

The potentials of Budapest to attract creativity

The views of high-skilled employees, managers and transnational migrants

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The potentials of Budapest to attract creativity

The views of high-skilled employees, managers and transnational migrants

ACRE report [No 8.4]

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Accommodating Creative Knowledge – Competitiveness of European Metropolitan
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Executive summary

The main objectives of current work package (WP8) are to understand and compare the different (spatial) orientations of the target groups we distinguished in previous phase of ACRE project and the differences among them in terms of the relative weight they attribute to the various factors that are regarded to be relevant. The integration was aimed to find out the most important (3–6) attracting and retaining factors of the Budapest urban region (BMR) which have an influence upon the movement and settlement of the creative people and companies on the one hand, and to trace the strengths and weaknesses of the metropolitan region through the weighted significance of factors based on the opinions of the target groups on the other hand. According to the main objectives of WP8 the main tasks were: i) to summarise and synthesise local results; ii) to provide comparable results on metropolitan level for the next work package (WP9).

After our results had been evaluated it became clear, that in the course of the analyses of hard, soft and personal trajectory factors distinction need to be made between the macro- (global) and micro- (local) scale analyses. Macro-scale is meant to be the general motivations of the interviewees to come and stay in Budapest and/or BMR within a global context, whereas micro-scale analysis encompasses factors having been decisive for the choice of the place of residence and site selection within the metropolitan region.

In the first place *macro level analyses* started with the examination of the cluster of international migrants. Our research have shown that the settlement of creative people to Hungary and Budapest as international migrants was primarily determined by hard factors, i.e. the main triggering factor was either the intention to *undertake work* or to *pursue studies* in higher education institutions. In this respect no particular difference could be identified between the members of the creative and knowledge intensive sectors.

Similarly to the international migrants, Hungarian employees predominantly came to Budapest in order to undertake jobs. Another motivation factor of nearly similar importance was to pursue studies in higher education (in colleges or universities). When choosing a firm labour market conditions were the most important consideration: Budapest represents an enormous economic potential relative to the whole country and have a great effect upon the actors of economy. Creative firms settled in the BMR primarily due to the *size of the market and the diversity of labour market*. The great number of enterprises and a well trained manpower is not a negligible factor of site selection either. The site selection of the creative firms and settling down of the managers are mainly determined by hard factors as well. The next motivation factor with high importance already belongs to the soft factors: according to the unanimous opinion of the managers, *informal links* play a decisive role in Hungarian economy therefore enterprises can profit a lot from their presence in the capital city. Moreover in Budapest good access to high level legal, financial, commercial, logistic *services are also provided*.

Summing up the results of our analyses performed on the macro-scale it can be stated that workers and graduates employed in the creative economy, managers and enterprises in the creative sector, and transnational migrants arriving to Hungary and Budapest are attracted to the city region mainly by the economic advantages. Employees are attracted to Budapest mainly by good *job opportunities* and they have the intention to find a job. On the other hand, employers settle in the urban region due to *favourable labour market conditions, i.e. supply of highly qualified labour force*. For employers the size of the market (number of enterprises, clients etc. also belongs to the strongest attractions.

The second greatest group of attraction is made up by *education and training opportunities*. This is especially important because the settling down of students in a particular city after higher education is widely common in Hungary, therefore high quality

higher education actively raises the economic potential of the BMR. The third group of factors includes personal trajectory and soft factors, with varying importance in the different target groups: transnational migrants normally make decisions on an emotional basis (e.g. they follow their partners, or fall in love with the city), whereas managers tend to consider mainly economic factors (e.g. informal links, availability of services). It can be stated that motivation and attraction factors for the creative and knowledge intensive professionals on the macro scale do not differ from those employed in other (more classical) sectors of the economy.

Looking at the *micro-scale analyses* no substantial difference could be found between professionals working in creative vs knowledge intensive sectors with regard the factors decisive in settling down. The most important motivation factors are: the *cost of dwelling*, the *size of residence* and *proximity to public transport* as hard factors. They are not only attracting but also retaining factors i.e. they are determinant for moving of the creative people to a certain neighbourhood but also for their staying there longer.

Following the above mentioned decisive hard factors several soft location factors are to be considered before decision is made. Of them the *quality and atmosphere of the neighbourhood* is to be mentioned in the first place. In the scale of values this was mentioned by the employees as a factor examined just after housing and public transport. Proximity to the place of work was referred to as an attracting factor by the creative workers, whereas high traffic and noise pollution were judged as push factors. For a longer perspective *personal safety and public security*, as well as access to commercial facilities and the quality of life offered by the neighbourhood are the primary retaining factors.

The employers and managers primarily consider hard factors in the course of site selection. The leading aspects are the *price of office*, the *size and infrastructure of office*, further the *accessibility i.e. connection both to traffic lines and public transport*. For certain creative firms the presence in Budapest is important because it is a prerequisite to applying for subsidies and allowances. An accentuated importance is played by the *place of residence* of the managerial strata (in inverse ratio to the size of the firm) which also emerges in the process of choosing the location of headquarter. Soft factors come to the fore in the second round, especially the office's neighbourhood: the managers of creative firms favour prestige aspects, whereas those of knowledge intensive enterprises prefer the quiet and calm surroundings. Among the soft factors *informal links* and *good services* are equally attracting factors (macro level) and retaining factors (micro level) for the creative firms. Doubtfully, personal trajectories play some role in the decision making process concerning settlement: *family and friends* are both relevant in this respect.

Summarising the results on the *strengths of Budapest* three groups of location factors were judged equally and very positively by each of the three target groups: a) Job offers and career opportunities; b) Cultural life and leisure, sport and entertainment opportunities; c) Services, retailing and shopping networks and gastronomy. The first group belongs to the hard factors, whereas the second and third categories can be evaluated as soft factors.

Apart from the above mentioned groups of factors there are factors that have less importance but strengthen the position of Budapest. The city is the undisputed centre of the country's higher education and cultural life, and the level of education is highly evaluated among both specialists from Hungary and abroad.

Job and career opportunities are equally strong attractions of Budapest and its region. They are supported by favourable working conditions: for the Hungarian and foreign employees the enterprises and institutions as a rule provide more sophisticated working facilities than their counterparts in the countryside.

The issue of subsidies and allowances also belong to the hard factors. It is well known that there is an extensive social subsidy system in Hungary, i.e. a system of state subsidies

and social allowances, involving high expenditures thus imposing a heavy burden upon the economic performance of the country, which extend beyond its capability. It is not accidental that respondents (mainly the transnational migrants and the managers) highly appreciated this system of subsidies and allowances based on their financial considerations.

The quality of the residential environment was also evaluated positively among the soft factors; it means that the highly diversified quarters of the city with good environmental quality were perceived as strong points of Budapest. The great variety of neighbourhoods is ready to meet the demands of all social strata. Of the soft factors there are two advantages of the BMR: a fine geographical setting (i.e. meeting point of the Danube and hills) which is praised especially by the transnational migrants and managers; and the cultural milieu typical of the city (theatres, concert halls, cafes etc.). The latter is also closely related to the rich choice of cultural programmes.

Both among hard and soft factors there are factors that were perceived as *weaknesses of Budapest and its region*. Among the soft factors features typical for large cities: e.g. pollution, lack of cleanliness and noise were often referred to. High traffic and the consequent noise contribute to the deterioration of the quality of life. The lack of cleanliness and neglected state of the quarters and streets often referred to by the respondents can be attributed to the low level of environmental consciousness of the local population.

On the side of hard factors, the Hungarian taxation system was judged very negatively both by the employers and transnational migrants. Although there were attempts to reform the system in recent years, these have proven to be unsuccessful or inefficient. Therefore, Budapest is in a disadvantageous position among the European metropolises with regard economic competition because tax bands and high tax payments appear as push factors: they curb the inflow and settlement of both professionals and firms.

There are four further factors that weaken Budapest's position in the domestic and international competition of cities even though to a lesser extent than those two groups of factors mentioned above. Of the hard factors high living costs should be referred to. All the three target groups expressed their view that price of living and especially everyday expenses are very high in comparison with the level of income. Other weak points of Budapest are the lack of tolerance and acceptance of diversity and the missing openness. A surprisingly high level of intolerance (contrary to all expectations) in most places of the BMR was also the findings of other empirical surveys. In relation with this issue employees hold that solidarity, social cohesion and equity are problematic, not only in the BMR but all over Hungary. A closely related question is that in the opinion of the respondents there is a very low level of political culture in Hungary, and the situation is further deteriorated by an extensive over-administration and bureaucracy.

1 Introduction

The ACRE project started in October 2006 can be subdivided into 4 main research stages. In the first, preparatory stage, between October 2006 and March 2007 the researchers delivered a literature review on the theory of creative and knowledge-based industries (WP1), the consortium partners analyzed current paths of creative knowledge regions and presented them as local reports with a similar structure (WP2) and on the basis of these reports a comparative study could be produced, making conclusions about similarities and differences between the selected city regions (WP3).

The second and still running stage commenced in April 2007. It could be labelled as the empirical phase of investigations as the research teams have attempted to reveal the part played and position occupied by the creative knowledge sector within the studied metropolitan regions applying quantitative and qualitative methods (questionnaire survey, in-depth interviewing). Altogether three target groups of experts within the creative knowledge sector are being involved in the survey and interviewing: i) highly qualified specialists and workers with university degree in creative knowledge sector; ii) managers occupying leading positions in creative and knowledge-based firms and iii) highly skilled transnational migrants.

Between June and November 2007 a questionnaire survey among Graduates and Workers as target groups engaged in the creative and knowledge intensive sector was carried out in order to investigate their opinion about local conditions. Main results of this survey were summarized in the WP5 ACRE report. In the following period of the project between December 2007 and June 2008 professional interviews were conducted with leaders of firms (managers, managing directors) which were involved in the creative and knowledge-based sectors. The aim of interviewing was to understand the drivers behind the decisions of the managers of selected knowledge intensive and creative industries to settle at a certain location in the metropolitan region and to estimate the relative importance of the location factors that played a role in their decision making process.

The third and last empirical phase of ACRE research project started in November 2008 and could be finished in February 2009. The object of this research period was to recognise and to investigate the drivers behind the decisions of the transnational migrants (ex-pats) to settle at a certain location and at the same time to estimate the relative importance of the location factors that played a role in their decision making process. For better understanding of the behaviour and decision making process of ex-pats in-depth interviews were carried out amongst transnational migrants living and working in Budapest. Qualitative interviewing is a refined and more suitable method for deeper investigating of subjective opinions of the persons interviewed and also for obtaining auxiliary information that could not be provided by statistical analyses of the results gained by quantitative surveys.

In the third stage of research the most important findings of empirical phases have to be summarised and analysed. The main objective of current work package is to understand and compare the different (spatial) orientations of the target groups we distinguished and the differences between them in terms of the relative weight they give to the various factors that are regarded to be relevant to them. The integration has to result in an understanding of the strong and weak points of the region regarding their capacity to accommodate creative knowledge. In accordance with these objectives the current report (WP8) contains the relevant outcomes of different work packages (WP5-WP7) on the one hand and integrated analyses based on the opinions of different target groups on the other hand.

2 Methodology

2.1 Methodology of empirical surveys carried out in previous work packages

Empirical studies in the framework of ACRE project could be subdivided into three stages. The first stage a query of quantitative character was put (sending out 200 questionnaires altogether) aimed at getting acquainted with the opinion of the highly qualified specialists of employee position working in creative knowledge sector in the metropolitan regions about their residence, conditions in workplace and attitudes towards the Budapest Metropolitan Region. In the second stage in-depth interviews of qualitative character were conducted with experts in leading position of enterprises engaged in creative and knowledge intensive industries (managers, managing directors etc.) about the situation of the sector/sub-sector in general and the position of their firm in particular. The third stage also comprises in-depth interviewing of international migrants.

2.1.1 Short methodological description of WP5

Work package 5 (WP5) was the first package of its kind in the project where the main aim was to conduct empirical survey. The objective of this particular section of the project was to understand the factors behind the decisions of higher educated graduates and workers in creative and knowledge-intensive industries to find a job at a specific location in the region. A second and interrelated objective was to explore the role that both ‘hard’ and ‘soft’ location factors play in workers’ and graduates’ decisions to live in a particular location in the region. Between June and November 2007 a questionnaire survey was carried out in Budapest and its metropolitan region among ‘Workers’ and ‘Graduates’ as target groups engaged in the creative and knowledge intensive sector in order to investigate their opinion about local living and working conditions mentioned above.

With these general objectives in mind the questionnaire was divided into 4 main sections: a) Satisfaction with the city; b) Satisfaction with job and work environment; c) Satisfaction with neighbourhood/area and dwelling; d) Personal data.

The ACRE research team determined the number of quantitative questionnaires to be completed in the selected creative and knowledge-intensive sectors. The survey included altogether 200 questionnaires: 150 quantitative household questionnaires were completed by workers of the creative knowledge sector (75 by creative workers and 75 by knowledge-intensive workers). In addition altogether 50 questionnaires were completed by university graduates. According to occupation 35 graduates were incorporated in the group of knowledge workers, and 15 in the creative workers (Table 2.1–2.2).

In the first phase of sampling process the most important creative knowledge sectors for surveying were identified. For the analysis of regional variations of creative knowledge sector within Hungary we used statistical data aggregated for the entire country, for regions (former NUTS II), counties (NUTS III), and for the Budapest Metropolitan Region, respectively. Afterwards the position, weight and dynamics of branches included in the creative knowledge sector were studied within the BMR. In selection of the target groups the database was rearranged accordingly (data filtering), and the individual branches were ranked by the conditions of filtering. Using the above indices the leading branches were selected and compared with similar selections of other project partners of the ACRE project (Kovács et al 2008).

Table 2.1 Number of interviewees by sectors and sub-sectors

| | Budapest | Aggl. | Total |
|---------------------------------------|-----------------|--------------|--------------|
| <i>Software consultancy (722)</i> | 32 | 6 | 38 |
| <i>Motion picture etc. (921, 922)</i> | 16 | 0 | 16 |
| <i>Advertising (744)</i> | 21 | 2 | 23 |
| Creative industries | 69 | 8 | 77 |
| <i>Law and business (741)</i> | 15 | 6 | 21 |
| <i>Finance (65)</i> | 21 | 7 | 28 |
| <i>R&D (73,803)</i> | 19 | 5 | 24 |
| Knowledge intensive industries | 55 | 18 | 73 |
| Total | 124 | 26 | 150 |

Table 2.2 Selection of university graduates by creative and knowledge-based branches

| | Budapest | Aggl. | Total |
|---------------------------------------|-----------------|--------------|--------------|
| <i>Software consultancy (722)</i> | 6 | 3 | 9 |
| <i>Motion picture etc. (921, 922)</i> | 1 | 0 | 1 |
| <i>Advertising (744)</i> | 5 | 0 | 5 |
| Creative industries | 12 | 3 | 15 |
| <i>Law and business (741)</i> | 16 | 0 | 16 |
| <i>Finance (65)</i> | 4 | 0 | 4 |
| <i>R&D (73,803)</i> | 14 | 1 | 15 |
| Knowledge intensive industries | 34 | 1 | 35 |
| Total | 46 | 4 | 50 |

The process of surveying could be divided into three phases:

- a) Preparatory phase – Taking into account the quantitative and qualitative expectations the team decided to apply four methods in the empirical phase: i) contacting the expert to be involved in the survey by phone and setting a date for a subsequent meeting and interviewing; ii) after establishing phone contact an on-line mailing of the questionnaire to the firms; iii) on-line mailing of the questionnaire with an accompanying letter to the firms to be involved; iv) traditional (hard copy) mailing of the questionnaire with an accompanying letter to the firms to be involved.
- b) Empirical phase – Even in the initial phase it became clear that personal interviewing would not work because the persons to be involved in the survey were too busy or often they referred to the lack of time. The method delivering the questionnaire personally (personal contact after communication by phone) was more successful in the first phase of the research. In the second phase to the firms selected for the database the questionnaires were sent out with an accompanying letter, partly on-line, partly by traditional mail.
- c) Processing and analytical phase – In the final phase of the survey the questionnaires received back were coded according to the international practice and a computer database was established. Data input was performed using Excel and finally the database was converted into SPSS and prepared for statistical analysis. As the last step of the analytical stage frequency tables were prepared and analyzed, conclusions were drawn and the results were summarized.

