



Hungary

Overview

EIB INVESTMENT SURVEY

2019

EIB Group survey on investment
and investment finance 2019
Country overview

Hungary

EIB Group survey on investment and investment finance 2019. Country overview: Hungary

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance is a unique, annual survey of some 13.500 firms. It comprises firms in all EU Member States, as well as a sample of US firms which serves as a benchmark. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all Member States of the EU and for the US, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI.

For more information: <http://www.eib.org/eibis>.

About this publication

This EU-wide report is an overview of a series covering each of the EU Member States and the United States of America. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 40 economists, is headed by Debora Revoltella, Director of Economics.

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EIBIS 2019 – Hungary

KEY RESULTS

Investment Dynamics

After a temporary slowdown in 2016, investment in Hungary rebounded strongly and stands about 30 % above pre-crisis levels.

The positive overall dynamics, notwithstanding, the share of firms investing in Hungary is 69%, down from 76% in EIBIS 2018 and lower than the EU average (85%).

Investment intensity (amount invested per employee) remains well below the EU average (3,501 EUR versus 6,631 EUR).

Innovation Activities

Just over one-quarter of firms claim to have undertaken some form of innovation activity in the last financial year (28%), slightly below the EU average (34%) and EIBIS 2018 share (33%).

About half of firms (53%) claim to have implemented at least one digital technology, either partially (48%) or in full (4%), again slightly below the overall EU average of 58%. 'Internet of things' is the most frequently implemented digital technology across all sectors.

Drivers and Constraints

When it comes to short-term constraints, the political/regulatory climate, economic climate and sector business prospects in the year ahead have all turned negative on balance. Only construction firms are consistently positive across all dimensions.

Availability of skilled staff is the most cited long-term obstacle to investment, followed by uncertainty about the future (69% and 54% of firms respectively), the same two most cited barriers as among all EU firms.

Access to Finance

Eight per cent of firms can be considered as external finance constrained (versus 11% in EIBIS 2018 and 5% EU average).

The highest shares of dissatisfaction among firms using external finance are with the cost of finance (13%), type of finance offered (10%), and the amounts received (6%), compared with respective EU averages of 7%, 2% and 2%.

Investment Focus

Replacing existing buildings, machinery and equipment remains the most commonly cited investment priority for the next three years in Hungary (34% of firms), and also accounts for the largest share of investment in the last financial year (48%).

More than half of firms' investment is in machinery and equipment (56% share), followed by land, business buildings and infrastructure (18%). The share of intangibles is low relative to the EU overall.

Investment Needs

One-quarter of firms report under-investing (26%, versus 15% of all EU firms), and 11% believe they invested too much (versus just 3% of all EU firms). While 62% of firms say they invested about the right amount, this is lower than in EIBIS 2018 (72%).

More than half of firms report operating at or above maximum capacity in the last financial year (59%, matching the EU average). Firms' average share of machinery and equipment perceived to be state-of-the-art remains high in Hungary compared to the EU average (54% versus 44%).

Firms in Hungary allocated 11% of their investment activities to the improvement of energy efficiency.

Investment Finance

The share of external finance in funding investment has increased to 30%, compared with 23% in EIBIS 2018. Nevertheless, only a small share of firms (4%) say they are happy to rely exclusively on internal sources of financing.

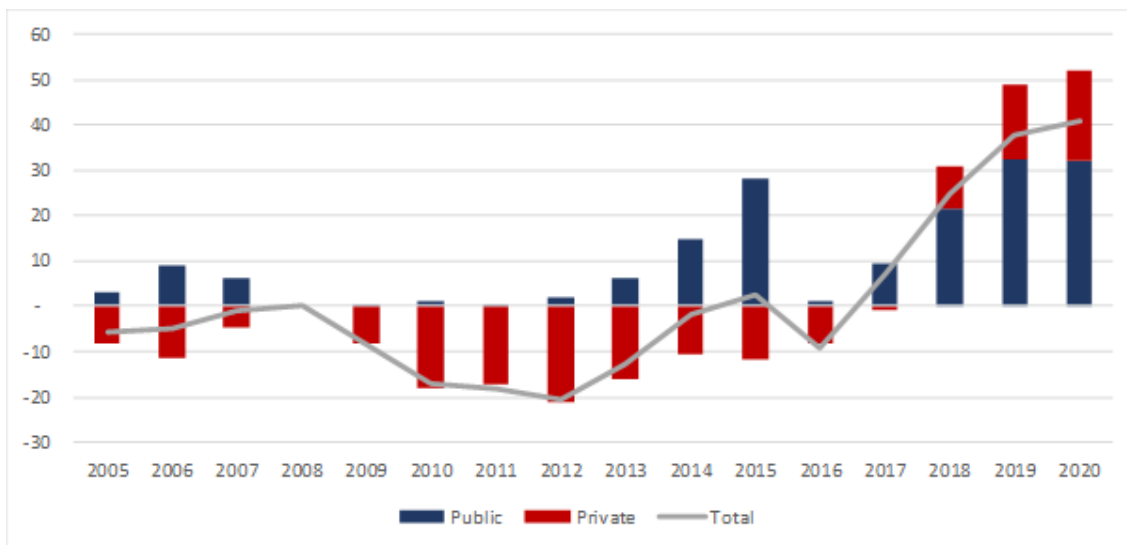
External finance is relatively evenly distributed between bank loans (34%), leasing (23%), grants (18%), non-loan bank finance (16%) and equity (8%).

Investment Dynamics

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

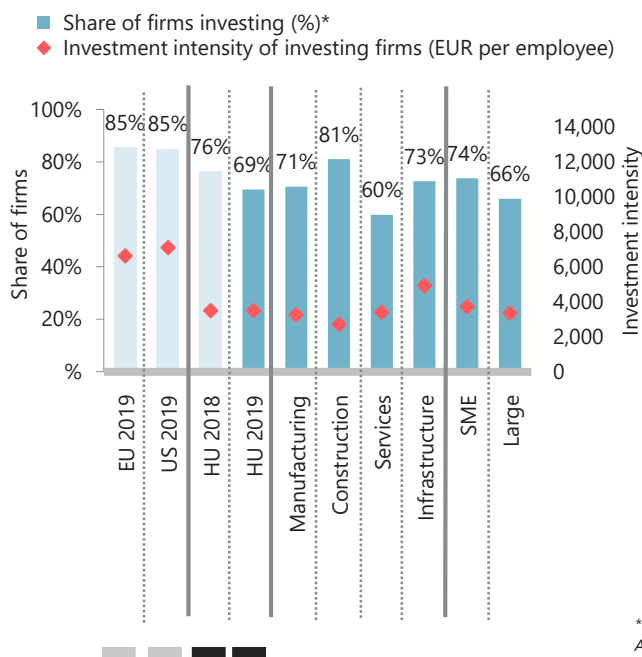
After a temporary slowdown in 2016 due to the EU fund cycle, investment in Hungary rebounded. Investment in 2019 is expected to exceed the pre-crisis level by more than 30% in real terms.

Public investment played a crucial role in the post-crisis recovery. Private investments, including corporate capital accumulation have started to pick up from 2016 onwards.



The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT ACTIVITY IN LAST FINANCIAL YEAR



Around seven in ten firms in Hungary (69%) invested in the last financial year. This is lower than the EU average (85%) and share recorded in EIBIS 2018 (76%).

The decline is most notable among large firms (66% invested, compared with 80% in EIBIS 2018), and firms operating in the service sector (60% versus 74% in EIBIS 2018).

Contrary to the past, when manufacturing firms recorded the highest share of investment in EIBIS 2018, it was the construction sector where firms were the most likely to invest (81%).

Investment intensity (amount invested per employee) remains significantly below the EU average (EUR 3,501 vs 6,631).

