

JUDIT SÁGI  
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(ed.)

# ECONOMIC, DIPLOMATIC AND CULTURAL CHALLENGES



APOSZTRÓF



# ECONOMIC, DIPLOMATIC AND CULTURAL CHALLENGES

Edited by Judit Sági & Balázs Ferkelt

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# **ECONOMIC, DIPLOMATIC AND CULTURAL CHALLENGES**

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Judit Sági & Balázs Ferkelt

Aposztróf, Budapest, 2024



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## PROLOGUE

Dear Esteemed Readers,

The conference papers of “Economic, Diplomatic, and Cultural Challenges” hereby invite you into a stimulating and inquiring reading experience in which dedication of scholars is reflected in present work and key issues are scrutinized in our time. Thus, it includes loads of information that resulted from the intellectual overview of elaborate research and deep study. We explore deciphering the unseen complexities of Eurozone financial market, and the revolutionary trends in the international economy and finance, international politics, and international communication and pedagogy, where each paper adds its own contribution on the challenges and opportunities that faced our very interconnected world. Our greatest pleasure is to say that among the suggested volumes of the Economic, Diplomatic, and Cultural Challenges international conference which is organized by the Budapest Business University (BBU) the following ones have been chosen: This is a collection which epitomizes the outcomes of meticulous research and thought-provoking discussions of scholars and researchers not only around the world but also from a global scale.

The economic, diplomatic, and cultural factors which have become a constant element of our societies around the world as a result of globalization are crucial for understanding emerging trends among international organizations, trading companies and individuals. The conference, which is led by the Central European Regional Research Group and renowned departments at the BBU, intends to bring together experts and policy makers to share, through exploratory research, their solutions to these complex issues. Encompassing fields of such a broad spectrum of multi- and interdisciplinary approaches as diplomacy, science, and business practice, the articles of this book bring a new vision and approach to those issues. We can say from studying financial market homogeneity in the European nations to the influence of FDI on economic growth in Sub-Saharan Africa, either individual study contributes to the comprehension of our globalized world.

We praise wholeheartedly the participants, speakers, and organizers who ended up making the conference a success. Through your commitment and keen academic minds, the intellectual arena has expanded, moving us forward to an era of success and tolerance.

It is our hope that this collection of studies will become a very valuable resource for academics, policy makers, and practitioners alike as various aspects of our economic, diplomatic and cultural problems are illuminated. This in turn should lead to more studies, more initiatives and better social policy.

Budapest, May 2024

The editors

INTERNATIONAL ECONOMY  
AND FINANCE



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## **EXAMINING THE HOMOGENEITY OF FINANCIAL MARKETS IN A LOW INTEREST RATE ENVIRONMENT - A CLUSTER ANALYSIS OF THE CHANGES OF FINANCIAL ASSETS IN THE EUROZONE**

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### INTRODUCTION

Keynes integrated monetary theory into general economic theory. He broke with the dichotomous approach of classical and neoclassical economists. He examined the effectiveness of monetary policy and the limits of monetary policy. In the light of his liquidity preference theory, he assumed that below a certain level of interest rates, monetary policy becomes ineffective because of the portfolio choices of economic agents. Today, economists unanimously refer to this phenomenon as the liquidity trap. A liquidity trap occurs when the market interest rate falls to a low level. This diverts economic agents' intentions away from other elements of wealth holding and towards money holding (Keynes, 1936).

Keynes based his theory of the liquidity trap on the empirical phenomenon that, despite moderate interest rates in the 1930s, the economy failed to recover and investment activity failed to pick up. He sought solutions to the problems of the British economy in the 1930s and made economic policy recommendations. The ineffectiveness of monetary policy in achieving near-zero interest rates was for several decades to come the subject of a rather theoretical 1. debate.

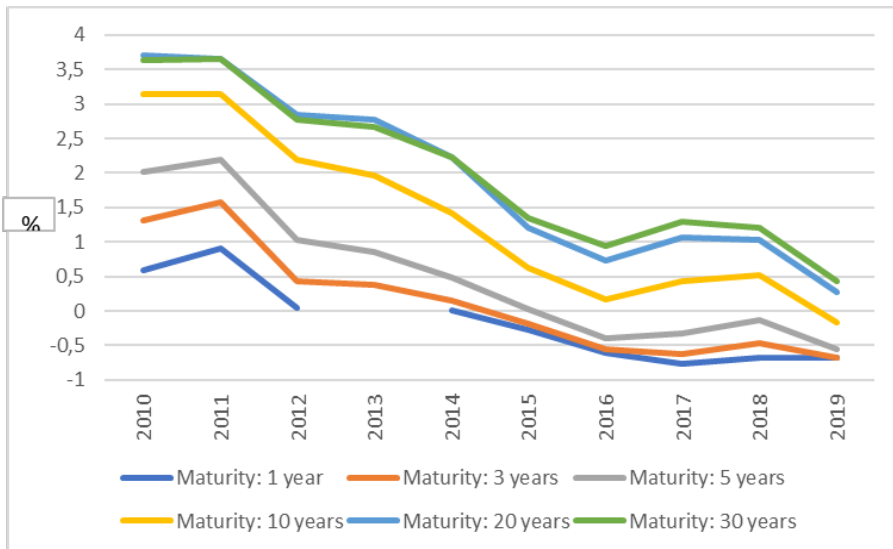
Its practical economic policy relevance came about in the context of the stagnation of the Japanese economy since the early 1990s and the monetary responses to support growth. The theoretical debate also flared up again (Werner, 2005), (Tatay & Tatay, 2020). In Japan, an increase in the money supply did not even induce the proportional increase in prices assumed under monetary neutrality, besides being ineffective on real economic performance (Krugman et al., 1998), (Itoh & Shimoi, 2000), (Ueda, 2001).

Bibow (2013) argues that liquidity preference theory is misunderstood and underemphasized by many. Bibow cites Keynes' liquidity preference theory

As a highly relevant theory. He also saw it as a way to assess the phenomena of the 2008 global financial crisis (Lhuissier et al., 2020).

As a consequence of the global financial crisis, the European Central Bank also started to cut interest rates after 2010. In 2014, it launched its QE programme, bringing the entire euro yield curve under control (Kuroda, 2016), (Kiley, 2018). Figure 1 shows the euro spot rate yield curves over the period 2010-2019.

Figure 1. Euro yield curves - annual data 2010-2019 (euro area)



Source: Authors' construction by database of Eurostat

Previously, the phenomenon of a zero-interest rate environment was assessed within a single country's economy. By 2010, the euro area was made up of 16 countries, with three more to join soon (the three countries joining after 2010 can almost be considered to be members by 2010, as they have to meet the strict criteria for membership several years before joining). Monetary policy actions by the European Central Bank should have the same effect in each economy. The ECB's interest rate moves should entail a reallocation of similar financial wealth among economic agents in the euro area economies. Under Keynes' liquidity preference theory, in a zero-interest rate environment, this reallocation is not only of a similar nature, but is also assumed to be of a marked magnitude. In the present paper, we aim to investigate the financial homogeneity of the euro area economies by means of the theoretical assumptions of the liquidity trap phenomenon.

Our assumption is that the euro area economies are not completely homogeneous. Hence, in a zero-interest rate environment, the asset holding decisions of economic agents exhibit detectable differences across countries. We assume that the differences due to these divergences persisted even when the ECB controlled not only short but also long-term yields.

We intend to verify our assumptions using Eurostat data. We use the financial asset stocks of the euro area countries to cluster the countries concerned. The homogeneity or heterogeneity, the changes in clusters confirm or refute our hypothesis that the zero lower bound and quantitative easing measures did affect the portfolio decisions of economic agents but country specific differences have persisted.

The liquidity preference theory offers a new semi-trend approach to explaining the financial fragmentation of euro area economies. The zero-interest rate level over the period 2010-2019 may have both amplified and mitigated the divergence. Individual economies may have reacted differently to the ECB's monetary policy actions. Previous literature has not examined changes in the ratio of financial assets to GDP, nor differences in structural changes in the total stock of financial assets. The authors argue that examining differences across countries can be important for understanding the financial impacts

of monetary policy. Our study complements the assessment of differences in financial markets across euro area economies.

The structure of the paper: first, we review the literature. In it we discuss the main elements of Keynes' liquidity preference theory, the emergence of the liquidity trap. In the materials and methods section, we present the empirical data of the study and describe the cluster analysis method used. In the subsequent results and discussion section, the results obtained by applying the k-centers cluster method are presented and evaluated. In the conclusions chapter, a summary evaluation of the results obtained is made, and the applicability of the results and directions for further research are indicated.

## THE LIQUIDITY PREFERENCE AND THE LIQUIDITY TRAP PHENOMENON

Monetary theory was integrated into general economic theory by Keynes. He broke with the dichotomous approach of classical and neoclassical economists. The main pillar of monetising economic theory lies in the introduction of the liquidity function. Though he wanted to circumscribe how sufficient amount of capital can stream to finance investment, as a consequence he dealt with the factors affecting the wealth holdings of economic actors. He examined how interest rates regulated by monetary policy influence the portfolio decisions of economic actors. This directed attention to the occurrence of situations in which monetary policy can become ineffective. This situation is regarded as „liquidity trap”.

Though the term „liquidity trap” is attributed to Keynes by many, thanks are to be rendered indeed to Robertson (Hicks, 1942), (Barens, 2018). Robertson (1940) referred to this phenomenon in his work *Essays in Monetary Theory* as „liquidity trap for savings”, that is savings are absorbed in financial assets and do not finance investment activity, so in contrast to Keynes and his followers, Robertson disapproved of the lack of liquidity instead of its abundance. Today economists uniformly consider a situation as liquidity trap when as a consequence of the excessive liquidity interest rates bump into a

lower bound and deflationary expectations constrain the room for manoeuvre of monetary policy (J Caballero & Farhi, 2018), (Cook & Devereux, 2011), (Horváth & Szini, 2015).

As the liquidity trap issue is traced back to the theoretical considerations of Keynes, therefore we first survey the views of Keynes on money holding and factors forming interest rates on the basis of his book *The General Theory of Employment, Interest and Money* (Keynes, 1936). In this book Keynes emphasised questions affecting interest rates, or what impact the evolution of interest rates exercise in the economy. While neoclassical economists conceived interest rate as a factor equating savings and investment, Keynes took a sheerly different standpoint. As a result, he approached to components determining interest rates in a different way compared to economists preceding him. He represented a different viewpoint on what effects the magnitude and change of interest rates exert in the economy.

Keynes defined saving as the part of income that is not used for consumption for a given period of time. Propensity to save is thus influenced by propensity to consume in his opinion. The wealth saved needs to be held in some form or another, the saving decision should be followed by an investment decision. Nobody can save without purchasing property or assets meanwhile. In our study the structure of wealth is in the focus. Assets can consist of money, loans or capital goods. At the macro level most of the individuals are set out to constraints. Though individuals can choose what amount of money to hold within their overall portfolio, as a whole they are bound to own the amount of money created by the banking system (Brady, 2018).

The individual thus makes the decision on what proportion of income should be spent on consumption or saving. After this he should choose the form of holding his wealth stemming from current income saved and earlier savings Keynes stressed that this decision is much affected by the individual's need for liquidity. The structure of wealth holding depends on to what extent the individual is willing to waive the opportunity to keep his wealth in assets which can any time be converted into other property or assets to be spent. The liquidity need of the individual can be described by a function which shows what proportion of wealth the individual desires to hold in the form of

money under given circumstances. Interest is the reward for giving up liquidity. As a consequence, the interest rate is the rate of the price individuals expect in exchange for giving up hoarding money.

The interest rate does not in reality establish a balance for the volume of investment with the propensity to save (Backhouse, 2020). The interest rate equilibrates the need for holding cash and the amount of money available. Keynes alluded to the demand for liquidity as a factor exercising a potential tendency of the money hoarding desire of the totality of the actors of the economy. At a lower interest rate the totality of individuals would like to hold more cash than available. At too high interest rates an amount of money would arise that individuals would not desire to preserve. This leads to the conclusion that beyond the individuals' demand for liquidity the amount of money is the other factor affecting interest rates. Keynes considered the amount of money as given, as exogenous for the totality of individuals. The amount of money depends on the money creation of the banking system, an external condition.

On the whole, Keynes regarded the evolution of interest rates important, as these play a decisive role in the realisation of investment in his assessment. Interest rate is the reward for giving up money, that is liquidity. Interest rates are affected by speculative money demand and the available amount of money. Speculative demand for money is influenced by the interest expectations of individuals. Interest rates evolving in the market can reach a lower value at which the actors of the economy reckon on a rise in interest rates by all means, therefore the interest rate elasticity of the speculative demand for money becomes infinite. Keynes was proposing a lower limit as such at some 2-2.5%. Later economic thinkers defined the term liquidity trap starting out from this conception.

The liquidity trap actually became a well-known economic principle among economists with the graphical illustration of Hicks especially through the use of IS-LM curves. Below a certain interest rate level, the demand for money is perfectly elastic, monetary policy intervention is ineffective as concerns output, it is not able to stimulate economic performance (Hicks, 1937), (Hicks, 1974). Hicks conjectured that short-term interest rates cannot take negative values

permanently, while long-term ones are supplemented with liquidity premia. Furthermore, he objected to the approach of Keynes in that present interest rates depend on their own future expectations. In Hicks' view, this only holds for long-term interest rates, as they depend on the expectations for future short-term rates, but not for short-term interest rates as the latter are defined by the present demand and supply of money free of transaction costs, in contrast to any type of security whose purchase is cumbersome. The substitution chain formed by money and securities justifies the various rates of assets with different maturities, the various interest rates of money, which allow compensation for the risk of capital loss.

Following on Hicks it became common knowledge that the lower bound practically prevents exercising control over money supply in the case of falling prices (Boianovsky, 2004).

According to Patinkin (1974) in the original wording of Keynes it is by all means true that the greater the interest elasticity of money demand, the greater monetary expansion is needed for the restoration of equilibrium, what is more, above a certain point monetary policy might become completely ineffective. Nevertheless, he argues that Keynes only theoretically presumed a situation in which monetary policy becomes ineffective.

With the help of elasticity calculations the monetarist Brunner and Meltzer (1968) proved that such as liquidity trap does not exist in an absolute sense, only „asymptotic traps” can occur in which the effectiveness of monetary policy variables converge to zero, In their view the liquidity trap phenomenon should be separated according to the various effects of monetary policy on money supply, interest rate levels, bank lending and money demand. They introduced a separate term named „basis trap” for the case in which the central bank unsuccessfully attempts to affect the above variables with the help of increasing M0. Later Meltzer (1999) referring to his common study with Brunner published in 1968, highlighted that the positive impact of money supply expansion on the price of securities should also be taken into consideration. The relationship between money supply and wealth should not be ignored especially in that case when individual financial assets, among others foreign and domestic emphasised by

McCallum (2000), or capital goods and bonds pointed out by Tobin (1947), (1971) are not perfect substitutes. This wealth effect is excluded from IS-LM analyses. He came to the conclusion that monetary policy can remain effective independent of the interest rate reaching the lower bound, as the central bank can freely purchase and sell securities, which are not perfect substitutes for money and bear non-zero interest rates (Kahn, 1972), (Cardim de Carvalho, 2010), (Runde, 1994).

In sum, the liquidity preference theory of Keynes can be found in the economic literature as benchmark in many discussions. Though the relationship between the change in interest rates and the portfolio decisions of economic actors has been explained from many viewpoints, the relationship itself has been treated as evidence (Novák & Tatay, 2021; Tibor, Orlovits & Novák 2022).

## MATERIALS AND METHODS

The paper uses k-centers cluster analysis based on Euclidean distance for detecting changes in the portfolio holdings of eurozone economic actors owing to economic crises and monetary policy responses. The annual GDP-proportionate total economy financial assets data were retrieved from the Eurostat database for the period 2010 and 2019 for analysis. As starter, data on investment into total assets, loans, currency, debt securities, transferable deposits, other deposits, equity, investment funds and insurance, pension and guarantee funds were examined with the help of principal component analysis. The principal components are standardised and subject to Kaiser-Meyer-Olkin measure to check the suitability of the data series to the factor analysis. Three components were identified to condense the information in the dataset, applying the varimax rotation. The first principal component resulting this way had a strong connection to most of the financial assets. apart from currency, deposits and insurance technical reserves. The second principal component condensed information mostly from deposits and/or debt securities the third had high correlation with currency often having a negative relationship with the

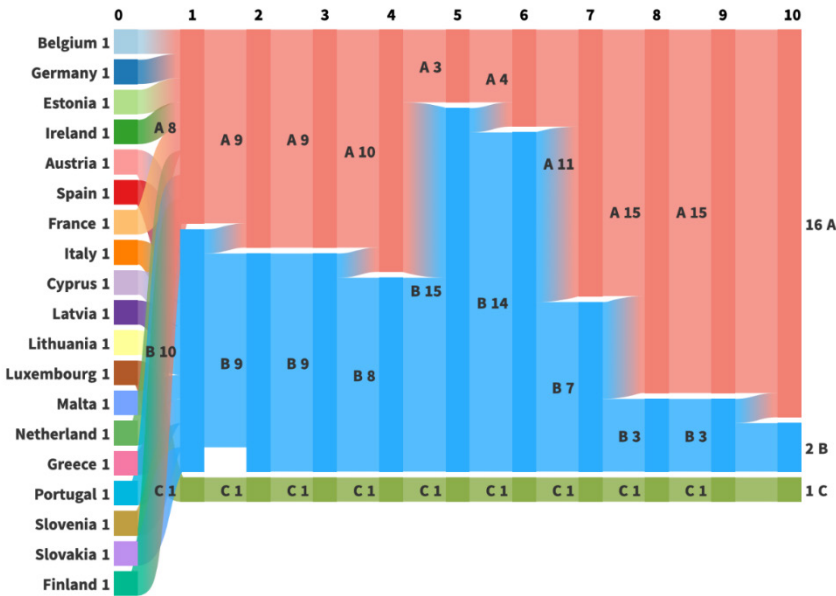
third component. The content of the components, however, changed from one year to the other and depending on the sample data coverage.

First, all the 19 countries were subject to cluster analysis over the period considered by keeping Luxembourg as the biggest outlier within the group of countries examined. This method helped to understand the evolution of clusters over time. When keeping all the countries in the sample, including Luxembourg forming a separate group over the entire time period, the Kaiser-Meyer-Olkin measure showed very low values for the principal components identified this way. Then dividing the selected countries into two clusters, while casting off Luxembourg, helped detect each major move of the individual countries from one cluster to another within a two-cluster framework. Finally, all the major outliers including Cyprus, Malta, Luxembourg, Ireland and the Netherlands were excluded from the sample and an annual three-cluster examination was carried out. The Kaiser-Meyer-Olkin measure took values above 0.5 or in some years even above 0.6 for the truncated samples. For a better illustration of the changing composition of clusters timelines, Sankey representations and three-dimension diagrams (where each axis indicated the particular principal component value) were applied. All the calculations and illustrations were conducted with the help of IBM SPSS 28.

## RESULTS AND DISCUSSION

In the dynamic analysis the most obvious phenomenon was the converging behaviour of the countries after the sovereign crisis in the eurozone. Whereas at the beginning more or less half of the countries belonged to the first (financially stronger) and half to the second (financially weaker) cluster, after 2013 most of the countries moved to the latter group. Furthermore, after the introduction of the effective zero lower bound and the quantitative easing measures, most of the countries managed to catch up with the first group as concerns the financial investment structure. (Luxembourg formed a third group with a very strong dominance of the first principal component.)

Figure 2. Sankey representation of cluster moves



Source Authors' construction

Between 2010 and 2013 countries belonging to the first cluster (A) had a somewhat below average value for the first principal component (less financial assets in general), higher than average for the second component (higher volume of other deposits or in other words non-transferable deposits) and lower than average for the third (currency). Countries belonging to this first group were Belgium, Germany, Estonia, Ireland, France, the Netherlands, Portugal and Finland. The second group (B) consisting of the rest of the countries (Greece, Spain, Italy, Cyprus, Latvia, Lithuania, Malta, Austria, Slovenia, Slovakia) had somewhat higher level of financial assets in general than the first cluster (less negative relationship with the first component) but much higher currency-to-GDP levels and lower savings in insurance and technical reserves. Until 2014 only Austria and Latvia changed their positions, they both moved to the first group from the second, Austria already in 2011 and Latvia in 2013. In this period the most representative (closest to the cluster centroid) country in the first

group was Germany, while for the second it was Italy and Spain. In 2014 a lot of countries (Belgium, Germany, Estonia, Latvia, Austria, Portugal and Finland) moved to the second group, probably due to the effects of the sovereign debt crisis on portfolio decisions. The central country in this second group remained Spain in 2014. Some rearrangements occurred also in 2015 (the Netherlands and France went to group B while Cyprus, Latvia, Slovakia to group A) but the number of countries belonging to the second group remained almost the same, there was a slight reduction from 15 countries to 14 countries. Nevertheless, the most spectacular change in 2015 was that the main features of group A and B were reversed, while group A became the country group with relatively higher proportion in financial assets than the other group, higher-than average currency holdings but lower-than-average insurance reserves in particular, whereas group B could be described with lower savings to GDP in currency, and higher insurance technical reserves (other deposits ceased to play an important role in the formation of clusters from 2014 onwards). This change in characteristics prevailed until the end of the whole period considered. In 2015 the ECB introduced a series of monetary easing measures and as a result the number of countries in the second group (B) declined to 7 in 2016 and then to 3 and 2 in 2017 and 2019 respectively which means that both the effective lower bound and the asset purchase programmes caused a strong convergence in the portfolio structure of the countries under examination if countries were only observed in a two-cluster framework (see Figure 3 a-c). The most representative country for group A was Austria between 2017 and 2019 and France for group B but for this second group the distances from the centroid were increasing in the same years.

The detailed move of countries between the two groups is reflected in Figures 3a-c:

Figure 3.a.



Figure 3.b.

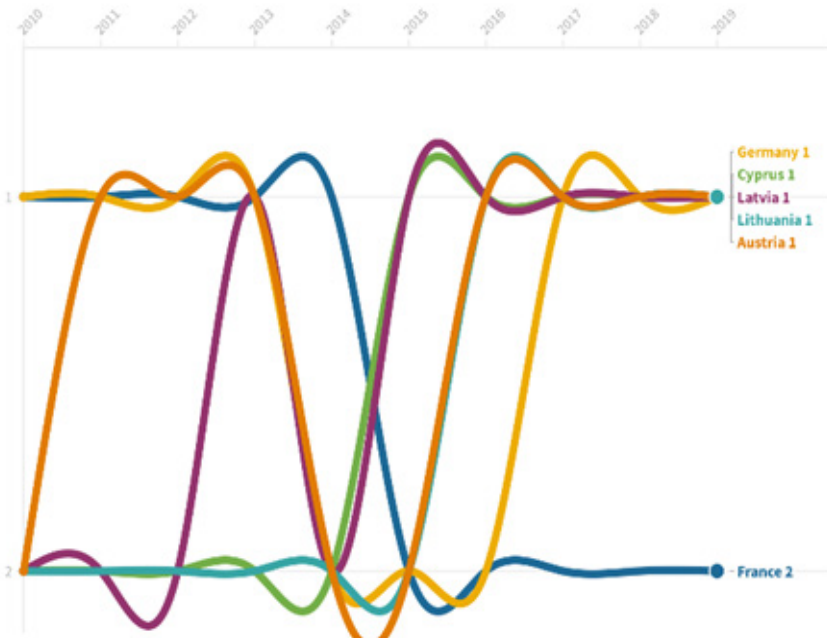


Figure 3.c.



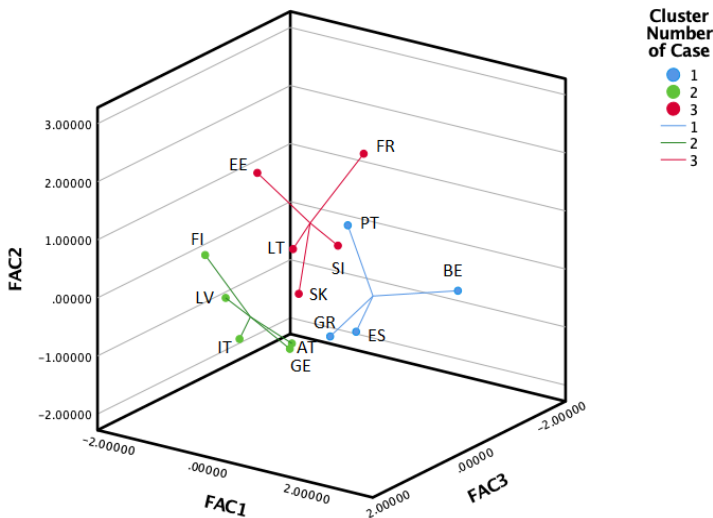
Figure 3.a.-c. The detailed timeline of clusters for the two-cluster and 18 countries case

Source: Authors' construction

As some countries (namely the above-mentioned Luxembourg forming a separate cluster in every analysis) still behaved as outliers, after filtering out Luxembourg, in a three-cluster representation as well they were dropped one by one from the list of countries examined (first Cyprus, then Malta, Ireland and the Netherlands respectively). With 14 countries remaining the three clusters formed in the particular years between 2010 and 2019 were easily distinguishable based on the three principal components. Now the component correlations changed, short-term debt securities, currency and investment fund shares, transferable deposits became the most important explanatory factors for the second and third component, while the first component remained most strongly correlated to the general level of financial assets.

In 2010 (see Figure 4) the „truncated” sample was clearly separable for a three-cluster grouping. In the first cluster Belgium, Greece, Spain and Portugal had higher scores for the first component (generally higher-than-average financial assets), and lower-than average values for the second and third component (less transferable deposits and short debt securities and more currency). The second group of countries (consisting of Germany, Italy, Latvia, Austria, Finland) had somewhat lower than zero factor scores for the first and second principal component but higher loadings for the third (representing somewhat higher currency and transferable deposits and lower short-debt securities holdings). The third group of countries (including Estonia, France, Lithuania, Slovenia, Slovakia) had an outstanding score for the second component (higher short-term debt securities and lower currency holdings) while the lowest for the first and the third component. Belgium had the highest scores for the first component (corresponding to a general level of financial assets), France for the second (highest weight of short-term debt securities and lowest of currency), while Germany for the third component (a dominant transferable deposit holding within the overall portfolio of the total economy).

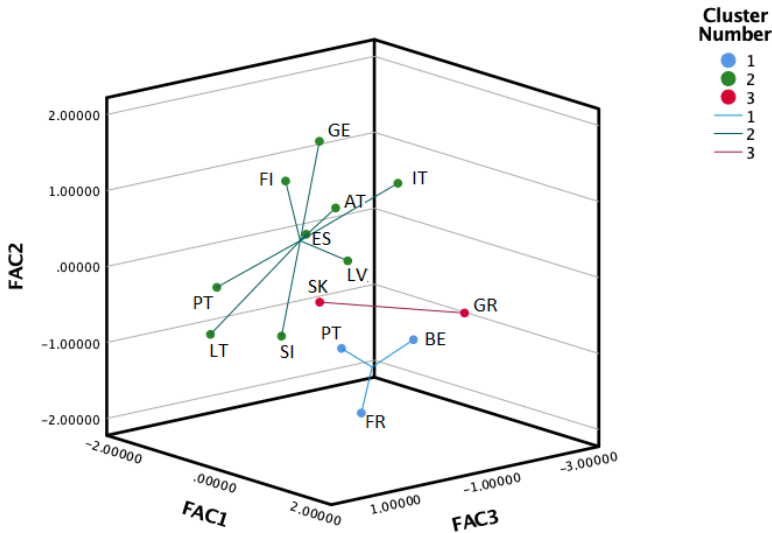
Figure 4. The „truncated” three-cluster case in 2010



Source Authors' construction

In 2016 (see Figure 5) which can be regarded the first year in which the zero lower bound was in effect most of the countries were massed in the second cluster with lowest scores for the first component and highest for the second and the third, meaning that the share of currency had a lower and transferable deposits and investment fund share holdings a higher weight in the majority of the countries especially in countries with lower-than-average financial assets-to-GDP in most of the financial asset categories considered. Belgium, France and Portugal were forming the first cluster with most extreme data, an overall high level of financial assets-to-GDP (this time France leading the list) and lowest transferable deposit and currency holdings. The third group only covering Slovakia and Greece were the countries with negative scores for all the components, low level of financial assets in general, high level of transferable deposits in particular and high currency holdings.

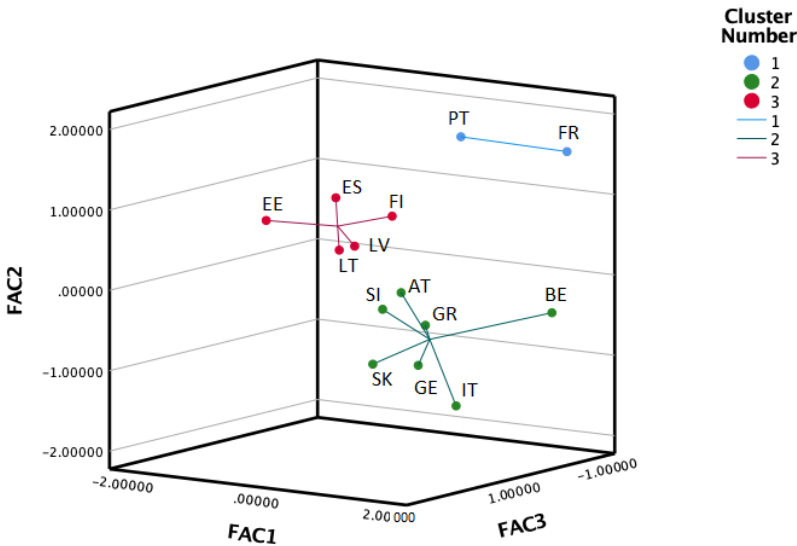
Figure 5. The „truncated” three-cluster case in 2016



Source Authors' construction

In 2019 (see Figure 6) it was still the second cluster with the greatest number of members having a low but positive score for the first component (overall level of financial assets) and a negative score for the second component (meaning this time higher-than-average currency holdings), and close to zero score for the third component (which was strongly correlated with transferable deposit and investment fund shares). The first group with France and Portugal with the highest level in financial assets in general seems to have little suffered from low interest rates as currency holdings remained at levels much below average and short-term debt securities above average, while the level of transferable deposits (and investment fund shares) was still below average. The third group (encompassing Estonia, Spain, Latvia, Lithuania, Finland) compresses countries with much lower-than-average financial assets than the two other clusters, relatively low currency holdings but higher-than average savings in transferable deposits and investment fund shares.

Figure 6. The „truncated” three-cluster case in 2019



Source Authors' construction

While in 2010 more than half of the countries had a relatively high weight of currency in their portfolio, their number was reducing until 2016, the opposite process evolved between 2016 and 2019, more and more countries were members of the „high-currency-holding” group. Among the non-interest paying instruments, transferable deposits did not become evidently more favourable among the “core” countries and short-term deposits disappeared as cluster forming variable after 2014 and was replaced by investment fund shares after 2017. Between 2010 and 2015 Belgium was the leading country as concerns the first component, but France was gradually taking over Belgium and winning the leading role in 2016. (Belgium fell back to the second cluster by 2019.) Greece was constantly having a relatively high weight in currency holdings, whereas Italy was observing a great expansion after 2012. Country characteristics remain, however, strong: Germany and Finland have a high rank in transferable deposit holdings and France stands out in short-term debt securities over the whole period considered.

The results confirm that euro area financial markets are fragmented. There were significant differences in the stock of financial assets across countries before the ECB cut the base rate to the zero level. Clustering components were total cash holdings and transferable deposits. In the low interest rate environment, money holdings were becoming more significant, but their share of GDP differed across countries. Within each cluster, core countries and periphery countries were also found in different groups. The movement over time between the core and periphery country groups was not entirely unidirectional. However, an assessment of the time course shows that the launch of QE has led to different movements between clusters than the monetary policy that had previously operated only by lowering interest rates. This result is also similar to empirical data analyses in previous literatures. On the other hand, in the cluster analysis of this paper supplementing previous research findings, the fragmentation of euro area financial markets, was assessed by the evolution of financial aggregates based on Keynes’ liquidity preference theory.

## CONCLUSIONS

We have assumed the fragmentation of financial markets in euro area economies. Based on Keynes' liquidity preference theory, we assumed that the liquidity trap phenomenon would lead to a change in the structure of financial asset holdings of the countries concerned due to the ECB's policy of interest rate cuts. Due to the fragmented nature of their financial markets, we assumed that the structure of the change will be different in each country. We wanted to show the fragmentation precisely by showing the changes in portfolio structures from different aspects.

For our analysis we used cluster analysis as a method by using asset data series from the Eurostat database. When the clusters were formed, five euro area countries showed a strikingly different picture. These were Ireland, Cyprus, Luxembourg, Malta and the Netherlands. These outliers are likely to behave in a much distinguishable nature due to their specific balance of payments resulting from their specific tax rules. Excluding these outliers, the data for the other countries were further analysed.

The remaining 14 countries could be split into three distinct clusters throughout the period 2010-2019. Total financial assets, transferable deposits, short-term debt and currency were the main components used to form the clusters. The clustering was therefore carried out along three dimensions capturing these characteristics with the help of principal components. Our hypothesis proved to be valid with respect to the fragmentation of the euro area financial markets. At the same time, in line with the liquidity preference theory, agents in the economies changed their portfolio and in general moved to more currency and less debt securities holdings. Overall, however, there is evidence for money demand becoming higher after 2015 as transferable deposits remained and even grew in importance as portfolio component for countries such as Germany, Finland, Austria and Italy, while among the rest of the countries, especially in Spain, mostly a positive move is perceptible as well.

The analysis shows that the ECB's monetary policy does not have a uniform impact on euro area financial markets, with different effects

in the economies concerned. Moreover, the use of different monetary policy instruments also modifies these differences.

A further line of research could be to examine the financial asset holdings of each sector of economic agents individually, with a focus on the portfolio decisions of households.

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## **FINANCIAL GLOBALIZATION, INVESTMENT AND ECONOMIC GROWTH: EMPIRICAL EVIDENCE FROM SELECTED SUB-SAHARAN AFRICAN ECONOMIES**

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### INTRODUCTION

The rise of globalization has resulted in greater interdependence within the global economy. This can be attributed to various policies and initiatives that have been implemented in trade, technology, and investment. The removal of regulatory barriers has allowed global firms to expand their operations into new markets and lower their transaction costs. In many cases outward FDI has been used by firms to build trade support infrastructure in other nations to increase their competitiveness (Pradhan 2005). The conventional Foreign Direct Investment (FDI) theory highlighted the importance of the investing firms' ownership-specific competitive advantages, such as technological expertise, managerial skills, and reputation, which they could leverage in foreign markets. According to the internalization theory of Foreign Direct Investment (FDI), firms extend their operations to foreign locations to lower cross-border costs. This is driven by efficiency seekers aiming to minimize transaction expenses (Buckley et al 1976;). Transaction costs are also considered in the OLI theory by John Dunning, which suggests that foreign direct investment occurs when firms realize the advantages of their ownership-specific competitive advantages (Dunning 1981b)

In 2021, the global FDI flow increased by 64.3% to reach over \$1.6 trillion USD. The FDI-GDP ratio also expanded from 4.3% in 2020 to 7.1% in 2021. The developed economies led the way with investments amounting to over \$1 trillion, while the rest were made overseas. The outflows from developing countries increased by 17.8% to reach about \$400 billion. While the number of FDI flows to developing nations

rose by 29.9% to reach about \$837 billion, they were overshadowed by those to developed economies. In 2021, Africa saw a significant increase in its FDI inflows, which reached a record high of \$83 billion. Despite the significant increase in Africa's FDI inflows, the continent's contribution to the global FDI flow remained modest at 5.2%. Europe led the way with 32.3% of the total FDI outflows, followed by the Americas at 28.9%. South Africa's economy has been heavily impacted by foreign direct investment, which has expanded beyond mining and manufacturing into other sectors. However, South Africa experienced a 15% decline in FDI inflows in 2019, amounting to US\$4.6 billion (UNCTAD, 2020). In 2021, South Africa received USD 40.88 billion in FDI, up from USD 3.1 billion in 2020, benefiting industries such as finance, mining, manufacturing, transportation, and retail. Conversely, Kenya experienced a decline in FDI flows, amounting to USD 448 million in 2021. The ICT sector remained an attractive destination for FDI due to advancements in fiber optics and the country's prominence in clean energy development. Botswana observed an upswing in FDI inflows, totaling USD 55 million in 2021, predominantly targeting the mining sector, while the services industry, including insurance and banking, also showed notable growth. In Nigeria, FDI inflows more than doubled, reaching USD 4.8 billion in 2021, benefiting sectors such as oil and gas, telecommunications, manufacturing, real estate, and agriculture. European countries, particularly the United Kingdom and France, maintained their position as the primary holders of foreign assets in Africa. Sub-Saharan Africa consistently outperformed other emerging markets and developing regions in attracting a higher percentage of FDI relative to its GDP. FDI plays a crucial role in bolstering economic growth by facilitating technology transfer and sharing management practices with host countries (UNCTAD – WIR, 2022).

In Sub-Saharan Africa, the COVID-19 pandemic has had a significant impact on the region's economy. The continent has struggled with economic stagnation as a result of heightened infection rates and strict measures to contain the spread of the disease. The pandemic has caused global economic sectors to experience a significant decline, which was the most severe since the Great Depression. Signs

of distress emerged in 2020 as the financial market started to fall. The effects of the pandemic on the continent's economy have been severe. It has affected the production capacities of various industries and disrupted the labor markets. In order to deal with the effects of economic downturn and address the various crises that have hit the continent, policymakers in Sub Saharan Africa need to develop effective strategies. One of the most important factors that can help stimulate the region's economy is foreign direct investment. Studies have shown that the expansion of foreign direct investment can help boost economies. This study aims to analyze the various factors that influence the link between FDI and economic growth in the region. Besides the external debt and human capital development, other factors such as savings and the formation of new gross fixed capital are also considered to determine the link between these two factors. In this study, we selected four countries (Kenya, Nigeria, Botswana, and South Africa) based on data accessibility, their abundance of natural resources which attract foreign direct investment (FDI), as well as their prominence and influence within their respective regional economic blocs.

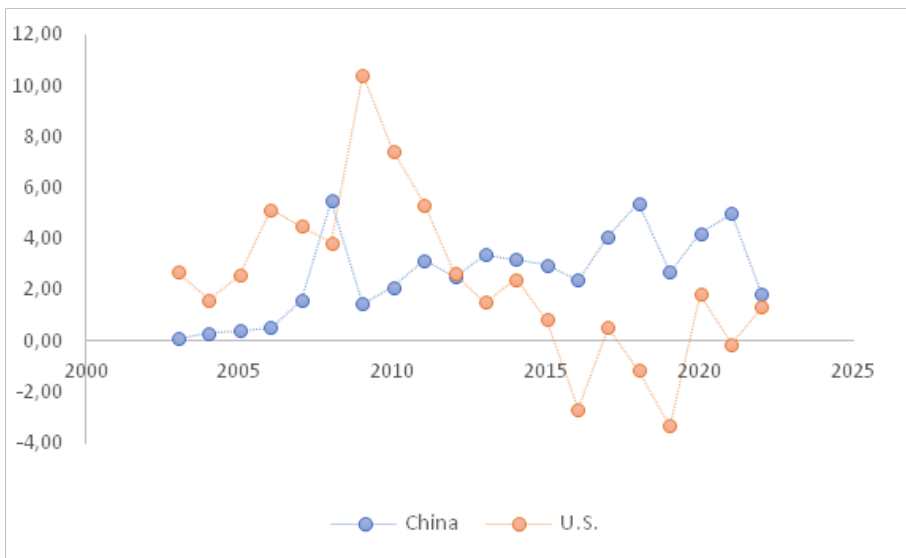
## OVERVIEW OF SUB-SAHARAN AFRICA'S INVOLVEMENT WITH EMERGING PARTNERS IN FOREIGN DIRECT INVESTMENT

### *China Outward Foreign Direct Investment in Africa*

The relationship between Africa and contemporary China dates back to 1955, when the Bandung Conference was held in Indonesia. This was the first major Asian-African gathering. In 1956, China established diplomatic relations with Egypt. This marked the start of a long-term engagement with the African continent. By 2010, China had established diplomatic relations with 49 African nations (Cheung et al., 2012). Different perspectives exist on the repercussions of the Chinese government's engagement in the African continent. The Chinese government advocates for a reciprocal approach, emphasizing mutual benefits and opportunities. (Kolstad and Wiig, 2011). Over

the years, the geographical distribution of China's investments has undergone considerable change. For instance, its outward direct investments in Africa have significantly increased. In recent years, the continent has become the third-largest recipient among China's international investments (Besada et al., 2008). The UNCTAD annual report noted that China was one of the primary sources of financial resources for developing nations in the continent. China's outward foreign direct investment to Africa increased to 9.8% in 2008, from 2.6% in 2003 (UNCTAD, 2007).

*Figure 1: Chinese FDI vs US FDI Flow to Africa*



*Source: U.S. Bureau of Economic Analysis*

From 2006 onwards, there has been a significant upsurge in China's FDI in sub-Saharan Africa. This surge is notable, as it constituted around 23 percent of the annual FDI inflows to the region in 2021. While FDI from China remains a relatively small portion of the total FDI in the region, certain resource-rich nations have witnessed substantial inflows of Chinese FDI, especially in sectors like mining

and construction. Increasing evidence suggests that Chinese investments have generally yielded positive economic outcomes for recipient countries (Mandon and Woldemichael, 2022). There are currently over a thousand Chinese companies operating across diverse African markets, and the continent is also home to around one million individuals of Chinese descent. Chinese companies often benefit from considerable independence in their operations within Africa, often supported by favorable financing arrangements from China (Anshang et al., 2012). Chinese investment provides a significant alternative funding source for fostering African economic development. China has arguably made positive contributions by enhancing living standards in Africa, increased exports, and made numerous contributions to infrastructure development. Additionally, China's outward direct investment has created employment opportunities in different sectors of the African economy.

*Table 1. Chinese end of the year FDI Stock to Africa, top 4 sectors*

| year | Construction |       | Mining       |       | Manufacturing |       | Financial    |       |
|------|--------------|-------|--------------|-------|---------------|-------|--------------|-------|
|      | billion US\$ | %     | billion US\$ | %     | billion US\$  | %     | billion US\$ | %     |
| 2013 | 6.84         | 26.1% | 6.92         | 26.4% | 3.51          | 13.4% | 3.67         | 14.0% |
| 2014 | 7.99         | 24.7% | 7.93         | 24.5% | 4.40          | 13.6% | 5.31         | 16.4% |
| 2015 | 9.51         | 27.4% | 9.54         | 27.5% | 4.63          | 13.3% | 3.42         | 9.9%  |
| 2016 | 11.30        | 28.3% | 10.41        | 26.1% | 5.09          | 12.8% | 4.56         | 11.4% |
| 2017 | 12.88        | 29.8% | 9.76         | 22.5% | 6.08          | 14.0% | 5.71         | 13.2% |
| 2018 | 14.76        | 32.0% | 10.48        | 22.7% | 5.97          | 13.0% | 5.07         | 11.0% |
| 2019 | 13.59        | 30.6% | 11.02        | 24.8% | 5.59          | 12.6% | 5.24         | 11.8% |
| 2020 | 15.15        | 34.9% | 8.94         | 20.6% | 6.13          | 14.1% | 4.14         | 9.6%  |
| 2021 | 16.34        | 37.0% | 9.99         | 22.6% | 5.93          | 13.4% | 4.20         | 9.5%  |
| 2022 | 13.62        | 33.3% | 9.72         | 23.8% | 5.06          | 12.4% | 4.40         | 10.7% |

*Source: China Statistical Yearbook*

## INDIAN FOREIGN DIRECT INVESTMENT IN AFRICA

India began investing in Africa as early as the 1960s, with the establishment of a mill in Ethiopia by the Birla Group. Since then, India's investment ventures on the continent have expanded significantly, spanning diverse sectors and geographical locations. Indian investors have broadened their scope beyond Eastern and Southern Africa, regions with which India has historical connections, to encompass North, West, and Central Africa as well (WTO and CII, 2015). The historical relationship between India and Africa is rooted in shared values and ideals. This bond was reinforced by the Non-Alignment Movement's inception and the synergistic effect of freedom struggles in both continents. The historical solidarity between India and Africa can be divided into distinct phases. The first phase coincided with the imperialistic era of the 1900s, wherein Indian capitalists traded with the continent, and Indian troops, as part of British colonial engagements, played a significant role in Africa (Paul, 2012). The total amount of foreign investment from India that came into Sub-Saharan Africa in 2012 exceeded \$12.9 billion. It is estimated that this investment represented around 3% of the region's total FDI. India has been mainly focused on investing in Mauritius since its financial capabilities and ethnic ties allow it to act as a transit point for FDI. In terms of sectors that India has been investing in, it has prioritized, banking, manufacturing, particularly in textiles and garments, automotive industries construction, and related activities, as well as services, notably in Information and Communication Technology (UNCTAD 2013).

