capacity of the sub-region paying attention to the economic perspectives of the sub-region and acceptable living standards of the inhabitants. According to the World Bank definition the development of the local economy is a process that focuses on common attempt of social, business and civil representatives in order to create favourable conditions for economic development and employment [SWINBURN et al., 2006]. WONG [2006] outlines, the authors, who attempt to define the above object, think similarly relating to the aspect that the development of the local economy is a changing and increasing process. However, it must not be ignored, that in order to rise the living standard and be able to create new economic opportunities a community must be capable of answering competitive and constantly changing challenges, too. [GWEN et.al., 2004]. Different authors apply different grouping of participates of economic development. Still, the most accepted definitions distinguish four groups, which are - according to [LENGYEL 2010] - are the following:

- representatives of local authorities /the management of the local authority and its different institutions, organizations
- the business sphere /representatives of partnerships and sole proprietors/
- institutions of knowledge transfer / representatives of secondary and higher education, professional schools, retraining schools and further organizations of technological transfer/
- Development agencies / representatives of agencies of governmental or clearly business character/.

However, the above classification cannot be considered full, since it does not contain the local residents themselves, who play determining role in the local economic processes, either individually or forming active groups. Thus it is reasonable to supplement the four groups above with the following elements:

- Representatives of civil organizations, which are independent of the governmental influence, founded for achieving varied purposes, and can efficiently stand for local interests
- Representatives of the local community: local individuals or members of self-dependent groups that can actively participate in the processes of local economic development [BAJMÓCZY, 2011].

The effect of the change of regime on North-Hungarian region was significant. The backwardness in this region G. FEKETE [2006] sorted into 5 factors: the disrupted demographical balance, the isolation, the lack of satisfaction of needs, the low income-generating capacity of the region and the inadequate use of the environmental factors. In a so
interlaced situation it is hard to identify the real reason of the disadvantaged position of the region.

LIPTÁK in her research in 2013 investigated the consequences of the economic crisis in the Hungarian sub-regions. Based on her results the most significant decrease in case of social-welfare factor was in the North-Hungarian region, and it has an effect in the whole Tiszántúl region. Between reasons of decrease she found the high number of the registered job-hunters, the registered entrant job-hunters and the regular social assistance recipients.

According to the research of SZŰCS et al. [2013] performed in the Gyöngyös sub-region, the inhabitants considered the economic development as the most important area within the purposes of the settlement- and area-development – ranked this purpose prior than the infrastructural innovations. Based on their experiences the capital scarcity of the micro- and small enterprises is a huge barrier in front of these enterprises to receive the sources, because they are not able to pre-finance the expenses of the innovation.

Material and methods

Enterprises play a determinant role in local economic development. In our research we analyse the special functional features of sole proprietorships and partnerships in the regions of Heves and Bátorterenye, indicating several typical processes of these sub-regions.

In the research of sole proprietorships and partnerships the data of 2012 have been analysed, which were placed at our disposal by the Opten Ltd. The data have been introduced and analysed by descriptive statistical methods.

Results: Analysis of the of sole proprietorships and partnerships in two disadvantaged sub-regions

Analysis of the of sole proprietorships and partnerships in the “Bátorterenye” sub-region

As far as employment is concerned, besides partnerships sole proprietorships also play an outstanding role through self-employment, and they often provide jobs for close family relatives, too. Large companies do not typically set up in underprivileged regions, or stay for a short period only, until their subsidised conditions expire. That’s why the support of local enterprises is especially important, as well as collecting information about their business environment, which is one of the main purposes of our research. The references highlight the well-known fact that Hungarian enterprises have a highly divided, uneven structure, which unfortunately has proved to be typical in these two sub-regions, too. According to the figures of the Hungarian Central Statistical Office /HCSO/ for the same period it turns out that among the registered small businesses the number of employees is unknown at about 470 thousand enterprises and 1-9 people are employed by 70.6% of them. In the “Bátorterenye” and “Heves” sub-regions the latter figure is accordingly 99.9% and 100%.
1. Table: Distribution of sole proprietorships by their number and income in the settlements of Bátorterenye sub-region in 2012

