

# **The Entrepreneurial Willingness of IT Professionals**

**David Janos Feher, Aniko Biro, Igor Oleksandrovics Almasi**

David.janos.feher@gmail.com

Biro.aniko@yahoo.com

Almasi.igor.oe@gmail.com

*Abstract: Work as an IT professional comes with unique circumstances, especially with proper language skills. Labor shortage, dozens of specializations, borderless opportunities, appreciation can characterize the life of a well-developed IT professional. Because of the high added value, the multinational companies are willing to pay a notable amount of money for them, and next to it, they could be the heart of the Information Technology Startups. This research examines the entrepreneurial willingness in the IT sector.*

*Keywords: Information technology, IT salary, startup, entrepreneurial willingness*

## **Introduction**

Hungary is a popular target for foreign multinational companies to outsource their IT requirements or to establish a new site for their corporation. The information technology related area allows for Hungarian employees to create goods without raw materials. The IT field gives an excellent occasion for entrepreneurs and startups to break out from the Eastern European circumstances and reach globally significant success. It is the goal for the person, the nation, and the government to improve and support the Hungarian startups and entrepreneurs.

Our research examines the influencing factor of the entrepreneurial willingness of IT professionals tries to reveal the positively influential conditions.

# 1 Startup and IT

Startups, as an entrepreneurial form, did not appear in the public mind until recently. Lucky and auspicious are the people who saw the opportunity and the potential, since the attitude of the entrepreneur plays an essential role in the success of a startup.

What is a startup? There are so many concepts behind this business, whether we are talking about an inside person or thinking of a startup as an outsider. There is no clear definition for startup in this case, but an outstanding startup is about giving the world more value. It offers some niche goods or services. As the world is packed with many different technologies, using them as a startup is primarily about providing innovative solutions to the public with the technology. Fortunately, building a startup has one of the attributes of globalization. A startup entrepreneur wants to make the world a better place with the values that his company provides, even globally, as fast as he can. [1]

Startups appear in Hungary with a minimal number, but nowadays, they are bursting into the public consciousness, so at the level of competitiveness, we are moving closer to the Western ranking. Perhaps this was also because the Hungarian mentality was less supportive of entrepreneurship. However, this is starting to turn around, with the result that more and more people are willing to do business. The reasons, of course, are individually chosen, mostly because of the negative experience they want to make the world better, to step into something better. [2], [3]

As mentioned, the world has become obsessed with digitalization and technology, so in most startups it is not possible to not employ a well-trained IT person, be it a programmer or a developer. The local Forbes' press researched the hottest successful startups in Hungary. There were 15 startups, of which 12 so 80% of Hungarian startups are heavily IT related. Furthermore, this is why IT plays a significant role in the life of these businesses. [4]

Besides, the features of a startup can be listed as being up-to-date and continuously innovating. IT technology is also continually evolving, and those professionals who are open and able to keep up with the constant revival of the world are becoming more up-to-date in the startup world, essentially becoming critical people over time. As with almost all of our competencies, as starting a startup can be practiced within various domestic competitions, competitions, and incubator programs. These include the Be Smart startup competition and the Start it @ K&H incubator program. Participating in these programs has many benefits; for example, if a team has a good idea, the team will receive individual mentoring from start to market as soon as possible. It also helps to minimize the number of crashes. The Statista investigated the reasons that could lead to the failure of the business. Moreover, these are no market needed, no money out there, poor product quality, and pricing/cost issues. [1], [5]–[7]

## 2 IT salary

The average gross salary of full-time employees at the national level in enterprises with at least five employees, in budgetary institutions and in non-profit organizations that are significant for employment is 371,100 HUF in 2019 April.[8]

The Hungarian economy is growing after the last economy crisis, and it is still evolving. However, the inflation of the Hungarian currency is high too.

