



BANCA D'ITALIA
EUROSISTEMA

XXVI BUSINESS OUTLOOK SURVEY - 2018
NON-CONSTRUCTION INDUSTRIAL FIRMS AND SERVICE FIRMS

Notice. - 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. The information provided will only be used for research purposes. Firms taking part to the survey will provide a valuable contribution to the analysis of the Italian economy. The data will be handled in order to ensure data safety and confidentiality.

General Information

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

CBranch code

Firm code

A1, A2

Date of interview (GG/MM/AAAA).....

DATA

Tax code

CODF

Name of firm

A3

Legal status

A9N

Legend: 1 = SRL; 2 = SPA; 3 = SAPA; 4 = Soc. Coop.; 5 = SAS; 6 = SNC; 7 = ALTRO.

Istat – Ateco2007 (first 5 figures).....

A4C

Istat (Italian National Statistical Institute) economic activity: see ISTAT. Classificazione delle attività economiche. Metodi e norme 2007.

Average payroll employment in 2017

A5M

Average payroll employment: Does NOT include temporary workers and workers on collaboration contracts (co.co.co.). Partners and owners should be included if they work for the firm. The total includes workers on fixed-term contracts and redundant workers receiving Wage Supplementation Fund benefits. The information can be obtained as the mean of the average monthly workforce. In the case of temporary and seasonal workers and generally anyone working for only part of the year, the number of workers must be multiplied by the fraction of the year during which they have worked. Workers receiving Wage Supplementation Fund benefits and part-time workers should be regarded as working for the whole of the year.

Share of exports in total sales revenue for 2018 *

A6

- 1 zero
- 2 less than 1/3
- 3 between 1/3 and 2/3
- 4 more than 2/3
- 9 do not know, no answer

* For service firms, insert the share of sales revenue arising from non-residents in Italy.

MAIN economic purpose of goods and services produced.

A7

NON-CONSTRUCTION-INDUSTRY FIRMS

- 1 capital goods (used in production processes for longer than one year)
- 2 intermediate goods (*part of other goods/services*)
- 3 consumer goods (*directly for consumption*)

SERVICE FIRMS

- 4 business services
- 5 household services
- 6 general government services

Investments

1 Compared with the LEVEL PLANNED AT THE END OF 2017, nominal expenditure on (tangible and intangible) fixed investment in the current year will be:*	<div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div>	P1
<div style="display: flex; flex-direction: column; gap: 5px;"> <div>1 much lower (by more than 10%)</div> <div>2 a little lower (between 3.1% and 10%)</div> <div>3 practically the same (between -3% and 3 %)</div> <div>4 a little higher (between 3.1% and 10%)</div> <div>5 much higher (by more than 10%)</div> <div>9 do not know, no answer</div> </div>		

* The responses "much higher" and "much lower" also apply when, in the two periods compared, investments are zero in one year and higher than zero in the other.

(Please answer this question ONLY IF actual expenditure on investment is likely to differ from that planned)

2 The gap is MAINLY due to:	<div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div>	P2
<div style="display: flex; flex-direction: column; gap: 5px;"> <div>1 financial factors</div> <div>2 unexpected changes in demand</div> <div>3 changes in the level of uncertainty due to economic or political factors</div> <div>4 changes in purchase prices</div> <div>5 organizational or technical factors</div> <div>6 red tape</div> <div>7 changes to the tax system or to incentives</div> <div>9 do not know, no answer</div> </div>		

3 How does planned nominal expenditure on fixed investment in 2019 compared with that in 2018?*	<div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div>	P3
<div style="display: flex; flex-direction: column; gap: 5px;"> <div>1 much lower (by more than 10%)</div> <div>2 slightly lower (between 3.1% and 10%)</div> <div>3 stable (between -3% and 3 %)</div> <div>4 slightly higher (between 3.1% and 10%)</div> <div>5 much higher (by more than 10%)</div> <div>9 do not know, no answer</div> </div>		

* The responses "much higher" and "much lower" also apply when, in the two periods compared, investments are zero in one year and higher than zero in the other.