<table>
<thead>
<tr>
<th>Annual Revenue in 2012</th>
<th>Bátorterenye</th>
<th>Dorogháza</th>
<th>Kisbárkány</th>
<th>Lucába</th>
<th>Márkaháza</th>
<th>Márkanézvät</th>
<th>Mártonóvák</th>
<th>Mátarénye</th>
<th>Mátaverebély</th>
<th>Nagybarátk</th>
<th>Nagykeresztúr</th>
<th>Némét</th>
<th>Sámsonháza</th>
<th>Szuha</th>
<th>Alltogether</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 20 million HUF</td>
<td>303</td>
<td>31</td>
<td>10</td>
<td>12</td>
<td>2</td>
<td>14</td>
<td>28</td>
<td>39</td>
<td>33</td>
<td>10</td>
<td>4</td>
<td>15</td>
<td>7</td>
<td>13</td>
<td>521</td>
</tr>
<tr>
<td>21 - 50 million HUF</td>
<td>12</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>51 - 300 million HUF</td>
<td>111</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>13</td>
<td>9</td>
<td>15</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1757</td>
</tr>
<tr>
<td>Number of active small</td>
<td>426</td>
<td>35</td>
<td>15</td>
<td>13</td>
<td>2</td>
<td>19</td>
<td>43</td>
<td>51</td>
<td>52</td>
<td>16</td>
<td>7</td>
<td>22</td>
<td>8</td>
<td>18</td>
<td>727</td>
</tr>
<tr>
<td>proprietorships / settlement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of inactive sole</td>
<td>1058</td>
<td>50</td>
<td>15</td>
<td>43</td>
<td>22</td>
<td>59</td>
<td>108</td>
<td>103</td>
<td>99</td>
<td>67</td>
<td>15</td>
<td>4</td>
<td>3</td>
<td>5</td>
<td>1757</td>
</tr>
<tr>
<td>proprietorships / settlement</td>
<td></td>
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</tr>
</tbody>
</table>

Source: the authors’ analysis based on the Opten Ltd. database of 2014

The Table indicates that proprietorships are found in 15 settlements of the sub-region, and their registered number is 1660, 43% of which are active, while the rest is inactive. The situation is worsened by the fact that 10.5% of proprietorships do not provide any information about their annual revenues. Consequently, among the total number of proprietorships only 553 /33.3%/ declare officially any revenue. From 1660 enterprises only two villages – Mátraterenye and Sámsonháza – have enterprises with annual revenues of about 300 million HUF. 94.2% of the businesses providing information relating to their income have maximum 20 million HUF, which is barely enough to sustain their survival, but too little to recruit 1-2 or more employees. Certainly, most sole proprietorships are situated in the centre of the sub-region, in Bátorterenye, which amounts to 57% of those that have declarations on their annual revenues.

Chart 1 shows the proportion of active sole proprietorships in the settlements. The most favourable situation can be seen in Kisbárkány, where half of the proprietorships is active, 10 of which can realize an annual income less than 20 million HUF, and only 3 can be considered slightly bigger. In Dorogháza more than 40% of the proprietorships are active. In the centre of the sub-region only 23% of the proprietorships are declared to be active, and altogether 21% produces any income.

1. Chart: The proportion of the active proprietorships

Source: the authors’ analysis based on the Opten Ltd. database of 2014/
Relating to the active sole proprietorships we also have employment figures. 99.6% of the proprietorships take part in the employment of the labour force in the sub-region, but 84.7% is declared self-employed. The database shows that 70 proprietorships employ 2 workers, 4.6% of proprietorships employ 3-4 people, 5-9 people work for 5 proprietorships, but 3 of these 5 businesses are located in the centre of the sub-region, in Bátorterenye. Proprietorships employing 10-19 people can only be found in Bátorterenye and Nagykeresztúr. The largest proprietorship of the sub-region is situated in Sámsonháza, which provides working opportunity for between 20-49 employers. Therefore the whole employment is very “crumbled” in the region and at the same time is very centralized, as Bátorterenye concentrates nearly 60% of proprietorships, which participate in the employment of the labour force, while the other employers are located in 13 other settlements.

