

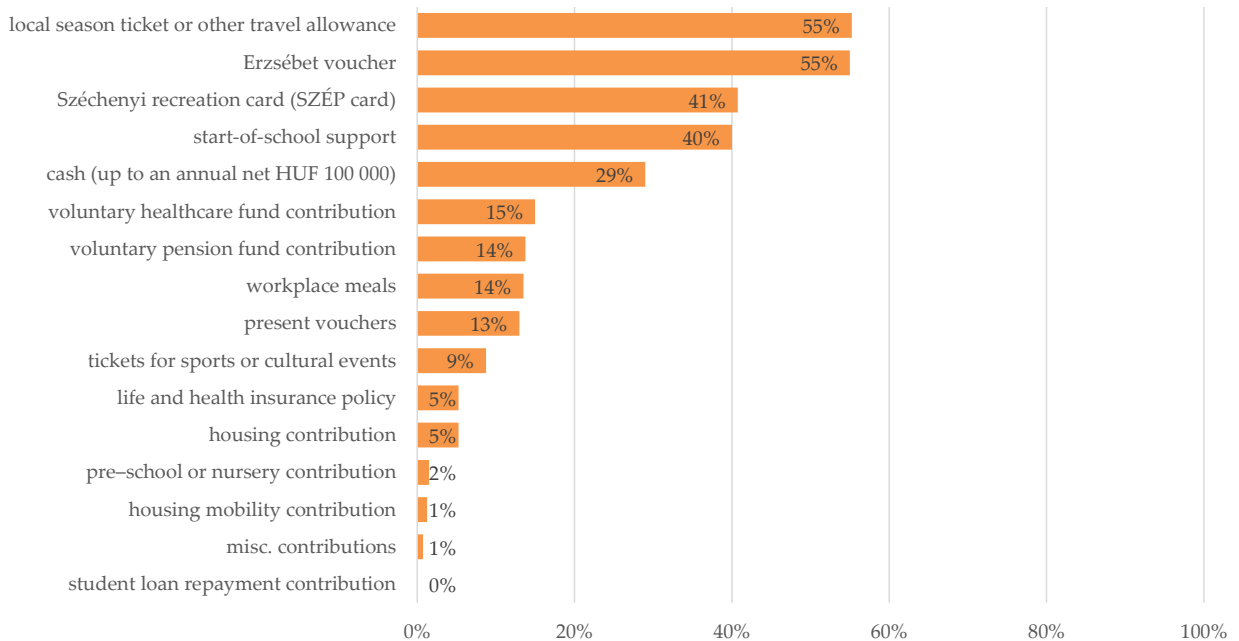
The application of fringe benefits among Hungarian companies

This analysis is based on the July 2018 wave of IEER's Quarterly Business Climate Survey, in which 400 CEOs were involved. The sample, the structure of which is the same each quarter, contains 300 small and medium-sized enterprises (20-249 employees) and 100 large enterprises (250+ employees). Economic output and sectors are both representative. The survey mainly concerns the business situation and short-term business expectations of enterprises. Also featured in this wave is the popularity of various types and forms of fringe benefits.

According to our findings, 88% of surveyed companies employing over 20 people offer their employees at least one type of fringe benefit, out of which, the two most popular were season tickets for public transport and Erzsébet vouchers. The application of fringe benefits correlated with company size and foreign ownership rate: medium-sized and large companies and (partly) foreign-owned companies were the most liable to provide fringe benefits. The economic sector and the business situation does not seem to have had any statistically significant influence on the use of fringe benefits.

88% of the surveyed companies provided at least one fringe benefit type to employees in 2018. As shown in figure 1, respondents most commonly gave local season tickets or other travel allowances (55%) and Erzsébet vouchers (55%) to employees as fringe benefits in 2018. Additionally, 41% of respondent CEOs gave SZÉP cards to employees, and 40% provided start-of-school support to their employees' children. Nearly a third of enterprises (29%) paid fringe benefits in cash. More than 10% of the surveyed companies offered health insurance and pension schemes as well as catering and gift vouchers to employees. The occurrence of other fringe benefit types was under 10%.

