LIETUVOS BANKAS

REVIEW OF THE SURVEY

OF NON-FINANCIAL ENTERPRISES ON BUSINESS FINANCING

2014

2

ISSN 2335–8068 (ONLINE)

REVIEW OF THE SURVEY OF NON–FINANCIAL ENTERPRISES ON BUSINESS FINANCING 2014/2

The Survey of Non-Financial Enterprises on Business Financing is aimed at the assessment of the demand of non-financial enterprises for financial resources, changes in borrowing from credit and other financial institutions as well as developments in credit standards, also at obtaining information on the financial standing and developments in the operations of non-financial enterprises.

In the preparation of the Review of the Survey of Non-Financial Enterprises on Business Financing, the data of the Survey of Non-Financial Enterprises, conducted by order of the Bank of Lithuania, was used.

Note: In the first half-year of 2013 the survey methodology was changed, therefore the presented results should not be compared to the previously conducted surveys of non-financial enterprises on business financing. The charts presented in this Review, illustrating the results of previous surveys, are to be used solely for information purposes.

AIMS, METHODS AND PRINCIPLES OF THE SURVEY

Surveys of Non-Financial Enterprises on Business Financing are conducted twice a year in order to assess the demand of enterprises for financial resources, changes in borrowing from credit and other financial institutions[1] (hereinafter — credit institutions) and developments in credit standards, as well as to obtain information on changes in the financial standing and operations of enterprises. The non-financial enterprises were surveyed in August–September 2014; responses were received from 501 non-financial enterprises operating in Lithuania (hereinafter — enterprises).[2]

During the Survey of Enterprises on Business Financing, commissioned by the Bank of Lithuania, heads or accountants of the enterprises, classified by economic activity (considering value added generated) and the number of employees, were interviewed over the telephone (CATI). Enterprises with up to 50 employees accounted for two-thirds of the survey respondents, while those having 50 and more employees made up one–third of the respondents (see Table 1). Enterprises having less than 9 employees further in this Review[3] are referred to as small enterprises, those having more than 10 but less than 49 employees — medium enterprises, and those with more than 50 employees — large enterprises.

Table 1. Number of surveyed enterprises by economic activity and number of employees

Number of employees	Industry	Construction	Trade	Services	Total
1–9 employees	30	30	42	65	167
10–49 employees	31	30	50	56	167
50 and more	59	30	31	47	167
Total	120	90	123	168	501

The average operating period of the surveyed enterprises is 16 years. Over 79 per cent of the surveyed enterprises operated as private or public limited liability companies, while the rest of them included sole proprietorships, partnerships, municipal and other enterprises.

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

Counties	Industry	Construction	Trade	Services	Total
Alytus	4	5	2	1	12
Kaunas	36	22	29	34	121
Klaipėda	12	3	8	21	44
Marijampolė	4	2	8	6	20
Panevėžys	11	7	6	5	29
Šiauliai	15	9	10	18	52
Tauragė	2	2	3	5	12
Telšiai	4	1	5	7	17
Utena	6	1	3	7	17
Vilnius	26	38	49	64	177
Total	120	90	123	168	501

The Survey consists of 4 parts. The first part summarises the data on demographic aspects. The second part examines funding, the third part - borrowing, and the fourth one deals with the relations between enterprises and creditors.

In the Review, a half-year means a calendar half-year, i.e. the first half of the year covers the period of January-June, while the second half of the year covers the period of July-December.

Net percentage is defined as the difference between the percentage of enterprises that responded with “tightening of credit standards” and the percentage of banks that responded with “easing of credit standards”. A positive net percentage means that enterprises believe that credit institutions have tightened and a negative net percentage (with a minus sign) — that they have eased their credit standards. The analogous differences in percentages are explained by calculating changes in financial indicators (or the factor’s importance, its change): positive difference of percentages means that the indicators increased (importance is great, will increase), negative — that it decreased (importance is low, will decrease).

[1] 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 monetary resources for their business needs to be repaid.
[2] Similar to any selective quantitative research, statistical error is applied to the results of this Survey.
[3] The division used by the European Commission and often encountered in international practice is as follows: very small enterprises — those that have less than 10 employees, small enterprises — from 10 to 50 employees, medium enterprises — from 50 to 250 employees and large enterprises — more than 250 employees. Since small and medium-sized businesses dominate in Lithuania, the division applied by the European Commission is too broad.

SUMMARY

- The performance results of non-financial undertakings improved over the last half year. This was indicated by a greater share of enterprises participating in the Survey: 60.3 per cent noted that their income from sales did not decrease (in 37.9% of enterprises they grew, while in 22.4% — remained unchanged), enterprises hired more employees. The share of enterprises increasing the number of employees amounted to 28.7 per cent and, compared to the results of the previous survey, increased by 2.6 p.p.
- Enterprises participating in the survey identified the tax burden (likely due to the acceleration of the paying-in of the profit tax), more intense competitiveness and shortage of customers as challenges. The least challenges were posed by decreased financing sources, business partner indebtedness and production costs.
- Non-financial enterprises became more likely to borrow. Although the share of enterprises dependent on internal financing sources remains the largest (52.4%), it is decreasing. In the second half year of 2014, business expansion was foreseen by 41.2 per cent of surveyed enterprises; 21.8 per cent of this expansion is planned to be financed by borrowed funds (half a year ago there was 36.7% of such enterprises, of which 10.9% planned to finance expansion with borrowed funds).
- Almost a fifth of enterprises applied to credit institutions for loans or changes in the agreements' terms; of these, almost two thirds of requests were satisfied and the entire requested amount was granted.
- In the second half year of 2014, more enterprises surveyed (by a fourth) now than half a year ago plan to increase their borrowing from credit institutions. Industrial enterprises plan to borrow most actively, while service enterprises — slightly less. External financing sources are planned to be used mostly for financing the acquisition and repair of equipment, machinery, transport vehicles, acquisition of raw materials and supplies. 24.1 per cent of enterprises with financial liabilities believe that the need to borrow from credit institutions will increase, while 8.7 per cent — will decrease.

