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New Monthly Enterprises Survey

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Ukrainian Business in Wartime

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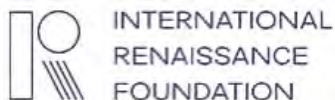


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ABOUT THE NEW MONTHLY ENTERPRISES SURVEY “UKRAINIAN BUSINESS IN WARTIME”

Dear ladies and gentlemen, we present you with the **sixteenth issue** of the business managers’ monthly survey “Ukrainian Business in Wartime.”

The need for comprehensive information on the economic situation is crucial for economic policy in wartime. The Institute for Economic Research and Policy Consulting conducts a monthly enterprise survey using the Business Tendency Survey approach to quickly collect information on the current economic state at the enterprise level. The methodology is designed to assess the situation from the “base level”: the judgments and expectations of key economic agents such as entrepreneurs and business managers.

The monthly survey consists of two parts: the regular one and the special one.

Respondents regularly answer questions on the changes in key activity indicators and short-term forecasts for future changes in the same indicators. This entails the dynamics of output (production), sales, exports, debt, new orders, employment, etc. We also focus on estimates and expectations of the changes in the business climate and business activity at the enterprise in the next six months. This part of the survey applies the business tendency survey methodology, harmonized according to the Joint Harmonized EU Program of Business and Consumer Surveys (BCS) requirements. Where applicable, we use comparisons with the data from the quarterly business survey “Business Opinion” that have been conducted since 1998.

The special part of the monthly enterprise survey is devoted to the war's impact on the production activity of enterprises and exports and the assessment of government policy on business support. The industry dimension in data analysis is used in the issue.

The monthly survey of business managers is a part of a change in the activities of the project “For Fair and Transparent Customs”, funded by the European Union and co-financed by the International Renaissance Foundation, and the ATLAS Network (USA). Monthly trends will be presented in reports such as this one. Quarterly trends will continue to be published in the “Business Survey: Industry” reports, which have been published by the IER since July 2002.

We are grateful to the analytical system YouControl (<https://youcontrol.com.ua/>) for the opportunity to use the data to form a panel sample.

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PRACTICAL QUESTIONS AND ANSWERS TO HELP TO READ THIS REPORT

Who do we survey? This survey uses a panel sample; that means we survey the same business entities. Building such a sample takes time. During the sixteenth wave of the survey, the answers of 539 respondents were received.

Fig. 1 Number of enterprises surveyed



They include mainly industrial enterprises (93%) located in 21 of the 27 regions of Ukraine: Vinnytsya, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattia, Zaporizhzhya, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Khmelnytsky, Cherkasy, Chernivtsi, Chernihiv and Kharkiv regions and in the Kyiv city. Enterprises of all sizes in terms of the number of workers are represented among the respondents.

Fig. 2 Number of enterprises surveyed, by size

	Jul.22	Aug.22	Sep.22	Oct.22	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23	Jul.23	Aug.23
Micro	50	64	55	49	53	58	67	59	64	57	61	60	57	61
Small	128	142	138	133	138	156	161	158	189	180	171	155	160	167
Medium	169	183	191	172	203	214	212	190	208	214	212	190	214	192
Large	102	129	137	114	113	123	133	117	119	109	119	108	118	119

How do we collect data? Data was collected using a combination of several data collection methods: telephone interviews of business representatives filling out their responses into an online check-list, and, in some cases, self-completion of the online check-list by representatives of enterprises who expressed their desire during the previous telephone contact to enter data into the online check-list themselves.

How are our indices calculated? All indices are calculated according to a single methodology. We count responses as +1 when the company responds that the rate has increased, 0 if it has not changed, and -1 if it has decreased. For example, if out of 100 respondents, 20 indicated an increase in production, 50 respondents reported its reduction, and 30 said that everything remained unchanged, the corresponding value of the index will be -0.30. A positive (negative) index value means that the share of enterprises where production has increased is larger (smaller) than the number of those where production has decreased. Each index bigger than +0.05 or less than -0.05 is statistically significant, and different from zero with a 5% error probability.

How to "read" our indicators? Our indicators are called "indices," which is a synonym of the term "balance index" or "balance indicator." All indices are the difference between the shares of respondents who reported a decrease and those who reported an increase in the indicator. The bigger the index value, the bigger the rate of indicator growth; the smaller the index value, the bigger the rate of indicator decline. For most indicators, a higher value of the index means a positive trend, except for indicators of debts, the number of workers on forced leave, and difficulties in finding personnel. Everything is the opposite here. The larger the index, the greater the rate of debt growth or the increase in the number of people on forced leave and hardships (this is bad), the smaller the index, the greater the rate of debt reduction, the decrease in the number of people on forced leave or hardships (this is good).

When the survey was conducted? The field stage of the sixteenth wave lasted from August 15 to 31, 2023. The enterprises' managers compared the results of work in August 2023 with July 2023, assessed the state of the indicators at the time of the survey (August 2023), and gave forecasts for the next two, three, or six months, depending on the question. For some questions (where it was indicated), the results of the work were compared to ones in the pre-war period (before February 24, 2022). Respondents gave forecasts for the next three months of work.

MAIN RESULTS

Despite the high level of long-term uncertainty and increased short-term uncertainty, enterprise performance has improved, and expectations remain high and rising again. Enterprise results improved compared to previous months, and expectations for production, sales, and exports for three months are rising again. The share of enterprises operating at almost full and full capacity remains unchanged (57% in August versus 59% in July). "Unsafe to work" and "power outages" remain among the significant obstacles to work. The percentage of respondents who cannot decide on an answer has significantly increased in assessments of the government's economic policy. "The end of the war" and "a good business climate" are the main issues businesses wait for.

OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- In August 2023, compared to July, the INDEX OF THE CURRENT BUSINESS ACTIVITY AT THE ENTERPRISE improved, increasing from -0.09 to -0.04.
- The enterprises' expectations regarding changes in the financial and economic situation in the six-month perspective remain quite optimistic. Although, the value gradually decreased for the third month in a row and amounted to 0.37 in August (it was 0.40 in July).
- The value of the OVERALL ECONOMIC ENVIRONMENT INDEX also increased, from -0.09 to -0.07.
- Expectations regarding changes in the overall economic environment after half a year remained unchanged; the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT is 0.38, as in July.
- Two-year expectations regarding prospects for expansion of business activity have deteriorated somewhat. The value of the INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY in two years decreased from 0.20 in July to 0.16 in August.
- The level of uncertainty in the two-year horizon remains very high; it did not change significantly, while for the three-month horizon, it is gradually increasing, and the indicators in the six-month horizon have decreased after a two-month increase.

PRODUCTION

- In August 2023, the PRODUCTION INDEX increased from 0.13 to 0.18. It happened due to a decrease in the share of enterprises, where production was reduced, due to an increase in the share of those where no changes are planned.
- The enterprises' expectations for the next three months are high, and the value of the INDEX OF EXPECTED CHANGES IN PRODUCTION increased from 0.43 to 0.46 due to the increase in the share of "optimists."
- The value of the aggregate indicator of industry prospects increased from 0.12 in July to 0.17 in August due to an increase in two of the three components of the indicator.

