Pannon EGTC (Hungary – Croatia)

SITUATION ANALYSIS REPORT

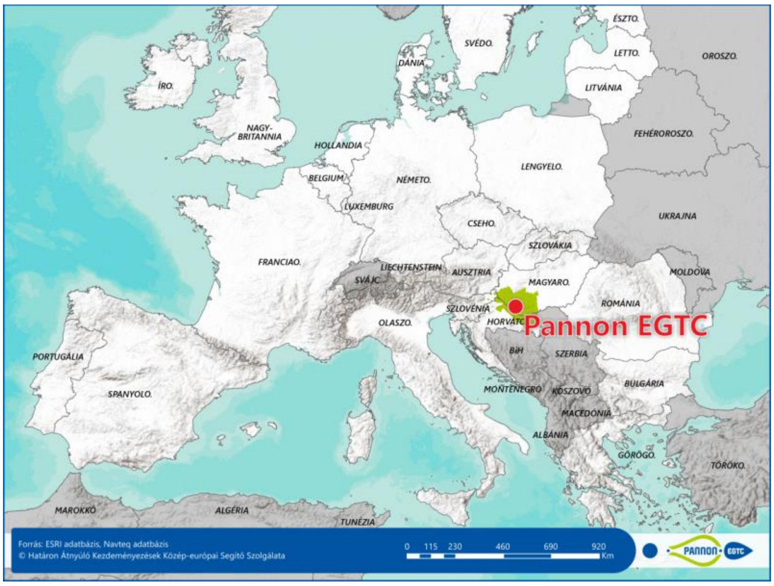
within the project Inter Ventures

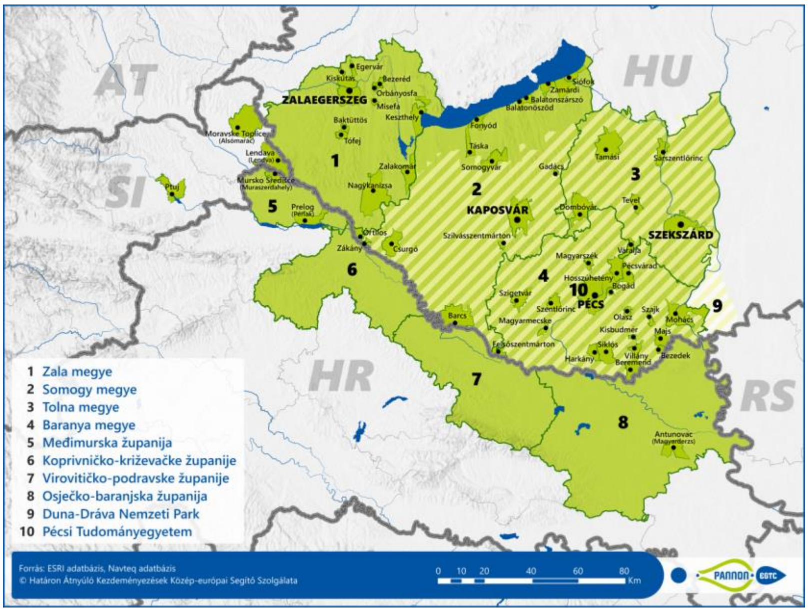
Final Draft

25/02 2021

INTRODUCTION

The Pannon EGTC (European Grouping of Territorial Cooperation), seated in the city of Pécs, Hungary, was established on 31 August, 2010 with the participation of Slovenian and Hungarian partners. The aim of the cooperation is a well-tuned development of the south-western border area. Registration at the Court of Registration is expected in January, 2012.





The goal of this non-profit organisation is to establish a successful cooperation among the municipalities of two or more countries and among the local and regional authorities of the area. The organization's members are 63 local governments from Hungary, Croatia and Slovenia and 3 regionally significant organizations: the University of Pécs, University of Kaposvár and Duna-Dráva National Park.

Current analysis has been compiled in the framework of the Interventures project, funded by Interreg Europe. Interventures promotes the internationalization of SMEs in EU border regions, thus contributing to their growth and increased competitiveness. The main questions to be answered are *"What kind of capacities SME's would need to engage in cross-border and international collaborations?", "How these skills and capacities can be developed?", "Who are the key players* *facilitating the internationalisation of SMEs? How do they work, and how could their activities be improved?"* The project brings together partners from five European border regions, representing various stages of evolution of SME ecosystems, from occasional crossborder cooperation through more structured networking to international clusterization.

Partners share their experiences and learn jointly on the course of the project. Regional stakeholders in the regions of each partner are involved in the process, extending the learning opportunity to these organisations, too. In the project each partner elaborates a tailor-made regional Action Plan will be elaborated that can lead to the enhanced internationalisation of SMEs in the respective regions.

Participation of the EGTC in Interventures project focuses on the improvement of the policy instruments serving the needs of the Hungarian and Croatian SME's in the border area. Thus, Slovenian partners of the EGTC do not participate in the activities of the projects and projects results are also focussed on the needs of the Croatian and Hungarian stakeholders.

Analysis has been conducted by the internal staff of the Pannon EGTC. For data search and data-processing – especially data from the Croatian statistical systems – external expert has been involved.

Main findings of the report have been discussed with the interested regional stakeholders both from Hungary and Croatia and their views has been incorporated with the final version of the document.

List of institutions represented on stakeholder workshop is the following:

1.Baranya County Government

2. Somogy County Government

3. Koprivnica Križevci County

4. Medjimurje County

5. Osijek-Baranja County

6. Virovitica-Podravina County

7. HAMAG BICRO

8. VIDRA-Virovitica-Podravina County's Regional Development Agency

9. PORA Regional Development Agency of Podravina and Prigorje for promotion and implementation of development activities

10. Regional Development Agency Međimurje

11. Regional Development Agency of Slavonia and Baranja

12.Mreza Poduzetnickih Inkubatora

13.Baranya County Development Agency

14. Chamber of Commerce and Industry of Pécs-Baranya

CHAPTER 1: METHODOLOGY

At the outset, no specific document has been available on regional level regarding the competitiveness of the SME sector. While conducting the analysis, Croatian county level development strategies have been prepared, focusing on supporting Croatia's policy objectives for the cohesion policy of 2021 – 2027 budgetary period of the EU. Draft documents of the strategy-making process at county level have been studied and main strategic directions of them has been incorporated with the analysis. In parallel with the analysis, the programming for Hungary – Croatia Interreg crossborder cooperation programme has been conducted. Programme area overlaps to great extent with the area of the Pannon EGTC covers. Our decision was to use the programme area as territorial framework for our analysis in order to exploit maximum synergies between the programming process and current analysis. Thus, current analysis does not cover the Slovenian territories of the Pannon EGTC (as referred to above) and has been extended to Croatian counties not members of the EGTC for the time being, but being part of the programme area.

1.1 DESK RESEARCH

In desk research phase, following methods have been used:

internet research

key words for research (in Hungarian mostly, partially in Croatian language) have been: *competitiveness of SME's, export of SME's, development of SME's, cooperation of SME's, crossborder* research has been caried out in Hungarian and in Croatian, in two rounds: one in March and April 2020, while the second one in October 2020.

statistical data

National Hungarian and Croatian statistics – available mostly via internet – has been searched. Sources of have been marked in the relevant parts of the document.

research in documents

National and regional level documents – mostly strategies, programmes - have been searched for information. Sources of have been marked in the relevant parts of the document.

1.2 ONLINE SURVEY

Online survey has been carried out in two steps. The survey has been sent out – via google - to the email address of over 2000 Hungarian and Croatian SME's. Database has been provided by JS of Interreg HU – HR programme and to a lesser extent by our partners – most part by Chambers of Commerce and County Development Agencies.

Altogether we received 49 responses, 33 from Hungarian and 16 from Croatian companies. In general, all responses contain at sufficient and understandable information, so that all was taken into account in the summary.

To increase the motivation of the SME's to respond, a prize – a small collection of local wines – has been offered to be among the respondents. Due to the lack of available capacities, no other mean has been used (like phone calls, further reminder emails, etc.) to encourage and urge SME's to respond.

For the time being, the number of responses cannot be judged as representative. To gather new information, a further round of the survey is planned, still within the timeframe of the Interventures project.

Questionnaire has been drafted in Croatian and in Hungarian language. The template has been annexed to this analysis.

1.3 INTERVIEWS

Altogether 8 interviews have been made, with 4 Croatian and 5 Hungarian local experts, working in institutions in charge of SME development at local and regional level. Interviewees all had a comprehensive view on the status and needs of local SME's. Interviews have been carried out over the phone, in Croatian and Hungarian language, then notes have been made by EGTC staff and conclusion have been built into the Analysis.

List of interviewees is the following:

Croatia:

1. Anaela Sovagovic, Entrepreneurial Center, Local Development Agency Donji Miholjac, director
2. Tea Rados, Durdevac, Local Development Agency, director
3. Kristina Penzar Kularic, Business Incubator, Koprivnica, Director
4. Stimac Marijan, economist, SME development expert, Koprivnica-Krizevci County

Interviews took place during autumn 2020.

Hungary:

Interviews have been based on a pre-drafted list of questions that served as guidance for both the interviewees and the interviewer.

1. Szabolcs Rabb, secretary general, Baranya and Pécs Chamber of Commerce and Industry
2. Istvan Göndöcs, economic development expert, Pécs
3. Kocsis Tibor, County Enterprise Development Agency, Somogy County, Kaposvár
4. Jelenka György, County Enterprise Development Agency, Somogy County, Barcs

Interviews took place in January 2021.

List of questions and guidance for interviewees have been annexed to the Analysis. Document is only available in Hungarian language with English explanatory text.

CHAPTER 2: PORTRAIT OF THE REGION

Portrait in this section largely builds on the findings of the situation analysis Pannon EGTC compiled in the framework of the preparation of the Hungary – Croatia crossborder development strategy 2021 – 2027, commissioned by Pannon EGTC (document: SITUATION ANALYSIS OF THE HUNGARIAN-CROATIAN BORDER REGION).

2.1. POPULATION, DEMOGRAPHY

The area of the Hungarian-Croatian border region covers 26,809 km^2 and hosts about 1.7 million inhabitants. It includes four Hungarian counties, Zala (NUTS3) in Western Transdanubia (Nyugat-Dunántúl), Somogy, Tolna and Baranya in South Transdanubia (Dél-Dunántúl), as well as four Croatian counties, Koprivnica-Križevci, Međimurje, Osijek-Baranja and Virovitica-Podravina. The four Croatian counties are part of the region of Continental Croatia (Kontinentalna Hrvatska) The area consists of predominantly rural regions, that include a number of small and medium sized towns along with one larger urban centre on each side of the border which are concentrated at and in the agglomeration of Pécs and Osijek.

1. Figure: The territory of Pannon EGTC (green area) in Central Europe on context of system NUTS (self-edited figure)

The Hungarian-Croatian border territory is partially surrounded by water systems. On the north by the Lake Balaton, on the east by the Danube. The state border of Hungary and Croatia predominantly follows the Mura and Drava rivers until Belišće. The Pannon EGTC area is mostly made up of hills and fertile plains along the rivers. On the middle of the Croatian part the Slavonian Mountains (Papuk 953 m) are located with extensive forests. The hills of Mecsek (682 m) is situated mostly in Baranya county, in the north of the city of Pécs and it is the highest mountain range of South Transdanubia and Hungarian part of the area. Further to be mentioned is the mountain the Kalnik on the western part of the Croatian side (642 m). The area is mostly rural, there are only four cities over 50,000 inhabitants: one in Croatia (Osijek) and three in Hungary (Pécs, Kaposvár and Zalaegerszeg).

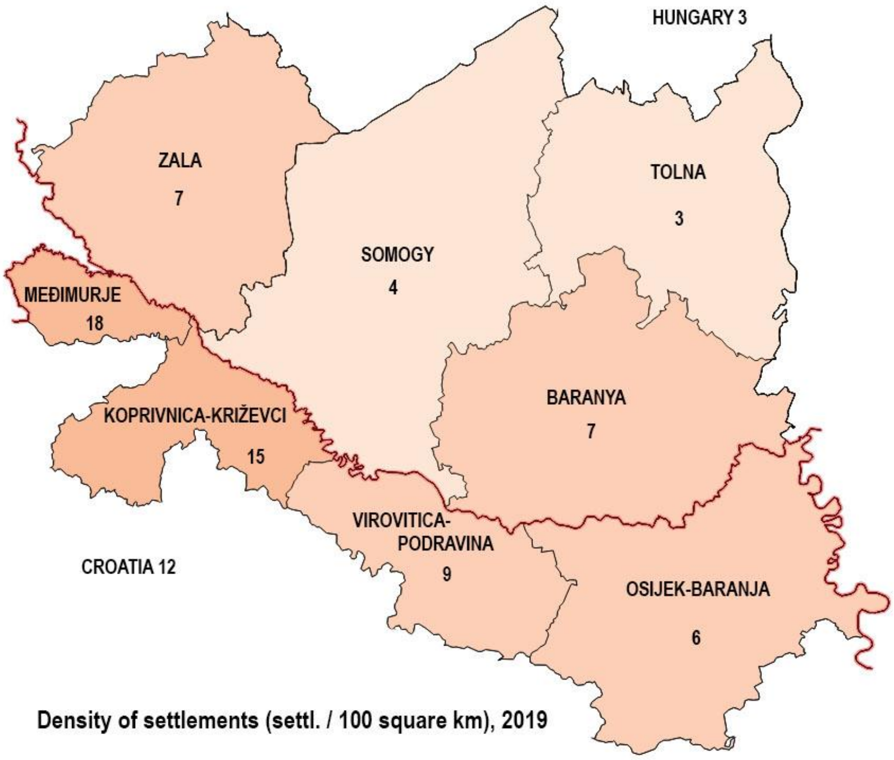
2. Figure: The eight counties of Pannon EGTC (self-edited figure)

The definition of urban areas uses population density to identify urban cores and travel-to-work flows to identify the hinterlands whose labour market is highly integrated with the cores. The Functional Urban Areas (FUA) being composed of a city and its commuting zone, FUAs encompass the economic and functional extent of cities based on daily movements of people. There are four FUAs in the area, the largest is Pécs with population of 250,000, FUA of Osijek has population of 170,000, Kaposvár and Zalaegerszeg both have population of 110,000 each.

