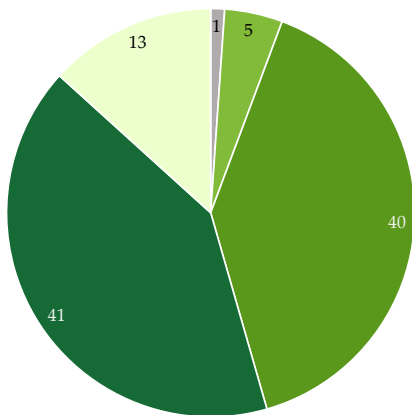
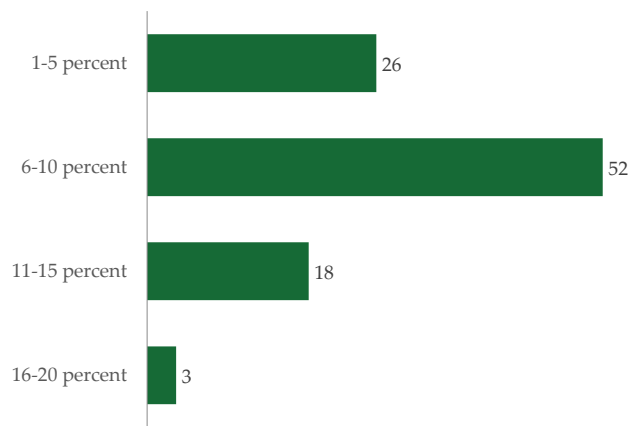


Monthly Bulletin of Economic Trends

Price increase plans and expected profitability

More than half (54%) of Hungarian enterprises in the private sector with 20 or more employees said they expected a rise in their prices in the near future, down significantly from 74% last year and 73% the year before. Four in five respondents expecting a price increase said a rise of less than 10% was likely. Almost 40 percent of businesses expect... [More](#)



■ 1 - Not satisfied at all ■ 2 ■ 3 ■ 4 ■ 5 - Completely satisfied

Employee Satisfaction, Incentives

The present analysis focuses on the range of domestic businesses that typically survey the satisfaction of their employees, as well as how satisfied employees are with the wage level available at their company, and the extent to which employees can be motivated by different tools, as seen by their business executives. The analysis relies on the latest findings of the *Short-Term Labour Market Forecast...* [More](#)

International trends

In Germany, the IFO business climate index continues to increase in March. The manufacturing purchasing manager index (PMI) decreased, and the unemployment rate remained the same in Germany compared to the previous period. The French INSEE business climate index ... [More](#)

PRICE INCREASE PLANS AND EXPECTED PROFITABILITY

Our analysis presents the expected price increases of domestic enterprises and how they expect their profitability to develop during 2024, based on their own expectations. The analysis is based on data from the January 2024 Quarterly Business Climate Survey of MKIK GVI, where we interviewed a total of 350 domestic enterprises with at least 20 employees.

At the beginning of 2024, more than half (54%) of the enterprises with 20 or more employees expected to raise prices in the near future. This proportion is significantly lower than last year (74%) and the year before (73%) in the Quarterly Business Climate Survey. In 2023, the manufacturing sector was the most likely to raise prices while the construction sector was the least likely to do so. In 2024, however, it is actually construction companies that are most likely to raise prices (69%), followed by business services (60%), while just over half of manufacturing companies (55%) and only about a third of commercial firms (35%) expect to do the same.

