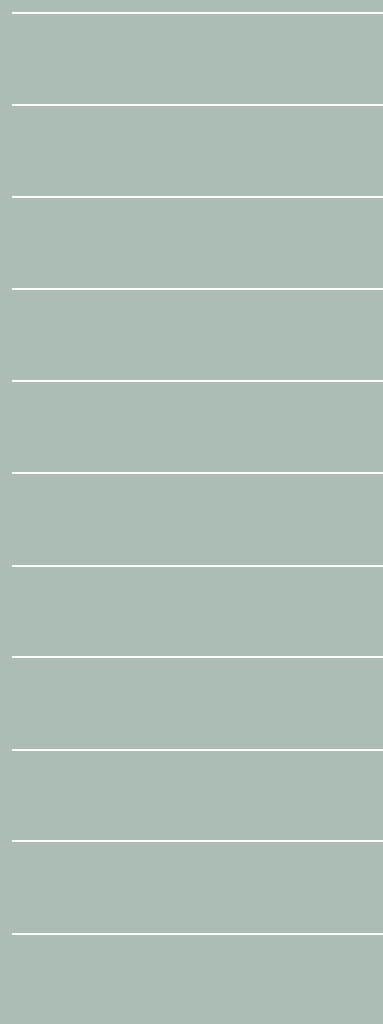




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REVIEW OF THE SURVEY OF ENTERPRISES

2017



REVIEW OF THE SURVEY OF
ENTERPRISES
2017 / 1

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AIMS, METHODS AND PRINCIPLES OF THE SURVEY

Surveys of Non-financial Enterprises¹ (hereinafter – enterprises) are 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 institutions (hereinafter – credit institutions)², developments in credit standards, as well as other aspects related to the development of the enterprises sector and its sustainability.

Commissioned by the Bank of Lithuania, the Survey was conducted in March 2017; responses were received from 501 enterprises operating in Lithuania. During the Survey, heads or financiers of enterprises, classified by main business area 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 with 50 and more employees made up the rest of the respondents (see Table 1). Further in this Review, enterprises with up to 9 employees are referred to as small enterprises, those with more than 10 but less than 50 employees – medium enterprises, and those with 50 and more employees – large enterprises³. The number of surveyed enterprises by business area and county is presented in Table 2.

Table 1. Number of surveyed enterprises with a specified number of employees and operating in a specified business area

Number of employees	Industry	Construction	Trade	Services	Total
1–9	32	29	47	61	169
10–49	31	32	49	56	168
50 and above	56	29	30	49	164
Total	119	90	126	166	501

The average operating period of the surveyed enterprises is 20 years. Slightly more than 83 per cent of the surveyed enterprises operated as private or public limited liability companies, 4 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 county and business area

County	Industry	Construction	Trade	Services	Total
Alytus	4	2	2	5	13
Kaunas	32	14	32	32	110
Klaipėda	6	9	9	24	48
Marijampolė	3	5	7	6	21
Panevėžys	12	3	7	8	30
Šiauliai	9	5	11	11	36
Tauragė	6	3	2	2	13
Telšiai	6	8	4	3	21
Utena	9	4	1	6	20
Vilnius	32	37	51	69	189
Total	119	90	126	166	501

¹ Similar to any selective quantitative research, a statistical error criterion applies to the results of this Survey.

² In this Survey, credit and other financial institutions are commercial banks, credit unions, leasing companies and other economic entities engaged in financial activity, from which non-financial enterprises can borrow for their needs.

³ The division used by the European Commission and most often encountered in international practice is as follows: very small enterprises are those that have less than 10 employees, small enterprises – 10 to 50 employees, medium enterprises – 50 to 250 employees, and large enterprises – more than 250 employees.

Enterprises which recently raised wages and plan to do so in the future continued to increase in number, while the main reason for raising wages remains a shortage of employees. Nearly half of the surveyed enterprises reported they raised wages for their employees in the second half of 2016. Compared to the survey conducted half a year ago, the share of such enterprises increased by 5 percentage points (to 48%). To raise wages in the upcoming half-year was the plan, as before, of mostly large enterprises (52%) and those engaged in construction activity (53%). Most of enterprises (about a third) reported that the decision to raise wages is driven by a shortage of employees. This issue is likely to be tackled in the near future by raising wages. More than every fourth enterprise reported that the trends in the development of their business and the legal regulation of labour relations were contributing to wage raising (28% and 27% respectively). Nearly half of enterprises reported they would raise wages in the upcoming half-year, while 5 per cent of the respondents intend to attract employees from abroad. Enterprises that are planning to raise the prices for their output or services in the next half-year increased in number: the share of such enterprises increased from 25 per cent to 36 per cent over the half-year, the expansion in this section being the most pronounced within the trade sector (from 29% to 48%). This time, more enterprises claimed they would increase the number of employees in the next half-year – 27 per cent (from 20% in the previous survey).

Slightly more than half of the surveyed project that the recent strong wage growth may persist for no more than 1–2 years. More than half of enterprises reported they would face a shortage of financial resources if wage cost continues increasing at this pace. While about a fifth (18%) of enterprises believed that wages would grow at a similar pace for less than one year, quite a substantial share of them – 40 per cent – reported that this trend may persist for over two years. Construction enterprises mostly claimed that they may in the near future come short of financial resources for strong raising of wages (62%), while enterprises engaged in trade activity claimed this the least (52%).

Almost every third enterprise intends to expand its business in the near future. Compared to the previous half-year, the share of enterprises which are planning business expansion increased by 9 percentage points (to 31%). This was planned mainly by trade enterprises (35%), the least – by enterprises engaged in construction activity (27%). Two-thirds of enterprises do not plan expansion, the main reason for that being specified as their negative future expectations (38%), poor economic situation in the country (30%), and insufficient demand (20%).

