



Results of IEER Quarterly Business Climate Survey, January 2022

The Institute of Economic and Enterprise Research (IEER) conducted its Quarterly Business Climate Survey by asking 350 CEOs about the business situation and outlook of the companies they lead.

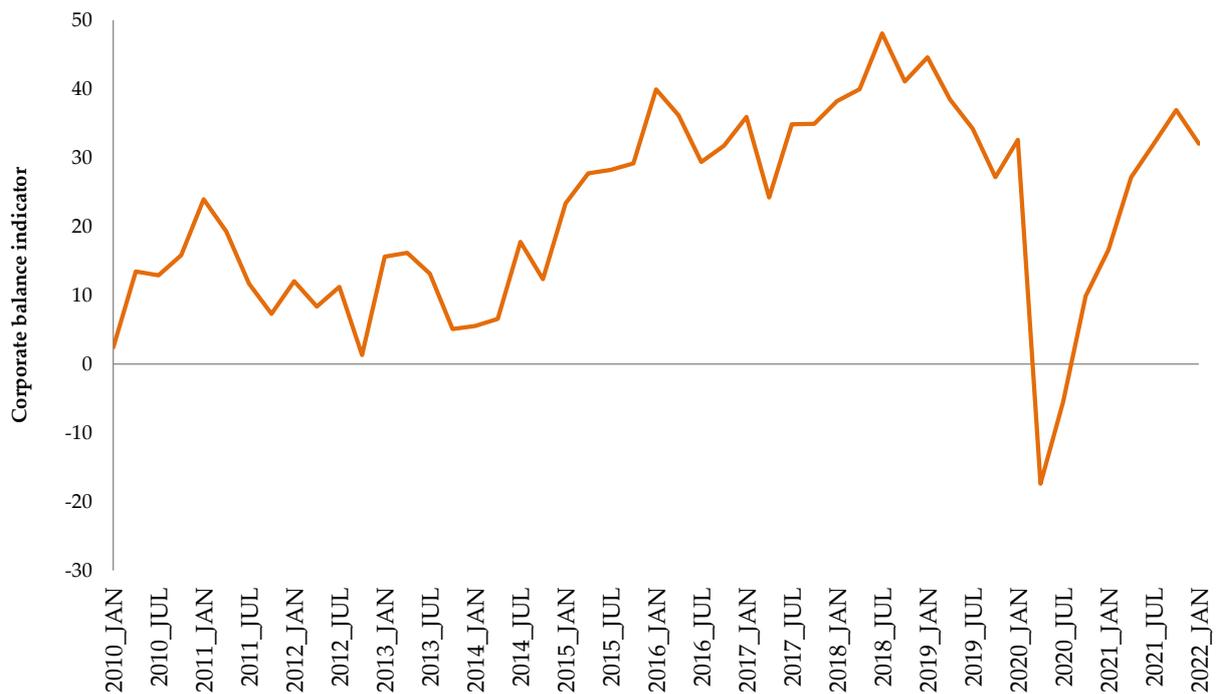
According to the results of the January 2022 survey, the improving trend of business confidence in Hungary after the spring 2020 low was interrupted: compared to October 2021, the Quarterly Business Climate Index decreased from +37 to +32 (see Figure 1). Since records began in 2010 the index has only been in the negative domain twice, in April and July 2020. It turned positive again in October 2020, and the trend continued in 2021 at a slower pace. The current value of the Quarterly Business Climate Index corresponds to the index measured in July 2021, and it is essentially the same as those recorded right before the outbreak of the coronavirus pandemic (in October 2019 and January 2020).

The target of IEER's Business Climate Survey is to map CEO's current, short term business expectations relying on information available

to them at the time of the survey, as well as on their subjective judgement. This current and the two previous surveys (July and October 2021) were done at times when restrictions were not in effect, while between April 2020 and April 2021 the results were heavily influenced by lockdowns and restrictions introduced during the first three waves of the coronavirus pandemic.

The Quarterly Uncertainty Index has decreased since October by 2 points, it is at 37 points. This suggests that the enterprises in Hungary assessed their business situation in a significantly more uniform way compared to April 2020. The current value of the Uncertainty Index corresponds to the values observed in April and July 2021, and those (37–38 points) measured in the period before the pandemic (July 2019 – January 2020).

Figure 1: The Quarterly Business Climate Index, 2010. 01–2022. 01.



