

ANALYSIS REPORT

BUSINESS PERCEPTIONS ON THE ECONOMY

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KANTAR TNS

For :

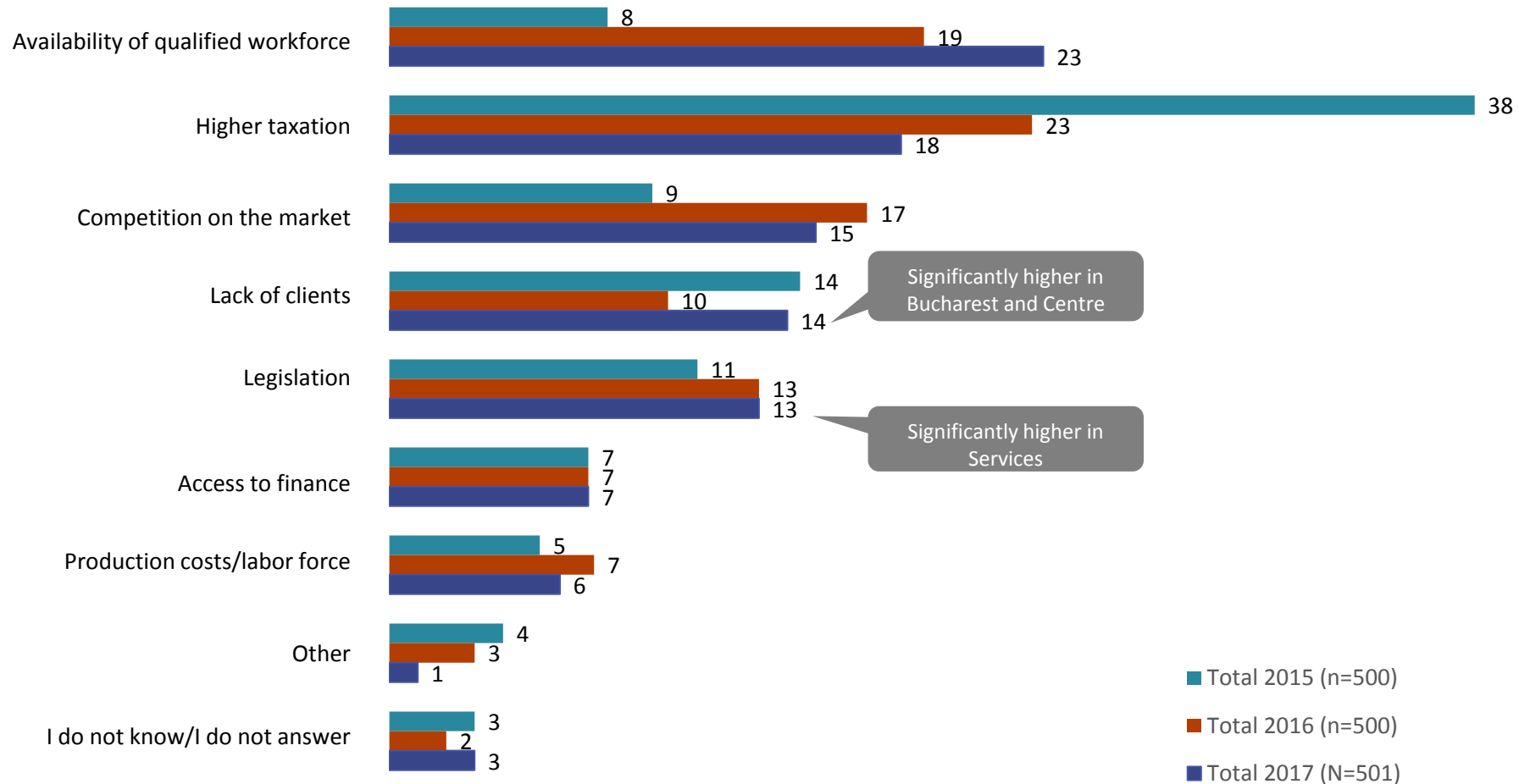


Methodology

| | |
|--|--|
| • <i>Respondents' profiles</i> | Decision making persons from companies in Romania (owners, associates, person with a leading position at a superior level) |
| • <i>Data collection period</i> | 5 April - 9 May 2017 |
| • <i>Sample size</i> | 501 respondents |
| • <i>Interview's length</i> | 30 minutes |
| • <i>Reprezentativity</i> | At historical region level and activity field ($\pm 4.4\%$ error, estimated at a 95% level of confidence) |
| • <i>Research universe</i> | In conformity with the data provided by the Chamber of Commerce and Industry of Romania |

The availability of qualified workforce is in 2017 the most important problem for companies in Romania. Taxation remains also a problem, but it is on a downward trend.

The main problems of the Romanian business environment–2015-2017(%)

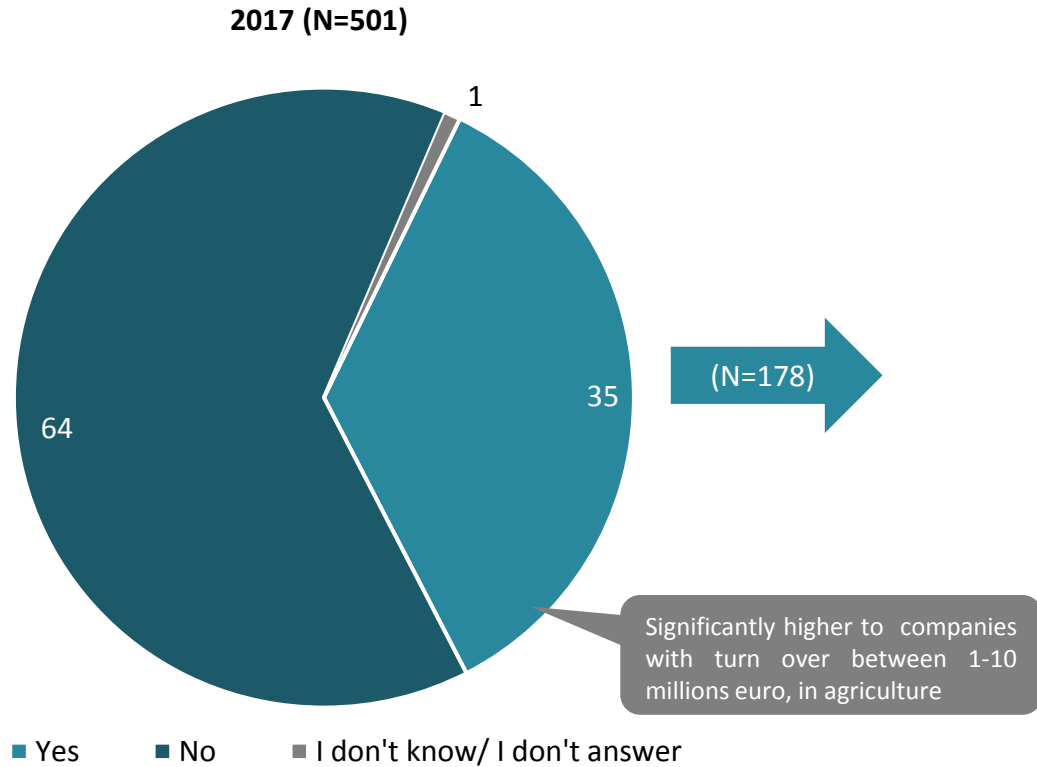


■ Total 2015 (n=500)
 ■ Total 2016 (n=500)
 ■ Total 2017 (N=501)

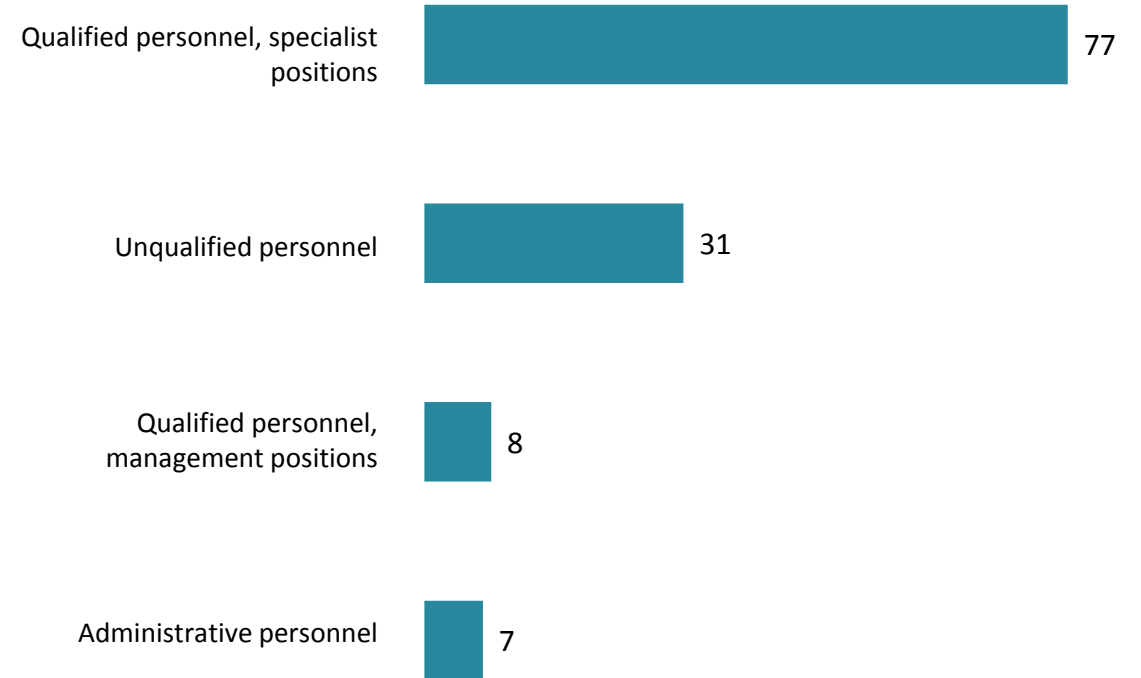


35% of companies have encountered the problem of labour migration abroad, and 77% declare that the qualified personnel was the main affected category, the values being similar with those registered in 2016.