*The blue bars indicate the proportion of firms who have invested in the last financial year. A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities. Investment intensity is the median investment per employee of investing firms. Investment intensity is reported in real terms using the Eurostat GFCF deflator (indexed to EIBIS 2016).

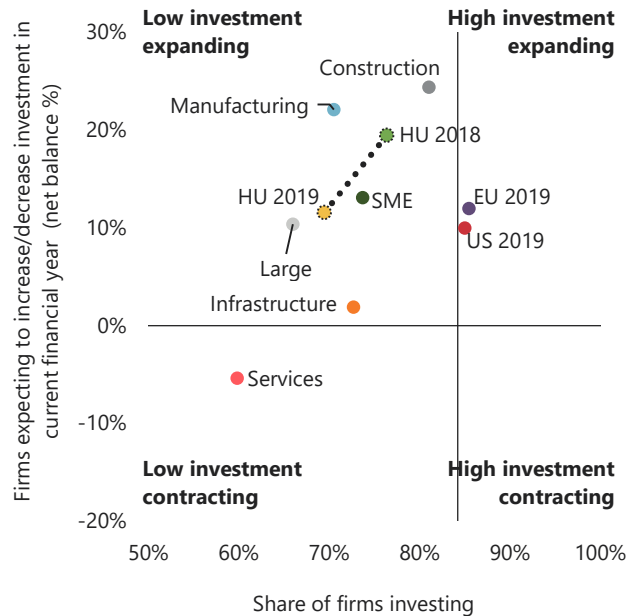
Base: All firms (excluding don't know/refused responses)

Investment Dynamics

INVESTMENT CYCLE

Hungary remains in the 'low investment expanding' quadrant of the investment cycle, moving further away from the average EU benchmark in terms of share of firms investing.

More firms still expect to increase than reduce their investment in the current financial year, with firms in the construction and manufacturing sectors being the most positive on balance. In contrast, firms in the service sector on balance expect to decrease their investment.

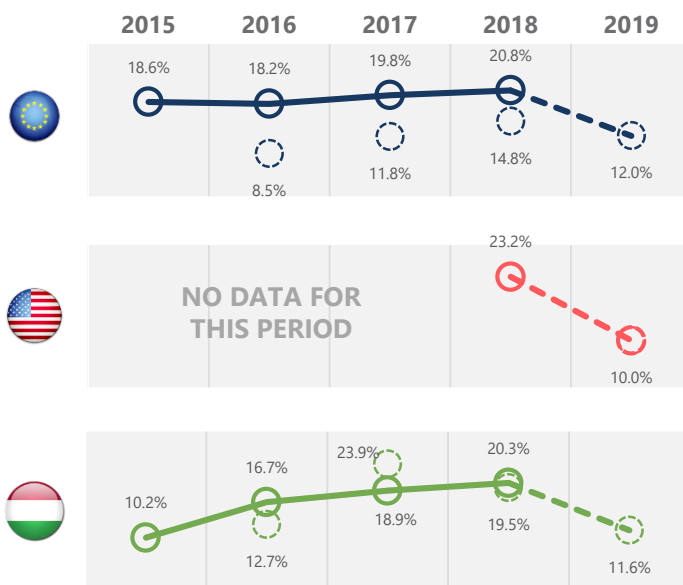


Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

Base: All firms

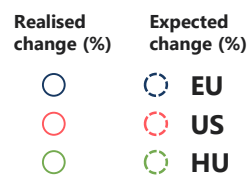
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



More firms increased than reduced their investment in the last financial year. The extent of the difference remains largely stable and similar to the EU average.

Looking ahead, while firms both in Hungary and across the EU on balance still expect to increase investment in the current financial year, the overall degree of optimism is lower than last year – especially in Hungary.



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

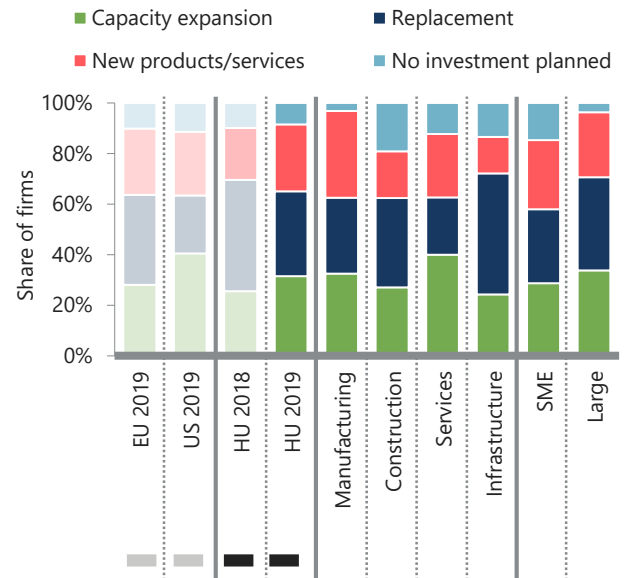
Investment Focus

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, replacing existing buildings, machinery and equipment remains the most commonly cited investment priority. While replacement is prioritised by 34% of firms, this share is down from 44% in EIBIS 2018.

Capacity expansion is now the main priority for nearly as many firms (32%, compared with 26% in EIBIS 2018).

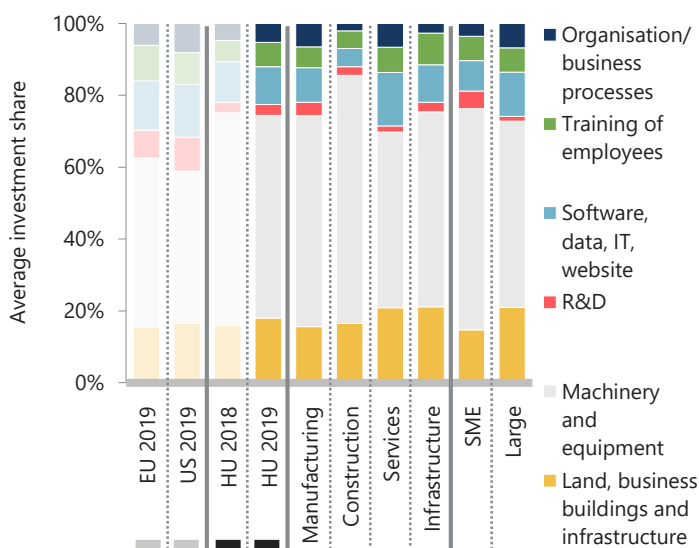
Firms in the manufacturing sector are most likely to prioritise new products and services (34%), while service sector firms are most likely to report capacity expansion as their investment priority (40%). Within the infrastructure sector, 47% of firms plan to prioritise replacement (47%).



Q. Looking ahead to the next three years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

INVESTMENT AREAS



Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Machinery and equipment again accounts for the highest share of investment (56% in Hungary versus 47% across the EU). The next largest share is for land, business buildings and infrastructure (18% and 16% respectively).

Share of investment in intangibles (such as software, data, IT and website activities and R&D) remains considerably lower than the EU average.

Construction firms report the highest share of investment in machinery and equipment (69%). Service sector firms and those in the infrastructure sector allocate the highest shares to land, buildings and infrastructure (both 21%). Firms in the service sector also report the highest share of investment in software, data, IT & website activities (15%).

Share of investment in machinery and equipment is higher for SMEs than large firms (62% versus 52%).