Source: IEER 2022

Please note that the score in the figure is a balance indicator projected on a scale of 100. In all cases, the balance indicator shows the difference between the rate of companies providing positive and negative situation reports. The indicator therefore spans a scale from -100 to +100. -100 indicates that all of the surveyed companies assessed their situations to have been negative, while +100 indicates that all of the surveyed companies assessed their situations to have been positive.

The Quarterly Business Climate Index was the highest with construction companies (+40 points), followed by services (+39 points), and commerce (+32 point). The processing industry got the lowest score (+27 points).

Compared to the previous half, construction companies are up 10 points, whereas service providers, industrial companies and trading businesses saw a decline of one, seven and twelve points, respectively.

Figure 2: Quarterly Business Climate Index in economic sectors, 2010. 01–2022. 01.



Source: IEER 2022

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The Quarterly Business Climate index has ten components

- current/expected business situation;
- current/expected profitability;
- expected investment activity;
- current orders;
- production level in the previous half/expected production;
- expected changes in the number of employees;
- expected capacity utilisation.

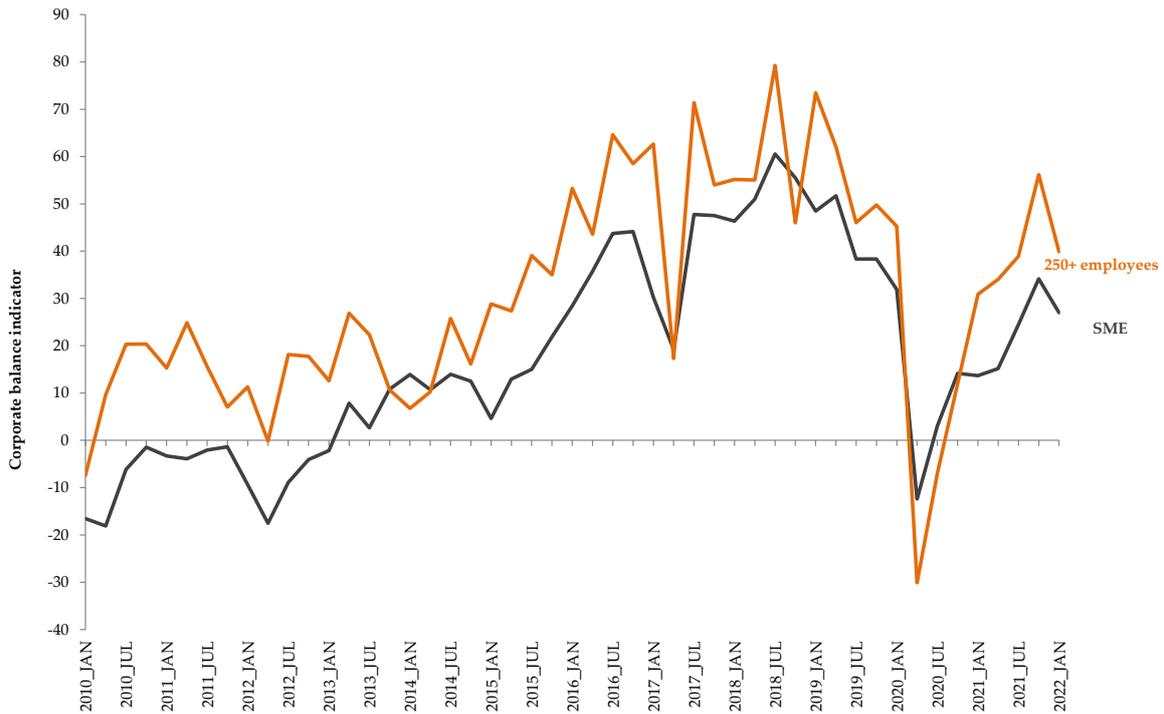
Based on the sub-indicators we can conclude that CEOs were more pessimistic about everything, with the exception of expected capacity utilisation, than in October 2021. The most profound drop (17 points) can be observed in expected investments. Compared to the same period of the previous year (when the second wave of COVID-19 brought along severe restrictions influencing business), all indicators improved, with production in the previous six months experiencing the most salient jump (52 points).

Based on January 2022 data, big companies were more optimistic about their business situation compared to SMEs with regard to their current orders, current business situation, current/expected profitability, expected changes in the number of employees and expected capacity utilisation. However, SMEs were more positive about their production levels in the previous/next half,

expected business situation and expected investment activity. The most significant difference showed in expected capacity utilisation (15 points), current profitability (13 points) and in expected changes in the number of employees (10 points).