3. Figure: Functional Urban Zones and towns of Pannon EGTC (self-edited figure)

On the Hungarian side there are four counties with three cities over 50.000 inhabitants which at the same time are county seats. There are 14 towns with population over 10,000 and 34 towns with population under 10,000. The area on the Croatian side consists of four counties, too whereas Osijek-Baranja county has the biggest size and is the most populated. Besides Osijek, the city with population over 50,000, five towns with a population over 10,000 and ten towns under 10,000.

Local governments are functioning in settlements (város, község) in Hungary and in towns and municipalities (grad, općina) in Croatia. In Hungary there is a subcounty administrative unit – district (járás) – ten in Baranya, eight in Somogy, six in Tolna and six in Zala.
The area is characterised by a disperse small settlement system. On the Hungarian side Baranya and Zala have the most disperse settlement structure with more than twice higher number of settlements than on the Hungarian average. On the Croatian side there is a huge difference in the density of settlements: western counties contain an extremely high number of settlements even comparing to Croatian national average, while Eastern counties of Osječko-baranjska are characterised by much lower density of settlements.



4. Figure: Density of settlements (Source: KSH, DZS, self-edited figure)

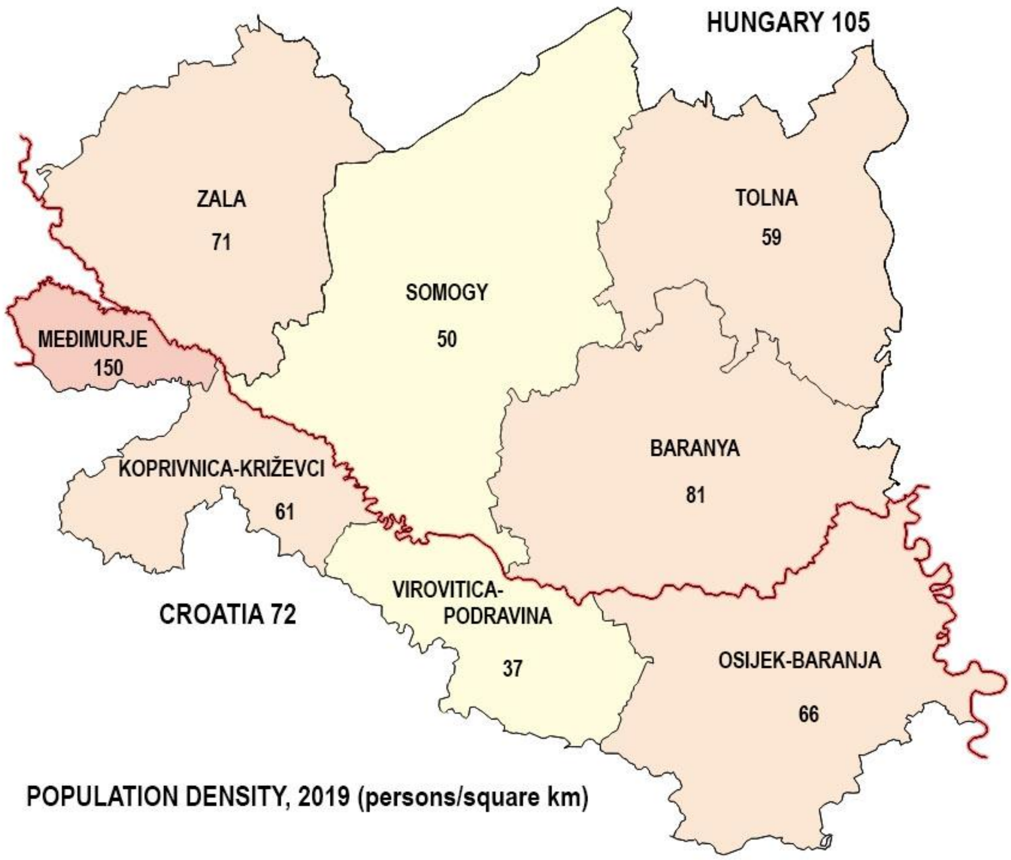
Altogether, 1760 settlements are situated in the area, out of which 846 is on the Croatian, while 914 is on the Hungarian side of the border.

County		Area (km²)	Population 2019.	Population density (pop./ km²)	Number of municipalities (HR) / districts (HU)	Number of settlements	Population per settlement	Density of settlement (sett./100 km²)
Koprivnica-Križevci	HR	1 748	107 076	61	25	264	406	15
Međimurje	HR	729	109 537	150	25	131	836	18
Osijek-Baranja	HR	4 155	275 056	66	42	263	1 046	6
Virovitica-Podravina	HR	2 024	74 521	37	16	188	396	9
Baranya	HU	4 430	360 704	81	10	301	1 198	7
Somogy	HU	6 036	301 429	50	8	246	1 225	4
Tolna	HU	3 703	217 463	59	6	109	1 995	3
Zala	HU	3 784	268 648	71	6	258	1 041	7

Pannon EGTC Area		**26 609**	**1 714 434**	**64**	**138**	**1 760**	**974**	**7**
Pannon CRO	***HR***	***8 656***	***566 190***	**65**	***108***	***846***	***669***	***10***
Pannon HU	***HU***	***17 953***	***1 148 244***	**64**	***30***	***914***	***1 256***	***5***
Croatia	HR	*56 542*	4 076 246	72	556	6756	603	12
Hungary	HU	*93 026*	9 772 756	105	175	3155	3 098	3

Table 1.: Population, area and settlements (Source: KSH, DZS)

Population density is in the medium range on both sides of the border. On the Hungarian side of the Pannon EGTC area, Somogy county has the largest territory and Baranya county has the highest population. On the Croatian side Osijek-Baranja county is the largest and also is the most populated. In the area, which is 26 609 km2 large, the population exceeds 1.7 million heads (2019), 67% of that lives in Hungary and 33% in Croatia. The population density is 64 capita/km2, amounting to 56% of the figure of the European Union (EU 27) and lagging behind the national averages of the two countries as well (62% of the Hungarian and 87% of the Croatian average). It is especially the centre of the area which is scarcely populated, in the western part the population density could be regarded as high, but despite of that strong urban centre could not be found there.

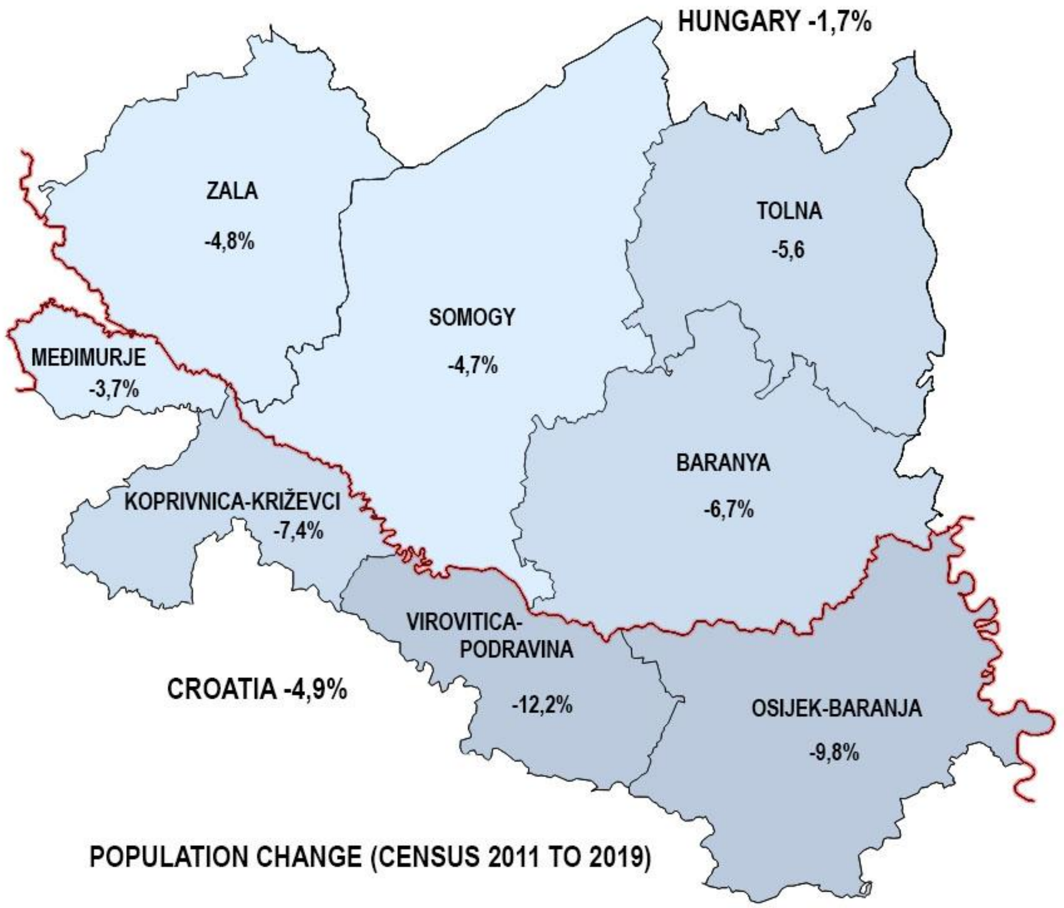


5. Figure: Population density (Source: KSH, DZS, self-edited figure)

Baranya county stands out somewhat, because of its county seat is Pécs, the largest city in the area. Its neighbouring county, Somogy is the less populated county of Hungary, where the population density is even lower than half of the national average.

In Croatia, Međimurje is particularly densely populated, above national average, in contrast to the middle part of the territory: Virovitičko-podravska is the least densily populated county in the Pannon EGTC area (37 inhabitants/km^2).

The NUTS 3 regions in the area, the population density figures compared to the EU average vary between counties. The population density is higher than the EU average (115 persons/km^2) in only one of the eight counties: Međimurska.



6. Figure: Population change (Source: KSH, DZS, self-edited figure)

In the entire area, according to the last decade, the population in general decreased by 4-12%. The most dramatic fall of the population was registered in Virovitičko-Podravska county (-12.2% in comparison to 2011), but Osijek-Baranja county also has quite a significant drop in the population figures (-9.8%) in contrast with the Croatian average of -4.9%. In the three Hungarian counties the decrease in the number of populations was similarly exceeding 5-7%, being three and four times as high as the national tendencies.

The brain drain effect is shown, a significant number of young graduates leave the area yearly and emigrate to the capitals, north-western part of Transdanubia or areas within as well as outside the EU where better labour conditions are present. The result of the above impacts in the area is that the proportion of the elderly increases and that of the young decreases within the region further deteriorating the quality and number of available workforce.

These have severe negative social and economic consequences that already can be felt and are expected to influence the future outlook of the region as well. The dependency ratio of the elderly population is the most favourable in Baranya among the four Hungarian counties: it is 30.9% (2019), being higher than the national average (29.3%). By contrast, the ratio of Zala county – 33.1% – even exceeds the ratio of the European Union (31.4%). The dependency ratio in Croatia averages at 31.6%, but it varies between the counties in the border areas.

On the Hungarian side of the border the share of people aged 19 and younger is 2-3% lower than the EU average. In Zala and Somogy counties, the share of people aged between 20 and 34 is also lower than the EU average by 2% and 1% respectively. In the Hungarian NUTS 3 regions the share of population aged 50 to 64 is 1-2% higher, while the share of those persons above 65 is similar to EU average shares.

In the four Croatian counties, the share of young and old people is similar to the EU average. In some regions the share of those aged 35 to 49 is 2-3% lower than the EU average, while the share of those 50 to 64 is 2-3% higher.

Colourful cultural supply is available in the region as there is a wide range of different nationalities present, who contribute to the collective cultural heritage. In Baranya county 6.6% of the population is German, 4.5% Roma and 1.8% is Croatian. In Somogy 5.3% Roma and in Zala 2.6% Roma individuals are registered. Increase of the Roma population causes constantly emerging problems as their social integration is very problematic which is hindered by the fact that highest proportion of Roma minorities can be found in the micro regions in the most disadvantageous social and economic position, from which many lives on the peripheries of the region.

Croatia has 9.58% national minorities, of which Serbs are the largest (4.36%), followed by Bosnians (0.73%), Italians (0.42%) and Albanians (0.41%) and Hungarians (0.33%). Out of the four counties included in the area, Osijek-Baranja has the largest proportion of minorities (about 14% of the population), of which 7.76% Serbs and 2.70% Hungarians. A significant Roma population lives in Međimurska county (4.49%).

2.2 ECONOMY

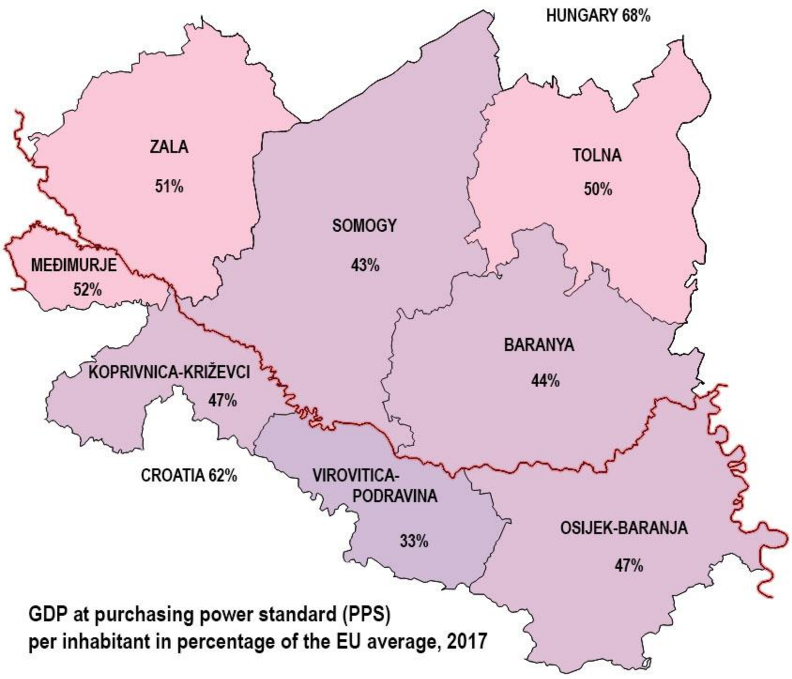
Overall economic development

In general, the counties of the area perform economically rather weak, behind EU average. Since the 2008 economic downturn, the region's performance was characterized by either stagnation or decrease in general. Compared both to the respective countries' as well as EU averages, the border region is lagging behind. The economy has slow growth rates along with major disparities in the border region. The north-western part of the area performs slightly better in economic terms and Hungarian counties somewhat overperform the Croatian ones, but differences in general are not significant. The relatively better performing counties are Međimurje in Croatia and Zala and Tolna in Hungary, furthermore, only three counties have reached at least the half of the EU average in recent years, namely Zala, Tolna and Međimurje counties.

