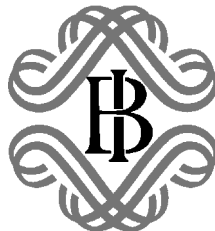


**BANCA D'ITALIA**

**Supplements to the Statistical Bulletin**  
**Sample Surveys**

**Survey of Industrial and Service Firms**  
**Year 2005**



**New series**

**Volume XVI Number 41 - 12 July 2006**



## GENERAL INFORMATION

- I - Unless indicated otherwise, figures have been computed by the Bank of Italy.
- II - Symbols and Conventions:
  - the phenomenon in question does not occur;
  - .... the phenomenon occurs but its value is not known;
  - :: the data are not statistically significant;
  - .. the value is known but is nil or less than half the final digit shown.

## SUPPLEMENTS TO THE STATISTICAL BULLETIN

**Monetary Financial Institutions: Banks and Money Market Funds** (monthly)

**The Financial Market** (monthly)

**The Public Finances** (monthly)

**Balance of Payments** (monthly)

**Monetary and Credit Aggregates of the Euro Area: the Italian Components** (monthly)

**Financial Accounts** (quarterly)

**Payment System** (half yearly)

**Public Finance Statistics in the European Union** (annual)

**Local Government Debt** (annual)

**Sample Surveys** (irregular)

**Methodological Notes** (irregular)

*All the supplements are available on the Bank of Italy's site ([www.bancaditalia.it](http://www.bancaditalia.it)).*

*Requests for clarifications concerning data contained in this publication can be sent by e-mail to [statistiche@bancaditalia.it](mailto:statistiche@bancaditalia.it)*



## CONTENTS

	page
Introduction .....	5
I – Labour, capital and production: cyclical and structural aspects .....	5
I.1 Employment .....	5
I.2 Turnover and operating results .....	10
I.3 Investment and capacity utilisation .....	12
II – Focus topics .....	16
II.1 Ownership and organisation of firms .....	16
II.2 Some aspects of corporate financing .....	17
II.3 The Basel II Accord .....	19
II.4 Telephony services .....	21
Appendix A: Methodological Notes .....	23
Appendix B: Statistical Tables .....	37
Appendix C: Questionnaires .....	69

*This publication contains the main findings of the Bank of Italy's survey of industrial and service firms in 2005.*

*The data were collected in early 2006 exclusively for the purpose of economic analysis and have been handled and processed in aggregate form, in full compliance with Italy's law on the treatment of personal information.*

*We would like to thank all the firms that agreed to take part in the survey, providing the information requested in a long and demanding interview.*

## SURVEY OF INDUSTRIAL AND SERVICE FIRMS <sup>(1)</sup>

### Introduction<sup>2</sup>

The interviews for the sample survey of industrial and service firms with 20 or more employees for the year 2005 were conducted between February and March 2006.

The sample consists of 3,231 firms in industry excluding construction and 1,159 non-financial private service firms, representing 8.4 and 4.3 per cent of the total respective reference populations. Because of the bigger sampling fraction<sup>3</sup> of large firms, the two samples represent respectively 28 and 18 per cent of payroll employment in the reference populations, which in turn account for a very substantial share of the sectoral aggregates (which include also firms with fewer than 20 employees), i.e. 81 per cent of both turnover and investments and 68.8 per cent of payroll employment in industry, and 49 per cent of turnover, 55 per cent of investments and 58.3 per cent of payroll employment in the service sector.<sup>4</sup> By over-sampling the largest firms we improve the accuracy of estimates of the totals of the most important aggregates (employment, turnover and investments) and of their fluctuations over a period of time.<sup>5</sup> In the rest of the paper these two sectors will be known briefly as industry and services and the reference to firms with at least 20 employees will, wherever possible, be implicit.

The report describes the salient features and main findings of the survey. Section I describes the basic characteristics of firms' economic activity – utilisation of labour and capital, and production – from both the cyclical and the structural point of view. In Section II individual topics are discussed in detail.<sup>6</sup>

The Methodological Notes (Appendix A) describe the composition of the sample and the universe, the sampling design, the collection of data and the estimation and weighting procedures. They also provide information about response behaviour and data quality. The statistical tables and the questionnaires are in Appendices B and C.

## I – Labour, capital and production: cyclical and structural aspects

### I.1 Employment

According to the survey, in 2005 average employment fell by 0.2 per cent, the result of a decline of 0.9 per cent in industrial firms and a rise of 0.8 per cent in the service sector (Table C1). Overall, the increase was of the same magnitude as that recorded in the previous survey, although in 2004 both the reduction in industry and rise in services were larger (Table M1).

---

1 Prepared by Claudia Biancotti, Leandro D'Aurizio, Caterina Di Benedetto and Raffaele Tartaglia Polcini. The branches of the Bank of Italy actively participated in the survey, being directly responsible for collecting the data.

2 There may be discrepancies between some of the calculations based on data from previous surveys and the data published in earlier editions of the Supplement as a result of progressive revisions of the database.

3 This is the ratio of firms sampled to the respective reference population.

4 Sources: Istat surveys for 2003, *Rilevazione sulle piccole e medie imprese e sull'esercizio di arti e professioni* and *Rilevazione sul sistema dei conti delle imprese*.

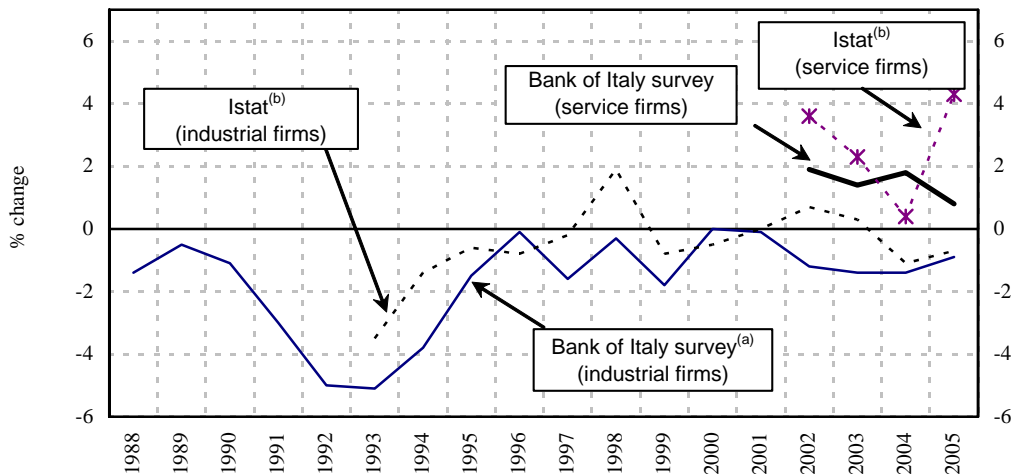
5 See the Methodological Notes for the properties of the estimators (Appendix A).

6 The topics covered include the ownership and organisation of firms, some aspects of corporate financing, the impact of the new rules for banks' capital adequacy (Basel II) on relations between firms and banks, and the purchase of telephony services.

According to the national accounts, which incorporate firms with fewer than 20 employees, in 2005 there was an 0.7 per cent decline in employment in industry and a 4.3 per cent increase in the service sector (Figure 1).<sup>7</sup>

**Figure 1**

**Annual changes in average payroll employment, 1988-2005**  
(per cent)



- (a) The data for 1988-98 refer to manufacturing firms; those from 1999, to industry excluding construction. The data for 1988-2000 refer to firms with 50 or more employees; those from 2001, to firms with 20 or more employees.
- (b) National accounts; includes firms with fewer than 20 employees.

In industry average employment declined in all areas of the country and in every size class of firms. The trend of employment in textile firms was markedly negative (down 2.9 per cent), confirming the signals of previous years. Only energy and mining and quarrying industries recorded an increase in employment, equal to 1.1 per cent.

In the service sector employment growth was concentrated in the North-East (1.5 per cent) and in trade and tourism<sup>8</sup> (1 per cent). By contrast, there was a drop in employment in small firms (-0.6 per cent) and in those located in the Centre (-0.4 per cent).

Industrial firms forecast that employment would fall by 0.4 per cent in 2006, while service firms expected it to grow by the same amount. Since 2001, forecasts<sup>9</sup> of the trend of employment in the current year have systematically been over-optimistic: in fact, expectations for 2005 were of a smaller decline in employment than was actually recorded (-0.2 per cent), while in the service sector employment growth in 2005 was less than forecast in 2004 (1.4 per cent).

<sup>7</sup> The discrepancies between the two sources may be largely due to the regularisation of immigrant workers. This affected some 650,000 people between 2002 and 2005, with considerable repercussions on the country's labour market, although it does not appear to have had any particular effect on the survey reference population. We can reasonably assume that the use of unofficial labour occurred less frequently among medium-sized or large firms than among small ones, particularly in the service sector. The same reasons account for the apparent discrepancies with the findings of the *Rilevazione sulle forze di lavoro*; see 'L'impatto della regolarizzazione dei lavoratori immigrati sulla crescita dell'occupazione nella Rilevazione sulle forze di lavoro', *Bollettino Economico*, 45, November 2005.

<sup>8</sup> The 'tourism sector' includes hotels, bars and restaurants.

<sup>9</sup> Up until the 2004 survey forecasts referred to end-of-year employment; the 2005 survey, on the other hand, uses forecasts of average employment.



The survey has collected information on the amount of part-time employment for the service sector only (Table 1). The number of part-time workers rose by 27.5 per cent between 2001 and 2004, equivalent to an annual 8.4 per cent; in 2005 the increase was just 0.2 per cent. In the North-East and the South part-time employment rose in all three of the years, while in the North-West it grew for two years and then contracted slightly. In the Centre the sharp fluctuations recorded – from growth of 36.7 per cent in 2004 to 9.8 per cent in 2005 – were due to the reorganisation of the air transport industry.

**Table 1**

**Non-financial private service firms with 20 or more employees**  
**Part-time employment**  
*(per cent)*

	Change on previous year in the number of part-time employees			
	2002	2003	2004	2005
<b>Geographical area</b> <sup>(a)</sup>				
North-West .....	7.1	6.3	-1.6	-1.6
North-East .....	7.6	8.4	9.0	4.9
Centre .....	15.4	14.4	36.7	-9.8
South & Islands .....	16.6	12.4	13.5	6.9
<b>Number of employees</b>				
20 – 49 .....	11.3	11.6	7.3	1.3
50 – 199 .....	9.5	6.6	7.2	6.0
200 – 499 .....	8.7	10.9	7.2	4.7
500 or more .....	9.1	7.7	7.8	-2.3
<b>Branch of activity</b>				
Trade, hotels and restaurants .....	8.3	8.8	2.4	3.2
Transport and communication.....	1.8	-6.4	65.2	-15.9
Other business & h.hold services .....	12.3	11.5	5.3	1.0
<b>Total</b> .....	<b>9.3</b>	<b>8.4</b>	<b>7.6</b>	<b>0.2</b>

(a) Head office.

Fixed-term employment was more common in the service sector than in industry, accounting respectively for 10 and 5.6 per cent of the workforce at the end of the year (Table C3); the proportion was largest in the regions of the South and the North-East and in trade and tourism. The figure showed a small increase with respect to 2004 in the service sector but was stationary for industry, bearing out firms' forecasts in the previous survey.

Hours of temporary work equalled 2.4 per cent of hours worked by payroll employees in industry and 1.1 per cent in services. Temporary employment was predominant in the North-West and in the chemical and engineering industries and continued to increase steadily among firms with 50 or more employees.<sup>10</sup>

Non-EU workers accounted for 3.8 per cent of the total workforce – 3.5 per cent in industry and 4.1 per cent in services – rising by 0.3 percentage points on 2004. There was no change in their geographical and sectoral distribution with respect to the previous survey: they continued to be employed for the most part in firms providing services to business and households (5.3 per cent), in

<sup>10</sup> See Table aB50 in the appendix of *Relazione Annuale della Banca d'Italia sul 2005*.

the North-East (5.4 per cent), and in firms with between 200 and 499 employees (6.6 per cent). In industry the percentage of non-EU workers was largest in small firms (4.3 per cent) and smallest in energy and mining and quarrying firms (1.5 per cent). The phenomenon remained limited in the South, despite increasing in the service sector from 0.9 per cent in 2004 to 1.2 per cent in 2005.

Labour turnover in 2005<sup>11</sup> was 23.8 per cent in industry and 47 per cent in services (Table C4). In industry it was highest in firms in the South and lowest in the North-West and in predominantly export firms. As in the past, more than half of labour turnover was due to the creation of new fixed-term work contracts or the expiry of old ones; the indicator has fallen uninterruptedly in both sectors since the beginning of the decade.<sup>12</sup> As a ratio of the total workforce, hirings and departures accounted for approximately the same proportion; however, while departures predominated in industry (the largest gap was in the textile branch), hirings prevailed in the service sector, notably in the South and in trade and tourism.

Part of the 2005 questionnaire has again been dedicated to examining changes in the position of workers employed on 'collaboration' contracts (*collaborazione coordinata e continuativa*) following the passage of Legislative Decree 276 of 10 September 2003, better known as the 'Biagi Law' (Table C5).<sup>13</sup> The data provide a picture of the use of this form of employment at the end of 2004 and of the changes that took place in 2005.

On 31 December 2005, collaboration contracts were still in existence in 45 per cent of firms, against 52.9 in the previous survey. However, their number had declined steadily, from 52.4 to 44.2 per cent in industry and from 53.7 to 46 per cent in services. The largest decrease was reported by firms with 500 or more employees, from 78.8 to 66 per cent in industry and from 73.4 to 53.9 per cent in the service sector. As a proportion of total payroll employment, collaboration contracts fell from 3.8 per cent in the 2004 survey to 3.5 per cent in 2005; their incidence remained greatest in small-sized firms and in the South. Some 28.1 per cent of all such contracts in existence at the end of 2004 were reported as still ongoing in 2005 (in 2004 it was 36 per cent of 2003 contracts); the percentage was much higher in industry (42.8 per cent) than in services (18.2 per cent) although the reduction was proportionately larger than in previous years.

Firms tended to retain former collaborators on other types of contract more often than in the past, particularly in the service sector. Of 100 collaboration contracts in existence at the end of 2004, 56.4 (68 in the service sector as a whole and 89 in the South) were replaced by 'project' contracts, more than twice as many as in 2004. On the other hand, fewer collaborators were given permanent jobs, except in service firms with 500 or more employees (14.8 out of 100). In all, 9.1 per cent of collaboration contracts were terminated, compared with 30.1 per cent in the 2004 survey; there was a substantial decline in terminations in the service sector (only 7.2 per cent, against 42.1 per cent in 2004), less so in industry (11.8 per cent against 15.6 per cent). Consultancy contracts remained a very marginal phenomenon.

In 2005 the actual number of hours worked per capita decreased by 1.1 per cent in industry and by 1.3 per cent in the service sector, to 1,640 and 1,639 respectively (Table C2). Higher

---

<sup>11</sup> Labour turnover, which is a notable indicator of the speed of staff renewal, is the ratio of the sum of hirings and departures in the year to the average workforce.

<sup>12</sup> See Tables aB43-aB45 in the Appendix of *Relazione Annuale della Banca d'Italia sul 2005*.

<sup>13</sup> The Biagi Law has abolished collaboration contracts. Firms wishing to continue to employ the workers concerned must transform their collaboration contracts into 'project' contracts or into fixed-term or permanent payroll employment. The original deadline for the transition was 24 October 2004, subsequently extended until 24 October 2005, although only where ad hoc agreements had been signed with the trade unions. The collaboration contracts still in force at the end of 2005 had been expressly authorised in derogation of the legislation. See Ministero del Lavoro e delle politiche sociali, *Flussi di accesso ed uscita dal lavoro – evidenze dagli archivi INAIL dal 2002 alla legge Biagi, con particolare riferimento alle collaborazioni coordinate e continuative*, May 2006, also available at <http://www.welfare.gov.it/>

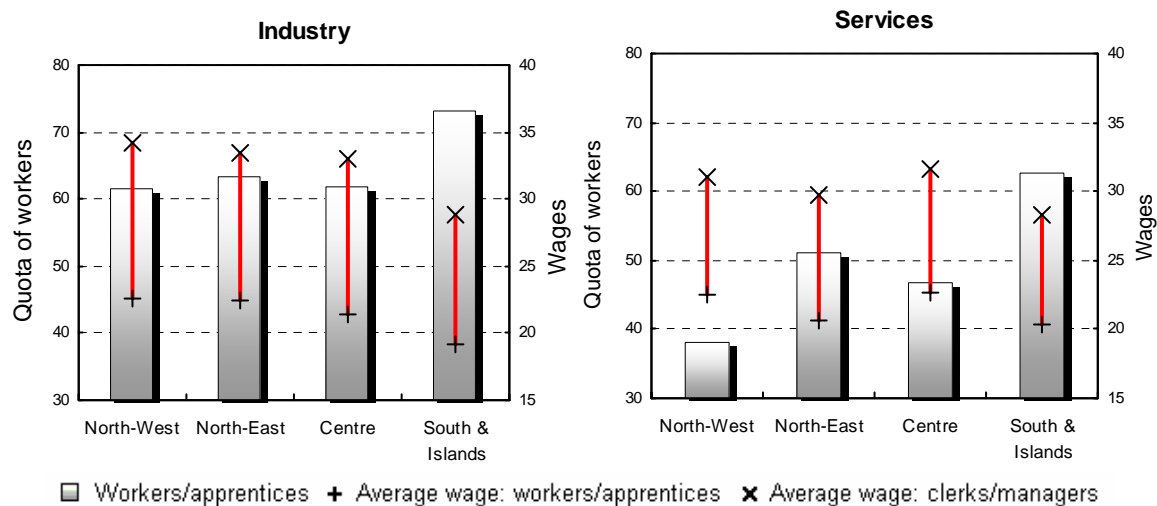
average values were recorded by firms in the South and by small businesses. Taking into account the actual location of employees, the figure for the South remained the highest, but the gap with respect to the other areas narrowed.<sup>14</sup> The lowest value (1,573 hours) was recorded for textile firms, in which the number of hours worked had been lower than in other branches from the beginning of the 1990s.

Hours of overtime per employee amounted to 4 per cent of the total in industry and 5.5 per cent in the service sector, decreasing both as a percentage and in absolute value with respect to the previous survey. Energy and mining and quarrying firms and firms providing services to business and households reported the largest decrease (−4.6 per cent and −3.1 per cent respectively), which was also proportionally greater than the drop in total hours worked.

Gross per capita earnings averaged €26,600 per annum in 2005, with national contract minimum pay amounting overall to 86.9 per cent of actual disbursements (Table C6). Wage growth in the sectors surveyed was 3.9 per cent in nominal terms and 1.8 per cent in real terms,<sup>15</sup> slightly higher than the values recorded in the national accounts for the economy as a whole (3.1 per cent). Some of the indications emerging from earlier surveys were confirmed: pay was above average in the energy and mining and quarrying sector and in the chemical industry, and lower in the textile industry. Wages and salaries increased with firm size and were higher in the North and Centre than in the South and Islands (Figure 2), the geographical gap being partly due to differences in the distribution of industry by size and sector. In industry, the salaries of clerks and junior managers were 51.7 per cent higher than workers' or apprentices' wages, while in service firms the difference was 41.8 per cent.<sup>16</sup> The wage gap between the two categories of workers increased with firm size, probably owing to their different duties and responsibilities.<sup>17</sup>

**Figure 2**

**Composition of payroll employment and wage differentials, 2005**  
(per cent, €thousand)



<sup>14</sup> For hours worked by actual location see Table aB46 in the Appendix of *Relazione Annuale della Banca d'Italia sul 2005*.

<sup>15</sup> The value has been deflated using the harmonised consumer price index recorded by Istat in December 2005.

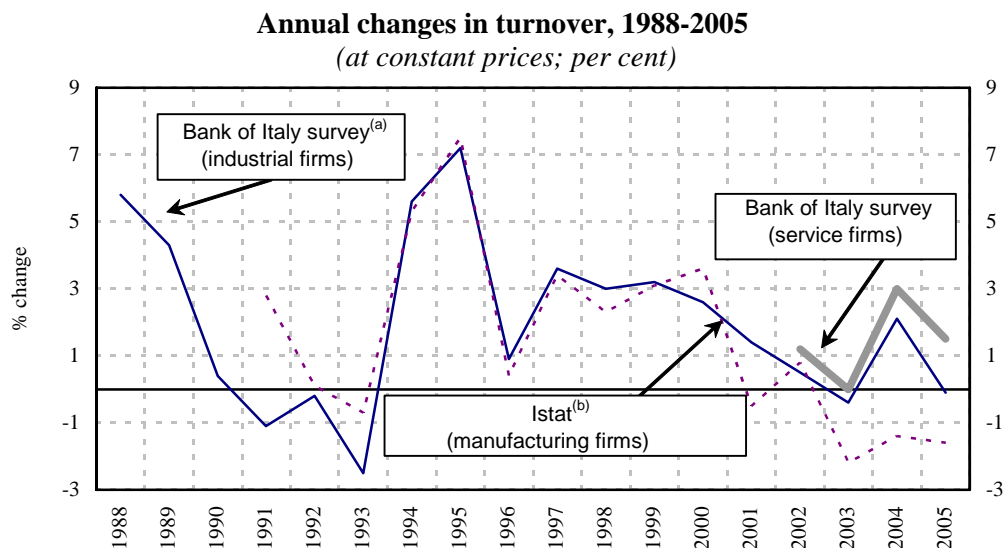
<sup>16</sup> In industry workers and apprentices, accounting for 63.2 per cent of the workforce, outnumbered clerks and managers. The difference in the proportion of the two categories was greater in the South (73.2 per cent of workers and apprentices) and in small firms. In service firms, the workforce was divided almost equally between the two categories, although workers and apprentices were more numerous in the South (62.6 per cent of the total) and in transport and communication.

<sup>17</sup> Calculations based on the two previous surveys showed wage differentials to be virtually stable in the short run.

## 1.2 Turnover and operating result

In 2005 turnover grew by 0.5 per cent at constant prices, the result of a decrease of 0.1 per cent in industry and a 1.5 per cent rise in services (Table E1). Overall, the rate of increase was slower than in 2004, at both constant and current prices (Table M5). Compared with growth at constant prices based on Istat's index of turnover in manufacturing, there was little change with respect to previous years, although later results reflected the improved performance of energy and mining and quarrying firms, which are not included in the manufacturing sector (Figure3).

Figure 3



- (a) For 1988-98, manufacturing firms; from 1999, non-construction industry. For 1988-2000, firms with 50 or more employees; from 2001, firms with 20 or more employees.
- (b) Indices of turnover at current prices for a sample of firms with 20 or more employees, deflated with the change in prices estimated in the Bank of Italy's survey.

In industry, signals from the engineering sector were positive, with turnover up 1.5 per cent, while the chemical industry posted negative results (-2 per cent), as did textile firms (-1.4 per cent). There was a small decline in turnover of energy and mining and quarrying firms, down 0.8 per cent after the previous year's sharp increase. From a geographical point of view, firms in the North-East and the South performed well, with turnover growth of 1.2 and 0.8 per cent respectively, compared with a 1.4 per cent contraction in the Centre and stagnation in the North-West (-0.2 per cent).

In the service sector, the strongest performance was recorded by firms in the North-West (2.3 per cent increase in turnover), followed by those in the South (1.8 per cent). Turnover growth was largest in transport and communication firms (2.8 per cent) and smallest in trade and hotels and catering (1 per cent). Results were least satisfactory for small firms and those with 200 to 499 employees, which recorded increases in turnover of 0.3 and 1.2 per cent respectively.

The results for 2005 showed an improvement on firms' forecasts reported in the previous survey; in fact industrial firms had projected a decline of 1.3 per cent and service firms an increase of 1.7 per cent. Projections for 2006 were of an increase in both sectors (respectively 2 and 1.5 per cent).

Export revenue amounted to 21.3 per cent of turnover - 29.3 per cent in industry and 8.7 per cent in services, a slight improvement on 2004. The largest exporters were firms in the North-

East, among which this source accounted for 38 per cent of turnover, and textile and engineering firms (respectively 43.6 and 43.5 per cent). In the service sector, only transport and communication firms obtained a substantial share of turnover from exports, amounting to 16.1 per cent. All shares were expected to remain virtually unchanged in 2006.

In 2005, 64.2 per cent of firms posted a profit, 17.5 per cent a loss, and 18.3 per cent were in balance. This represented a slight improvement with respect to 2004, when the respective shares were 61.9, 19 and 19.1 per cent (Table E2). The best performance in industry was recorded by chemical firms, more than 70 per cent of which showed a profit. Similar results were reported by engineering firms, with 68.5 per cent posting a profit. However, among textile firms, as a result of the persistent crisis only 58 per cent achieved slightly more than a balanced position. In the service sector 61.3 per cent of firms posted a profit in 2005; the most positive results were obtained by providers of services to business and households (63.4 per cent in profit) and firms in the North-West. Losses were reported mainly by small businesses (20.9 per cent).

The survey recorded actual and projected annual changes in prices charged in Italy and abroad by industrial firms with 50 or more employees. Between 2004 and 2005 export prices of manufacturing firms grew at a faster pace than domestic prices, with increases of 5.6 and 4.2 per cent respectively (Table 2);<sup>18</sup> the largest gap was recorded for chemical firms. The phenomenon affected small and medium-sized firms, mainly those with only a small proportion of revenue from exports. Expectations for 2006 indicated the situation would persist.

**Table 2**

**Manufacturing firms with 50 or more employees**  
**Changes in prices of invoiced goods, 2004-06**  
(per cent)

	2005/04		2006/05 (projection)	
	prices in Italy	prices abroad	prices in Italy	prices abroad
<b>Number of employees</b>				
50-499.....	4.7	6.8	2.5	2.4
500 or more .....	2.9	2.5	1.2	0.9
<b>Branch of activity</b>				
Chemicals, rubber & plastics.....	9.4	13.1	2.5	2.3
Other manufacturing.....	1.6	1.8	2.0	1.7
<b>Share of exports</b>				
Up to 1/3.....	5.7	8.2	2.9	2.6
Over 1/3.....	2.6	2.6	1.4	1.3
<b>Total .....</b>	<b>4.2</b>	<b>5.6</b>	<b>2.1</b>	<b>1.9</b>

The 2005 survey contains details of the expectations of industrial firms with 50 or more employees regarding the trend of real demand in the years to come. In particular, firms were asked to rate the likelihood of a set of potential changes occurring in the volume of demand for their products in 2006 and in the three years 2006-08 (Table 3).<sup>19</sup> Manufacturing firms indicated a 66.8

<sup>18</sup> The majority of firms that raised their export prices by at least 1 percentage point more than domestic prices declared their intention to enlarge profit margins on foreign markets. A smaller percentage reported that they sold better quality products abroad than at home or that they had increased their prices abroad to bring them into line with those of local producers.

<sup>19</sup> The probability distribution of expectations can be used for more in-depth studies that are only possible with micro data, such as an analysis of the effect of uncertainty on investment decisions (Guiso, L. and Parigi, G. (1999), Investment and demand uncertainty, *Quarterly Journal of Economics*, 114, 185-227). For a large range of applications see Manski, C.F. (2004), Measuring expectations, *Econometrica*, 72, 5, 1329-1376.

per cent probability of an increase and a 14.2 per cent probability of no change; the figures reported for the average of the three years were 68.9 and 14.9 per cent respectively. The dispersion was fairly limited, with a coefficient of variation of 0.8 for both time horizons.