SUMMARY OF THE SURVEY RESULTS

1. Business Trends of Non-Financial Enterprises

An increasing number of enterprises are recording improving operating results (see Chart 1). 60.3 per cent of enterprises noted that their income from sales did not decrease (for 37.9% of enterprises they improved, while for 22.4% of surveyed enterprises — remained unchanged; see Chart 1 in Annex). About 71.9 per cent of surveyed enterprises indicated that the book value of assets did not increase (the book value of the assets of 34.7% of enterprises increased, while for 37.1% — remained unchanged). The results of the survey show that the indicators for the performance of industrial and construction enterprises increased most, i.e. compared to the responses of enterprises engaged in other economic activities, (47.5% and 43.3% respectively), industrial and construction enterprises answered the most that their income from sales increased.

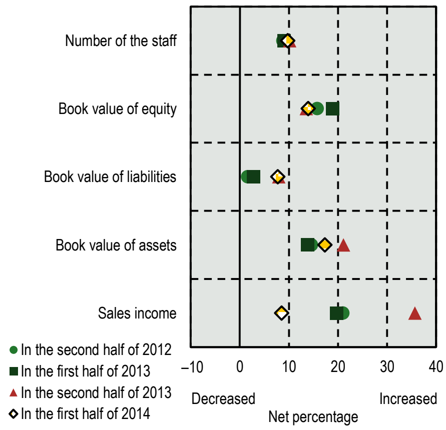
The share of enterprises earning a profit increased — 8.2 per cent of surveyed enterprises, which in the second half-year of 2013 operated at a loss, in the first half-year of 2014 earned a profit. The number of enterprises earning a profit increased most in the construction sector — 14.4 per cent. Overall, 60.7 per cent of surveyed enterprises indicated that in the first half-year of 2014 they earned a profit. In that same period, the share of construction enterprises earning a profit amounted to 73.3 per cent; the share of profitable service enterprises was the lowest out of the types of activities — 50.6 per cent. However, 10.2 per cent of enterprises operated at a loss in the first half year of 2014 and earned a profit in the second half-year of 2013.

The share of enterprises increasing the number of employees amounted to 28.7 per cent, and that was 2.6 per cent more than half a year ago. The share of enterprises increasing the number of employees was largest in the construction sector (38.9%). The share of enterprises in other sectors increasing the number of employees during the same period was lower by about 10 p.p.

A larger share of enterprises indicated that the tax burden was for them a significant challenge (see Chart 2 and Table 2 in the Annex). This is most likely related to the changes in the payment procedures for the profit tax, which significantly accelerated the paying-in of this tax. The increased tax burden was indicated by half of enterprises as a great challenge. In addition, the surveyed enterprises indicated increased competitiveness and shortage of customers as challenges of increasing importance. For the enterprises the least challenges were posed by decreased financing sources, increased production costs and business partner indebtedness; however, compared to survey data from the previous period, the significance of these challenges increased.

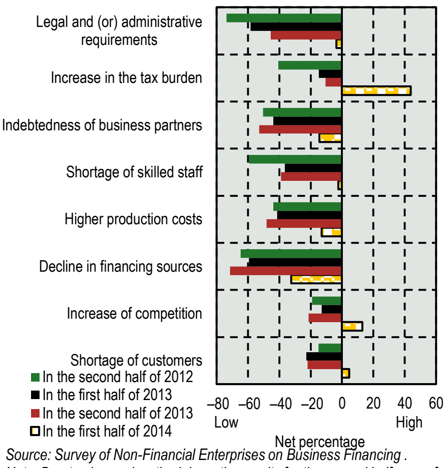
The importance of the above–indicated challenges, excluding the tax burden, to the business of the surveyed enterprises was reported as being greater in all fields in the second half-year of 2014. The increasing production costs were indicated as a problem in the second half year of 2014 by 12.1 p.p. more enterprises than in the previous period. The assessment for the difficulty projection of financing source and business partner indebtedness also deteriorated: respectively 33.7 and 26.7 p.p. less enterprises than half a year ago indicated that the importance of these difficulties will be lower. The importance of projected difficulties by distribution enterprises was particularly distinctive: 2014 Q2, the difficulties of financing sources, production costs and shortage of employees were indicated as being low by 39.0, 32.5 and 32.6 p.p. less distribution enterprise, respectively. On the other hand, enterprises in the latter sector indicated that the shortage of customers will be a problem for 19.6 p.p. less distribution enterprises than previously.

***Chart** 1. Changes in key financial indicators and number of employees of non-financial enterprises*



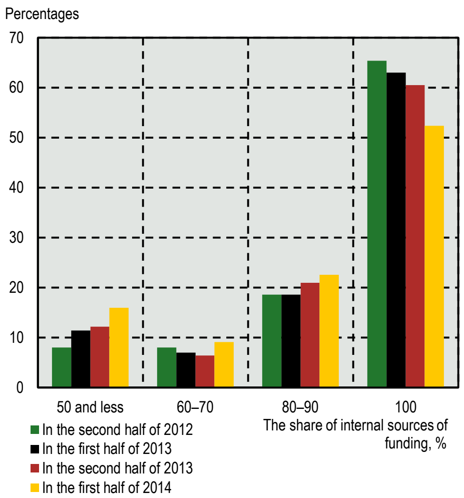
Source: Survey of Non-Financial Enterprises on Business Financing .
Note: Due to changed methodology, the results for the second half-year of 2012 and of subsequent surveys should not be compared with the previous surveys.

