



# MONTHLY BULLETIN OF ECONOMIC TRENDS

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## **ON THE LATEST ANALYSIS FROM THE INSTITUTE OF ECONOMIC AND ENTERPRISE RESEARCH**

- » Wage changes and responses to minimum wage increases
- » Late payment and chain debt among domestic enterprises
- » International trends



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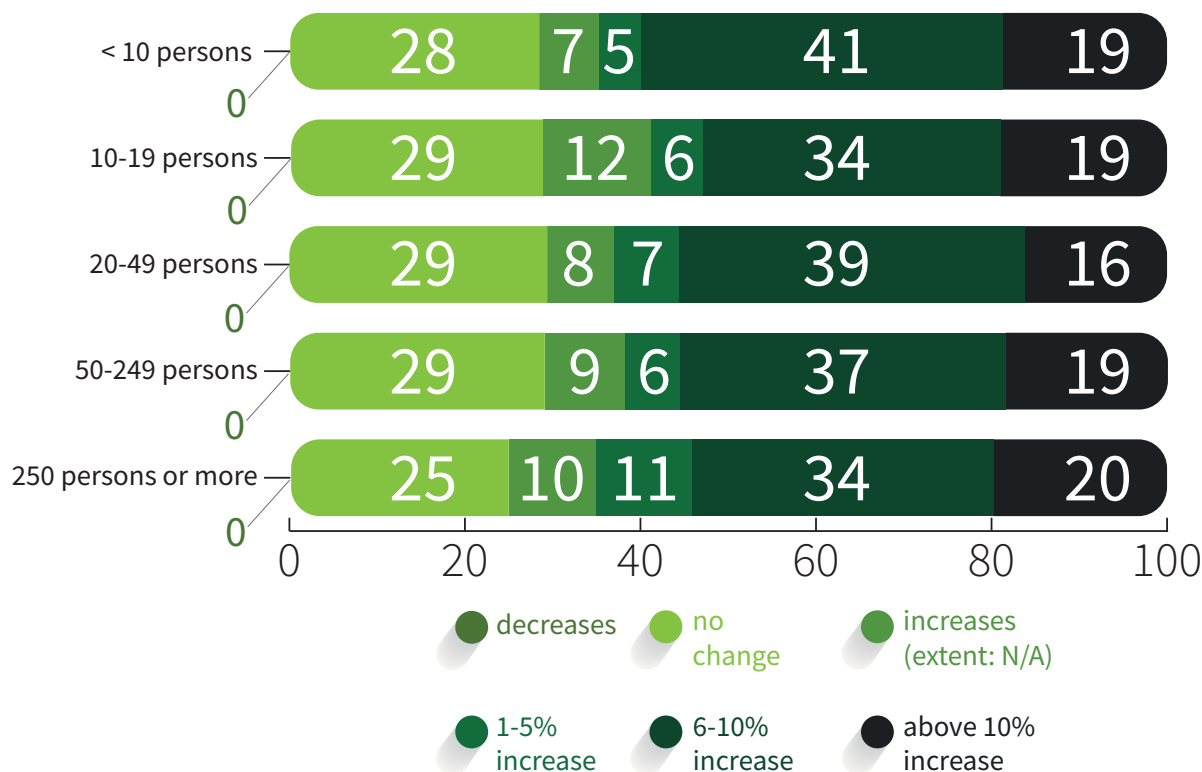
# WAGE CHANGES AND CORPORATE RESPONSES TO MINIMUM WAGE INCREASE



SEPTEMBER 2024

73%  
of managers  
have increased  
or plan to  
increase  
average wages

In 2024, 73% of CEOs have increased or planned to increase average earnings at their companies. Significant wage increase plans have been reported by businesses with more than 250 employees, industrial and agricultural companies, and export-oriented businesses. The majority of businesses responded to the annual minimum wage increase by raising their prices in 2024. It is predominantly companies with fewer than 50 employees that have introduced some form of compensatory measure to offset the minimum wage increase, compared to larger enterprises.



Our analysis presents the expectations of domestic businesses on wage developments and their reactions to the 2024 minimum wage increase. For the analysis, we used the latest results of the "Short-term Labour Market Forecast" survey of the Ministry for National Economy (NGM) and HCCI IEER (GVI), conducted in spring 2024, with a total of 5,680 domestic enterprises responding to our questionnaire.