Among energy and mining and quarrying firms, which are likelier to experience changes in prices than in volumes, expectations were distributed more symmetrically. Firms assigned an average probability of 28.4 per cent to no change in demand in 2006, decreasing to 24 per cent for 2006-08. They attributed 60 per cent likelihood to modest fluctuations in demand, in the order of 1 or 2 percentage points up or down, given the sector's characteristics. Expectations tended to be slightly more positive in the short run and considerably more so in the medium term. There was marked uncertainty in the passage between the two time horizons, with the coefficient of variation rising from 1.4 to 7.5.

**Table 3**

**Industrial firms with 50 or more employees  
Expected changes in demand, 2006-08  
(per cent)**

	Change											Coeff. of variation
	negative (percentage points)					nil	positive (percentage points)					
	10 +	6-10	4-6	2-4	1-2		1-2	2-4	4-6	6-10	10 +	
Change in demand in 2006 on 2005												
Manufacturing .....	1.7	2.0	2.6	2.4	10.2	14.2	23.3	14.5	10.2	10.1	8.7	0.8
Energy & mining ....	0.3	0.0	0.7	4.7	26.5	28.4	33.0	5.3	0.4	0.1	0.6	1.4
<b>Total .....</b>	<b>1.6</b>	<b>1.8</b>	<b>2.4</b>	<b>2.6</b>	<b>11.7</b>	<b>15.5</b>	<b>24.2</b>	<b>13.6</b>	<b>9.3</b>	<b>9.2</b>	<b>8.0</b>	<b>0.8</b>
Average of annual changes in demand in 2006-08												
Manufacturing .....	0.7	1.0	1.7	2.1	10.7	14.9	17.8	20.0	12.4	10.0	8.7	0.8
Energy & mining.....	0.5	0.0	0.1	4.5	22.2	24.0	39.2	7.9	0.6	0.4	0.6	7.5
<b>Total .....</b>	<b>0.7</b>	<b>0.9</b>	<b>1.5</b>	<b>2.4</b>	<b>11.9</b>	<b>15.8</b>	<b>20.1</b>	<b>18.8</b>	<b>11.1</b>	<b>9.0</b>	<b>7.8</b>	<b>1.7</b>

### I.3 Investment and capacity utilisation

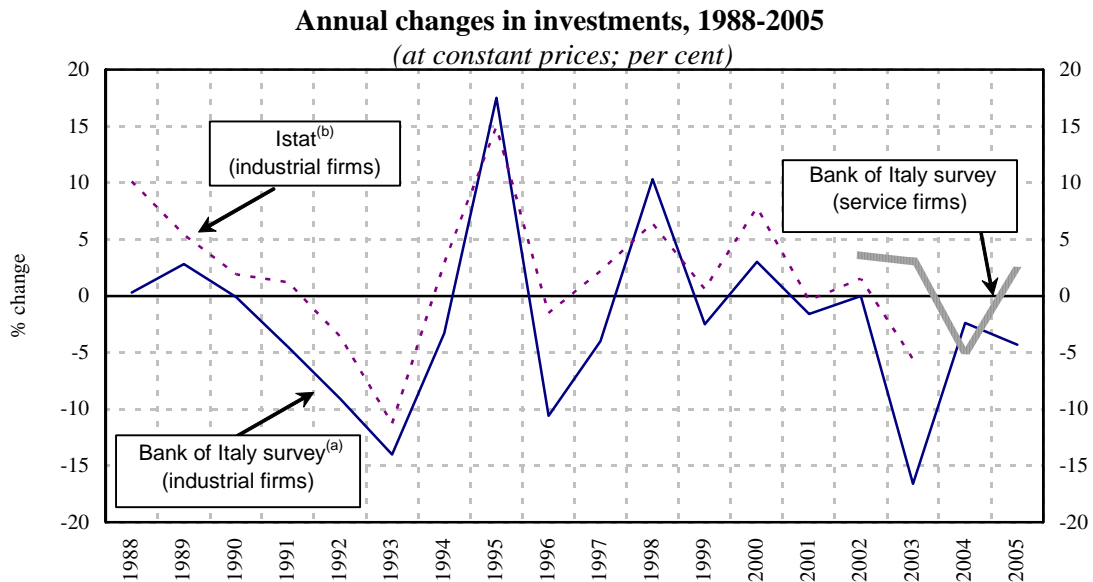
The survey findings indicate that the performance of gross fixed investment<sup>20</sup> worsened in 2005 with respect to the previous year, resulting in an overall decline of 1.4 per cent in real terms<sup>21</sup> (Figure 4 and Table D1). Although less marked, this was in line with the trend under way since 2003. The contraction was slightly smaller than the 2.3 per cent recorded in the national accounts for the economy as a whole, non-construction sector excluded.

<sup>20</sup> In accordance with ESA95, gross fixed investment is defined as the addition of capital assets to the firm's existing stock in the reference period. Capital assets consist of tangible goods, software, databases and mineral exploration. They are the result of a production process and are used repeatedly or continuously in the production of goods and/or services for more than a year. Gross fixed investment includes depreciation and purchases of the tangible goods used, the latter being excluded from the national accounts aggregate. According to the survey they represented an estimated 1 per cent of the total in 2005.

<sup>21</sup> See Appendix A for details of the method of deflation.

Results for industrial and service firms diverged: investment declined in industry, as in the previous two years, contracting by 4.3 per cent, in contrast with the situation in service firms, in which investment growth (2.2 per cent) resumed after the decline of 4.8 per cent recorded in the previous survey.

**Figure 4**



- (a) For 1988-98, manufacturing firms; from 1999, non-construction industry. For 1988-2000, firms with 50 or more employees; from 2001, firms with 20 or more employees.  
 (b) Time series of investments by ownership branch; includes firms with fewer than 20 employees.

The largest reduction in investments was again recorded in the textile and clothing industry (-12.1 per cent), followed by energy and mining and quarrying (-6.3 per cent). On the other hand, increases were greatest in transport and communication (5 per cent) and in small service firms (also 5 per cent). Firms in industry and services whose head office was located in the South reduced their investments by 4.9 and 0.8 per cent, respectively. However, the picture changes taking into account the actual location of the investments: those in the South by industrial firms declined by 0.6 per cent while those of service firms grew by 6.3 per cent, indicating that firms in the Centre and the North stepped up their investments in factories located in the South with respect to 2004.

Investment plans for 2005 reported in the 2004 survey indicated a slightly improved performance. The realisation rate<sup>22</sup> in 2005 was 93.1 per cent, compared with 98.2 per cent in 2004. Although 58.7 per cent of firms invested more than they had planned at the end of 2004 (even considerably more in 39.9 per cent of cases), 34.8 per cent invested less, of which 19.6 per cent, substantially less (Table D2). The realisation rate for industrial firms was 93.8 per cent, 2.2 percentage points down on 2004. The gap between investment plans and investment spending was particularly large in the case of energy and mining and quarrying firms, whose realisation rate was 72 per cent. In the service sector actual spending amounted to 92.2 per cent of planned spending, compared with 100.5 per cent in the previous survey. Again there were divergences between the

<sup>22</sup> The realisation rate is the ratio between actual spending during the year and planned expenditure at the end of the previous year.

various branches: in trade and tourism the realisation rate was 116.5 per cent and in transport and communication, 79.2 per cent. The gap between investment spending and investment plans was generally widest among firms with 500 or more employees: their realisation rate was 80.8 per cent in industry and 79.7 per cent in the service sector.

The reasons for amending investment plans were recorded only for firms with 50 or more employees. In most cases the revisions, upward and downward alike, were due to questions of internal organisation, such as new objectives and strategies (Table D3), followed by demand developments, which were mainly cited by firms in the South and by medium-sized businesses. Increases in planned investment were attributed by 6.5 per cent of firms to changes in the cost of capital assets, while 7.9 per cent of firms cited cash-flow problems as the reason for cutting down on plans.

Industrial firms predicted that investment would contract again in 2006, by 1.1 per cent, but less than in the previous year. Expectations were positive only among energy and mining and quarrying firms, which planned to step up investments by 6.6 per cent, firms in the Centre (3.5 per cent), and large enterprises. In the service sector projections were of 3.8 per cent investment growth, with transport and communication firms planning large increases (15.3 per cent), while in trade and tourism and services to business and households contractions of 5.8 and 9 per cent respectively were expected.

Some 92.9 per cent of investments made in 2005 were in tangible goods<sup>23</sup> (Table D5). They accounted for a larger proportion of total investments in industry than in the service sector, amounting to 94.7 and 91 per cent respectively, although trade and tourism were an exception to the general trend, investing 97.2 per cent in tangible goods. However, the opposite was true for investments in hardware, including telecommunications equipment, which accounted for 2.5 per cent of total investment in industry and 5 per cent in the service sector. Substantial investment was made in intangible goods, principally software or databases and mineral exploration, by firms providing services to business and households, which embrace computer-related activities, amounting to 20.8 per cent of the total. Service firms in the North-West and those with 500 or more employees invested more than the average in intangible goods (respectively 11.2 and 11.5 per cent) while small-sized industrial firms and industries in the South invested only 3.5 and 1.7 per cent respectively. Plans for 2006 indicated that a larger share of investment spending would go on tangible goods: 95.2 per cent in industry and 92.6 per cent in the service sector. Expectations were that investments in hardware by industrial firms would contract, settling at 2.3 per cent, while those of service firms would expand to 6.5 per cent of the total.

The 2005 survey contains a section addressed to industrial firms on the impact of public subsidies on investment decisions and the demand for finance (Table 4), including in the term 'public subsidies' all forms of support for investment provided by the state or other public agencies either in the form of direct disbursements or indirectly via tax credits or access to credit subsidies.

---

<sup>23</sup> This category includes property, plant, machinery, equipment and means of transport.



**Table 4**

**Impact of public subsidies on industrial firms' investments, 2005**  
(per cent of firms)

	Firms obtaining public subsidies in 2005	Additional investments as a percentage of funds obtained	Additional investments as a percentage of total investments
<b>Geographical area</b> <sup>(a)</sup>			
North, Centre .....	24.2	10.9	2.5
South & Islands .....	20.0	28.9	17.9
<b>Number of employees</b>			
20 – 49 .....	22.5	5.6	7.1
50 or more .....	25.9	26.0	3.1
<b>Branch of activity</b>			
Manufacturing .....	23.6	13.0	4.7
Energy, mining & quarrying .....	20.8	33.0	0.9
<b>Total</b> .....	<b>23.3</b>	<b>13.5</b>	<b>4.0</b>

(a) Head office.

During the survey year 23.3 per cent of firms obtained public subsidies, most of them firms with 50 or more employees (25.9 per cent) and with their head office in the North or the Centre (24.2 per cent).<sup>24</sup> Only 13.5 per cent of the funds was spent on additional investments in 2005, i.e. investments that would not have been made otherwise. However, marked geographical and sectoral differences were observable: in the South 28.9 per cent was allocated to investments, while among small firms the proportion was 5.6 per cent. Subsidised investments represented 4 per cent of the total – 17.9 per cent for firms with their head office in the South, but only 8.9 per cent of all investments made in the South and Islands.

Public subsidies did not appear to have a very significant impact on the activities of the recipient firms if only investment decisions are considered (Table 5). Some 67.6 per cent of subsidised firms reported that they would have invested the same amount and in the same projects even without public aid, while 6.1 per cent declared they would have chosen other projects but spent the same amount overall. By contrast, 26.3 per cent of subsidised firms, equal to 6.1 per cent of the total, said they would have reduced their investments or abandoned plans completely; 9.6 per cent of all firms in the South declared the same. Most firms would have reduced or cancelled their investments in order to postpone them, and not because they could not make a profit without the subsidies. A very small number of firms, mainly located in the South, reported difficulties obtaining money from banks to finance investment.

<sup>24</sup> According to the *State Aid Scoreboard* exercise conducted by the European Commission, Italy is in line with the EU average as regards the amount of public aid in relation to GDP. Over 95 per cent of the funds are allocated to so-called 'horizontal' incentives, i.e. measures designed to achieve a specific objective for the whole economy, such as improving R&D activities and increasing environmental awareness. In other countries, such as France, a larger proportion is also allocated for 'vertical' incentives, i.e. actions to improve the results of a specific sector (such as manufacturing or transport).

**Table 5**

**Investment decisions of industrial firms without public aid, 2005<sup>(a)</sup>**  
(per cent of firms)

	Same amount of investment		Fewer investments	No investment	Total
	in the same projects	in different projects			
<b>Geographical area</b> <sup>(b)</sup>					
North, Centre .....	70.9	5.9	20.7	2.5	100.0
South & Islands .....	44.1	7.7	36.4	11.8	100.0
<b>Number of employees</b>					
20 – 49 .....	64.2	6.7	24.7	4.4	100.0
50 or more .....	74.1	5.0	18.7	2.2	100.0
<b>Branch of activity</b>					
Manufacturing.....	67.7	6.1	22.5	3.7	100.0
Energy, mining etc.....	66.0	4.8	29.2	0.0	100.0
<b>Total</b> .....	<b>67.6</b>	<b>6.1</b>	<b>22.6</b>	<b>3.7</b>	<b>100.0</b>

(a) Percentages calculated on firms receiving public aid in 2005. – (b) Head Office.

Between 2004 and 2005 the capacity utilisation rate increased by 4 per cent in firms with 50 or more employees, 0.6 percentage points less than projected in 2004 (Table D4 ); an increase of 4.3 per cent was forecast for 2006. The largest increases were both recorded and forecast for firms in the South (6.6 and 6.4 per cent respectively), the lowest for firms in the Centre (1.6 and 2.5 per cent). The performance of large firms and energy and mining and quarrying industries was particularly slack. The average capacity utilisation rate for industrial firms with 50 or more employees was 80.4 per cent, up 2 per cent on 2004.<sup>25</sup> For 2006 expectations indicated a further increase of 1.9 per cent.

## II – Focus topics

### II.1 Ownership and organisation of firms

The survey recorded information on the concentration of ownership, stock exchange listing, and controlling shareholders only for industrial firms with 50 or more employees. In most cases the leading shareholder had about two-thirds of the company and the first three shareholders some nine-tenths, indicating highly concentrated ownership (Table B1). Among unlisted firms the average number of shareholders was not more than 10, except in the case of manufacturing firms, where it reached 13, and energy and mining and quarrying firms with 45. Control of the firm was in the hands of a physical person in 51.1 per cent of cases (Table B2) compared with 53.1 per cent in the previous survey. The proportion fell considerably for firms with more than 199 employees, in energy and mining and quarrying industries, and in firms that export much of their production. Some 6 per cent of industrial firms with 50 or more employees were involved in takeovers in 2005,

<sup>25</sup> The average increase reflects the result for energy and mining and quarrying firms (11.5 per cent). The firms themselves had projected this increase in the previous survey.

fewer in the Centre and the South. In contrast with the 2004 survey, the phenomenon seemed to involve mainly firms with fewer than 200 employees.

Major events such as splits, mergers, capital contributions and transfers concerned 4.6 per cent of firms in 2005 (3.8 per cent of firms with 20–49 employees, 6.3 per cent of those with 50 or more); this was slightly lower than the 5.2 per cent recorded in the previous survey (Table B3). The proportion of firms affected by such events decreased from 7.2 to 4.6 per cent in the service sector, especially among firms with 500 or more employees, where it fell from 13.5 to 6.1 per cent. By contrast, the proportion increased in industry from 3.8 to 4.7 per cent, notably in the North-East (6.9 per cent) and the Centre (5.7 per cent), and among textile firms (4.8 per cent), other manufacturing industries (6.3 per cent) and export firms (6.9 per cent).

Just under 30 per cent of firms belonged to a group (Table B4) and over 80 per cent of those groups were Italian. The percentage of industrial firms belonging to a group rose from 26.1 to 27.7 per cent between the two surveys.

It is estimated just fewer than 2 per cent of public limited companies included in the sample<sup>26</sup> opted for a non-traditional model of governance,<sup>27</sup> as permitted by the new law on companies (Legislative Decrees 5 and 6 of 17 January 2003, implementing Law 366 of 3 October 2001).

## **II.2 Some aspects of corporate financing**

According to the survey, in 2005 some 9.6 per cent of firms declared that they wished to obtain larger loans from banks and financial institutions at current conditions as to cost and collateral, considerably fewer than in the previous two years. The figure was highest for firms with 50 or more employees (10.7 per cent) and firms in the South (15.5 per cent) (Table 6).

This indicator does not reveal to what extent the wish to borrow larger amounts was due to a real need for credit, and therefore the questionnaire asked for further information about the possible additional costs of such loans and any steps actually taken to obtain them.

Some 4.5 per cent of the firms that stated they would actually agree to stricter terms and conditions (higher interest rate or extra collateral) in order to obtain additional funds, compared with 4.9 per cent in the previous survey. The proportion of firms wishing to borrow more that contacted banks and were rejected also declined, from 5.5 per cent in 2004 to 3.2 per cent in the current survey.

---

<sup>26</sup> In this survey there are 2,328 public limited companies, representing 53 per cent of the sample. In terms of Istat's 2001 survey they account for 20 per cent of public limited companies with 50 or more employees and 6 per cent of all public limited companies. Only 44 of them reported a change of status.

<sup>27</sup> The non-traditional forms of governance envisaged under the reform are: i) the 'dualistic' system (German inspired), whereby a supervisory board appoints the members of the management board, oversees its activities (if necessary bringing a suit against them), approves the financial statements (unless approval by the meeting of shareholders is requested by 1/3 of the members of the management board or the supervisory board); ii) the 'monistic' system (of English origin), whereby the company is administered by a board, which sets up an internal management oversight committee.

Table 6

**Firms wishing to borrow more, 2003-05**  
(per cent of total)

	Total			Would borrow even at tighter conditions (a)			Institutions were not willing to lend (b)			Both (a) and (b)		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
<b>Geographical area</b> <sup>(1)</sup>												
Centre and North .....	10.3	10.2	8.4	5.7	4.1	4.0	4.5	4.9	2.8	2.9	2.4	1.8
South & Islands .....	17.0	20.9	15.5	8.0	8.7	6.6	9.3	8.1	5.3	4.9	4.6	2.8
<b>Number of employees</b>												
20-49.....	10.0	11.9	9.1	5.5	4.9	4.2	4.7	5.7	3.1	2.8	2.9	2.0
50 or more.....	14.4	12.5	10.7	7.3	4.9	5.0	6.8	5.0	3.4	4.1	2.6	2.0
<b>Sector</b>												
Industry.....	10.6	10.7	9.5	6.6	4.5	4.2	5.5	4.6	3.5	3.9	2.4	1.9
Services .....	12.5	14.0	9.8	5.3	5.4	4.8	5.0	6.7	2.8	2.3	3.5	2.1
<b>Total</b> .....	<b>11.4</b>	<b>12.0</b>	<b>9.6</b>	<b>6.0</b>	<b>4.9</b>	<b>4.5</b>	<b>5.3</b>	<b>5.5</b>	<b>3.2</b>	<b>3.2</b>	<b>2.8</b>	<b>2.0</b>

(1) Head office.

If both these requirements must be fulfilled in order to qualify as difficulty accessing credit – i.e. if the only firms taken into consideration are those willing to accept slightly stricter terms that applied to a bank and were rejected – the overall percentage of firms affected was extremely small, only 2 per cent, somewhat less than in previous years. The gap between firms in the Centre and the North and those in the South and Islands narrowed from 2.2 to 1 percentage point.

The balance of increases and decreases in equity capital with respect to the stock at the end of 2004 was positive in all categories of firms in 2005 (Table H1). The balance for bank borrowing was only negative in textile and chemical firms. The average balance for venture capital was greater than for bank borrowing, although variations in the latter were more frequent. Recourse to equity capital was minimal.

In all the categories surveyed,<sup>28</sup> trade credit amounted to 24 per cent of turnover in 2005 – slightly less in the service sector (Table I1) – and was virtually unchanged over time. The average duration of outstanding trade credit was around 86 days and was higher in industry (89 days) than in services (82 days).<sup>29</sup>

Two-part terms<sup>30</sup> represented 15 per cent of total trade credit in 2005, regardless of firm size; the percentage was higher in industry, mainly owing to energy and mining and quarrying firms. Just under 30 per cent of all credit was paid late, with no significant difference with respect

<sup>28</sup> The volume of trade credit is particularly large in Italy. See, for instance, L. Cannari, S. Chiri, M. Omiccioli (eds), *Imprese o intermediari? Aspetti finanziari e commerciali del credito tra imprese in Italia*, Bologna, Il Mulino, 2005.

<sup>29</sup> The ratio of trade credit to total turnover, multiplied by 360, gives an underestimate of the average actual duration of trade credit. This is longer than the average duration of the contract, partly owing to late payment and partly to the fact that part of turnover is paid in cash.

<sup>30</sup> Trade credit has two-part terms if the extension of payment entails a cost for the purchaser, such as forgoing a discount, allowance or gift and/or paying a supplement or an interest rate.

to previous years. Delays were systematically longer in services than in industry (Table 7). According to the survey, credit paid after the deadline was on average 57 days late, more in services (65 days) than in industry (52 days), and virtually stationary with respect to 2004.

In 2005 trade debt amounted on average to 18 per cent of turnover, unchanged from the previous year; the percentage was slightly lower in services (17 per cent). The average duration dropped to around 81 days, 85 days in industry and 76 days in the service sector.

**Table 7**

**Trade credit: two-part terms and late payments, 2005**  
(per cent of total credit)

	Firms with 20-49 employees		Firms with 50 or more employees		Total firms with 20 or more employees	
	two-part terms	late payments	two-part terms	two-part terms	late payments	two-part terms
Industry.....	19.4	27.2	16.8	26.4	17.6	26.7
of which: manufacturing .....	9.5	25.6	12.9	27.5	11.9	26.9
Services .....	8.4	34.4	12.2	31.9	10.8	32.9
<b>Total .....</b>	<b>15.0</b>	<b>30.1</b>	<b>15.3</b>	<b>28.2</b>	<b>15.2</b>	<b>28.9</b>

**II.3 The Basel II Accord**

In 2007 the new regulations on the adequacy of capital requirements for banks come into force. They will have profound effects on the methods used by credit institutions to assess the creditworthiness of firms. The questionnaire for the 2005 survey therefore included a separate section designed to obtain information on the consequences this will have for relationships between banks and business.

The regulations and their possible repercussions on lending are generally little understood. Only 38.6 per cent of firms said they had given detailed consideration to the impact of Basel II on their business activities (Table G1). This percentage tended to increase with firm size and is higher for industrial firms (43.4 per cent) than for service firms (31.6 per cent). Service firms in the South had the least information, with only 28 per cent reporting they had considered the problem.

The forthcoming entry into force of the regulation has already obliged the banking system to invest heavily in information gathering and risk assessment. Banks were given the possibility of adopting in advance the new methods of assessing the creditworthiness of their corporate customers. To evaluate the impact these changes have had on firms specific questions were put to those reporting that they had obtained detailed information on the Basel II Accord.

Some 28.8 per cent of firms stated that the availability of bank credit had already increased in 2005 as a result of the new regulations, against 9.4 per cent that reported a decrease. The proportion of firms reporting a change for the worse rose as the number of employees decreased (Table 8). Basel II has led to changes in banks' contract terms and collateral requirements for 27 per cent of firms, with 15.7 per cent reporting a deterioration and 11.6 per cent an easing of requirements.<sup>31</sup> A similar percentage of firms reported that the demand for qualitative information had increased.

<sup>31</sup> The gap may be due to the fact that the new regulations use collateral as a means of reducing banks' capital requirements. The split between firms that perceive an improvement and those that perceive a deterioration also suggests that the banks have improved their ability to evaluate creditworthiness.

**Table 8**

**Changes in bank financing<sup>(a)</sup>**  
(per cent of firms)

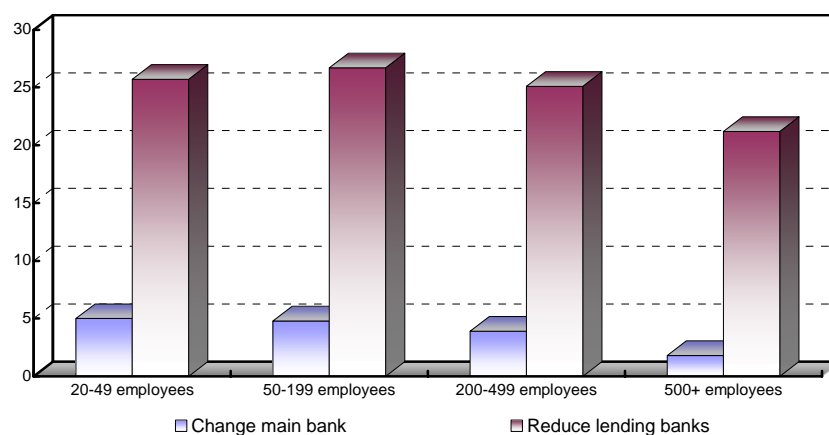
Number of employees	Change in banks' willingness to lend in 2005			
	less	same	more	Total
20–49 .....	10.4	61.2	28.4	100.0
50–199 .....	8.1	61.6	30.3	100.0
200–499 .....	6.0	66.3	27.7	100.0
500 or more.....	4.4	75.4	20.2	100.0
<b>Total</b> .....	<b>9.4</b>	<b>61.8</b>	<b>28.8</b>	<b>100.0</b>

(a) Percentage only of firms declaring familiarity with Basel II.

The Accord will lead to a considerable increase in the amount of data exchanged between banks and corporate borrowers and entail a heavy investment in information for firms as well. The survey therefore examined whether firms had become more selective about the banks they borrowed from as a result. One quarter of the firms familiar with Basel II planned to reduce the number of banks they dealt with – slightly more in the case of large firms – although only 4.9 per cent intend to change their main bank (Figure 5).

**Figure 5**

**Firms intending to modify their banking relationships**  
(percentage only of firms familiar with Basel II)



Overall, around half of the firms that were familiar with Basel II had introduced organisational changes in the financial sphere, with a slightly larger proportion in the service sector (Table G1). Firms in the Centre and the South and small firms were the most pro-active. The most common policy was to provide financial institutions with more information on the company. This trend, together with the large number of firms reporting an increase in banks' demand for qualitative data, points to a stronger emphasis on information in bank-firm relations. The next most popular strategy is to increase the debt-to-equity ratio (Table 9), presumably in order to obtain a better rating from the banks.<sup>32</sup> Another solution was to reorganise the whole of the firm's financial

<sup>32</sup> The introduction of rating systems based on quantitative balance sheet indicators is one of the pillars of the new system. See Bank for International Settlements (2005), *Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework*, available on the BIS internet site (<http://www.bis.org>).

division and make use of independent experts; this method was used less often except by small firms, which have always employed experts to handle complex financial matters.

**Table 9**

**Measures planned or taken in 2006<sup>(a)</sup>**  
(per cent of firms)

Number of employees	Planning to introduce measures	Measures:			
		increase information on firm	create and/or upgrade posts in financial division	increase the role of independent experts	increase the debt-to-equity ratio
20–49.....	49.4	32.3	18.9	18.6	23.3
50–199.....	50.8	34.1	21.9	12.8	25.6
200–499.....	46.5	32.0	19.5	6.5	18.4
500 or more .	45.1	26.6	13.6	2.0	17.6
<b>Total .....</b>	<b>49.6</b>	<b>32.7</b>	<b>19.7</b>	<b>15.9</b>	<b>23.7</b>

(a) Percentage only of firms declaring familiarity with Basel II.

