

ESF Article 6 Project „ChaBaLEU“

Survey about the necessity of micro finances in mi- cro and small sized enterprises in the Administrative District Spree-Neisse

– Status Quo Analysis –

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Project: ChaBaLEU
Author: Ms Susan Schulz
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Changes:

Date	Version	Author	Modification
15/05/2007	1.0	Ms Susan Schulz	Original

1. Description and content of the questionnaire

The aim of the semi standardized questionnaire has been to evaluate the necessity concerning micro finances in regional located micro and small sized enterprises. The Regional Development Agency accomplished a survey by telephone in selected companies of the Administrative District Spree-Neisse. A total number of 81 companies have been interviewed of which 44 answered the questionnaire and 37 did not. The companies are spread throughout the Administrative District Spree-Neisse (Fig. 1) and include different kinds of industrial sectors.

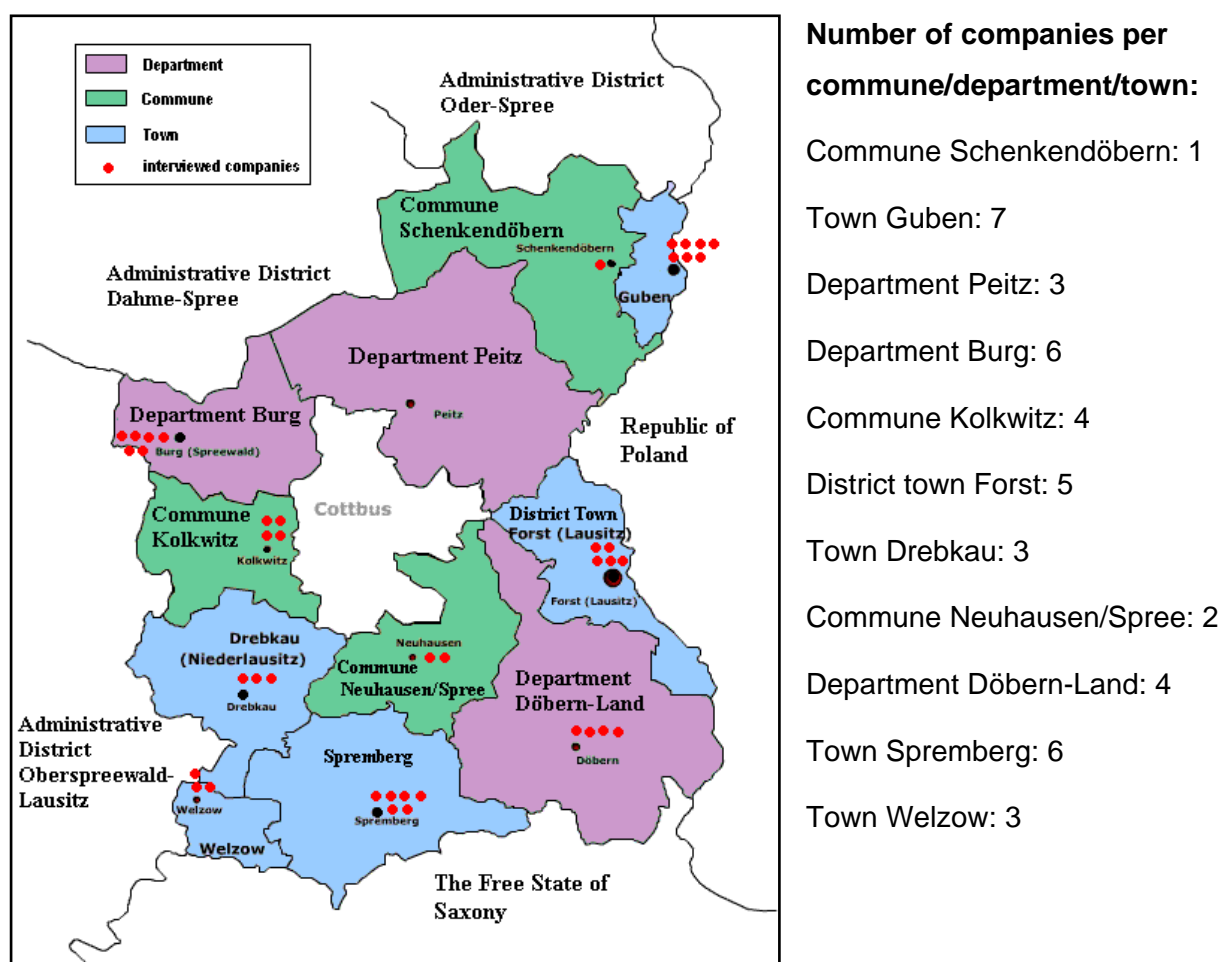


Fig. 1: The spatial spreading of the interviewed companies in the Administrative District Spree-Neiße (N=44)
(Source: <http://www.lkspn.de/aemter/11100.html>, modified)

The questionnaire has been developed for interviews by telephone. The questions had to be clear, brief and easy to understand. The interviews took approximately 3 to 5 minutes. The questionnaire included the three topics access to information, necessity of micro finances and advisory service and requests.