Chart 2. Significance of experienced or possible difficulties



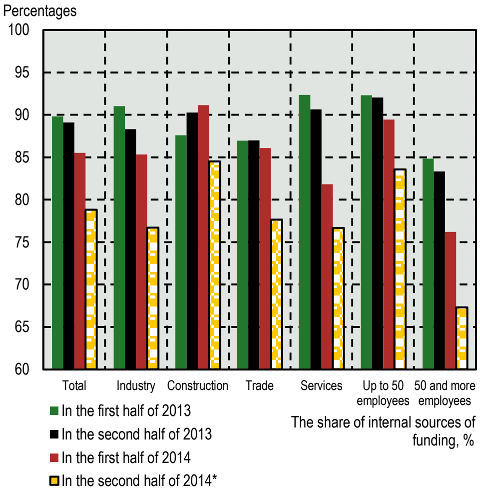
Source: Survey of Non-Financial Enterprises on Business Financing .
Note: Due to changed methodology, the results for the second half-year of 2012 and of subsequent surveys should not be compared with the previous surveys.

***Chart** 3. Breakdown of enterprises by source of satisfying business funding needs with internal resources*



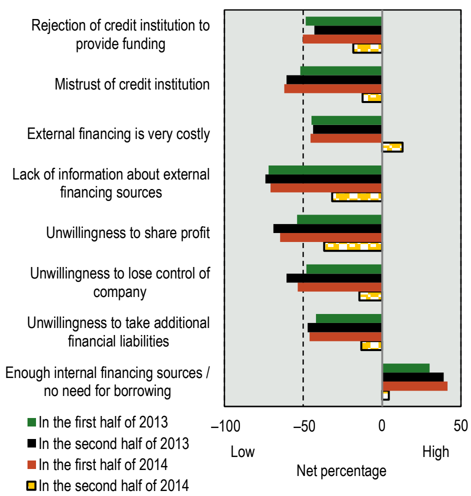
Source: Survey of Non-Financial Enterprises on Business Financing.
Note: Enterprises planning business expansion.

***Chart** 4. Average share of business funding needs of an enterprise satisfied using internal financial resources*



Source: Survey of Non-Financial Enterprises on Business Financing.
**Enterprises planning business expansion.*

***Chart** 5. Significance of factors that determined the choice of internal financial resources in satisfying business needs*



Sources: Survey of Non-Financial Enterprises on Business Financing.

2. Funding of the Business of Non-Financial Enterprises and Its Sources

Although the share of enterprises, dependent exclusively on internal financing, remains the largest (52.4 %), it is gradually decreasing (half a year ago it was 60.5%; see Chart 3). The most significant impact on the choice of internal financing sources was from the large external financing costs and sufficient internal resources, while least important was the unwillingness of enterprise owners to share profits, shortage of information on drawing in of external financing sources as well as the refusal of credit institutions to provide funding (see Table 3 of the Annex). Construction enterprises were more likely to finance a larger share with internal sources than in other sectors.

In the first half of 2014, on average 14.5 per cent (3.6 p.p. more than half a year ago) of enterprises satisfied their financing needs from external financing sources (see Chart 4). Large enterprises (23.8%) and service enterprises (18.2%) satisfied the greatest share of their financing needs with external financing sources. The most popular were leasing and factoring (used by 45.5% of enterprises that participated in the survey, which used external financing sources), account overdrafts and credit lines (39.3%), trade credits (37.9%) and bank loans (36.3%) (see Table 3 of the Annex). Industrial and service enterprises mostly used leasing, credit lines and bank loans, while construction and distribution enterprises — trade credits.

In the second half of 2014, enterprises that plan to borrow will mostly use bank loans and European Union funds. About 14.2 per cent of them planned to change their operation financing sources. Part of these enterprises plan to more often use bank loans (3.0% of surveyed enterprises) and European Union funds (0.2%).

Business development in the second half of 2014 is projected by 41.2 per cent of the surveyed enterprises; about 21.8 per cent of the needs of this development are expected to be funded with borrowed funds. Over the half year, both the share of enterprises planning business development (4.5 p.p.) and those planning to finance development needs with borrowed funds (10.9 p.p.) increased. Although relatively the largest share of enterprises planning expansion is within the construction sector, compared to other sectors, the expansion of enterprises in this sector was least likely to be financed from external sources. Relatively low use of borrowed funds was due to enterprises having sufficient internal financing resources, however the significance of the latter should greatly decrease in the second half year of 2014 (see Chart 5). Overall, enterprises project that the importance of factors that drive the choice of internal financing sources will be greater in the second half of 2014 than in the first half. The assessment of the importance of external financing source costs was different: most enterprises projected that the importance of this factor will be greater rather than lower.

3. Assessment of Borrowing from Credit Institutions

More than half of the surveyed enterprises reported that in the first half-year of 2014 they did not have any monetary liabilities to credit institutions that needed to be returned (see Chart 3). The largest share of enterprises, having monetary liabilities to credit institutions, were among small enterprises (76.0%), the least — among large enterprises (44.7%). Almost three fourths of assumed liabilities to credit institutions were secured by collateral or guarantees. Small enterprises were more willing to pledge real estate than large enterprises (55.0% and 78.0% respectively). On average, about a fifth of all enterprise liabilities were made up of liabilities to credit institutions.

