Hungary Overview
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EIB Investment Survey Country Overview: Hungary
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About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13,500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that firms face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication
The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

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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 and its team of 40 economists is headed by Debora Revoltella, director of economics.

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EIB Investment Survey 2021
Country overview: Hungary

EIBIS 2021 – Hungary

KEY RESULTS

Investment Dynamics and Focus

EIBIS 2021 shows that Hungarian firms, while having invested less in 2020, have become more optimistic for 2021, with more firms expecting to increase investment rather than decrease it. This represents a substantial positive shift from EIBIS 2020. On average, Hungarian firms spent nearly a half (47%) of their investment on replacing buildings and equipment, higher than in EIBIS 2020 (36%). Out of the six investment areas considered, the highest share of investment in Hungary was in machinery and equipment (61%). Hungarian firms report lower share of investments in intangibles compared to EU firms overall.

Impact of COVID-19

COVID-19 had a strong impact on Hungarian firms, with around half (46%) of them having experienced a decline in sales compared to the beginning of 2020. COVID-19 also had an impact on firms’ investment, as one in three firms (30%) revised their investment plans downwards. Asked about short-term actions due to COVID-19, digitalisation stood out, with two-thirds of firms (38%) reporting that they have taken action or made investment to become more digital, a share remaining nevertheless below the EU average (46%).

Investment Needs and Priorities

COVID-19 will undeniably have a long-term impact on needs and priorities. Again, digitalisation stands out, with the majority of firms indicating that they expect COVID-19 to lead to an increased use of digital technologies in the long-term (64%), in line with what was reported in EIBIS 2020 (57%).

The share of Hungarian firms operating at or above full capacity has slightly declined since EIBIS 2020 (from 59% to 52%), but it was still higher than the EU average (49%). Firms do not perceive major gaps in terms of investment. In spite of the difficult circumstances, 73% of the firms believe they have invested about the right amount over the last three years, which is slightly above EIBIS 2020 (68%).

Innovation Activities

About 30% of all firms developed or introduced new products, processes or services as part of their investment activities, slightly below the EU average (36%). More than half of firms (60%) have introduced one or more of the advanced digital technologies they were asked about, similar to EU average (61%). Compared to the EU, Hungarian firms are more likely than other EU firms to have implemented robotics and less likely to have adopted big data or platform technologies and drones.

Drivers and Constraints

Companies in Hungary expect business prospects in their sectors and the availability of internal finance to improve in the next twelve months, similar to EU firms.

About two in three firms (69%) consider the availability of skilled staff as a barrier to investment, which has increased since EIBIS 2020 (54%) but remains below the EU average (79%). Uncertainty about the future is also commonly seen as a barrier, mentioned by 68% of firms in the country.

Investment Finance

Access to finance conditions were more difficult in Hungary than in the EU overall, as 10% of the firms could be considered financially constrained in 2020, slightly above the EU average of 5%. However, firms who used external finance in 2020 are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. The highest levels of dissatisfaction recorded among firms in Hungary is with the collateral requirements (9%) and the cost of finance received (3%).

As a result of the crisis, 11% of all firms in the country claim they have increased debt, slightly below the EU average (16%). Nearly half (48%) of firms have received financial support in response to COVID-19, which is lower than the EU average (56%). Subsidies or other financial support which do not need to be paid back were the main form of financial support in response to COVID-19 (30%).

Climate Change and Energy Efficiency

A relevant share of Hungarian firms feel the effect of climate change: 61% of the firms report that climate change-related weather events are having an impact on their business, similar to EIBIS 2020 (57%) and the EU average (58%). Hungarian firms are starting to internalize the risks associated with the transition to net zero, with slightly more firms seeing the transition to stricter climate standards and regulations as a risk rather than an opportunity for their business over the next five years (35% and 19% respectively).