For 2024, 73% of CEOs reported raising or plans to raise their employees' average wages, while 27% planned no change in wages compared to 2023. 19% of enterprises had plans to increase average wages by more than 10%, 37% of them by 6-10%, 8% by less than 5%, and at the time of the survey (Spring 2024) 9% were not yet able to say how much they expected to increase in 2024.

**Fig. 1**

Projected change in average earnings within enterprises in 2024 by size category (N=5047)  
%

Source: GVI 2024



More significant wage increases at large companies, industry and agriculture.

The highest proportion of enterprises reporting wage increases can be found among the biggest companies: 76% of firms with more than 250 employees, while this proportion in other size categories is around 71-72%. Significant wage increases are also typical of businesses with more employees: one in five managers of companies with 250 or more employees have responded that they intend to increase average earnings at their firms by more than 10%, while the share of such businesses in other size categories is below 20%.

Among the different economic sectors, the highest proportion of businesses indicating a wage increase were in industry (81%) and agriculture (79%), while 72% of service providers, 66% of construction and 65% of commercial enterprises indicated a wage increase. Significant wage increases of more than 10% were also planned by industrial (25%) and agricultural (21%) enterprises in the biggest proportion, compared with 17% among service providers, 16% in construction and 14% in trade.

In addition, a higher proportion of wholly domestically-owned enterprises (75%) have implemented or plan to implement wage increases in 2024 than (partly) foreign-owned firms (70% planned). The proportion of businesses planning to implement larger wage increases is also higher in this group of companies (20% compared to 16% for foreign-owned firms).

The share of businesses planning to increase wages is particularly high among businesses that mainly produce for export: 91% of them have indicated an increase in average wages in their business during 2024. Among non-exporters, the share of enterprises planning to raise wages was 69%, and among those with less than half of their turnover coming from exports it is 70%.

Larger companies  
raise wages more  
and at a higher rate  
in 2024

**81% of**  
**INDUSTRIAL ENTERPRISES**

**79% of**  
**AGRICULTURAL ENTERPRISES**

**72% of**  
**SERVICE ENTERPRISES**

**66% of**  
**CONSTRUCTION ENTERPRISES**

**79% of**  
**COMMERCIAL ENTERPRISES**

**RAISED WAGES**

**91%**

**AMONG**  
**EXPORTERS**

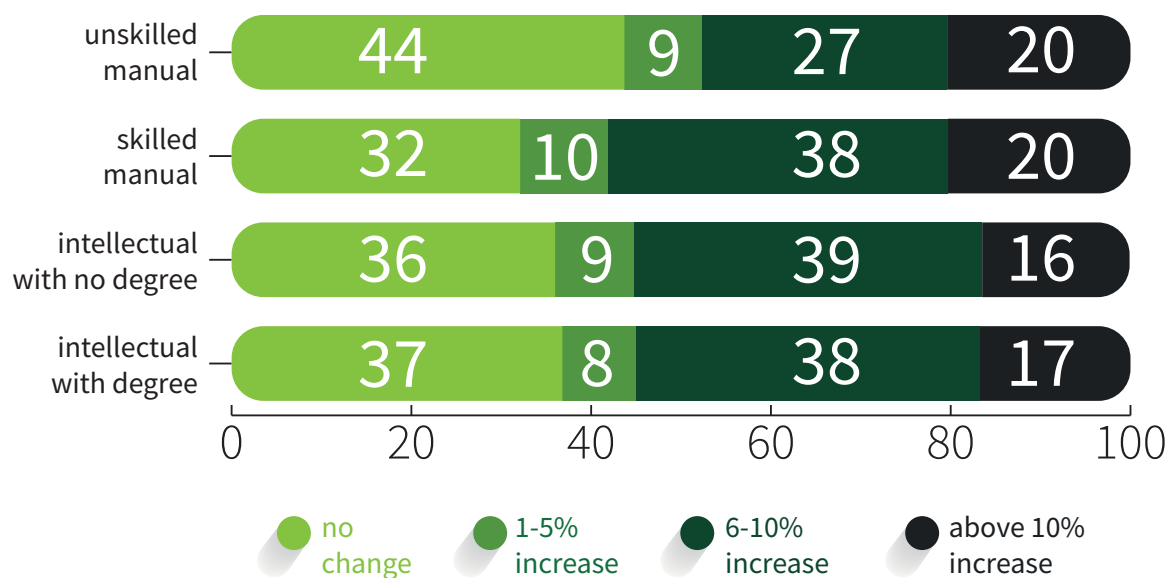
91% of firms with a predominantly  
export-driven production reported  
an increase in average earnings in  
2024