	2015	2016	2017	2018
European Union - 28 countries	***29 100***	***29 300***	***30 100***	***31 000***
Croatia	**17 300**	**17 800**	**18 600**	**19 500**
Kontinentalna Hrvatska	*17 600*	*18 100*	*18 800*	*19 800*
Koprivnicko-krizevacka zupanija	13 300	13 800	14 100	...
Medimurska zupanija	14 300	14 800	15 500	...
Viroviticko-podravska zupanija	9 300	9 800	10 100	...
Osjecko-baranjska zupanija	13 500	14 000	14 200	...
Hungary	**20 000**	**19 800**	**20 600**	**21 900**
Nyugat-Dunántúl	*21 700*	*21 600*	*21 600*	*22 200*
Zala	16 400	15 200	16 000	16 600
Dél-Dunántúl	*13 300*	*13 200*	*13 900*	*15 100*
Baranya	12 900	12 900	13 500	14 700
Somogy	12 500	12 400	13 300	14 400
Tolna	15 000	15 000	15 100	16 500

2. Table: Gross domestic product (GDP) at current market prices. Purchasing power standard (PPS) per inhabitant (Source: EUROSTAT)

The north-western part consisted of Zala, Međimurje and Koprivnica-Križevci counties are the most developed ones, the exception is being Osijek-Baranja with higher rate on the southeast side and in north-east, Tolna have a nuclear power plant which is distorts the economic performance. Generally, it can be said that the territory shows an East-West division in terms of economic activity and output.



7. Figure: GDP per inhabitant (Source: EUROSTAT, self-edited figure)

Considering the economic trends visible throughout 2007-2017, the whole area has been characterised by the process of economic downturn, all counties concerned registered lower rates of development than their respective national averages (EU28=100), while some are showing positive results that might also be due to declining population numbers. These trends can be seen below.

8. Figure: Cohesion (Source: EUROSTAT, self-edited figure)

Hungary was able to increase its economic performance measured in GDP and compared to the EU average by 8 %-point, whilst Croatia only managed to reach in 2016 the level of cohesion in 2007 after suffering several crises from 2009 onwards. With regards to the counties of the Pannon EGTC area, Tolna and Somogy county is to be considered as the most successful with its 6 %-point increase, while

Međimurska county of Croatia have registered a 5% increase in the 2007-2017 period. The best performing year regarding Hungary was 2016.

	2015	2016	2017	2018
European Union - 28 countries	***105.1***	***100.7***	***102.7***	***103.0***
Croatia	**106.1**	**102.9**	**104.5**	**104.8**
Kontinentalna Hrvatska	*106.7*	*102.8*	*103.9*	*105.3*
Koprivnicko-krizevacka zupanija	105.6	103.8	102.2	…
Medimurska zupanija	105.9	103.5	104.7	…
Viroviticko-podravska zupanija	105.7	105.4	103.1	…
Osjecko-baranjska zupanija	107.1	103.7	101.4	…
Hungary	**105.8**	**99.0**	**104.0**	**106.3**
Nyugat-Dunántúl	*108.5*	*99.5*	*100.0*	*102.8*
Zala	109.3	92.7	105.3	103.8
Dél-Dunántúl	*106.4*	*99.2*	*105.3*	*108.6*
Baranya	105.7	100.0	104.7	108.9
Somogy	108.7	99.2	107.3	108.3
Tolna	105.6	100.0	100.7	109.3

3. Table: Change of gross domestic product (GDP) - % - Previous year = 100% (Source: EUROSTAT)

Real GDP growth has been robust in the past few years attributable to increased EU funding, higher EU demand for Hungarian exports as well as a rebound in domestic household consumption. Regarding Croatia 2016 seems to be the first year too showing trends of economic recovery after the 2009 crises.

What can be said about the region is that it shows a defined East-West division regarding economic performance in view of GDP. Western counties generally perform much better than their eastern counterparts, which show significant decline or stagnation in output.

The export data are not available at subnational level. In 2018, the value of export was €77.86 billion in Hungary and €13.97 billion in Croatia.

export %	2015	2016	2017	2018
Croatia	111.3	105.6	111.1	105.3
Hungary	106.6	103.7	108.6	79.2

4*. Table: Change of export % - previous year = 100% (Source: EUROSTAT)*

Innovation, R&D

R&D is one of the major drivers of innovation, therefore expenditure in this field serves as a key indicator to assess resources devoted to technology and science. In the EU, R&D expenditure has slightly increased to 2.07% of total GDP in 2017 whereas it started off at 1.77% in 2007. The border region of Hungary and Croatia is very similar to the situation to the country as a whole, since there was no significant increase recorded in the intensity of R&D activity throughout the last 10 years.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
European Union	1.77	1.83	1.93	1.92	1.96	2	2.01	2.02	2.03	2.04	2.07
Croatia	0.79	0.89	0.84	0.74	0.75	0.75	0.81	0.78	0.84	0.86	0.86
Continental Croatia		1.17	1.11	0.98	0.95	0.96	0.99	0.98	1.08	1.11	1.07

Hungary	0.96	0.98	1.13	1.14	1.19	1.26	1.39	1.35	1.35	1.19	1.33
Western Transdanubia	0.6	0.55	0.57	0.58	0.64	0.6	0.74	0.63	0.58	0.55	0.63
South Transdanubia	0.37	0.33	0.42	0.46	0.6	0.92	0.76	0.59	0.42	0.36	0.7

5. Table: Expenditure in Research and Development as % of GDP (Source: EUROSTAT)

The population ratio employed in High Technology Manufacturing and Knowledge Intensive Sectors (HT KIS) both in the continental part of Croatia (5%) and in South and Western Transdanubia (2.6% and 3.9%, respectively) on NUTS 2 level is lower than the EU average that is 6.1% according to Eurostat data from 2018.

Hungary performs below the EU average on both the Digital Technology Integration Index and in terms of the Digital Transformation Enablers' Index. Compared to other EU Member States, Hungary performs below the average in 6 dimensions, integration of digital technology, changes in ICT start-ups, e-leadership, supply and demand of digital skills, access to finance as well as digital infrastructure. The digital infrastructure is the biggest challenge to overcome with 38% disparity compared to the EU average. Croatia performs close to the EU average on the Digital Technology Integration Index, but is significantly below the EU average in terms of the Digital Transformation Enablers' Index. Compared to other EU Member States, Croatia scores above the EU average in two out of seven dimensions. With a lead of 15% compared to the EU average, the field where Croatia performs best is Entrepreneurial Culture. While the investment climate for enterprises performs more than 30% below EU average, digital infrastructure and the supply and demand of digital skills score approximately 20% below EU average.

In terms of the 'e-commerce' index (taking into account enterprises selling online, receiving/serving orders via computer mediated networks, electronic sales both domestically and to other EU countries) Hungary has the 8th lowest score among EU countries. Croatia is slightly below the EU average with respect to the e-commerce index. In terms of web sales, Croatia is slightly below the EU average and Hungary is a bit behind Croatia. There is a very large difference between web sales to own country and web sales to other EU countries in both Hungary and Croatia as inland web sales are predominant in both.

On the Hungarian side, the R&D activities are concentrated in Pécs and to a lesser extent are present in Zalaegerszeg, Keszthely and Kaposvár. This is due to the university basis as the University of Pécs is one of the biggest universities of the country outside of Budapest, in terms of number of faculties, lecturers and students as well. University of Pécs is a main actor not only in higher education but in research alike. University research groups are working on different scientific domains, in 2012 the Szentágothai Research Centre started its operation. University of Pécs also has wide range of research-focused international relations.

On the Croatian side, the strongest university centre with a research potential is Josip Juraj Strossmayer University in Osijek with various faculties (agriculture, engineering, medicine, biology, chemistry, mathematics, physics, law, social sciences).

In Croatia, a set of Competitiveness Clusters was established for the key industrial sectors, based on the "triple helix" principle namely, bringing together industries, research institutions and local and regional governments with a set of others in different phases of establishment. Examples of these clusters are the Euvita Cluster that is located in Northwest Croatia with the purpose of achieving programme aims of rural development and to connect small and medium enterprises in programmes of development of production and processing of agricultural products and rural tourism in accordance with the notion of sustainable development. Another example is the Cluster of Cultural Routes that was founded as a new destination marketing and management organisation, with the aim of realizing goals and objectives in creation and development of cultural routes.

In the Croatian part a relatively fast development of the ICT sector is observable: in Međimurje county (IT cluster) and in the broader Croatian territory. Međimurje county hosts the Technology and

Innovation Centre Međimurje, which is focused primarily on ICT and cooperates closely with the faculty in Varaždin (in addition to cooperation with Međimurje Polytechnics).

Labour Market

Due to the negative natural rate of population change and negative net migration rate, the population changes follow a negative trend in both Hungary and Croatia. In Croatia net migration is the primary factor influencing the negative net population change rates. The age profile of the population does not deviate substantially from the average EU age profile. There is a trend of "brain-drain" effect in the region that is happening as young, educated population emigrates to other European countries or outside the EU.

The following characteristics can be said about the employment status of the region: employment rates of the age group of 20-64 are 77.9% in Western Transdanubia and 69.4% in South Transdanubia, while 66.4% in Continental Croatia and 73.2% in the EU.

The economic growth as well as the emigration of recent years has translated into reduced unemployment in Croatia, but the employment rate remains comparatively very low. Long-term unemployment for 2018 is slightly higher in Continental Croatia (3.3%) than the EU average figure (2.4%). The rates are lower in Hungary in comparison to EU levels, i.e. 0.6% on Western Transdanubia and 2.0% in South Transdanubia. The highest job vacancy rates can be observed in the 'Manufacturing', 'Administrative and support service activities' and 'Arts, entertainment and recreation' sectors in Western Transdanubia, and in the 'Education' and 'Administrative and support service activities' sectors in South Transdanubia. Data on employment for the county level is available as numbers of employed, where the largest share of employed compared to the total in Croatia (2018) are registered in Osječko-baranjska county. According to data on national level for Croatia, the highest job vacancy rate can be found in the 'Accommodation and food service activities' and 'Public administration and defence; compulsory social security' sectors.

In Baranya (6.9%) and Somogy county (6.3%) the unemployment is problematic as its rate is far above the national average (3.7% in 2018), but below the EU27 average. The most favourable situation is in Zala county, caused by the proximity of this county to the Austrian labour market and the relatively high number of commuters to Austrian workplaces. Distribution of unemployment is uneven on the Hungarian side as in the Balaton and Pécs area it is lower than in the other parts of Baranya and Somogy counties. The majority of them are low-skilled, their share in Somogy is 45% among the jobseekers. This results the presence of long-term unemployment as 22-24% of the jobseekers are registered for more than one year, similarly to the figure of the national average. The majority of the jobseekers are men, though the difference between the two sexes is not significant. The number of registered job-seeking career starters was decreased in the recent years and reached 9.2% of the registered jobseeker total.

In the Croatian part of the programme area higher unemployment rate has been measured than in the Hungarian part. However, the differences between the westernmost part of the area and the eastern part are huge. Like in Hungary, there is a trend of decline in unemployment primarily due to outmigration of younger population to western European countries like Germany, Austria and Ireland in particular. The cross-border commuting is not significant because of the lack of large employers and the low density of border crossing points. Language barrier also represents crucial hindering factor.

	2015	2016	2017	2018	2019
European Union - 28 countries	**9.4**	**8.6**	**7.6**	**6.9**	**6.3**
Croatia	***16.2***	***13.1***	***11.2***	***8.5***	***6.6***
Kontinentalna Hrvatska	*15.9*	*12.6*	*11.4*	*8.0*	*6.7*
Koprivnica-Križevci	…	…	…	…	…
Međimurje	…	…	…	…	…
Osijek-Baranja	…	…	…	…	…
Virovitica-Podravina	…	…	…	…	…
Hungary	***6.8***	***5.1***	***4.2***	***3.7***	***3.4***
Nyugat-Dunántúl	*3.8*	*2.7*	*2.4*	*2.0*	*1.8*
Zala	5.4	3.8	4.3	2.6	2.2
Dél-Dunántúl	*8.1*	*6.2*	*6.3*	*5.6*	*4.8*
Baranya	8.5	7.6	7.5	6.9	6.6
Somogy	8.6	5.4	7.3	6.3	3.7
Tolna	6.9	4.6	3.0	2.2	3.2

6*. Table: Unemployment rates - % (Sorce: EUROSTAT, KSH, DZS)*

It can be stated that labour productivity is lacking of the EU average (EU: 100,1, Croatia: 72,2, Hungary: 69,4), which is a serious problem affecting both country's overall competitiveness in the international market.

In Croatia, there is notable disproportion between the labour market and educational system which is reflected in the fact that the majority of unemployed are those with 1-3 year vocational secondary schools, whose numbers prevail in the structure of unemployed even over those with no schooling or with primary school. Most of the unemployed have been unemployed for over 12 months (the average of long-term unemployment in the programme area is 42.8%, close to Croatian average) and majority of the unemployed and particularly of long-term unemployed are women. A significant proportion of unemployed are young (39.7% of all unemployed are below 30 in 2017), who have trouble entering the labour market, but a problem is in particular the unemployed of the population of over 50 years of age (17.2%), which tends to be hard to re-enter the job market. In spite of high unemployment rate labour shortage occurs in some professions (for example CNC turner). In general, there is a significant discrepancy between the demand and the supply of skills in the labour market in Croatia.

The activity rate of the labour force in Croatia has increased from 48.8% in 2007 to 51.6% in 2017. The increase in the activity of the older working population has been noticed. Namely, in the period 2007–2017, the activity rate of the age group 25-49 has increased from 84.99% to 85.6%. Meanwhile, the activity rate of the age group 50-64 has increased from 52.04% to 53.2%. The increase in the activity of the older working population is mostly a consequence of the retirement plan reform, which has involved a gradual increase in the minimum retirement age. Until recently, the most usual plan to deal with unemployment was early retirement. That fact is reflected in Eurostat data on duration of working life. In 2011, number of years a person age 15 is expected to be active in the labour market was only 31.1 for Croatia, while the same indicator value for EU27 was 34.7. Therefore, not only that labour market figures were below the desired level, but the unsustainable pressure was created upon pension system and public financing.