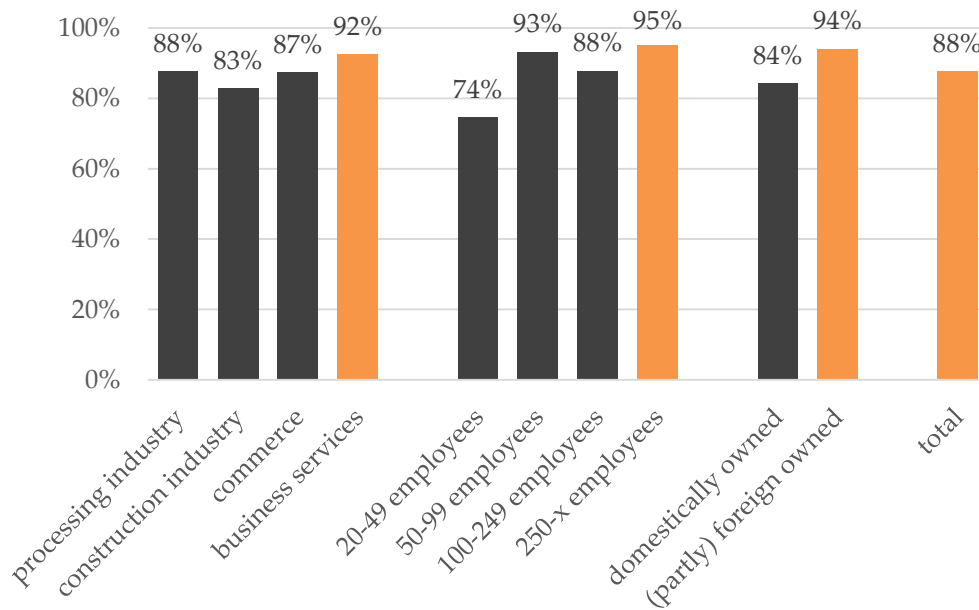
Figure 1. Fringe benefits offered by the companies in focus, 2018, per cent



Source: IEER 2018

Although there was no statistically significant difference between the use of fringe benefits made by the represented economic sectors, employees of companies offering business services seem to have received the most perks (92%). In contrast, company size and the ratio of foreign ownership were indeed in correlation with fringe benefit disbursement. It was mainly the medium-sized and large companies that were more generous: 74% of the surveyed businesses employing 20-49, 93% of businesses employing 50-99, 88% of businesses employing 100-249 and 95% of businesses employing 250+ gave employees some sort of fringe benefit. Perks were also in more widespread use among companies of (partial) foreign ownership. 94% of them provided fringe benefits to employees, while the same proportion was only 84% for domestic companies (cf. figure 2).