DEMAND AND SALES

- The sales growth rate and increase in the number of new orders accelerated. The value of the SALES INDEX increased (from 0.12 in July to 0.18 in August), and the value of the NEW ORDERS INDEX also increased (from 0.12 to 0.16).
- The enterprises' expectations regarding the demand for the next three months remain high for the fourth month in a row and without significant changes. The value of the EXPECTED CHANGES IN THE SALES INDEX is 0.47 (it was 0.44), and the value of the EXPECTED CHANGES IN THE NEW ORDERS INDEX is 0.42 (it was 0.41).

DEBTS

- In August 2023, compared to July, the indicators of all three types of debts did not change significantly. The accounts receivable indicator is -0.19 (it was -0.18), and the accounts payables indicator is -0.22 (it was -0.23). The indicator of tax arrears decreased slightly, from -0.28 to -0.31.
- In the three-month perspective, a further slight slowdown in the rate of reduction in account receivables and tax arrears is expected. The INDEX OF EXPECTED CHANGES IN ACCOUNT RECEIVABLES decreased from -0.33 to -

0.36, and the INDEX OF EXPECTED CHANGES IN TAX ARREARS decreased from -0.33 to -0.39. The expectation indicator for account payables is -0.36 (it was -0.35).

EMPLOYMENT

- The employment reduction rate at enterprises is slowing down. The number of workers index increased from -0.05 to -0.03; it happened due to the increase in the share of enterprises that increased the number of workers.
- In the next three months, enterprises expect a further increase in the indicator; the INDEX OF EXPECTED CHANGES increased from 0.03 to 0.06.
- The reduction rate in the number of workers on forced leave has somewhat slowed down. The INDEX was -0.10 in August (in July, it was -0.08); in three months, no changes are expected, and the INDEX OF EXPECTED CHANGES is -0.22 (it was -0.23).
- In August, both the INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS (from 0.16 to 0.14) and THE INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS decreased slightly after a two-month increase (from 0.27 to 0.23).

AVAILABILITY OF ORDERS

- In August, the order book for surveyed enterprises remained at the level of 2 months (median), where it has been since May 2023, after declining from three months in January-April 2023.
- 52% of enterprises have orders for up to 2 months. This share has not changed much since May 2023.

OBSTACLES TO DOING BUSINESS IN WARTIME

- The increase in prices for raw materials and goods remains the main obstacle for several months in a row; in August 2023, the value of this obstacle increased.
- Logistical problems continue to occupy the 2nd place in the ranking of obstacles.
- Power outages, despite a slight increase in absolute value from 32% to 34%, rose from the 7th to the 5th place.
- The problem of labor shortage moved from the 3rd to the 4th place.
- The importance of "it is unsafe to work" problem remains unchanged in value and ranks 6th in the ranking of obstacles.

PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In August 2023, the capacity utilization indicator slightly decreased compared to July but remains one of the highest for all waves of the survey. The total share of enterprises operating at near full and full capacity was 57% (62% in June and 59% in July).
- Despite the challenges of the war, only 2% of surveyed enterprises reported that they had ceased operations during the war, and only 2% of enterprises were operating at less than 25% of pre-war capacity.
- In August, only 16% of enterprises worked at less than half capacity, compared to pre-war times (16% in July).
- Medium-sized businesses are coping best with the challenges: businesses are operating almost at full and full capacity compared to the pre-war period - 66% in August. However, the figure is down from July, when it was the highest of all survey waves (71% in July). However, the indicator for large businesses increased from 58% in July to 61% in August.
- The food industry remains the leader in the recovery. In August, 72% of food industry enterprises worked almost at full or full capacity, but no significant changes compared to the previous month were recorded (72% in July, 78% in June, 73% in April and May).
- The capacity utilization rate improved significantly only for the chemical industry (from 35% in July to 43% in August).

- The situation remains difficult in metallurgy and metalworking, in which only 10% of enterprises were operating at near full and full capacity in August: one of the lowest results for all waves of the survey (it was 26% in July).

EXPORTING ENTERPRISES

- In August, 62% of respondents reported that they were exporters before the war, continued exporting during the war, or started exporting during the war for the first time.
- Most businesses managed to establish exports in wartime conditions. In August, 83% of respondents indicated that they exported before the war and continued to export during the last 12 months (85% in July).
- Some businesses cannot overcome new challenges for export activities. As of August, 16% of enterprises were exporting before the start of the war but could not resume exports during the last 12 months. Such results indicate the stagnation of the export activity recovery.

GOVERNMENT POLICY

- In August 2023, the share of positive assessments of government policies to support business continued to decrease (from 10% in July to 8%) and is at the lowest level since the beginning of the survey.
- The share of undecided respondents increased sharply from 18% in July to 27% in August.
- The most expected events and changes for business in August 2023 are the end of the war, the reduction of taxes and excise duties, and the simplification of legal requirements for business.

INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

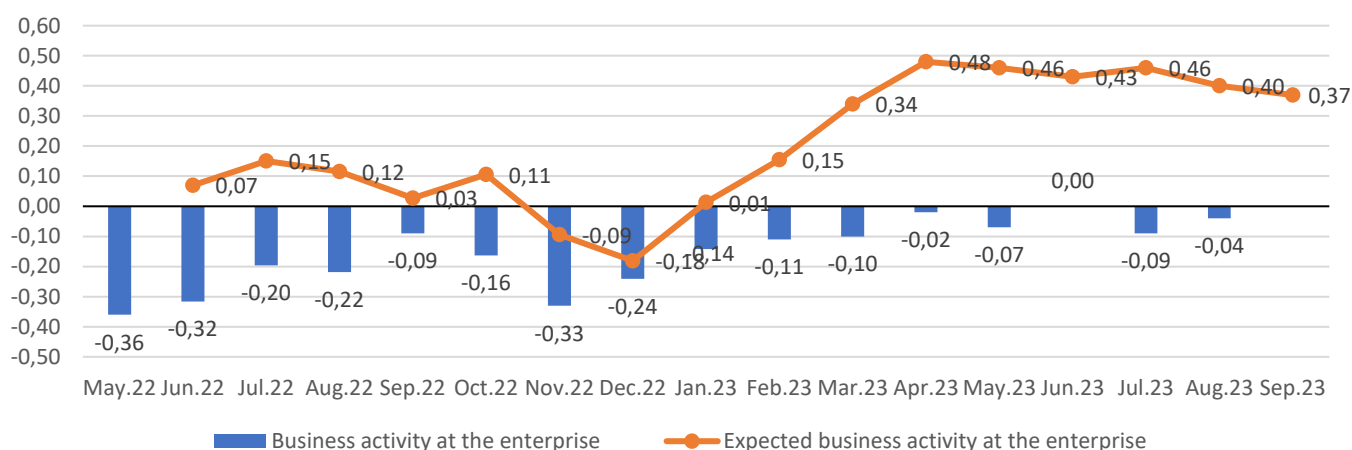
BUSINESS ACTIVITY AT THE ENTERPRISE

After the assessments' deterioration in July, the situation improved again in August. In August, the value of the CURRENT BUSINESS ACTIVITY INDEX increased from -0.09 to -0.04. The share of respondents who assessed current business activity at the enterprise as bad decreased from 17.6% to 15.5%. At the same time, the share of those who positively assessed the situation at the enterprise increased slightly, from 6.7% to 8.5%. The share of those who consider the business activity at the enterprise to be satisfactory has not changed significantly and amounts to 76% (it was 75.8%).