In summary, the Pannon EGTC area presents a relatively low contribution from technology and science to the regional economy, which, in itself, requires an improvement of conditions in order to raise levels closer to EU standards at national and regional levels as well. Barriers in this field are arising due to the lack of business and entrepreneurship skills, low R&D activity, lack of experts and community, poor availability of technology, or limited access to finance. Investors at this region retain from commitment as they do not take the longer-term view into account and see no development of favourable conditions regarding digitisation, education, infrastructure, bureaucracy or human capacities to name a few.

2.3 SMEs IN THE REGION

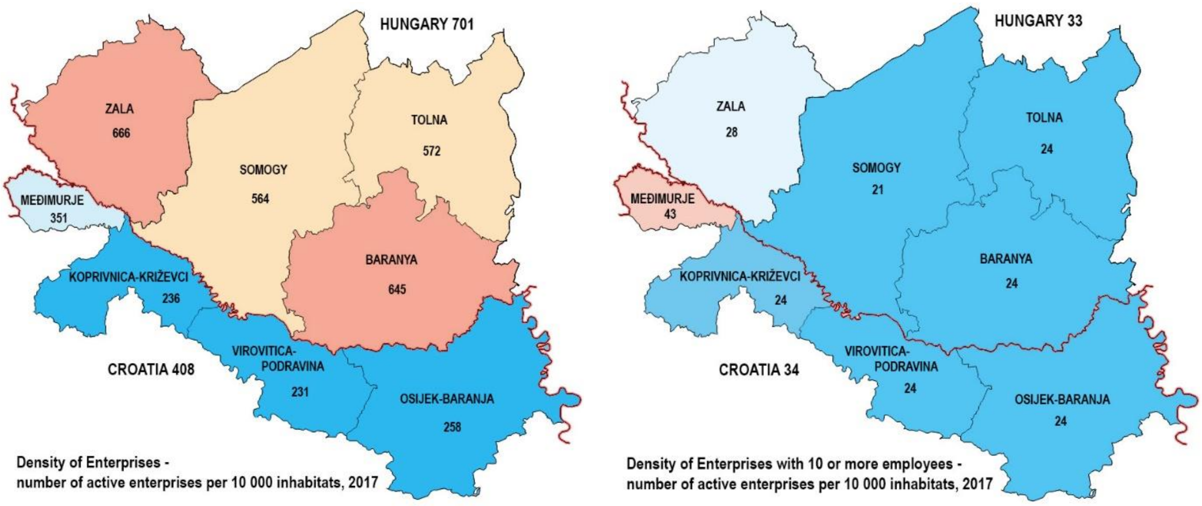
Enterprise density is higher on the Hungarian territories. Operating enterprises are present in lower numbers in rural areas. Density of the operating enterprises in none of the Hungarian counties reaches the national average. Among the four Hungarian counties the highest number of operating enterprises could be found in Baranya. The lowest density of the enterprises is in Somogy county.
The Croatian part of Pannon EGTC area shows a rather weak picture in terms of density of business units compared to Hungarian and also to Croatian national average. In terms of density of active enterprises Međimurje county clearly stand out. The density of enterprises with ten or more employees shows a balanced picture in Pannon EGTC area, only Međimurje stands out from the other counties.
On the other hand, the number of active business entities had been increasing within the period of 2011 and 2017.

	Active enterprises 2017	Active enterprises 10 employees or more	Density of enterprises		Rates of enterprises less than 10 employees	Density of enterprises 10 employees or more
			per km^2	per 10 000 inhabitants	%	per 10 000 inhabitants
Croatia	168 168	14 171	3.0	408	91.6	34
Kontinentalna Hrvatska	101 461	9 653	3.2	367	90.5	35
Koprivnicko-krizevacka zupanija	2 574	260	1.5	236	89.9	24
Medimurska zupanija	3 898	474	5.3	351	87.8	43
Viroviticko-podravska zupanija	1 780	184	0.9	231	89.7	24
Osjecko-baranjska zupanija	7 307	682	1.8	258	90.7	24
Hungary	686 888	32 702	7.4	701	95.2	33
Nyugat-Dunántúl	67 339	2 962	6.0	685	95.6	30
Zala	18 312	761	4.8	666	95.8	28
Dél-Dunántúl	53 593	2 051	3.8	599	96.2	23
Baranya	23 602	887	5.3	645	96.2	24
Somogy	17 307	640	2.9	564	96.3	21
Tolna	12 684	524	3.4	572	95.9	24
Pannon EGTC Area	87464	4 412	3.3	500	95.0	25
Pannon CRO	15559	1 600	1.8	268	89.7	28
Pannon HU	71905	2 812	4.0	615	96.1	24

7. Table: Active enterprises (Source: EUROSTAT, KSH, DZS)

Both in the Hungarian and the Croatian part the lack of large enterprises is characteristic. In the Hungarian part, the number of active corporations and unincorporated enterprises with 250 or more persons employed is only 77 company: 20 in Zala, 22 in Somogy, 19 in Baranya and 16 in Tolna. The total number of active enterprises in 2017 is 87,464 (71,905 in Hungarian part, 15,559 in Croatia) of which 28,517 are referring to self-employment and 54,535 enterprises have 1-9 persons employed;

therefore, entrepreneurs and SMEs have important role in employment as well. Although, the 95% of active enterprises have less than 10 employees.



9. Figure: Density of Enterprises (Source: EUROSTAT, KSH, DZS, self-edited figure)

In Croatia, the North-Western part of the country, including Međimurje (2017: 3898 active companies) overall have the largest number of SMEs, the greatest share of total employment in SMEs and the greatest value-added generation by SMEs. The Central and Eastern part of Croatia except Osijek-Baranja County (2017: 7307 active companies) is overall the poorest performing part of the whole country in terms of SME activity and presence, as this largest part of the area possess the smallest number of enterprises, the least employment in SMEs and the lowest generation of GDP.
Geographical distribution of SME's in HU: Enterprise density is higher on the Hungarian territories. Operating enterprises are present in lower numbers in rural areas.

In the Global Competitiveness Index (GCI) ranking in 2019, Croatia ranked 63rd showing a five-level progress compared to the previous year, whereas Hungary ranked 47th that is stagnating compared to 2018. Both countries are lagging behind of competitiveness compared with EU member states.

Representation of sectors in the economic structure
Agriculture plays a more important role in the area than it does in the national economy of the two countries. This remark refers to both the sector's income generation potential and to the employment levels too. The share of agriculture is three times higher in the area than the European average. Average parcel size is traditionally bigger in Hungary, due to the developing dominance of industrial farming. In Croatia the lands are smaller and are predominantly being cultivated by family-run agricultural businesses. On both sides of the border production of arable crops is typical, like maize, wheat and other cereals, sunflower and rape. The number of livestock decreased in the past decades, there are typically poultry and pigs for slaughter, cattle for milk and bee families for honey. Zala and Somogy are the two most afforested counties of Hungary, but in Baranya and on the Croatian areas there are extended forests as well that could serve as a basis for touristic and wood industry purposes. The common asset of the area is the high level of wine-growing and production which is frequently linked to tourism and catering industry.

Group of industry	Agriculture, forestry and fishing	Industry	Construction	Services	Total

NACE Code	A	B,C,D,E	F	G-U	A-U
Croatia	3.8	21.4	5.3	69.5	100.0
Koprivnicko-krizevacka	13.3	35.7	5.1	45.9	100.0
Medimurska	7.4	43.6	4.2	45.0	100.0
Viroviticko-podravska	16.3	23.0	6.8	54.0	100.0
Osjecko-baranjska	11.4	22.1	6.4	60.2	100.0
Hungary	4.4	26.0	4.3	65.3	100.0
Zala	6.6	27.7	5.6	60.1	100.0
Baranya	10.0	19.1	4.6	66.3	100.0
Somogy	11.5	20.5	4.7	63.3	100.0
Tolna	11.0	32.9	6.1	50.0	100.0

8. Table: Distribution of gross value added by main groups of economy (Source: DZS, KSH)

Industry and services

Based on available data (Structural Business Statistics, SBS) data NUTS II Continental Croatia, in terms of the share of people employed, has a relatively stronger focus on Wholesale trade, Retail trade, ICT and Professional, scientific and technical activities. In Hungary, Western Transdanubia and Southern Transdanubia have a stronger relative focus on Construction and Professional, scientific and technical activities.

In Koprivnica-Križevci county there are 52 percent of all employees work for the manufacturing industry, especially in the sectors of food and beverage and pharmaceutical production, followed by wholesale and retail trade, construction and agriculture. Međimurje economy is predominantly based on manufacturing industry, which generates the highest income and employs the most people, and the agricultural, trade, transport and construction industries are also developed. It is export oriented, with a significant share of labour-intensive, low-cumulative and traditional industries, with the developing trend of high-tech industries. Within manufacturing, the most represented industries are metal processing, textile and clothing, wood processing and food industry.

The main industries in Virovitica-Podravina county are agriculture (sugar beet, tobacco and medicinal plants; beekeeping, fish farming), final wood processing (office, school and other furniture, parquet floors, clogs), food and non-metal industries (ceramic tiles). Osijek-Baranja county has, beside manufacturing and the food industry, timber, chemical and metal industry, machinery, building materials, and also a growing IT industry.

NACE Code	Group of industry	Share of value added by main groups of economy				
		Koprivničko-križevačka	Međimurska	Virovitičko-podravska	Osječko-baranjska	Croatia
A	Agriculture, forestry and fishing	13,3	7,4	16,3	11,4	3,8
B,C,D,E	Manufacturing, mining and quarrying and other industries	35,7	43,6	23,0	22,1	21,4
F	Construction	5,1	4,2	6,8	6,4	5,3
G,H,I	Wholesale and retail trade, transportation, storage, accommo-dation and food service activities	14,2	13,5	12,4	15,9	22
J	Information and communication	0,7	2,1	1,1	3,5	4,5
K	Financial and insurance activities	4,4	3	4,3	3,4	6,3
L	Real estate activities	8,4	9,4	12,6	9,8	10

NACE Code	Group of industry	Share of value added by main groups of economy				
		Koprivničko-križevačka	Međimurska	Virovitičko-podravska	Osječko-baranjska	Croatia
M,N	Professional, scientific, technical, administrative and support service activities	4,0	4,8	3,2	6	8,3
O,P,Q	Public administration and defence, education, human health and social work activities	12,2	10,8	18,4	18,8	15,1
R,S,T,U	Other service activities	2,0	1.4	2,0	2,8	3,3
A-U	Total	100.0	100.0	100.0	100.0	100.0

9. Table: Distribution of gross value added by main groups of economy in Croatia, 2016 (Source: DZS)

In Hungary, regarding industrial production Tolna and Zala are the leader among the counties of the cross-border region on the Hungarian side. The **value of industrial production per capita** of the counties are in Tolna 82%, in Zala 77%, in Somogy it is 52% and in Baranya it is 44% of the national average in 2018. Zala's economy is characterised by strong links to the automotive and machinery industries of the northern two counties of the Western Transdanubia region and a large share of workforce commuting to Austrian workplaces, too, especially in the middle and the northern part of the county. Baranya records the lowest figure of industrial production per capita despite the fact that the biggest urban agglomeration of the area is located there. Economy of Somogy – and, to a relatively lesser extent of Zala – is influenced by the strong presence of the service sector, partly due to the developed tourism-related services (accommodation, catering) at the lake Balaton and spa resorts, resulting in the share of services is the high in Somogy. Baranya performs above national levels, Zala barely below, however, business services, especially info communication and financial services are rather weak in all of the three counties. Among services the public ones – like – public administration, education, social- and health services – are overrepresented in the Hungarian counties of Somogy and. Business services are characteristically weak and are concentrated in larger cities in both counties, however, IT sector is a bit over national average in Osijek-Baranja County (Croatia).

The Hungarian-Croatian border region shows no signs of real sector specialisation. Most segments of the processing industry operate here, among them it is worth mentioning the food industry, the machinery and there are significant capacities of electronic assembly plants as well. Due to the lack of large enterprises indicated in the previous section, non-sectoral SME support as well as boost of the already established agricultural sector is justifiable and could potentially strengthen capacities and market share of the local establishments.