As crediting gained momentum, enterprises that intend to finance their business needs with internal resources alone decreased fast in number. While almost half of enterprises claimed they were planning to finance 80–100 per cent of the costs necessary for their activities using only internal resources, the number of such enterprises dropped by 13 percentage points from the previous half-year, to 44 per cent. This is the smallest share in over two years. About 14 per cent of enterprises claimed that their borrowing needs would increase in the near future, which is 5 percentage points more than half a year ago. Small enterprises and trade enterprises (60% and 55% respectively) mainly tend to finance their business exclusively with internal resources. As in the previous half-year, the main factors behind such a decision were sufficient internal resources (44%) and the high price of credit offered by credit institutions (25%).

Enterprises hold the opinion that credit institution lending conditions did not change significantly over the half-year. Similarly to half a year ago, nearly one-third of enterprises believe that commercial lending is fully or partly limited. Nevertheless, the share of applications for a new loan or for changing the existing credit conditions contracted markedly (from 11% to 3%). Moreover, compared to the survey conducted half a year ago, enterprises which reported that business crediting was fully or partly limited decreased by 14 percentage points in number, i.e. there are signs that the conditions of lending to enterprises are becoming slightly less stringent.

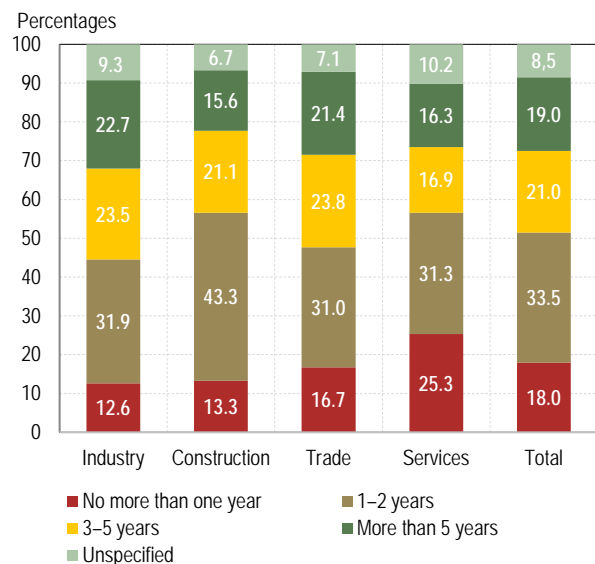
While enterprises further reported tax burden, intense competition, and a shortage of customers as the hardest difficulties they are currently facing, growing production costs and a shortage of staff are likely to gain higher significance in the long run. 42 per cent of enterprises singled out the increasing tax burden as a factor of high significance, an increase of 4 percentage points from the previous half-year. Intense competition and a shortage of customers were highly significant factors to 37 per cent and 31 per cent of the surveyed enterprises. On the other hand, nearly one-third of respondents projected that the issue of growing production costs would be increasingly relevant, while one-fourth believed that a shortage of employees would raise high concerns as well.

When asked about major operating risks for enterprises that their business may face in the near future, enterprises mainly reported the low purchasing power of customers, rising prices of resources, and the deteriorating demographic situation in the country. These aspects, as major threats to business, were reported by 55, 47 and 33 per cent of the surveyed respectively. Low purchasing power of customers raised concerns mainly for trade enterprises (78%) and small enterprises (66%), while the deteriorating demographic situation – for large enterprises (42%) and enterprises engaged in trade activity (45%). Most rarely, enterprises reported facing the issues of import restrictions and a shortage of financing.

KEY CHARTS

About half of enterprises believe that strong wage growth will continue for no longer than 1–2 years

Forecast of duration of further strong wage growth (% of total surveyed)



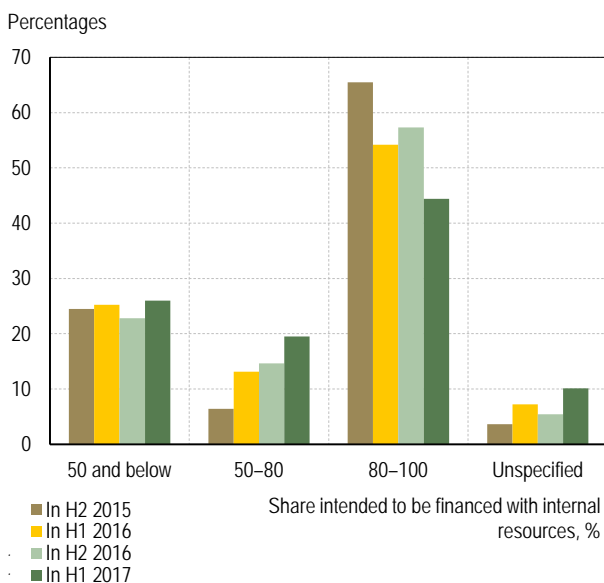
Expectations of enterprises for the upcoming half-year's prospects remained significantly unchanged, except for the projection for output prices and number of employees

Projected dynamics of wages, prices and other factors (percentage difference between respondents who projected an increase and a decrease)



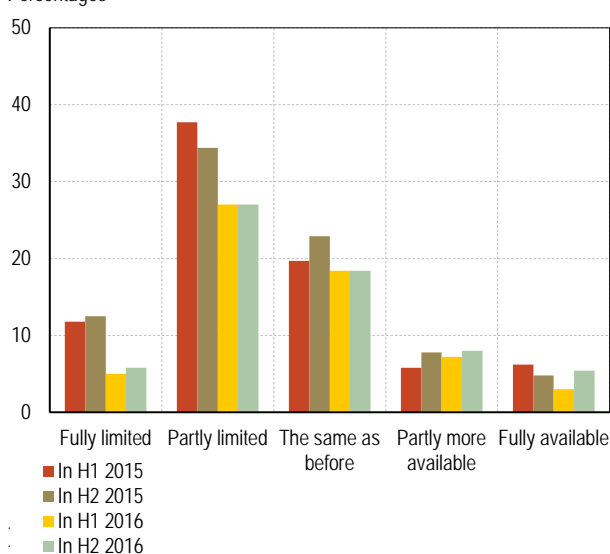
Fewer enterprises plan to finance their business needs with only internal resources