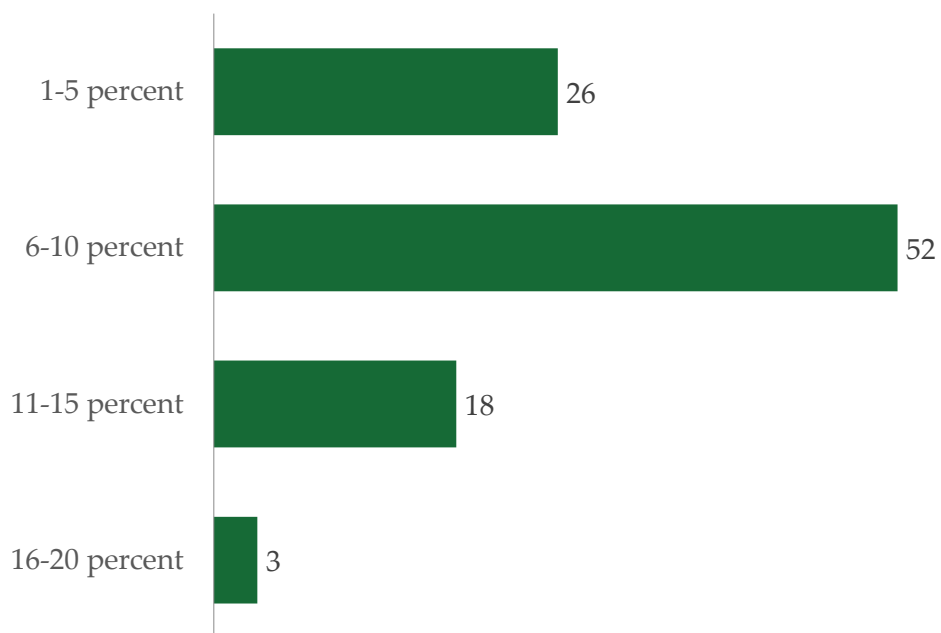
Slightly more than a quarter of businesses planning to raise prices in 2024 expect increases of 1-5 %, more than half of them of 6-10 %, and nearly a fifth of them of 11-15%. Only 3 % of enterprises plan to raise prices by more than that, compared with 17% in 2023, indicating a diminishing rate of expected price increases. 43 percent of companies planning to raise prices expected to do so within a month, while an additional 45% expected the same within 1-3 months. In other words, the vast majority of these enterprises (88%) currently expect

to raise their prices in the first quarter of 2024.

In early 2024, cost factors were the main drivers of enterprises' price increases, with labour costs, rising raw material and material costs, energy costs and fuel prices ranking in the top four. Compared to recent years, raw material, material and energy costs put slightly less inflationary pressure on enterprises while they are increasingly affected by rising fuel prices.

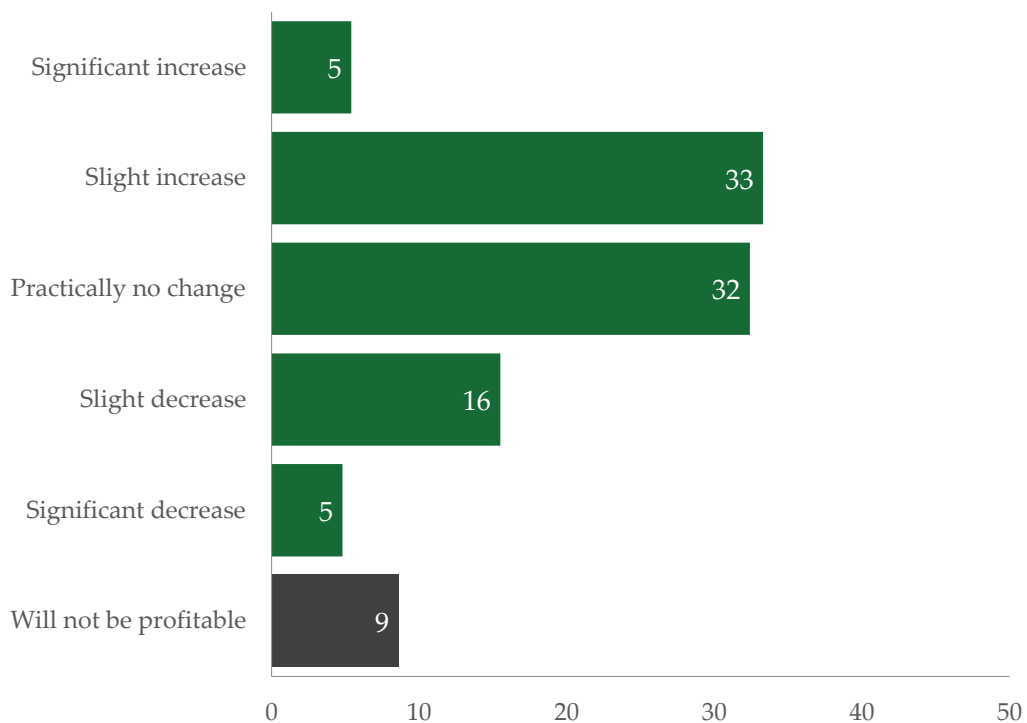
One in ten corporate leaders is extremely pessimistic regarding the future profitability of their business, as they do not expect to realize a profit in 2024. Another 20% expect either a significant or small decline in profits compared to 2023. Almost a third (32%) of respondents expect profitability to remain unchanged in 2024, while 38% of CEOs expect increased profitability. In this respect, enterprises seem more optimistic than a year earlier: in January 2023, 38% expected their profitability to remain unchanged, one quarter expected profits to drop and just over a quarter expected any increase.