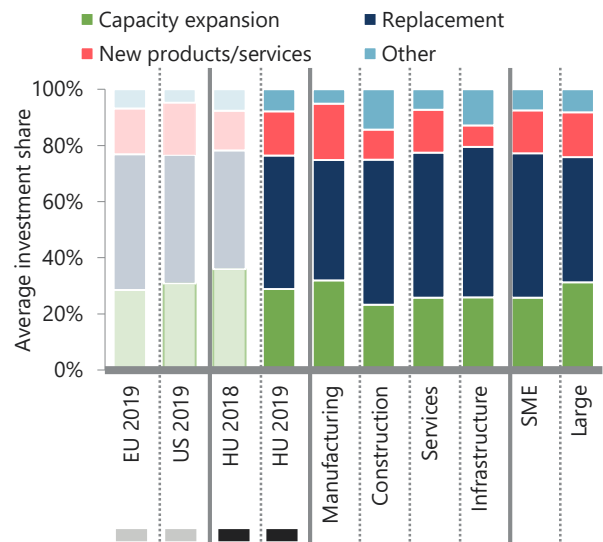
Investment Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

The largest share of investment in the last financial year was for replacement of existing buildings, machinery, equipment and IT, and is on a par with the EU average (both 48%).

Capacity expansion accounted for 29% of investment, which also matches the EU average, and lower than the 36% share recorded in Hungary in EIBIS 2018.

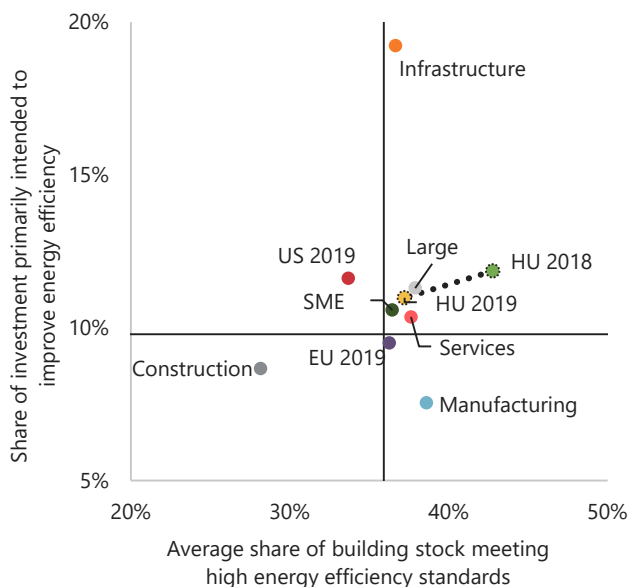
There is relative uniformity between firms of different sizes and sectors, with share of replacement investment highest in the infrastructure sector (54%) lowest among manufacturing firms (43%) and large firms (45%).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

ENERGY EFFICIENCY INVESTMENT



On average, firms report 37% of their building stock meets high energy efficiency standards (slightly lower than the 43% recorded in EIBIS 2018), and 11% of their investment is primarily intended to improve energy efficiency (similar to the 12% EIBIS 2018 share). Hungary is close to the EU average on both measures (36% and 10% respectively).

The highest share of investment in energy efficiency improvement measures is in the infrastructure sector (19%), while manufacturing firms report the lowest proportion (8%). When it comes to the proportion of the building stock perceived to meet high energy efficiency standards, construction firms are lagging behind the other sectors (28%).

Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms (excluding don't know/ refused responses) / All firms who have invested in the last financial year (excluding don't know/ refused responses)

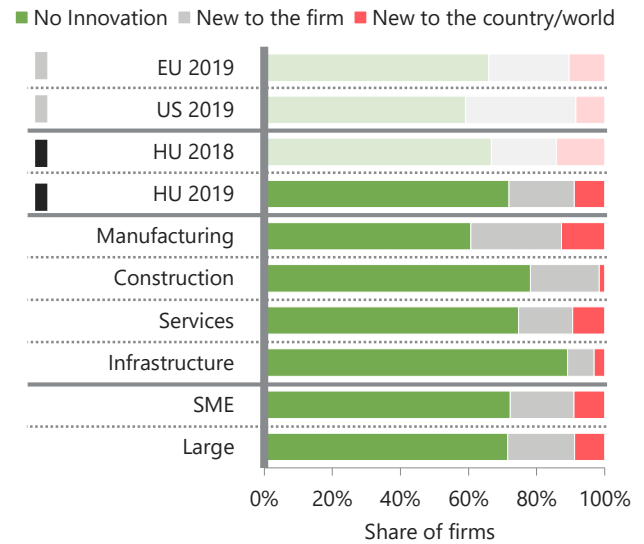
Innovation Activities

INNOVATION ACTIVITY

Just over one-quarter of firms (28%) claim to have developed or introduced new products, processes or services in the last financial year. This share is below the EU average (34%) and corresponding EIBIS 2018 share for Hungary (33%).

While 9% of firms report innovation that is new to the country or the world, which is close to the 11% EU average. However, the share is down from the 14% reported in EIBIS 2018.

Firms in the manufacturing sector are most likely to report innovation activity (39%), while those in the infrastructure sector are least likely to do so (11%). When it comes to the propensity to innovate, there is no difference between SMEs and large firms (both 28%).

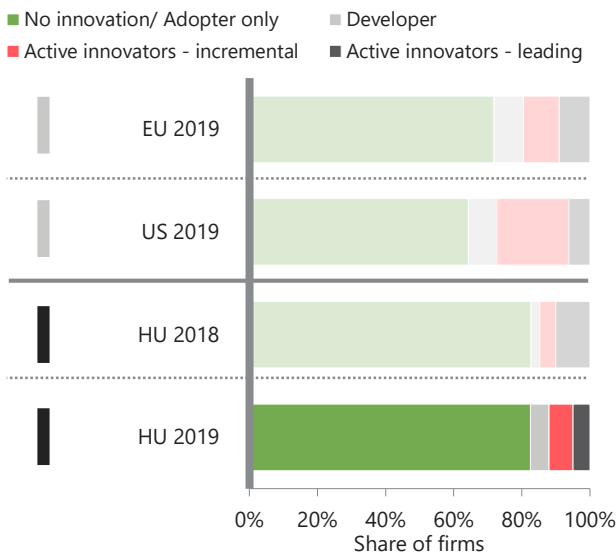


Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

Twelve per cent of Hungarian firms can be classified as active innovators, that is as firms that invested heavily in research and development and also introduced a new product, process or service.

This share is lower than in the EU overall; (19%).

The share of developers, i.e. firms that invested heavily in research and development activities but did not introduce a new product, process or service, is also slightly lower in Hungary than in the EU (7% versus 9%).

The 'No innovation/Adopter only' group comprises firms that did not introduce any new products, processes or services in the last financial year (no innovation) or did so but without any own research and development effort (adopter). 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators' these are new to the country/world'.

Innovation Activities

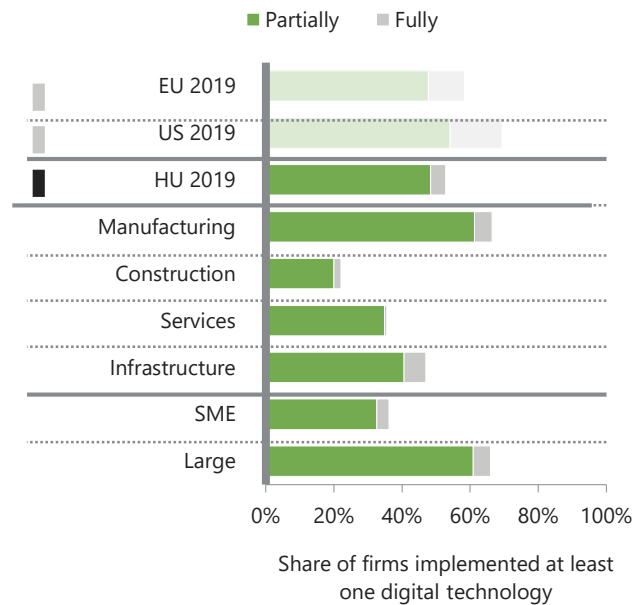
IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Just over half of firms (53%) report implementing at least one digital technology, either partially (48%) or in full (4%). The total share is slightly lower than the EU benchmark (58%).