In the first half-year of 2014 enterprises paid an average annual interest of 4.2 per cent on their financial liabilities assumed (see Chart 6). The interest rates were larger than half a year ago in all fields of activity, except for industry. The lowest (3.9%) average interest rates were paid by distribution enterprises, while the largest — by construction enterprises (4.7%). By enterprise size, the lowest interest was paid by large and small enterprises (3.8% and 3.7% respectively, average — 4.9%).

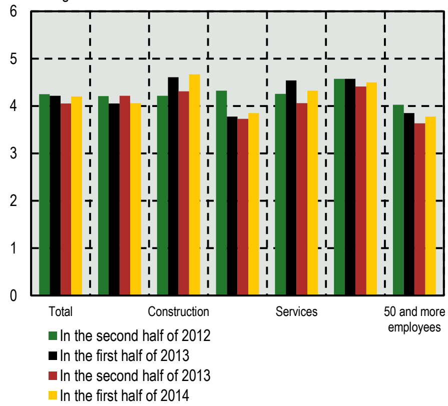
In the first half-year of 2014, 17.1 per cent of all surveyed enterprises applied to credit institutions to borrow or change the contractual terms and conditions of their current liabilities. 59.6 per cent of all enterprise applications were satisfied, granting the entire amount applied for (see Chart 7). Half a year ago there were more such requests — from almost three fourths. According to the surveyed enterprises, the opportunity to borrow or change the contractual terms and conditions of their current liabilities was lower than half a year ago. More than half of enterprises believe that the lending conditions did not change, however the number of enterprises that believed that the conditions had tightened was 37.0 per cent (half a year ago — 20.2%), while those indicating that they had eased — 9.0 per cent (14.6 %).

In the second half of 2014, 26.1 per cent of enterprises surveyed intend to borrow more from credit institutions. Industrial enterprises plan to borrow most actively, while service enterprises — less actively. Non-financial enterprises will use the bulk of borrowed funds for the repair or acquisition of equipment, machinery and vehicles (35.2 %), for the acquisition of raw materials or supplies (25.8 %), and the construction, reconstruction, rental or acquisition of buildings or engineering structures (18.8 %, see Chart 4 of the Annex). Between the kinds of economic activity, we can distinguish distribution enterprises, of which 35.6 per cent plan to invest borrowed funds in goods and materials, as well as industrial enterprises, of which 42.6 per cent of enterprises plan to invest borrowed funds in equipment, machinery and vehicles.

The most important factors determining the selection of a credit institution were, as usual, favourable credit standards of a credit institution, low service charges and quick decision–making (see Chart 6 of the Annex). In the perception of the surveyed enterprises, the most important factors for a credit institution in making a decision on lending remain the same: the ability of an enterprise to repay its debts, its level of indebtedness, and credit history (see Chart 8). The number of those who answered that the enterprise's size, enterprise's activity expansion and length of enterprise's cooperation with credit institutions were important and very important factors decreased the least over the half-year.

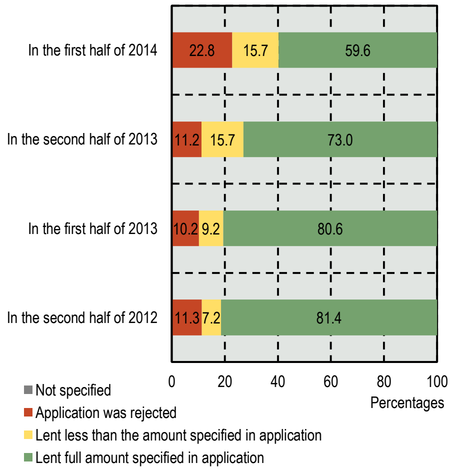
The Review was prepared by the
Statistics Department
of the Bank of Lithuania

***Chart** 6. Average annual interest rates on financial liabilities assumed by non-financial enterprises*



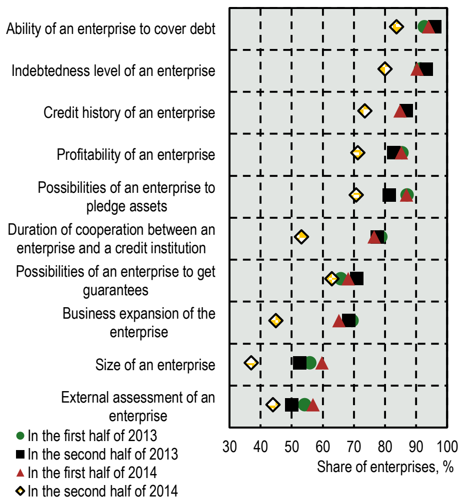
Sources: Survey of Non-Financial Enterprises on Business Financing
Note: Due to the changed survey methodology, the results thereof are incomparable with the previously conducted surveys

***Chart** 7. Satisfaction of applications for borrowing/changing the contractual terms and conditions of existing liabilities*



Source: Survey of Non-Financial Enterprises on Business Financing .
Note: Due to changed methodology, the results for the second half-year of 2012 and of subsequent surveys should not be compared with the previous

Chart 8. Share of enterprises that see the indicated factors as important or very important for credit institutions in
making a decision on lending



Source: Survey of Non-Financial Enterprises on Business Financing.