Labor migration– 2017 (%)

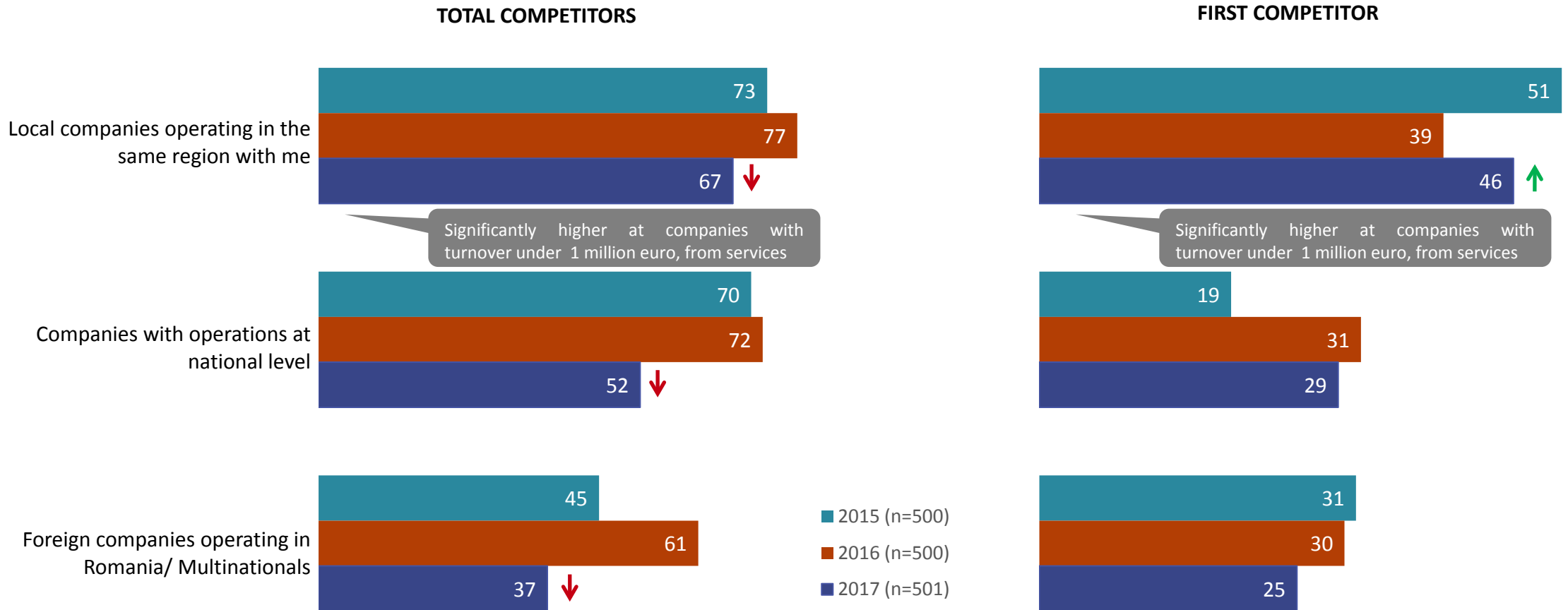


Categories of personnel affected– 2017 (%)



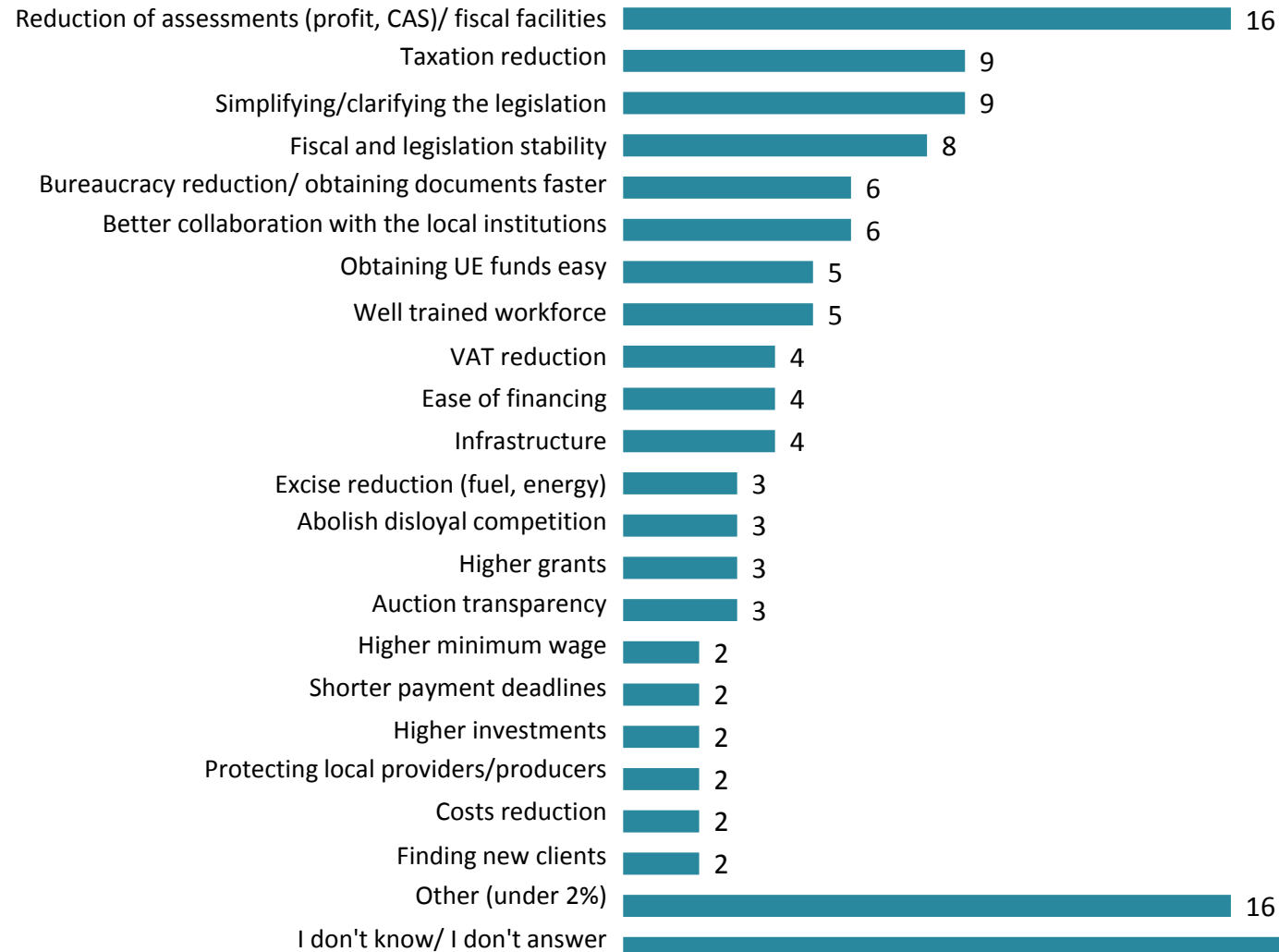
In 2017, the competitor's hierarchy is the same, but significantly increased the number of companies which think that their first competitor is represented by the local companies operating in the same region with the respondent.

Competition –2015 -2017 (%)



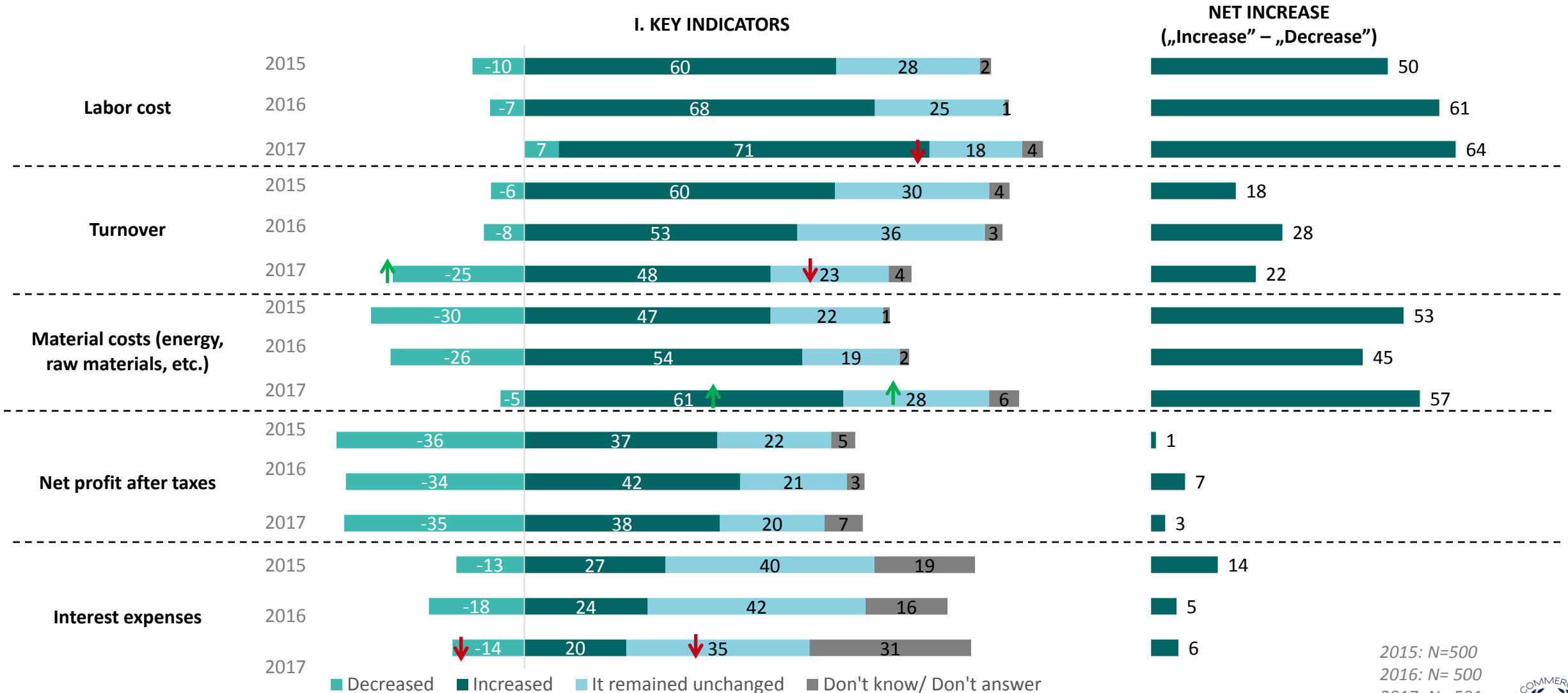
Reduction of assessments is mentioned by 16% of respondents as being an economic measure which would enhance the economic activities. Other measures would be reduction of taxation (9%) and simplifying legislation (9%).