The most important experiences gained with the survey in general are summarized below:

- The elaboration of and discussion about standard questionnaire to be applied in international partnership need sufficient time and care. (In spite of the changes suggested by the partners several possible answers remained in the questionnaire that is difficult to interpret under local conditions, in addition some methodological problems concerning the application of the questionnaire remained also unsolved.)
- In surveys like this it should be taken into account that establishing contacts with the firms and involving them in the project require considerable energy and effort. Without enough flexibility and engagement serious hindrances might emerge (suspicion, refusal, unconcern etc.).
- Personal interviews with top managers are very difficult to organize. This method is less suitable and efficient to perform surveys of similar volume.
- On-line communication (without any contact by phone) is less successful to conduct similar surveys (very low rate and willingness of response).
- A promising way of application is personal (phone) communication and sending out questionnaires by traditional mail or delivering (and collecting) questionnaires personally.

2.1.2 Methodological background of WP6

The results of the WP6 report originate from the analyses of qualitative in-depth interviews. Qualitative interviewing is extremely suitable for a better understanding of the subjective opinion of the persons interviewed and also for obtaining auxiliary information that could not be provided by statistical analyses of the results gained by quantitative surveys. This method is not based on a random representative sampling and this part of the survey is not aimed at drawing statistical conclusions for a large entity of people through the investigations into a smaller sample. In comparison with the quantitative questionnaire the basic difference is that qualitative interviewing puts a strong emphasis on getting familiar with the subject of the interview as an individual, his/her emotions, motivations, scale of values; the subjective individual comes to the fore that cannot be obtained by quantitative surveys.

In the period between December 2007 and June 2008 professional interviews were conducted with leaders of firms (managers, managing directors) which were involved in the creative and knowledge-based sectors. The aim of interviewing was to understand the drivers behind the decisions of the managers of selected knowledge intensive and creative industries to settle at a certain location in the metropolitan region and to estimate the relative importance of the location factors that played a role in their decision making process. Special attention was also paid to the regulatory role of local and city governments and governmental and European grants as well (Egedy et al 2008).

The survey has been carried out in different sub-sectors: i) *Software consultancy /Computer games and web design*, which is part of sector ‘Computer and related activities’ (722 in the NACE classification); ii) *Business and management consultancy activities*, which is included in the economic sector ‘Law and other business services’ (code 741 in the NACE classification); iii) *Motion picture, video, radio and television activities* (codes 921 and 922 in the NACE classification). In the selected branches the research was conducted on three levels: sole proprietors, “small” enterprises with 2-6 employees and “large” enterprises with 6-200 employees. In the case of sole proprietors it was the entrepreneur whilst in micro- and small enterprises it was the general manager. For the medium-size enterprises the managing director seemed to be competent enough to substitute the president or president-general director because the latter two are difficult to reach and to conduct an interview with them is most complicated. General managers as a rule are prepared to provide the necessary information.

The topics of the interviews contained 8 large clusters of questions: position and task of interviewee in the firm, a story of professional career; the evolution history of the enterprise

(firm), its main profile and auxiliary activities; the clientele of the firm, its size and the location of seats; labour force recruitment (place, circumstances, channels of recruiting, requirements from the colleagues) and that of the professional networks and contacts (the importance of informal relations, collaboration with business associations, public institutions etc.); motivations of site selection, the relevance of hard and soft factors, advantages and inconveniences of the big city, the part the latter plays within the sector and on the significance of the setting of the seat within the metropolitan region; the role of the public sphere and finances; plans of the given venture for the future, including possible change in its location.

Taking into account all the selection criteria, the 18 core in-depth interviews focal for the qualitative surveys were chosen as shown in Table 2.3.

Table 2.3 Sampling of interviewees in work package 6

| Sub-sectors Size of firms (employees) | Computer games, electronic publishing (722) | | Business and management consultancy (741) | | Motion picture, video, radio TV (921-922) | |
|---|--|---------------|--|---------------|--|----------------|
| | Budapest | Agglomeration | Budapest | Agglomeration | Budapest | Agglomeration. |
| Self-employed | 1 | 1 | 1 | 1 | 1 | 1 |
| 2-5; „small” (micro) | 1 | 1 | 1 | 1 | 1 | 1 |
| 6-200; „big” (SME) | 1 | 1 | 1 | 1 | 1 | 1 |
| Legend | Sample area | | | | Number of interviews | |
| | Budapest – Inner districts (1-14.), Centre | | | | 9 | |
| | Budapest – Outer districts (15-23.), Periphery | | | | 4 | |
| | Agglomeration | | | | 5 | |

Altogether 6 interviews were conducted both in Business and management consultancy, and Motion picture, video, radio and TV activities sub-sectors, and 7 in Software consultancy sub-sector. Apart from the basic interviews, similar in-depth interviews had to be conducted with the network actors of the individual sub-sectors, at least one by each of the latter. These interviews were to provide additional information about the role of the selected sectors and branches played in the domestic and international economies, their operation, about the situation of networks and collaboration on the national and regional levels and the part shared by the BMR. Altogether 4 in-depth interviews were conducted with network actors: by 1 in Business and management consultancy and Motion picture, video, radio and TV activities sub-sectors and 2 in Computer games and web design branch. Thus in the frame of work package a total of 23 interviews were accomplished in the BMR. The length of the interviews varied widely (from 30 to 120 minutes) with an average of 45–50 minutes.

2.1.3 Methodological considerations to WP7

The third and last empirical phase of ACRE research project started in November 2008 and it finished in February 2009. The object of this research period was to recognise and to investigate the drivers behind the decisions of the transnational migrants (ex-pats) to settle at a certain location and at the same time to estimate the relative importance of the location factors that played a role in their decision making process. For better understanding of the behaviour and decision making process of ex-pats in-depth interviews were carried out amongst transnational migrants living and working in Budapest. Only highly skilled persons actively working in the creative knowledge sector could be selected for interviewing.

The ACRE consortium applied the so-called semi-structured topic of interview which means that the topics (groups of questions) chosen could be varied by the interviewer freely or the prepared list of questions could be completed with new ones if he/she felt it

indispensable for obtaining the necessary information. The topics of the interviews contained 7 large clusters of questions: warming-up section for the interview; education and professional career of interviewee; selection of the metropolitan region and its key factors; motivations of site selection, the relevance of hard and soft factors, advantages and inconveniences of the city; social networks and family background of migrants; actual living and working situation; previous experiences of interviewee in the metropolitan region and about his/her future perspectives; personal background of migrants (Egedy et al 2009).

Although the method of deep interviewing is not suitable for drawing far-reaching statistical conclusions, right in the beginning of the sampling process an attempt was made to follow the instructions about the main statistical parameters about migrants (number of foreigners, their distribution by nationality). This attempt failed however, because the sampling according to these requirements would have been highly difficult and time consuming. Other partners of the ACRE consortium also indicated that creation of a sample according to a priori sectoral and statistical parameters and find transnational migrants fitting into this sample is not an easy task. Therefore the research team decided to keep to the principle “who is found is to be interviewed” in this phase of research. Nevertheless it had been acknowledged that the gender balance was to be maintained (females to be involved) and both creative and knowledge based sectors were to be represented. The selection of followed with the snowball method (the interviewees proposed to invite persons who might have been involved).

The composition of the sample is summarized in Table 2.4 and 2.5.

Table 2.4 Number of interviewees in work package 7 by sectors and gender

| | <i>Male</i> | <i>Female</i> | <i>Total</i> |
|---------------------------------------|-------------|---------------|--------------|
| <i>Creative industries</i> | 6 | 2 | 8 |
| <i>Knowledge intensive industries</i> | 13 | 7 | 20 |
| <i>Total</i> | 19 | 9 | 28 |

Table 2.5 Number of interviewees in work package 7 by country of origin

| | |
|-------------------------------|-----------|
| <i>European countries</i> | 19 |
| <i>EU25</i> | 18 |
| <i>Non-EU countries</i> | 1 |
| <i>Neighbouring countries</i> | 2 |
| <i>Non-European countries</i> | 9 |
| <i>America</i> | 5 |
| <i>Asia</i> | 3 |
| <i>Africa</i> | 1 |

The national and regional statistics available on migrants were monitored in the course of the preparatory phase of the sampling process. It was stipulated that the sample should consist of highly qualified persons working in creative sector with continuous stay in Hungary and in the Budapest Metropolitan Region for at least 6 months. For the sake of identifying motivations and locations factors it was necessary to involve persons who after spending considerable time had got to know the country and the city quite well, created a well-defined image of Budapest and they formed a firm opinion about the study area.

Altogether 28 in-depth interviews were carried out among transnational migrants and 4 in-depth interviews were additionally conducted with local experts. Thus, in the frame of current work package (WP7) a total of 32 interviews were accomplished in Budapest and its metropolitan region. The length of interviews varied from 30 to 60 minutes.

From these interviews it became clear that personal trajectories and family ties should be handled separately from the hard and soft factors during our analysis. The research showed that personal and family reasons dominated so much the motivation of people to move into the Budapest metropolitan region that any other hard or soft factors were hardly considered. Analysis of the personal (trajectory), hard and soft factors as motivation factors revealed that in many cases decision of the interviewees is not determined by one particular group of factors (also see Vaattovaara 2009).

2.2 Methodology of current work package (WP8)

2.2.1 Description of work and short introduction to the analytical matrixes

According to the main objectives of WP8 mentioned in the introduction the main tasks to be done in WP8 are: i) to summarise and synthesise local results; ii) to provide comparable results on metropolitan level for the next work package (WP9).

The procedure of the analysis can be subdivided into two parts distinctly separated from one another:

- i) In the first part the results of the earlier conducted WP5, WP6 and WP7 phases were integrated deploying a jointly elaborated methodology of filtration. This integration was aimed to find the most important (3–6) attracting and retaining factors in the BMR which exert an influence upon the movement and settlement of the creative experts on the one hand and to trace the strong points and weaknesses of the metropolis through the weighed significance of factors based on the opinions of the target groups on the other hand. In the following part these location factors, strengths and weaknesses were compared on an international level. For the sake of comparability this phase required a relatively fixed procedure of analysis carried out by the members of the consortium.
- ii) The second „open” and flexible phase of the analysis provided an opportunity to reach beyond the fixed part and to take into account the local results worth of mentioning that could further refine the image of the metropolitan region.

To carry the project further it was the first phase that really counted as the second one was meant to fix the most important achievements of the earlier research phases. In the first phase two auxiliary matrixes were applied to customize the analyses and to compare the results, an adequate use of which might promote the evaluation of the results:

Matrix1 helps find the most important hard and soft attracting and retaining factors and typical personal trajectories by the target groups (Figure 2.1). This way Matrix1 functions as a kind of filter, and by clearing up results achieved in phases WP5 through WP7 (i.e. by reducing the number of relevant factors) by the end of the filtering procedure we can arrive at some effective and relevant factors that are determinant in the mobility of the employees, employers (creative firms) and of the transnational migrants within the given metropolitan region. Research phase WP7 already led to a conclusion that a distinction should be made between the attracting and retaining factors, i.e. those playing an important part to attract target groups into the BMR and other ones influencing their stay there in the long run. Examinations in the WP8 phase called our attention to a further important aspect: it is vital to distinguish between factors with a key role in attracting of the target groups (they were called processes on the macro level) and those affecting mobility of the members after arrival (resettlement) in the area of the metropolitan region (processes on the micro level). Thus Matrix1 can be applied for the analysis of processes on both levels mentioned as it is suitable

for the tightening of the circle of motivation factors. As Matrix1 serves seeking for the most important factors with the heaviest weights it is not suitable for weighing the individual factors by the diverse opinions of the representatives of target groups i.e. for indicating the differences between the judgements about the factors.

Matrix2 is a method of filtration to identify strengths and weaknesses of metropolitan regions. It creates an opportunity to weigh the factors used in the previous phases of the survey (WP5 through WP7) on the basis of the opinions of the target group representatives (Figure 2.2). For this purpose a common list of factors was drawn up but further factors could be included in the list depending on the local results. Individual target groups and subgroups were coded (1.2.3, 1A, 2B, 3A etc.) and based on the previous results (i.e. if there was information available about the opinion of the target groups in relation with the given factor) these codes were fed in the respective record. In the evaluation phase there could be found those factors with the help of Matrix2 which were evaluated either as strong points or weaknesses of the metropolitan region based on the unanimous or majority opinion of the respondents. Thus the task of Matrix2 is not to find the principal motivation, attracting and retaining factors, but to evaluate the individual factors on the basis of the previous results in order to outline a comprehensive picture on the strong and weak points of the metropolitan regions.

Using the two matrixes it has become possible to put the results of the quantitative and qualitative surveys into a uniform framework and evaluate them jointly. At the same time they allowed a joint international assessment of the findings on the level of metropolitan regions.

Figure 2.1 The structure of Matrix1

| | | Hard factors | | Soft factors | | Personal trajectories | |
|----------|---|--------------------|-------------------|--------------------|-------------------|-----------------------|-------------------|
| 1 | Employees Creative 1A | Attracting factors | Retaining factors | Attracting factors | Retaining factors | Attracting factors | Retaining factors |
| | Knowledge intensive 1B | | | | | | |
| 2 | Employers/ managers Creative 2A | Attracting factors | Retaining factors | Attracting factors | Retaining factors | Attracting factors | Retaining factors |
| | Knowledge intensive 2B | | | | | | |
| 3 | International migrants Creative 3A | Attracting factors | Retaining factors | Attracting factors | Retaining factors | Attracting factors | Retaining factors |
| | Knowledge intensive 3B | | | | | | |



Summary 1 Main location (attracting and retaining) factors
/3-6 per city region/

Figure 2.2 The structure of Matrix2

| | Strong points/ Strengths | Medium weight | Weak points Weaknesses |
|------------------------------|-------------------------------------|----------------------|-----------------------------------|
| Hard factors | | | |
| Factor 1 | 1, 2, 3 | | |
| Factor 2 | 1A, 3A, | 1B | 2B |
| Factor 3 | | | 1, 2, 3 |
| Soft factors | | | |
| Factor 1 | 3 | | 1, 2 |
| Factor 2 | 1A, 3 | 2A | 2B |
| Factor 3 | 1B, 3B | 2A | |
| Personal trajectories | | | |
| Factor 1 | 1B | 2A | 3 |
| Factor 2 | 1, 2A | 2B | 3 |
| Factor 3 | 3 | | 1C, 2A |
| Analysis | | | |

Summary 2 Strengths and weaknesses of the city region

2.2.2 Emerging methodological problems

How to combine qualitative and quantitative results?

The most important task was to relate the achievements of the quantitative survey (questionnaire with 200 elements) to the findings of the qualitative in-depth interviews (with 25 managers and with the same number of transnational migrants). For solving the problem the method of triangulation was deployed which is capable to link quantitative and qualitative result between themselves and interpret them. The short description of triangulation is presented below.

Aims and implementation of triangulation for bridging the gap between qualitative and quantitative material – The aims of a triangulation generally concern the mutual validation of data or interpretations and the generalisation of results. The implementation of triangulation means that different levels of analysis (qualitative interview material, micro-data) have to be combined. A qualification of the positioning of different results has to follow with the help of theories and thesis'. Then one will see whether the results show complementarity, congruency or divergence. The integration of different results can be reached through further qualitative analysis and the search for theories, which will help to solve discrepancies between qualitative and quantitative data. Triangulation can be applied for different purposes and on different stages of the research process: for the combination of different methods of data ascertainment and for the combination of different methods of data analysis (Erzberger 1998). The interpretation of data allows different strategies: a) a separate analysis for each set of data; b) a separate analysis for both sorts of data on the level of single

cases and the combination of the results; c) a definition of categories for the analysis of the second data set through the analysis of the first data set. The presentation of results of triangulation should include the explanation why triangulation was necessary for the research process and how it has been applied (Flick 2008).