#### II.4 Telephony services

Just as the previous edition of the survey looked at electricity supply, in the present survey firms with 50 or more employees were asked to answer a special section of the questionnaire designed to assess the market impact of the entry of telephony suppliers other than the former monopoly holder. Estimates indicate that at the end of 2005 more than 30 per cent of firms had moved away from the former monopoly holder. The percentage was generally homogeneous over the various strata, although slightly higher for industrial firms.

In general, the firms reported that changing supplier had resulted in an 11 per cent reduction in charges (Table F1), more in the case of large firms and those in the transport and communication sector.<sup>33</sup> Divergences between strata may have been due to different demand and supply curves for the various telephone services used.

<sup>33</sup> The information was requested in the form of the average change in charges for the services that were switched to the new supplier.





**Appendix A:**  
**Methodological notes**



## METHODOLOGICAL NOTES

### A1. General remarks

The Bank of Italy has conducted sample surveys of firms since 1972.<sup>1</sup> Prior to 1998 the survey only covered industrial processing firms with 50 or more employees. In recent years the field of observation has been extended to include, since 1999, all manufacturing firms as well as mining and quarrying and energy production, and since 2001 firms with 20 to 49 employees. In 2002 a similar survey of non-financial private service firms<sup>2</sup> with 20 or more employees was begun.

The sampling method was completely overhauled in 1987, with the adoption of a stratified design based on non-proportional selection probabilities. This has remained largely unchanged, although the overall number of firms sampled has gradually increased over the years. The Horvitz-Thompson estimator is employed, with appropriate re-weighting for the treatment of outliers. Over the years, the robustness of the estimates, particularly of variables with a large percentage of extreme data, has been improved by resorting to Winsorisation techniques.

Until 2003 firms were classified into size groups according to their workforce at the end of the year. In 2004, however, it was decided to use the average annual workforce instead for reasons of uniformity with external sources.

Below is a description of various methodological aspects of the present survey.<sup>3</sup>

### A2. Composition of the population and the sample

The reference population (Table A1) is composed of firms whose registered head office is in Italy, having 20 or more employees (Table 1a) and belonging to various branches of activity in the non-construction industrial sector and the non-financial private service sector (Table 2a).

The 2005 sample is composed of 3,231 industrial firms, of which 1,277 have 20 to 49 employees and 1,954 have 50 or more, and of 1,159 service firms, of which 444 have 20 to 49 employees and 715 have 50 or more (Table A1). The sampling fractions, which are 8.4 per cent for industry and 4.3 per cent for services, double in the case of firms with 50 or more employees (Table 3a). As a result, the distribution of the sample is fairly biased in favour of large firms, with 60.8 per cent of firms having 50 or more employees and the remaining 39.2 per cent between 20 and 49, compared with 31.6 and 68.4 per cent respectively of the target population.

The sub-samples of industrial and service firms are distributed by branch of activity in much the same way as the target population. In industry, engineering firms are in the majority, while in the service sector trade and tourism companies predominate.

---

<sup>1</sup> This is the reference year of the survey, which is actually conducted in the early months of the following year.

<sup>2</sup> The survey does not include financial intermediation (on which the Bank of Italy has a vast dataset collected for institutional purposes of banking supervision and monetary policy) and insurance, general government, the school and health sectors, and other social and personal public services.

<sup>3</sup> For further details the reader is referred to the first periodical publication of the survey, Banca d'Italia, 'Survey of Industrial and Service Firms – Year 2003', *Supplements to the Statistical Bulletin – Sample Surveys*, 55, 20 October 2005.

**Table 1a**

**Distribution of firms and employees in the reference population, 2003<sup>(a)</sup>**  
(number)

	Industry excluding construction		Non-financial private services	
	firms	employees	firms	employees
<b>Geographical area<sup>(b)</sup></b>				
North-West .....	14,364	1,299,910	9,332	1,073,776
North-East .....	12,098	869,345	6,693	519,964
Centre .....	6,456	484,541	5,452	804,800
South & Islands .....	5,509	317,915	5,200	344,319
<b>Number of employees<sup>(c)</sup></b>				
20 – 49 .....	26,173	772,735	18,339	540,368
50 – 199 .....	10,187	904,530	6,671	595,231
200 – 499 .....	1,447	429,603	1,096	332,612
500 or more .....	620	864,843	571	1,274,648
<b>Total .....</b>	<b>38,427</b>	<b>2,971,711</b>	<b>26,677</b>	<b>2,742,859</b>

(a) Source: Istat, 2003. – (b) Location of head office. – (c) Average annual workforce.

**Table 2a**

**Branches of activity**

	Ateco 2002 section or sub-section	Branch of activity
Industry excluding construction	DA	Food products, beverages and tobacco
	DB,DC	Textiles, clothing, hides and leather
	DF, DG, DH	Chemicals, rubber and plastic
	DI	Non-metal minerals
	DJ, DK, DL, DM	Engineering
	DD, DE, DN	Other manufacturing
	CA, CB, E	Energy production and mining and quarrying
Non-financial private services	G	Wholesale and retail trade and repair services
	H	Hotels and restaurants
	I	Transport, storage and communication
	K	Real-estate, renting and business activities

In addition, to improve the accuracy of estimates for the South and Islands, the location<sup>4</sup> of almost 16.4 per cent of firms with 20 or more employees in the sectors covered, 35.8 per cent of the sample is made up of southern firms.<sup>5</sup>

<sup>4</sup>Istat, *Archivio statistico delle imprese attive* [Statistical Archives of Active Firms], updated to 2003

<sup>5</sup>In terms of workforce, the geographical distribution is more balanced, with firms in the South representing 11.6 per cent of the population and 13.3 per cent of sample; this is due to the fact that they tend, on average, to be smaller.

The estimates take account of differences in the composition of the sample by means of weighting coefficients, details of which can be found in Section A6.<sup>6</sup>

**Table 3a**

**Firms observed and sampling fraction, 2000-05**  
(number and per cent)

	2000	2001	2002	2003	2004	2005	2000	2001	2002	2003	2004	2005
<b>Industry excluding construction</b>												
<b>Number of employees</b>												
20-49 .....	...	1,023	1,196	1,236	1,234	1,277	...	3.7	4.3	4.5	4.7	4.9
50 or more .....	1,475	1,769	1,855	1,907	1,918	1,954	12.3	14.0	14.7	15.1	15.9	15.9
<b>Total .....</b>	...	<b>2,792</b>	<b>3,051</b>	<b>3,143</b>	<b>3,152</b>	<b>3,231</b>	...	<b>7.0</b>	<b>7.6</b>	<b>7.8</b>	<b>8.2</b>	<b>8.4</b>
<b>Non-financial private services</b>												
<b>Number of employees</b>												
20-49 .....	...	...	367	374	410	444	...	...	2.1	2.2	2.3	2.4
50 or more .....	...	...	556	620	666	715	...	...	7.1	7.9	8.4	8.6
<b>Total .....</b>	...	...	<b>923</b>	<b>994</b>	<b>1,076</b>	<b>1,159</b>	...	...	<b>3.7</b>	<b>4.0</b>	<b>4.2</b>	<b>4.3</b>
<b>Total industry and services .....</b>	...	...	<b>3,974</b>	<b>4,137</b>	<b>4,228</b>	<b>4,390</b>	...	...	<b>6.1</b>	<b>6.4</b>	<b>6.6</b>	<b>6.7</b>

### A3. Sample design

The survey adopts a one-stage stratified sample design. The strata are combinations of branch of activity (according to the classification in Table 2a), size class (in terms of number of employees)<sup>7</sup> and regional location<sup>8</sup> of the firm's head office.

The sample size is determined in two stages. First, the number of size classes is identified using the method known as *optimum allocation to strata*,<sup>9</sup> which minimises variance of the sample means and variations of the main variables observed (employment, turnover and investments). Second, the number of units in each size class is divided among regions and branches of activity in proportion to the number of firms in the target population belonging to that stratum.<sup>10</sup>

The firms are selected from the databases of the Company Accounts Data Service, Cerved, Kompass and other lists obtained independently by the Bank's branches in order to minimise the risk of under-coverage. The firms observed in the previous edition of the survey are always

<sup>6</sup> Because the sampling fraction of large firms is larger, the 2005 sub-samples for industry and services represent respectively 28 and 18 per cent of the workforce in the two reference populations.

<sup>7</sup> The size classes, which are based on the end-of-year workforce until 2003 and on the average annual workforce thereafter, are: 20-49, 50-99, 100-199, 200-499, 500-999, 1,000-4,999, and 5,000 or more employees. Firms in the last class form a self-representative (census) stratum. They are always included in the sample, except in rare cases of failure to answer.

<sup>8</sup> Piedmont and Valle d'Aosta are regarded as a single region.

<sup>9</sup> See for example W. G. Cochran, *Sampling Techniques*, New York, John Wiley & Sons, 1977.

<sup>10</sup> The number of firms assigned for each region is then divided among the Bank's branches, which collect the data. In some areas of the country over-sampling may be performed where necessary for use in studies of the local economy.

contacted again if they are still part of the target population,<sup>11</sup> while those no longer wishing to take part are replaced with others in the same branch of activity and size class.

#### A4. Data collection, questionnaire and response behaviour

The data for a survey referring to one year are collected in the course of interviews conducted by the Bank of Italy's branches between February and March of the following year.

The questionnaire (see Appendix C) is composed of a fixed part and a variable part. The fixed part contains general information on the firm and its structure, as well as annual data on investments, employment, turnover, operating result, capacity utilisation and financing. The variable part covers different themes each year, which are the subject of detailed cyclical or structural analysis.

Separate questionnaires are prepared for industry and for services, for firms with 20 to 49 employees and for firms with 50 or more. The general purpose of this distinction is to avoid having to ask questions that entail a greater respondent burden for small firms and to allow space, if necessary, to focus on separate topics for industry and services and for large and small firms.

The Economic Research Department decides the content and structure of the questionnaire shortly before it is administered. New questions are tested by the branches by means of pilot questionnaires designed to assess whether they are easy to understand and whether the information is effectively available from the firms.

In the case of employment, investments and turnover, information is requested for three periods: the year just ended (preliminary results), the previous year (final results) and the following year (forecasts). The effort involved in answering the questionnaire is monitored via a question at the end of the interview and specific information obtained from the interviewees.

The involvement of the Bank of Italy's branches (which themselves make use of the data collected) allows us to achieve a high response rate. The participation rate in the 2005 survey, i.e. the proportion of firms interviewed in relation to all those contacted, was 77.6 per cent for industrial firms and 75.1 per cent for service firms (Table 4a).

**Table 4a**

**Distribution of firms contacted for the survey, 2005**  
(number and per cent)

	Industry excluding construction		Non-financial private services	
	number of firms	per cent	number of firms	per cent
Firms contacted .....	4,221	100.0	1,573	100.0
Firms reporting .....	3,275	77.6	1,181	75.1
non-homogeneous data <sup>(a)</sup> .....	44	1.0	22	1.4
eligible data .....	3,231	76.5	1,159	73.7
Firms failing to co-operate .....	946	22.4	392	24.9

(a) For details concerning the treatment of these firms, see Section A5. – (b) Reasons for non-co-operation include leaving the population covered by the survey.

<sup>11</sup> Typical reasons for leaving the target population are change of activity and staff cutbacks to below the entry threshold. See Section A4.

## A5. Data quality checks and imputation of missing data

The collected data are subjected to a system of quality checks. In particular, we check for the compatibility of values with the range allowed by the question, the time consistency of panel data, the squaring of certain figures and the presence of outliers. The data are verified at different levels, with each check being run on data that have passed the previous level.

The questionnaire is first checked by the officers in charge of the interviews, who apply their technical skills and knowledge of the local market to assess the quality of the data collected.<sup>12</sup> The data-entry procedure then rejects everything outside the defined range of the variable or incompatible with the internal consistency of the questionnaire.

Data accepted by the procedure may still be outside certain thresholds based on past statistics or external information. In this case the data are highlighted for the attention of the interviewers, who check them and, if necessary, contact the firm for clarification. Confirmation is recorded in a special field. Only at this point is the checked data entered in the database.

The second set of checks uses editing techniques founded on statistical assumptions that can detect extreme observations with respect to the frequencies based on (natural or logarithmic scale) cross-section distributions. The outliers are detected by comparing the value of each variable with the median of its distribution and setting as threshold a value proportional to the inter-quartile deviation.

Since the 2000 edition a further quality check has been put in place, called selective editing. This produces a list of priorities for checking outliers according to their importance for the final estimate. The values of each variable are compared with the predicted value of a simple regression model. On the basis of this statistic a Taylor approximation is used to build a score for each firm according to the impact each value would have on the final estimate in the model. The higher the score (i.e. the greater the impact of the observed value on the final estimate according to the model), the more urgent it is to check the value of that variable for that firm.<sup>13</sup> This process is applied to a set of several variables to draw up a ranking from the highest score down.

This method improves the quality of the estimates while reducing the respondent burden in the final stage of data processing, because it is necessary to re-examine and possibly re-contact only the firms with a significant impact on the final estimates. Another method of data quality check, based on neural networks, is currently under study as a future complement of the existing editing process.<sup>14</sup>

A treatment apart is reserved for data on firms affected by extraordinary events, such as mergers or splits. These firms are only included in the estimate if the data for final results, preliminary results and forecasts refer to a set of factories and workers that is homogeneous with

---

<sup>12</sup> At this stage, the interviewers use a form containing the main variables provided by the firms taking part in the previous survey to run a preliminary check on data consistency.

<sup>13</sup> For a detailed description of the process see P. Battipaglia, 'Selective Editing to Increase Efficiency in Survey Data Processing. An Application to the Bank of Italy's Business Survey on Industrial Firms', *Irving Fisher Committee Bulletin*, 13, December 2002, 149-154.

<sup>14</sup> The selective editing techniques adopted at present focus on identifying the answers with the greatest impact on the most important variables and ignoring the others. This speeds up normal processing times so that the main results of the survey can be published as early as possible. Using neural networks would allow us to organise sample data according to reliability, regardless of their importance for the purpose of producing the estimates usually released. Research centres around an algorithm obtained by using neural networks to construct non-parametric and non-linear classifiers that can identify adaptively any outlier variables, thus improving the quality checks on micro-data. See C. Biancotti and R. Tartaglia Polcini, 'Artificial Neural Networks for Data Editing', *Irving Fisher Committee Bulletin*, 21, July 2005, 99-107 and C. Biancotti, L. D'Aurizio and R. Tartaglia Polcini, 'A Neural Network Architecture for Data Editing in the Bank of Italy's Business Surveys', paper presented at the *25th International Symposium on Forecasting*, San Antonio, USA, 12-15 June 2005.

the data collected in the same survey. The interviewer ensures their homogeneity either by considering the extraordinary event to have taken place at the beginning of the year of the final results, or by pretending the event never occurred and reconstructing the data accordingly; if this is not possible, the firm is excluded from further processing. Although this practice may cause distortions in the estimates (such as the total of investments), it does produce more stable estimates of changes and average values per employee, which are the main objective of the survey.

The firms taking part in the survey may have difficulty answering some of the questions. If the missing answer concerns one of the main variables, such as investment spending or turnover, the missing data are imputed.

In general, ratio estimators are used to impute data, setting the number of the firm's employees as denominator (since this information is always available, otherwise the firm is excluded from the survey) in order to capture the scale effect.<sup>15</sup> In some cases the firm's time series data are used for the reconstruction, in the form of individual effects. This method gives an estimate of a level per employee that is obtained by combining a general cross-section mean and an average based on the firm's time series. The levels at time  $t$  and  $t+1$  are reconstructed in sequence, by calculating average changes in appropriate cells of homogeneous firms.<sup>16</sup>

The percentage of imputed data is usually small. A higher rate of non-response, in the order of 10 per cent, tends to occur with questions involving forecasts, particularly of investments.

## A6. Weighting

The weighting procedure takes place in two steps.

In step one, the combinations of branch of activity and size class are used as strata. Each firm is assigned an initial weight, given by the ratio of number of firms in the stratum cell to number of firms in the sample. Let  $h$  be the general stratum cell and, within it,  $N_h$  the number of firms in the target population and  $n_h$  the sample size.<sup>17</sup> The first stage weight of each firm in stratum  $h$  is therefore:

$$(1) \quad w_h^{(0)} = \frac{N_h}{n_h}$$

By construction, the sum of the weights of each cell therefore gives the size of the target population it contains.

In step two, post-stratification is performed using raking<sup>18</sup> to take into account also the geographical area  $k$  where the firm's head office is located. The initial weight is modified by an adjustment factor  $f_k$  so that the final weights can be obtained:

---

<sup>15</sup> For an analysis of the situations in which a ratio estimator is preferable to the mean see F. Cicchitelli, A. Herzel and G. Montanari, *Il campionamento statistico*, Bologna, Il Mulino Editore, 1994.

<sup>16</sup> Other devices are also used when imputing data. For example, if a cell in which an average is to be calculated contains a very small number of firms, it is merged with neighbouring cells according to size class or geographical area. Moreover, robust averages are calculated in the cells, limiting the influence of outliers in the reconstruction. In some cases specific solutions are used that exploit data collected in the questionnaire, as when there are arithmetic constraints between the variables or weaker links that nonetheless allow a reliable reconstruction of the missing datum. For instance, if a firm does not report the number of hirings during the year, this is calculated by adding the number of departures to the difference between the workforce at the beginning and end of the year; the same method is used for the number of departures.

<sup>17</sup> The symbol  $nh$  indicates the actual sample size. This allows the weights to be implicitly corrected to take account of the total of missing responses.

<sup>18</sup> Iterative proportional fitting (or raking) simultaneously aligns the sample weights to the distribution of certain characteristics known from outside sources. See for instance V. Verma, *Advanced Sampling Method: Manual for Statistical Trainers*, Statistical Institute for Asia and the Pacific, Tokyo, 2000, 6.13-6.21.



$$(2) \quad w_{hk}^{(1)} = w_h^{(0)} f_k$$

the sum of which coincides, in the post-stratum cells, with the number of firms in the target population they contain.

Therefore the system of final weights does not take into account the complete combinations of sector, branch of activity and geographical area, partly because some of them may contain no sample units, and partly because such a system of weights might lead to overly variable estimates for some domains. Consequently, post-stratification is limited to reconstructing the combinations of a) North-West, North-East, Centre, South and Islands, b) firms with 20 to 49 and 50 or more employees, c) manufacturing, energy-producing, mining and quarrying, and service firms (the latter divided by section; see Section A2).

At every survey the weights are recalculated according to the distribution of the population on the latest available date.<sup>19</sup>

## A7. Sample estimates

For a generic variable  $x$ , the aggregate is estimated with a Horvitz-Thompson unbiased estimator of the total,<sup>20</sup> given by:

$$(3) \quad X = \sum w_i x_i$$

The estimate of rates of change, for instance of turnover or investments, is obtained using as estimator the ratio of the sums of the levels for each firm, weighted with the inverse sampling fraction according to a formula of the following type:

$$(4) \quad r_{t,t-1} = \frac{\sum_i w_i X_i^t}{\sum_i w_i X_i^{t-1}}$$

The levels of the aggregate that are set as numerator and denominator of the formula are collected from the firm in the reference year, even when that firm has already taken part in the previous edition of the survey.<sup>21</sup>

In the specific case of percentage changes in investments, robust estimation techniques have been used since the 1999 survey.<sup>22</sup> The empirical distribution of this variable is ridden with outliers, partly owing to the nature of the phenomenon of interest: measurement of the levels, the ratio of which gives the rate of change, is complicated by the simultaneous presence of factors such as the typical long-term nature of spending, uncertainty, classification errors, and other sources of measurement error.

---

<sup>19</sup> The population of firms is that obtained from Istat, *Archivio statistico delle imprese attive*, 2003. Updates are published periodically for the population of about two years earlier. The estimates are revised periodically to take account of updates in the survey reference population.

<sup>20</sup> See, for example, F. Cicchitelli, A. Herzel and G. Montanari, *Il campionamento statistico*, Bologna, Il Mulino Editore, 1994.

<sup>21</sup> The estimate of the trend of phenomena based on the data of a single survey has proved much more stable than the estimate obtained from a comparison of the values recorded in adjacent surveys, which sometimes reflect structural changes in the firms that are difficult to take into account, as well as problems of classification and measurement. These aspects are monitored more closely within a same questionnaire, leading to more accurate estimates of changes. However, this method does not take full account of the entry and exit of firms in the target population.

<sup>22</sup> On robust estimation techniques in general see for example D.F. Andrews, P.J. Bickel, F.R. Hampel, P.J. Huber, W.H. Rogers and J.W. Tukey, *Robust estimates of location*, Princeton, Princeton University Press, 1972 or D.C. Hoaglin, F. Mosteller and J.W. Tukey (eds.), *Understanding robust and exploratory data*, New York, John Wiley & Sons, 1983. A classic reference for the theory is P. J. Huber, *Robust statistics*, New York, John Wiley & Sons, 1981.

Using the method known as ‘type II Winsorisation’, the rates of change above and below the cut-offs fixed on the basis of the empirical distribution are squashed against the cut-off, in proportion to the sampling fraction, according to the following formula:

$$(5) \quad y_i^{wins} = \begin{cases} fy_i + (1-f)J & y_i < J \\ fy_i + (1-f)K & y_i > K \\ y_i & otherwise \end{cases}$$

in which  $y_i^{wins}$  is the Winsorised rate,  $y_i$  the observed rate,  $f$  the sampling fraction,  $J$  and  $K$  respectively the lower and upper cut-offs. In the case of firms labelled as outliers, the extreme values are set equal to the cut-off, without taking the sampling fraction into account.<sup>23</sup>

In a few cases the survey collects directly the rates of change in economic phenomena: this happens, for instance, with the rate of change of capacity utilisation or of percentages (such as the percentage of hours worked overtime). In this case, the estimate for the whole population is calculated as an average of the individual rates of change, weighted with the inverse sampling fraction times the amount of the phenomenon (or, if unavailable, a proxy).

The deflators for the levels of investments and turnover are calculated as sector means of the individual deflators collected directly from firms, weighted with the product of the coefficient of the ratio to the population and the amount of turnover.<sup>24</sup>

## A8. Estimating standard errors

Finding the analytical expressions of the variance of the estimators obtained from a non-proportional stratified sampling design, with weights adjusted to take account of post-stratified variables, can be a complex task<sup>25</sup> that suggests resorting to simulation methods able to take account of the original sample design.<sup>26</sup>

The values are estimated using the jack-knife method, which is particularly well-suited to take account of the imposed structure of the data due to the nature of the sampling design, while ensuring that appropriate asymptotic properties are maintained.<sup>27</sup>

---

<sup>23</sup> In the literature, changing the values based on (5) is called ‘type II Winsorisation’; when the sampling fraction is not taken into account it is called ‘type I Winsorisation’: in the latter case, the values beyond the cut-off are completely squashed against it. For a detailed description of the method used to estimate the changes in investments see P. Battipaglia, ‘Robust Estimates of Investments from the Bank of Italy’s Business Survey’, *Statistics Research Report*, London, London School of Economics, 2000.

<sup>24</sup> Research is under way to assess whether individual deflators can be used in place of average deflators to estimate variations at constant prices. Estimates based on individual deflators have a smaller standard error if there is a positive correlation between the deflators and the nominal variations at the individual level, which would reduce their variance. Empirical analysis has found that variations in turnover display this property even in the presence of measurement errors. The positive correlation was not found in the case of variations in investments. See L. D’Aurizio and R. Tartaglia Polcini, ‘Use of Deflators in the Bank of Italy’s Business Surveys’, Working Paper, CESifo, Munich, 14-15 October 2005, <http://www.cesifo-group.de>

<sup>25</sup> See Chapter 7 of C. Särndal, B. Swensson and J. Wretman, *Model Assisted Survey Sampling*, New York, Springer-Verlag, 1992.

<sup>26</sup> A classic reference is K. M. Wolter, *Introduction to Variance Estimation*, New York, Springer Verlag, 1985.

<sup>27</sup> This method is well-suited to the purpose, as comparisons of its theoretical and empirical properties with those of other replication methods show. See, for example, J. Shao and D. Tu, *The Jackknife and Bootstrap*, New York, Springer, 1995, which contains a thorough comparative analysis of the two methods of estimating variance.

If  $T_n$  is the value of the estimator for a sample containing  $n$  units and  $T_{n-1;i}$  is the value of the same estimator calculated for the sample in which the  $i$ th unit has been left out (*leave-one-out method*), we first calculate the ‘pseudo-values’  $\tilde{T}_{n;i}$  defined as:

$$\tilde{T}_{n;i} = nT_n - (n-1)T_{n-1;i} \quad 1 \leq i \leq n;$$

the jack-knife estimator of the variance of  $T_n$  is (Tukey, 1958):

$$Var_{JACK}(T_n) = \frac{1}{n(n-1)} \sum_{i=1}^n \left( \tilde{T}_{n;i} - \frac{1}{n} \sum_{j=1}^n \tilde{T}_{n;j} \right)^2.$$

The highest standard errors are found for the estimate of the variance of investments owing to their intrinsic variability. The lowest standard errors occur in the estimate of changes in turnover and employment. In the domain analyses, for example by firm size class or geographical area, the estimates are less accurate than the estimates for the total sample, a circumstance that should be taken into account when analysing the results.<sup>28</sup>

---

<sup>28</sup>This is why more aggregate size classes and branches of activity are used in the analyses than in the sample design.

Table 5a

**Standard errors of percentage changes, 2005 on 2004**  
(per cent)

	Change in total investments <sup>(a) (b)</sup>		Change in turnover <sup>(b)</sup>		Change in end-year workforce		Change in average workforce in year	
	estimate	standard error	estimate	standard error	estimate	standard error	estimate	standard error
<b>Industry excluding construction</b>								
<b>Number of employees</b>								
20–49 .....	-3.7	2.6	0.1	0.5	-0.6	0.3	-0.7	0.3
50–199 .....	-4.6	2.3	0.1	0.4	-1.6	0.4	-1.5	0.4
200–499 .....	-4.2	2.7	1.1	0.5	-0.5	0.3	-0.3	0.3
500 or more.....	-4.5	1.7	-1.0	1.1	-1.2	0.2	-0.9	0.2
<b>Geographical area<sup>(c)</sup></b>								
North-West .....	-4.3	1.9	-0.2	0.4	-1.2	0.3	-1.3	0.3
North-East .....	-3.3	2.5	1.2	0.4	-0.7	0.3	-0.8	0.3
Centre .....	-5.2	1.5	-1.4	1.8	-1.2	0.3	-0.3	0.3
South & Islands .....	-4.9	2.2	0.8	0.5	-1.1	0.5	-0.5	0.4
<b>Total .....</b>	<b>-4.3</b>	<b>1.1</b>	<b>-0.1</b>	<b>0.4</b>	<b>-1.0</b>	<b>0.2</b>	<b>-0.9</b>	<b>0.2</b>
<b>Non-financial private services</b>								
<b>Number of employees</b>								
20–49 .....	5.0	4.7	0.3	0.5	0.1	0.8	-0.6	0.8
50–199 .....	1.2	4.7	2.3	0.6	2.0	0.8	1.8	0.7
200–499 .....	-1.2	5.1	1.2	1.1	0.1	1.1	1.4	1.1
500 or more.....	2.2	3.7	2.1	0.9	0.0	0.7	1.0	0.6
<b>Geographical area<sup>(c)</sup></b>								
North-West .....	3.1	5.8	2.3	0.8	0.3	0.8	1.0	0.7
North-East .....	-0.6	3.6	0.5	0.5	0.5	0.5	1.5	0.5
Centre .....	4.0	2.9	1.4	0.6	0.1	0.6	-0.4	0.7
South & Islands ...	-0.8	7.6	1.8	0.7	1.7	1.2	1.0	1.0
<b>Total .....</b>	<b>2.2</b>	<b>2.3</b>	<b>1.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.8</b>	<b>0.4</b>
<b>Total .....</b>	<b>-1.4</b>	<b>1.1</b>	<b>0.5</b>	<b>0.3</b>	<b>-0.3</b>	<b>0.2</b>	<b>-0.2</b>	<b>0.2</b>

a) Estimated at constant 2005 prices using type II Winsorisation at the 5th and 95th percentile distribution of changes.  
– (b) Location of head office.

