



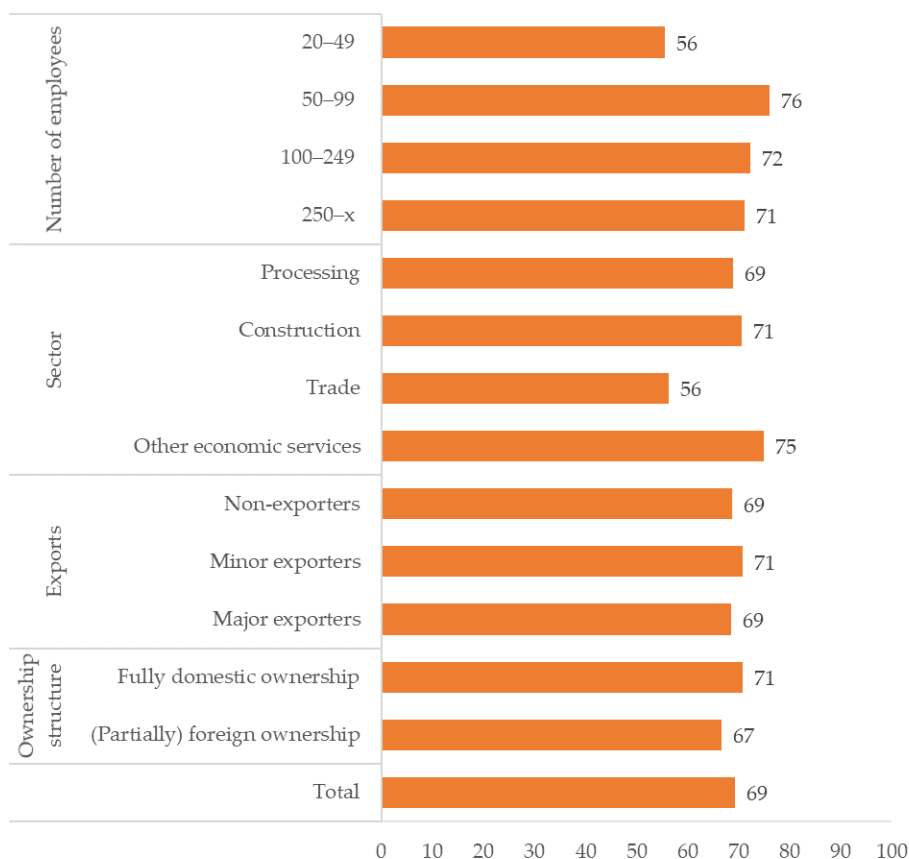
Hungarian companies' perception of labour shortage and their reactions

HCCI's Institute for Economic and Enterprise Research (IEER) surveyed 350 companies with at least 20 employees about their difficulties originating from labour shortage and their actions to prevent and treat them. The survey for the analysis was conducted in January 2022. The sample of respondents is representative with regard to gross added value contribution, economic sectors, and number of employees.

The results show that over two thirds (69%) of the companies faced labour shortage-related difficulties in 2021. For

20–49 companies and trading businesses it was less common to encounter such problems during the past year.

Figure 1: Rate of companies facing labour shortage-related problems in the past year, N=350; per cent