Incentives for economic activities– 2017 (%)



Material costs significantly increased since the previous year (+7%), while turnover decreased, mainly to companies with turnover under 1 million euro.

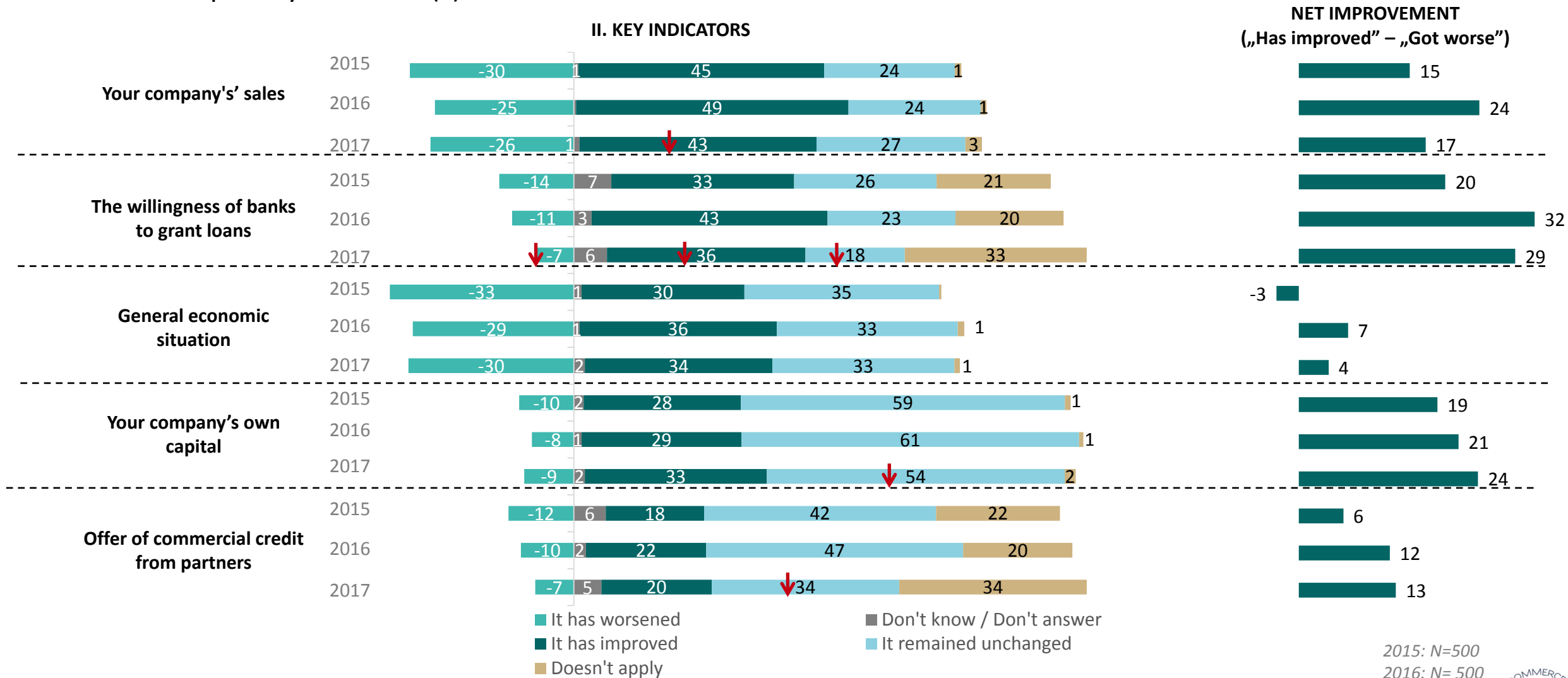
I. Assessment of the previous year – 2015-2017(%)



2015: N=500
2016: N= 500
2017: N= 501

In 2017 companies perceive a lower willingness of banks to grant loans. Also, significantly decreased the companys' sales, especially to comapnies with turnover under 1 million euro.

II. Assessment of the previous year – 2015-2017(%)



2015: N=500
2016: N= 500
2017: N= 501



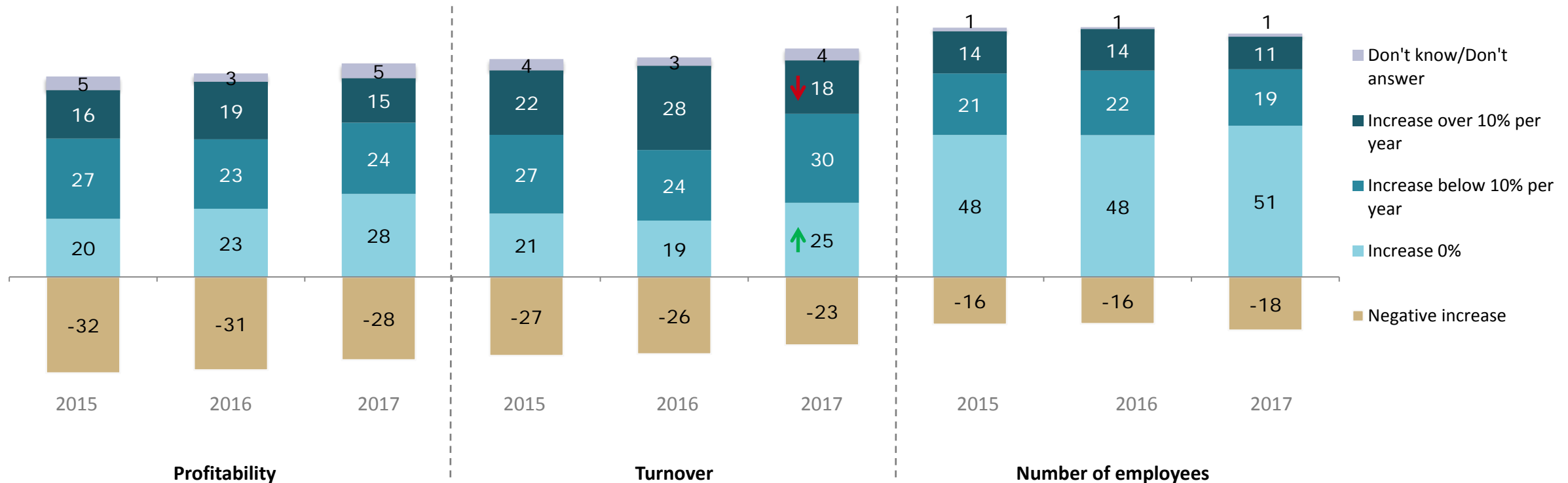
For each of the following factors would you say that they have improved, worsened or remained unchanged in the last year?

↑ Significantly higher than 2016 wave (95% confidence level)
↓ Significantly lower than 2016 wave (95% confidence level)



This year, there was a significant decrease of the companies which had an increase of turnover over 10% a year. The most affected category is companies which have turnover under 1 million euro.

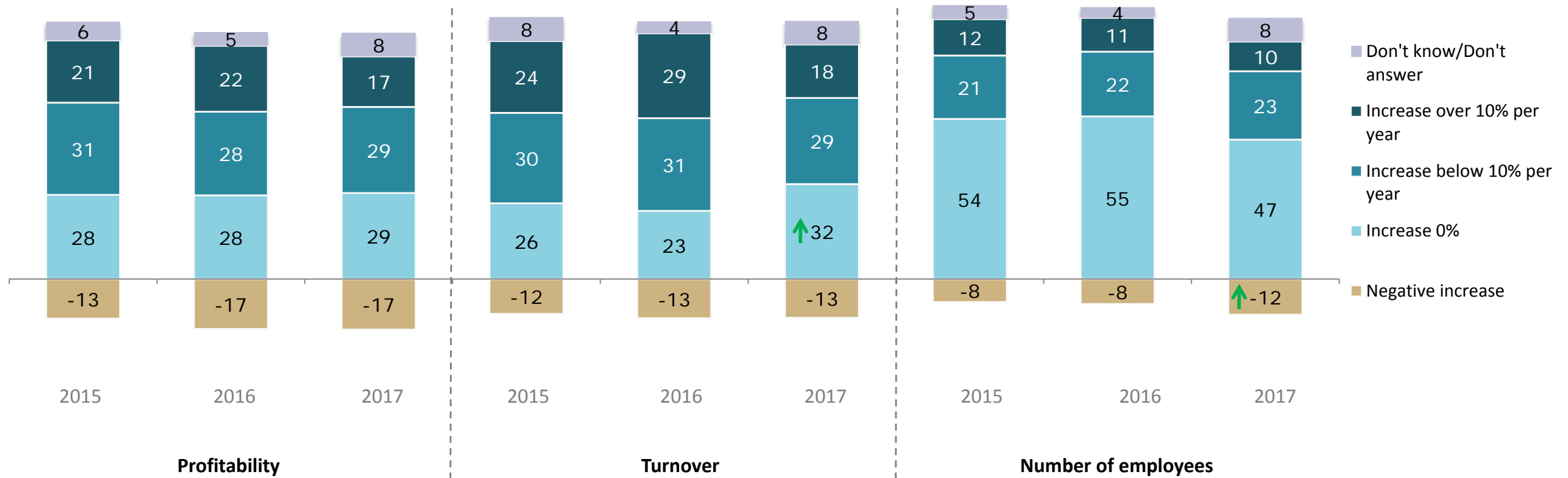
Previous years rating– 2015-2017(%)



2015: N= 500
2016: N= 500
2017: N= 501

For 2018, the companies' expectations are that turnover will remain the same as the last year and the number of employees to decrease.