Around one third (29%) of firms have already made investments to tackle the impact of climate change and 49% plan to invest in the future. The share of firms having invested in measures to improve energy efficiency in 2020 (46%) is above the EU average (37%). Additionally, more than half (54%) set and monitored internal targets on carbon emissions and energy consumption in 2020, again above the average for the EU (46%).

Firm management, gender balance and employment

The share of firms in Hungary who linked individual performance to pay (84%) and who strove for gender balance (71%) in 2020 is higher than the average share for the EU (67% and 60% respectively). In addition, about half of firms in the country claim to have used a strategic monitoring system (51%), which is in line with the average for the EU (55%). Overall, Hungarian firms did not experience a change in employment during COVID-19, similarly to the pattern across the EU.
Investment Dynamics and Focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, investment in Q3 2020 fell 7% below the pre-crisis (Q4 2019) level, mostly due to a decline in corporate investment. Unlike in other EU countries, household investment increased compared to 2019, while government investment fell.

Total investment experienced a rebound starting from Q1 2021, and in Q2 and Q3 2021 it soared above the levels recorded in the same quarters of 2020. Instead, in comparison to the pre-crisis period, the recovery seems not yet complete, with investment in Q3 2021 remaining slightly below the Q4 2019 level.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

EIBIS 2021 shows that Hungarian firms, while having invested less in 2020, have become more optimistic for 2021, with more firms expecting to increase investment rather than decrease it. This represents a substantial positive shift from EIBIS 2020.

Large firms and those in the manufacturing sector are more likely to have invested while firms in the services sector are more likely to expect to increase 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 EIBIS 2021.

Base: All firms

‘Realised change’ is the share of firms who invested more minus those who invested less;
‘Expected change’ is the share of firms who expected to invest more minus those who expected to invest less.

Base: All firms (excluding don’t know/refused responses)
Investment Dynamics and Focus

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

On average, in 2020, firms in Hungary spent nearly a half (47%) of their investment on replacing buildings and equipment, in line with other EU firms (50%) but higher than in EIBIS 2020 (36%). The share of investment allocated to capacity expansion has declined from 39% in EIBIS 2020 to 30% in EIBIS 2021.

The share of investment allocated to expanding capacity in 2020 is higher among SMEs compared to large firms (41% versus 23%) while for large firms the share for replacements is much higher (53%) than for SMEs (38%).

Infrastructure firms are more likely to report having allocated a higher share of investment in replacements (67%) than firms in other sectors (ranging from 36% to 40%).

Firms in the manufacturing sector report having devoted a higher share of investment to the introduction of new products, processes or services (25%) compared to all other sectors (ranging from 9% to 10%).

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)

INVESTMENT AREAS

Out of the six investment areas considered, the largest share of investment in 2020 by Hungarian firms was in machinery and equipment (61%), followed by land, business buildings and infrastructure (17%). This investment pattern is very similar to the EIBIS 2020 findings but it is slightly different to the pattern seen among EU firms. Hungarian firms report having allocated a lower share of investment to intangible assets (R&D, software, training and business processes) than EU firms (22% vs 38%).

Investment activities varied depending on the sector and size of the business. SMEs and firms in the infrastructure sector invested a higher share in intangibles and a lower share in tangible assets (land, buildings, infrastructure and machinery).
Impact of COVID-19

IMPACT OF COVID-19 ON SALES

COVID-19 affected firms in various ways. Nearly half (46%) of the firms in Hungary report a decline in sales or turnover compared to the beginning of 2020, similar to the EU average (49%). However, the pandemic created new opportunities for some firms: nearly a quarter (24%) claim to have experienced an increase in sales or turnover, similar to the EU average (21%).

SMEs are more likely to have seen a decline in their sales or turnover compared to large firms (49% vs 43% respectively). Conversely, large firms are more likely than SMEs to have seen their sales or turnover increase (28% compared to 19%).

Q. What has been the impact so far of the COVID-19 pandemic on your company’s sales or turnover compared to the beginning of 2020?