Expectations for six months remain optimistic, although the indicator has gradually declined for the second month in a row. The value of the EXPECTED CHANGES IN THE BUSINESS ACTIVITY INDEX decreased from 0.40 to 0.37. At the same time, the share of "pessimists" increased slightly (from 4.8% to 6.6%), and the share of "optimists" slightly decreased (from 44.4% to 42.9%). The share of those who do not expect any changes has not changed significantly and is 50.5% (it was 50.8%).

The share of respondents who could not forecast changes in the business activity at the enterprise for the six month decreased from 20.4% to 16.0%.

Fig.3. Business activity at the enterprise, indices



BUSINESS ACTIVITY AT THE ENTERPRISE COMPARED TO A SIMILAR PERIOD OF THE LAST YEAR

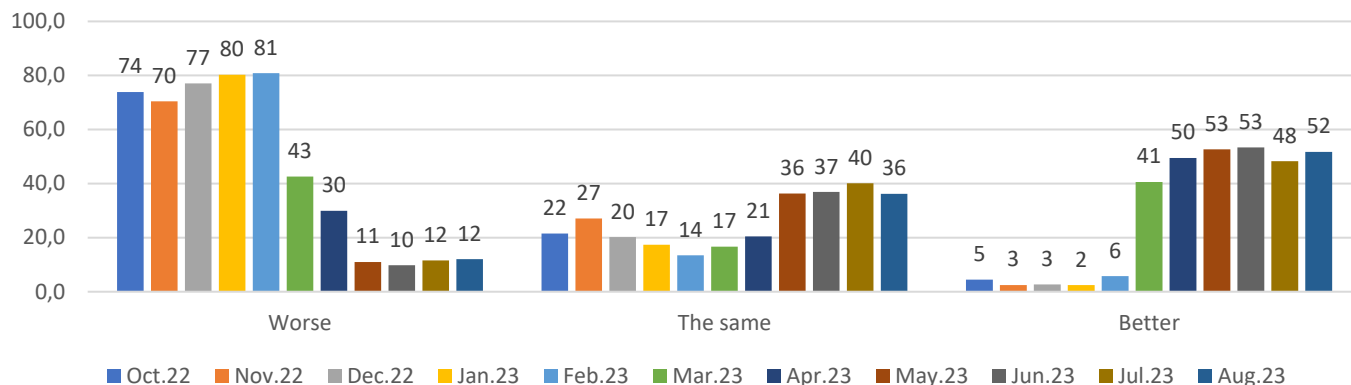
Compared to the same period last year, business activity is high and slightly intensified. The value of the CURRENT BUSINESS ACTIVITY INDEX (YEAR TO YEAR) increased from 0.39 to 0.43. The share of respondents who indicated that the situation had worsened increased (from 11.5% to 12.1%), and the share of those who said the situation had improved also increased (from 48.3% to 51.7%). The share of those who believe nothing has changed compared to last year decreased from 40.1% to 36.2%.

Size. The assessments of the business activity depend on the size of the enterprise. Medium (0.48) enterprises feel the best compared to last year. The indicator of large (0.42) and small (0.41) enterprises is approximately the same. The indicator of micro-enterprises is the worst (0.09).

Region. Lviv, Ivano-Frankivsk, Ternopil, Odesa, and Poltava regions have the highest indicator (1.00 for each). The indicator of the Kirovohrad region is zero. The lowest are the indicators of Zhytomyr (-0.05), Dnipropetrovsk (-0.10), Khmelnytsky, and Volyn region (-0.11 for each).

Sector. The highest value of the index was recorded for the printing (0.57) and food (0.50) industries. Metalworking (0.05) and machine building (0.03) have the lowest but still positive indicators.

Fig.4. How do you assess the business activity at the enterprise compared to last year?, % of respondents

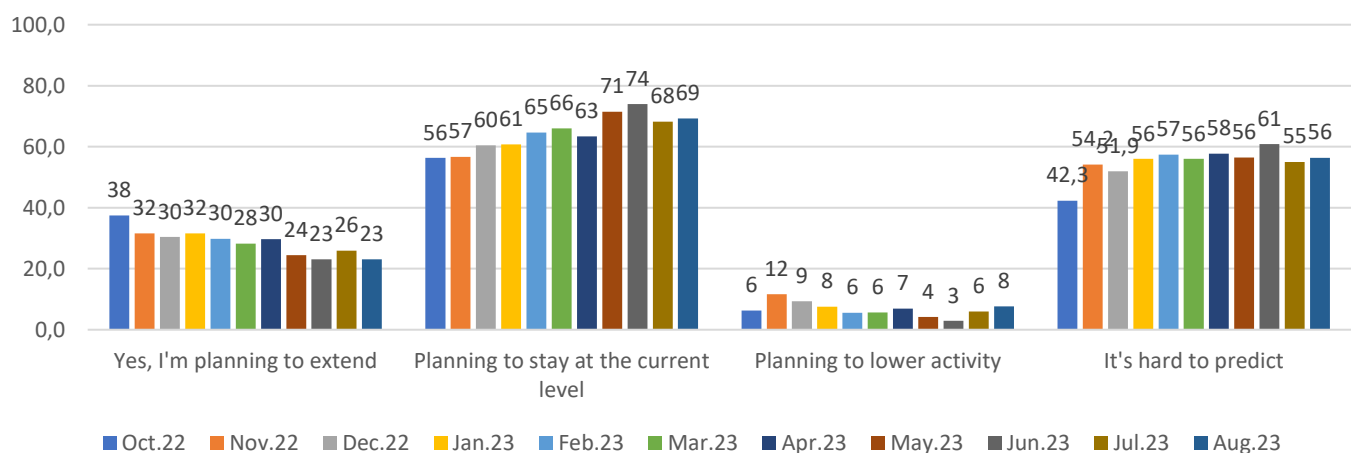


EXPANSION PLANS FOR THE NEXT TWO YEARS

Expectations regarding business activity for the next two years have slightly worsened. THE INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY in two years decreased from 0.20 to 0.16. The percentage of those who plan to expand their activities in the next two years has slightly decreased (from 25.9% to 23.1%), while the percentage of those who plan to reduce their activities has slightly increased (from 6.0% to 7.7%). The share of those who plan to stay at the current level is 69.2% (it was 68.2%).

The percentage of those who could not give a forecast for such a distant period increased slightly, from 55.0% to 56.4%.

Fig.5. Do you plan to expand the company's activities in the next two years?, % of respondents



Size. Among enterprises of all sizes, large enterprises (0.28) are most optimistic about the future. The indicator of small (0.17) and micro enterprises (0.15) is about the same. The worst is the indicator of medium-sized enterprises, which is 0.06.

Region. Significant regional differences were registered. The enterprises of Zakarpattya and Zaporizhzhya regions (1.00 for each) have the highest indicators of expectations. The indicators of Zhytomyr (-0.05), Khmelnytsky (-0.13) and Dnipropetrovsk (-0.28) regions have a negative value.

Sector. Expectations depend on industry. Printing (0.40) and woodworking (0.25) industries have the highest index value. Indicators of the chemical industry and construction materials production are equal to zero and are the lowest.