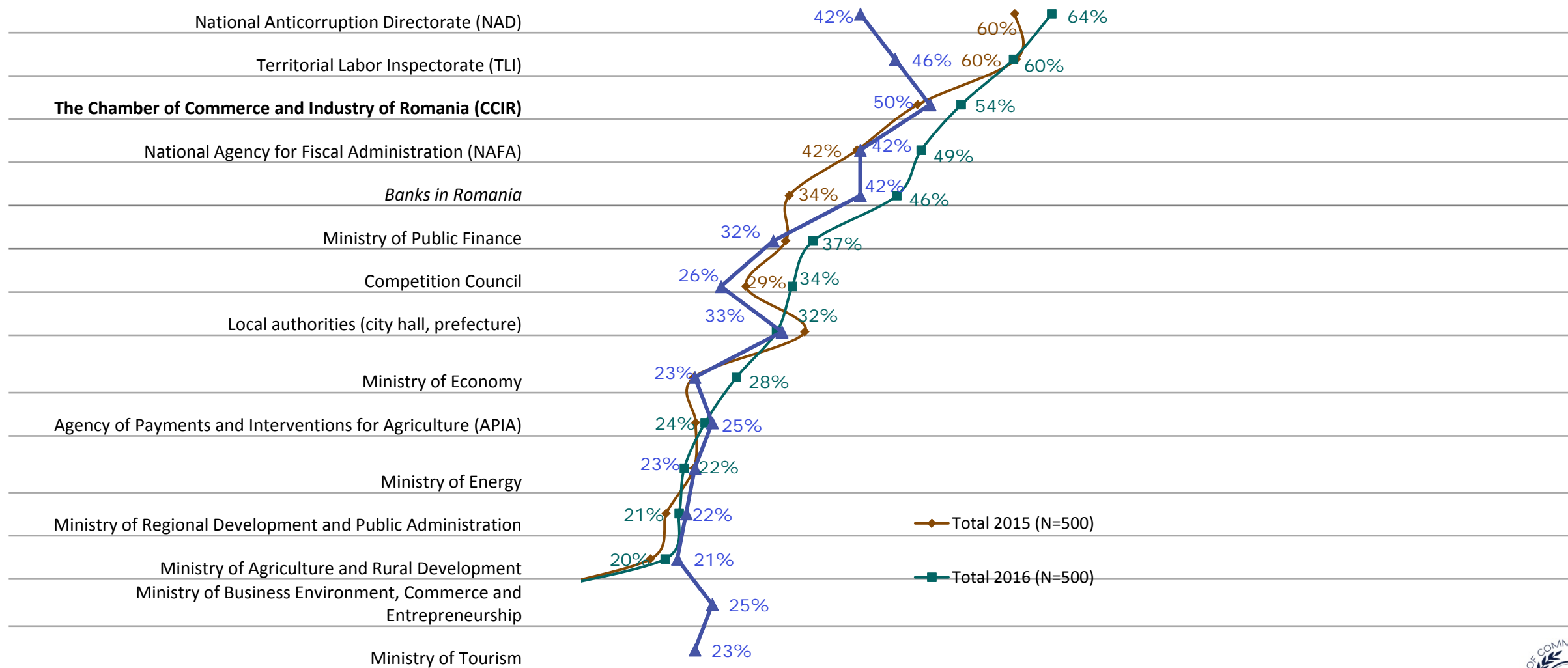
Expectations towards the following year–2015-2017(%)



2015: N=500
2016: N= 500
2017: N= 501

It can be observed a downward trend regarding the confidence of companies in institutions. Institutions which benefit the most from the companies' confidence, are the Banks in Romania (+4%).

Confidence in institutions–2015 - 2017*

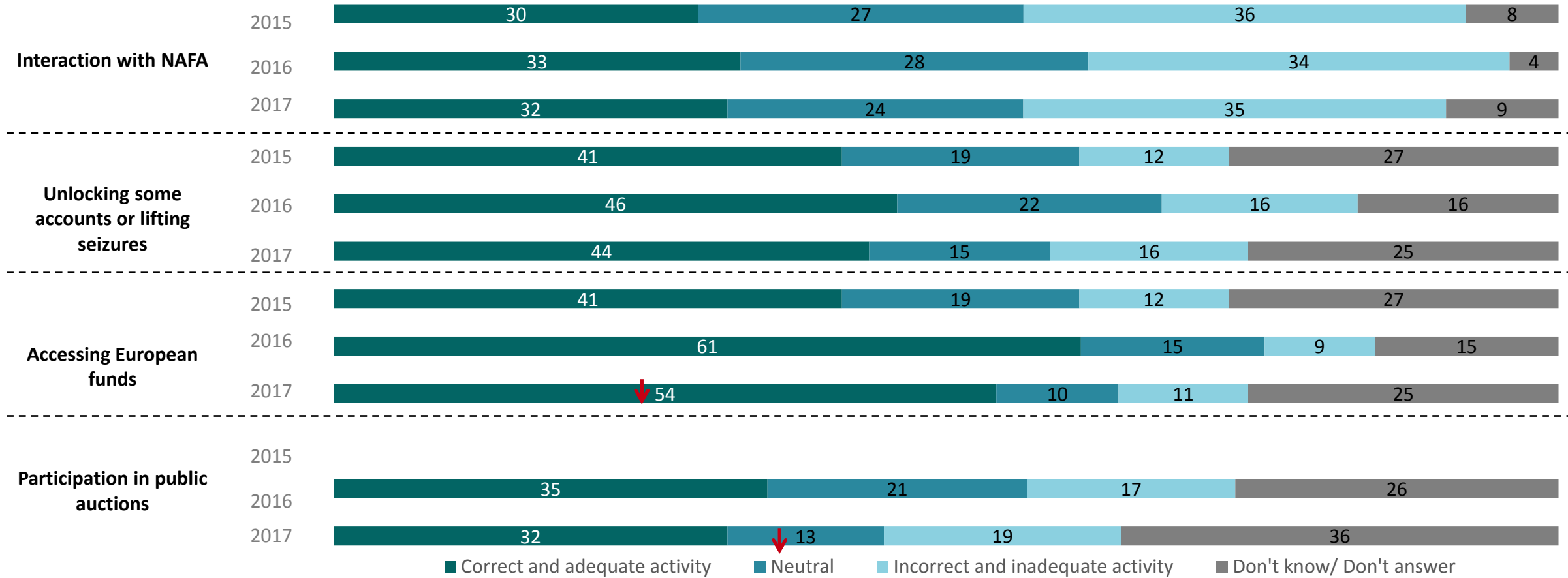


**Only those who have answered with very much and a lot of confidence*

▲ Significantly higher than 2016 wave (95% confidence level)
▼ Significantly lower than 2016 wave (95% confidence level)

Accessing European funds and unlocking accounts or lifting seizures are the most difficult interactions with local institutions.

I. Interactions of companies with public institutions–2015 -2017 (%)



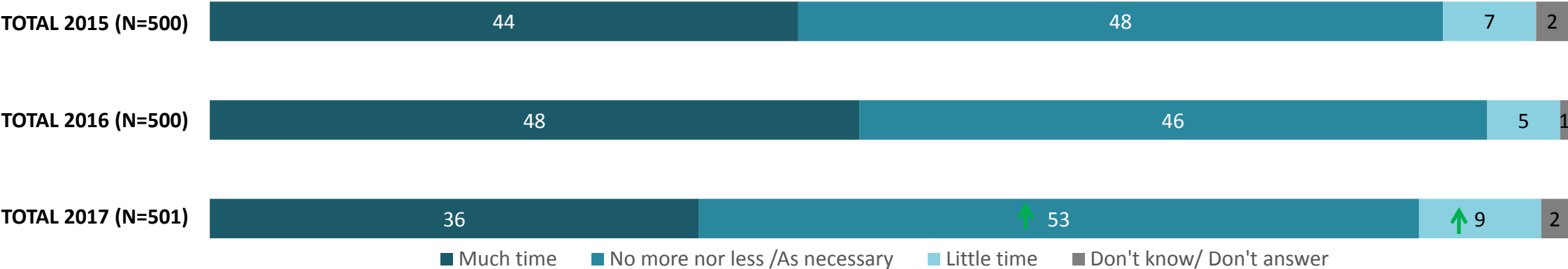
2015: N=500
2016: N= 500
2017: N= 501

▲ Significantly higher than 2016 wave (95% confidence level)
▼ Significantly lower than 2016 wave (95% confidence level)

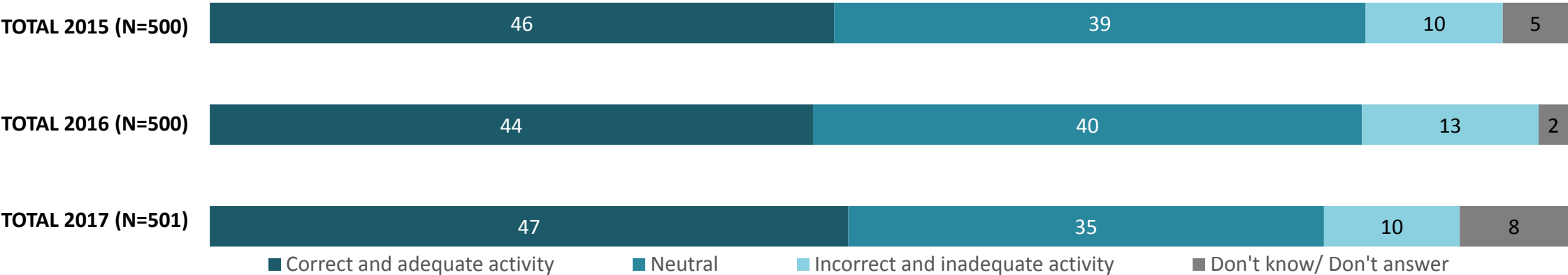
**Over 50% of companies think that interactions with the public institutions need as much time as it is necessary and also increases the percentage of people who consider that the relationship with the institutions asks for little time (+4%).
 47% of the interviewees said that the activity of inspection authorities is correct and adequate.**

II . Interactions of companies with public institutions–2015-2017(%)