## LITERATURE REVIEW

### *A Brief Review of Theoretical and Empirical Literature on FDI and Economic Growth*

There is a large swath of theoretical approaches describing economic growth functions, these range from neoclassical models based on Solow's growth equation that assumes technology to be exogenous to

more contemporary theories that consider it to be endogenous. According to neoclassical economists, sustained economic growth can be attributed to the rise in the labor force and technological advancements. However, they neglected the significance of the human capital development during the early stages of their analysis. In empirical studies, Foreign Direct Investment (FDI) has often been modeled within this context, as it can contribute to sustainable and positive technological advancement, thus enhancing economic growth (Solow, 1957). De Mello (1997) highlighted the significance of domestic firm efficiency in examining the nexus between FDI and growth. Endogenous growth hypotheses propose that growth is driven by advanced knowledge, technology, research, and development (Barro,). Lucas (1988) expanded the Solow growth model by incorporating human capital, trade openness, increasing returns to scale, and innovation as crucial determinants of economic growth. He observed that policies supporting human capital development have positive implications for growth. Following financial liberalization, several growth equations have been developed, largely based on Barro's (1990) foundational growth model, which considers various factors such as physical investment, government expenditures, human capital, convergence hypothesis, and institutional factors. Foreign direct investment aids recipient countries in developing their production systems by introducing new inputs and technologies. Besides enhancing productivity, FDI has the potential to create spillover effects and positive externalities, fostering economic growth internally by disseminating and sharing technological expertise and fostering the accumulation of human capital. The influence of FDI on economic growth has garnered growing interest within endogenous growth models (Barro and Sala-i-Martin, 1995). Neoclassical growth theory suggests that countries with capital-rich economies experience greater capital returns due to financial market integration. In capital-poor economies, these financial flows can supplement limited domestic savings, reduce capital costs, and encourage higher levels of investment. Additionally, certain financial flows facilitate the transfer of managerial and organizational skills from more developed economies (Kose et al., 2009).

### Theoretical Economic Growth Models

The growth model used in this study is based on the framework developed by De Mello in 1997. It also incorporates various other factors to evaluate how these influence real gross domestic product growth. The various factors that influence real gross product growth include foreign direct investment, external debt, human capital development, and the formation of gross fixed capital formation. The relationship between these factors and economic growth is also examined in this study using the Cobb-Douglas production methods. By incorporating FDI into the production function, the analysis accounts for the potential external effects it may have on economic growth. Following the research of Akinlo (2004) the study incorporates FDI as an exogenously determined variable within the production function. In this method, FDI can be assessed on a global level in terms of its effect on growth dynamics. In this study, FDI, EXPD, HCD, GFCF, and GSAV are used as inputs into a Cobb-Douglas production function. In this functional form, we can examine how these factors contribute to economic growth and how they interact.

$$Y_t = A_f \{(\gamma L), K_p, \omega\} = A_f (H^Z) = A_t (\gamma L)^\alpha K_p^\beta \omega^{1-\alpha-\beta} \quad \alpha + \beta < 1 \quad (1)$$

Where  $Y_t$  is the real output,  $A_f$  production efficiency,  $K_p$  domestic capital,  $L$  labour input,  $\gamma$  human capital level,  $\alpha$  private capital share,  $\beta$  labour share,  $\omega$  FDI derived externality.

$$\omega = \{(\gamma L)K_p, K_f^\delta\}^\tau \quad \delta > 0, \tau > 0 \quad (2)$$

$$Y_t = A_f \{(\gamma L), K_p, \omega\} = A_f (H^Z) = A_t (\gamma L)^\alpha K_p^\beta \{(\gamma L)K_p, K_f^\delta\}^{\tau(1-\alpha-\beta)} \quad (3)$$

Hence, we assume that technologies in domestic economies are diffused through foreign direct investment, resulting in the relationships below, following Kinoshita and Lu (2006).

$$A_{t+1} = A_t + (A_t^*(\gamma) - A_t)\theta(k_t)\varphi(M_t) \quad (4)$$

Where  $(A_t^*(\gamma))$  is the technology diffusion process;  $A_t^*(\gamma) - A_t$  technological advancement derived from FDI;  $k_t = K_t/L_t$  capital to labour ratio;  $\theta(k_t)$  foreign capital FDI included with  $\theta^{\wedge} (*) > 0, \theta^{\vee} (*) < 0$

implying existence of capital as a necessary condition for technology spillover;  $\varphi(M_t)$  denotes domestic financial sector deepening. In addition, domestic interest rates and financial repressions can be included in the output equation as follows:

$$y_t = \frac{Y_t}{L_t} = A_t^{\frac{2-\beta}{1-\beta}} \left[ \frac{\beta(1-\theta)}{1+r} \right]^{\frac{1}{1-\beta}} \quad (5)$$

The following is a rough representation of the rate of increase in output per capita  $G^t$ .

$$G^t \cong \left\{ \frac{2-\beta}{1-\beta} \right\} \ln \left\{ 1 + \frac{1}{A_{t-1}} (A_{t-1}^* (\gamma) - A_{t-1}) \theta \left[ \frac{A_{t-1} \beta (1 - \frac{1}{1-E})}{1+r} \right]^{\frac{1}{1-\beta}} \varphi(M_{t-1}) \right\} \quad (6)$$

The goal of this study is to analyze the effects of foreign direct investment on the growth of the economy. It aims to find out how this type of investment can facilitate the spread of technology and spillover effects. Additionally, the impact of foreign public debt  $E$  on economic growth  $G^t$ , suggests the economy's indebtedness to other nations.

### *Empirical Literature Review*

The studies examined shed light on the intricate relationship between foreign direct investment (FDI) and various factors, including human capital, employment, productivity growth, environmental quality, and institutional quality, in different regions and countries. They highlight the interconnectedness and complex dynamics that exist between FDI and these factors. Demir and Duan (2018) found that bilateral FDI flows do not significantly impact host country productivity growth, while South-South FDI flows have a positive effect on human capital growth. Asamoah et al. (2019) noted that institutions play an important role in optimizing the effects of foreign direct investments on the country's economy. On the other hand, Soltani and Ochi (2012) study revealed that economic growth is linked to FDI in Tunisia.

Kim et al. (2013) identifies effective thresholds for the positive impact of trade and FDI on domestic investment, considering factors such as per capita income, human capital, financial development, and corruption. Outward FDI is shown to have a mutually beneficial relationship with human capital by Mohanty & Sethi (2019) and Musibau et al. (2019) in the BRICS countries and ECOWAS countries, respectively. The findings of Omri and Abdouli(2021) revealed that there is bi-directional causality between the various factors that affect the development of the Mediterranean region's economy, such as foreign direct investment (FDI), natural resources, and human capital. Kheng et al. (2017) emphasized the need for policies that are synchronized with the development of human capital and FDI. In 2022, Shittu et al. (2022) examined the link between institutional quality, natural resources, and economic growth in the Middle East and North Africa (MENA). In a study conducted by Topcu et al. (2020), it was discovered that gross capital formation, urbanization, and energy consumption have a positive influence on economic growth in high-income countries, whereas natural resources do not significantly impact growth. In middle-income countries, the presence of abundant natural resources, increased energy consumption, and urbanization contribute to GDP growth. However, low-income countries experience a decrease in gross capital formation but see an increase in natural resources and energy consumption to stimulate their GDP. Furthermore, Pasara and Garidzirai (2020) demonstrated the positive effect of increased capital formation on economic growth in South Africa, recommending expansionary fiscal policies to enhance growth and employment.

Table 2 presents the variable description and data sources used in the study. The study focused on various variables, including real GDP as a measure of economic growth, ExPDT (External Public Debt), GFCF (Gross Fixed Capital Formation), SAV (Savings), FDI (Foreign Direct Investment), HCD (Human Capital Development). The study also considered the impact of financial variables on economic growth by using FDI and ExPDT. All variables were represented as indices or ratios, such as the Human Capital Development Index (HCD), with some variables computed as a percentage of GDP. Real GDP was logarithmically transformed. The data for HCD was obtained from the Federal Reserve Economic Data.

## MATERIALS AND METHODS

*Table 2. Variable Description and Data Sources*

| <b>Variable</b>               | <b>Description</b>   |
|-------------------------------|--|
| Real GDP                      | The calculation involves summing up the gross value added generated by all individuals and entities within the economy. This includes the inclusion of any product taxes and the exclusion of subsidies that are not accounted for in the total product value.   |
| External Public Debt          | This refers to the monetary value that the government is indebted to foreign entities or individuals. It represents an obligation that can be settled through payment in currency, goods, or services.   |
| HCD                           | Human Capital Development Index, annual, not seasonally adjusted (HCD)   |
| Foreign Direct Investment     | Net inflows of investment refer to the funds that are invested into a business operating in an economy different from that of the investor. It represents the amount of capital that flows into the enterprise from external sources.  |
| Gross Fixed Capital Formation | It encompasses various activities aimed at enhancing land, such as constructing ditches, drains, and fences. It also includes investments in machinery, equipment, and plants. Additionally, it involves the development of infrastructure like roads, railways, schools, hospitals, offices, residential properties, and commercial/industrial buildings. |
| Gross Savings                 | Measured by Total consumption less gross national income plus net transfers (GSAV)   |

*Source: World Development Indicators Database 1971 –2021 and Federal Reserve Economic Data, Economic Research Division, Federal Reserve Bank of St. Louis*

### Autoregressive Distributed Lagged Model

To explore the relationship between the variables and economic growth, the study employed Autoregressive Distributed Lag (ARDL) model. This model proved valuable in analyzing both the long-term and short-term relationships between the variables and identifying country-specific dynamics related to growth and investment. In line with the theory, the ARDL (1,1) model represented the relationship through an equation where the dependent variable was explained by its lagged values, as well as the current and lagged values of the explanatory variables and . This model facilitated the analysis of the effects of policy variable changes.

$$Y_t = m + \alpha_1 Y_{t-1} + \beta_0 x_t + \beta_1 x_{t-1} + \mu_t \quad (7)$$

In the given model,  $Y_t$  and  $x_t$  represents stationary variables, and represents a white noise component. A sequence  $\{\mu_t\}$  is considered a white noise process when each value in the sequence has a mean of zero, a constant variance, and is serially uncorrelated. The sequence satisfies the assumptions of the CLRM for each period:

$$E(\mu_t) = E(\mu_{t-1}) = \dots = 0 \quad (8)$$

$$E(\mu_t^2) = \mu_{t-1}^2 = \dots = \delta^2 \quad (9)$$

$$E(\mu_t \mu_{t-s}) = E(\mu_{t-j} \mu_{t-j-s}) = 0 \dots \dots \dots \text{for all } \mu \quad (10)$$

$$Y_t = (1 + \alpha_1 + \alpha_1^2 + \dots)m + (1 + \alpha_1 L + \alpha_1^2 L^2 + \dots)(\beta_0 x_t + \beta_1 x_{t-1} + \mu_t) \quad (11)$$

By employing the equations above, the non-stationarity issue in the time series data is addressed during the data generation process, thereby mitigating the risk of producing spurious or inconsequential regression outcomes.

$$\begin{aligned} \text{Log } RGDP_t = & \phi_0 + \sum_{i=0}^p \psi_i \Delta \text{Log } RGDP_{t-1} + \sum_{i=0}^p \phi_{i1} \Delta FDI + \sum_{i=0}^p \phi_{i2} \Delta FDI_{t-1} \\ & + \sum_{i=0}^p \phi_{i3} \Delta \text{ExPDTI}_{t-1} + \sum_{i=0}^p \phi_{i4} \Delta GFCF_{t-1} + \sum_{i=0}^p \phi_{i5} \Delta HCD_{t-1} \\ & + \sum_{i=0}^p \phi_{i6} \Delta GSAV_{t-1} + \delta_1 GDP_{t-1} + \delta_2 FDI_t + \delta_3 \text{ExPDT}_{t-1} \\ & + \delta_4 GFCF_{t-1} + \delta_5 HCD_{t-1} + \delta_6 GSAV_{t-1} + \delta_7 ECT_{t-1} + \mu_t \quad (12) \end{aligned}$$

$\phi_0, \psi_1, \phi_{11}, \phi_{12}, \dots, \phi_{17}$  - denotes long run elasticities and  $\delta_1, \delta_2, \delta_3 \dots \delta_7$  short-run co-efficients of the model, foreign direct investment (FDI), external public debt (ExPDT), gross fixed capital formation (GFCF), gross savings (GSAV), human capital development (HCD) index as explanatory variables and real GDP (RGDP) as explained variable,  $ECT_{t-1}$  error correction term/short-run disequilibrium speed of adjustment, in case of external shock in the economy, it brings back explained variables to its steady state equilibrium. The speed at which short-term equilibrium is adjusted to long-term equilibrium was determined by using the error correction term. The  $ECT_{t-1}$  must have a negative and significant co-efficient term. In most cases the value of  $ECT_{t-1}$  is assumed to lie within an interval range of (0, -1), in some exceptional cases it is allowed to oscillate around -1 and -2. As a rule of thumb, it is not possible to establish a cause-effect link between an estimator variable and the estimate variable in the long run model if the sign of  $ECT_{t-1}$  is positive and significant or negative but insignificant. A negative and statistically significant  $ECT_{t-1}$  indicates long-run causality; this means the estimators are responsible for the estimated variable.  $\varepsilon_t$  is a stochastic/disturbance term or white noise residual, used to take care of other factors affecting explained variable other than the variables specified in the model, difference operator, (i) the lag indicator and (j) time trend covering different sample periods for all the variables.

### *Covariance Stationarity*

Hendry (1995), Granger and Newbold (1974) and Enders (2004).

$E(y_t) = \mu$  and  $Var(y_t) = \delta_y^2, Cov(y_t, y_{t-s}) = Cov(y_{t-j}, y_{t-s-j}) = \gamma_s$  Where  $\mu, \delta_y^2$  and  $\gamma_s$  are mean, variance and covariance and they are all constants in the estimation process. They are time invariant in a stationary process and time variant in a non-stationary process. A series is non-stationary in an autoregressive process if  $y_t = \phi y_{t-1} + \varepsilon_t$  and  $|\phi| \geq 1$ . Where  $\phi$  is the memory strength of variable  $y_t$ , the variable predicts itself from the history in an autoregressive process. A test for unit root, is a test

to show whether  $\phi \leq 1$  or not. Using a  $P^{\text{th}}$  order autoregressive process, we can show that:

$$y_t = \phi_1 y_{t-1} + \phi_2 y_{t-2} + \phi_3 y_{t-3} + \dots + \phi_p y_{t-p} + \varepsilon_t \quad (13)$$

This equation can be re-written as follows:

$$\phi(L)y_t = \mu_t \text{ Where } \phi(L) = 1 - \phi_1 L - \phi_2 L^2 \dots - \phi_p L^p \quad (14)$$

If the roots of the characteristic equation

$(1 - \phi_1 L - \phi_2 L^2 \dots - \phi_p L^p) = 0$  are all greater than unity in absolute terms, then variable is stationary (Enders, 2004).

*Differencing of the Series*

Hendry (1995), Granger and Newbold (1974) and Enders (2004), generalize the above formulation for an AR (p) process in terms of change in  $y_t [= \Delta y_t]$  or first difference of variable as follows. Enders (2004) theoretically suggests that a series becomes stationary upon differencing. A differenced series takes the form of an equation given below.

$$\Delta y_t = \phi^* y_{t-1} + \phi_1^* \Delta y_{t-1} + \phi_2^* y_{t-2} + \dots + \phi_{p-1}^* \Delta y_{t-p+1} + \varepsilon_t \quad (15)$$

We expect that if there is unit root in the above equation. If we formulate the above equation as an AR (3) process this generates the equation given below.

$$(1 - \phi_1 L - \phi_2 L^2 - \phi_3 L^3)y_t = \mu_t \quad (16)$$

If unit roots exist, the lag operator in the above equation is factorized to generate.

$$(1 - \phi L - \beta L^2)(1 - L)y_t = \mu_t \quad (17)$$

$$(1 - \phi L - \beta L^2) \Delta y_t = \mu_t \quad (18)$$

The above two equations could be solved for a to generate the equation given below.

$$\Delta y_t = -\alpha L \Delta y_t - \beta L^2 \Delta y_t + \mu_t = -\alpha L \Delta y_{t-1} - \beta \Delta y_{t-2} + \mu_t \quad (19)$$

Table 3: Descriptive Statistics

| Country   | Variable | Mean     | SD       | Minimum   | Maximum  |
|-----------|----------|----------|----------|-----------|----------|
| Kenya     | rgdp     | 100373.1 | 50593.42 | 36855.58  | 227564.1 |
|           | fdi      | 0.753160 | 0.726875 | 0.004721  | 3.094712 |
|           | expd     | 50.71734 | 24.58709 | 21.44737  | 131.8996 |
|           | gfcf     | 19.01959 | 2.111830 | 15.38790  | 25.07647 |
|           | hcd      | 1.862338 | 0.297181 | 5.014270  | 2.346707 |
|           | gsav     | 15.72930 | 6.656697 | 1.376036  | 37.15646 |
| Nigeria   | rgdp     | 507006.9 | 271464.2 | 226268.1  | 1006237  |
|           | fdi      | 1.519882 | 1.252242 | 0.183822  | 5.790847 |
|           | expd     | 35.78685 | 30.63862 | 4.950816  | 120.8353 |
|           | gfcf     | 35.92314 | 19.40219 | 14.16873  | 89.38613 |
|           | hcd      | 1.505997 | 0.264758 | 1.196360  | 1.974245 |
|           | gsav     | 40.57330 | 18.11770 | 15.84587  | 87.09598 |
| S. Africa | rgdp     | 428603.8 | 139791.4 | 234686.6  | 713048.8 |
|           | fdi      | 0.737915 | 1.106557 | -0.768651 | 5.368357 |
|           | expd     | 125.5293 | 90.23641 | 17.89472  | 415.5582 |
|           | gfcf     | 20.10813 | 4.533331 | 14.02729  | 29.20102 |
|           | hcd      | 2.072782 | 0.274085 | 1.794250  | 2.718503 |
|           | gsav     | 19.71415 | 5.393657 | 13.49738  | 32.25817 |
| Botswana  | rgdp     | 16691.25 | 11108.07 | 1997.644  | 38448.85 |
|           | fdi      | 2.719286 | 3.956852 | -10.77468 | 15.59401 |
|           | expd     | 16.75285 | 9.664295 | 3.895006  | 44.71737 |
|           | gfcf     | 27.45040 | 3.154806 | 20.26153  | 35.77629 |
|           | hcd      | 2.210205 | 0.537530 | 1.345173  | 2.938816 |
|           | gsav     | 34.29081 | 7.321698 | 20.25511  | 49.81910 |

Source: Authors Analysis, 2023

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The study tested stationarity of all the variables considered using Augmented Dickey Fuller test (ADF). The tests were applied with an intercept and trend to improve their power and size in the estimation process. Alemayehu et al. (2012) In unit root testing, theoretic decision is based on Mackinnon critical values and computed t-statistics. To determine variable stationarity, the absolute values of calculated t-statistics must exceed the critical values specified by Mackinnon at significance levels of 1%, 5%, and 10%. If this criterion is not met, non-stationarity is concluded.

Table 3 presents comprehensive descriptive statistics for all the variables included in this study. It provides details on the mean, standard deviation, maximum, and minimum values of each variable, based on the countries examined in the analysis.

Tables 6 and 7 show the unit root test results for all variables, both in their original level form and after taking the first difference.



## DISCUSSION AND COMPARISON

Table 5: ARDL Estimation Results

| Country/<br>Variable<br>Model | Kenya<br>I               | Nigeria<br>II            | South<br>Africa<br>III  | Botswana<br>IV           |
|-------------------------------|--------------------------|--------------------------|-------------------------|--------------------------|
| lnrgdp(-1)                    | 0.988076<br>(0.0001***)  | 0.001132<br>(0.2161)     | 0.655880<br>(0.0249***) | 1.405385<br>(<0.0001***) |
| fdi(-1)                       | -0.018688<br>(0.0013***) | 0.020492<br>(0.0024***)  | -0.009102<br>(0.0287**) | 0.000100<br>(0.8975)     |
| expd(-1)                      | 0.001132<br>(0.0871*)    | -0.002023<br>(0.0025***) | 0.000207<br>(0.0330**)  | 0.000409<br>(0.2598)     |
| gfcf(-1)                      | -0.004468<br>(0.0405**)  | 0.002847<br>(0.0227***)  | -0.004015<br>(0.3095)   | 0.001676<br>(0.0596**)   |
| hcd(-3)                       | 8.470541<br>(0.0060***)  | 4.664889<br>(0.0039***)  | 2.244713<br>(0.0571**)  | -0.962349<br>(0.0355**)  |
| gsav(-1)                      | 0.002672<br>(0.0124***)  | -0.002397<br>(0.0045***) | 0.010816<br>(0.0077***) | 0.000795<br>(0.0781*)    |

\*\*\* \*\* \* Denotes significance at 1% ( $\alpha=0.01$ ), 5% ( $\alpha=0.05$ ) and 10% ( $\alpha=0.1$ ); P-values are given in parentheses.

Source : Author's Computation , 2023.

*Discussion and Comparison**Economic Growth and Foreign Direct Investment*

Upon comparing the results presented in Table 5, it becomes evident that FDI has varying effects on the real GDP in Nigeria, Botswana, Kenya, and South Africa. In Nigeria and Botswana, foreign direct investment (FDI) contributes to economic growth, the results in Nigeria contradict Akinlo (2004) who found a negative effect in Nigeria. The crowding-out effect of FDI in Kenya and South Africa results in a

reduction in the overall capital stock within the economy due to the negative impact of FDI on economic growth. In addition, Herzer et al. (2008) and other academics have previously observed a negative correlation between foreign direct investment (FDI) and real GDP in host countries. Similar patterns have been observed between manufacturing FDI and economic growth in studies conducted by Doytch and Uctum (2019).

In contrast, growth effects of FDI are observed in Nigeria and Botswana, although at a relatively smaller scale. There is consistency between these findings and previous research highlighting the importance of a strong domestic financial sector (Ben Jelili, 2020) and quality institutions (Hayat, 2019) in conjunction with FDI. Additionally, Doytch and Uctum (2019) suggest that foreign direct investment (FDI) in service industries is associated with real GDP growth, while Malikane and Chitamber (2017) show a constructive correlation between foreign direct investment and economic growth in countries with robust democratic institutions and low levels of corruption. Wang et al. (2004) conducted a study that revealed FDI, rather than international trade, exerts a greater impact on real GDP growth in high-income countries. However, some critics contend that countries with limited foundational capacities may not fully reap the benefits of FDI, as the public may struggle to understand and effectively utilize the human development resulting from the spillover effects of FDI (Xia et al., 2022). Herzer et al. (2008) discovered that FDI inflows facilitate real GDP growth when there is a well-established presence of trade openness, human capital, and per capita income.

### *Economic Growth and External Public Debt*

Further examination reveals that the association between external public debt and economic growth differs among countries. In Kenya, South Africa, and Botswana, a positive correlation exists between external public debt and economic growth. However, in Nigeria, the relationship between external public debt and economic growth is negative. Considering the results in Kenya, a rise of one unit in external public debt leads to a precise 0.001% increase in real GDP

*ceteris paribus*. In South Africa, the increase is 0.0002%, and in Botswana, it is 0.004%. Conversely, in Nigeria, an increase of one unit in external public debt results in a 0.002% decrease in economic growth. These findings are consistent with different economic theories, including Keynesian, Classical, and Neo-Classical perspectives. Tsoulfidis (2007) argues that public debt is key to stimulating economic demand, especially when self-regulatory mechanisms fail. This viewpoint suggests that government borrowing can play a role in boosting economic activity and fostering growth. However, classical economists criticized government borrowing, arguing that it diverts private capital from productive uses, hindering capital accumulation and overall economic growth and development. These classical economists' views find support in the works of Mohsin et al. (2021), highlighting the potential negative consequences of heavy reliance on public debt for economic expansion. In contrast, a more contemporary perspective on public debt recognizes the state as an active agent in socio-economic progress (Navarro Ortiz and Sapena, 2020). This viewpoint acknowledges the role of public debt in financing essential infrastructure projects, education, healthcare, and other productive investments that contribute to long-term economic growth. The theory of Ricardian equivalence also suggests that public debt does not significantly affect growth. According to this theory, any current deficit is counterbalanced by the discounted sum of future taxes, assuming rational and forward-looking individuals (Barro, 1974). This framework allows individuals to adjust their saving and spending patterns in anticipation of tax obligations in the future, eliminating any direct negative effects of public debt on economic growth. It is difficult to draw a direct correlation between external public debt and economic growth because each country has its own economic dynamics. While public debt may potentially stimulate economic growth by fostering increased demand and investment, it is crucial to prudently manage and assess borrowing strategies to prevent the displacement of private capital and mitigate potential long-term financial repercussions. Different countries' economies interact in complex ways with external public debt according to empirical evidence and economic theories.

### *Economic Growth and Human Capital Development*

Human capital development is positively correlated with economic growth in Kenya, Nigeria, and South Africa. A unit increase in the Human Development Index (HDI) was associated with a 0.96% decrease in economic growth in Botswana. According to the study's findings, there is evidence of a positive association between economic growth and HDI in Kenya, Nigeria, and South Africa. Specifically, a unit increase in human capital development is linked to an 8.47% growth in economic output in Kenya, a 4.66% increase in Nigeria, and a 2.24% increase in South Africa. These results align with the perspectives of Barro (1998), and Human capital, according to Romer (1990), facilitates the absorption of new technologies and enhances productivity. These scholars emphasize that investments in education, skills, and knowledge can lead to increased innovation, efficiency, and overall economic growth. Similarly, Mankiw et al. (1992) highlight the significance of human capital in economic growth models, emphasizing that a well-educated and skilled workforce can drive productivity gains and technological advancements. Islamic (1995) however criticized human capital variables as being important in regressions using panel data. Islam argues that the inadequate specification of human capital variables in empirical models may limit their significance in explaining real GDP. HDI is acknowledged as an important factor in economic growth, despite this criticism. The importance of human capital, along with physical capital, in enhancing labor productivity and physical capital efficiency has been highlighted by Lucas (1988). Thus, investing in education, skill enhancement, and training can positively impact economic growth. A detailed analysis of the relationship between real GDP and human capital development (HDI) was carried out using cross-sectional time series data from four countries. In this analysis, we capture the dynamic nature of human capital and its impact on economic growth, providing valuable insight into its pivotal role in driving economic advancement. Research findings indicate that economic growth and human capital development are positively correlated in Kenya, Nigeria, and South Africa. It is, however, evident that human capital development is negatively corre-

lated with economic growth in Botswana. A growing body of evidence supports the idea that education, skills, and knowledge are linked to economic growth, productivity, and innovation.

#### *Economic Growth, Savings and Gross Fixed Capital Formation*

The findings presented in Table (5) provide intriguing insights into the connection between gross fixed capital formation, gross savings, and economic growth in Kenya, South Africa, Nigeria, and Botswana. The results indicate that the impact of gross fixed capital formation on economic growth varies across these countries. In Kenya and South Africa, there is a negative correlation between gross fixed capital formation and economic growth, suggesting potential issues or inefficiencies in the utilization of fixed capital. Conversely, in Nigeria and Botswana, GFCF positively influences real GDP, indicating the importance of capital investment in driving economic expansion in these nations. In addition, the study emphasizes how gross savings correlate with real GDP growth. The accumulation of capital through gross savings is positively correlated with real GDP growth in Kenya, South Africa, and Botswana. The observed positive relationship aligns with the Solow-Swan model of economic growth, which underscores the significance of capital accumulation in fostering sustained economic expansion. However, the results show a contrasting pattern in Nigeria, where gross savings have a negative effect on economic growth. Therefore, Nigeria may have difficulty converting savings into productive investments that will contribute to real GDP growth. The findings are similar to those of Joshi et al. (2019), who found a negative impact on Nepal's GDP through gross domestic savings. According to Solow's (1956) theory, savings and economic growth are positively correlated in the short run. Thus, policymakers should set a priority to increase savings. Hence, the study recommended increasing the effective mobilization of savings into productive sectors to stimulate economic growth. The relationship between foreign direct investment (FDI) and domestic capital formation remains a subject of debate among scholars. Some argue that FDI complements domestic capital formation, implying that foreign investment can stimulate

domestic investment and contribute to economic growth (Martínez, 2018). On the other hand, there are those who contend that FDI substitutes or crowds out domestic capital formation, the decrease in domestic investment may be caused by an increase in foreign investment (Yasmeen et al., 2021). The ongoing debate on this topic stems from the mixed empirical evidence observed across different countries. The domestic capital formation and FDI remain a contentious issue, with conflicting viewpoints and mixed empirical results observed across different countries.

### *Model Diagnostic Tests*

The following table, Table (6), displays the outcomes of various diagnostic tests conducted to evaluate the model's suitability in this study. Jarque-Bera test indicates that the errors in the ordinary least squares model follow a normal distribution due to its insignificance. It indicates that the normality assumptions often made in the classical linear regression model hold for OLS errors. Since normally distributed errors are a key assumption in many statistical tests and estimators, the OLS model and its results can be trusted and therefore adopted. Additionally, Breusch-Pagan tests show that the model does not exhibit heteroscedasticity, this is also confirmed by Glejser test. In this case, throughout the entire dataset, the errors in the model are constant. The co-efficient of multiple determination  $R^2$  confirms that the ordinary least squares (OLS) data fit the model well. Lag length selection criteria was evaluated using the minimum values of AIC, SIC and HQ. A minimum value is obtained from AIC for all the four models evaluated. According to these results, the model used in this study is appropriate for analyzing the data and drawing conclusions.

### *Long-Run Form and Bounds Test*

The long-run relationships between economic growth, foreign direct investment, gross fixed capital formation, human capital development, and gross savings were demonstrated using bounds tests. Bounds test is applied when variables are cointegrated of different

orders. An upper or lower critical value bound was applied at 1%, 5%, or 10% significance level in Wald or F-statistics. Based on Table (7), it is evident that the calculated F-statistics of cointegration: F=9.6498 (Nigeria); F=7.8462 (Kenya); F=7.5379 (South Africa); F=17.6474 (Botswana), for all the four countries studied, F-statistics exceeded the highest and lowest critical bounds at a 5% significance level (Pesaran, 2003). According to these findings, real GDP and the parameters studied are likely to have a long-term relationship as shown in Table (7).

Table 6: Diagnostic Tests for Classical Linear Regression Model (CLRM) Assumptions

| Statistic       | Test               | Botswana |        | Kenya  |        | Nigeria |        | South Africa |       |
|-----------------|--------------------|----------|--------|--------|--------|---------|--------|--------------|-------|
|                 |                    | Value    | Prob   | Value  | Prob   | Value   | Prob   | Value        | Prob  |
| Jarque-Bera     | Normality          | 3.7739   | 0.1515 | 2.8850 | 0.3034 | 1.325   | 0.5153 | 1.0982       | 0.557 |
| Breusch-Pagan   | Heteroscedasticity | 0.7720   | 0.6879 | 0.4403 | 0.9492 | 0.536   | 0.8955 | 1.8841       | 0.084 |
| Glejser         | Heteroscedasticity | 0.6136   | 0.8296 | 0.5708 | 0.8699 | 0.855   | 0.6246 | 1.5976       | 0.151 |
| Ramsey RESET    | Model Stability    | 0.1397   | 0.7117 | 0.3336 | 0.8060 | 3.259   | 0.2950 | 2.0883       | 0.122 |
| Breusch Godfrey | LM Serial Corr     | 0.4109   | 0.6676 | 0.2177 | 0.5689 | 1.325   | 0.0899 | 2.2537       | 0.158 |
|                 | Model Fit          | 0.9980   |        | 0.9992 |        | 0.999   |        | 0.9980       |       |
|                 | Model Fit          | 0.9969   |        | 0.9987 |        | 0.998   |        | 0.9974       |       |
| Akaike IC       | Lag Length (4)     | -3.330*  |        | -5.18* |        | -4.7*   |        | -5.304*      |       |
| Schwarz IC      | Lag Length (4)     | -2.7038  |        | -4.514 |        | -3.91   |        | -4.858       |       |
| Hannan Quin     | Lag Length (4)     | -3.1024  |        | -4.940 |        | -4.43   |        | -5.138       |       |

Source: Authors Computation, 2023 \*\*\*\* \* Denotes significance at 1% ( $\alpha=0.01$ ), 5% ( $\alpha=0.05$ ) and 10% ( $\alpha=0.1$ ).

Table 7: Long-Run Form and Bounds Test

| Test Statistic     | F-Bounds Test |          | Nigeria              |       | Kenya    |                       | South Africa |          | Botswana             |       |
|--------------------|---------------|----------|----------------------|-------|----------|-----------------------|--------------|----------|----------------------|-------|
|                    | Signif.       | Value    | I(0)                 | I(1)  | Value    | I(0)                  | I(1)         | Value    | I(0)                 | I(1)  |
|                    |               |          | Asymptotic<br>n=1000 |       |          | Asymptotic:<br>n=1000 |              |          | Asymptotic<br>n=1000 |       |
| F-statistic        | 10%           | 9.649843 | 2.08                 | 3     | 7.846235 | 2.2                   | 3.09         | 7.537918 | 2.08                 | 3     |
| k                  | 5%            | 5        | 2.39                 | 3.38  | 4        | 2.56                  | 3.49         | 5        | 2.39                 | 3.38  |
|                    | 2.5%          |          | 2.7                  | 3.73  |          | 2.88                  | 3.87         |          | 2.7                  | 3.73  |
|                    | 1%            |          | 3.06                 | 4.15  |          | 3.29                  | 4.37         |          | 3.06                 | 4.15  |
| Actual Sample Size |               | 35       | Finite Sample n=35   |       | 41       | Finite Sample: n=45   |              | 44       | Finite Sample: n=45  | 41    |
|                    | 10%           |          | 2.331                | 3.417 |          | 2.402                 | 3.345        |          | 2.276                | 3.297 |
|                    | 5%            |          | 2.804                | 4.013 |          | 2.85                  | 3.905        |          | 2.694                | 3.829 |
|                    | 1%            |          | 3.9                  | 5.419 |          | 3.892                 | 5.173        |          | 3.674                | 5.019 |

Source: Author's Computation, 2023 \*\*\*\* \*\* Denotes significance at 1% ( $\alpha=0.01$ ), 5% ( $\alpha=0.05$ ) and 10% ( $\alpha=0.1$ ).

## CONCLUSIONS AND POLICY RECOMMENDATIONS

The research findings reveal that the influence of foreign direct investment (FDI) on real GDP varies among different nations. Nigeria and Botswana experience a positive impact on their economic growth, whereas Kenya and South Africa witness a negative effect. This could be attributed to FDI crowding out private investment and constraining domestic investment opportunities in the latter two countries. Additionally, the study underscores the correlation between external public debt and economic growth. In Kenya, South Africa, and Botswana, there exists a positive relationship between external public debt and economic growth. However, in Nigeria, this relationship is negative, indicating that excessive external debt could impede economic growth. To optimize their contribution to economic growth, countries should prudently manage both FDI and external public debt. Furthermore, the study reveals the significant role of human capital development (HCD) in fostering economic growth, with Nigeria, Kenya, and South Africa displaying positive effects of HCD. These nations ought to prioritize initiatives aimed at bolstering human capital through education, skills development, and knowledge acquisition. However, Nigeria and Botswana demonstrate an adverse correlation between human capital development (HCD) and real GDP, highlighting the necessity to address the underlying factors contributing to this negative relationship. It is imperative to enhance the efficiency and efficacy of human capital investments in these regions. Furthermore, the study suggests that these four nations customize their macroeconomic growth strategies to encourage foreign direct investment (FDI), gross savings, and gross fixed capital formation, thus fostering capital accumulation. By establishing a conducive environment for saving and investment, countries can enhance their capacity for sustainable economic growth, ultimately fostering long-term prosperity and development.

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## **IDENTITY ECONOMICS AND THE GIG ECONOMY**

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### INTRODUCTION

The idea of work has existed since the beginning of humanity, from hunting schedules to guarding groups. With the development of civilization, humans found new ways of adapting their activities to the necessities of their society. The concept of globalization and modernization has brought a new aspect about the concept of work.

New demands aside from the work environment such as family responsibilities, pursuing further education, or engaging in other personal pursuits have had an impact on the conventional modality of work, which has been changing and developing according to these new necessities. Those new demands come as a way of balancing people's work life and personal life, in such situations, many workers turn to the opportunity of being able to manage their work and demands, such modality has then come to be called the gig work style. Kirin (2017) defines gig work as an encompassing of different configurations of contracts and modalities of independent work. The worker's ability to choose their work modality and the flexibility of how and when to develop their work is crucial to the shaping of their job identity and self-identification.

The goal of this paper is to identify the motivations behind the continuous growth of the gig work community, how influential is the concept of identity to the gig work modality and how the various identities a gig worker carries can shape their work and influence their economic choices. To better understand the motivations behind

the growth of the gig economy, we focus on how behavioural economics and identity economics can have a direct influence on worker's choices of working modalities.

## FROM BEHAVIOURAL ECONOMICS TO IDENTITY ECONOMICS

The decision-making process involves various elements based on one's desires and needs, that can drive individuals to make their choices. These aspects include the fulfilment of utility derived from economic or social assets, the impact on self-esteem, and the influence of one's moral sense. Each of these factors plays a unique role in shaping an individual's decision-making process. Behavioural economics emerged as a response to the unrealistic assumptions of rational choice and expected utility theories, challenging the notion that observed deviations from rationality are merely random instances of irrationality (Thaler & Sustein, 2008). Instead, behavioural economists argue that these deviations can be understood as systematic patterns in economic agents' decision-making processes.

As posited by Kahneman and Tversky (1979), behavioural economics' central revelation is that individuals do not consistently exhibit rational decision-making. Instead, their choices are influenced by cognitive biases, emotions, social influences, and heuristics, all of which can result in systematic departures from rationality. These cognitive biases and heuristics have the potential to impact a wide array of decision-making domains, encompassing evaluations of risk, time preferences, and decisions related to consumption, savings, and investment (Thaler, 2015).

According to Ashforth (2001), an individual's behaviours in performing a specific role are primarily influenced by their thoughts and emotions regarding that role. Furthermore, these thoughts and emotions are predominantly shaped by the various experiences and events encountered within the organizational context.

Akerlof and Kranton (2000) introduced the concept of a person's identity or sense of self into economics, seeking to incorporate the social and psychological dimensions of human behaviour. They argue

that an individual's identity, comprising their self-perception and aspirations, plays a crucial role in shaping their economic choices. Rather than considering individuals as isolated entities, this new perspective acknowledges their membership in society and the influence of social categories on their behaviour.

According to Akerlof and Kranton's perspective, an individual's self-concept plays a pivotal role in shaping their actions, and their decisions are significantly influenced by social categories and identity (Akerlof & Kranton, 2010). Within this framework, social distinctions take on significance as individuals deliberate and delineate the identities they aspire to embody.

To Sen (2007), in a multicultural society, the promotion of inclusivity and the recognition of individual freedom of choice and action are of utmost importance. This approach recognizes that individuals have the right to freely associate and identify with the social, cultural, and ethnic groups they feel a connection to. It acknowledges the diverse range of identities and affiliations that exist within a society and emphasizes the value of respecting and embracing this diversity.

Allowing individuals the freedom to choose the groups they identify with is vital for fostering a sense of belonging and personal agency. When people can align themselves with groups that reflect their values, beliefs, and interests, it contributes to their overall well-being and self-fulfilment. Moreover, this freedom of choice encourages individuals to engage with different communities, explore various cultural perspectives, and develop a broader understanding of the world around them (Sen, 2007).

Bénabou and Tirole (2011) present a comprehensive model that delves into the intricate relationship between moral identity and decision-making. Their objective is to illuminate how moral identity exerts influence over the choices individuals make (Bénabou & Tirole, 2011). The concept of the „demand side” in decision-making, as outlined by Bénabou and Tirole (2011), encompasses various motivating factors. These factors encompass the pursuit of utility derived from economic or social assets, the impact on self-esteem, and the influence of one's moral sense. Each of these factors assumes a distinctive role in shaping an individual's decision-making process.

Bénabou and Tirole (2011) emphasize that economic and social assets can significantly steer decision-making. Individuals frequently evaluate the potential gains or advantages linked to a particular decision, such as financial rewards, access to resources, or social standing. The pursuit of these assets can sway the choices individuals make, as they endeavour to optimize their utility and attain desired outcomes.

Becoming an economic agent entails participating in economic transactions with fellow agents, making it an inherently interactive and social endeavour. In this context, economic actions are intricately woven into the fabric of the external environment, which comprises other individuals, each potentially associated with various groups and networks. Surprisingly, mainstream economics has historically paid limited attention to this social environment and its profound implications. Even within the realm of behavioural economics, a discipline that challenges the traditional economic paradigm by incorporating insights from human psychology, the recognition of the significance of social preferences is a relatively recent development (Fehr and Fischbacher, 2002).

Furthermore, Bénabou and Tirole (2011) highlight self-esteem as a pivotal determinant in decision-making. People naturally gravitate towards choices that bolster their sense of self-worth and perpetuate a positive self-image. Decisions that align with one's values, beliefs, and aspirations can contribute to an enhancement in self-esteem. Conversely, decisions conflicting with one's moral identity or ethical principles may result in diminished self-esteem or elicit feelings of guilt.

Fehr and Fischbacher (2002) shed light on the pivotal role of social preferences in economic decision-making. Their groundbreaking work underscores the idea that individuals' choices are not solely driven by self-interest and rational utility maximization. Instead, they posit that people exhibit social preferences—motivations that extend beyond narrow self-interest to encompass concerns for fairness, reciprocity, and cooperation. These social preferences introduce a dynamic element into economic interactions, where individuals are influenced not only by the potential material gains but also by the social context and the impact of their decisions on others.

The implications of recognizing social preferences in economic analysis are profound. It introduces a more realistic and nuanced understanding of human behaviour in economic transactions. Individuals, as economic agents, consider not only their gains but also the fairness of the outcome and the consequences for others. This recognition has significant implications for various aspects of economics, including competition, cooperation, and the design of incentives (Fehr and Fischbacher, 2002).

Lastly, Bénabou and Tirole (2011) underscore the significant impact of an individual's moral sense on decision-making. Moral considerations wield substantial influence in shaping choices, with individuals often relying on their internalized moral values, principles, and ethical frameworks as guides in the decision-making process. This moral compass can either facilitate or obstruct specific choices, contingent on whether the decision aligns with one's moral identity or contradicts it.

## THE GIG ECONOMY

The gig economy, characterized by short-term and flexible work arrangements, has transformed the traditional employment landscape. In this economy, individuals often work as independent contractors or freelancers, taking on projects or gigs based on their skills and interests. This shift has given rise to a new way of thinking about work and economic participation, where individuals have the freedom to shape their own economic identities.

