

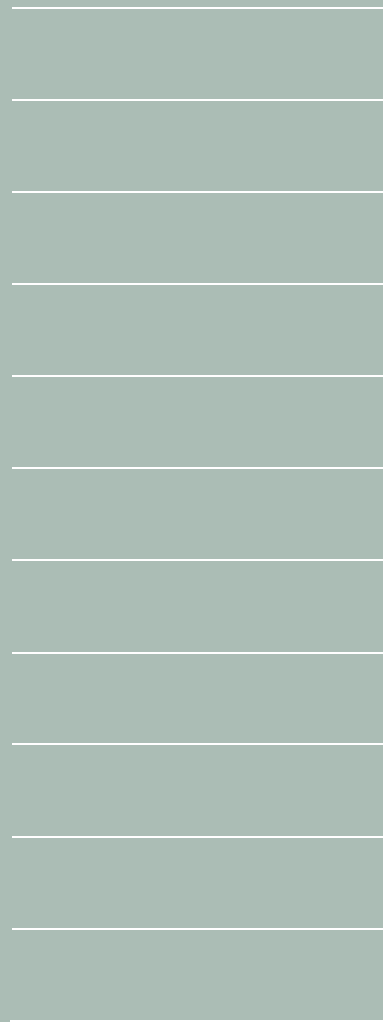


LIETUVOS BANKAS
EUROSISTEMA

REVIEW OF THE SURVEY OF ENTERPRISES

2016

2



ISSN 2538–6875 (ONLINE)

REVIEW
OF THE SURVEY OF ENTERPRISES
2016 / 2

The Review was prepared by the Economics and Financial Stability Service of the Bank of Lithuania

Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

© Lietuvos bankas, 2017

AIMS, METHODS AND PRINCIPLES OF THE SURVEY

The Survey of Non-financial Enterprises¹ (hereinafter — Enterprises) is conducted biannually in order to obtain information on the trends in the financial standing and operations of enterprises, assess the demand of enterprises for financial resources, changes in borrowing from credit and other financial institutions² (hereinafter — credit institutions), developments in credit standards and other aspects related to the development of the enterprises sector and its stability.

Commissioned by the Bank of Lithuania, the Survey was conducted in November–December 2016; responses were received from 501 enterprises operating in Lithuania. During the Survey, heads or financiers of the enterprises, classified by main activity and number of employees, were surveyed. Enterprises with up to 50 employees accounted for slightly more than two-thirds of the surveyed respondents, while those having 50 and more employees made up the rest of the respondents (see Tables 1). Further in this Review, enterprises having less than 9 employees are referred to as small enterprises, those having more than 10 but less than 50 employees — medium enterprises, and those with more than 50 employees — large enterprises.³ The number of surveyed enterprises by economic activity and location of registration is presented in Table 2.

Table 1. Number of surveyed enterprises with a specified number of employees and engaged in a specified economic activity

Number of employees	Industry	Construction	Trade	Services	Total
1–9	30	29	44	63	166
10–49	31	32	50	56	169
50 and more	58	30	32	46	166
Total	119	91	126	165	501

The average operating period of the surveyed enterprises is 18 years. Slightly more than 85 per cent of the surveyed enterprises operated as private or public limited liability companies, 7 per cent were comprised of sole proprietorships, while the rest of them included partnerships, municipal and other enterprises.

Table 2. Number of surveyed enterprises by economic activity and location of registration

County	Industry	Construction	Trade	Services	Total
Alytus	5	2	3	7	17
Kaunas	24	18	27	43	112
Klaipėda	15	8	3	20	46
Marijampolė	4	1	4	6	15
Panevėžys	12	8	11	9	40
Šiauliai	17	5	13	12	47
Tauragė	3	4	7	1	15
Telšiai	1	9	9	6	25
Utena	5	4	3	11	23
Vilnius	33	32	46	50	161
Total	119	91	126	165	501

¹ Similar to any selective quantitative research, statistical error criteria is applied to the results of this Survey.

² In this Survey, credit and other financial institutions are commercial banks, credit unions, leasing companies and other investment undertakings, from which non-financial enterprises borrow financial resources.

³ The division used by the European Commission and often encountered in international practice is as follows: very small enterprises are those that have less than 10 employees, small enterprises – having 10 or more employees, but not exceeding 50; medium enterprises – more than 50 but less than 250 employees, and large enterprises – more than 250 employees. Since small and medium-sized businesses dominate in Lithuania, the enterprise classification adapted for Lithuania is applied in this Review.

REVIEW OF THE SURVEY RESULTS

Almost half of enterprises continued to claim that they increased wages; slightly more than a third of enterprises plan to do so in the future as well, while the reason for rising wages – not just a shortage of employees. Primarily construction enterprises planned to increase wages in the future (48%), while enterprises engaged in trade activities and small enterprises were less likely (32% and 29% respectively). Slightly less than a third of respondents indicated a shortage of employees as the main reason for growth in wages. In this respect, construction enterprises were especially distinguished (49%). Important factors behind changes in wages include demand for production or services (24%), taxation policy (23%), legal regulation of labour relations (22%).

The tax burden, weighty competition, and a shortage of customers are still the most often-mentioned challenges encountered by enterprises. Two out of three enterprises (most often – small- and medium-sized ones) identified the growing tax burden as a challenge of medium and high significance, while shortage of customers and shifts in the competitive environment were indicated by more than half of respondents. A shortage of adequate staff was indicated as a challenge of medium and high significance by slightly less than every other respondent. During the earlier survey, this number stood at 56 per cent. The issue of shortage of staff will become increasingly more relevant – this was indicated mostly by representatives of enterprises in the construction sector. A large share of enterprises (94%) in the near future do not plan to draw in employees from abroad.

More than half of representatives of the surveyed enterprises claimed that the United Kingdom's withdrawal from the EU (Brexit) will not negatively impact their activities. On average, two out of three enterprises indicated that if provision of EU support funds to Lithuania would decrease, this would not impact the financial situation of enterprises. Nevertheless, every fourth enterprise indicates that they would experience a negative impact of the aforementioned factors on their activities. A possible negative impact from the decrease in EU financing was most often highlighted by large enterprises and construction activity operators (32% and 35% of respondents respectively), while withdrawal of the United Kingdom from the EU negatively affecting financial standing was most often indicated by large enterprises (25%) and trade enterprises (25%).

