

# ANALYSIS REPORT

## BUSINESS PERCEPTIONS ON THE ECONOMY

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For:



Source: <http://snipmmr.ro/wp-content/uploads/2015/11/piata-muncii-436x291.jpg>

***Responders profile***

Decision makers within companies in Romania (Owner, associate or senior level leaders)

***Collection period***

April 8 - May 4, 2016

***Sample size***

500 respondents

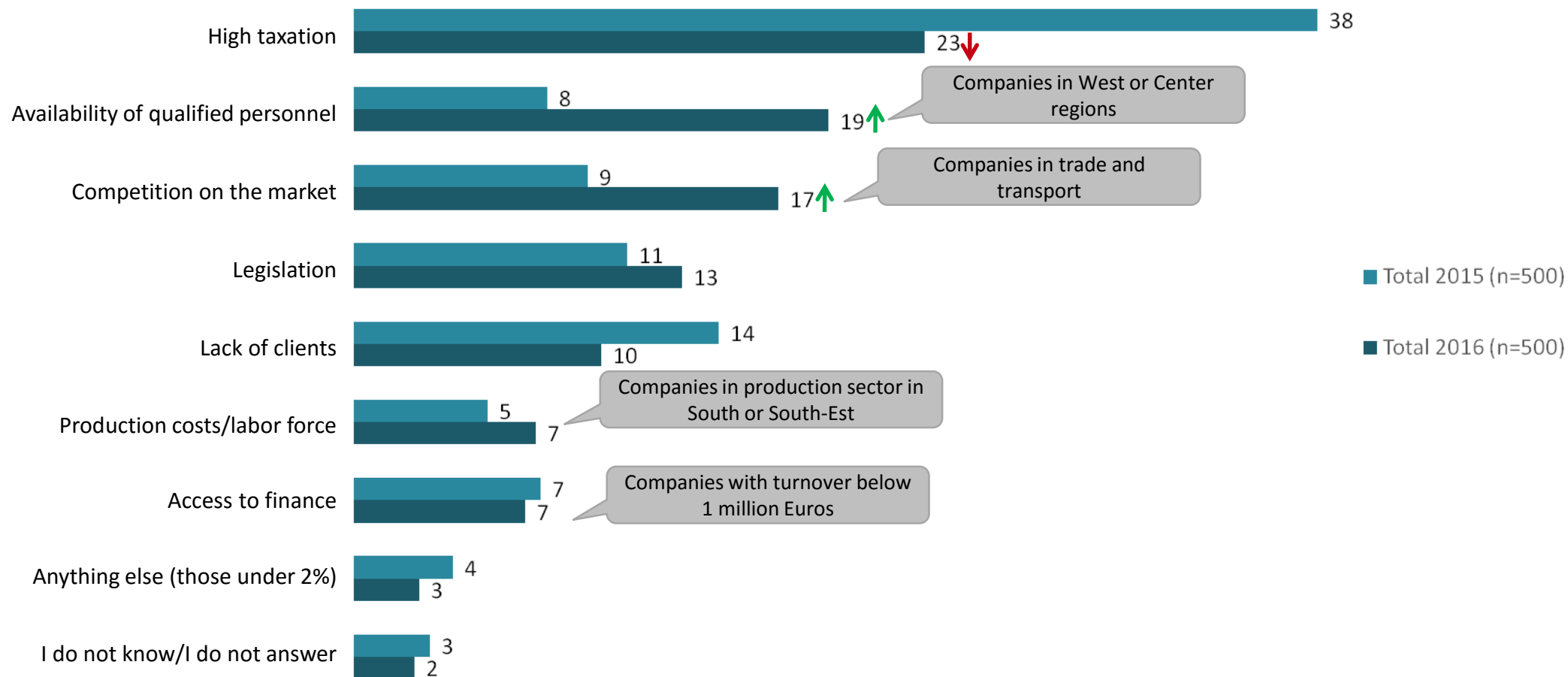
***Representativeness***

At historical region level and field of activity ( $\pm 4.4\%$  error calculated at 95% level of confidence)

May 18, 2016

***Taxation remains the main issue with which the business environment in Romania is facing, however it has a statistically significant decrease compared to 2015 (-15pp). At the same time, the lack of qualified personnel (+11pp) and competition (+ 8pp) recorded a statistically significant increase in 2016.***

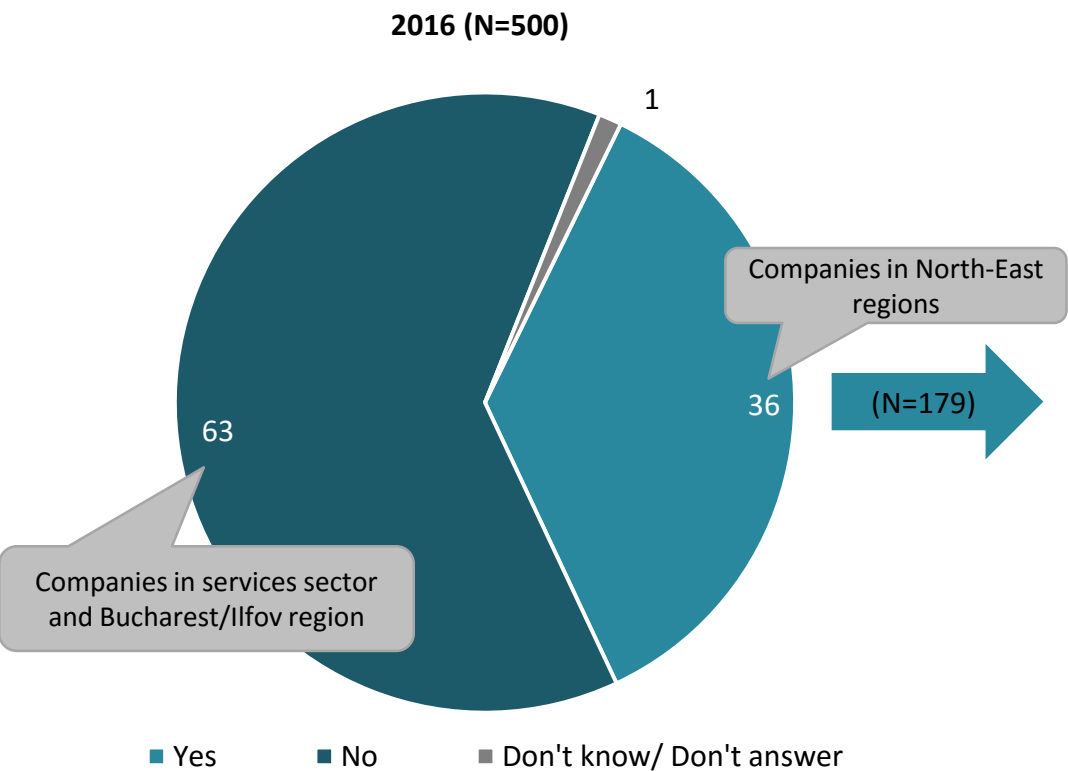
The main problems of the Romanian business environment –2016 compared to 2015 (%)