Share of business needs that are intended to be financed from internal resources (% of total surveyed)



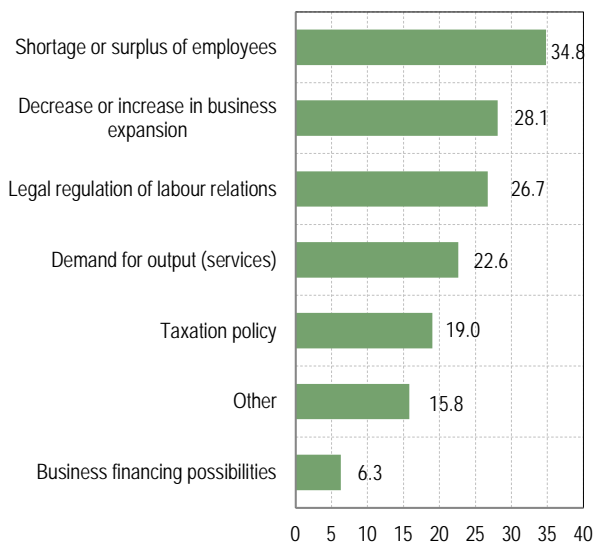
Loan availability assessment remained almost unchanged over the half-year, but features of easing lending conditions in the longer term are observed

Assessment of availability of business loans (% of total surveyed)



A shortage of employees remains the major reason for raising wages

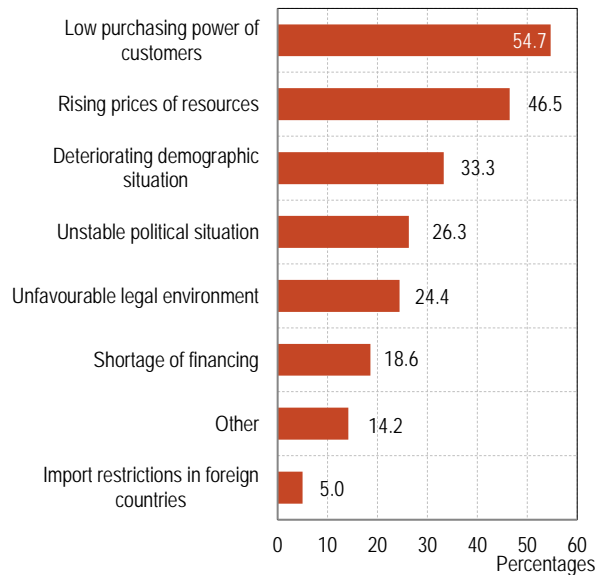
Distribution of enterprises by reason to drive wage changes (% of total surveyed)



Note: Enterprises may indicate more than one reason. Percentages

Low purchasing power of customers is the most often reported risk arising for business activity

Distribution of enterprises by risk arising for business activity (% of total surveyed)



ANNEX. RESULTS OF ANSWERS TO MAIN QUESTIONS

Table 1. Dynamics of key financial indicators and number of employees of enterprises (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc-tion	trade	services	small	medium	large	
Sales revenues (net percentage)	35.3	37.7	31.7	31.3	20.7	31.0	49.4	33.5
Decreased	23.5	25.6	25.4	22.3	29.0	25.0	17.7	24.0
Remained unchanged	14.3	8.9	15.9	18.1	20.7	13.0	11.0	15.0
Increased	58.8	63.3	57.1	53.6	49.7	56.0	67.1	57.5
Unspecified	3.4	2.2	1.6	6.0	0.6	6.0	4.2	3.5
Book value of assets (net percentage)	16.8	12.3	5.6	4.2	-8.8	13.7	22.5	8.9
Decreased	22.7	24.4	25.4	24.7	26.0	23.2	23.8	24.4
Remained unchanged	26.9	34.4	36.5	37.4	46.8	32.7	22.6	34.1
Increased	39.5	36.7	31.0	28.9	17.2	36.9	46.3	33.3
Unspecified	10.9	4.5	7.1	9.0	10.0	7.2	7.3	8.2
Book value of liabilities (net percentage)	8.4	4.4	5.6	0.6	-0.6	10.1	3.7	4.3
Decreased	26.9	27.8	24.6	25.9	21.9	25.0	31.7	26.2
Remained unchanged	27.7	35.6	36.5	36.8	45.6	32.7	24.4	34.3
Increased	35.3	32.2	30.2	26.5	21.3	35.1	35.4	30.5
Unspecified	10.1	4.4	8.7	10.8	11.2	7.2	8.5	9.0
Book value of equity (net percentage)	15.1	15.5	19.0	7.8	0.6	14.9	26.2	13.7
Decreased	18.5	17.8	14.3	14.5	14.8	14.9	18.3	16.0
Remained unchanged	33.6	42.2	44.4	47.0	56.2	46.4	23.8	42.3
Increased	33.6	33.3	33.3	22.3	15.4	29.8	44.5	29.7
Unspecified	14.3	6.7	8.0	16.2	13.6	8.9	13.4	12.0
Number of employees (net percentage)	-15.1	-27.8	3.2	-5.4	-23.7	-6.6	1.8	-9.5
Decreased	31.9	42.2	20.6	22.9	29.0	26.8	28.1	27.9
Remained unchanged	50.4	43.3	55.6	59.0	65.7	52.4	41.5	53.3
Increased	16.8	14.4	23.8	17.5	5.3	20.2	29.9	18.4
Unspecified	0.9	0.1	0.0	0.6	0.0	0.6	0.5	0.4
Operating result for H1 2016 (net percentage)	35.3	18.9	46.8	30.1	29.0	38.1	33.5	33.6
Profit	63.9	55.6	71.4	57.2	59.2	64.3	62.8	62.1
Loss	28.6	36.7	24.6	27.1	30.2	26.2	29.3	28.5
Unspecified	7.5	7.7	4.0	15.7	10.6	9.5	7.9	9.4
Operating result for H2 2016 (net percentage)	49.6	52.2	61.9	44.6	40.8	61.3	52.5	51.5
Profit	70.6	73.3	77.0	65.7	65.1	76.2	72.0	71.1
Loss	21.0	21.1	15.1	21.1	24.3	14.9	19.5	19.6
Unspecified	8.4	5.6	7.9	13.2	10.6	8.9	8.5	9.3