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

SHORT-TERM ACTIONS AS A RESULT OF COVID-19

More than half (55%) of firms have taken at least one of the short-term actions or investments they were asked about in response to COVID-19, in line with the EU average (57%).

The most cited area of action or investment is to become more digital, but to a lesser extent than in the EU overall. In fact, nearly two in five (38%) firms report having taken action or made investment to become more digital due to COVID-19, less than the EU average (46%). One in four firms have taken action or made investments to develop new products (26%), again in line with the EU average (25%).

As a result of the pandemic, large firms are more likely than SMEs to have developed new products (31% compared to 21%) or to have become more digital (48% compared to 27%). In contrast, SMEs are more likely than large firms to have shortened their supply chain (7% compared to 12%).

Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

Base: All firms (excluding don’t know/refused responses)
Impact of COVID-19

IMPACT OF COVID-19 ON INVESTMENT

When asked about whether they made any changes to their investment expectations during the pandemic, around a third (31%) of Hungarian firms report having revised their investment plans downwards as a result of COVID-19, in line with the EU average (26%). Just 4% of firms revised their investment plans upwards (3% among EU firms).

Large firms are far more likely than SMEs to have revised their investment plans downwards (41% compared to 18%).

DIFFERENCES IN IMPACT OF COVID-19 ON INVESTMENT

Firms that report that the COVID-19 crisis had a negative sales impact are more likely to have revised their investment plans downwards compared to firms with a stable or positive sales impact (40% compared to 23%).

This pattern is also reflected at the EU level, as the share of firms with declining sales who have also revised their investment plans downwards is similar in both Hungary and the EU (40% and 36% respectively).

Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Q. You mentioned revising your investment plans due to the COVID-19 pandemic. Did you revise them upward or downward?

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

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Q. What has been the impact so far of the COVID-19 pandemic on your company’s sales or turnover compared to the beginning of 2020? Has it...

Base: All firms (excluding don’t know/refused responses)
Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Firms in Hungary do not perceive major gaps in terms of investment. Despite the difficult circumstances, around three in five firms in Hungary (73%) believe they have invested about the right amount over the last three years, in line with what was reported in EIBIS 2020 (68%) but less than the EU average (82%). Moreover, around a fifth (19%) believe that they have invested too little, slightly more than the EU average (14%) and less than what was reported in EIBIS 2020 (24%).

Infrastructure firms are more likely to report having invested too little (34%) compared to firms in other sectors (ranging from 9% to 23%).

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

In 2020, around a half of all firms (52%) were operating at or above full capacity, which is in-line with what was reported in EIBIS 2020 (59%) and with the EU average (49%).

The share of construction firms operating at or above full capacity has declined sharply (43% versus 80% in EIBIS 2020). Construction firms and manufacturing firms (both 43%) are less likely to have operated at or above full capacity compared to firms in the services and infrastructure sectors (58% and 64% respectively).

Fewer SMEs operated at or above full capacity in 2020 compared to large firms (45% versus 57%).

Full capacity is the maximum capacity attainable 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?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Expanding capacity for existing products and services is the most commonly cited investment priority among firms in Hungary (39%), which is above the EU average of 32%. Replacing existing buildings, machinery, equipment and IT is the second most important priority for Hungarian firms (36%) with more firms citing it as a priority than in EIBIS 2020 (29%).

Firms in the infrastructure sector are more likely to prioritise replacement (51%) than firms in the other sectors (ranging from 30% to 31%). Large firms are also more likely to prioritise replacement (42%) than SMEs (28%).

COVID-19 LONG-TERM IMPACT

COVID-19 will undeniably have a long-term impact on needs and priorities. More than three-quarters (78%) of firms expect the COVID-19 outbreak to have some long-term impact on at least one of the aspects they were asked about, fewer than in EIBIS 2020 (87%) but in line with the EU average (72%).