**Partnerships**

Partnerships in the “Bátorterenye” sub-region have been analyzed by their number, annual income, profit before taxes /PBT/ and their registered capital.

In the chart below we introduce partnerships that can realize income from export and have separated assets for research and development /R&D/ purposes.

2. Table: The number of partnerships, the realized income from export and the separated assets for R&D purposes of partnerships in Bátonyterenye sub-region in 2012

<table>
<thead>
<tr>
<th>Bátorterenye sub-region</th>
<th>Bátorterenye</th>
<th>Dorogháza</th>
<th>Kiskírkás Bárkány</th>
<th>Lacstaha</th>
<th>Mátraháza</th>
<th>Mátramindszent</th>
<th>Mátraverebély</th>
<th>Mátraverebély</th>
<th>Nagybárkány</th>
<th>Nagykeresztúr</th>
<th>Nemító</th>
<th>Sámsonháza</th>
<th>Szuha</th>
<th>Altogether</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of partnerships</td>
<td>219</td>
<td>20</td>
<td>4</td>
<td>5</td>
<td>8</td>
<td>8</td>
<td>25</td>
<td>29</td>
<td>15</td>
<td>5</td>
<td>4</td>
<td>17</td>
<td>13</td>
<td>23</td>
</tr>
<tr>
<td>Business receiving revenue from export</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-*</td>
</tr>
<tr>
<td>Business with R&amp;D assets</td>
<td>1*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1*</td>
</tr>
</tbody>
</table>

(* means that we found partnership with separated assets for R&D purpose in 2010 - because we examined Opten Ltd. database of partnerships between 2010 and 2012 – but we could not find any partnerships separate assets for these purpose in 2011 or 2012)

Source: the authors’ analysis based on the Opten Ltd. database of 2014

The number of partnerships is considerably smaller than that of the sole proprietorships, at the same time some of them can realize income from export activities. It is also remarkable, that at least partnership can separate assets for R&D, because in the “Heves” sub-region there is no business with similar opportunity. 55% of partnerships is located in Bátorterenye, then comes Mátraterebenye with a share of 7.3%.

The next stage of our work is the analysis of the annual net income of partnerships, which can demonstrate whether the registered partnerships actively deal with business activity and thus create employment or not.
62 partnerships of 395 has unknown amount of annual income, and another 59 partnerships report zero amount; consequently 31% of the businesses probably do not play any role in employment. The highest ratio – over 50% - of such enterprises is located in Dorogháza, Lucfalva, and Kisbárkány. In Lucfalva – apparently- there are 5 active partnerships, but in fact only one of them is reported to realize income. Similarly, in Dorogháza among the 20 partnerships only 10 have annual income. The number of partnerships in the region, producing income of about 300 million HUF is 11 altogether. In the case of 189 partnerships, that is 48% of businesses, the annual income amounts to maximum 20 million HUF. Obviously this rather small amount negatively influences both the employment and taxpaying abilities of these businesses. 153 partnerships -39% - realizes zero income or even loss, which means the low or no income determinates low profit, so these businesses are unable to pay tax on profit, either. Only two partnerships can realize income between 51 - 300 million HUF, both of them located in Mátramindszent, it means that the centre of the region has no similar businesses at all.