Gig workers don't have the intention to build a company and hire people, their idea is to build their brand reflecting on the identity that they have. They want to be their brand. According to Ashford, Caza and Reid (2018), in developing a theory about the organization of individuals within the gig economy, the initial step entails delineating the structural facets that characterize these employment arrangements. The theory put forth by Ashford, Caza, and Reid (2018) suggests that when endeavouring to develop a theory concerning the functioning of the gig economy, where individuals frequently partici-

pate in freelance or temporary employment, it becomes paramount to first grasp and articulate the fundamental characteristics that define these employment arrangements. These characteristics may encompass elements such as the absence of traditional job security, the prevalence of short-term contractual agreements, the utilization of online platforms for job matching, and other pertinent factors. The crucial starting point in understanding and conceptualizing how the gig economy organizes and engages individuals is the clear delineation of these structural components.

The initial step in understanding and theorizing about the functioning of the gig economy, as proposed by Ashford, Caza, and Reid (2018), involves defining and describing the key structural features that define this unique form of employment arrangement. The gig economy refers to an economic system where individuals frequently engage in freelance or temporary work rather than traditional, long-term employment. To develop a comprehensive theory about how the gig economy operates, it is essential to identify and articulate the fundamental characteristics and theories that can set it apart from more conventional employment arrangements.

In the context of the gig economy, the concept of identity economics becomes particularly relevant. Gig workers often have multiple identities and roles, which they can leverage to shape their economic pursuits. For example, an individual might identify as a graphic designer, a parent, and an environmentalist, and they can choose gig projects that reflect these identities. By selecting gigs that align with their identities, gig workers can experience a sense of authenticity and fulfilment in their work.

Moreover, the gig economy allows individuals to explore and experiment with different identities and economic activities. It provides an avenue for individuals to develop and showcase their unique skills and talents, expanding their identity beyond traditional job roles. Hackman and Oldham (1976) observe that a significant level of autonomy exists when results are increasingly contingent on an individual's personal exertion, ingenuity, and choices rather than on the sufficiency of directives from a superior or on a handbook of job protocols. This flexibility and freedom to express multiple identities can

contribute to the formation of a diverse and multifaceted economic identity.

The gig economy is a distinctive economic landscape that is shaped by two key factors: flexibility and autonomy. These defining characteristics have redefined the way people engage in work and have significant implications for individuals' economic identities.

Autonomy and flexibility over one's work are key drivers of job satisfaction among gig workers. In traditional employment settings, individuals often have limited control over their work schedules and tasks. However, in the gig economy, workers enjoy the flexibility to choose the types of projects they take on, select their clients or platforms, and determine their working hours (Kuek et al., 2015). This autonomy empowers gig workers to align their work with their personal preferences and strengths, leading to a heightened sense of fulfilment and job satisfaction (Bakker and Demerouti, 2017).

Flexibility is a fundamental aspect of the gig economy. Unlike traditional employment arrangements, gig work allows individuals to have control over their schedules and work arrangements. They have the freedom to choose when, where, and how much they work. Gig workers can pace themselves and avoid burnout by managing their workload in a way that aligns with their personal energy levels and preferences (Spreitzer et al., 2010). This adaptive approach to work translates into improved psychological well-being. This flexibility is particularly appealing to individuals who value work-life balance, have personal commitments, or seek to pursue other interests alongside their work.

The ability to determine their schedules empowers gig workers to strike a balance between their professional and personal lives. They can allocate time for family responsibilities, pursue further education, or engage in other personal pursuits, in other words, they can enhance additional dimensions of their identities, while still earning income. This flexibility fosters a harmonious integration of work and life, alleviating the stress commonly associated with rigid work hours and lengthy commutes seen in traditional jobs (Golden & Veiga, 2008). Thus, such flexibility enables individuals to shape their economic identities by aligning their work with their broader life goals

and aspirations. The flexibility aspect is very well seen in gig workers who are also students. Because of the lack of time to balance the student life and the working life inside of a company, they decide to invest their money in themselves and become their brand. They have the freedom to explore various opportunities, acquire new skills, and diversify their income streams (Cappelli & Keller, 2013). This sense of self-determination can boost self-esteem and motivation, leading to a more positive self-concept and an optimistic career outlook (Wrzesniewski et al., 1997). Most of them use the internet to directly access a certain public that relates to their identities and will consume their brands (physical or virtual).

Autonomy is another significant aspect of the gig economy. Individuals are frequently advised to select occupational positions, leading them to cultivate and internalize distinct identities associated with those roles (McCall and Simmons, 1979; Burke, 1980; Thoits, 1991). Gig workers are one of those people who have the autonomy to define their professional paths and choose the type of work they want to undertake. Unlike traditional employment where individuals may be confined to a specific role or industry, gig workers have the freedom to select projects that match their skills, interests, and values, this can be done based on what they consider to be their true selves (Baker and Aldrich, 1996; Svejenova, 2005).

This autonomy enables individuals to curate their economic identities by actively engaging in work that resonates with their passions and expertise as a way of allowing them to feel a sense of fulfilment and purpose in their work. Autonomy in the gig economy implies that gig workers are responsible for managing the practical aspects of their work, establishing work routines, and ensuring their adherence to these routines in the absence of direct oversight (Ashford et al., 2007; Caza et al., 2018; Petiglieri et al., 2018). This alignment between their economic pursuits and personal identities contributes to the development of a distinct economic identity.

Research by Farruggia et al. (2020) highlights the significance of flexibility and autonomy in shaping the gig economy. The study emphasizes how these factors positively influence gig workers' satisfaction and well-being. The ability to have control over their work

arrangements enhances their sense of empowerment and agency, contributing to a more positive economic identity. The gig economy offers businesses access to a flexible and scalable workforce, allowing them to adapt to changing demands and access specialized skills (Friedman, 2020). This adaptability contributes to economic growth by increasing operational efficiency and fostering innovation.

It is important to acknowledge the challenges that can accompany flexibility and autonomy in the gig economy. Even with the exponential growth of the gig economy, gig workers may face issues such as income volatility, lack of access to benefits, and limited social protections. These challenges can impact their economic security and overall well-being, potentially influencing their economic identities in less desirable ways.

## CONCLUSION

In this paper we aimed to explore the various facets of identity economics and the gig economy, and the results of this our review highlighted the significance of social environments where a well-defined and strict identity framework is no longer relevant. The new momentum for work identity has shown that individuals seek to implement themselves in their work. Workers have become more eager to own their careers and their working style, therefore, they have been seeking opportunities to have some autonomy on their own. By aiming to achieve such a goal, most of them have chosen to become so called gig workers.

Gig workers have aimed to insert their own identities into their work, by doing so, they started to become a more active part of their jobs, their necessities, goals, perspectives, and values are now deeply rooted in their job and their social identities. With our analysis focused on relating the importance of identity economics to the gig economy, we have realized that the workers' needs have been blended into their jobs and both parts have resulted in the development of new identities. While being encouraged to become more autonomous and to create a career path that suits their needs, those gig workers

have established themselves as models for how their work should be recognized. For example, in many situations' family-oriented workers have this given identity dimension blended into their work, and in many situations being recognized by it.

According to Caza, Moss and Vough (2018:735), "the current gig economy, which enables, motivates, and sometimes forces workers to enact multiple vocations, has increased plurality in the workplace". Our research implies that with the creation of such a deep and complex scenario a new face to society is created, one that can have the power to reshape what once was known as traditional work.

Our findings have indicated a new modality of working identity, so motivated by the idea of self-identity and economic identity, the blend of those individualities has proven itself more and more common and with a big impact on our society. Our current study is exploratory in nature and a more in-depth research is necessary, in order to further our understanding of this new economic modality.

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## **CAN FINTECH BUSINESSES REPLACE BANK LOANS?**

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### INTRODUCTION

Fintech, which stands for financial technology, is a mixture of two terms. It brings information technology into the financial sector, enhancing the efficiency of traditional financial services for businesses, consumers, and financial institutions. Through the use of its algorithms, software, and applications, financial services are now available on computers and mobile devices. These services include the ability to deposit and transfer money to other accounts, buy and sell cryptocurrencies and their associated wallets, engage in borrowing and lending, and more (KPMG, 2021). It decreases transaction costs, promotes accessibility, and saves time and energy. The Financial Stability Board defined it as „technologically enabled financial innovation that potentially result in new business models, applications, processes, or products with an accompanying material influence on financial markets and institutions that is not yet subject to a legislative consensus.” (FiNTICA, 2021). Banks and financial institutions used to purchase software and programs from IT companies to enhance their services; increasingly, Fintech companies are creating the apps and programs themselves (Tahkor, 2019). Digital wallets, for example, are one of the numerous programs and services that serve as a

store of value, allow users to keep their bank cards without a physical wallet, and are also frequently used to hold e-money and virtual currencies (Basten, Ongena, 2020).

Digital wallets are thought to be more effective and secure than using physical cards because they are utilizing a broad scale of technology adaptation along with the rise of mobile commerce and protected by biometrics with ease of payments. Google wallet, which launched in 2011, Apple Pay, which launched in 2014, and PayPal are just a few well-known examples of it. If we examine the number of blockchain wallet users as of November 2021, we can see that there are more over 79 million users, which is a 25-fold increase from March 2015. (Financesonline.com, 2021). The rising trend appears to be continuing to increase as mobile accessibility quickly advances.

## LITERATURE REVIEW

The word „fintech” has been around for a few decades, and there have been various international studies and research projects. The UK government created explicit rules to assist the growth of the Fintech sector after conducting a research on how to raise money to support SMEs (Lu & Lerong, 2018). These include ISAs, which let depositors lend money to P2P and receive it back tax-free; FCA regulations, which let fintech entrepreneurs test out novel concepts and business models in less regulated settings; assistance in this area from the EPA; and the creation of P2PFA. The FCA’s policy statement notes that PS14 / 4 has seven areas, from investment requirements to dispute resolution the inclusive processes surfaced. These sections were established and defined clear operating standards that apply to all industries, the FCA’s policy statement states that PS14 / 4 includes seven sections from investment requirements to dispute resolution the inclusive procedures appeared to have received significant support from the government.

Numerous studies have demonstrated that China places a high priority on the growth of the fintech sector. ICBC and Citibank’s testing of a new technical advancement in commercial banks serves as an

illustration of this (Chen et al, 2017). Through major alterations in the operations and human resource structures of banks and the digitization of other activities, more than a dozen recommendations have been created and put into practice in our nation.

The differences between FinTech companies and traditional banks tend to have diminished over time, and researchers should be aware that there is no single definition for FinTech lending and that many traditional banks have made significant investments in technology (Berg, Fuster and Puri, 2021). Commercial banks in Mongolia offer 40–50% of their services digitally (Oyun, 2016). The commercial banks' use of big data is not going to be sufficient to expand the digital transition in the future. In other words, it is quite difficult to identify the customer. Commercial banks in Mongolia are gradually converting to digital banking, but they still need to offer Big Data-based products and services that are based on data mining, data analysis, and artificial intelligence.

Today, fintech spans five significant domains, including (Arner, Barberis and Buckley, 2015):

1. Finance and investment - financing techniques, simpler ways to raise cash, such as crowd fundraising, peer-to-peer lending, venture capital, public offerings, private equity, etc. Numerous applications exist that enable unrestricted trading of numerous sorts of investments, including stocks and cryptocurrencies. Modern startups no longer need to try to obtain bank loans when they can directly approach investors around the world through crowd funding or Fintech lending platforms. It often takes 3 to 4 years to obtain funding from investors, but when fintech is involved, it only takes 30 seconds, and the funds can even be virtual (through IEOs). With or without human oversight, robo-advisors offer investment ideas and planning based on client data and suggest automated portfolio management, optimizing the best options for challenging situations. (Investopedia, 2021)
2. Financial operations and risk management are the fundamental characteristics following the significant regulatory changes made during the financial crisis.

3. Payments and infrastructure - local and international cross-border electronic payment system that relies mostly on the internet and mobile devices, and does not require banks or their costs. According to [www.financesonline.com](http://www.financesonline.com), mobile payment transactions exceeded \$1 trillion in 2019 and are projected to reach \$4 trillion in 2023, demonstrating the industry's upward tendency (Financesonline, 2022).
4. Data security and monetization - It has become apparent that financial security is also a concern of overall national security because it contains huge data and is thus a target of cyber-crime. When it comes to employing blockchain-based technologies, fintech is regarded as being safer and more affordable than banks.
5. Customer interface: Financial services are typically dependent on mobile devices and internet platforms, and this is where businesses compete with more established services. What will be the banking industry look like in the future when all those mergers and acquisitions happening with decreasing numbers of commercial banks (Freixas, Rochet, 2008, Mishkin, 2016)? The number of banks might be decreased or just few dominant and large banks operating in the market and instead of doing the simple transactions, they will be consulting to companies with complicated issues where human intelligence is must (IoT Agenda, 2021).

What factors are promoting the growth of fintech? Fintech is being developed further by smart phone technology, digital banking, biometrics, blockchain, and artificial intelligence, among other things. Most people mistakenly believe that blockchain and cryptocurrencies are the same thing, and some even believe that cryptocurrencies are a scam and a risk designed to make quick money. However, blockchain is the technology that makes cryptocurrencies function (PwC, 2020). Regtech is a technological approach to overcoming the regulatory challenges faced by financial institutions, monitoring and assisting them in carrying out newly recast and rewritten legislation. Regtech benefits both regulators and business. It could assist authorities in avoiding the collection of superfluous

data and only requesting the data they actually need (Maurier, 2021, Hitachi, 2018).

New applications will have flaws, security concerns, and even regulatory challenges when innovators start using them. Sandbox is a tool that exists to facilitate start-ups' access to finance and its goal is to prevent such issues from ever occurring (Cornelli, Doerr, Gambacorta and Merrouche, 2020).

Investment in the fintech sector has increased dramatically since the advent of sandboxes. This expansion proves that sandboxes are a successful instrument for fostering innovation and that they can assist promising businesses that investors may have rejected out of a fear of risk (Cornelli, Doerr, Franco and Frost, 2021). One of the technologies influencing the future of fintech in its most recent post is artificial intelligence. The majority of financial activity systems are outdated, yet when integrated with artificial intelligence can give advanced results (Landyshev, 2021).

## METHODS AND RESULTS

The following tests were run on IBM's SPSS version 28.0 software as part of the research to find the essential calculations.

Reliability analysis - Cronbach's reliability, the most popular technique, was employed to examine the dependability of the respondents' responses.

To replace numerous symptoms with a small number of symptoms known as factors. Analysis of the questions that can adequately express the same object is the basic goal of factor analysis.

Regression analysis is used to determine whether two variables are linearly correlated.

Descriptive statistical analysis – to find out how the general classification of the participants are affecting the dependent factor.

Research hypothesis:

H1. Ages 18 to 34 are more likely to use fintech services.

H2. Easy to use has a big effects on customers who switch from banks to fintech firms.

H3. Fintech loan services are popular because they don't need a lot of paperwork.

H4. People who switch from banks to fintech companies benefit greatly from the quick services provided by these businesses.

H5. The lack of collateral for fintech loan services has a big influence on customers who switch from banks to fintech firms.

More than 400 people participated in the online poll about how often people utilize loan services, which was performed using a google form. Depending on how the responses are chosen, the survey consists of 6 general questions and a questionnaire with a total of 38 questions. 17 of these are scale-based questions. Borrowers from banks, pawn shops, NBFIs, and lending apps were included in the poll. We may infer from the responses that the majority of consumers use bank loans as well as fintech loans together. Borrowing from a close friend ranks third in terms of data.

Users favor fintech more because of its quick service, simple documentation requirements, and no-collateral feature and prioritize it if they require modest loans. 81 replies refer to the reputation and dependability of banks because they were founded long ago and have a well-established brand, which has helped to solidly build public trust. However, many people are unaware of lending options besides banks, and participants who made this decision were 45 years of age or older.

The responses highlight the stark differences between banks and fintech because utilizing a fintech application to borrow money typically results in no issues, yet using a bank loan service always causes issues. Customers of banks typically bear the burden of paperwork requirements and interest fees. Since fintech is a young industry, less people trust it, and only a small percentage of it does not adhere to the standards.

This question is intended for fintech non-users. Many people who took the poll questioned me about what a fintech loan was. 39% of the 405 participants don't use fintech loan applications, and other people are just learning about the concept now. This is sufficient evidence that most people have little to no knowledge of the fintech industry.

As we can see, 57.8% of the participants prefer a higher interest rate and no collateral to a low interest rate and a collateral. The results

of the poll show that, with a result of 77.8%, applying for a fintech loan is simpler than applying for a bank loan.

Young people are particularly engaged online, as evidenced by the fact that most responses were between the ages of 18 and 24. With limited resources, the respondents' average salary is not high, and the majority of them take out tiny, short-term loans.

Measures of internal consistency and whether the results may be trusted are shown by reliability analysis. According to the hypothesis, if the value falls between 0 and 1 and the Cronbach's alpha coefficient is equal to or higher than 0.70, the survey questions are more or less trustworthy and consistent with the scale. The internal consistency is very good, with a total Cronbach's alpha of 0.951, as seen in the dependability data table.

In order to reduce the number of dimensions into a more manageable collection of factors and make the data easier to analyze, several diverse questions can be consolidated into a few distinct factors. Since all responses' factor coefficients are greater than 0.5, they are all deemed appropriate for further analysis. These questions are separated into 5 factors. To forecast the substitute behavior from its convenience, preference, suggestion, and demand aspects, a multiple regression analysis was done. Unstandardized coefficients show how the replacement factor differs from independent components under the assumption that other factors remain constant. The substitution factor will rise by 23.2% if the convenience factor rises by one unit. All of the variables are positively correlated with the dependent variable, with convenience having the strongest correlation.

Regression analysis is used to further examine precisely which element has the greatest influence on the substitute factor. The determinant's coefficient shows how much of the dependent variable „Substitute” can be accounted for by the other four independent variables. This will explain 34.5% of the data. Oneway ANOVA test is used to further analyze the research and determine the impact of age, gender, income, and employment status on the substitution component. There are statistically significant differences across groups, with the exception of gender, because the significance values are below 0.05. Older people are more likely to be served by banks and other financial

institutions, whereas younger people are more open to fintech. The middle class has a favourable attitude toward fintech, while the upper class does not have a strong opinion of fintechs.

## DISCUSSION

Fintech collaborates in many financial services and products, making it easier to maintain the financial infrastructure. Technology-based lending services are without a doubt one of the most successful items for raising the level of living and economics of people. Technological developments that are involved in loan activities boost the supply of the services while lowering the cost at the same time. Additionally, it provides these individuals and SMEs with chance who are not eligible for bank loans. Fintech increases competition in the financial markets by providing services to a large number of customers more effectively than traditional financial services do (Navaretti et al., 2018). Although they are doing high level services that banks do not, they cannot completely replace the duties played by banks. However, banks are also astute enough to seize and use the chance presented by technology advancements for their own benefit. Fintech currently only provides a small number of services compared to banks because to economies of scale, and it is unclear if Fintech can or cannot take the place of the banking industry. However, if we focus solely on loans, there is undoubtedly some hope for the future.

The survey's findings indicate that more people are using fintech every day. The Fintech app has several benefits, including speed and time savings and the elimination of the need for cumbersome paperwork, which draws users but could also lead to security concerns. Numerous individuals choose bank loans in place of this kind of solution because they are skeptical of the security and dependability of fintech. The study also demonstrates that many customers would be drawn to utilize the service if fintech increased the number of loans available for borrowing from the current level. Although bank loans are trustworthy, getting them can be time-consuming, and filling out paperwork and satisfying loan conditions can be difficult. It would be

wise to take advantage of this shortcoming to spread the word about fintech applications. The fact that many people over the age of 45 are unaware of fintech lending services indicates how crucial it is to educate the public and spread awareness. For the time being, fintech loans can substitute bank loans in terms of modest loan amounts and quick maturities. People under 45 will steadily switch from banks to fintech companies in the future, in my opinion, if they start to loan larger sums of money.

## CONCLUSION

A total of 405 participants completed the online and paper questionnaire survey, which collected data. Although there are relatively few fintech users in comparison to the general population, both bank and fintech users actively engaged in the poll. The reliability analysis coefficient was in the region of 0.9, demonstrating the validity and acceptability of the questions.

The prospect of fintech loan services replacing bank loans was investigated using correlation analysis, and it was discovered that all four components have a favorable and pertinent association with the substitution factor. The strongest association was between the recommendation factor and the other three factors—convenience, preference, and demand—in that order. Convenience has the biggest impact when analyzing the various elements influencing Fintech's replacement behavior, followed by the suggestion dimension. Preference factor receives the second-highest level of affection and demand.

We can discover how the means of age, gender, income, and employment status interact with the substitute factor by looking at the statistical differences between them as a consequence of the ANOVA. While older people prefer banks and other financial institutions to take loans from, younger people use fintech more frequently than others. On the other hand, upper income groups prefer to not choose fintech services, whereas middle class people tend to like them more.

The analyses carried out above can be used to infer that the research hypothesis is supported.

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## **BUSINESS ETHICS AND ITS CHALLENGE**

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### INTRODUCTION

Global trends present serious challenges to business actors, and in this situation the role of ethics is emerging in more and more aspects. The reasons include both the general crisis of values and the institutionalisation of ethics.

The transformations taking place in the world both devalue and focus the economic and business role of ethics. The reason for this seemingly contradictory trend is the general value crisis, but at the same time, the institutionalization of ethics and the enrichment of its norm system can be observed. This is not a contradiction, but an answer. They counterbalance each other.

The central question of the study: What are the directions and challenges of business ethics in the changing business environment?

In order to answer this question, I will first clarify the concepts of ethics and business ethics, and then introduce the economic role of ethics and the institutions and importance of business ethics. In particular, I will examine the most common business ethics offences and abuses and their impact, highlighting the weaknesses in the functioning of business. I draw attention to the ethics hotline as the most effective business ethics institution and its mandatory introduction in Hungary.

At the end of the paper, I present the results of the research, the challenges, strengths, weaknesses and opportunities of business ethics in the light of the changing digital business environment.

## BUSINESS ETHICS

### *Ethics – core values*

The existence and functioning of every society rest on basic values, which form a complex system of norms. Within a society, core values are groups of layers: e.g. culture, religion, or ethics.

Ethics: the most ancient regulator of the behaviour of the individuals who make up society, morals (the science of morality). The norms, the right actions, or the science of “good.” Are you investigating what is good? What is the right course of action? What is the common value, principle, according to which we must act? (Boros, 2019)

Today, all fields of science research ethical issues, including economics.

Global trends present serious challenges to business actors, and in this situation the role of ethics is emerging in more and more aspects. The reasons for this include both the general value crisis and the institutionalization of ethics.

The transformations taking place in the world both devalue and focus the economic and business role of ethics. The reason for this seemingly contradictory trend is the general value crisis, but at the same time, the institutionalization of ethics and the enrichment of its norm system can be observed. This is not a contradiction, but an answer. They counterbalance each other.

Business ethics is a set of values and norms applicable in economic life during business activities. (Buday-Sántha, 2022)

Since communication and ethics are embedded in every human interaction, the basic principles of business ethics - the values reflected in the Codes of Ethics - can be compared with the core values and key concepts of organisational communication (PR) activities. Frequently displayed corporate values that are usually found in the introduction to codes of ethics are: responsibility, fairness, honesty, respect, trust, openness, justice, and transparency. Organizations also articulate a number of business values such as quality, profitability, efficiency, reliability and customer focus. These core values provide direction for economic operators.

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### *The economic role of business ethics*

Large companies have recognised that they cannot achieve sustainable market success without ethical behaviour. An international study by the International Association of Fraud Examiners (ACFE) (International Report: Global Study of Occupational Fraud and Abuse), based on empirical research, demonstrates that there is a compelling economic interest in institutionalising business ethics to prevent and detect economic harm and thereby reduce the extent of that damages. In 2020, ACFE's study, conducted in 125 countries examined 2,504 cases with a total damage value of \$3.6 billion. This damage value is estimated to be around \$4.5 trillion per year in fraud losses. The average time between detecting and committing typical fraud is 18 months for organisations that do not use a reporting system, while this period is significantly shortened to 12 months with the use of the ethics hotline. (ACFE, 2020)

According to international studies, businesses lose around 5% of their annual turnover each year as a result of various occupational frauds, and the whistleblowing system has now become the most effective tool for detecting fraud by organisations. According to surveys, 43% of them are known through hotline announcements, so-called tips, and employees account for about half of all reports. In sum, it is in the economic interest of companies to institutionalize ethics. (Bölcskei et al., 2021)

### *Ethical institutions*

Today there is an elaborate model of the institutionalization of ethics, which Szegedi (Szegedi, 2001) presents broken down into input (external-internal factors inducing institutionalization) and output (corporate culture, credibility, increase in the value of corporate and product/service).

The ethical operation of a given company is based on defining the basic values and principles of the organization and integrating them into the everyday life of the company.

Its implementation is a process.

The focal points of the institutionalization of ethics are: determination, formulation and writing, integration into the operational processes of the organization, creation of personal and organizational background, awareness-raising and control. However, its development, implementation and operation require the provision of significant organizational, personal, and financial conditions. (Buday-Sántha, 2016)

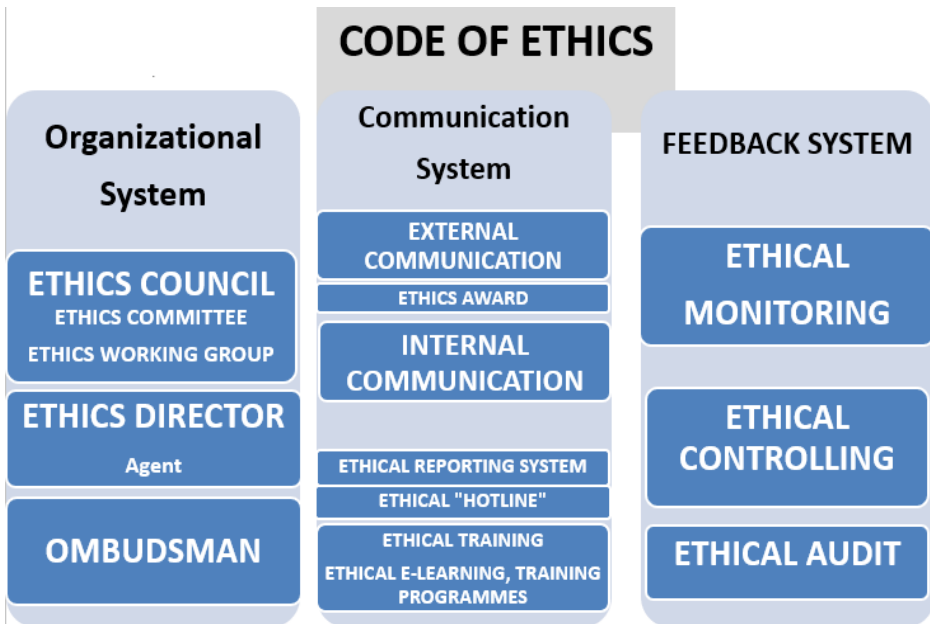
In recent decades, significant progress has been observed in the institutionalization of business ethics worldwide, because ethical behaviour and institutionalization are among the fundamental strategic objectives of companies. There are many institutions, which I have summarised in Figure 2 below: It is based on the Code of Ethics, which defines the basic values and specific ethical institutions, which can be divided into 3 main groups:

1. Organisational system: in which it appears as an ethical council, committee, or director, or as an ombudsman.
2. Communication system elements: such as the ethical reporting system, hotline, or trainings.
3. Feedback system: up to ethical monitoring (Reports - Impact analysis, Risk analysis, Performance Assessment, dialogue with stakeholders), controlling or audit, which can be used as a basis for further development of the corporate system.

Ethical institutions are formalized formations at the company level that are characterized by continuous enrichment.

According to KPMG's research, there has been significant progress in the institutionalisation of ethics among large domestic companies over the last 5-9 years. The most widely used ethical institution is the code of ethics. A company with a code regularly communicates its ethical standards within the company. In addition, other ethical institutions were introduced, such as training, the reporting system, and the committee. There is little use of an ombudsman independent of the company and of external audit. 95% of large companies that have introduced a code of ethics say that the institutionalisation of ethics in companies has had a positive impact. (KPMG, 2008)

Figure 1.: Ethical institutions  
(Source: Buday-Sántha, 2021)



Specific ethical institutions can be grouped according to several aspects. There are externally and internally oriented institutions, but also formal and informal, traditional, and specific, as well as direct and indirect instruments. The focus of ethical institutions is the Code of Ethics. Institutions can be grouped into three main categories approached from the organisational side, from the side of embeddedness in the communication channels and from the feedback system. The prevalence of ethical institutions in large companies with a code of conduct was found to be the most popular ethical institutions: the code of conduct, internal ethical communication, and ethics training and the ethical reporting system.

According to research by KPMG in 2008, only 14% of the world's 200 largest companies had a code of ethics in 1990, compared to 86% in 2007. The proportion of the largest companies in the US with a code of ethics is 100%, in the EU 80% and in Asia 50%. (KPMG, 2008, Szegedi, 2016)

By analysing the topics of the code of ethics, we can see which topics appear in the codes of the Hungarian TOP 200 companies:

Based on Szegedi and Szilágyi's research, these are the following (Szegedi – Szilágyi, 2013): in the first places, we can find: bribery, corruption - gifts, entertainment -, conflict of interest, transparency, fair competition or discrimination. Of course, these are indicative of the most common ethical problems in companies.

However, corruption is not only a business challenge, it is also a social and political challenge (Nagy, 2015) worldwide.

## ETHICS GRIEVANCES AND HOTLINE

### *Ethical reports, misconduct, abuses*

As early as the 1990s, Oxford researchers in business ethics classified the most common ethical problems in the operation of companies. The most serious violations were divided into six areas: contact with consumers, information about consumers, advertising, product liability, warranty, and bribery. (Sorrel, Hendry, 1994) According to the research conducted by Szegedi (Szegedi, 2001), the following are among the ethical misconduct in Hungarian companies:

- conflict of interest: 36%,
- misuse of company assets: 29%,
- misuse of gifts and entertainment: 19%,
- discrimination: 18%,
- bribery and corruption: 16%,
- harassment: 14%.

According to our own research on areas of communication violations in 2014, (Buday-Sántha, 2018), the most cited areas of violations were:

- junk mail, spam, promotional products,
- unlawful data management and use, -
- copyright and -
- infringement to reputation - false statements/misrepresentation.

The above is related to human dignity and personal rights. The other mentions were supplemented by the following: state, information, mass communication, political activity; telecommunication harassment; telemarketing, organisational internal communication abuse, discrimination. The results of the survey show that 87.4% of the victims did not turn to any legal remedy, ethics body, authority, or court in case of a breach of the rules, while only 12.6% did so. This also means that there is a high latency due to the lack of legal enforcement, as the vast majority of grievances are neither made public nor remedied. (Buday-Sántha, 2018)

This means measurable damage at both national and global economic levels, similar to cyber-attacks. Cyber-attacks (data theft, espionage) by military (political) and business, etc. are commonplace. China, North Korea, and America have the largest military cyber armies in the world. China employs between 30,000 - 40,000 hackers continuously. America also employs thousands of people and is constantly recruiting hackers for its cyber (military) defence army. All of this causes \$300 billion in damage annually, experts say. (Buday-Sántha, 2018)

### *Ethics hotline*

A new feature in this area is the ethics hotline, which can be used to report suspected or actual ethical misconduct, either by name or anonymously. (Gonda, 2018) When implementing an ethics hotline, the ACFE study found that the general damages caused by fraud are halved for companies operating ethics hotlines. In the cases examined, the average damage value in 2020 was around \$100,000, compared to \$198,000 in the lack of a reporting system. A study of the usefulness of the ethics hotline also shows that it can save an organisation \$8,200 per month, as the existence of the system also makes fraudsters more cautious and detection more effective. (Bölcskei et al., 2021:28)

Based on the results of a study written by researchers at George Washington University, companies that use the ethics hotline have a 2.7% higher profit margin than those that do not. They state ben-

efits such as 6.9% fewer lawsuits, fewer regulatory audits, greater transparency, and higher market confidence. (Stubben – Welch, 2020) According to the latest results published by ACFE, the whistleblowing system has now become the most effective tool for detecting fraud by organizations, with around 42% of those surveyed reporting via hot-lines and employees providing more than half of the tips. (Bölcskei – Jasku, 2023).

In Hungary, many organisations will be required to set up and operate a whistleblowing system, an ethics hotline, based on the relevant legal provisions, which will be recodified in 2023 because of the harmonisation of EU Directive 2019/1937 adopted in 2019. Complaints Act re-codified in 2023 as a result of the legal harmonization of its directive. (Act XXV of 2023, on complaints, notifications of public interest and rules relating to the notification of abuses, which will enter into force on 25. 07. 2023).

Whistleblowing is based on information on unlawful or suspected omissions or other abuses. Legal grounds include coercion, intimidation, harassment, discrimination. The ethics hotline is one of the most effective tools for fraud prevention, the law widens the circle of those obliged to introduce and those entitled to report, as well as the areas it covers, among others, it is related to the number of employees, sector, cash payments and areas of work. (Complaints law, 2023)

## SUMMARY

As shown above, the ethical challenges cover a wide spectrum, and there are numerous factors, both positive and negative. Thus, the large number of codes of ethics, the spread of ethical institutions, as well as the development of professional and organizational background and the related economic savings can also be strengths. The rise of ethics codes and other ethical institutions promotes ethical business conduct, yet there are many challenges and pitfalls in the changing environment. Opportunities include improvements in corporate culture, ethical control, reduction of ethical risks, increase in credibility, improvement in quality and increase in ownership values.

At the same time, many tasks/challenges can also be identified on the negative side, including pseudo-measures, limitations of investigations, lack of enforcement, possible lack of competence of the guardians of ethical institutions, lack of compliance with ethical standards and decisions, and the low number of enforcement of rights for grievances. The rise of politicization, corruption, manipulation, information colonization, moral panic or even the demoralizing and abusive manifestations of the virtual world must be tackled. Furthermore, hyper-politicisation, commercialisation, the general crisis of values, moral panic, the virtual world, the spread of fake news and the rise of artificial intelligence may pose a particular threat.

In the future, the mandatory establishment of ethics hotlines in Hungary will bring many positive results, also at international level. Ethics hotlines will reduce the number of illegal actions, omissions and lawsuits, reduce economic damages, and increase organisational efficiency, transparency, ethical business conduct, fair competition and market confidence. And a more significant ethical challenge for the future: artificial intelligence, which is turning the world upside down.

Summarizing all of the above, we can say that there is no success in the long run without ethical behaviour.

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## **CATCHING-UP THEORY: EXAMINING SOUTH AFRICA'S ECONOMIC DEVELOPMENT**

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### INTRODUCTION

The convergence debate gained traction during the 1980's and stems from the need of economists to answer several questions; one such is whether poor countries will continue to be poor in the longer term or will they catch up and be the rich nations of tomorrow. Sala-i-Martin (1996) posits that there are two reasons for the increase in popularity to investigate; firstly, it was put forward to test the validity of modern theories of economic growth and enabled the calculation of time estimates for convergence across economies. Secondly, macroeconomic data became more widely available that allowed international comparability across many nations therefore enabling to plot the evolution of growth levels over a period (Sala-i-Martin, 1996). The investigation into the evolution of these growth levels gives impetus to the convergence hypothesis predicting that poor nations will develop at a higher rate than richer nations that are at a steady state output level, given the assumption that the only difference between them are the initial levels of capital. The poor nation who initially starts farther away from their steady state, however as levels of capital increase, the economy grows rapidly then the growth rate starts to decline as it reaches its steady state.

Barro & Sala-i-Martin, 1991; Mankiw et al., 1992; Sala-i-Martin, 1996; Sahoo et al., 2010; Zeng, 2015; Lengyel & Kotosz, 2018; Monfort & Nicolini, 2000; and Kanó & Lengyel, 2021 have extensively investigated convergence patterns of developed economies in Europe and North America; to a lesser extent developing economy's focusing largely on Asia. To the best of this researcher's knowledge, there is sparsity of empirical studies investigating the phenomena in an African context. Therefore, the aim of this paper is to add to the discourse

by investigating the economic development of the Republic of South Africa (hereafter referred to as South Africa), through the lens of convergence theory as it is widely acknowledged as the most structurally advanced economy in Africa. According to the World Bank, South Africa is classified as an upper middle-income country and therefore as an emerging economy, it is justifiable to comparatively analyse its economic performance with that of the developed economies that collectively constitute the OECD which also comprises of four nations that are classified as upper-middle income (Columbia, Costa Rica, Mexico, and Turkey). Furthermore, the continents of Asia, Australasia, Central Eastern Europe, Western Europe, North America, and South America are represented in this group of countries.

*Table 1: Study population*

|                                       |         |             |             |                     |
|---------------------------------------|---------|-------------|-------------|---------------------|
| <b>32 OECD member countries</b>       |         |             |             |                     |
| Australia                             | Denmark | Ireland     | New Zealand | Switzerland         |
| Austria                               | Finland | Israel      | Norway      | Turkey              |
| Belgium                               | France  | Italy       | Poland      | United Kingdom      |
| Canada                                | Germany | Japan       | Portugal    | United States       |
| Chile                                 | Greece  | Luxembourg  | South Korea |                     |
| Columbia                              | Hungary | Mexico      | Spain       |                     |
| Costa Rica                            | Iceland | Netherlands | Sweden      |                     |
| <b>6 Control countries</b>            |         |             |             |                     |
| Argentina                             | Bahamas | Barbados    | Panama      | Trinidad and Tobago |
| Uruguay                               |         |             |             |                     |
| <b>1 Comparative analysis country</b> |         |             |             |                     |
| South Africa                          |         |             |             |                     |

*Source: Author's own construction*

Amongst the OECD members are 6 post-socialist countries (PSC) namely, Czechia, Estonia, Latvia, Lithuania, Slovenia, and Slovakia all of which have a 10-year gap in their available data from 1980-1990 which amounts to a loss of 360 observations for the 6 variables. This

posed difficulties for the stability and reliability of the analysis of the unbalanced panel dataset. This has been solved by the removal of the 6 PSC and introducing 6 control Latin American countries which have similar World Bank classifications. This paper sheds new light in this area from an African perspective as it comparatively analyses 39 countries: South Africa, 6 Latin American countries and the 32 Organisation for Economic Cooperation and Development (OECD) members. It investigates their respective average steady state equilibriums and tests convergence patterns from 1980 to 2019. This will allow South Africa's developmental performance to be plotted relative to an international benchmark.

## THEORETICAL BACKGROUND

The Solow-Swan model (1956) is used as the foundational theory for investigation into economic growth and convergence when determining the steady state equilibrium of countries. Moreover, the Sala-i-Martin (1996) application of beta ( $\beta$ ), alpha ( $\alpha$ ) and conditional convergence as measurements to test convergence of regions and countries (Saba & Ngepah, 2020). Neoclassical growth model predicts "that the growth rate of an economy will be positively related to the distance that separates it from its own steady state. This is the concept known in the classical literature as conditional  $\beta$ -convergence. There is absolute  $\beta$ -convergence if poor countries tend to grow faster than rich ones" (Sala-i-Martin, 1996:1020). Sala-i-Martin (1996:1020) further elaborates that  $\alpha$ -convergence can be defined as "a group of economies are converging in the sense of if the dispersion of their GDP per capita levels tends to decrease over time". Analysis on a growth equation using the Solow-Swan model (1956) is "derived as a log-linear approximation, from the transition path of the neoclassical growth model for closed economies" (Barro & Sala-i-Martin, 1991:108). The Cobb-Douglas production function,  $Y(t) = K(t)^\alpha [A(t)L(t)]^{1-\alpha}$ , is applied and "convergence coefficient,  $\beta$ , depends on the productivity of capital and the willingness to save. In particular, the source of convergence in the neoclassical growth model is the assumed dimin-

ishing returns to capital. If the ratio of capital (and hence output) to effective labor declines relative to the steady-state ratio, then the marginal product of capital rises. Therefore, for a given saving behavior, an economy grows faster the further it is below the steady state” (Barro & Sala-i-Martin, 1991:109).

Using the aforementioned as a theoretical base, contemporary economic growth theory has made use of aggregated models to measure economic growth with these approaches focussing on whether or not there has been an increase in equilibrium Gross Domestic Product (GDP) per capita over a period of time, identifying the economic factors which exerts an influence (Ascani, et al., 2012). Moreover, the neoclassical Solow-Swan growth model of the 1950’s has been the blueprint for the furtherance of economic theory and the drafting of policies for institutions around the world, where economic development was viewed as being a linear process which could be influenced by adjusting certain factors. This simplified view pays no attention to the multiplex social, institutional or historical elements which are qualitative in nature that contribute to the advancement of an economy. Endogenous growth theorists such as Solow in the late 1980’s and Romer in his work during the 1990’s asserted that technological innovation was at the core of economic growth processes in the long term (Ascani, et al., 2012). This piece of work applies the principles and assumptions established in endogenous growth theory.

## METHODOLOGY

The intended aim of this research is to contribute to the existing discourse through the application of econometrics to analyse the economic development of South Africa. This analysis is done over a thirty-nine-year period 1980-2019 where the economic development of South Africa is compared to the OECD and the Latin American control group of countries. The source of the secondary data for this analysis is the Penn World Tables 10.0 where data for 6 variables of the 39 countries from 1980 until 2019 was converted into panel data to enumerate the preliminary  $\beta$ -convergence and  $\alpha$ -convergence. The

sample of 39 countries is seen as one population extracted data was manually converted into a balanced panel dataset. This has resulted in a sample of 1554 observations for the period 1980-2019, where aggregate national capital stock at current PPP; expenditure-side real GDP at current PPP; number of persons engaged; output-side real GDP at chained PPP; share of gross capital formation at current PPP; and share of labour compensation in GDP at current national prices was analysed to illustrate this macroeconomic phenomenon.

*Table 2: Macroeconomic variables of study*

| <b>Macroeconomic variable</b>                                  | <b>Measurement</b> | <b>Source</b>         |
|--|--------------------|-----------------------|
| Capital stock at current PPPs                                  | Millions in USD    | Penn World Table 10.0 |
| Expenditure-side real GDP at current PPPs                      | Millions in USD    | Penn World Table 10.0 |
| Number of persons engaged                                      |                    | Penn World Table 10.0 |
| Output-side real GDP at chained PPPs                           | Millions in USD    | Penn World Table 10.0 |
| Share of gross capital formation at current PPPs               | Millions in USD    | Penn World Table 10.0 |
| Share of labour compensation in GDP at current national prices | Millions in USD    | Penn World Table 10.0 |

*Author's own construction from Penn World Table 10.0*

The choice of these variables was guided by the literature and are deemed the most appropriate to test the Solow-Swan model (1956) and calculate convergence (Blonigen, 2005; Head & Rise, 2008). Sala-i-Martin (1996) illustrates that to enumerate economic convergence it is necessary to include "GDP per capita for a cross-section of economies", for this paper the economies are South Africa, the control Latin American countries and the OECD. The Solow-Swan model centres around four variables: output (Y), capital (K), labour (L) and

'knowledge' or the 'effectiveness of labour' (A). Output changes over time only if inputs into the production process changes. If output increases over time (t) with the given levels of capital and labour, this is seen as technological progress in terms of improvements in the effectiveness of labour (labour augmenting or Harrod-neutral). Meaning that improved allocation of resources in the production process has resultant in increases in output. The production function is expressed as:

$$Y(t)=F(K) (t), A(t), L(t) \quad (1)$$

The steady state equilibrium levels of each country will be calculated following the Solow-Swan model (1956). The equation below illustrates the computational logic of the model.

$$y = \left( \frac{\delta}{\sigma+g+n} \right) \frac{\alpha}{1-\alpha} \quad (2)$$

The Sala-i-Martin (1996) derivative of  $\beta$ -convergence and  $\alpha$ -convergence as measurement to test convergence of regions and countries was applied. The neoclassical growth model predicts "that the growth rate of an economy will be positively related to the distance that separates it from its own steady state. This is the concept known in the classical literature as conditional  $\beta$ -convergence. There is absolute  $\beta$ -convergence if poor countries tend to grow faster than rich ones" (Sala-i-Martin, 1996:1027).