Compared to the previous survey, expectations of businesses regarding future prospects remained almost unchanged, but the share of enterprises planning to expand their business – decreased. Every fifth enterprise (22%, compared to 39% in the previous survey) plans business expansion, mostly undertakings operating in the services sector (25%). Although the number of enterprises projecting a growth in export decreased (from 35% to 26%), there were more enterprises indicating a possible increase in domestic demand, prices and wages than those who predicted opposite trends. Growth of export was primarily expected by industrial enterprises (35%), while small enterprises were most likely (31%) to indicate that they will increase the prices of their production or services. An increase in domestic demand was mostly (37%) believed by representatives of enterprises operating in the construction sector.

The structure of the business financing of enterprises did not change significantly – internal resources continue to dominate because, as was indicated by enterprises, they are sufficient. A similar trend should continue in the near future. Slightly more than half (51%) of enterprises claim that they have sufficient internal resources and do not need to borrow. Previously, an important reason for the use of internal financing resources was the price of external resources; however, the latter factor decreased in significance – it was indicated as a major factor by only one fourth of enterprises. During the earlier survey, this number was close to 50 per cent. Too-large price of external resources was seen mostly by small enterprises as an important factor resulting in the use of internal resources for financing activities.

In the opinion of enterprises, opportunities to borrow were improving for enterprises, while term and conditions for loans from banks were easing. A third of enterprises believed that lending to businesses is entirely or partly limited – 15 p.p. less than during the earlier survey. Mostly this opinion was expressed by small enterprises and enterprises engaged in construction activities. Noticeably fewer enterprises claimed that they have ensured their liabilities with warranty of natural persons (from 35% to 20%).⁴ There was also an increase in the number of enterprises (from 49% to 57%), whose requests for provision of a new loan or changing of the terms and conditions of a current loan was fully satisfied by a credit institution. Approximately every tenth enterprise's request was rejected – similar to half a year ago. Too-large current liabilities were most often (24%) named by enterprises as a reason for rejection of requests. The significance of the general economic environment notably decreased – as the main reason for rejection of requests it was indicated by slightly more than every tenth surveyed enterprise. This is 30 p.p. less than the number of respondents in the previous survey.

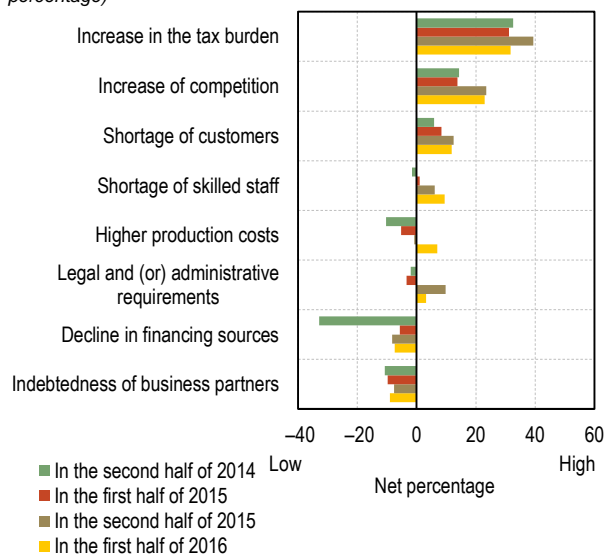
⁴ Having assessed the widespread practice of commercial banks and other credit institutions to demand that a business loan be warranted by the owners of the enterprise it is extended to or other natural persons, as well as the risks arising from this practice, in August 2016 the Bank of Lithuania supplemented the Provisions for the Organisation of Internal Control and Risk Assessment (Management), applied to credit institutions (credit unions and banks), with the requirement to assess the opportunities of natural persons to warrant (guarantee) loans provided by credit institutions (see http://www.lb.lt/lietuvos_banko_valdybos_nutarimai_113).

Although opportunities for borrowing for business expansion are improving, enterprises do not plan to borrow more actively, while compared to the previous survey, the need to borrow actually decreased. 9 per cent of surveyed enterprises believed that the need to borrow will increase in the future (compared to 24% in the previous half-year). Nearly three fourths of those surveyed in the near future do not see the need to borrow from credit institutions. Most often medium-sized enterprises and enterprises engaged in production activities planned to increase their liabilities, while large enterprises and trade enterprises – less often.

KEY CHARTS

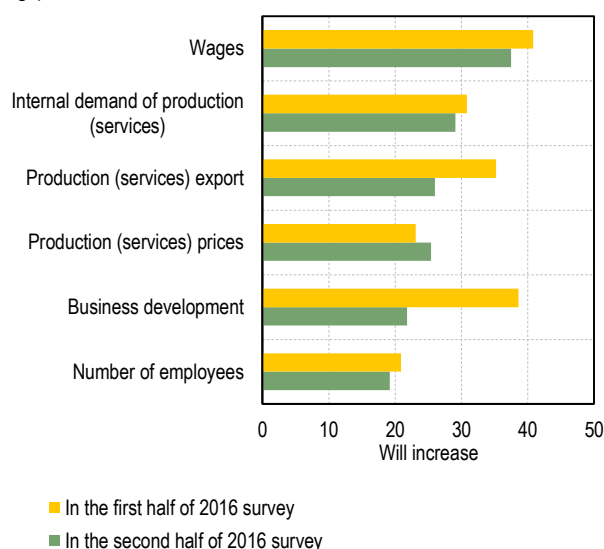
Changes in the competitive environment and increase in the tax burden remain the most-often indicated challenges to enterprises

Assessment of significance of challenges faced by enterprises (net percentage)