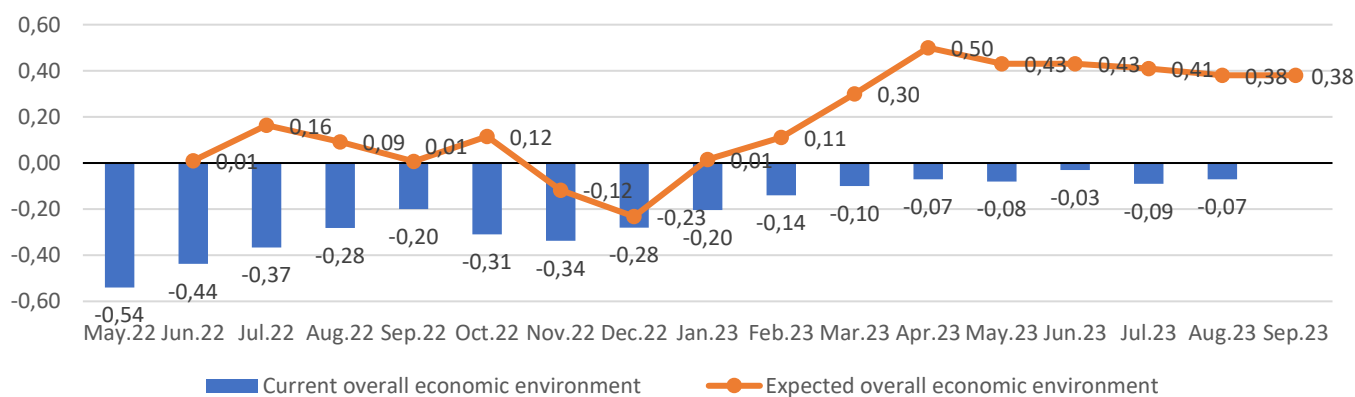
OVERALL ECONOMIC ENVIRONMENT

Assessment of the overall economic environment improved. The value of the corresponding INDEX in August increased from -0.09 to -0.07. The share of those who assess the overall economic environment as bad has slightly decreased and is 18.6% (it was 19.6% in July). At the same time, the share of those who give positive assessments has slightly increased (from 7.9% to 8.2%). The share of those who consider the overall economic environment satisfactory is 73.2% (it was 72.5%).

Enterprises' forecasts regarding changes in the overall economic environment for the next six months remained unchanged: the value of the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT, as the last month, is 0.38. In the percentage distribution, the share of "optimists" regarding changes in the overall economic environment is 43.7% (it was 44.0%). At the same time, the share of "pessimists" has not changed and is 6.4%. The share of those who believe that the overall economic environment has not changed significantly over the next six months is 49.9% (it was 49.6%).

The share of those who could not predict the state of the overall economic environment decreased after increasing for two consecutive months, from 22.6% to 18.4%.

Fig.6. Overall economic environment, indices

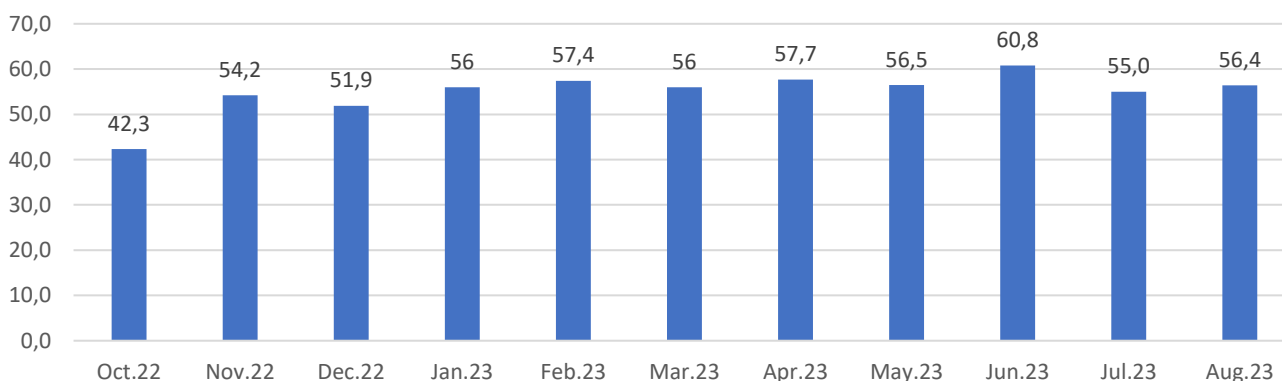


UNCERTAINTY

Two-year expectations

The level of uncertainty regarding the enterprises' plans for the next two years in August did not change significantly and amounted to 56.4% in August (in July, it was 55.0%).

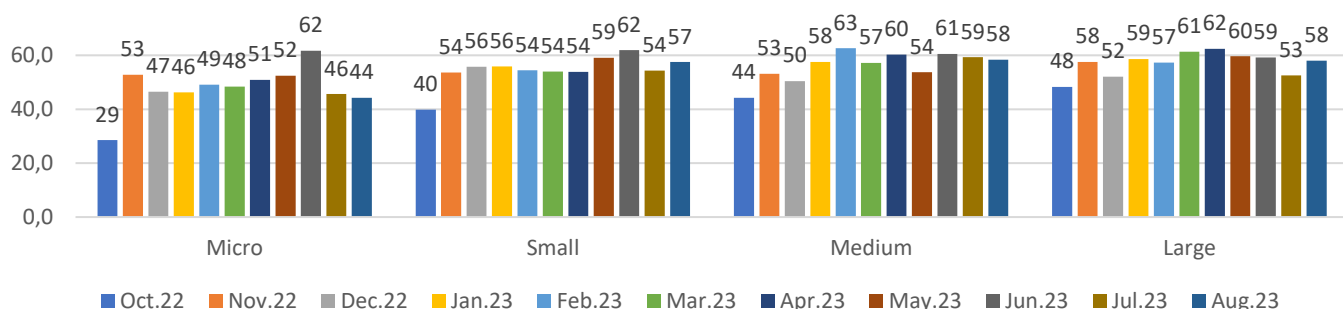
Fig.7. The level of uncertainty regarding the company's activities in the two-year horizon, % of respondents



The level of uncertainty regarding plans for the two-year horizon depends on the size of the enterprise. There is an increase in the percentage of long-term uncertainty for large (from 53% to 58%) and small (from 54% to 57%)

enterprises. At the same time, uncertainty indicators slightly decreased for medium-sized (from 59% to 58%) and micro-enterprises (from 46% to 44%).

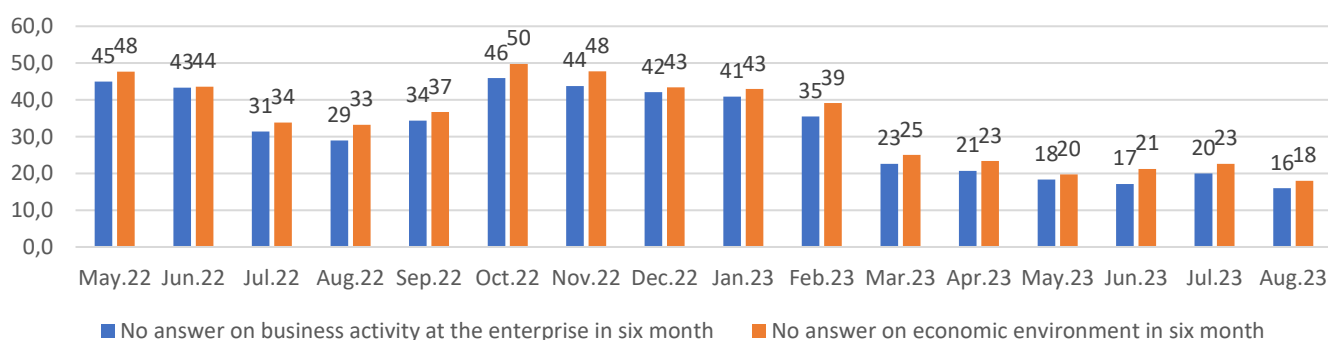
Fig.8. The share of respondents who could not answer the question about the changes for the next two years, by size of the enterprise