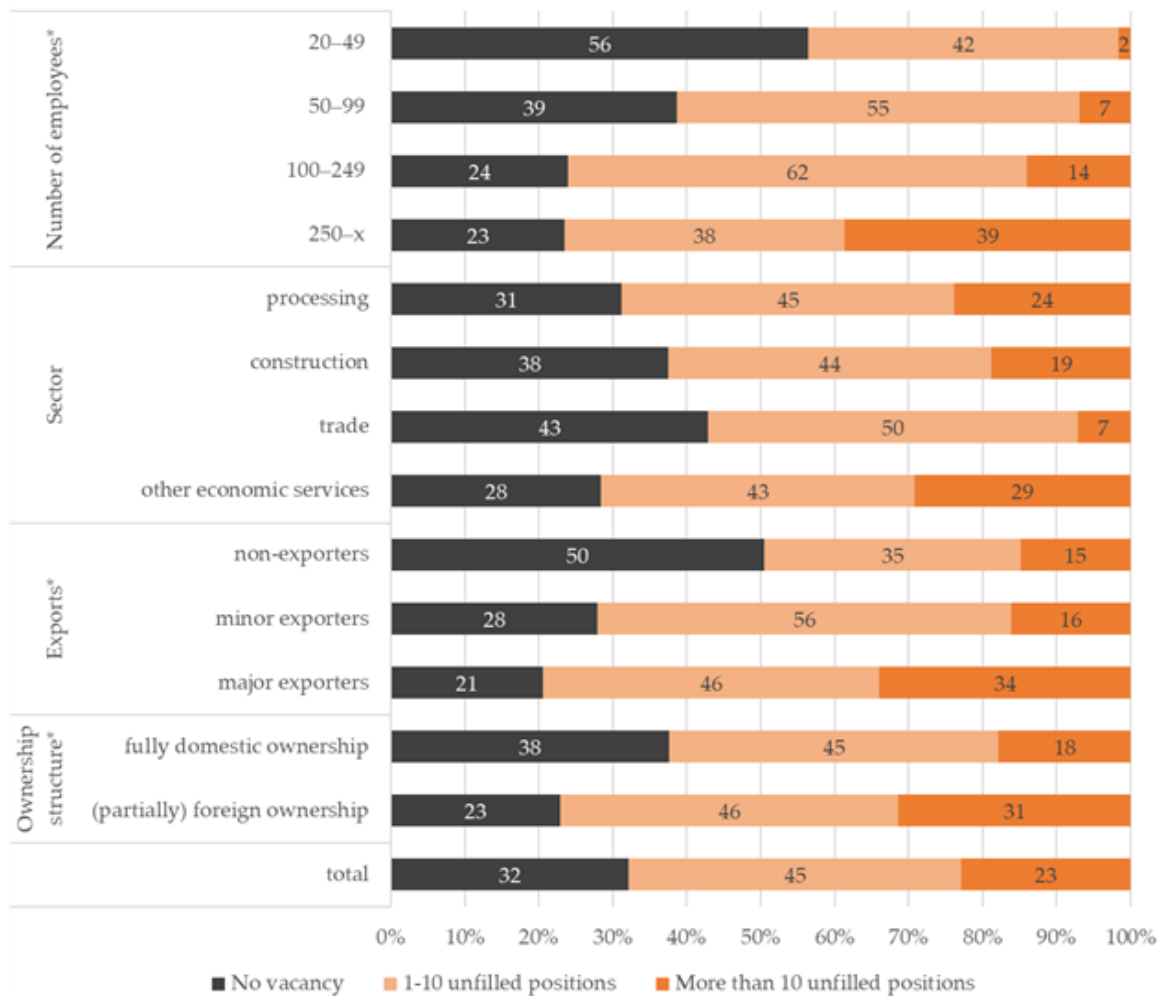
Source: IEER 2022

MBET March 2022

Almost a third (32%) of the companies surveyed had no vacancy on 1 January 2022, while about a half of them (45%) had 1–10 unfilled jobs on offer. Almost a quarter (23%) had over 10 unfilled

positions. Considering unfilled jobs, labour shortage hit larger companies, (partially) foreign-owned businesses and major exporters more severely than others.