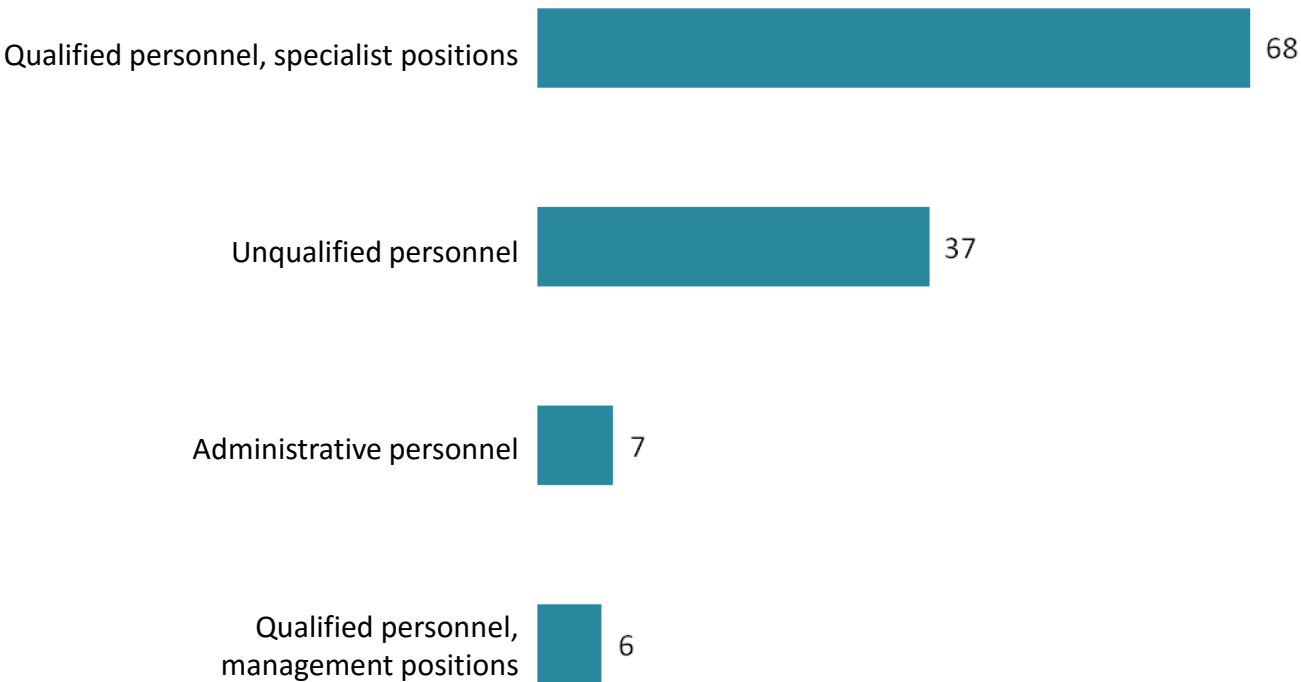
↑ Significantly higher than 2015 wave (95% CI)  
 ↓ Significantly lower than 2015 wave (95% CI)

**36% of companies encountered the problem of employees leaving abroad, while 68% said that skilled personnel was the main category affected. The companies affected by this phenomenon are mainly active in North - East Region.**

Labor migration – 2016 (%)



Categories of personnel affected– 2016 (%)

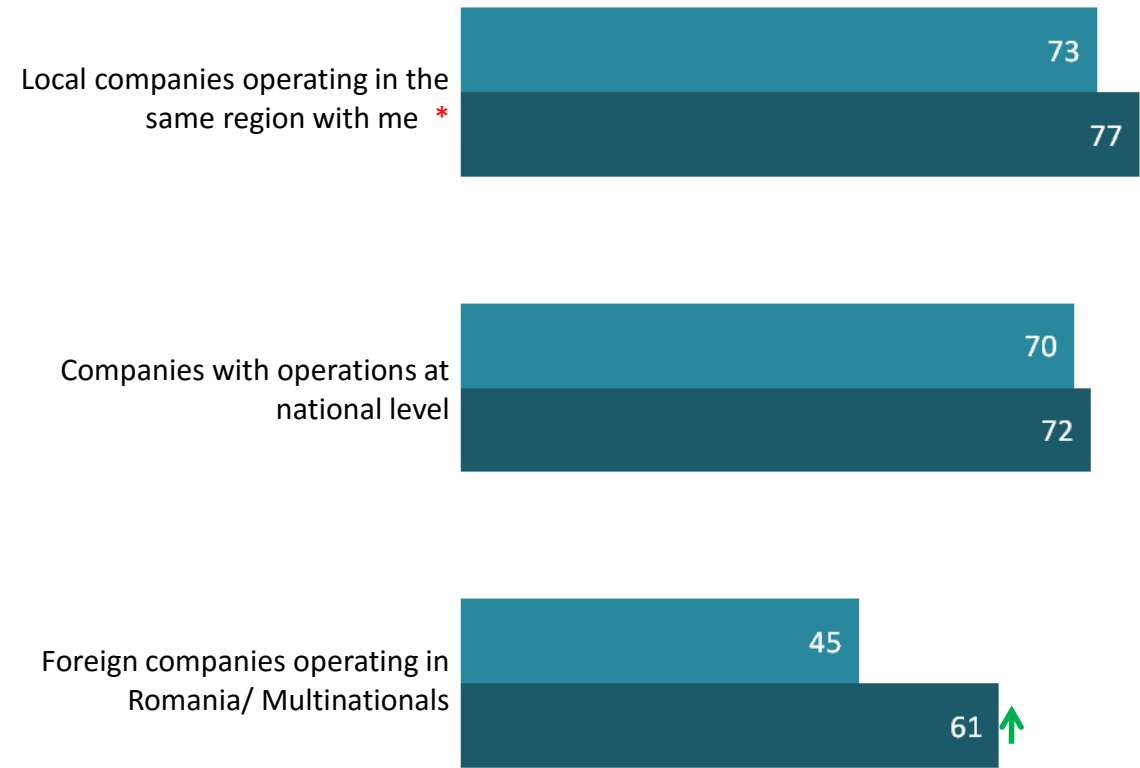


Has your company encountered the problem of employees leaving abroad? What categories of personnel have been affected?

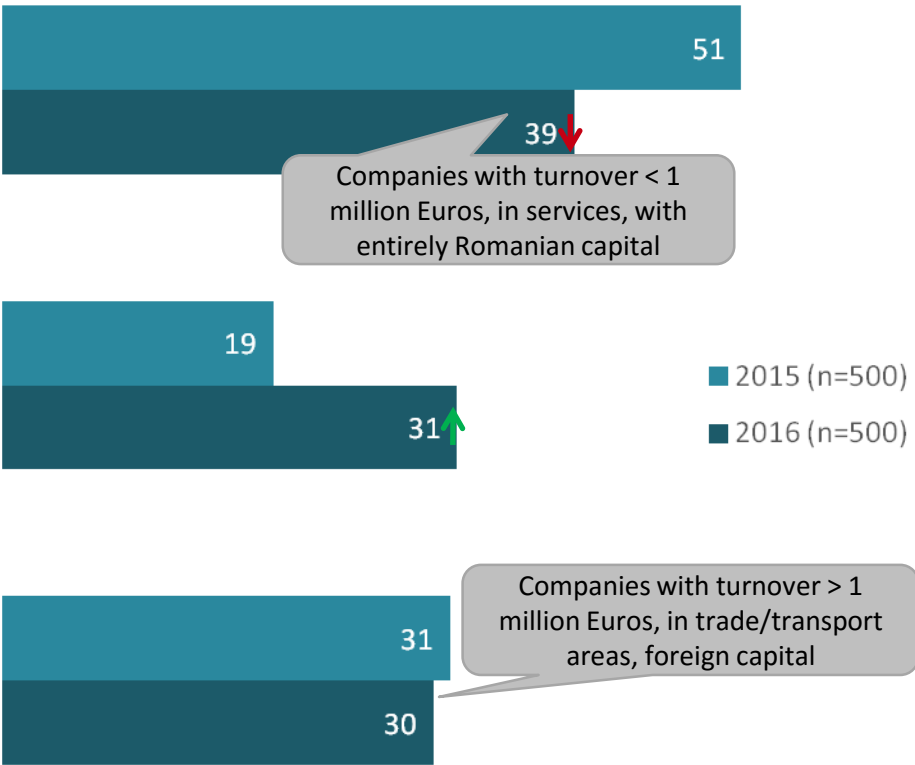
Similar to the 2015 survey, in 2016 the competitors hierarchy is maintained, but there is an increases in the proportion of those who perceive the foreign companies/multinationals as competitors to their businesses (+16pp vs 2015).