Relation with state institutions

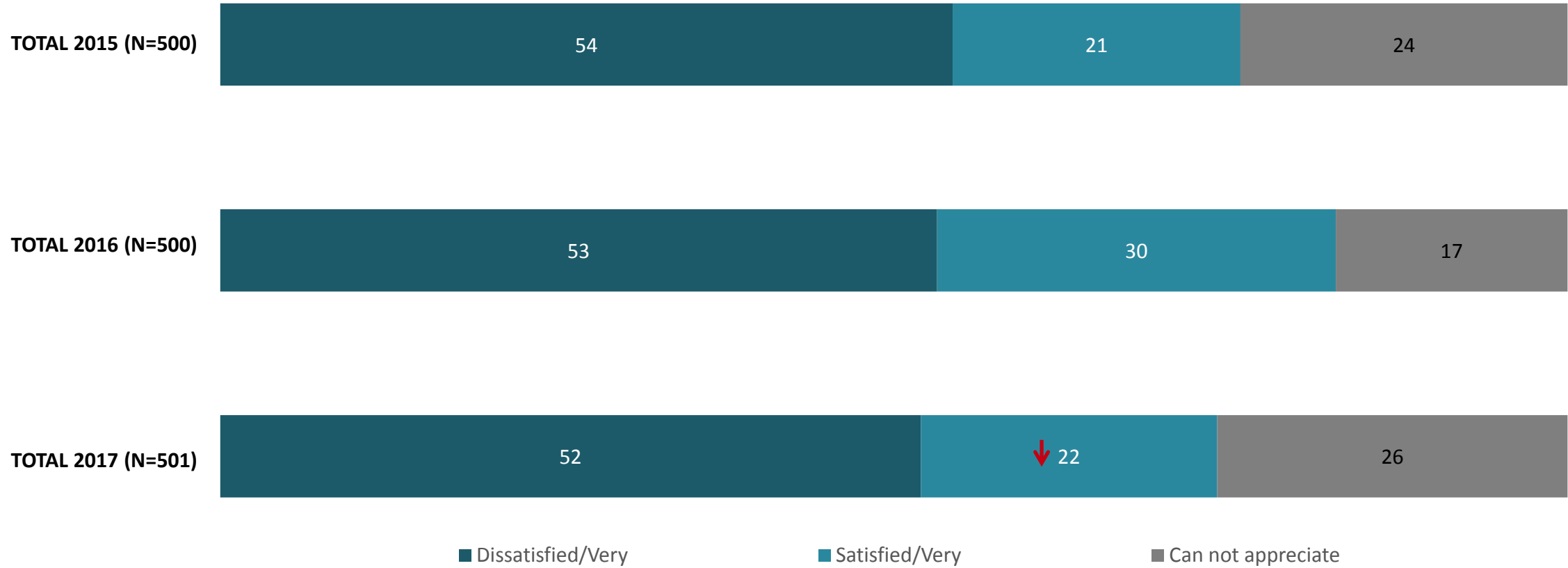


The activity of inspection authorities



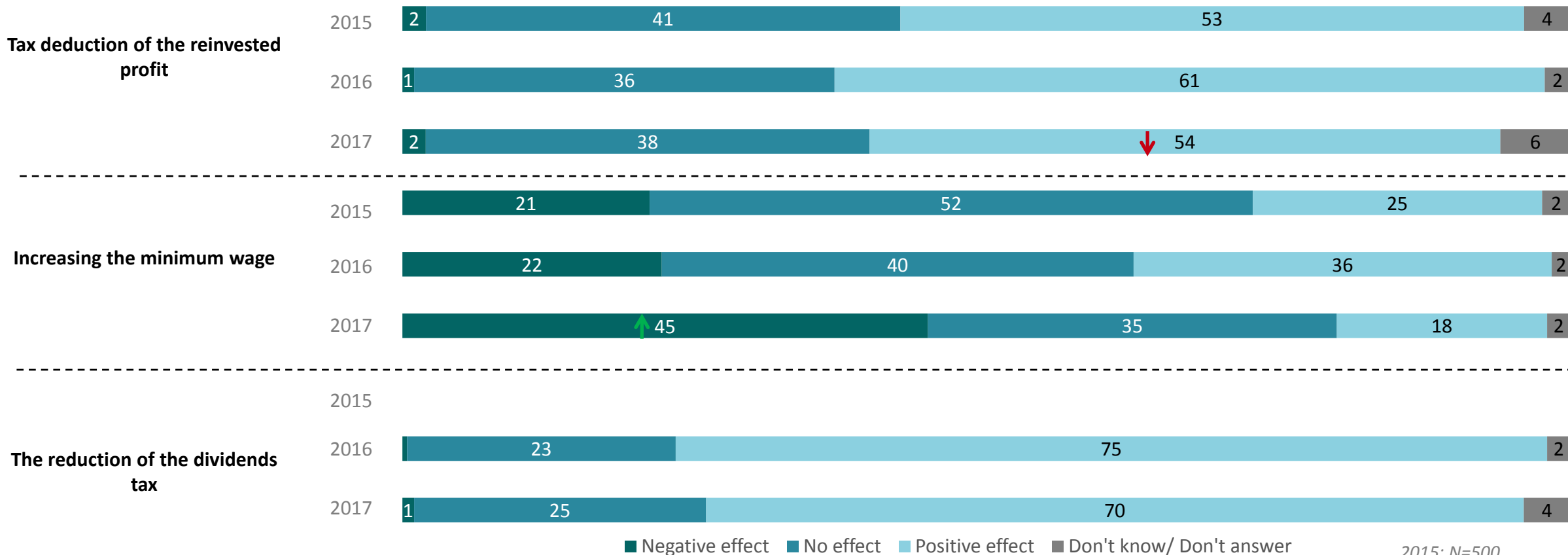
Half of the companies (52%) are very dissatisfied or dissatisfied by how the state promotes romanian business abroad.

Promoting the business environment–2015-2017(%)



In 2017, the percentage of those who think that the increasing of the minimum wage had negative effects, increased with over a half since the last year (+23%).

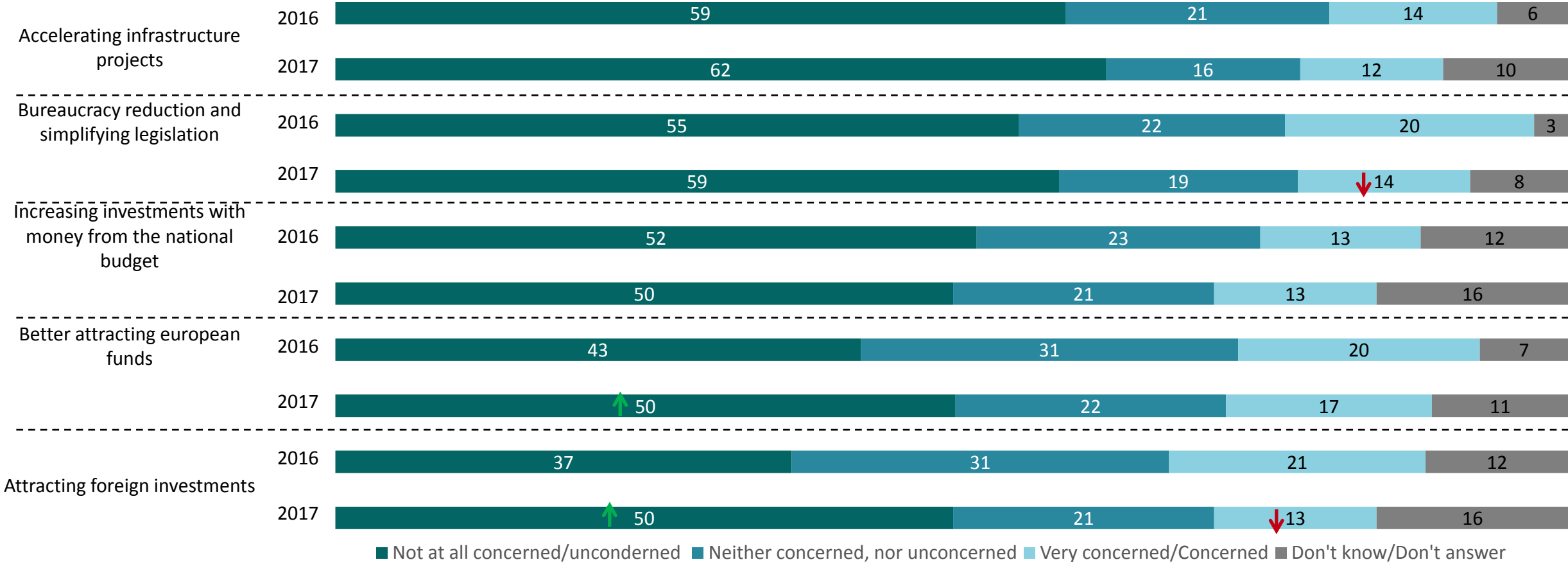
The impact of the economic incentives legislation–2015-2017(%)



2015: N=500
2016: N= 500
2017: N= 501

Over a half of the companies consider that the present Government is not concerned on any of the activities measured in this survey. Attracting foreign investments registered the biggest decrease (+13%).

Government activity– 2016-2017 (%)



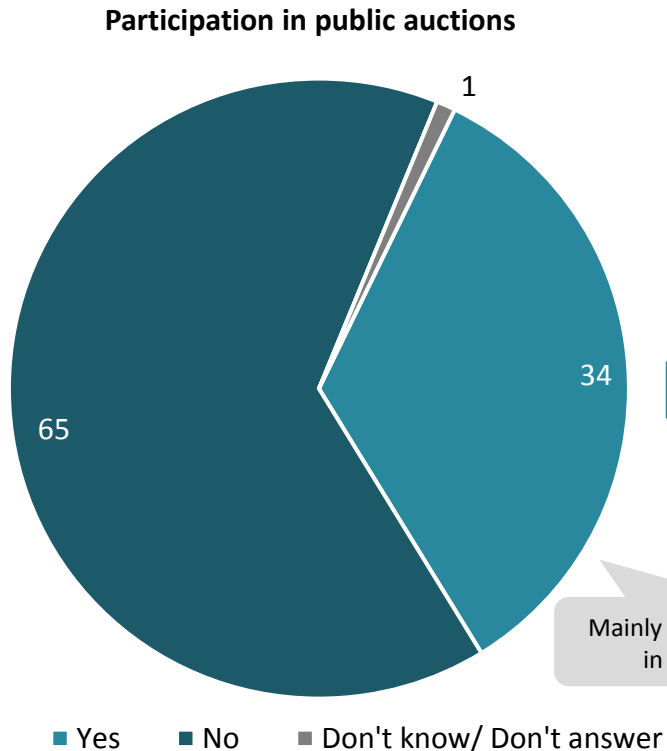
■ Not at all concerned/unconderned ■ Neither concerned, nor unconcerned ■ Very concerned/Concerned ■ Don't know/Don't answer

2016: N= 500
2017: N= 501

▲ Significantly higher than 2016 wave (95% confidence level)
▼ Significantly lower than 2016 wave (95% confidence level)

34% of the interviewed economic agents have participated in public auctions. 43% of those who have participated, think that the task book is tailor made in the advantage of some companies.