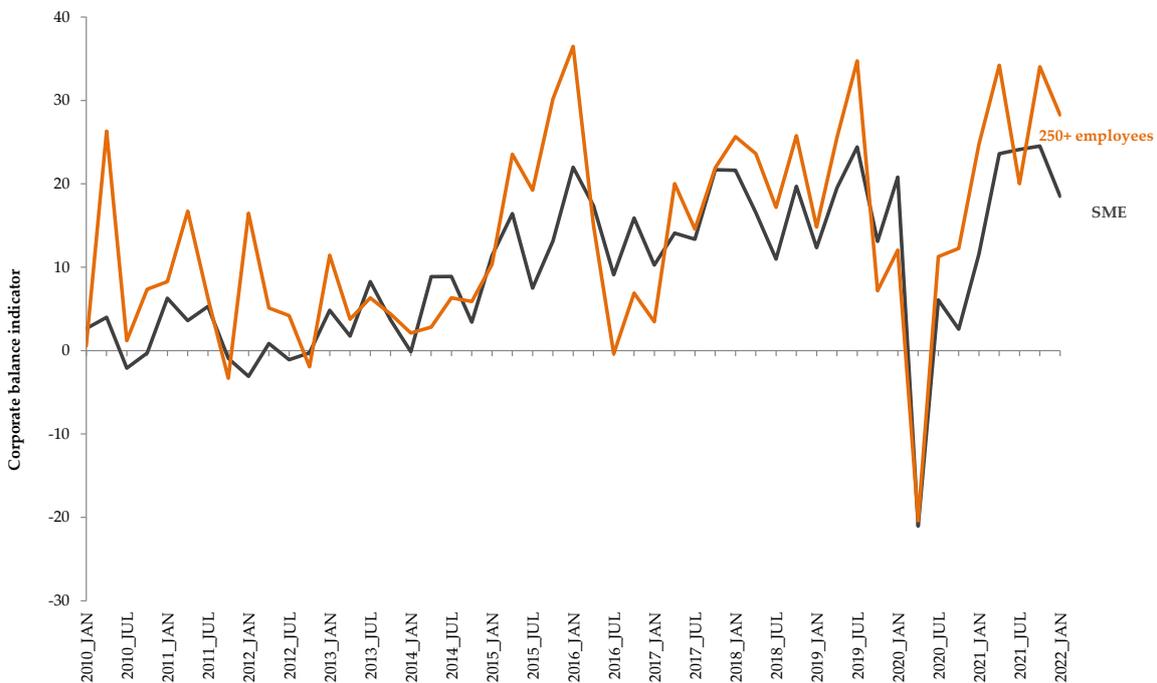
Compared to October 2021, SMEs were less content with current orders, current/expected profitability, expected changes in the number of employees, expected business situation and expected investment activity, while being more optimistic about their current business situation, production level in the previous/next half, and expected capacity utilisation. As for large companies, indicators generally deteriorated with the exception of expected capacity utilisation. Year-on-year levels of the indicators got higher for large companies and SMEs alike, although the indicator of expected investments fell in the circle of large companies.

Figure 3: Current profitability, by company size, 2010. 01–2022. 01.