Competition- 2016 compared to 2015 (%)

TOTAL COMPETITORS



FIRST COMPETITOR



Companies with turnover < 1 million Euros, in services, with entirely Romanian capital

Companies with turnover > 1 million Euros, in trade/transport areas, foreign capital

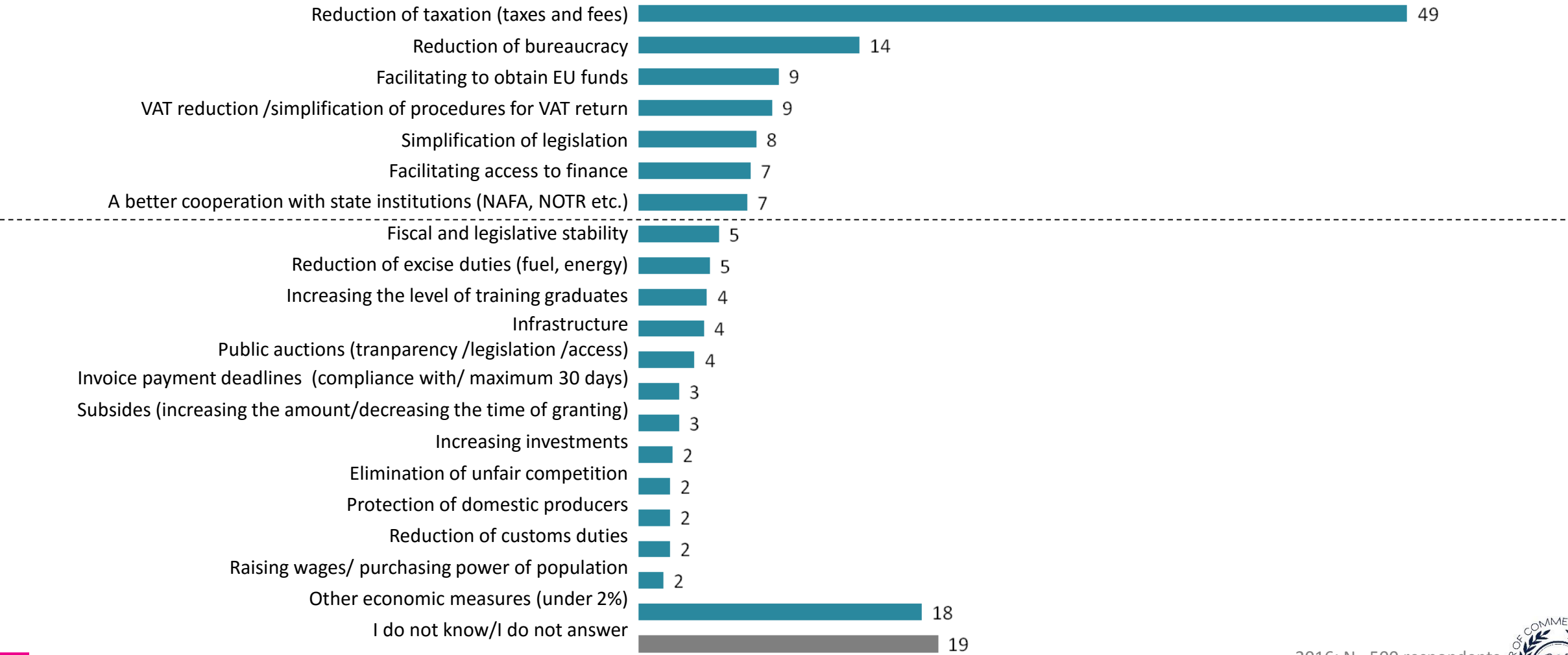
\*Response options underwent some changes in 2016 compared to the 2015 survey.

↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)

Who is the main competitor of your business? How about the second competitor of your business? And the third?

***Reduction of taxation (49%), bureaucracy (14%), streamlining the access to EU funds (9%) and VAT reduction/simplification of procedures for VAT return (9%) are the main economic measures that would lead to improving the economic activities of companies in Romania.***

**Incentives for economic activities– 2016 (%)**

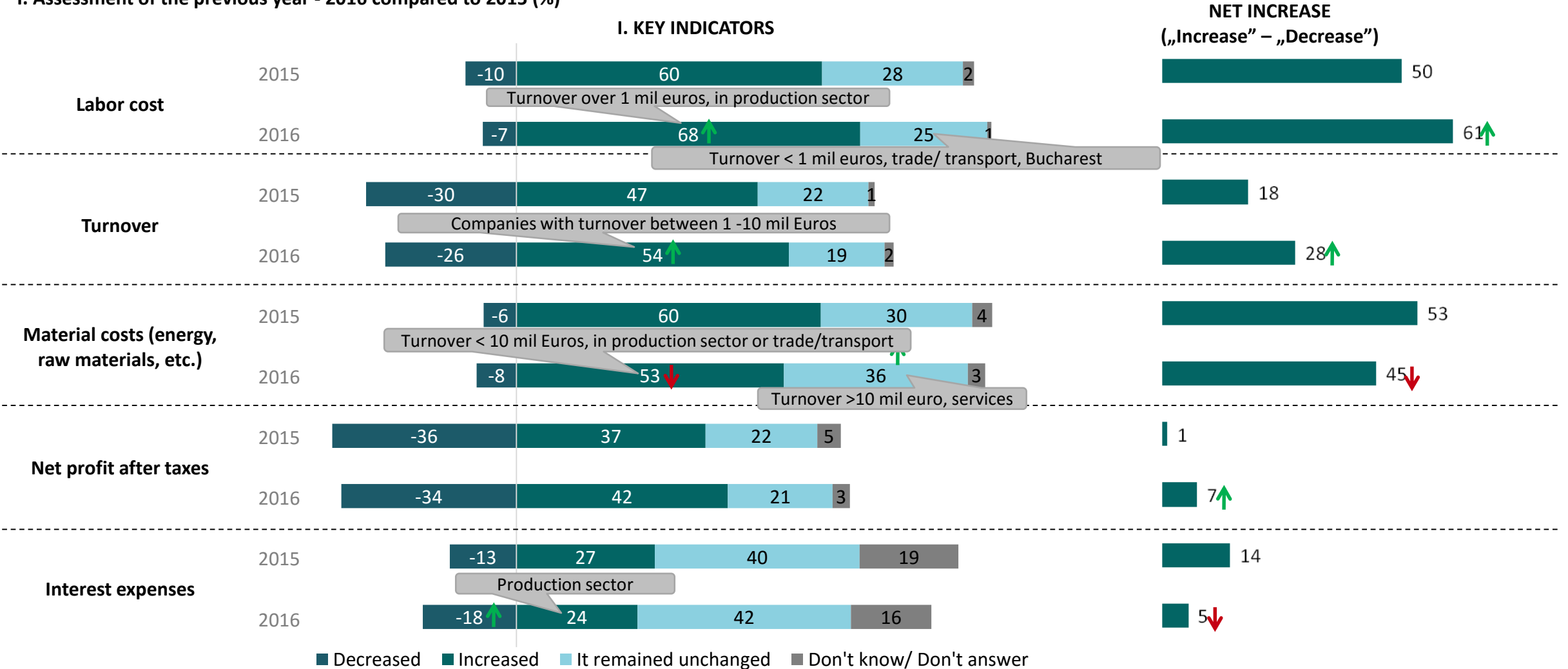


2016: N= 500 respondents



***In 2015 the labor cost (+8pp), turnover (+7pp) and net profit after taxes (+5pp) are the indicators that had a significant increase compared to 2014, while the material costs (energy, raw materials, etc.) remained unchanged (+6pp).***

**I. Assessment of the previous year - 2016 compared to 2015 (%)**



2015: N= 500 respondents

2016: N= 500 respondents

*Which of the following indicators, relevant in your activity, have decreased, remained unchanged or increased in the last year within your company?*

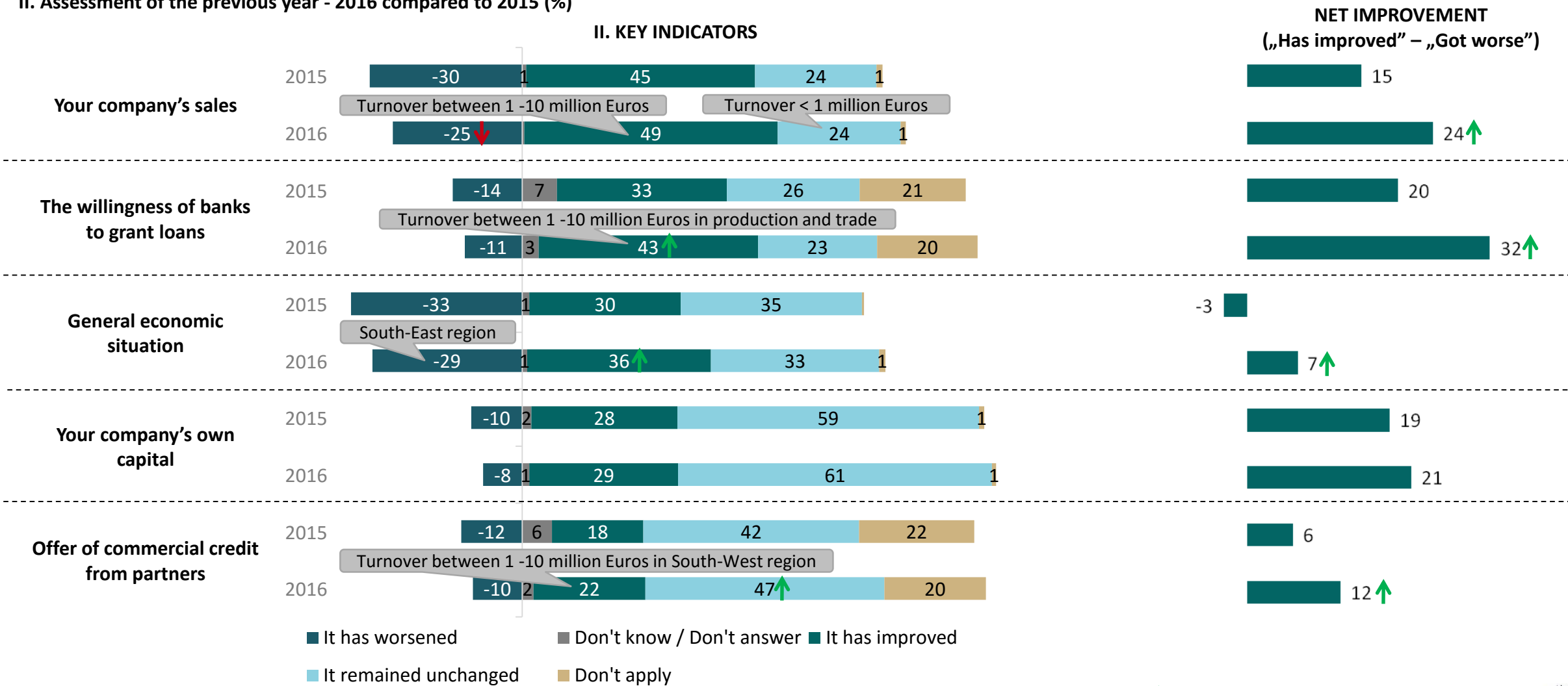
↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)