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

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	small	medium	large	
Breakdown of enterprises by wage dynamics in H2 2016 (net percentage)	52.1	48.8	40.4	43.4	56.7	47.6	63.4	45.7
Decreased	0.8	6.7	1.6	2.4	4.1	2.4	1.2	2.6
Remained unchanged	46.2	37.8	56.4	50.6	64.5	47.6	33.5	48.7
Increased	52.9	55.5	42.0	45.8	60.8	50.0	64.6	48.3
Unspecified	0.1	0.0	0.0	1.2	0.6	0.0	0.7	0.4
Breakdown of enterprises by likely wage dynamics in H1 2017 (net percentage)	40.4	51.1	40.5	39.2	33.1	43.5	49.4	41.9
Will decrease	0.8	2.2	0.8	1.8	1.2	0.6	2.4	1.4
Will remain unchanged	57.1	44.4	57.1	55.4	63.9	54.2	44.5	54.3
Will increase	41.2	53.3	41.3	41.0	34.3	44.1	51.8	43.3
Unspecified	0.9	0.1	0.8	1.8	0.6	1.1	1.3	1.0

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

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	small	medium	large	
Breakdown of enterprises by reason for changes in wages in H2 2016⁴								
Shortage or surplus of employees	33.3	27.5	34.5	30.9	20.0	28.6	40.6	31.6
Demand for output (services)	15.9	25.5	23.6	14.8	28.3	14.3	17.9	19.2
Increase or decrease in business expansion	12.7	33.3	27.3	18.5	23.3	14.3	27.4	22.0
Business financing possibilities	3.2	5.9	7.3	4.9	8.3	4.8	3.8	5.2
Taxation policy	17.5	19.6	21.8	19.8	21.7	23.8	15.1	19.6
Legal regulation of labour relations	25.4	27.5	29.1	30.9	28.3	27.4	29.2	28.4
Other	20.6	2.0	23.6	9.9	6.7	17.9	15.1	14.0
Breakdown of enterprises by likely reason for change in wages in H2 2017⁵								
Shortage or surplus of employees	36.7	34.7	39.6	30.0	24.6	32.4	44.2	34.8
Demand for output (services)	20.4	22.4	17.0	28.6	29.5	21.6	18.6	22.6
Increase or decrease in business expansion	26.5	22.4	30.2	31.4	37.7	14.9	32.6	28.1
Business financing possibilities	6.1	8.2	5.7	5.7	13.1	5.4	2.3	6.3
Taxation policy	20.4	22.4	22.6	12.9	19.7	17.6	19.8	19.0
Legal regulation of labour relations	30.6	30.6	32.1	17.1	26.2	29.7	24.4	26.7
Other	18.4	4.1	26.4	14.3	9.8	20.3	16.3	15.8

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

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	small	medium	large	
Plan to draw in employees from abroad in H1 2017 (net percentage)	-84.9	-75.5	-92.8	-91.0	-88.8	-89.2	-83.6	-87.2
Yes	6.7	8.9	3.2	3.6	4.1	3.6	7.9	5.2
No	91.6	84.4	96.0	94.6	92.9	92.8	91.5	92.4
Unspecified	1.7	6.7	0.8	1.8	3.0	3.6	0.6	2.4

⁴ Sample – 250 enterprises. Enterprise may indicate more than one reason.

⁵ Sample – 221 enterprises. Enterprise may indicate more than one reason.

Table 5. Breakdown of enterprises within a specified business area or size group by ability to maintain further strong wage growth and forecast of wage growth duration (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	small	medium	large	
Enterprise has sufficient financial resources to maintain further strong wage growth (net percentage)	-20.1	-30.3	-15.9	-32.1	-28.0	-25.5	-20.9	-24.8
Yes	34.5	31.5	35.7	28.5	28.6	31.6	36.8	32.3
No	54.6	61.8	51.6	60.6	56.6	57.1	57.7	57.1
Unspecified	10.9	6.7	12.7	10.9	14.8	11.3	5.5	10.6
Forecast of duration of significant⁶ further wage growth								
No longer than for one year	12.6	13.3	16.7	25.3	21.3	16.7	15.9	18.0
1–2 years	31.9	43.3	31.0	31.3	34.3	33.3	32.9	33.5
3–5 years	23.5	21.1	23.8	16.9	18.3	20.2	24.4	21.0
Longer than 5 years	22.7	15.6	21.4	16.3	19.5	20.8	16.5	19.0
Unspecified	9.3	6.7	7.1	10.2	6.5	9.0	10.5	8.5