Source: IEER 2022

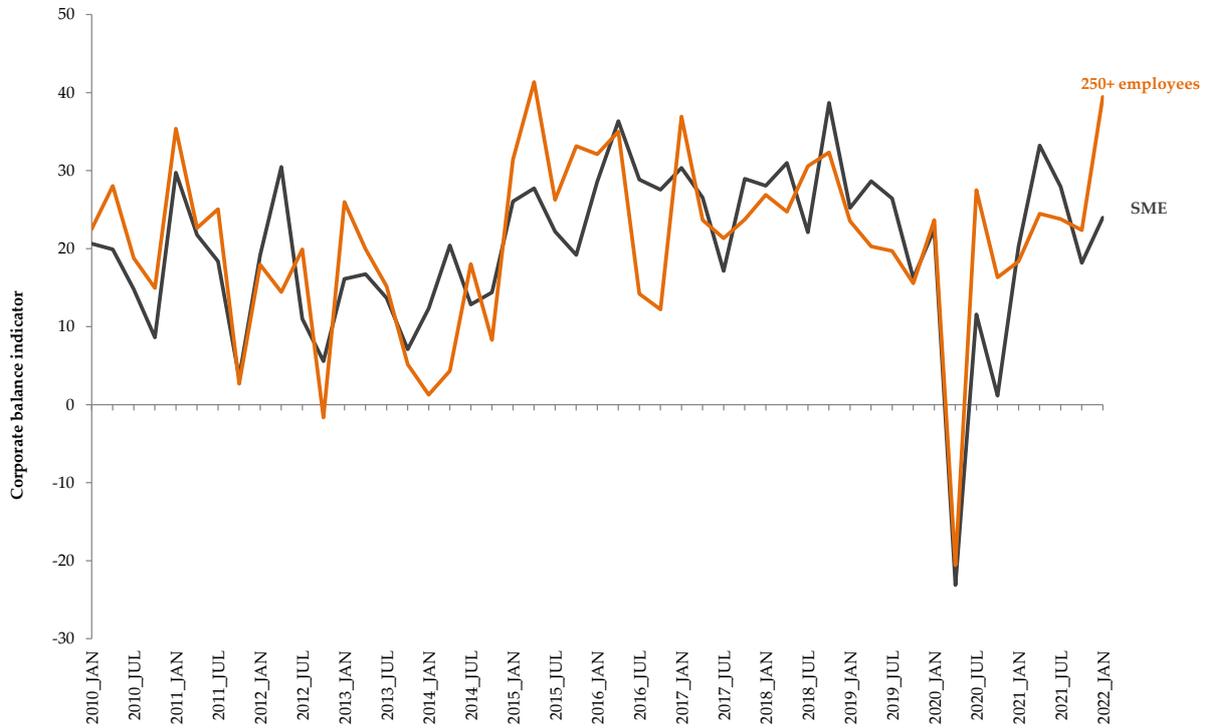
Figure 4: Expected change in the number of employees, by company size, 2010. 01–2022. 01.



Source: IEER 2022

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Figure 5: Expected capacity utilisation, by company size, 2010. 01–2022. 01.



Source: IEER 2022

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The career choice of primary school students in 2021 – a summary

This overview summarises the main results of HCIC IEER's country-wide career choice survey conducted in 2020. The research surveyed 8th-grade pupils' further education, profession and career plans and objectives, as well as related parental advice and intentions. Totally 9,197 8th-grade students have participated in the 2021 career choice survey.

About the survey and the sample

Due to the pandemic the survey had to be conducted in the autumn semester, involving 8th graders, a practice adopted last year (in the years before, 7th-grade pupils were asked in the spring semester).

The planned sample was tailored to the distribution of the pupils by county and settlement type. The pupils involved were attending the 7th grade in the 2020/2021 school year. The overwhelming majority of them were

8th graders at the time the survey was taken. The sample was weighted afterwards, taking into account (1) the location of the school by county, (2) the settlement type, (3) the school's 2019 competence survey results (as there was no such survey in 2020), and (4) the number of 7th-grade pupils attending it. Since the required data for weighting were available for 9,070 students, the following findings are based on the answers of these 9,070 students.