ANNEX. RESULTS OF ANSWERS TO THE MAIN QUESTIONS (January – June 2014)

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

	Industry	*Construction*	*Trade*	*Services*	*Low*	*Medium*	*High*	**Total**
Sales income (net percentage)	**18.3**	**14.4**	**7.3**	**–0.6**	**7.2**	**9.0**	**9.6**	**8.6**
Decreased	29.2	28.9	31.7	28.0	27.5	32.9	27.5	29.3
Remained unchanged	11.7	21.1	23.6	29.8	31.7	21.0	14.4	22.4
Increased	47.5	43.3	39.0	27.4	34.7	41.9	37.1	37.9
Unspecified	11.7	6.7	5.7	14.9	6.0	4.2	21.0	10.4
Book value of liabilities (net percentage)	**26.7**	**24.4**	**21.1**	**4.2**	**12.6**	**18.6**	**21.0**	**17.4**
Decreased	15.8	12.2	17.9	20.8	16.8	20.4	15.0	17.4
Remained unchanged	30.8	43.3	35.0	39.9	47.9	35.3	28.1	37.1
Increased	42.5	36.7	39.0	25.0	29.3	38.9	35.9	34.7
Unspecified	10.8	7.8	8.1	14.3	6.0	5.4	21.0	10.8
Book value of liabilities (net percentage)	**8.3**	**7.8**	**9.8**	**6.0**	**3.0**	**12.6**	**7.8**	**7.8**
Decreased	21.7	16.7	22.8	17.3	16.2	21.0	21.6	19.6
Remained unchanged	35.8	48.9	37.4	44.6	57.5	40.1	26.9	41.5
Increased	30.0	24.4	32.5	23.2	19.2	33.5	29.3	27.3
Unspecified	12.5	10.0	7.3	14.9	7.2	5.4	22.2	11.6
Book value of equity (net percentage)	**18.3**	**26.7**	**17.9**	**1.2**	**7.2**	**13.2**	**21.6**	**14.0**
Decreased	13.3	5.6	12.2	16.7	13.2	15.0	10.2	12.8
Remained unchanged	42.5	52.2	48.8	49.4	59.9	51.5	32.9	48.1
Increased	31.7	32.2	30.1	17.9	20.4	28.1	31.7	26.7
Unspecified	12.5	10.0	8.9	16.1	6.6	5.4	25.1	12.4
Number of employees (net percentage)	**5.0**	**22.2**	**8.1**	**7.7**	**6.0**	**10.2**	**13.2**	**9.8**
Decreased	23.3	16.7	17.9	17.9	13.8	18.0	25.1	19.0
Remained unchanged	45.8	42.2	55.3	51.8	65.3	53.3	29.9	49.5
Increased	28.3	38.9	26.0	25.6	19.8	28.1	38.3	28.7
Unspecified	2.5	2.2	0.8	4.8	1.2	0.6	6.6	2.8
Result of second half-year of 2013 (net percentage)	**45.8**	**44.4**	**46.3**	**36.3**	**32.3**	**58.1**	**37.1**	**42.5**
Profit	67.5	70.0	71.5	60.1	63.5	78.4	57.5	66.5
Loss	21.7	25.6	25.2	23.8	31.1	20.4	20.4	24.0
Unspecified	10.8	4.4	3.3	16.1	5.4	1.2	22.2	9.6
Result of first half-year of 2014 (net percentage)	**43.3**	**58.9**	**34.1**	**22.6**	**35.3**	**32.9**	**42.5**	**36.9**
Profit	63.3	73.3	62.6	50.6	61.1	61.7	59.3	60.7
Loss	20.0	14.4	28.5	28.0	25.7	28.7	16.8	23.8
Unspecified	16.7	12.2	8.9	21.4	13.2	9.6	24.0	15.6
Share of enterprises that experienced losses in the second half of 2013, but which in the second half-year of 2014 earned a profit	**8.3**	**14.4**	**8.9**	**4.2**	**9.0**	**5.4**	**10.2**	**8.2**
Share of enterprises that earned a profit in the second half of 2013, but which in the second half-year of 2014 experienced losses	**9.2**	**7.8**	**13.0**	**10.1**	**7.8**	**15.6**	**7.2**	**10.2**

Table 2. Significance of experienced or possible challenges and their likely development in the second half-year of 2014 (unless otherwise specified, %)