Figure 1: Forecast of domestic enterprises on the rate of price increase expected in the near future (January 2024)



Source: IEER 2024

Figure 2: Forecast of Hungarian enterprises on profitability for 2024 compared to 2023 (in %)



Source: IEER 2024

EMPLOYEE SATISFACTION, INCENTIVES

The present analysis focuses on the range of domestic businesses that typically survey the satisfaction of their employees, as well as how satisfied employees are with the wage level available at their company, and the extent to which employees can be motivated by different tools, as seen by their business executives. The analysis relies on the latest findings of the *Short-Term Labour Market Forecast* survey by the Ministry for National Economy and the HCCI Institute for Economic and Enterprise Research (IEER) that involved 6,687 CEOs of companies with at least two workers.

Employee satisfaction

A quarter of responding business executives (26%) reported that their company had conducted a survey on employee satisfaction in the last three years. 71% did not do so, and 3% do not know whether their company has conducted a satisfaction survey.

By looking at the types of enterprises that are most likely to conduct an employee satisfaction survey, it can be seen that **businesses with a large number of employees, (partly) foreign-owned enterprises, enterprises in Central and South Transdanubia and businesses operating in the retail sector carry out surveys of this kind in the highest proportion.**

Employee satisfaction is surveyed in 26% of micro enterprises with 2-9 employees, compared to 26% of enterprises with 10-19 employees, 23% of enterprises with 20-49 employees, 27% of enterprises with 50-249 employees and 46% of enterprises with more than 250 employees.

By economic sectors, the highest percentage of employee satisfaction surveys is among commercial businesses, at 32%. The corresponding rates are 27% in construction, 23-23% in industry and

services and the lowest (12%) in agriculture.

24% of businesses in 100% Hungarian ownership and 55% of (partly) foreign-owned businesses conduct employee satisfaction surveys.

In statistical terms, there is no significant difference between the groups of companies by export share in terms of the proportion of businesses conducting employee satisfaction surveys.

By regions, the highest share of businesses with satisfaction surveys being carried out was found in Central Transdanubia (34%) and Central Hungary (30%), and the lowest in the southern part of the Great Plain (17%).