The first part *access to information* identified to what extent micro and small sized enterprises require micro finances and what kind of experiences the companies gain with their banks. Another question dealt with the knowledge of other possibilities for finances like financial support programmes.

The second topic *necessity of micro finances* was used to get information concerning the importance of micro finances for the companies in the Administrative District Spree-Neisse. Therefore we wanted to know how important those micro finances were for the investment decision.

The last part of the questionnaire *advisory service and requests* identified especially the work of the Regional Development Agency of the Administrative District Spree-Neisse. Therefore the companies had to answer the question how important advisory services are and if the interviewed companies had contact with the Regional Development Agency. Finally the companies had the possibility to give requests towards the Regional Development Agency.

2. Results

Almost half of the interviewed companies depended on micro finances of at most 10.000 € in the past and talked to their banks concerning this matter (Fig. 2).

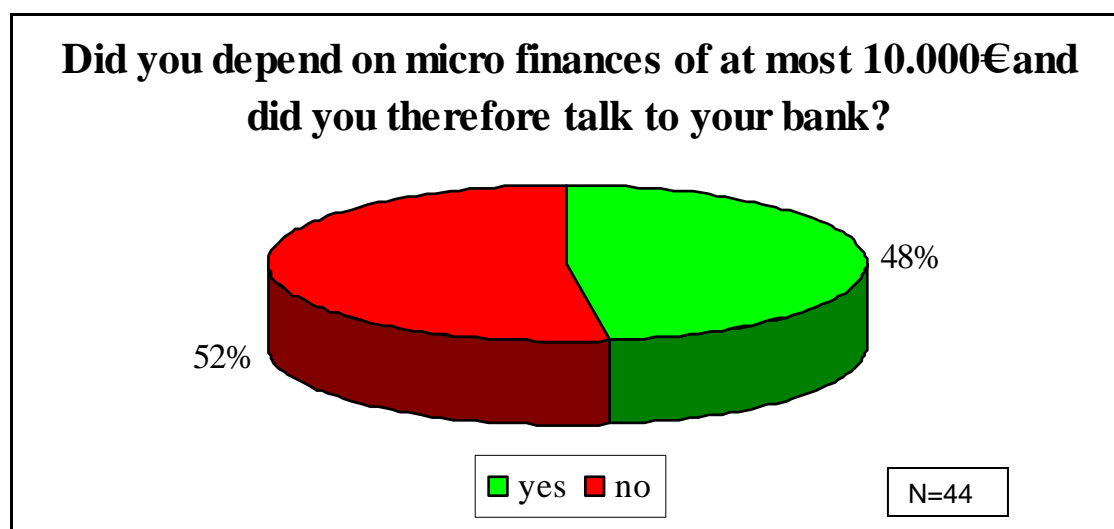


Fig. 2: Necessity of micro finances
(Source: own survey 2007)

Over one third of these companies gained bad experiences when they applied for a credit at their bank (Fig. 3). Especially micro finances make difficulties for the companies. In this matter high effort, complexity and fussiness have been mentioned.

Almost half of the interviewed companies knew different possibilities that afford micro finances. These companies mentioned at most leasing as another possibility. But also micro finance programmes of the KfW and other support programmes were named.

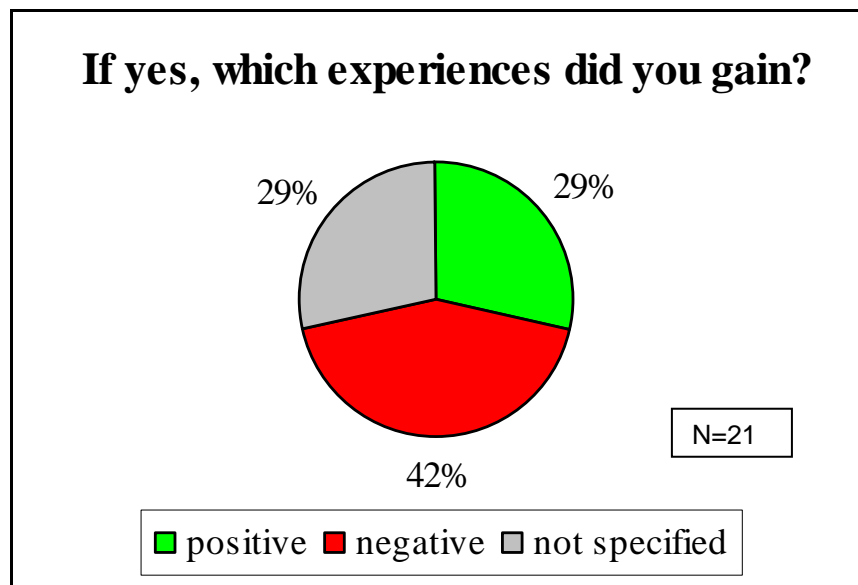


Fig. 3: Experiences with applications for credits
(Source: own survey 2007)