Table 6. Breakdown of enterprises within a specified business area or size group by risk arising or likely to arise within the next 6 months (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	small	medium	large	
Risk arising or likely to arise within the next 6 months⁷								
Deteriorating demographic situation	26.9	25.6	45.2	33.1	26.0	32.1	42.1	33.3
Low purchasing power or customers	46.2	50.0	77.8	45.8	65.7	57.1	40.9	54.7
Unfavourable legal regulation	25.2	31.1	23.8	20.5	23.1	23.2	26.8	24.4
Import restrictions in foreign countries	5.0	4.4	4.8	5.4	6.5	3.6	4.9	5.0
Unstable political situation	23.5	30.0	25.4	27.1	29.0	28.0	22.0	26.3
Rising fuel prices	52.1	47.8	48.4	40.4	43.2	44.6	51.8	46.5
Shortage of financing	11.8	24.4	14.3	23.5	19.5	16.7	19.5	18.6
Other	10.1	11.1	15.1	18.1	15.4	14.3	12.8	14.2

Table 7. 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	small	medium	large	
Likely export dynamics over upcoming 12 months (net percentage)	30.3	13.2	24.6	16.3	12.2	20.3	31.2	21.2
Will decrease by more than 10%	2.5	6.7	0.8	2.4	3.6	3.6	1.2	2.8
Will decrease by 5–10%	1.7	1.1	3.2	2.4	3.0	1.2	2.4	2.2
Will decrease by up to 5%	0.0	0.0	1.6	2.4	2.4	1.2	0.0	1.2
Will remain unchanged	53.8	60.0	52.4	57.8	62.1	56.6	48.8	55.9
Will increase by up to 5%	22.7	12.2	15.9	14.5	11.2	15.5	22.6	16.4
Will increase by 5–10%	10.1	4.4	9.5	5.4	5.9	6.6	9.8	7.4
Will increase by more than 10%	1.7	4.4	4.8	3.6	4.1	4.2	2.4	3.6
Unspecified	7.6	11.1	11.9	11.5	7.7	11.3	12.8	10.6

⁶ Annual increase of over 5 per cent is considered significant.

⁷ Enterprise may indicate more than one risk.

Table 8. Breakdown of enterprises within a specified business area or size group by dynamics of demand in the domestic market (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	small	medium	large	
Dynamics of domestic demand in H2 2016 (net percentage)	2.5	-13.3	-4.0	4.2	-9.5	0.6	4.9	-1.4
Decreased	21.0	33.3	29.4	21.1	32.0	23.8	20.1	25.4
Remained unchanged	55.5	46.7	42.1	51.2	43.8	50.0	53.7	49.1
Increased	23.5	20.0	25.4	25.3	22.5	24.4	25.0	24.0
Unspecified	0.0	0.0	3.1	2.4	1.7	1.8	1.2	1.5
Likely dynamics of domestic demand in H2 2017 (net percentage)	8.4	12.2	13.5	20.4	3.6	24.4	15.3	14.3
Will decrease	15.1	21.1	15.1	11.5	21.3	10.7	12.8	15.0
Will remain unchanged	60.5	45.6	53.2	54.2	52.1	52.4	57.3	53.9
Will increase	23.5	33.3	28.6	31.9	24.9	35.1	28.1	29.3
Unspecified	0.9	0.0	3.1	2.4	1.7	1.8	1.8	1.8

Table 9. Breakdown of enterprises within a specified business area or size group by dynamics of prices of output (services) (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	small	medium	large	
Dynamics of prices of output (services) in H2 2016 (net percentage)	1.7	5.6	19.8	11.5	9.4	10.1	11.0	10.2
Decreased	14.3	13.3	12.7	9.0	10.7	12.5	12.8	12.0
Remained unchanged	68.9	66.7	52.4	69.3	68.1	64.3	61.0	64.5
Increased	16.0	18.9	32.5	20.5	20.1	22.6	23.8	22.2
Unspecified	0.8	1.1	2.4	1.2	1.1	0.6	2.4	1.3
Likely dynamics of prices of output (services) in H1 2017 (net percentage)	29.4	32.2	42.0	18.7	21.9	37.5	29.3	29.5
Will decrease	7.6	5.6	5.6	6.0	6.5	5.4	6.7	6.2
Will remain unchanged	53.8	55.6	46.0	66.3	64.5	50.6	53.7	56.3
Will increase	37.0	37.8	47.6	24.7	28.4	42.9	36.0	35.7
Unspecified	1.6	1.0	0.8	3.0	0.6	1.1	3.6	1.8

Table 10. Breakdown of enterprises within a specified business area or size group by intended business expansion (unless otherwise specified, %)

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	small	medium	large	
Breakdown of enterprises by intended business expansion in H1 2017								
Yes	31.1	26.7	34.9	31.3	30.2	31.6	32.3	31.3
No	67.2	67.8	65.1	65.7	67.5	66.7	64.6	66.3
Unspecified	1.7	5.5	0.0	3.0	2.3	1.7	3.1	2.4
Distribution of enterprises by reason for business non-expansion^{8,9}								
Unfavourable expectations	36.6	50.0	53.7	21.7	43.7	45.2	25.2	38.3
Poor demographic situation in the country	15.9	42.4	45.1	20.9	35.3	36.5	16.2	29.6
Unstable financial standing of enterprise	8.5	21.2	7.3	7.0	15.1	8.7	6.3	10.1
Shortage of employees	15.9	33.3	14.6	13.0	16.0	22.6	15.3	18.0
Production capacity not utilised	26.8	12.1	1.2	8.7	11.8	9.6	14.4	11.9
Insufficient demand	22.0	28.8	20.7	13.9	16.8	24.3	19.8	20.3
Unfavourable political and legal environment	14.6	18.2	19.5	13.0	20.2	15.7	11.7	15.9
Complex funding possibilities	9.8	15.2	7.3	10.4	15.1	9.6	6.3	10.4
Other	23.2	18.2	26.8	43.5	21.8	25.2	43.2	29.9
Unspecified	3.7	4.5	2.4	7.8	2.5	5.2	7.2	4.9

⁸ Sample – 345 enterprises.