## RESULTS

The complete Solow model (1956) is depicted as:

$$Y_{i,t,t+T} = \alpha - \beta \log(\gamma_{i,t}) + \epsilon_{i,t} \quad (3)$$

The equation above is expanded to  $Y_i, t, t + T - \log (Y_i, t + \frac{T}{Y_i}, t)/T$

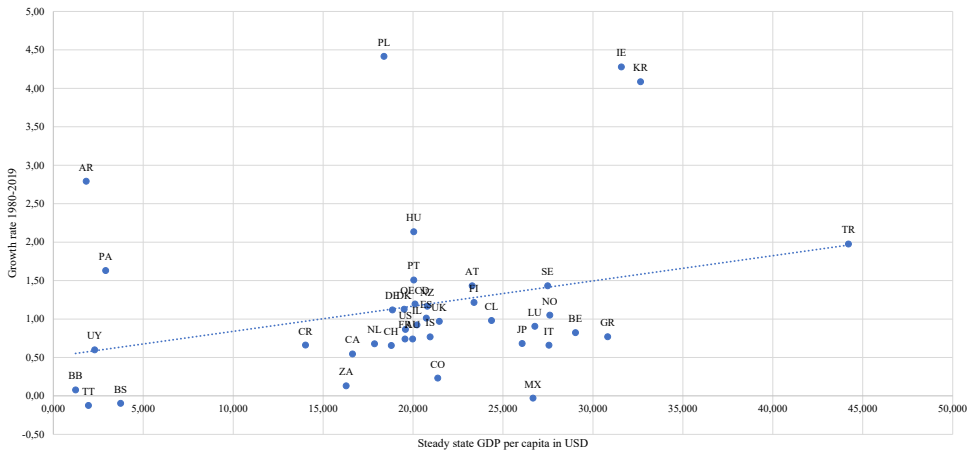
$t$ ) be economy  $i$ 's annualised growth rate of GDP between  $t$  and  $t+T$ , and let  $\log(y,t)$  be the logarithm of economy  $i$ 's GDP per capita at time  $t$ " (Sala-i-Martin, 1996:1020). Based on the foundational equa-



income level in 1980 for the OECD countries is considerably negative as shown by downward trendline in figure 1. South Africa being positioned far below the trendline, highlighted in red, indicates that its economic performance is lagging the OECD benchmark, which for this analysis becomes the new steady state equilibrium level. Being at the point furthest away from the steady state, South Africa in future, through further industrialisation has the potential to attain higher levels of growth reaching the benchmark (Eberts, 1990; Altman & Mayer, 2003; Fedderke & Garlick, 2008; Grigoras, 2015; Kurniawati, 2020; Nagy, et al., 2020). Thus, attaining absolute convergence as per the convergence hypothesis.

According to Solow (1956), constant returns to scale is applicative to capital and effective labour, also referred to as technology. Meaning that if there is an increase in  $K$  or  $A$  it will result in a proportionate increase in  $Y$ . These increases potentially result an economy reaching a new steady state level,  $y^*$  and an improvement in its GDP per effective worker,  $A^*$ .

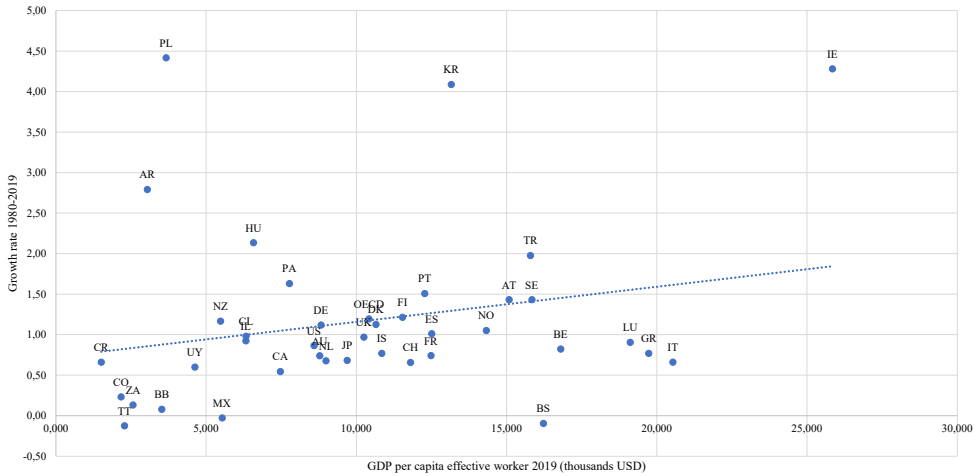
Figure 2: Steady state GDP per capita USD v growth rate 1980-2019



Author's own construction

Figure 2 demonstrates the potential steady state equilibrium ( $y^*$ ) that could be reached by each of the countries. Several countries are observed to have formed clusters, as seen in figure 1, with Sweden, Finland, Germany, and the OECD average (in green) positioned on the trendline which indicates that those economies have been performing at their respective steady state equilibrium levels. Fewer countries are positioned above the trendline most notably the outliers of Poland, South Korea, and Ireland whose growth rates are again almost more than double the OECD average, indicating that they experienced absolute -convergence. The relation between growth over the 39-year period and the steady state for the OECD countries is positive as shown by the steep upward trendline in figure 2. Also showing that the growth rate of the group of countries are approaching the steady state level at a relatively similar growth rate, thereby reducing dispersion. South Africa (in red) yet again is observed to be positioned far below the trendline indicating that its economic performance is lagging the OECD benchmark. This leaves room for South Africa to improve its economic performance through technological advancements in labour or increases in capital, based on the parameters of the model and in time reaching the OECD average steady state equilibrium level. However, this conditional -convergence shows that South Africa is moving away from its low initial GDP toward a higher GDP level potentially at a faster rate therefore closing the per capita income divergence between itself and those developed economies.

Figure 3: GDP per effective worker v growth rate 1980-2019



*Author's own construction*

According to the Solow model, constant returns to scale is applicable to capital and effective labour, also referred to as technology. Meaning that if there is an increase in  $K$  or  $A$  it will result in a proportionate increase in  $Y$ . These increases potentially result an economy reaching a new steady state level,  $y^*$  and an improvement in its GDP per effective worker,  $A^*$  as demonstrated in figure 3 above. The OECD average (in green) is the new steady state equilibrium point as it is positioned on the flatter trendline, the individual countries are observed to be in distributed positions with less clustering implying varying growth rates.

South Africa (in red) finds itself well below this point. This purports the presence of multifaceted disparities between South Africa and the OECD (Rogerson, 1997; Gibb, 2007; Wehner, 2000; Rogerson & Rogerson, 2010; Young, 2013).

Through the estimation of the  $\beta$ -coefficient, the speed of convergence can be calculated which is the amount of time in years that it will take South Africa to reach the OECD average GDP per capita.

Furthermore, half-life, is the “time required to cover half the road leading to full convergence within the study region if the speed of convergence remains unchanged” (Egri & Tánzos, 2018:53) and is calculated through the application of the equation 4 below. It estimates that it will take South Africa 67,5 years to reach the OECD average GDP per capita of 2019.

$$\pi = \frac{\ln 2}{\beta} \quad (4)$$

## CONCLUSION

This investigation delved into the growth patterns of 39 countries, South Africa and the 38 OECD countries and compared their performance over a period of 39 years from 1980-2019. Convergence analysis is considered to derive significant results when applied between countries that have similar economies (Sala-i-Martin, 1996).

However, by conducting comparative convergence analysis between a developing country, South Africa and the OECD developed economies, we are able to gain valuable insights into the income and developmental disparities that exist.

The results of the analysis show that there was a negative relationship between the growth rate over 1980-2019 and the GDP per capita in 1980 between the OECD countries. However, a contrary relationship is observed between the growth rate over the same period and the steady state GDP per capita equilibrium level. This demonstrates economic development achieved by these countries heeded within the parameters of the model. Furthermore, despite the level of technology available in each of the OECD countries in 2019, data of the collective average indicates that it is not being exploited to harness its full capability, therefore producing an output lower than its steady state equilibrium.

The opposite is observed for South Africa where its actual GDP is higher than its GDP per effective worker meaning that the level of technology available in the country is being fully exploited and applied, thereby producing an output higher than its steady state

equilibrium level. The overall economic performance of South Africa over these 39 years were significantly lower, where the OECD average GDP per capita is more than double than that of the country. Elaboration of this phenomenon is beyond the parameters of this model and requires further exploration using the appropriate application of other economic theories. In light hereof, it aided the apparent conclusion that it will take South Africa approximately 67,5 years to reach the 2019 OECD average GDP per capita.

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## **ECONOMIC REORGANISATION AND STABILISATION IN HUNGARY AFTER WORLD WAR II: CHALLENGES AND SWITCH TO A CENTRALLY PLANNED ECONOMY**

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### INTRODUCTION

Between 1945 and 1989, Central and Eastern Europe, including Hungary was subordinated to the Soviet empire. From the very beginning the USSR was interested in a rapid economic penetration throughout the region. Its main endeavour was to gain control over the national economy by abolishing the elements of free market mechanisms and introducing the elements of a centrally planned economy.

The paper aims evaluating the reorganisation of Hungary's economy after World War II by taking into account both external and internal circumstances. At first, reparation liabilities will be analysed in order to better understand the background of Soviet economic penetration in the country. Then the paper will focus on the reasons of hyperinflation in Hungary in the years 1945–1946, highlighting the results of financial stabilisation carried out on 1 August 1946. Besides the nationalisation process, broad literature overview will give an insight into the main features of economic consolidation in the postwar years. Because of length constraints, the essay is not intended to represent the stabilisation measures in all Central and Eastern European countries.

### THE IMPACTS OF SOVIET ECONOMIC PENETRATION IN HUNGARY

As the German and Hungarian Armed Forces were pushed back by the Soviet troops from the territory of Hungary, the future of the country had already been decided at the end of World War II. With re-

gard to the decision, taken by the Big Three in Tehran on 2 December 1943, Hungary came under the influence of the Soviet Union. This was also reinforced by the conference in Yalta, held in February of 1945 among the USA, Great Britain, and the USSR. Thus, over the period 1945–1989, Central and Eastern Europe, including Hungary, was subordinated to the Soviet empire, which had profound impacts both economically and politically. The presence of the Red Army served to subjugate the country and the Soviets behaved from the start as conquering forces.

Borhi emphasises that the Soviet Union used drastic and very rapid economic penetration during its occupation in Hungary. Its main aim was to abolish the economic pillars of Hungarian independence and strived to incorporate the country into the Soviet sphere of interest. The Soviets used different methods to attain their objectives: first, by abusing its right to Hungarian reparations; second, by acquiring all German property and assets in compliance with the Potsdam Agreement; third, by dismantling of factories and industrial equipment from Hungary; and fourth, by setting up joint Soviet-Hungarian companies. These measures were accompanied by the introduction of elements of a centrally planned economy (Borhi, 2000).

The different methods the Soviets used from the very beginning were coupled with gaining control over Hungary's national economy.

According to the armistice agreement, signed on 20 January 1945, Hungary was obliged to pay war reparations to a total value of USD 300 million, 200 million of which was to go the USSR and 100 million (split 70:30) to Yugoslavia and Czechoslovakia within six years (Romsics, 1999). These calculations were based on world market prices in 1938, plus 10 per cent in the case of agricultural products and 15 per cent for industrial goods. Reparation liabilities and contributions to the provisions of the Soviet Army and the operation costs of the Allied Control Commission (ACC) further aggravated the economic difficulties. Hungary was compelled to supply the occupying Red Army and the members of the ACC with food, livestock, and raw materials. Thus in 1945/1946 Hungary's reparation deliveries to the USSR amounted to 17 per cent of national income, and even in subsequent years, the share ranged from 7 to 10 per cent (Aldcroft – Morewood, 1995).

The Potsdam Declaration, adopted in July of 1945, enabled the Soviet Union to acquire German assets in Hungary, which could be later repurchased by the Hungarian state. This provision included approximately 400 companies, more than 100 apartment buildings, and plots of former land. All of them passed into the ownership of the USSR, as did more than half of the foreign capital interests in Hungary. Soviet authorities abused this provision several times and seized property that had little or nothing to do with German and Austrian ownership (Borhi, 2000).

Another form of economic plundering was that the USSR dismantled complete factories and industrial equipment from Hungary as war booty. Whereas industrial production in 1945 barely reached 35 per cent of the pre-war level, industrial equipment taken by the Soviet Union for reparations amounted to 250–300 million pre-war pengő (Borhi, 2000). To add to those burdens, the Soviet Union took over responsibility for recovering the total USD 200 million in outstanding German claims against Hungary that had been accumulated during World War II. According to the settlement Hungary was also compelled to pay off the USSR USD 45 million debt to Germany, while all Hungarian claims on the former Third Reich were declared void by Article 30 of the Paris Peace Settlement (Kaposi 2002).

The fourth important means of economic penetration by the USSR in the postwar period was the creation of Soviet-Hungarian joint-venture companies. The agreement of commercial and economic cooperation, which was signed on 27 August 1945 between Hungary and the Soviet Union served as the basis for the realisation of Soviet endeavours in the Hungarian economy. According to the settlement, both countries could participate in equal parts in existing or future companies, but the USSR was to receive a 50 per cent share in the joint-venture companies, the functioning capital of which was to be supplied by the Soviet Union. Although the companies had Hungarian presidents, the real power was exercised by their Soviet directors. While joint-stock companies accounted for 3.7 per cent of the Hungarian industry, their contribution to the industrial output was 25 per cent. They played a crucial role in the national economy.

The Office of Soviet assets was responsible for managing and controlling the joint-stock enterprises in Hungary. In 1952, it was possible

to repurchase the former German assets, which were acquired by the Soviet Union, including 69 industrial plants. From 1954, a similar step was taken in the case of shares with Soviet-owned enterprises (Honvári 2005).

Economic recovery was hindered by the deportation of 600,000 Hungarians by the Red Army to the USSR. The majority of them were compelled to work in labour camps under terrible conditions. From the Soviet point of view, this served to alleviate the general shortage in the labour force after World War II. The deportation of civilians and soldiers continued even after the war as well (Cornelius, 2015).

### *Inflation and financial stabilisation*

Besides reparations and war damages, inflation started to accelerate from the spring of 1945. The rapid collapse of the currency could be explained with the following reasons:

The sums of foreign obligations were substantial, such as international loans and interest payments, which had to be repaid by Hungary.

- In the 1930s, state expenditures could be covered by issuing internal loans.
- The rearmament programme also contributed to the rising levels of government debt.
- Agricultural products and raw materials, which were transported from the country by the Germans without any compensation burdened the national economy.
- During World War II, the government had no other means at its disposal by printing money.
- Finally, the Red Army also issued unsecured banknotes to compensate for its requisitions (Kaposi, 2004).

Table 1: The decline in the value of pengő

| <b>Year and month</b> | <b>Price index (August 1939: 26=1)</b> | <b>Exchange rate of USD in pengő</b> |
|-----------------------|--|--------------------------------------|
| July 1945             | 105                                    | 1 320                                |
| November 1945         | 12.979                                 | 108.000                              |
| January 1946          | 72.330                                 | 795.000                              |
| March 1946            | 1.872 913                              | 17.750.000                           |
| May 1946              | 11.267 million                         | 59.000 million                       |
| 31 July 1946          | 399.623 quadrillion                    | 4.600.000 quadrillion                |

Source: Varga, 1946

The government tried to halt the rampant inflation in December of 1945 by overprinting circulating banknotes and taxing these at a rate of 75 per cent. Although this pulled a huge amount of money out of circulation, it did not stop inflation, which rose to an unprecedented level. Due to hyperinflation, the pengő lost its monetary value by the summer of 1945. The result of that was the resurrection of barter in salt, tobacco and, of course, gold, and the widespread penetration of black marketeering. In the spring of 1946 – officially – the value of banknotes ran in billions and trillions, whereas a worker's weekly salary was worth the price of an egg in the shops (Tóth, 2005). The decline in the value of money in Hungary was even worse than it had been after World War I, or elsewhere in the world. The national economy was paralysed by the ruinous hyperinflation, the highest ever recorded in the contemporary history of the country. Speculation and bartering had harmful impacts on all economic entities; therefore, stabilisation of the financial system became a crucial task for the government (Csikós – Nagy, 1996).

To guarantee the sustained balance of the state budget, coupled with monetary reform, an attempt was made by abolishing the factors that led to inflation. First, the government needed to accumulate a significant stock of goods. Its main aim was to fight against black marketeering and speculation after the new currency was introduced. This was helped by the rescheduling of war reparation payments and

even more by the return of the gold reserves that had been removed from Hungary to Germany as war booty at the end of the war. Economic consolidation was accompanied by the introduction of a new price mechanism in 1946, completely cut off from world market prices. Wages were reduced in real terms to half of the level of 1938. Stabilisation was coupled with a deliberate widening of the gap between agricultural and industrial prices. Farm products were lagging 40–50 per cent behind those for manufactured goods (Romsics, 1999).

On 1 August 1946, the pengő, which no longer had any useful commercial value in practice, was exchanged for the forint. One forint equalled 5 pengő in 1938 prices but it was worth  $4 \times 10^{27}$  pengő (Kaposi, 2002). When the stabilisation package was launched, the government strived to create a shortage of the new legal tender. At first, the amount of money in circulation was 10 million forints, and up to August of 1946 it reached only 240 million. Rigorous deflationary measures were introduced, which allowed the accumulation of a significant stock of goods. Due to the return of Hungary's gold reserves by the US army, the confidence in the forint was strong as it was 100 per cent backed by the government (Varga, 2003). The main deficiency of the monetary reform was that the forint was not accepted as a convertible currency on the international money markets; however, its value held up, at least within the country's borders (Romsics, 1999). Unlike, the economic reconstruction of 1924, when Hungary was granted an international loan by the League of Nations, after World War II the government did not draw on external aid. Because the amount of public debt was substantial in the postwar years, financial stabilisation relied entirely on domestic resources (Csikós – Nagy, 1996).

One of the primary tasks for economic recovery, alongside financial stabilisation, was to resume industrial production and rebuild the devastated infrastructure. The majority of the mines and industrial plants were controlled by Soviet troops. War reparations paid to the Soviet Union absorbed 90 per cent of Hungary's industrial capacities. Committees were established in factories to support local initiatives. From August 1945 to March 1946, the government earmarked a significant amount of credit (1.5 billion pengő) for the industry. Loans, necessary to the recovery of industrial output, were granted by the

Central Bank of Hungary. In May 1945, commissioners were appointed by the Minister of Industry. Decrees were adopted in relation to the stock of goods and raw materials as well as their use (Szávai, 2009).

Thanks to the efforts of Hungarian society, railway lines were restored in December of 1945. By the end of 1946, half of the 28 blown-up bridges over the Danube and Tisza rivers had been replaced and more than 50 per cent of public bridges were reconstructed. At the beginning of 1947, the number of vehicles on the roads was close to what it had been in 1938, with 8,200 freight trucks, 8,000 automobiles, and almost 15,000 motorcycles in operation. In 1947, economic consolidation and monetary reform, coupled with the restoration of infrastructure, were essentially completed (Gunst, 2006).

#### *Nationalisation of the economy and the Three-Year Plan*

Economic and financial consolidation was accompanied by the nationalisation of coal mines in December 1945, which was followed on 25 May 1946 by the takeover of power stations and plants in the mining industry. This measure brought the proportion of the industrial labour force working in the state sector to 22 per cent. The majority of assets of Hungarian General Coal Ltd (Magyar Általános Kőszénbánya Rt.) and Salgótarján Coal Ltd (Salgótarjáni Kőszénbánya Rt.) passed into state ownership (Pető – Szakács, 1985). On 1 December 1946, the four largest heavy industry conglomerates, the Rimamurány Salgótarján Iron Works, the Ganz factories, the Manfréd Weiss Steel and Metal Works, and the Győr Wagon and Engineering Factory were nationalised. Half of these companies' production went on war reparations. This measure was adopted by the government without asking the National Assembly. Thus, the whole metallurgy, and 50 and 60 per cent of the iron and engineering industries, respectively, were taken over by the state, such as the biggest power stations and powerlines in Hungary (Szávai, 2009).

In September 1947, immediately after the creation of Cominform, all commercial banks and their affiliates passed into state ownership. With this move, the entire banking sector was centralised, and the national bank became practically the only banking institution for

providing credit and controlling firms' accounts. Commercial banking was abolished, although a few specialised banks assisted the central bank. For instance, a network of savings banks for population savings and credit was established (Berend, 2006).

The next big step in the programme of abolishing private property was taken on 25 March 1948, when the nationalisation of all remaining factories that employed over 100 workers was announced. This measure (Law No. XXV of 1948) affected 594 enterprises and around 160,000 workers. Thus, the proportion of state-sector employees in mining and heavy industry reached 90 per cent and in light industry around 75 per cent (Romsics, 1999). The reduction of the legal private sector to a minimum was finally completed in December 1949, after the Communists had assumed full political control when all industrial enterprises employing over 10 people were nationalised (Brus, 1986). In practice, this act was ignored several times because the Hungarian Communist Party decided to also take over small enterprises employing 3–4 workers. The only areas of industry and commerce still left in private hands were now those offering services, such as shoemakers and family-owned businesses, which specialised in milk redistribution. According to this decree, domestic trade, manufacturing, and the service sector were brought under state control (Kaposi, 2002).

In parallel with the process of nationalisation, the institutional framework of a centrally planned economy was also built up. The National Planning Office, established on 11 June 1947, was responsible for carrying out the central plans and the compulsory indicators. The creation of the institutional framework of a centrally planned economy led to the spread of unnecessary bureaucracy.

When the Three-Year Plan was worked out by the National Planning Office, international relations changed completely. After the creation of Cominform in September of 1947, the relationship between the Soviet Union and the United States deteriorated sharply. Stalin issued new instructions to the Communist Party to speed up the programme of sovietisation in Central and Eastern Europe. In the summer of 1947, the Hungarian Communist Party overtly spelt out its main economic objectives, which included the elimination of private property and the construction of a socialist system in the country.

After the fraudulent elections held in August 1947, Mátyás Rákosi and his followers decided to systematically eliminate the multi-party system in Hungary and build up one-party rule. With the demolition of the Smallholders and the Hungarian Independence Party, the Social Democrats were forced to merge with the Communist Party; this took place on 12 June 1948. The new political organisation, the Hungarian Workers Party (HWP), emphasised the ideology of Marxism-Leninism. Its final goal was the construction of a socialist system in Hungary and a general switch to a planned economy. The latter encompassed a wider nationalisation of privately owned assets (Romsics, 2011). These circumstances had direct implications on the preparation and execution of the Three-Year Plan, which started on 1 August 1947 and finished at the end of 1949.

*Table 2: Investment targets of the Three-Year Plan  
(annually, in million forints)*

| <b>Economic sector</b>                    | <b>1947/1948</b> | <b>1948/1949</b> | <b>1949/1950</b> | <b>Investments for three years</b> |
|---|------------------|------------------|------------------|------------------------------------|
| Agriculture                               | 579.4            | 651.0            | 769.0            | 2.000 (30.4%)                      |
| Mining and industry                       | 554.0            | 599.0            | 592.0            | 1.745 (26.5%)                      |
| Transportation and post                   | 427.3            | 560.0            | 688.7            | 1.676 (25.4%)                      |
| Housing, public health care and education | 235.3            | 375.0            | 553.7            | 1.164 (17.7%)                      |
| Total                                     |                  |                  |                  | 6.585 (100.0%)                     |

*Source: Honvári, 2005*

The objective of the first plan was to complete the economic reconstruction in Hungary by the end of the planning period. Directives outlined that agricultural output had to approach the level reached in the last year before the war, while industrial production should have been 27 per cent above that level. It was estimated that national income would increase by 14 per cent annually. Taking into account

that each year 10 per cent of the national income was earmarked for investments, the plan was a serious burden on the national economy (Gunst, 2006). Implementation of the state investment programme was successful, although there were major differences in the performance of industrial sectors. Manufacturing output in 1949 surpassed the 1938 figure by 37 per cent. Growth of output was the highest in heavy industry, which rose by 66 per cent, but only increased by 20 per cent in light industry. More than 1,400 industrial plants and around 400 factory buildings were reconstructed. Transport was treated as a strategic branch of the economy. By the end of 1949, all bridges over the Danube and Tisza were in operation, and the majority of the railway lines were restored. In 1949, the number of locomotives in working order was already 10 per cent higher than the pre-war figure (Kaposi, 2002).

However, the Three-Year Plan contributed to the restoration of devastated industrial capacities and the reconstruction of infrastructure, relying entirely on domestic resources. The costs of the programme were paid by the Hungarian population by levying extra taxes, through the introduction of progressive property tax, which varied between 6 and 25 per cent, and capital levies (Honvári, 20005). The state investment plan created the necessary conditions to switch to the Stalinist centrally planned economy. The last 18 months of the programme focused on the development of heavy industry, which served as a basis for the next Five-Year Plan (1950–1954) (Domonkos, 2019).

By 1949, all civic parties, interest groups, and representative bodies had been dissolved in Hungary. In compliance with the Soviet model, institutions of the parliamentary democracy (the office of President of the Republic, the Parliament as a legislative power, and the independent judicial system) ceased to exist. From that time Hungary lost its independence; all important political and economic decisions were now taken in Moscow under the Kremlin's leadership.

## CONCLUSIONS

From the autumn of 1944, Hungary became a vast theatre of military operations, which lasted eight months. The retreating German and Hungarian troops plundered the country systematically, by dismantling the majority of industrial capacities and agricultural equipment. Requisitions, made by the advancing Soviet troops also caused serious losses both in national and human lives. In the spring of 1945, Hungary was in economic ruins.

Reparation liabilities and contributions to the provisions of the Red Army diverted substantial resources from the national economy during the reconstruction period. The Soviets regularly abused their rights to Hungarian reparations and dismantled complete factories and industrial equipment from the country as war booty. The creation of Soviet-Hungarian joint-venture companies served as a tool to gain control over Hungary's national economy.

As a result of hyperinflation in the immediate postwar years, the pengő lost its monetary value by the summer of 1945. Monetary reform was necessary to curb the harmful impacts of inflation and guarantee the sustained budget of balance. Financial stabilisation was carried out on 1 August 1946, by the introduction of a new currency, the forint, which was 100 per cent backed by the government. Although economic consolidation was successful, the forint was not accepted as a convertible currency on the international money markets. In Hungary, financial reconstruction of 1946 relied entirely on domestic resources.

In parallel with financial stabilisation, the process of nationalisation started in the national economy, which resulted in the complete abolition of private property in 1949. At the same time, the institutional framework of the command economy was built up with the creation of the National Planning Office. Because the relationship between the USA and the USSR deteriorated sharply in 1947, Stalin issued instructions to the Communist Parties to speed up the programme of sovietisation in Central and Eastern Europe, including Hungary. When the Three-Year Plan was started on 1 August 1947, both internal and external circumstances changed completely.

Although the plan contributed to the restoration of devastated industrial capacities and the reconstruction of infrastructure, it did not result in the structural renewal of the economy as a whole. At the end of the 1940s, the construction of a socialist system became the ultimate goal of the Hungarian Workers Party, which coupled with the abolition of the multi-party system and the creation of a one-party dictatorship in the country.

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## **VERKEHRTE WELT: ETABLIERTE WARENHÄUSER SCHLIESSEN, INTERNET-PURE-PLAYER ERÖFFNEN LADENGESCHÄFTE – ADDING BRICKS TO CLICKS UND SEINE MARKTEINTRITTSFORMEN IM DEUTSCHEN EINZELHANDEL**

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### **EINLEITUNG**

Im deutschen Einzelhandel ist nicht erst seit der Coronapandemie ein Wandel zu beobachten. Früher erfolgreiche, DAX-notierte Warenhausunternehmen wie der Galeria-Karstadt-Kaufhof-Konzern schließen ihre Filialen an prominenten Standorten wie Frankfurt oder Berlin (Kolf und Müller, 2023). Im Gegensatz dazu bauen Mehrkanalhändler wie Amazon, die ihren Ursprung im Online-Handel haben, ihre Position im stationären Einzelhandel weiter aus (Jindal et al., 2021). Hieß die Lösung für das Beschaffungsproblem zu Beginn des 20. Jahrhunderts noch „Alles unter einem Dach“, so heißt sie heute mit dem Voranschreiten der Digitalisierung „Alles bequem von und nach Hause“ (Knauss, 2019). Kundenorientierte Geschäftsmodelle müssen dieser Entwicklung zwangsläufig folgen, während sie traditionelle Geschäftsmodelle in Frage stellt (Alexander und Blazquez Cano, 2020). Dennoch sind stationäre Geschäfte nicht verschwunden und bleiben ein wichtiger (Kontakt-)Punkt für die persönliche Interaktion mit Kunden (Kull, 2019). Ob Click-and-Collect, Ship-from-Store oder die Rückgabe einer Online-Bestellung im stationären Geschäft – der Kombination von Offline- und Online-Kanälen sind kaum Grenzen gesetzt (Berman et al., 2018) und verändern den Kaufentscheidungsprozess hin zu einer dynamischen Customer Journey (Cai und Lo, 2020).

Unter Adding Bricks to Clicks (ABtC) wird in diesem Zusammenhang eine Strategie verstanden, mit der Internet-Pure-Player in den stationären Einzelhandel expandieren und auf diese Weise eine physische Präsenz für ihr Unternehmen aufbauen (Swoboda und Winters, 2020). Solche physischen Präsenzen werden durch integrative und kooperative Markteintritts- bzw. Umsetzungsstrategien realisiert (Zentes et al., 2017). Unter Internet-Pure-Playern (IPP) werden in diesem Zusammenhang Unternehmen verstanden, deren Ursprung bzw. Geschäftsmodell im reinen Online-Handel liegt (Deges, 2020). Sobald IPP ihren Online-Absatzkanal um einen physischen Kanal in Form eines stationären Ladengeschäftes erweitern, werden diese dann als ehemalige Internet-Pure-Player (eIPP) bezeichnet (Kudet, 2023).

Während in der Vergangenheit von einer klaren Trennung zwischen Online- und Offline-Handel ausgegangen wurde, hat sich in der Forschung inzwischen der Übergang von der Multi- zur Omni-Channel-Forschung vollzogen (Aiolfi und Sabbadin, 2019). Dabei wird die Expansion von ursprünglich stationären Einzelhändlern in den Online-Handel seit Jahrzehnten vor allem anhand von Unternehmensbeispielen untersucht. Obwohl auch in Bezug auf ABtC ein zunehmendes Forschungsinteresse zu verzeichnen ist, vernachlässigen die Studien die bei einer Expansion gewählten Markteintrittsformen (z. B. Avery et al., 2012; Cai et al., 2012; Fornari et al., 2016). Synergien bei einer solchen Expansion in den stationären Handel werden u. a. von Liu et al. (2018) aufgezeigt. Ein Forschungsschwerpunkt von ABtC ist, mit welchen Einzelhandelsformaten bzw. Store-Konzepten eIPP im stationären Handel auftreten (Deges, 2020). Dabei wird insbesondere auf die Standortwahl eingegangen. Denn Konzepte wie Flagship-Stores sind unweigerlich mit 1A-Lagen verbunden (Gauri et al., 2021). Trotz dieser ersten Erkenntnisse ist erstaunlich wenig über die Markteintrittsformen der ABtC-Expansion von eIPP bekannt. Dabei gehen derzeit immer mehr IPP dazu über, ihr Einkanal- zu einem Mehrkanalsystem zu erweitern, indem sie Offline-Vertriebskanäle integrieren (Kilian und Kreutzer, 2022).

Vor diesem Hintergrund ist es das Forschungsziel dieser Studie, zu untersuchen, welche eIPP in Deutschland bereits eine ABtC-Expan-

sion in den stationären Einzelhandel durchgeführt haben und welche Form des Markteintritts dabei gewählt wurde. Diese Fragestellung zielt darauf ab, die eingangs beschriebene paradoxe Situation des Einzelhandels in Deutschland besser zu verstehen. Die Analyse der Wahl der Markteintrittsform ist dabei eine Ergänzung des Forschungsdiskurses und bietet erste Ansätze zur Operationalisierung für weiterführende Studien. Als Beitrag für die Praxis können die identifizierten Markteintrittsformen als Blaupause für IPP dienen, die expandieren wollen.

## THEORETISCHE GRUNDLAGEN

### *ABtC-Expansion*

Nach dem erfolgreichen Aufbau ihres Onlinegeschäfts sind IPP in der Reife- bzw. Sättigungsphase häufig mit einer Verlangsamung der gewohnten Wachstumsraten im Online-Handel konfrontiert (Bruhn, 2019). Für sie stellt ABtC daher eine Strategie dar, um zu wachsen bzw. sich im Wettbewerb zu profilieren. Durch den Betrieb physischer Ladengeschäfte können IPP nicht nur die Customer Journey um einen relevanten Touchpoint erweitern, sondern auch Synergieeffekte und Wettbewerbsvorteile generieren (Crockford et al., 2013). Aus diesem Grund beschäftigen sich IPP zunehmend mit diesem Thema (Deges, 2020). Die Einführung dieses neuen Absatzkanals stellt IPP jedoch vor erhebliche Herausforderungen (Neslin et al., 2006), da die Transformation zum Multi-Channel-Händler neben umfangreichen Investitionen vor allem eine Neuausrichtung des gesamten Unternehmens (engl. Change Management) erfordert (Wilson et al., 2008). Für ABtC werden in der Forschung verschiedene Motive bzw. Ziele beschrieben, wie z. B. Umsatz- und Gewinnwachstum, Neukundengewinnung, Retail Branding, Erfüllung von Kundenerwartungen sowie die Möglichkeit, Kunden ein kanalübergreifendes Serviceangebot zu bieten (Liu et al., 2018; Schramm-Klein, 2012). Mit der Wahl des ABtC-Entwicklungspfades zum Mehrkanalhändler entscheiden sich IPP für eine horizontale Diversifikationsstrategie

auf Gesamtunternehmensebene. IPP sind daher gefordert, für diese Expansion geeignete Markteintritts- bzw. Umsetzungsstrategien zu wählen (Swoboda et al., 2019). Dabei können sie grundsätzlich zwischen integrativen und kooperativen Markteintritts- bzw. Umsetzungsstrategien wählen (Kull, 2019). Diese werden in der Forschung in Form von Filialisierung, Mergers & Acquisitions (M&A), Joint Ventures oder Franchising sowie kombinierten Strategien beschrieben (Levy et al., 2014).

### *Markteintrittsformen*

**Eigene Filialen** – Bei der internen Umsetzung bzw. Entwicklung werden eigene Ressourcen und Kompetenzen genutzt, um eigenständig Läden zu eröffnen, z. B. durch Filialisierung (Swoboda et al., 2019). Im stationären Einzelhandel wird zwischen einer Vielzahl von unterschiedlichen Filialsystemen bzw. Strategien der Filialisierung unterschieden. Konkret wird differenziert zwischen monotypischer Filialisierung (ein Filialnetz innerhalb einer Branche), multitypischer Filialisierung (mehrere Filialnetze innerhalb einer Branche), Multifilialstrategien (Handelstätigkeit in verschiedenen Branchen) und Sonderformen der Filialisierung (Kombination von Filial- und Franchisesystemen) (Liebmann et al., 2008). Der Aufbau eines eigenen Filialnetzes, als traditionell wichtigste Wachstumsstrategie im stationären Einzelhandel, erweist sich dementsprechend als zeit- und koordinationsintensiv, um die volle interne Kontrolle über die eigenen Aktivitäten zu gewährleisten und ist zugleich mit hohen Kosten sowie unternehmerischen Risiken verbunden (Möhlenbruch, 2012).

**Kooperation** – In Abgrenzung zu den integrativen Strategien umfassen kooperative Markteintritts- bzw. Umsetzungsstrategien alle Formen der Zusammenarbeit von Unternehmen, Organisationen und Personen zur Erreichung gemeinsamer Interessen (Becker et al., 2018). Im Einzelhandel zählen Joint Venture (Gemeinschaftsunternehmen von mindestens zwei Partnern), Verbundgruppe (Einkaufsgemeinschaft von Einzelhändlern) und Franchising (Vertriebssystem zur Vermarktung von Waren und Dienstleistungen) zu

den relevanten Formen unternehmerischer Kooperation (Berman et al., 2018). Kooperationen, eingegangen mit leistungsstarken strategischen Partnern zum Ausgleich eigener Nachteile oder zur Verbesserung der Wettbewerbsposition, erfolgen in der Regel im Rahmen von Produkt-Markt-Strategien zur Marktdurchdringung und Markterschließung, und sind zudem risikoärmer sowie kostengünstiger als M&A (Gauri et al., 2021).

**M&A** – Externe Entwicklung als integrative Form einer spezialisierten Wachstumsstrategie ist der Erwerb der Mehrheit an einem anderen Unternehmen oder auch nur einzelner Vermögensgegenstände dieses Unternehmens (in diesem Fall stationäre Filialen), welche der Käufer operativ und prozessual in die eigenen Formate oder Konzepte integriert (Zentes et al., 2012). Durch den Wegfall der Suche nach geeigneten Filialstandorten ermöglichen M&A es Einzelhändlern, schneller zu wachsen und zügiger zu expandieren, was die Integration in bestehende Formate erleichtert (Burt und Limmack, 2001). Jedoch sind M&A üblicherweise mit beträchtlichen Kosten für die Akquisition und die operative Integration verbunden und bergen ein hohes Risiko, wobei das angestrebte Synergiepotenzial in einigen Fällen durch die Inkompatibilität der Strategien, Kompetenzen, Ressourcen und Kulturen der beteiligten Unternehmen beeinträchtigt wird (Zentes et al., 2017).

### *Methode*

Gegenstand der vorliegenden Studie ist eine Sekundärdatenanalyse der aktuellen Entwicklung von IPP im deutschen Einzelhandel und dessen Wandel hin zu Mehrkanalhändlern. Dazu wurde ein explorativer Ansatz mit mehreren Fällen gewählt, da dieser besonders gut geeignet ist, um zeitgenössische Phänomene in einem realen Kontext zu untersuchen (Yin, 1981). Zur Beantwortung der Forschungsfragen wurden mehrere Datenquellen herangezogen und in einer Tabelle zusammengeführt. Ausgangsbasis bildete die Studie „E-Commerce in Deutschland 2022“ des EHI Retail Institute (2022). Ergänzend wurden frei verfügbare Statistiken des Statistischen Bundesamtes zum E-Commerce sowie Daten der Industrie- und Handelskammern,

Jahresberichte und Pressemitteilungen herangezogen (Bitkom e. V., 2020; GfK GeoMarketing, 2022; IFH Köln, 2020; Statistisches Bundesamt, 2022). Der daraus resultierende Datensatz umfasste 244 Unternehmen mit Informationen wie Firmenname, URL des Online-Shops, Nettoumsatz im deutschen E-Commerce mit Waren, Produktsegmente, Jahr des Starts des Online-Shops, Jahr der Expansion in den Offline-Handel, Anzahl der Filialen, Zuordnung des Unternehmens zu Handel oder Hersteller, Art der Geschäftsbeziehung (B2C oder B2B). In einem ersten Durchgang wurden Dubletten, Insolvenzen, Marktaustritte (z. B. der britische eIPP für Haushaltsgeräte, AO, von Oktober 2014 bis Juli 2022 auf dem deutschen Einzelhandelsmarkt) sowie Sonderfälle wie die Internetapotheke DocMorris ausgeschlossen.

Die Bestimmung der Stichprobe erfolgte anhand von insgesamt drei Einschlusskriterien, die sich an der Forschungsfrage orientierten. So wurde (1) die Zugehörigkeit der Unternehmen zum deutschen Einzelhandelsmarkt vorausgesetzt. Hier wurde zunächst eine Abgrenzung zwischen Einzelhändlern und Herstellern vorgenommen. Außerdem mussten die Unternehmen im Business-to-Consumer-Handel mit physischen Non-Food-Produkten in Deutschland tätig sein. Darüber hinaus war es notwendig, die (2) Größenklasse der Unternehmen auf einen Jahresumsatz von mindestens 40.000.000 EUR festzulegen, da ab dieser Schwelle alle Unternehmen ihre Umsatzdaten in Geschäftsberichten veröffentlichen müssen. Eine entsprechende Berichtspflicht besteht nach den gesetzlichen Vorschriften (vgl. §§ 326 i.V.m. 267, 267a HGB) nur für mittelgroße und große Kapitalgesellschaften. Zudem mussten die für die Stichprobe ausgewählten Unternehmen (3) eIPP sein, die bereits in den stationären Einzelhandel in Deutschland expandiert haben. Kriterien hierfür waren, dass die Unternehmen zum Zeitpunkt der Unternehmensgründung ausschließlich den Absatzkanal Online-Handel (d. h. ohne klassischen Katalogversandhandel) betrieben haben, dass sie frühestens zwei Jahre später mindestens ein stationäres Ladengeschäft eröffnet haben und dass sie aktuell immer noch ein physisches Ladengeschäft im Offline-Handel betreiben. Explizit ausgeschlossen wurden temporäre Store-Konzepte wie Pop-up-Stores, deren Betrieb von vornherein nur

Tabelle 1: Untersuchungsrelevante Unternehmen

| (1) Einzelhandelsmarkt in Deutschland |                                  |                           | (2) Größe |  | (3) Expansion eines IPP |                         |                     |
|---------------------------------------|----------------------------------|---------------------------|-----------|--|-------------------------|-------------------------|---------------------|
| Unternehmen                           | Produktsegmente                  | Onlineshop                | Gründung  | Umsatz                                 | ABtC                    | Markteintrittsformen    |                     |
|                                       |                                  |                           | Jahr      | Netto, 2021,<br>Online, in Mio.<br>EUR | Jahr                    | Filiale<br>igenständig) | Übernahme           |
| babymarkt.de GmbH                     | Babyartikel                      | babymarkt.de              | 2003      | 125                                    | 2012                    | 5                       | -                   |
| BIKE24 GmbH                           | Fahrräder, Bekleidung            | bike24.de                 | 2002      | 145                                    | 2015                    | 2                       | -                   |
| computeruniverse GmbH                 | IT, Unterhaltungs-<br>elektronik | computer-<br>universe.net | 1999      | 149                                    | 2011                    | 1                       | -                   |
| Coolblue GmbH                         | Generalist                       | coolblue.de               | 1999      | 89                                     | 2021                    | 3                       | -                   |
| Cyberport GmbH                        | IT, Unterhaltungs-<br>elektronik | cyberport.de              | 1998      | 699                                    | 2003                    | 11                      | Kaufhof +)          |
| DefShop GmbH                          | Bekleidung, Textilien,<br>Schuhe | def-shop.com              | 2006      | 61                                     | 2016                    | 3                       | -                   |
| dress-for-less GmbH                   | Bekleidung, Textilien,<br>Schuhe | dress-for-less.de         | 1999      | 59                                     | 2019                    | 1 *)                    | -                   |
| Flaconi GmbH                          | Drogerieartikel,<br>Kosmetik     | flaconi.de                | 2011      | 359                                    | 2015                    | 1                       | Thie-mann           |
| Home24 SE                             | Möbel,<br>Dekorationsartikel     | home24.de                 | 2009      | 337                                    | 2015                    | 14                      | Fashion<br>For Home |

| (1) Einzelhandelsmarkt in Deutschland |  |                      | (2) Größe |        | (3) Expansion eines IPP |                      |
|---------------------------------------|--|----------------------|-----------|--------|-------------------------|----------------------|
| Unternehmen                           | Produktsegmente                                | Onlineshop           | Gründung  | Umsatz | ABtC                    | Markteintrittsformen |
| Internetstores GmbH                   | Sport, Outdoor                                 | fahrrad.de           | 2003      | 101    | 2018                    | 6                    |
| kfzteile24 GmbH                       | Pkw, Krad                                      | kfzteile24.de        | 2001      | 129    | 2006                    | 3                    |
| Mister Spex SE                        | Optiker  | misterspex.de        | 2007      | 119    | 2011                    | 65 #)                |
| momox AG                              | Kleidung, Bücher, CDs, DVDs, Games (gebraucht) | momoxfashion.com/de/ | 2006      | 335    | 2012                    | 1*)                  |
| myToys.de GmbH                        | Spielwaren                                     | mytoys.de            | 1999      | 388    | 2006                    | 19                   |
| Westwing GmbH                         | Möbel, Haushaltswaren                          | westwing.de          | 2011      | 146    | 2022                    | 1                    |
| Zalando SE                            | Bekleidung, Textilien, Schuhe                  | zalando.de           | 2008      | 2.515  | 2012                    | 13 *)                |
| Mittelwert                            |  |                      |           | 203    |                         | 6                    |
| Median                                |  |                      |           | 137    |                         | 3                    |

\*) Outlets +) Shop-in-Shop-Konzept #) erste eigenständig betriebene Filiale 2016

Kickz

Sephora +)

auf einen bestimmten Zeitraum ausgelegt ist. Dadurch wurden u. a. Amazon, Infinite Styles und Fashionette ausgeschlossen. Im Ergebnis wurden 16 untersuchungsrelevante eIPP in die Stichprobe aufgenommen (vgl. Tabelle: Untersuchungsrelevante Unternehmen). Hier ist bewusst noch der Spielwarenhändler myToys miteingeschlossen, der sich zwar im März 2023 dazu entschlossen hat, seinen Online-Shop und alle Ladengeschäfte bis spätestens Februar 2024 zu schließen, der aber zum Zeitpunkt der Untersuchung im April 2023 noch immer aktiv am Markt tätig war.