**69%**

**AMONG**  
**NON-EXPORTERS**

The share of non-exporting  
firms planning to increase  
wages is 69%





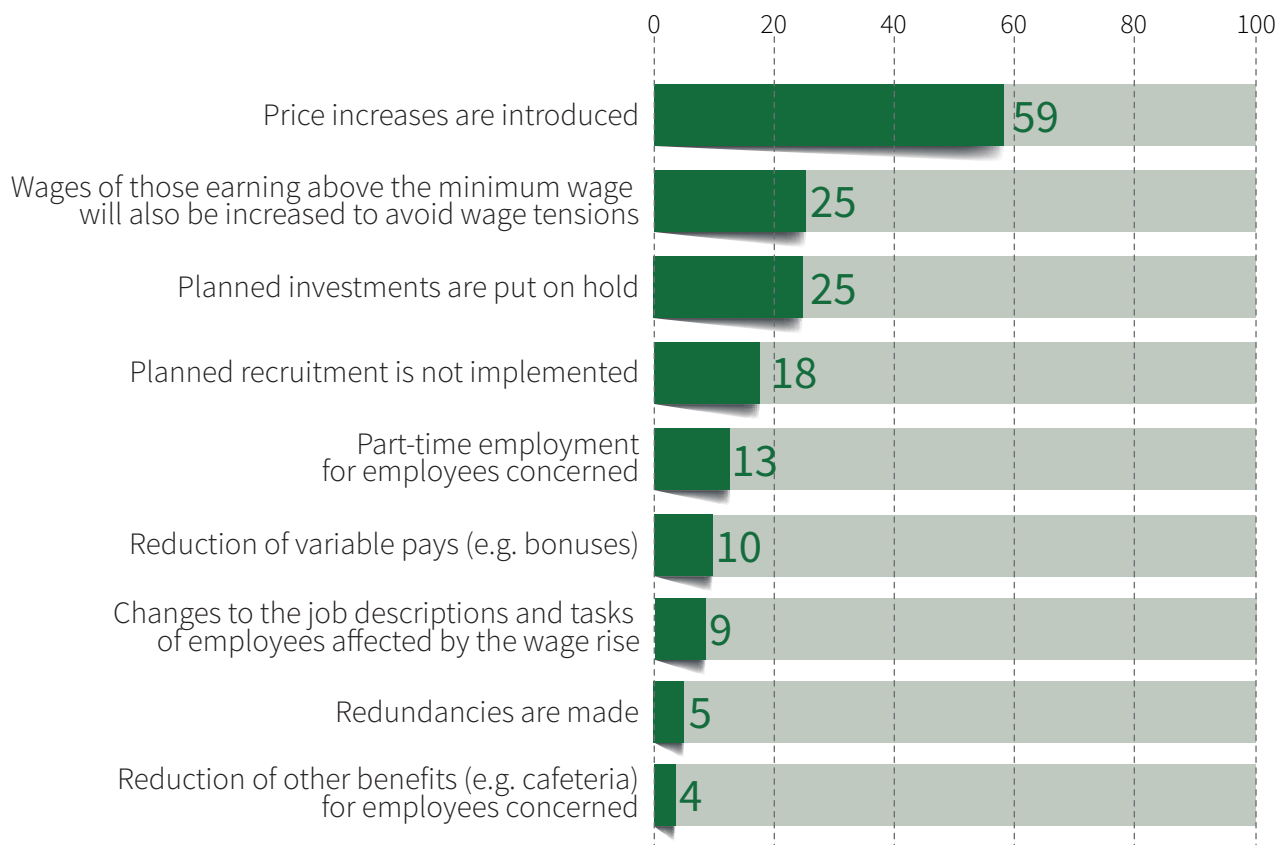
**Fig. 2**

Projected change in average earnings in 2024 by employee groups (N=3856–4210), %

Source: GVI 2024

Among the different groups of employees, the largest proportion of CEOs planned a wage increase for skilled manual jobs, two-third of them raising or planning to raise their wages. The proportion for unskilled manual workers is 56%. 64% of managers have raised or plan to raise the wages of intellectual employees without a degree, and 63% of CEOs have raised or plan to raise the wages of intellectual employees with a degree.