2.4. Relevant issues and challenges

General – national level – challenges in the two countries can be summarised as follows:

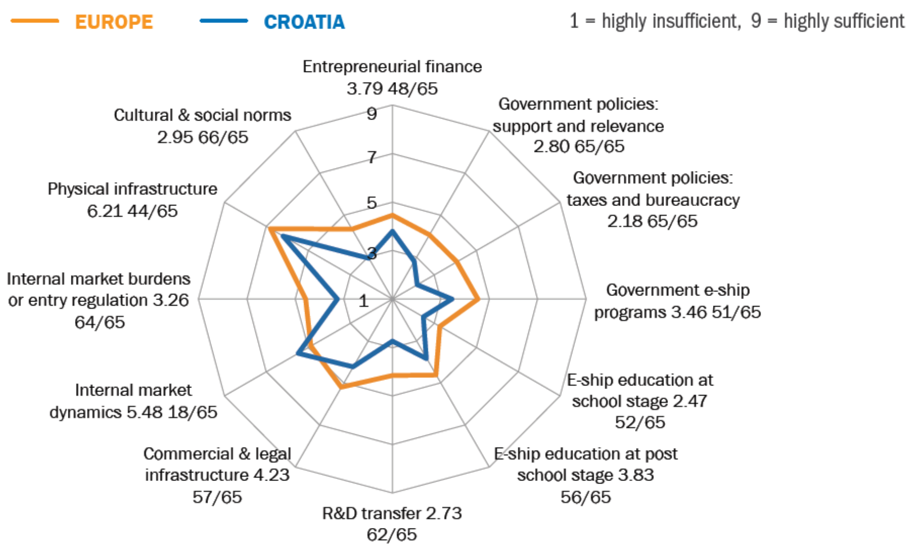
Relevant issues Hungary (National Strategy for SME's, SBA-scores and GEM)

1. Expanding employment between 2013 and 2017, with unchanged proportions of employment by SME's and bigger companies
2. Employment and added value grew mostly in services and construction sectors. SME's added value grew mostly in commerce. Although relative weight of the central region decreased, the counties of the EGTC area are not among the beneficiaries of this process.
3. Overall digital development of the Hungarian economic actors are among the less developed in the EU, in digitization of business processes and e-commerce Hungary's position is the last one. In online commerce, only 7% of the companies (out of all ones active in e-commerce) provides services internationally.
4. Relative (to gross value added) high performance of Hungarian SME's in export, however, export volume is added up by very few SME's (in 2016 by 5,9% of all SME's)
5. For Hungarian SME's recruiting and retaining skilled workers is more difficult than in „V4" countries
6. Low participation of employees/workers of SME's in adult training

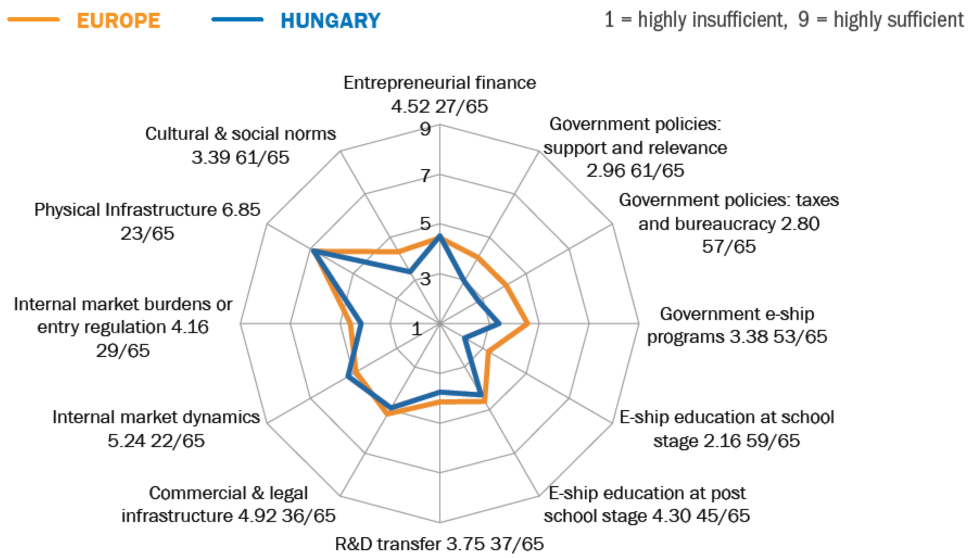
Relevant issues Croatia (based on SBA-scores and GEM)

1. Access to finance:
    a. lowest SBA-score in equity funding for new and growing firms, and the lowest ranking for SME financing by business angels, BUT
    b. third best in the EU on access to public financial support
2. Worst performing EU country in terms of "responsive administration" (public administration being responsive to the needs of SMEs):
3. Low rankings in the field of entrepreneurship education at school stage and post school stage, too.
4. Weakness of research and development transfer, weak connections to research sites and SMEs.
5. The low innovative capacity of SMEs has been identified as a long-term issue diminishing the country's competitiveness in international markets.
6. The share of new products produced by Croatian companies are much lower than other European countries, whereas the technological readiness of Croatian businesses is about average.

According to more than 300 academic experts from Global Entrepreneurship Monitor (GEM), which has been collecting data continuously from more than 100 countries since 1999, and perform analyses on entrepreneurial eco-system in national level. Perceived quality of entrepreneurial ecosystem - average value of experts' perceptions for the nine entrepreneurial framework components in Croatia and Hungary:



10. *Figure: Expert ratings of the entrepreneurial eco-system in Croatia, 2017 (Source: Global Entrepreneurship Monitor)*



11. *Figure: Expert ratings of the entrepreneurial eco-system in Hungary, 2017 (Source: Global Entrepreneurship Monitor)*

At the regional level more specific challenges could be identified, as follows:

1. The whole area of the EGTC show strong characteristics of a peripheral status. Although transport links to central areas of the states are developing in both countries, peripheral situation in economic terms results in considerably less FDI then in more favoured parts of the countries (especially in Hungary) and an outmigration of trained and young professionals from the region towards the centres.
2. Additionally, capacities of transport links (e.g. the border-crossing points) between the two countries are also very low, partially due to the geographic situation, namely the long section of the border constituted by the river Drava. Further difficulty in crossborder trade is that Croatia is not part of the Schengen Area, so that border crossing involves control procedure.

3. On the other hand, well-equipped higher educational institutions, strong cultural identity, active institutional networks as well as some minorities living on the other side of the border and traditions of cooperation may form the basis of a new, more knowledge-based economic development path for the region.

CHAPTER 3: INTERNATIONALIZATION ENVIRONMENT

3.1. LEGAL BACKGROUND

The national law in **Hungary** is the XXXIV of 2004 on Small and medium-sized enterprises and support for their development Act. The purpose of the law is to define SMEs and to summarize state aids to promote their development, and thus to create economic conditions that ensure the long-term growth of competitiveness and employment at both national and EU level, and the reduction of competitive disadvantages and the catching-up of businesses with European Union requirements.
In **Croatia**, criteria for classifying entities in the small and medium enterprise sector are defined by the Accounting Act and the Small Business Development Promotion Act.
There are no national or regional regulations about the internationalization of SMEs, the national law in Hungary does not contain the phrase "export".

The years of 2020 and 2021 are transition period between 2014-2020 and 2021-27 programming periods, which is the time for strategy renewal.
Current strategies that regulate and encourage the development of the small and medium enterprise sector ***in Croatia*** are[1]:

Strategy for Development of Entrepreneurship in the Republic of Croatia 2013-2020, whose aim is to increase the competitiveness of small and medium enterprises in Croatia by improving entrepreneurial skills, promoting entrepreneurship, facilitating access to finance and improving economic performance and the business environment;
Strategic Plan of the Ministry of Economy, Entrepreneurship and Crafts for the 2019-2021 Period, is based on the vision of shaping a more competitive market economy and creating a more favourable entrepreneurial environment. The provisions of the Strategic Plan mandate implementation of an analysis of the effects of tax legislation burden on small and medium enterprises, and adjustment of

[1] Small and Medium Enterprises Report Croatia – 2019 - CEPOR

legislation in line with EU recommendations on tax breaks and exemptions for small and medium enterprises;

Strategy of Women Entrepreneurship Development in the Republic of Croatia 2014-2020, whose aim is to achieve the coherence and interconnectedness of public policies, to improve systemic support for women entrepreneurship through the entire institutional structure, and to promote women entrepreneurship.

Cluster Development Strategy in the Republic of Croatia 2011-2020, whose aim is to improve the management of Croatian cluster policy, strengthen clusters and cluster associations, to promote innovation and transfer of new technologies, to conquer new markets and internationalisation of clusters, and strengthen the knowledge and skills for cluster development;

Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period from 2015 to 2020, whose aim is to create a stimulating environment for the development of social entrepreneurship in Croatia;

Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia (2014-2020), in which encouraging entrepreneurship and self-employment, and social entrepreneurship development are stated as one of the main strategic activities. It is planned to achieve these strategic activities primarily through stimulating education for the purpose of attaining the necessary competences for employment and self-employment, stimulating entrepreneurial projects, social cooperatives employing people with diminished working capacity and/or providing assistance to persons in unfavourable personal, economic, social and other circumstances, and stimulating projects of women entrepreneurship, youth entrepreneurship, the Roma and persons with disabilities;

Strategy for Innovation Encouragement of the Republic of Croatia 2014-2020, which aims to build an efficient innovation system and improve the legal and fiscal framework, establish a means of communication and models of cooperation between the public, scientific research and the business sector in order to develop new products, services, business processes and technologies, and the manner of applying the results of scientific research in the economy and society as a whole;

Regional Strategies 2014-2020: the four counties in the Pannon EGTC area have regional strategy which aims to set development goals and priority axis in the County.

Current strategies that regulate and encourage the development of the small and medium enterprise sector ***in Hungary*** are:

Program for a More Competitive Hungary (2019), which is a strategical document of the Government of Hungary, whose aim is for the development of the Hungarian economy to exceed the average of the European Union by 2 percentage points. The long-term relationship of enterprises based on mutual trust with the public sector is of paramount importance. In transforming the corporate environment, more emphasis should be placed on higher value-added production.

The National Reform Program (2020) addresses the issue caused by the coronavirus (COVID-19) The Economic Protection Action Plan to avoid economic downturn is detailed and examine the results of the last 10 years under the Europe 2020 Strategy.

Strategy for Strengthening Hungarian Micro, Small and Medium-sized Enterprises (2019-2030)**,** which aims are strengthening the value-creating capacity of a group of companies capable of growth and providing a predictable framework for the entire SME sector to operate. The SME strategy has seven pillars:

1. Creating a business-friendly regulatory and tax environment
2. Improving the business environment for SMEs and e-government tools
3. Strengthening the development capacity, innovation and digital performance of SMEs
4. Encouraging SMEs to access finance
5. Promoting the internationalization of SMEs
6. Acquire the necessary knowledge
7. Generational change

The fifth pillar is Promoting the internationalization of SMEs, under which

- the SMEs with growth potential will find a foreign and domestic involvement in the international division of labor opportunities and thereby achieve the growth goals;
- the SMEs account for the volume of their sales revenue from domestic sales keeping them expanding their markets internationally, achieving their sales revenue a quarter from export sales;
- expanding the range of exporting micro, small and medium-sized enterprises; a quarter from export sales;

National Framework Strategy for Sustainable Development (2012-2024) which the overall aim is to ensure the conditions for adaptability to the constantly changing socio-human-economic-natural external environment, to improve the quality of the cultural adaptation necessary for it.
National Smart Specialisation Strategy (S3) - 2014-2020, which is a type of monitoring instrument for counties and the RDI policy which enables them to support research, development and innovation processes and the principle of regionality more effectively: it is a practical means for making strong areas in a given region or county more visible for RDI stakeholders. The methodology of the S3 lays great emphasis on the continuous assessment and analysis of and the provision of feedback to regional implementation and economic and social changes with the involvement of a wide range of stakeholders. Based on the S3 triple subdivision adopted in 2014 the following main specialisation directions are identified:

- National Specialisation and Types of Regions: 3 national specialisations and 3 types of regions
- National (Sectoral) Priorities: 6 sectoral priorities and 2 horizontal priorities
- Smart technologies: 13 smart technologies

Regional Strategies 2014-2020: the four counties in the Pannon EGTC area have regional strategy which aims to set development goals and priority axis of the County.

Current programmes that regulate and encourage the development of the small and medium enterprise sector in Croatia are:

Rural Development Programme of the Republic of Croatia for the Period 2014-2020, which foresees supports for entrepreneurship and the creation of new jobs in rural areas as measures that can influence the retention of the young and active rural population and in the long term achieve the return of those who have left rural areas;
Action Plan for Administrative Relief of the Economy for 2019, with which it is planned to reduce administrative burden on the economy by 15.57%, by implementing 314 new measures aimed at reducing the tax burden;
National Reform Programme 2019, foresees measures of particular importance for the implementation of structural reforms aimed at achieving economic growth and the necessary demographic renewal in Croatia. The measures that will affect the small and medium enterprise sector the most relate to creating a predictable business environment, creating favourable conditions for stimulating investment in Croatia and ensuring the sustainability of public finances.
Operational Programme Competitiveness and Cohesion 2014-2020 is the fundamental programmatic document implementing for implementing the cohesion policy of the European Union. The purpose of this programmatic document is to stimulate economic growth and create jobs through encouraging investment in infrastructure projects (in the areas of transport, energy, environmental protection, ICT) and providing support to the development of entrepreneurship and research activities.
National, regional and EU funds for the SME internationalization

Current programmes that regulate and encourage the development of the small and medium enterprise sector in Hungary are:

Economic Development and Innovation Operational Programme (EDIOP) (source: ERDF, ESF, IKF; a total of 8,813 M EUR over 7 years) The Operational Programme provides access to the instruments of the Structural Fund. The Economic Development and Innovation Operational Programme is one of the most important resource available for the SMEs. The 8 priority axes of the OP:

1. SME competitiveness;
2. Research and Development and Innovation;
3. Infocommunication Technologies;
4. Energy;
5. Employment;
6. Training;
7. Tourism;
8. Financial instruments including loan, guarantee and equity products.

The Rural Development Program (2014-2020) focuses on labor-intensive sectors such as horticulture, livestock farmers and food processing businesses. The Program provides support under 6 rural development priorities, with particular emphasis on the restoration, conservation and development of ecosystems related to agriculture and forestry, and the promotion of social inclusion, poverty reduction and economic development in rural areas, and the organization and management of food chains. risk management in the agricultural sector.

Horizontal programmes available for both country:

EUROPE 2020 – European Strategy for Smart, Sustainable and Inclusive Growth that was launched in 2010 and represents a strategic framework for all EU members. Europe 2020 envisages reaching the five key European Union targets by the end of 2020, which include employment, research and development, climate change / energy, education, social inclusion and poverty reduction. In order to achieve the targets of the Europe 2020 strategy, member states plan national-level reforms, and define their own national targets in each of these areas through Stability / Convergence Programmes and National Reform Programmes. Progress in achieving the targets of the Europe 2020 Strategy is encouraged and monitored within the European Semester, the annual cycle of coordination of economic and budgetary policies of the European Union.

Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020, belongs to the network of European Territorial Cooperation (ETC) programmes. Four investment priorities have been recognized as tools for the strategic development of the programme area:

- Priority Axis 1: Economic Development - Enhancing the competitiveness of SMEs
- Priority Axis 2: Sustainable Use of Natural and Cultural Assets – Preserving and Protecting the Environment and Promoting Resource Efficiency
- Priority Axis 3: Cooperation - Enhancing Institutional Capacity and an Efficient Public Administration
- Priority Axis 4: Education - Investing in Education, Training, including Vocational Training for Skills and Lifelong Learning by Developing Education and Training Infrastructure

This programme finance the “**Beneficiary Light**” Grant Scheme, which is fostering value-added business cooperation between SMEs operating on different sides of the Hungary-Croatia border. This is a successful initiative that supports internationalization of local businesses.