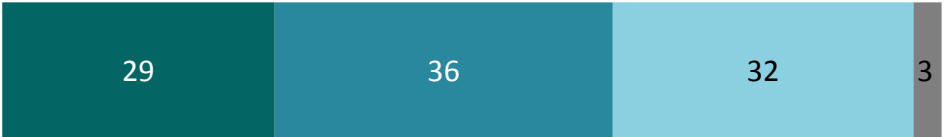
Public auctions– 2017 (%)



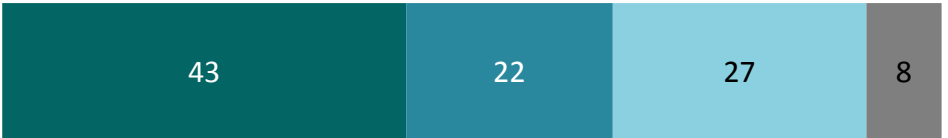
(N=171)

Mainly companies which activate in agriculture/ industry

It is very difficult to achieve the indicators requested in datasheet



It is tailor made in the advantage of some companies

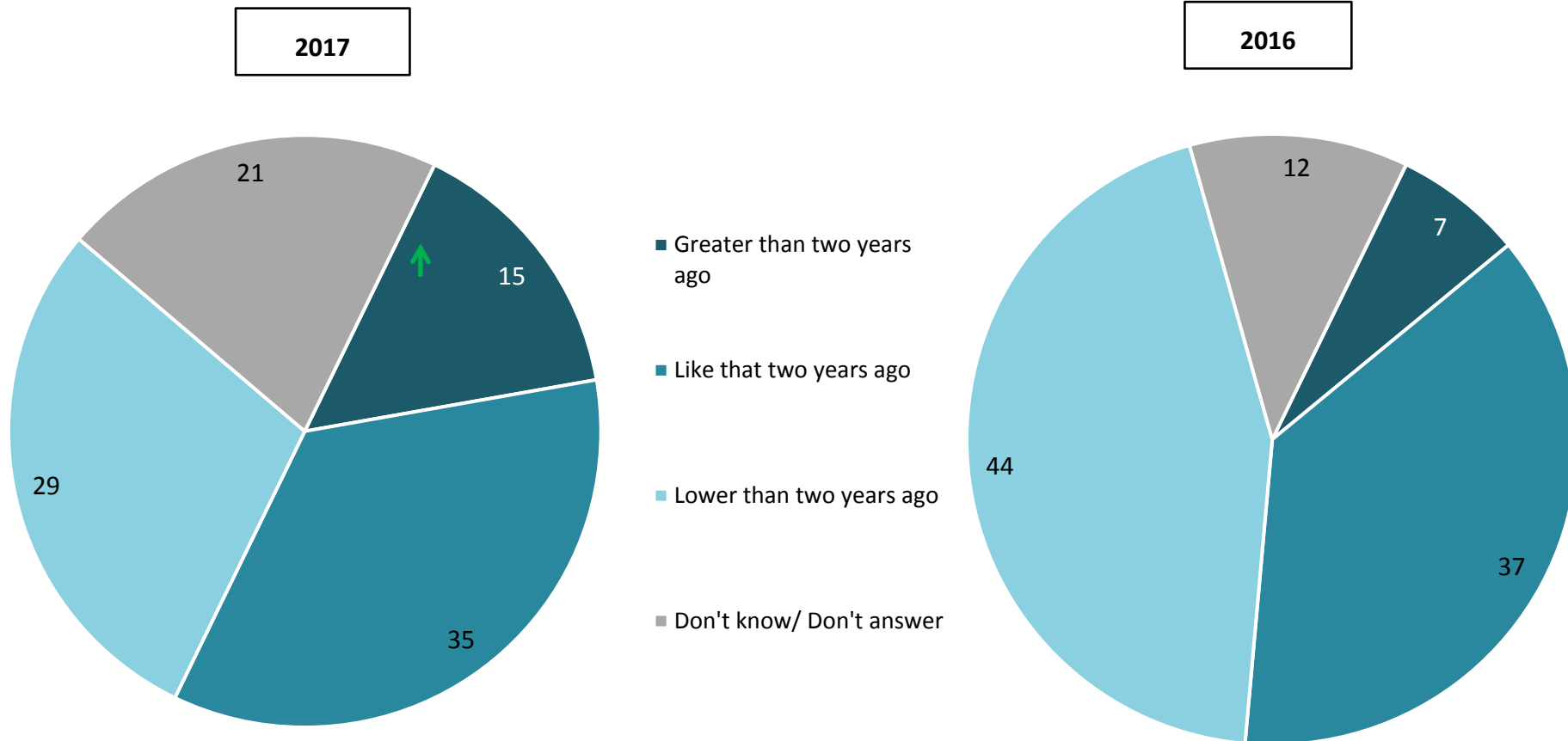


■ Yes ■ Somehow ■ No ■ Don't know/ Don't answer

2017: N= 501 respondents

Corruption in public administration is higher than last year.

Corruption in public administration– 2016 vs 2017 (%)

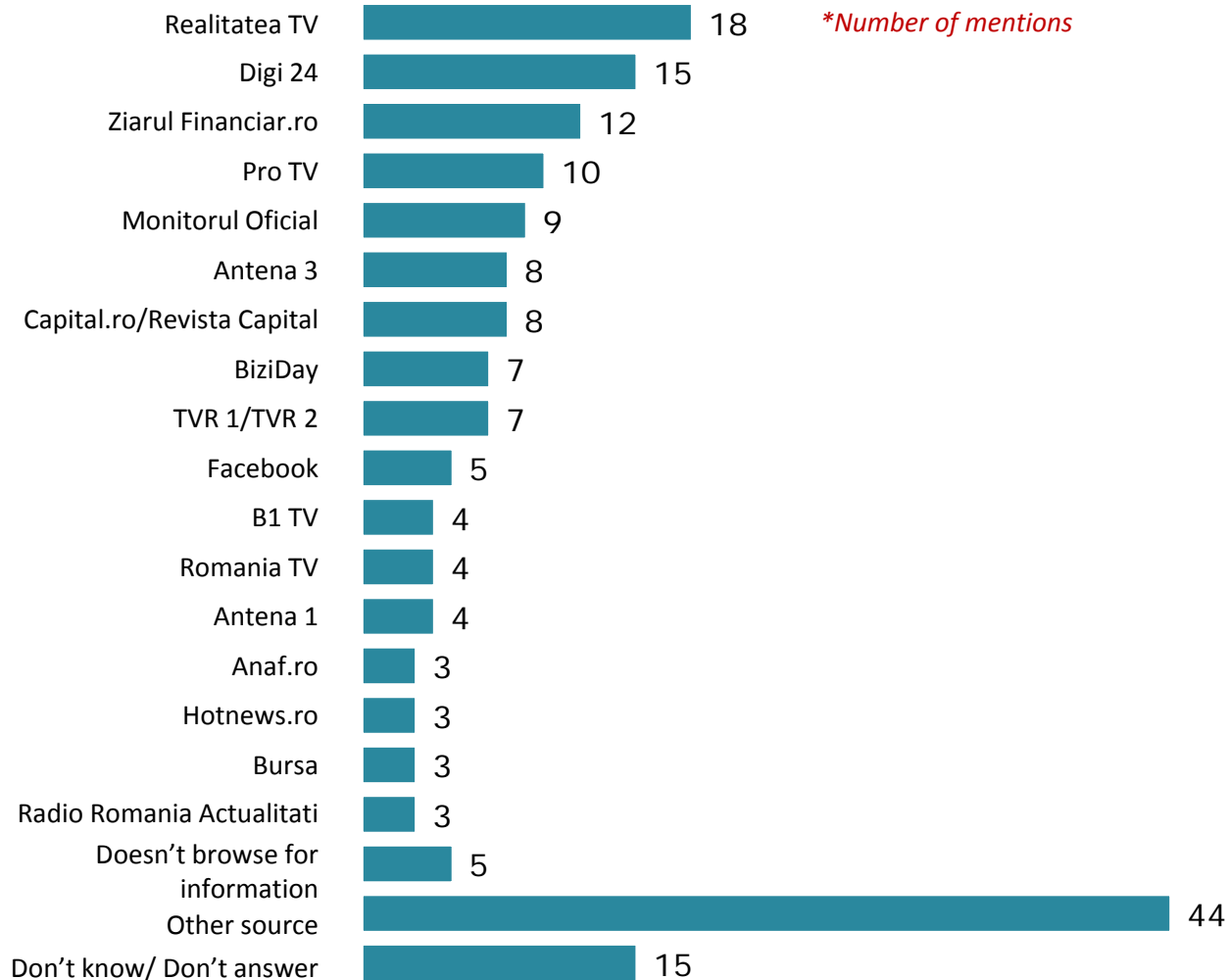


2016: N= 500
2017: N= 501

↑ Significantly higher than 2016 wave (95% confidence level)
↓ Significantly lower than 2016 wave (95% confidence level)

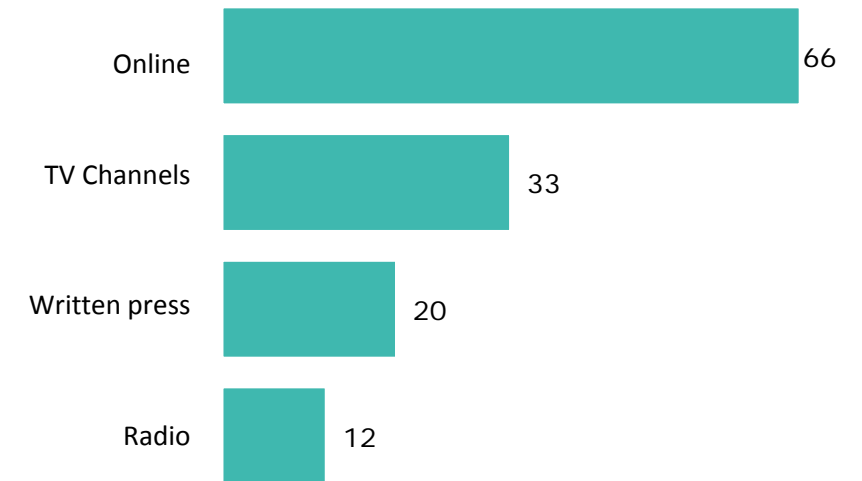
**Most of respondents browse information online about the business environment.
The most usual sources of information are Realitatea TV, Digi 24, Ziarul Financiar si Pro TV.**