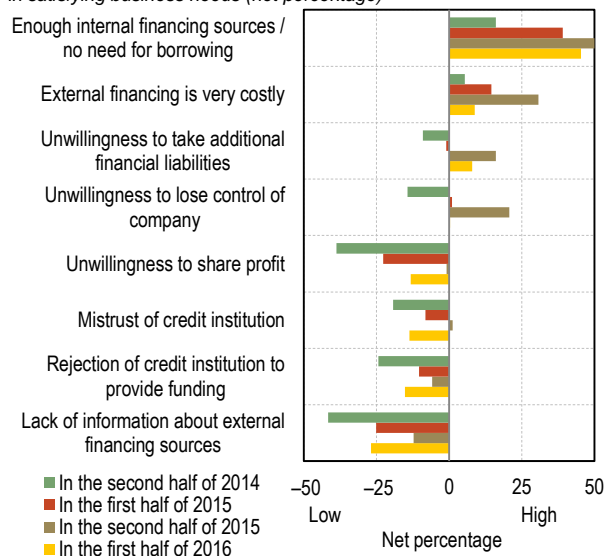
Expectations of enterprises for the upcoming half-year's prospects did not significantly change, except for plans on business expansion

Forecasted change in wages, prices and other factors (net percentage)



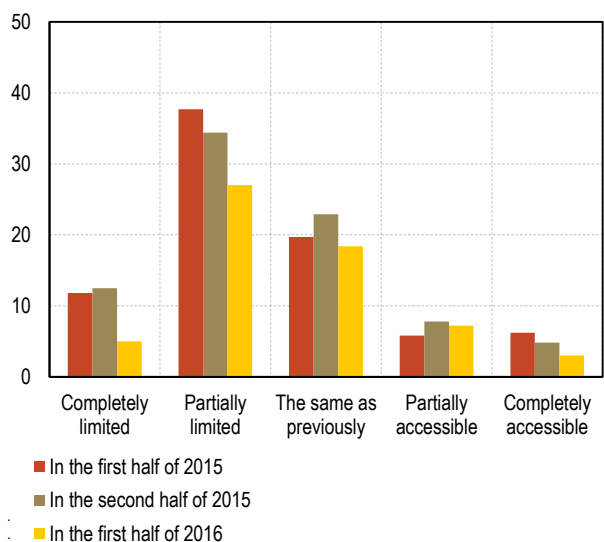
Significance of external resource prices, in choosing internal resources as a source of financing, decreased

Significance of factors that determined the choice of internal resources in satisfying business needs (net percentage)



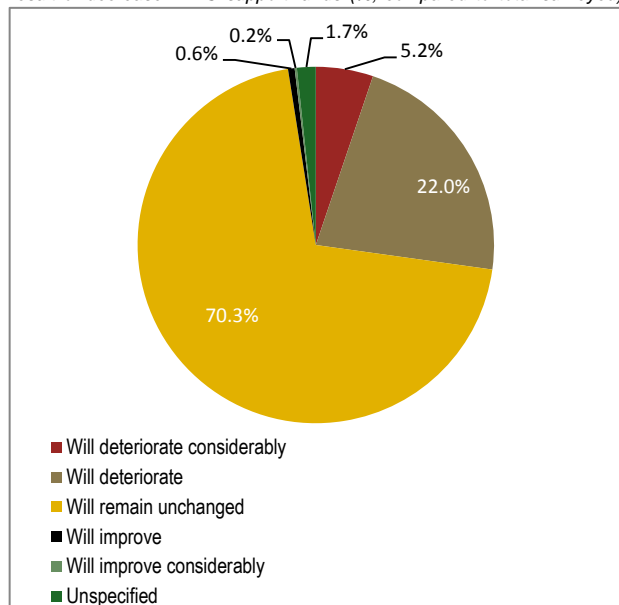
Availability of borrowing for business was positively assessed by enterprises

Assessment of availability of business loans (% compared to total surveyed) Percentages



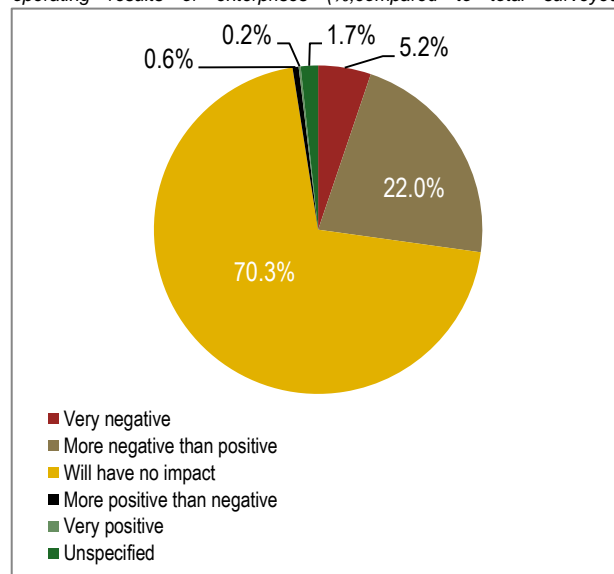
If the volume of the EU support funds would decrease, financial standing would worsen for around one fourth of enterprises

Assessment of the change in the financial standing of enterprises as a result of decrease in EU support funds (% compared to total surveyed)



In the opinion of most respondents, the United Kingdom's withdrawal from the EU will not have a significant impact on the operating results of enterprises

Assessment of the impact of the UK's withdrawal from the EU on the operating results of enterprises (% compared to total surveyed)