3.2. MAIN NATIONAL AND REGIONAL STAKEHOLDERS

Both Hungary and Croatia are centralised states so that main stakeholders involved in SME internationalization are mostly in the capital cities of the states. Main institutions in the two countries are the following ones:

In Hungary, the three key players are the

1. Hungarian Export-Import Bank (Exim Bank, EXIM)

EXIM's objective is – while assessing and channelling the needs of exporters – to provide a coherent range of lending, guarantee and insurance products that cover the entire spectrum of export activity, from production through manufacturing to the support of the sales process. In the region, EXIM has a representation in Pécs, Kaposvár and Zalaegerszeg.

2. Hungarian Investment Promotion Agency (HIPA)

The Agency is active on the field of promoting Hungary for FDI and aims to link the potential financial and strategic investors with Hungarian projects in need of investment. Its services include

- investment opportunity database
- "one-stop-shop" management consultancy services
- information about available investment sites, incentives, labour market, business environment, local suppliers, location search and -evaluation, site- and reference visit visits.
- mediate between government and business including assistance with the application for financial incentives, including government's non-refundable VIP cash incentive provided on the basis of individual governmental decisions.

3. Hungarian Export Promotion Agency (HEPA)

HEPA has been established to help the Hungarian SME's fast and cost-efficient entry into new markets. HEPA offers

- export promotion
- international partner search
- export advisory services
- international trade trainings
- foreign market information
- export maturity survey and scalable service package tailored to the goals of the company and the industry concerned

for Hungarian companies, including SME's.

HEPA has established regional partner offices in Istanbul, Tokyo, Shanghai, Toronto, Moscow and Belgrade that employs local professional staff experienced in international trade and key industries. In regions without a partner office HEPA cooperates with the economic attaché network of the Hungarian Government.

Additionally, CED Central European Economic Development Network Nonprofit Ltd., as a member institution of the Hungarian Ministry of Foreign Affairs and Trade is responsible for Hungary's export promotion and the implementation of the country's economic development efforts in Central Europe. CED has 23 foreign offices in the neighbouring countries – including Croatia - and in Poland, Czech Republic and Italy. CED aims to facilitate the successful entry of Hungarian enterprises into the specific Central-European markets, mainly by promoting the export of Hungarian SME's on these markets. Services provided for SME's include targeted search for business partners, monitoring specific export opportunities, participating at regional trade fairs at a discounted price and company representation abroad. CED also offers training, mediation services and maintains database on qualified suppliers and an online B2B platform. CED is represented in the region in Pécs (Baranya County) and Zalaegerszeg (Zala County) in Hungary, as well as in Osijek in Croatia.

In Croatia, key players at national level are the following ones:

1. Export Directorate at the Ministry of Economy, Labour and Entrepreneurship

Trade and Investment Promotion Agency has been terminated in 2010. Investment promotion – including searching, informing, attracting and realization of investment projects – has been transferred to the portfolio of the Investment Promotion and Export Directorate at the Ministry of Economy, Labour and Entrepreneurship of the Republic of Croatia.

2. The Croatian Chamber of Economy (CCE)

The Croatian Chamber of Economy CCE has an important role both in attracting foreign investment and in supporting Croatian exports. CEE is an independent professional and business organisation of all legal entities engaged in business in Croatia. CEE operates an Internationalization Division as a focal point for investors wishing to invest in and do business in Croatia. CEE is represented through its network of 20 county chambers in all counties of Croatia and maintains representative offices abroad (Bruxelles, Moscow, Shanghai, Belgrade).
CEE maintains numerous databases, including an online catalogue of investment projects and delivers information on business opportunities, business zones and national and local investment incentives and opportunities in Croatia. CEE and its network provide assistance in

- Linking potential investors with project holders
- Facilitating communication with the institutions on national and local level
- Support to the investors in dealing with administrative procedures on all levels
- Providing suppliers' database and facilitating contact with potential business partners
- Organising individual, tailor-made visits of potential investors to Croatia

3. Croatian Bank for Reconstruction and Development (HBOR)

Within the Croatian banking system, Croatian Bank for Reconstruction and Development (HBOR) plays the role of a development and export bank.

Main activities of HBOR include, among others,

- promoting exports
- supporting the development of small and medium-sized enterprises
- insuring the exports of Croatian goods and services from non-marketable risks

The bank has 6 regional offices among them a Regional Office for Slavonia and Baranja

MAIN SERVICES AND MEASURES PROVIDED BY REGIONAL STAKEHOLDERS

County Development Agencies in Croatia promote the county as a place for private investment, business development and tourism, provide non-financial support to SMEs and serve as information point and facilitator for local SME's to access national funding schemes.

Enterprise Development Agencies in Hungary act as intermediaries to distribute state-supported loan schemes, provide incubation services and assistance for SME's to participate in fairs and exhibitions, organize seminars, training courses and conferences on various topics.

Chambers of Commerce in both counties provide counselling, organize trainings and facilitate partnership building (partner search, networking) for local SME's

3.3. MEASURES OFFERED TO SME INTERNATIONALIZATION SUPPORT

MAIN DIRECTIONS OF <u>FINANCIAL</u> SUPPORT AVAILABLE IN THE REGION OF THE PANNON EGTC:

Subsidized loans and guarantees for SME's to grow and increase competitiveness, including small- and micro-loan schemes

Pilot grant scheme to encourage cross-border cooparation of Croatian and Hungarian SME's

Venture Capital Funds for some innovative startups

Grants and loans to capitalize on the results of research and development in business and encourage research and development of the business sector

Loans and guarantees to encourage export in both countries and to increase outward investment of Hungarian companies

Grants for participation in international fairs or B2B meetings and for exploring foreign markets

MAIN DIRECTIONS OF <u>NON-FINANCIAL</u> SUPPORT IN IN THE REGION OF THE PANNON EGTC:

Business counselling especially for SME's by regional Chambers of Commerces in both countries, County Development Agencies (in Croatia) and Enterprise Development Agencies in Hungary

Pécs and Baranya county (Hungary) industrial development programme that provide a coordinative framework for various regional economic actors (including SME's, local authorities and the University of Pécs) to encourage cooperation

Promotion of FDI by national level institutions in both countries

Promotion of Hungarian exports and investments by informative workshops and professional guidance by national institutions for Hungarian SME's

Facilitating the introduction of products and providing support for cooperation with foreign partners by Croatian national institutions

4. BARRIERS TO AND DRIVERS FOR SME INTERNATIONALIZATION

- Stakeholders' view on barriers and drivers

Summary of interviews, Croatia:

- Land made available in a number of business / industrial parks is expected to boost the development of export-oriented SME's
- IT sector has the greatest potential for going more international
- Lack of attractive loan support schemes – especially non-refundable ones for employment of new staff

- The development of manufacturing industries (e.g. metal processing) is seriously hindered by the lack of trained workforce
- Language skills hinder partner search, therefore are obstacle to cooperation
- Key activities would be: supporting education / competence development and training and technology-development for SME's
- Predictability in support instruments would be essential

Summary of interviews, Hungary

- although institutional system of export and trade promotion and attraction of inward investment has been set up and operational, the services of these institutions are barely available for SME's, especially for the ones operating in the peripheries
- being a centralised system of export and trade promotion, central government's decisions on financial and non-financial support for potential investors directly influence the decisions of the investors. Obviously, Southern Transdanubia has not been favoured by the decisions of the government's in the last decade.
- In general competitiveness of the region's SME's is still low. Low level of competitiveness is the major obstacle of low performance on international markets. Most important firm-specific factors of the weak competitiveness are the quality and availability of human resources and still the lack of productive assets. Additionally, SME's are not aware of the benefits of internationalisation, either.
- Enormous differences exist among SME's in preparedness for a more international operation. Roughly 5% of the region's SME's are basically capable of exporting abroad or cooperating with foreign partners, while most of the rest of companies this option is not realistic at all. Thus, effective support shall be differentiated, so that needs of both more advanced and less prepared SME's are served (like partner search, market information for the more developed ones, awareness raising, basic training for the less advanced ones). Additionally, support for SME's to invest in productive capacities is essential still. More advanced SMEs in the region could serve as inspiring examples for others, however, development of trust and cooperative skills of the SME's are needed to really take advantage of the existing learning opportunities.
- Croatian companies seem more focusing on international markets than the Hungarian ones. It may be explained by Croatian companies' traditional links to states of ex-Yugoslavia and the experience and general attitude to international operations developed this way. Today, no perceptible difference seems to exist between the effectiveness of the available financial and non-financial instruments in Croatia and Hungary.

Summary of relevant press-releases, Hungary

- Lack of territory-specific criteria for the available support schemes makes it difficult to make use of them by local SME's
- Essential problem is the lack of trained workforce. To improve this, more emphasis shall be put on vocational training and job orientation measures. Most important shortages are: all kind of engineering, informatics, technicians, technical expert workers
- Sectors with special potential could be: digitization and information technologies, (incl. in firm systems), health industry, food industry
- Need to develop skills and improve environment for innovation. Pécs University has a potential to become a central player in developing innovation ecosystems

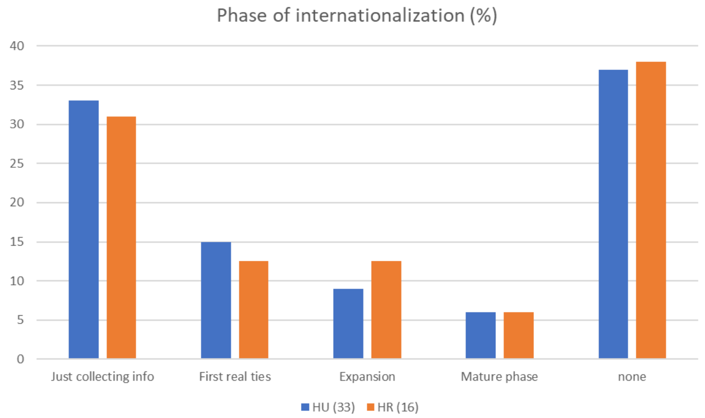
– Cooperation through clusters could help overcome difficulties associated with high costs of internationalization by cost-sharing (like access to market info, innovation services, technical knowledge, etc.)

- SMEs' view on barriers and drivers

Unfortunately, response rate on the questionnaires is not high enough to draw any robust conclusions. Results summarised below are informative only.

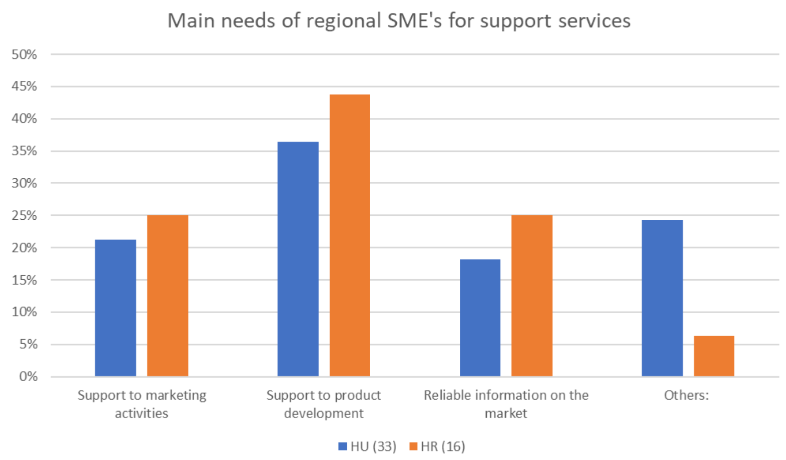
Phase of internationalization of SME's

categories of the Questionnaire	Hungarian SMEs (33 answers)	Croatian SMEs (16 answers)
just collecting information	33%	31%
first real ties made	15%	12,5%
expansion phase internationally	9%	12,5%
mature/stable international relations	6%	6%
no international relations at all	37%	38%



Needs for support services

categories of the Questionnaire	Hungarian SMEs (33 answers)	Croatian SMEs (16 answers)
support to marketing activities	21%	25%
support to product development	36%	44%
reliable information on the market	18%	25%
others	24%	6%



Main Barriers as identified by the respondents (by analysis of content of the text of answers)

- Availability of competitive production capacities
- Lack of managerial capabilities (time, knowledge)
- Availability of qualified workforce
- Ability to contact potential customers (local information, language skills)

Main Drivers as identified by the respondents (by analysis of content of the text of answers)

- To reach new, more lucrative (more profitable) markets
- Stabilize the operations ensure further development by diversification of customers

CHAPTER 4: SMEs CAPACITIES FOR INTERNATIONALIZATION

As concluded in previous chapters, capacities of the SME's of the region for the internationalization are mostly limited by the interlinked factors of

– lack of competitive products of the SME's, mainly caused by low level of market knowledge and capacities of innovation

– lack of productive capacities that closely relate to the low level of working capital and productive assets of these companies

– lack of adequate – trained – human resources both at the level of the management and the workforce employed by the SME's

– insufficient knowledge on market opportunities internationally, including low level of awareness of the potential benefits of a more international operation

Besides, some other factors seem useful to be considered, as listed below:

Size of SMEs in the region:

The high proportion of small SME's, including ones with no or one employee operating at local market in non-tradeable sectors makes the development of the region's general performance in internationalization more difficult. As larger international companies are rare in the region – as a result of low FDI – positive impacts of their presence on the development of the SME's – such as spin-off of experienced managers, or workforce, informal networks or supplier relations – are lacking, too.
Thus, to effectively support SME's move towards a more international presence, cooperation of SME's needs to be encouraged, e.g. by rewarding cooperation with more support or encouraging them to building up clusters or form supplier networks.

Labour productivity:

Productivity of SME's is low in both countries and its value is very similar: According to Eurostat data (2019) Croatia has been ranked 23. (17.4 EuR/hour worked), Hungary 22. (17.6 EuR/hour worked) among EU28. Low productivity is one of the most serious obstacles of a substantially better performance of the region's SME's on international markets, too.
In both countries large productivity differences persist between larger, more capital-intensive foreign firms, and smaller, more labour-intensive domestic companies. Difference in productivity of Hungarian and Croatian SME's in the border region is not characteristic.

Innovation:

Both Croatia and Hungary are classified as "moderate innovators" according to European Innovation Scoreboard, with a slightly better performance of Hungary. However, Croatian SME's seem to be characteristically more innovative, on the basis of some SME-specific indicators as "SME's innovating in house" or "Innovative SME's collaborating". (Interactive tools for EU Innovation Scoreboard). Existing universities in the area – first of all in Pécs (HU) and in Osijek (CR) – could serve as a basis for developing more innovative environment and operational innovation ecosystems, however, level of development of this environment is still low. One positive example is that one of the Knowledge and Innovation Communities of the EU EIT (The European Institute of Innovation and Technology), EIT Health has established a Hub (a local access point to EIT Health's network) at the University of Pécs, providing new opportunities for start-ups in healthcare provision and health industry.