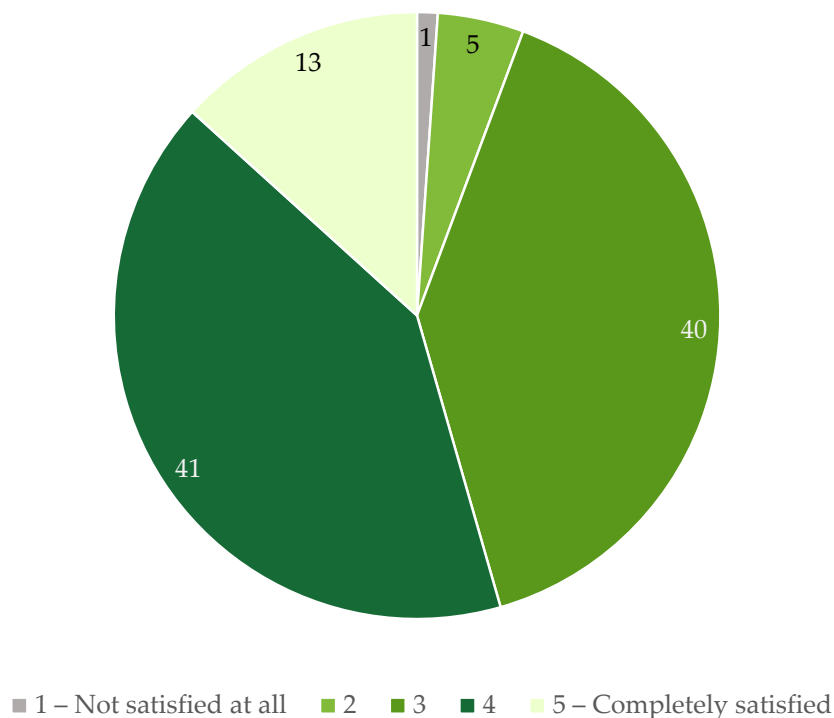
The survey also examined **how satisfied CEOs believe their employees are with the current wage level within their company.** Respondents were asked to rate on a scale of 1 to 5, with 1 indicating that employees were not satisfied at all and 5 indicating that they were completely satisfied with the given wage level.

Only 1% of respondents feel that their workers are not at all satisfied with the current wage level (1 point). 5% gave a 2, 40% a 3, 41% a 4 and 13% a 5. In other words, 81% of respondents said their

employees were moderately or rather satisfied with the current wage level, while

13% said they were completely satisfied. The average rating was 3.6 (Figure 1).

Figure 1: Rate of satisfaction of employees with the current wage level within their company (N=5677), %



Source: MNE, IEER: Short-Term Labour Market Forecast 2024 (autumn)

Note: Data weighted by the distribution of full-time employees in the private sector by geographical location, economic sector and enterprise size

CEOs with fewer employees are more likely to think that their employees are satisfied with the current level of wages: the average score is 3.9 for enterprises with 2-9 employees, 3.8 for enterprises with 10-19 employees, 3.6 for enterprises with 20-49 employees and 3.5 for enterprises with 50-249 employees and 250 or more employees.

By economic sectors, the highest average scores for perceived satisfaction with wage levels are found in construction (3.9) and trade (3.8). The corresponding score in the service industry is 3.6 and 3.5 in agriculture. The lowest average score is found among industrial businesses (3.4).

The average score for perceived satisfaction with wage levels is 3.6 for companies in domestic ownership and 3.7 for (partly) foreign-owned businesses.

Business executives of non-exporting enterprises gave an average score of 3.7, while those earning a smaller share of their turnover from export activity scored at 3.6, and those who earn most of their turnover from export gave 3.3 for perceived satisfaction with current wage levels.

By region, the average score on perceived satisfaction with wage levels is the highest

among businesses in Central Hungary (3.8) and the lowest in Northern Hungary (3.3).

Incentives

The survey also asked CEOs about the extent to which they think **employees at their company can be motivated by different incentives**. Once again, respondents were asked to rate on a scale of 1 to 5, with 1 indicating that the type of incentive was not motivating at all for employees and 5 indicating that it was highly motivating.

The vast majority of respondents consider wage levels to be the most motivating factor for their employees, with 67% rating it as highly motivating (5 points) and a further 27% rating it as a 4 (Figure 2). Thus, **94% of respondents consider wage levels to be a significant or very significant motivator (4 or higher)**.

Forms of catering vouchers are also seen as significantly motivating: 71% gave a grade of at least 4 (a 5 for 39%, and a 4 for 32%).