Half-year expectations

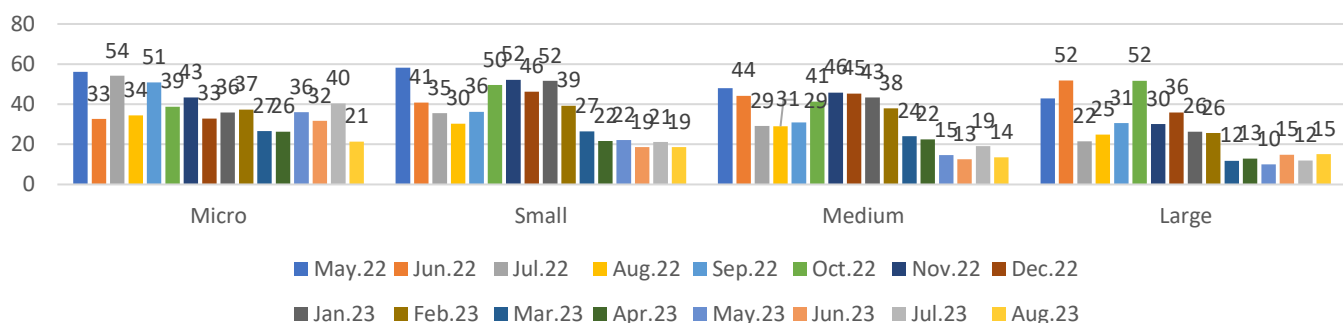
The level of uncertainty in the forecasts of the half-year horizon has decreased. Uncertainty for the business activity decreased from 20% to 16%. The share of respondents who could not give a forecast regarding changes in the overall economic environment in the country as a whole, after increasing for two months in a row, decreased from 23% to 18% in August 2023.

Fig.9. The level of uncertainty of the business activity and the overall economic environment, % of respondents



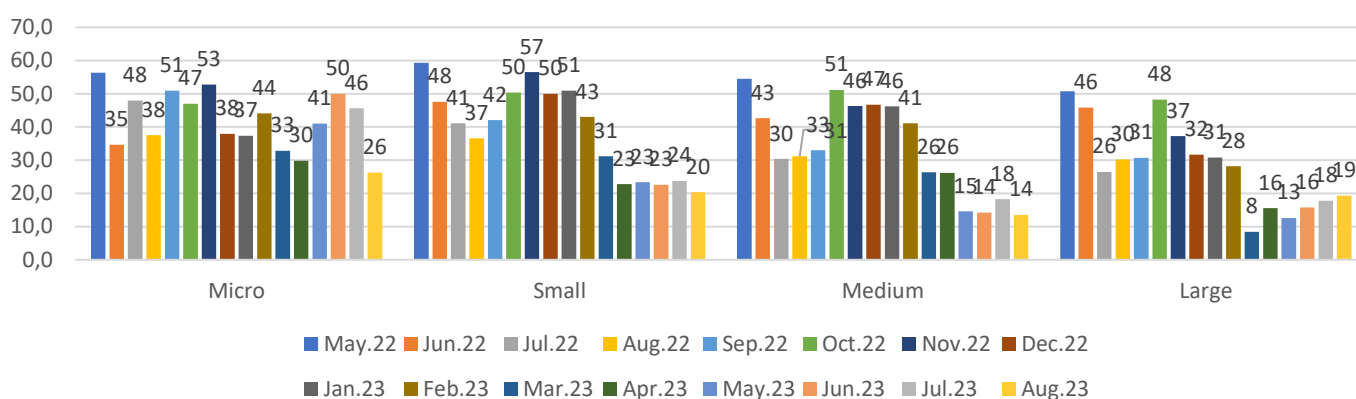
The level of uncertainty regarding the business activity at the enterprise and its dynamics depend on the size of the enterprise. In percentage distribution, the level of uncertainty remains the highest for micro-enterprises, although it is worth noting that the indicator has halved, from 40% in July to 21% in August. Uncertainty for small enterprises decreased from 21% to 19%, and for medium-sized enterprises - from 19% to 14%. Large enterprises are the only ones where a slight increase in the level of uncertainty regarding the business activity for the next six months was recorded (from 12% to 15%).

Fig.10. The share of respondents unable to answer the question about the change in the business activity in six months



Uncertainty about the overall economic environment, as in the case of business activity, **depends on the size of the enterprise**. The indicator of uncertainty of micro-enterprises, while remaining the highest, as in the case of the uncertainty about the business activity, has significantly decreased (from 46% to 26%). And the uncertainty indicator for small businesses decreased from 24% to 20% in August. The uncertainty indicator for medium-sized enterprises is the lowest and has decreased from 18% to 14%. As in the case of the business activity, the indicator of uncertainty regarding the overall economic environment is the only one that recorded an increase in percentage, albeit insignificant (from 18% to 19%).

Fig.11. The share of respondents unable to answer the question regarding the change in the overall economic environment in the six months



Three-month expectations

For the third month in a row, there is a slight increase in the level of uncertainty for almost all production indicators. Export indicators are the only value where uncertainty has decreased (from 7.7% to 6.3%). Uncertainty for the number of workers on forced leave (from 13.7% to 16.1%) and for new orders (from 10.2% to 12.8%) increased the most. The least significant is the increase in the level of uncertainty for all three debts.

Fig.12. The share of enterprises unable to forecast the change of the indicator in three months, % of respondents

	May.22	Jun.22	Jul.22	Aug.22	Sep.22	Oct.22	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23	Jul.23	Aug.23
Workers on forced leave	21.1	9.8	10	13.7	11.1	17.7	14	15.6	15	17.2	15.3	15.9	13.1	15	13.7	16.1
Accounts receivable	27.8	15.3	11.4	16.6	14.4	25.9	37.5	35	23.7	24.4	17.4	16.4	13.1	14.6	14	14.5
Accounts payable	26.6	15	11.4	16.2	14.2	25.9	36.9	35.4	23.2	23.9	16.7	16.3	13.7	13.8	13.5	14.1
Tax arrears	0	13.6	12.7	14.5	12.5	24.6	35.7	33	22.9	21.8	15.2	15.2	12.3	12.3	12.6	12.8
New orders	19.3	9.3	11.1	15.3	14	17.3	14.8	13.6	12.2	11.6	10	10	8	9.2	10.2	12.8
Number of workers	14.7	7.6	10.7	15.6	12.9	17.5	15.4	14.3	14	13.4	12.8	14.1	10.3	12.3	10.4	12.1
Stocks of finished goods	25.7	11.4	10.2	13.5	12.7	23.1	13.8	13.6	13.4	11.3	10	10.4	8	9.2	9.7	11.1
Sales	17.4	9.3	9.4	15.1	12.1	17.3	14.2	13.6	11.3	11.5	10.2	9.3	7.1	8.2	9.5	10.6
Stocks of raw materials	21.4	10.6	10.9	14.1	12.7	16	14.4	13.6	12.4	11.6	10.5	9.8	8.3	9.4	8.6	10.6
Production	16.5	10.1	8.2	14.3	11.7	17.1	14.6	13.6	12.2	11.5	10	8.6	7.1	8.2	9.3	10
Export	19.4	13.9	6.2	13.9	12.9	15.2	11.3	13.6	8.4	7.8	6.9	7	4.3	5.5	7.7	6.3