The amount of annual revenue and profit determines the capital position and accumulation ability of an enterprise that is why we have analysed the amounts of the authorized capital of partnerships. As for the capital position the more powerful an enterprise the better it can respond to external economic environment and impacts.
5. Table: Registered capital categories

<table>
<thead>
<tr>
<th>Bátónyterenye sub-region</th>
<th>Bátonyterenye</th>
<th>Dorogháza</th>
<th>Kishárnagy</th>
<th>Lánfalya</th>
<th>Mátraháza</th>
<th>Mátraháza-mindszent</th>
<th>Mátraverebély</th>
<th>Mátamátra</th>
<th>Mátanovák</th>
<th>Mátaterenye</th>
<th>Mátraterenye-mindszent</th>
<th>Nagykeresztúr</th>
<th>Nemti</th>
<th>Sámsonháza</th>
<th>Szuha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 0.5 million HUF</td>
<td>129</td>
<td>13</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>11</td>
<td>20</td>
<td>10</td>
<td>5</td>
<td>2</td>
<td>11</td>
<td>9</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>0.5 - 1 million HUF</td>
<td>10</td>
<td></td>
<td>1</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-5 million HUF</td>
<td>64</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>9</td>
<td>6</td>
<td>3</td>
<td>1</td>
<td>6</td>
<td>2</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-10 million HUF</td>
<td>4</td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 10 million HUF</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: the authors’ analysis based on the Opten Ltd. database of 2014/

There are official data about the amounts of authorized capital of 388 partnerships, and the chart above demonstrates, that 232 partnerships – approximately 60% of all businesses – have authorized capital lower than 0.5 million HUF. These partnerships cannot be considered to be “powerful” concerning their capital positions. 16 businesses have authorized capital of maximum 1 million HUF, 11 have authorized capital over 5 million HUF, and only 13 partnerships – 3.3% - belongs to the most powerful group. Ten of them are located in Bátorterenye, while the rest can be found in Mátranovák, Mátraterenye and Nagykeresztúr.

**Analysis of the of sole proprietorships in the “Heves” sub-region**

As we have already mentioned it earlier sole proprietorships play outstanding role in the economic development in the sub-region. The basic reasons for it are the following factors: starting this activity does not require any minimal amount of registered capital; it can be carried out as an additional activity and the administration duties are much simpler than in partnerships. Unfortunately the lack of reliable public figures makes the analysis almost impossible. Our research has been carried out with figures received from the database of the Opten Ltd.

The chart below shows the structure of proprietorships by annual income categories. Since in the sub-region sole proprietorships are determinant employers, we have considered it important to analyze these micro-businesses, focusing on their abilities to continue development in the future. The lack of acceptable income slows down or stops development and consequently employment, too. Furthermore it reduces their chances to apply for loans because they would be unable to redeem debts, and as a result cannot enter into competitions or start their own projects. The sub-region is known to be made up of numerous underprivileged settlements with a high level migration of labour force and undereducated applicants for work. Only the bigger neighbouring towns can absorb the labour force, which is willing to work, but it means that commuting people have to travel 2-3 hours a day for a typically low net monthly salary of about 70-80 thousand forints, which is paid for rotating shift work with 2-3 shifts. Analyzing the database the situation in the sub-region is rather discouraging. Altogether 2221 sole proprietorships were registered in the region in 2012, 56% of which was not active.
6. Table: Distribution of sole proprietorships by their number and revenues in the settlements of “Heves” sub-region in 2012