Digitalisation stands out, with around two-thirds (64%) of Hungarian firms expecting COVID-19 to lead to an increased use of digital technologies in the long-term, in line with what was reported in EIBIS 2020 (57%) but higher than the EU average (55%). Overall firms in Hungary are more likely than firms in the EU to expect the long-term impact to be a permanent reduction in employment (25% versus 13% respectively) and an impact on their supply chain (37% versus 28% respectively).
Innovation Activities

INNOVATION ACTIVITY

Three in ten (30%) firms developed or introduced new products, processes or services as part of their investment activities in 2020, which is in line with what was reported in EIBIS 2020 (36%) and the EU average (36%).

Manufacturing firms are more likely to have innovated (44%) compared to firms in other sectors (ranging from 14% to 18%). Large firms are also more likely than SMEs to have innovated (36% versus 22% respectively).

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

When firms’ innovation and research and development (R&D) behaviour is profiled more widely, 11% of firms in Hungary are classified as ‘active innovators’ (either leading or incremental), and a further 3% of firms as ‘developers’.

This breakdown is broadly in line with EIBIS 2020 (in which 9% of firms were classified as ‘active innovators’ and 7% of firms as ‘developers’) and remains below the EU average (with 18% of firms being classified as ‘active innovators’ and 7% of firms as ‘developers’).

The ‘No innovation and no R&D’ group comprises firms that did not introduce any new products, processes or services in the last financial year. The ‘Adopter only’ introduced new products, processes or services but without undertaking any of their own 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.

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)
Innovation Activities

IMPLEMENTATION OF ADVANCED DIGITAL TECHNOLOGIES

More than half of all firms in Hungary (60%) have introduced one or more of the advanced digital technologies they were asked about. This finding is in line with the EU average (61%).

Firms in the construction sector are the least likely to have implemented at least one advanced digital technology (25%) while those in manufacturing are the most likely to have done so (72%). Large firms are also more likely than SMEs to have implemented advanced digital technologies (68% versus 37%), mainly driven by the introduction of multiple digital technologies (36% versus 11%).

Manufacturing firms in Hungary report a higher uptake of robotics (62%) compared to EU firms overall (48%). In comparison, fewer firms in Hungary than in the EU overall have implemented big data and artificial intelligence (7% versus 21% for the EU), platforms (23% versus 48% for the EU) and drones (12% versus 23% for the EU).

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)

Not every digital technology was asked of each sector

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);
Sample size HU: Manufacturing (145); Construction (113); Services (120); Infrastructure (100)
Drivers And Constraints

SHORT-TERM FIRM OUTLOOK

Firms in Hungary hold an optimistic outlook over the next 12 months on all the measures they were asked about, with expectations turning back to positive compared to the ones reported in EIBIS 2020.

Firms in Hungary remain more optimistic than firms in the EU regarding the political/regulatory climate (+10% versus -15%) and the availability of external finance (+26% versus +7%).

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

**Base:** All firms

**SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)**

Overall, firms have a positive future outlook on all the measures they were asked about, although with some observable differences across sectors. In fact, firms in the construction sector are still pessimistic about the political and regulatory climate (-7%) and the economic climate (-8%).

In addition, firms in the infrastructure sector remain pessimistic about the political and regulatory climate (-5%), the business prospects in their sector (-6%) as well as the availability of internal financing (-21%).

Large firms are more positive about the economic climate than SMEs (44% versus 16%), while SMEs are more positive about the availability of internal finance (18% versus 6% for large firms).

**Base:** All firms

Please note: green figures are positive, red figures are negative
Drivers And Constraints

LONG-TERM BARRIERS TO INVESTMENT

In Hungary, the most commonly cited barriers to investment continue to be the availability of skilled staff (69%) and the uncertainty about the future (68%). Since EIBIS 2020 there has been an increase in the share of firms citing the availability of skilled staff (69% versus 54% respectively) and access to digital infrastructure (27% versus 16% respectively) as a barrier to investment. Hungarian firms are somewhat less likely than the EU average to cite any of the measures as barrier to investment.