For *additional employee benefits*, the proportion was at 70% (37% gave a 5 and

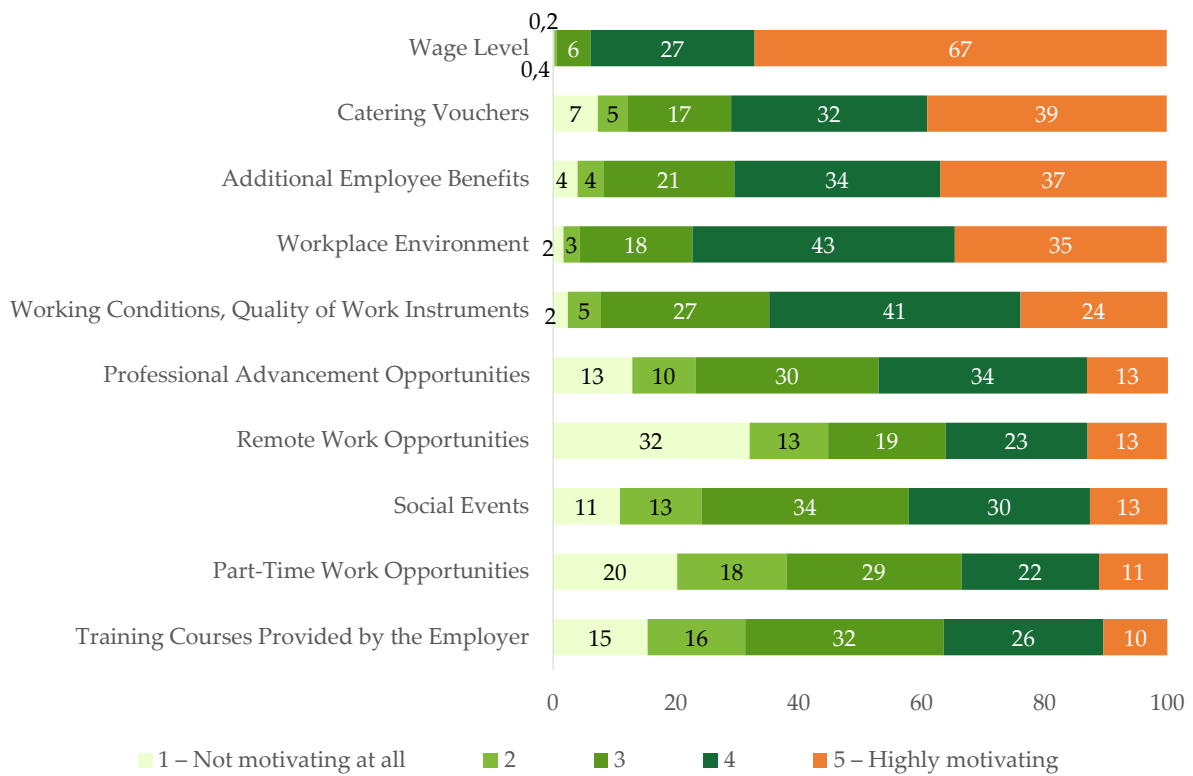
34% a 4), and 77% for *work environment* (35% gave a 5 and 43% a 4). For *working conditions and the quality of work instruments*, 65% gave a rating of 4 or higher.

Far fewer respondents than seen above consider *opportunities for professional advancement* (47% gave a score of at least 4), *social events* (42%), *remote work* (36%), *training provided by the workplace* (36%) and *part-time work* (34%) as important incentives.

The possibility of remote work was rated by a very high proportion as not motivating at all (32% rated 1, 13% 2), while the possibility of part-time work was also rated 1 or 2 by 38%.

Across all categories of company groups by number of employees and by economic sector, data show that managers consider wage levels, catering vouchers, additional benefits and workplace environment to be the most motivating factors.