The standard errors are also estimated for the forecasts of the main variables surveyed. These calculations take into account the fact that a fair portion of the data is affected by partial non-responses, which are imputed using the method described in Section A5.<sup>29</sup> Multiple imputation is used, which entails replicating independently a given number of datasets containing the complete observations so as to take account of the intrinsic variability of imputation. Twenty-five bootstrap samples are extracted from the original sample, only for observations based on complete original data, maintaining the sampling design. The imputation of the forecasting variables is replicated

<sup>29</sup> Rates of partial non-response relating to forecasts for 2006 are 9 per cent for the average workforce, 8 per cent for turnover and 17 per cent for investments.

after the design weights have been realigned with the post-stratified variables. If  $\hat{t}$  is used to denote the estimator and  $m$  the number of replicated samples, the variance of  $\hat{t}$  can be estimated by the following expression:<sup>30</sup>

$$\hat{v}(\hat{t}) = \frac{1}{m} \sum_{j=1}^m \hat{v}_{p(s)}(\hat{t}_j^*) + \left(1 + \frac{1}{m}\right) \sum_{j=1}^m \frac{(\hat{t}_j^* - \hat{t}_{mi})^2}{m-1}, \text{ dove } \hat{t}_{mi} = \frac{1}{m} \sum_{i=1}^m \hat{t}_j^*$$

The term  $\hat{v}_{p(s)}(\hat{t}_j^*)$  indicates the variance estimated on the  $j$ th sample replicated for the estimator  $\hat{t}$ , using the information from the sample plan  $p(s)$ . The first sum is the average within imputation variance, while the second sum, known as the between imputation variance, is interpreted as the variability produced by the imputation. Table 6a gives the results. Clearly, the forecasting data show a greater degree of variability than the final results.

---

<sup>30</sup> See, for example, Chapter 4 of H. Lehtonen and E. Pahkinen, *Practical Methods for Design and Analysis of Complex Surveys*, New York, Wiley, 2004.

Table 6a

**Standard errors of forecast changes, 2006 on 2005**  
(per cent)

	Change in total investments <sup>(a)</sup> <sub>(b)</sub>		Change in turnover <sup>(b)</sup>		Change in end-year workforce	
	estimate	standard error	estimate	standard error	estimate	standard error
<b>Industry excluding construction</b>						
<b>Number of employees</b>						
20–49 .....	-9.9	4.0	1.7	0.6	0.0	1.0
50–199 .....	-3.2	3.0	2.7	0.8	-1.3	1.4
200–499 .....	1.9	4.8	0.7	0.7	-0.1	1.9
500 or more.....	3.9	3.2	2.6	0.9	0.1	3.1
<b>Geographical area<sup>(c)</sup></b>						
North-West .....	-0.2	3.0	2.4	0.8	-0.6	2.2
North-East	-4.3	3.9	2.1	0.6	-0.5	1.5
Centre .....	3.5	3.2	0.7	0.8	0.4	1.4
South & Islands	-7.3	3.2	2.9	0.6	-0.4	1.2
<b>Total .....</b>	<b>-1.1</b>	<b>2.5</b>	<b>2.0</b>	<b>0.6</b>	<b>-0.4</b>	<b>1.3</b>
<b>Non-financial private services</b>						
<b>Number of employees</b>						
20–49 .....	-14.3	6.3	1.0	0.6	0.8	1.3
50–199 .....	-3.3	6.4	2.1	0.6	1.4	0.9
200–499 .....	3.4	8.7	1.2	1.5	0.2	0.9
500 or more.....	15.1	7.9	1.7	1.0	-0.6	1.6
<b>Geographical area<sup>(c)</sup></b>						
North-West .....	4.8	9.5	1.6	0.9	0.5	0.8
North-East	-1.5	9.5	1.9	0.6	-0.2	2.0
Centre .....	9.6	6.2	1.0	0.6	0.1	0.7
South & Islands ...	-6.5	5.2	1.7		1.5	1.1
<b>Total .....</b>	<b>3.8</b>	<b>5.7</b>	<b>1.5</b>	<b>1.3</b>	<b>0.4</b>	<b>0.9</b>
<b>Total .....</b>	<b>1.2</b>	<b>2.7</b>	<b>1.8</b>	<b>0.3</b>	<b>-0.1</b>	<b>0.7</b>

a) Estimated at constant 2005 prices using type II Winsorisation at the 5th and 95th percentile distribution of changes. –  
(b) Head office.

**Appendix B:**  
**Statistical tables**





## List of tables

Table A1	Composition of the samples and the reference populations .....	40
Table B1	Concentration of ownership and listed firms, 2005 .....	41
Table B2	Controlling entity and transfers of control, 2005 .....	42
Table B3	Firms affected by mergers, acquisitions, contributions, transfers and splits, 2005 .....	43
Table B4	Firms belonging to a group, 2005 .....	44
Table C1	Workforce, 2005 .....	45
Table C2	Per capita hours worked and hours overtime, 2005 .....	46
Table C3	Fixed-term work, temporary work and immigrant workers, 2005 .....	47
Table C4	Labour turnover, hirings and departures, 2005 .....	48
Table C5	Collaboration contracts, 2004-05 .....	49
Table C6	Total gross earnings and minimum wages per national agreements, 2005 .....	50
Table D1	Investments, 2005 .....	51
Table D2	Review of investment plans, 2005 .....	52
Table D3	Reasons for reviewing investment plans, 2005 .....	53
Table D4	Change in plant capacity and utilisation rate, 2005.....	54
Table D5	Total investment: shares of investment in tangibles, intangibles and hardware, 2005 .....	55
Table E1	Turnover, 2005 .....	56
Table E2	Operating result, 2005 .....	57
Table F1	Telephony, 2005.....	58
Table G1	Impact of the Basel II Accord, 2005 .....	59
Table H1	Changes in sources of funds, 2005.....	60
Table I1	Trade credit and trade debt, 2005.....	61
Table M1	Annual change in workforce, 2002-06 .....	62
Table M2	Annual change in per capita hours worked, 2002-05 .....	63
Table M3	Annual change in investments, 2002-06 .....	64
Table M4	Investment realisation rate, 2002-05 .....	65
Table M5	Annual change in turnover, 2002-06.....	66
Table M6	Capacity utilisation rate, 2001-06 .....	67

## Composition of the samples and the reference populations

(number)

	Firms with 20-49 employees		Firms with 50 or more employees		Total firms with 20 or more employees	
	sample size 2005	population size <sup>(1)</sup>	sample size 2005	population size <sup>(1)</sup>	sample size 2005	population size <sup>(1)</sup>
	<b>Industrial firms <sup>(2)</sup></b>					
<b>Geographical area <sup>(3)</sup></b>						
North-West .....	191	9,185	520	5,179	711	14,364
North-East .....	188	8,196	427	3,902	615	12,098
Centre .....	281	4,651	431	1,805	712	6,456
South and Islands .....	617	4,141	576	1,368	1,193	5,509
<b>Number of employees</b>						
20 – 49 .....	1,277	26,173	-	-	1,277	26,173
50 – 199 .....	-	-	1,266	10,187	1,266	10,187
200 – 499 .....	-	-	389	1,447	389	1,447
500 or more .....	-	-	299	620	299	620
<b>Branch of activity</b>						
Textiles, clothing, leather, shoes ..	1,240	25,713	1,885	11,978	3,125	37,691
Chemicals, rubber and plastic .....	170	5,074	253	1,928	423	7,002
Engineering .....	124	2,150	221	1,417	345	3,567
Other manufacturing .....	442	11,109	802	5,485	1,244	16,594
Energy, mining & quarrying .....	504	7,380	609	3,148	1,113	10,528
<b>Total industrial firms .....</b>	<b>37</b>	<b>460</b>	<b>69</b>	<b>276</b>	<b>106</b>	<b>736</b>
<b>Geographical area <sup>(3)</sup></b>	<b>1,277</b>	<b>26,173</b>	<b>1,954</b>	<b>12,254</b>	<b>3,231</b>	<b>38,427</b>
	<b>Service firms <sup>(4)</sup></b>					
<b>Geographical area <sup>(3)</sup></b>						
North-West .....	89	6,088	155	3,244	244	9,332
North-East .....	85	4,745	177	1,948	262	6,693
Centre .....	103	3,740	170	1,712	273	5,452
South and Islands .....	167	3,766	213	1,434	380	5,200
<b>Number of employees</b>						
20 – 49 .....	444	18,339	-	-	444	18,339
50 – 199 .....	-	-	413	6,671	413	6,671
200 – 499 .....	-	-	160	1,096	160	1,096
500 or more .....	-	-	142	571	142	571
<b>Branch of activity</b>						
Trade, hotels and restaurants .....	276	10,198	307	3,441	583	13,639
Transport and communication.....	87	3,199	187	1,804	274	5,003
Other business & h.hold services ..	81	4,942	221	3,093	302	8,035
<b>Total service firms .....</b>	<b>444</b>	<b>18,339</b>	<b>715</b>	<b>8,338</b>	<b>1,159</b>	<b>26,677</b>
<b>Total .....</b>	<b>1,721</b>	<b>44,512</b>	<b>2,669</b>	<b>20,592</b>	<b>4,390</b>	<b>65,104</b>

(1) Population data are from Istat and refer to 2003. – (2) Firms in industry excluding construction. – (3) The geographical area is defined by the location of the registered head office (North-West = Piedmont, Valle d'Aosta, Lombardy and Liguria; North-East = Veneto, Trentino-Alto Adige, Friuli-Venezia Giulia and Emilia-Romagna; Centre = Tuscany, Umbria, Marche and Lazio; South and Islands = Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sicily and Sardinia). – (4) Does not include firms in credit and insurance, public services and other social and personal services.

## Concentration of ownership and listed firms, 2005

(per cent)

	Quota of first shareholder	Quota of first three shareholders	Average number of shareholders of unlisted firms	Listed firms
<b>Industrial firms with 50 or more employees</b>				
<b>Geographical area</b>				
North-West .....	68.7	91.2	8	1.8
North-East .....	69.4	93.3	6	1.9
Centre .....	62.3	89.4	7	0.6
South and Islands .....	61.3	91.1	8	0.2
<b>Number of employees</b>				
20 – 49 .....	-	-	-	-
50 – 199 .....	64.8	91.2	7	0.9
200 – 499 .....	76.8	93.6	9	1.8
500 or more .....	81.8	93.2	8	11.0
<b>Branch of activity</b>				
Textiles, clothing, leather, shoes ..	67.3	91.8	7	1.3
Chemicals, rubber and plastic .....	62.8	93.1	4	1.5
Engineering .....	76.6	95.3	4	0.9
Other manufacturing .....	67.2	90.8	4	1.5
Energy, mining & quarrying .....	65.9	90.9	13	1.1
	60.0	82.1	45	7.2
<b>Share of exports</b>				
Less than one-third .....				
From one- to two-thirds .....	64.6	91.3	10	1.6
More than two-thirds .....	68.3	90.9	4	1.3
	71.3	93.0	5	1.5
<b>Total industrial firms.....</b>				
<b>Geographical area</b>	<b>67.1</b>	<b>91.6</b>	<b>7</b>	<b>1.5</b>

## Controlling entity and transfers of control, 2005

(per cent)

	Controlling entity					Transfers of control
	physical person	holding, sub- holding	bank, other financial co., insurance co.	non-financial company	Total	
<b>Industrial firms with 50 or more employees</b>						
<b>Geographical area</b>						
North-West .....	50.9	36.0	2.5	10.6	100.0	6.1
North-East .....	45.6	38.3	3.7	12.4	100.0	8.8
Centre .....	51.9	30.6	3.7	13.9	100.0	2.4
South and Islands .....	68.3	19.6	3.4	8.8	100.0	3.8
<b>Number of employees</b>						
20 – 49 .....	-	-	-	-	-	-
50 – 199 .....	57.2	28.5	3.1	11.1	100.0	6.5
200 – 499 .....	24.5	58.5	3.0	14.0	100.0	4.8
500 or more .....	14.4	68.1	4.2	13.3	100.0	4.0
<b>Branch of activity</b>						
Total manufacturing firms .....	51.7	34.4	3.2	10.7	100.0	6.1
Textiles, clothing, leather, shoes ..	59.8	27.9	2.8	9.5	100.0	5.6
Chemicals, rubber and plastic ..	40.7	48.5	2.4	8.4	100.0	3.4
Engineering .....	50.9	35.5	3.4	10.1	100.0	7.1
Other manufacturing .....	52.9	30.2	3.5	13.4	100.0	6.0
Energy, mining & quarrying .....	23.0	20.9	1.4	54.8	100.0	8.0
<b>Share of exports</b>						
Less than one-third .....	57.4	28.4	2.6	11.6	100.0	7.0
From one- to two-thirds .....	48.4	38.4	3.3	9.9	100.0	3.9
More than two-thirds .....	39.8	42.2	4.3	13.7	100.0	7.4
<b>Total industrial firms.....</b>	<b>51.1</b>	<b>34.2</b>	<b>3.2</b>	<b>11.6</b>	<b>100.0</b>	<b>6.2</b>

**Firms affected by mergers, acquisitions, contributions, transfers and splits, 2005**  
(per cent)

	Firms with 20-49 employees	Firms with 50 or more employees	Total firms with 20 or more employees
<b>Industrial firms</b>			
<b>Geographical area</b>			
North-West .....	2.3	5.1	3.3
North-East .....	5.3	10.3	6.9
Centre .....	5.2	6.8	5.7
South & Islands .....	1.9	2.5	2.0
<b>Number of employees</b>			
20 – 49 .....	3.7	-	3.7
50 – 199 .....	-	6.0	6.0
200 – 499 .....	-	8.4	8.4
500 or more .....	-	14.4	14.4
<b>Branch of activity</b>			
Total manufacturing firms .....	3.8	6.6	4.7
Textiles, clothing, leather, shoes ..	4.3	5.9	4.8
Chemicals, rubber and plastic ..	0.3	9.5	3.9
Engineering .....	3.0	5.3	3.7
Other manufacturing .....	5.6	7.9	6.3
Energy, mining & quarrying .....	0.0	12.7	4.8
<b>Share of exports</b>			
Less than one-third .....	3.2	8.1	4.4
From one- to two-thirds .....	3.2	3.6	3.4
More than two-thirds .....	6.5	7.6	6.9
<b>Total industrial firms .....</b>	<b>3.7</b>	<b>6.7</b>	<b>4.7</b>
<b>Service firms</b>			
<b>Geographical area</b>			
North-West .....	4.0	7.6	5.3
North-East .....	3.0	5.6	3.8
Centre .....	7.1	5.8	6.7
South & Islands .....	2.5	1.3	2.2
<b>Number of employees</b>			
20 – 49 .....	4.1	-	4.1
50 – 199 .....	-	5.8	5.8
200 – 499 .....	-	5.0	5.0
500 or more .....	-	6.1	6.1
<b>Branch of activity</b>			
Trade, hotels, bars & restaurants ..	2.3	4.1	2.8
Transport & communication .....	7.0	8.5	7.5
Other business & h.hold services...	5.7	5.9	5.7
<b>Total service firms .....</b>	<b>4.1</b>	<b>5.7</b>	<b>4.6</b>
<b>Total .....</b>	<b>3.8</b>	<b>6.3</b>	<b>4.6</b>

## Firms belonging to a group, 2005

(per cent)

	Firms belonging to a group	Nationality of the group			
		Italian	EU countries <sup>(1)</sup>	Rest of the world	Total
<b>Industrial firms</b>					
<b>Geographical area</b>					
North-West .....	29.2	69.0	18.9	12.1	100.0
North-East .....	31.8	79.4	16.9	3.7	100.0
Centre .....	24.8	89.0	7.9	3.2	100.0
South & Islands .....	18.4	87.0	8.0	5.0	100.0
<b>Number of employees</b>					
20 – 49 .....	19.4	77.7	15.4	6.9	100.0
50 – 199 .....	38.2	79.8	14.5	5.7	100.0
200 – 499 .....	77.4	74.0	17.8	8.2	100.0
500 or more .....	91.7	66.6	18.6	14.8	100.0
<b>Branch of activity</b>					
Total manufacturing firms .....	27.4	77.3	15.7	6.9	100.0
Textiles, clothing, leather, shoes .....	20.5	96.2	2.7	1.0	100.0
Chemicals, rubber and plastic ... ..	38.8	65.7	26.8	7.6	100.0
Engineering .....	29.3	69.8	21.3	8.9	100.0
Other manufacturing .....	25.3	87.2	6.7	6.1	100.0
Energy, mining & quarrying.....	43.9	81.9	6.5	11.6	100.0
<b>Share of exports</b>					
Less than one-third .....	23.8	82.0	11.9	6.2	100.0
From one- to two-thirds .....	32.5	85.3	9.6	5.1	100.0
More than two-thirds .....	36.9	58.6	30.2	11.2	100.0
<b>Total industrial firms.....</b>	<b>27.7</b>	<b>77.5</b>	<b>15.5</b>	<b>7.0</b>	<b>100.0</b>
<b>Service firms</b>					
<b>Geographical area</b>					
North-West .....	38.7	87.2	8.4	4.4	100.0
North-East .....	30.8	89.5	6.4	4.1	100.0
Centre .....	29.1	82.8	8.0	9.2	100.0
South & Islands .....	20.2	96.4	0.6	3.0	100.0
<b>Number of employees</b>					
20 – 49 .....	24.7	91.0	4.7	4.3	100.0
50 – 199 .....	42.4	85.5	8.3	6.2	100.0
200 – 499 .....	49.6	83.5	10.8	5.7	100.0
500 or more .....	74.2	79.7	14.3	6.0	100.0
<b>Branch of activity</b>					
Trade, hotels, bars & restaurants .....	25.0	80.4	11.3	8.3	100.0
Transport & communication.....	32.4	93.2	6.2	0.6	100.0
Other business & h.hold services...	40.8	93.2	2.6	4.1	100.0
<b>Total service firms.....</b>	<b>31.1</b>	<b>88.1</b>	<b>6.8</b>	<b>5.1</b>	<b>100.0</b>
<b>Total .....</b>	<b>29.1</b>	<b>82.1</b>	<b>11.7</b>	<b>6.2</b>	<b>100.0</b>

(1) European Union on 31-12-2003.

## Workforce, 2005

(per cent)

	Percentage change on previous year		
	average workforce	average workforce	
	2005	2005	2005
	<b>Industrial firms</b>		
<b>Geographical area</b>			
North-West .....	-1.2	-1.3	-0.6
North-East .....	-0.7	-0.8	-0.5
Centre .....	-1.2	-0.3	0.4
South & Islands .....	-1.1	-0.5	-0.4
<b>Actual location of workforce</b>			
North-West .....	-1.1	-1.1	-0.7
North-East .....	-0.7	-0.8	-0.3
Centre .....	-1.4	-1.1	-0.2
South & Islands .....	-1.1	-0.5	0.0
<b>Number of employees</b>			
20 – 49 .....	-0.6	-0.7	0.0
50 – 199 .....	-1.6	-1.5	-1.3
200 – 499 .....	-0.5	-0.3	-0.1
500 or more .....	-1.2	-0.9	0.1
<b>Branch of activity</b>			
Total manufacturing firms .....	-1.0	-1.0	-0.6
Textiles, clothing, leather, shoes ..	-3.1	-2.9	-2.7
Chemicals, rubber and plastic ...	-1.0	-0.9	-0.2
Engineering .....	-0.2	-0.4	0.0
Other manufacturing .....	-1.3	-1.1	-0.8
Energy, mining & quarrying.....	-1.5	1.1	3.5
<b>Share of exports</b>			
Less than one-third .....	-1.0	-0.8	-0.1
From one- to two-thirds .....	-1.5	-1.3	-0.7
More than two-thirds .....	-0.5	-0.8	-0.6
<b>Total industrial firms</b> .....	<b>-1.0</b>	<b>-0.9</b>	<b>-0.4</b>
	<b>Service firms</b>		
<b>Geographical area</b>			
North-West .....	-0.1	1.0	0.5
North-East .....	0.9	1.5	-0.2
Centre .....	-0.2	-0.4	0.1
South & Islands .....	3.0	1.0	1.5
<b>Actual location of workforce</b>			
North-West .....	0.3	1.5	0.7
North-East .....	0.5	1.1	0.4
Centre .....	0.1	-0.4	-0.6
South & Islands .....	1.7	0.4	0.7
<b>Number of employees</b>			
20 – 49 .....	0.1	-0.6	0.8
50 – 199 .....	2.0	1.8	1.4
200 – 499 .....	0.1	1.4	0.2
500 or more .....	0.0	1.0	-0.6
<b>Branch of activity</b>			
Trade, hotels, bars & restaurants ..	1.1	1.0	-0.6
Transport & communication.....	-0.3	0.6	-0.3
Other business & h.hold services ..	0.6	0.8	2.1
<b>Total service firms</b> .....	<b>0.6</b>	<b>0.8</b>	<b>0.4</b>
<b>Total</b> .....	<b>-0.3</b>	<b>-0.2</b>	<b>-0.1</b>

(1) Forecast.

## Per capita hours worked and hours overtime, 2005

(number; percentage change)

	2005		Percentage change on previous year	
	hours worked during the year	hours overtime over hours worked	hours worked during the year	hours overtime over hours worked
<b>Industrial firms</b>				
<b>Geographical area</b>				
North-West .....	1,631	4.2	-1.3	-2.1
North-East .....	1,633	4.1	-0.9	-0.2
Centre .....	1,648	3.8	-0.8	-3.5
South & Islands .....	1,694	3.4	-0.9	-1.4
<b>Number of employees</b>				
20 – 49 .....	1,683	3.5	-0.8	-0.6
50 – 199 .....	1,661	4.1	-0.6	1.1
200 – 499 .....	1,618	4.0	-1.5	-6.8
500 or more .....	1,584	4.5	-1.6	-2.8
<b>Branch of activity</b>				
Total manufacturing firms.....	1,643	3.9	-1.0	-1.5
Textiles, clothing, leather, shoes ..	1,573	2.9	-0.4	1.1
Chemicals, rubber and plastic ..	1,671	3.4	-1.1	2.1
Engineering .....	1,646	4.3	-1.3	-3.8
Other manufacturing .....	1,664	4.1	-1.0	0.3
Energy, mining & quarrying.....	1,584	5.7	-1.5	-4.6
<b>Share of exports</b>				
Less than one-third .....	1,652	3.9	-0.8	-0.8
From one- to two-thirds .....	1,625	4.1	-1.2	-3.1
More than two-thirds .....	1,629	4.1	-1.7	-1.8
<b>Total industrial firms .....</b>	<b>1,640</b>	<b>4.0</b>	<b>-1.1</b>	<b>-1.7</b>
<b>Service firms</b>				
<b>Geographical area</b>				
North-West .....	1,628	5.7	-1.0	-0.3
North-East .....	1,599	5.6	-1.7	-1.8
Centre .....	1,650	5.7	-2.0	-1.0
South & Islands .....	1,738	4.4	-0.2	3.3
<b>Number of employees</b>				
20 – 49 .....	1,742	4.0	0.4	1.2
50 – 199 .....	1,735	5.1	-0.7	-3.4
200 – 499 .....	1,631	5.5	-1.3	3.0
500 or more .....	1,501	7.0	-3.1	-1.0
<b>Branch of activity</b>				
Trade, hotels, bars & restaurants ..	1,624	4.6	-1.0	-0.3
Transport & communication.....	1,683	7.1	-2.4	1.9
Other business & h.hold services...	1,623	5.3	-0.6	-3.1
<b>Total service firms .....</b>	<b>1,639</b>	<b>5.5</b>	<b>-1.3</b>	<b>-0.5</b>
<b>Total .....</b>	<b>1,640</b>	<b>4.7</b>	<b>-1.2</b>	<b>-1.5</b>



Table C3

## Fixed-term work, temporary work and immigrant workers, 2005

(per cent, number, average points)

	Fixed-term work	Temporary work <sup>(1)</sup>		Non-EU workers
	% of end-year workforce	number of assignments	% hours temporary work over total	% of end-year workforce
<b>Industrial firms</b>				
<b>Geographical area</b>				
North-West .....	4.6	11.7	2.7	3.4
North-East .....	6.2	10.7	2.5	4.5
Centre .....	5.6	6.8	1.5	3.2
South & Islands .....	8.2	6.1	1.4	0.8
<b>Number of employees</b>				
20 – 49 .....	7.0	-	-	4.3
50 – 199 .....	5.4	5.4	1.8	3.9
200 – 499 .....	5.5	25.1	3.2	3.5
500 or more .....	4.5	57.7	2.6	1.8
<b>Branch of activity</b>				
Total manufacturing firms .....	5.6	10.0	2.4	3.6
Textiles, clothing, leather, shoes ..	5.2	5.6	1.4	3.5
Chemicals, rubber and plastic ..	4.7	15.6	2.7	3.2
Engineering .....	5.5	10.9	2.8	3.6
Other manufacturing .....	6.5	8.9	2.0	3.7
Energy, mining & quarrying .....	4.9	7.0	1.0	1.5
<b>Share of exports</b>				
Less than one-third .....	6.2	8.0	2.1	3.9
From one- to two-thirds .....	5.1	12.7	2.7	3.3
More than two-thirds .....	4.6	10.7	2.3	2.9
<b>Total industrial firms.....</b>	<b>5.6</b>	<b>9.9</b>	<b>2.4</b>	<b>3.5</b>
<b>Service firms</b>				
<b>Geographical area</b>				
North-West .....	9.4	13.0	1.5	4.3
North-East .....	11.6	22.7	0.8	5.4
Centre .....	8.0	5.2	0.8	3.7
South & Islands .....	11.8	11.9	1.2	1.2
<b>Number of employees</b>				
20 – 49 .....	10.0	-	-	3.4
50 – 199 .....	12.9	5.0	0.9	3.6
200 – 499 .....	7.6	20.9	1.0	6.6
500 or more .....	8.9	108.9	1.4	3.9
<b>Branch of activity</b>				
Trade, hotels, bars & restaurants ..	13.2	20.7	1.0	3.2
Transport & communication .....	8.0	13.2	1.2	4.3
Other business & h.hold services ...	7.7	6.2	1.1	5.3
<b>Total service firms .....</b>	<b>10.0</b>	<b>13.6</b>	<b>1.1</b>	<b>4.1</b>
<b>Total .....</b>	<b>7.5</b>	<b>11.2</b>	<b>1.9</b>	<b>3.8</b>

(1) Only firms with 50 or more employees.