About one third (34 %) of the interviewed companies calculates with concrete investments in the near future. These companies intend to invest at most in resources and stock in trade (Fig. 4). Altogether most of the investments are between 5.000 € and 10.000 € (8 times mentioned). But also investments of more than 25.000 € were mentioned (7 times mentioned).

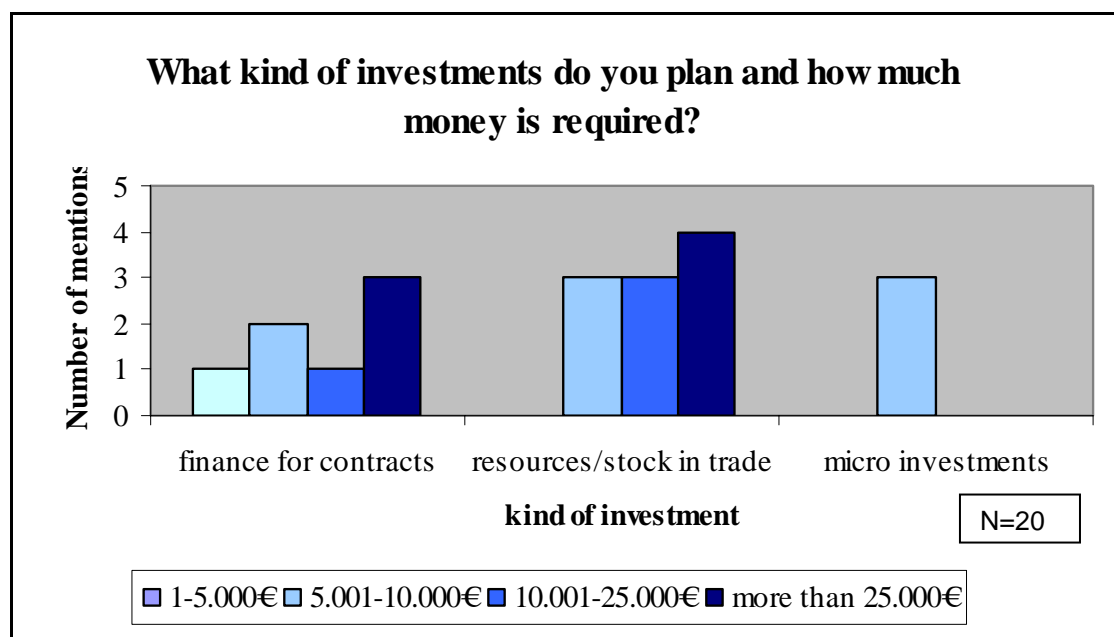


Fig. 4: Sort and amount of intended investments
(Source: own survey 2007)

64 % of all 44 interviewed companies could imagine benefiting from micro finances for their investments. 36 % do not want to use those micro finances. „That does not correspond with the philosophy of our company“ or „only when money exists we can invest“ are some opinions from the companies. 61 % of the companies who can imagine benefiting from micro finances say that the micro finances are important for the investment decision (Fig. 5).