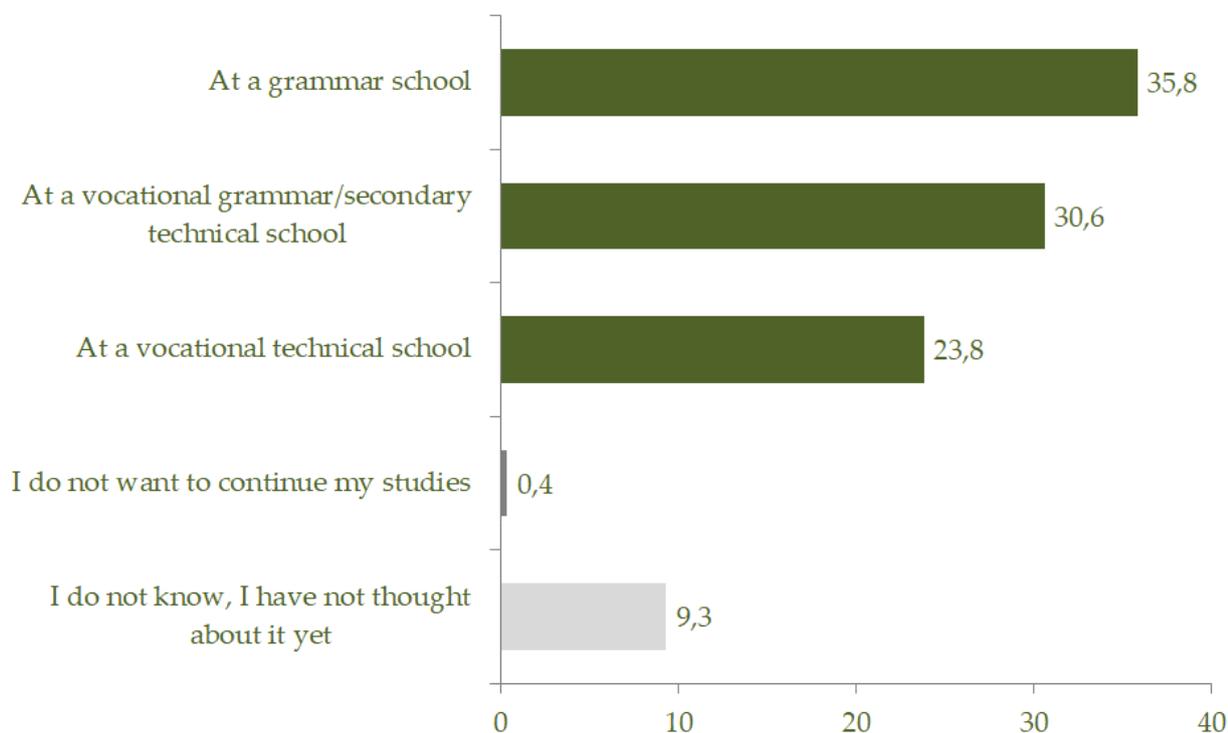
Education plans and parents' advice

Results show that the overwhelming majority of pupils (95%) has already considered further education possibilities. Most (88%) talked with their parents about it, 58% discussed it in homeroom class, and 54% relied on friends to gain information.

36% of the pupils plan to go to a grammar school after finishing primary school. Over a half of them want to learn a profession: 31% at a vocational grammar school or a secondary technical school, and 24% at a vocational training school. 9% of 8th graders have not thought about further education yet (see figure 1.)

Most of the students plan to get a degree (31%) or PhD (6%). 34% of pupils want to learn a profession and get a secondary school certificate simultaneously, 13% want to learn a profession, and 6% aim to get a certificate of secondary education. 1% of pupils only want to finish the 8th grade, and 10% have not been thinking about the highest qualification they might later want. In general, parents advise their children to reach a similar level of qualification to that of their own.

1. Figure 1: Distribution of pupils with regard to where they want to continue their studies after primary school (per cent)



Source: IEER, 2021 (n=9003)

Furthermore, the majority (68%) of pupils were given advice by their parents to learn a trade or a profession they would like to pursue. More than two-fifths of pupils (45%) were advised by

their parents to choose a trade or profession that pays well. The data also show that higher educated parents are more likely to allow their children to take career choice decisions on their own.

Job plans, career orientation profiles

Regarding future jobs, the most popular with pupils include IT (21%), cooking (21%), sports (20%), and arts (20%) (see Figure 2). In recent years, the most attractive directions included sports, arts, IT, cooking, and animal care, while furniture-making, metalworking, and plant growing were the least popular fields.

Job and profession plans vary substantially across counties, settlement types, and genders. Also, parents' education is a further important

influencing factor. With regard to this latter factor, pupils generally want future jobs that correspond to the highest level of their parents' education: intellectual jobs tend to be more popular with the children of more highly educated parents whereas physical work is more appealing to those with parents of lower education.