*In 2015, the company's general economic situation has improved (+6pp vs. 2014), banks have had a greater openness towards crediting (+10pp vs. 2014), and company' sales slightly increased (+4pp).*

II. Assessment of the previous year - 2016 compared to 2015 (%)

II. KEY INDICATORS



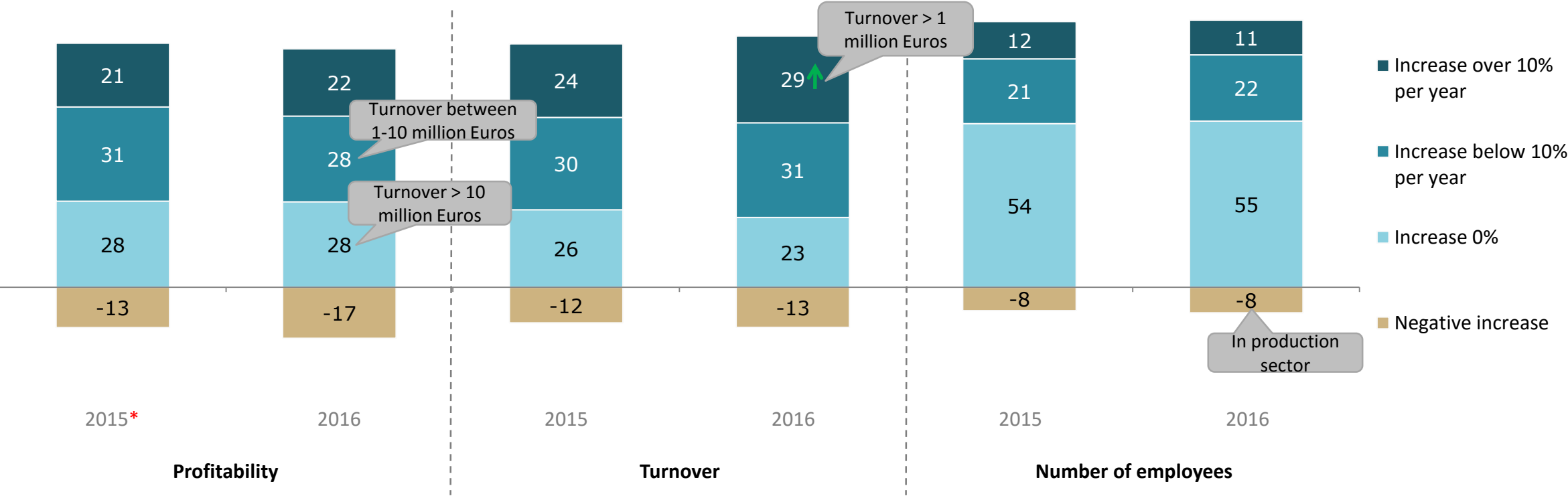
2015: N= 500 respondents  
2016: N= 500 respondents

↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)

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

Compared to the expectations of 2015, in 2016 the companies expect the turnover to grow (+5pp), but the number of employees is expected to remain constant.

Expectations towards the next year - 2015 vs 2016 – 2016 compared to 2015 (%)



\*The difference up to 100% is represented by Don't know / Don't answer

↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)

2015: N= 500 respondents  
2016: N= 500 respondents



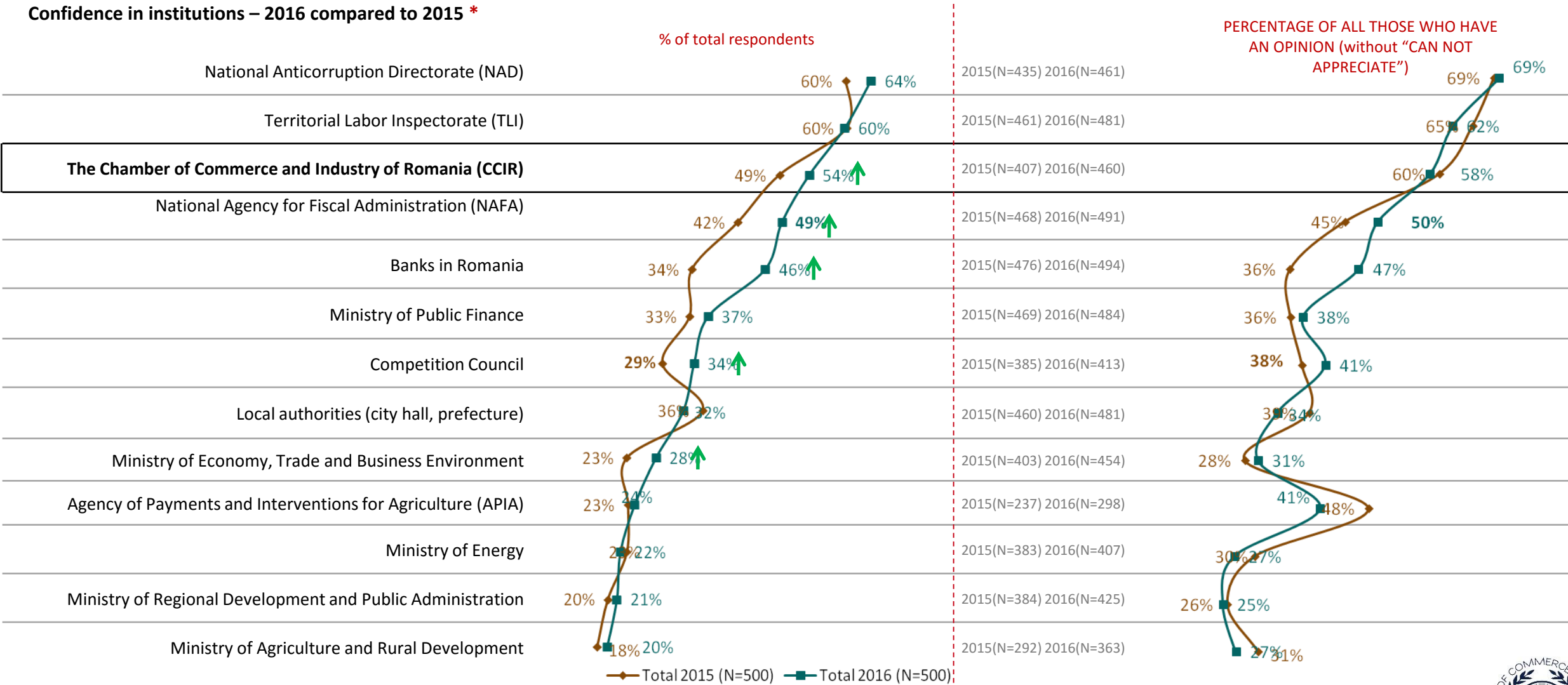
In the next year, how much do you estimate that your company will increase or decrease regarding the following indicators?