Large firms (83%) and manufacturing firms (77%) are the most likely to say that the availability of staff is a barrier to investment.

LONG-TERM BARRIERS BY SECTOR AND SIZE

<table>
<thead>
<tr>
<th>Sector</th>
<th>Demand for products/services</th>
<th>Availability of skilled staff</th>
<th>Energy costs</th>
<th>Digital infrastructure</th>
<th>Labour regulations</th>
<th>Business regulations</th>
<th>Transport infrastructure</th>
<th>Availability of finance</th>
<th>Uncertainty about the future</th>
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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

Firms in Hungary continued to fund the majority of their investment through internal sources (69%) in 2020, in line with what was reported in EIBIS 2020 (70%) and the EU average (63%).

External finance made up around a quarter (27%) of the investment finance. This share is once again in line with what was reported in EIBIS 2020 (27%) but is below the EU average (35%).

Intra-group finance is reported as a source of investment finance only by firms in the manufacturing sector. Large firms financed a higher proportion of their investment through intra-group funding than small firms did (7% compared with 1%).

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)

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

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

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES

Grants accounted for the largest share of external finance used by firms in Hungary in 2020, growing from 17% in EIBIS 2020 to 35% in EIBIS 2021. In comparison, grants accounted for a much lower share of external finance in the EU (9%).

Among firms in Hungary, the rest of the external finance is split fairly evenly between leasing (22%), bank loans (21%) and other bank finance (20%). This is a different pattern of external finance compared to EIBIS 2020 (the relative share of leasing increased) and the EU average.

Infrastructure firms used leasing as a most common financing alternative (55%) compared to other sectors (ranging from 6% to 24%), while service sector firms used other bank financing as a most common financing alternative (37% compared to a range from 10% to 19% for other sectors).
Investment Finance

ACTIONS TAKEN AS A RESULT OF COVID-19

As a result of the COVID-19 pandemic, 11% of all firms in Hungary have increased their debt, less than the EU average of 16%. In addition, 6% of the firms raised new equity through their current owners and 4% raised equity from new owners. The share of firms that increased equity is similar to the EU average.

Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

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

SHARE OF FIRMS RECEIVING FINANCIAL SUPPORT IN RESPONSE TO COVID-19

Public support was important, as nearly half (48%) of firms in Hungary have received financial support in response to the COVID-19 pandemic, though a lower share compared to the EU average (56%). Subsidies or other financial support which the company will not have to pay back is the main form of financial support received in response to COVID-19 (30%), followed by deferral of payments (17%). SMEs are more likely to report to have received subsidised or guaranteed credit compared to large Hungarian firms (11% versus 4%), possibly due to the size-targeted government programs.

Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance

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

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Overall, levels of dissatisfaction are low among Hungarian firms who received external finance in 2020. The highest levels of dissatisfaction recorded among firms in Hungary is with the collateral requirements (9%) and the cost of finance received (3%), in line with what was reported in EIBIS 2020.

Compared to the EU average, dissatisfaction with collateral requirements is slightly higher.

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 (%)

As mentioned above, overall dissatisfaction levels are low, with the highest levels of dissatisfaction regarding the collateral requirements.

Dissatisfaction with the collateral requirements is slightly higher for construction firms (19%) compared to other sectors (ranging from 4% to 10%). Levels of dissatisfaction with the cost of finance are higher for SMEs (6%) while no large firms are express dissatisfaction with the cost of finance.
Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

One in ten firms in Hungary could be considered financially constrained, which is about twice the EU average of 5%.

The infrastructure sector has the highest share of financially constrained firms (19%) while the manufacturing sector has the lowest (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).