Application of triangulation in WP8 – The aim of WP8 is to combine different perspectives on the city region Budapest which have been extracted from different target groups (employees, managers, transnational migrants) through differing research methods (qualitative, quantitative). The triangulation of different research methods (WP5 quantitative vs. qualitative WP6, 7) seems to be useful for further analyses (between-method-triangulation). Triangulation in WP8 is a result of the combination of different methods of data ascertainment and analysis (WP5: standardised questionnaire, numbering results; WP6: qualitative semi-structured interviews, summarising content analysis; WP7: qualitative semi-structured interviews, grounded theory). The implementation of triangulation in WP8 starts on the level of the sets of data. There will be a combination of different levels of analysis like aggregated quantitative data, quantitative individual data and qualitative micro data. The interpretation of the different data sets means that all three data sets have to be analysed separately, which has already happened for each work package. The results need to be put in relation to each other. At this stage it is important to keep the different research methods and question focus in mind (WP5: background information to living situation/training, general living-/working situation today, satisfaction with living-/working situation in Budapest; WP6: reasons for founding business in the Budapest Metropolitan Region, satisfaction with business location; WP7: reasons for choosing Budapest as living-/working place, satisfaction with integration, acceptance, living-/working situation). When there is divergence between the three result types one should try to gain complementarity. This can be reached through the search for a frame which integrates the diverging results (see the role of Matrix1 and Matrix2). After combining the results deeper analyses can be carried out on metropolitan level.

Problems in using and applying the matrixes

An exchange of experience between the participants of Young ACRE took place at the workshop held in September 2009. The discussion focused on matrixes elaborated for integration and analysis of the results. This exchange of views has not surfaced any substantial professional problems with the use of Matrix1, as the partners collaborating in the project have proven able to survey and identify the most important attracting and retaining factors relevant from the aspect of the target groups. The analysis of findings in Hungary has led to a conclusion that the processes on the macro level should be separated from those on the micro level, i.e. what is the reason for the influx of the representatives of creative economy into the Budapest Metropolitan Region (macro scale) and which factors affect them in movement in finding the appropriate place of residence and in business site selection within the BMR (micro scale). Using the results of the survey a separate Matrix1 was elaborated for each scale describing the differences between processes characterising the two levels and demonstrate well the relevant motivation factors. A question has arisen if there is a difference between the localisation factors for people involved in the creative knowledge sector and for those occupied and firms operating in the classic sectors of economy. A further issue is whether the opinion of creative experts is distinct from that of the representatives of the knowledge-based sector. As our findings have proven the discrimination between the two levels of analyses was well founded.

Our experience has shown that processes on the macro level take place in a similar way irrespective of the economic sector and geographical location of the metropolis (i.e. the choice

of the metropolitan region to move is made along some hard factors such as place of work, education or personal ties) as well as no basic differences were found between the opinions of the representatives of creative and knowledge-intensive sub-sectors. By contrast, localisation factors differed considerably on the micro scale for persons engaged in the traditional sectors of economy and in creative knowledge sector on the one hand, and attracting and retaining factors varied for the creatives and representatives of knowledge-based industries on the other hand.

The application of Matrix2 provoked some methodological issues that had been solved ultimately in fierce professional debates with the project partners. The main problem was caused by an ambiguous interpretation of Matrix2 worked out for an integrated analysis. One group of the project partners represented an approach from the target groups' point of view, whereas the other one did it from the viewpoint of the metropolitan region. It means that the first group analysed the importance of localisation factors for the target groups, whilst the second group focused on the strengths and weaknesses of the metropolitan regions. Naturally, both approaches have advantages (and disadvantages) of their own. Table 2.6 presents the basic differences between the two approaches.

Table 2.6 Characteristics of different approaches in using Matrix2

| The “target group” approach | The “metropolitan region” approach |
|---|--|
| Evaluation focuses on the opinion of target groups about the importance of different location factors Questions to be answered are like: <i>„Does employment appear as an important location factor for the certain target groups?”</i> No (or less) information are available about conditions provided by the city Comparable are the creative classes in the metropolitan regions This approach is important for work package 9 | Evaluation focuses on strengths and weaknesses (performance of conditions) in the metropolitan region Questions to be answered are like: <i>„Does employment appear as strength of the city based on the opinion of certain target groups?”</i> No (or less) information are available about importance of location factors for the target groups Comparable are the conditions provided by metropolitan regions This approach is important for work package 10 |

According to the Young Acre workshop the consortium decided to evaluate the ‘importance’ and ‘performance’ of different location factor in the metropolitan regions simultaneously in a frame of reference (see Figure 4.1). This frame makes possible to integrate to different approaches mentioned above and it facilitates the evaluation and comparison of location (both attracting and retaining) factors in certain metropolitan regions of ACRE project.

3 Potentials of Budapest for the creative class

Following chapter summarises the most relevant outcomes of previous researches carried out in the empirical phase of the project. Results of the current work package (WP8) are based predominantly on the integrated analyses of data and information highlighted below.

3.1 Assessment of the metropolitan region by creative employees

In compliance with the timing of the research project first a questionnaire survey was carried out among graduates and workers as target groups engaged in the creative and knowledge intensive sector in order to investigate their opinion about local conditions. This sub-chapter presents the most important results of the survey.

3.1.1 The Budapest Metropolitan Region as a place of residence

Main reasons for living in the city

In the choice of the BMR as a place of residence *family ties and personal links* (place of birth) are decisive. The frequency table for the reason to choose to live in Budapest Metropolitan Region has two main dimensions worthwhile analysing: the number and share of respondents considering a specific reason at all and the frequency of the four ranks in each possible category. The group of reasons that the largest share of respondents considered at all was the one labelled as „*personal connection*”. The reason which was most frequently indicated by the sample (47 percent) was to reside in Budapest because the family was living here. This group of reasons not only has the highest share of consideration but three of them (*born here, family lives here and studied in the city*) were the most frequently ranked as the *most important* reason for living in the Budapest Metropolitan Region (Table 3.1). Proximity to friends is held important by 40 percent of the respondents but it is ranked most frequently as the second most important reason to reside in the city.

Table 3.1 Main reasons for living in the BMR (whole sample, percent)

| Rank | 1 | 2 | 3 | 4 | not ranked | ranked total |
|-------------------------------|------|------|------|-----|------------|--------------|
| born here | 28,5 | 4,0 | 3,0 | 4,5 | 60,0 | 40,0 |
| family lives here | 24,5 | 14,5 | 5,5 | 2,5 | 53,0 | 47,0 |
| moved because of the job | 11,0 | 14,0 | 6,5 | 0,5 | 68,0 | 32,0 |
| good employment opportunities | 8,0 | 11,5 | 5,5 | 5,0 | 70,0 | 30,0 |
| proximity to friends | 4,5 | 17,5 | 10,5 | 7,5 | 60,0 | 40,0 |
| studied in the city | 12,0 | 3,0 | 8,5 | 6,5 | 70,0 | 30,0 |

Apart from these and analysing responses of those who were born outside the BMR the main attracting factors are *studies to pursue* (Budapest as a hub of education, favoured universities), and *good job opportunities* (a rich choice, an easier finding of employment, higher payment in all-national comparison). With two factors considered by 30 percent or more of the sample as relevant the group of *reasons related to job* seems to be of high significance in choosing the city as a place to live. Living in Budapest because of the job and good employment possibilities is considered by over 30 percent of the respondents, but these factors are ranked as the second most important reason the most frequently. Higher wages is also regarded as relevant but ranked as a tertiary reason the most often.

The so called *soft factors* including reasons related to city characteristics and to the social atmosphere were considered relevant by around 15 percent (+/- 1–2 percent) of the respondents except for two reasons, which are *diversity of leisure and entertainment* (29 percent) and *cultural diversity* (20 percent). Nevertheless, these two soft factors are ranked as of tertiary or even weaker importance.

As a conclusion it can be stated that the set of reasons for choosing to live in Budapest and its metropolitan region is dominated by *personal relations* and *job related factors*. Location is still more important as a factor in general to live in the city than the soft reasons the exceptions being the wider offer of leisure and entertainment possibilities and cultural diversity.

Sectoral circumstances do not display very strong differences, however it must be noted that for the representatives of creative sector soft factors like diversity of leisure and entertainment (for each fifth respondent it was the pull factor ranking third), cultural diversity of the city and in addition the size and location (good transport links) of the city had greater importance (also see Lange et al 2009).

Living conditions provided by the city

Leisure activities, cultural facilities and public services were evaluated more or less similarly by representatives of the two creative sectors. Not only workers, but also managers expressed their high satisfaction with the quantity and standards of cultural services. It can be mentioned as a problem that the availability of other services is lagging behind the cultural ones: sport and leisure time activities are far from being appreciated so highly. Thus, the frequency of being ‘very satisfied’ with leisure activities is relatively low in the sample and nowhere exceeds 16 percent. The *quality of cinemas, art galleries/museums* and *shopping areas* are appreciated the most with the highest frequency (14.5-15.5 percent) of being very satisfied (Table 3.2).

Table 3.2 Satisfaction with leisure and cultural facilities (whole sample, percent)

| | Very Satisfied | Satisfied | Neither | Dis-satisfied | Very Dissatisfied | Don't know | Missing |
|--|----------------|-----------|---------|---------------|-------------------|------------|---------|
| Quality of cinema's | 15,5 | 62,5 | 14,0 | 3,5 | 0,0 | 4,5 | 0,0 |
| Quality and range of art galleries/museums | 14,5 | 64,5 | 15,5 | 2,5 | 0,0 | 3,0 | 0,0 |
| Quality and range of restaurants | 13,5 | 55,0 | 25,5 | 3,0 | 0,0 | 3,0 | 0,0 |
| Quality of shopping areas | 14,5 | 49,0 | 24,0 | 11,0 | 1,0 | 0,5 | 0,0 |
| Quality and range of festival events and cultural activities | 10,5 | 53,5 | 26,0 | 6,0 | 0,0 | 4,0 | 0,0 |

Creative workers (and also managers) expressed their pronounced negative opinion about transport situation in the BMR. Transport is a serious risk factor in Budapest; consequently the development of transport network, harmonisation of the internal and suburban services, relief and rationalisation of traffic are considered an urgent task. Representatives of both the creative and knowledge-based sectors were rather dissatisfied with the level of health care and other kinds of social services in the BMR. On the basis of the Table 3.3 it can also be pointed out, that the level of dissatisfaction is generally higher among respondents from the creative industries than in the case of knowledge-based workers.

Table 3.3 Dissatisfaction with services provided by the city (percent)

| Creative industries | | Knowledge-based industries | |
|------------------------------------|------|---|------|
| Dissatisfaction | | Dissatisfaction | |
| Quality of health services | 69,6 | Number of bicycle lanes | 69,4 |
| Transport within the city | 67,4 | Transport within the city | 59,8 |
| Number of bicycle lanes | 63,0 | Connectivity between city and periphery | 55,1 |
| Social security | 54,3 | Social security | 50,9 |
| Quality of City's transport system | 53,3 | Quality of health services | 50,0 |

Looking at the results of this question in the survey respondents generally seem to be rather worried about most of the urban issues listed. The highest frequencies appear in the first two categories (*very worried* and *somewhat worried*) regarding most of the discussed urban elements.

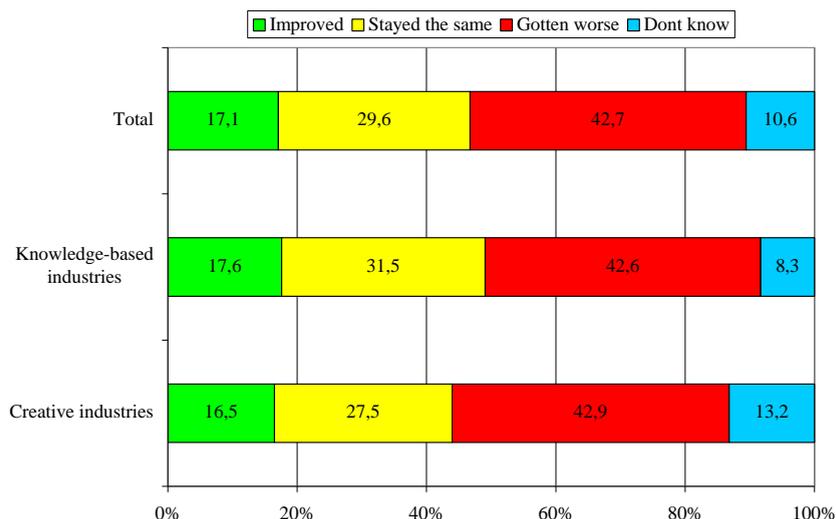
Respondents seem to be *very worried* about urban phenomena – such as homelessness, air pollution – that they encounter in the streets of the city every day. The frequency of being very worried is especially striking in the case of homelessness. While having the highest frequency in the first category the judgement of other issues (such as air pollution, aggressive social behaviour and drug problems) is more diversified (Table 3.4).

Table 3.4 Levels of worry about urban problems in the BMR (whole sample, percent)

| | Very Worried | Somewhat Worried | Not particularly Worried | Not Worried | Not Worried at all | Don't know | Missing |
|----------------------------------|--------------|------------------|--------------------------|-------------|--------------------|------------|---------|
| Homelessness | 61,0 | 30,0 | 5,5 | 3,0 | 0,0 | 0,5 | 0,0 |
| Air pollution | 45,0 | 43,0 | 9,0 | 2,0 | 0,0 | 1,0 | 0,0 |
| Aggressive/anti-social behaviour | 43,0 | 39,0 | 12,5 | 3,5 | 0,5 | 1,5 | 0,0 |
| Traffic | 34,5 | 37,5 | 21,0 | 5,5 | 0,5 | 0,0 | 1,0 |
| Drug problems | 33,0 | 32,5 | 19,5 | 6,0 | 4,0 | 5,0 | 0,0 |

Opinions of respondents about the change of quality of life in the city reflect a negative turn in the judgement of city life: 42.7 percent of the respondents think that the living quality has got worse in the years past (Figure 3.1).

Figure 3.1 Perceptions of quality of life improvements



Summing up our results we can state that Budapest serves as a magnet primarily for the young generations. Thus, age of the person plays an important role in the migration processes. Young people decide about moving into the BMR mainly along the hard factors, whereas for the middle-age generations and older ones the soft factors are getting increasingly important. The BMR has a high retaining capacity; once somebody settled here, he or she seldom would want to move further.

Based on the opinion and levels of satisfaction with the city of the respondents the distinction should be pointed out that though for the workers in knowledge-based sector Budapest is highly attractive and enjoys advantage over the cities of the countryside, in the long run the latter might become challengers to retain or to attract workers from the creative sector of the BMR.

3.1.2 Housing situation and the quality of residential environment

The functioning of local housing market has direct impact on residential mobility of highly skilled employees. The type and location of dwelling has equally strong impact on the satisfaction of employees in creative and knowledge-intensive sectors with the wider urban environment (Brown–Meczinsky 2009; Egedy–Kovács 2008).

Our previous research testified the *growing expectations and demands among residents of the BMR for place of residence and residential environment*. This has been especially tangible since the change of regime (1989). These requirements play a pivotal part in the choice of the place of residence (with no regard to professional qualification and place of work), only influenced by financial circumstances as a secondary factor. This is also underlined by the priority given to *the size and price of the apartment* by the respondents both from the creative and knowledge-based sectors. As housing construction has been dominated by smaller apartments (35–48 m², chiefly due to the lack of solvent demand) since the change of regime, this was only partly favourable for employees in the creative knowledge sector. Young singles or couples could easily find affordable housing with good location in the city. However, families with children would have needed larger apartments with higher quality. Analyses of the housing market indicate that the construction of bigger dwellings has already started (surveys have been carried out before the crisis of world economy started in 2008).