ANNEX. RESULTS OF ANSWERS TO MAIN QUESTIONS

Table 1. Changes in key financial indicators and number of employees of non-financial enterprises (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	low	medium	high	
Sales income (net percentage)	11.0	3.3	-1.6	15.1	10.9	4.1	8.4	7.8
Decreased	36.1	39.6	40.5	27.3	31.3	35.5	38.0	34.9
Remained unchanged	13.5	11.0	17.5	16.4	22.9	16.6	5.4	15.0
Increased	47.1	42.9	38.9	42.4	42.2	39.6	46.4	42.7
Unspecified	3.3	6.5	3.1	13.9	3.6	8.3	10.2	7.4
Book value of assets (net percentage)	5.8	28.6	13.4	20.6	8.4	19.6	22.3	16.7
Decreased	30.3	14.3	19.1	20.6	16.3	19.5	28.3	21.4
Remained unchanged	26.9	29.7	38.9	28.5	45.2	33.1	14.5	30.9
Increased	36.1	42.9	32.5	41.2	24.7	39.1	50.6	38.1
Unspecified	6.7	13.2	9.5	9.7	13.8	8.3	6.6	9.6
Book value of liabilities (net percentage)	10.1	30.8	7.2	8.5	-4.8	14.2	28.3	12.5
Decreased	28.6	12.1	20.6	24.2	19.9	21.9	24.7	22.2
Remained unchanged	26.1	28.6	41.3	32.7	49.4	32.5	15.7	32.5
Increased	38.7	42.9	27.8	32.7	15.1	36.1	53.0	34.7
Unspecified	6.6	16.4	10.3	10.4	15.6	9.5	6.6	10.6
Book value of equity (net percentage)	16.8	30.8	12.7	21.2	19.9	24.2	15.1	19.7
Decreased	20.2	12.1	11.9	14.6	9.0	10.1	25.3	14.8
Remained unchanged	35.3	28.6	50.8	27.9	45.2	42.0	19.3	35.5
Increased	37.0	42.9	24.6	35.8	28.9	34.3	40.4	34.5
Unspecified	7.5	16.4	12.7	21.7	16.9	13.6	15.0	15.2
Number of employees (net percentage)	-4.3	-3.3	7.1	2.5	-2.4	1.2	4.2	0.9
Decreased	23.5	25.3	14.3	13.3	10.8	18.3	25.3	18.2
Remained unchanged	56.3	49.5	64.3	70.3	78.9	61.0	45.2	62.7
Increased	19.2	22.0	21.4	15.8	8.4	19.5	29.5	19.1
Unspecified	1.0	3.2	0.0	0.6	1.9	1.2	0.0	1.0
Operating result for the second half of 2015 (net percentage)	47.9	60.4	60.3	41.8	45.2	55.6	53.0	51.3
Profit	69.8	75.8	78.6	60.0	66.9	72.2	70.5	69.9
Loss	21.9	15.4	18.3	18.2	21.7	16.6	17.5	18.6
Unspecified	8.3	8.8	3.1	21.8	11.4	11.2	12.0	11.6
Operating result for the first half of 2016 (net percentage)	39.5	30.7	53.2	40.0	48.2	38.4	38.0	41.6
Profit	64.7	59.3	73.8	59.4	67.5	62.1	63.3	64.3
Loss	25.2	28.6	20.6	19.4	19.3	23.7	25.3	22.7
Unspecified	10.1	12.1	5.6	21.2	13.2	14.2	11.4	13.0

Table 2. Breakdown of enterprises within a specified business area or size group by wage dynamics of employees working in an enterprise (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc-tion	trade	services	low	medium	high	
Breakdown of enterprises by change in wages in the first half of 2016 (net percentage)	44.5	42.9	42.1	35.8	27.7	50.3	44.0	40.7
Decreased	3.4	2.2	1.6	2.4	2.4	1.2	3.6	2.4
Remained unchanged	47.1	52.7	54.0	57.0	66.9	45.6	47.0	53.1
Increased	47.9	45.1	43.7	38.2	30.1	51.5	47.6	43.1
Unspecified	1.6	0.0	0.7	2.4	0.6	1.7	1.8	1.4
Breakdown of enterprises by possible change in wages in the second half of 2016 (net percentage)	39.5	47.3	31.0	30.9	29.1	36.7	41.0	35.9
Will decrease	0.8	1.1	0.8	3.0	1.2	1.8	1.8	1.6
Will remain unchanged	57.1	50.5	66.7	61.8	66.3	58.0	55.4	59.9
Will increase	40.3	48.4	31.8	33.9	31.3	38.5	42.8	37.5
Unspecified	1.8	0.0	0.7	1.3	1.2	1.7	0.0	1.0

Table 3. Breakdown of enterprises within a specified business area or size group by reasons for changes in wages (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc-tion	trade	services	low	medium	high	
Breakdown of enterprises by reasons for changes in wages in the first half of 2016⁵								
Shortage or surplus of employees	25.0	48.8	26.3	23.9	21.4	31.1	32.9	29.4
Production (services) demand	28.1	23.3	10.5	32.8	28.6	25.6	20.0	24.2
Business expansion increase or decrease	21.9	14.0	21.1	22.4	19.6	18.9	22.4	20.3
Business financing opportunities	7.8	9.3	1.8	4.5	3.6	6.7	5.9	5.6
Taxation policy	25.0	27.9	17.5	22.4	26.8	30.0	12.9	22.9
Legal regulation of labour relations	25.0	14.0	22.8	22.4	16.1	21.1	25.9	21.6
Other	18.8	7.0	24.6	25.4	8.9	18.9	28.2	19.9
Breakdown of enterprises by reasons for possible change in wages in the second half of 2016⁶								
shortage or surplus of employees	28.6	46.7	29.3	26.2	25.9	35.3	33.8	32.1
Production (services) demand	30.6	26.7	26.8	31.1	24.1	33.8	28.4	29.1
Business expansion increase or decrease	24.5	28.9	24.4	23.0	16.7	27.9	28.4	25.0
Business financing opportunities	10.2	8.9	4.9	9.8	5.6	8.8	10.8	8.7
Taxation policy	24.5	22.2	26.8	26.2	29.6	33.8	13.5	25.0
Legal regulation of labour relations	28.6	28.9	26.8	23.0	14.8	27.9	33.8	26.5
Other	18.4	4.4	24.4	27.9	9.3	19.1	27.0	19.4

Table 4. Breakdown of enterprises within a specified business area or size group by plan to draw in employees from abroad (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc-tion	trade	services	low	medium	high	
Plan to draw in employees from abroad in second half year of 2016 net percentage	-92.4	-89.0	-93.6	-86.0	-93.4	-87.6	-89.2	-90.0
Yes	3.4	4.4	2.4	6.1	3.0	4.7	4.8	4.2
No	95.8	93.4	96.0	92.1	96.4	92.3	94.0	94.2
Unspecified	0.8	2.2	1.6	1.8	0.6	3.0	1.2	1.6

⁵ Sample – 231 enterprises. Enterprise may indicate more than one reason.

⁶ Sample – 196 enterprises. Enterprise may indicate more than one reason.