(Please ONLY answer if you did not answer "do not know, no answer" to the previous question)

4 What factors are affecting your investment plans for 2019, and in what direction? *	A 1 st factor	B 2 nd factor
A Positively (indicate up to two in order of importance)	<div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div>
B Negatively (indicate up to two in order of importance)	<div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div>

P89

Legend: 1 = a change in borrowing conditions; 2 = an expected change in demand; 3 = a change in the uncertainty attributable to economic or political factors; 4 = an expected change in buying prices; 5 = organization and technical factors; 6 = bureaucracy; 7 = changes to the tax and incentives system; 8 = no factors affects positively or negatively; 9 = do not know, no answer.

* A certain factor can be indicated only once, in the direction that has affected PREVALENTLY according to your expectations.

Firm's funding

5 Considering just bank loans, indicate the trend of your demand excluding seasonal fluctuations in the first semester 2018 compared with the second semester 2017 (consider the amount desired, independently of how much actually granted by banks):

P32A

Legend: 1 = large contraction; 2 = moderate contraction; 3 = basically no change; 4 = moderate increase; 5 = large increase; 8 = not applicable; 9 = do not know, no answer.

(Please answer ONLY IF your loan demand changed (answers 1, 2, 4 or 5 to the above))

6 What are the main factors determining changes in your demand for bank loans in the first half 2018?
(indicate at most two factors as most important)

A change in funding requirement for fixed investment P33AA

B change in funding requirement for stocks and working capital. P33BA

C change in funding requirement for debt restructuring P33CA

D change in self-financing capacity P33DA

E change in other forms of borrowing (non-bank credit, bond issues, etc.) P33EA

Legend: 1 = not relevant; 2 = scarcely relevant; 3 = quite relevant; 4 = very relevant; 9 = do not know, no answer.

7 How did the firm's overall borrowing conditions change in the first half 2018 compared with the second half 2017?

A general conditions P34AA

B specific aspects:

B.1 livello dei tassi di interesse applicati P34B1A

B.2 other costs (banking fees, etc...) P34B2A

B.3 amount of collateral required P34B3A

B.4 access to new financing P34B4A

B.5 time necessary to obtain new funds. P34B5A

B.6 complexity of information needed to obtain new funds P34B6A

B.7 requests of reimbursing previously granted loans beforehand P34B7A

Legend: 1 = they became worse; 2 = no change; 3 = they became better; 8 = not applicable; 9 = do not know, no answer.

8 Between June 2017 and June 2018 the level of your firm's liquid holdings (bank deposits, securities and other liquid financial assets):

P105

- 1 decreased
- 2 held stable
- 3 increased
- 9 do not know, no answer

Workforce

9 How will the average size of the workforce in 2017 compare with that in 2016? P12

- 1 much smaller (more than 5%)
- 2 a little smaller (between 1.1% and 5%)
- 3 practically the same (between -1% and 1%)
- 4 a little larger (between 1.1% and 5%)
- 5 much larger (more than 5%)
- 9 do not know, no answer

10 In 2018 did your firm use any form of wage supplementation or have recourse to the layoff procedure?

(give an answer for each item)



A wage supplementation (ordinary, extraordinary or under a waiver, including solidarity contracts) P61A

B procedure for layoffs P61B

Legend: 1 = no; 2 = yes; 8 = not applicable (e.g. firm not eligible to apply; 9 = do not know, no answer.

1. Ordinary wage supplementation is for permanent employment blue- and white-collar workers and technicians of industrial firms in general in the event of suspension or reduction of production as a result of company situations arising from:
 - temporary events not attributable to the entrepreneur or the workers;
 - temporary market conditions.
 Wage supplementation can be granted for up to 13 consecutive weeks, renewable for another 13 weeks. In a period of two years no more than 52 weeks of ordinary wage supplementation may be authorized.
2. Special wage supplementation is for blue- and white-collar workers and technicians in the event of restructurings, reorganizations, conversions and company crises and in the event of bankruptcy or compulsory liquidation.
3. Ordinary and special wage supplementation under a waiver. Recent Government measures have extended the scope for wage supplementation under a waiver of the provisions of Point 1, thus permitting applications by firms:
 - that are not normally eligible for ordinary wage supplementation;
 - that are eligible for ordinary wage supplementation but have reached the relevant time limits;
 - for workers other than those on permanent employment contracts, such as apprentices and temporary employees.
 Similarly, special wage supplementation under a waiver can be used for firms not eligible for special wage supplementation (see Point 2) and for firms which are eligible but which have reached the relevant time limits (3 years in the last 5 years). Indennità di mobilità.
4. Layoff procedure. It can be asked by firms with 15 employees or more, provided they:
 - are eligible to special wage supplementation under a waiver;
 - use collective redundancies after workforce reduction, change or closing of their activities.
 The employees eligible are those that are either on permanent contracts since a minimum of one year, or have been already dismissed and enrolled on special lists prepared by the Labor General Directorate, based on lists of employees provided by the
 - companies in crisis.