***In 2016 NAD(DNA), TLI(ITM) and CCIR are institutions with the highest level of confidence among the companies in Romania. Compared with 2015, in 2016 banks recorded a significant growth (+12pp), NAFA (ANAF) (+7pp), CCIR (+5pp) and CC (+5pp).***

**Confidence in institutions – 2016 compared to 2015 \***



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

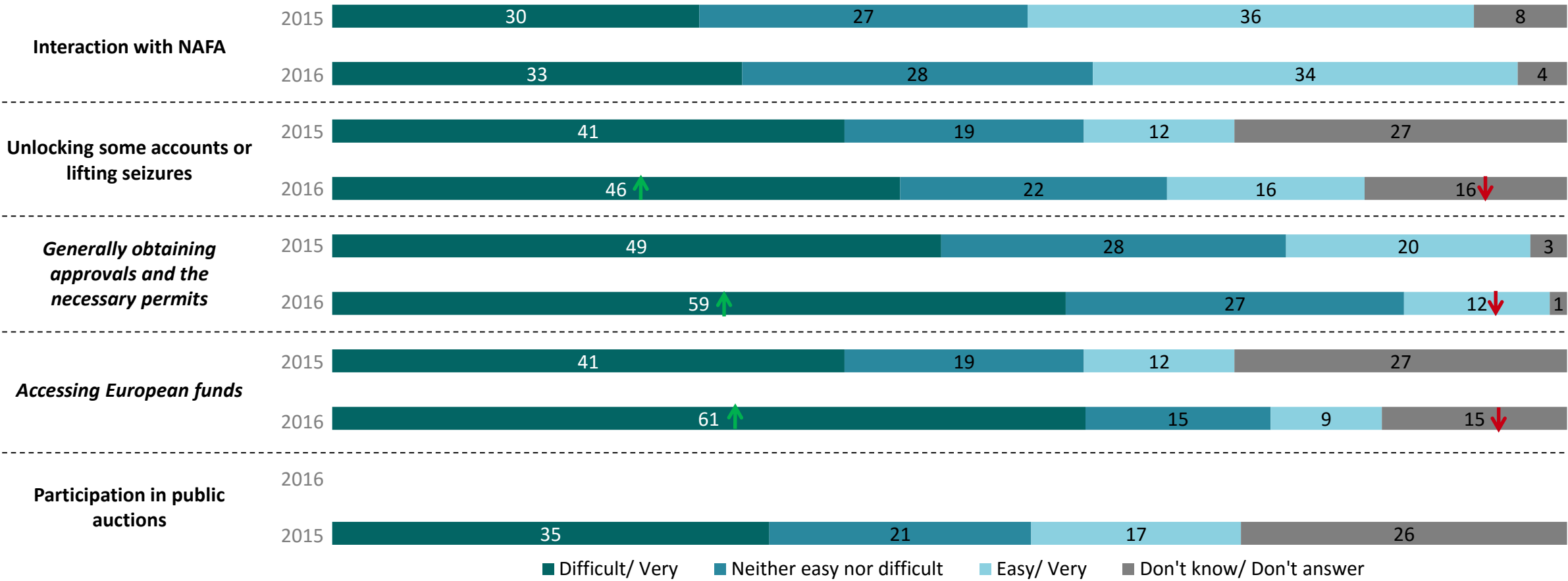
TNS How much confidence do you have in ... ?

↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)



**Accessing European funds, generally obtaining approvals and permits, but also lifting seizures of bank accounts are the most difficult interactions with state institutions. They recorded significant increases compared to 2015, +20pp respectively +10pp, and +5pp.**

I. Interactions of companies with public institutions– 2016 compared to 2015 (%)



2015: N= 500 respondents  
2016: N= 500 respondents

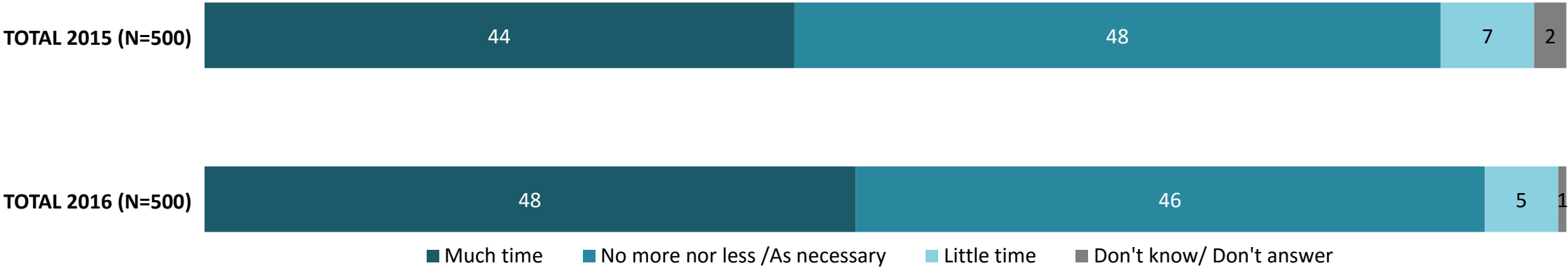
↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)

On a scale from 1 to 5, where 1 means very difficult and 5 means very easy, how would you assess are carrying out the following activities in Romania?

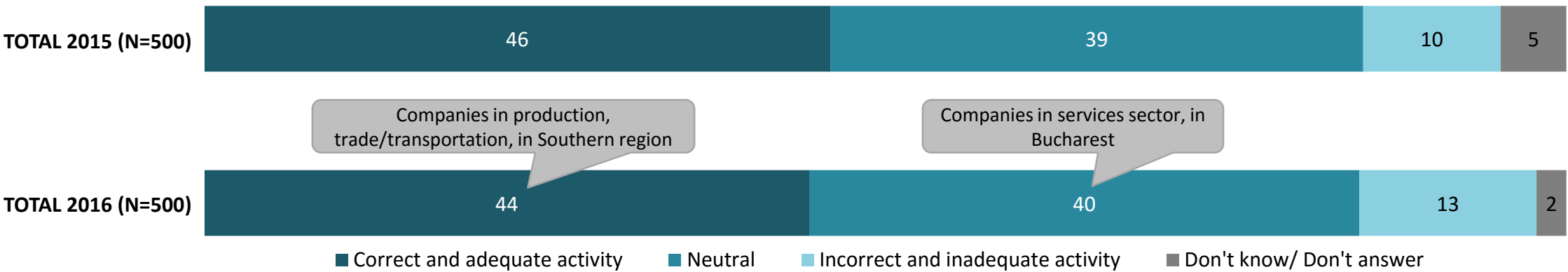
**48% of companies say that interaction with state institutions is very time consuming (a slightly higher percentage compared to 2015 +4pp), while 5% say the opposite. The activity of inspection authorities is perceived as unfair and unprofessional by 13% of those surveyed, a percentage slightly higher compared 2015 (+3pp).**