All firms (excluding don’t know/refused responses)

FINANCING CONSTRAINTS OVER TIME

There is a small decline in the share of finance constrained firms since EIBIS 2020 and the results are more in line with EIBIS 2017, 2018 and 2019. Across all EIBIS waves, firms in Hungary are more likely to be financially constrained compared to other EU firms.
Climate Change and Energy Efficiency

**IMPACT OF CLIMATE CHANGE – PHYSICAL RISK**

About three in five (61%) firms in Hungary report that climate change and related weather events are having an impact on their business. This is similar to the reported share in EIBIS 2020 (57%) and in line with the EU average (58%).

Fewer manufacturing firms report that climate changes is currently having an impact on their business (50%) compared to other sectors (ranging from 65% to 75%). In addition, fewer SMEs perceive an impact from climate changes on their business (53%) compared to large companies (66%).

**IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS**

Hungarian firms are starting to internalize the risks associated with the transition to net zero. Over a third of all firms (35%) see the transition to stricter climate standards and regulations as a risk over the next five years, while one in five (19%) see it as an opportunity. The share of firms who consider the transition to stricter climate standards and regulations as a risk is slightly higher than the EU average of 31%.

Infrastructure firms are more likely to consider the transition to stricter climate standards and regulations as a risk (47%) compared to firms in other sectors (ranging from 27% to 34%). Large firms are more likely than SMEs to consider the transition to stricter climate standards and regulations as an opportunity (23% versus 14% respectively).

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Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

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

Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don’t know / refused responses)
Climate Change and Energy Efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

On average, 29% of firms in Hungary have already invested to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, a lower share compared to the EU average of 43%.

Around a half (49%) have plans to invest in these areas in the next three years. While the share of firms having invested remained relatively stable compared to EIBIS 2020, the share of firms with plans to invest has increased from 39%.

Infrastructure firms are the most likely to have already invested and be planning to invest (40% and 58% respectively). Large firms are more likely than SMEs to have already invested (35% versus 21% respectively) and to be planning to invest in the future (57% versus 40% respectively).

Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

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

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY AND SHARE OF TOTAL INVESTMENT

A higher share (46%) of Hungarian firms report that they invested in measures to improve energy efficiency in 2020 compared to the EU average of 37%. The share is in line with the one reported in EIBIS 2020 (41%). The share of total investments in measures to improve energy efficiency in Hungary (13%) is also slightly above the share of investments in the EU (9%).

Large firms (57%) continue to be more likely than SMEs (33%) to have invested in measures to improve energy efficiency, but the share of their total investments is similar (13% and 12% respectively).
Firm management, climate targets, gender balance and employment

FIRM MANAGEMENT, CLIMATE TARGETS AND GENDER BALANCE

More than half of firms in Hungary set and monitored internal targets on carbon emissions and energy consumption in 2020 (54%), which is above the average for the EU (46%). The share of firms in Hungary who linked individual performance to pay (84%) and who strove for gender balance (71%) is also higher than the average share for the EU (67% and 60% respectively).

About half of firms in the country also claim to have made use of a strategic monitoring system (51%), in line with the EU average (55%). Having linked performance to pay and having strived for gender balance is more often reported by larger Hungarian firms than by SMEs.

Overall, firms in Hungary have not experienced a large change in employment during COVID-19, in line with other EU firms.

The 1% increase in employment nationwide is the result of a 2% decrease in employment among SMEs and a 1% increase in employment among large firms, with the latter having more impact on the overall employment rate.
EIBIS 2021 – 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.