Table 5. Breakdown of enterprises within a specified business area or size group by impact of European Union policy on financial standing of enterprises
(unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	low	medium	high	
Changes in financial standing of enterprises having terminated provision of EU support funds (net percentage)	-17.6	-34.1	-29.4	-26.1	-22.3	-26.6	-30.1	-26.4
Will deteriorate considerably	3.3	8.8	3.2	6.1	4.8	5.9	4.8	5.2
Will deteriorate	16.0	26.4	27.0	20.0	17.5	21.3	27.1	22.0
Will remain unchanged	76.5	63.7	66.7	72.1	75.3	69.8	65.7	70.3
Will improve	1.7	1.1	0.0	0.0	0.0	0.6	1.2	0.6
Will improve considerably	0.0	0.0	0.8	0.0	0.0	0.0	0.6	0.2
Unspecified	2.5	0.0	2.3	1.8	2.4	2.4	0.6	1.7
Impact of withdrawal of UK from EU on operating results of enterprise (net percentage)	-21.9	-15.4	-23.0	-10.9	-13.9	-15.9	-22.3	-17.4
Very negative	3.4	0.0	0.8	0.6	1.2	0.6	1.8	1.2
More negative than positive	20.2	22.0	23.8	13.9	16.3	18.9	22.9	19.4
Will have no impact	71.4	69.2	72.2	78.8	75.3	75.7	69.9	73.7
More positive than negative	1.7	6.6	1.6	3.0	3.0	3.6	2.4	3.0
Very positive	0.0	0.0	0.0	0.6	0.6	0.0	0.0	0.2
Unspecified	3.3	2.2	1.6	3.1	3.6	1.2	3.0	2.5

Table 6. Breakdown of enterprises within a specified business area or size group by likely development of export volume within the next 12 months
(unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	low	medium	high	
Likely development in export over upcoming 12 months (net percentage)	24.5	16.5	13.5	14.6	11.4	18.2	21.1	17.0
Will decrease by more than 10%	2.5	4.4	3.2	2.4	3.6	2.4	3.0	3.0
Will decrease by 5–10%	5.8	2.2	1.6	0.6	3.6	1.2	2.4	2.4
Will decrease by less than 5%	2.5	2.2	7.1	2.4	4.2	3.0	3.6	3.6
Will remain unchanged	46.2	52.8	52.4	59.4	52.4	58.0	49.4	53.3
Will increase by up to 5%	18.5	9.9	12.7	11.5	9.6	12.4	17.5	13.2
Will increase by 5–10%	9.2	6.6	9.5	4.9	7.2	7.1	7.8	7.4
Will increase by more than 10%	7.6	8.8	3.2	3.6	6.0	5.3	4.8	5.4
Unspecified	7.6	13.2	10.3	15.2	13.3	10.7	11.5	11.8

Table 7. Breakdown of enterprises within a specified business area or size group by development of demand in the domestic market
(unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	low	medium	high	
Development of domestic demand in the first half of 2016 (net percentage)	1.7	-6.6	-9.5	-3.0	-2.4	-1.1	-9.0	-4.1
Decreased	25.2	30.8	34.9	20.6	26.5	26.0	28.9	27.1
Remained unchanged	45.4	44.0	38.1	56.4	47.0	47.9	45.8	46.9
Increased	26.9	24.2	25.4	17.6	24.1	24.9	19.9	23.0
Unspecified	2.5	1.0	1.6	5.4	2.4	1.2	5.4	3.0
Likely development of domestic demand in the second half of 2016 (net percentage)	9.2	19.8	13.5	7.8	9.0	10.6	15.6	11.7
Will decrease	17.7	17.6	20.6	14.6	18.1	17.2	16.9	17.4
Will remain unchanged	52.9	42.9	43.7	57.0	52.4	53.2	44.6	50.1
Will increase	26.9	37.4	34.1	22.4	27.1	27.8	32.5	29.1
Unspecified	2.5	2.1	1.6	6.0	2.4	1.8	6.0	3.4

Table 8. Breakdown of enterprises within a specified business area or size group by development of prices of production (services) (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	low	medium	high	
Development of prices of production (services) in the first half of 2016 (net percentage)	5.1	5.5	23.8	4.8	20.5	4.7	4.2	9.8
Decreased	15.1	15.4	11.1	7.9	6.6	13.6	15.1	11.8
Remained unchanged	63.0	60.4	53.2	73.9	62.1	67.5	61.5	63.6
Increased	20.2	20.9	34.9	12.7	27.1	18.3	19.3	21.6
Unspecified	1.7	3.3	0.8	5.5	4.2	0.6	4.1	3.0
Likely development of prices of production (services) in the second half of 2016 net percentage	13.5	20.9	22.3	15.7	24.7	17.8	10.9	17.8
Will decrease	10.9	6.6	7.1	6.1	6.6	5.9	10.2	7.6
Will remain unchanged	63.0	63.7	61.9	67.3	59.0	69.8	63.9	64.3
Will increase	24.4	27.5	29.4	21.8	31.3	23.7	21.1	25.4
Unspecified	1.7	2.2	1.6	4.8	3.1	0.6	4.8	2.7

Table 9. Breakdown of enterprises within a specified business area or size group by plans for business expansion (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	low	medium	high	
Breakdown of enterprises by plans for business expansion in the second half of 2016								
Yes	21.0	20.9	19.1	24.9	21.7	21.3	22.3	21.8
No	79.0	78.0	80.2	74.6	77.1	78.7	77.1	77.6
Unspecified	0.0	1.1	0.7	0.5	1.2	0.0	0.6	0.6