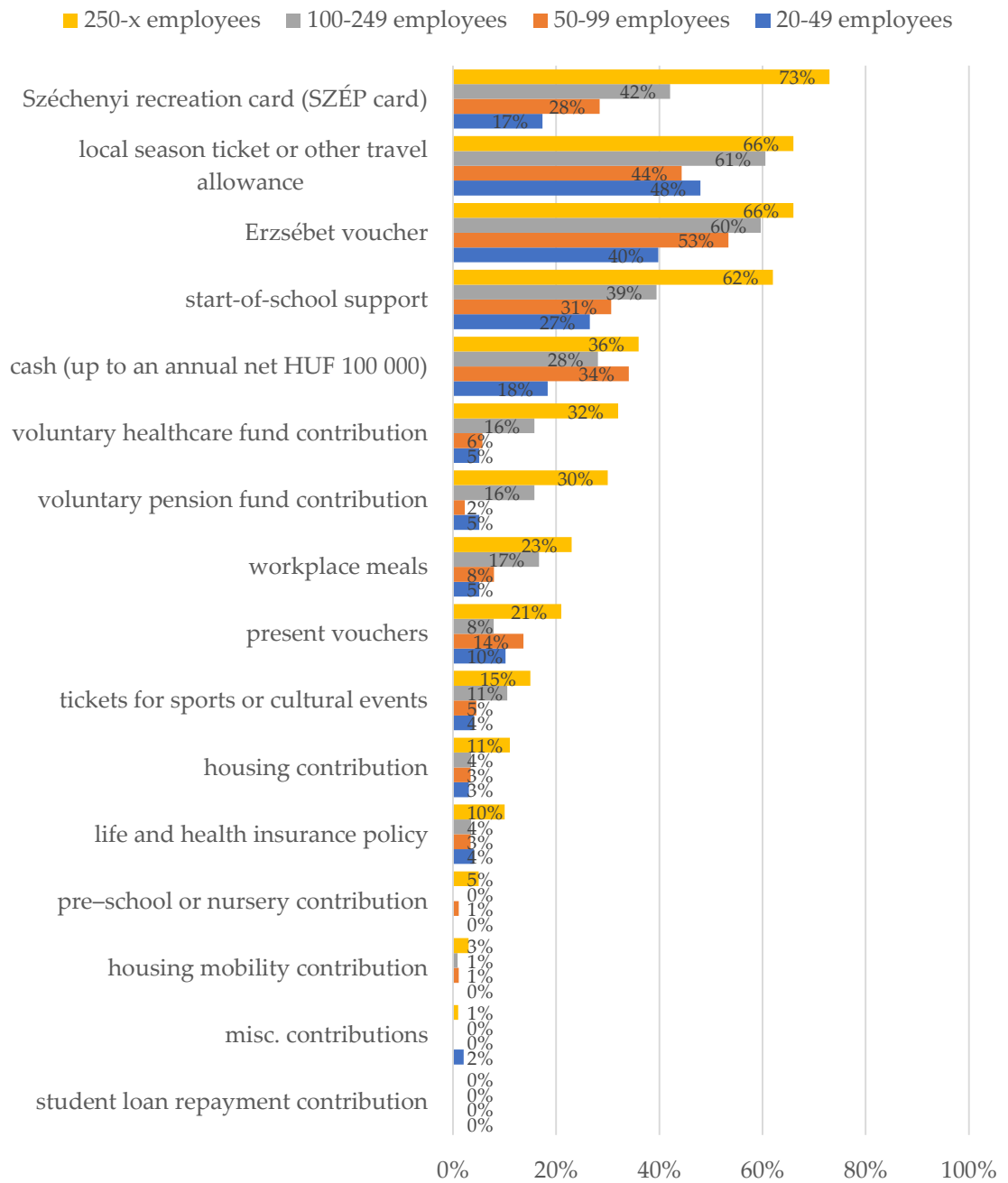
Figure 2. Fringe benefits offered by companies with regard to economic sector, company size and ownership structure, per cent



Source: IEER 2018

Our results (cf. figure 3) show that the most popular fringe benefit type among large companies was the SZÉP card, used by 73% of these employers in 2018. The second most popular fringe benefit type they chose was travel allowance, (usually in the form of season tickets for local public transport), and Erzsébet vouchers (66-66%). At companies employing fewer than 250 people, local season tickets and Erzsébet vouchers were the most widespread. Travel allowances were provided by 61% of companies with 100-249 employees, 44% of companies with 50-99 employees and 48% of companies with 20-49 employees, while Erzsébet vouchers were provided by 60%, 53% and 40%, respectively. These companies opted for SZÉP cards much more rarely. It is safe to diagnose that the recreation card is an option chiefly chosen by large companies. Besides, there is a significant difference between large companies and small and medium-sized enterprises considering their choice of start-of-school support, health insurance- and pension schemes. These benefits were provided by 62%, 32% and 30% of companies employing 250+ people. As for small and medium-sized enterprises, these options were far less widespread, offered by only 40%, 16% and 16% of businesses with a staff of 100-249. Among companies with 20-99 employees, these fringe benefits are even less popular, with health insurance- and pension schemes being the rarest.