Figure 2: Distribution of vacancies, N=313; per cent



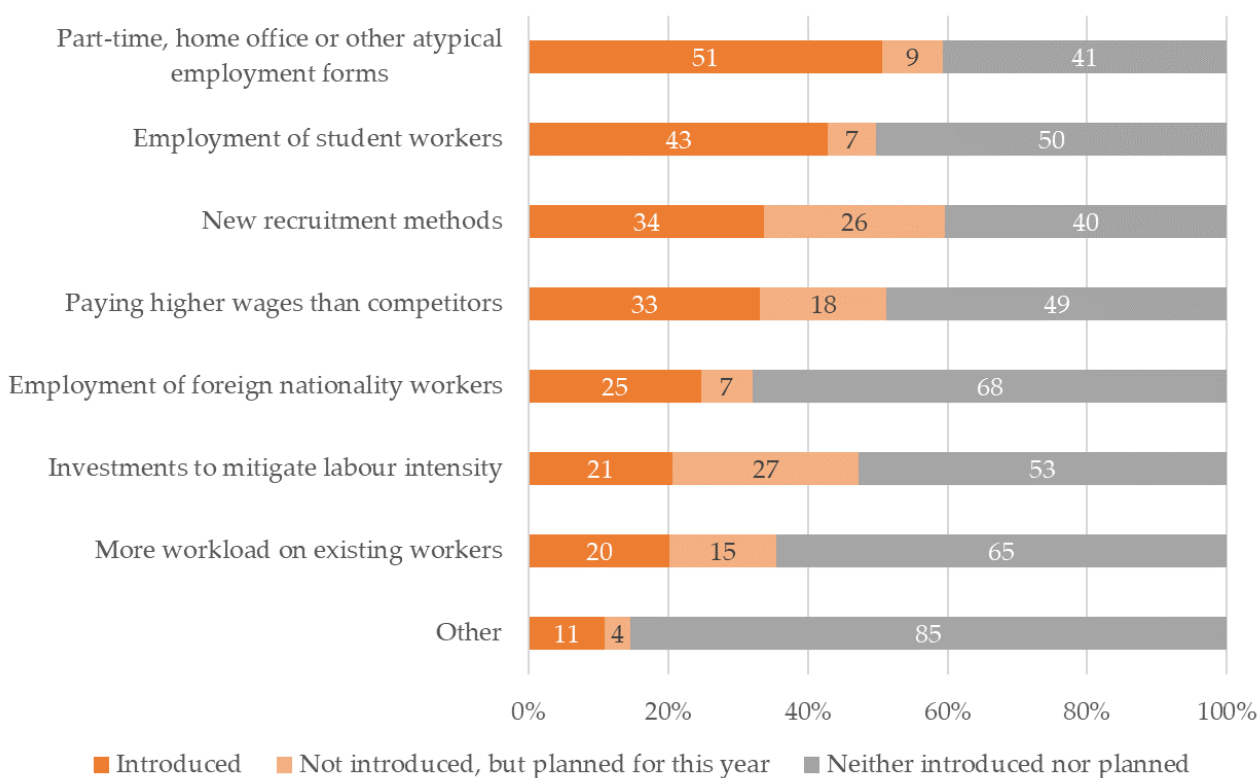
Source: IEER 2022

More than two fifths (41%) of the companies think that labour shortage problems will deteriorate in the upcoming year. Over a half (52%) do not expect a change, and only 7% expect improvement. Large companies and major exporters are the least afraid of the problem getting more severe in the future.

Companies affected by labour shortage issues mostly introduced atypical

employment forms as a remedy (51%) and a good number of them employed student workers (43%), introduced new recruitment methods (34%) or paid higher wages than competitors (33%). Plans to treat labour shortage problems in 2022 include investment to mitigate labour intensity (27%), novel recruitment methods (26%), higher wages (18%), and greater workload on present employees (15%).

Figure 3: Measures taken and measures planned to ease labour shortage, N=228-239, per cent



Source: IEER 2021

Hungarian companies' perceptions regarding price hikes and inflationary effects

HCCI's Institute for Economic and Enterprise Research (IEER) conducted a research involving 350 Hungarian companies with at least 20 employees. The businesses were inquired whether they planned any price hikes, and if so, at which rate. Respondents were also asked about the factors necessitating such a measure and what effect would current inflationary tendencies have on turnover and profits. The data for the analysis were taken in the course of IEER's January 2022 quarterly business climate survey.¹

Some three quarters (72%) of respondents said that they would probably raise their prices in the near future. Their proportion is even higher among 20–49 companies (84%), traders (82%) and fully domestic businesses (80%).