Table 10. Breakdown of enterprises within a specified business area or size group by origin of satisfaction of business financial needs (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	low	medium	high	
Breakdown of enterprises by source of satisfying business funding needs with internal resources⁷								
less than 50	17.6	17.6	15.9	13.9	11.4	17.3	19.2	16.0
from 50 to 80	9.3	9.8	9.6	4.8	7.2	9.5	7.2	8.0
from 80 to 100%	62.2	59.4	66.7	54.6	64.4	60.9	55.4	60.3
Unspecified	10.9	13.2	7.8	26.7	17.0	12.3	18.2	15.7
Breakdown of enterprises by intention of satisfying business funding needs with internal resources⁸								
less than 50	19.3	21.2	20.8	26.8	18.9	19.6	29.7	22.8
from 50 to 80	23.1	15.8	4.2	14.6	16.2	25.0	2.7	14.6
from 80 to 100%	53.9	57.9	70.8	51.2	59.5	50.0	62.2	57.3
Unspecified	3.7	5.1	4.2	7.4	5.4	5.4	5.4	5.3
Significance of factors that determined the choice of internal financing sources in satisfying business needs⁹								
Sufficient internal resources or no need to borrow (net percentage)	57.1	44.4	43.8	37.4	33.1	40.8	64.4	45.3
Very large share of those who indicated this factor's importance	58.3	52.4	50.0	45.5	40.7	46.7	68.3	51.2
Unwillingness of owners of an enterprise to assume additional liabilities (net percentage)	8.3	6.3	9.4	7.1	13.6	11.7	-2.9	7.9
Very large share of those who indicated this factor's importance	26.2	20.6	22.9	22.2	28.0	23.3	17.3	23.1
Unwillingness of owners of an enterprise to lose control over management of the enterprise (net percentage)	-7.1	7.9	9.5	-7.1	-0.9	6.7	-5.8	0.3
Very large share of those who indicated this factor's importance	15.5	22.2	23.2	13.1	18.0	20.8	15.4	18.2
Unwillingness of owners of an enterprise to share profits earned (net percentage)	-19.3	-15.9	-8.3	-11.1	-15.3	-6.7	-18.3	-13.2
Very large share of those who indicated this factor's importance	10.7	4.8	11.5	9.1	9.3	10.0	8.7	9.4
Lack of information or not knowing how to attract external resources (net percentage)	-33.3	-30.2	-22.9	-23.2	-25.4	-19.2	-37.5	-26.9

⁷ Sample – 110 enterprises.

⁸ Sample – 110 enterprises.

⁹ Sample – 342 enterprises.

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	low	medium	high	
Very large share of those who indicated this factor's importance	2.4	4.8	6.3	7.1	6.8	5.8	2.9	5.3
Too high a price of external resources (net percentage)	13.1	12.7	4.2	7.1	15.3	11.7	-1.9	8.8
Very large share of those who indicated this factor's importance	27.4	25.4	22.9	19.2	27.1	24.2	18.3	23.4
Distrust in system of credit institutions (net percentage)	-19.0	-19.0	-6.3	-13.1	-11.9	-4.2	-26.9	-13.7
Very large share of those who indicated this factor's importance	11.9	6.4	15.6	10.1	13.6	13.3	6.7	11.4
Refusal of a credit institutions or another lender to provide financing (net percentage)	-14.3	-20.6	-12.5	-15.0	-14.4	-9.2	-22.9	-15.2
Very large share of those who indicated this factor's importance	15.5	7.9	11.5	8.0	12.7	10.8	8.6	10.8

Table 11. Breakdown of enterprises within a specified business area or size group by assessment of borrowing from credit institutions (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	low	medium	high	
Assessment of availability of business loans								
Lending to businesses is strictly limited	8.4	7.7	2.4	3.0	6.0	4.7	4.2	5.0
Lending to businesses is partly limited	22.7	27.5	30.2	27.3	30.7	28.4	21.7	27.0
Lending to businesses is the same as it was before	15.1	21.9	23.0	15.2	12.7	20.1	22.3	18.4
Lending to businesses is partly more available	8.4	13.2	7.1	3.0	6.6	4.1	10.8	7.2
Lending to businesses is fully available	5.9	3.3	1.6	1.8	1.2	2.4	5.4	3.0
Not sure (did not answer)	39.5	26.4	35.7	49.7	42.8	40.2	35.5	39.5
Share of enterprises with liabilities to credit institutions	43.7	48.4	47.6	30.3	22.3	45.6	55.4	41.1
Share of enterprises that secured their liabilities by pledge of assets (warranties) ¹⁰	71.2	79.6	58.6	64.6	60.5	66.7	71.9	67.8
Share of enterprises that ensured their liabilities by warranty of natural persons ¹¹	15.4	15.9	29.3	18.8	26.3	21.3	16.9	20.3
Share of enterprises that applied to credit institutions for a new loan or change of the terms and conditions of current loan ¹²	31.4	31.8	34.5	37.5	29.0	27.0	41.6	33.8
Satisfaction of applications for borrowing or changing the contractual terms and conditions of existing liabilities								
Application was rejected	6.7	7.1	10.0	16.7	18.2	25.0	0.0	10.5
Lent a smaller amount than was applied for	13.3	14.3	10.0	11.1	18.2	15.0	8.3	11.9
Lent the entire amount applied for but under additional conditions	20.0	0.0	25.0	27.8	27.3	15.0	19.4	19.4
Application was fully satisfied	60.0	71.4	55.0	44.4	36.4	40.0	72.2	56.7

Table 12. Reasons for not satisfying applications for borrowing or changing the contractual terms and conditions of existing liabilities (%; sample of respondents – 17 enterprises)

	Total
General economic environment	11.8
Too large current liabilities of enterprise	23.5
Poor enterprise's financial standing	5.9
Unpromising project presented by enterprise	0.0
Poor credit record of enterprise	0.0
Unmotivated response of credit institution	41.2
Other	17.6

Table 13. Breakdown of enterprises by location of sales income (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	low	medium	high	
Income of enterprises earned from local market								
less than 50	30.2	11.0	14.4	15.8	12.6	17.8	23.4	18.0
from 50 to 80	5.9	4.4	12.7	7.2	5.4	8.4	9.6	7.8
from 80 to 100%	57.1	74.7	70.6	64.8	72.9	65.7	60.2	66.3
Unspecified	6.8	9.9	2.3	12.2	9.1	8.1	6.8	7.9

¹⁰ Sample – 202 enterprises.

¹¹ Sample – 202 enterprises.

¹² Sample – 201 enterprises.