Table C4

## Labour turnover, hirings and departures, 2005

(per cent)

	Labour turnover <sup>(1)</sup>	Hirings			Departures		
		payroll employees	fixed-term employees	Total	other reasons	end of fixed-term contract	Total
<b>Industrial firms</b>							
<b>Geographical area</b>							
North-West .....	18.9	3.9	4.9	8.8	4.8	5.2	10.0
North-East .....	25.6	5.5	7.0	12.4	6.7	6.5	13.1
Centre .....	24.4	5.0	6.6	11.6	6.2	6.6	12.8
South & Islands .....	41.3	7.4	12.7	20.1	8.3	12.9	21.2
<b>Number of employees</b>							
20 – 49 .....	26.0	6.6	6.0	12.7	7.3	6.1	13.3
50 – 199 .....	24.4	5.0	6.5	11.4	6.6	6.4	13.0
200 – 499 .....	22.5	4.3	6.7	11.0	4.8	6.7	11.5
500 or more .....	21.5	3.2	6.9	10.1	4.3	7.0	11.3
<b>Branch of activity</b>							
Total manufacturing firms .....	23.8	4.9	6.5	11.4	5.9	6.5	12.4
Textiles, clothing, leather, shoes ..	23.6	4.6	5.6	10.2	7.9	5.5	13.4
Chemicals, rubber and plastic ...	19.6	4.0	5.2	9.3	4.9	5.4	10.3
Engineering .....	21.1	5.2	5.2	10.5	5.5	5.2	10.6
Other manufacturing .....	31.0	4.8	10.0	14.8	6.0	10.2	16.2
Energy, mining & quarrying.....	23.1	4.3	6.4	10.8	5.9	6.4	12.3
<b>Share of exports</b>							
Less than one-third .....	25.9	5.3	7.2	12.4	6.4	7.1	13.4
From one- to two-thirds .....	22.0	4.2	6.1	10.3	5.4	6.4	11.8
More than two-thirds .....	21.0	4.7	5.5	10.2	5.5	5.3	10.8
<b>Total industrial firms.....</b>	<b>23.8</b>	<b>4.9</b>	<b>6.5</b>	<b>11.4</b>	<b>5.9</b>	<b>6.5</b>	<b>12.4</b>
<b>Service firms</b>							
<b>Geographical area</b>							
North-West .....	42.4	9.2	11.9	21.2	9.1	12.2	21.2
North-East .....	56.3	11.2	17.4	28.6	10.0	17.6	27.7
Centre .....	43.7	8.0	13.7	21.7	9.0	13.0	22.0
South & Islands .....	47.5	9.5	15.7	25.2	8.5	13.8	22.3
<b>Number of employees</b>							
20 – 49 .....	50.2	9.0	16.2	25.2	8.6	16.5	25.1
50 – 199 .....	51.7	9.1	17.7	26.8	7.7	17.1	24.8
200 – 499 .....	43.6	11.7	10.2	21.9	11.3	10.5	21.8
500 or more .....	42.7	9.3	12.1	21.4	9.9	11.4	21.3
<b>Branch of activity</b>							
Trade, hotels, bars & restaurants ..	60.7	9.9	21.0	30.9	9.4	20.4	29.8
Transport & communication.....	32.8	6.1	10.1	16.2	6.8	9.7	16.5
Other business & h.hold services...	41.7	11.7	9.5	21.1	10.9	9.7	20.6
<b>Total service firms.....</b>	<b>47.0</b>	<b>9.5</b>	<b>14.3</b>	<b>23.8</b>	<b>9.2</b>	<b>14.0</b>	<b>23.2</b>
<b>Total .....</b>	<b>33.9</b>	<b>6.9</b>	<b>9.9</b>	<b>16.8</b>	<b>7.4</b>	<b>9.8</b>	<b>17.1</b>

(1) Sum of flows of hirings and departures during the year as a percentage of the mean of the workforce at the beginning and end of the year.

Table C5

## Collaboration contracts, 2004-05

(per cent of firms)

	2004		Situation at end-2005 of collaboration contracts outstanding at end-2004						Total
	% of firms using collaboration contracts	collaborators as a percentage of payroll employment (1)	still in force	% of firms using collaboration contracts				terminated	
				project contracts	fixed-term contracts	payroll employment	consultancy contracts		
<b>Industrial firms</b>									
<b>Geographical area</b>									
North-West .....	46.5	2.9	36.3	52.7	0.8	1.3	1.2	7.7	100.0
North-East .....	47.1	3.2	49.3	27.7	2.4	4.9	2.7	13.0	100.0
Centre .....	42.9	3.1	45.5	30.5	2.8	5.7	1.5	14.1	100.0
South & Islands .....	33.6	5.9	51.7	19.8	1.6	2.2	1.1	23.6	100.0
<b>Number of employees</b>									
20 – 49 .....	42.2	7.4	41.7	43.4	1.6	2.6	1.5	9.2	100.0
50 – 199 .....	46.5	3.3	44.4	30.3	1.7	4.2	1.8	17.7	100.0
200 – 499 .....	57.3	1.5	40.9	36.0	2.2	2.9	1.0	17.0	100.0
500 or more .....	66.0	1.0	46.3	39.4	0.6	2.0	1.8	9.8	100.0
<b>Branch of activity</b>									
Total manufacturing firms.....	44.1	3.4	42.8	39.6	1.5	2.9	1.6	11.7	100.0
Textiles, clothing, leather, shoes ..	40.5	3.5	52.9	30.6	0.4	3.3	1.3	11.5	100.0
Chemicals, rubber and plastic ..	36.0	2.2	52.3	28.4	0.6	1.9	1.9	14.8	100.0
Engineering .....	46.1	2.8	49.4	28.7	1.6	4.3	2.0	14.0	100.0
Other manufacturing .....	46.1	4.9	34.2	51.0	1.8	2.0	1.3	9.7	100.0
Energy, mining & quarrying .....	50.1	1.1	42.5	28.3	4.9	4.8	2.5	17.2	100.0
<b>Share of exports</b>									
Less than one-third .....	44.4	4.4	41.8	42.0	1.0	2.2	1.6	11.4	100.0
From one- to two-thirds .....	45.7	1.9	44.1	33.9	2.2	5.8	1.1	12.9	100.0
More than two-thirds .....	41.8	2.4	46.9	29.6	4.2	3.8	2.5	13.0	100.0
<b>Total industrial firms .....</b>	<b>44.2</b>	<b>3.2</b>	<b>42.8</b>	<b>39.3</b>	<b>1.6</b>	<b>3.0</b>	<b>1.6</b>	<b>11.8</b>	<b>100.0</b>
<b>Service firms</b>									
<b>Geographical area</b>									
North-West .....	49.3	3.4	45.9	33.0	2.2	4.9	1.7	12.2	100.0
North-East .....	46.4	3.2	35.2	41.2	0.7	2.9	4.1	15.8	100.0
Centre .....	43.4	3.7	32.5	40.1	6.9	4.4	0.9	15.2	100.0
South & Islands .....	42.4	6.7	4.0	89.0	2.1	2.1	0.3	2.5	100.0
<b>Number of employees</b>									
20 – 49 .....	44.3	8.8	13.6	77.4	1.0	1.7	1.1	5.2	100.0
50 – 199 .....	49.0	4.0	37.6	37.0	3.9	6.0	1.3	14.2	100.0
200 – 499 .....	52.3	2.1	33.5	43.4	0.9	2.9	1.6	17.7	100.0
500 or more .....	53.9	1.1	25.3	25.5	24.0	14.8	0.0	10.3	100.0
<b>Branch of activity</b>									
Trade, hotels, bars & restaurants	44.8	3.3	55.2	22.7	0.6	4.5	2.2	14.8	100.0
Transport & communication .....	42.9	3.2	37.9	33.1	11.5	8.3	2.5	6.8	100.0
Other business & h.hold services...	50.0	4.9	5.7	85.0	1.7	1.7	0.6	5.3	100.0
<b>Total service firms .....</b>	<b>46.0</b>	<b>3.8</b>	<b>18.2</b>	<b>68.0</b>	<b>2.5</b>	<b>2.9</b>	<b>1.1</b>	<b>7.2</b>	<b>100.0</b>
<b>Total .....</b>	<b>45.0</b>	<b>3.5</b>	<b>28.1</b>	<b>56.4</b>	<b>2.1</b>	<b>2.9</b>	<b>1.3</b>	<b>9.1</b>	<b>100.0</b>

(1) Only in firms making use of collaboration contracts at the end of 2004. Winsorised according to the 1st and 99th percentiles.

## Total gross earnings and minimum wages per national agreements, 2005

(€ thousands, per cent)

	Total gross earnings	Minimum earnings over total gross earnings
<b>Industrial firms</b>		
<b>Geographical area</b>		
North-West .....	27.2	84.1
North-East .....	26.4	84.3
Centre .....	26.7	90.6
South & Islands .....	21.7	93.4
<b>Number of employees</b>		
20 – 49 .....	23.3	89.8
50 – 199 .....	25.4	87.2
200 – 499 .....	28.3	83.4
500 or more .....	29.3	84.1
<b>Branch of activity</b>		
Total manufacturing firms .....	25.8	85.6
Textiles, clothing, leather, shoes ..	21.8	87.4
Chemicals, rubber and plastic ..	28.6	85.3
Engineering .....	26.7	83.8
Other manufacturing .....	25.3	87.9
Energy, mining & quarrying .....	34.3	95.0
<b>Share of exports</b>		
Less than one-third .....	26.0	88.7
From one- to two-thirds .....	26.7	83.6
More than two-thirds .....	26.7	84.0
<b>Total industrial firms.....</b>	<b>26.3</b>	<b>86.3</b>
<b>Service firms</b>		
<b>Geographical area</b>		
North-West .....	29.5	85.6
North-East .....	25.0	86.0
Centre .....	27.5	88.3
South & Islands .....	23.2	93.9
<b>Number of employees</b>		
20 – 49 .....	27.5	91.8
50 – 199 .....	25.6	88.6
200 – 499 .....	26.7	84.6
500 or more .....	27.6	84.4
<b>Branch of activity</b>		
Trade, hotels, bars & restaurants ..	25.1	90.2
Transport & communication .....	30.6	85.5
Other business & h.hold services ...	26.1	86.3
<b>Total service firms .....</b>	<b>26.9</b>	<b>87.5</b>
<b>Total .....</b>	<b>26.6</b>	<b>86.9</b>

## Investments, 2005

(€ thousands; per cent)<sup>(1)</sup>

	Per capita gross fixed investment	Gross fixed investment % change on previous year <sup>(2)</sup>		Realisation rate <sup>(4)</sup>
		2005	2006 <sup>(3)</sup>	
<b>Industrial firms</b>				
<b>Geographical area</b>				
North-West .....	10.1	-4.3	-0.2	96.5
North-East .....	8.5	-3.3	-4.3	105.5
Centre .....	14.6	-5.2	3.5	75.6
South & Islands .....	8.7	-4.9	-7.3	103.5
<b>Actual location of investments</b>				
North-West .....	9.1	-7.9	-0.9	-
North-East .....	9.5	-4.3	-3.3	-
Centre .....	11.0	-1.2	7.3	-
South & Islands .....	14.6	-0.6	-5.2	-
<b>Number of employees</b>				
20 – 49 .....	7.3	-3.7	-9.9	117.7
50 – 199 .....	7.5	-4.6	-3.2	102.6
200 – 499 .....	10.4	-4.2	1.9	100.1
500 or more .....	16.0	-4.5	3.9	80.8
<b>Branch of activity</b>				
Total manufacturing firms .....	8.8	-3.8	-2.9	102.9
Textiles, clothing, leather, shoes .....	4.5	-12.1	-12.8	112.3
Chemicals, rubber and plastic .....	11.5	-4.9	0.4	101.7
Engineering .....	8.4	-2.4	-2.5	100.7
Other manufacturing .....	10.7	-2.9	-2.9	104.4
Energy, mining & quarrying .....	36.6	-6.3	6.6	72.0
<b>Share of exports</b>				
Less than one-third .....	11.2	-4.5	-3.0	92.1
From one- to two-thirds .....	9.9	-3.0	3.0	94.1
More than two-thirds .....	8.1	-5.8	-0.7	101.6
<b>Total industrial firms</b> .....	<b>10.2</b>	<b>-4.3</b>	<b>-1.1</b>	<b>93.8</b>
<b>Service firms</b>				
<b>Geographical area</b>				
North-West .....	10.4	3.1	4.8	72.4
North-East .....	8.8	-0.6	-1.5	111.6
Centre .....	16.7	4.0	9.6	104.4
South & Islands .....	9.2	-0.8	-6.5	117.4
<b>Actual location of investments</b>				
North-West .....	11.1	5.4	10.0	-
North-East .....	9.8	-3.0	7.2	-
Centre .....	12.2	6.4	-1.1	-
South & Islands .....	12.4	6.3	-0.8	-
<b>Number of employees</b>				
20 – 49 .....	8.4	5.0	-14.3	111.3
50 – 199 .....	9.2	1.2	-3.3	110.9
200 – 499 .....	7.6	-1.2	3.4	97.6
500 or more .....	16.0	2.2	15.1	79.7
<b>Branch of activity</b>				
Trade, hotels, bars & restaurants .....	9.5	0.5	-5.8	116.5
Transport & communication .....	21.0	5.0	15.3	79.2
Other business & h.hold services .....	5.5	-1.4	-9.0	98.3
<b>Total service firms</b> .....	<b>11.2</b>	<b>2.2</b>	<b>3.8</b>	<b>92.2</b>
<b>Total</b> .....	<b>10.6</b>	<b>-1.4</b>	<b>1.2</b>	<b>93.1</b>

(1) Robust means (Winsorised) obtained by adjusting extreme values (with positive or negative sign) according to the 5th and 95th percentile. The method takes account of the sampling fractions in each stratum of the sample (Winsorised type II estimator). – (2) At constant 2005 prices. The deflator is calculated as the average, at Ateco 2002 sub-section level, of the price indices for their investment spending estimated by the firms interviewed. – (3) Forecast. – (4) Ratio between investments effectively made and investments planned at the end of the previous year.

## Review of investment plans, 2005

(per cent)<sup>(1)</sup>

	Expenditure in 2005 on gross fixed investment compared with plans at end-2004 <sup>(1)</sup>							
	much less	less	a little less	same	a little more	more	much more	Total
<b>Industrial firms</b>								
<b>Geographical area</b>								
North-West .....	21.8	12.5	5.2	5.0	3.3	12.1	40.0	100.0
North-East .....	19.2	9.2	6.6	3.5	4.2	11.0	46.3	100.0
Centre .....	20.8	7.3	5.9	5.0	1.9	16.8	42.4	100.0
South & Islands.....	21.8	7.0	4.2	14.6	3.3	9.9	39.2	100.0
<b>Number of employees</b>								
20 – 49 .....	19.5	8.7	1.4	7.3	1.7	11.8	49.5	100.0
50 – 199 .....	23.5	11.3	14.9	3.3	6.8	12.9	27.3	100.0
200 – 499 .....	23.1	16.0	13.1	1.3	6.8	13.5	26.3	100.0
500 or more .....	25.2	19.0	10.5	1.2	7.3	15.2	21.6	100.0
<b>Branch of activity</b>								
Total manufacturing firms.....	20.6	9.4	5.7	6.0	3.3	12.2	42.7	100.0
Textiles, clothing, leather, shoes ...	18.7	5.3	1.7	12.4	0.7	30.6	30.7	100.0
Chemicals, rubber and plastic .....	22.8	11.6	2.9	3.9	10.3	6.6	41.8	100.0
Engineering .....	21.6	11.3	7.5	4.2	2.0	6.3	47.2	100.0
Other manufacturing .....	19.8	8.5	6.5	5.1	4.8	11.3	44.0	100.0
Energy, mining & quarrying .....	30.6	29.8	0.5	3.7	4.6	11.0	19.7	100.0
<b>Share of exports</b>								
Less than one-third.....	19.8	9.1	4.4	6.8	3.7	11.2	44.9	100.0
From one- to two-thirds .....	22.5	14.5	8.4	5.9	2.8	14.9	31.0	100.0
More than two-thirds.....	22.7	7.2	6.7	2.6	2.7	12.8	45.3	100.0
<b>Total industrial firms.....</b>	<b>20.8</b>	<b>9.8</b>	<b>5.6</b>	<b>5.9</b>	<b>3.3</b>	<b>12.2</b>	<b>42.3</b>	<b>100.0</b>
<b>Service firms</b>								
<b>Geographical area</b>								
North-West .....	16.7	14.5	2.8	8.3	3.0	19.4	35.3	100.0
North-East .....	17.2	6.5	1.8	5.3	4.9	25.9	38.4	100.0
Centre .....	18.7	16.7	3.8	8.0	3.3	17.0	32.4	100.0
South & Islands.....	20.1	11.8	0.5	8.4	3.0	16.2	40.0	100.0
<b>Number of employees</b>								
20 – 49 .....	17.3	13.6	2.0	9.6	0.7	21.3	35.4	100.0
50 – 199 .....	17.2	10.3	3.2	2.7	9.6	17.6	39.4	100.0
200 – 499 .....	29.6	9.2	1.6	4.0	9.9	12.0	33.7	100.0
500 or more .....	23.1	6.7	2.5	2.2	10.7	18.4	36.4	100.0
<b>Branch of activity</b>								
Trade, hotels, bars & restaurants .....	17.1	6.9	2.7	5.8	1.3	27.0	39.1	100.0
Transport & communication .....	15.6	6.8	1.4	9.3	11.5	7.8	47.6	100.0
Other business & h.hold services .....	20.7	25.3	2.2	9.2	2.3	15.5	24.8	100.0
<b>Total service firms .....</b>	<b>17.9</b>	<b>12.4</b>	<b>2.3</b>	<b>7.5</b>	<b>3.5</b>	<b>19.9</b>	<b>36.4</b>	<b>100.0</b>
<b>Total .....</b>	<b>19.6</b>	<b>10.9</b>	<b>4.3</b>	<b>6.6</b>	<b>3.4</b>	<b>15.4</b>	<b>39.9</b>	<b>100.0</b>

(1) Robust means (Winsorised) obtained by adjusting extreme values (with positive or negative sign) according to the 5th and 95th percentile. The method takes account of the sampling fractions in each stratum of the sample (Winsorised type II estimator). – (2) 'much less' = less than 75 per cent of planned; 'less' = 75 to 95 per cent of planned; 'a little less' = 95 to 100 per cent of planned; 'same' = 100 per cent of planned; 'a little more' = 100 to 105 per cent of planned; 'more' = 105 to 125 per cent of planned; 'much more' = over 125 per cent of planned.

## Reasons for reviewing investment plans, 2005

(per cent)<sup>(1)</sup>

	Industrial firms with 50 or more employees											Other reasons
	Demand	Costs		Rules	Delivery times	Purchase price	Cash flow	Interest rates	Availability of financing		Internal organisation	
		Level	Un-certainty						Shares	Loans		
<b>Cut-back in planned investments<sup>(2)</sup></b>												
<b>Geographical area</b>												
North-West .....	29.6	5.1	7.3	1.4	3.5	2.0	4.2	0.0	2.4	7.5	66.9	18.7
North-East .....	27.8	4.2	3.6	1.9	7.7	5.2	13.6	2.2	2.7	3.7	69.8	16.0
Centre .....	23.1	2.6	6.9	0.8	5.4	1.7	5.7	0.6	2.9	5.8	70.6	11.2
South & Islands.....	45.5	7.8	5.9	10.0	5.5	4.6	5.3	0.5	0.9	5.9	50.5	9.8
<b>Number of employees</b>												
20 – 49 .....	-	-	-	-	-	-	-	-	-	-	-	-
50 – 199 .....	29.6	4.4	5.7	2.9	4.2	2.8	8.1	1.1	2.5	5.6	66.6	14.7
200 – 499 .....	31.6	7.6	7.1	0.0	10.5	4.6	9.4	0.0	1.9	8.3	69.6	16.9
500 or more .....	23.0	1.8	2.8	0.6	11.7	8.8	1.6	0.0	2.0	1.0	63.0	26.0
<b>Branch of activity</b>												
Total manufacturing firms....	29.6	4.4	5.9	2.0	5.2	3.2	7.6	0.9	2.5	5.8	66.9	15.7
Text., cloth., leather, shoes	34.6	1.0	1.6	0.3	0.7	0.0	2.4	0.0	0.0	0.3	73.2	15.2
Chemicals, rubber, plastic ..	33.5	6.6	5.9	1.2	6.9	5.0	11.7	0.0	10.5	8.6	55.8	23.2
Engineering .....	28.8	2.9	7.9	1.4	6.8	3.7	7.3	1.8	0.9	6.9	71.7	9.0
Other manufacturing .....	24.5	9.2	4.7	5.3	4.0	3.5	9.8	0.3	2.7	5.9	57.7	26.9
Energy, mining & quarrying	27.7	22.0	0.0	23.8	23.9	13.0	26.8	0.0	0.0	0.0	65.7	11.3
<b>Share of exports</b>												
Less than one-third.....	28.4	6.6	3.9	3.6	5.1	3.9	9.6	2.1	2.8	9.2	61.8	16.1
From one- to two-thirds .....	34.5	5.2	9.3	1.5	7.6	1.9	6.7	0.0	3.3	2.9	62.4	18.7
More than two-thirds.....	24.6	0.0	4.5	1.1	3.3	4.3	6.1	0.0	0.5	2.8	83.3	10.5
<b>Total industrial firms .....</b>	<b>29.5</b>	<b>4.7</b>	<b>5.8</b>	<b>2.3</b>	<b>5.5</b>	<b>3.4</b>	<b>7.9</b>	<b>0.9</b>	<b>2.4</b>	<b>5.7</b>	<b>66.9</b>	<b>15.6</b>
<b>Increase in planned investment<sup>(3)</sup></b>												
<b>Geographical area</b>												
North-West .....	23.5	2.8	1.5	2.1	1.1	6.2	6.1	2.1	0.0	6.4	77.5	12.8
North-East .....	21.3	6.3	5.1	1.0	5.0	5.5	5.7	0.4	0.4	4.8	77.8	14.6
Centre .....	26.6	5.0	4.6	6.7	6.1	7.8	4.5	0.3	0.9	2.3	64.4	21.3
South & Islands.....	41.9	3.7	5.4	7.1	1.3	8.5	8.1	3.6	1.4	9.2	52.1	11.1
<b>Number of employees</b>												
20 – 49 .....	-	-	-	-	-	-	-	-	-	-	-	-
50 – 199 .....	23.7	3.9	3.6	3.1	2.8	6.4	5.8	1.4	0.3	6.0	72.8	14.9
200 – 499 .....	34.2	7.3	3.7	3.2	4.2	6.2	5.6	1.6	1.6	1.4	75.8	11.9
500 or more .....	27.8	5.9	3.3	0.9	11.7	10.5	9.1	0.0	0.0	6.6	63.9	18.6
<b>Branch of activity</b>												
Total manufacturing firms....	24.9	3.9	3.7	3.0	3.3	6.6	5.9	1.4	0.4	5.4	73.5	14.5
Text., cloth., leather, shoes	27.1	5.5	6.4	2.0	0.6	8.1	0.0	0.4	0.0	1.7	69.6	11.9
Chemicals, rubber, plastic ..	31.4	2.4	0.4	1.1	8.0	14.2	1.8	0.0	1.3	2.9	79.1	19.9
Engineering .....	25.0	3.9	2.5	3.9	3.6	7.7	8.8	2.4	0.2	6.3	72.2	13.7
Other manufacturing .....	21.8	3.4	5.0	2.7	3.1	2.0	5.6	0.6	0.7	6.7	76.0	15.8
Energy, mining & quarrying	35.2	27.4	0.0	3.0	0.0	0.0	3.0	3.0	0.0	7.7	40.6	24.3
<b>Share of exports</b>												
Less than one-third.....	23.3	4.7	3.2	3.8	2.1	5.6	6.2	2.7	0.6	5.7	71.2	15.3
From one- to two-thirds .....	23.9	2.7	4.0	0.3	5.0	3.9	3.5	0.2	0.5	4.0	73.9	13.8
More than two-thirds.....	29.8	5.5	3.8	4.1	3.9	10.9	7.6	0.0	0.0	6.4	74.8	14.7
<b>Total industrial firms .....</b>	<b>25.1</b>	<b>4.4</b>	<b>3.6</b>	<b>3.0</b>	<b>3.3</b>	<b>6.5</b>	<b>5.9</b>	<b>1.4</b>	<b>0.4</b>	<b>5.4</b>	<b>72.8</b>	<b>14.7</b>

(1) As every firm can give more than one reason for reviewing plans, the sum of each row is not necessarily 100. – (2) Less than planned expenditure. – (3) More than planned expenditure.

## Change in plant capacity and utilisation rate, 2005

(per cent)

	Change in plant capacity from previous year		Capacity utilisation rate		
			% level	change from previous year	
	2005	2006 <sup>(1)</sup>	2005	2005	2006 <sup>(1)</sup>
<b>Industrial firms with 50 or more employees</b>					
<b>Geographical area</b>					
North-West .....	4.6	4.5	80.3	0.5	0.6
North-East .....	4.6	5.3	82.4	0.9	1.4
Centre .....	1.6	2.5	78.0	8.5	5.6
South & Islands .....	6.6	6.4	83.6	3.2	1.5
<b>Number of employees</b>					
20 – 49 .....	-	-	-	-	-
50 – 199 .....	4.7	5.5	81.1	1.5	1.6
200 – 499 .....	5.7	5.6	83.5	1.0	-0.8
500 or more .....	2.6	2.8	78.1	3.1	3.7
<b>Branch of activity</b>					
Total manufacturing firms .....	4.6	4.8	81.3	0.9	0.7
Textiles, clothing, leather, shoes .....	2.9	3.9	79.8	-0.5	2.0
Chemicals, rubber, plastic .....	4.7	5.3	84.4	2.3	-1.2
Engineering .....	5.1	4.8	79.9	0.3	1.9
Other manufacturing .....	4.3	4.6	80.3	0.2	0.9
Energy, mining & quarrying .....	0.8	1.4	75.4	11.5	8.1
<b>Share of exports</b>					
Less than one-third .....	4.8	4.5	78.4	1.6	2.4
From one- to two-thirds .....	2.4	3.4	83.0	2.9	1.4
More than two-thirds .....	4.8	5.8	82.1	0.8	1.1
<b>Total industrial firms</b> .....	<b>4.0</b>	<b>4.3</b>	<b>80.4</b>	<b>2.0</b>	<b>1.9</b>

(1) Forecast.



## Investments in tangibles, intangibles and hardware, 2005

(per cent of total investment)<sup>(1)</sup>

	Investments in tangible assets		Investments in intangible assets	Total
		of which: hardware		
<b>Industrial firms</b>				
<b>Geographical area</b>				
North-West .....	94.3	2.4	5.7	100.0
North-East .....	95.1	3.1	4.9	100.0
Centre .....	93.4	2.1	6.6	100.0
South & Islands .....	98.3	2.7	1.7	100.0
<b>Number of employees</b>				
20 – 49 .....	96.5	3.7	3.5	100.0
50 – 199 .....	95.8	2.5	4.2	100.0
200 – 499 .....	95.1	2.3	4.9	100.0
500 or more .....	92.9	2.0	7.1	100.0
<b>Branch of activity</b>				
Total manufacturing firms .....	95.0	2.8	5.0	100.0
Textiles, clothing, leather, shoes ....	93.0	4.5	6.9	100.0
Chemicals, rubber, plastic .....	94.6	1.9	5.4	100.0
Engineering .....	94.4	3.2	5.6	100.0
Other manufacturing .....	96.2	2.3	3.8	100.0
Energy, mining & quarrying .....	93.5	1.5	6.5	100.0
<b>Share of exports</b>				
Less than one-third .....	95.2	2.4	4.8	100.0
From one- to two-thirds .....	93.5	2.6	6.5	100.0
More than two-thirds .....	94.8	3.3	5.2	100.0
<b>Total industrial firms</b> .....	<b>94.7</b>	<b>2.5</b>	<b>5.3</b>	<b>100.0</b>
<b>Service firms</b>				
<b>Geographical area</b>				
North-West .....	88.8	6.7	11.2	100.0
North-East .....	92.4	8.1	7.6	100.0
Centre .....	90.8	2.0	9.2	100.0
South & Islands .....	95.2	3.7	4.8	100.0
<b>Number of employees</b>				
20 – 49 .....	95.0	5.3	5.0	100.0
50 – 199 .....	92.9	7.8	7.1	100.0
200 – 499 .....	90.4	7.5	9.6	100.0
500 or more .....	88.5	3.0	11.5	100.0
<b>Branch of activity</b>				
Trade, hotels, bars & restaurants .....	97.2	3.3	2.8	100.0
Transport & communication .....	91.5	2.1	8.5	100.0
Other business & h.hold services .....	79.2	15.0	20.8	100.0
<b>Total service firms</b> .....	<b>91.0</b>	<b>5.0</b>	<b>9.0</b>	<b>100.0</b>
<b>Total</b> .....	<b>92.9</b>	<b>3.7</b>	<b>7.1</b>	<b>100.0</b>

(1) Robust means (Winsorised) obtained by adjusting extreme values (with positive or negative sign) according to the 1st and 99th percentile. The method takes account of the sampling fractions in each stratum of the sample (Winsorised type II estimator).