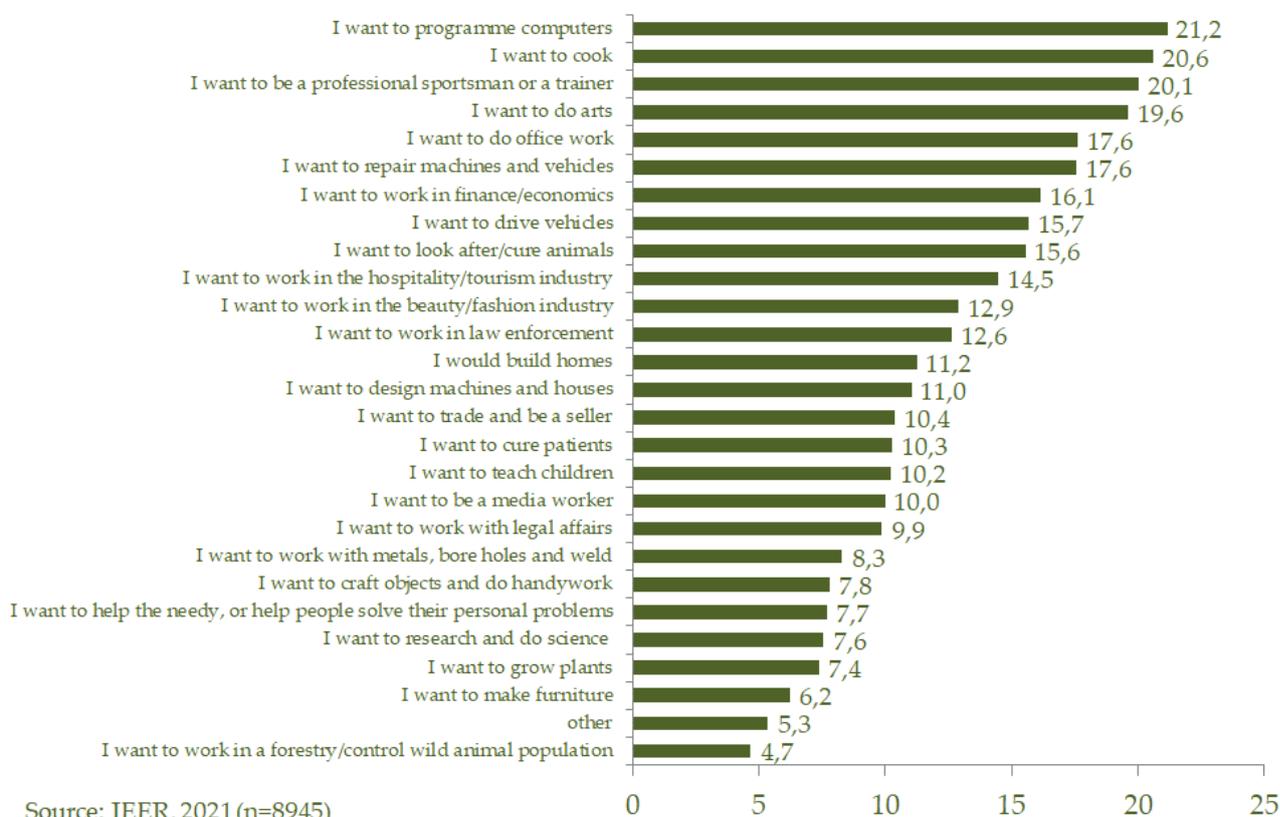
The importance of a high salary in a career choice is outstanding: over a half (51%) of

pupils chose that factor as one of the three most important ones. The second most important factor was the love of work (45%) and good relationship with co-workers (37%).

Our data show that the pupils have a broad picture of their future work, and they typically find appealing three similar jobs or professions that correspond to that image. Based on the answers we identified seven main job types of

interest (machines and metalworking; architecture; engineering; woodworking; agriculture; human services; white-collar jobs; arts and entertainment; service). We found an additional four types (IT; research/science; sports; law enforcement) which are either well-defined fields by themselves or totally independent from the choice of any other job type.

2. Figure 2: Distribution of pupils with regard to the job they want to do as adults (percentage rate of what they mentioned)



White-collar jobs, arts, and entertainment were chosen for the most part by pupils with better school performance and/or those of a favourable family background. Machines/metalworking and services are more appealing to pupils that do not excel at school or whose family background is less favourable. Architecture, engineering, woodworking, and services are regarded

differently by pupils (and their parents) – they are popular with the most highly and most poorly educated families alike, for different reasons. The choice of agriculture as a job type cannot be categorised by school performance and family background; it seems to be preferred by girls and children whose parents are graduates.

Conclusion

In sum, the results show that the parents and their children usually have the same goals in further education. Also, parents' cultural capital, experience, and advice significantly influence their children's choices regarding education and career. In many cases, parents' levels of education are inherited, a rule that applies to both skilled labourers and graduates. The influence of a parent's example and advice from home is remarkable even in families which entitle their children to bring autonomous decisions.

The results also allow us to conclude that, according to parents, a profession and a degree mutually rule out one another, even though it is possible to get a degree after finishing a vocational grammar school, a secondary technical school, or a vocational training school. Moreover, in making career choices it is important that the interest and skills of a child be in line with the career they choose.