Main sources of information about business environment– 2017 *



**Number of mentions*

**Main sources of information about business environment(%)
(unspecified source)– 2017**

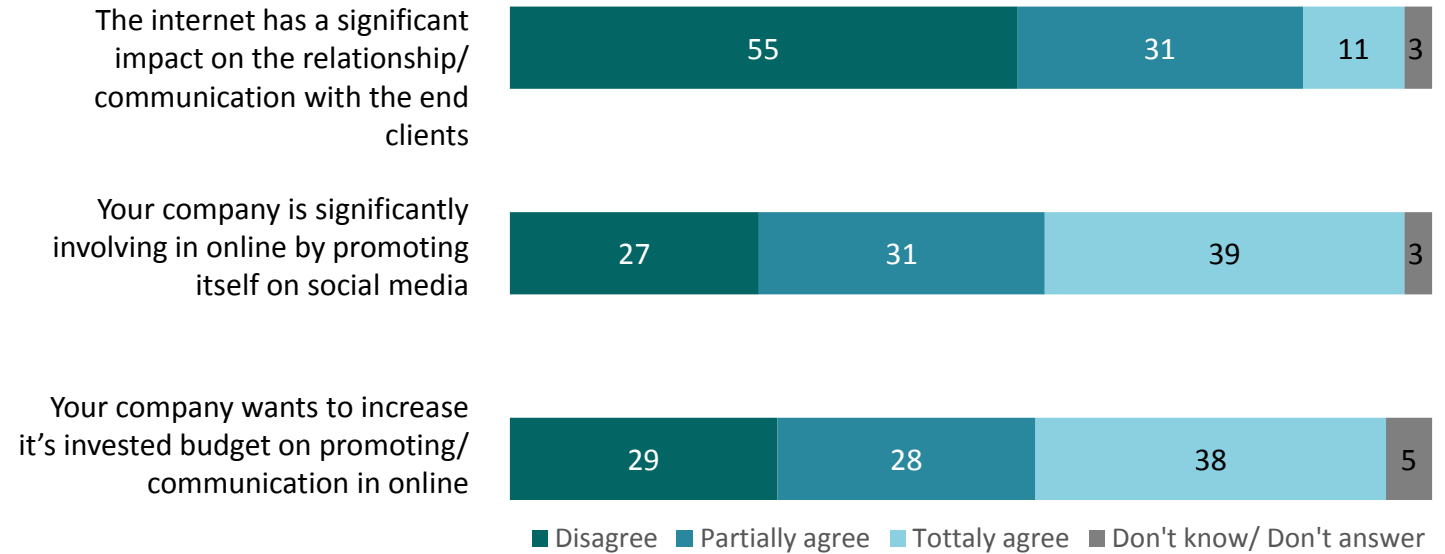
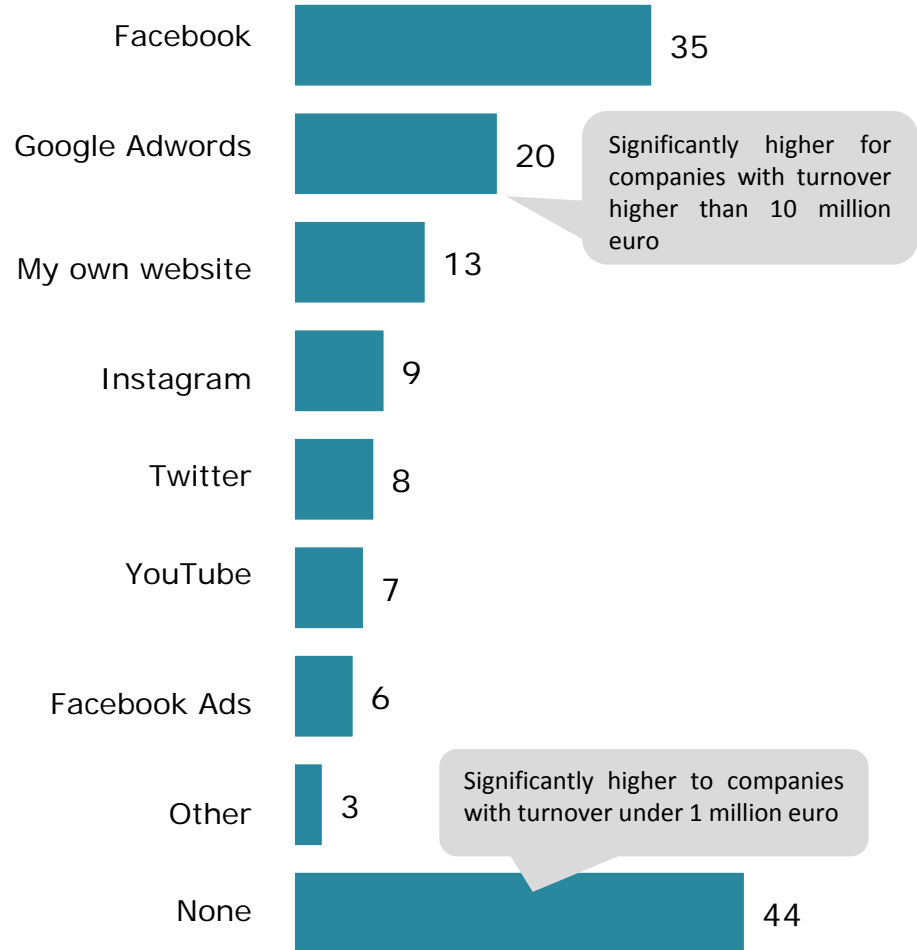


2017: N= 501 respondents

Companies mostly use for communication and promotion online, Facebook, Google AdWords and theirs own website.

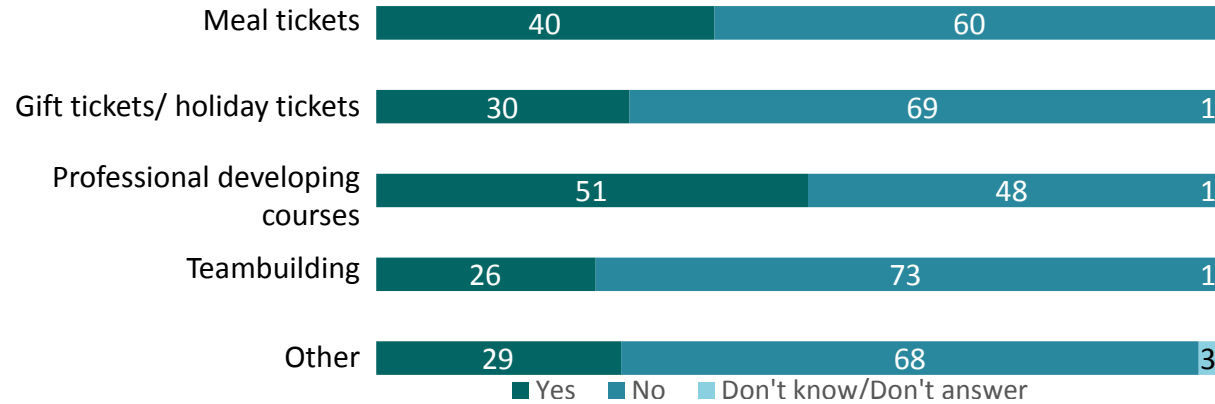
Most of them consider that the internet does not have an important impact on the communication with the end clients, but 70% of them are willing to increase the investments for developing this way of promotion.

Platforms for online communication and promotion (%)- 2017

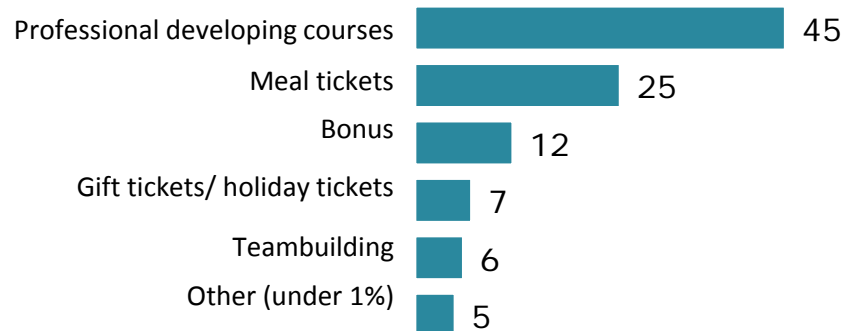


Most of the respondents offer to the employees professional development courses and they think that this is the best investment in their employees. The small companies, with turnover under 1 million euro, doesn't offer such benefits to their employees.