37% of the companies surveyed have employees who are paid the minimum wage or the guaranteed minimum wage for skilled workers. These CEOs were also asked about their company's reactions to the minimum wage increase. The majority of businesses (59%) have responded to the annual minimum wage increase with a price increase in 2024. A quarter (25%) of companies have also raised/are about to raise the wages of employees earning above the minimum to avoid wage tensions.



Also, 25% of respondents report that they have postponed/are postponing planned investments as a result of the minimum wage increase. 18% of enterprises have reacted by postponing planned recruitment, while 13% have moved/are moving affected workers into part-time employment. 10% of enterprises have decided to reduce variable pays (e.g. bonuses) and 9% have modified/are going to modify the job descriptions or tasks of the employees affected by the wage increase. 5% of respondents indicated that they were making redundancies. Only 4% of the enterprises indicated that they would reduce other benefits (e.g. cafeteria) for the workers concerned. Enterprises with fewer than 50 employees were more likely than larger enterprises to have introduced some form of measure to compensate for the minimum wage increase. Between 59 and 60% of enterprises with fewer than 50 employees and 49% of enterprises with between 50 and 249 employees were planning to raise their prices, compared with only 35% of large enterprises with more than 250 employees. For businesses with 250 or more employees, most of the solutions surveyed have not been implemented at all and are not planning to do so in 2024.

**Fig. 3**

Proportion of enterprises where the increase in the minimum wage or the guaranteed minimum wage has led to / will lead to the above steps in 2024 (N=1808–2011), %