The data show that in economically poorer, lower-income regions of Eastern Hungary career choices brought by pupils (usually approved by parents) will reproduce inequalities, exacerbating regional fissures: pupils in Central Hungary and in the Transdanubian region are clearly more likely to choose intellectual careers than those in the Eastern regions (especially in the Great Plains), where physical jobs are preferred.

The results also show that children of poorer background have much lower ambitions concerning further education and career than their richer peers, a further sign of reproducing inequalities. Youth living in unfavourable circumstances typically plan to go to vocational training schools that do not issue certificates of secondary education. Since only a few of such pupils want a degree, their level of education, which strongly determines upward mobility, will stay low in comparison to peers with longer education paths.

International trends

Changes in the production, consumption and employment situation in certain major international economies compared with peer expectations and the previous period.

		Period in review	Actual data	Expectations	Previous period
	Unemployment Rate	(February)	5.0%	5.1%	5.1%
Germany	Manufacturing Purchasing Managers Index	(February)	58.5	58.5	59.8
	IFO Business Climate Index ¹	(February)	98.9	99.2	96.0
France	INSEE Business Climate Index ²	(February)	112.3		107.2
	Unemployment Rate	(February)	3.8%	3.9%	4.0%
USA	CB Consumer Confidence Index	(February)	110.5	110.0	111.1
	Manufacturing Purchasing Managers Index	(February)	57.5	56.0	55.5
China	Manufacturing Purchasing Managers Index	(February)	50.2	59.9	50.1

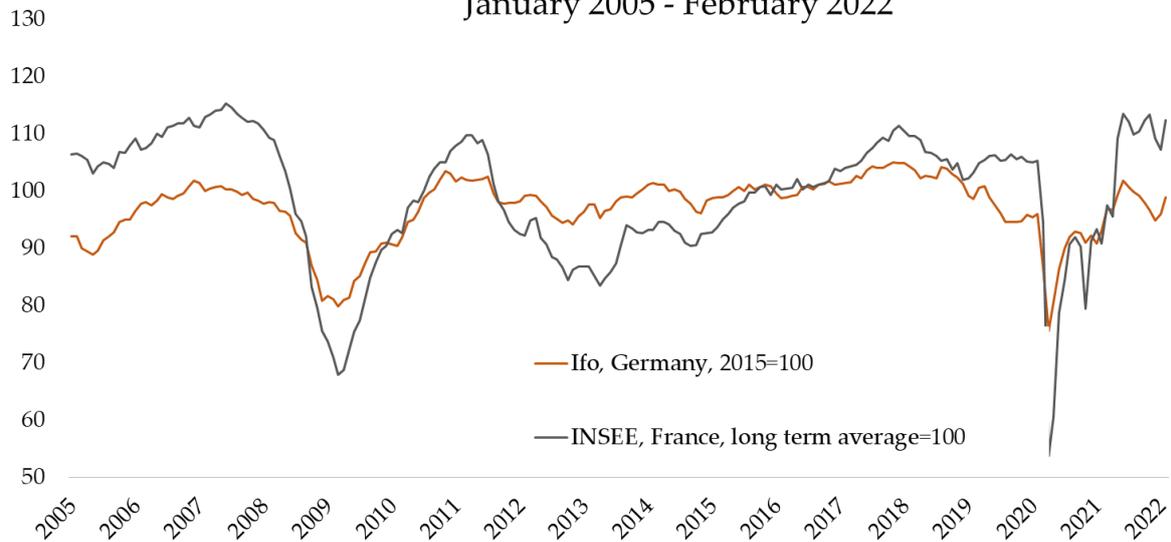
¹ <https://www.ifo.de/en/survey/ifo-business-climate-index>

² <http://www.insee.fr/en/themes/indicateur.asp?id=105>

The rest of the data source: <https://www.bloomberg.com/markets/economic-calendar>

In Germany, the IFO business climate index increased compared to January. The manufacturing purchasing manager index (PMI) decreased compared to previous period. Unemployment rate slightly improved for Germany. The French INSEE business climate index increased significantly compared to last month. In the United States, the CB consumer confidence index decreased compared to the month prior, but it performed slightly better than expected. The manufacturing PMI increased compared to January in the USA. The unemployment rate improved compared to the previous month. The Chinese manufacturing PMI increased compared to January.

**Business confidence in Germany and France,
based on the Ifo and INSEE business climate survey,
January 2005 - February 2022**



Sources: www.ifo.de, www.insee.fr

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