Created with Datawrapper

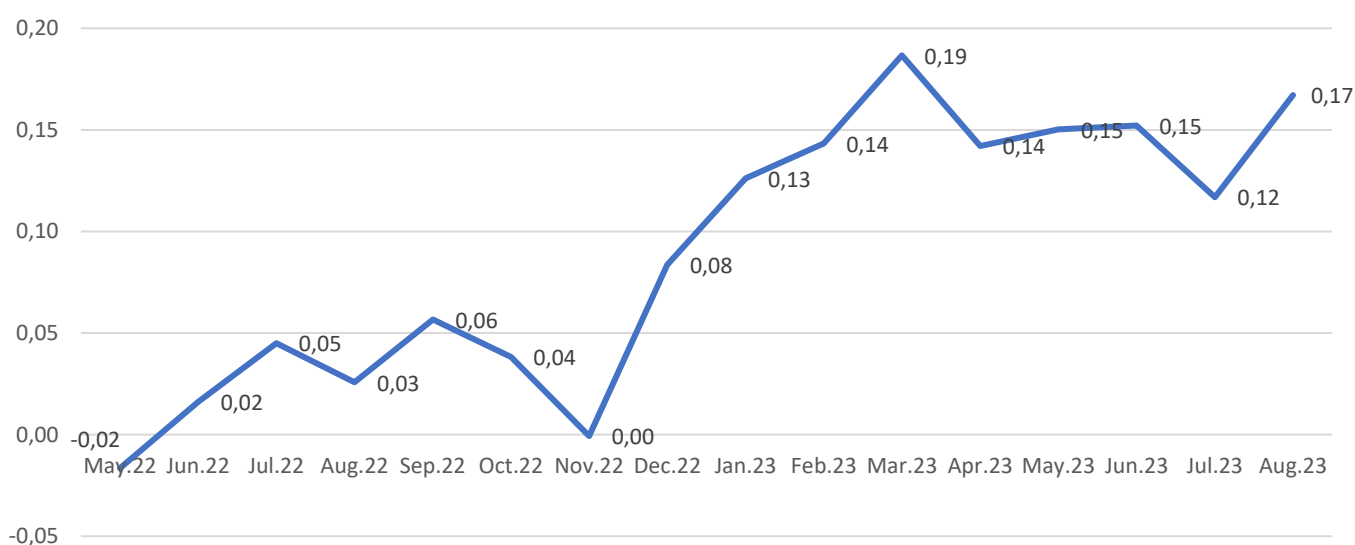
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

INDUSTRIAL CONFIDENCE INDICATOR

The value of the Industrial Confidence Indicator (ICI) in August improved significantly compared to July, increasing from 0.12 to 0.17.

The positive changes in the value of two of its three components are observed in ICI: (1) production expectations for the next three-four months have increased slightly, from 0.43 to 0.46, and (2) estimates of the new orders portfolio have significantly improved, almost doubling from -0.24 to -0.14. Estimates of stocks of finished goods decreased slightly (3) — from -0.16 to -0.18.

Fig.13. Industrial confidence indicator



PRODUCTION

Changes compared to the previous month

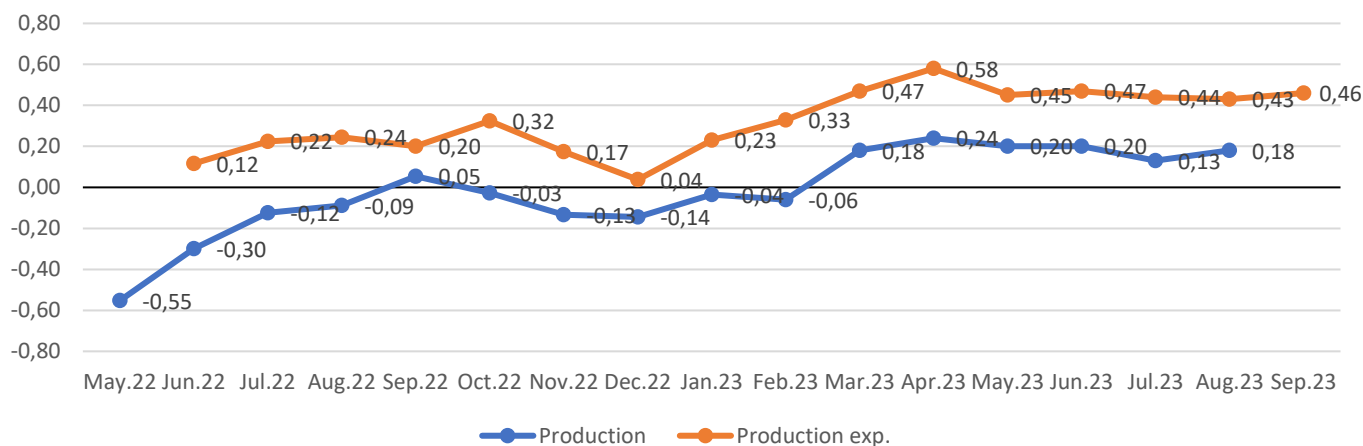
In August compared to July, indicators of production results improved. The PRODUCTION INDEX increased from 0.13 to 0.18. The share of enterprises that reduced production volumes decreased from 16.0% to 12.8%, and the share of enterprises that increased production volumes did not change significantly and amounted to 27.4% (it was 27.1%). The share of industries where there were no changes increased from 56.8% to 59.8%.

Size. Among companies of different sizes, the best results were shown by medium (0.21) and large (0.19) enterprises, whose indicator is approximately the same. The indicator of small enterprises is somewhat lower (0.13). Microenterprises have the worst indicator the index of which is negative and is -0.12.

Region. Regional differences are very significant (the highest value is 1.00, and the lowest is -0.25). The best results were achieved by enterprises of Poltava (1.00), Ternopil (0.47), and Odesa (0.44) regions. The lowest values of the index were recorded for enterprises in the Kharkiv (-0.25) and Volyn (-0.19) regions.

Sector. Index values vary across sectors and industries. The best situation is in the food (0.27) and printing (0.14) industries. The metalworking (-0.05) and woodworking (-0.04) industries have the lowest and negative index.

Fig.14. Production indices



Expected changes in production

The indicator of production plans remains unchanged for the fourth month in a row. The INDEX OF EXPECTED CHANGES IN PRODUCTION changed only marginally, increasing from 0.43 to 0.46. Changes occurred mainly due to the transition of those who do not plan changes to the share of "optimists." The share of enterprises where production growth is planned increased from 44.2% to 47.6%, and the share of those that do not expect changes decreased from 51.8% to 48.5%. The share of enterprises planning to reduce production volumes remained unchanged at 3.9% (it was 4.0% in July).

Size. Production expectations depend on the size of the enterprises. The highest and the same indicator of expectations is for large and medium-sized enterprises and is 0.48. The indicator of small enterprises is somewhat lower (0.42). The worst and twice as low expectation indicator is for micro-enterprises: 0.21.