Manufacturing firms and large firms are much more likely to implement digital technologies (67% and 66% respectively). Construction firms (22%), service firms and SMEs (both 36%) are lagging behind.

Of the individual technologies, implementation of 'Internet of things' is highest across all sectors – jointly with platform technologies among infrastructure firms.

Within manufacturing, firms in Hungary lead the EU in their implementation of 'Internet of things' (45% versus 34%), and adoption of automation via advanced robotics is in line with the EU average (44% versus 45%).

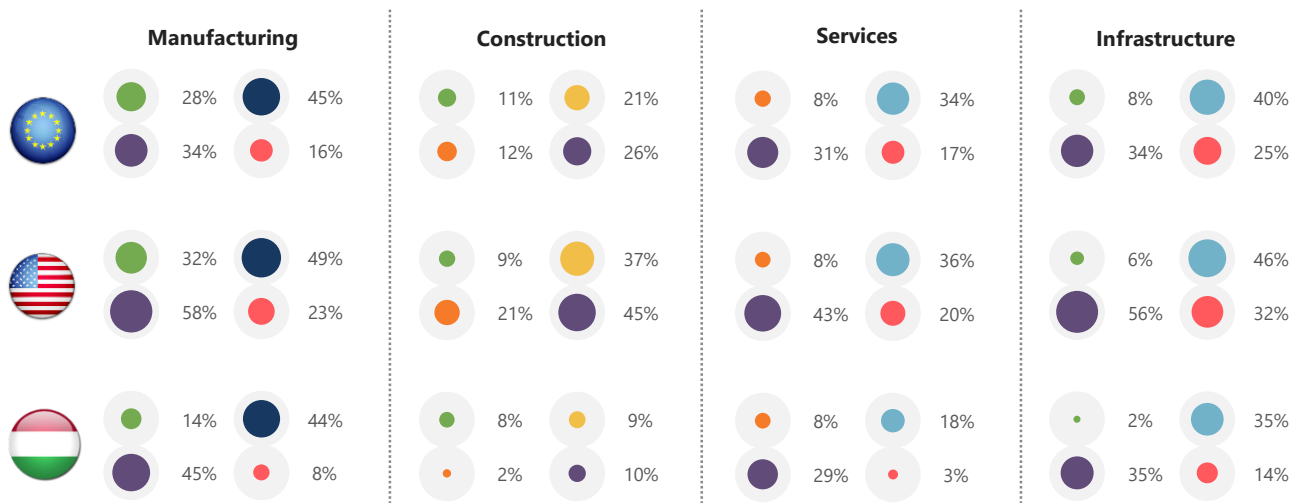


Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Base: All firms (excluding don't know/refused responses)

DIGITAL TECHNOLOGIES BY SECTOR

- 3-D printing
- Automation via advanced robotics
- Internet of things
- Cognitive technologies
- Augmented or virtual reality
- Drones
- Platform technologies



Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses)

Investment Needs

PERCEIVED INVESTMENT GAP

The perceived investment gap in Hungary is wider than the EU average. Only 62% of firms believe they invested about the right amount in the last three years. This is lower than the equivalent share in the previous wave (72%), and well below the EU average (79%).

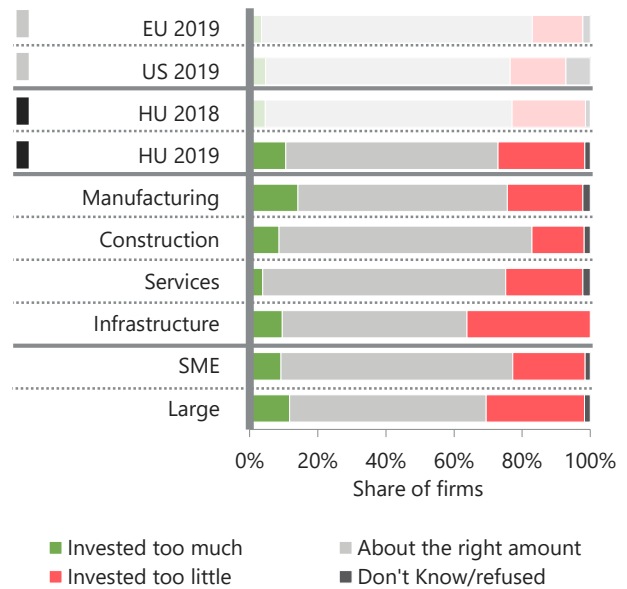
Around one in four firms report investing too little (26%, versus 15% of all EU firms), while around one in ten believe they invested too much (11%, versus just 3% of all EU firms).

Infrastructure firms are most likely to report investing too little (36%), while manufacturing firms are most likely to say they over-invested (14%).

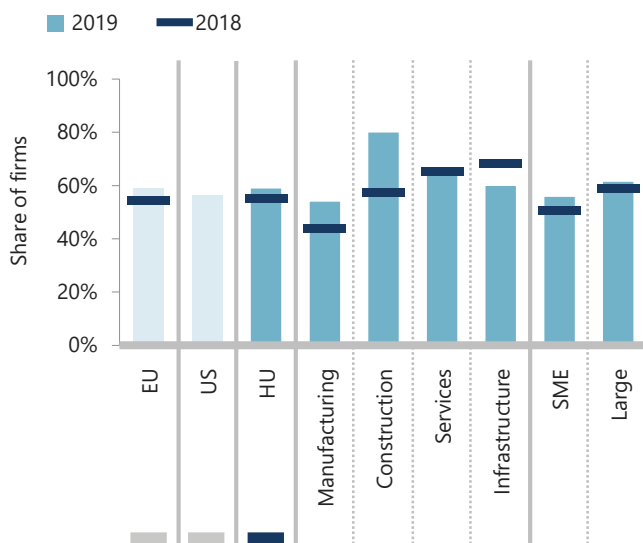
While 68% of SMEs say they invested about the right amount, only 58% of large firms say the same.

Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)



SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable under normal conditions e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

Base: All firms

More than half of firms report operating at or above maximum capacity in the last financial year (59%) which is in line with the EU benchmark (also 59%).

Firms in the construction sector are most likely to say they are at or above full capacity (80%), and this represents a marked increase from the 58% share reported in EIBIS 2018.

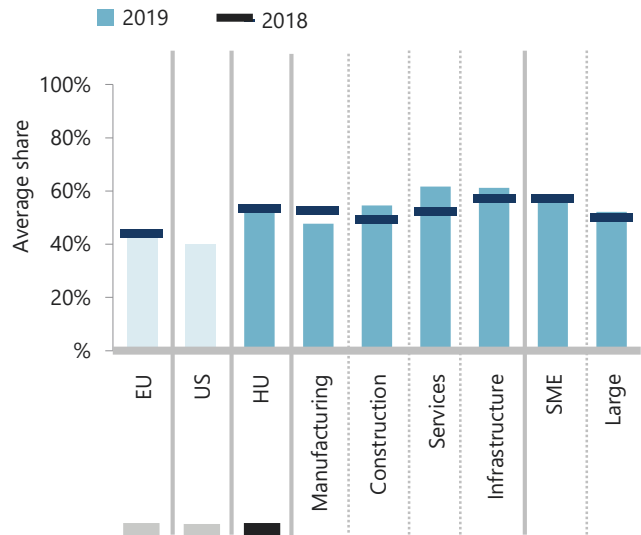
Similar proportions of large firms and SMEs report operating at or above full capacity (61% and 56% respectively).

Investment Needs

SHARE OF STATE-OF-THE-ART MACHINERY

The share of machinery and equipment in firms that is perceived to be state-of-the-art is 54%, and remains higher than the EU average share of 44%.