<table>
<thead>
<tr>
<th>Annual revenue in 2012</th>
<th>Átány</th>
<th>Boconád</th>
<th>Erk</th>
<th>Heves</th>
<th>Hevesvezekény</th>
<th>Kisköre</th>
<th>Kőműves</th>
<th>Páty</th>
<th>Tarnabod</th>
<th>Tarnaméra</th>
<th>Tarnás</th>
<th>Tarnaszadány</th>
<th>Tenk</th>
<th>Tiszaháza</th>
<th>Zsák</th>
<th>Altogether</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 20 million HUF</td>
<td>12</td>
<td>34</td>
<td>3</td>
<td>340</td>
<td>18</td>
<td>83</td>
<td>17</td>
<td>31</td>
<td>2</td>
<td>56</td>
<td>33</td>
<td>14</td>
<td>8</td>
<td>28</td>
<td>41</td>
<td>8</td>
</tr>
<tr>
<td>21 - 50 million HUF</td>
<td>1</td>
<td>1</td>
<td>14</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>5</td>
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<td>6</td>
<td>3</td>
<td>1</td>
<td>6</td>
<td>3</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>51 - 300 million HUF</td>
<td>1</td>
<td>1</td>
<td>9</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>22</td>
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<td>No data given</td>
<td>5</td>
<td>9</td>
<td>2</td>
<td>93</td>
<td>3</td>
<td>14</td>
<td>4</td>
<td>8</td>
<td>1</td>
<td>12</td>
<td>16</td>
<td>2</td>
<td>4</td>
<td>9</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: the authors’ analysis based on the Opten Ltd. database of 2014

74% of active proprietorships cannot realize more than 20 million HUF sales revenues a year, which indicates, that the activity of these proprietorships is based on self-employment /with maximum one or two close relatives/ in the long run. 4.6% of proprietorships have 21-50 million HUF, while only 2.2% of them can realize annual income over 51 million HUF. Unfortunately regarding the sales revenues of 188 proprietorships there are no data at all. Taking into consideration the proportion of active and inactive sole proprietorships the positions in Tarnaméra, Tenk and Boconád are the most favourable, while Tarnaszadány and Tarnabod lag behind with 13-14% of active proprietorships in the settlements.

The activity of proprietorships generates an employment structure very similar to the “Bátorterenye” sub-region. Nearly 100% of them influence directly the employment figures, but self-employment is dominant with a proportion of 81%. The employment is also concentrated in the regional centre, where 46% of proprietorships are located here. It is an interesting fact, that the largest employer company is not situated in the sub-region. The three most “remarkable” employers of the region can be found in Heves, Tarnaörs and Tenk but they employ only 11-19 workers each. Further 24 proprietorships provide workplaces to 5-9 employees, 6% of them have 3-4 people and 10% is run by maximum 2 employees.

**Analysis of partnerships in the “Heves” sub-region**

In this part of the research we have analysed partnerships relying on public figures in the topic.
7. Table: Distribution of partnerships by their number, sales revenue from export and the R&D assets in the partnerships in Heves sub-region in 2012

```
<table>
<thead>
<tr>
<th>Heves sub-region</th>
<th>Átány</th>
<th>Bocsonád</th>
<th>Erk</th>
<th>Heves</th>
<th>Hevesvezekény</th>
<th>Káskőre</th>
<th>Kőmliő</th>
<th>Pély</th>
<th>Tarnabóda</th>
<th>Tarnaméra</th>
<th>Tarnádoros</th>
<th>Tarnaszentmiklós</th>
<th>Tarnaszsadány</th>
<th>Tenk</th>
<th>Tiszanána</th>
<th>Zaránk</th>
<th>Altogether</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of partnerships</td>
<td>13</td>
<td>18</td>
<td>8</td>
<td>228</td>
<td>8</td>
<td>37</td>
<td>26</td>
<td>12</td>
<td>12</td>
<td>26</td>
<td>22</td>
<td>7</td>
<td>6</td>
<td>11</td>
<td>30</td>
<td>5</td>
<td>469</td>
</tr>
<tr>
<td>Business receiving revenue from export</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Business with R&amp;D assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
</tr>
</tbody>
</table>
```

Source: the authors’ analysis based on the Opten Ltd. database of 2014

The number of partnerships is approximately 500, but only 4 of them have got revenues from export, the rest can only rely on home sales revenues. It is also a very sad fact that none of the businesses have got isolated assets for R&D purposes in the year year, consequently there is no company among 469 which have development plans for the close future. It means that these businesses cannot see guarantees for return of their R&D assets /if there would be some/, but without it there is no chance for further development. Most partnerships – 48.6% of the total number of companies - are located in the centre of the sub-region, in Heves. It is also worth having a look at the data on the net sales revenues.