**II. Interactions of companies with public institutions– 2016 compared to 2015 (%)**

*Relation with state institutions*



*The activity of inspection authorities*

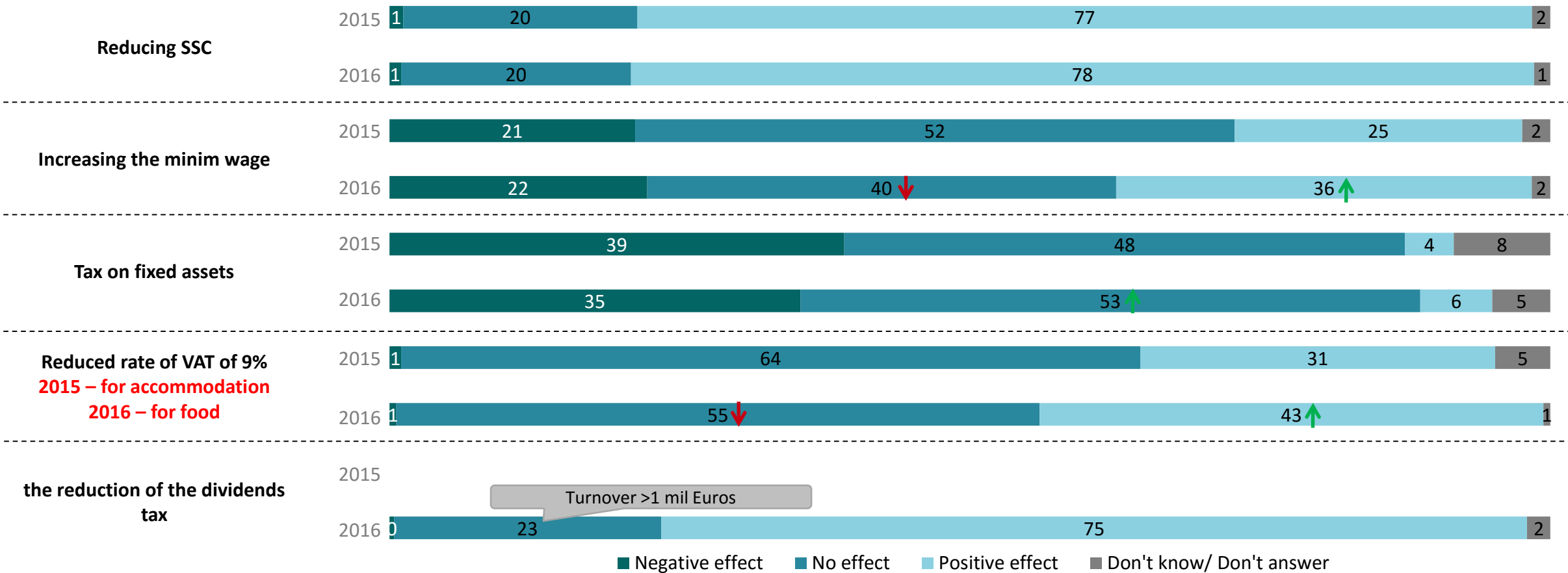


↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)



**75% of the companies appreciate the reduction of the dividends tax as a measure with positive effect on the company, while in the case of 35%, tax on fixed assets has had negative effects.**

The impact of the economic incentives legislation– 2016 compared to 2015 (%)



2015: N= 500 respondents  
2016: N= 500 respondents

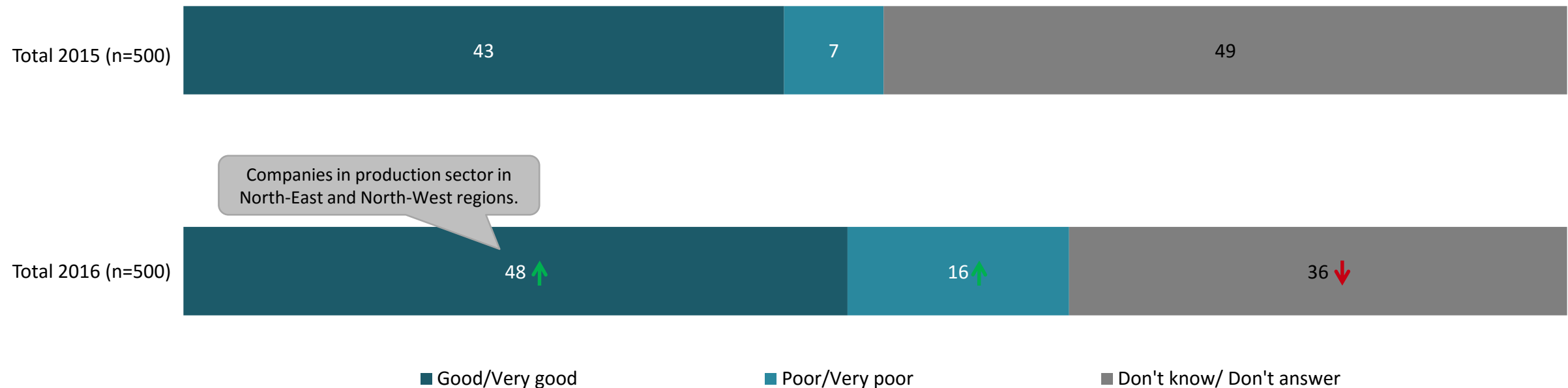
What effect had the following measures, taken by the Government, on your company?

↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)



**A higher percentage than in 2015 (+5pp) consider as good and very good the information provided by CCIR regarding the regulations on foreign affairs, also the percentage of those who have not heard of this activity is on a downtrend (-13pp).**

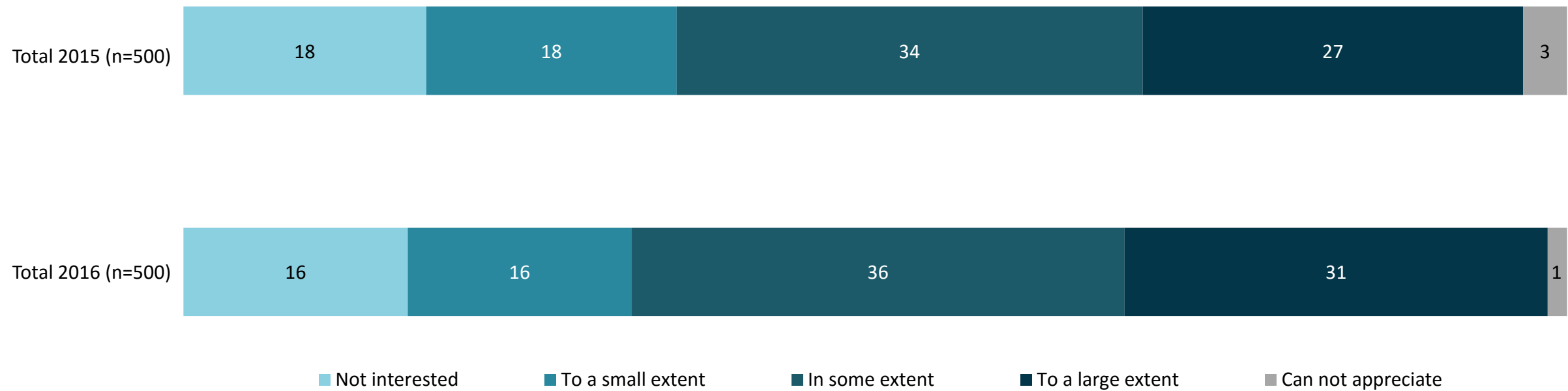
Information provided by CCIR – 2016 compared to 2015 (%)



↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)

**67% of respondents are interested in the training programs offered by CCIR, a percentage significantly higher compared to 2015 (+6pp).**

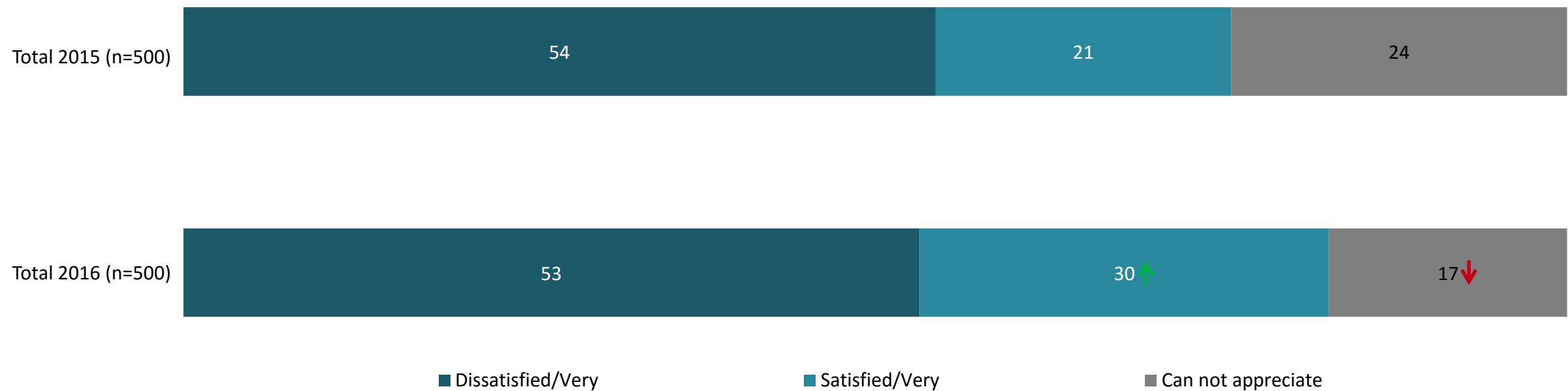
Interest in vocational training programs of CCIR– 2016 compared to 2015 (%)



↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)

**Promoting the Romanian business environment abroad is perceived by 30% of respondents in 2016 as good, a percentage significantly higher than in the previous survey (+9pp).**