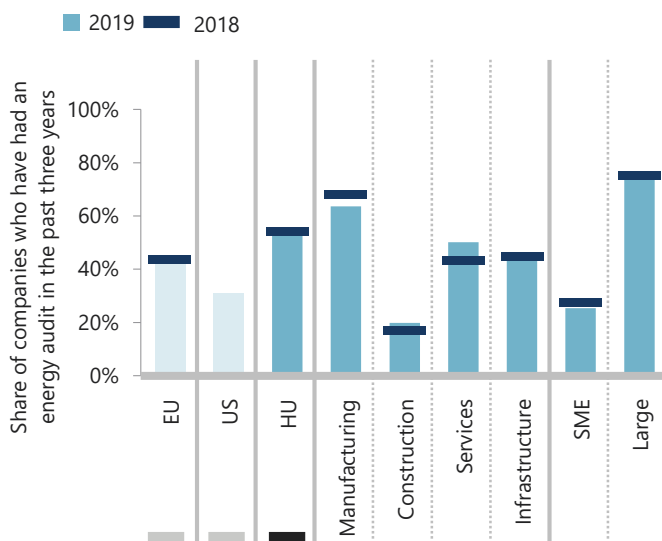
Share of state-of-the-art machinery and equipment is highest among firms in the service sector (62%, compared with 52% in EIBIS 2018). There has otherwise been little change since EIBIS 2018.



Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

Base: All firms (excluding don't know/refused responses)

ENERGY AUDIT



The share of firms in Hungary claiming to have an energy audit in the last three years remains the same (54%), and above the EU average (43%).

Firms in the manufacturing sector are most likely to report having an energy audit (64%), whereas firms in the construction sector are least likely (20%).

Large firms are three times more likely to report that they have had an energy audit than SMEs (77% and 25% respectively).

Q. Can I check, in the past three years has your company had an energy audit? By this I mean an assessment of the energy needs and efficiency of your company's building or buildings?

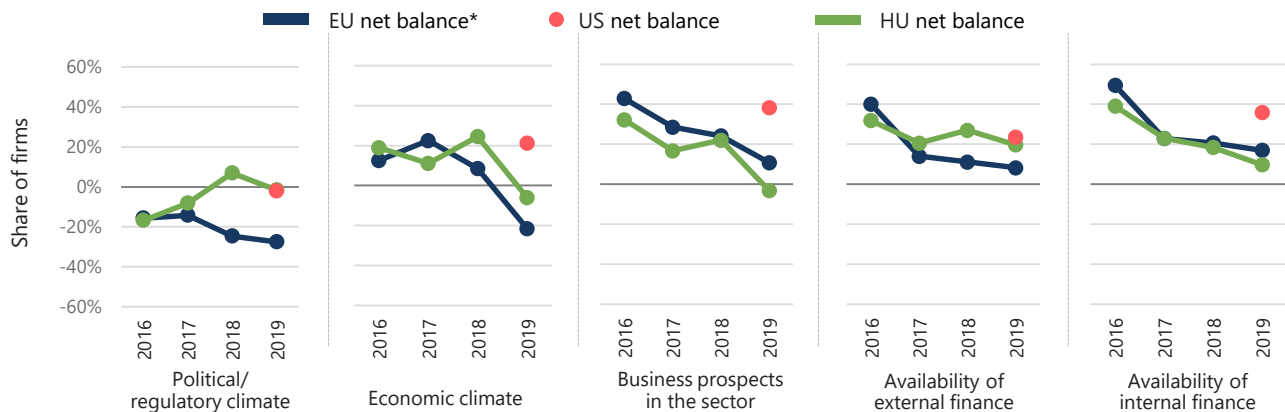
Base: All firms (excluding 'Company didn't exist three years ago' responses)

Drivers And Constraints

SHORT TERM INFLUENCES ON INVESTMENT

Firms in Hungary expect the political/regulatory climate, economic climate and sector business prospects to deteriorate on balance in the next twelve months. This is in marked contrast to the optimistic balance of opinion regarding these measures in EIBIS 2018.

While EU firms are even more pessimistic on the political/regulatory climate and economic climate, on balance EU firms still expect their sector business prospects to improve rather than deteriorate in the next year. The balance of opinion is still positive regarding the availability of finance.

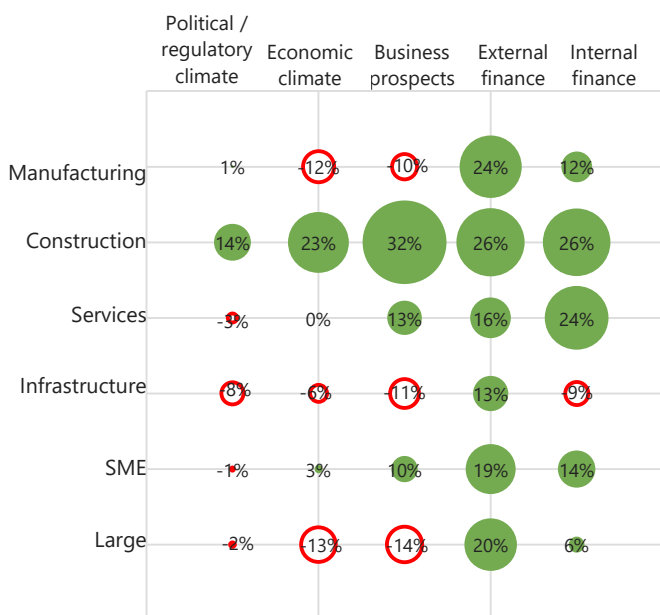


Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT TERM INFLUENCES BY SECTOR AND SIZE (NET BALANCE)



Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

Base: All firms

Construction firms are consistently the most optimistic on balance.

Large firms' negative perceptions of the economic climate and sector business prospects in the next twelve months (net balances of -13% and -14% respectively) are in contrast to positive net balance of opinion among SMEs on these measures (+3% and +10% respectively).

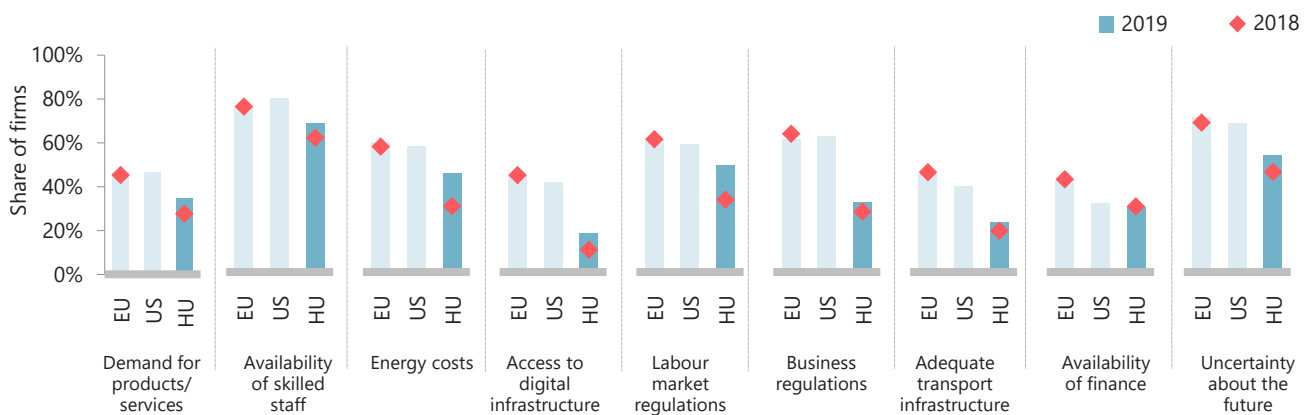
Drivers And Constraints

LONG TERM BARRIERS TO INVESTMENT

Availability of skilled staff is the most commonly cited obstacle to investment (69%), followed by uncertainty about the future (54%). These are also the most frequently mentioned barriers among all EU firms (77% and 72% respectively).