11 The recent Decree Law No. 87 of 12 July 2018, "Decreto Dignità", converted with amendments by Law No. 96 of 9 August 2018, changed the rules governing fixed-term employment (reintroducing the obligation to provide written justification for the use of contracts beyond 12 months and reducing their maximum duration to 24 from 36 months) and increased the compensation firms would have to pay out in the event of the illegal firing of a worker on an open-ended employment contract. **What effect do you believe these changes will have on the following HR policies of your firm in the twelve months following their introduction (July 2018)?**



A Total persons employed P124

B Use of fixed-term contracts P125

C Use of open-ended contracts P126

D Turnover P127

Legend: 1 = negative; 2 = no effect; 3 = positive; 9 = do not know, no answer.

Result for the year, orders, sales revenue and production

12 What AFTER-TAX result do you expect for the current year? P19

- 1 large loss
- 2 modest loss
- 3 breakeven
- 4 modest profit
- 5 large profit
- 9 do not know, no answer

Turning now to sales revenue and orders for the firm's products/services
(give an answer for all the three items below)

A Domestic
market and
exports

(if you export)
B Total
exports

13 Sales revenue: what change is expected in Q1-Q3 2018 compared with Q1-Q3 2017?.....

P23A

P23B

14 Orders/sales of the firm's products/services: on a seasonally adjusted basis their
current trend compared with the end of June has been:

P24A

P24B

15 ... and in 6 months, compared with now, will be:

P25A

P25B

Legend: 1 = much lower (less than -4 %); 2 = slightly lower (between -1.6% and -4%); 3 = stable (between -1.5% and 1.5%); 4 = slightly higher (between 1.6% and 4%); 5 = much higher (more than 4%); 8 = not applicable (for column B only); 9 = do not know, no answer.

Recent developments in international trade

16 The US government recently introduced tariffs on imports, announcing further similar actions and increasing the risk of retaliation from other countries. **Over the next 12 months how might these tensions affect your investment expenditure compared with that initially planned?**

P128

- 1 It will be significantly lower
- 2 It will be largely unchanged
- 3 It will be significantly higher
- 4 We have not yet thought about it, but we will do so because the impact could be considerable
- 5 There will be no appreciable impact on our firm
- 9 Do not know, no answer

Let's imagine that the US imposes a tariff on imports from the European Union equal to 25% of the value of the goods sold by your firm (considering only the main products).

In this case what effect would you expect there to be on your sales in the following markets:

	Effect	Intensity
17 Sales to EU countries (including Italy).....	<input type="text"/> P129	<input type="text"/> P130
18 Sales to the USA.....	<input type="text"/> P131	<input type="text"/> P132
19 Sales to other non-EU countries	<input type="text"/> P133	<input type="text"/> P134
	Legend: 1 = negative; 2 = no effect; 3 = positive; 8 = I do not sell to this market; 9 = do not know, no answer	Legend: 1 = modest; 2 = medium; 3 = high; 9 = do not know, no answer

20 Again in this hypothetical case, would you adopt market or product repositioning strategies?

P135

Legend: 1 = no; 2 = yes; 9 = do not know, no answer

IF YES,

A Would you consider changing your production process (e.g. transferring part of your production chain to the USA or to countries not affected by the tariffs and so on)?

P136

B Would you try concentrating more on sales to countries not hit by tariffs?

P137

C Would you try to shift towards products not hit by tariffs?

P138

Legend: 1 = no; 2 = yes; 9 = do not know, no answer

? General government payments

A list of the entities that are part of the General Government sector (Sector S13) is prepared by Istat drawing on the European System of National and Regional Accounts (ESA 2010) and is published in the Official Journal of the Italian Republic.

It is important to note that the General Government sector does not include companies partially owned by government entities if these sell most of their goods and services at market prices and their revenues cover at least 50 per cent of overheads. Mere control by a government entity does not automatically include a firm in the General Government sector.