<table>
<thead>
<tr>
<th></th>
<th>EU</th>
<th>US</th>
<th>HU</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Services</th>
<th>Infrastructure</th>
<th>SME</th>
<th>Large</th>
<th>EU vs HU</th>
<th>Constr vs Manuf</th>
<th>SME vs Large</th>
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</thead>
<tbody>
<tr>
<td>(11920)</td>
<td>(802)</td>
<td>(481)</td>
<td>(146)</td>
<td>(113)</td>
<td>(120)</td>
<td>(100)</td>
<td>(430)</td>
<td>(51)</td>
<td>(11920 vs 481)</td>
<td>(113 vs 146)</td>
<td>(430 vs 51)</td>
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<tr>
<td>10% or 90%</td>
<td>1.1%</td>
<td>3.5%</td>
<td>4.0%</td>
<td>6.4%</td>
<td>6.4%</td>
<td>7.2%</td>
<td>8.3%</td>
<td>2.5%</td>
<td>7.0%</td>
<td>4.2%</td>
<td>9.0%</td>
<td>7.4%</td>
</tr>
<tr>
<td>30% or 70%</td>
<td>1.7%</td>
<td>5.3%</td>
<td>6.2%</td>
<td>9.7%</td>
<td>9.8%</td>
<td>11.0%</td>
<td>12.6%</td>
<td>3.9%</td>
<td>10.6%</td>
<td>6.4%</td>
<td>13.8%</td>
<td>11.3%</td>
</tr>
<tr>
<td>50%</td>
<td>1.8%</td>
<td>5.8%</td>
<td>6.7%</td>
<td>10.6%</td>
<td>10.7%</td>
<td>12.0%</td>
<td>13.8%</td>
<td>4.2%</td>
<td>11.6%</td>
<td>7.0%</td>
<td>15.1%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

GLOSSARY

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Investment</td>
<td>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.</td>
</tr>
<tr>
<td>Investment cycle</td>
<td>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.</td>
</tr>
<tr>
<td>Manufacturing sector</td>
<td>Based on the NACE classification of economic activities, firms in group C (Manufacturing).</td>
</tr>
<tr>
<td>Construction sector</td>
<td>Based on the NACE classification of economic activities, firms in group F (Construction).</td>
</tr>
<tr>
<td>Services sector</td>
<td>Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).</td>
</tr>
<tr>
<td>Infrastructure sector</td>
<td>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).</td>
</tr>
<tr>
<td>SME</td>
<td>Firms with between 5 and 249 employees.</td>
</tr>
<tr>
<td>Large firms</td>
<td>Firms with at least 250 employees.</td>
</tr>
</tbody>
</table>

Note: the EIBIS 2021 country overview refers interchangeably to ‘the past/last financial year’ or to ‘2020’. Both refer to results collected in EIBIS 2021, where the question is referring to the past financial year, with the majority of the financial year in 2020 in case the financial year is not overlapping with the calendar year 2020.
The country overview presents selected findings based on telephone interviews with 481 firms in Hungary (carried out between March and July 2021).