Skilled staff availability is named as an obstacle by 76% of large firms and 74% of infrastructure firms.

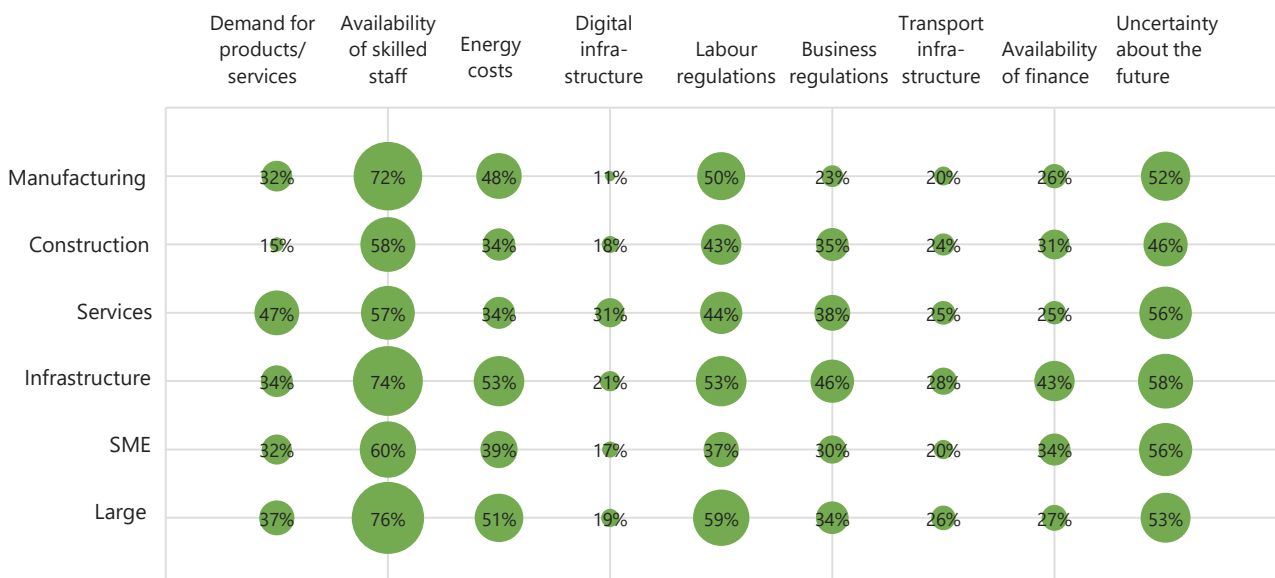
There have been increases in the share of firms citing future uncertainty (54%), labour market regulations (50%) and energy costs (46%) as barriers compared with EIBIS 2018 (46%, 34% and 30% respectively), though shares are still below EU averages. Labour regulations are a barrier for 59% of large firms, but only for 37% of SMEs.



Q. Thinking about your investment activities in Hungary, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG TERM BARRIERS BY SECTOR AND SIZE



Reported shares combine 'minor' and 'major' obstacles into one category

Q. Thinking about your investment activities in Hungary, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Investment Finance

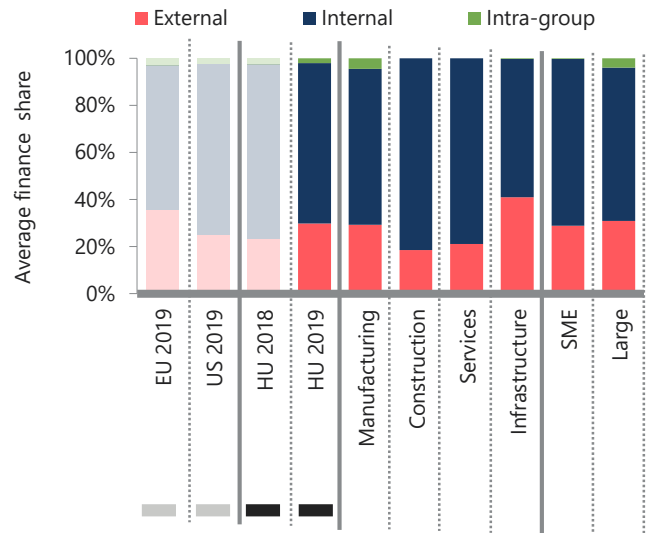
SOURCE OF INVESTMENT FINANCE

Two-thirds of firms' investment finance (68%) is sourced via internal funds, compared with 62% across the EU.

The share of external finance has increased significantly since last year. The average share of external finance is 30%, compared with 23% in EIBIS 2018, and now closer to the EU average share (36%).

Firms in the construction and service sectors rely most on internal funds (82% and 79% shares respectively). Many large firms are affiliated with multinational corporations (MNCs), therefore they can also rely on intra-group financing.

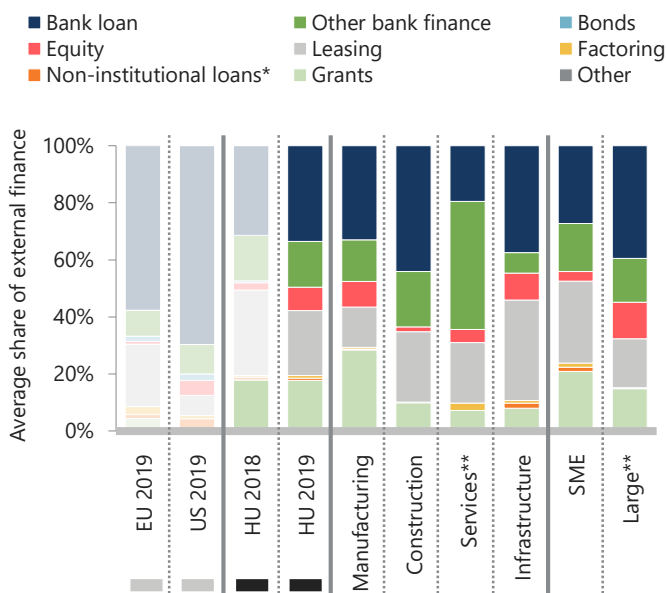
External finance is most prominent among firms in the infrastructure sector, accounting for a 41% average share.



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

**Caution very small base size less than 30

External finance is distributed between bank loans (34%), leasing and hire purchase (23%), grants (18%), non-loan bank finance (16%) and equity (8%), whereas bank loans account for a much higher average share of external finance at EU level (57%).

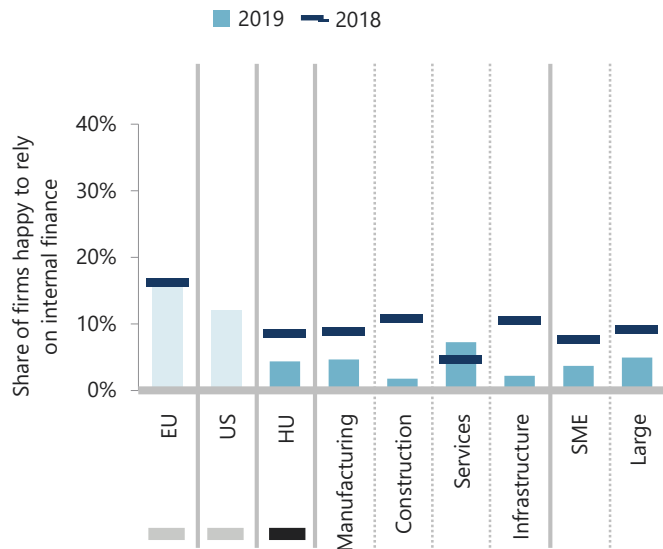
Grants (chiefly EU funds), equity and non-loan bank finance (overdrafts and other credit lines) play a more prominent role in Hungary compared to the EU average.