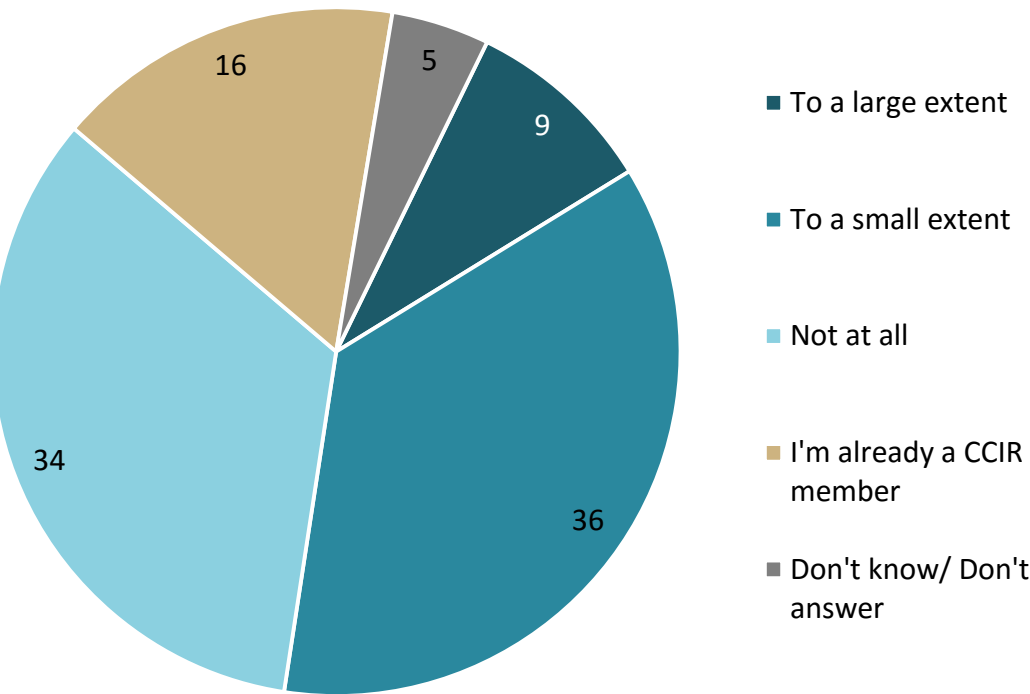
Promoting the business environment– 2016 compared to 2015 (%)



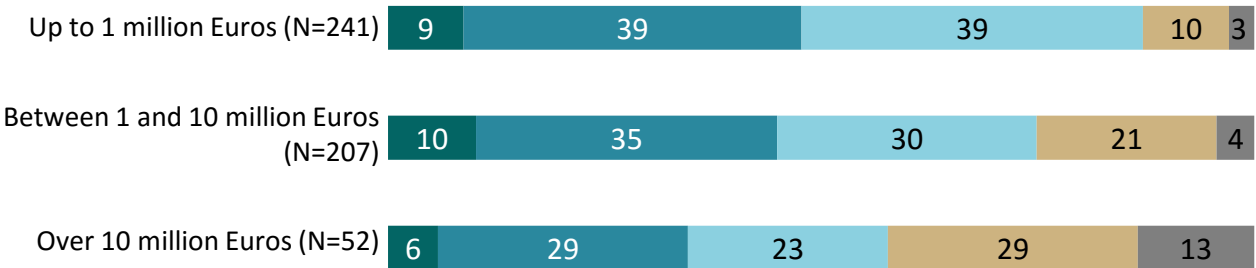
↑ Significantly higher than 2015 wave (95% CI)  
↓ Significantly lower than 2015 wave (95% CI)

**9% of the interviewed companies are greatly interested in becoming members of the Chamber of Commerce, while 34% are not interested in this aspect.**

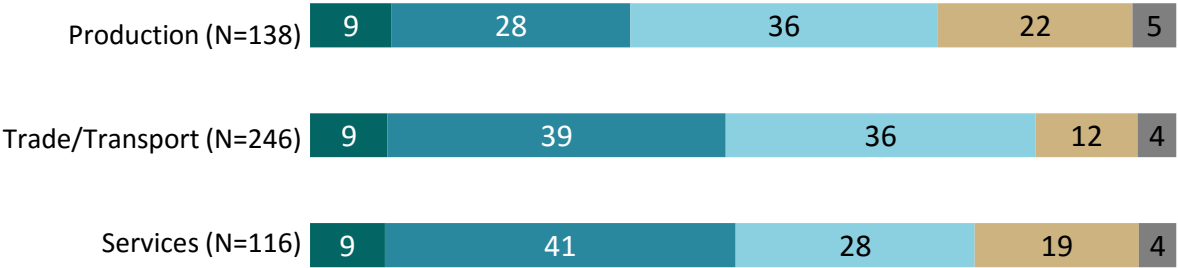
Interest in CCIR ( to become a member) – 2016 (%)



**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

2016: N= 500 respondents

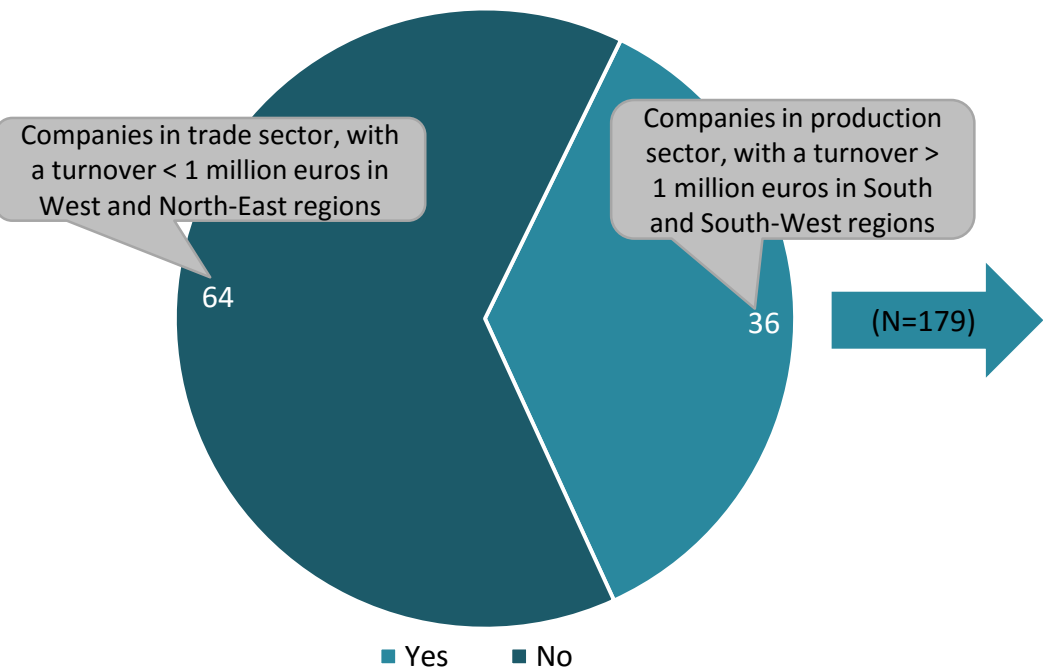




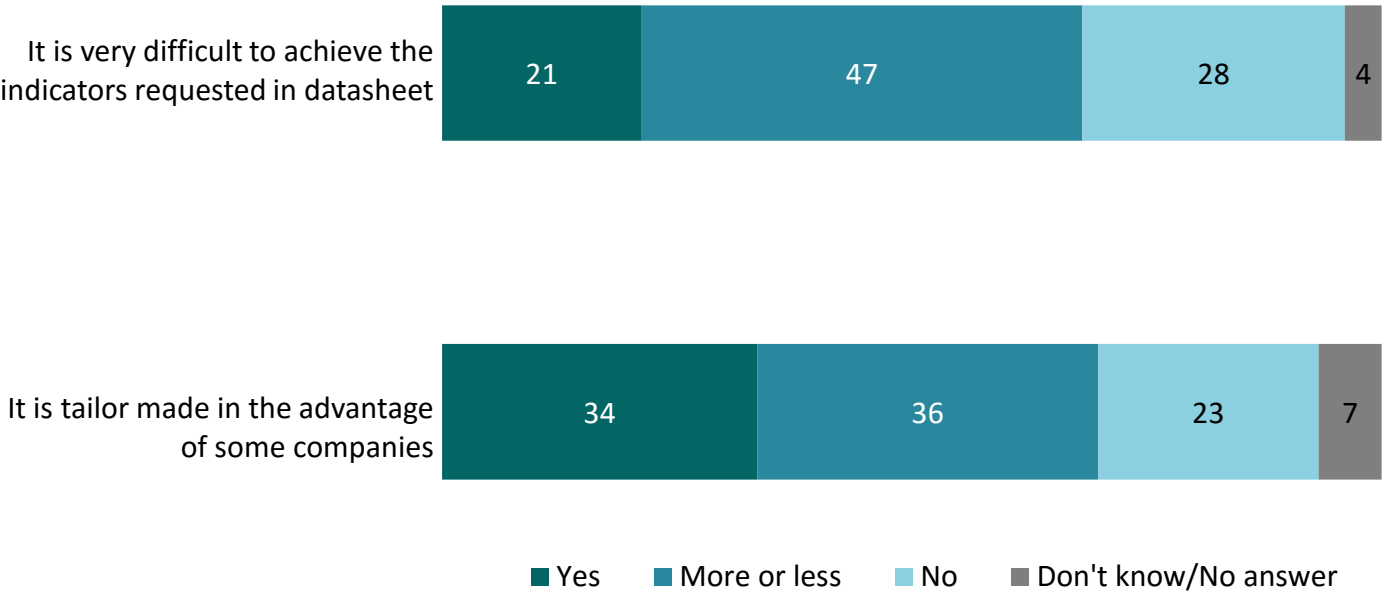
**36% of the interviewed economic agents have participated in public auctions. From those who have participated, 34% consider the datasheet as being tailored in the advantage of some companies.**