	Industry	*Construc-tion*	*Trade*	*Services*	*Low*	*Medium*	*High*	**Total**
Shortage of customers in the first half-year of 2013 (net percentage)	**–3.3**	**–11.1**	**26.8**	**1.2**	**13.8**	**–1.2**	**0.0**	**4.2**
Low	26.7	32.2	13.8	26.2	20.4	27.5	25.1	24.4
Medium	42.5	44.4	39.8	35.1	38.9	44.3	35.9	39.7
High	23.3	21.1	40.7	27.4	34.1	26.3	25.1	28.5
Unspecified	7.5	2.2	5.7	11.3	6.6	1.8	13.8	7.4
Likely development of the shortage of customers in the second half-year of 2014 (net percentage)	**1.7**	**–2.2**	**7.3**	**9.5**	**2.4**	**6.0**	**6.6**	**5.0**
Will decrease	10.8	25.6	13.8	16.1	19.2	17.4	11.4	16.0
Will remain unchanged	65.8	43.3	56.1	43.5	49.7	50.3	55.7	51.9
Will increase	12.5	23.3	21.1	25.6	21.6	23.4	18.0	21.0
Unspecified	10.8	7.8	8.9	14.9	9.6	9.0	15.0	11.2
Increase in competitiveness in the first half-year of 2014 (net percentage)	**0.0**	**20.0**	**25.2**	**6.0**	**16.8**	**10.2**	**8.4**	**11.8**
Low	28.3	17.8	13.8	23.8	22.2	21.0	21.0	21.4
Medium	34.2	37.8	43.1	33.3	30.5	44.3	35.3	36.7
High	28.3	37.8	39.0	29.8	38.9	31.1	29.3	33.1
Unspecified	9.2	6.7	4.1	13.1	8.4	3.6	14.4	8.8
Likely development of the increase in competitiveness in the second half-year of 2014 (net percentage)	**19.2**	**34.4**	**30.1**	**23.2**	**21.6**	**25.7**	**30.5**	**25.9**
Will decrease	0.8	3.3	1.6	3.6	4.2	1.8	1.2	2.4
Will remain unchanged	67.5	46.7	59.3	52.4	58.1	62.3	49.7	56.7
Will increase	20.0	37.8	31.7	26.8	25.7	27.5	31.7	28.3
Unspecified	11.7	12.2	7.3	17.3	12.0	8.4	17.4	12.6
Decrease in the sources of funding in the first half-year of 2014 (net percentage)	**–23.3**	**–21.1**	**–36.6**	**–25.6**	**–34.1**	**–21.0**	**–25.7**	**–26.9**
Low	44.2	42.2	51.2	41.1	49.7	40.7	43.1	44.5
Medium	19.2	23.3	17.9	23.8	16.2	26.9	20.4	21.2
High	20.8	21.1	14.6	15.5	15.6	19.8	17.4	17.6
Unspecified	15.8	13.3	16.3	19.6	18.6	12.6	19.2	16.8
Likely development of the decrease in the sources of funding in the second half-year of 2014 (net percentage)	**5.0**	**4.4**	**–2.4**	**0.6**	**–0.6**	**3.0**	**2.4**	**1.6**
Will decrease	8.3	8.9	12.2	12.5	11.4	9.6	11.4	10.8
Will remain unchanged	61.7	62.2	62.6	49.4	54.5	64.1	55.1	57.9
Will increase	13.3	13.3	9.8	13.1	10.8	12.6	13.8	12.4
Unspecified	16.7	15.6	15.4	25.0	23.4	13.8	19.8	19.0
Increased production cost in the first half-year of 2014 (net percentage)	**–6.7**	**–3.3**	**–25.2**	**–8.3**	**–25.1**	**–10.2**	**1.8**	**–11.2**
Low	30.8	31.1	36.6	28.6	40.7	32.9	21.0	31.5
Medium	34.2	35.6	35.0	31.5	32.3	31.7	37.1	33.7
High	24.2	27.8	11.4	20.2	15.6	22.8	22.8	20.4
Unspecified	10.8	5.6	17.1	19.6	11.4	12.6	19.2	14.4
Likely development of the decrease in the sources of funding in the second half-year of 2014 (net percentage)	**30.8**	**33.3**	**18.7**	**31.5**	**21.0**	**32.3**	**32.3**	**28.5**
Will decrease	3.3	4.4	4.1	4.2	6.6	3.6	1.8	4.0
Will remain unchanged	49.2	50.0	55.3	39.9	53.3	46.7	43.1	47.7
Will increase	34.2	37.8	22.8	35.7	27.5	35.9	34.1	32.5
Unspecified	13.3	7.8	17.9	20.2	12.6	13.8	21.0	15.8
Shortage of adequate staff in the first half-year of 2014 (net percentage)	**–1.7**	**22.2**	**–14.6**	**–6.5**	**–13.8**	**0.6**	**6.6**	**–2.2**
Low	31.7	22.2	40.7	32.7	39.5	31.7	26.3	32.5
Medium	30.0	31.1	24.4	26.2	25.7	30.5	26.3	27.5
High	30.0	44.4	26.0	26.2	25.7	32.3	32.9	30.3
Unspecified	8.3	2.2	8.9	14.9	9.0	5.4	14.4	9.6
Likely development of the shortage of adequate staff in the second half-year of 2014 (net percentage)	**15.0**	**33.3**	**8.1**	**14.9**	**17.4**	**18.0**	**14.4**	**16.6**
Will decrease	5.0	4.4	8.1	7.1	6.0	6.6	6.6	6.4
Will remain unchanged	63.3	53.3	64.2	51.8	57.5	60.5	55.7	57.9
Will increase	20.0	37.8	16.3	22.0	23.4	24.6	21.0	23.0
Unspecified	11.7	4.4	11.4	19.0	13.2	8.4	16.8	12.8