Figure 2: Employee incentives (N=5663-6320), %



Source: MNE, IEER: Short-Term Labour Market Forecast 2024 (autumn)

Note: Data weighted by the distribution of full-time employees in the private sector by geographical location, economic sector and enterprise size

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) | 5.9% | 5.9% | 5.9% |
| Germany | Manufacturing Purchasing Managers Index | (March) | 41.9 | 41.6 | 42.5 |
| | IFO Business Climate Index ¹ | (March) | 87.8 | 85.9 | 85.5 |
| France | INSEE Business Climate Index ² | (March) | 99.8 | | 97.8 |
| | Unemployment Rate | (March) | 3.8% | 3.9% | 3.9% |
| USA | CB Consumer Confidence Index | (March) | 104.7 | 106.9 | 106.7 |
| | Manufacturing Purchasing Managers Index | (March) | 51.9 | 52.5 | 52.2 |
| China | Manufacturing Purchasing Managers Index | (March) | 50.8 | 50.1 | 49.1 |

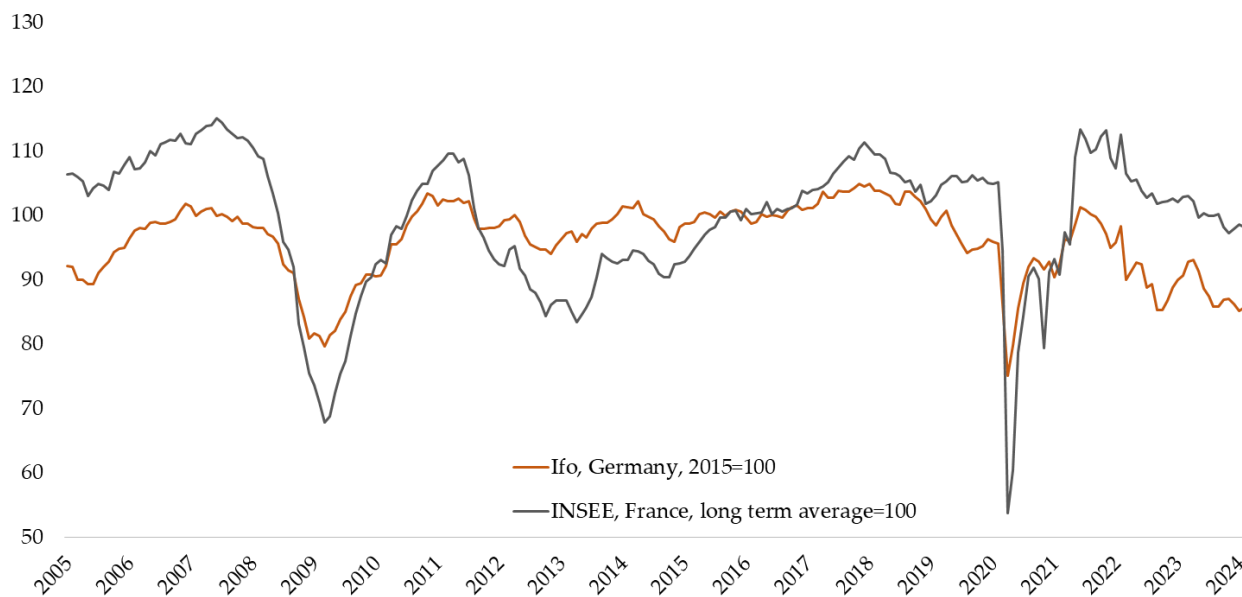
¹ <https://www.ifo.de/en/survey/ifo-business-climate-index-germany>

² <https://www.insee.fr/en/statistiques?debut=0&theme=30&conjoncture=23>

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

In Germany, the IFO business climate index continues to increase in March. The manufacturing purchasing manager index (PMI) decreased, and the unemployment rate remained the same in Germany compared to the previous period. The French INSEE business climate index improved compared to the month prior. The unemployment rate decreased slightly in the USA compared to the month prior. The CB consumer confidence index and the manufacturing PMI however decreased compared to February and both performed worse than expected. The Chinese manufacturing PMI increased compared to the previous month and the expectations.

Business confidence in Germany and France,
based on the Ifo and INSEE business climate survey,
January 2005 – March 2024



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

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