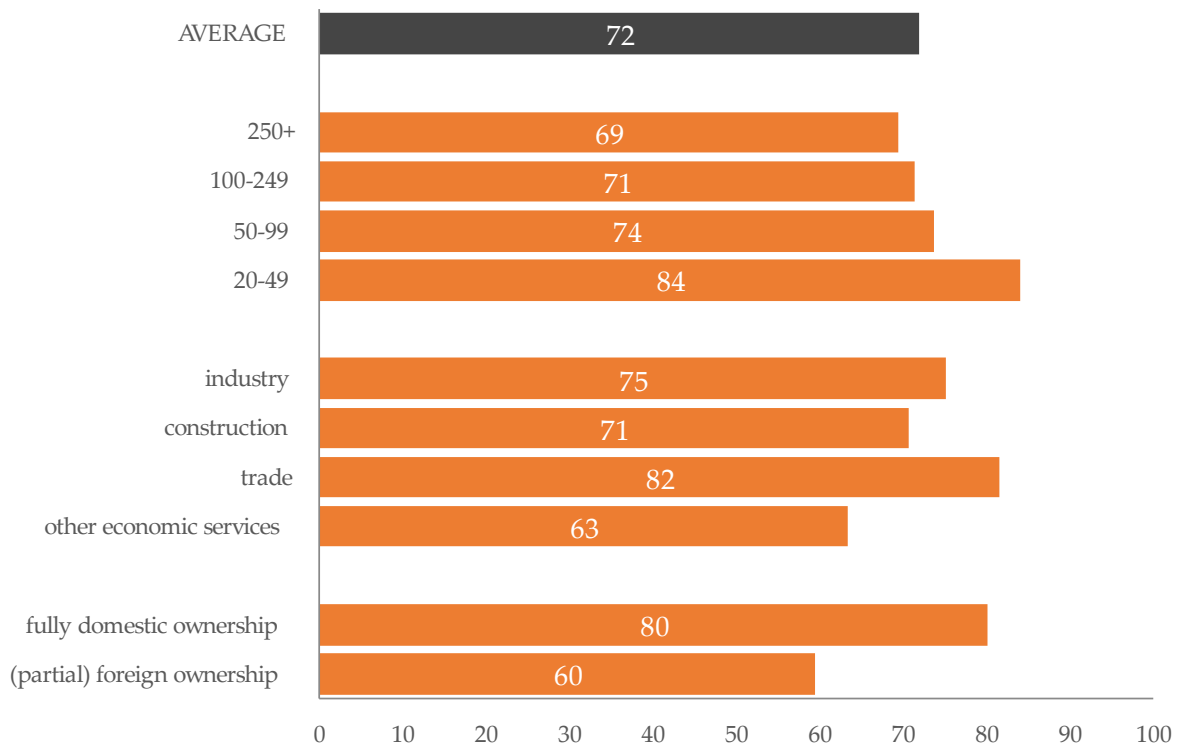
One half of such companies (49%) plan to raise their prices by 6-10%, over one quarter (27%) by 1-5%, and 13% by 11-15%. Planned rates are higher among construction businesses while trading companies generally

plan with lower rates. Almost a half (48%) of respondents will raise their prices in a month while 36% plan to do it in 1-3 months. With the exception of the industry almost all companies across the board (89-95%) calculate with raising their prices in three months.

According to over a half of businesses, rising raw material and material costs (79%), labour costs (72%) and energy prices (60%) crucially or totally necessitate price hikes

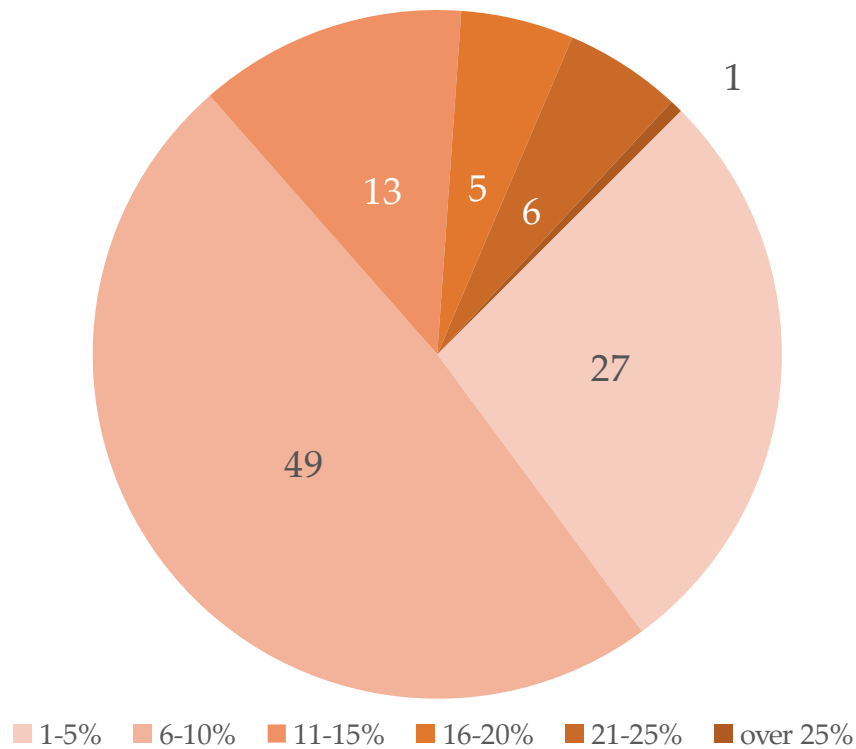
¹ Weighting in our analysis was done in a way that the sample of respondents of various sizes and sectors became representative with regard to gross added value contribution. The numbers of elements appearing in the analysis are unweighted.