Region. Enterprise plans depend significantly on the region of location. Poltava, Ternopil, Lviv, and Ivano-Frankivsk regions have the most optimistic plans for production growth (1.00 for each). The indicator of expectations for the Zakarpattia region is the only one with a negative value (-0.07).

Sector. Production expectations for three months depend on the industry. The printing (0.62) and food (0.59) industries have the highest indicators of expectations. Metalworking has the lowest index, which is zero.

SALES

Changes compared to the previous month

In August, the sales REDUCTION rate slowed down. The SALES INDEX increased from 0.12 to 0.18, returning to June values. The share of enterprises that reduced sales decreased (from 16.6% to 13.5%), and the share of enterprises that increased sales remained almost unchanged and amounted to 27.3% (it was 27.1% in July). The share of enterprises where there were no changes increased from 56.3% to 59.3% in August.

Size. The SALES INDEX of medium (0.20) and large (0.23) enterprises is the highest. The indicator of small enterprises is 0.11. The lowest and only negative value of the index is for micro-enterprises - -0.17.

Region. The highest value of the SALES INDEX was recorded for the Poltava (1.00), Ternopil (0.47), Odesa (0.44) and Lviv (0.39) regions. The indicators of the Kharkiv (-0.25) and Volyn (-0.17) regions have the lowest values.

Sector. Food (0.26) and light (0.13) industries have the highest SALES INDEX. The woodworking (-0.04) and metalworking (-0.10) industries have the lowest and negative indicators.

Expected changes in sales

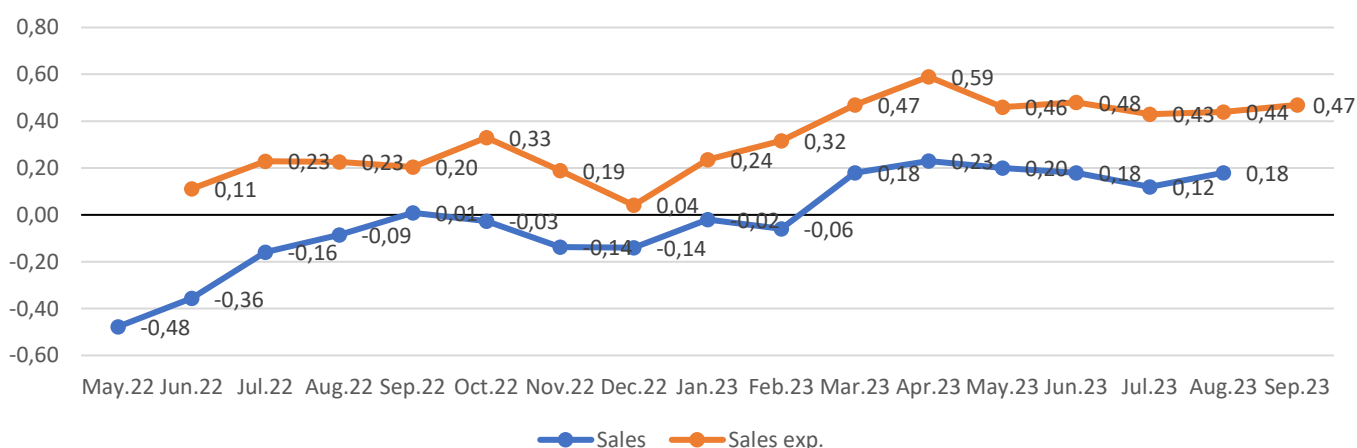
Expectations regarding sales volumes have not changed significantly for several months in a row. The INDEX OF EXPECTED CHANGES IN SALES changed only marginally, increasing from 0.44 to 0.47. The share of respondents who plan to increase sales in the next three months increased from 45.4% to 48.8%, while the share of those who expect them to decrease remained almost unchanged at 4.0% (it was 3.8% in July). At the same time, the percentage of respondents who believe nothing will change has decreased from 50.8% to 47.3%.

Size. Expectation indicators for medium (0.49), large (0.46), and small (0.45) enterprises are higher and about the same. The indicator of micro-enterprises is the lowest and is 0.21.

Region. The best expectations were recorded in Poltava, Ternopil, Lviv, and Ivano-Frankivsk regions (1.00 for each) and Odesa (0.89) and Rivne (0.84) regions. The indicator of expectations for the Zakarpattya region has a single negative value (-0.07).

Sector. The printing (0.62) and food (0.59) industries have the highest sales expectations. The indicator of expectations of metalworking is the lowest and is equal to zero.

Fig.15. Sales indices



EXPORT

Changes compared to the previous month

In August, compared to July, export indicators improved again. The value of the EXPORT INDEX increased from -0.01 to 0.08, changing its sign to positive, which means that the share of those who increased exports prevailed in the percentage distribution. The share of respondents who saw a decrease in export volumes slightly decreased in August, from 23.2% to 21.0%. The share of enterprises that increased exports increased from 20.5% to 26.1%. The share of enterprises whose export volumes did not change decreased from 56.3% to 52.9%.

Size. The value of the EXPORT INDEX is higher and approximately the same for medium (0.13) and large (0.11) enterprises. The indicator of small enterprises is -0.04. The lowest value is for micro-enterprises (-0.44).

Region. Poltava (1.00) and Lviv (0.07) regions have the highest indicators. Sumy region (-1.00) has the lowest index value.

Sector. The EXPORT INDEX has the highest value for food (0.15) and light (0.11) industries. Machine building (-0.09), metalworking (-0.11), and construction materials production (-0.12) have the lowest and negative values.

Expected changes in export

No significant changes in the indicator are expected for the next three months. The value of the INDEX OF THE EXPECTED CHANGES IN EXPORTS is 0.38 (it was 0.37). The share of those who plan to increase exports has changed only

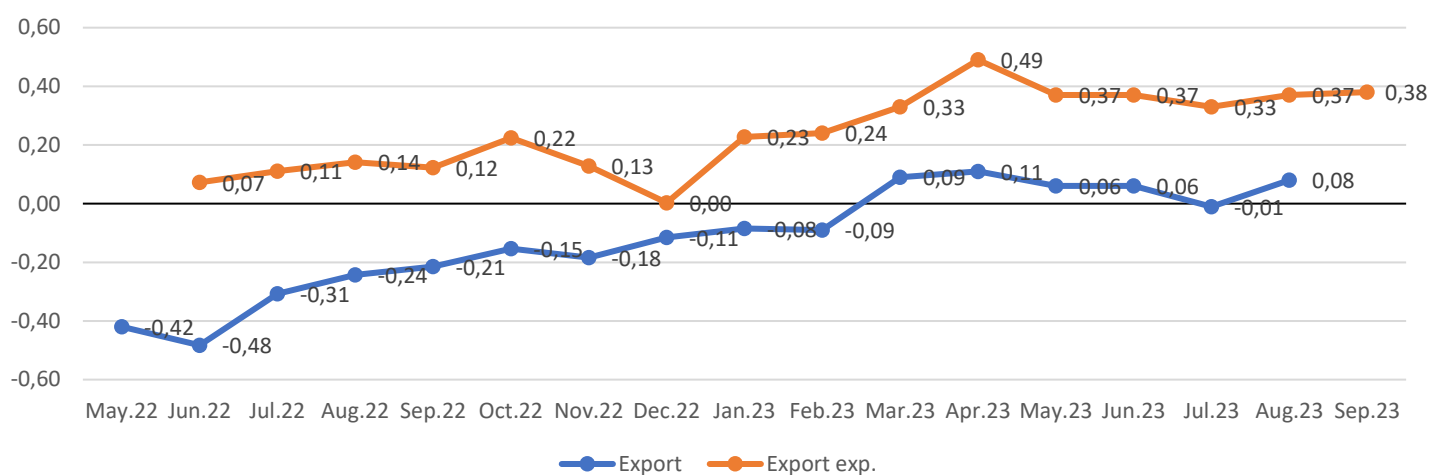
slightly, increasing from 37.4% to 38.4%, while the share of those who plan to reduce volumes has not changed significantly and is 4.5% (was 4.7%). The share of those who do not expect any changes has also not changed significantly and is 57.1% (it was 57.9%).