⁹ Enterprise may indicate more than one reason.

Table 11. 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	small	medium	large	
Breakdown of enterprises by satisfaction of business financial needs with internal resources								
below 50 per cent	16.0	13.3	15.9	24.1	11.2	19.6	23.8	18.2
50–80%	16.8	8.9	14.3	7.8	7.7	13.1	14.6	11.8
80–100%	60.5	68.9	61.9	54.2	71.6	59.5	49.4	60.3
Unspecified	6.7	8.9	7.9	13.9	9.5	7.8	12.2	9.7
Breakdown of enterprises by intention of satisfying business funding needs with internal resources¹⁰								
below 50 per cent	30.0	17.2	29.6	25.0	20.0	26.8	31.0	26.0
50–80%	32.5	17.2	13.6	16.1	12.7	21.4	24.1	19.5
80–100%	32.5	51.7	54.6	41.1	60.0	37.5	36.2	44.4
Unspecified	5.0	13.9	2.2	17.8	7.3	14.3	8.7	10.1
Significance of factors that determined the choice of internal financing sources in satisfying business needs¹¹								
Sufficient internal resources or no need to borrow (net percentage)	34.4	41.4	36.5	41.7	28.4	39.3	49.5	38.4
Share of those who indicated a very high significance of this factor	42.7	45.7	43.8	45.6	38.1	42.6	54.1	44.4
Unwillingness of owners of an enterprise to assume additional liabilities (net percentage)	3.1	5.7	7.3	1.0	5.2	8.2	-1.8	4.1
Share of those who indicated a very high significance of this factor	20.8	24.3	21.9	14.6	23.1	19.7	16.5	20.0
Unwillingness of owners of an enterprise to lose control over management of the enterprise (net percentage)	-7.3	-5.7	0.0	-2.9	-3.0	-2.5	-6.4	-3.8
Share of those who indicated a very high significance of this factor	12.5	15.7	16.7	15.5	15.7	14.8	14.7	15.1
Unwillingness of owners of an enterprise to share profits earned (net percentage)	-12.5	-17.1	-13.6	-10.7	-16.4	-9.0	-13.8	-13.2
Share of those who indicated a very high significance of this factor	8.3	14.3	8.3	7.8	9.0	9.0	10.1	9.3
Lack of information or not knowing how to attract external resources (net percentage)	-34.4	-22.9	-20.8	-14.6	-15.7	-23.8	-31.2	-23.0
Share of those who indicated a very high significance of this factor	2.1	8.6	6.3	5.8	8.2	4.9	2.8	5.5
Too high a price of external resources (net percentage)	11.5	17.2	14.6	10.7	19.4	8.2	11.0	13.2
Share of those who indicated a very high significance of this factor	24.0	32.9	25.0	21.4	30.6	22.1	22.0	25.2
Distrust in system of credit institutions (net percentage)	-18.8	-7.1	-2.1	-13.6	-4.5	-8.2	-21.1	-10.7
Share of those who indicated a very high significance of this factor	5.2	18.6	12.5	4.9	11.9	10.7	5.5	9.6
Refusal of a credit institution or another creditor to provide financing (net percentage)	-11.5	0.0	-11.5	-13.6	-6.0	-8.2	-16.5	-9.9
Share of those who indicated a very high significance of this factor	10.4	22.9	11.5	5.8	14.2	10.7	10.1	11.8

¹⁰ Sample – 169 enterprises.

¹¹ Sample – 365 enterprises.

Table 12. 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	construc- tion	trade	services	small	medium	large	
Assessment of availability of business loans								
Lending to businesses is fully limited	5.0	7.8	6.3	4.8	9.5	5.4	2.4	5.8
Lending to businesses is partly limited	26.7	28.9	25.4	26.5	27.8	32.1	20.7	27.0
Lending to businesses is the same as it was before	19.3	27.8	18.3	12.7	11.2	15.5	28.7	18.4
Lending to businesses is partly more available	10.1	4.4	12.7	4.8	5.9	9.5	8.5	8.0
Lending to businesses is fully available	7.6	4.4	7.9	2.4	2.4	4.8	9.2	5.4
Not sure (did not answer)	30.3	26.7	29.4	48.8	42.2	32.7	30.5	35.4
Share of enterprises that backed their liabilities by pledge of assets (warranties) ¹²	80.7	73.9	72.7	61.6	62.3	72.6	76.5	71.7
Share of enterprises that backed their liabilities by warranty of natural persons ¹³	30.7	19.6	26.0	28.8	37.7	26.3	20.6	26.7
Share of enterprises that applied to credit institutions for a new loan or change of the terms and conditions of current loan ¹⁴	37.1	32.6	37.7	30.1	27.9	32.6	40.2	34.5
Satisfaction of applications for borrowing or changing the contractual terms and conditions of existing liabilities ¹⁵								
Application was rejected	0.0	0.0	6.3	4.4	5.6	6.2	0.0	3.2
Lent less amount than was applied for	4.4	13.4	6.3	17.4	27.8	6.3	4.6	9.7
Lent the entire amount applied for but under additional conditions	39.1	33.3	28.0	26.1	22.2	37.5	30.2	31.2
Application was fully satisfied	56.5	53.3	50.0	47.8	33.3	50.0	60.5	51.6
Don't know or did not specify	0.0	0.0	9.4	4.3	11.1	0.0	4.7	4.3

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

Indicators	Activity				Size of enterprise			Total
	industry	construc- tion	trade	services	small	medium	large	
Income of enterprises earned in local market								
below 50 per cent	33.6	11.1	13.5	19.9	16.0	19.1	25.0	20.0
50–80%	13.5	2.2	11.1	3.6	5.9	6.6	10.4	7.6
80–100%	49.6	80.0	71.4	66.9	73.4	68.3	56.7	66.3
Unspecified	3.3	6.7	4.0	9.6	4.7	6.0	7.9	6.1

¹² Sample – 258 enterprises.