Regarding the role of location factors in choosing the dwelling place there were 3 factors where the value of very important and quite important answers together reached 70 percent in the sample. These were: the ‘cost of dwelling’ (74 percent), the ‘size of dwelling’ (71.5 percent) and the ‘quality of surrounding neighbourhood’ (71.5 percent). These are clearly the decisive factors in choosing the dwelling place in Budapest among creative workers (Table 3.5).

Table 3.5 Role of factors in choosing the current dwelling place (whole sample, percent)

| | Very Important | Quite Important | Somewhat important | Not important | Don't know | Missing |
|--------------------------------------|-----------------------|------------------------|---------------------------|----------------------|-------------------|----------------|
| cost of dwelling | 33,5 | 40,5 | 11,0 | 6,0 | 3,5 | 5,5 |
| size of dwelling | 23,5 | 48,0 | 13,5 | 6,5 | 3,5 | 5,0 |
| proximity to public transport | 19,5 | 44,5 | 20,5 | 9,0 | 2,0 | 4,5 |
| quality of surrounding neighbourhood | 33,5 | 38,0 | 16,0 | 4,0 | 2,5 | 6,0 |
| the neighbourhood atmosphere | 28,0 | 39,5 | 19,5 | 5,5 | 3,0 | 4,5 |

As regards the selection of the place of residence there was virtually only one substantial difference between the behaviour of the respondents belonging to the sectors compared. Proximity to public transport is very important for one fourth of respondents

occupied in knowledge-based sector, moreover, for half of them it is a fairly important aspect (their combined ratio is 74.8 percent). This rate is much lower (58 percent) for those working in the creative sector. This reflects clear differences between the two groups as far as daily routine is concerned.

Income and lifestyle differences between the two groups also come to the fore, the cost of dwelling is less important for the creative employees, just like the size of dwelling. On the other hand it is quite surprising that among the representatives of this sector pragmatic and material (hard) factors play such a relatively high importance when choosing their home, at the expense of soft factors such as the availability of entertainment and leisure time spending.

The majority of the respondents in the Budapest sample chose to live in the outskirts of the city or in smaller settlements in the suburban zone (Table 3.6). This share of the sample comes up to 55.7 percent. With those living in the towns of the metro area this share goes as high as 71.3 percent. The survey clearly shows that creative people in the Budapest metropolitan area prefer to live in the periphery with green, and they seem to refuse to live in the densely built inner city and the rest of the core city. These two zones hold only 25 percent of our respondents.

Table 3.6 Residential location of respondents (percent)

| | Creative industries | Knowledge-based industries | Total |
|---------------------------------------|----------------------------|-----------------------------------|--------------|
| City Centre | 10,9 | 5,6 | 8,0 |
| Rest of the core city | 17,4 | 16,8 | 17,1 |
| Rest of city, including the outskirts | 25,0 | 33,6 | 29,6 |
| Village or small town in metro area | 29,3 | 23,4 | 26,1 |
| Medium or large town in metro area | 16,3 | 15,0 | 15,6 |
| Don't know | 1,1 | 5,6 | 3,5 |
| Total | 100,0 | 100,0 | 100,0 |

It is the creative workers who give preference to inner city residential quarters (10.9 percent) more frequently than representatives of the other sector do (5.6 percent). This implies that many of creative sector workers feel a strong attraction to the city centre. The explanation is that this segment of the Budapest society – involved in the survey – has been able to accumulate such wealth that made them capable of leaving the city for the better environment in the outskirts and the agglomeration. By travelling and building up working experience abroad they also had another pattern of life in mind which could be realised in a non-urban but close to urban residential environment.

On the basis of the frequency table created from the answers to the questions on the satisfaction with the living environment it can be stated that people in the survey are generally *quite satisfied* with most aspects of their living environment. People in the survey were *very satisfied* with nearness to employment (29.5 percent), personal safety (23 percent), and access to commercial facilities (22.5 percent) (Table 3.7).

Table 3.7 Satisfaction with the living area (whole sample, percent)

| | Very Satisfied | Quite Satisfied | Somewhat unsatisfied | Very unsatisfied | Don't know | Missing |
|--|----------------|-----------------|----------------------|------------------|------------|---------|
| Nearness to employment | 29,5 | 43,0 | 18,5 | 7,5 | 1,0 | 0,5 |
| Personal safety | 23,0 | 63,5 | 11,5 | 1,5 | 0,0 | 0,5 |
| Appearance of the neighbourhood | 15,5 | 44,5 | 28,5 | 10,0 | 1,0 | 0,5 |
| Access to commercial facilities | 22,5 | 54,0 | 20,0 | 2,0 | 1,0 | 0,5 |
| Access to public transport | 15,5 | 47,0 | 23,5 | 11,0 | 2,5 | 0,5 |
| Overall quality of life in neighbourhood | 13,5 | 64,0 | 18,5 | 3,5 | 0,0 | 0,5 |

Both investigated groups are basically satisfied with their living environment (as it was concluded by nearly 80 percent of the respondents). The ratio of those who are satisfied or very much satisfied with personal safety is close to 90 percent in both groups. Proximity to the workplace and access to commercial facilities were appreciated very positively; the latter especially by respondents from knowledge-based industries (80 percent).

3.1.3 Satisfaction with job and work environment

In terms of *job opportunities* Budapest and its agglomeration provide large number and diverse, well-paid jobs. In Hungary the rate of unemployment is the lowest here, and a large majority of those occupied in the creative sector are satisfied with their work and conditions of labour. So the BMR has a good position on the labour market and it is very attractive for white collar workers and highly skilled manpower.

The workers in creative and knowledge-based sectors are satisfied with the work performed and conditions at their workplace. Besides the eternal problem (wages), a lack of training and courses at the place of work and hardships in moving up on the social scale are the sources of frustration.

More than 70 percent of the representatives of creative sector is satisfied or very satisfied with their work and gave a positive answer to the questions about ‘sense of achievement you get from your work’, ‘amount of influence you have over your job’, ‘the facilities in the workplace’ and ‘the friendliness of the working environment’. The ratio of satisfied respondents is similar in knowledge-based sector with the difference that when ranking satisfaction, on the top there were ‘facilities in the workplace’ and ‘job security’. This correlates with the fact that state employees have higher share among respondents from the knowledge-based sector. In both groups however, respondents tended to complain about low payment, chances for career advancement being lagged far behind their expectation, about a lack of special courses and of training opportunities (Table 3.8).

Table 3.8 Satisfaction with different aspects of job (whole sample, percent)

| | Very Satisfied | Satisfied | Neither | Dissatisfied | Very Dissatisfied | Don't know | Missing |
|---|----------------|-----------|---------|--------------|-------------------|------------|---------|
| Sense of achievement you get from your work | 19,5 | 47,5 | 26,0 | 3,5 | 0,5 | 0,0 | 0,0 |
| Amount of influence you have over your job | 25,0 | 41,0 | 26,0 | 4,0 | 0,5 | 0,5 | 3,0 |
| The facilities in the workplace | 21,5 | 47,5 | 21,5 | 6,0 | 1,0 | 0,0 | 0,0 |
| The friendliness of the working environment | 22,5 | 42,5 | 25,5 | 5,0 | 1,5 | 0,0 | 0,0 |
| Your job security | 15,0 | 50,5 | 20,5 | 6,5 | 1,0 | 4,0 | 2,5 |
| Overall satisfaction with job | 9,0 | 59,5 | 24,0 | 2,0 | 1,5 | 1,0 | 3,0 |

3.1.4 Problems and limitations in the Budapest Metropolitan Region

The analysis of limitations in the BMR touches following problem fields (the order of discussion also indicates the rank of dissatisfaction with the three environmental subsystems among the respondents):

- Problems of socio-economic environment within the BMR;
- Comments and remarks on the built environment;
- Critical reflections on the natural (green) environment.

Most of the negative reflections concerned the unfavourable trends which occurred within the socio-economic environment over the last years. (After mentioning the problems the rank of their importance within the given environmental subsystem follows indicated with

numbers in brackets.) An overwhelming majority of persons involved in the inquiry consider the rising costs of living as the most serious socio-economic problem of today. The reason behind is that due to fiscal policy (high budget deficit) the upward trend of the prices has not been followed by the growth of real wages for the last two years (1) so at present many people are facing some financial problems or at least feels the outcomes of new fiscal policy. This statement repeatedly underlines the high significance of material goods for the Hungarian society: orientation towards material values is a characteristic feature of the Hungarians and perhaps other post-socialist societies. In the opinion of the respondents an outcome of the material problems on the level of the families and individuals is the decline of living standards and of the quality of life (5). Concurrently, aggravating social problems lead to increasing polarization of the society (6) especially in big cities like Budapest with growing homelessness and poverty which cause increasing conflicts (3). By common consent of the respondents there has been a rising aggressiveness and frustration among the people and on the level of the individuals (2). Previous investigations showed that Budapest and the BMR are not as tolerant as they are conceived by many people in Hungary and abroad. These results were revisited once again as reflected by the answers of workers in the creative knowledge sector who labelled *Budapest as a less tolerant city* or claimed *aggressive attitude and antisocial behaviour* as a serious issue. There is spreading anti-social behaviour, and mental and attitude problems provoke conflicts within society.

Deterioration of public security and growing criminality give occasion to serious concern and should be handled properly. A dramatic rise of prices in services, lack of cultural services, scarcity of job opportunities, spreading unemployment and the missing local communities in the BMR have also been pointed out by the respondents as problems.

A major part of the respondents expressed sharp criticism towards politicians and emphasized the issues stemming from a *poor political culture* (4) which is a hindrance to the economic take-off of the country in general and of Budapest in particular. In the first place corruption and abuses were mentioned. All these are attributable to the devaluation of politics, political elite and of the image of politicians in public opinion independently from their ideological background over the last years. At the same time sociological investigations point to a sharp political split within Hungarian society, and this growing cleavage formation was also reflected by our survey.

Along with disfunctions in social and economic environment there have been problems with the built environment. Dissatisfaction with the built environment and infrastructure occupies the second place within the environmental block. Respondents were very discontent with *traffic* (1) and *public transport* (2). There have been complaints about the inferior *quality and state of paved roads* (3), the busy traffic leading to *frequent congestions* (4) and about the growing difficulties in accessibility of workplaces over the past years. It was somewhat surprising that car parking was not mentioned among the problems though it is especially problematic in the city centre. Some have mentioned the lack of cycle tracks. The respondents are very critical about *the state of the building stock and of public spaces* (5–6). Urban renewal started relatively late (end of 1990s) and was conducted with sporadic success in some districts; graffiti are a common sight reducing the visual value of the buildings. On the other hand, due to urban redevelopment schemes in other places shopping centres and malls with monsters of residential blocks occupy the space left behind by the demolished obsolete buildings.

Nature conservation and environmental protection occurred in the third place by the frequency and weight of comments and remarks. It is not surprising because environmental consciousness of the Hungarians including politicians and the weight of environmental protection in public thinking of the society are lagging behind the western standards. The problem of lack of *cleanliness* considered by the respondents a key issue (1) emerges in this

subsystem though it is also associated with the other two. Public premises and roads are full of rubbish and neglected and in many places the population does not seem to take care of the living environment. The real concern is that people realize the significance of the problem but they would not do too much for a healthy and clean environment. Closely related to the busy traffic, *air and noise pollution* (2) also add to the deterioration of the quality of life in the capital city. To further complicate the situation, according to some of the respondents the *extension of green spaces* (3) is not sufficient and their state is inferior in many places.

As it has already been referred to, the ratio of those giving positive responses remained below 5 percent; their standpoint could be evaluated as deviating from the mainstream. They substantiated their opinion referring to the betterment of income situation and quality of life, improvement of the built environment and public roads through infrastructural investments.

In a total of the three environmental subsystems the following hard and soft components are the most important limiting factors within the BMR (Table 3.9):

Table 3.9 Limiting factors within the BMR

| <i>Factors</i> | <i>Type of factor</i> |
|--|-----------------------|
| <i>Costs of living (prices, level of wages and salaries)</i> | <i>hard</i> |
| <i>Traffic and public transport</i> | <i>hard</i> |
| <i>Cleanness of the city and living environment</i> | <i>soft</i> |
| <i>Air and noise pollution</i> | <i>soft</i> |
| <i>Intolerance, aggressiveness</i> | <i>soft</i> |
| <i>Homelessness, poverty, social polarization</i> | <i>soft</i> |
| <i>Politics, political culture</i> | <i>soft</i> |
| <i>Quantity and quality of green space</i> | <i>hard</i> |
| <i>Living standards, quality of life</i> | <i>soft</i> |
| <i>Public security</i> | <i>soft</i> |
| <i>State of building stock and public places</i> | <i>hard</i> |

Our results have led to a conclusion that hard and soft components are represented among factors influencing life conditions roughly equally though taking it all in all hard factors are more influential in public opinion and among the respondents.

3.2 Main drivers for settlement of creative companies and managers in Budapest

In the second phase of empirical research professional interviews were conducted with leaders of firms (managers, managing directors) which were involved in the creative and knowledge-based sectors. The aim of interviewing was to understand the drivers behind the decisions of the managers of selected knowledge intensive and creative industries to settle at a certain location in the metropolitan region and to estimate the relative importance of the location factors that played a role in their decision making process. The sub-chapter summarises the main results obtained from the three sub-sectors involved into the interviewing process.

3.2.1 Socio-economic factors influencing the settlement of creative companies

Concerning *economic environment* one of the gravest problems of Hungarian economy is the meagre domestic market with a number of consequences. A general trend present in all sectors and branches of economy is the concentration of enterprises at Budapest i.e. at the highest level of settlement hierarchy. By the number of business partners and size of the

market the majority of enterprises in each of the three sectors studied are found in the BMR. It means however that the ventures here face the sharpest competition. The size, the capability and openness of its economy renders Hungary less competitive in the classic branches of economy, but it offers opportunities for creative and knowledge-intensive sectors making the country able to compete internationally (See Table 4.6 below).

Another negative factor for the competitiveness of sectors is striving of the actors of Hungarian economy and enterprises to be independent (a frequent lack of willingness to collaborate, drawbacks in the operation of professional networks). This circumstance, coupled with a high specialisation of small and medium-size enterprises makes them less capable for producing in high volumes (mass production). At the same time these firms are flexible, of quick reaction and they are able to be adapted to changes of market conditions. Would-be consortia might improve their market position considerably. A general notion is a lack of traditions in cooperation in Eastern Europe as compared to the western part of the continent. There are considerable deviations in cooperation with universities, research institutes and public institutions by sectors and branches. It can be stated, on the whole, that the collaboration between the sub-sectors investigated and the institutions mentioned is at a low level. The willingness to collaborate and the depth of cooperation however show striking differences by sectors and branches of economy within a given country.

In the BMR one of the hindrances is the absence of a concrete business strategy and perspective thinking of micro-, small and sometimes middle-size enterprises. The management of the firms as a rule has some concept and concrete plan of action in the short run but no vision of medium- and long-term strategy determining the advancement of the firm in perspective. A further drawback is a poor marketing activity of enterprises along with too much investment in product development and owing to mistaken sales operations the venture is not able to expand.

In creative and knowledge-intensive branches the business managers of the enterprises (especially those of the smaller ones) are often passive on the market. Perhaps the firms have the potential to further develop, but they do not plan the improvement of market position, and this behaviour is detrimental for the competitiveness of the venture.

The availability of labour also plays an important role for the creative economy (Murphy–Redmond 2009). A specialised labour market makes it easier both for the companies to look for workers, and for workers to look for new employers. Because of the organisation of labour in many creative sectors, the existence of a large pool of specialised labour is an important point in their choice of location. In this sense Budapest and its agglomeration provide good job opportunities, so the BMR has a good position on the labour market and it is very attractive for white collar workers and highly skilled manpower. Naturally within the BMR there is a considerable difference between the capital and agglomeration. There is a higher supply of potential employees in the former. With respect to labour force recruitment the settlements of the agglomeration are handicapped; it is much more difficult to find workers.