In the ever-changing IT labor market, labor shortages are still significant, accounting for about 22,000 vacant positions. R&D centers are opening, companies in many sectors are undergoing digital transformation, new positions and new technologies are emerging, and salaries are rising; these trends and expectations will also characterize 2019. [9]

The figure 1 shows the salary difference of some randomly picked senior positions based on the Hays salary report. It is essential to see the year distribution of salary growth. [9]

Year	Sr. Security Engineer		Sr. Project Manager		Sr. Network Engineer	
	Salary	Ratio	Salary	Growth	Salary	Growth
2016	950 000 Ft		1 100 000 Ft		650 000 Ft	
2017	950 000 Ft	100%	1 100 000 Ft	100%	850 000 Ft	131%
2018	1 200 000 Ft	126%	1 100 000 Ft	100%	850 000 Ft	100%
2019	1 200 000 Ft	100%	1 200 000 Ft	109%	850 000 Ft	100%

Figure 1

Salary growth of randomly picked IT positions. [9]

The figure 2 shows the top salaries based on Practice Areas. The IT sector has the notable fourth place from 39 another area based on the non-representative results of a Hungarian salary site, which is a well-known Hungarian salary database, but the statistics is from self-declaration not from an official controlled source. The best in the result is the Company lead management area, and the Head of IT salary is 1 164 350 HUF. As we see, the average salary of the IT area in the top 5. [10]

Area	Avg. salary
Management	1 027 684 Ft
Leasing	642 214 Ft
Management	612 914 Ft
<b>Information technologies</b>	<b>583 154 Ft</b>
Technology, development	576 772 Ft

Figure 2

Information technology area average salary. [10]

The NoFluffJobs job portal offers job advertisements with salary ranges based on experience, and an IT Security System and Support Engineer's salary is around 1 200 000 HUF based on the information available on this site. The gross salary of an IT Project Manager is around 900 000 HUF, and for Sr Network Engineers, they would offer 900 000 HUF and for Senior DevOps Engineer 1 500 000 HUF. Based on the previously mentioned results, we can bravely say the IT sector has excellent salaries for experienced IT experts.

### **3 KATA tax**

In the Hungarian tax system, KATA (Itemized Tax for Small Taxing Businesses) tax is the most popular and simplest tax method for start-ups and small businesses.

Who is recommended for the KATA tax payment method:

- Individual company,
- private entrepreneur,
- limited partnership with private owner,
- general partnership with private owner.

The simplest and quickest of the above options is the private entrepreneur.[11]

#### **3.1 KATA tax rate**

KATA is a flat tax so there is no possibility to the accounting and deduction of costs. KATA tax is 25.000 HUF / month in case if you have a 36-hour employee relationship in addition to your individual proprietorship. But if you are a full-time self-employed your KATA tax is 50.000 HUF or 75.000 HUF which depending on your preferences and your needs. KATA tax is due by the 12th of the month following the reference month. The tax amount must be transferred to the official bank account number of the Hungarian tax authority. [11]-[12]

The KATA tax has income limit which is 12 million HUF. If the amount is above 12 million HUF value, in this case the limit tax rate is 40%. It must be paid not later than the 25th of February after the current year in addition to the flat tax. In this case the private entrepreneur will not get out of the taxpayer status of KATA. [13]

### **3.2 Contribution base**

In KATA taxation, the 50.000 HUF / month flat tax corresponds to 81.300 HUF contribution base while the 75.000 HUF / month flat tax contributes to 136.250 HUF contribution base. It means that the amount of the KATA tax will cover the health insurance and pension contribution. [11]

#### **Advantages of KATA:**

- it can be used optional to multiple taxes,
- the amount of the monthly tax is fixed,
- the administration is very simple if you do not have employees,
- it is choosable, leaveble or modifiable during the year,
- you will not be deleted from KATA even if you exceed the specified income account (but it is necessary to pay an extra fee). [11]

#### **Disadvantages of KATA:**

- suggested only in domestic business relations and under the ‘exemption of VAT’ status,
- in EU and non-EU relation the administration of VAT is very complicated and the simple administration of KATA can quickly disappear,
- people coming from different tax construction will face grand difficulties in accounting,
- does not make you excused from local business tax, but you can choose a special, cheaper solution
- you are insured for a relatively amount,
- if certain criteria persist, you have to report together with your customer, therefore this may result a disadvantaged situation on the market for people using KATA,
- your KATA status can be deleted if you have unpaid taxes. [11],[13]

## **4 Survey**

Through the analysis of available resources, We gained a wealth of information. We discovered many relationships and relationships that have a tremendous impact on general IT entrepreneurial willingness. We want to position the new

information even better and get a clearer picture of the research area through our quantitative survey of general entrepreneurial willingness.