¹³ Sample – 258 enterprises.

¹⁴ Sample – 258 enterprises.

¹⁵ Sample – 97 enterprises.

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

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	small	medium	large	
Significance of shortage of customers in H2 2016 (net percentage)	2.6	26.6	34.9	15.0	27.2	12.5	17.7	19.1
Low	19.3	7.8	6.4	11.5	9.5	13.1	11.6	11.4
Medium	27.7	33.3	34.9	30.7	30.2	38.1	26.2	31.5
High	21.9	34.4	41.3	26.5	36.7	25.6	29.3	30.5
No such challenge was faced	15.1	12.2	9.5	12.7	13.0	10.1	14.0	12.4
Unspecified	16.0	12.3	7.9	18.7	10.6	13.1	18.9	14.2
Likely dynamics of the significance of shortage of customers in H1 2017 (net percentage)	15.2	24.4	16.7	14.5	15.4	19.6	15.8	16.9
Will decrease	2.5	6.7	9.5	6.6	8.3	5.4	5.5	6.4
Will remain unchanged	52.1	38.9	42.1	43.4	44.4	47.0	41.5	44.3
Will increase	17.7	31.1	26.2	21.1	23.7	25.0	21.3	23.3
No such challenge will be faced	7.6	7.8	5.6	4.2	5.3	4.2	8.5	6.0
Unspecified	20.1	15.5	16.6	24.7	18.3	18.4	23.2	20.0
Significance of an increase in competition in H2 2016 (net percentage)	14.3	41.1	44.4	16.8	29.6	28.0	25.0	27.5
Low	12.6	7.8	5.6	11.5	7.7	8.9	12.2	9.6
Medium	28.6	30.0	27.0	25.3	29.0	32.7	20.1	27.4
High	26.9	48.9	50.0	28.3	37.3	36.9	37.2	37.1
No such challenge was faced	10.9	4.4	7.9	12.7	12.4	6.6	9.8	9.6
Unspecified	21.0	8.9	9.5	22.3	13.6	14.9	20.7	16.3
Likely dynamics of the significance of an increase in competition in H1 2017 (net percentage)	31.1	36.7	38.1	23.5	28.4	31.5	34.2	31.3
Will decrease	0.0	3.3	1.6	0.6	1.2	1.8	0.6	1.2
Will remain unchanged	39.5	37.8	39.7	42.8	42.6	42.3	36.0	40.3
Will increase	31.1	40.0	39.7	24.1	29.6	33.3	34.8	32.5
No such challenge will be faced	7.6	3.3	2.4	4.8	5.3	3.6	4.9	4.6
Unspecified	21.8	15.6	16.6	27.7	21.3	19.0	23.7	21.4
A decrease in the significance of financing sources in H2 2016 (net percentage)	-15.2	-5.5	-15.9	-10.9	-3.6	-11.9	-21.3	-12.2
Low	24.4	21.1	23.0	21.1	17.8	22.0	27.4	22.4
Medium	12.6	23.3	15.1	16.3	16.0	19.1	14.0	16.4
High	9.2	15.6	7.1	10.2	14.2	10.1	6.1	10.2
No such challenge was faced	28.6	20.0	33.3	29.5	30.2	29.2	26.2	28.5
Unspecified	25.2	20.0	21.5	22.9	21.8	19.6	26.3	22.5
Likely dynamics of the significance of the decrease in financing sources in H1 2017 (net percentage)	1.7	7.8	4.0	3.6	2.3	4.7	4.8	4.0
Will decrease	4.2	2.2	2.4	2.4	2.4	4.2	1.9	2.8
Will remain unchanged	40.3	55.6	41.3	41.6	41.4	43.5	46.3	43.7
Will increase	5.9	10.0	6.4	6.0	4.7	8.9	6.7	6.8
No such challenge will be faced	18.5	10.0	22.2	16.9	17.8	19.1	15.2	17.4
Unspecified	31.1	22.2	27.7	33.1	33.7	24.3	29.9	29.3
An increase in the significance of production costs in H2 2016 (net percentage)	9.2	16.7	1.6	4.8	5.3	4.8	11.6	7.2
Low	10.1	10.0	13.5	12.7	13.0	13.7	8.5	11.8
medium	37.8	40.0	22.2	25.9	21.3	32.1	37.8	30.3
large	19.3	26.7	15.1	17.5	18.3	18.5	20.1	19.0
No such challenge was faced	9.2	5.6	21.4	17.5	23.1	13.7	6.1	14.4
Unspecified	23.6	17.7	27.8	26.4	24.3	22.0	27.5	24.5
Likely dynamics of the significance of the increase in production costs in H1 2017 (net percentage)	39.5	27.7	25.4	26.5	21.9	35.0	31.8	29.5
Will decrease	0.8	6.7	0.8	1.2	1.8	1.8	2.4	2.0
Will remain unchanged	29.4	36.7	27.8	32.5	33.7	30.4	29.9	31.3
Will increase	40.3	34.4	26.2	27.7	23.7	36.8	34.2	31.5
No such challenge will be faced	4.2	3.3	11.1	6.0	10.1	6.0	3.1	6.4
Unspecified	25.3	18.9	34.1	32.6	30.7	25.0	30.4	28.8
Significance of the shortage of adequate staff in H2 2016 (net percentage)	14.2	10.0	5.5	5.4	8.3	7.1	9.8	8.5
Low	13.5	14.4	15.1	14.5	13.0	15.5	14.6	14.3
Medium	24.4	38.9	28.6	22.3	20.1	31.0	31.1	27.3
High	27.7	24.4	20.6	19.9	21.3	22.6	24.4	22.8
No such challenge was faced	11.8	8.9	18.3	19.9	26.0	13.7	6.7	15.6
Unspecified	22.6	13.4	17.4	23.4	19.6	17.2	23.2	20.0
Likely dynamics of the significance of the shortage of adequate staff in H1 2017 (net percentage)	23.5	26.7	27.8	19.9	14.8	31.6	25.6	24.0
Will decrease	1.7	3.3	0.8	0.6	2.4	0.0	1.8	1.4
Will remain unchanged	35.3	44.4	35.7	38.0	34.9	38.7	40.2	37.9
Will increase	25.2	30.0	28.6	20.5	17.2	31.6	27.4	25.4
No such challenge will be faced	10.9	6.7	10.3	9.0	15.4	8.9	3.7	9.3
Unspecified	26.9	15.6	24.6	31.9	30.1	20.8	26.9	26.0
Significance of the indebtedness of business partners in H2 2016 (net percentage)	-10.9	0.0	-3.1	-12.1	0.0	-8.9	-13.4	-7.5
Low	26.9	23.3	20.6	21.7	18.3	25.0	25.6	23.0
Medium	22.7	27.8	26.2	25.9	23.7	27.4	25.6	25.5
High	16.0	23.3	17.5	9.6	18.3	16.1	12.2	15.5
No such challenge was faced	12.6	11.1	15.9	18.1	19.5	13.7	11.6	15.0
Unspecified	21.8	14.5	19.8	24.7	20.2	17.8	25.0	21.0
Likely dynamics of the significance of the indebtedness of business partners in H1 2017 (net percentage)	4.2	15.6	11.9	2.4	4.8	15.5	2.4	7.6
Will decrease	5.9	2.2	2.4	5.4	5.9	1.2	5.5	4.2