## Turnover, 2005

(€ thousands; per cent)

	Turnover per employee	Percentage changes in turnover on previous year <sup>(1)</sup>		Share of turnover from exports	
	2005	2005	2006 <sup>(3)</sup>	2005	2006 <sup>(3)</sup>
<b>Industrial firms</b>					
<b>Geographical area</b>					
North-West .....	288.0	-0.2	2.4	27.9	28.7
North-East .....	237.8	1.2	2.1	38.0	38.4
Centre .....	392.0	-1.4	0.7	24.4	24.6
South & Islands .....	191.5	0.8	2.9	25.2	25.9
<b>Number of employees</b>					
20 – 49 .....	217.9	0.1	1.7	23.6	24.1
50 – 199 .....	222.4	0.1	2.7	36.4	36.3
200 – 499 .....	311.3	1.1	0.7	23.5	24.6
500 or more .....	391.5	-1.0	2.6	31.9	32.6
<b>Branch of activity</b>					
Total manufacturing firms .....	257.4	0.0	2.6	32.6	33.3
Textiles, clothing, leather, shoes ....	192.8	-1.4	2.6	43.6	43.8
Chemicals, rubber, plastic .....	370.4	-2.0	0.8	21.8	21.5
Engineering .....	245.9	1.5	4.2	43.5	44.7
Other manufacturing .....	261.6	0.4	1.9	21.6	22.0
Energy, mining & quarrying .....	704.3	-0.8	-1.1	11.0	10.5
<b>Share of exports</b>					
Less than one-third .....	281.8	-0.4	1.3	7.3	7.8
From one- to two-thirds .....	315.6	-0.2	3.2	48.7	49.2
More than two-thirds .....	227.9	1.5	2.9	80.0	79.3
<b>Total industrial firms.....</b>	<b>280.1</b>	<b>-0.1</b>	<b>2.0</b>	<b>29.3</b>	<b>29.9</b>
<b>Service firms</b>					
<b>Geographical area</b>					
North-West .....	256.7	2.3	1.6	10.8	10.7
North-East .....	264.5	0.5	1.9	6.9	6.7
Centre .....	240.0	1.4	1.0	7.9	8.3
South & Islands .....	208.1	1.8	1.7	8.3	7.2
<b>Number of employees</b>					
20 – 49 .....	301.7	0.3	1.0	11.1	11.8
50 – 199 .....	299.5	2.3	2.1	7.6	7.6
200 – 499 .....	196.2	1.2	1.2	9.0	7.2
500 or more .....	196.1	2.1	1.7	7.2	6.6
<b>Branch of activity</b>					
Trade, hotels, bars & restaurants .....	363.4	1.0	2.2	6.3	6.4
Transport & communication .....	229.8	2.8	-0.8	16.1	15.1
Other business & h.hold services .....	125.4	1.8	2.4	8.5	9.0
<b>Total service firms.....</b>	<b>248.7</b>	<b>1.5</b>	<b>1.5</b>	<b>8.7</b>	<b>8.6</b>
<b>Total .....</b>	<b>266.4</b>	<b>0.5</b>	<b>1.8</b>	<b>21.3</b>	<b>21.6</b>

(1) Robust means (Winsorised) obtained by adjusting extreme values (with positive or negative sign) according to the 5th and 95th percentile. The method takes account of the sampling fractions in each stratum of the sample (Winsorised type II estimator). – (2) At constant 2005 prices. The deflator is calculated as the average, at Ateco 2002 sub-section level, of the price indices for their investment spending estimated by the firms interviewed. – (3) Forecast.

## Operating result, 2005

(per cent)

	Profit	Balance	Loss	Total
<b>Industrial firms</b>				
<b>Geographical area</b>				
North-West .....	68.1	16.9	15.0	100.0
North-East .....	64.9	19.5	15.5	100.0
Centre .....	64.4	19.0	16.6	100.0
South & Islands .....	66.5	17.3	16.2	100.0
<b>Number of employees</b>				
20 – 49 .....	65.0	20.0	15.0	100.0
50 – 199 .....	68.1	15.0	16.8	100.0
200 – 499 .....	74.7	9.6	15.7	100.0
500 or more .....	67.4	6.4	26.2	100.0
<b>Branch of activity</b>				
Total manufacturing firms .....	66.3	18.1	15.7	100.0
Textiles., clothing, leather, shoes ..	58.0	24.7	17.3	100.0
Chemicals, rubber, plastic.....	71.7	13.4	14.9	100.0
Engineering .....	68.5	16.5	15.0	100.0
Other manufacturing .....	66.4	17.8	15.8	100.0
Energy, mining & quarrying.....	63.3	22.1	14.6	100.0
<b>Share of exports</b>				
Less than one-third.....	65.9	17.8	16.3	100.0
From one- to two-thirds .....	70.6	18.2	11.2	100.0
More than two-thirds.....	62.3	19.3	18.4	100.0
<b>Total industrial firms.....</b>	<b>66.2</b>	<b>18.1</b>	<b>15.6</b>	<b>100.0</b>
<b>Service firms</b>				
<b>Geographical area</b>				
North-West .....	66.7	13.3	20.0	100.0
North-East .....	58.2	19.0	22.8	100.0
Centre .....	58.4	21.7	19.9	100.0
South & Islands.....	59.1	23.7	17.2	100.0
<b>Number of employees</b>				
20 – 49 .....	59.3	19.8	20.9	100.0
50 – 199 .....	64.5	15.8	19.7	100.0
200 – 499 .....	70.3	14.6	15.1	100.0
500 or more .....	72.9	17.7	9.4	100.0
<b>Branch of activity</b>				
Trade, hotels, bars & restaurants ....	60.6	18.1	21.2	100.0
Transport & communication .....	59.9	19.4	20.7	100.0
Other business & h.hold services ....	63.4	18.7	17.9	100.0
<b>Total service firms .....</b>	<b>61.3</b>	<b>18.5</b>	<b>20.1</b>	<b>100.0</b>
<b>Total .....</b>	<b>64.2</b>	<b>18.3</b>	<b>17.5</b>	<b>100.0</b>

## Telephony, 2005

(per cent)

	Change of supplier	Change in charges with new supplier
<b>Industrial firms</b>		
<b>Geographical area</b>		
North-West .....	31.9	-9.7
North-East .....	34.0	-12.9
Centre .....	29.4	-15.6
South & Islands.....	30.3	-7.6
<b>Number of employees</b>		
20 – 49 .....	-	-
50 – 199 .....	31.9	-11.5
200 – 499 .....	31.1	-7.1
500 or more .....	35.6	-18.5
<b>Branch of activity</b>		
Total manufacturing firms.....	32.1	-10.7
Textiles, clothing, leather, shoes ....	32.7	-12.6
Chemicals, rubber, plastic.....	29.4	-5.6
Engineering .....	33.1	-14.3
Other manufacturing .....	31.3	-14.6
Energy, mining & quarrying.....	26.5	-23.0
<b>Share of exports</b>		
Less than one-third.....	31.2	-9.4
From one- to two-thirds .....	32.7	-14.1
More than two-thirds.....	32.8	-13.3
<b>Total industrial firms.....</b>	<b>32.0</b>	<b>-11.0</b>
<b>Service firms<sup>(1)</sup></b>		
<b>Geographical area</b>		
North-West .....	33.7	-10.5
North-East .....	29.2	-9.9
Centre .....	21.2	-7.6
South & Islands.....	26.6	-11.6
<b>Number of employees</b>		
20 – 49 .....	-	-
50 – 199 .....	28.2	-9.3
200 – 499 .....	29.2	-8.5
500 or more .....	33.2	-13.2
<b>Branch of activity</b>		
Trade, hotels, bars & restaurants .....	28.5	-7.2
Transport & communication .....	31.9	-16.2
Other business & h.hold services .....	27.0	-8.6
<b>Total service firms .....</b>	<b>28.7</b>	<b>-10.0</b>
<b>Total .....</b>	<b>30.7</b>	<b>-10.7</b>

(1) This section of the questionnaire was not administered to firms supplying telephone services.

## Impact of the Basel II Accord, 2005

(per cent)

	Familiar with possible effects of Basel II on business activities	Intend to change main bank	Intend to borrow from fewer banks	Organisational changes by end of 2006
<b>Industrial firms</b>				
<b>Geographical area</b>				
North-West .....	43.1	2.4	23.6	36.9
North-East .....	44.2	4.0	24.2	49.9
Centre .....	43.4	5.5	29.7	61.3
South & Islands .....	42.8	5.1	26.8	53.7
<b>Number of employees</b>				
20 – 49 .....	39.1	3.7	24.1	48.5
50 – 199 .....	53.0	4.6	27.7	47.0
200 – 499 .....	53.6	1.2	27.1	45.5
500 or more .....	50.6	1.7	20.7	46.6
<b>Branch of activity</b>				
Total manufacturing firms .....	43.6	3.9	25.2	47.4
Textiles., clothing, leather, shoes ..	39.6	3.7	32.0	52.6
Chemicals, rubber, plastic .....	46.8	3.8	28.0	40.1
Engineering .....	44.2	3.7	19.5	47.2
Other manufacturing .....	44.1	4.4	29.0	47.1
Energy, mining & quarrying .....	37.5	1.1	30.4	74.0
<b>Share of exports</b>				
Less than one-third .....	42.0	4.1	26.2	47.0
From one- to two-thirds .....	48.7	4.2	21.6	50.4
More than two-thirds .....	42.9	2.4	27.2	47.6
<b>Total industrial firms .....</b>	<b>43.4</b>	<b>3.8</b>	<b>25.3</b>	<b>47.8</b>
<b>Service firms</b>				
<b>Geographical area</b>				
North-West .....	31.2	5.3	21.9	43.0
North-East .....	31.6	6.9	36.9	55.7
Centre .....	35.8	8.0	20.3	63.5
South & Islands .....	28.0	8.4	31.9	54.5
<b>Number of employees</b>				
20 – 49 .....	29.3	7.6	28.8	51.2
50 – 199 .....	36.8	5.3	24.8	59.3
200 – 499 .....	34.1	10.0	20.4	48.6
500 or more .....	42.5	1.9	21.9	43.1
<b>Branch of activity</b>				
Trade, hotels, bars & restaurants ....	37.9	8.6	34.5	54.1
Transport & communication .....	25.9	10.2	19.2	46.7
Other business & h.hold services ....	24.7	0.4	13.2	55.0
<b>Total service firms .....</b>	<b>31.6</b>	<b>6.9</b>	<b>27.1</b>	<b>53.1</b>
<b>Total .....</b>	<b>38.6</b>	<b>4.9</b>	<b>25.9</b>	<b>49.6</b>

## Changes in sources of funds, 2005

(per cent)<sup>(1)</sup>

	Equity capital		Bonds and long-term securities		Bank loans	
	negative	positive	negative	positive	negative	positive
<b>Industrial firms with 50 or more employees</b>						
<b>Geographical area</b>						
North-West .....	2.6	11.7	2.3	2.7	23.6	24.7
North-East .....	4.1	18.4	2.5	2.5	26.7	32.4
Centre .....	3.5	16.6	0.7	1.7	16.9	28.6
South & Islands.....	2.9	11.6	0.7	1.7	12.7	20.6
<b>Number of employees</b>						
20 – 49 .....	–	–	–	–	–	–
50 – 199 .....	3.3	14.5	1.7	2.6	21.4	26.9
200 – 499 .....	2.8	14.6	2.1	1.4	27.2	28.8
500 or more .....	4.5	21.1	7.0	1.8	30.7	37.3
<b>Branch of activity</b>						
Total manufacturing firms.....	3.3	15.0	1.9	2.5	22.4	27.3
Textiles., clothing, leather, shoes ...	2.6	15.1	0.3	5.2	27.6	24.4
Chemicals, rubber, plastic .....	2.5	10.9	0.0	2.7	23.4	21.6
Engineering .....	3.2	13.3	3.2	2.2	20.6	28.8
Other manufacturing .....	4.3	19.4	1.4	1.0	22.2	29.0
Energy, mining & quarrying .....	3.5	6.4	4.7	0.0	25.6	39.3
<b>Share of exports</b>						
Less than one-third.....	3.5	17.9	2.6	2.4	24.9	26.7
From one- to two-thirds .....	4.1	12.0	1.1	3.4	18.2	29.2
More than two-thirds .....	1.9	11.3	1.7	1.2	22.8	27.7
<b>Total industrial firms .....</b>	<b>3.3</b>	<b>14.8</b>	<b>2.0</b>	<b>2.4</b>	<b>22.5</b>	<b>27.6</b>
<b>Service firms with 50 or more employees</b>						
<b>Geographical area</b>						
North-West .....	2.1	15.0	1.7	2.1	24.4	29.5
North-East .....	10.1	21.4	1.5	3.4	22.1	29.9
Centre .....	5.1	20.5	0.3	1.3	19.4	28.3
South & Islands.....	4.2	18.2	0.8	0.2	22.7	31.2
<b>Number of employees</b>						
20 – 49 .....	–	–	–	–	–	–
50 – 199 .....	5.6	16.6	0.6	1.7	22.8	29.7
200 – 499 .....	1.4	25.2	2.9	3.7	20.7	29.1
500 or more .....	7.5	29.6	5.1	2.2	20.1	29.9
<b>Branch of activity</b>						
Trade, hotels, bars & restaurants .....	6.3	18.0	1.2	2.4	26.9	36.5
Transport & communication .....	9.2	17.0	0.3	0.0	18.2	29.8
Other business & h.hold services.....	1.9	19.8	1.7	2.7	19.7	21.9
<b>Total service firms .....</b>	<b>5.2</b>	<b>18.5</b>	<b>1.2</b>	<b>2.0</b>	<b>22.4</b>	<b>29.6</b>
<b>Total .....</b>	<b>4.0</b>	<b>16.2</b>	<b>1.7</b>	<b>2.2</b>	<b>22.5</b>	<b>28.4</b>

(1) Percentage of firms reporting a change in sources of funds with respect to stocks at the end of the previous year. Answers were grouped into the categories 'negative', 'positive' and 'no change'. The percentage of firms reporting no change under each source of funds is equal to the difference between the sum of the two percentages appearing in the table and 100.

Table I1

## Trade credit and trade debt, 2005

(per cent; days)

	Trade credit		Trade debt	
	Per cent of turnover	Average duration	Per cent of turnover	Average duration
<b>Industrial firms</b>				
<b>Geographical area</b>				
North-West .....	23.0	83.6	18.7	80.1
North-East .....	30.1	97.1	21.3	91.1
Centre .....	20.2	80.8	14.6	80.3
South & Islands .....	28.6	102.7	20.3	93.0
<b>Number of employees</b>				
20 – 49 .....	28.0	89.6	19.9	78.2
50 – 199 .....	27.3	95.2	19.5	89.6
200 – 499 .....	23.1	93.5	16.1	84.0
500 or more .....	20.8	78.6	18.1	85.7
<b>Branch of activity</b>				
Total manufacturing firms .....	26.0	94.0	19.7	88.3
Textiles, clothing, leather, shoes .....	31.6	96.6	19.9	89.8
Chemicals, rubber, plastic .....	17.3	79.0	13.8	70.0
Engineering .....	28.7	99.6	23.3	93.7
Other manufacturing .....	27.0	91.6	18.8	88.9
Energy, mining & quarrying .....	16.9	35.7	12.9	43.5
<b>Share of exports</b>				
Less than one-third .....	24.7	88.7	17.8	79.8
From one- to two-thirds .....	23.1	84.9	18.6	87.7
More than two-thirds .....	26.3	95.9	21.2	92.1
<b>Total industrial firms .....</b>	<b>24.4</b>	<b>88.8</b>	<b>18.5</b>	<b>84.4</b>
<b>Service firms</b>				
<b>Geographical area</b>				
North-West .....	23.6	82.2	16.7	77.6
North-East .....	20.9	78.9	16.2	72.5
Centre .....	22.6	80.9	17.6	80.1
South & Islands .....	23.4	85.1	20.6	71.7
<b>Number of employees</b>				
20 – 49 .....	22.4	94.0	18.0	76.3
50 – 199 .....	25.0	77.2	18.5	72.8
200 – 499 .....	21.6	81.2	18.3	80.3
500 or more .....	19.5	65.4	13.8	77.3
<b>Branch of activity</b>				
Trade, hotels, bars & restaurants .....	19.5	82.1	17.3	72.2
Transport & communication .....	22.2	72.6	15.9	75.4
Other business & h.hold services .....	34.5	85.3	17.9	90.4
<b>Total service firms .....</b>	<b>22.4</b>	<b>81.2</b>	<b>17.1</b>	<b>75.7</b>
<b>Total .....</b>	<b>23.7</b>	<b>86.0</b>	<b>18.0</b>	<b>81.1</b>

## Annual change in workforce, 2002-06

(per cent)

	2002	2003	2004	2005	2006 <sup>(1)</sup>
	<b>Industrial firms</b>				
<b>Geographical area</b>					
North-West .....	-1.9	-1.8	-2.0	-1.3	-0.6
North-East .....	-0.4	-1.0	-0.9	-0.8	-0.5
Centre .....	-1.8	-1.8	-1.5	-0.3	0.4
South & Islands .....	0.4	-0.2	-0.3	-0.5	-0.4
<b>Actual location of workforce</b>					
North-West .....	-1.8	-1.7	-2.1	-1.1	-0.7
North-East .....	-0.6	-1.3	-1.0	-0.8	-0.3
Centre .....	-0.5	-1.5	-0.9	-1.1	-0.2
South & Islands .....	-1.6	-0.9	-1.1	-0.5	0.0
<b>Number of employees</b>					
20 – 49 .....	0.2	-1.2	-1.3	-0.7	0.0
50 – 199 .....	-0.9	-1.2	-0.7	-1.5	-1.3
200 – 499 .....	-1.1	-1.0	-0.3	-0.3	-0.1
500 or more .....	-2.9	-2.1	-2.9	-0.9	0.1
<b>Branch of activity</b>					
Total manufacturing firms .....	-1.0	-1.4	-1.3	-1.0	-0.6
Textiles, clothing, leather, shoes .....	-1.4	-3.2	-2.7	-2.9	-2.7
Chemicals, rubber and plastic .....	-0.8	0.3	-0.3	-0.9	-0.2
Engineering .....	-1.4	-1.7	-1.4	-0.4	0.0
Other manufacturing .....	-0.1	-0.4	-0.9	-1.1	-0.8
Energy, mining & quarrying .....	-5.0	-2.6	-3.3	1.1	3.5
<b>Share of exports</b>					
Less than one-third .....	-1.1	-1.6	-1.6	-0.8	-0.1
From one- to two-thirds .....	-1.7	-1.5	-1.6	-1.3	-0.7
More than two-thirds .....	-0.8	-0.8	-0.8	-0.8	-0.6
<b>Total industrial firms .....</b>	<b>-1.2</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-0.9</b>	<b>-0.4</b>
	<b>Service firms</b>				
<b>Geographical area</b>					
North-West .....	2.1	1.6	1.4	1.0	0.5
North-East .....	2.2	3.1	2.1	1.5	-0.2
Centre .....	0.7	-0.4	1.2	-0.4	0.1
South & Islands .....	3.3	1.2	3.5	1.0	1.5
<b>Actual location of workforce</b>					
North-West .....	1.5	1.8	2.0	1.5	0.7
North-East .....	2.2	2.9	0.9	1.1	0.4
Centre .....	1.7	0.3	1.5	-0.4	-0.6
South & Islands .....	3.0	-0.2	3.2	0.4	0.7
<b>Number of employees</b>					
20 – 49 .....	0.3	0.0	1.3	-0.6	0.8
50 – 199 .....	4.5	2.1	3.0	1.8	1.4
200 – 499 .....	1.6	2.4	1.7	1.4	0.2
500 or more .....	1.5	1.7	1.4	1.0	-0.6
<b>Branch of activity</b>					
Trade, hotels, bars & restaurants .....	3.0	3.8	3.1	1.0	-0.6
Transport & communication .....	0.5	-0.8	0.9	0.6	-0.3
Other business & h.hold services .....	1.7	0.2	1.0	0.8	2.1
<b>Total service firms .....</b>	<b>1.9</b>	<b>1.4</b>	<b>1.8</b>	<b>0.8</b>	<b>0.4</b>
<b>Total .....</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.1</b>

(1) Forecast.



## Annual change in per capita hours worked, 2002-05

(per cent)

	2002	2003	2004	2005
	<b>Industrial firms</b>			
<b>Geographical area</b>				
North-West .....	1,646	1,628	1,651	1,631
North-East .....	1,639	1,633	1,646	1,633
Centre .....	1,627	1,614	1,637	1,648
South & Islands .....	1,696	1,686	1,702	1,694
<b>Number of employees</b>				
20 – 49 .....	1,700	1,698	1,707	1,683
50 – 199 .....	1,659	1,657	1,672	1,661
200 – 499 .....	1,627	1,617	1,633	1,618
500 or more .....	1,588	1,553	1,587	1,584
<b>Branch of activity</b>				
Total manufacturing firms .....	1,651	1,641	1,656	1,643
Textiles, clothing, leather, shoes .....	1,597	1,565	1,553	1,573
Chemicals, rubber, plastic .....	1,693	1,685	1,684	1,671
Engineering .....	1,650	1,637	1,661	1,646
Other manufacturing .....	1,664	1,669	1,693	1,664
Energy, mining & quarrying .....	1,554	1,494	1,569	1,584
<b>Share of exports</b>				
Less than one-third .....	1,652	1,642	1,658	1,652
From one- to two-thirds .....	1,641	1,623	1,650	1,625
More than two-thirds .....	1,632	1,623	1,639	1,629
<b>Total industrial firms</b> .....	<b>1,645</b>	<b>1,633</b>	<b>1,652</b>	<b>1,640</b>
	<b>Service firms</b>			
<b>Geographical area</b>				
North-West .....	1,637	1,618	1,600	1,628
North-East .....	1,665	1,632	1,636	1,599
Centre .....	1,700	1,678	1,696	1,650
South & Islands .....	1,783	1,749	1,780	1,738
<b>Number of employees</b>				
20 – 49 .....	1,781	1,736	1,748	1,742
50 – 199 .....	1,739	1,748	1,736	1,735
200 – 499 .....	1,641	1,659	1,676	1,631
500 or more .....	1,570	1,524	1,521	1,501
<b>Branch of activity</b>				
Trade, hotels, bars & restaurants .....	1,646	1,618	1,618	1,624
Transport & communication .....	1,759	1,725	1,741	1,683
Other business & h.hold services .....	1,654	1,639	1,628	1,623
<b>Total service firms</b> .....	<b>1,677</b>	<b>1,652</b>	<b>1,653</b>	<b>1,639</b>
<b>Total</b> .....	<b>1,659</b>	<b>1,641</b>	<b>1,653</b>	<b>1,640</b>

## Annual change in investments, 2002-06

(per cent at constant 2005 prices)<sup>(1) (2)</sup>

	2002	2003	2004	2005	2006 <sup>(3)</sup>
	<b>Industrial firms</b>				
<b>Geographical area</b>					
North-West .....	-5.1	-13.6	-3.1	-4.3	-0.2
North-East .....	4.2	-18.9	1.5	-3.3	-4.3
Centre .....	7.6	-21.7	-5.0	-5.2	3.5
South & Islands .....	-5.4	-11.4	-2.3	-4.9	-7.3
<b>Actual location of investments</b>					
North-West .....	-4.7	-15.0	-6.1	-7.9	-0.9
North-East .....	1.2	-18.7	0.3	-4.3	-3.3
Centre .....	9.3	-24.2	-2.5	-1.2	7.3
South & Islands .....	-2.5	-11.6	0.7	-0.6	-5.2
<b>Number of employees</b>					
20 – 49 .....	3.5	-18.8	-0.7	-3.7	-9.9
50 – 199 .....	-1.3	-14.0	-7.5	-4.6	-3.2
200 – 499 .....	-0.4	-11.0	2.0	-4.2	1.9
500 or more .....	-0.9	-19.0	-1.8	-4.5	3.9
<b>Branch of activity</b>					
Total manufacturing firms .....	-4.1	-16.7	-0.9	-3.8	-2.9
Textiles, clothing, leather, shoes .....	-3.3	-25.2	-12.6	-12.1	-12.8
Chemicals, rubber and plastic .....	-2.2	-12.5	-4.1	-4.9	0.4
Engineering .....	-5.4	-15.6	1.2	-2.4	-2.5
Other manufacturing .....	-3.6	-18.3	1.2	-2.9	-2.9
Energy, mining & quarrying .....	12.3	-16.5	-6.5	-6.3	6.6
<b>Share of exports</b>					
Less than one-third .....	3.7	-16.7	-2.5	-4.5	-3.0
From one- to two-thirds .....	-9.4	-15.8	-3.6	-3.0	3.0
More than two-thirds .....	-2.0	-17.3	-0.4	-5.8	-0.7
<b>Total industrial firms</b> .....	<b>0.0</b>	<b>-16.6</b>	<b>-2.4</b>	<b>-4.3</b>	<b>-1.1</b>
	<b>Service firms</b>				
<b>Geographical area</b>					
North-West .....	7.4	24.5	-8.2	3.1	4.8
North-East .....	-3.8	-9.4	-2.4	-0.6	-1.5
Centre .....	4.9	-8.8	-1.5	4.0	9.6
South & Islands .....	2.7	-5.4	0.0	-0.8	-6.5
<b>Actual location of investments</b>					
North-West .....	-2.1	2.3	-6.5	5.4	10.0
North-East .....	3.0	0.5	-4.0	-3.0	7.2
Centre .....	7.9	2.3	-5.3	6.4	-1.1
South & Islands .....	10.5	5.6	-2.0	6.3	-0.8
<b>Number of employees</b>					
20 – 49 .....	-0.3	-9.3	-5.7	5.0	-14.3
50 – 199 .....	-4.7	-9.6	-6.2	1.2	-3.3
200 – 499 .....	3.8	-6.6	-5.3	-1.2	3.4
500 or more .....	12.2	22.0	-3.7	2.2	15.1
<b>Branch of activity</b>					
Trade, hotels, bars & restaurants .....	-0.8	-11.0	-6.3	0.5	-5.8
Transport & communication .....	10.3	30.3	-4.6	5.0	15.3
Other business & h.hold services .....	-2.9	-11.0	-3.0	-1.4	-9.0
<b>Total service firms</b> .....	<b>3.6</b>	<b>3.0</b>	<b>-4.8</b>	<b>2.2</b>	<b>3.8</b>
<b>Total</b> .....	<b>1.4</b>	<b>-7.6</b>	<b>-3.6</b>	<b>-1.4</b>	<b>1.2</b>

(1) Robust means (Winsorised) obtained by adjusting extreme values (with positive or negative sign) of the distribution of annual changes in investments according to the 5th and 95th percentile. The method takes account of the sampling fractions in each stratum of the sample (Winsorised type II estimator). – (2) The deflator is calculated as the average, at Ateco 2002 sub-section level, of the price indices for their investment spending estimated by the firms interviewed. – (3) Forecast.