The employees as a rule are satisfied with job opportunities (an easier finding of employment, large number and diverse jobs, higher payment in all-national comparison) and labour conditions and employers can recruit labour force from a rich choice of manpower. Universities of Budapest provide reserves for the skilled and educated. It serves as a magnet for the countryside manpower: a supply of the high number of workplaces and low unemployment offer good opportunities for those arriving in the BMR with the intensions of looking for jobs. The only problem is voiced by the managers that the professional labour is increasingly expensive and becoming less in Hungary and BMR.

Recently a harsh criticism has aroused about the system of education and higher education in Hungary that it is focused on planting general knowledge and is not practice

oriented enough (without a link between theory and practice). Comprehensive learning stimulates creativity, but the lack of concrete knowledge and skills on the labour market curbs economic growth. It is not accidental that the ventures recruiting labour are looking for experts with experience of 1–2 years.

The state of the *urban (natural and built) environment* is closely related to the previous array of problems. Our surveys have shown that air and noise pollution attributed to urban traffic as their major source belong to the most serious limiting soft factors in the opinion of both of the workers and managers. Thus not only the workers look for a place of residence in a clean, quiet and calm place to enjoy a higher quality of life but the managers seek for similar environment in their site selection efforts as well. While foreign tourists and visitors of Hungary consider Budapest an attractive city and highly appreciate it in general, the residents of the Hungarian capital voice their criticism about the state of the natural and built environment (the external image is much better than the internal one). However, a strong spot of Budapest is its being colourful in respect of neighbourhoods. A support of the creative labour force might be the buoyant real estate market as the supply of flats and houses has recently shifted to a more favourable direction.

As far as the natural environment is concerned it should be stated that green spaces are scarce at Budapest in international comparison; their physical quality is not adequate in many places either. The quality of life offered is higher on the Buda side, e.g. residential areas are built in green areas (districts 2 and 12), whereas on the Pest side wide green spaces predominantly serve for leisure time activities. In order to increase the competitiveness of Budapest the extension of green spaces with the improvement of their quality and the revitalisation of the built environment seem to be indispensable

As in large cities usually, in Budapest there are services of higher standard and the supply of goods is more abundant than elsewhere in the country. All expectations of the consumer society are fulfilled here. As for the general image of Budapest among the interviewees, it can be stated that Budapest provides all the cultural and intellectual and even environmental conditions that are expected from the capital city. Besides, the national capital plays a decisive part in the cultural life of Hungary and branches of cultural industries are overrepresented in the BMR area. Municipal and districts' governments spend considerable finances for the support of cultural events. Relatively good opportunities are granted for leisure time activities. These might be attractive for the foreign and domestic ventures taking into account soft factors in their site selection.

Concerning the *political and administrative environment* both workers and managers expressed sharp criticism towards politicians and emphasized the issues stemming from a poor political culture and bureaucratisation of administration which are hindering the economic take-off of the country in general and of Budapest in particular. The interviewed persons mentioned the rise of political corruption as the foremost problem in the first place, then the unwillingness of the politicians to cooperate, so they are not able to take decisions. This is why in Hungary the taxation system is extremely complex, the tax and labour contribution burdens are very high, and according to the entrepreneurs there are anomalies in the tenders announced by the Hungarian state and the EU. This is an especially alarming perspective keeping in mind that – according to the opinion of the majority of respondents – the policies and politicians in general do not promote the social and economic development of Budapest and its region enough thus they diminish its competitiveness.

It should be mentioned that the managers claim the political climate and economic environment are not in favour of the entrepreneurial sphere, from which the small and medium-sized enterprises suffer particularly. By the managers an essential task would be the elaboration of a concept of a long-term calculable economic strategy. Nevertheless, seeking for consensus and the willingness for cooperation and collaboration are all missing from the

economy. Administration is expensive, plus the contributions after employment are very high. Also the taxation system can be characterised as very difficult in comparison to West European standards. Tenders are not practice oriented but unprofessional. The two-tier structure of the Budapest municipality and 23 totally independent districts has created a political issue making the metropolis virtually uncontrolled and unable for decision making.

When stimulating economic growth the inadequate concentration of human and material concentration is frequently encountered. It is usual that not the best qualified specialists are employed in the sector because their labour is too expensive and their number is decreasing, and the central and local governmental subsidies to complete private capital are cut to little bits and they are not able to fulfil their role in encouragement of investment and accumulation of capital.

According to the viewpoint of the European Union, in order to improve competitiveness of urban centres, innovation and entrepreneurship should be supported and strengthened and actions in the field of entrepreneurship to support micro, small and medium-sized enterprises should enjoy priority. For the time being the Hungarian micro- small- and medium sized firms are facing serious difficulties because they do not receive sufficient political and financial support and cannot develop further. In general: economic measures should be taken in support of SMEs not only in the creative and knowledge-based sectors but in the whole economy.

3.2.2 The view of creative managers about the image of the city

Advantages of the city

A strong spot of the BMR is that it concentrates a “critical mass” in social and economic sense in the national capital and its surroundings, so Budapest as the only metropolis of the country has a chance to be involved in the international competition of big cities, at the European level. The BMR has a fundamental weight in the creative knowledge sector, so for the enterprises operating in this sector the presence in the region is a primary advantage. Most of the economic enterprises are to be found here, the provision of infrastructure is much better than elsewhere (e.g. modern offices), so the local enterprises – due to a larger market, eager demand and a higher number of business partners and clients – are in a favourable business position in comparison to the countryside firms. For a major part of the enterprises surveyed the circle of customers, independent of the site being in the capital or the agglomeration, is concentrated in Budapest. Basically it is relating with the large market and a great number of potential customers.

The economic weight of the BMR is enhanced by its geographical and transport geographical setting. The favourable position of Budapest (where mountain ranges and the plain meet with the big river in the middle) is stimulating for the economy (e.g. tourism). A circular–radial layout of the roads and rails is an advantage for the accommodation of enterprises (transportation, accessibility).

Most of the interviewed managers hold that the strong sides are related with services. Opportunities for daily shopping meet the demands and easily available close to the residence or working place. Cultural services are evaluated positively and there are many institutions of general and higher education. Investigating recreation opportunities by generations it must be stated that Budapest is primarily for the younger cohorts under 30, what entertainment and night life are concerned. Satisfaction of the cultural and leisure demands of the older people is partly subordinated to the negative effects of advertising culture. There is a rich choice of popular entertainment, but the options for special social strata (e.g. for creative workers) and subculture could be widened. Opinions have divided about leisure time and sport activities,

some were satisfied, and others remained dissatisfied. Certainly opportunities for mass sports should be developed in Budapest, the use of some sporting facilities might be expensive.

Modern office buildings (e.g. in Infopark) were constructed with the requirements of creative workers duly taken into account, i.e. with fitness studios, massage parlours, shopping sectors which had not been built in the first modern office blocks. Similar industrial parks attract paying demand especially medium sized enterprises of solid capital.

Disadvantages of the city

According to the managers the most acute problem in Budapest concerns the unsolved *transport and public transport* and related problems of the big city (noise and air pollution). In the opinion of the managers on the one hand individual transport is made slow and uncomfortable by the jam-packed traffic, and on the other hand public transport is expensive and poorly organized which also corrupts the image of the city. A serious trouble that there is heavy transit traffic all over the city including the downtown and no routes exist to avoid them. A heavy air and noise pollution is also a great burden and spoils the image. The lack of calm environment and tranquillity was indicated as a general problem. In the opinion of the managers one of the main barriers to the progress within the BMR is the poor situation of traffic and public transportation. The administrative leaders of Budapest municipality and those of the districts have recently recognised the seriousness of the issue but a new strategy of transport and a comprehensive control of the situation are still missing. Related problems are the poor physical state of the road network; the latter has been neglected by the municipality over the past two decades i.e. since the change of regime. The scarcity of car parking lots poses an additional problem. The places in park houses and underground garages are not at par with the number of cars in traffic.

Foremost problem is a higher *price level in the metropolitan region*, meaning higher costs of living for graduates and workers (level of wages and salaries, higher service prices, housing market prices), and a higher price level of office market for the enterprises (leasing premises for an office, purchase of real property). In the BMR there is a moderate price level in international comparison. Budapest cannot be considered an expensive metropolis in Europe and even in East Central Europe; during the last years in big cities of the surrounding countries (Slovakia, Romania) the price level had reached and exceeded the of the Hungarian capital. In domestic comparison however the price level basically surpasses that of the urban settlements in the countryside, the prices relatively high. It means that the above hard factors have a major impact on the settlement of employees and employers and site selection of enterprises in the BMR.

With regards *social climate*, there is a growing amount of social problems and tensions in Budapest, and the gap between different social strata has been widening over the past years. Previous investigations showed that Budapest and the BMR are not as tolerant as they are conceived by many people in Hungary and abroad. These results were revisited once again as reflected by the answers of workers in the creative knowledge sector who labelled Budapest as a less tolerant city or claimed aggressive attitude and antisocial behaviour as a serious issue.

3.2.3 Localisation factors for companies in the creative knowledge sector

No doubt it is the hard factors that play a decisive role in site selection of enterprises within the BMR. The most important choice is that of the office (company seat) i.e. either the rent to be paid in leasing or the price of the property in the case of its purchase. Besides these

expenses the provision of infrastructure is also important (e.g. access to internet). The size of the office is not a miscellaneous factor either, notably it must be large enough to allow a future enlargement without a change of the seat, because the latter is an expensive operation. In this respect the stock and choice of offices were considered adequate by the managers interested, but the rental fee was admitted a seriously limiting factor. A general opinion is that it is worth to maintain an office in Budapest, even if the enterprise pursues virtual activities and the office has to be leased. Concerning the rentals there are considerable differences between Budapest and the metropolitan region. It might be added that to buy or rent an office in Budapest costs at least twice or three times more than in the countryside. The managers interviewed usually had not had concrete information about the prices but they estimated them as being three-four times higher on an average in Budapest than in the agglomeration, and they did not mean the best office buildings in the downtown. Consequently the rent or the price to be paid might be a relevant limiting factor for the smaller enterprises and those disposing of less working capital.

There is an interrelationship between the size and type of the office and its ownership. For sole proprietors and micro- and small enterprises the seat as a rule is the office accommodated in own flat or house. As the firm grows there a shift towards rented flats or offices, whereas medium-size and large enterprises have an office in their proprietorship. The issue of office space is extremely important for the companies, because they emphasized the importance of the presence of the firm, maintenance of a local office if the company has a wide circle of customers beyond the BMR. Local representation might be instrumental in holding contacts and adds a kind of confidence capital. Business contacts develop faster and work is easier if there are subsidiaries in provincial towns and regions (also see Eastway et al 2008; Mingione et al 2008).

There are considerable differences between the strategies of enterprises seated in the capital and those operating in the agglomeration. The former strive to move inside the city towards downtown, whereas the latter would move as closer to the boundaries of Budapest as possible and be based at places of fair accessibility or in the vicinities of transport junctions. The main problem is that the downtown is an especially unsuitable place for recreation, for the reproduction, regeneration of labour force and its revival necessary for human creativity.

For the economic sectors and branches the second main factor of settlement is traffic and public transport related accessibility and availability. In the course of site selection each of the enterprises takes into account these circumstances but the size of the firm has different meaning. With the growth of the venture there is a downward trend of the sensibility of the management as to the distance between the residence of the workers and place of work. It should be noted that business (sector) and economic activity exert a considerable impact both on the mobility of the managerial and employed strata (Peyroux et al 2009).

In the course of site selection a surprisingly relevant factor is the place of residence of the management, leadership of the enterprise from the would-be seat (office), as manifested by in-depth interviews. This location factor has a predominant importance for small and medium-size enterprises and vanishes for the larger firms.

Informal links are crucial for the development of ventures in the BMR. Here the size, profile and activities are decisive. These relations have utmost importance for the smaller enterprises, but in general firms with good contacts draw clear-cut economic advantage. It should be mentioned however that these connections might involve the emergence of corruption which have had a somewhat upward trend over the past years as revealed by international inquiries.

Clustering is worthwhile mentioning shortly; it hardly has any traditions in the BMR but appears in incipient forms. The phenomenon differs by sectors and sub-sectors in the BMR. In ICT sector there are signs of clustering (e.g. Graphisoft, Infopark), though in the opinion of

some experts it is an artificially generated process rather than a spontaneous trend of development. On the other hand, no sign of clustering could be experienced in Business and management consultancy sub-sector, whereas there has been a kind of „anti-clustering” in Motion picture, video and TV activities sub-sector i.e. a process of dissection takes place in the opinion of the managers. Accordingly, clustering has started in the BMR, but this process is weakly developed and perhaps generated artificially because some experts maintain that clustering is not inherent in the culture of Hungarian economy.

3.3 Budapest in the eyes of creative foreigners

In the third and last empirical phase of ACRE project in-depth interviews were carried out amongst transnational migrants. The object of this research period was to recognise and to investigate the drivers behind the decisions of the transnational migrants (ex-pats) to settle at a certain location and at the same time to estimate the relative importance of the location factors that played a role in their decision making process. This sub-chapter highlights the most important results of interviews.

3.3.1 Motivations to come to Hungary and Budapest

From the results of in-depth interviews it has become clear that personal and family ties should be handled separately from the hard and soft factors. The analyses showed that personal and family reasons prove to be such a strong motivation to move into a metropolitan region (in our case to Budapest and environs) that any other hard or soft factors are neglected by the migrant.

The answers show that the interviewees can be subdivided into two well defined groups: the motivation of the overwhelming majority (20 persons) can be characterized by one single group of factors and described simply whereas there is an other part (8 persons) who weighed some more aspects (group of factors) when they were considering to move to Budapest.

A larger part of the transnational migrants were attracted to Budapest by hard factors (work and studies). A considerable part of them came here for personal or family reasons (following their partners or for some other reasons). Those attracted exclusively by soft factors were rather underrepresented. In the case of mixed motivation all the three combinations featuring two factors were represented by nearly the same weight.

Examination of the results obtained in the survey by economic sectors and sex composition points to some differences. On the one hand hard factors exclusively are more frequent among the motivations in interviews with the creatives (50 percent) whereas in the answers of those belonging to the knowledge intensive sector it is the personal reasons that seem to dominate. On the other hand with ca half of the male interviewees personal and family reasons appear what is less typical of the female respondents (37.5 percent). It seems that males tend to make their choice on emotional basis and follow their partner, what means that in voluntary international migration it is more frequent that they follow companion. In contrast, female transnational migrants have a tendency to choose their place of living with hard factors such as study and work opportunities increasingly and consciously taken into account (50 percent).

Below an overview follows about the main motivation factors (ranked by importance: hard, personal and soft factors) that played a primary part in the movements of the migrants.

The role of hard factors

For transnational migrants hard factors are crucial when making decision: The range of factors met during deep interviewing is relatively narrow and well defined. *Work opportunities* offered play an eminent part. Seeking and finding job are in the first place when making decisions, other factors come only after.

Of other hard factors *living and housing conditions* were mentioned. Other hard factors as accessibility of Budapest, public social infrastructure, technical infrastructure or taxation etc. have not appeared at all as motivation factors meaning that they have not played any role in the attraction of transnational migrants.

The role of personal trajectories

Personal ties have nearly as an important part in attracting highly qualified creatives and knowledge intensive intellectuals to Hungary as hard factors. Of personal ties the intention to join the Hungarian companion (boy- or girlfriend, husband or wife) was the first priority. To follow the partner was typical of males. In the case of 5 interviewees with combined motivations this meant to join the girlfriend and for married couples a decision to move together made unanimously. In these cases personal tie supported the intention to move and was a strong migration drive contributing to an eventual settling down of the interviewee.

The role of soft factors

Our survey as a whole testifies to a subordinate role of soft factors among the motivation triggers. In these cases the concrete motivations and triggers within the given group of factors to choose Hungary could not be stated unambiguously. It should be mentioned that soft factors are to play a certain role in the subconscious role in the case of those who came to Hungary to *work or to study*. It is not infrequent, however, that decision to undertake a job or to join one's partner had been made on the basis of positive experience and impressions gained earlier.