Figure 1: Rate of companies planning to raise prices, per cent, N=328, N_{n of employees}=326, N_{sector}=328, N_{ownership}=318



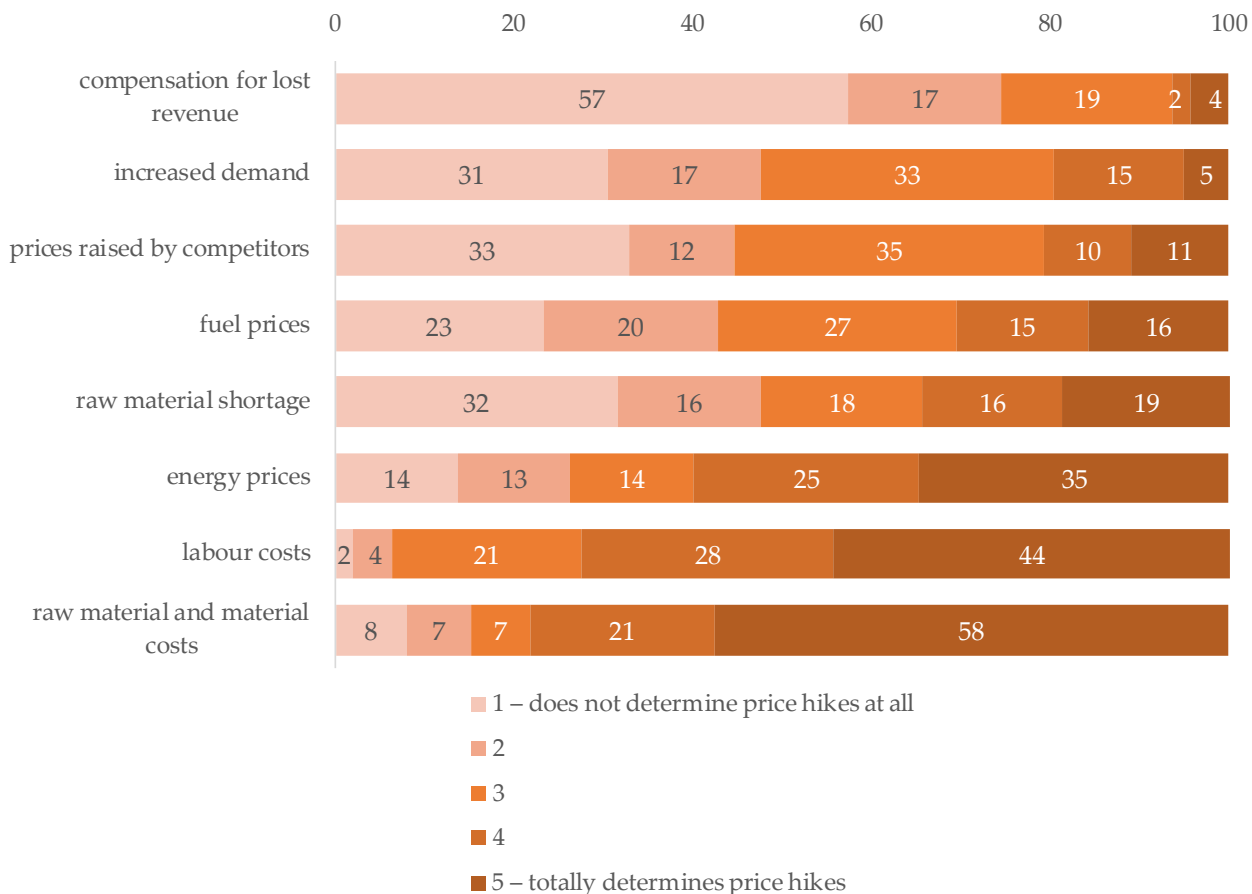
Source: IEER 2022

Figure 2: Rate of expected price hike, N=233, per cent



Source: IEER 2022

3. Figure 3: Factors determining price hikes, per cent, N=243-246



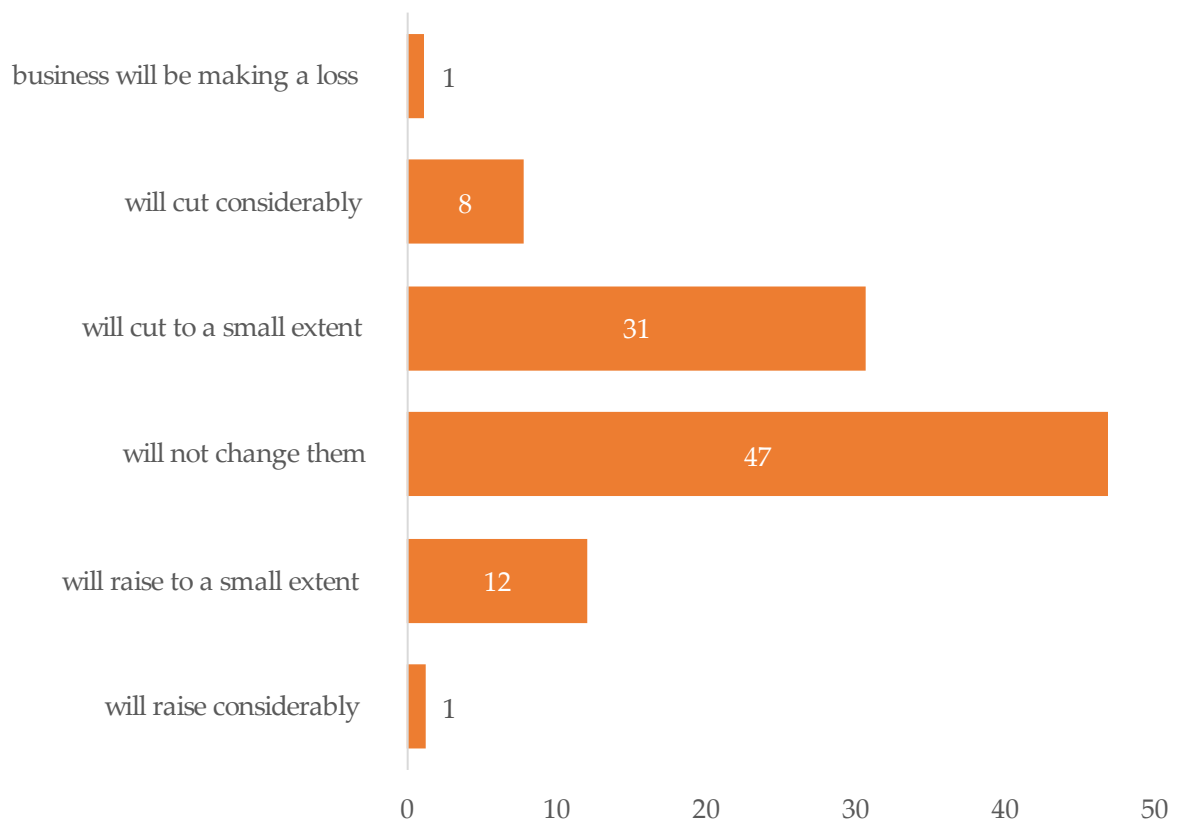
Source: IEER 2022

Almost two thirds (62%) of respondents do not expect that the present inflationary trend will have any effect on turnover in 2022. With regard to the number of employees and revenues, it is mostly smaller companies and those with smaller revenues that may face some decrease in turnover due to higher inflation. As for sectors, construction companies are expecting falling turnover at the highest rate (24%), while an outstandingly high rate of trading companies expect, contrary to the construction industry, a higher turnover (39%). As the turnover of companies of (partial) foreign ownership is exposed to

the inflationary pressure to a lesser extent, a large majority of them (78%) do not expect any change.