	Industry	*Construc-tion*	*Trade*	*Services*	*Low*	*Medium*	*High*	**Total**
Indebtedness of business partners in the first half-year of 2014 (net percentage)	**–15.0**	**5.6**	**–15.4**	**–19.0**	**–22.8**	**–12.6**	**–3.0**	**–12.8**
Low	32.5	24.4	38.2	36.3	40.7	36.5	24.0	33.7
Medium	35.0	40.0	34.1	29.8	31.7	36.5	33.5	33.9
High	17.5	30.0	22.8	17.3	18.0	24.0	21.0	21.0
Unspecified	15.0	5.6	4.9	16.7	9.6	3.0	21.6	11.4
Likely development of the indebtedness of business partners in the second half-year of 2014 (net percentage)	**11.7**	**21.1**	**4.9**	**14.3**	**8.4**	**13.2**	**16.2**	**12.6**
Will decrease	5.8	6.7	10.6	5.4	7.2	9.0	4.8	7.0
Will remain unchanged	57.5	53.3	61.0	55.4	64.1	59.3	47.3	56.9
Will increase	17.5	27.8	15.4	19.6	15.6	22.2	21.0	19.6
Unspecified	19.2	12.2	13.0	19.6	13.2	9.6	26.9	16.6
Increase in tax burden in the first half-year of 2014 (net percentage)	**40.0**	**51.1**	**38.2**	**36.3**	**41.3**	**47.3**	**32.3**	**40.3**
Low	11.7	5.6	11.4	10.1	10.8	9.0	10.2	10.0
Medium	28.3	33.3	35.8	30.4	30.5	33.5	31.1	31.7
High	51.7	56.7	49.6	46.4	52.1	56.3	42.5	50.3
Unspecified	8.3	4.4	3.3	13.1	6.6	1.2	16.2	8.0
Likely development of the increase in tax burden in the second half-year of 2014 (net percentage)	**34.2**	**34.4**	**27.6**	**31.0**	**34.7**	**31.1**	**28.7**	**31.5**
Will decrease	0.8	0.0	0.0	3.0	0.6	0.6	2.4	1.2
Will remain unchanged	52.5	57.8	65.9	45.8	53.3	63.5	46.7	54.5
Will increase	35.0	34.4	27.6	33.9	35.3	31.7	31.1	32.7
Unspecified	11.7	7.8	6.5	17.3	10.8	4.2	19.8	11.6
Legal/administrative require-ments in the first half-year of 2013 (net percentage)	**–5.8**	**4.4**	**–9.8**	**0.0**	**–2.4**	**–9.0**	**2.4**	**–3.0**
Low	27.5	27.8	33.3	26.2	29.3	32.9	23.4	28.5
Medium	35.0	33.3	31.7	29.2	29.3	37.1	29.3	31.9
High	21.7	32.2	23.6	26.2	26.9	24.0	25.7	25.5
Unspecified	15.8	6.7	11.4	18.5	14.4	6.0	21.6	14.0
Likely development of le-gal/administrative require-ments in the second half-year of 2014 (net percentage)	**13.3**	**22.2**	**14.6**	**16.1**	**18.6**	**13.2**	**16.8**	**16.2**
Will decrease	2.5	1.1	4.1	3.0	1.2	3.6	3.6	2.8
Will remain unchanged	61.7	60.0	61.8	54.2	58.7	67.7	50.3	58.9
Will increase	15.8	23.3	18.7	19.0	19.8	16.8	20.4	19.0
Unspecified	20.0	15.6	15.4	23.8	20.4	12.0	25.7	19.4
Other challenges in the first half-year of 2013 (net percent-age)	**–22.5**	**–13.3**	**–24.4**	**–17.3**	**–22.8**	**–19.2**	**–16.8**	**–19.6**
Low	27.5	21.1	26.8	24.4	29.3	24.0	22.2	25.1
Medium	18.3	13.3	16.3	13.1	14.4	13.2	18.0	15.2
High	5.0	7.8	2.4	7.1	6.6	4.8	5.4	5.6
Unspecified	49.2	57.8	54.5	55.4	49.7	58.1	54.5	54.1
Likely development of other challenges in the second half-year of 2014 (net percentage)	**0.8**	**1.1**	**0.8**	**4.8**	**2.4**	**1.2**	**3.0**	**2.2**
Will decrease	2.5	4.4	4.9	2.4	2.4	3.6	4.2	3.4
Will remain unchanged	45.0	26.7	35.8	32.1	41.9	32.3	31.1	35.1
Will increase	3.3	5.6	5.7	7.1	4.8	4.8	7.2	5.6
Unspecified	49.2	63.3	53.7	58.3	50.9	59.3	57.5	55.9

Table 3. Breakdown of enterprises by source of satisfying business funding needs (%)

	Industry	*Construc-tion*	*Trade*	*Services*	*Low*	*Medium*	*High*	**Total**
Breakdown of enterprises by source of satisfying business funding needs with internal resources								
50 and less	15.8	7.3	13.6	23.2	12.7	12.0	26.2	**15.9**
60–70	8.9	11.0	11.9	5.8	4.7	5.4	16.9	**9.1**
80–90	28.7	19.5	22.0	20.3	12.7	18.5	25.4	**22.6**
100	46.5	62.2	52.5	50.7	70.0	64.1	31.5	**52.4**
Breakdown of enterprises by intention of satisfying business funding needs with internal resources								
50 and less	28.9	20.0	28.9	29.2	20.3	21.1	41.7	**26.8**
60–70	15.8	5.0	7.9	12.5	8.5	8.8	14.6	**10.4**
80–90	21.1	15.0	10.5	20.8	16.9	15.8	18.8	**17.1**
100	34.2	60.0	52.6	37.5	54.2	54.4	25.0	**45.7**
Share of enterprises that did not have monetary liabilities to credit institutions that needed to be returned	**51.7**	**53.3**	**52.8**	**59.5**	**76.0**	**46.1**	**44.7**	**54.9**
Share of enterprises, the liabilities of which are secured by collateral or guarantees	**78.2**	**70.7**	**74.6**	**64.6**	**55.0**	**73.0**	**78.0**	**71.8**
Average annual interest rates on financial liabilities assumed by non-financial enterprises	**4.06**	**4.67**	**3.85**	**4.32**	**3.7**	**4.9**	**3.8**	**4.20**
Significance of factors that determined the choice of internal financial resources in satisfying business needs								
Sufficient internal sources of funding or lack of the need to borrow (net percentage)	2.7	12.5	14.0	–5.2	13.2	–1.9	2.7	**4.4**
Unwillingness of owners of an enterprise to assume additional liabilities (net percentage)	–12.5	–23.9	–7.0	–15.0	–13.2	–15.2	–14.0	**–13.2**
Unwillingness of owners of an enterprise to lose control over management of the enterprise (net percentage)	–10.7	–14.8	–18.4	–17.0	–13.8	–18.4	–14.0	**–14.4**
Unwillingness of owners of an enterprise to share profits earned (net percentage)	–38.4	–45.5	–40.4	–35.9	–38.4	–44.9	–34.7	**–36.7**
Lack of information or not knowing how to attract external financing sources (net percentage)	–36.6	–29.5	–39.5	–30.1	–26.4	–39.9	–35.3	**–31.5**
Too-large expenditure of external financing sources (net percentage)	14.3	14.8	17.5	10.5	17.0	16.5	8.0	**13.0**
Distrust in system of credit institutions (net percentage)	–13.4	–20.5	–18.4	–5.2	–2.5	–17.1	–20.7	**–12.4**
Refusal of credit institutions of other lenders to provide funding (net percentage)	–18.8	–23.9	–24.6	–13.7	–18.2	–12.0	–28.7	**–18.2**
Instruments for funding enterprise operations (share of enterprises using instruments)								
Internal resources	98.3	95.6	99.2	92.3	96.4	96.4	95.2	**96.0**
Account overdrafts and credit lines	42.5	33.3	31.7	45.8	28.1	31.1	58.7	**39.3**
Bank loans	40.0	27.8	31.7	41.7	22.8	32.3	53.9	**36.3**
Leasing, factoring	44.2	42.2	39.0	53.0	28.1	43.1	65.3	**45.5**
Increase of share capital (new issue of enterprise stocks)	25.0	20.0	12.2	29.8	18.0	12.6	37.1	**22.6**
Issue of debt securities	19.2	12.2	7.3	27.4	15.0	6.6	31.7	**17.8**
Use of European Union funds	35.0	18.9	12.2	35.1	17.4	15.6	46.7	**26.5**
Trade credits	36.7	38.9	42.3	35.1	29.9	33.5	50.3	**37.9**
Financial aid from state/municipality	30.0	16.7	8.1	35.1	19.2	12.6	40.1	**24.0**
Other	35.0	32.2	33.3	41.1	30.5	25.7	52.1	**36.1**
Share of enterprises planning to change operation financing sources	14.0	12.9	14.4	14.8	11.9	20.4	9.7	**14.2**