For the transnational migrants to Hungary the individual soft factors are difficult to separate and identify. It is not typical that the movement here can be motivated by one single factor, it is rather the joint and multiple effects of soft factors that often play an indirect role in the migration to Hungary.

3.3.2 Assessment of localisation factors by transnational migrants

Opinion of foreigners about hard factors

Higher education and universities

According to a unanimous opinion of respondents on the university sphere a statement can be made that generally there is a high-level education providing stable professional background. However, in international comparison the Hungarian universities are more conservative, less dynamic and flexible than their west European or Anglo-Saxon counterparts. University environment in Hungary seems to be unstructured in many respects, what is stimulating for creativity but negative for the younger researchers and lecturers because they should find their ways themselves. There is a dire necessity of higher dynamism, more active international cooperation in research, an extensive collaboration between the researchers and fields of

studies. Young lecturers and researchers arriving from the Anglo-Saxon world have voiced unanimously that feedback of quality control is missing from the Hungarian higher education, especially over research activities and strategy.

Employment and actual working conditions

Based on the statements of the interviewees a conclusion can be drawn that generally the highly qualified manpower in Hungary works in a more favourable infrastructural environment than the domestic colleagues do. Accordingly, the interviewees remain highly satisfied with the background infrastructure provided by their workplace; they enjoy good conditions in comparison with the average situation in Hungary and Budapest.

Partly this is due to a kind of social security and stability provided by the Hungarian labour market compared to the international one. The interviewees have pointed to some of the components: a) contracts are signed for a longer period (4 years when 2 years are accepted in the West) providing a sort of security because after the employee established himself he/she is not has to be bothered to look after job within 2 years; b) besides their job transnational migrants have the right to maintain ventures of their own; c) the employee is granted full payment for the period of probation.

Besides the positive circumstances the negative ones have also been mentioned. The latter are mainly associated with the low wages and salaries. It is typical that payments in Hungary are lagging far behind those in Western Europe and USA. Wages often do not commensurate with the work performed. The highly skilled workforce is not appreciated and paid sufficiently. Not only the Hungarian wages are very low but personal purchase quality is also extremely weak in international comparison. It is well known that the load of taxes and appurtenance upon wages and salaries and of the contributions to be paid by the employers is among the heaviest in Europe, which curbs the economy and has a negative impact upon legal employment.

Technical infrastructure

In a unanimous opinion of interviewees public transport in Budapest is excellent in international comparison. It seems to be surprising to acknowledge that in earlier phases of the survey the Hungarian respondents expressed an overwhelmingly negative attitude towards public transport.

Several interviewees mentioned that in comparison with most of the west European cities a well integrated system of public transport operates in Budapest with regard to relations and the network so they do not understand the complaints from the Hungarians. This criticism is partly due to the fact that the local people do not aware in the conditions outside the country so they cannot be objective.

One of the greatest deficiencies mentioned were the few cyclist tracks. Besides the danger posed by motor vehicle traffic, in many places there is a sore need in built-up cyclist tracks. This is an element of infrastructure that the young and emerging generations need so much therefore the Hungarian capital must be made more biker-friendly.

Social infrastructure

From the interviews relatively scarce information could be derived about social infrastructure. Those who had children presented their evaluation basically on child care, kindergarten provision and on the situation with primary schools. Altogether they were satisfied with the above elements of social infrastructure. Child care and kindergartens are institutions

providing better service, than it had been expected by the interviewees before. Concerning the places in kindergartens, however, there might emerge problems because there is a lack of them and a kind of competition between the applicants. It is especially difficult to find places in similar institutions offering services of high standard.

Living conditions and price of living

It can be stated that the price of living in Hungary is somewhat more favourable, i.e. it remains lower than the west European standard. In the opinion of the interviewees, however, it is double-faceted: there are some aspects with favourable price of living but in other respects Hungary is an expensive country. Prices of dwelling and transport are cheap in international comparison. Energy and food prices are at the similar level than in the West, perhaps they are even lower. In contrast, consumer goods, apparel, technical equipment, computer devices and electronics are more expensive. It should be remembered that wages and salaries are very low in Hungary and personal purchasing quality is also weak. This is why price of living for Hungarians is high and they have been an ever increasing burden for the households.

Housing conditions, price of housing

A wide variety of the new quarters, composition of the housing stock and new investments create favourable conditions for transnational migrants to move and settle in Budapest. For this reason the interviewees were able to choose and find apartments and in general they are satisfied with prices of housing. The latter are very comfortable for those who work for a transnational enterprise and have incomes of western standard. Favourable price of housing have appeared as one of the motivation factors. When looking for a dwelling, besides the suitability of quality parameters other soft criteria came to the fore such as the character of the neighbourhood or quarter, accessibility of green spaces, distance from the place of work, shopping opportunities and places of entertainment (also see Streit et al 2009). It should be noted that real property prices are much higher within the administrative boundaries of the capital than in the agglomeration. In spite of this the highly qualified foreigner creatives rarely purchase or lease dwellings in the agglomeration.

Administration, bureaucracy

During the transaction of acts the foreigner often felt the officials were not helpful, they were treated bad, and sometimes the information they had been given was completely wrong or were suggested to do just the opposite what had to be done. To make the procedure even more complicated they were not provided information by phone and it had turned out only on the spot that something were missing yet. Here must be noted that the worst experiences with and administration reach back to the times prior to Hungary's EU accession. Information gained from the interviews has made clear that the situation improved and the level of bureaucracy dropped since then – especially in the case of EU citizens.

Bureaucracy is very tough to foreigner entrepreneurs in the field of economy too. It has been voiced that foreigners are discriminated negatively as there is too much and contra-productive and also very expensive administration relating to the operation of firms. For the small ventures it is more advantageous if foreign citizens do not work as entrepreneurs or managers but employees. It is very complicated to liquidate a firm.

To sum up: the Hungarian system does not support foreign creatives in their efforts to settle down and establish their venture. The system is not prepared for the acceptance of foreigners.

Taxation

For the last years it has become inevitable that Hungarian society and economy mostly suffer from the system of taxation. Not only the bands of personal income tax are high in European comparison but the contributions to be paid both by the employers and employees are among the highest. This system is detrimental and hits these social groups hard. To keep manpower working the employers are in a difficult position because a great part of the declared payment “disappears” in the form of taxes and extras.

Reform of taxation is being elaborated but comprehensive measures have not been taken to date. Foreigners draw attention to the fact that in spite of the highest taxes paid in Hungary all over Europe no positive effects could be recognized in education, health care or in infrastructure development.

Opinion of foreigners about soft factors

Social networks

A general experience is that foreigners living in Hungary establish friendly contacts with foreigners much easier (and perhaps more willingly?) than with the locals. Within the circle of friends there is a high share of Hungarians who have spent more or less time abroad or speak foreign languages fluently. They can find common topics and share experience, and communication is not hampered by language barrier.

The interviewee’s workplace plays an important part in shaping the size of his/her social network. Those employed in the academic sphere have the most favourable position for in everyday work they meet many colleagues and students in an open, receptive and multicultural environment. The position of foreigners employed in international institutions of higher education with foreign languages of instruction (e.g. CEU) is the best. Those having jobs in transnational firms occupy intermediary position because there are many colleagues speaking foreign languages but personal ties are rarely friendly due to the market sphere and permanent competition. Freelance workers are in the worst position, especially those on their own or working alone, because the lack of professional contacts and interactions is a hindrance to the establishment of contacts in an alien environment.

Composition of the social network of the interviewee is influenced by his/her lifestyle and strategy. Naturally family status has an impact upon the construction and composition of social network.

Language barrier “vice versa”

In the course of the analysis of social networks it emerged repeatedly that the knowledge of Hungarian language might be decisive not only in the establishment of contacts but it has a part to play in the long term employment and settlement in Hungary. With only few exceptions the interviewees have serious problems with the Hungarian language. Compared with other languages this tongue is very difficult to absorb by a foreigner. It is because it is akin neither to Slavic nor to Indo-European languages. It might explain that foreigners outnumber Hungarians in the circle of friends of the foreigners. Language barrier might pose a problem in everyday life when no help is at the disposal of a foreigner.

Quality of life

All in all, quality of life is good in Budapest – in the opinion of the interviewees. Its greatest advantage is that life is more quiet and calmer here than in the megapolises in the west of the continent. Highly qualified transnational migrants hold that life is slower in Hungary than in Western Europe so people have more time and they are friendlier. With regard to quality of life some of the interviewees consider a main advantage of the life in Budapest that due to the lower level of price of housing it is much easier to buy an apartment on the housing market, than in the West. Foreigners do not see a big difference between the city and countryside concerning lifestyle. Budapest and its society is becoming increasingly multicultural still it is far from being so much cosmopolitan than other European capitals.

Talking about culture, leisure and entertainment cultural values and programs belong to the strongest attractions of Budapest – as it is held unanimously. Cultural life is versatile, the choice is extremely rich. Festivals are organized regularly, there are especially many cultural events in spring and summer (e.g. Sziget Festival of European fame). Galleries, museums, cinemas and concerts, performances of contemporary art make the cultural offer even more varied. The only negative remark is that the programs could underline more the specific character of the city. Foreigners can attend theatrical performances and watch movies in their languages which promote to maintain links with their native culture. A great help in this respect is provided by the activities of institutions supported by the mother countries (British Council, Institute Francaise, Istituto Italiano, Goethe Institut etc.). Newspapers and journals in foreign languages have lately been published in an increasing amount and with a growing number of copies.

There are a lot of entertainment facilities in Budapest, primarily for the younger cohorts. Interviewees liked those places where one can have a chat and may dance and the two is compatible. Specific features are ruin pubs, ruin parks and terraces. Along with the well known and popular pubs and amusement places small, intimate places are a plenty but they are to satisfy the demands of local society and the foreigners perhaps do not find them too attractive.

In the opinion of interviewees the standard of services has clearly improved in Hungary over the past decade. Generally speaking, their quality reaches the western standards but pricing is varied widely. Some services are much cheaper than in the West (e.g. hairdresser, beauty shop, dentist), in other cases, however, the price and result depend on good luck or acquaintance. The attitude of the service staff is not always positive either. A general trouble is that the service staff does not speak foreign languages at all or their knowledge is poor.

Quality of the environment

The main attraction power of Budapest is associated with its geographical setting. The hilly Buda side full of greenery is separated from the flat Pest side by the wide Danube River. The magnificent panorama with the Royal Castle of Buda, bridges over the Danube and buildings of invaluable architecture flanking the banks from both sides is deservedly included in the list of Unesco World Heritage. Interviewees unanimously characterized Budapest as a beautiful or wonderful city.

Although Budapest is one of the largest metropolises in Central Europe it is a smaller and more compact settlement than those cities familiar to many transnational migrants from Western or Eastern Europe. Some have noted that Budapest is a „slower” metropolis

compared to the Western European big cities, being a quiet, calm and relaxing city where one does not get tired so easily.

Climatic conditions are to be listed among the positive endowments of Budapest. Due to its dry continental climate the weather is pleasant from spring until autumn: the warm summer is highly suitable for holidaying and recreation. In this time of the year cultural, leisure time and entertaining programs can be organized. Winter is far from being so severe and frosty than in countries located eastward.

Most of the foreigners mentioned the fine landscapes in Budapest and its closer environs where excursions can be made to. In this respect the Hungarian capital is family-friendly because these attractive places are also easily accessible for the families with children.

Budapest has its negative features, life here is far from being ideal for all. One of the biggest problems is the scarcity of green space. The general attitude towards green spaces in Hungary is at a lower level than in the West and it means that less money and energy is spent for the creation and proper maintenance of the green areas. Built-up areas extend everywhere in the city therefore there has been an increasing burden upon the otherwise shrinking greenery.

Environmental protection and environment conscious lifestyle is not general yet, the streets are littered with rubbish and they are dirty of dog shit. Air pollution is high owing to the intense motor vehicle traffic, especially in the downtown. Frequent road works and construction are a hindrance to urban transport, traffic jams are frequent. Some called Budapest a „chaotic” city.

Attractive architecture and attractive residential environment

As it was mentioned in the previous chapter Budapest is a highly spectacular city from architectural aspect. The ensemble of edifice built in art nouveau style on the turn of the 19–20th centuries is invaluable and deserves attention. Interviewees emphasized that they were grasped by the great diversity and wide variety of architecture of Budapest. Everybody coming here could find the attraction he/she was looking for or the neighbourhood where to live. Thus, Budapest provides a very diverse picture of residential quarters. Accordingly, interviewees live in most different places throughout the city from a Buda elite neighbourhood to a neighbourhood of a worse reputation on the Pest side. Due to a wide choice and many opportunities everyone may find an appropriate neighbourhood to live in.

Tolerance, acceptance of diversity, equality and openness

Earlier finds of research in the ACRE testify to tolerance and acceptance of diversity as the notions less typical of Hungarian society. In the opinion of the interviewees a lower level of tolerance might be attributed to the fact that Hungarian society is less cosmopolitan, there are not so many minorities and foreign ethnicities here as in the countries of Western Europe. Hungarians are not used to foreigners especially to spectacular diversity – people from the third world. In Hungarian society the gravest prejudice is related to the Roma. Besides prejudice related to the Roma anti-Semitism has to be mentioned as well. By the sociological surveys it is an expanding trend in the country. By some respondents there is a highly developed sexism within Hungarian society. Inevitably a low level of tolerance and acceptance of diversity are the issues that will have to be solved by politics and society in the near future, otherwise it might have negative feedback in the economic efficiency of Hungary not to mention the social consequences.

4 Main outcomes of integrated analyses

After our results became evaluated it had been clearly established that in the course of the analyses of the hard, soft and personal factors distinction has to be made between the macro (or global) and micro (or local) levels. Macro level is meant to be the general motivations of the interviewee to come and stay in Budapest and/or BMR whereas micro level encompass factors having been decisive for the choice of the place of residence and site selection within the metropolitan region.

Naturally, studies on the macro level could be based only upon the opinion of persons arriving in the BMR from abroad or the countryside. In this respect essential information on the attraction of Budapest had been received from the international migrants, and that was completed with the standpoints of the Hungarian respondents and interviewees.

4.1 Findings of macro- and micro-level analyses

4.1.1 Main motivation factors to come to the Budapest Metropolitan Region

In the first place *macro-scale analyses* started with the examination of the cluster of international migrants. Our research have shown that the settlement of creative people to Hungary and Budapest as international migrants was primarily determined by hard factors, i.e. the main triggering factor was either the intention to *undertake work* or to *pursue studies* in higher education institutions. In this respect no particular difference could be identified between the members of the creative and knowledge intensive sectors. Investigations into the personal, hard and soft factors as motivations revealed that in many cases one particular group of factors was not sufficient to explain the decisions taken by the interviewees. This is supported by the results: in 8 cases of the 28 interviews carried out amongst international migrants the combination of two groups of factors out of the three was decisive in making a choice to move to Budapest. The third group of utmost importance can be labelled as personal trajectories: many of the foreign interviewees came to Hungary to follow their partners or companions what means that arrival in Budapest was preceded by personal ties. As it has already been mentioned the motivation was divided according to sectoral and gender structure and there had been some differences. Among migrant creatives it was 5 interviewees out of 28 whose resettlement was motivated by soft factors: under the positive impressions and experience (e.g. a short city sightseeing, holidaying, visit to friends and relatives) an ultimate decision was made to move to Budapest (see Annex I).