Half of SMEs' external finance comes from leasing and grants (29% and 21% shares respectively). Equity accounts for a higher share of large firms' external finance (13%, versus 3% for SMEs).

Investment Finance

SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

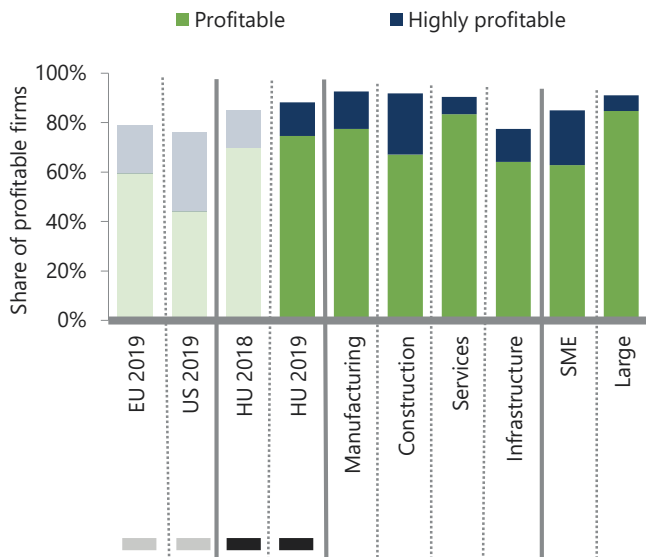
Only four per cent of all firms in Hungary report they are happy to rely exclusively on internal funds or did not have a need for external finance as the main reason for not applying for external finances. This compares with 9% in EIBIS 2018, and remains lower than the EU average share (16%).



Q. What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance

Base: All firms

SHARE OF PROFITABLE FIRMS



Almost nine out of ten firms in Hungary (88%) report generating a profit in the last financial year, which is above the EU average (79%).

Construction firms in Hungary are most likely to say they are highly profitable, defined as generating a profit of 10% or more of turnover (25%, compared with between 7% and 15% of firms in other sectors).

SMEs are more likely than large firms to be highly profitable (22% versus 6%). However, the overall proportion of profitable large firms is slightly higher than SMEs (91% versus 85%).

Q. Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover of 10% or more

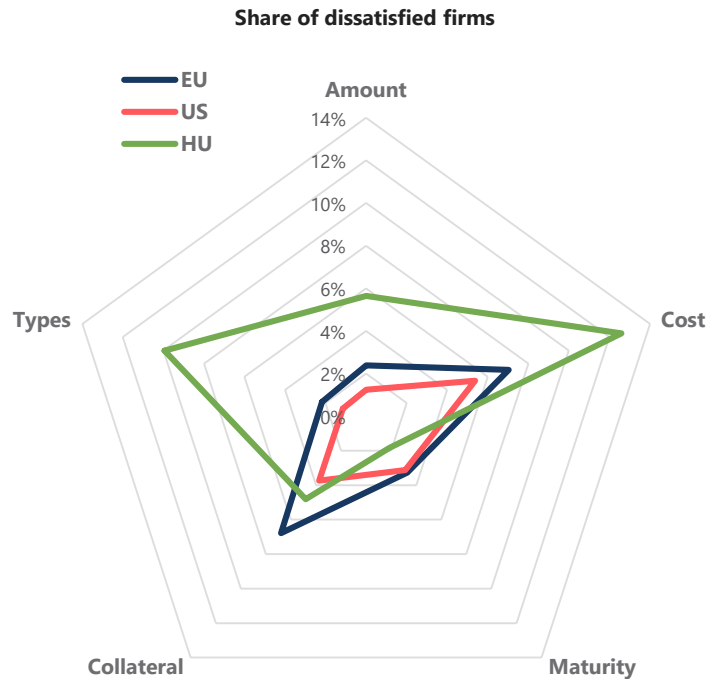
Base: All firms (excluding don't know/refused)

Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external finance are on balance less satisfied with the external financing offered than in EIBIS 2018.

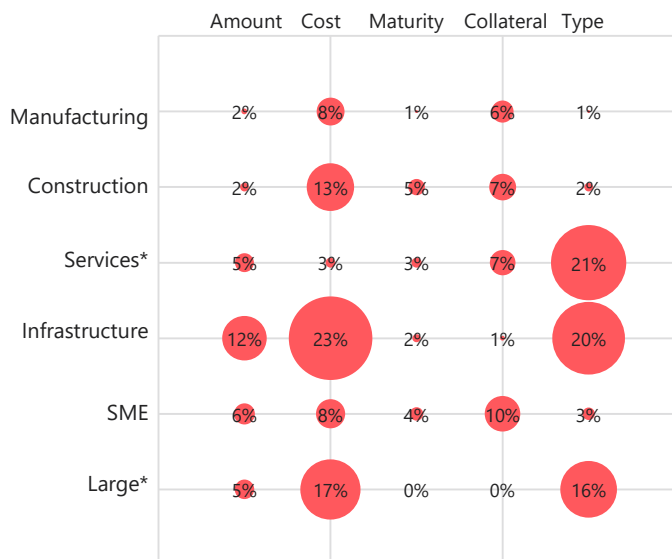
The highest shares of dissatisfaction recorded are with the cost of finance (13%), marking a significant increase from 3% in EIBIS 2018. A relatively high share of firms are also unhappy with the type of finance offered (10%) and the amount of finance received (6%), when compared with the respective EU averages.



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

*Caution very small base size less than 30

Whereas in EIBIS 2018 SMEs were more likely to be dissatisfied than last firms, we see the opposite now, though data should be treated with caution due to the low number of large firms using external finance sampled.

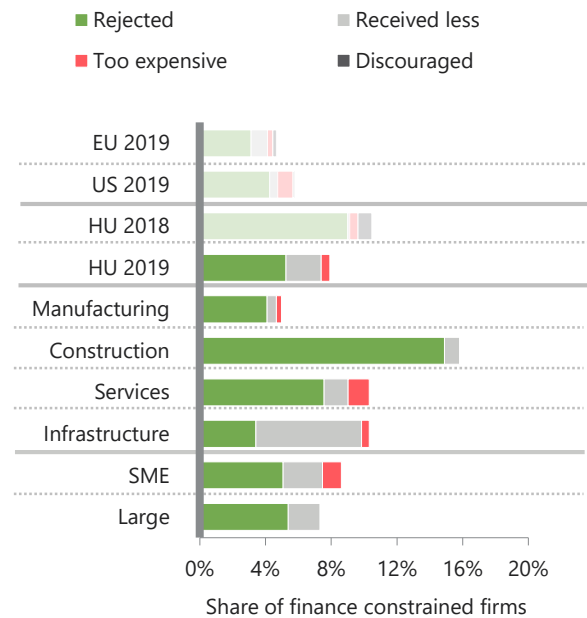
Almost one-quarter of firms using external finance in the infrastructure sector report dissatisfaction with the cost of finance (23%). More than one in ten large firms (17%) and construction firms (13%) also express dissatisfaction.

Dissatisfaction with the type of financing received is mostly confined to firms in the service sector, infrastructure firms and large firms (21%, 20% and 16% shares respectively).