## AUSWERTUNG UND ERGEBNISSE

Als Gemeinsamkeit kann festgestellt werden, dass alle eIPP seit mindestens 12 Jahren im Online-Geschäft tätig sind. Die durchschnittliche Zeitspanne zwischen dem Start ihres Online-Shops und dem Eintritt in den stationären Handel in Deutschland beträgt etwa 9,5 Jahre. Im Hinblick auf die Form des Markteintritts bei der ABtC-Expansion kann festgestellt werden, dass alle 16 eIPP – trotz der damit verbundenen Kosten – eigenständig Ladengeschäfte betreiben. Dies scheint auf den ersten Blick kontraintuitiv zu sein. Denn auf diese Weise geben die eIPP sukzessive die Kostenvorteile ihres ursprünglichen Online-Geschäftsmodells auf und verursachen nun zusätzliche Ausgaben für Verkaufsfläche, Ware und Personal und beschreiten damit ein für sie bisher unbekanntes Terrain. Dieses Verhalten kann nicht allein mit der in Abschnitt 2 beschriebenen Wachstumsstrategie erklärt werden. Vielmehr ist die Filialisierung der IPP auch als Reaktion darauf zu verstehen, dass die ursprünglich aus dem Offline-Handel stammenden Einzelhändler in den Online-Handel expandieren. Dies greift die IPP in ihrem ursprünglichen Geschäftsmodell an (Stüber, 2016). Die Auswertung der gesammelten Informationen zu den Beobachtungseinheiten der Stichprobe zeigt, dass sich die Filialkonzepte der IPP bei ihrem Markteintritt bewusst von traditionellen Filialkonzepten unterscheiden, indem sie ihre bereits vollständig digitalisierten Konzepte in die Gestaltung der stationären Verkaufsflächen einbringen, die Vernetzung mit dem Online-Shop in

den Vordergrund stellen und die Flächen des Ladengeschäfts auch als Showroom zur Inszenierung ihrer Produkte und zur Steigerung ihres Bekanntheitsgrades nutzen.

Der stationäre Einzelhandel hingegen überlegt noch, seine bestehenden Filialen zu modernisieren, digitale Präsentations- und Interaktionselemente zu integrieren und hat häufig mit einem Investitionsstau im IT-Bereich zu kämpfen (Heinemann, 2021).

Auffällig ist, dass eIPP mehrheitlich nur eine bis maximal drei Filialen betreiben und Bekleidung, Textilien, Schuhe, IT, Unterhaltungselektronik und Möbel vertreiben (vgl. Tabelle: Untersuchungsrelevante Unternehmen). Hierbei handelt es sich um Produkte, bei denen im Rahmen der Kaufentscheidung der sensorische Touch-and-Feel-Aspekt, d. h. die Ware physisch begutachten und ausprobieren zu können, entscheidend ist. Aus diesem Grund hat der Kunde im Online-Handel nicht die Möglichkeit einer so umfassenden Beurteilung des Produkts. Die Ergebnisse der bisherigen Studien, z. B. von Hudetz et al. (2011) und Kollmann et al. (2012), werden somit bestätigt. Diese Konstellation deutet auf ein weiteres Leitmotiv für die Expansion von IPP in den stationären Einzelhandel hin. So können Hersteller oder Anbieter im Rahmen des Selektivvertriebs (Auswahl der Einzelhändler nach Qualitätsmerkmalen) IPP ausschließen, wenn diese bestimmte Anforderungen an das Produkt, wie z. B. eine kompetente Beratung, die eine physische Präsenz voraussetzt, mit ihrem virtuellen Online-Shop nicht erfüllen können. Eine solche Nichtbelieferung kann von IPP aller Größenklassen bereits dadurch umgangen werden, dass IPP ein einziges physisches Ladengeschäft betreiben (Fuchs, 2022).

Vier der 16 eIPP betreiben neben eigenen Ladengeschäften auch Kooperationen. Dabei ist vor allem Mister Spex (Optiker) in der Analyse aufgefallen. Er wird auch in der Forschung mit seiner ABtC-Strategie als besonders aktiv eingeschätzt (Kapalschinski, 2019). Allerdings startete Mister Spex 2011 zunächst mit Kooperationen mit stationären Optikern und eröffnete erst 2016 die erste eigenständig betriebene Filiale. Heute betreibt der Mehrkanalhändler 65 Filialen und weitere 400 Kooperationen. Zu Spitzenzeiten waren es 550 Kooperationen (Mister Spex, 2016). Diese Entwicklung weist stark darauf

hin, dass die Kooperationen quasi als Vorstufe zur eigenen Filialisierung genutzt wurden, bevor das Unternehmen selbst expandierte. Mister Spex realisierte mit ABtC als eIPP auch kanalübergreifende Services wie Click-and-Collect (Lieferung von Online-Bestellungen in die Filiale) und Return-in-Store (Retourenabwicklung von Online-Bestellungen). Dabei geht es dem Unternehmen jedoch um mehr als nur um die reine Verknüpfung der verschiedenen Absatzkanäle. Insbesondere durch den im Vorfeld des Brillenkaufs notwendigen Sehtest soll ein zusätzlicher Touchpoint etabliert, die Kundenbindung durch kompetente Beratungsleistungen gestärkt und die nicht unbedingt internetaffine Zielgruppe der älteren Menschen in attraktiven und hochfrequentierten Innenstadtlagen eingebunden werden (Rumler und Grosser, 2022).

Ein M&A-Deal als Form des Markteintritts wurde nur von Home24 (Möbel, Dekorationsartikel) durch die Übernahme eines zum Unternehmensprofil passenden Einzelhändlers, Fashion for Home, gewählt. Alle drei Markteintritts- bzw. Umsetzungsstrategien wurden hingegen nur von Zalando (Bekleidung, Textilien und Schuhe) realisiert. Neben 13 eigenen Filialen und Kooperationen (Sephora) hat Zalando 2017 das Unternehmen Kickz (Basketball und Streetwear) übernommen, um seine Kundenbasis um sport- und sneakeraffine Altersgruppen zu erweitern (Kyriasoglou, 2017). Damit wurden Verkaufspunkte in hochfrequentierten Einzelhandelsformaten und Lagen geschaffen, ohne eigene Filialen zu eröffnen. Mittlerweile wurde das Tochterunternehmen Kickz jedoch von Zalando an Play Hard weiterverkauft (Leonhardt, 2019).

## FAZIT

Das Forschungsziel dieser Studie war es zu untersuchen, welche eIPP in Deutschland bereits eine ABtC-Expansion in den stationären Einzelhandel durchgeführt haben und welche Form des Markteintritts dabei gewählt wurde. Die eingangs beschriebene paradoxe Situation des Einzelhandels in Deutschland soll durch diese Fragestellung besser verstanden werden. Zusammenfassend lässt sich feststellen, dass

von den zu Beginn der Studie untersuchten 244 Fällen insgesamt nur 16 Fälle den Untersuchungskriterien von eIPP mit einer Expansion von ABtC in den deutschen Einzelhandelsmarkt entsprachen. Die in der Fachpresse häufig zitierte Aussage, dass „viele IPP in den stationären Einzelhandel expandiert sind“ (Rittinger et al., 2017), kann somit nicht bestätigt werden. Die eigenständige Eröffnung von Ladengeschäften wurde in 14 der 16 untersuchten Fälle als Markteintrittsform gewählt. Im Ergebnis wird derzeit von allen 16 eIPP mindestens eine eigene Filiale betrieben. Diese Konstellation deutet auf ein weiteres Leitmotiv der IPP für den Betrieb eigener Ladengeschäfte hin, da sie durch den Betrieb nur eines physischen Ladengeschäftes den Ausschluss ihrer Online-Shops von der Belieferung durch Hersteller oder Lieferanten im Rahmen des Selektivvertriebs beenden können. Darüber hinaus wurden in insgesamt vier Fällen Kooperationen eingegangen. Diese wurden jedoch nur von Mister Spex tatsächlich als Markteintrittsform im Rahmen der ABtC-Strategie genutzt. Nur in einem Fall (Home24) war M&A die Form der Wahl für den Markteintritt.

Die vorliegende Studie bildet somit einen Beitrag zur Literatur über die Wahl der Markteintrittsform im Rahmen einer ABtC-Expansionsstrategie. Für weitere Forschungen zum Thema ABtC kann diese Arbeit daher als Referenz dienen. Es konnten zudem verschiedene Forschungsergebnisse, z. B. von Bullinger (2015), Kilian und Kreuzer (2022), Rittinger et al. (2017) und Wotruba (2013) ergänzt und bestätigt werden. Auch für die Praxis ergeben sich aus der durchgeführten Studie klare Implikationen. Expansionswillige IPP können für ihren Markteintritt die Filialisierung als Best Practice für die ABtC-Expansion annehmen. Im Rahmen dieser Studie wurden Markteintritts- bzw. Umsetzungsstrategien wie der Betrieb von temporären Pop-up-Stores, deren Betrieb von vornherein nicht auf Dauer angelegt ist, aus dem Untersuchungsraaster ausgeschlossen. Dieser interessante Aspekt eines temporären Markteintritts zur Markterprobung sollte im Kontext der ABtC-Expansion von eIPP vor allem hinsichtlich seiner Motive und Ziele in Zukunft weiter untersucht werden. Ein vielversprechender Forschungsansatz könnte zudem darin bestehen, zu untersuchen, warum sich sowohl kleine als

auch große eIPP trotz der hohen Kosten einer ABtC-Strategie dennoch für eine solche Expansion entscheiden. Der deutsche Einzelhandelsmarkt ist in den letzten Jahren einem starken Wandel unterworfen. Es gilt als gesichert, dass sich durch diese Entwicklungen die Bedürfnisse der Kunden und deren Customer Journey verändert haben und die zunehmende Komplexität einer solchen Customer Journey stetig neue Anforderungen an die Einzelhandelsformen stellt. Auch für IPP stellt die fehlende Präsenz im stationären Einzelhandel angesichts des zunehmend hybriden Einkaufsverhaltens der Konsumenten einen erheblichen Wettbewerbsnachteil dar und es ist absehbar, dass die Geschäftsmodelle aller Pure Player im Einzelhandel an Bedeutung verlieren werden. Der zunehmende Wettbewerb zwischen klassischen Offline- und innovativen Online-Formaten führt zu neuen innovativen Markteintritts- und Store-Konzepten wie Flagship-Stores, Pop-up-Stores und Showrooms (Spanke 2020).

Vor diesem Hintergrund herrscht sowohl in der Forschung als auch in der Praxis Uneinigkeit darüber, welche Rolle dem physischen Ladengeschäft in Zukunft zukommen wird. Während einige Experten erwarten, dass die Zahl der stationären Läden zurückgehen wird und sich viele Läden lediglich zu Showrooms entwickeln werden, sehen andere Läden als Kern der Markenerfahrung und als Integrationsstelle der verschiedenen Kanäle eines Mehrkanalhändlers (Alexander und Blazquez Cano, 2019). Denkbar ist, dass (ehemalige) IPP nun die großen innerstädtischen Flächen der eingangs erwähnten traditionellen Warenhausbetreiber wie Galeria Karstadt Kaufhof übernehmen, um mit innovativen Multi-Channel-Ansätzen neue Konzepte in die Städte zu bringen, Einkaufserlebnisse neu zu definieren und wieder Gründe für Innenstadteinkäufe zu schaffen (Hedde, 2023).

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# INTERNATIONAL POLITICS



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## **THE RUSSIAN-UKRAINIAN WAR FROM A CENTRAL ASIAN PERSPECTIVE**

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### INTRODUCTION

With the invasion of Ukraine on 24th February 2022, we saw the beginning of a brutal war unprecedented in Europe and in the entire world since World War II for acquiring territory. Some analysts argue that we are already in World War III (Matus, 2023). Even if such opinions seem exaggerated, it may probably be accepted that, due to its dimensions, the war points beyond a regional conflict, and due to its economic and political impact, we are faced with a global “conflict of the world order (Infostart/Inforádió, 2023).

Despite the Hungarian government’s maverick politics, it is mostly from the perspective of the mainstream western press that the Hungarian public is informed of the events. In media forums influenced by the western public, we hear the amplified voice of the Baltic states that are regarded as “war hawks”, Poland, and certain British and American circles that support liberal democracy, exports, and the rainbow revolutions in the post-Soviet region (Carnegie Endowment, 2023).

Thus, we are familiar with the motivations of westerners for the military support of Ukraine, which at present seems unbroken, although the economic costs of sanctions are borne primarily by Europe, more specifically by the German motor industry, while the possible strategic benefits are repaid by Anglo-Saxon powers, primarily the USA, and perhaps by China if it manages to stay out of the war (Windisch, 2023).

The present study analyses the dynamic of the conflict from a somewhat unusual perspective, namely that of the Central Asian republics,

addressing its political implications and possible long-term economic and strategic effects. The strategic and economic position of the region often degradingly referred to as “Russia’s backyard” has been fairly stable. Some of the Central Asian republics are members of military and economic associations that wish to conduct their economic and military reintegration under Russian dominance. For this reason, the eruption of the war and the western efforts at ensuring Russia’s international isolation have put Central Asian regimes into a very delicate position. It appears that the short-term economic impacts of the war also hit Central Asian republic hard, causing a rise in real estate prices and housing costs (although, for example, riding on the waves of western countries’ export diversification efforts, these countries concerned may even benefit from the sanctions against Russia).

It is hypothesised that, overall, the war will catalyse the so far rather slow erosion of Russian cultural, political, and economic influences in Central Asia. Strategically, this might give more value to the Central Asian republics, which however, as an alternative to Russian orientation, are more inclined to turn toward and cooperate with China and the Turkish partnership offered by the Organisation of Turkic States than towards the Euro Atlantic Alliance.

## RUSSIA’S ALLIES

There is still a tendency to regard Central Asian republics as Russia’s “backyard”. Indeed, of the superpowers, Russia has the most extensive political and diplomatic network of relations, as well as the most significant “hard power” capacities in the region. For its own security, Russia considers maintaining the status quo in Central Asia as of primary and direct interest, as Central Asian regional hegemony is decisive for maintaining its superpower identity (Tsygankov, 2010). In addition, the fact that some five million ethnic Russians live in minority in the Central Asian republics is not negligible for Russia (Bailes – Dunay, 2007, 10).

Three of the five post-Soviet Central Asian republics, namely Kazakhstan, Kyrgyzstan, and Tajikistan, are still members of the

Russian-dominated Collective Security Treaty Organization (CSTO).<sup>1</sup> (Russia operates military establishments of various functions in them. In Kazakhstan there is the Sary Shagan radar station near Lake Balkhas, in Kyrgyzstan an air base in Kant with an anti-terrorist operational unit of the CSTO, and a torpedo testing centre near Lake Issyk Kul in Karakol Province. In Tajikistan, there are several military bases, as well as a very special military observation station for satellites called *Okno* (Window) (Klein, 2009, 20; Podvig, 2002, 25). Up to 2005, the Tajik-Afghan border was guarded by Russian troops vested with Commonwealth of Independent States mandate. At the same time, Turkmenistan with its conscious isolationist foreign policy under the motto of “positive neutrality” proclaimed by President Turkmenbashi, and Uzbekistan, aspiring for a leading role in the region, have freed themselves from the Russian military presence and, in their foreign policy, are trying to be as independent of Russia as possible. Although Uzbekistan was a founding member of the CSTO, in 1999 it did not renew its membership, and in 2005 because of the harsh western attack against the Karimov regime for the Andijan Massacre, they re-entered the cooperation, and subsequently, in 2012, resigned a second time (Litovkin, 2012).

In January 2022, the CSTO proved to be an unexpectedly assertive actor. Due to the social and political unrest caused by a hurried increase in gas prices in Kazakhstan, behind which there may have been the competition posed by former President Nazarbayev and his “clan” (Putz, 2022a), the only way the new President Kassym-Jomart Tokayev managed to consolidate his power was by inviting in CSTO “peacekeepers” (Putz, 2022b). Intervention in Kazakhstan was the first time Article 4 of the CSTO Charter had been activated, as at least twice before Russia had refused to intervene in similar cases (requested by Kyrgyzstan in 2010, and by Armenia in 2021) (Kucera, 2022).

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<sup>1</sup> The so-called Tashkent Pact (Collective Security Treaty Organization) was signed by six member states of the former Soviet Union (Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Armenia). Later, Belarus, Georgia and Azerbaijan also joined. The organisation was renamed Collective Security Treaty Organization (CSTO) in May 2002. Although this is unspoken, members see their security guaranteed by Russian tactical nuclear arms (Litovkin, 2012).

With the successful operation which, unlike analysts expected, was followed by a quick withdrawal of CSTO troops (RFE/RL, 2022a), Russia probably reached the zenith of its regional power influence and prestige.

Russian efforts at reintegrating the region's economy proved far less successful than extending a military "shield" over the post-Soviet Central Asian region. According to Alexey Malashenko, it shows Russia's considerable decline as an economic power centre that while the Commonwealth of Independent States had once been a block of twelve former Soviet republics, the CSTO only had nine members between 1994 and 1999, and the Eurasian Economic Community (from 2015 the customs union of the Eurasian Economic Union) was founded by only three successor states, namely Russia, Belarus, and Kazakhstan (Malashenko, 2013, location 1056). It needs to be added though that, in 2015, both Armenia and Kyrgyzstan joined the Community, and it seems very likely that in the near future, Tajikistan, which is strongly reliant on Russia in its military and energy needs, will also join. Although the Eurasian Union is the only cooperation in the post-Soviet space that operates on a supranational basis, it seems that from an economic perspective, the only beneficiary of the integration is Russia (Bhutia, 2019a). It is perhaps due to this fact that although Uzbekistan's entry had been on the agenda since the 2016 appointment of President Mirziyoyev, in January 2020 the Uzbek parliament voted for observer status rather than full membership (Hashimova, 2020).

## RUSSIA'S INVASION AGAINST UKRAINE AND POLITICAL REACTIONS

Some argue that Russia's war against Ukraine, in fact, started in 2014 with the illegal annexation of Crimea and the occupation of the Donbas region. Indeed, the *casus belli* for the 2022 invasion was the Russian acknowledgement of their control over the Donetsk and Luhansk People's Republics and the "intervention to defend them" against an alleged Ukrainian assault (Rácz, 2023). The actual objectives of the Russian attack launched on 24th February 2022, which the Kremlin

refers to as a “special military operation” can only be guessed at. Most analysts agree, among them security experts András Rácz and Attila Demkó, who are often cited in the Hungarian press, that the Kremlin had planned on a blitzkrieg. They wanted to complete their major attacks in three or four days. This speculation seems to be supported by the fact that the initial direction of the offensive was not the east, as many had expected, but in the direction of Kiev and Harkiv in the north (Kolozsi, 2022; Euronews, 2023). The planned siege of the two largest Ukrainian cities was a complete failure. When the massive atrocities committed against the civilian population in Bucha, Irpin, and other suburbs of Kiev came to light, Russia’s international reputation deteriorated further (Rugli, 2023). The Russian offensive gained territories mostly in the south and south-east; at the peak of the attack Russia controlled about a quarter of Ukraine’s 603 thousand square kilometres. The siege of major towns, however, was typically a fiasco. For example, taking in Mariupol by the Sea of Azov was painfully slow, and the campaign towards Odessa was halted at Mykolaiv. In the counterattacks launched in September 2022, the Ukrainian troops managed to reoccupy large areas: On the western bank of the Dnieper River at Kherson they reached the pre-war borders (more specifically, the pre-2014 borders) and at Donbas came close to them. This is relevant because in the autumn Russia had announced the annexation of the Donetsk, Luhansk, Zaporizhzhia, and Kherson regions through a referendum that almost the entire world considered illegitimate. At present, a third (in the case of Donetsk, half) of the annexed territories are de facto under Kiev’s control (Tóth, 2023).

At present, several scenarios are possible for the further stages of the war, but a violent deadlock seems most likely, where neither Ukraine nor Russia has the strength for achieving sweeping victory (Windisch, 2023). Russia may perhaps capture more territories in the Donbas region, although near Bakhmut we see a “meat grinder” emerging, which is not unlike Verdun in WWI, with artillery fighting and hopeless warfare in the trenches (Majláth, 2023). The success of a Ukrainian counter-offensive greatly depends on further arms supplies by the West. Opinions are divided about the war’s outcome: some experts say Russia may be victorious in the long run,

while others believe that, mobilizing its total population, Ukraine has better chances (Vörös, 2023). Although nuclear escalation cannot be fully excluded (for example, in the case of a Ukrainian attack on Crimea), the most probable outcome of the conflict appears to be a completion (or rather incompleteness) similar to the Korean War, whereby after years of murderous fighting, the parties return to the starting ceasefire lines.

Russian successes so far, moderate at best, or according to other interpretations complete strategic and political failure, may unsettle Russia's network of long-term alliances in places where they have been fairly stable, namely in post-Soviet Central Asia. This is suggested by the extremely cautious and reluctant reactions that have arrived so far from Moscow's allies. Among Central Asian heads of state, it was Kyrgyz President Sadyr Japarov that assured a rather paranoid Kremlin of their open support for the "colour revolutions." Ironically, in 2020 he had been flown from his prison cell to the Kyrgyz presidency by the revolutionary events (Putz, 2020). In a Facebook post on 22nd February, Japarov wrote that it is Russia's sovereign right to recognise the Donetsk and Luhansk People's Republics, adding that military intervention was a "necessary step" in protecting the Russian-speaking population in the Donbas. (Japarov, 2022).

On 25th February 2023, Uzbek President Shavkat Mirziyoyev made a much more cautious statement. The Kremlin summarised his words as saying that Mirziyoyev had expressed his "understanding" of "Russian activity" in Ukraine. However, the Uzbek President's press service denied this interpretation, emphasising Uzbekistan's neutrality in the conflict, and underlined the importance of observing international legal norms so that the situation should not escalate further. In the first days of the conflict, Tajikistan, whose economy very much depends on remittances by guest workers in Russia and whose foreign policy is strictly isolationist, together with Turkmenistan, which declared its "positive neutrality" in international relations, refused to comment in any way on the war developments (Hashimova, 2022a).

For Moscow, reactions by the Kazakh President Kassym-Jomart Tokayev must have been even more disappointing, as Kazakhstan had been regarded as the closest ally in the region and a solid member

of the CSTO and the Eurasian Union. Tokayev, who in the 2022 January uprisings had owed the maintenance of his position as president to the CSTO's military intervention (in other words, mostly to Russia), openly refused to send troops to Ukraine; moreover, he refused the diplomatic recognition of the Donetsk and Luhansk People's Republics (Nezavisimaya Gazeta, 2022).

The 3rd March 2022 resolution of the UN General Assembly's special meeting about the Ukrainian crisis, condemning Russia's invasion, was a spectacular diplomatic defeat for Russia. 141 of the 193 UN member states were in favour of the resolution (with all the member states of the Euro Atlantic systems), five objected (Belarus, which is practically a Russian protectorate by now, the Democratic People's Republic of Korea, Syria, and Eritrea), and 35 countries abstained (with such major powers as China and India). None of the five Central Asian republics voted in favour: Kazakhstan, Kyrgyzstan, and Tajikistan abstained, while Uzbekistan and Turkmenistan stayed away from voting (Tiezzi, 2022).

The UN General Assembly held another vote on 7th April 2022 about the "suspension of the rights of membership of the Russian Federation in the Human Rights Council". 93 Member States voted yes; 24 voted no; 58 abstained. This time, Central Asian republics voted against the resolution, except for Turkmenistan, which stayed away again. In addition, the day preceding the vote, the Kazakh political leadership and Uzbek Foreign Minister Abdulaziz Kamilov made declarations supporting Ukraine's sovereignty and territorial integrity (Putz, 2022c). At the September Samarkand summit of the Shanghai Cooperation Organization, Central Asian leaders left the Russian annexation of four Ukrainian regions (Kherson, Zaporizhzhya, Donetsk, and Luhansk) without comment, or as the Kazakh Foreign Ministry's Spokesperson Aibek Smadiyrov said, they were on the side of territorial integrity, sovereignty, and peaceful coexistence (Rickleton, 2022).

Some analysts assess the fighting that flared up in September 2022 between Azerbaijan and Armenia, and also between Tajikistan and Kyrgyzstan as an erosion symptom of the Russian system of alliances (Mankoff, 2022). The violent border fighting between two CSTO

Member States, namely Tajikistan and Kyrgyzstan, demanded over a hundred lives (Usmanov, 2022), and the parties mostly ignored Russian mediation efforts. In October 2022, the Kyrgyz administration, which saw Russia as supporting Tajikistan in the conflict, withdrew from the joint military exercise that the CSTO planned in Kyrgyzstan (RFE/RL, 2022b). In this light, many were shocked when at the Central Asia–Russia Summit in October 2022 in Astana, the apparently furious Tajik President Emomali Rahmon angrily rebuked the Russian head of state, demanding more respect for Central Asian nations. Even Kazakh President Kassym-Jomart Tokayev was unable to interrupt the monologue that visibly embarrassed President Putin (Altynbayev, 2022). Western mainstream media tried to present it as a similarly loud diplomatic scandal and another blow to Russia’s prestige that in November 2022 at the CSTO Yerevan Summit, Prime Minister Nikol Pashinyan refused to sign a joint declaration and questioned the justification of the entire association. He also voiced his frustration that in the Second Karabakh War in 2020, Russia basically failed to help Armenia (Trevelyan, 2022).

#### THE ECONOMIC IMPACT OF THE WAR ON CENTRAL ASIA. ALTERNATIVE GEOPOLITICAL ORIENTATIONS

Economically, the Russian-Ukrainian war hit hard the Central Asian republics that have been acting in the conflict like “reluctant henchmen”, although in many ways they have proved to be more resilient than expected. The European Bank for Reconstruction and Development estimates an increase in GDP of 4.8 per cent in 2023, or some 0.1 per cent more than the 4.3 per cent in 2022 (EBRD, 2022). Somewhat surprisingly, remittances from guest workers in Russia have not dropped either. In the case of Uzbekistan, for example, they amounted to 6.5 billion dollars between January and June 2022, almost doubling the figure for the same period in 2021 (Kun.uz, 2022). On the other hand, for Kyrgyzstan the World Bank had forecast a drop of some 33 per cent in remittances. In Kyrgyzstan and Tajikistan, in 2020 remittances made up 31 and 27 per cent of the GDP, respec-

tively, and over 80 per cent of all the transfers were made from Russia (Ratha – Ju Kim, 2022).

The expected dwindling of remittances will affect Uzbekistan and Kazakhstan somewhat less, as they carry less weight in the economy than in the two poorer mountain republics (Lillis, 2022). Guest workers have often been exposed to Russian authorities' harassment, and since the start of the war, there have been occasional reports of forced and illegal enlisting as well. In the town of Orel in 2022, about a dozen Uzbek citizens received draft cards following the partial mobilisation President Putin had declared in September (Hashimova, 2022b).

Inflation is another serious problem in the entire region. In the summer of 2022, it stood around 16 per cent in Kazakhstan, 12 per cent in Uzbekistan, and 14 per cent in Kyrgyzstan (Putz, 2022d). Inflation is driven partly by rising food prices, which are due to the ban on grain exports Moscow announced at the beginning of the war (Sharifli – Kao – Derbishova, 2022). Another important factor affecting inflation is that the main direction of migration seems to have been changing since the war started, especially since the "partial mobilisation" launched in September 2022. Not only are guest workers moving to Russia from Central Asia, but masses of people, especially young men are fleeing to Central Asian republics, that they can enter without visas, to avoid being drafted. In the two weeks following the mobilisation, Kazakhstan alone received over two hundred thousand Russian citizens. Although Russians, whose incomes are typically higher than the Central Asian average, can contribute to economic growth in the receiving countries, owing to the Russian inflow of migrants, housing costs and prices of several services have doubled, sometimes even tripled in Kazakh towns. Understandably, all this leads to increasing social tensions in the Central Asian societies that have already been affected by serious accommodation crises (Doolotkeldieva, 2022).

The war-related inflation, especially the rise in gas prices in the first half of 2022, earned additional revenues for Central Asian countries, especially Kazakhstan and Turkmenistan, but even Kyrgyzstan, a country with a fragile economy and poor in fossil fuels, has benefited from the re-exportation of Chinese goods. Similarly to Azerbaijan,

Central Asian states by the Caspian Sea have become more valuable in the eyes of European countries as alternative sources of imported fossil fuels in the long run. Admittedly, for the delivery of Turkmen gas to the West, without going into Russia but crossing Azerbaijan instead, there is an urgent need for building the trans-Caspian pipeline, a project that has been postponed for a long time (Coffey, 2022).

Overall, the Central Asian republics seem to be losers rather than winners of the regime of sanctions against Russia. The business environment in the entire region has turned riskier, and most Russian investments have been suspended. Imports from Russia (and from Ukraine) have become pricier, and the increasing costs of production affect Central Asian companies' and national economies' competitiveness. Public opinion polls show that, in this war climate, citizens of Central Asia are also pessimistic about their countries' prospects (Sharifli – Kao – Derbishova, 2022).

If sanctions imposed on Russia prove to be permanent, this will raise serious questions about the future of the Russian-dominated integration, the Eurasian Union. It seems that the eventual weakening of Russian hegemony allows two possible alternative geopolitical orientations for the Central Asian republics trying to find their position in the world. On the one hand, unlike for Ukraine, Euro Atlantic orientation is not very realistic for Central Asian authoritarian regimes; just on the contrary, because of western foreign policies and their export of the increasingly ideological liberal democracy, it is an alarming option. Consequently, as opposed to a weakening Russia, China might appear to be an obvious alternative.

In the field of the economy and capital investment, at present China appears to be a more dynamic and proactive actor than the economically dwindling Russia. The Central Asian republics' aggregate trade value is already higher than the volume of trade with Russia and the European Union (Bhutia, 2019b). Thus, for several Central Asian republics China replaces Russia, the traditionally most significant trade partner. Since the 2010s, Central Asian countries have imported most of their consumer goods from China (Cardenal – Arajuó, 2014). Although Chinese investors and Central Asian political elites cherish friendly and increasingly closer relations of mu-

tual interest, in the republics' wider public opinion there are strong reservations about China, partly because of the brutal oppression of Muslim Uyghurs regarded as Turkic brothers. In connection with the grand "Belt and Road" infrastructural initiative, especially in the Kazakh and Kyrgyz societies, the fear has grown that the Chinese may occupy their lands. This is coupled with the traditional cultural xenophobia against the Chinese (Sadovskaya, 2015). It seems that, together with the ideological American foreign policy that tends to classify China and Russia as one bloc, these factors explain why at present China is not intending a more confrontative foreign policy towards Russia in Central Asia (or in the Russian Far East).

For the Central Asian republics, Turkey and increasing cooperation with the Organisation of Turkic States headed by Turkey might be a more attractive alternative than China. The Turkic Council, established in 2009 and renamed the Organisation of Turkic States in 2021, has become the number one inter-governmental coordination forum for Turkic-speaking countries. At present, it has five full member states, namely Azerbaijan, Kazakhstan, Kyrgyzstan, Turkey, and Uzbekistan, and three observers, namely Hungary Turkmenistan, and the internationally unrecognised Turkish Republic of Northern Cyprus. Thus, it is not a negligible force in global terms: its total population is over 150 million, and economically, it is a crucial region for its dynamically growing fuel production and transfer.

In addition to the ethnic, linguistic, and cultural ties the Turks have maintained with the Turkic-speaking nations of post-Soviet Central Asia, the still basically secular Turkey is an attractive political and modernisation model for the young republics. In the first years following independence, investments and loans of some 1.2 billion US dollars flowed to Central Asian countries. Unlike the Iranian Shi'ite theocracy, Turkey is generally very popular with people in these republics, and Turkish satellite television channels have enjoyed unbroken popularity ever since, making a considerable impact on public opinion.

Although Turkey does not possess the economic weight to be able to fill alone the possible power vacuum following a Russian contraction, in the light of the Russian-Ukrainian war the significance of the

Turkish contact seems to be gaining more value for the nations in the Caucasus and Central Asia. Currently, Turkey seems to be balancing masterfully between the Euro Atlantic Alliance and Russia. More specifically, under international pressure, after a few days of hesitation, it decided to close the sea straits to block Russian warships, and sells weapons to Ukraine (among them the famous Bayraktar drones that are regarded as one of the success stories of recent military technology), but at the same time it has managed to maintain its partnership with Russia. Turkey does not openly support the western economic sanctions, and offers refuge to Russian oligarchs driven out of western ports (Csurgó, 2022).

At the time of writing this study, the final outcome of Europe's most aggressive armed conflict since WWII is hard to predict but it seems most likely that Turkey and the Central Asian republics will enjoy increased global strategic significance, primarily due to their crucial role in energy production and transit. The delivery of Azeri or Kazakh and Turkmen gas (if the trans-Caspian pipeline is built) can only be done via Turkey (Kozma, 2021). In brief, also for western powers, Turkic states will be vital players in the coming "Great Game" aimed at isolating Russia.

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## **DIE FOLGEN DES UKRAINE-KRIEGES FÜR DIE WESTBALKANSTAATEN**

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### **EINLEITUNG**

Russland hat das geopolitische Ziel, Zugang zur Adria zu erhalten, was die Westbalkanstaaten zu einem wichtigen Gebiet für Russland macht. Der Kreml versucht, die Westbalkanregion durch destabilisierende Maßnahmen aufgrund der labilen politischen Lage und der Nachkriegsfolgen zu beeinflussen (Wölfl 2022b). Ziel dieser Analyse ist es zu zeigen, wie der Ukraine-Krieg das politische Verhalten der internen und externen Akteure in der Region beeinflusst. Die EU und Russland sind externe Akteure, während die sechs Westbalkanstaaten als interne Akteure betrachtet werden. Die Analyse wird durch die Anwendung einer systemischen Theorie, dem Neorealismus von Kenneth Waltz durchgeführt. Es wird erwartet, dass sich Staaten durch Bündnisse zusammenschließen, um ein Machtgleichgewicht zu erreichen. Die meisten Kleinstaaten im Westbalkan werden ein verstärktes Bestreben haben, in die EU oder NATO aufgenommen zu werden, um ihre Interessen zu schützen. Die EU wird auch daran interessiert sein, die Region nicht in die Einflussosphäre Russlands zu treiben. Die Fragestellung der Analyse lautet: „*Welche politischen Folgen wird der Krieg in der Ukraine für den Westbalkan haben?*“ Die Analyse wird durch eine Länderstudie durchgeführt, die das politische Geschehen bewertet und die Auswirkungen auf die Außen- und Nachbarschaftspolitik der Region darlegt.

## THEORIE DES BANDWAGONING UND NEUE SICHERHEITSORDNUNG SEIT DEM UKRAINEKRIEG

Die Theorie des Neorealismus besagt, dass Staaten in erster Linie danach streben, ihr Überleben und ihre Sicherheit zu maximieren. Sie tun dies, indem sie Machtungleichgewichte im internationalen System ausgleichen (Schörning 2006, S. 71-80). Für schwächere Staaten bedeutet dies oft, sich mächtigeren Staaten anzuschließen, um ihre Sicherheit zu gewährleisten. Dieses Phänomen wird als *Bandwagoning* bezeichnet (Tuschhoff 2015, S. 26-30). Im Zusammenhang mit der aktuellen Situation in Europa, insbesondere im Hinblick auf den Ukrainekrieg, lässt sich dieses Konzept des *Bandwagoning* gut anwenden. Denn die Konflikte in Europa haben das Potenzial, die europäische Sicherheitsordnung nachhaltig zu verändern. Europa wird sich gegenüber Russland behaupten und seinen Frieden nicht mehr mit sondern gegen ihn sichern müssen. Dies führt zu einer Verschiebung von einer kooperativen zu einer konfrontativen Sicherheitsordnung. In diesem Kontext wird auch der Westbalkan als eine Region mit hohem Konfliktpotenzial betrachtet.

In der Vergangenheit war diese Region ein Pulverfass für den Weltfrieden. Angesichts der aktuellen Entwicklungen in Europa und der geopolitischen Landschaft ist es wichtig, die Zusammenhänge zwischen *Bandwagoning* und der neuen europäischen Sicherheitsordnung zu analysieren. Daher kann eine neorealistische Analyse die Auswirkungen des *Bandwagoning* in der neuen europäischen Sicherheitsordnung nach dem Ukrainekrieg aufzeigen. Die Analyse kann auch dazu beitragen, zukünftige Entwicklungen und Herausforderungen im Zusammenhang mit der Sicherheit und dem Überleben von Staaten vorherzusagen.

## LÄNDERSTUDIE

Um ihre Position auf dem Westbalkan zu stärken, nutzt Russland verschiedene Instrumente wie die Mobilisierung der Orthodoxen Kirche, die Verbreitung von Propaganda und die Durchführung von Cyberan-

griffen (Perica 2002). Dabei nutzt Russland die enge Verbindung zur orthodoxen Kirche auf dem Westbalkan, die nicht nur eine religiöse, sondern auch identitätsbildende Institution ist. Dies geschieht mit dem Ziel, eine antiwestliche Haltung zu fördern und Putin als Verteidiger des Glaubens darzustellen, was wiederum der Wiederbelebung des Panlawismus dient. Die Ukraine-Krise im Jahr 2014 hat gezeigt, dass Russland bereit ist, seine außenpolitischen Interessen auch mit militärischen Mitteln durchzusetzen. Es bleibt abzuwarten, welche Auswirkungen diese neue Konfliktordnung auf den Westbalkan haben wird und wie sich die geopolitischen Machtverhältnisse in der Region weiterentwickeln werden.

### *Serbien*

Im Westbalkan ist Serbien ein enger Verbündeter Russlands, aber die Beziehung wird beiderseits genutzt. Russland destabilisiert die Region durch nationalistische Eliten und rechtfertigt so sein Vorgehen. Präsident Aleksandar Vučić nutzt die russische Karte zur Provokation der EU, deren Glaubwürdigkeit in der Erweiterungspolitik gesunken ist. Die EU-Integration Serbiens bleibt eine Priorität, stagniert jedoch wie bei anderen Westbalkanstaaten. Serbien unterzeichnete 2007 die Partnerschaft für den Frieden, eine NATO-Vollmitgliedschaft ist jedoch unwahrscheinlich. Dennoch ist Serbien in der Region ein wichtiger Akteur. In diesem Zusammenhang ist es von großer Bedeutung, dass die EU ihre Glaubwürdigkeit in der Region wiederherstellt und den Integrationsprozess der Westbalkanländer vorantreibt, um eine langfristige Stabilität in der Region zu gewährleisten.

Auch wenn Serbien als EU-Kandidat seine Außenpolitik an Brüssel ausrichtet, hat es die russische Aggression nicht ausdrücklich verurteilt. Seit Ausbruch des Krieges im Februar 2022 lehnt Präsident Vučić die Verhängung von Sanktionen gegen Russland weiterhin ab. Gleichzeitig, am 29. Mai 2022, als sich die Staats- und Regierungschefs der EU trafen, um sich auf die Aufhebung energiebezogener Sanktionen mit einem Embargo für russische Öllieferungen zu einigen, schloss er in einem Telefonat mit Putin einen neuen dreijährigen Gasliefervertrag ab (Reuters, 2022).

Auch die Spannungen zwischen Serbien und dem Kosovo eskalieren weiter und eine Lösung in naher Zukunft scheint nicht in Sicht. Die Unabhängigkeitserklärung des Kosovo im Jahr 2008 wird bis heute weder von Serbien noch von Russland anerkannt. Russlands Veto verhindert den Beitritt des Kosovo zur UNO. Präsident Vučić beteuert wiederholt, Serbien werde Kosovo niemals als unabhängigen Staat anerkennen, weshalb Belgrad die Unterstützung Russlands sucht. Serbien beteuert zwar, dass es der Europäischen Union beitreten will, zeigt aber somit pro-russische Tendenzen. Auch der Streit mit dem Kosovo schafft ein gefährliches Sicherheitsvakuum.

### *Montenegro*

Seit Montenegros Unabhängigkeit im Jahr 2006 sind die politischen Beziehungen zu Russland stark gewachsen. Russland hat seine außenpolitischen Maßnahmen und Initiativen durch Soft- und Hard-Power-Mechanismen untermauert und die innenpolitischen Prozesse und Veränderungen des Landes stark beeinflusst (Vučković 2021). Die Serbisch-Orthodoxe Kirche spielt eine bedeutende Rolle in der Nachbarschaftspolitik zwischen Montenegro und Serbien. Mit ihrem Hauptsitz in Serbien und rechtlicher Unabhängigkeit unterliegt sie nicht den montenegrinischen Gesetzen und widersetzt sich deren Bemühungen zur Legalisierung ihrer Präsenz und Aktivitäten in Montenegro. Russland nutzt die Orthodoxe Kirche als politisches Instrument, was sich insbesondere seit 2016 in ihrem Widerstand gegen Montenegros NATO-Beitritt zeigt. Dies verdeutlicht die herausragende Rolle der serbisch-orthodoxen Kirche in Montenegro und ihren erheblichen Einfluss auf die politische Landschaft des Landes, wobei sie in der Regel konservative politische Kräfte unterstützt und liberale Tendenzen ablehnt (Conley und Melino 2019). Der Konflikt um das *Religionsgesetz* betont die anhaltend komplexen Beziehungen zwischen Kirche und Staat in Montenegro, die entscheidend für die politische Stabilität des Landes sind.

Als NATO-Mitglied seit 2017 und Vorreiter im EU-Integrationsprozess in der Region strebt Montenegro eine EU-Mitgliedschaft an und unterstützt internationale Sanktionen gegen Russland. Die ergriffenen Maßnahmen im Einklang mit der EU nach dem russischen

Einmarsch in die Ukraine haben jedoch keinen signifikanten Einfluss auf die Beschleunigung des Integrationsprozesses Montenegros in die EU. Dies liegt sowohl an der Nichterfüllung der EU-Kriterien und der wirtschaftlichen sowie politischen Instabilität als auch am mangelnden Engagement der EU im Integrationsprozess.