Based upon in-depth interviews conducted with international migrants the most important motivation factors could be ranked as follows (Table 4.1):

Table 4.1 Main attracting factors for moving to the BMR by transnational migrants

| Factor | Type of factor |
|--|----------------|
| Work and job opportunities | hard |
| Education, studies in higher education | hard |
| Followed partner | personal |
| Positive experiences and impressions earlier | soft |

The survey and interviews involving Hungarian citizens partly support the opinion voiced by the foreigners, partly add new information to them. Similar to the international

migrants, Hungarian employees predominantly came to Budapest in order to undertake jobs. As a motivation factor of a nearly similar importance, another goal was to pursue studies in higher education (in colleges or universities). For creative professionals (workers) arriving in the capital from the countryside a narrow and well defined range of attraction factors appears as follows (Table 4.2):

Table 4.2 Main attracting factors for moving to the BMR by creative employees

| Factor | Type of factor |
|--|----------------|
| Moved because of the job, work and job opportunities | hard |
| Education, studies in higher education | hard |

Representatives of the managerial strata initially arrived in Budapest to obtain a university diploma, and stayed there afterwards. When founding their firm market conditions was the foremost consideration: Budapest represents an enormous economic potential relative to that of the whole country and this exert a great attraction upon the economic units. Creative firms settled in the BMR are primarily due to the size of the commodity and labour market. A high number of entrepreneurship and a well trained manpower is not a negligible factor of site selection either. The moving in of the creative firms and settling down of the managers are mainly determined by hard factors as well. Another motivation factor already belongs to the soft ones: according to the unanimous opinion of the managers, informal links play a decisive part in Hungarian economy therefore enterprises might profit a lot from their presence in the capital. Moreover here they have an access to high level legal, financial, commercial, logistic services. Our studies revealed the following major motivation and attracting factors behind the move and flow of economic units and managers to Budapest (Table 4.3):

Table 4.3 Main attracting factors for moving to the BMR by creative employers

| Factor | Type of factor |
|--|----------------|
| Size of the market (number of enterprises and clients) | hard |
| Size of the labour market (skilled manpower) | hard |
| Informal links | soft |
| Quality and quantity of (good) services | soft |
| Education, studies in higher education | hard |

Summing up the results of our analyses performed on the macro-scale it can be stated that workers and graduates employed in the creative economy, managers and enterprises in the creative sector, and transnational migrants arriving to Hungary and Budapest are attracted to the city region mainly by the economic advantages. Employees are attracted to Budapest mainly by good *job opportunities* and they have the intention to find a job. On the other hand, employers settle in the urban region due to *favourable labour market conditions, i.e. supply of highly qualified labour force*. For employers the size of the market (number of enterprises, clients etc. also belongs to the strongest attractions.

The second greatest group of attraction is made up by *education and training opportunities*. This is especially important because the settling down of students in a particular city after higher education is widely common in Hungary, therefore high quality higher education actively raises the economic potential of the BMR. The third group of factors includes personal trajectory and soft factors, with varying importance in the different target groups: transnational migrants normally make decisions on an emotional basis (e.g. they follow their partners, or fall in love with the city), whereas managers tend to consider mainly economic factors (e.g. informal links, availability of services). It can be stated that

motivation and attraction factors for the creative and knowledge intensive professionals on the macro scale do not differ from those employed in other (more classical) sectors of the economy.

4.1.2 Factors influencing mobility and settling down within the Budapest Metropolitan Region

In the above sub-chapter an overview was presented on the factors motivating the creative class to migrate towards the BMR. Discussions about the factors considered important by the particular target groups after making decision on the long-term settlement in the BMR seem to be a worthwhile undertaking. This group of factors considerably differs from those influencing processes on the macro scale; this is why the distinction made between the two scales was indispensable. Nevertheless similar to the macro level a decisive role belonged to hard factors on the micro level as well.

No differences could be recognised as to the factors decisive for the settling down of professionals working in creative vs knowledge intensive sectors. The most important motivation factors are the *cost of dwelling, the size of the residence and proximity to public transport* as hard factors. They are not only attracting but also retaining factors i.e. they are determinant for moving of the creatives to a certain neighbourhood but also for their staying there longer.

Following the above decisive hard factors several soft factors are to be considered before decision is made. Of them the *quality and atmosphere of the neighbourhood* is to be mentioned in the first place. In the scale of values this was mentioned by the employees as a factor examined just after dwelling and public transport. Proximity to the place of work was referred to as an attracting factor by the creatives, whereas high traffic and noise pollution evaluated as a push factor. For a longer perspective safety and public security (personal security), access to commercial facilities and the quality of life offered by the neighbourhood that are the primary retaining factors (see Annex II).

It is worth to mention Budapest-born people whose family used to live here. In their case no sense to speak about processes on a macro level as their birthplace (Budapest or its agglomeration) had proven to be decisive *ab ovo*. This personal attachment was the strongest retaining factor. An important statement of our studies has been that no basic differences could be fixed in comparison with the migrants from the Hungarian countryside to the BMR, i.e. the same hard and soft factors influence their movement and resettlement as those of the foreigners. This way the most significant factors are the following (Table 4.4):

Table 4.4 Main attracting and retaining factors for moving and settling down within the BMR by creative employees

| Factor | Type of factor |
|---|----------------|
| Born and family in the region (if any) | personal |
| Cost and size of dwelling | hard |
| Proximity to public transport | hard |
| Quality and atmosphere of neighbourhood | soft |
| Location (nearness) of workplace | soft |
| Personal safety | soft |

The employers and managers primarily consider hard factors in the course of site selection. The leading aspects are the *price of office, the size and infrastructure of office*, further the *accessibility* i.e. connection both to traffic lines and public transport. For certain creative firms the presence in Budapest is important because it is a prerequisite to applying

for subsidies and allowances. An accentuated importance has the *place of residence of the managerial strata* (in inverse ratio to the size of the firm) which also emerges in the process of choosing headquarters' site. Soft factors come to the fore in the second round, especially the office's neighbourhood: the managers of creative firms favour prestige aspects, whereas those of knowledge intensive enterprises prefer the *quiet and calm surroundings*. Among the soft factors *informal links* and *good services* are equally attracting factors (macro level) and retaining factors (micro level) for the creative firms. Doubtfully, personal trajectories have some part to play in the decision making process concerning settlement: family and friends can play both of these roles. The following factors are of paramount importance for the managers and business chiefs (Table 4.5):

Table 4.5 Main attracting and retaining factors for moving and settling down within the BMR by creative employers

| Factor | Type of factor |
|--|-----------------------|
| Price, size and infrastructure of office | hard |
| Accessibility of workplace (traffic, public transport) | hard |
| Place of residence | personal |
| Quality of environment | soft |
| Family and friends | personal |

From the interviews conducted with the transnational migrants information was gained about the processes on macro level, i.e. about the motivations to come and settle in Budapest. Hitherto little was known about their movement within the BMR and the reasons behind. In general, their stay for a longer period is the outcome of personal attachment (marriage, founding of a family) also typical of the Hungarian professionals. In the choice of the place of residence an emphasis is made upon the quality of neighbourhood. Otherwise they are moved by the same motivation factors as their Hungarian counterparts are.

4.1.3 The importance of different location factors

As it has been proven by the above analyses on the macro and micro levels, individual groups of factors have different importance for the movement of specialists active in creative and knowledge-based industries; also attracting and retaining factors appear with different weights in the decision making process of creatives. In the previous subchapters the most important motivation factors were presented, in this subchapter importance relations will be tackled briefly, using "target group approach", including those factors, which either play a negligible part in the process of decision making by the creative experts and managers or do not appear at all.

Hard factors of high significance were introduced in the previous sub-chapters: the group of factors *employment* (size of labour market, job and career opportunities) has an outstanding importance. Similarly, *education* (higher education, universities) seems to be highly important for the specialists of the creative knowledge sector. A great role of *technical infrastructure* (transport, public transport) should be also remembered, even though there is a cleavage between Hungarian and foreign experts; they are highly divided in its appreciation.

Among the important (second rate of significance) factors should be mentioned *housing conditions*, especially price of housing, affordability, availability and characteristics of dwelling stock. *Living conditions* (taxation, price of living) have a rating similar to housing conditions in the decision making process.

Working conditions play a more moderate part among the hard factors than the above ones and consequently, are of medium importance (although the issue of payment has a key importance, especially for the Hungarians; working facilities and office infrastructure have a subordinate role) together with *social infrastructure* (schools, kindergartens, medical services). It means that these hard factors are taken into consideration by the interviewees as attracting factors to a lesser extent, their importance rather emerges in the dilemma “to leave or to stay” thus they appear as retaining factors. International accessibility of Budapest appears to play a negligible role in the decision making process both with the Hungarian and foreign target groups, the latter are likely to take this aspect into consideration anyhow.

Previous analyses revealed that *soft factors* have a subordinate importance in comparison with hard factors and personal trajectories and are contemplated about only in the “second round”. Among soft factors it is the *residential environment* (primarily quality and atmosphere of neighbourhood) which appears as the most important for the creatives, but judgment about political environment and culture, administration (bureaucracy) plays a nearly similar part. Quality of environment, quality of life and working environment are to be considered as groups of factors of medium importance. Evaluation of the individual factors, naturally, might differ from each other depending on the individual target groups. So it might occur that image and location of the city within the factor group *quality of environment* were relatively important for the domestic creatives and less important for the foreigners, but the issue of language barrier and a cultural milieu have proven to be highly important for the latter but completely irrelevant for the Hungarian interviewees. It is evident that working environments (e.g. attractive working environment, networks) are upgraded for the managers whereas it is less important for the employees and transnational migrants. Opinions were voiced that life in Hungary is considered to be of medium quality but factors belonging to this group (e.g. cultural services, entertainment possibilities) appeared somewhat more important for creatives than for the representatives of the knowledge intensive sector. Of the soft factors architecture, tolerance and social cohesion do not figure as attraction factors during the decision making process still they (as retaining factors) are extremely upgraded when staying is at stake.

Personal trajectories play a highly important part in all of the three target groups. This statement is valid for all the three target groups predominantly as retaining factors due to personal confinement (born in the city, marriage, own family), or to the function of social networks of the private and professional sphere. Therefore this group of factors were distinguished and discussed separately from hard and soft factors.

In this subchapter in the frame of target group approach the role of the individual factor groups and of the factors (their weight in the decision making process) were tackled briefly. The importance of the separate factors naturally does not mean that the metropolitan region in concern is able to present excellent conditions for the creative class. In this point a distinction is to be made between ‘importance’ and ‘performance’ of factors. The high importance of factors does not necessarily mean that the city provides excellent conditions in this respect (or vice versa). Thus in the following chapter the strengths and weaknesses of Budapest will be demonstrated which is to enable an overview of the competitiveness of the metropolitan region on an international level.

4.2 Strengths and weaknesses of the Budapest Metropolitan Region

In our survey an attempt was made to outline the strong and vulnerable points of the BMR based on the correlation between the results of quantitative and qualitative analyses and their uniformity in relation with the individual location factors. The opinions of the respondents have rendered the above features of Budapest and its agglomeration distinct and the factors assessed differently by the target group are also presented below.

4.2.1 Strengths of the Budapest Metropolitan Region

For the case of Budapest three groups of location factors were judged equally and very positively in each of the three target groups: a) Job offers and career opportunities; b) Cultural life and leisure, sport and entertainment opportunities; c) Services, retailing and shopping networks and gastronomy. The first group belongs to the hard factors, whereas the second and third categories can be evaluated as soft factors.

Of the three factors it is the *job and career opportunities* which have a fundamental relevance among the hard factors as they have a very strong attraction upon the domestic and foreign employees. A broad range and great number of job opportunities are to be mentioned among the advantages of the metropolis and it is coupled with the lowest rates of unemployment. Consequently, Budapest can be labelled the employment motor of the country. It is not accidental that most of the creative and knowledge intensive sector is concentrated here and the BMR has a key part to play in the creative economy.

Of the soft factors *cultural life* has risen to prominence: cultural events attract guests both from Hungary and the wider surroundings. Nationally Budapest has the highest number and diversity of such events. At the same time in the name of securing high-level cultural services, other opportunities of development are often pushed to the background, thus provoking criticism of the urban policy of the Municipality of the City of Budapest and district municipalities. There is a versatility of leisure time, sport and entertainment opportunities which raise the quality of life in Budapest fundamentally.

The third category, a group of soft factors as well, encompasses *high-level services* stemming from the metropolitan function of the capital and from Budapest being a primary target of tourism in Hungary. Shopping centres play a key role in consumer society not only through providing shopping opportunities for the affluent strata of the society but serving as meeting points for the young people and (sub)cultural hubs. Notwithstanding many urbanists, architects and experts in urban development express harsh criticism: these buildings do not fit into the urban fibre architecturally, besides they pump out purchasing power from the city centre etc. (see Annex III).

Apart from the above four groups of factors exist that have less importance but strengthen the position of Budapest. The capital is an undisputed leader in the country's *higher education*, and the level of training is highly appreciated among specialists from Hungary and abroad. There are universities attracting students internationally (Semmelweis University of Medical Sciences, Budapest University of Technology and Economics) and Budapest is also the main hub of domestic higher education with the greatest number of undergraduate students.

Job and career opportunities are strong attractions of Budapest. They are supported with *favourable working conditions*: by the Hungarian and foreign employees the enterprises and institutions as a rule provide more sophisticated working facilities than their counterparts in the countryside. Similar opinion was voiced by the managers even though they do not attach such a great importance to this circumstance.

The issue of *subsidies and allowances* belong to the hard factors. It is well known that there exists an extensive social network in Hungary, i.e. a system of state subsidies and social allowances, involving high expenditures thus imposing a heavy burden upon the economic performance of the country, which extend beyond its capability. It is not accidental that the respondents (chiefly transnational migrants and managerial strata) based on financial considerations of their own, highly appreciated this system of subsidies and allowances.

Residential environment is also to be mentioned among the soft factors; it means that most diverse quarters of high standards and quality are evaluated as the strong points of Budapest. This great variety of the neighbourhoods is ready to meet the demands of all social strata. Of the soft factors there are two advantages of the BMR: a fine geographical setting which is praised especially by the transnational migrants and managers and the cultural milieu typical of the city. The latter is closely related with a rich choice of cultural programmes.

As far as the personal trajectories are concerned, in the opinion of the managers and transnational migrants there is a favourable *professional sphere* in Budapest, adequate professional links can be established and in most cases there is a harmony within the working staff.

4.2.2 Weaknesses of the Budapest Metropolitan Region

Both among hard and soft factors there are factors that were perceived as *weaknesses of Budapest and its region*. Among the soft factors features typical for large cities: e.g. *pollution, lack of cleanliness and noise* were often referred to. High traffic and the consequent noise contribute to the deterioration of the quality of life. The lack of cleanliness and neglected state of the quarters and streets often referred to by the respondents can be attributed to the low level of environmental consciousness of the local population.

On the side of hard factors, the Hungarian *taxation system* was judged very negatively both by the employers and transnational migrants. Although there were attempts to reform the system in recent years, these have proven to be unsuccessful or inefficient. Therefore, Budapest is in a disadvantageous position among the European metropolises with regard economic competition because tax bands and high tax payments appear as push factors: they curb the inflow and settlement of both professionals and firms.

There are four further factors that weaken Budapest's position in the domestic and international competition of cities even though to a lesser extent than those two groups of factors mentioned above. Of the hard factors *high living costs* should be referred to. All the three target groups expressed their view that price of living and especially everyday expenses are very high in comparison with the level of income. Other weak points of Budapest are the *lack of tolerance* and acceptance of diversity and the missing openness. A surprisingly high level of intolerance (contrary to all expectations) in most places of the BMR was also the findings of other empirical surveys. In relation with this issue employees hold that solidarity, social cohesion and equity are problematic, not only in the BMR but all over Hungary. A closely related question is that in the opinion of the respondents there is a very low level of political culture in Hungary, and the situation is further deteriorated by an extensive over-administration and bureaucracy.

Remarks of the Hungarian and foreign employees about the housing market call attention to another problem with negative effects that have been experienced for several years in Budapest and Hungary: an extremely low share of (social and private) *rental sector* restricting spatial mobility for the working people.

4.2.3 Divergent opinions on the current state of the metropolitan region

Naturally, some results of the survey have shown that the judgement about Budapest by the respondents is far from being uniform and they see the position of the BMR differently from various aspects. In this respect there is a definite split between the Hungarians and foreigners. Below there are some additional information to specify the discourse on strong points and soft spots.