## Investment realisation rate, 2002-05

(per cent)<sup>(1) (2)</sup>

	2002	2003	2004	2005
	<b>Industrial firms</b>			
<b>Geographical area</b>				
North-West .....	101.0	95.4	96.4	96.5
North-East .....	103.7	93.4	98.9	105.5
Centre .....	113.6	88.6	90.2	75.6
South & Islands .....	104.0	90.0	100.4	103.5
<b>Number of employees</b>				
20 – 49 .....	106.8	100.4	109.3	117.7
50 – 199 .....	100.1	95.2	98.5	102.6
200 – 499 .....	101.3	97.0	102.0	100.1
500 or more .....	108.0	87.0	89.1	80.8
<b>Branch of activity</b>				
Total manufacturing firms .....	101.8	93.7	99.9	102.9
Textiles, clothing, leather, shoes .....	102.9	96.3	98.0	112.3
Chemicals, rubber, plastic .....	101.4	94.8	97.6	101.7
Engineering .....	99.8	92.3	99.0	100.7
Other manufacturing .....	104.9	94.3	103.2	104.4
Energy, mining & quarrying .....	112.9	90.5	86.3	72.0
<b>Share of exports</b>				
Less than one-third .....	107.1	93.8	94.9	92.1
From one- to two-thirds .....	97.5	89.0	96.4	94.1
More than two-thirds .....	106.1	94.9	100.8	101.6
<b>Total industrial firms</b> .....	<b>104.9</b>	<b>92.8</b>	<b>96.0</b>	<b>93.8</b>
	<b>Service firms</b>			
<b>Geographical area</b>				
North-West .....	....	142.4	101.4	72.4
North-East .....	....	104.2	96.9	111.6
Centre .....	....	115.5	101.7	104.4
South & Islands .....	....	100.9	105.9	117.4
<b>Number of employees</b>				
20 – 49 .....	....	107.6	114.2	111.3
50 – 199 .....	....	101.3	103.0	110.9
200 – 499 .....	....	113.4	92.5	97.6
500 or more .....	....	141.1	98.1	79.7
<b>Branch of activity</b>				
Trade, hotels, bars & restaurants .....	....	95.3	97.7	116.5
Transport & communication .....	....	152.5	101.7	79.2
Other business & h.hold services .....	....	106.4	101.2	98.3
<b>Total service firms</b> .....	....	<b>119.6</b>	<b>100.5</b>	<b>92.2</b>
<b>Total</b> .....	....	<b>105.0</b>	<b>98.2</b>	<b>93.1</b>

(1) Robust means (Winsorised) obtained by adjusting extreme values (with positive or negative sign) of the distribution of annual changes in investments according to the 5th and 95th percentile. The method takes account of the sampling fractions in each stratum of the sample (Winsorised type II estimator). – (2) Ratio between investments effectively made and investments planned at the end of the previous year.

## Annual change in turnover, 2002-06

(per cent at constant 2005 prices)<sup>(1)</sup>

	2002	2003	2004	2005	2006 <sup>(2)</sup>
	<b>Industrial firms</b>				
<b>Geographical area</b>					
North-West .....	-0.2	-0.9	1.2	-0.2	2.4
North-East .....	1.7	-0.4	1.7	1.2	2.1
Centre .....	0.5	0.3	5.4	-1.4	0.7
South & Islands .....	1.1	1.1	-0.1	0.8	2.9
<b>Number of employees</b>					
20 – 49 .....	0.7	-1.3	-0.3	0.1	1.7
50 – 199 .....	0.3	-0.8	1.0	0.1	2.7
200 – 499 .....	1.4	0.1	1.5	1.1	0.7
500 or more .....	0.2	0.1	4.4	-1.0	2.6
<b>Branch of activity</b>					
Total manufacturing firms .....	0.4	-0.9	1.0	0.0	2.6
Textiles., clothing, leather, shoes .....	-3.0	-4.2	-1.0	-1.4	2.6
Chemicals, rubber, plastic .....	0.7	-1.1	0.9	-2.0	0.8
Engineering .....	0.7	-1.2	1.7	1.5	4.2
Other manufacturing .....	1.2	1.0	1.0	0.4	1.9
Energy, mining & quarrying .....	0.7	3.2	9.1	-0.8	-1.1
<b>Share of exports</b>					
Less than one-third .....	0.9	0.4	1.4	-0.4	1.3
From one- to two-thirds .....	-0.2	-1.3	3.7	-0.2	3.2
More than two-thirds .....	0.0	-1.9	1.3	1.5	2.9
<b>Total industrial firms</b> .....	<b>0.5</b>	<b>-0.4</b>	<b>2.1</b>	<b>-0.1</b>	<b>2.0</b>
	<b>Service firms</b>				
<b>Geographical area</b>					
North-West .....	2.1	0.2	3.3	2.3	1.6
North-East .....	2.2	0.6	2.1	0.5	1.9
Centre .....	-2.4	-1.7	2.4	1.4	1.0
South & Islands .....	1.4	1.0	5.9	1.8	1.7
<b>Number of employees</b>					
20 – 49 .....	-0.4	-2.9	2.6	0.3	1.0
50 – 199 .....	2.9	1.5	4.3	2.3	2.1
200 – 499 .....	3.0	3.3	5.2	1.2	1.2
500 or more .....	1.0	1.1	1.2	2.1	1.7
<b>Branch of activity</b>					
Trade, hotels, bars & restaurants .....	1.5	1.1	2.4	1.0	2.2
Transport & communication .....	-1.2	-3.8	3.6	2.8	-0.8
Other business & h.hold services .....	3.5	0.9	4.6	1.8	2.4
<b>Total service firms</b> .....	<b>1.2</b>	<b>0.0</b>	<b>3.0</b>	<b>1.5</b>	<b>1.5</b>
<b>Total</b> .....	<b>0.8</b>	<b>-0.2</b>	<b>2.4</b>	<b>0.5</b>	<b>1.8</b>

(1) Robust means (Winsorised) obtained by adjusting extreme values (with positive or negative sign) of the distribution of annual changes in investments according to the 5th and 95th percentile. The method takes account of the sampling fractions in each stratum of the sample (Winsorised type II estimator). – (2) The deflator is calculated as the average, at Ateco 2002 sub-section level, of the price indices for their investment spending estimated by the firms interviewed. – (3) Forecast.

## Capacity utilisation rate, 2001-06

(per cent)

	2001	2002	2003	2004	2005	2006 <sup>(1)</sup>
	<b>Industrial firms with 50 or more employees</b>					
<b>Geographical area</b>						
North-West .....	81.3	80.8	79.1	79.8	80.3	80.9
North-East .....	83.3	82.2	81.3	81.5	82.4	83.8
Centre .....	80.2	77.7	80.1	69.5	78.0	83.6
South & Islands.....	80.1	80.2	81.9	80.4	83.6	85.1
<b>Number of employees</b>						
20 – 49 .....	-	-	-	-	-	-
50 – 199 .....	82.0	81.1	80.0	79.6	81.1	82.6
200 – 499 .....	84.0	82.5	79.5	82.5	83.5	82.7
500 or more .....	80.2	79.3	80.1	75.0	78.1	81.8
<b>Branch of activity</b>						
Total manufacturing firms.....	82.6	81.3	80.0	80.5	81.3	82.1
Textiles., clothing, leather, shoes ...	85.0	82.4	79.7	80.3	79.8	81.8
Chemicals, rubber, plastic .....	84.9	82.4	80.2	82.1	84.4	83.2
Engineering .....	81.7	80.6	79.8	79.6	79.9	81.7
Other manufacturing .....	81.1	81.2	80.3	80.1	80.3	81.2
Energy, mining & quarrying .....	68.9	75.1	79.5	63.9	75.4	83.5
<b>Share of exports</b>						
Less than one-third.....	80.7	80.2	78.0	76.8	78.4	80.7
From one- to two-thirds .....	82.1	79.9	83.0	80.1	83.0	84.4
More than two-thirds .....	83.5	82.8	81.2	81.3	82.1	83.2
<b>Total industrial firms .....</b>	<b>81.5</b>	<b>80.5</b>	<b>80.0</b>	<b>78.4</b>	<b>80.4</b>	<b>82.3</b>

(1) Forecast.

**Appendix C:**  
**Questionnaires**

## Survey of industrial firms – 2005

**Confidentiality notice (Legislative Decree 196/2003).** – The purpose of this survey is to collect information on the main economic and financial variables in the industrial sector. Your co-operation is important but not compulsory and any refusal to take part will bear no consequence. The information provided will only be used for research purposes and will not be published outside the Bank except in aggregate form. The firms taking part will be sent an extract of the main results of the survey. The data will be processed entirely inside the Bank and appropriate devices will be put in place to ensure their safety and confidentiality. The only people with access to individual data are those in charge of handling them and the staff engaged in processing and analysis. Firms enjoy the rights granted under the terms of Article 7 of the Decree, including the right to correct and integrate information concerning them. In charge of data handling: Head of the Economic Research Department of the Bank of Italy, Via Nazionale 91, 00184 ROME, Italy. Responsible for data handling: Bank of Italy (Organisation Department), Via Nazionale 91, 00184 ROME, Italy.

### PART A – General information

**Bank of Italy codes:** (to be entered by BI branch)

Branch code .....     Firm code .....

Site of registered office.....     Type (sub-group)<sup>(1)</sup>.....

Town .....     Istat town code .....

Name of firm .....

Legal status .....

SRL SPA SAPA SCRL SCRI SAS SNC Other

**for SPA (public limited company) only:** Did the firm adopt a governance model other than the traditional one?

no  yes  dualistic .....  1  monistic .....  2

Branch of activity - Istat Ateco2002<sup>(2)</sup> .....     Year of creation .....

Listed firm .....  yes  no  Total shareholders in firm.....

(1) See Central Credit Register. *Nuova classificazione della clientela bancaria, 1991.* (2) See ISTAT, *Classificazione delle attività economiche. Metodi e norme, 2002.*

#### Does the firm belong to a group?

yes  no

If the firm belongs to a group (i.e. a set of firms directly or indirectly controlled – through one or more chains of control – by the same physical persons or the same public entity):

#### Is the firm the parent company?

no  yes

Name of the parent company

yes

#### Name of the group

#### Nationality of group

1  2  3  4

Italian Other EU country on 31-12-03 New EU member R.O.W.

Share of firm held by leading shareholder (owner of largest shareholding)    %

Total holding of **first three shareholders** (owners of 3 largest shareholdings)    %

Are there voting agreements between the shareholders or agreements on the sale of holdings?

no  yes

#### Information on the party exercising direct control over the firm<sup>(1)</sup>:

Type<sup>(2)</sup>: .....

Nationality: ..... Italian  1 Foreign  2

Ownership: ..... Public  1 Private  2

(1) For a definition see the instructions. – (2) Type (1=person; 2=holding/sub-holding co.; 3=bank; 4=non-group financial or insurance company; 5=non-financial company).

Do the by-laws place conditions on the transfer of holdings (e.g. directors' acceptance, pre-emptive rights)

no  yes

Did a **transfer of direct control** over the firm (or the majority of it) take place in 2005?

yes  no

#### If yes:

Did the transfer take place:  
- within the same group?

no  yes

- between relatives?

no  yes

#### Changes that took place in 2005:

##### Split

no  yes

Name of firm that split off

##### Incorporation

no  yes

Name of incorporated firm

##### Merger

no  yes

Name of merged firm

##### Spin-off

no  yes

Name of firm making split

##### Capital contribution

no  yes

##### Transfer of assets

no  yes

**Are you able to provide homogeneous data for 2004 and 2005?** (see instructions)

no  yes

## PART B – Workforce and wages

(amount in numbers)	Total workforce	Total workers & apprentices	Total fixed-term contracts	Total non-EU workforce
<b>2004 Average workforce</b> .....				
Workforce at <b>end of year</b> .....				
Hirings .....				
Departures .....				
<b>2005 Average workforce</b> .....				
Workforce at <b>end of year</b> .....				
Hirings .....				
Departures .....				
<b>2006 Average workforce (projection)</b> .....				

**Total** actual hours worked by payroll employees .....

- of which: **per cent** overtime .....

**Total** hours paid by Wage Equalisation Fund .....

Number of temporary work assignments .....

Total hours of temporary work .....

2004	2005
.   %	.   %

### Wages and salaries in 2005

Total gross annual wages & salaries *per capita* (€) <sup>(1)</sup> .....

Minimum national contract wage<sup>(2)</sup> .....

(approximate per cent of total)

Workers & apprentices	Clerks & managers	General average
%	%	%

(1) Includes social security and tax withheld on behalf of workers; does not include firms' payments on behalf of INPS (National Social Security Institute) and others. - (2) The part covered by national contract includes: minimum rates of pay, cost of living allowance, 13th month's pay (*tredicesima*) and other additional months' pay, meal allowance, overtime, and shift allowance.

**At the end of 2004** did the firm employ persons under **collaboration contracts**

(*collaborazione coordinata e continuativa*)?<sup>(1)</sup> .....

yes

no

#### If yes:

Please state the number of such contracts outstanding at the **end of 2004** .....

**At the end of 2005** how did these contracts change as a consequence of recent labour reforms (Legislative Decree 276/2003, the so-called 'Biagi law')? (*number*)

- remained unchanged, regulated by the same collaboration agreement .....
- they were transformed into 'project' contracts .....
- they were changed to fixed-term contracts .....
- they were changed to open-term contracts .....
- they were changed to consultancy contracts<sup>(2)</sup> .....
- the positions were terminated (the person does not collaborate with the firm any more) .....

(1) For definitions please see instructions. - (2) The person previously hired on a collaboration contract started self-employment and continued to work with the firm.

## PART C - Gross fixed investment in Italy (please enter amounts in € thousands; enter 0 for no investments)

	2004	2005	2006 projection
<b>Expenditure on tangible assets</b>			
- property .....			
- plant, machinery & equipment .....			
- of which: for tangible assets <b>used</b> .....			
- of which: hardware <sup>(1)</sup> .....			
- means of transport .....			
<b>Total expenditure on tangible assets</b> .....			
<b>Total expenditure on software, databases and mineral exploration</b> <sup>(1)</sup> .....			
Expenditure on research and development and market analysis; design and test production .....			

(1) Including telecommunications devices. - (2) Includes expenditure on original copyright of entertainment, and works of literature and art.





## PART E – Turnover and operating result

Turnover (€ thousands)	2004	2005	2006 projection
Turnover from sales of goods & services in year			
- of which: for export .....			

	2005/2004			2006/2005 projection		
Average annual percentage change in prices of invoiced goods & services						
☞ domestic and foreign markets .....			%			%
☞ domestic market only .....			%			%
☞ foreign market only (€) .....			%			%

If the **average annual percentage change in prices of invoiced goods & services** (in €) on foreign markets between 2004 and 2005 was greater than the average annual percentage change in prices of invoiced goods & services on the domestic market **by more than one percentage point**, to what was this difference due? (1=of no relevance; 2=of little relevance; 3=fairly relevant; 4=very relevant)

- the average quality of goods and services sold in foreign markets is better than that of the corresponding goods and services sold in the domestic market .....
- widening of profit margins in foreign markets.....
- keeping up with pricing policies of local producers on foreign markets .....
- other (please specify) ☞ .....

For your overall markets, we would like to know **your projections regarding the future demand for your products and/or services** over both the short term and the medium term. Please indicate the expected percentage change in demand with respect to demand measured in 2005 and net of any price change. For each statement, suppose you have 100 points to distribute among the various possibilities proportional to the probability you assign to each event.<sup>(1)</sup>

The expected change in demand for the products you offer will be:	2006/2005			average 2006-2008		
<b>Negative by:</b>						
10 per cent or more .....						
6-10 per cent .....						
4-6 per cent .....						
2-4 per cent .....						
0-2 per cent .....						
<b>Nought</b> .....						
<b>Positive by:</b>						
0-2 per cent .....						
2-4 per cent .....						
4-6 per cent .....						
6-10 per cent .....						
10 per cent or more .....						
<b>Total</b> .....	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>

(1) Zero indicates impossibility; 100 indicates certainty (there are no other possibilities); a value x in between indicates that you evaluate at x the likelihood of that event.

Please describe the firm's **operating results** for 2005.....

<input style="width: 30px;" type="text" value="1"/>	large profit	<input style="width: 30px;" type="text" value="2"/>	moderate profit
<input style="width: 30px;" type="text" value="3"/>	broad balance	<input style="width: 30px;" type="text" value="4"/>	moderate loss
		<input style="width: 30px;" type="text" value="5"/>	large loss

## PART F - Telephony

For at least part of telephony services (land lines or mobile) did your firm change in 2005 to a provider other than the former monopolist? .....

**If yes:**

How did the average monthly bill change as a consequence of the choice of a new provider?

no change		lower (indicate % change)			higher (indicate % change)					
<input style="width: 30px;" type="text" value="yes"/>	<input style="width: 30px;" type="text" value="no"/>	☞	-			%	+			%

## PART G – New Basel capital accord

In 2007 new rules for banks' capital requirements will come into force. One of the most important features will be a closer link between banks' minimum capital requirements and the risk rating of clients.

Have you had the opportunity to consider the possible **effects** of these new rules on the conduct of your firm's business? .....

yes  no

**If yes:**

a. In 2005 what changes occurred in your relations with the banks providing finance to your firm that you may specifically attribute to the new Basel capital accord? (*More than one answer possible*)  
(1=less; 2=no change; 3=more)

- banks willing to grant new or more loans (on request) .....
- modified terms and conditions (interest rates and/or related costs) .....
- collateral requirements .....
- request for qualitative information (e.g. on shareholders and/or management) and/or quantitative information (e.g. projected profitability) .....
- processing times .....
- changes only in duration of borrowing operations .....
- other (*please specify*) ☞ .....

b. As a consequence of the new capital accord, will your firm try to modify its borrowing relationships with banks by the following means?

- change of main bank .....
- reduction in number of lending banks .....
- increase in number of lending banks .....

yes  no  
 yes  no  
 yes  no

c. Do you plan to put any special measures in place as a consequence of the new capital accord?.....

yes  no

**If yes, please specify (more than one answer possible)**

- enhance corporate information.....
- enhance role of finance specialists or hire new ones.....
- enhance role of independent experts (e.g. chartered accountant) .....
- request rating from a qualified agency .....
- increase the ratio of equity to total debt.....

yes  no  
 yes  no  
 yes  no  
 yes  no  
 yes  no

**If yes, ☞ by how much? (1=0-10%; 2=10%-50%; 3=>50%).....**

- other (*please specify*) ☞ .....

yes  no

## PART H - Effect of public subsidies on investment decisions and demand for finance

Did your firm benefit during 2005 from public aid or investment incentives from the State or other public bodies in such forms as tax credit, subsidised credit, sunk contributions, etc.?)

yes  no

**If yes:**

a) Amount of funds received in 2005 (**€ thousands**) .....

- investment in 2005 in projects eligible for public aid or incentives  
(**€ thousands**) .....

b) **Without** aid or incentives in 2005 your firm would have made (*answer 'yes' once only*):

- 1) the same amount of investments in the same projects.....
- 2) the same amount of investments, but in projects that were at least partly different .....
- 3) a different amount of investments **if yes: go to c) then d)** .....
- 4) no investment at all **if yes: go to d)** .....

no  yes  
 no  yes  
 no  yes  
 no  yes

c) As a percentage of total investments in 2005, how much would you have spent without aid or incentives? .....

%

d) What reasons would have led you to reduce or eliminate investments in 2005 if no aid or incentives had been available? (*only two answers possible*)

- 1) there would have been no return on the investment without the incentives.....
- 2) without incentives it would have been better to postpone at least part of the firm's investments .....
- 3) the investments would have been worthwhile in any case, but institutional financiers (banks and other financial intermediaries, capital markets) would not have been willing to provide finance .....
- 4) other (*please specify*) ☞ .....

no  yes  
 no  yes  
 no  yes  
 no  yes

## PART I - Financing

Please state whether, **at the terms and conditions (cost and collateral) currently applied**, the firm would like to borrow more from banks or other lenders .....  yes  no

If yes, please say:

- whether the firm would be willing, at present, to pay a higher rate of interest or even to accept tighter terms and conditions in order to borrow more.....  no  yes
- why do you think the firm has not been able so far to borrow as much as it would like? (only one answer possible)
- no banks or other lenders have been contacted for that purpose because it is assumed they will answer no to any request for more financing  no  yes
- no banks or other lenders have been contacted yet for other reasons  no  yes
- the lenders that have been contacted are not willing to increase the volume of lending to the firm .....  no  yes

Please give the amounts for the following sources of funds

	2004		2005		2006 projection	
Cash flow <sup>(1)</sup> (+/-) (€ thousands) .....	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

(1) Please use the minus sign ('-') in case of negative cash flow. For the definition of cash flow see the instructions.

For each of the following items, please state if a variation occurred with respect to the stock outstanding at end of the preceding year and specify the amount (in brackets).

(for negative variation please code: 1=more than -20%, 2=from -20% to -1.1%, 3=from -10% to -5.1%, 4=from -5% to -0.1%; for positive variation please code: 5=from 0.1% to 5%, 6=from 5.1% to 10%, 7=from 10.1% to 20%, 8=more than 20%)

	2005		2006 projection	
Equity <sup>(1)</sup> .....	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input type="checkbox"/> no	<input type="checkbox"/> yes
of which: private equity <sup>(2)</sup> .....	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input type="checkbox"/> no	<input type="checkbox"/> yes
Bonds and other medium/long-term securities <sup>(3)</sup> .....	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input type="checkbox"/> no	<input type="checkbox"/> yes
Other <sup>(3)</sup> .....	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input type="checkbox"/> no	<input type="checkbox"/> yes
Bank borrowing .....	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input type="checkbox"/> no	<input type="checkbox"/> yes

(1) Please consider only variations due to issues and redemptions of capital equities. Variations are negative in the case of redemptions. -

(2) Minority stakeholders in unlisted firms that generally participate actively in the firm's management. - (3) Variations are negative for firms that overall reimburse bonds and/or securities.

## PART J – Trade credit and trade debt

**Trade credit** (Please indicate average for 2005)

Amount of trade credit <sup>(1)</sup> (€ thousands) .....  Average duration of contract in days

Composition of trade credit by type of contract/effective terms of payment:

net terms<sup>(2)</sup>    % paid by deadline    %

two-part terms<sup>(3)</sup>    % paid over deadline    % ⇒ average delay in days

**Total credit 1 0 0 % Total credit 1 0 0 %**

**Trade debt** (Please indicate average for year)

Amount of trade debt<sup>(4)</sup> (€ thousands) .....  Actual average duration in days

(1) Average yearly amounts outstanding. Includes any provision for diminution in value of trade credit. - (2) The purchaser was given an extension of payment at no additional cost and was not offered any discount for early payment (for example, 10 days instead of 40 days after delivery). - (3) The extension of payment entailed a cost for the purchaser, in the sense of forgoing a discount or a complimentary offer and/or of having to pay a higher price or a rate of interest. - (4) Average yearly amount outstanding.

How would you judge the effort involved in completing the questionnaire?  modest  average  large  excessive

Comments: \_\_\_\_\_

## Survey of industrial firms – 2005

**Confidentiality notice (Legislative Decree 196/2003).** – The purpose of this survey is to collect information on the main economic and financial variables in the industrial sector. Your co-operation is important but not compulsory and any refusal to take part will bear no consequence. The information provided will only be used for research purposes and will not be published outside the Bank except in aggregate form. The firms taking part will be sent an extract of the main results of the survey. The data will be processed entirely inside the Bank and appropriate devices will be put in place to ensure their safety and confidentiality. The only people with access to individual data are those in charge of handling them and the staff engaged in processing and analysis. Firms enjoy the rights granted under the terms of Article 7 of the Decree, including the right to correct and integrate information concerning them. In charge of data handling: Head of the Economic Research Department of the Bank of Italy, Via Nazionale 91, 00184 ROME, Italy. Responsible for data handling: Bank of Italy (Organisation Department), Via Nazionale 91, 00184 ROME, Italy.

### PART A – General information

<b>Bank of Italy codes:</b> (to be entered by BI branch)	Branch code .....	<input type="text"/>	Firm code.....	<input type="text"/>
	Site of registered office.....	<input type="text"/>	Type (sub-group) <sup>(1)</sup> .....	<input type="text"/>
Town .....	<input type="text"/>	Istat town code.....	<input type="text"/>	<input type="text"/>

Name of firm .....

Legal status .....  1 SRL  2 SPA  3 SAPA  4 SCRL  5 SCRI  6 SAS  7 SNC  8 Other

**for SPA (public limited company) only:** Did the firm adopt a governance model other than the traditional one?

no  yes dualistic .....  1 monistic .....  2

Branch of activity - Istat Ateco2002<sup>(2)</sup> ..... Year of creation .....

Does the firm belong to a group? .....  yes  no

If the firm belongs to a group (i.e. a set of firms directly or indirectly controlled – through one or more chains of control – by the same physical persons or the same public entity):

Is the firm the parent co.? ....  yes  no

Name of parent company

Name of group .....

Nationality of group .....  1 Italian  2 Other EU on 31-12-03  3 New EU member  4 R.O.W.

Was the firm involved in extraordinary operations in 2005? .....  yes  no

If yes: Are you able to provide homogenous data for 2004 and 2005? (see instructions) .....  yes  no

(1) See Central Credit Register. Nuova classificazione della clientela bancaria, 1991. (2) See ISTAT. Classificazione delle attività economiche. Metodi e norme, 2002.

### PART B – Workforce and wages

(amounts in numbers)

	Total workforce	Total workers & apprentices	Total on fixed-term contract	Total non-EU workforce
<b>2004</b> Average workforce .....				
Workforce at end of year .....				
Hirings .....				
Departures .....				
<b>2005</b> Average workforce .....				
Workforce at end of the year .....				
Hirings .....				
Departures .....				
<b>2006</b> Average workforce (projection) .....				

Total actual hours worked by payroll employees .....

- of which: per cent overtime .....

	2004	2005
	<input type="text"/>	<input type="text"/>
	<input type="text"/> %	<input type="text"/> %

**Wages and salaries in 2005**

Total gross annual wages per capita (€)<sup>(1)</sup>

Minimum national contract wage<sup>(2)</sup> .....

(approximate per cent of total)

Workers & apprentices	Clerks & managers	General average
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

(1) Includes social security and tax withheld on behalf of employees; does not include company payments on behalf of INPS and other social security institutes. - (2) The part covered by national contract includes minimum rates of pay, cost-of-living allowance, 13th month's pay (tredicesima) and other additional months' pay, meal allowance, overtime, and shift allowance.

