

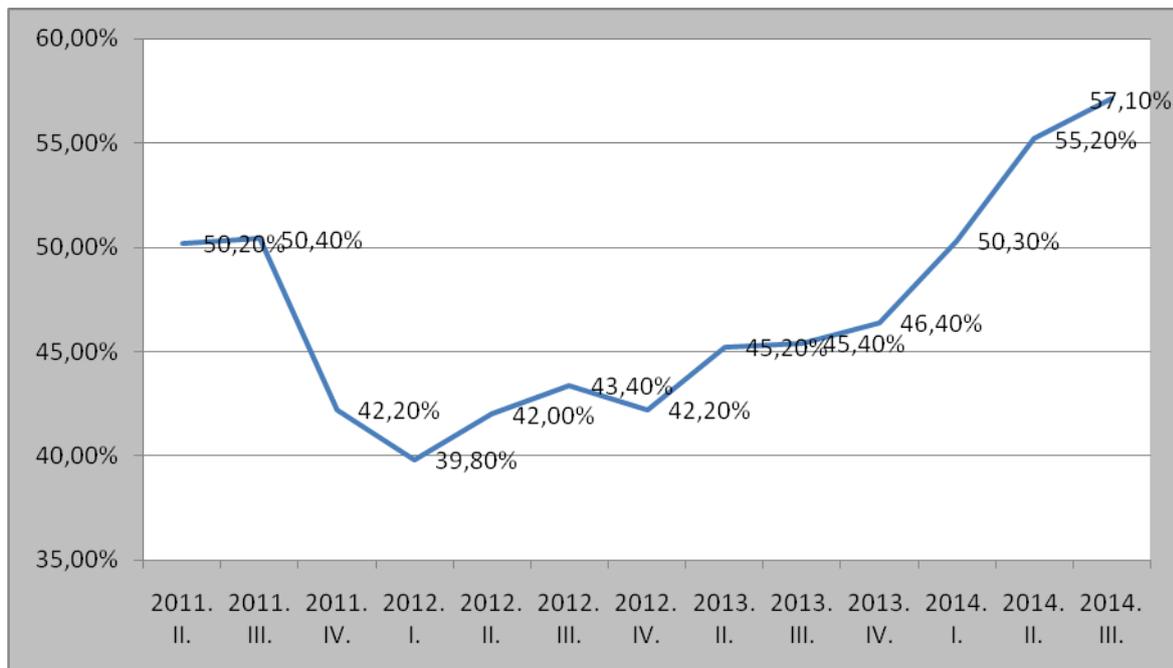
# Hungarian company managers are more and more optimistic and they like the European Union

The economic development index (EDI) of SME's measured by IBS – International Business School and Policy Agenda has increased again compared to the previous quarter and by this, the index has shown an increasing trend for more than a year. More than half of company managers trust already that the situation of their companies will strengthen in the next half year. Together with this, they have a much more positive attitude to our membership in the European Union than it is expected but most of them do not expect that they can receive of EU resources.

## The company managers' expectations have improved further

The growth that has been going on since the 2<sup>nd</sup> quarter of 2013 can be considered as continuous which means more and more company managers think Hungarian economy and their companies may have advantageous perspectives. This increase has resulted in an economic development index (EDI) of SME's of IBS – International Business School and Policy Agenda of 57.1% for the 3<sup>rd</sup> quarter of 2014 which is higher by 11.7 percent than one year ago.

*Evolution of the SME index in time*



However, the detailed analysis of figures shows a strange duality within the sector. The number of companies has increased according to which the situation of the Hungarian economy will worsen considerably in the coming half year. 19% of company managers have said this while only 8% of them said this three months ago. Opposite to this, company managers that expect a positive change have been overstating. The measurement done a quarter ago still showed that 37% of company managers expected little improvement and 6% of them expected that the performance of Hungarian economy could grow considerably. Based on the recent measurement, the number of those - that regard the future as positive from this aspect - might have reduced but 32% of all the respondents trust that the economy will be on the wing in the coming months.

A change of similar direction can be observed with answers given on the company's own situation. Compared to our previous measurement there is no change in that according to 12% of company managers, the situation of their own enterprises will be worsening more or less in the coming half year. Opposite to this, 59% of them say that they hope improvement but this figure was 54% three months ago.

### **Misbeliefs resolved: the EU is our friend**

The question whether we are the winners or losers of the European Union always strengthens before the European Parliamentary elections. In connection with this, we have thought we should ask the company managers of the SME sector that make an important part of Hungarian economy what they think on our accession to the EU.

The figures show that according to 77% of company managers Hungarian economy is developing owing to our accession to the European Union. A narrow minority (10%) think instead that the fact of our belonging to the European Union pulls Hungarian economy back while according to 13% of respondents it does not affect the development of our economy.

The positive attitude to the EU is important in spite of that the absolute majority of company managers think their companies are not able to have a share of the resources provided by the European Union. According to 59% of company managers the current situation of their company does not allow either currently or will not allow in the future for them to have a share of any of the EU application resources. It is among the previous company managers where the ratio of those is the highest that have a negative opinion on the EU's role in economic development.

4% of the sector think that however they are not able to have access to such grants currently but they would like to develop their enterprises in the short run in order to make them "application-capable". It is a narrow group of respondents according to who based on the performance, economic situation of their enterprises they would be able to apply for EU grants but they are not planning this in the near future.

The second largest group is formed by those (32% of respondents) according to who their enterprises are able to compete for EU resources already currently and they are planning to apply for such grants in the near future.

*We have realised a representative survey of small and medium-sized enterprises by taking the answers of 500 company managers. The research took place between the 16<sup>th</sup> and 27<sup>th</sup> June 2014 via an on-line company panel and querying over the phone. The calculation methodology of the economic development index of SME's of IBS – International Business School and Policy Agenda is based on the business survey index calculation. [The details of the methodology](#) can be read here.*

Budapest, 2 July 2014