Almost a half (47%) of our respondents expect that the present inflation will not have any effect on productivity in 2022, while 31% think that it may cause a slight decline. Industry (49%) and construction (50%) are the two sectors where expectations of slightly decreasing profits are the most common, while slightly over a half of trading companies and service providers do not calculate with such an effect.

Figure 4: Effect of inflation on the profitability of Hungarian companies, N=335, per cent



Source: IEER 2022

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	(March)	5.0%	5.0%	5.0%
Germany	Manufacturing Purchasing Managers Index	(March)	56.9	57.6	57.6
	IFO Business Climate Index ¹	(March)	90.8	85.1	98.5
France	INSEE Business Climate Index ²	(February)	106.6		112.7
	Unemployment Rate	(March)	3.6%	3.7%	3.8%
USA	CB Consumer Confidence Index	(March)	107.2	107.0	105.7
	Manufacturing Purchasing Managers Index	(March)	58.8	58.5	57.3
China	Manufacturing Purchasing Managers Index	(March)	49.5	49.9	50.2

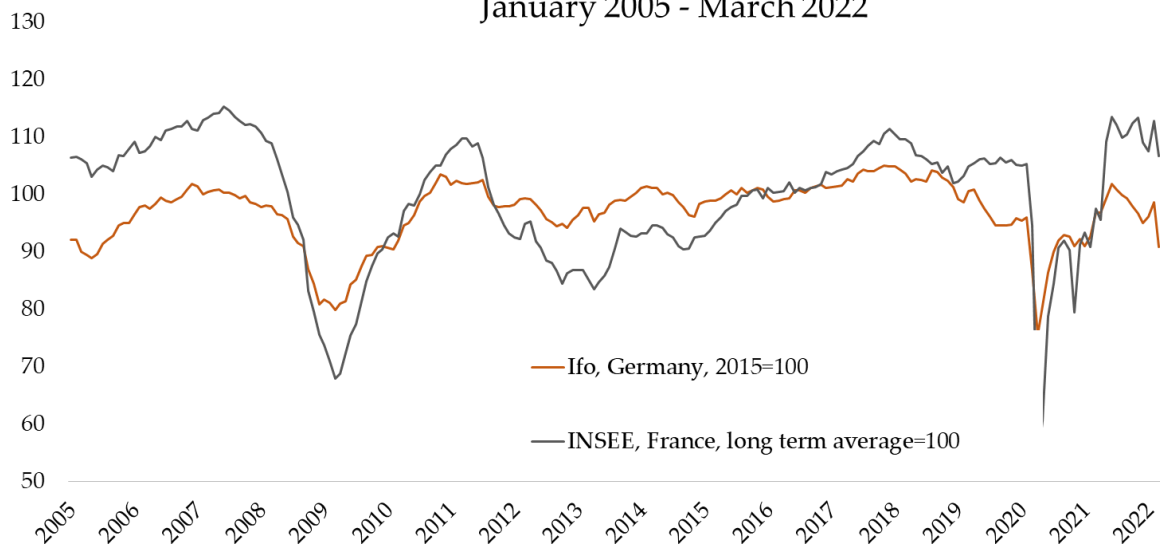
¹ <https://www.ifo.de/en/survey/ifo-business-climate-index>

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 decreased compared to February. The manufacturing purchasing manager index (PMI) also decreased compared to previous period. Unemployment rate remained the same for Germany. The French INSEE business climate index decreased significantly compared to last month. In the United States, the CB consumer confidence index increased compared to the month prior, and 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 decreased compared to February.

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



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

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