### *Bosnien und Herzegowina*

Die russische Aggression in der Ukraine erinnert an den Bosnienkrieg von 1992-1995 und verursacht Unruhe (Brezar 2022). In der Region wächst die Befürchtung, dass russischer Einfluss einen neuen Konflikt in Bosnien und Herzegowina auslösen könnte. Dieser Einfluss wird von nationalistischen Eliten der bosnischen Serben und Kroaten unterstützt, die mit Russland zusammenarbeiten, um ihre Interessen zu verfolgen und den bosnischen Staat zu untergraben. Die Hauptdrohung aus Moskau war, dass Russland reagieren müsse, wenn Bosnien und Herzegowina eine NATO-Mitgliedschaft anstrebt. Tatsächlich hat Bosnien die Integration in die NATO und die Europäische Union seit langem als strategisches Ziel erklärt, aber die pro-russischen Serben der *Republika Srpska* wehren sich mit allen Mitteln dagegen. Die *Republika Srpska* ist der selbsternannte Staat der bosnischen Serben, der 1995 neben der bosnischen Föderation zu einer der beiden verfassungsmäßigen und rechtlichen Einheiten in Bosnien wurde. Milorad Dodik, das serbische Mitglied der dreigliedrigen Präsidentschaft von Bosnien und Herzegowina und Vorsitzender der regierenden SNSD-Partei (Savez Nezavisnih Socijaldemokrata) in der *Republika Srpska*, gestaltet die Außenpolitik des Landes nach russischen Interessen (Wölfl 2022b), und Russland unterstützt die politischen Ziele der *Republika Srpska* im UN-Sicherheitsrat. Angesichts der Spaltung und Instabilität im Land sowie des Ukraine-Konflikts befürchtet man eine gewaltsame Eskalation, weshalb die EU-Militärmission EUFOR weitere 500 Soldaten nach Bosnien-Herzegowina verlegt hat (Wölfl 2022a). Trotz der Unterstützung der EU-Sanktionen durch Bosnien und Herzegowina gab es Ministerien, die deren Umsetzung behinderten, und Milorad Dodik blockierte diese Maßnahmen ebenfalls (sarajevotimes.com 2022).

### *Nordmazedonien*

Russlands Engagement in der politischen Arena Nordmazedoniens ist jedoch nicht so präsent wie in anderen Ländern der Region. Nordmazedonien könnte aufgrund seiner geografischen Lage und historischen Bindungen eine wichtige Rolle im globalen Machtgleichgewicht spielen und eine Basis für Russlands Einfluss in der Region bieten. Darüber hinaus hat Russland in der Vergangenheit versucht, politische Kräfte in Nordmazedonien zu unterstützen, um seine eigene politische Agenda voranzutreiben. Ein Beispiel für russische Einflussnahme in Nordmazedonien war die Unterstützung von Premierminister Nikola Gruevski und seiner Partei VMRO-DPMNE. Im Jahr 2016 stand Gruevski aufgrund eines Korruptionsskandals und Amtsmissbrauchs im Zentrum von ethnisch gemischten Protesten, die zu seinem Rücktritt und Neuwahlen führten. Ein weiteres Beispiel war das Prespa-Abkommen, das den langjährigen Namensstreit zwischen Griechenland und Nordmazedonien beendete. Russland versuchte angeblich, dieses Abkommen zu untergraben, was zur NATO-Erweiterung führte und Nordmazedonien die Vollmitgliedschaft verschaffte.

Die Einflussnahme Russlands in Nordmazedonien hat auch zu politischen Spannungen mit der EU geführt, insbesondere im Zusammenhang mit den EU-Beitrittsverhandlungen Nordmazedoniens. Bulgarien legte ein Veto gegen die Eröffnung von EU-Beitrittsverhandlungen mit Nordmazedonien ein, da es Ansprüche auf eine gemeinsame Geschichte und Sprache geltend machte, die von Nordmazedonien nicht anerkannt wurden (Nikolov 2022). Dies führte zu einer politischen Krise, bevor die EU schließlich im März 2022 ihre Zustimmung zur Aufnahme von Beitrittsgesprächen mit Nordmazedonien gab.

Nordmazedonien hat trotz seines komplizierten Weges zur EU-Integration Sanktionen gegen Russland unterstützt. Die Regierung hat den Luftraum für russische Flugzeuge gesperrt und der Ukraine Militärhilfe angeboten, einschließlich der Spende von Militärausrüstung. Diese Unterstützung der Gemeinsamen Außen- und Sicherheitspolitik der EU nach der russischen Aggression gegen die Ukraine

wurde im Fortschrittsbericht 2022 der Europäischen Kommission gelobt. Nordmazedonien hat gezeigt, dass es ein verlässlicher Partner der EU sein kann (European Commission 2022b).

### *Albanien*

Albanien ist seit 2009 Mitglied der NATO und seit 2014 Kandidat für die Europäische Union. Nach der russischen Invasion in der Ukraine hat Albanien Solidarität mit der Ukraine gezeigt und Sanktionen gegen Russland verhängt. Der albanische Luftraum wurde für alle russischen oder in Russland registrierten Luftfahrtunternehmen gesperrt, mit Ausnahme von Not-, humanitären und medizinischen Flügen. Die albanischen Behörden verhängten auch Reiseverbote und Beschränkungen für bestimmte Personen und Organisationen, um Vermögenswerte einzufrieren, die mit dem russischen Präsidenten, dem russischen Außenminister und anderen russischen Beamten in Verbindung stehen (Sinoruka 2022).

Die Unterstützung der Ukraine in Albanien ist allgegenwärtig, und dies ist der einzige Fall auf dem gesamten Westbalkan, in dem alle politischen Akteure in dieser Angelegenheit vereint sind. Dennoch kamen Bedenken hinsichtlich der Sicherheit Albaniens auf, nachdem der russische Außenminister Albanien beschuldigt hatte, Söldner in die Ukraine zu schicken. Es wird angenommen, dass Russland falsche Informationen gegen Albanien verbreitet hat. Präsident Putin stufte Albanien daraufhin zu einem „unfreundlichen Land“ ein (Kajosevic 2022). Im März 2022 trafen sich die EU-Staats- und Regierungschefs informell in Paris, um die Mitgliedschaft der Ukraine in der EU zu diskutieren. Dabei wurde betont, dass eine schnelle Mitgliedschaft der Ukraine unrealistisch sei, aber auch im Hinblick auf die Westbalkanländer, einschließlich Albanien, gerecht sein sollte. Im Juli 2022 begannen offizielle Verhandlungen über die Aufnahme Albaniens in die EU, was als historischer Schritt gilt (Bechev 2022).

## *Kosovo*

Das Kosovo hat eine einzigartige Beziehung zu Russland, da Russland das Kosovo nicht anerkennt und keine bilateralen Beziehungen mit dem Land unterhält. Trotzdem sind die Spannungen in der Region seit dem Beginn des Ukraine-Konflikts gestiegen. Putin nutzt die NATO-Intervention im ehemaligen Jugoslawien zur Rechtfertigung seiner Ukraine-Invasion. Der Aufbau von Beziehungen zu autokratischen Machteliten auf dem Westbalkan, insbesondere zu Serbiens Präsident Vučić, ermöglicht es Russland, die Instabilität in der Region aufrechtzuerhalten und den Westen herauszufordern (euractiv.de 2022). Das Problem der Nichtanerkennung des Kosovo durch Serbien und fünf EU-Mitgliedstaaten, darunter Spanien, Rumänien, die Slowakei, Zypern und Griechenland, schafft nicht nur Lücken für einen russischen Einfluss, sondern behindert auch den EU-Integrationsprozess für Kosovo und Serbien, indem es den Demokratisierungs- und Reformprozess als Teil der EU-Mitgliedschaftsbedingungen direkt behindert. Der Kosovo muss auf seinem Weg in die EU die Hürden der bilateralen und multilateralen Anerkennung überwinden. Darüber hinaus hat die EU-Kommission im Länderbericht von 2018 betont, dass der Kosovo alle Kriterien für die Visaliberalisierung erfüllt hat, jedoch dies aufgrund des Widerstands der Niederlande und Frankreichs noch nicht abgeschlossen wurde (consilium.europa.eu 2022).

Im Norden des Kosovo, wo etwa 50.000 ethnische Serben leben, gibt es Spannungen zwischen den verschiedenen Gruppen, die durch bewaffnete Proteste im September 2021 und August 2022 weiter verschärft wurden. Die Regierung des Kosovo glaubt, dass Russland in die Vorfälle verwickelt ist.

## EU-MASSNAHMEN ZUR ANNÄHERUNG DER WESTBALKANSTAATEN

Seit dem Beginn des Ukraine-Konflikts verstärkt die EU ihre Bemühungen zur Annäherung der Westbalkanstaaten. Sie reagiert auf die Handlungen pro-russischer und autoritärer Eliten in der Region, ins-

besondere in Serbien, indem sie die angespannten Beziehungen zwischen Serbien und dem Kosovo sowie die pro-russischen Tendenzen überwacht und kritisiert. Dies spiegelt sich auch im Jahresbericht der Europäischen Kommission zum Stand der Beitrittsverhandlungen am 12. Oktober 2022 wider (European Commission 2022c). Trotz der Vermittlungsbemühungen der EU zwischen dem Kosovo und Serbien gibt es Befürchtungen, dass die Region zunehmend instabil wird (Zeit.de 2022). Präsident Vučić steht unter erheblichem Druck, Sanktionen gegen Russland zu verhängen.

Im Oktober 2022 identifizierte die Europäische Kommission acht Schlüsselbereiche für Bosnien und Herzegowina, darunter Rechtsstaatlichkeit, Justizsystem, Wahlrecht, öffentliche Beschaffung und öffentliche Finanzverwaltung (European Commission 2022a). Die Erfüllung dieser Elemente beschleunigt die Umsetzung von 14 vorher festgelegten Bedingungen, die zur Gewährung des Kandidatenstatus für eine zukünftige EU-Mitgliedschaft notwendig waren.

Nordmazedonien und Albanien begannen im Juli 2022 offizielle Verhandlungen über ihren EU-Beitritt, ein historischer Schritt. Im November 2022 einigten sich die Botschafter der EU-Mitgliedstaaten auf ein Verhandlungsmandat des Rates zur Visafreiheit für Reisepassinhaber aus dem Kosovo. Die Aufhebung der Visumpflicht wird voraussichtlich am 1. November 2023 oder spätestens am 1. Januar 2024 wirksam (consilium.europa.eu 2022). Für eine fortgeschrittene politische Integration der Region ist eine weitere Förderung der wirtschaftlichen Entwicklung unerlässlich. Die EU hat daher die Westbalkanregion in ihre Gasbeschaffung integriert und Mittel umgeleitet, um energiebezogene Preisschwankungen infolge der Russland-Sanktionen zu mildern (European Commission 2022).

Während des EU-Westbalkan-Gipfels im November 2022 wurde ein Aktionsplan zur Schaffung des „Gemeinsamen Regionalen Marktes des Westbalkans“ bis 2025 verabschiedet, um die Bildung dieses Marktes zu fördern. Dieser Aktionsplan bietet detaillierte Leitlinien für die Gesetze und Politiken, die bis 2025 umgesetzt werden müssen (Regional Cooperation Council 2020). Er ist in vier Politikbereiche unterteilt und legt fest, welche rechtlichen und politischen Maßnah-

men ergriffen werden müssen, um die EU-Binnenmarktregeln umzusetzen (Balkans Group 2020):

- **Regionaler Handelsbereich:** Freizügigkeit von Waren, Dienstleistungen, Kapital und Personen.
- **Regionaler Investitionsbereich:** Anpassung von Investitionsgesetzen und -politiken an die Standards des EU-Binnenmarktes und Förderung der Region für ausländische Investoren.
- **Regionaler digitaler Bereich:** Integration des Westbalkans in den paneuropäischen digitalen Markt und Einhaltung der EU-Regeln.
- **Regionaler Industrie- und Innovationsbereich:** Entwicklung einer gemeinsamen EU-Westbalkan-Strategie zur Transformation der Industriezweige und Einhaltung der Regeln des EU-Binnenmarktes.

Im November 2022 wurden beim Berliner Gipfel, auch bekannt als der Berliner Prozess, drei Vereinbarungen unterzeichnet: eine über das Reisen mit Personalausweisen, eine über die Anerkennung von Diplomen und beruflichen Qualifikationen (Regional Cooperation Council 2022) sowie eine Erklärung zur Senkung der Roamingkosten zwischen der EU und dem Westbalkan. Diese Schritte sind darauf ausgerichtet, einen gemeinsamen regionalen Markt zu etablieren.

## KONKLUSION

In der vorliegenden Zusammenfassung wird die zunehmende Bestrebung der Westbalkanstaaten beschrieben, in die Europäische Union aufgenommen zu werden. Diese Ambitionen haben in jüngerer Zeit angesichts des Ukrainekriegs und der Bedrohung durch Russland deutlich zugenommen. Insbesondere Bosnien-Herzegowina, Montenegro, Albanien, Kosovo und Nordmazedonien sehen sich Sicherheitsrisiken ausgesetzt und suchen Schutz innerhalb des westlichen Verteidigungssystems. Serbien verfolgt hingegen eine neutrale Politik und versucht, sich sowohl mit dem Westen als auch mit Russland zu arrangieren. Obwohl die Westbalkanstaaten wirtschaftlich und energiepolitisch von Russland abhängig sind, schlagen sie sich auf die

Seite des Westens. Serbien hingegen versucht, seine Unabhängigkeit zu wahren und schließt sich mit Russland zusammen. Dies führt zu einer verstärkten russischen Einflussnahme in der Region, insbesondere durch die Kirche, moskautreue Oppositionelle und von Russland finanzierte Medien.

Die EU bemüht sich, dem Machtaufbau Russlands in Südosteuropa entgegenzuwirken, indem sie die Westbalkanstaaten in ihr Schutzsystem einbindet und motiviert, EU-Mitglieder zu werden. Die Beitrittsverhandlungen haben in fast allen Ländern ein historisches Niveau erreicht. Aber die EU hat Schwierigkeiten, entschlossen und rasch zu handeln, da es unter den EU-Mitgliedern Uneinigkeit über eine gemeinsame Westbalkanpolitik gibt.

Um die Westbalkanstaaten in ihr Schutzsystem einzubinden und die Ausweitung des russischen Einflusses in der Region zu verhindern, muss die EU kollektiv engagiert handeln und eine stringente und gemeinsame Vorgehensweise verfolgen. Andernfalls besteht die Gefahr einer Destabilisierung des Balkans und einer Bedrohung der Sicherheitspolitik Europas.

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## **INFLUENCE OF KENYA'S PEACE AND DIPLOMACY PILLAR ON BORDER CONTROL POLICY IN KENYA**

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One of the four pillars of Kenya's foreign policy is peace and diplomacy. It is founded on the understanding that stability and peace are essential prerequisites for growth and success. Kenya is likewise convinced that the stability of the continent of Africa, the rest of the world, and the sub-region are all necessary for its own stability and economic prosperity (Kaburu & Adar, 2023). The Kenya Citizenship and Immigration Act of 2011 and the Kenya Citizenship and Immigration Act Regulations of 2012 govern Kenya's border control policy. The goal of the strategy is to control the flow of people in and out of Kenya as well as to stop the movement of unauthorized products and people across the border. The Directorate of Immigration Services, which is in charge of handling immigration, implements the policy. The Directorate has a myriad of measures put in place to control the border, including:

**Visa requirements:** Every foreign national must have a visa in order to enter Kenya, with the exception of some East African Community (EAC) citizens. Visas are available online or at foreign Kenyan embassies and consulates.

**Immigration checkpoints:** Every visitor entering or departing Kenya must go through one. Travelers must show their passport and visa (if necessary) at the checkpoint and respond to inquiries from an immigration officer.

**Border patrols:** To keep an eye on the flow of persons and products across the border, the Directorate of Immigration Services conducts border patrols. The patrols collaborate closely with other security organizations like the Kenya Defense Forces as well as the Kenya Police Service and are outfitted with trucks, motorcycles, and boats (Bartlett, 2020).

The biggest threat to world security in recent years has been the rise of international terrorism. As a result, combating terrorism is now a top priority for Kenya's foreign policy and a focus of its strategic alliances (Kaburu & Adar, 2023). Kenya's border control strategy is intended to safeguard the nation's security and deter smuggling of products and illegal immigration. Kenya's peace and diplomacy pillar has a number of effects on the policy: First, Kenya's border management strategy is intended to advance regional peace and stability. The nation's borders are shared with several of nations that have recently been embroiled in conflict and turmoil. Kenya contributes to lowering the likelihood of instability and conflict in the region by stopping the passage of arms, explosives, and other illegal products through its borders (Kivisi, 2019).

Second, Kenya's border security measures are intended to safeguard the nation from terrorism. In recent years, terrorist strikes have frequently targeted Kenya. Kenya tries to stop terrorists from orchestrating attacks by checking travelers and cargo for arms, explosives, and other contraband. Third, Kenya's border security measures are intended to stop smuggling of products and illegal immigration. Smuggling and illegal immigration can harm Kenya's economy and security. Kenya safeguards its economy and security by limiting the passage of individuals as well as goods across its borders without authorization (Kivisi, 2019).

## RESEARCH METHODS

This research used a qualitative research design. The study's target population consisted of border control personnel at Kenya's four main entry locations; Mombasa, Namanga, Busia, and Moyale. The sample of 20 people was obtained through the use of purposeful sampling. Interview schedules were used to get the data. The data was then examined and analyzed using content and thematic analysis.

### *Results and Discussion*

The majority of participants said border control had improved over the past few years. The prevalence of terrorism, the smuggling of commodities and drugs, as well as illegal immigration, has decreased as a result of innovations like luggage and body screening, the use of cameras, sniffer dogs, and property declaration forms.

The participants felt that Kenya's emphasis on peace and diplomacy had a good influence on border control regulations. They claimed that it has become simpler to control the border as a result of Kenya's efforts to foster peace and stability in the area. They added that Kenya's strategic alliances with other nations have enhanced its capacity for border control.

The findings of this study point to a beneficial influence of Kenya's peace and diplomacy pillar on border control policy. Kenya's efforts to support regional peace and stability as well as its strategic alliances with other nations have aided in the improvement of its border control abilities. As a result, there have been fewer cases of terrorism, drug trafficking, and illegal immigration (Reuben et al., 2022). The following principles serve as the foundation for Kenya's peace and diplomacy pillar:

The prerequisites for growth and prosperity are peace and stability. Kenya is of the opinion that social and economic advancement require a calm and stable environment. Therefore, the nation's foreign policy is concentrated on fostering peace and stability in the area and around the world.

The stability of the sub-region, Africa, and the rest of the world all affect Kenya's stability and economic well-being. Kenya is aware of the interdependence between its own security and prosperity and those of its neighbors and the global community. Therefore, the country's foreign policy emphasizes the significance of multilateralism and regional cooperation. Diplomacy should be proactive rather than reactive. Kenya has the view that it is preferable to avoid conflict altogether than having to deal with its effects after it has already occurred. Therefore, the nation's foreign policy emphasizes preventive diplomacy, including negotiation, dialogue, and actions that boost

confidence. The preferred method of resolving disputes is diplomacy. Kenya considers diplomacy to be the most effective means of settling disputes amicably. Therefore, the employment of diplomatic instruments like dialogue and mediation to resolve disputes is prioritized in the nation's foreign policy.

Kenya has an obligation to support efforts to advance world peace and security. Kenya feels it has an obligation to use its resources and influence to advance security and stability in the area and globally. Therefore, international cooperation and peacekeeping are important and are emphasized in the nation's foreign policy.

These principles are reflected in Kenya's foreign policy goals, which include: Promoting peace and stability in the region and around the world, strengthening regional cooperation and integration, promoting multilateralism and the rules-based international order, and protecting and promoting Kenya's national interests.

Kenya's peace and diplomacy pillar is based on a number of theoretical perspectives, including:

**Realism:** Realists contend that states, who primarily pursue their own self-interest, are the main players in international politics. This realism viewpoint is reflected in Kenya's peace and diplomacy pillar, which emphasizes the significance of national security along with the necessity of safeguarding Kenya's national interests.

**Liberalism:** Liberals hold that nations may work together to achieve shared objectives and that international organizations can contribute to the advancement of peace and security. This liberal viewpoint is reflected in Kenya's peace and diplomacy pillar, which emphasizes the value of multilateral relationships and international organizations.

**Constructivism:** Constructivists think that societal standards and moral principles influence government behavior. This constructivist viewpoint is reflected in Kenya's peace and diplomacy pillar, which emphasizes the value of advancing democracy, human rights, and good governance.

Kenya's foreign policy is comprehensive and proactive, and it is based on the pillar of peace and diplomacy. It is founded on the understanding that peace and stability are necessary for growth and prosperity, as well as that Kenya has a duty to support the advance-

ment of global peace and security (Sabala, 2020). Kenya's focus on peace and diplomacy has benefited border control policy in a variety of ways:

First, border control has become simpler as a result of Kenya's efforts to encourage peace and stability in the area. Cross-border criminal activity and terrorist attacks are less likely when Kenya's neighboring countries are secure. Kenya may now more easily concentrate its border control resources on other dangers like drug trafficking and human trafficking (Sabala, 2020).

Second, Kenya's strategic alliances with other nations have boosted its capacity for border control. For instance, Kenya has collaborated with the US and the UK to strengthen its counterterrorism capabilities. Additionally, Kenya has collaborated with its neighbors to exchange intelligence and plan border security actions.

Third, Kenya's focus on peace and diplomacy has contributed to improving the conditions for international collaboration on border control challenges. To encourage regional cooperation on border control, the East African Community (EAC), of which Kenya is a member, has a variety of conventions and initiatives in place. Kenya is a part of the African Union (AU), which has several programs to support border security and fight transnational crime (Sabala, 2020). Examples of how Kenya's peace and diplomacy pillar has impacted border control policy include:

Kenya's efforts to mediate the civil war in South Sudan have contributed to a reduction in the region's bloodshed and instability. The control of Kenya's border with South Sudan and the halting of the movement of firearms, explosives, as well as other illegal products across the border have been made simpler as a result.

Kenya has improved its counterterrorism capabilities thanks to its strategic alliance with the US. For instance, to assist Kenya in identifying and preventing terrorist attacks, the United States has given them equipment and training. As an EAC member, Kenya has access to an array of regional border control programs. For instance, a protocol established by the EAC permits the combined dispatch of border security forces. Kenya has access to several AU programs on border safety and cross-border crime thanks to its membership in

the organization. For instance, the AU has an accord on corruption prevention and control in border management in place.

In general, Kenya's peace and diplomacy pillar has benefited border control strategy. Kenya's efforts to support regional peace and stability along with its strategic alliances with other nations have aided in the improvement of its border control abilities. As a result, there have been fewer cases of terrorism, drug trafficking, and illegal immigration. Kenya's border control policy faces a number of challenges, including: Long and porous borders: Kenya has more than 5,000 kilometers of land borders with six nations, in addition to a lengthy coastline. Controlling border crossings of people and products becomes challenging as a result (Reuben et al., 2022).

Resources: Kenya doesn't have the money to fully carry out its border control strategy. This comprises assets like labor, machinery, and technology. Corruption: Border patrol agents are occasionally enticed to commit acts of corruption, such as taking bribes to permit smuggling or unlawful entrance. Political interference: Politicians may put pressure on border control agents to let specific individuals or things pass the border even if they don't comply with the rules. Organized crime: Gangs that are active in organized crime frequently engage in trafficking and other illicit operations at borders. Working conditions: Border control agents frequently deal with risky and challenging situations. They can experience harsh weather, lengthy workdays, and verbal and physical abuse.

Despite these challenges, there are several ways to strengthen Kenya's border control strategy. Among these opportunities are: Making investments in new technologies: Cutting-edge tools like body scanners and facial recognition software can help strengthen border security by enhancing the identification of unlawful behavior. Establishing strategic cooperation: Kenya can collaborate with other nations to exchange intelligence and plan border security activities. Strengthening regional collaboration: Through initiatives like the Common Market Protocol of the East African Community, Kenya can improve regional border control cooperation. Encouraging good governance: Encouraging good governance and minimizing corruption can boost the efficiency of border control organizations.

The Kenyan government has initiated action to deal with the problems that its border control program is encountering. As an illustration, the government is funding cutting-edge technologies and forming strategic alliances with other nations. In order to improve regional border control cooperation, the government is also making efforts (Kivisi, 2019).

Kenya's border control strategy still has to be improved, though. The government must keep spending money and fostering effective leadership. To combat the issues of transnational terrorism and organized crime, the government must also cooperate with other nations (Kivisi, 2019). Here are some instances of how the Kenyan government is tackling the issues with its border control strategy in more detail: In order to better detect illicit activities at borders, the government is making investments in facial recognition software. To coordinate border security operations and exchange intelligence, the government and the United States have established a strategic cooperation. In order to put the Common Market Protocol's provisions on cooperative border control into effect, the government is collaborating with other EAC members. Through initiatives like the creation of an anti-corruption section, the government is attempting to minimize corruption in border control authorities. These are only a few instances of the actions Kenya's government is doing to strengthen its border control strategy. Kenya's borders will be made more secure, and the government is dedicated to fixing the issues with its border control policies.

## CONCLUSION

The Kenyan government's emphasis on peace and diplomacy has benefited border control procedures. Kenya's efforts to support regional peace and stability as well as its strategic alliances with other nations have aided in the improvement of its border control capabilities (Kaburu & Adar, 2023). As a result, there are now fewer cases of terrorism, drug trafficking, and illegal immigration. To further enhance Kenya's border control procedures, there are still a few issues that

must be resolved. To overcome these issues, the government should keep making investments in cutting-edge technology and forge strategic alliances with other nations. The government must also support good governance and improve funding for border security. The Kenyan government can strengthen border security and border control procedures by implementing these actions. This will assist in defending Kenya against the risks posed by terrorism, trafficking, and illegal immigration (Sabala, 2020). Kenya should concentrate on the following in addition to the aforementioned: Increasing public confidence in border control organizations: This can be accomplished by encouraging accountability and transparency in border control procedures. Upholding the rights of migrants and travelers: Human rights and international law training should be provided for border control personnel. Tracking and assessing border control policies and initiatives: This will contribute to ensuring the effectiveness and efficiency of various policies and programs.

## RECOMMENDATIONS

The following are some recommendations for improving Kenya's border control policy:

- Invest in new technologies: Cutting-edge tools for detecting illegal activities at borders include drones, body scanners, and facial recognition software. The government should make investments in these technology and train border control personnel in their efficient usage (Kivisi, 2019).
- Establish strategic alliances: To exchange intelligence and coordinate border security activities, Kenya might establish strategic alliances with other nations. This will enable Kenya to more effectively combat the problems posed by terrorism and cross-border crime. Additionally, the government should collaborate with nearby nations to create joint border security programs (Kaburu & Adar, 2023).
- Improve regional collaboration: Kenya should improve regional cooperation on border control through programs like the

African Union's Border Program and the Common Market Protocol of the East African Community. This will enable Kenya to more effectively combat the problems posed by terrorism and cross-border crime (Sabala, 2020).

- Encourage good governance: Improving the efficiency of border control organizations requires promoting good governance and minimizing corruption. By enhancing supervision and accountability measures, the government needs to take action to prevent corruption within border control authorities.
- Increase resources: Kenya should allocate more funds for border security. This comprises assets like labor, machinery, and technology. The government should also give border control agents additional training and assistance.
- The Kenyan government can take a number of particular actions in addition to these broad recommendations to strengthen its border control strategy. The government can, for instance:
  - Improve the cooperation between various border control agencies.
  - Create a more comprehensive border security policy that takes into consideration the particular difficulties that each border crossing faces.
  - The government might enhance the border risk assessment procedure to recognize and prioritize high-risk individuals and items.
  - The government can enhance intelligence gathering and analysis to better comprehend the dangers posed to Kenya's borders.
  - The government can collaborate with business to find novel approaches to border security issues.
  - The Kenyan government can strengthen border security and border control procedures by implementing these actions. As a result, Kenya will be better shielded from the dangers of terrorism, trafficking, and illegal immigration.

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## **AN ANALYSIS OF MIGRATION THROUGH AN IDENTITY ECONOMICS APPROACH**

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### INTRODUCTION

The global phenomenon of migration transcends mere consequences of economic disparities and political instability; it represents a transformative journey that reshapes every facet of an individual's life, including their cultural background, social status, education, profession, and personal experiences, all intricately tied to their economic identity. By delving into the nuances of economic identity within the context of migration, we could gain invaluable insights into the experiences of migrants and the profound impact of the host society's reception on their economic trajectories, thereby influencing security matters. The arrival of a substantial number of people from distinct cultural backgrounds can lead to identity-related difficulties and economic impacts that affect both immigrants and the local population, with these challenges becoming more evident as the cultural divide between these groups widens. For those directly involved, the potential transformation or loss of cultural identity often carries greater personal significance than economic consequences.

Recognizing that certain migrant groups encounter varying degrees of acceptance while others face challenges in gaining approval from their host communities, our research aims to elucidate the complex interplay between migration and economic identity. We seek to conduct an analysis of the multifaceted factors contributing to this intricate process, with a specific focus on the experiences of Japanese and Venezuelan migrants in Brazil and the significance of the

host society in shaping this dynamic phenomenon. Additionally, this article incorporates the outcomes of a survey conducted among respondents from diverse backgrounds across Brazil. The objective of the survey was to assess the perceptions and preferences of the host society concerning migrants. Through the exploration of the intricate dimensions of economic identity within the migration context, this study aims to provide insights into the diverse journeys of migrants. It underscores the pivotal role played by the host society's reception in moulding their economic trajectories and influencing considerations related to security.

In the first part of this paper, we introduce the concept of identity economics, serving as the theoretical basis for this study. The subsequent section delves into details about migrants originating from both Japan and Venezuela, while the third part outlines our research methodology and presents the survey findings. It's worth emphasizing that this exploratory research is in its preliminary stages and is based on a limited number of responses, serving as an initial step in establishing a fundamental understanding of how these migrants are socially perceived. The concluding chapter centres on investigating the relationship between the theory and migration, offering insights into potential avenues and strategies for shaping the perceptions of migrants.

## IDENTITY ECONOMICS

In today's interconnected world, Akerlof and Kranton's (2000) theory of identity economics offers a robust framework that integrates elements from psychology, sociology, and traditional economics. This perspective provides a profound lens for examining the intricate connection between economic identity and migration. Migration, driven by various factors such as economic disparities and political instability, is a complex phenomenon that goes beyond mere rational calculations. Identity economics recognizes that economic decisions are significantly influenced by an individual's self-perception and their desire to either preserve or enhance their economic identity. This

recognition becomes especially relevant when exploring migration, highlighting the pivotal role of identity in shaping economic choices during this transformative journey.

Furthermore, identity economics emphasizes the importance of social interactions and group dynamics as influential factors in shaping economic behaviour. By delving into an individual's self-concept and their affiliation with social groups, we can gain a deeper understanding of the complexities involved in economic decision-making. This framework equips us with the tools to better comprehend the motivations behind specific choices and the strategies individuals employ when engaging in economic interactions within their communities. This comprehensive perspective proves particularly valuable when examining economic behaviour within the context of migration, shedding light on how this transformative journey redefines an individual's economic identity and moulds their decision-making process in a new social environment. This extension encompasses labour market outcomes, wages, and even career advancement, with numerous studies demonstrating that individuals from marginalized identity groups often face challenges such as hiring discrimination, wage disparities, and limited access to opportunities for career growth, resulting in economic inequalities that hinder the realization of an individual's full economic potential (Bertrand & Mullainathan, 2004; Pager & Shepherd, 2008).

Consequently, it offers invaluable insights into the multifaceted process of migration and the diverse array of social identities intertwined within it (Lutterbeck, 2010).

Recognizing identity's role in shaping economic choices has important policy implications. Policymakers can address identity-based disparities through anti-discrimination laws, promoting workplace diversity, and providing targeted support in education and entrepreneurship. Additionally, as scholarship in identity economics advances, it becomes clear that identity is a fundamental aspect of economic behaviour. Acknowledging identity's pivotal role in economics is crucial for developing equitable and inclusive economic systems that empower individuals to make authentic choices aligned with their aspirations.

Migration, a multifaceted and intricate global phenomenon, is influenced by a myriad of socioeconomic factors and is motivated by the pursuit of enhanced opportunities and security. While conventional economic factors such as income disparities, employment prospects, and living standards are recognized as fundamental drivers of migration, the field of identity economics provides a nuanced perspective for examining the complex interplay between economic identity and the experience of migration. This text embarks on an exploration of the dynamic relationship between economic identity and migration, drawing on insights from identity economics to reveal the multifaceted dimensions of migrants' economic lives.

The phase of economic integration within the host society stands as a pivotal and transformative component of the migration experience, representing a critical juncture where migrants' ability to access economic opportunities, accumulate financial resources, and pursue upward mobility becomes intricately intertwined with their social and economic identities (Borjas, 1994).

Social networks play a vital role in facilitating the economic integration of migrants, serving as invaluable sources of support, guidance, and opportunities, established through interactions with fellow migrants and host society members. These networks empower migrants to navigate the complex economic landscape of the host society. Identity economics underscores the non-transactional nature of these social connections, emphasizing their profound influence shaped by an individual's sense of self and affiliations. Therefore, policymakers and researchers must gain a deep understanding of how these networks are initiated, utilized, and leveraged within the context of economic integration (Dustmann, 2003; Dustmann & Weiss, 2007; Bisin & Verdier, 2000; Dustmann & Frattini, 2014).

## VENEZUELAN AND JAPANESE MIGRANTS IN BRAZIL

The influx of Venezuelan migrants into Brazil has become a prominent feature of the nation's current landscape, primarily driven by Venezuela's political instability and economic hardships. This situa-

tion prompts essential inquiries regarding the integration of these migrants into Brazilian society, offering both opportunities and challenges for both the migrants and the host country. The principal challenge lies in the sheer volume of migrants, with hundreds of thousands seeking refuge in Brazil (Rendon, Baumunk, and Matera, 2018). As of January 2023, Brazil had extended refuge to approximately 406,000 individuals from Venezuela, comprising refugees, migrants, and asylum seekers. This group constitutes roughly 18% of the global population of Venezuelan migrants, refugees, and asylum seekers, totalling 7.13 million (Acaps.org, 2023).

The first Japanese immigrants arrived in Brazil in 1908, and even after over a century of settlement, they are frequently labelled as „Japanese living in Brazil,” known as „nipo-brasileiros” in Portuguese. This dual identity often makes them feel like they exist between two worlds, not fully belonging to either. In the late 19th century, during Brazil’s nation-state formation, the country faced identity challenges and racial biases akin to other nations. The concept of a Brazilian nation-state was closely tied to racial criteria, influenced by European models, and linked to the idea of a „white,” civilizing element. This led to efforts to encourage European immigration to „whiten” the population. Despite being born in Brazil, speaking Portuguese, and embracing Brazilian culture, they are frequently primarily perceived as „Japanese” by both Brazilian society and Japanese communities. World War II marked a crucial moment for Brazil’s Japanese population, resulting in a halt in Japanese immigration. The war and its aftermath led Japanese descendants in Brazil to reevaluate their sense of identity, with some considering Brazil as their permanent homeland. This era also saw the emergence of a new generation of Brazilian-born Japanese descendants, known as *nisseis*, further complicating their evolving identity (Capuano de Oliveira, 2015).

In the present day, the Japanese immigrant community in Brazil continues to be a substantial and thriving segment of the country’s diverse population, making Brazil home to one of the world’s largest Japanese immigrant communities. As of 2022, it was estimated that Brazil was host to over 1.9 million individuals of Japanese descent (Jica.go.jp, 2014).

The immigration of a significant population from a different culture can give rise to identity-related challenges, alongside economic implications, affecting both immigrants and the native population. These challenges become more pronounced as the cultural gap between these groups widens, as indicated by empirical findings in the previous section.

Upon arriving in the host country, immigrants face a choice between two paths: an „inward turn” marked by group solidarity, or an „outward turn” centred on assimilation into the host society. This decision hinges on various factors, with cultural alignment with the host country’s identity being a primary determinant. When a wider cultural disparity exists, immigrants often lean towards an inward turn. Another influential factor is the size and presence of the immigrant community (diaspora) from their home country in the host nation. Research by Collier in 2013, expanded upon by Collier and Hoeffler in 2014, suggests that a larger diaspora reinforces the likelihood of immigrants choosing an inward turn. Additionally, the ease of integration and favourable economic prospects play a crucial role, increasing the likelihood of immigrants embracing an outward turn and assimilation into the host society when barriers are low.

## METHODOLOGY AND SURVEY RESULTS

In the pursuit of understanding how perceptions of hosts towards migrants change within the context of identity economics, this paper employs a mixed-method approach, combining theoretical research with empirical analysis. To gain deeper insights into the perceptions of Brazilians regarding Venezuelan and Japanese migrants, we conducted a survey. The survey received responses from 93 participants representing diverse regions, educational backgrounds, and income levels. The sample was collected utilizing the snowball sampling method (also known as chain sampling or network sampling), being started through the distribution of the survey to acquaintances and direct social media contacts. As the research progresses, a bigger sample will be needed to garner a more comprehensive understand-

ing. Increasing the sample size will enhance the breadth and depth of information available, allowing for a more nuanced exploration of Brazilian perspectives on the subject matter.

One focal point during the initial stages of this research was examining the potential correlation between individuals with lower incomes and their tendency to hold negative perceptions of Venezuelan migrants. This investigation stemmed from the hypothesis that the perception of Venezuelans as 'job-seekers' might be linked to competition for employment opportunities among low-income populations and migrants, both aiming to improve their quality of life. This hypothesis also considered that individuals with higher incomes might not be influenced by such competition when making their choices.

In terms of demographics, the survey respondents display a diverse set of characteristics. Notably, a substantial segment, accounting for 58%, falls within the age range of 25 to 44 years. Regarding gender distribution, 55.9% of those surveyed identify as females. On the income front, 52.7% of participants reported earning a salary exceeding 4,001 Brazilian reais, categorizing them as part of the mid to high-income category. Furthermore, a significant majority, constituting 73.2% of the respondents, have attained varying levels of higher education, encompassing bachelor's degrees to doctorates.

The survey comprises two distinct sections. The initial section consists of multiple-choice questions with response options including „strongly agree,” „agree,” „disagree,” and „strongly disagree.” The second segment of the survey, which serves as the primary focus of this research, is centred around preference-based questions. In this part, respondents are asked to make choices regarding which migrants they would prefer in various scenarios encompassing academic, social, and professional aspects.

In the initial phase of the survey, a substantial majority of respondents conveyed favourable views regarding both Venezuelan and Japanese migrants. Specifically, during this phase, a consensus emerged with 81.7% of respondents recognizing that the presence of Venezuelan migrants enriched the country's cultural diversity. Additionally, 76.3% acknowledged their contribution to the economy and workforce. Likewise, a majority of respondents recognized the

positive influence of Japanese migrants, particularly in terms of their contributions to advancing social initiatives and enriching research and education. In the second part, the following questions were posed, and the ensuing preferences were presented as outcomes:

1. "Who would you prefer to have as a manager for a high-importance project?"

Japanese migrants were preferred by 93.3% of the respondents.

2. „When seeking advice for expanding a company into new markets, what would be your choice of preference?"

Japanese migrants were preferred by 94,6% of the correspondents.

3. When creating a nonprofit organisation focused on social development, who would be your primary collaborator?"

Japanese migrants were the preference of 52.7% of the respondents, indicating a notably smaller margin compared to previous questions.

4. With whom would you choose to collaborate in competitive industries?"

Japanese respondents were preferred once again, this time by 80.5% of the participants.

5. When encountering challenges in an academic setting, who would you turn to for assistance?"

Japanese migrants were the choice of 90.3% of the respondents.

6. What option would you consider most suitable for physically demanding roles?"

The preferred option was Venezuelan migrants, chosen by 75.3% of the correspondents.

7. When hiring for a technical problem-solving role, whom would you prefer to select?"

Japanese migrants were the preference of 86% of the respondents.

## EXPLORING THE INTERPLAY BETWEEN MIGRATION AND IDENTITY ECONOMICS: STRATEGIES FOR RESOLUTION

Analysing the survey data through the lens of identity economics theory reveals an opportunity to investigate the intricate interplay between respondents' predispositions towards migrants in various scenarios and the diverse set of characteristics inherent to their own identities. This investigation provides the potential to acquire a deeper understanding of how individual identities and group affiliations contribute to the shaping of preferences for particular migrant groups, as manifested in the survey responses.

The essence of identity economics lies in exploring how individuals' perceptions of themselves and their affiliations with specific social groups wield significant influence over their decision-making within the economic sphere and shape their behavioural tendencies. With this, utilizing identity economics as a theoretical framework in this context becomes prominent as it equips us with essential tools to uncover the fundamental factors underlying respondents' preferences for specific migrant groups, allowing us to differentiate between these preferences. Therefore, policies and public campaigns targeting the development of desired economic identities and associated public perceptions should be developed. The following are possible avenues to refocus such initiatives targeting the development, shaping and enhancing economic identities of migrants and strengthening their connection to the host society.

- To reshape public perceptions and underscore the economic advantages brought by migrants to society, it is imperative to initiate public awareness campaigns with an economic perspective. These campaigns should highlight the positive financial contributions made by migrants across various sectors. By featuring success stories of migrants who have left a significant economic footprint, these endeavours aim to debunk negative stereotypes and foster a more informed comprehension of the economic and cultural benefits associated with immigration.
- Cultural exchange programs aimed at economic integration should be implemented to encourage economic interactions

between migrants and native-born residents. These programs can celebrate the economic advantages derived from the diverse cultures within the nation through festivals, events, and initiatives. They also provide opportunities for fostering cross-cultural economic understanding and appreciation.

- Efforts should be directed towards promoting responsible and equitable media coverage of migration issues, with a specific focus on their economic aspects. This entails highlighting both the economic successes and challenges faced by migrants in media narratives. Holding media outlets accountable for any perpetuation of economic stereotypes or biases is also crucial in this regard.
- Local efforts play a pivotal role in promoting economic diversity and inclusion. This can be achieved through initiatives like economic dialogues and cultural events that specifically showcase the economic contributions of migrants. Encouraging local governments to create welcoming committees or offices offering economic support to newcomers is another important step. Moreover, it's essential to recognize and celebrate the economic achievements of migrants through local awards and honours, further fostering economic integration and a sense of belonging.

In economic research and data collection, it's crucial to allocate resources to understand migration's impact on the economy and society. Data should inform policy decisions and dispel misconceptions about migrants.

Continuously monitoring public economic sentiments toward migrants is vital for evaluating integration progress and adjusting strategies. Improving how society views migrants economically aligns with identity economics principles. In this framework, we recognize that individuals' self-perceptions and group affiliations significantly impact their economic decisions. Changing how society views migrants goes beyond economic collaboration; it requires understanding how identity shapes these perceptions. To strengthen the economic bond between host societies and migrants, it's essential to respect migrants' unique identities and cultures, aligning with identity

economics principles of inclusive collaboration that honours everyone's backgrounds.

In a practical context, this implies that efforts to enhance how migrants are perceived should be carefully crafted, considering factors related to identity. By acknowledging the significance of diverse identities and nurturing a sense of economic belonging, we can strive to build societies that are both inclusive and economically varied. In such societies, the economic contributions of migrants are not just acknowledged but also celebrated. This underscores how the principles of identity economics offer valuable guidance in understanding the complex interplay between identity, economics, and the process of integrating migrants into the fabric of a host nation's society.

## CONCLUSION

In this study, we utilized identity economics to analyse the decision-making behaviours of the Brazilian population concerning Japanese and Venezuelan migrants. Our primary objective was to gain valuable insights into the attitudes and preferences of Brazilians toward these two distinct migrant groups through a survey-based methodology. Throughout this research, we focused on how migrants are received and perceived within the host society in terms of their economic behaviours.

Our findings have highlighted stark disparities in how Japanese and Venezuelan migrants are perceived and valued within Brazilian society. These two groups find themselves situated at opposite ends of the spectrum when it comes to assessments of their abilities, knowledge, and reliability across various roles, including managerial, academic, and physical positions. This significant contrast imposes constraints on the opportunities available to them for shaping their economic identities within Brazilian society.