Table 14. Significance of experienced challenges and their likely development
(unless otherwise specified, %)(unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	low	medium	high	
Shortage of customers in the first half of 2016 (net percentage)	8.4	12.1	23.8	4.9	12.0	12.4	10.8	11.8
Small	16.8	14.3	14.3	12.1	15.7	13.0	13.9	14.2
Medium	27.7	28.6	31.8	24.2	25.3	33.7	24.1	27.7
Large	25.2	26.4	38.1	17.0	27.7	25.4	24.7	26.0
No such challenge was faced	15.8	13.2	7.1	18.2	12.1	9.5	20.5	14.0
Unspecified	14.5	17.5	8.7	28.5	19.2	18.4	16.8	18.1
Likely development of the shortage of clients in the second half of 2016 (net percentage)	6.8	9.9	13.5	6.6	2.6	12.4	4.9	6.6
Will decrease	9.2	11.0	13.5	10.8	13.7	8.9	9.6	10.8
Will remain unchanged	42.9	37.4	37.3	38.3	37.4	41.4	36.1	38.3
Will increase	16.0	20.9	27.0	17.4	16.3	21.3	14.5	17.4
No such challenge will be faced	13.5	7.7	5.6	10.8	11.5	8.3	12.7	10.8
Unspecified	18.4	23.0	16.7	16.7	21.1	20.1	27.1	22.7
Significance of increase in competitiveness in the first half of 2016 (net percentage)	19.3	34.1	31.8	12.8	22.9	22.4	23.5	22.9
Small	8.4	8.8	7.9	12.1	9.6	10.1	9.0	9.6
Medium	31.9	23.1	35.7	20.0	26.5	31.4	24.1	27.4
Large	27.7	42.9	39.7	24.9	32.5	32.5	32.5	32.5
No such challenge was faced	13.5	4.4	4.0	11.5	7.2	5.9	13.3	8.8
Unspecified	18.5	20.8	12.7	31.5	24.2	20.1	21.1	21.7
Likely development of the significance of increase in competitiveness in the second half of 2016 (net percentage)	20.2	25.3	32.5	18.8	28.3	20.7	22.3	23.8
Will decrease	0.0	3.3	1.6	2.4	1.2	3.0	1.2	1.8
Will remain unchanged	47.1	42.9	41.3	33.3	36.8	45.0	39.2	40.3
Will increase	20.2	28.6	34.1	21.2	29.5	23.7	23.5	25.6
No such challenge will be faced	10.1	3.2	1.6	9.1	5.4	4.7	9.0	6.4
Unspecified	22.6	22.0	21.4	34.0	27.1	23.6	27.1	25.9
Significance of decrease in financing sources in the first half of 2016 (net percentage)	-8.5	-12.1	-9.6	-2.4	-2.4	-10.7	-9.1	-7.4
Small	17.7	20.9	19.1	10.3	14.5	16.6	17.5	16.2
Medium	14.3	9.9	11.1	9.1	9.6	14.8	8.4	11.0
Large	9.2	8.8	9.5	7.9	12.1	5.9	8.4	8.8
No such challenge was faced	29.4	33.0	27.0	31.5	25.9	27.8	36.7	6.8
Unspecified	29.4	27.5	33.3	41.2	37.9	34.9	29.0	23.4
Likely development of the significance of the decrease in financing sources in the second half of 2016 (net percentage)	5.9	6.6	3.2	3.0	4.8	4.2	4.2	4.4
Will decrease	1.7	4.4	3.2	4.9	4.2	4.1	2.4	3.6
Will remain unchanged	37.0	29.7	29.4	20.6	24.1	28.4	32.5	28.3
Will increase	7.6	11.0	6.4	7.9	9.0	8.3	6.6	8.0
No such challenge will be faced	19.3	20.9	20.6	24.3	20.5	17.8	26.5	21.6
Unspecified	34.5	34.1	40.5	42.4	42.2	41.4	31.9	38.5
Significance of increased production costs in the first half of 2016 (net percentage)	16.0	3.3	6.4	3.0	6.7	8.8	5.4	7.0
Low	8.4	16.5	11.1	9.1	8.4	10.7	13.3	10.8
Average	35.3	36.3	20.6	26.1	22.3	32.0	31.9	28.7
High	24.4	19.8	17.5	12.1	15.1	19.5	18.7	17.8
No such challenge was faced	10.9	12.1	19.1	14.5	18.0	11.2	13.9	14.4
Unspecified	21.0	15.3	31.7	38.2	36.2	26.6	22.3	28.3
Likely development of the significance of the increased production costs in the second half of 2016 (net percentage)	29.4	29.7	27.0	19.4	24.7	27.2	24.7	25.5
Will decrease	2.5	3.3	1.6	1.8	1.8	0.6	4.2	2.2
Will remain unchanged	31.1	35.2	23.0	23.6	20.5	34.3	27.1	27.4
Will increase	31.9	33.0	28.6	21.2	26.5	27.8	28.9	27.7
No such challenge will be faced	10.9	8.8	11.1	11.5	13.9	8.3	10.2	10.8
Unspecified	23.6	19.8	35.7	41.9	37.3	29.0	29.6	31.9
Significance of shortage of adequate staff in the first half of 2016 (net percentage)	8.4	12.1	16.7	3.0	11.5	8.3	8.4	9.4
Small	17.7	14.3	10.3	14.6	10.2	16.0	16.3	14.2
Medium	14.3	27.5	21.4	18.8	18.7	20.7	20.5	20.0
Large	26.1	26.4	27.0	17.6	21.7	24.3	24.7	23.6
No such challenge was faced	16.8	15.4	13.5	17.6	18.1	13.6	16.3	16.0
Unspecified	25.1	16.4	27.8	31.4	31.3	25.4	22.2	26.2
Likely development of the shortage of adequate staff in the second half of 2016 (net percentage)	11.0	29.7	16.6	11.6	23.9	16.0	18.1	16.0
Will decrease	6.7	1.1	5.6	3.6	6.0	4.7	2.4	4.4
Will remain unchanged	36.1	36.3	27.0	29.7	24.1	34.3	36.8	31.7
Will increase	17.7	30.8	22.2	15.2	29.9	20.7	20.5	20.4
No such challenge will be faced	13.4	12.1	11.9	14.5	15.1	12.4	12.1	13.2
Unspecified	26.1	19.7	33.3	37.0	34.9	27.9	28.2	30.3
Likely significance of the indebtedness of business partners in the first half of 2016 (net percentage)	-11.8	-5.5	-15.1	-4.3	-8.4	-2.4	-16.3	-9.0
Small	22.7	23.1	25.4	15.2	19.9	17.2	25.9	21.0
Medium	27.7	29.7	20.6	20.0	18.1	24.3	28.9	23.8
Large	10.9	17.6	10.3	10.9	11.5	14.8	9.6	12.0
No such challenge was faced	16.8	8.8	14.3	17.6	20.5	12.4	12.0	14.9
Unspecified	21.9	20.8	29.4	36.3	30.0	31.3	23.6	28.3
Likely significance of the indebtedness of business partners in the second half of 2016 (net percentage)	8.4	14.3	-0.8	8.4	4.2	10.1	7.3	7.2