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	small	medium	large	
Will remain unchanged	47.1	52.2	49.2	44.0	43.2	51.2	48.2	47.5
Will increase	10.1	17.8	14.3	7.8	10.7	16.7	7.9	11.8
No such challenge will be faced	9.2	8.9	7.1	7.8	10.1	5.4	9.2	8.2
Unspecified	27.7	18.9	27.0	35.0	30.1	25.5	29.2	28.3
Significance of an increase in tax burden in H2 2016 (net percentage)	31.1	41.1	38.9	31.4	44.9	36.3	23.2	34.9
Low	5.9	6.7	8.7	6.6	2.4	10.1	8.5	7.0
Medium	29.4	31.1	27.0	23.5	30.2	23.2	28.1	27.2
High	37.0	47.8	47.6	38.0	47.3	46.4	31.7	41.9
No such challenge was faced	10.1	2.2	4.8	9.6	7.7	6.0	7.9	7.2
Unspecified	17.6	12.2	11.9	22.3	12.4	14.3	23.8	16.7
Likely dynamics of the significance of the increase in tax burden in H1 2017 (net percentage)	27.7	32.2	37.3	25.9	34.3	35.1	21.3	30.3
Will decrease	0.0	0.0	0.8	0.0	0.0	0.6	0.0	0.2
Will remain unchanged	44.5	48.9	37.3	37.4	37.9	39.9	45.7	41.1
Will increase	27.7	32.2	38.1	25.9	34.3	35.7	21.3	30.5
No such challenge will be faced	5.9	1.1	4.0	4.2	4.1	3.0	4.9	4.0
Unspecified	21.9	17.8	19.8	32.5	23.7	20.8	28.1	24.2
Significance of legal or administrative requirements in H2 2016 (net percentage)	-1.7	14.4	15.9	6.0	13.6	2.9	7.9	8.2
Low	16.8	17.8	11.1	13.9	13.0	17.3	13.4	14.6
Medium	27.7	23.3	24.6	25.9	23.1	26.8	26.8	25.6
High	15.1	32.2	27.0	19.9	26.6	20.2	21.3	22.8
No such challenge was faced	14.3	12.2	15.9	14.5	16.6	13.7	12.8	14.4
Unspecified	26.1	14.5	21.4	25.8	20.7	22.0	25.7	22.6
Likely dynamics of the significance of legal or administrative requirements in H1 2017 (net percentage)	13.5	23.3	23.8	18.7	21.3	19.6	17.7	19.6
Will decrease	0.8	0.0	0.8	0.0	1.2	0.0	0.0	0.4
Will remain unchanged	43.7	48.9	34.9	41.0	37.9	44.1	42.7	41.5
Will increase	14.3	23.3	24.6	18.7	22.5	19.6	17.7	20.0
No such challenge will be faced	8.4	6.7	12.7	6.6	10.1	7.7	7.9	8.6
Unspecified	32.8	21.1	27.0	33.7	28.3	28.6	31.7	29.5

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

Indicators	Activity				Size of enterprise			Total
	industry	construction	trade	services	small	medium	large	
Breakdown of enterprises by borrowing requirement in H1 2017 (net percentage)	14.3	10.0	11.9	9.0	4.1	14.3	15.3	11.1
There will be no need	55.5	54.4	41.3	64.5	68.6	51.2	43.9	54.7
Will decrease considerably	0.8	1.1	0.8	0.0	1.2	0.0	0.6	0.6
Will decrease	1.7	2.2	4.0	1.8	2.4	2.4	2.4	2.4
Will remain unchanged	21.9	21.1	31.8	18.7	14.8	23.2	31.7	23.2
Will increase	16.0	13.3	13.5	10.2	7.7	14.3	17.1	13.0
Increase considerably	0.8	0.0	3.2	0.6	0.0	2.4	1.2	1.1
Unspecified	3.3	7.9	5.4	4.2	5.3	6.5	3.1	5.0