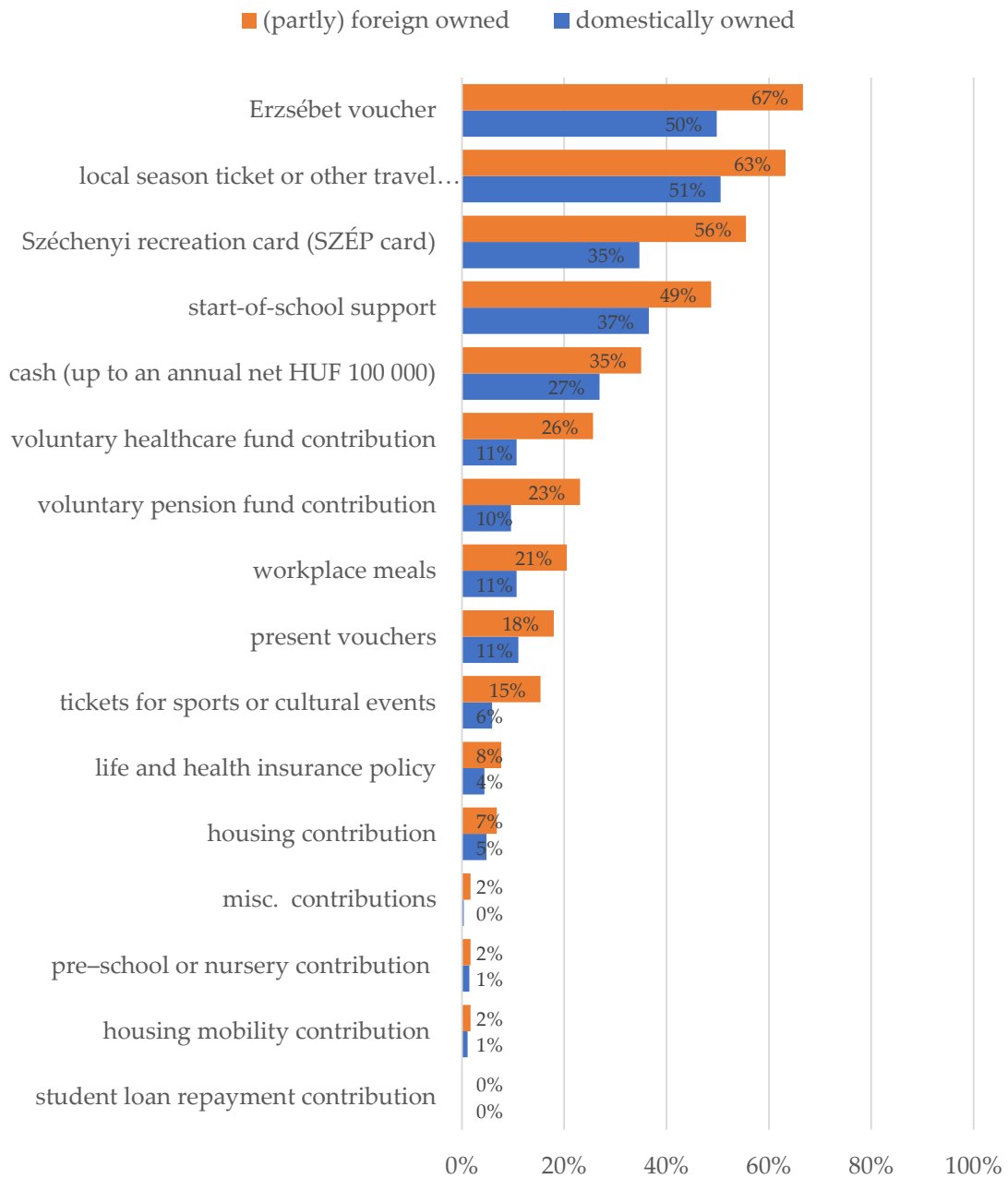
Figure 3. Types of fringe benefits offered by companies with regard to company size, per cent



Source: IEER 2018

As far as ownership structure is concerned, the sequence of the various types of perks was similar. For domestic and (partly) foreign companies, the two most popular perks chosen were Erzsébet vouchers (50% and 67%, respectively) and local season tickets/travel allowance (51% and 63%, respectively). With (partly) foreign-owned companies, SZÉP card is the third most popular (56%), ahead start-of-school support (49%), whereas companies of domestically owned, these rates are 37% for start-of-school support, and 35% for SZÉP card. We can see that (partly) foreign-owned companies provided all of the examined fringe benefit types more commonly.