The most important and perhaps surprising for the Hungarian experts result is a highly ambivalent evaluation of *public transport* among the respondents. As a rule it is very negative among the local population and the issue is a favourite topic in the media. In contrast transnational migrants arriving in Budapest and having spent a long time here are of positive opinion about public transport, especially in comparison with other big cities of similar scale.

Of the hard factors the issues of *price of housing, affordability and availability* could be tackled briefly. All of these conditions are appreciated by the foreigners positively, whereas the Hungarian respondents complained about the high prices of housing, affordability and availability. These results are closely related with the experience of western in-migrants coming from countries with considerably higher real property prices, the latter being the basis of comparison.

The evaluation of *green spaces* as a soft factor by international migrants and Hungarian respondents also reveals considerable differences. The latter called attention to the low quality and scarcity of these areas in Budapest, whereas transnational migrants as a rule associated the issue with the rich greenery of the Buda side and the wide open spaces accessible in the immediate surroundings of the capital. Consequently, the attitudes and approaches of the two groups are considerably different resulting in diverse assessment: Hungarians are problem-oriented, whilst the foreigners are opportunity-oriented: they are seeking for the availability of such spaces and are trying to use the opportunities.

Working environment as a soft factor including *networks* and *clustering* were judged differently. This is due to the diversity in working mechanism between the creative sub-sectors: in those (chiefly in the creative sphere such as motion picture and TV) where professional networks play a key role in the national economy, the managers ascribe high importance to them and consider a strong point of Budapest, whereas international migrants and firms in knowledge intensive branches (etc. ICT, business management) draw attention to the weakness of networks and clustering and enlist them as a weakness of the Hungarian capital.

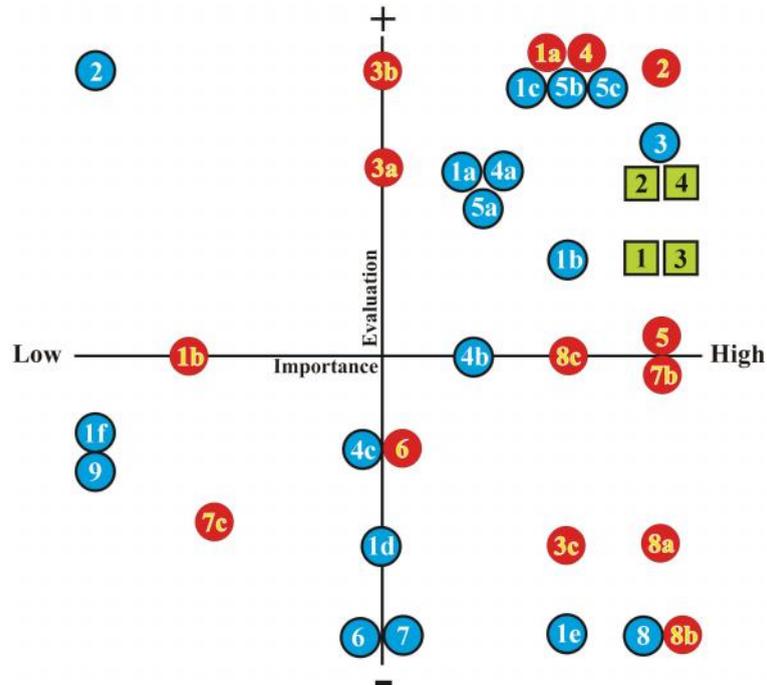
Table 4.6 highlights the SWOT analysis of the Budapest Metropolitan Region based predominantly on the opinions of creative managers:

Table 4.6 SWOT analysis of the Budapest Metropolitan Region

| <i>Strengths</i> | <i>Weaknesses</i> |
|---|---|
| Weight and role of BMR in the national economy Favourable positions in the creative knowledge sector Geographical location of Budapest Higher standard cultural services Supply on the office market Good job opportunities on the labour market | Situation of traffic and public transportation Lack of willingness for cooperation between firms Low level of collaboration between firms and universities, research and public institutions Slow and inadequate clustering process Lack of business strategies and strategic thinking of managers Passive behaviour of managers on the market Political climate and culture, problems of administrative and economic rules Quantity and quality of green spaces |
| <i>Opportunities</i> | <i>Threats</i> |
| High concentration of companies and enterprises Concentration of universities and colleges at Budapest Spectacular development of certain branches within the creative knowledge sector Attractiveness of Budapest for the countryside manpower Great variety of neighbourhoods | Size, capability and openness of national economy System of education and higher education Hard competition between enterprises because of its high number in the BMR High specialisation of SMEs Inadequate concentration of human resources Price level of experienced and well-skilled labour Unbalanced role of subsidies in the development of different creative branches Danger of corruption regarding informal links Inadequate development of public services Price level on the office market Emerging social problems, tensions and intolerance |

According to our results based on the views of target groups we compiled a hypothetical frame of reference to analyse and compare the findings on importance and evaluation (performance) of factors. Figure 4.1 shows the relative position of different hard, soft and personal location factors in the wider context.

Figure 4.1 Evaluation matrix of location factors for the creative economy and creative class in the Budapest Metropolitan Region



List of factors:

| ● | Hard factors | ● | Soft factors | ■ | Personal trajectories |
|---|--|---|--|---|---------------------------|
| ● | 1 Accessibility | ● | 1 Quality of the environment | ■ | 1 Born here |
| | 1a Accessibility of city region | ● | 1a Geography, location | | 2 Family reasons |
| | 1b International accessibility | ● | 1b Image of the city | | 3 Followed partner |
| | 2 Employment | ● | 1c Cultural milieu | | 4 Social networks |
| | 3 Working conditions | ● | 1d Language or language barriers | | |
| | 3a Office infrastructure | ● | 1e Pollution, cleanness, noise | | |
| | 3b Working facilities | ● | 1f Green spaces | | |
| | 3c Type of contracts, salary | ● | 2 Architecture | | |
| | 4 Education, universities | ● | 3 Residential environment | | |
| | 5 Transport, public transport | ● | 4 Working environment | | |
| | 6 Social infrastructure | ● | 4a Flexibility of timetables | | |
| | 7 Housing conditions | ● | 4b Attractive environment | | |
| | 7a Dwelling stock | ● | 4c Networks, clustering | | |
| | 7b Prices, affordability, availability | ● | 5 Quality of life | | |
| | 7c Social housing and rental sector | ● | 5a Everyday life | | |
| | 8 Living conditions | ● | 5b Culture, leisure, sport, entertainment | | |
| | 8a Price of living, overheads | ● | 5c Services, retailing, shopping, gastronomy | | |
| | 8b Taxation system | ● | 6 Tolerance, openness | | |
| | 8c Subsidies, allowances | ● | 7 Social cohesion, equality | | |
| | | ● | 8 Political culture, administration | | |
| | | ● | 9 Strategic thinking, collaboration | | |

5 Conclusions

Nowadays the economic role of metropolises and even cities with lower hierarchical rank is growing due to globalisation. This is increasingly remarkable because the 21st century has brought about an ever sharpening competition between different regions of the world. Regional competitiveness is basically determined by cities, and this is why competition between the regions involves a bitter and growing contest among big cities (Chapain et al 2009). Also the European Union recognised and expressed the importance of competitiveness of city regions with stressing that: “Europe must renew the basis of its competitiveness, increase its growth potential and its productivity and strengthen social cohesion, placing the main emphasis on knowledge, innovation and the optimisation of human capital”. A region or a country will be successful if its cities are successful and cities will flourish if the wider region flourishes. In the global competition those city regions will be able to capture eminent positions and to gain economic advantages that are strong enough to create favourable conditions for the above mentioned basic engines. Here a prominent part belongs to the attractiveness of cities, i.e. to the capability to create attractive cities in social and economic sense (EC 2005).

According to Florida the issue why highly qualified and creative people settle in a certain city or region is even more important than looking at the location factors of creative firms. Thus, cities should not only try to attract firms from the creative knowledge sector, but the people that work for these companies or that might start such companies themselves (Musterd–Gritsai 2009). From this point of view the metropolitan region of Budapest (BMR) has a favourable position within Hungary as a whole. Budapest has always played a decisive role in the social and economic development of Hungary in the past. The capital city of the country has not lost its absolute dominance following the systemic changes of 1989-90 either and it is still to be considered the main driving force of the national economy. Budapest as the only metropolis of the country concentrates considerable economic and human potential, so one of the greatest advantages of the Budapest Metropolitan Region is its weight, i.e. the presence of a “critical mass” of clientele and actors of the economy.

The opinion of workers and graduates of creative economy in Budapest show that in the course of decisions about their place of residence employers tend to consider both hard and soft factors, but in general the hard ones are more influential. In the case of Budapest it might have a special importance because as it was revealed by our survey workers and highly qualified representatives of the creative knowledge sector were more satisfied with the soft factors of the city than with the hard ones.

Taking into consideration the opinion of managers of creative economy no rules of general validity can be established concerning site selection of the enterprises within the area of the BMR, because there are significant differences between the sub-sectors and branches, depending on the size and age of the studied firms. As a general conclusion it can be stated that the settlement and site selection process of firms is affected by hard factors predominantly and soft factors currently do not play a crucial role in attracting enterprises and managers towards Budapest.

There was no basic difference among Hungarians and transnational migrants according to motivation and location: also ex-pats considered hard factors as the key components in *location* while soft factor played a subordinate role in their decision making processes. For both groups, however, personal trajectories were relevant in generating mobility. In the course of the analyses of location factors it has become clear that personal trajectories have to be

discussed separately from the hard and soft factors because the former are deemed a strong motivation factor for all the target groups.

Considering the three groups of motivation factors according to the opinion of respondents the most important of them are hard factors when moving to Budapest. Within this group job opportunities, education facilities, living and housing conditions were listed as most relevant factors. Personal trajectories occupy a special position because in this case hard and soft factors are not considered carefully any more. It means that once personal trajectories come to the fore as the dominant factor of decision, the movement is mostly independent from the location of the target city and the conditions it offers. On the other hand, our research has also revealed that change in the family status (getting acquainted with a partner, marriage, birth of children) has basically positive impacts upon the intention to stay. Soft factors rarely were motivation factors excluding the movement. With no doubt, however, they were considered in decision making. To sum up: in mobility (in the intention of move) hard factors have a key role, but soft factors come up when decisions should be made on staying for a longer perspective.

Based on our macro level analyses on attracting and retaining factors no significant differences could be pointed out in comparison to other economic branches. For creative employees, employers and transnational migrants the main motivations factors in coming and settling down in the Budapest Metropolitan Region were job opportunities, undertake job and pursue studies in the metropolitan region, in addition personal trajectories (family reasons) also played an important role. On the other hand, many differences characterising the mobility and behaviour of the creative class could be observed in the result of micro-scale analyses (higher importance and partly divergent role of soft factors in choosing a certain location within the city).

Due to the integrated analyses of target groups' opinion it was also possible to find out the most important strengths and weaknesses of the Budapest Metropolitan Region. Among the relevant strengths of the city the job market and career opportunities, consequently the working conditions, the level of higher education and universities, the conditions of residential environment and good services can be mentioned, while environmental problems of the metropolitan region (e.g. pollution, noise, lack of cleanliness), anomalies of the taxation system, problems attached to the social housing sector, lack of tolerance and social cohesion and the poor political culture count to the leading weaknesses of the city region.

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Annexes

Annex I Matrix 1 – Results of integrated macro-scale analyses Main motivation factors to come to the Budapest Metropolitan Region

| | | Hard factors | | Soft factors | | Personal attachment | |
|---|----------------------------------|---|-----------|--------------|-----------|---------------------|-----------|
| | | attracting | retaining | attracting | retaining | attracting | retaining |
| Employees 1 | creative 1A | Move because of the job | | | | | |
| | knowledge intensive 1B | Education, study in the city | | | | | |
| Employers/managers 2 | creative 2A | Size of the market | | | | | |
| | knowledge intensive 2B | Size of the labour market, skilled manpower Education, study in the city | | | | | |
| International migrants 3 | Creative 3A | Work and job opportunities | | | | | |
| | knowledge intensive 3B | Education | | | | | |

Annex II Matrix 1 – Results of integrated micro-scale analyses
Factors influencing the move and settling down within the Budapest Metropolitan Region

| | | Hard factors | | Soft factors | | Personal attachment | |
|---|-------------------------------------|--|--------------------------|---|----------------------------|-----------------------|--------------------------------|
| | | attracting | retaining | attracting | retaining | attracting | retaining |
| Employees 1 | creative 1A | Cost of dwelling Size of dwelling Proximity to public transport | | Quality of the neighbourhood Quality and atmosphere of neighbourhood Location (nearness) of workplace Personal safety Access to commercial facilities | | | Born here Family lives here |
| | knowledge intensive 1B | | | | | | |
| Employers/managers 2 | creative 2A | Price of office Size and infrastructure of office Accessibility, public transport, traffic lines | Subsidies, allowances | | Prestigious environment | Place of residence | Family and friends |
| | knowledge intensive 2B | | | Calm and quiet environment | | | |
| International migrants 3 | Creative 3A | | | Quality of neighbourhoods | | | Marriage, family |
| | knowledge intensive 3B | | | | | | |

Annex III

Matrix 2 – Strengths and weaknesses of the Budapest Metropolitan Region

| | Strengths | Medium weight | Weaknesses |
|--|-----------|---------------|------------|
| Hard factors | | | |
| Accessibility | 1, 2 | | |
| International accessibility | | 3 | |
| Employment | | | |
| Size of labour market, number of enterprises and clients | 2 | | |
| Job offers, career opportunities | 1, 2, 3 | | |
| Working conditions | | | |
| Office infrastructure | 2, 3 | | |
| Working facilities | 1, 3 | 2 | |
| Type of contracts, salary | | 2 | 1 |
| Education and study | | | |
| Universities, higher education | 1, 3 | 2 | |
| Technical infrastructure (transport, public transport facilities) | 3 | | 1, 2 |
| Social infrastructure | | | |
| Kindergartens, schools, international schools | | 3 | |
| Health and medical facilities | | 3 | 1 |
| Housing conditions | | | |
| Dwelling stock (number, composition, ownership) | 3 | | |
| Price of housing, affordability and availability | 3 | | 1 |
| Social housing and rental sector | | | 1, 3 |
| Living conditions | | | |
| Price of living, overheads, other expenses | | 3 | 1, 2 |
| Taxation system | | | 1, 2, 3 |
| Subsidies, allowances | 2A, 3 | 1 | |
| Soft factors | | | |
| Quality of the environment (environment of the city region) | | | |
| Geographical dimensions, location | 2, 3 | | |
| Image of the city | 2 | | |
| Cultural milieu (in broader sense) | 2, 3 | | |
| Language or language barriers | | | 3 |
| Pollution, cleanness, noise | | | 1, 2, 3 |
| Green spaces | 3 | | 1, 2 |
| Architecture | 3 | | |
| State of built environment | | | 2B |
| Residential environment | 2, 3 | 1 | |
| Working environment | | | |
| Flexibility of timetables | 3 | 1 | |
| Attractive environment (calm, greenery) | 3 | 1 | 2B |
| Networks, clustering | 2A | | 2B, 3 |
| Quality of life | | | |
| Everyday life | | 1, 3 | |
| Cultural, leisure, sport and entertainment possibilities | 1, 2, 3 | | |
| Services, retailing and shopping networks, gastronomy | 1, 2, 3 | | |
| Tolerance, acceptance of diversity, openness | | | 1, 3 |
| Social cohesion, equality | | | 1, 3 |
| Political culture, administration | | | 2, 3 |
| Strategic thinking, perspectives, collaboration | | | 2 |

| | | | |
|--|-------------|----------|--|
| Personal trajectories | | | |
| Born here | 1 | | |
| Family reasons | 1 | | |
| Parental family lives here (parents live here, grew up here) | 1 | | |
| Family status, current family background | 2, 3 | | |
| Followed partner | 3 | | |
| Social networks | | | |
| Private sphere: Friends, acquaintances | | 3 | |
| Professional sphere: Contacts, working staff, labour force | 2, 3 | | |