Source: GVI 2024



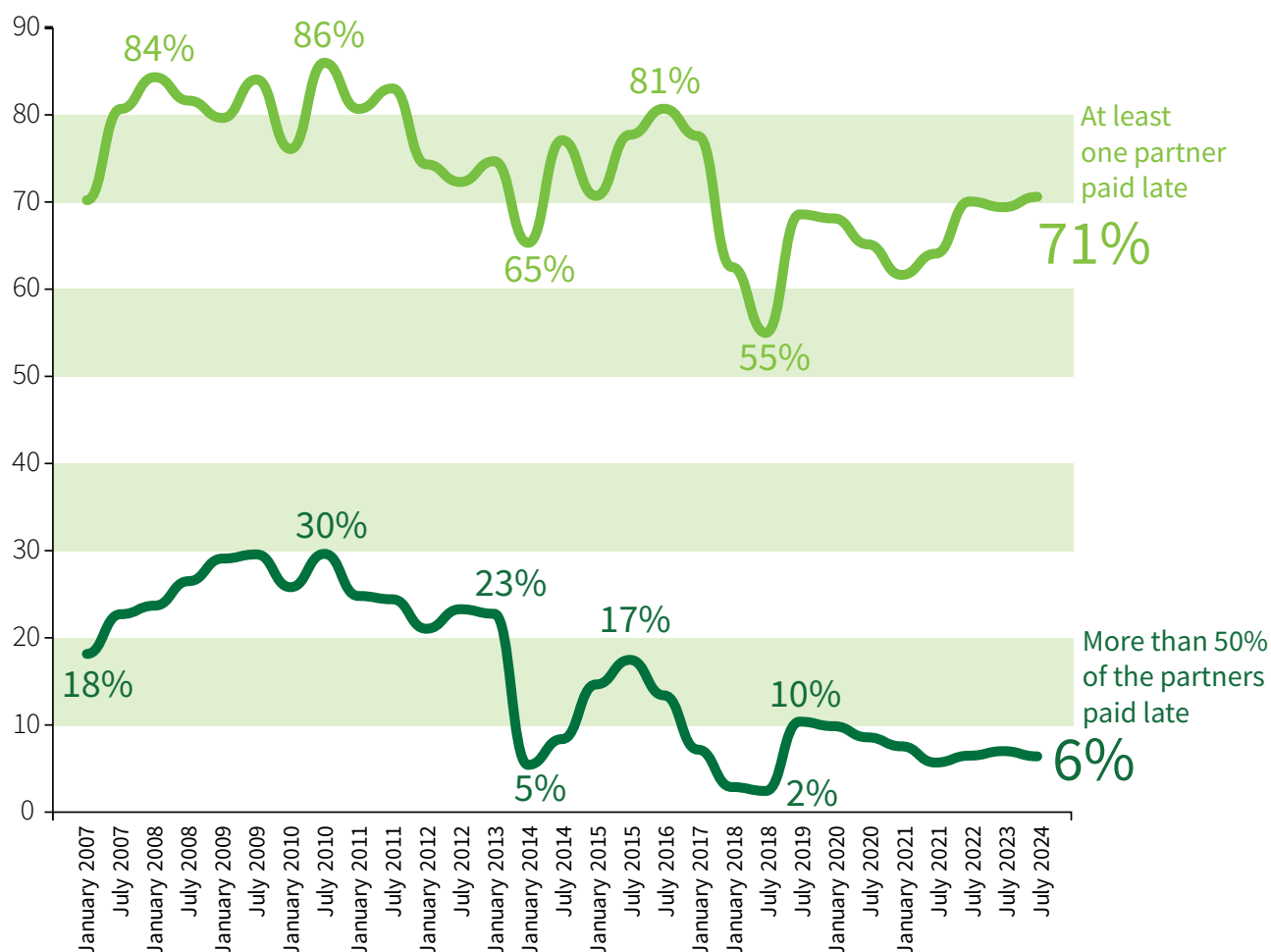
# LATE PAYMENT AND CIRCULAR DEBT AMONG DOMESTIC BUSINESSES

SEPTEMBER 2024

71% of businesses had at least one business partner (more than half of their partners in the case of 6%) that paid late in the first half of 2024. 33% of respondents owed money to their suppliers, and 16% of businesses had a circular debt, i.e., they were unable to pay their customers at least once in the year preceding the data collection phase of the survey.

71%  
owe their partner  
16%  
cannot pay due to  
chain debt





Our analysis presents the experience of domestic businesses with late payments and circular debt. The analysis is based on the July 2024 quarterly Business Climate Index survey of the HCCI IEER, which compiled the opinions of 350 business leaders of domestic enterprises with at least 20 employees.

**Fig. 4**

Share of businesses experiencing late payment, 2007-2024 %

Source: GVI 2024



The proportion of firms reporting late payments is increasing.

# ➔ LATE PAYMENT

THE LAST  
MEASUREMENT OF A  
RATE HIGHER THAN  
THE CURRENT 71%:

**2017**

71% of domestic businesses had at least one business partner (more than half of the partners in 6% of the cases) that paid late in the first half of 2024. The share of the same companies was two points lower in July 2023 (69%), and the last time a higher share was recorded was in January 2017. The problem of late payment by business partners was most prevalent among businesses with 20 to 49 employees (77%), commercial (83%) and businesses in purely domestic ownership (72%). A significant difference compared to a year ago is that while in July 2023 businesses with 50 to 99 employees were the most affected (81%), this year they were the least affected (61%), while the share of late payment among large enterprises with more than 250 employees has increased by 9 points.



While in July 2023, firms with 50-99 employees were the most affected (81%), this year they were the least affected (61%), while the share of late payments among large firms with more than 250 employees increased by 9 percentage points.