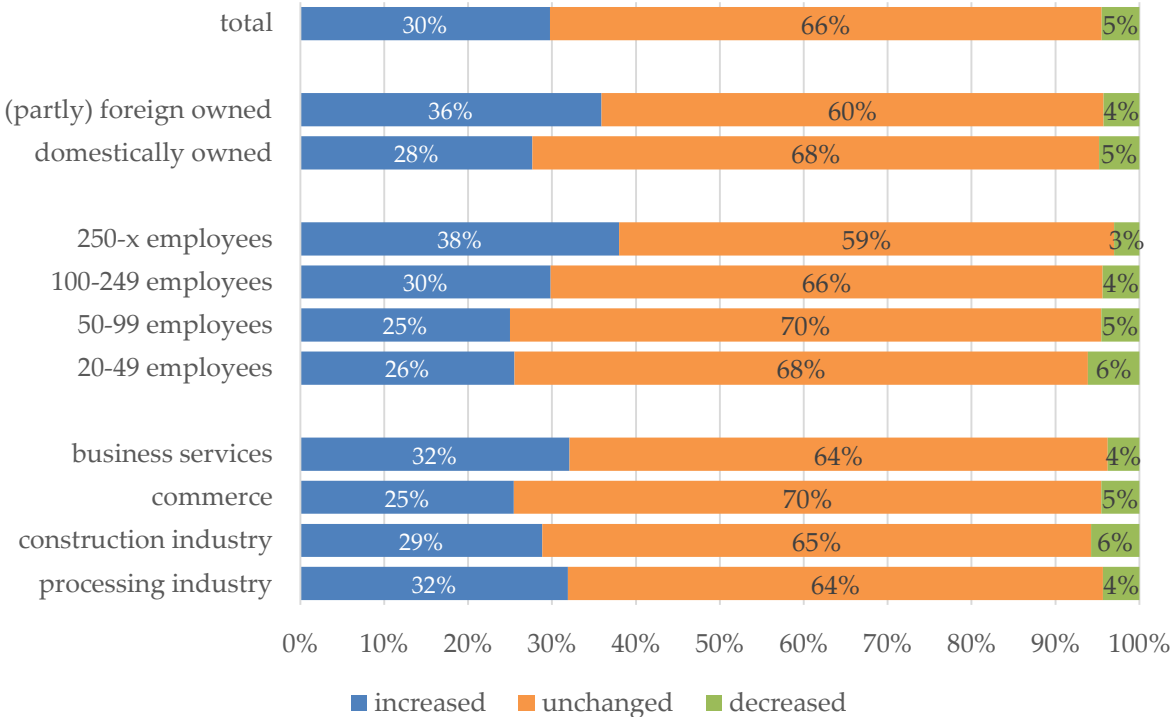
Figure 4. Types of fringe benefits offered by companies with regard to ownership structure, per cent



Source: IEER 2018

Shown in figure 5, at 66% of the companies the budget for fringe benefits has not changed in the previous year, while 30% of companies increased and 5% decreased their budgets. Among respondents, an increase of the fringe benefit budget was most commonly implemented by large, 250+ companies (38%), in contrast companies employing 20-49 workers (26%) and companies with a staff of 50-99 (25%). 36% of (partly) foreign owned companies and only 28% of domestic businesses increased their budgets, which is hardly surprising since foreign companies disburse fringe benefits more extensively than their domestic counterparts. Focusing on economic sectors, the rates of companies offering business services and those in the processing industry that increased their fringe benefit budgets were both 32%, however, construction companies also tended to increase perks (29%), while the rate of commercial companies was slightly lower at 26%.

Figure 5. Fringe benefit budget tendencies in the past year, with regard to ownership structure, company size and economic sector, per cent



Source: IEER 2018