The tool of our quantitative research was an online questionnaire created via Google, and the survey was shared via the snowball method. A total of 129 fill-ins were achieved during the data collection period. All 129 responses were evaluated, and no answers were excluded. After the modifications needed for processing, the Excel file containing the results was imported into the IBM SPSS version 24 statistical software, and the tests were performed with this program.

The respondents to the questionnaire were 64% male and 36% female. The distribution of respondents by place of residence is shown in the figure 3.

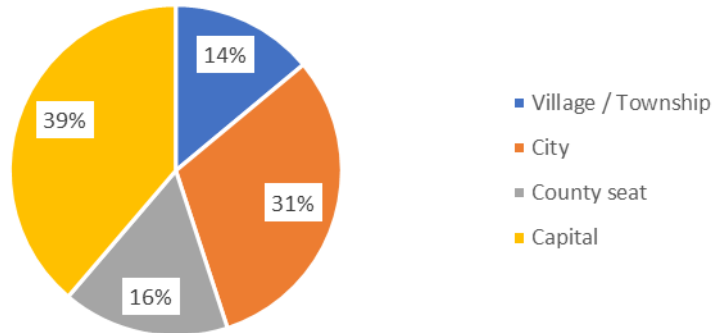


Figure 3

Distribution of respondents by place of residence. (Source: prepared by the authors)

The distribution of answers shows the entrepreneurial willingness of IT professionals is differs from other non-IT fields. The two groups in the figure 4 are the IT professionals and everyone else, as the figure shows the IT professionals are more refusing against the entrepreneur world than the other fields.

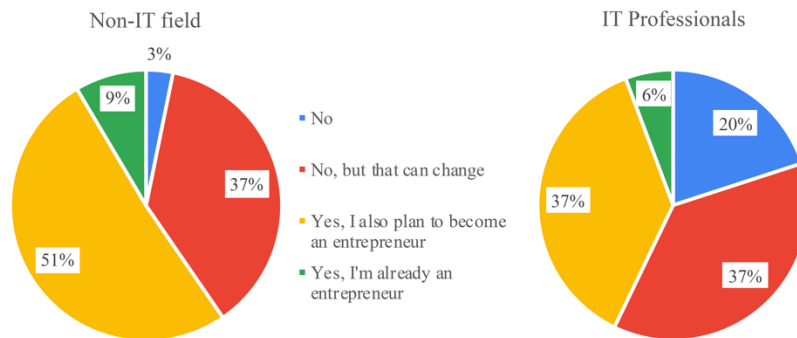


Figure 4

Entrepreneurial willingness of IT and non-IT responders. (Source: prepared by the authors)

### Conclusion

The main goal of this research is to find the primary connection between the entrepreneurial willingness of IT professionals and the circumstances. Based on the survey, the most significant factor is an inappropriate leader as they think they would be a better leader than their leaders. Next to it, they believe they are good leaders. There are several other essential skills, like team organizer skills, and they think they are popular. They want to redeem the world and do not like being restricted. Their motivation to become an entrepreneur is to create better conditions for themselves. Still, the most important thing is to create better conditions for their colleagues. If the right time is there, they can grant the necessary capital, and they are confident with their entrepreneurial knowledge. They see high revenue and financial stability behind the entrepreneur life.

The efficient development and operation of startups require sophisticated knowledge. Thus, having the right amount of capital and the right idea to start a business is not a guarantee of success. Capital is just one tool. A well-run business is based on both mindset and culture. Moreover, all of this should start at school.

Lessons should be introduced into the education system, already at the grammar school level, to familiarize oneself with the functioning of all things and, thus, the attractiveness and qualities of the entrepreneurial lifestyle. It is not only these skills that need to be acquired, but also the knowledge about digitalization, as the businesses of the future are already born in the digital world. [14]

Prepare prospective students for the challenges they face if they want to become entrepreneurs or startups. Besides, equip students with the skills needed to build a successful business based on innovation. One of the best ways is to involve entrepreneurs, which can be done within the classroom or in an e-learning system. [14]-[15]

To improve the entrepreneurial willingness of IT professionals necessary to make the economic subject more practice-oriented for IT students and improve the connection between IT bachelor programs and economics master programs. Another opportunity to organize economics training and workshop focused on IT professionals.

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