TRADE

**+6%** POINTS

SERVICES

**+4%** POINTS

PROCESSING INDUSTRY

**+3%** POINTS

CONSTRUCTION

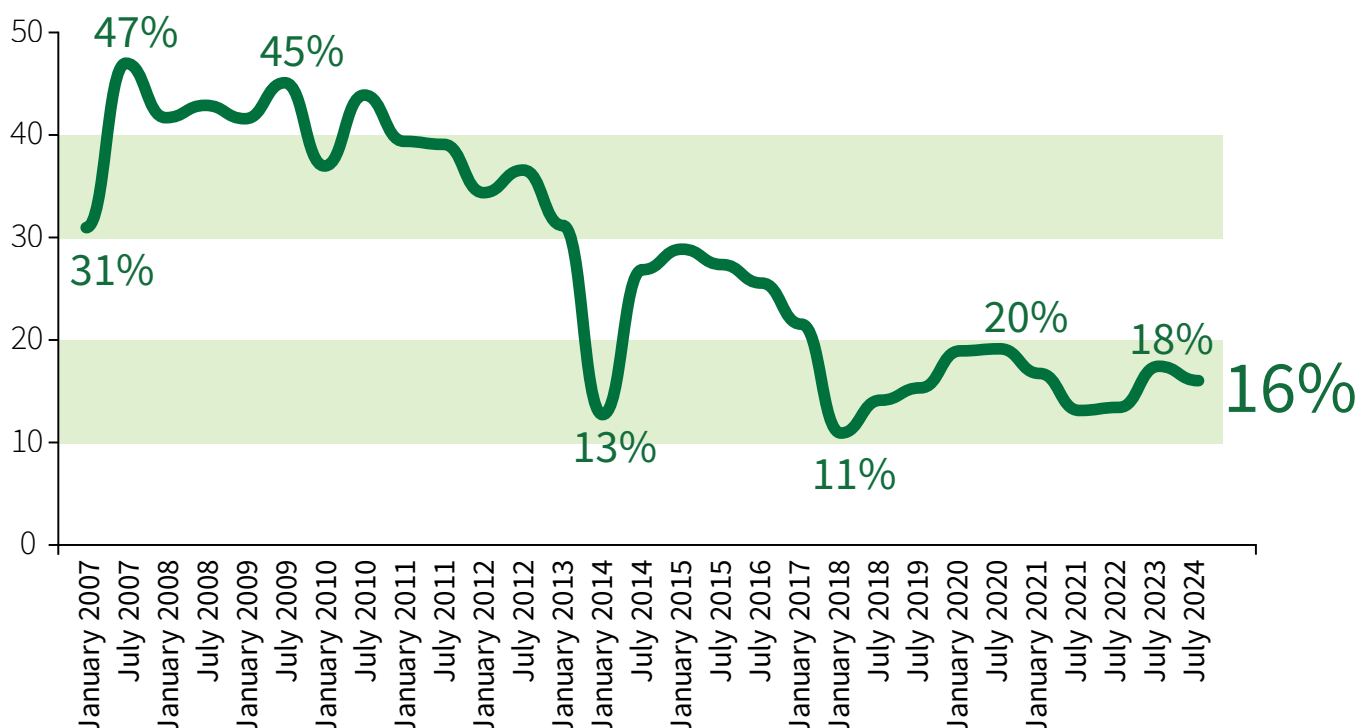
**-18%** POINTS

At sectoral level, late payments have increased in trade (6 points), services (4 points) and manufacturing (3 points), while in construction the number of businesses reporting late payments fell dramatically by 18 points, from 78% to 60%.

33% of respondents themselves had outstanding payments to their suppliers, a figure that is two points higher than a year ago. According to the July 2024 data, businesses with 50 to 99 employees and large businesses with over 250 employees were the most affected by late payment (37 and 36%, respectively), while manufacturing was the most affected sector (36%), with 31-33% of businesses in other sectors reporting this.

In sum, since the July 2022 survey, the share of businesses experiencing late payment has stagnated, while the share of businesses belonging to suppliers has increased by 7 points over the same period.

# → CIRCULAR DEBT



The prevalence of circular debt problems, - where a company failed to pay at least once in the previous year because of outstanding payment from customers - has fallen by 2 points to 16% among the businesses surveyed over the past year, marking the end of a three-year growth phase.

The highest rates of circular debt were found in businesses with 20 to 49 employees (21%), construction (24%) and businesses in purely domestic ownership (17%).

The extent of circular debt problems increased in the six months before July 2024, according to 34% of responding businesses, which is essentially the same as a year earlier (35%) but still below the 44% recorded in July 2020, after the outbreak of the COVID-19 pandemic.

**Fig. 5**

Percent of businesses paying late at least once due to outstanding payments from customers, 2007-2024 %

Source: GVI 2024



# INTERNATIONAL TRENDS

SEPTEMBER 2024

		Actual data	Expectations	Previous period
Germany	Unemployment Rate	<b>6,0%</b>	6,0%	6,0%
	Manufacturing Purchasing Managers Index	<b>42,4</b>	42,1	42,1
	IFO Business Climate Index <sup>1</sup>	<b>85,4</b>	86,3	86,6
France	INSEE Business Climate Index <sup>2</sup>	<b>97,5</b>		96,7*
EU	Economic Sentiment Indicator (ESI) <sup>3</sup>	<b>96,7</b>		96,7*
USA	Unemployment Rate	<b>4,1%</b>	4,2%	4,2%
	CB Consumer Confidence Index	<b>98,7</b>	103,9	105,6*
	Manufacturing Purchasing Managers Index	<b>47,3</b>	47,0	47,9
China	Manufacturing Purchasing Managers Index	<b>49,8</b>	49,4	49,1