These constraints are closely interwoven with deeply ingrained social stereotypes and preconceived notions associated with these migrant groups. Essentially, Brazilian society has assigned specific roles and attributes to each of these groups, which not only influences how

they are perceived by the broader population but also dictates the range of roles and opportunities accessible to them. This divergence in perception carries substantial implications for the economic behaviours and identities of these migrants within their adopted society, underscoring the pivotal role of societal perceptions in shaping the economic trajectories of diverse migrant groups.

Furthermore, our study underscores the paramount importance of recognizing and appreciating cultural diversity and the substantial economic contributions made by Venezuelan migrants in the eyes of the Brazilian population. A significant majority of our survey respondents have concurred that Venezuelan migrants enrich Brazil's cultural tapestry and make noteworthy contributions to the nation's economy and labour force. These positive viewpoints suggest the potential for harmonious coexistence and fruitful economic partnership between Venezuelan migrants and the host society.

Conversely, our research findings also reveal a distinct preference for Japanese migrants in roles involving leadership, consultancy, technical problem-solving, and academia. This inclination aligns with the perception of Japanese migrants as exceptionally well-suited for such positions, mirroring cultural stereotypes and societal expectations. It is imperative to emphasize that these preferences can vary significantly among individuals and should not be generalized to encompass the entirety of the Brazilian population.

Therefore, grasping these intricacies becomes paramount for the development of effective policies, interventions, and strategies aimed at addressing the diverse needs and aspirations of migrants and their respective host countries.

Our findings underscore that a significant disparity exists in the opportunities available to migrants, even when they may possess comparable skill sets and capabilities. The existence of socially predetermined roles and identities within the host society plays a pivotal role in shaping these divergent opportunities. As we observe the diverging economic and social trajectories of Venezuelan and Japanese migrants, it becomes increasingly clear that the reception and perception of migrants within the host society are fundamental determinants of their economic outcomes. Recognizing these intricacies

takes on heightened importance, highlighting the pressing need for the development of policies, interventions, and strategies that can effectively address the multifaceted needs and aspirations of migrants and their respective host countries.

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INTERNATIONAL COMMUNICATION  
AND PEDAGOGY



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## **CULTURAL DIMENSIONS AND STEREOTYPES: CHALLENGES IN INTERCULTURAL COMMUNICATION**

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### INTRODUCTION

Confucius stated that all people are the same, it is only their habits that are so different. Following that quote is possible to deduce that it is widely accepted that a person's background can have a significant impact on their behaviour and actions in social and work environments. In a globalized world where companies have employees on an increasing scale from different cultures and backgrounds, intercultural communication is in focus in the face of this scenario.

Culture in general is the beliefs, values and norms, way of thinking, interpretation, act, place of born, and raise-up manners shared by a group of people that can include and exclude individuals in different environments (Beveridge, 2020). Culture is something that has and will always be changing in life, and this could be related to the origin of the word "culture" in the Latin word 'cultus' which means rising and cultivating a plant. Individuals are often exposed to new experiences and environments that diverge from their initial core, such as those shaped by their family and national culture, leading to changes in their perspectives and behaviours.

Effective communication is crucial for the success of an organization that comprises individuals from culturally diverse nationalities, i.e., an intercultural workplace. Comprehending thoughts requires a profound motivation that can only stem from an affective-volitional foundation, namely intention, willpower, and the ability to make choices (Vygotsky, 1962 apud Ghassemzadeh, 2005). Intercultural communication research has traditionally focused on interactions between people who come from different countries, speak different first languages, or identify with different ethnic groups (Lahti & Valo, 2017).

A stereotype is a preconceived notion or image assigned to individuals or social groups that may not have any factual basis or generalization. Despite lacking empirical evidence, stereotypes can significantly impact how individuals are perceived, treated, and evaluated. (Blum, 2004). As unconscious patterns already exist, there is a direct connection between stereotypes and bias and how intercultural communication will occur.

The paper will first discuss the cultural diversity that can exist in the workplace, seeking to comprehend them through the dimensions presented by Hofstede (2011). Secondly, in a work setting where there are cultural differences, effective communication is essential for carrying out tasks and projects and improving the company's performance. As a result, intercultural communication becomes a requirement. Moreover, the text demonstrates the potential for achieving effective communication based on the universal human values that are shared by all to some degree, as proposed by Schwartz (2012). Complementing, it examines Hall's (1976) framework of contextual cultures, which is closely linked to communication styles and a critical analysis of Meyer (2016). Lastly, the paper explores a few concepts of stereotypes and how they are associated with intercultural communication.

## CULTURAL DIVERSITY AND HOFSTEDE DIMENSIONS

Globalization brought a plurality of elements within the same environment. We are influential beings and influencers, that is, the change in the environment is made as well as suffered by its agents. In the work environment where interculturality exists, cultural knowledge is extremely important for the success of organizations (Beveridge, 2020). Obviously for external business, but primarily for the development of projects within the organization. Within every intercultural company, there exists at least a broadly needy interaction in which employees engage in negotiation and strive to reach agreements to effectively carry out projects, and tasks, and achieve predetermined objectives.

Strategies used by companies are increasingly related to leading with diversity and how to manage cultural differences. Much has been discussed recently about how the relationship between employees can directly be linked to the efficiency and productivity of an organization (Farooqui & Nagendra, 2014; Manzoor, 2011; Rotemberg, 1994). Moreover, within an organizational environment, we can find different ways of dealing with cultural diversity, both on the part of the company and the part of employees (Evans & Suklun, 2017; Lahti & Valo, 2017; Grant, et al., 2007).

The concept of diversity embraces racial differences, sex, political position, cultural view, gender identity, religion, and sexual orientation. A diverse workplace is a challenging environment and cultural elements can make it more complex for communication and comprehension. In a work environment where diversity is present, the biggest challenge is to promote tolerance and respect for diverse group identities as well as individuals. Thus, it is worth that the diversity among employees brings unique skillsets and perspectives to workplace challenges, generating a competitive advantage compared to homogeneous environments (Evans & Suklun, 2017).

In this paper, the influence of national culture will be considered first. National culture is usually used as the first starting point, or unit of analysis because it is based on the assumption that each nation has distinct characteristics. Even if there are subcultures or differences between regions of the same country, this does not determine the non-existence of traits of national culture (Beveridge, 2020). Intercultural environments could be formed by individuals who want transformations from each other's experiences by building deeper relations and interactions among cultures and not only survival (Schriefer, 2016). In an intercultural situation, there should be an acceptance of cultural differences and a nonjudgmental approach (Rogers et. al, 2002).

Lahti and Valo (2017) claim that national and ethnic cultures shape people in distinctive ways. These essential differences may act as (1) an organizational challenge or (2) an organizational resource. The authors call it a "double-edged sword" because sometimes professionals do not want to share or interact with other employees to avoid

misunderstandings in communication at the same time companies want to gain diversity because this factor could enhance decision-making and problem-solving and stimulate individual and organizational learning. Since this is a study conducted in a work environment, it is pertinent to incorporate some of the expectations of the company. However, the primary emphasis of the study will be on the individual's perspective and not on the company itself.

The article introduces Hofstede's (2011) dimensions to identify these cultural differences. Hofstede's dimensions of culture are a set of six dimensions used to measure and compare cultural differences between countries. The dimensions are Masculinity versus Femininity (MAS), Uncertainty Avoidance Index (UAI), Power Distance Index (PDI), Individualism versus Collectivism (IDV), Long-Term Orientation versus Short-Term Orientation (LTO), and Indulgence versus Restraint (IVR) – this last one was included in the 2000s by Bulgarian scholar Michael Minkov (Hofstede, 2011).

Masculinity versus Femininity (MAS) refers to the emotional division of roles. While the feminine is seen as modest and careful, the masculine is perceived as assertive and competitive (Hofstede, 2011). Cultures seen as feminine tend to prefer a collaborative and compromised style or even a system of mutual acceptance where everyone wins. Individuals identified as male tend to focus on specific aspects and do not demonstrate as much concern about the impact on the other party (Hollensen, 2013).

Uncertainty Avoidance Index (UAI) refers to the approach or strategy adopted to address the uncertainties of the future, it can be described as high or low (Hofstede, 2011). Individuals with a high level of expertise tend to prefer compromising on volume, timing, and assumptions, whereas those with low-level expertise are more comfortable with rough estimates, and frequent changes do not pose a problem for them. For instance, a deadline delay, which is perceived as problematic by high-level uncertainty person, is considered an opportunity for improvement by people with low-level uncertainty (Hollensen, 2013).

Power Distance Index (PDI) dimension measures the extent to which individuals in a culture accept power and authority inequali-

ties. The concept suggests that the degree of inequality prevalent within a given society is supported not only by its leaders but also by its followers. It is worth noting that power and inequality are foundational aspects of any social order. While all societies exhibit some degree of inequality, certain societies may be characterized by greater disparities than others (Hofstede, 2011).

High power distance is guided by authoritarianism, protocols, formality, and hierarchy means real distancing. Low power distance is more informal and minimizes the individual's status by using first names and dressing more casually. Hierarchy is seen as an inequality of positions, that is, a convenience of titles only (Hofstede, 2011).

Individualism versus Collectivism (IDV) refers to the process of incorporating individuals into a primary group. Primary groups refer to the process of forming close-knit social relationships within small groups such as family, friends, and other social networks. These groups play a significant role in shaping an individual's identity, values, beliefs, and behaviour. Individualism is expected that individuals will take care of themselves and their immediate family members only, the opposite is that Collectivism is about individuals being integrated into tight-knit in-groups, often extended families consisting of uncles, aunts, and grandparents, from birth onwards. These in-groups protect individuals in exchange for unwavering loyalty and may oppose other in-groups (Hofstede, 2011).

Long-Term Orientation versus Short-Term Orientation (LTO) is related to the selection of the focal point for individuals' endeavours, either the future or the present and past (Hofstede, 2011). Cultures with a long-term orientation tend to value perseverance, thrift, and adaptability to change, while those with a short-term orientation prioritize quick results, respect for traditions, and social status. Individuals considered short-term feel comfortable making requests and in the long-term orientation, they are more likely to support the status quo and to block changes (Hollensen, 2013).

Indulgence versus Restraint (IVR) is a new dimension, and it is considered in a way a complement to the Long-versus Short-Term Orientation dimension. It refers to the degree to which a culture permits the indulgence of basic human desires, such as enjoying life and

having fun, versus enforcing strict social norms and rules to restrain these desires (Hofstede, 2011). An instance an individual from a culture with high indulgence might focus on building personal relationships and having a good time, while an individual from a culture with high restraint might prioritize adhering to established protocols and rules. Recognizing cultural differences is fundamental to effective intercultural communication.

## STEREOTYPES

In an Intercultural communication process, culture is a dimension that interferes at each stage. The process starts even before any discussions have started. Culture dictates the rules and strategies of what is and is not acceptable, hence the predominant human tendency is to categorize others negatively based on stereotypes (Hollensen, 2013). In an intercultural workplace, adequate preparation is imperative to comprehend that speaking the same language alone does not suffice. This entails possessing the ability to handle stress, initiate conversations, attempt to anticipate behaviours, and engage in a long-term process beyond mere coexistence or spending time together, such as in a workplace (Lahti & Valo, 2017).

Broadly speaking, the acceptance of something in a dualistic manner can lead to its classification as a stereotype as well. There is no scope for identification that is more tailored or adaptable. Individuals from the same culture or nationality may have distinct perceptions, as their background is influenced by distinctive and personally perceived experiences. The human being is a social creature, and the social-cultural conditions can change them, building an entire series of new forms and techniques in their behaviour (Vygotsky and Luria, 1993 apud Ghassemzadeh 2005).

A stereotype is a concept or image attributed to people or social groups, often without any factual basis and yet influences how people are perceived, treated, and evaluated (Blum, 2004). In some respects, a stereotype is a mental preparation to handle unfamiliar situations (Gut, et al., 2017; Gilmour, 2015). While stereotypes can facilitate

quick impressions, they are not always accurate, and their persistent social perpetuation can reinforce cultural biases (Gilmour, 2015).

When talking about a work environment with diversity and stereotypes, there is also talk of discrimination that possibly occurs. The company needs to have a clear definition and guidance on this point through anti-discrimination policies. Although diversity management has been adopted and put in place as a way of dealing with differences, it has not brought an end to discrimination (Lahti & Valo, 2017). It is important to clarify that in this article, stereotyping refers to the act of making premature assumptions about individuals or groups based on perceived characteristics prior to communication inside a workplace and is distinct from discrimination, which involves unfair and biased treatment of individuals or groups and is a violation of human rights.

## INTERCULTURAL COMMUNICATION

Beveridge (2020) claims that Culture determines how individuals encode messages, their choice of transmission and how messages are interpreted. Culture is a force that models people's motivation, perception, language use, feeling, and moral reasoning (Heine, 2010 apud Beveridge, 2020). An important trait within the national culture is cultural values, as they determine and bring together characteristics that are expressed even if unconsciously through behaviours and spoken language and/or communication processes (Beveridge, 2020).

The process of communication goes beyond mere verbal exchange or fluency in a shared language. Craig (2006) states that the term "communication" is already imbued with a multitude of rich and significant meanings. It encompasses the nuances of word meanings, nonverbal cues like body language, and a particular style of communication and conduct. Wherefore cultural differences influence and shape the communication process as of an individual's behaviour (Hall, 1976; Dance, 1970). As a result, cultural disparities can have a profound impact on management behaviour as well as in the place it occurs and communication inside this environment.

People frequently encounter new situations and contexts that deviate from their initial fundamental experiences and environments. Luhmann's theory reinforces that claiming communication is a self-referential process that generates meaning and understanding within social systems and suggests that communication is a complex and dynamic process in which meaning is constantly being constructed and reconstructed (Maurer, 2009). Luhmann's theory challenges conventional assumptions regarding the connection between language and meaning by underlining the self-referential and dynamic nature of communication. This underscores the significance of studying communication within social systems (Maurer, 2009).

According to Cooren and Seidl (2019), Luhmann's perspective challenges conventional approaches to organizational communication that prioritize communication to accomplish objectives or solve issues. Instead, Luhmann's approach posits that communication is an essential aspect of organizational existence and that it shapes the way organizations perceive themselves and their surroundings. Moreover, Luhmann's framework underscores the significance of examining communication processes within organizations, rather than solely scrutinizing communication as a static entity.

Intercultural communication competence is considered an ability to think and act appropriately. Intercultural communication competence - ICC can be expansively classified into three dimensions that encompass affective, cognitive, and behavioural aspects. The communication objectives are within the behavioural aspect. Communication that qualifies as acceptable must be both efficient and appropriate. Efficient in the sense of achieving the proposed objective and appropriate in terms of respecting the values and standards of other individuals (Beveridge, 2020).

Diverse proposals exist to address a particular conflict, and divergent cultural perspectives on negotiation goals can pose a communication hurdle within an organization. Since communication can be effective in achieving what was wanted at the beginning, it may not be appropriate, which will have a negative impact on the reception of guidance in the future. As noted earlier, this issue is intimately associated with cultural values, encompassing expectations and per-

ceptions of respect towards individual identity. One of the challenges concerning communication between cultures is that a few hours are not enough, as previously mentioned, it is demanding that those involved are open to interacting in a long-term process and the key to success is continuous learning through lived experiences (Hollensen, 2013).

Effective persuasion and the eventual development of rapport, even across different cultures, can be achieved through assertive preparation and recognizing that universal values exist among all human beings. Schwartz (2012) says in his theory of basic human values and the concept of it is that values act as motivational objectives that provide direction and purpose to individuals' lives, therefore those values are guiding principles that people use to make choices and decisions. There is a psychological mechanism that determines an individual's prioritization of values. These values are reflected in the person's behaviour.

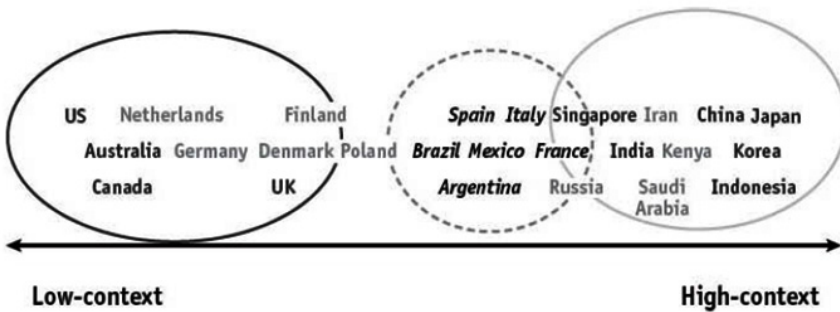
Schwartz (2012) makes clear the relationship that exists between behaviour and these values and the importance of understanding these values to predict behaviour and thus promote harmony between intercultural relationships. Schwartz's theory of basic human values can be regarded as a dimensional approach to preparing for interactions. In this regard, it discusses Hall's framework (1976) of contextual cultures, which is directly connected to communication style.

According to Hall (1976), the context of the culture that influences communication can be defined as low or high depending on nationality/culture. Some cultures prefer implicit communication and others explicit. Low context culture prefers explicit communication, that is, language is concrete and task-oriented. Interpersonal relationships are pleasant but not necessary to communicate. In high-context culture the message is implicit because people are usually sensitive to the context and frequently observe the meanings of words and messages, it is necessary to talk in a personal aspect. Therefore, personal relationships are important for a better understanding to occur.

Therefore, is it possible to perceive the dimensions of the authors are placed in a dualistic manner. The dualistic views of certain concepts do not always fit, and it would be more accurate to view them

as a range between the extremes. This is because certain characteristics can fall on both ends of the spectrum, as seen from a more flexible perspective (Figure 1). Erin Meyer (2016) provides insights into how different cultures view these extremes in dimensions and demonstrates how to navigate cultural differences in the workplace as she states that no country (in our paper context, individuals from that culture) can be entirely classified as either low-context or high-context for instance.

Figure 1 – Line between low and high context showing flexibility



## CONCLUSION

Cultural variances impact the manner in which individuals communicate but we are influential individuals, acting as both instigators and recipients of environmental changes, which means there is room for changes and transformation.

We delve into the subject’s concepts, including their interconnections, cultural dimensions, and the definition of cultural contexts, all of which contribute to the formation of stereotypes that can impede intercultural communication. Luhmann’s theory situates communication as a dynamic and evolving process rather than a static entity, implying that challenges will be recurrent and subject to reconstruction, thus it requires ongoing adaptation.

The most significant hurdle arises even prior to the initiation of intercultural communication, promoting tolerance and respect as

its foundational principles. Yet another prevalent challenge faced is the inclination to refrain from engaging in interactions to prevent disagreements/misunderstandings. The stereotype itself constitutes a challenge, erecting barriers prior to the commencement of intercultural communication. Given the preexistence of unconscious patterns, there exists a direct correlation between stereotypes and how communication unfolds.

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## **REAL-LIFE COMMUNICATIVE SITUATIONS IN BUSINESS ENGLISH COURSES: HOW BE COURSES CAN HELP FRESH GRADUATES ESTABLISH THEMSELVES AS PROFESSIONALS**

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### INTRODUCTION

When students enter the world of work, they become members of Communities of Practice (CofPs) (Lave & Wenger, 1991) and learn the specifics of a certain job and the ways in which the particular CofP communicates through working with more experienced members. Because of globalisation, they are likely to work in environments where, besides their native tongue, English (and sometimes other languages) will be used to communicate with business partners, customers, suppliers, or colleagues. Therefore, it is essential that they communicate in English efficiently in different situations with communication partners who come from diverse lingua-cultural backgrounds. The use of English between speakers who do not share a common native tongue is referred to as English as a Lingua Franca (ELF) (Jenkins, 2009), and in business contexts as Business English as a Lingua Franca (BELF) (Charles, 2007; Ehrenreich, 2010; Kankaanranta & Planken, 2010; Louhiala-Salminen & Kankaanranta, 2012).

It follows from the above that when students start work in their chosen profession, they face multiple challenges related to the use of English: they need to be able to use English to do the actual tasks, to communicate with people from diverse backgrounds and use English as a lingua franca, and to develop their professional identity through formulating, expressing and defending their professional opinion in an inoffensive way (Sándor, 2022).

The BELF communicative situations young business professionals must manage successfully at work are characterized by unpredictability, diversity, and fluidity. These interactions are unpredictable in two ways: first, the cultural and linguistic background of each speaker brings an unpredictable element to the interaction, second, speakers are not bound by native speaker norms as in most interactions native speakers of English (NS) are not present (Graddol, 2006). As a result, each interaction is different due to the many ways in which speakers from diverse linguacultural backgrounds negotiate meaning during the interaction (Cogo, 2012; Illés, 2011). In order to prepare students for communication in such unpredictable environments and increase students' employability, it is the task of Business English (BE) courses in higher education to develop students' communication skills. Thus, BE professionals regularly conduct needs analysis research regarding the type of activities and genres (Major, 2000) that business students need to be acquainted with, and skills that employers find the most important (Loch, 2017; Szabó & Mátó, 2015; Szabó & Balázs, 2020). This qualitative interview study contributes to this effort by investigating how fresh graduates evaluate the BE courses in retrospect regarding how the courses helped them establish themselves as business professionals and face the challenges that a multilingual and multicultural work environment poses.

## THEORETICAL BACKGROUND

### *Business English as a branch of English for Specific Purposes (ESP)*

BE is categorized as a branch of English for Specific Purposes (ESP). According to Hutchinson and Waters (1987) "ESP [...] is an approach to language learning, which is based on learner need" (p.19). Dudley-Evans & St. John (1998) define ESP as meeting learners' specific needs by using field-specific methodology and activities to teach the grammar, lexis, register and genres specific to the field it serves.

There are five educational objectives that ESP courses have aimed to fulfil to prepare learners for membership in a professional community (Basturkmen, 2006): reveal subject-specific language use,

develop target performance competencies, teach underlying knowledge, develop of strategic competence and foster critical awareness (Basturkmen, 2006). The first of the traditional aims of ESP courses, revealing subject-specific language use, relates to teaching the register and the genres of the professional field. The aim of on-the-job language courses is to develop target performance competencies, where the specific skills and micro-skills of a specific occupation are in the focus. Teaching underlying knowledge involves familiarizing students with disciplinary concepts, while the development of strategic competence means developing an ability to use language in a way that is appropriate to “the specific purpose language use situation” (Douglas, 2000, p.34), and, therefore, such courses build on the learners’ professional experience. Finally, fostering critical awareness aims to raise students’ critical awareness of the norms and communicative practices of the target environment to enable students to question these norms and create their own professional identity. The advocates of the aim to foster critical awareness argue that language courses should be designed to help “learners appropriate English for their own purposes – to accept, resist, and even push back, to glocalize the global, asserting ownership of English in forms useful in users’ own communities” (Belcher, 2006:143).

As the objective of ESP courses is to help students become members in a community of professionals, “in ESP, language is learnt not for its own sake or for the sake of gaining a general education but to smooth the path to entry or greater linguistic efficiency in these environments” (Basturkmen, 2009:18). However, except for fostering critical awareness and developing strategic competence, the above aims have little to say about the need to prepare learners for lingua franca communication contexts. This might originate from the assumption that it is possible to predict the types of communicative situations in which students are likely to use the language and select the learning material (grammar, vocabulary, and genres) accordingly. However, BELF starts from the sociolinguistic reality that the contexts of communication are impossible to predict since communication partners come from a diversity of lingua-cultural backgrounds with different discourse practices and cultural assumptions which

influence the way they communicate. If BE courses aim to prepare students for unpredictable communicative situations at multilingual and multicultural work environments, it is important to develop an understanding of what Basturkmen's (2009) idea of "linguistic efficiency in these environments" (p.18) means. Given the unpredictability, fluidity and diversity of such environments as discussed above, linguistic efficiency in this study is defined as the ability to negotiate meaning with speakers whose knowledge of the English language and of the world might be different. This requires creativity and pragmatic flexibility in using English (Cogo, 2012; Illés, 2011) therefore, the development of pragmatic competence needs to be one of the goals of BE courses.

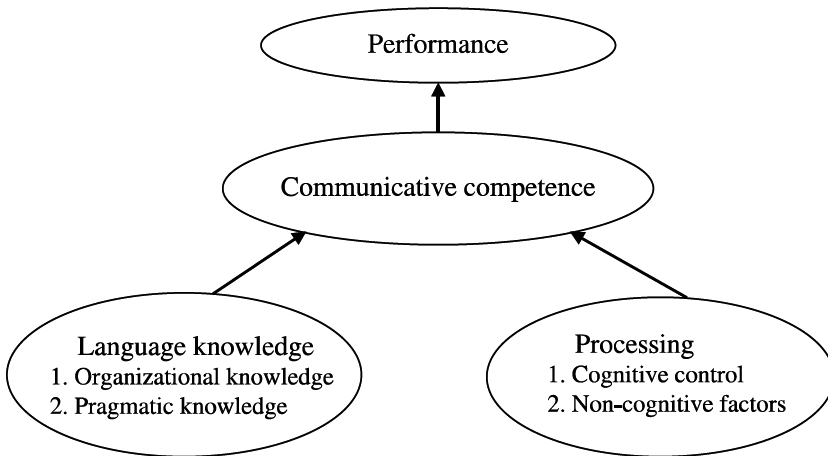
### *Pragmatic competence*

Pragmatic competence is in general terms the ability to use language in a way that is appropriate to a given situation. It means that we can decide "how-to-say-what-to-whom-when" (Bardovi-Harlig 2013:68). It also entails an understanding of how a particular speaker intention is realised linguistically in each context, that is, "an understanding of the relationship between form and context that enables us, accurately and appropriately, to express and interpret intended meaning" (Murray 2010:293).

Pragmatic competence is considered to be a component in communicative competence models. Following Taguchi (2012), in this study we use a model of communicative competence that synthesizes Bachman and Palmer's (1996, 2010), Bialystock's (1990), Canale and Swain's (1980) and Hymes' (1972) models. Hymes conceptualizes communicative competence as "underlying potential or capability to perform language related functions in communicative situations" (Taguchi, 2012:74). This capability involves language knowledge and processing. Language knowledge, according to Bachman and Palmer (as cited in Taguchi, 2012:75) consists of organizational knowledge, that is, the knowledge of grammar, vocab and syntax as well as textual knowledge, while pragmatic knowledge involves pragmalinguistic knowledge, the range of linguistic resources available to the

speaker, and sociopragmatic knowledge, that is, the ability to assess contextual information and to select the ones relevant to the specific situation. It is important to note that context is a key concept in understanding pragmatic knowledge (Taguchi, 2012). Not only because contextual clues will determine how communicative intent is realized in particular instances of communication, but also because in lingua franca situations the speakers need to be aware of the fact that the same contextual clues might be interpreted differently by the other party due to differences in linguistic and cultural backgrounds (Grundy, 2007).

*The theoretical model for understanding communicative competence*



Source: Taguchi, 2012:74

Drawing on Hymes's (1972) *ability for use*, Bialystock's (1990) *control of processing* and Bachman and Palmer's *strategic competence*, Taguchi (2012) conceptualises *processing* – the second component of communicative competence – as the ability to “maximize the effectiveness of performance” (p. 76), which enables speakers to be fluent in their language use. Processing involves cognitive control, which is related to accessing and processing information and to directing

attention to relevant contextual clues, non-cognitive factors on the other hand include personal characteristics, background knowledge and affective states (Taguchi, 2012).

As we have shown, language knowledge and processing capabilities determine communicative competence, which is manifested in performance. Performance is understood as “any observable language-related behaviour” (Taguchi, 2012: 74) and can be measured by the accuracy of pragmatic comprehension and the appropriateness of pragmatic production (Taguchi, 2012). Pragmatic comprehension is a receptive skill, therefore, speakers do not need “precise linguistic analysis” (Taguchi, 2012:42) to understand implied meaning because it sometimes can be inferred from contextual clues. On the other hand, to express pragmatic functions, speakers need linguistic knowledge (Taguchi, 2012).

### *Method*

The present study reports on the findings of a qualitative interview study conducted in January 2022 with nine participants to explore how young business professionals use English in multilingual and multicultural work environments and to find out to what extent the BE lessons at university helped them to cope and establish themselves as professionals. The study sought to answer two research questions. The findings to the first one about pragmatic strategies young professional use revealed that the participants go to great lengths to prevent misunderstanding, therefore, it rarely happens. On the other hand, they often experience non-understanding, which is due to mispronouncing words or unusual accents. The strategy they frequently use is paraphrasing coupled with checking understanding in the form of asking questions. They all agreed that successful communication does not depend on how well a person speaks English, rather than on their ability to express their message in a simple way, to accommodate to the partner, and to be assertive. (A detailed discussion of the results is presented in Sándor, 2022).

The second research question of the 2022 inquiry, however, was not given enough attention in that publication, therefore, this paper

seeks to elaborate and expand upon the second topic and answer the following research question: How do BE courses help business students establish themselves as professionals in multilingual and multicultural environments? To answer this research question in more depth, we conducted a second round of analysis of the dataset using the constant comparative method (Maykut & Morehouse, 1994). A detailed description of the participants and the methods of the inquiry can be found in Sándor (2022).

### *Results and discussion*

The following are the main findings of the study. Some of the emerging themes are in line with the broad educational objectives of ESP courses, such as broadening students' horizon and expanding business vocabulary, and increasing professional knowledge, as well as fostering learner autonomy. Other themes, however, express participants' needs related to communication in BELF situations: expressing ideas clearly and in a simple way, understanding different accents, paying attention to the partner's reaction and adapting to it, adapting to different people, and finally, learning to be diplomatic in conflict situations. For the purposes of anonymity, the participants are referred to by pseudonyms.

#### *Broadening students' horizon and expand business vocabulary*

It is clear from the participants' accounts that BE courses fulfil the traditional objective of teaching the business vocabulary related to students' professional field (Dudley-Evans & St John, 1998) as it is evidenced in the following quote:

*"I didn't think I could learn anything new, but I did learn a lot. There were topics that... well, business English and graph analysis and so on... these were things I had never thought would come up in my life"* (Dávid)

What is more, BE courses raise topics that would never emerge in casual conversations, therefore, besides expanding students' business vocabulary, the BE course has broadened students' horizons. One of the participants said this:

*"I think it helped a lot, because if someone learns English elsewhere, goes abroad and learn it there, such topics are not touched upon in normal conversations. We studied Business English, which meant a lot of words, and you can't learn that anywhere else, and I do use those words."* (Zoe)

### *Increasing professional knowledge*

The interviews with the participants showed that BE courses can fulfil both the aims of teaching the language and underlying knowledge (Basturkmen, 2006) through discussing topics and problems related to the students' professional field, and by doing so they help students understand their professional field better, as it is highlighted by Anikó:

*"I had many subjects in Hungarian in which I knew the answers to a question only because we had learned them in English ... or was given an exam question that I did not answer based on the lesson but based on what I had learned in my English class."*

### *Developing autonomy in learning and thinking*

It is one of the objectives of higher education to educate professionals who can and are willing to develop their knowledge autonomously even after finishing their university studies. It is especially true of language knowledge, given the fact that it is impossible to prepare students for the specific jobs they are going to work in, not only because it is uncertain what jobs will exist by the time they finish their studies, but also because the multilingual and multicultural environment will pose unpredictable challenges for them. Therefore, it is of utmost importance to help students learn to cope with uncertainty and to help them develop autonomous learning skills. Here is what one of the participants had to say:

*"She [the teacher] focused on how to deal with it [autonomy], so that we would start dealing with it ourselves ... the focus was on finding relevant information on our own and thinking about it."* (Kata)

Developing autonomous learning skills is even more important if we consider the process of becoming established members of CofP. It

is through mutual engagement in common practices that they gradually learn the community's ways of doing and thinking and move from the periphery of the community towards its centre. All of these are not possible without communicating with more experienced colleagues. Therefore, young professionals need to notice how language is used within the community, e.g., how different genres are realised, and they also need to be able to learn it. Therefore, teaching should aim to develop the capability to adjust to conventions, and to exploit whatever means they have available to communicate effectively (Widdowson, 2003).

#### *Expressing ideas clearly and in a simple way*

Participants realised that it is not enough to be able to speak English very well. They realise that using sophisticated language can be counter-productive if the communication partner's English is not so good. Máté observed:

*"If you speak English in a sophisticated way, it is important to put your message in a way that people who speak less well can understand. In this sense, simplicity can be useful [...] if something can be said simply, I see that colleagues tend to do so."*

This view is in line with the ELF/BELF literature in that it is not native English speaker norms that business professionals should aim to learn and use, since it may hinder understanding when they are talking to another non-native speaker of English (Seidlhofer, 2012). However, it is important to use accommodation strategies, which is "the process by which speakers adjust their communicative behaviour to that of their interlocutors in order to facilitate communication" (Cogo 2009: 254). Such strategies are repetition, paraphrasing and code-switching (Cogo, 2009).

#### *Understanding different accents*

Working in a multilingual environment, where most speakers are from different linguacultural backgrounds, poses many challenges, and understanding a wide variety of accents is certainly one of them.

*“It is very easy for communication to go wrong [...] it’s not just the fact that we’re Hungarians, but also that everyone is from a different background, they have different accents, which is very difficult for many people to understand. I have difficulties, too.” (Zoe)*

BE courses, therefore, need to cater to this need as well and offer some practice in understanding different accents. Moreover, it is also important to raise awareness to the students’ own accent, and that achieving understandability is a more realistic goal than developing a native-speaker-like accent.

### *Paying attention to the partner’s reaction and adapting to it*

Being communicatively competent entails that the speaker has pragmatic competence that is, they have receptive and productive pragmatic knowledge (Taguchi, 2012). It means that they notice the signs of the message not going through, or that the person misunderstood the message, and that they have the linguistic means to realise pragmatic function (Taguchi, 2012). David is giving evidence to this here:

*“It is the quick people skills of figuring out whether what you are saying and what you are getting feedback on are in the same tone, whether the first message and the response are nicely aligned.” (Dávid)*

This is an important skill in BELF communication, since the way non-native speakers use English is influenced by their native tongue (Dewey, 2014; Seidlhofer, 2009), which is most evident in how they realise speech acts, and when they use polite language. Therefore, it is important to draw students’ attention to different realisations of speech acts and politeness forms, and to the fact that what sounds rude or too direct may only be the influence of the other person’s native tongue and linguistic behaviour.

### *Adapting to different people*

Being adaptive also features as an ability that the participants had to learn on the job. Interestingly, they did not speak about intercultural knowledge, but people skills (as above) and the need to adapt quickly to the individual they are having a conversation with.

Dávid sees it in this way:

*"[...] the kind of ability to quickly assess the situation well, whether it's our mistake, their mistake, a miscommunication, or a culture-specific difference that's independent of everybody. Or maybe it's just that you grew up in an environment where that particular word was used for something else. [...] If it could be taught, it would be cool to have that kind of adaptability, to be able to adapt to the style of a particular co-worker or peer or boss."* (Dávid)

Dávid captures here the essence of BELF communication, that it is fluid, emergent (Kankaanranta & Planken, 2010), and characterised by norms which are co-created by the interactants as the conversation is going on (Illés, 2013).

### *Learning to be diplomatic in conflict situations*

As workplaces are fraught with conflict, it is very important for young professionals to be able to function in conflict situations without appearing to be aggressive or unprofessional. BE courses may help them by showing them situations where students could see examples of how conflicts can be handled in English.

*"It took me considerable time to learn to use more diplomatic expressions, phrases [...] what words to use to give the impression, so that you don't even think that I'm calling you to account or accusing you of being wrong."* (Lili)

## CONCLUSION

This study was aimed at discovering through interviews the areas of communication in a multicultural CofP that university BE courses could successfully develop. The findings indicate that the areas that our respondents missed are wording their thoughts in a simple way, coping with various accents, accommodating to speaking partners within the short span of a conversation, and simulating workplace real life communication situations in which diplomatic conflict resolution is required. The development of these skills that they had to acquire on the job may be included in future BE courses.

At the same time, the study found several areas that our respondents successfully developed in the BE courses they attended at Budapest Business University. Students found the BE courses helpful in acquiring technical vocabulary related to their profession, widening the horizon of professional knowledge, developing responsibility for one's own learning as well as negotiating meaning and intention.

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## **INTERNATIONALISIERUNG VON ZWEI WIRTSCHAFTSSPRACHKURSEN**

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## **EINFÜHRUNG**

Die Aufgabe der Bildung ist in jedem Zeitalter gleich: Antworten auf die Herausforderungen des jeweiligen Zeitalters zu finden. Es besteht kein Zweifel, dass man im Zeitalter der Globalisierung und der vierten industriellen Revolution pädagogische Ansätze zur Förderung des interkulturellen und des lebenslangen Lernens braucht. Telekollaboration und Förderung der Lernerautonomie sind solche Ansätze.

Obwohl in den letzten zehn Jahren mehrere telekollaborative Projekte an der Budapest Business University durchgeführt wurden, war die Arbeitssprache bei den meisten von ihnen Englisch. Daher ist es wichtig, dass auch Projekte in anderen Sprachen realisiert werden, damit auch Lernende anderer Fremdsprachen die Möglichkeit haben, an Telekollaboration teilzunehmen. Bei den beiden Projekten, die hier beschrieben werden, handelt es sich um eine Initiative zwischen Kollegen der Budapester Wirtschaftsuniversität, der Wirtschaftsuni-

niversität Wien und der tschechischen Univerzita Pardubice, die im Herbst 2022 zu zwei online telekollaborativen Projekten in Kursen für Wirtschaftsdeutsch und für Wirtschaftsrussisch geführt hat.

## THEORETISCHER HINTERGRUND

### *Autonomes Lernen im Fremdsprachenunterricht*

Die Förderung der Lernerautonomie ist in vielen Ländern ein wichtiges Bildungsziel (Lai, 2023), sie kann auch unter den strategischen Zielen der Budapest Business University vorgefunden werden. Autonomie beim Fremdsprachenlernen ist ein Thema, das seit Jahrzehnten im Mittelpunkt des Interesses steht (Benson, 2011; Little, 2020). In Bezug auf Autonomie beim Fremdsprachenlernen findet sich in der Literatur eine Fülle von Definitionen, bei denen eines der Kernelemente die Übernahme der Verantwortung für das eigene Lernen ist (Benson, 2011; Dam, 1995; Little, 1999).

Die Aspekte der Lernerautonomie reichen vom Lernmanagement über das metakognitive Wissen und die Reflexionsfähigkeit der Lernenden bis hin zu ihrer Fähigkeit, von und mit anderen zu lernen (Benson 2001; Oxford, 2003). Infolge der sozialen Wende im Fremdsprachenlehren und -lernen gewannen soziale und kollaborative Ansätze zur Förderung der Autonomie an Bedeutung. Demnach ist Autonomie ein soziales Konstrukt, das eher Interdependenz als Unabhängigkeit impliziert (Benson, 2011). In diesem Sinne geht es nicht nur um die Übernahme der Verantwortung für das eigene Lernen, sondern im Falle von kooperativem und kollaborativem Lernen um die Übernahme der Verantwortung für das Lernen im Dienste der gemeinsamen Ziele.

Autonomie bedeutet auch neue Rollen für Lernende und Lehrende (Scharle & Szabó, 2000; Tassinari, 2012, 2017). Bei der Verwirklichung der Lernerautonomie im institutionalisierten Unterricht kommt Lehrenden eine Schlüsselrolle zu, indem sie Gelegenheiten schaffen, bei denen Lernende regelmäßig Entscheidungen treffen und in der Fremdsprache auf autonome Weise handeln können (Dam, 1995).

Sprachentwicklung erfordert einen häufigen und vielfältigen Umgang mit Sprache, sich allein auf die Lernerfahrung im Klassenzimmer zu verlassen, reicht nicht aus (Csizér & Kormos, 2012). Telekollaborationsprojekte bieten den Lernenden hervorragende Lerngelegenheiten zur Förderung der Lernerautonomie und zur Entwicklung der interkulturellen und fremdsprachlichen Kompetenzen.

### *Telekollaboration*

Seit der internationalen Ausbreitung des Internets gab es telekollaborative Projekte mit unterschiedlichen Zielsetzungen. Die früheste Form war das E-Tandem, wobei es sich um einen E-Mail-Austausch zwischen zwei Studierenden in zwei Sprachen handelt. Diese Form basierte auf gegenseitiger Korrektur durch die Teilnehmer und die Rolle des Lehrers war dabei nur minimal (O'Dowd, 2017). Seitdem wurden verschiedene Arten des Austauschs mit unterschiedlichen Zielen im Rahmen diverser Kurse entwickelt. Die Definition von O'Dowd gilt jedoch für die meisten Realisierungsformen:

*„Telekollaboration oder ‚Virtual Exchange‘ bezieht sich auf die Anwendung von Online-Kommunikationsmitteln, um Gruppen von Lernenden an geografisch weit entfernten Orten zusammenzubringen, mit dem Ziel, ihre Fremdsprachenkenntnisse, digitale Kompetenz und interkulturelle Kompetenz durch online kollaborative Aufgaben und Projektarbeit zu entwickeln.“* (2017: 8) (Übersetzung: Autoren).

Viele Universitäten betrachten die Internationalisierung als eines ihrer Hauptziele, so auch die Budapest Business University (BBU Vision and Mission). Da jedoch die Anzahl der Studierenden, die an physischen Mobilitäten teilnehmen können, relativ gering bleibt, spielen virtuelle Mobilitäten eine wesentliche Rolle (Hrebackova, 2017; O'Dowd, 2017). Auch der sich globalisierende Arbeitsmarkt erfordert, dass Arbeitnehmer neue Standards und Anforderungen erfüllen, einschließlich interkultureller Kompetenzen in multinationalen Umgebungen (Duda & Parviainen, 2017; Hrebackova, 2017). Diese Kompetenzen können durch telekollaborative Projekte entwickelt werden. Zusätzlich zu den interkulturellen Kompetenzen kann Telekollaboration auch die Entwicklung von Autonomie, kriti-

schem Denken, transversalen Fähigkeiten und digitalen Kompetenzen der Sprachlernenden unterstützen (Duda & Parviainen, 2017). Da der virtuelle Austausch auf Projekt- und Teamarbeit basiert, lernen die Studierenden auch, wie sie mit Menschen aus anderen Kulturkreisen in der Fremdsprache kommunizieren und zusammenarbeiten können, um ein gemeinsames Ziel zu erreichen (Kóris et al., 2023; O'Dowd, 2017).

Der virtuelle Austausch fördert nicht nur die Internationalisierung, sondern erweitert auch die Curricula und kann die Monotonie des Klassenzimmers durchbrechen (Kóris et al., 2021a, 2021b). Dies mag einer der Gründe dafür sein, dass Lehrkräfte häufig Telekollaboration in Projekten zwischen zwei Lerngruppen (class-to-class projects) mit Kollegen aus ihrem informellen Netzwerk initiieren, ohne dabei besondere Unterstützung von ihrer Universität zu erhalten. Bei diesen Projekten handelt es sich in der Regel um Fachsprachenkurse oder Kurse mit Fokus auf die Entwicklung von Kompetenzen (z. B. Huszár & Wiesenmayer, 2017), aber auch um fächerübergreifende Telekollaboration oder CLIL-Projekte (Dósa, 2016; Duda & Parviainen, 2017). Es gibt auch fertige Projekte (ready-made projects), das heißt, Programme für einen bestimmten Zeitraum innerhalb eines bestimmten Rahmens, an denen Universitäten und ihre Studierenden teilnehmen können (Kóris et al., 2023).

Frühere Projekte haben gezeigt, dass es nicht einfach ist, Telekollaborationsprojekte zu organisieren und durchzuführen. Ein häufiges Problem bei physischer und virtueller Mobilität ist zum Beispiel, dass die Studierenden auf Englisch umschalten, anstatt die Sprache ihres Kurses zu verwenden (Huszár & Wiesenmayer, 2017). Weitere Probleme sind Zeitunterschiede, die eine synchrone Kommunikation behindern (O'Dowd, 2017), sowie die Synchronisierung von Stundenplänen und Lehrplänen der beteiligten Universitäten (Duda & Parviainen, 2017). Ein begrenzter Zugang zu Technologie und begrenzte digitale Kompetenzen der Lehrkräfte können ebenfalls Probleme aufwerfen (O'Dowd, 2017).