CHAPTER 5: IDENTIFIED GAPS BETWEEN POLICY INSTRUMENTS AND SMEs' NEEDS

Lack of improvement in the performance of the SME's is mostly a consequence of that most of the SME's are simply not developed enough to cope with the challenges of a more competitive business environment on an international market. Secondly, most of these companies cannot take advantage of the principally available schemes, due to internal weaknesses and the low level of preparedness for the internationalization. As a consequence, the region's SMEs need not only specific tools for internationalization, but still more general tools to improve their competitiveness. These measures should be accompanied by measures that prepare the companies to extend their activities to a more international level, including raising their awareness to benefits, ways and requirements of going international.

In general, wide range of policy instruments to support the internationalization of the SMEs are in principle available in the region. Similarly, basic elements of the institutional system have been put in place in both countries. However, existing organisations are weak – in most cases understaffed and underfinanced – and schemes that are in principle available, are not sufficiently accessible for the region's SMEs. It seems important, that more of the SMEs of the region can have access to currently available schemes. This would require

- using more region-specific criteria instead of uniform national criteria when supported projects are selected
- more capacities to be made available in the delivery system, enabling the existing institutions
  - to provide more specific and more hands-on advice and assistance to the companies' preparation for going international, including assistance on how the opportunities of the existing support schemes shall be exploited, and
  - to increase their capacities to actually get more involved in the management of currently operational schemes, enabling them to manage a greater volume of funds and to develop and use more region-specific criteria for the selection of supported projects

Additionally, any kind of cooperation and networking activities between or with the participation of SMEs – including cross-border cooperation and clustering - needs to be encouraged. To this end, existing schemes shall be extended in time or renewed in the EU's new programming period.

Potential new support schemes should

- raise awareness of the benefits of internationalization
- provide assistance for SME's to measure and test their abilities as well as to prepare themselves to work in international markets

In parallel, more generally,

- SME's needs to be enabled and encouraged to exploit opportunities of digitisation in increasing their competitiveness
- networking of SME's, including networks with universities or other organisations with R&D activities and supplier relations shall be encouraged and supported

To improve efficiency of crossborder cooperation of the SMEs, institutional background of the cooperation needs to be ensured. To this end, the establishment of a multi-stakeholder forum could be considered, for the strategic coordination, monitoring and evaluation of the policy instruments operational in the area of the EGTC, that aim specifically to increase the competitiveness of the region's SME's, with the participation of relevant regional organisations like the territorial chambers of commerce and industry, county-level institutions for SME support and regional development from both Croatia and Hungary.

ANNEXES

Annex 1

Guidance to interviews

Hungarian guidance used in Interventures with explanatory notes in English

Projektünk rövid bemutatása / Introduction of the Interventures Project

Content:

- **Project's objectives, role of the interview in the project**
- **What purpose the analysis can serve (including potential influence of the policy instruments and the 2021 – 2027 national and bilateral crossborder programmes)**
- **Practical issues: length of the interview, data management**

A beszélgetésre a Pannon Európai Területi Társulás (Pannon ETT) által szervezett, az EU „Interventures" projektje (www.interventures.eu) keretében készülő kutatás keretében kerül sor.

A kutatás arra irányul, hogy feltárja azokat az akadályokat, amelyek meggátolják a magyar – horvát határ térségében működő kisvállalkozásokat abban, hogy eredményesebbek legyenek a külföldi piacokon folytatott tevékenységükben – elsődlegesen az áruk és szolgáltatások exportálásában, kooperációk létrehozásában, valamint, hogy összegyűjtse a térségben fellelhető, a fejlődési lehetőségekre vonatkozó szakmai tapasztalatokat, javaslatokat.

A kutatás eredményeit arra kívánjuk felhasználni, hogy az összegyűjtött információval segítsük azt a tervező munkát, amely a 2021 és 2028 közötti, az EU forrásaiból megvalósuló Magyarország – Horvátország határ menti együttműködési program összeállítására irányul. Célunk, hogy a kutatás adataira alapozva olyan támogatási lehetőségek kerüljenek a programba, amelyek érdemben, a vállalkozások valós igényeire alapozva tudják segíteni azok fejlődését.

Az interjú előreláthatólag 20-25 percet vesz majd igénybe. Interjúalanyaink nevét és munkahelyét felsorolás-szerűen szerepeltetni kívánjuk a kutatás zárójelentésében, az egyes szereplők véleménye, javaslatai ugyanakkor nem kerülnek hozzárendelésre az adott személyhez.

Az interjú során érintendő témakörök és kérdések / Thematic areas and issues to be discussed:

A válaszadó helyzetének, ismeretei körének beazonosítását szolgáló kérdések / Identification of the position and the knowledge of the interviewee:

Content: nationality, area of expertise in thematic and geographical terms, way of connection to SME development

- nemzetisége magyar, horvát, vagy egyik sem (harmadik országi)
- saját megítélése szerint a térség melyik részét ismeri jól?
- saját megítélése szerint a KKV-ok melyik szegmensét / típusát ismeri leginkább? Van-e olyan ágazat / méret, stb. amelyet egyáltalán nem ismer és van-e olyan, amit különösen részletesen? *Ilyen jellegű válaszok lehetnek, hogy:*
  - *valamilyen ágazatba tartozó cégek (agrár, élelmiszeripar, vagy IT, gépipar, építőipar, stb.)*
  - *valamilyen méretű cégek (pl. nem ismeri az igazán kicsiket, csak a nagyobbacskákat...)*
  - *valamilyen specializációjú cégek, stb.*
- Milyen módon kapcsolódik a régiós KKV-k tevékenységéhez? *Ilyen jellegű válaszok lehetnek, hogy:*
  - *saját maga is vállalkozó / széles, vagy valamelyes ismerettel / kapcsolattal a többi hasonló vállalkozóval*
  - *vállalkozásfejlesztési intézmény munkatársa / vezetője*
  - *önkormányzat / állami szerv munkatársa / vezetője*

A térség KKV-ok számára fontos általános potenciáljának (erősségek, gyengeségek, lehetőségek, veszélyek/kockázatok értékelésére irányuló kérdések / Issues related to development potential of the area (SWOT, focussed on the SME sector)

Content: **advantages in location (S)** **Most important problem areas (W)** **Stability of the SME's, most important challenges, characteristic trends (O, Th)**

1. Milyen előnyei vannak szerinte annak, ha egy vállalkozás a térségben működik / ide települ be? (ilyesmi jellegű válaszok lehetnek, hogy: munkaerő/képzett vagy olcsó, jó közlekedés, iparág hagyományai, egyetem szerepe segíti az innovációt, pénzügyi és szakmai támogatások elérhetősége, a cég piacainak/fogyasztóinak közelsége, stb.)
2. Melyek a legfontosabb / legnagyobb problémái szerinte az itt működő KKV-knak? (kb ugyanazokhoz a témákhoz kapcsolódhatnak a válaszok, mint az előnyöknél, értelemszerűen gyengeségekre, hiányokra utalva)
3. Mennyire érzi stabilnak a KKV-k helyzetét? Milyen jövőbeli gazdasági, társadalmi, piaci folyamatok / változások fenyegetik a KKV-k jelenlegi pozícióját, illetve, lát-e olyan pozitív jellegű folyamatot, változást, amely segíti a KKV-k fejlődését?

A kifejezetten a nemzetközi működés feltételeire, lehetőségeire irányuló kérdések / Questions related to the internationalisation / international activities

(Háttér: 1. a nemzetközi működést hatékonyan segítő eszközöket keressük a projektünkben, ezért ez nekünk fontos, beszéljen róla sokat, ha tud...2. Nemzetközi működésen értjük kb. ezeket: (i) export (áru vagy szolgáltatás) (ii) működőtőke-befektetés külföldön (gyártó vagy szolgáltató kapacitás, elosztó vagy értékesítő hálózat létrehozása céljából), (iii) gyártási / szolgáltatási kooperáció létesítése külföldi partnerekkel (iv) export (termék / alapanyag / munkaerő / szolgáltatás beszerzése külföldről)

Background for the interviewee: what we consider as „internationalization”

4. Milyen típusú cégeknek - különösen: milyen típusú KKV-knak - van esélyük a nemzetközi működésre? (típus: méret, ágazat, földrajzi hely, egyéb jellegzetesség – pl vezetői készségek, IT kompetenciák, szakmai kiválóság, költségminimalizálás - mentén tipizálhat...), és miért (azaz, hogy hogyan használják ki ezeket az adottságokat a sikeres / potenciálisan

sikeres cégek?

What type of companies do have chances to succeed in international markets? Why these types? What can be the most important factor of success?

5. Ismer-e olyan KKV-t, amelyik (a fentiek szerint) nemzetközi tevékenységet végez? Ha igen, mit csinál és szerinte miért képes erre?

Give example(s) on SME(s) that are successful in international markets / activities! What are the factors of success?

6. Van-e szerinte a térségben olyan különös erőforrás vagy más tényező – ide értve pl. Horvátország közelségét is – ami különösen segíthetné / ösztönözhetné a nemzetközi tevékenységek erősödését? Hasonlóképpen, van-e szerinte olyan különös hátránya a térségnek, ami hátráltatja azt, hogy a KKV-k a nemzetközi piacon érvényesüljenek, a KKV-k nemzetközi tevékenysége így nehezebb, mint az ország más részében?

Availability of specific resources favouring internationalization. Any specific handicap the area is characterised by in these terms? How the area is endowed with specific resources compared to other areas / regions of the country?

7. Összességében, milyen szakpolitikai jellegű változások / beavatkozások eredményeként erősödhetne a határ menti régió vállalkozásainak nemzetközi teljesítménye? (mindenfajta változás, ami csak eszébe jut – akár más ágazatbeli is – közlekedés, oktatás / képzés, esélyegyenlőség, környezetvédelem – bármi. Igazából nem a kívánatos konkrét fejlesztési eszközökre kérdeznénk rá, hanem a gazdasági – társadalmi környezet kívánatos változásaira.)

What policy changes would be needed to improve internationalisation performance?

A lehetséges fejlesztési eszközökre irányuló kérdések / Questions related to potential measures to introduce

8. Milyen külső – támogatási jellegű - eszközök alkalmazása segíthetné leginkább azt, hogy a térségben működő KKV-k nemzetközi tevékenysége erősödjön? Érdemes lehet az alábbi két csoportba - (i) és (ii) - sorolni az eszközöket, hogy lássuk, melyik típusba tartozót preferálná az interjúalany)

i. A vállalkozások versenyképességét általánosan segítő eszközök

(ezek ilyesmik lehetnek, hogy

- beruházás-támogatás (hitel, kockázati tőke, garancia – vissza nem térítendő igazából nem reális már!
- képzési támogatások (menedzsment, munkavállalók)
- foglakoztatási támogatások

ii. Kifejezetten a nemzetközi tevékenységet segítő szolgáltatások

- A külföldi országban működő lehetséges partnerek (beszállítók illetve viszonteladók / ügynökök) segítése, támogatása
- Piaci keresletre és szabályozásra irányuló információk megszerzése, továbbítása, piaci elemzések készítése, célzott piackutatások elvégzése
- Marketingtevékenység segítése a külföldi országban
- Partnerkeresés, kapcsolatépítés segítése
- Képviselet biztosítása, helyi jelenlét infrastrukturális és humán feltételeinek biztosítása

- Elektronikus kommunikáció eszközeinek fejlesztése, használatuk segítése, támogatása
- Termékfejlesztés segítése (pl. K+F együttműködések szervezése, tesztelés)
- Támogatási források igénybevételének segítése (projektfejlesztés, pályázatírás)

What kind of measures would support best the internationalisation of the region's SME's?

i. possible measures generally aiming at improving competitiveness of companies (some examples listed)
ii. Specific measures to support internationalisation (some examples listed)

9. Miért / hogyan lennének hatásosak ezek az eszközök? (melyik eszközt konkrétan mire lehet alkalmas, mi működik, mi kevésbé / bizonyos feltételekkel, mi egyáltalán nem, mi lenne a legfontosabb, stb.)

Why proposed measures would be useful? How would they work?

Az eddigi fejlesztési intézkedések eredményességére irányuló kérdések / Questions related to the effectiveness of current or previous measures supporting internationalisation

10. Van-e tudomása olyan fejlesztési támogatásról – nem feltétlenül pénzbeli / tőketámogatás, lehet „soft" is, mint képzés, oktatás, jó gyakorlat megosztása, stb. – ami véleménye szerint hasznos volt a KKV-knak, elsősorban – de nem kizárólag – abból a szempontból, hogy segítette nemzetközivé válásukat? (akár közvetetten, pl. hogy segítette a beruházást, ami exportra is termelt, vagy jó példát mutatott belső képzésre – vagy akár közvetlenül is – pl. exporttámogatás igénybevétele, külföldi terjeszkedés kedvezményes finanszírozása, stb.)

Example of good practice or failure in the region, if any

.

Annex 2

Online Questionnaire for SME's

Croation language

ANKETA

I. Opće informacije o poduzetništvu

I. 1. Veličina – kategorija. Broj zaposlenih u poduzetništvu kojim upravljate/čiji ste vlasnik:

- 0 (nema zaposlenih)
- 1-9 osoba
- 10 – 49 osoba
- 50 – 250 osoba.

Napomena: koristite se podacima iz 2019.godine koji pokazuju prosječan broj zapslenih!