	Industry	*Construc-tion*	*Trade*	*Services*	*Low*	*Medium*	*High*	**Total**
Planned development of enterprise operation financing instruments (p.p.)								
Internal resources	–0.4	–0.2	0.0	0.4	–0.4	0.6	–0.4	**–0.2**
Account overdrafts and credit lines	0.6	0.0	–0.4	–0.4	0.4	–1.0	0.4	**–0.2**
Bank loans	0.4	0.8	1.4	0.4	1.2	1.4	0.4	**3.0**
Leasing, factoring	–0.2	–0.2	0.4	–0.4	0.8	–1.0	–0.2	**–0.4**
Increase of share capital (new issue of enterprise stocks)	–0.2	–0.6	–0.4	–0.6	0.0	–1.8	0.0	**–1.8**
Issue of debt securities	–0.4	–0.6	–0.4	–0.6	–0.2	–2.0	0.2	**–2.0**
Use of European Union funds	0.6	–0.2	0.0	–0.2	0.6	–1.2	0.8	**0.2**
Trade credits	–0.2	–0.6	0.6	0.0	0.4	–0.4	–0.2	**–0.2**
Financial aid from state/municipality	0.0	–0.8	–0.4	–0.4	0.2	–1.8	0.0	**–1.6**
Other	0.2	–0.6	–0.6	–0.2	0.2	–1.4	0.0	**–1.2**
Share of enterprises planning to expand in the second half-year of 2014	**34.2**	**45.6**	**31.7**	**32.7**	**38.9**	**34.7**	**31.7**	**41.2**
Average weighted share of enterprises planning expan-sion using external financing resources	**23.3**	**15.5**	**22.4**	**23.3**	**14.5**	**18.4**	**32.7**	**21.8**
Satisfaction of applications for borrowing and/or chang-ing the contractual terms and conditions of existing liabili-ties								
Application was rejected	25.9	31.8	21.9	15.2	38.9	27.3	13.5	**22.8**
Lent less amount than was applied for	11.1	22.7	15.6	21.2	16.7	20.5	15.4	**17.5**
Lent entire amount applied for	63.0	45.5	62.5	63.6	44.4	52.3	71.2	**59.6**
Change of need for enterpris-es to borrow from credit institutions (net percentage)	6.8	5.3	–2.0	–22.4	20.6	1.4	–20.8	**–3.9**
Decreased	25.0	21.1	30.6	40.8	17.6	29.7	36.1	**30.0**
Remained unchanged	43.2	52.6	40.8	40.8	44.1	39.2	48.6	**43.9**
Increased	31.8	26.3	28.6	18.4	38.2	31.1	15.3	**26.1**

Table 4. Use of funds from external financing sources by enterprises that responded to this question (%, sampling of respondents — 213 enterprises)

	Total
Repair, purchase/rental of equipment, machinery, transport vehicles	**35.2**
Purchase of raw materials, fuel, goods for resale	**25.8**
Construction, reconstruction, purchase/renting of engineering buildings, buildings.	**18.8**
Outsourcing	**8.9**

Table 5. Assessment of borrowing possibilities of and of service standards of credit institutions by enterprises that responded to the questions (unless otherwise specified, %; sampling of respondents — 121 enterprises)

	Total
Change in borrowing possibilities (net percentage)	**–6.6**
Decreased	**21.5**
Remained unchanged	**63.6**
Increased	**14.9**
Change in service standards of credit institutions (net percentage)	**–28.0**
Eased	**9.0**
Remained unchanged	**54.0**
Tightened	**37.0**

Table 6. Assessment of factors, which could be important in selecting a credit institution, as submitted by enterprises that answered the question (unless otherwise specified, %; sampling of respondents — 216 enterprises)

	Total
Credit terms of the credit institution are favourable	**81.0**
The fees for offered by the credit institution for services are small	**71.3**
The credit institution quickly takes decisions	**68.1**
Credit institution has a wide range of services	**55.6**
Credit institution is knowledgeable of the activities of your enterprise	**44.4**
Broad network of the credit institution's branches	**29.2**
Personal relations of the owners (managers) of an enterprise with a credit institution	**19.9**