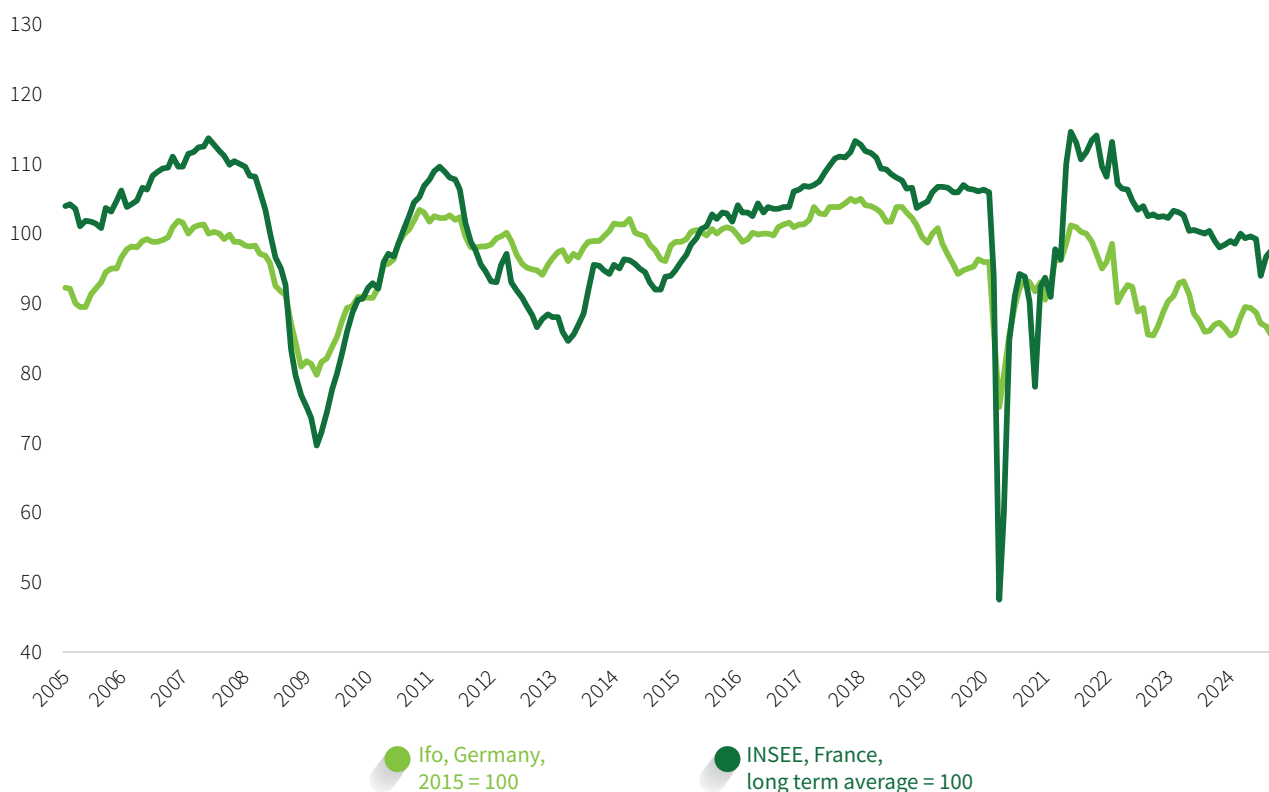
<sup>1</sup> <https://www.ifo.de/en/survey/ifo-business-climate-index-germany>

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

<sup>3</sup> [https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/business-and-consumer-surveys/latest-business-and-consumer-surveys\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/business-and-consumer-surveys/latest-business-and-consumer-surveys_en)

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

\*Retrospective adjustment



In Germany, the IFO Business Confidence Index fell in September once again. This was the fourth decline in a row, which signals that the German economy is coming under increasing stress. France's INSEE business confidence index on the other hand rose by 1 point after its three-point increase in the previous month and is now getting close to its long-term average score of 100.

The European Union's ESI economic sentiment indicator (an aggregate of business and consumer confidence indicators of the Member States) remained unchanged in September. The US CB consumer confidence fell significantly in September. The German Manufacturing Purchasing Managers' Index (PMI) increased moderately and exceeded its expected value. In September, the PMI decreased in the US and improved in China.

The German unemployment rate remained unchanged at 6% in September, while in the United States it slightly decreased to 4.1%.

**Fig. 6**

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

Source: [www.ifo.de](http://www.ifo.de),  
[www.insee.fr](http://www.insee.fr)





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