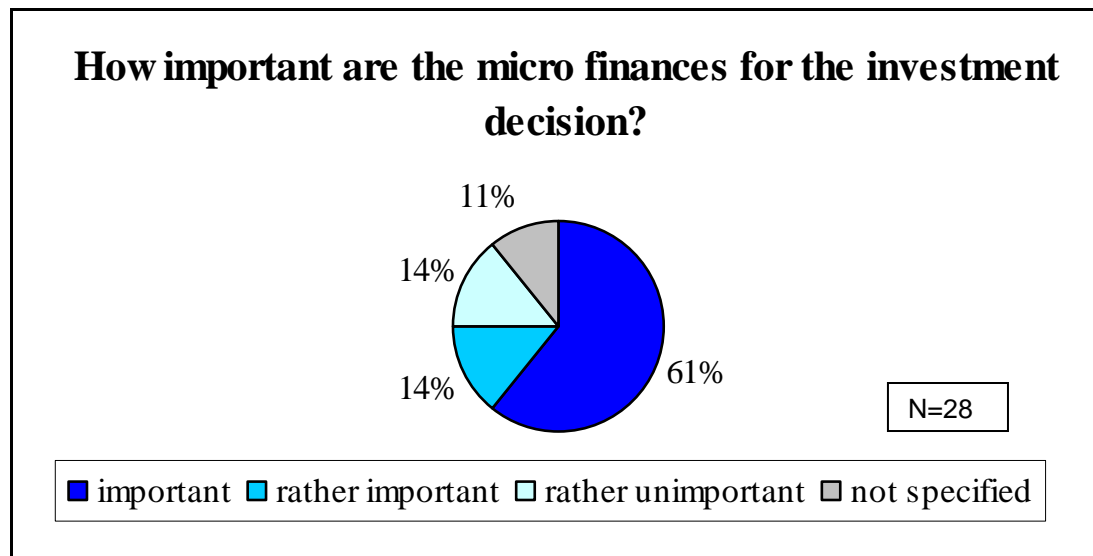


Fig. 5: Importance for the investment decision
(Source: own survey 2007)

Some of the industrial sectors depend more on micro finances than other industrial sectors. The survey discovered that the building sector depends less on micro finances than companies of the retail industry. Micro finances are less important for the building sector because most of the investments of the companies in this sector are over 25.000 €. The companies of the retail sector require most of all interviewed companies micro finances and those micro finances have a very high influence for the investment decision.

In the last part of the survey we found out that a good advisory service besides the financial support is very important for the companies (Fig. 6). But 82 % of the interviewed companies did not have any contact with the Regional Development Agency of the District Spree-Neisse. One cause is that assistance is not wanted or necessary. Many of the companies did not know what benefits the Regional Development Agency can achieve. 3 of the 44 interviewed companies did not know the Regional Development Agency at all.

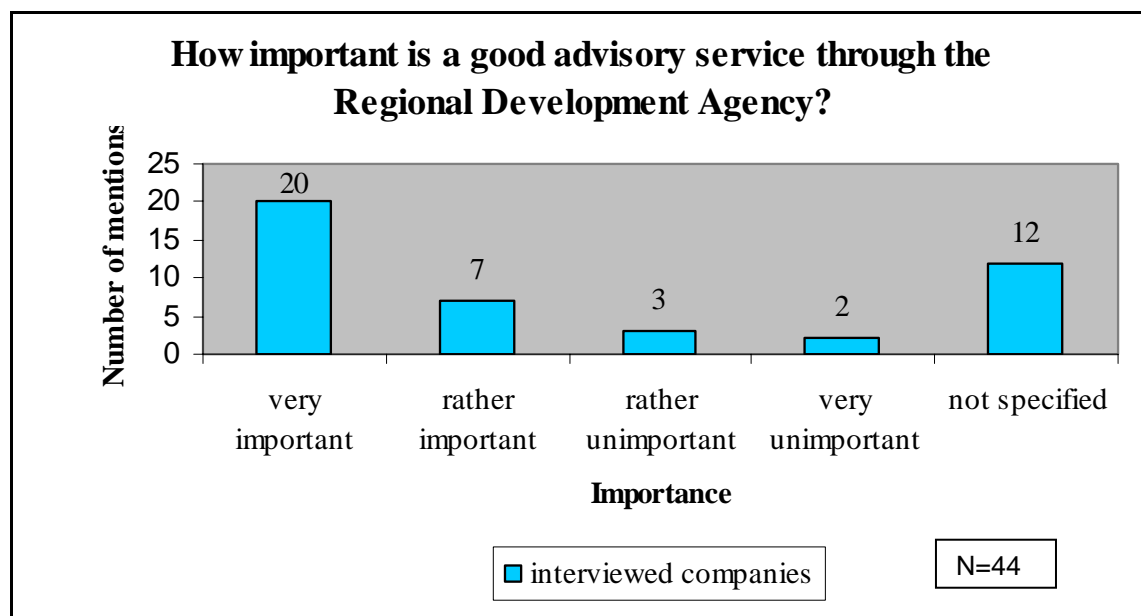


Fig. 6: Importance of advisory services of the Regional Development Agency (Source: own survey 2007)

Only 7 of 44 interviewed companies mentioned precise requests to the Regional Development Agency. Especially assistance and consultation with the application for appropriations is wanted. A better mentoring before and after the establishment of the company is mentioned in this context. Therefore the Regional Development Agency has to be more present in the region.

3. Summary

Recapitulating we can say that micro finances play an important role for micro and small sized enterprises in the Administrative District Spree-Neisse. Almost two third of the interviewed companies can imagine to use micro finances. And for more than 50 % of those companies are the micro finances important for the investment decision. Especially industrial sectors like the retail industry depend on the micro finances. The building sector is less depended on the micro finances because the investments are much higher than 25.000 €. Furthermore could the survey reveal that it is still very complicated and complex for micro and small sized enterprises to gain access to a small credit from the bank.



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