**At the end of 2004** did the firm employ persons under **collaboration contracts**

(*collaborazione coordinata e continuativa*)?<sup>(1)</sup> .....  yes  no

**If yes:** Please state the number of such contracts outstanding at the **end of 2004** .....

**At end of year 2005** how did these contracts change as a consequence of recent labour reforms (Legislative Decree 276/2003, the so-called 'Biagi law')? (*number*)

- they remained unchanged, regulated by the same collaboration agreement. ....
- they were transformed into 'project' contracts .....
- they were changed to fixed-term contracts .....
- they were changed to open-term contracts .....
- they were changed to consultancy contracts<sup>(2)</sup> .....
- the positions were terminated (the person does not collaborate with the firm any more) ..

(1) For definitions please see the instructions. - (2) The person previously hired on a collaboration contract started self-employment and continued to work with the firm.

**PART C - Gross fixed investment in Italy** (*please enter amounts in € thousands; enter 0 for no investments*)

	2004	2005	2006 projection
<b>Total expenditure on tangible assets</b> <sup>(1)</sup> .....			
- of which: property .....			
- of which: hardware <sup>(2)</sup> .....			
<b>Total expenditure on software, databases and mineral exploration</b> <sup>(3)</sup> .....			

(1) Tangible assets include property, plant, machinery and equipment and means of transport. - (2) Includes expenditure on original copyright on entertainment and works of literature and art.

**PART D – Turnover and operating result**

<b>Turnover</b> ( <i>€ thousands</i> )	2004	2005	2006 projection
Turnover from sales of goods & services in year			
- of which: for export .....			

	2005/2004	2006/2005 projection
--	-----------	----------------------

Average annual percentage change in prices of invoiced goods & services .....     %     %

Please describe the firm's **operating result** for 2005 .....

1 large profit       2 moderate profit  
 3 broad balance       4 moderate loss       5 large loss

**PART E - Effect of public incentives on investment decisions and demand for finance**

Did your firm benefit during 2005 from public aid or investment incentives from the State or other public bodies in such forms as tax credit, subsidised credit, sunk contributions, etc.?)

**If yes:**

a) Amount of funds received in 2005 (**€ thousands**) .....

b) **Without** aid or incentives in 2005 your firm would have made (*answer 'yes' once only*):

- 1) the same amount of investments in the same projects.....  no  yes
- 2) the same amount of investments, but in projects that were at least partly different .....  no  yes
- 3) a different amount of investments **if yes:** go to c) then d) .....  no  yes
- 4) no investment at all **if yes:** go to d) .....  no  yes

c) As a percentage of total investments in 2005, how much would you have spent without aid or incentives? .....   %

d) What reasons would have led you to reduce or eliminate investments in 2005 if no aid or incentives had been available? (*only two answers possible*)

- 1) there would have been no return on the investment without the incentives.....  no  yes
- 2) without incentives it would have been better to postpone at least part of the firm's investments .....  no  yes
- 3) the investments would have been worthwhile in any case, but institutional financiers (banks and other financial intermediaries, capital markets) would not have been willing to provide finance.....  no  yes

**PART F – Trade credit and trade debt**

**Trade credit** (Please indicate average for 2005)

Amount of trade credit<sup>(1)</sup> (€ thousands) .....  Average duration of contract in days....

Composition of trade credit by type of contract/effective terms of payment:

net terms <sup>(2)</sup>	<input type="text"/>	%	paid by deadline	<input type="text"/>	%		
two-part terms <sup>(3)</sup>	<input type="text"/>	%	paid over deadline	<input type="text"/>	%	☞	average delay in <input type="text"/>
<b>Total</b> .....	<b>1</b>	<b>0</b>	<b>0</b>	%	<b>Total</b> .....	<b>1</b>	<b>0</b>
				%			<b>0</b>

days

**Trade debt** (Please indicate average for 2005)

Amount of trade debt<sup>(4)</sup> (€ thousands) .....  Average actual duration in days .....

(1) Average yearly amounts outstanding. Includes any provision for diminution in value of trade credit. – (2) The purchaser was given an extension of payment at no additional cost and was not offered any discount for early payment (for example, 10 days instead of 40 days after delivery). – (3) The extension of payment entailed a cost for the purchaser, in the sense of forgoing a discount or a complimentary offer and/or of having to pay a higher price or a rate of interest. – (4) Average yearly amount outstanding.

**PART G - Financing**

Please state whether, **at the terms and conditions (cost and collateral) currently applied**, the firm would like to borrow more from banks or other lenders .....  yes  no

**If yes, please say:**

- whether the firm would be willing, at present, to pay a higher rate of interest or even to accept tighter terms and conditions in order to borrow more .....  no  yes
- why do you think the firm has not been able so far to borrow as much as it would like? (only one answer possible)
  - no banks or other lenders have been contacted for that purpose because it is assumed they will answer no to any request for more financing .....  no  yes
  - no banks or other lenders have been contacted yet for other reasons .....  no  yes
  - the lenders that have been contacted are not willing to increase the volume of lending to the firm .....  no  yes

**PART H – New Basel capital accord**

In 2007 new rules for banks' capital requirements will come into force. One of the most important new features is a closer link between banks' minimum capital requirements and the risk rating of clients.

Have you had the opportunity to consider the possible **effects** of these new rules on the conduct of your firm's business? .....  yes  no

**If yes:**

- a. In 2005 what changes occurred in your relations with the banks providing finance to your firm that you may specifically attribute to the new Basel capital accord? (More than one answer possible) (1=less; 2=no change; 3=more)
    - banks willing to grant new or more loans (on request) .....
    - modified terms and conditions (interest rates and/or related costs) ???.....
    - request for qualitative information (e.g. on shareholders and/or management) and/or quantitative information (e.g. projected profitability) .....
    - processing times, changes in duration only, other changes .....
  - b. As a consequence of the new capital accord, will your firm try to modify its borrowing relationships with banks by the following means?
    - change of main bank .....  yes  no
    - reduction in number of lending banks .....  yes  no
  - c. Do you plan to put any special measures in place as a consequence of the new capital accord?.....  yes  no
    - If yes, please specify? (More than one answer possible)**
      - enhance corporate information.....  yes  no
      - introduce/increase finance specialists.....  yes  no
      - enhance role of independent experts (e.g. chartered accountant) .....  yes  no
      - increase the ratio of equity to total debt .....  yes  no
- If yes, ☞ by how much? (1=0–10%; 2=10%–50%; 3=>50%)** .....

How would you judge the effort involved in completing the questionnaire?  modest  average  large  excessive

Comments: \_\_\_\_\_

## Survey of service firms – 2005

**Confidentiality notice (Legislative Decree 196/2003).** – The purpose of this survey is to collect information on the main economic and financial variables in the industrial sector. Your co-operation is important but not compulsory and any refusal to take part will bear no consequence. The information provided will only be used for research purposes and will not be published outside the Bank except in aggregate form. The firms taking part will be sent an extract of the main results of the survey. The data will be processed entirely inside the Bank and appropriate devices will be put in place to ensure their safety and confidentiality. The only people with access to individual data are those in charge of handling them and the staff engaged in processing and analysis. Firms enjoy the rights granted under the terms of Article 7 of the Decree, including the right to correct and integrate information concerning them. In charge of data handling: Head of the Economic Research Department of the Bank of Italy, Via Nazionale 91, 00184 ROME, Italy. Responsible for data handling: Bank of Italy (Organisation Department), Via Nazionale 91, 00184 ROME, Italy.

### PART A – General information

**Bank of Italy codes:** Branch code.....     Firm code .....

(to be entered by BI branch)

Type (sub-group)<sup>(1)</sup> .....

Town.....     Istat town code .....

Name of firm .....

Legal status .....

Public company      SRL      SPA      SAPA      SCRL      SCRI      SAS      SNC      Other

**for SPA (public limited company) only:** Did the firm adopt a governance model other than the traditional one?

no       yes      dualistic .....  1      monistic .....  2

Branch of activity - Istat Ateco2002<sup>(2)</sup> .....     Year of creation .....

Does the firm belong to a group? .....  yes       no

If the firm belongs to a group (i.e. a set of firms directly or indirectly controlled – through one or more chains of control – by the same physical persons or the same public entity):

Is the firm the parent company? ..  yes       no     

Name of parent company

Name of group .....

Nationality of group .....  1       2       3       4

Italian      Other EU on 31-12-03      New EU member      R.O.W.

Was the firm involved in extraordinary operations in 2005? .....  yes       no

If yes: Are you able to provide homogenous data for 2004 and 2005? (see instructions) .....  yes       no

(1) See Centrale dei Rischi, *Nuova classificazione della clientela bancaria, 1991*. - (2) See ISTAT, *Classificazione delle attività economiche. Metodi e norme, 2002*.

### PART B – Workforce and wages

(amount in numbers)

	Total workforce	Total workers & apprentices	Total fixed-term contracts	Total non-EU workforce
<u>2004</u> Average workforce .....				
- of which: part-time.....				
Workforce at end of year .....				
Hirings .....				
Departures .....				
<u>2005</u> Average workforce .....				
- of which: part-time.....				
Workforce at end of year .....				
Hirings .....				
Departures .....				
<u>2006</u> Average workforce (projection) .....				

Total actual hours worked by payroll employees .....

- of which: per cent overtime .....

Number of temporary work assignments .....

Total hours of temporary work .....

Cost of freelance collaborators<sup>(1)</sup> (% of total cost of payroll employees).....

	2004	2005
	<input type="text"/> <input type="text"/> . <input type="text"/> %	<input type="text"/> <input type="text"/> . <input type="text"/> %
	<input type="text"/> <input type="text"/> . <input type="text"/> %	<input type="text"/> <input type="text"/> . <input type="text"/> %

(1) The item includes collaboration contracts, occasional freelance contracts (with VAT) and project contracts.



**Wages and salaries in 2005**

Total gross annual wages per capita (€)<sup>(1)</sup>  
 Minimum national contract wage<sup>(2)</sup> .....  
 (approximate per cent of total)

Workers & apprentices	Clerks & managers	General average
%	%	%

(1) Includes social security and tax withheld on behalf of employees; does not include company payments on behalf of INPS and other social security institutes. - (2) The part covered by national contract includes minimum rates of pay, cost of living allowance, 13th month's pay (*tredicesima*) and other additional months' pay, meal allowance, overtime, and shift allowance.

**At the end of 2004** did the firm have employees on **collaboration contracts** (*collaborazione coordinata e continuativa*)? <sup>(1)</sup> .....  yes  no

**If yes:**

Please state the number of such contracts outstanding at **end of year 2004** .....

**At end of year 2005** how did these contracts change as a consequence of recent labour reforms (Legislative Decree 276/2003, the so-called 'Biagi law')? (*number*)

- they remained unchanged, regulated by the same collaboration agreement .....
- they were transformed into 'project' contracts .....
- they were changed to fixed-term contracts .....
- they were changed to open-term contracts .....
- they were changed to consultancy contracts<sup>(2)</sup> .....
- the positions were terminated (the person does not collaborate with the firm any more) .....

(1) For definitions please see the instructions. - (2) The person previously hired on a collaboration contract started self-employment and continued to work with the firm.

**PART C - Gross fixed investment in Italy** (please enter amounts in € thousands; enter 0 for no investments)

**Total expenditure on tangible assets**<sup>(1)</sup> .....  
 - of which: property .....  
 - of which: hardware<sup>(2)</sup> .....  
**Total expenditure on software, databases and mineral exploration**<sup>(3)</sup> .....

	2004	2005	2006 projection

Average annual percentage change in prices of **tangible assets** purchased .....

Average annual percentage change in prices of **software, databases and mineral exploration** purchased <sup>(1)</sup> .....

	2005/2004		2006/2005 projection	
	%	%	%	%
	%	%	%	%

(1) Tangible assets include property, plant, machinery and equipment and means of transport. - (2) Including telecommunications devices. - (3) Includes expenditure on original copyright of entertainment, and works of literature and art.

Geographical breakdown of workforce and total fixed investments in 2004 and 2005 and projection for 2006):

	Average workforce			Total gross fixed investment		
	2004	2005	2006 (proj.)	2004	2005	2006 (proj.)
North-West <sup>(1)</sup> .....	%	%	%	%	%	%
North-East <sup>(2)</sup> .....	%	%	%	%	%	%
Centre <sup>(3)</sup> .....	%	%	%	%	%	%
South & Islands <sup>(4)</sup> .....	%	%	%	%	%	%
Total .....	<b>100</b> %	<b>100</b> %	<b>100</b> %	<b>100</b> %	<b>100</b> %	<b>100</b> %
same region <sup>(5)</sup> .....	%	%	%	%	%	%

(1) North-West = Piedmont, Valle d'Aosta, Lombardy and Liguria. - (2) North-East = Veneto, Trentino-Alto Adige, Friuli Venezia Giulia and Emilia Romagna. - (3) Centre = Tuscany, Umbria, Marche and Lazio. - (4) South & Islands = Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sicily and Sardinia. - (5) Same region as the location of the registered office.

## PART D – Turnover and operating result

Turnover (€ thousands)	2004	2005	2006 projection
Turnover from sales of goods & services in year			
- of which: % for export <sup>(1)</sup> .....	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %

(1) Sales to residents abroad.

	2005/2004	2006/2005 projection
Average annual percentage change in prices of invoiced goods & services ☞ domestic and foreign markets .....	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
Please describe the firm's <b>operating results</b> for 2005.....	<input type="text"/> 1 large profit	<input type="text"/> 2 moderate profit
	<input type="text"/> 3 broad balance	<input type="text"/> 4 moderate loss
		<input type="text"/> 5 large loss

## PART E - Telephony (excluding telephone companies)

For at least part of telephony services (land lines or mobile) did your firm change in 2005 to a provider other than the former monopolist? .....  yes  no

**If yes:**

How did the average monthly bill change as a consequence of the choice of a new provider?

<input type="text"/> no change	<input type="text"/> lower (indicate % change)	<input type="text"/> higher (indicate % change)
<input type="text"/> yes <input type="text"/> no ☞	<input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> + <input type="text"/> <input type="text"/> <input type="text"/> %

## PART F – Trade credit and trade debt

**Trade credit** (Please indicate average for 2005)

Amount of trade credit<sup>(1)</sup> (€ thousands) .....  Average duration of contract in days....

Composition of trade credit by type of contract/effective terms of payment:

net terms <sup>(2)</sup>	<input type="text"/> <input type="text"/> <input type="text"/> %	paid by deadline	<input type="text"/> <input type="text"/> <input type="text"/> %	
two-part terms <sup>(3)</sup>	<input type="text"/> <input type="text"/> <input type="text"/> %	paid over deadline	<input type="text"/> <input type="text"/> <input type="text"/> %	☞ average delay in <input type="text"/> days
<b>Total</b> .....	<input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 0 %	<b>Total</b> .....	<input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 0 %	

**Trade debt** (Please indicate average for 2005)

Amount of trade debt<sup>(4)</sup> (€ thousands) .....  Average actual duration in days.....

(1) Average yearly amounts outstanding. Includes any provision for diminution in value of trade credit. – (2) The purchaser was given an extension of payment at no additional cost and was not offered any discount for early payment (for example, 10 days instead of 40 days after delivery). – (3) The extension of payment entailed a cost for the purchaser, in the sense of forgoing a discount or a complimentary offer and/or of having to pay a higher price or a rate of interest. – (4) Average yearly amount outstanding.

## PART G - Financing

Please state whether, **at the terms and conditions (cost and collateral) currently applied**, the firm would like to borrow more from banks or other lenders .....  yes  no

**If yes, please say:**

- whether the firm would be willing, at present, to pay a higher rate of interest or even to accept tighter terms and conditions in order to borrow more.....  no  yes
- why do you think the firm has not been able so far to borrow as much as it would like? (only one answer possible)
  - no banks or other lenders have been contacted for that purpose because it is assumed they will answer no to any request for more financing  no  yes
  - no banks or other lenders have been contacted yet for other reasons  no  yes
  - the lenders that have been contacted are not willing to increase the volume of lending to the firm .....  no  yes

**Please give the amounts for the following sources of funds**

	2004	2005	2006 projection
Cash flow <sup>(1)</sup> (+/-) (€ thousands) .....	<input type="text"/>	<input type="text"/>	<input type="text"/>

(1) Please use the minus sign ('-') in the case of negative cash flow. For the definition of cash flow, see the instructions.

For each of the following items, please state if a variation occurred with respect to the stock outstanding at end of the preceding year and specify the amount (in brackets).

(for negative variation please code: 1=more than -20%, 2=from -20% to -1.1 %, 3=from -10% to -5.1%, 4=from -5% to -0. % ; for positive variation please code: 5=from 0.1% to 5%, 6=from 5.1% to 10%, 7=from 10.1% to 20%, 8=more than 20%)

	2005		2006 projection	
Equity <sup>(1)</sup> .....	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
of which: private equity <sup>(2)</sup> .....	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bonds and other medium/long-term securities <sup>(3)</sup> .....	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other <sup>(3)</sup> .....	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bank borrowing .....	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

(1) Please consider only variations due to issues and redemptions of capital equities. Variations are negative in the case of redemptions. -

(2) Minority stakeholders in unlisted firms that generally participate actively in the firm's management. - (3) Variations are negative for firms that overall reimburse bonds and/or securities.

**PART H – New Basel capital accord**

In 2007 new rules for banks' capital requirements will come into force. One of the most important new features is a closer link between banks' minimum capital requirements and the risk rating of clients.

Have you had the opportunity to consider the possible **effects** of these new rules on the conduct of your firm's business? .....

yes  no

**If yes:**

a. In 2005 what changes occurred in your relations with the banks providing finance to your firm that you may specifically attribute to the new Basel capital accord? (More than one answer possible)

(1=less; 2=no change; 3=more)

- banks willing to grant new or more loans (on request) .....
- modified terms and conditions (interest rates and/or related costs) .....
- collateral requirements .....
- request for qualitative information (e.g. on shareholders and/or management) and/or quantitative information (e.g. projected profitability) .....
- processing times .....
- changes in duration only of borrowing operations .....
- other (please specify) ☞ .....

b. As a consequence of the new capital accord, will your firm try to modify its borrowing relationships with banks by the following means?

- change of main bank .....
- reduction in number of lending banks .....
- increase in number of lending banks .....

c. Do you plan to put any special measures in place as a consequence of the new capital accord? .....

yes  no

**If yes,** please specify (more than one answer possible)

- enhance corporate information .....
- enhance role of finance specialists or hire new ones .....
- enhance role of independent experts (e.g. chartered accountant) .....
- request rating from a qualified agency .....
- increase the ratio of equity to total debt .....

**If yes,** ☞ by how much? (1=0-10%; 2=10%-50%; 3=>50%) .....

- other (please specify) ☞ .....

How would you judge the effort involved in completing the questionnaire?  modest  average  large  excessive

Comments: .....

## Survey of service firms – 2005

**Confidentiality notice (Legislative Decree 196/2003).** – The purpose of this survey is to collect information on the main economic and financial variables in the industrial sector. Your co-operation is important but not compulsory and any refusal to take part will bear no consequence. The information provided will only be used for research purposes and will not be published outside the Bank except in aggregate form. The firms taking part will be sent an extract of the main results of the survey. The data will be processed entirely inside the Bank and appropriate devices will be put in place to ensure their safety and confidentiality. The only people with access to individual data are those in charge of handling them and the staff engaged in processing and analysis. Firms enjoy the rights granted under the terms of Article 7 of the Decree, including the right to correct and integrate information concerning them. In charge of data handling: Head of the Economic Research Department of the Bank of Italy, Via Nazionale 91, 00184 ROME, Italy. Responsible for data handling: Bank of Italy (Organisation Department), Via Nazionale 91, 00184 ROME, Italy.

### PART A – General information

**Bank of Italy codes:** Branch code.....     Firm code .....

(to be entered by BI branch)

Type (sub-group)<sup>(1)</sup> .....

Town.....     Istat town code .....

Name of firm .....

Legal status .....

Public company      SRL      SPA      SAPA      SCRL      SCRI      SAS      SNC      Other

**for SPA (public limited company) only:** Did the firm adopt a governance model other than the traditional one?

no       yes      dualistic .....  monistic .....

Branch of activity - Istat Ateco2002<sup>(2)</sup> .....     Year of creation .....

**Firm belonging to a group** .....  yes       no

If the firm belongs to a group (i.e. a set of firms directly or indirectly controlled – through one or more chains of control – by the same physical persons or the same public entity):

**Is the firm the parent company?** ..  yes       no     

Name of parent company .....

**Name of group**.....

**Nationality of group**.....

Italian      Other EU on 31-12-03      New EU member      R.O.W.

**Was the firm involved in extraordinary operations in 2005?** .....  yes       no

**If yes:** Are you able to provide homogeneous data for 2004 and 2005? (see instructions) .....  yes       no

(1) See Centrale dei Rischi, *Nuova classificazione della clientela bancaria, 1991*. - (2) See ISTAT, *Classificazione delle attività economiche. Metodi e norme, 2002*.

### PART B – Workforce and wages

(amounts in numbers)

	Total workforce	Total workers & apprentices	Total fixed-term contracts	Total non-EU workforce
<b>2004</b> Average workforce .....				
- of which: <i>part-time</i> .....				
Workforce at <b>end of year</b> .....				
Hirings .....				
Departures .....				
<b>2005</b> Average workforce .....				
- of which: <i>part-time</i> .....				
Workforce at <b>end of year</b> .....				
Hirings .....				
Departures .....				
<b>2006</b> Average workforce (projection) .....				

**Total** actual hours worked by payroll employees .....

- of which: **per cent** overtime .....

Number of temporary work assignments.....

**Total hours of temporary work** .....

	2004	2005
	<input type="text"/> <input type="text"/> . <input type="text"/> %	<input type="text"/> <input type="text"/> . <input type="text"/> %
	<input type="text"/> <input type="text"/> . <input type="text"/> %	<input type="text"/> <input type="text"/> . <input type="text"/> %

(1) The item includes collaboration contracts, occasional freelance contracts (with VAT) and project contracts.

**Wages and salaries in 2005**

Total gross annual wages per capita (€)<sup>(1)</sup>  
 Minimum national contract wage<sup>(2)</sup> .....  
 (approximate per cent of total)

Workers & apprentices	Clerks & managers	General average
%	%	%

(1) Includes social security and tax withheld on behalf of employees; does not include company payments on behalf of INPS and other social security institutes. - (2) The part covered by national contract includes minimum rates of pay, cost of living allowance, 13th month's pay (*tredicesima*) and other additional months' pay, meal allowance, overtime, and shift allowance.

At the end of 2004 did the firm have employees on **collaboration contracts** (*collaborazione coordinata e continuativa*)? <sup>(1)</sup> .....  yes  no

If yes Please state the number of such contracts outstanding at the end of 2004 .....

At the end of 2005 how did these contracts change as a consequence of recent labour reforms (Legislative Decree 276/2003, the so-called 'Biagi law')? (*number*)

- they remained unchanged, regulated by the same collaboration agreement .....
- they were transformed into 'project' contracts .....
- they were changed to fixed-term contracts .....
- they were changed to open-term contracts .....
- they were changed to consultancy contracts<sup>(2)</sup> .....
- the positions were terminated (the person does not collaborate with the firm any more) .....

(1) For definitions please see instructions. - (2) The person previously hired on a collaboration contract started self-employment and continued to work with the firm.

**PART C - Gross fixed investment in Italy** (please enter amounts in € thousands; enter 0 for no investments)

Total expenditure on tangible assets<sup>(1)</sup> .....  
 - of which: property .....  
 - of which: hardware<sup>(2)</sup> .....  
 Total expenditure on software, databases and mineral exploration<sup>(3)</sup> .....

	2004	2005	2006 projection
Total expenditure on tangible assets <sup>(1)</sup>			
- of which: property			
- of which: hardware <sup>(2)</sup>			
Total expenditure on software, databases and mineral exploration <sup>(3)</sup>			

(1) Tangible assets include property, plant, machinery and equipment and means of transport. - (2) Including telecommunications devices. - (3) Includes expenditure on original copyright of entertainment, and works of literature and art.

**PART D – Turnover and operating result**

Turnover (€ thousands)  
 Turnover from sales of goods & services in year  
 - of which: % for export<sup>(1)</sup> .....

	2004	2005	2006 projection
Turnover from sales of goods & services in year			
- of which: % for export <sup>(1)</sup>	%	%	%

(1) Sales to residents abroad.

Please describe the firm's operating results for 2005.....  
 1 large profit       2 moderate profit  
 3 broad balance       4 moderate loss       5 large loss

**PART E – Trade credit and trade debt**

Trade credit (Please indicate average for 2005)

Amount of trade credit<sup>(1)</sup> (€ thousands) ..... Average duration of contract in days....

Composition of trade credit by type of contract/effective terms of payment:

net terms<sup>(2)</sup> | | | % paid by deadline | | | %  
 two-part terms<sup>(3)</sup> | | | % paid over deadline | | | % average delay in | | | days  
 Total ..... 1 0 0 % Total ..... 1 0 0 %

Trade debt (Please indicate average for 2005)

Amount of trade debt<sup>(4)</sup> (€ thousands) ..... Average actual duration in days .....

(1) Average yearly amounts outstanding. Includes any provision for diminution in value of trade credit. - (2) The purchaser was given an extension of payment at no additional cost and was not offered any discount for early payment (for example, 10 days instead of 40 days after delivery). - (3) The extension of payment entailed a cost for the purchaser, in the sense of forgoing a discount or a complimentary offer and/or of having to pay a higher price or a rate of interest. - (4) Average yearly amount outstanding.

**PART F - Financing**

Please state whether, **at the terms and conditions (cost and collateral) currently applied**, the firm would like to borrow more from banks or other lenders .....  yes  no

**If yes, please say:**

- whether the firm would be willing, at present, to pay a higher rate of interest or even to accept tighter terms and conditions in order to borrow more.....  no  yes
- why do you think the firm has not been able so far to borrow as much as it would like? *(tick one box only)*
  - no banks or other lenders have been contacted for that purpose because it is assumed they will answer no to any request for more financing  no  yes
  - no banks or other lenders have been contacted yet for other reasons  no  yes
  - the lenders that have been contacted are not willing to increase the volume of lending to the firm .....  no  yes

**PART G - New Basel capital accord**

In 2007 new rules for banks' capital requirements will come into force. One of the most important new features is a closer link between banks' minimum capital requirements and the risk rating of clients.

Have you had the opportunity to consider the possible **effects** of these new rules on the conduct of your firm's business? .....  yes  no

**If yes:**

- a. In 2005 what changes occurred in your relations with the banks providing finance to your firm that you may specifically attribute to the new Basel capital accord? *(More than one answer possible)*  
*(1=less; 2=no change; 3=more)*
  - banks willing to grant new or more loans (on request) .....
  - modified terms and conditions (interest rates and/or related costs) and collateral requirements.....
  - request for qualitative information (e.g. on shareholders and/or management) and/or quantitative information (e.g. projected profitability) .....
  - processing times, changes in duration alone, other changes .....
- b. As a consequence of the new capital accord, will your firm try to modify its borrowing relationships with banks by the following means?
  - change of main bank .....  yes  no
  - reduction in number of lending banks .....  yes  no
- c. Do you plan to put any special measures in place as a consequence of the new capital accord?.....  yes  no
 

**If yes, please specify? (More than one answer possible)**

  - enhance corporate information.....  yes  no
  - introduce/increase finance specialists.....  yes  no
  - enhance role of independent experts (e.g. chartered accountant) .....  yes  no
  - increase the ratio of equity to total debt.....  yes  no

**If yes, by how much? (1=0-10%; 2=10%-50%; 3=>50%)** .....

How would you judge the effort involved in completing the questionnaire?

modest  average  large  excessive

Comments: \_\_\_\_\_