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

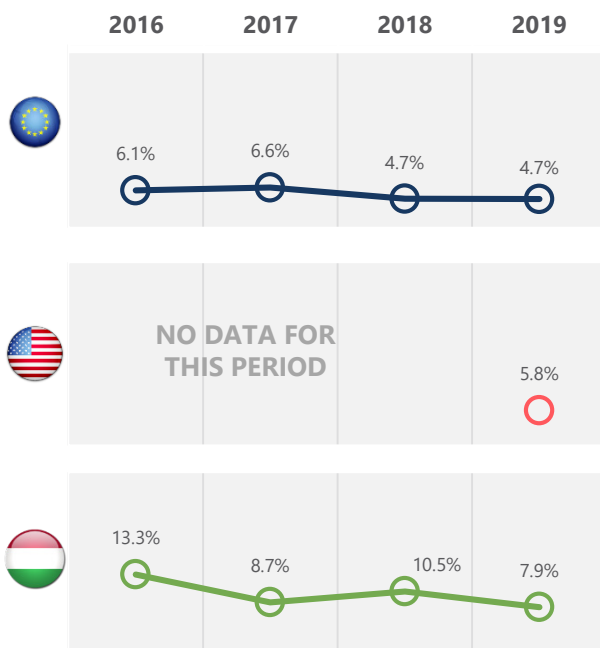
Eight per cent of firms can be considered as external finance constrained, which is somewhat higher than the EU average (5%). The highest share of constrained firms is in the construction sector (16%), and the lowest share is among manufacturing firms (5%).



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms

FINANCING CONSTRAINTS OVER TIME



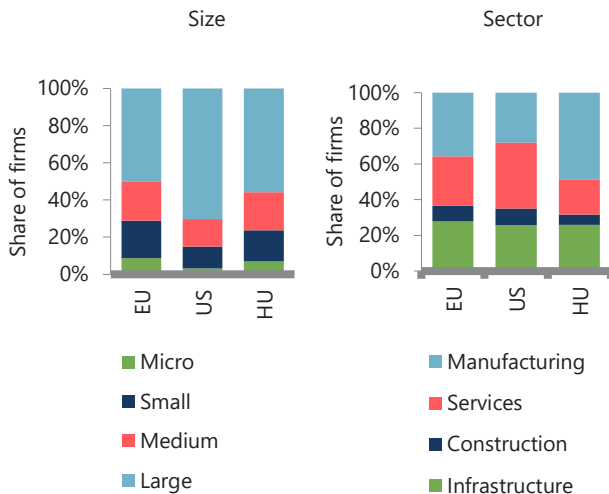
Data derived from the financial constraint indicator

Base: All firms

While the eight per cent of firms in Hungary considered to be external finance constrained is higher than the EU average of approximately five per cent, there has been a slight reduction compared with EIBIS 2018.

Profile Of Firms

CONTRIBUTION TO VALUE ADDED



The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

Base: All firms

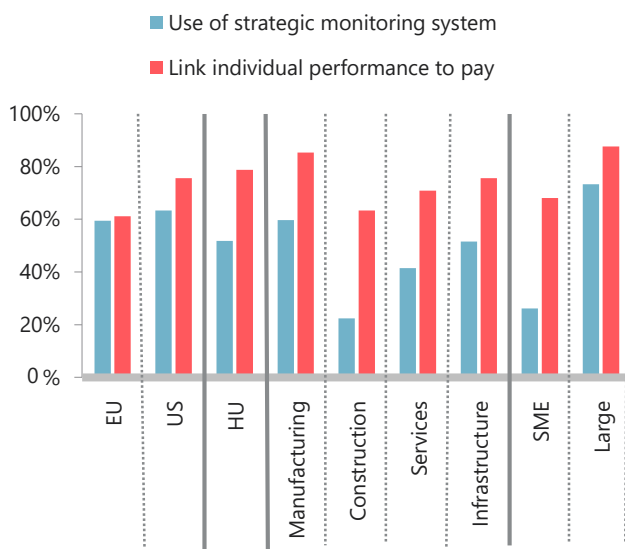
Large firms with 250+ employees contribute the largest share of value-added (56%), which is slightly above the EU average (50%).

Manufacturing firms account for nearly half of value-added (49%), again more so than in the EU overall (36%).

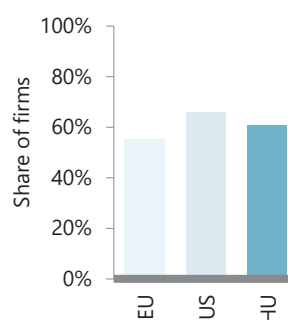
About half of firms in Hungary say they use a formal strategic monitoring system (52%, compared to the EU benchmark of 60%). However, a higher share of firms link individual performance to pay (79% in Hungary versus 61% at EU level).

Firms in Hungary are more likely to be owner managed when compared to the EU average (61% versus 51%), and the majority of firms report that their CEO or company head has at least ten years of industry experience (90%, similar to the EU average of 92%).

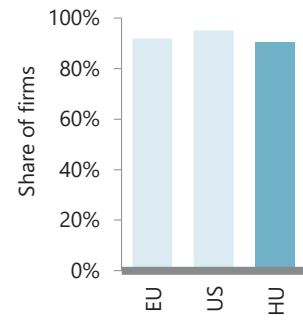
FIRM MANAGEMENT



Owner managed



10 years+ industry experience



Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?

Base: All firms (excluding don't know/refused)

Q. Does the CEO/ company head of your firm (a) own or control the firm, or have a family member that owns/controls it (b) have more than 10 years of experience in your firm's industry or sector?

Base: All firms (excluding don't know/refused)

EIBIS 2019 – Country Technical Details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Hungary, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	HU	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs HU	Manuf vs Constr	SME vs Large
	(12672)	(803)	(480)	(146)	(120)	(102)	(108)	(418)	(62)	(12672 vs 480)	(146 vs 120)	(418 vs 62)
10% or 90%	1.0%	2.9%	3.7%	5.9%	5.7%	7.4%	7.3%	2.6%	6.4%	3.9%	8.1%	6.9%
30% or 70%	1.5%	4.4%	5.7%	9.0%	8.7%	11.3%	11.1%	4.0%	9.7%	5.9%	12.4%	10.5%
50%	1.7%	4.8%	6.2%	9.8%	9.5%	12.3%	12.1%	4.4%	10.6%	6.4%	13.6%	11.4%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

EIBIS 2019 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 480 firms in Hungary (carried out between March and June 2019).

BASE SIZES (*Charts with more than one base; due to limited space, only the lowest base is shown)

Base definition and page reference	EU 2019/2018	US 2019	HU 2019/2018	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 4, p. 8, p. 10, p. 13, p. 15, p. 16	12672/12355	803	480/475	146	120	102	108	418	62
All firms (excluding don't know/refused responses), p. 2	11967/11790	711	461/454	143	117	97	100	403	58
All firms (excluding don't know/refused responses), p. 6*	8802/9095	516	310/359	102	69	63	73	273	37
All firms (excluding don't know/refused responses), p. 7*	12533/NA	800	479/NA	141	118	98	106	417	62
All firms (excluding don't know/refused responses), p. 9	12216/11952	778	475/469	145	119	101	106	416	59
All firms (excluding don't know/refused responses), p. 13	10980/10865	605	402/406	128	102	80	88	353	49
All firms (excluding don't know/refused responses), p. 16*	12201/NA	762	472/NA	143	119	99	105	414	58
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10005/10126	620	380/395	116	99	77	85	335	45
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5*	10188/10004	624	349/375	113	80	71	82	301	48
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9407/9030	587	361/347	101	101	76	80	324	37
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4426/4212	245	166/152	57	38	26	42	146	20
All firms (excluding those who did not exist three years ago), p. 8	12640/12335	802	480/475	146	120	102	108	418	62
All firms (excluding those who did not exist three years ago), p. 9	12640/12335	802	480/475	146	120	102	108	418	62
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 11	12672/12355	803	480/475	146	120	102	108	418	62
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 12	4578/4323	255	170/155	60	40	26	43	149	21



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Hungary

Overview

EIB INVESTMENT SURVEY

2019