### BASE SIZES

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

<table>
<thead>
<tr>
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<tr>
<td>All firms, p. 2, p. 6, p. 10, p. 11</td>
<td>11920/11971</td>
<td>802</td>
<td>481/481</td>
<td>146</td>
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<td>120</td>
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<tr>
<td>All firms excluding 'Company didn't exist three years ago' responses, p. 6</td>
<td>11910/11949</td>
<td>802</td>
<td>481/481</td>
<td>146</td>
<td>113</td>
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<td>100</td>
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<tr>
<td>All firms excluding don't know/refused responses, p. 2</td>
<td>11620/11634</td>
<td>780</td>
<td>475/472</td>
<td>143</td>
<td>113</td>
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<td>99</td>
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<tr>
<td>All firms excluding don't know/refused responses, p. 4 (top)</td>
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<td>800</td>
<td>477/NA</td>
<td>144</td>
<td>113</td>
<td>119</td>
<td>99</td>
<td>426</td>
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<tr>
<td>All firms excluding don't know/refused responses, p. 4 (bottom)</td>
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<td>802</td>
<td>481/NA</td>
<td>146</td>
<td>113</td>
<td>120</td>
<td>100</td>
<td>430</td>
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<tr>
<td>All firms excluding don't know/refused responses, p. 5 (top)</td>
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<td>768</td>
<td>479/481</td>
<td>146</td>
<td>112</td>
<td>120</td>
<td>99</td>
<td>429</td>
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<tr>
<td>All firms excluding don't know/refused responses, p. 5 (bottom)</td>
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<td>790</td>
<td>475/0</td>
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<td>98</td>
<td>425</td>
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<td>793</td>
<td>476/475</td>
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<td>All firms excluding don't know/refused responses, p. 6 (bottom)</td>
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<td>481/474</td>
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<td>618</td>
<td>365/384</td>
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<td>11891/11938</td>
<td>802</td>
<td>480/481</td>
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<td>All firms excluding don't know/refused responses, p. 8 (top)</td>
<td>11882/NA</td>
<td>777</td>
<td>480/NA</td>
<td>146</td>
<td>113</td>
<td>120</td>
<td>99</td>
<td>430</td>
<td>50</td>
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<tr>
<td>All firms excluding don't know/refused responses, p. 8 (bottom)</td>
<td>11857/NA</td>
<td>775</td>
<td>478/NA</td>
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<td>All firms excluding don't know/refused responses, p. 9 (top)</td>
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<td>743</td>
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<td>115</td>
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<tr>
<td>All firms excluding don't know/refused responses, p. 9 (bottom)</td>
<td>11849/11898</td>
<td>798</td>
<td>480/481</td>
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<td>113</td>
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<td>783</td>
<td>455/NA</td>
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<td>103</td>
<td>115</td>
<td>95</td>
<td>405</td>
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<tr>
<td>All firms excluding don't know/refused responses, p. 10 (bottom)</td>
<td>11659/11739</td>
<td>775</td>
<td>471/473</td>
<td>143</td>
<td>113</td>
<td>118</td>
<td>95</td>
<td>422</td>
<td>49</td>
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<td>All firms excluding don't know/refused responses, p. 11 (top)</td>
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<td>463/NA</td>
<td>140</td>
<td>110</td>
<td>113</td>
<td>98</td>
<td>414</td>
<td>48</td>
</tr>
<tr>
<td>All firms excluding don't know/refused responses, p. 11 (bottom)</td>
<td>11664/11402</td>
<td>794</td>
<td>475/457</td>
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<td>111</td>
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<td>99</td>
<td>426</td>
<td>51</td>
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<tr>
<td>All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12 (top)</td>
<td>9670/10138</td>
<td>674</td>
<td>378/399</td>
<td>119</td>
<td>84</td>
<td>94</td>
<td>80</td>
<td>330</td>
<td>48</td>
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<tr>
<td>All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12 (bottom)</td>
<td>9523/9874</td>
<td>667</td>
<td>402/422</td>
<td>123</td>
<td>94</td>
<td>100</td>
<td>84</td>
<td>355</td>
<td>47</td>
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<td>All firms who have invested in the last financial year (excluding don't know/refused responses), p. 13 (top)</td>
<td>8675/9255</td>
<td>621</td>
<td>360/374</td>
<td>93</td>
<td>92</td>
<td>95</td>
<td>78</td>
<td>330</td>
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<tr>
<td>All firms who have invested in the last financial year (excluding don't know/refused responses), p. 13 (bottom)</td>
<td>11920/11971</td>
<td>802</td>
<td>481/481</td>
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<td>113</td>
<td>120</td>
<td>100</td>
<td>430</td>
<td>51</td>
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<tr>
<td>All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14</td>
<td>4003/4354</td>
<td>284</td>
<td>171/182</td>
<td>48</td>
<td>49</td>
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<td>37</td>
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<tr>
<td>All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 15</td>
<td>3964/4310</td>
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<td>170/180</td>
<td>46</td>
<td>49</td>
<td>37</td>
<td>37</td>
<td>155</td>
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Hungary
Overview