8. Table: Annual net sales revenue of partnerships in the Heves sub-region in 2012

```
<table>
<thead>
<tr>
<th>Heves sub-region</th>
<th>Átány</th>
<th>Bocsonád</th>
<th>Erk</th>
<th>Heves</th>
<th>Hevesvezekény</th>
<th>Káskőre</th>
<th>Kőmliő</th>
<th>Pély</th>
<th>Tarnabóda</th>
<th>Tarnaméra</th>
<th>Tarnádoros</th>
<th>Tarnaszentmiklós</th>
<th>Tarnaszsadány</th>
<th>Tenk</th>
<th>Tiszanána</th>
<th>Zaránk</th>
<th>Altogether</th>
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</thead>
<tbody>
<tr>
<td>0 HUF</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>18</td>
<td>2</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>-</td>
<td>2</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - 20 million HUF</td>
<td>5</td>
<td>8</td>
<td>5</td>
<td>108</td>
<td>2</td>
<td>13</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>7</td>
<td>11</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 - 50 million HUF</td>
<td>1</td>
<td>28</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>1</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>51 - 300 million HUF</td>
<td>4</td>
<td>1</td>
<td>37</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 300 million HUF</td>
<td>1</td>
<td>8</td>
<td>2</td>
<td>10</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No data given</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>29</td>
<td>7</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
```

Source: the authors’ analysis based on the Opten Ltd. database of 2014
Similarly to sole proprietorships, most partnerships, precisely 41.6% of them, have annual sales revenues of maximum 20 million HUF. Relating to 123 partnerships, the annual revenue is unknown or declared to be zero, while 30% of partnerships are capable of the further activity. In the settlements, where the number of partnerships is low, their sales revenues are typically low, too, which obviously also affects the amount of PBT. 129 partnerships have zero or negative PBT, which means that they do not pay any tax. Due to their unfavourable financial situation, they cannot enter into competitions, raise bank loans, and thus they are unable to create new workplaces, either. Among the partnerships of the sub-region only 7 can realize a profit before tax higher than 50 million HUF. The amount of the sales revenue exercises influence on the amount of capital at the company, too.

The chart indicates that the authorized capital amounts to less than 500 thousand HUF at 253 partnerships, which is 54% of their total number. The most liquid partnerships are situated in Heves. It is also obvious that the group of partnerships with an authorized capital of 1-5 million HUF is relatively high, with 153 businesses.

### Conclusion

Our investigations on the Opten database give a local strengthening of the HCSO’s data. The “analytic maps” based on the latest data of HCSO spectacularly demonstrate all differences of counties and regions of Hungary. The settlements are ranked on a scale from 0 to 100, when
the best settlement is granted 100 but, unfortunately, there are some places with “0” ranking, too. [http://www.ksh.hu/docs/hun/xftp/megy/141/index.html]

As far as gross monthly wages are concerned, Budapest has received 100 on the scale, while Heves County has got 28 and Nógrád County has 0. Looking at the number of registered enterprises/one thousand people Budapest has also received the maximum, while Heves County has got 40 and Nógrád County has achieved 6. The basic factor of economic development is the level of investments. Budapest has been given 100 again, Heves County has got 16 and Nógrád County is the last with 0. It is quite obvious that the data describing the situation in the sub-regions reinforce the above ranking.

In Hungary a better social and economic system should be implemented, within the frames of which an enterprise of any type has got a real value and perspective, and innovation has high reputation. It is also necessary to introduce a policy especially aimed at the support of each sub-region, which takes their unique local features and opportunities into consideration.

At the end of our study we have to emphasise that there is no doubt that the areas, which have to get priority are:
- The continuous education of labour;
- Prove good position for the local enterprises and local labour in the applications;
- Strengthening the cooperation between the local government and the local enterprises;
- Building up twin-city relations to order the common innovations and sales.

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