I.2. Gospodarski sektor. Vaše poduzeće kojim upravljate/čiji ste vlasnik u kojem gospodarskom sektoru vrši svoje aktivnosti:

- Prehrambena industrija
- Informatička i komunikacijska tehnologija (IKT), softver
- Građevinska industrija
- Strojogradnja , obrada metala
- Konzultantske usluge (neovisno o sektoru)
- Automobilska industrija
- Kemijska industrija
- Farmaceutska industrija, biotehnologija
- Poljoprivreda, šumartsvo
- Transport, logistika
- Telekomunikacija
- Zdravstvena skrb, razvoj zdravstvenog sustava
- Trgovina (vele i maloprodaja)
- Turizam
- Zaštita okoliša, ekološka tehnologija
- Proizvodnja energije, odnosno prodaja energije
- Ostalo: ………………………………………………………

Napomena: *ako je vaše poduzeće zainteresirano u više sektora, onda zaokružite i više odgovora. Označite maksimalno tri sektora!*

II.5. Korištenje poticaja. Jeste li koristili direktne poticaje (novčane) ili indirektne (npr. sudjelovali usavršavanju, tražili pomoć u pronalaženju partnera,itd.) u zadnjih 10 godina ? (ili od od utemeljenja poduzeća, ako je ranije utemeljeno)?

- Da, dobili smo financijsku pomoć
    - ukoliko da: koje su aktivnosti realizirane
- Da, koristili smo indirektne poticaje
    - ukoliko da: koje su aktivnosti potpomognute:
- podnijeli smo natječaj, ali nisu odobrena sredstva
    - koje ste aktivnosti htjeli realizirati uz pomoć planiranih sredstava:
- nismo aplicirali na natječaj
- aplicirali smo isključivo u sklopu „B-Light” sheme, uspješno
- aplicirali smo isključivo u sklopu „B-Light” sheme, bez uspjeha

I.4. Imate li trenutno konkretne poslovne kontakte s inozemnim partnerima:

Da / Ne

II. Međunarodne aktivnosti poduzeća

Samo onda odgovorite u ovom poglavlju na pitanja II.1. – II.4. , ako ste prethodno odgovorili „DA” na pitanje I.4.!

II. 1. Trenutačne međunarodne aktivnosti su prvenstveno:

- izvoz
- uvoz
- ulaganje stranog kapitala
- tehnička i razvojna kooperacija s inozemnim partnerima
- niti jedno, trenutno se poduzeće bavi slijedećim aktivnostima: ……………………………..

Napomena: možete označiti i više odgovora.

II.2. Koji je prvenstveni razlog što se vaše poduzeće pojavilo na međunarodom tržištu/tržištima?

- Nabava potrebnih sirovina za proizvodnju ili nabava radne snage
- Nabava suvremene tehnologije, know-how-a ili stručnog znanja
- Prodaja proizvoda/usluga na novom tržištu koje donosi veću zaradu od domaćeg tržišta
- Povoljniji pravni i zakonski, odnosno financijski okviri na inozemnom tržištu
- ostalo, npr.: ……………………………………………………………….

Napomena: možete označiti i više odgovora.

II.3. Kako ocjenjujete vaša iskustva koja su stečena tijekom poslovanja na međunarodnim tržištima:

- Tražimo mogućnosti za partnersku suradnju (razvoj proizvoda, poslovnih kontakata,itd.)
- Postigli smo već minimalne konkretne poslovne rezultate
- Naše aktivnosti su stabilne/ pokazuju se pozitivne tendencije

II.4. Konkretno u kojoj zemlji ste trenutno nazočni na tržištu?

- jedna ili više zemalja, navedite ih:…………………………………………..
- prvenstveno u zemljama EU-a
- nema ograničenja (npr. internetska trgovina)
- druge zemlje, navedite ih: ………………………………………..

III. Prepreke i motivacijski čimbenici pokretanja i proširivanja međunarodnih poslovnih aktivnosti

III. 1. Što vi smatrate najvećom preprekom uspješnog poslovanja na međunarodnim tržištima – u slučaju vašeg poduzeća?

- Financiranje izvoza/uvoza bez učešća prometnog kapitala/ visoka kamatna stopa kreditiranja
- Visoka cijena proizvoda ili loša kvaliteta
- Nesuvremena proizvodna tehnologija i proizvodni kapaciteti
- Manjak obrazovanog kadra/leadera koji dobro poznaju tržište ciljane zemlje
- Ostalo, npr.:……………………………

Napomena: Vrednujte na skali od 1 do 5 navedene čimbenike koji koče uspješnost poslovanja. U velikoj mjeri koče: 5 , - u maloj mjeri koče: 1. Onda upišite 0 ako se navedeni čimbenik ne odnosi na vaše poduzeće.

III. 2. Što vi smatrate najvećom unutarnjom preprekom uspješnog poslovanja na međunarodnim tržištima - u slučaju vašeg poduzeća?

- Manjak obrazovane radne snage i kadra /visoki troškovi
- Nepouzdane i netočne informacije koje su dostupne o međunarodnim tržištima
- Komplicirana administracija za uvozne i izvozne aktivnosti/manjak resursa
- Nedostatak ili neprocjenjivost potencijalnih poticaja i sredstava
- Nesigurnost zbog neznanja pravnih i zakonskih okvira u inozemstvu/ problemi rješavanja rizika
- Poteškoće oko upoznavanja inozemnog tržišnog okruženja/tržišnih informacija
- Komunikacija sa inozemnim kupcima/trgovcima, marketinški i komunikacijski problemi
- Visoke cijene transporta
- Problemi oko primjene i zaštite intelektualnog vlasništva

– Ostalo, npr.:…………………………………………………………………………….

Napomena: Vrednujte na skali od 1 do 5 navedene čimbenike koji koče uspješnost poslovanja. U velikoj mjeri koče: 5 , - u maloj mjeri koče: 1. Onda upišite 0 ako se navedeni čimbenik ne odnosi na vaše poduzeće.

III.. 3. Po vašem mišljenju koje vanjske usluge bi pomogle u tome da vaše poduzeće uspješnije posluje na međunarodnim tržištima?

– Davanje potpore potencijalnim partnerima u inozemstvu (npr. dobavljačima, veletrgovinama,itd.)
– Nabava i protok informacija o tržišnim potrebama i propisima, odnosno pripremanje tržišnih analiza, te ciljanih istraživanja tržišta
– Poticanje marketinških aktivnosti u inozemstvu
– Pronalaženje poslovnog partnera, kontakata
– Otvaranje predstavništva, osigurati infrastrukturalne uvjete i ljudske resurse na lokalitetu
– Razvoj elektroničkih komunikacijskih pomagala, odnosno usvajanje znanja vezano za njihovu uporabu
– Razvoj proizvoda i usluga (npr. Istraživanje + razvoj, testiranje,itd.)
– Poticati pronalaženja potpornih sredstava za poduzetnike (npr. izrada projekata, pisanje natječaja,itd.)
– Ostale usluge, npr.:…………………………………………………………………..

Napomena: Vrednujte na skali od 1 do 5 navedene čimbenike koji koče uspješnost poslovanja. U velikoj mjeri koče: 5 , - u maloj mjeri koče: 1. Onda upišite 0 ako se navedeni čimbenik ne odnosi na vaše poduzeće.

HUNGARIAN LANGUAGE

Kérdőív

I. Általános információk a vállalkozásáról

1. Méret-kategória. Az Ön által vezetett / képviselt vállalkozás által foglalkoztatottak száma:

- 0 (nincs foglalkoztatott létszám)
- 1-9 fő
- 10 – 49 fő
- 50 – 250 fő.

Megjegyzés: A létszámadatokat az 2019 évi átlagos évi foglalkoztatási adatok alapján adja meg!

2. Ágazati besorolás. Az Ön által vezetett / képviselt vállalkozás jellemzően az alábbi gazdasági ágazatokban tevékenykedik:

- Élelmiszeripar
- Információs és kommunikációs technológiák (IKT), szoftver
- Építőipar
- Gép- és műszergyártás, fémmegmunkálás
- Tanácsadó szolgáltatások (ágazattól függetlenül)
- Járműgyártás
- Vegyipar
- Gyógyszeripar, biotechnológia
- Mezőgazdaság, erdészet
- Fuvarozás, logisztika
- Hírközlés
- Egészségügyi ellátás, egészségfejlesztés
- Kereskedelem (nagy- és kiskereskedelem egyaránt)
- Idegenforgalom
- Környezetvédelem, környezettechnológia
- Energiatermelés, -kereskedelem
- Egyéb: …………………………………………………………

Megjegyzés: ha a vállalkozás tevékenysége több ágazatot is érint, több választ is megadhat. A vállalkozás tevékenységére leginkább jellemző, de legfeljebb 3 ágazatot jelöljön be!

3. Támogatások igénybevétele. Vállalkozása részesült-e közvetlen (pénzügyi) vagy közvetett (pl. támogatott képzés, partnerkeresés) támogatásban az elmúlt 10 évben (vagy megalakulása óta, ha 10 évnél fiatalabb a vállalkozás)?

- igen, pénzügyi támogatásban részesült
    - ha igen: a támogatással megvalósított tevékenységek
- igen, közvetett támogatásban részesült
    - ha igen: a támogatott tevékenységek:
- pályázott, de nem részesült támogatásban
    - ha igen: a támogatással megvalósítani szándékozott tevékenységek:
- nem pályázott
- kifejezetten a „B-Light" támogatási rendszerben pályázott, sikeresen
- kifejezetten a „B-Light" támogatási rendszerben pályázott, sikertelenül

4. Vannak-e jelenleg külföldre irányuló konkrét üzleti kapcsolatai:

Igen / Nem

II. A vállalkozás nemzetközi tevékenysége

Csak akkor válaszoljon az ebben a részben levő II.1. – II.4. Kérdésekre, ha az előző I.4. kérdésre „igen" a válasza!

5. A nemzetközi tevékenység jellege elsősorban:

- export
- import
- külföldi működőtőke-befektetés
- külföldi partnerekkel történő műszaki vagy egyéb fejlesztési kooperáció
- egyik sem, tevékenységemet az alábbiak jellemzik:……………………………..

Megjegyzés: több választ is megadhat.

6. Mi a legfőbb oka annak, hogy vállalkozása nemzetközi piacon / piacokon jelen van?

- A termékei előállításához szükséges anyagok vagy munkaerő beszerzése
- Technológiák, know-how vagy speciális szakértelem beszerzése
- Termékeinek / szolgáltatásainak új, a hazainál jövedelmezőbb piacon történő értékesítése
- A külföldi piac kedvezőbb jogi és/vagy pénzügyi szabályozási környezete
- egyéb, éspedig az alábbi: ………………………………………………………………

Megjegyzés: több választ is megadhat.

7. Hogyan értékeli saját vállalkozásának tapasztatát a nemzetközi piacokon:

- Keressük a részvétel lehetőségét (terméket fejlesztünk, kapcsolatokat építünk, stb.)
- Minimális konkrét üzleti eredményeink már vannak
- Tevékenységünk stabil / bővülő tendenciát mutat

8. Konkrétan melyik ország piacán van jelen vállalkozása

- egy vagy néhány ország, név szerint:…………………………………………..
- elsősorban az Európai Unió országai
- nincs ilyen korlátozás (pl. interneten keresztüli kereskedelem)
- egyéb területek országai, az alábbiak szerint: ………………………………………..

III. A nemzetközi tevékenység megkezdésének / bővülésének korlátai és ösztönzői

9. Mit tart a nemzetközi piacokon való eredményes működés legfőbb belső – az Ön által képviselt vállalkozás működéséből fakadó - akadályának?

- Az export / import finanszírozására rendelkezésére álló forgótőke hiánya / hitelezés magas költsége
- Termékeinek magas ára vagy elégtelen minősége
- Termelési kapacitásainak elégtelensége, korszerűtlensége
- A megcélzott nemzetközi piacot ismerő képzett alkalmazottak/vezetők hiánya
- Egyéb, mégpedig: ………………………………………………….

Megjegyzés: Értékelje 5 fokú skálán a felsorolt tényezők akadályozó szerepének erősségét. Erősen akadályoz: 5 – kismértékben akadályoz: 1 . Kérem, hogy 0 pontot adjon akkor, ha az adott tényező nem értelmezhető az Ön vállalkozása szempontjából.

10. Mit tart a nemzetközi piacokon való eredményes működés legfőbb belső – az Ön által képviselt vállalkozás működési környezetéből fakadó - akadályának?

- Megfelelően képzett munkaerő rendelkezésre állása / magas költsége
- A külföldi piacokról elérhető információ megbízhatatlansága, szűkössége
- Az export / import tevékenységhez kapcsolódó adminisztráció bonyolultsága, erőforrásigénye
- Az igénybe vehető támogatási források hiánya vagy kiszámíthatatlansága
- A külföldi jogszabályi környezet hiányos ismeretéből adódó bizonytalanságok / kockázatok kezelésének nehézségei
- A külföldi piaci környezet / piaci információk megismerésének nehézsége
- A külföldi vevőkkel / viszonteladókkal történő kapcsolattartás, marketing-kommunikáció nehézségei
- Aránytalanul magas szállítási költségek
- A szellemi tulajdonhoz fűződő jogok érvényesítésének nehézségei
- Egyéb, mégpedig:…………………………………………………………………………….

Megjegyzés: Értékelje 5 fokú skálán a felsorolt tényezők akadályozó szerepének erősségét. Erősen akadályoz: 5 – kismértékben akadályoz: 1 . Kérem, hogy 0 pontot adjon akkor, ha az adott tényező nem értelmezhető az Ön vállalkozása szempontjából.

11. Véleménye szerint milyen, az Ön vállalkozása által igénybe vehető külső szolgáltatások segítenék leginkább a vállalkozás jobb teljesítményét a külföldi piacokon?

- A külföldi országban működő lehetséges partnerek (beszállítók illetve viszonteladók / ügynökök) segítése, támogatása
- Piaci keresletre és szabályozásra irányuló információk megszerzése, továbbítása, piaci elemzések készítése, célzott piackutatások elvégzése
- Marketingtevékenység segítése a külföldi országban
- Partnerkeresés, kapcsolatépítés segítése
- Képviselet biztosítása, helyi jelenlét infrastrukturális és humán feltételeinek biztosítása
- Elektronikus kommunikáció eszközeinek fejlesztése, használatuk segítése, támogatása
- Termékfejlesztés segítése (pl. K+F együttműködések szervezése, tesztelés)
- Támogatási források igénybevételének segítése (projektfejlesztés, pályázatírás)
- Egyéb szolgáltatás, mégpedig:…………………………………………………………………..

Megjegyzés: Értékelje 5 fokú skálán a felsorolt szolgáltatás-típusok fontosságát. Nagyon fontos: 5 – egyáltalán nem fontos: 1 . Kérem, hogy 0 pontot adjon akkor, ha az adott szolgáltatás-típus nem értelmezhető az Ön vállalkozása szempontjából.