**Public auctions – 2016 (%)**

**Participation in public auctions**



**Assessing the task book**



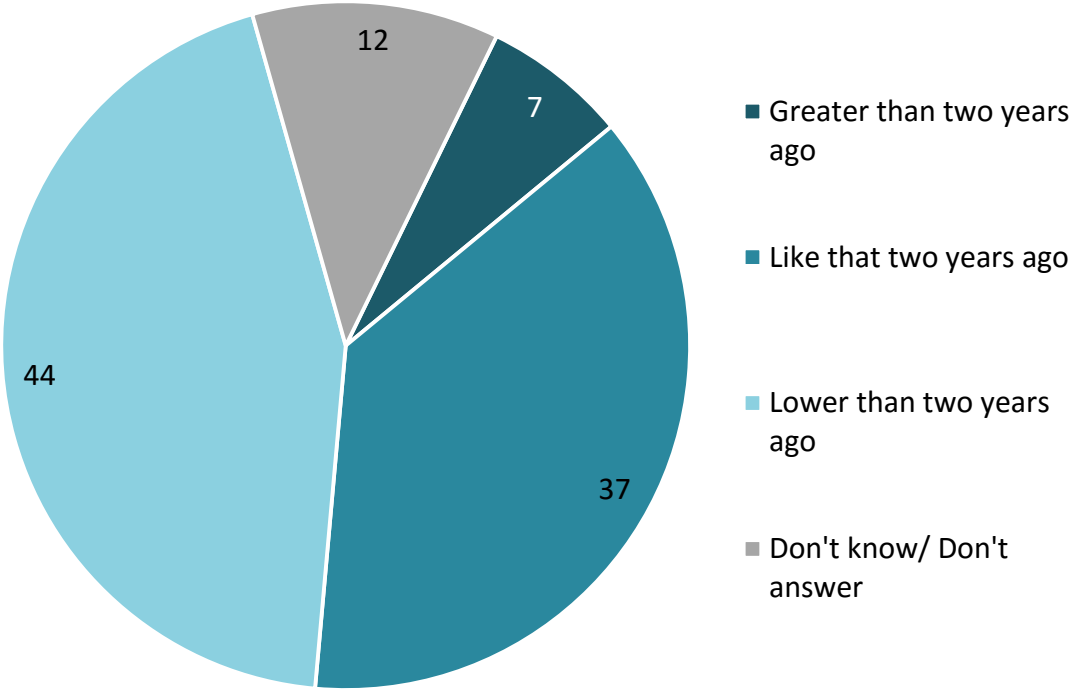
2016: N= 500 respondents

Have you ever participated in a public auction? How do you assess the task book within public auctions?



**44% of the business environment perceives corruption as being more reduced in public administration compared to 2 years ago.**

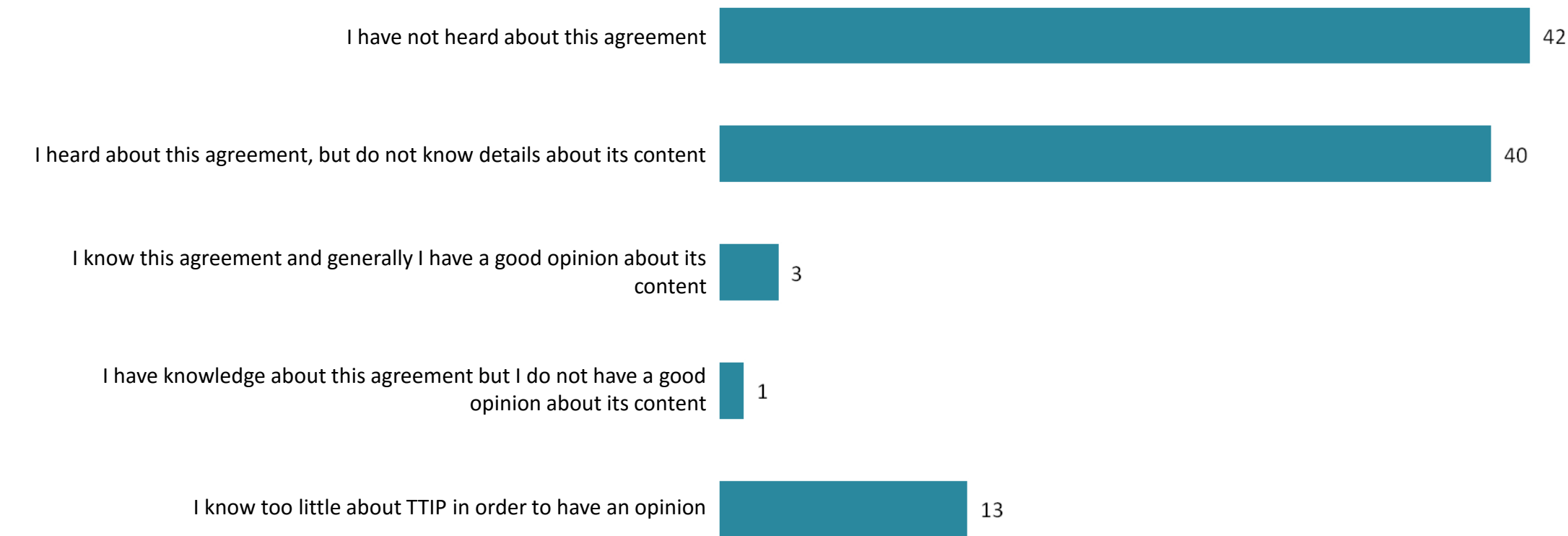
Corruption in public administration – 2016 (%)



2016: N= 500 respondents

**42% of respondents have not heard of this agreement, 40% heard about it but do not know details about its content, while only 3% are familiar with it and have a favorable opinion.**

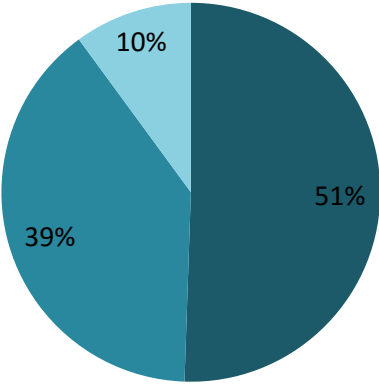
**Knowledge about the TTIP agreement– 2016 (%)**



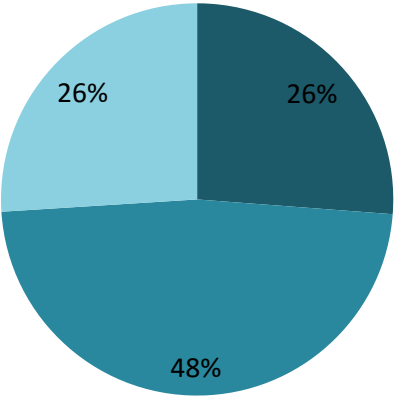
2016: N= 500 respondents



Sample structure – 2016 (%)



- Turnover < 1 mil Euros
- Turnover between 1 - 10 mil Euros
- Turnover > 1 mil Euros



- Agriculture / Industry / Construction (A-F sections from CAEN)
- Commerce / Transport (G-H sections CAEN)
- Services (I - M sections CAEN)

# Thank you!



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Source: <http://articulateant.com/wp-content/uploads/2014/09/Red-Man.jpg>