### *Telekollaborative Projekte an der Budapester Wirtschaftsuniversität*

Das Erasmus+-Projekt ICCAGE (Intercultural Communicative Competence - a Competitive Advantage for Global Employability, 2015-2017) zielte darauf ab, die interkulturelle und kommunikative Kompetenz der Studierenden in Fachsprachenkursen und in Kursen zum Thema interkulturelle Kommunikation zu entwickeln. Im Rahmen des ICCAGE-Projekts wurden 14 Module auf Englisch und Spanisch entwickelt, die auf die Bereiche Wirtschaft, Management und Tourismus ausgerichtet sind. Die Module wurden von internationalen Teams erstellt und von 66 Hochschullehrenden (13 von der Budapester Wirtschaftsuniversität) und 800 Studierenden (500 von der Budapester Wirtschaftsuniversität) erprobt (Loch & Pál, 2018, 2020). Nach Abschluss des Projekts wurden mehrere neue Telekollaborationsprojekte mit neuen Partnern, Themen und Sprachen initiiert, an denen deutsche, spanische, japanische und brasilianische Universitäten beteiligt waren (Pál & Asztalos, 2019). Nach der Pandemie wurden neue Projekte zwischen einzelnen Lerngruppen und auch ready-made Telekollaborationsprojekte organisiert (Kóris et al., 2023).

Darüber hinaus hat das Büro für Lehre und Weiterbildung (OFI) an der Budapest Business University 2021 ein Förderungsprogramm für Lehrkräfte der Universität ins Leben gerufen, die an einer institutionellen Schulung für Telekollaboration teilnehmen und Mittel für die Einbindung eines virtuellen Austauschelements in ihren Unterricht erhalten wollten (Kóris et al., 2023).

### TELEKOLLABORATIVE PROJEKTE AUF DEUTSCH UND RUSSISCH

#### *Kontext*

Im April 2022 wurde von der Universität Pardubice ein „Blended Intensive Program“ (BIP) für Mitarbeiter und Mitarbeiterinnen von Universitäten verschiedener Länder organisiert, mit dem Ziel, die

Teilnehmenden auf dem Weg zur Internationalisierung ihrer Kurse und dadurch auch ihrer Studiengänge zu unterstützen. Während des Workshops hat sich die Einsicht herauskristallisiert, dass Kolleginnen der ungarischen Budapester Wirtschaftsuniversität, der tschechischen Universität Pardubice sowie der österreichischen Wirtschaftsuniversität Wien gemeinsam ein telekollaboratives Projekt verwirklichen möchten, das überwiegend auf Autonomie und Gruppenarbeit ausgerichtet wird. Im Folgenden werden die Phasen der Zusammenarbeit in den Kursen Wirtschaftsdeutsch und Wirtschaftsrussisch im Hinblick auf die Tätigkeiten der Studierenden und der Moderatorinnen näher beschrieben.

### *Internationalisierung des Kurses Wirtschaftsdeutsch*

Gleich zu Beginn des Kurses an der Budapest Business University wurden die Kursteilnehmenden über die allgemeinen Anforderungen und Lernziele hinaus darauf aufmerksam gemacht, dass sie auch mit einem alternativen Bestandteil des Kurses, einem internationalen Austauschprojekt rechnen sollten. Zumal sich die Studierenden des ersten Studienjahres noch in der Orientierungsphase befinden, wurde die Teilnahme am internationalen Projekt nicht zur Pflicht gemacht, aber es wurde betont, dass die zusätzliche Arbeit, die die freiwilligen Teilnehmenden leisten werden, zum Gesamtergebnis beitragen wird.

Die Studentenvorschläge in Bezug auf das Planen und die Zeiteinteilung wurden von Anfang an begrüßt und weitgehend berücksichtigt. Für die Vorbereitungsphase wurde ein ziemlich langer Zeitraum von 4 Wochen vorgesehen, da das Herbstsemester in Österreich und Tschechien 3 Wochen später beginnt. Am Projekt haben letztendlich 23 Personen teilgenommen: 6 von österreichischen, 8 von tschechischen und 9 von ungarischen Universitäten.

Das Projekt durchlief drei Phasen: Kontaktaufnahme und eine asynchron verlaufende Kennenlernphase und zwei synchrone Verhandlungsphasen, eine mit einem allgemeinen Thema und eine mit Fachthemen. Nachdem die Liste der Teilnehmenden fertig geworden war, wurde ein Zeitplan erstellt. Die Studierenden hatten die Idee, die internationalen Gruppen nach gemeinsamen Interessen zu bilden. Es

wurde eine Google-Tabelle erstellt, in der die Teilnehmenden neben Studienbereich, Studiengang, sowie Erreichbarkeit auch die jeweiligen Hobbys eingetragen haben. Die Studierenden sind miteinander auf verschiedenen Plattformen in Kontakt getreten, was jedoch nicht immer reibungslos funktionierte. Daher wurden die internationalen Gruppen im ungarischen Präsenzkurs durch Losverfahren gebildet. Zur Erleichterung der Kontaktaufnahme haben die Studierenden von den Lehrenden Icebreaker-Fragen in Bezug auf das Studium, Studentenleben und Studentenjobs bekommen.

Zu den synchronen Phasen diente als gemeinsame Plattform die MS-Teams. In der ersten synchronen Phase haben sich die Teilnehmenden zuerst kurz im Plenum vorgestellt. Danach wurden die Break-out-Rooms für die vorher schon per Losverfahren gebildeten Arbeitsgruppen geöffnet. Im Anschluss daran hatten die Studierenden die Möglichkeit, die vorgefertigten Präsentationen über ihre eigenen Universitäten in 10 Minuten zu halten. Nach den Präsentationen kam es zu einem freien Gespräch, indem die Gruppenmitglieder auf das Gehörte reflektiert haben. Anschließend wurde eine Person gewählt, die die Unterschiede bzw. Gemeinsamkeiten des Studentenlebens von unterschiedlichen Universitäten im Plenum zusammengefasst hat. Das erwies sich als die schwierigste Aufgabe, die künftig mehr Training erfordert.

Gleich am Anfang der Arbeit in den Break-out-Rooms wurde klar, dass die inhaltliche und technische Betreuung für eine einzige Haupt-Moderatorin eine allzu große Belastung darstellt. Deswegen wurde ihre Arbeit von mehreren Co-Moderatorinnen unterstützt, die in den einzelnen Break-out-Rooms tätig waren.

Bei der Themenwahl vor der zweiten synchronen Verhandlungsphase wurde diesmal noch keine völlig freie Hand von der ungarischen Seite gegeben, sondern es wurde der Versuch unternommen, das Projekt dem jeweiligen Curriculum anzupassen. Zumal nicht alle Studierenden am Projekt teilgenommen haben, war es notwendig, den Präsenzkurs und das Projekt parallel zu betreuen und die Themen aufeinander abzustimmen. Da die Unternehmenspräsentation einen wesentlichen Bestandteil der Kursthemen darstellt, wurde die Aufgabe gestellt, ein gut funktionierendes Unternehmen

(Fachrichtung Handel) oder eine touristische Attraktion (Fachrichtung Tourismus) vorzustellen. Die ungarischen Teilnehmenden haben sich daher paarweise darüber Gedanken gemacht, welches Unternehmen oder welche touristische Attraktion für die internationale Gruppe besonders interessant wäre. Es wurden die folgenden Themen gewählt: Die ungarische Marke Unicum, die Entstehungsgeschichte des Produktes "Túró Rudi", die berufliche Laufbahn der Gundel-Familie sowie Siófok - die Hauptstadt von Balaton. Von der tschechischen Seite kamen die Themen wie Esskultur in Böhmen und der Wirtschaftsstandort Pardubice. Die österreichischen Studierenden haben die Erfolgsgeschichte der Firma Red Bull aus mehreren Perspektiven beschrieben. Es wurden die Unternehmenspräsentationen in Kooperationsarbeit auf autonome Weise vorbereitet, die Kursleiterinnen standen als Ansprechpartnerinnen bei Fragen zur Verfügung. Die Vorträge wurden in der zweiten synchronen Verhandlungsphase in den internationalen Arbeitsgruppen gehalten.

Es ist auch erwähnenswert, dass sich die Lehrerrolle während des Projektes in jeder Phase je nach zu leistender Aufgabe stets verändert hat. Der Grad der Steuerung seitens der Projektbetreuerinnen war dementsprechend in der ersten Phase zwar stärker, nach der Herausbildung der Gruppen hingegen immer geringer. In den Verhandlungsphasen mussten die Co-Moderatorinnen darauf achten, nicht durch zu dominantes Vertreten in den Break-out-Rooms die Kommunikation zu stören. Die letzte Phase zeichnete sich durch eine besonders niedrige Steuerung von Dozentenseite aus. Vorteilhaft war hingegen, dass die Motivation der Studierenden durch selbstständige Arbeit mit Altersgenossen und die internationale Atmosphäre über mehrere Wochen hinweg aufrechterhalten werden konnte.

Nach den Rückmeldungen der Teilnehmenden fand das Projekt eine durchweg positive Resonanz. Als negativ bewertet wurden nur die sporadisch aufgetretenen, aber leider unvermeidlichen technischen Probleme. Unannehmlichkeiten haben nur die Situationen hervorgerufen, wenn Ansprechpartner und Ansprechpartnerinnen in der Kennenlernphase nicht oder mit erheblicher Verzögerung reagierten. Am Anfang war vielen Teilnehmern der Nutzen dieser Lernmöglichkeit gar nicht bewusst. Später erkannten sie den Mehrwert

des Kommunikationsprozesses mit ausländischen Studierenden. Alle ungarischen Teilnehmenden haben „die Öffnung“ der Unterrichtsräume und die Internationalisierung des Kurses für sehr nützlich und sinnvoll gehalten. Bis auf eine Person haben alle behauptet, sich Fachwörter und Ausdrücke während der Projektarbeit besser gemerkt zu haben, als hätten Sie lediglich mit dem Lehrwerk gearbeitet. Weniger als die Hälfte der Teilnehmenden fand es schwierig, die muttersprachlichen Gruppenmitglieder zu verstehen. Die Kommunikation mit den nicht muttersprachlichen Teilnehmenden hat keine Schwierigkeiten bereitet. Nur 2 Personen haben das freie Sprechen in einer Live-Situation für eine größere Herausforderung gehalten als im herkömmlichen Unterricht. Besonders erfreulich war die Tatsache, dass 5 Personen auch in der Zukunft mit den ausländischen Kommilitonen den Kontakt aufrechterhalten wollen.

Nach Abschluss des Projekts führten die Kursleiterinnen eine Online-Besprechung. Alle Kolleginnen waren davon überzeugt, dass der Pilotkurs erfolgreich war und das Projekt unbedingt in Zukunft weitergeführt werden sollte. Langfristig gesehen ist es positiv zu bewerten, dass die Studierenden von Beginn der Kurse an in internationalen Gruppen arbeiten konnten und die deutsche Sprache für ihre Arbeit nutzten. Allerdings müssen Handlungsanweisungen in der Anfangsphase konkreter und klarer formuliert werden, um die Kennenlernphase etwas zu verkürzen und die eigentliche Zusammenarbeit möglichst schnell in die Wege zu leiten. Für sprachlich schwächere Lernende sollte in den Kursen mehr Zeit zur Unterstützung der angemessenen sprachlichen Vorbereitung der Produktionen eingeräumt werden und die Studierenden sollten ermutigt werden, falls nötig, Lehrende und Mitstudierende um Hilfe zu bitten.

### *Internationalisierung des Kurses Wirtschaftsrussisch*

Im Folgenden wird die Arbeit im Sprachkurs Wirtschaftsrussisch dargestellt, der neben vielen Gemeinsamkeiten mit dem oben geschilderten Wirtschaftsdeutsch jedoch gewisse Abweichungen aufweist. Zwar bestand das russische Projekt auch aus drei Phasen, aber die einzelnen Arbeitsabschnitte hatten jeweils einen anderen Inhalt.

Insgesamt haben an der Arbeit 32 Studierende teilgenommen: 9 aus Österreich, 10 aus Tschechien und 13 aus Ungarn. Bis auf einen Studenten hat sich die ganze ungarische Gruppe für die Teilnahme bereit erklärt. Es ist anzumerken, dass die Kurse Wirtschaftsrußisch an allen drei Universitäten ohnehin durch eine internationale Atmosphäre geprägt waren: Das ungarische Team setzte sich aus Jugendlichen aus Georgien, Kirgisistan, Ungarn und der Ukraine zusammen und die Partnerteams waren nicht nur durch Studierende aus Österreich und Tschechien vertreten, sondern auch aus Polen, Serbien und Ungarn. Einerseits war es erfreulich, dass sich so viele Leute für das Projekt engagiert haben, andererseits hat die große Anzahl der Teilnehmer gewisse Schwierigkeiten bereitet.

In der Phase der Kontaktaufnahme wurden die Paare von den Kursleiterinnen im Voraus festgelegt, wobei berücksichtigt wurde, dass in einem Paar unterschiedliche Nationalitäten vertreten sein sollen. Bei der Auswahl der Konversationsthemen bekamen die Studierenden volle Freiheit, ebenso wurden ihnen keine Hinweise bezüglich möglicher Fragen oder digitaler Plattformen gegeben. Anschließend mussten die Paare den Lehrerinnen einander schriftlich vorstellen. Die zweite Phase verlief ähnlich wie im Deutschprojekt auf der Plattform MS-Teams. Vor dem virtuellen Treffen sollte jeder möglichst viele Informationen über seine Universität sammeln, um sie später in den Break-out-Rooms in Gruppen von 5-6 Personen auszutauschen. Die Gruppen mussten dann die wichtigsten Punkte gemeinsam hervorheben und einen kurzen Vortrag über das Studentenleben an allen drei Universitäten halten. Die letzte Phase erforderte neben den Fach- und Sprachkenntnissen ein großes Maß an Kreativität. Jede Gruppe musste eine Start-up-Idee entwickeln. Dabei sollten die folgenden Punkte angesprochen werden: Gegenstand, Produkte und/oder Dienstleistungen der Firma; Name, Logo und Slogan des Unternehmens; Geschäftsmodell; Kompetenzen und Aufgaben der Gründer; Marktforschung, Kundenbedürfnisse, Marktische, Zielgruppe; Absatzwege und Marketingmaßnahmen; Startkapital und mögliche Investoren. Es wurde auch vorgeschrieben, dass jedes Teammitglied während der gemeinsamen Präsentation zu Wort kommen soll. Bei der Präsentation sollten die Vortragenden die Kurs-

leiterinnen als potenzielle Kapitalanlegerinnen davon überzeugen, ins Unternehmen zu investieren. Insgesamt wurden 5 Start-up-Ideen entwickelt. Alle Arbeitsgruppen haben ihre Kreativität unter Beweis gestellt. In der Abschlussphase des letzten Online-Treffens wurde ein Wettbewerb um die beste Start-up-Präsentation in drei Kategorien durchgeführt: Die beste Idee, der beste mündliche Vortrag sowie die beste PowerPoint-Präsentation.

Nach dem Abschluss des Projektes wurde in der ungarischen Gruppe eine schriftliche Befragung in Form eines Fragebogens mit geschlossenen und offenen Fragen durchgeführt, an der 12 Personen teilgenommen haben. Im ersten Teil konnten die Befragten nur mit Ja oder Nein antworten, im zweiten Teil haben sie das Projekt in eigenen Worten beschrieben und ihre Erfahrungen zum Ausdruck gebracht

Aus den Antworten auf die geschlossenen Fragen geht hervor, dass alle Befragten ohne Ausnahme es sinnvoll finden, Sprachkurse zu „öffnen“ und zu internationalisieren. Zwei Drittel der Antwortgeber behaupten, dass sie sich bei der Gruppenarbeit leichter neue Wörter und Ausdrücke merken konnten und mit ihren ausländischen Teammitgliedern leicht eine gemeinsame Basis gefunden haben. Eine Mehrzahl gibt jedoch zu, dass es für sie schwieriger war, in der Live-Situation Russisch zu sprechen als im regulären Unterricht. Außerdem hat die Anwesenheit der Lehrerinnen die Mehrheit bei der Arbeit in virtuellen Gruppen gestört.

Rund der Hälfte der Befragten hat es Schwierigkeiten bereitet, andere Nationalitäten zu verstehen. Auf die Frage, ob jemand auch nach dem Projektabschluss mit seinem Arbeitsteam in Kontakt bleiben würde, gab es nur zwei positive Antworten. Es lässt sich zusammenfassend festhalten, dass die Studierenden zwar offen für Internationalisierung ihrer Kurse sind und darin viele Vorteile sehen, halten die Aufrechterhaltung der hergestellten Kontakte außerhalb des Unterrichts jedoch für nicht so wichtig. Die offenen Fragen wurden in sechs thematische Blöcke eingeteilt. Die Antwortgeber konnten ihre Eindrücke vom Projekt darlegen, indem sie die Projektidee selbst kommentiert, sich über die Thematik, das Arbeitstempo, die Schwierigkeiten sowie den Nutzen des Projektes geäußert und die Frage, was ihnen bei der Arbeit besonders gut gefallen hat,

beantwortet haben. Nachfolgend werden die häufigsten Antworten zusammengefasst.

Die Idee zu einer Zusammenarbeit mit den ausländischen Studierenden wurde von allen einstimmig positiv beurteilt und als eine gute Möglichkeit betrachtet, andere Kulturen kennenzulernen, neue Kontakte zu knüpfen und auch außerhalb des Unterrichts in russischer Sprache zu kommunizieren. Die Thematik passte zum Profil der Universität und war gut aufgeteilt, weil die Lernenden die Möglichkeit hatten, zunächst etwas übereinander, dann über andere Universitäten zu erfahren und am Ende gemeinsam an einer Aufgabe zu arbeiten. Das Arbeitstempo wurde überwiegend als angemessen empfunden. Es gab Teams, die sich schnell einig waren und nach der Aufteilung der Aufgaben gut vorankommen konnten. In einigen Fällen mangelte es an Dynamik, manchmal war es schwierig, die Leute schnell zu erreichen, was zur Folge hatte, dass man mit der Aufgabe später begonnen hat und deswegen sehr schnell arbeiten musste.

Unter den Schwierigkeiten wurden vor allem technische Probleme hervorgehoben, außerdem verlief die Kontaktaufnahme nicht immer reibungslos. Daneben war es manchmal schwierig, die ausländischen Teammitglieder zu verstehen. Weiterhin haben nicht alle die Aufgabe ernst genommen und die große Teilnehmerzahl innerhalb einer Gruppe hat die Lösung der Aufgabe erschwert. Eine gute Teamarbeit kann auch dadurch verhindert werden, dass sich die Mitglieder nicht gleichermaßen für die Arbeit engagieren. Die Bewusstmachung der eigenen Verantwortung und die Besprechung von möglichen Konfliktsituationen und Lösungsstrategien im Voraus könnten bei diesem Problems helfen.

Den meisten hat am ganzen Projekt die Start-up-Idee am besten gefallen. Sie haben die Situation spannend gefunden, ein eigenes Start-up zu „gründen“, wo jeder seine eigene Idee für ein Unternehmen hatte, aber auch die Tatsache, dass man innerhalb einer Gruppe nur Russisch gesprochen hat. Auf die Frage nach dem Nutzen des Projektes haben die Teilnehmenden auch positiv reagiert. Besonders nützlich haben sie die erworbenen Erfahrungen mit Teamarbeit gefunden. Als weitere positive Aspekte wurden die Bereicherung der Fachlexik und die Möglichkeit, Russisch in einer Live-Situation zu üben, hervorge-

hoben. Für einige war es aufschlussreich, die Einstellung anderer zur Arbeit zu beobachten. Man hat gelernt, Kompromisse einzugehen, wenn unterschiedliche Ideen und Standpunkte aufeinandertreffen.

## FAZIT UND AUSBLICK

Im Rahmen dieses Projektes haben die Kursleiterinnen den Studierenden Lerngelegenheiten geschaffen, in denen sie auf autonome Weise handeln, Erfahrungen mit der Arbeit in internationalen Teams sammeln und die gelernten Fremdsprachen als Arbeitssprache verwenden konnten. Die Kursleiterinnen haben in ihren Sprachkursen die Arbeit unterstützt und waren in den synchronen Phasen als Moderatorinnen tätig.

Aus den Rückmeldungen der Studierenden geht hervor, dass die Mehrheit der Befragten die Projektidee positiv bewertet und ihre Teilnahme daran nützlich gefunden hat. Die meisten haben sich bereit erklärt, auch in Zukunft an ähnlichen Projekten teilzunehmen. Die bei der Lösung der gemeinsamen Aufgaben aufgetauchten Probleme zeigen wiederum, wie wichtig das Simulationstraining für zukünftige Fachkräfte ist, da dabei verschiedene Aspekte des autonomen Lernens, Zeitmanagement-Techniken, Teamgeist und interkulturelle Kompetenz im globalen Geschäftskontext entwickelt werden, damit man später angesichts schneller Marktveränderungen angemessen handeln kann. Hoffentlich werden die Erfahrungen, die die Studierenden bei der Umsetzung des Projektes erworben haben, ihnen in ihrer künftigen Berufstätigkeit helfen, Herausforderungen unserer globalisierten Welt gewandt zu bewältigen und auch in schwierigen Situationen eine gemeinsame Sprache mit den Geschäftspartnern bzw. Geschäftspartnerinnen zu finden.

Basierend auf den bisherigen Erfahrungen lässt sich eindeutig erkennen, dass es sich lohnt, das realisierte Pilotprojekt auch in den künftigen Semestern weiter zu entwickeln. Das nächste Ziel wäre, möglichst viele Studierende in ähnliche Projekte einzubeziehen. Darüber hinaus ist es zweckmäßig, auch weitere ausländische Partneruniversitäten anzusprechen.

Da die Bewertung eine der umstrittensten Fragen bei den Telekollaborationsprojekten ist, wäre es sinnvoll, mit den Projektleitenden gemeinsam ein differenziertes Bewertungssystem auszuarbeiten.

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## VON DER IDEE ZUM ERGEBNIS: BELARUSSISCHE LITERARISCHE WERKE IN UNGARISCHER ÜBERSETZUNG

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### EINLEITUNG

In der Großgemeinde Lakitelek, die in der Großen Tiefebene Ungarns an der Theiß liegt, gibt es viel zu erkunden. Die Ortschaft ist nicht nur aus touristischer Sicht attraktiv. Sie wird auch als eine der intellektuellen Hauptstädte des Landes bezeichnet. Die 1991 von Sándor Lezsák und seiner Frau gegründete Volkshochschule Lakitelek, die sich im Laufe der Jahre zum Park Hungarikum (Hungarikum Liget) entwickelt hat, ist eine Einrichtung der Erwachsenenbildung, deren wichtigste Aufgabe die Persönlichkeitsentwicklung und die Gemeinschaftsbildung ist. (Lezsák Sándorné – Sütő, 2021). Das ganze Jahr über werden hier zahlreiche heimische und internationale Konferenzen, Sprach- und Fachkurse, Weiterbildungen und Seminare veranstaltet. Jeden Sommer organisieren die Volkshochschule Lakitelek und die Stiftung für Forschung und Bildung in Ost- und Mitteleuropa mehrere Landeskunde- und Übersetzercamps, die unter anderem die Förderung des Sprachenlernens und der Sprachenvielfalt bezwecken. Ein besonderer Akzent wird dabei auf die selten unterrichteten oder sogar existenziell bedrohten Sprachen gelegt, zu denen beispielsweise Belarussisch gehört. In den vergangenen Jahren haben auf dem Volkshochschulgelände belarussisch-, kasachisch-, koreanisch-, mongolisch-, russisch- und ukrainisch-ungarische Camps stattgefunden.

Im Artikel wird die Arbeit der Landeskundecamps beschrieben, in denen die ungarischen Jugendlichen über die belarussische Sprache, Literatur, Geschichte und Kultur lernen konnten. Es wird auch dargestellt, zu welchem Ergebnis diese Arbeit geführt hat. Das Besondere am mehrjährigen Arbeitsprozess war, dass die Camp-Teilnehmenden,

deren Muttersprache nicht zur indoeuropäischen Sprachfamilie gehört und mit keiner der unmittelbaren Nachbarsprachen verwandt ist, an einer Sprache Interesse zeigten, die im UNESCO-Atlas der gefährdeten Sprachen der Welt als „verletzlich“ bewertet und nach einigen pessimistischen Prognosen sogar vom Aussterben bedroht ist (UNESCO Atlas of the World's Languages in Danger, 2010).

## SPRACHSITUATION IN DER REPUBLIK BELARUS

Es ist wichtig hervorzuheben, dass es keine Selbstverständlichkeit ist, in Ungarn Belarussisch lernen zu können. Ohne Übertreibung kann die Möglichkeit dafür als einzigartig und außergewöhnlich betrachtet werden. Das Land im Osten Europas, das seit 1991 offiziell die Bezeichnung Republik Belarus trägt, ist in Ungarn weniger bekannt, als ob es auf einem anderen Kontinent liegen würde. Viele sind sich oft schon bei dem Namen des Landes unsicher. Am häufigsten wird das Land als Weißrussland oder Belorussija bezeichnet. Der überwiegende Teil der Belarussen lehnt jedoch diesen Namen ab und verwendet Belarus. Seit 2020 ist diese Bezeichnung anstelle von Weißrussland auch im Duden zu finden. Im Artikel wird der Name Belarus verwendet, ausgenommen Zitate, die auch die Benennung Weißrussland enthalten können.

Für viele ist Belarus im engeren und im weiteren Sinne ein weißer Fleck in Europa. Das bezieht sich sowohl auf die Bestimmung der geografischen Lage als auch auf die Geschichte des Landes. Martin Pollack, der österreichische Journalist, Schriftsteller und literarische Übersetzer schreibt über das Land: „Ein blinder Fleck im heutigen Europa. Eine große Unbekannte. Hic sunt leones, hier sind Löwen, hätte man auf alten Landkarten geschrieben. So bezeichneten die Römer Gebiete außerhalb der Grenzen ihres Reiches. Auch Weißrussland liegt außerhalb der Grenze, nämlich der EU-Grenze, die viele mit der Grenze Europas verwechseln. ... Manchmal könnte man fast meinen, das Land, das wir einmal Weißrussland, dann wieder Belarus nennen, existiere in Wahrheit nicht, es sei eine Erfindung. Nur die politische Situation erregt von Zeit zu Zeit unser Interesse und macht sogar Schlagzeilen.“ (Pollack, 2013: 171).

Die Sprachsituation in Belarus ist auch nicht eindeutig und lässt sich nicht so einfach beschreiben. Deren Spezifikum liegt in der Zweisprachigkeit, nach einigen Sprachexperten sogar Dreisprachigkeit der belarussischen Bevölkerung, die neben den offiziellen Staatssprachen Belarussisch und Russisch auch „Trasjanka“ spricht, eine spezifische Erscheinungsform, die sich in einer gemischten belarussisch-russischen Rede widerschlägt. (Hentschel & Kittel, 2011). Diese gemischte Rede wird im Vergleich zu den offiziellen Staatssprachen viel mehr praktiziert, die meisten in Belarus sprechen nämlich weder Belarussisch noch Russisch in Reinform. Nach einigen Prognosen kann nicht ausgeschlossen werden, dass eben Trasjanka sich künftig im „Sprachenkampf“ durchsetzen und ihre Konkurrenten verdrängen kann. Gleichzeitig weiten aber auch zahlreiche staatliche Maßnahmen den Einflussbereich der russischen Sprache zulasten der anderen aus, was seinerseits eine erstarkende Gegenbewegung zur Folge hat. In Schulen erfährt Belarussisch eine Renaissance (Martinowitsch, 2017).

Zu welcher Sprache bekennen sich die Einwohner des Landes selbst? Im Zeitraum zwischen 2008 und 2013 wurde ein wissenschaftliches Projekt in Zusammenarbeit von Linguisten und Soziologen der Universität Oldenburg mit ihren Kollegen von der Belarussischen Staatsuniversität durchgeführt, um die Verwendung der gemischten Rede zu untersuchen. Die Projektergebnisse sind wegen ihrer Inkonsistenz interessant: Trotz der Tatsache, dass die Mehrheit der Befragten Belarussisch als ihre Muttersprache betrachtet, werden „Trasjanka“ als die erste erlernte Sprache und Russisch als die am häufigsten verwendete Sprache angegeben (Petkewitsch, 2016).

Eigenartig beschreibt die Sprachsituation der belarussische Philosoph Valentin Akudowitsch: „Überall auf der Welt tun Menschen, wenn sie sich in ihrer Muttersprache unterhalten, nichts anderes, als sich zu unterhalten. Bei uns ist das anders. Wenn wir in der Öffentlichkeit weißrussisch sprechen, dann ist das eine politische Demonstration oder eine Performance: Alle, die sich zufällig in der Nähe befinden, werden sofort darauf aufmerksam, weil es so erstaunlich und unerwartet ist. Daher kann nicht ausgeschlossen werden, dass man eines Tages in nicht allzu ferner Zukunft von den Behörden eine Genehmigung mit Angabe von Zeit und Ort braucht, wenn man

auf der Straße weißrussisch sprechen will...” (Akudowitsch, 2013: 113-114).

Inzwischen gerät es allmählich in Vergessenheit, dass Altbelarussisch in der Kanzlei des mehrsprachigen Großfürstentums Litauen seit deren Gründung im 16. Jahrhundert verwendet wurde und laut András Zoltán definitiv die gebräuchlichste offizielle Schriftsprache war (Zoltán, 2006). Damit gehört Belarussisch zu den ältesten auf einer Volkssprache beruhenden Verwaltungssprachen Europas (Akudowitsch, 2013). Noch ein wissenswerter Fakt zur Geschichte der belarussischen Sprache. Francysk Skaryna, der als der erste Drucker Belarus' gilt, druckte 1517 – nur wenige Jahrzehnte nach Gutenbergs Bibeldruck – die erste Bibel in einer Sprachform, die unverkennbar Merkmale der damaligen Volkssprache der Region, des Altbelarussischen zeigt. Seine Bibelübersetzungen hatten einen nachhaltigen Einfluss auf die Entwicklung der belarussischen Sprache. 2017 wurde das 500-jährige Jubiläum der Bibel von Skaryna auch im Sommerlager von Lakitelek gefeiert.

Aus dem oben Genannten wird ersichtlich, dass Belarussisch trotz seines historischen Wertes auf wackeligen Füßen steht. Deswegen ist es umso mehr zu begrüßen, wenn es außerhalb der Landesgrenzen Aufmerksamkeit auf sich zieht und Interesse weckt. Auch wenn nur im Rahmen eines Sommercamps.

## BELARUSSISCH-UNGARISCHE LANDESKUNDECAMPS

Das erste belarussisch-ungarische Landeskundecamp fand im Jahre 2015 in Lakitelek statt. Zu Beginn des Projektes wurden zwei Ziele formuliert. Zunächst wollte man ein Team von ungarischen Jugendlichen bilden, die sich für belarussische Kultur interessieren und die belarussische Sprache auf einem höheren Niveau erlernen wollen. Langfristig hat man sich aber das Zustandekommen eines Übersetzercamps zum Ziel gesetzt.

Die Zusammensetzung der Teilnehmenden war sehr unterschiedlich: Um die Teilnahme an der Sommerschule haben sich Studentinnen und Studenten von verschiedenen ungarischen Uni-

versitäten, aber auch junge Akademikerinnen und Akademiker beworben. Im Kurs waren neben der Slawistik Studiengänge Ästhetik, Geschichte, Geografie bzw. Pharmazie repräsentiert und unter den Erwerbstätigen konnte man Berufe wie Mathematiker, Redakteur, Bibliothekar, Kulturjournalist und internationale Kundenbetreuerin finden. Einige junge Leute hatten schon gewisse Vorkenntnisse in Belarussisch, da sie diese Sprache an der Universität ELTE lernten oder eine der slawischen Sprachen konnten, z. B. Russisch, Polnisch, Ukrainisch oder Serbisch. Es gab auch Jugendliche, die in Belarus ein Semester verbracht oder dort an einem Sommeruniversitätskurs teilgenommen haben. Auf jeden Fall zeigten sowohl Anfänger als auch Fortgeschrittene großes Interesse an der belarussischen Sprache und Geschichte.

Die Zeit im Lager war durch intensive und außerordentlich fruchtbare Arbeit gekennzeichnet, es gab jeden Tag Unterricht von 9 bis 16 Uhr, auch am Samstag. Neben den Sprachstunden enthielt der Stundenplan Seminare und Vorlesungen zu den Themen Landeskunde, belarussische literarische Werke, belarussisch-ungarische Sprach- und Kulturbeziehungen, Grundlagen des Übersetzens sowie Übersetzung multikultureller Belletristik. Die Sprachseminare wurden von zwei Muttersprachlerinnen geleitet. Die Jugendlichen arbeiteten mit engagierten Lehrkräften vom Institut für Slawische und Baltische Philologie an der Universität ELTE zusammen. Die Budapester Wirtschaftsuniversität wurde durch den Lehrstuhl für Wirtschaftssprachen der Fakultät für Handel, Gastronomie und Tourismus vertreten. Während des Aufenthaltes am belarussisch-ungarischen Landeskundecamp in Lakitelek konnten die Teilnehmenden ihre theoretischen Kenntnisse sofort in die Praxis umsetzen. Die beste Möglichkeit dafür bestand in der Konversation mit den Jugendlichen aus Belarus, die zur gleichen Zeit ebenfalls dem einwöchigen Unterricht im Sommerlager beigezogen haben, da eines der weiteren wichtigen Ziele des Bildungsprogramms war, möglichst viele belarussische Studierende mit dem Leben in Ungarn sowie der ungarischen Sprache und Literatur vertraut zu machen. Das konnte durch ein zweiseitiges Abkommen zwischen Belarus und Ungarn realisiert werden, im Rahmen dessen diejenigen, die in Belarus Ungarisch lernen, zum ungarisch-belarussischen Camp

nach Ungarn kommen konnten. Auf diese Weise konnten die beiden Campteams die von ihnen gelernte Sprache üben, Informationen aus erster Hand austauschen, neue Kontakte knüpfen und Freundschaften schließen (in einem Fall kam es sogar zu einer Eheschließung). Im Laufe der Jahre wurde eine enge Zusammenarbeit mit der Minsker Staatlichen Universität für Linguistik aufgebaut, an der seit 2014 die Möglichkeit besteht, Ungarisch zu lernen. Zwischen 2015 und 2019 konnten an den Sommerprogrammen in Lakitelek insgesamt 35 belarussische Studentinnen und Studenten teilnehmen. Einige von ihnen haben ihre Studien im Rahmen des Programms Stipendium Hungaricum an den ungarischen Universitäten fortgesetzt, darunter auch an der Budapester Wirtschaftsuniversität.

Nach dem Debüt im Jahre 2015 wurde die Arbeit fortgeführt. Jedes Jahr meldeten sich neue Jugendliche zum Camp, aber den Kern bildete das wiederkehrende Stammteam, das seine Kenntnisse immer weiterentwickelte. In den Jahren 2015 bis 2019 nahmen mehr als 20 ungarische Studierende an den Sommercamps teil. Die neuen Bewerberinnen und Bewerber wurden nicht nur vom Lehrerteam, sondern auch von erfahreneren Kommilitonen betreut.

Um die Entwicklung der Sprachkenntnisse nicht nur auf die Arbeit in den Sommerkursen einzuschränken, boten die Stiftung für Forschung und Bildung in Ost- und Mitteleuropa und die Volkshochschule Lakitelek weitere Möglichkeiten, indem sie während des Schuljahres Lehrgänge für mehrere am Sommercampus unterrichtete Sprachen, darunter auch Belarussisch, in Budapest organisierten. Im Jahre 2018 starteten gleichzeitig sogar zwei Belarussisch-Sprachkurse: einer für Anfänger, der andere für Fortgeschrittene, den vorwiegend die Personen besuchten, die am Sommerkurs teilgenommen haben. Die Kurse fanden abends im Gebäude des St. Imre-Gymnasiums in Budapest statt. Sehr erfreulich war die Tatsache, dass die Studierenden der Fakultät für Handel, Gastronomie und Tourismus der Budapester Wirtschaftsuniversität auch daran interessiert waren und sich zum Anfängerkurs meldeten. Besonders effizient konnten jedoch diejenigen arbeiten, die parallel mit den Abendkursen im St. Imre-Gymnasium auch an der Universität ELTE Belarussisch im Stundenplan hatten. Dank der mehrjährigen Arbeit konnten einige

von ihnen die Sprache recht gut erlernen, obwohl Belarussisch als separates Fach an keiner ungarischen Universität studiert werden kann.

## BELARUSSISCH-UNGARISCHES ÜBERSETZERTEAM

Die Begeisterung und die Fortschritte der Belarussisch Lernenden waren so auffallend, dass man sich mit den erreichten Ergebnissen nicht zufriedengeben wollte. Bereits am Anfang der Zusammenarbeit im Sommercamp wurde erwogen, ein Übersetzerteam aus dem Belarussischen ins Ungarische zustande zu bringen. Die Initiative stammte von Péter Bárász, einem Mathematiker, der seit beinahe 50 Jahren in Belarus lebt und selbst belarussische literarische Werke ins Ungarische übersetzt. In Ungarn sind von Uladzimer Nyakljajeu folgende erschienen: „Kandúr a zsákban“ (Kater im Sack) und „Én és a KGB“ (Ich und der KGB). Als ordentliches Mitglied des Vereins belarussischer Schriftsteller hat Bárász in den erwähnten Sommercamps zahlreiche Seminare gehalten und darüber hinaus Autorenabende mit belarussischen Dichtern und Schriftstellern in Ungarn organisiert. Ferner hat er ein Übersetzerteam aus den Teilnehmenden an den Bildungsprogrammen der Volkshochschule Lakitelek gebildet, deren Übersetzungsarbeiten er mit großer Hingabe betreut hat. Die ersten Versuche haben sich als erfolgreich erwiesen, die mehrjährige Arbeit hat sich gelohnt.

Im November 2018 sind sieben Übersetzungen des jungen Teams im ungarischen Literatur- und Kulturmagazin *Napút* erschienen. Sie wurden in einer Nummer, die sich dem Thema „Das belarussische Europa“ widmet, veröffentlicht. Die Palette der übersetzten Werke reicht von Klassikern über moderne Historiker und Prosaisten bis hin zu Philosophen. Die folgende Liste, die die Titel und die Namen der belarussischen Autoren sowie die Übersetzernamen und deren berufliche Tätigkeiten enthält, beweist die Vielfältigkeit der bearbeiteten Themen und der Interessen der Mitwirkenden.

- Ales Adamowitsch: Der Roman als Genre, übersetzt von Károly Tóth, ungarisch-russische Ästhetik, Geschichte

- Janka Kupala: Einheimische/Tragikomische Bilder in vier Akten (Auszug), übersetzt von Árpád Bálint, Mathematiker
- Ljudmila Rubljeuskaja: Nur eine Eins, übersetzt von Annamária Felföldi, Pharmaziestudium
- Swjatlana Marosava: Stephan Báthory und Hrodna/Die Größe eines Herrschers und die Tragödie eines Menschen, übersetzt von Ádám Bodó, Geographie- und Geschichtslehrer
- Uladzimer Arlou: Václav Havel vs. Peter der Große, übersetzt von Máté Ur, Redakteur und Kulturjournalist
- Vasil Bykau: Rosenstrauß, übersetzt von Krisztina Kiss, Geisteswissenschaft Slawistik und Russisch, internationale Kundenbetreuerin
- Waljanzin Akudowitsch: Die Sprache – Zeichen des Unheils, übersetzt von István Kovács, Redakteur und Bibliothekar

Die Werke zum Übersetzen konnten je nach Interessenlage ausgewählt werden, auf diese Weise war es leichter, sich mit dem Thema zu identifizieren. Die Erfahrungen haben bewiesen, dass die zeitgenössische Belletristik leichter zu verstehen und dementsprechend leichter zu übersetzen war. Am schwierigsten erwies sich die Tragikomödie von Janka Kupala aus dem Jahre 1922, weil das Werk viele Wörter enthält, die inzwischen in den beiden Sprachen zu Archaismen geworden sind. So war es nicht so einfach, nicht nur die veraltete belarussische Lexik zu verstehen, sondern auch ihre ungarischen Äquivalente zu finden. Die gute Kenntnis des sozialen Milieus literarischer Werke ist beim Übersetzen viel wichtiger als die eigentlichen Sprachkenntnisse. Alle vom Übersetzerteam gaben an, während der Arbeit ganz andere Erfahrungen gesammelt zu haben, die nicht mit dem herkömmlichen Unterricht zu vergleichen sind. Mit Recht können sie auf ihre Leistung stolz sein.

Dem Thema „Das belarussische Europa“ wurde von dem im Jahre 1999 gegründeten Magazin Napút auch später besonderes Augenmerk geschenkt. Im Dezember 2021 erschien seine letzte Nummer in gedruckter Form, danach wurde es umgetauft und heißt seitdem NAPÚTONLINE. Sein Gründer und Hauptredakteur György Szondi, der auch als Bulgarist, Übersetzer und Dichter bekannt ist, wollte als würdiger Abschied die bedeutendsten Meilensteine der vergangenen

mehr als 20 Jahre in einer Sonderausgabe zusammenfassen. Zur größten Freude des Übersetzerteams wurde für diese Ausgabe auch der Band „Das belarussische Europa“ ausgewählt. In der Abschiedsnummer wurde sein Inhalt neben den anderen hervorgehobenen Themen kurz vorgestellt. So sind die mitwirkenden Übersetzerinnen und Übersetzer noch einmal ins Rampenlicht getreten und dank ihrer Arbeit wurde man in Ungarn wieder auf das Land Belarus aufmerksam gemacht. Die 2018 im Belarus-Band dargestellten Themen, Fakten und Informationen haben in den Jahren seit seinem Erscheinen nicht an Aktualität verloren. In der Zwischenzeit ist das Interesse an Belarus weltweit gestiegen, es wurde nicht zuletzt durch die jüngsten Ereignisse in diesem Land hervorgerufen, die Auswirkungen auf die gesamte Gesellschaft auch über die Grenzen hinaus haben. Und diejenigen, die am Band „Das belarussische Europa“ gearbeitet haben, haben ihren Beitrag dazu geleistet, das heutige Belarus besser kennenzulernen und zu verstehen.

## FAZIT

Es ist sehr wichtig, Rahmenbedingungen zu schaffen, wo eine bunte Welt der regionalen, der ethnischen, der sprachlichen und der weltanschaulichen Vielfalt und Einzigartigkeit aufeinandertreffen kann. Neben den globalen Giganten sollte man auch den kleineren ermöglichen, sich zu beweisen. Besonders hochzuschätzen ist die Unterstützung der weniger bekannten Sprachen, da die Sprache ein Spiegel der Nation ist. Mit dem Verlust einer Sprache geht die ganze traditionelle Identität verloren. Das oben dargestellte Projekt beweist, dass man durch literarische Übersetzungen dazu beitragen kann, ein weniger oder völlig unbekanntes Land seinen Landsleuten nahezubringen. Einrichtungen wie die Volkshochschule in Lakitelek sollen popularisiert werden, der Nutzen solcher Einrichtungen liegt auf der Hand. Das ist ein Ort, an dem man sich in einer angenehmen Atmosphäre mit Wissen und Erfahrung bereichern kann, um später dieses Wissen auf verschiedenen Wegen weiterzugeben. Die Volkshochschule Lakitelek ist durch Offenheit geprägt und Offenheit ist der Garant

für Erfolge. Die Grundlage der modernen Welt sind Austausch und Kommunikation, Entdecken und Versuche, und all das ist am Campus möglich.

Die Arbeit in den Sommercamps ist ein gutes Beispiel dafür, dass man das Potenzial der Wissbegierigen nicht unterschätzen darf, auch wenn es anfangs auch als unrealisierbar erscheint. Laut Publilius Syrus weiß niemand, was er kann, bis er es ausprobiert hat. Aus kleinem Anfang entspringen nämlich alle Dinge, so Marcus Tullius Cicero.

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