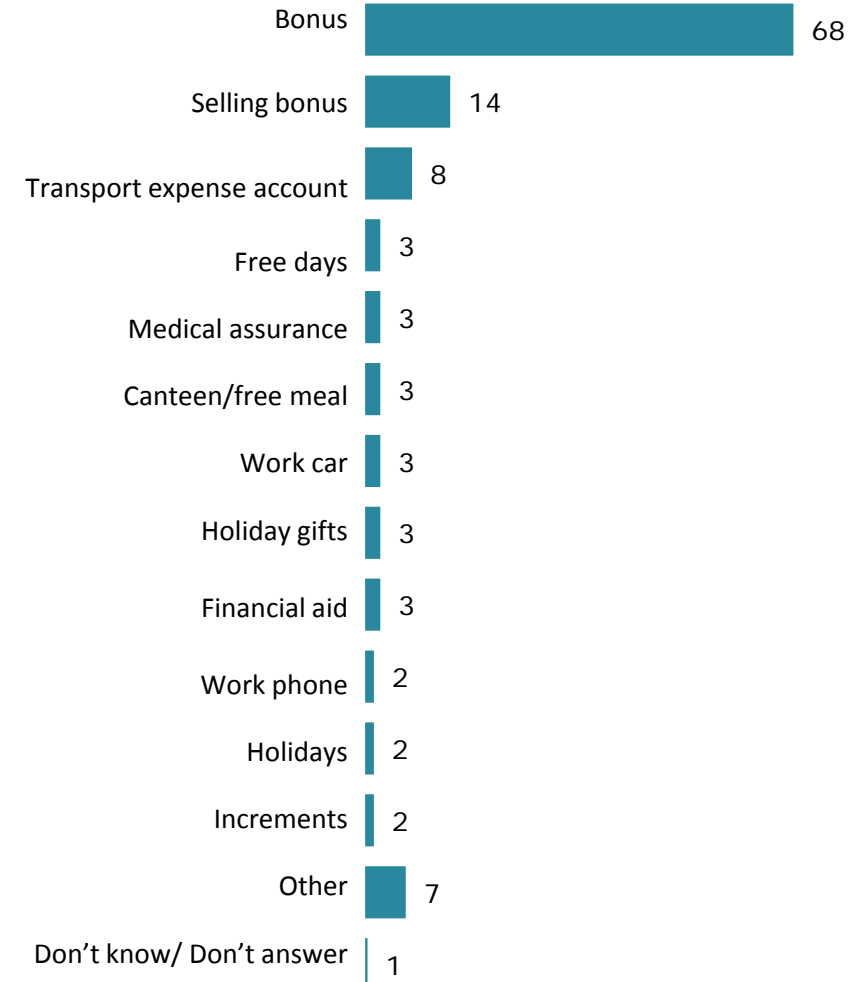
Benefits for employees (%) - 2017



Best investment in employees (%) - 2017

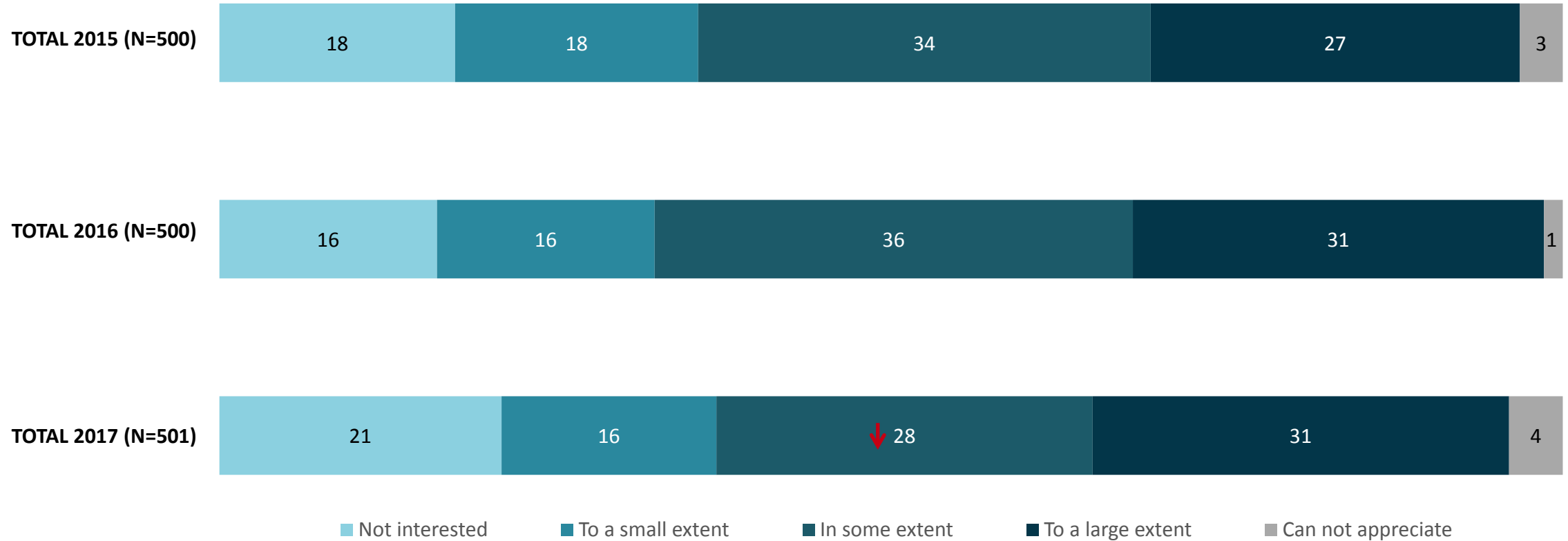


Other benefits (%) - 2017



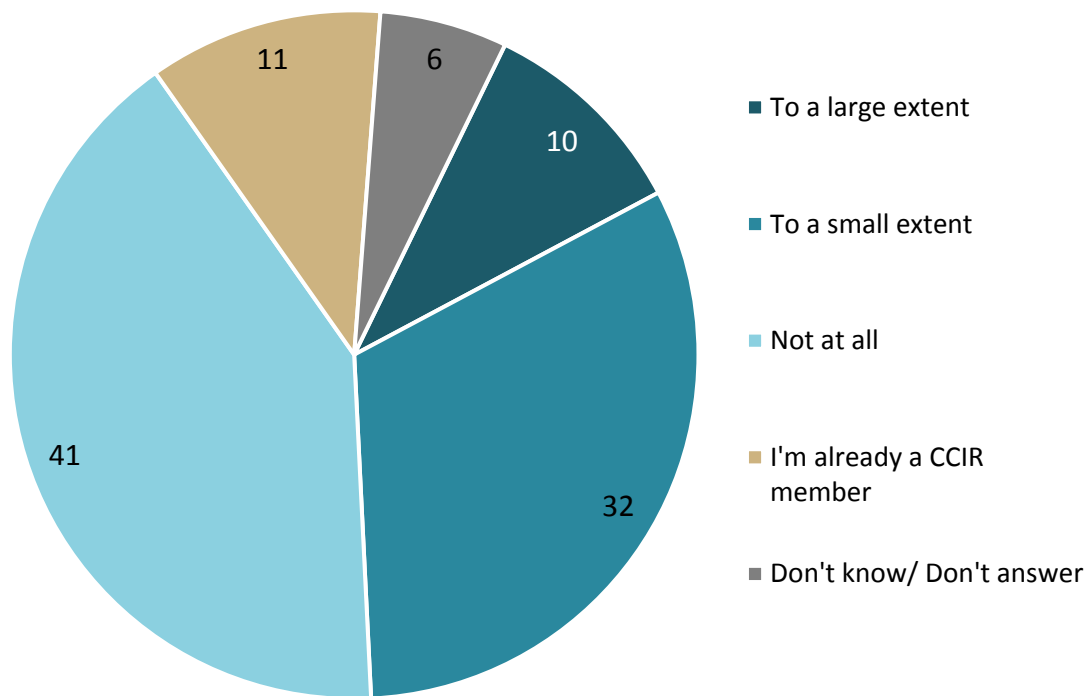
As in 2016, 31% of the companies' representatives are interested in a large extent to train their employees by using courses offered by the Chamber of Commerce and Industry of Romania.

Interest in vocational training programs of CCIR–2015-2017(%)

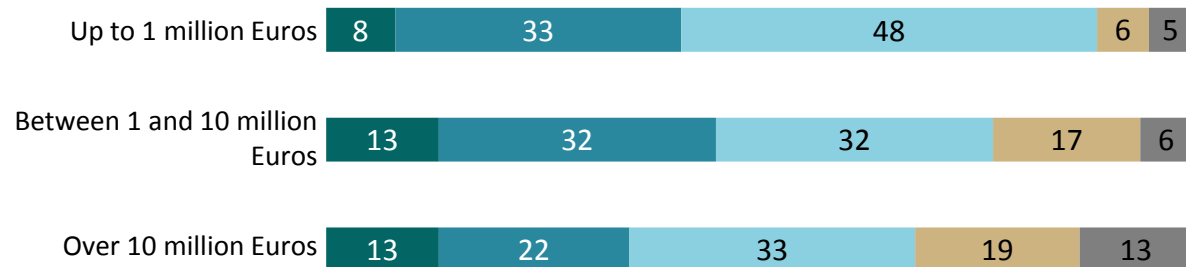


10% dintre companiile investigate sunt interesate intr-o mare masura sa devina membre ale Camerei de Comert, pe cand 41% nu sunt deloc interesate de acest aspect. 10% of companies are interested in a large extent to become members of CCIR, while 41% of them are not interested at all by this aspect.

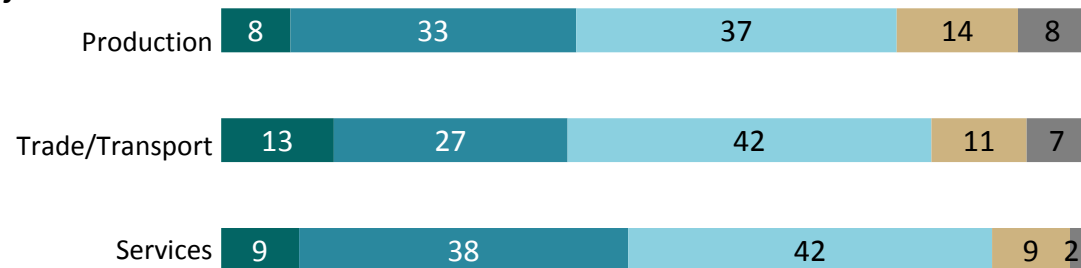
Interest in CCIR (to become a member)– 2017 (%)



Turnover



Activity field



- To a large extent
- To a small extent
- Not at all
- I'm already a CCIR member
- Don't know/ Don't answer

2017: N= 501 respondents

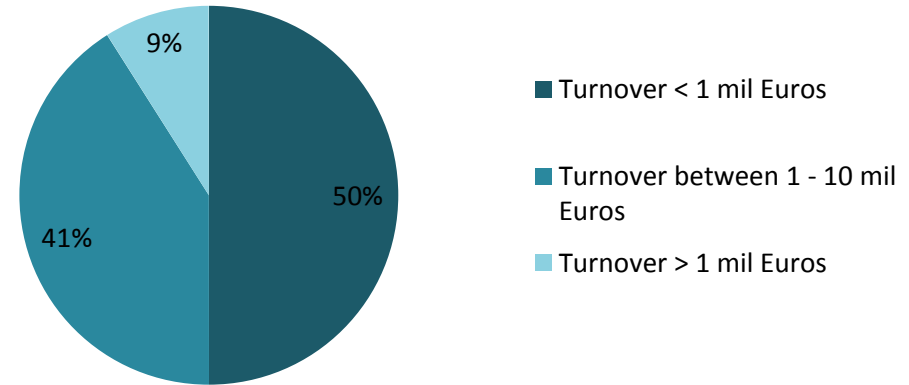


Sample structure– 2017 (%)

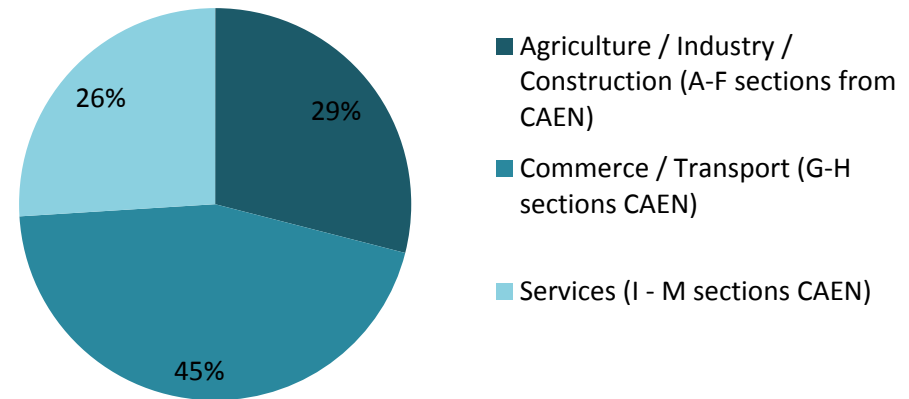
Region



Turnover



Field of activity





Thank you!