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	low	medium	high	
Will decrease	4.2	6.6	9.5	5.5	6.6	5.3	7.2	6.4
Will remain unchanged	42.9	40.7	38.1	26.7	32.5	36.1	39.2	35.9
Will increase	12.6	20.9	8.7	13.9	10.8	15.4	14.5	13.6
No such challenge will be faced	13.5	6.6	7.9	13.9	15.7	8.9	8.4	11.0
Unspecified	26.8	25.2	35.8	40.0	34.4	34.3	30.7	33.1
Significance of the increase in tax burden in the first half of 2016 (net percentage)	26.1	27.5	39.6	32.1	39.8	37.3	18.1	31.7
Small	8.4	7.7	4.8	5.5	3.6	5.9	9.6	6.4
Medium	31.9	31.9	27.8	20.0	24.7	23.7	32.5	27.0
Large	34.5	35.2	44.4	37.6	43.4	43.2	27.7	38.1
No such challenge was faced	8.4	8.8	6.3	8.5	8.4	7.1	8.4	8.0
Unspecified	16.8	16.4	16.7	28.4	19.9	20.1	21.8	20.5
Likely development of the significance of the increase in tax burden in the second half of 2016 (net percentage)	22.7	22.0	22.2	20.0	27.1	18.9	18.7	21.6
Will decrease	1.7	1.1	2.4	2.4	1.8	3.0	1.2	2.0
Will remain unchanged	47.1	50.5	41.3	34.6	38.0	42.6	45.2	41.9
Will increase	24.4	23.1	24.6	22.4	28.9	21.9	19.9	23.6
No such challenge will be faced	7.6	5.5	4.7	8.5	7.2	6.5	6.6	6.8
Unspecified	19.2	20.9	27.0	32.1	24.1	26.0	27.1	25.7
Significance of legal/administrative requirements in the first half of 2016 (net percentage)	-0.9	-6.6	4.0	10.9	7.9	4.7	-3.0	3.2
Small	17.7	20.9	14.3	8.5	9.6	14.8	18.7	14.4
Average	21.0	19.8	23.0	23.6	21.7	20.1	24.7	22.2
Big	16.8	14.3	18.3	19.4	17.5	19.5	15.7	17.6
No such challenge was faced	18.5	19.8	15.1	13.3	16.3	17.2	15.0	16.2
Unspecified	26.0	25.2	29.3	35.2	34.9	28.4	25.9	29.6
Likely development of the significance of legal/administrative requirements in the second half of 2016 (net percentage)	13.5	12.1	16.7	16.4	16.9	11.2	16.9	15.0
Will decrease	0.8	2.2	2.4	3.0	2.4	3.6	0.6	2.2
Will remain unchanged	42.0	40.7	33.3	28.5	29.5	36.7	39.2	35.1
Will increase	14.3	14.3	19.1	19.4	19.3	14.8	17.5	17.2
No such challenge will be faced	13.4	14.3	10.3	11.5	11.4	12.4	12.6	12.0
Unspecified	29.5	28.5	34.9	37.6	37.4	32.5	30.1	33.5
Significance of other challenges in the first half of 2016 (net percentage)	-1.7	0.0	-2.4	1.8	3.6	0.0	-4.8	-0.4
Small	5.9	2.2	4.8	0.6	1.2	1.8	6.6	3.2
Average	3.4	2.2	5.6	3.6	2.4	2.4	6.6	3.8
Big	4.2	2.2	2.4	2.4	4.8	1.8	1.8	2.8
No such challenge was faced	10.9	6.6	9.5	9.8	8.4	11.2	8.4	9.4
Unspecified	75.6	86.8	77.8	83.6	83.2	82.8	76.6	80.8
Likely development of the significance of other challenges in the second half of 2016 (net percentage)	4.2	2.2	4.8	0.0	1.8	3.3	3.0	2.6
Will decrease	0.8	0.0	0.0	1.2	1.2	0.0	0.6	0.6
Will remain unchanged	10.9	6.6	10.3	5.5	3.6	7.7	13.3	8.2
Will increase	5.0	2.2	4.8	1.2	3.0	3.0	3.6	3.2
No such challenge will be faced	6.7	4.4	4.8	8.5	6.0	7.1	6.0	6.6
Unspecified	76.6	86.8	80.1	83.6	86.2	82.2	76.5	81.4

Table 15. Breakdown of enterprises within a specified business area or size group by need to borrow from credit institutions (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	Low	medium	high	
Breakdown of enterprises by need to borrow in the second half of 2016 (net percentage)	8.4	5.5	4.7	7.7	6.0	11.8	2.4	6.8
There will be no need	79.0	64.8	72.2	66.7	72.9	69.8	69.3	70.7
Need will decrease	0.0	1.1	0.0	0.6	0.6	0.0	0.6	0.4
Will decrease	0.0	1.1	3.2	3.2	1.8	2.4	1.8	2.0
Will remain unchanged	12.6	19.8	14.3	11.5	12.1	11.2	18.7	14.0
Will increase	8.4	6.6	7.9	9.7	7.2	13.0	4.8	8.4
Increase considerably	0.0	1.1	0.0	1.8	1.2	1.2	0.0	0.8
Unspecified	0.0	5.5	2.4	6.7	4.2	2.4	4.8	3.8