Size. Large (0.42) and medium (0.41) enterprises have the highest indicator of export expectations. The indicator of small enterprises is 0.12. The lowest and only negative indicator of expectations is for micro-enterprises, for which the value is zero.

Region. The highest value of the INDEX OF THE EXPECTED CHANGES IN EXPORTS was recorded for enterprises of Lviv, Ternopil, and Ivano-Frankivsk regions (1.00 for each). The worst are the expectations of business representatives of Sumy (-1.00) and Zakarpattya (zero) regions.

Sector. The food and woodworking industries (0.46 each) have the highest value of the index of expected changes in exports. The construction materials production has the lowest value (0.07).

Fig.16. Export indices



STOCKS OF RAW MATERIALS

Changes compared to the previous month

The rate of reduction of raw material stocks has slowed down. The value of the INDEX OF RAW MATERIALS STOCKS increased from 0.04 to 0.14. The share of respondents who reported an increase in raw material stocks over the past month increased from 20.0% to 23.5%. At the same time, the share of respondents who indicated its reduction decreased from 17.5% to 11.1%. The share of entrepreneurs for whom nothing has changed compared to last month increased from 62.5% to 65.4%.

Size. The INDEX OF RAW MATERIALS STOCKS is approximately the same for medium (0.15) and large (0.17) enterprises. The indicator of small enterprises is somewhat lower (0.11). The indicator of micro-enterprises is the lowest (0.02).

Region. Poltava (1.00), Odesa (0.56) and Ternopil (0.53) regions have the highest indicators. The indicators of Kyiv (-0.43) and Kharkiv (-0.37) region are the lowest.

Sector. The food (0.29), chemical (0.14), and light (0.02) industries have a positive value. The indicators of metalworking (-0.20) and woodworking industry (-0.13) are the lowest.

Expected changes in raw material stocks

For the next three months, entrepreneurs do not expect significant changes in the indicator: the INDEX OF EXPECTED CHANGES IN RAW MATERIALS STOCKS is 0.31 (it was 0.29). In the percentage distribution, the share of

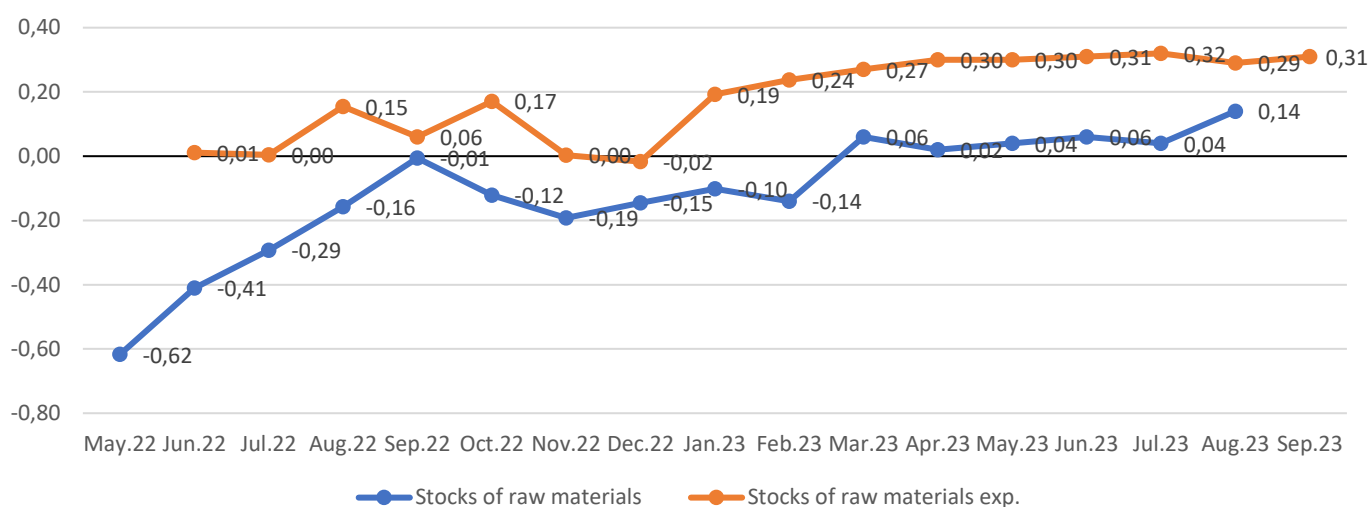
respondents who expect the accumulation of raw material stocks has not changed significantly and is 34.7% (it was 34.9%). At the same time, the share of those who believe that raw material stocks will decrease shortened from 8.7% to 5.9%. The share of those believing the situation will not change increased from 56.4% to 59.5%.

Size. The INDEX OF EXPECTED CHANGES IN RAW MATERIALS STOCKS is higher and the same for medium and large enterprises (0.34 for each). The indicator of small enterprises is 0.25. Microenterprises have the lowest value of the indicator (0.07).

Region. Poltava, Ternopil, and Ivano-Frankivsk regions (1.00 for each) have the highest INDEX OF EXPECTED CHANGES IN RAW MATERIALS STOCKS. The lowest value of the index is for the city of Kyiv and Vinnytsya region (-0.31 each), and Sumy (-0.10) and Kharkiv (-0.06) regions.

Sector. The food (0.49) and printing (0.25) industries have the highest indicator of expectations regarding changes in raw material stocks. Metalworking has the lowest and negative value of the index (-0.06).

Fig.17. Stocks of raw material indices



STOCKS OF FINISHED GOODS

Changes compared to the previous month

The index of stocks of finished goods did not change significantly. The value of the corresponding index in August is -0.25 (it was -0.27). Changes in the percentage distribution are insignificant. The share of respondents who reported a decrease in stocks of finished goods remained almost unchanged (33.6% in July and 32.5% in August), as did the share of respondents who reported an increase, which was 6.8% (it was 5.6% in August). The share of respondents who did not feel any changes at all also remained without significant changes and amounts to 60.7% (it was 60.8%).

Size. The value of the index, depending on the size of the enterprise, is approximately in the same range and is lower for medium (-0.31) and small (-0.30) enterprises. The indicators of large (-0.18) and micro (-0.13) enterprises are somewhat higher and approximately the same.

Region. The value of the index depends on the region. Sumy (0.20) and Chernihiv (0.17) regions have the highest value of the index. Lviv (-1.00), Ivano-Frankivsk (-0.94), and Ternopil (-0.84) regions have the lowest indices.

Sector. The machine building indicator is the highest and is equal to zero. Indicators of all other industries are negative, and the lowest values are for the printing (-0.06) and food (-0.34) industries.

Expected changes in stocks of finished goods

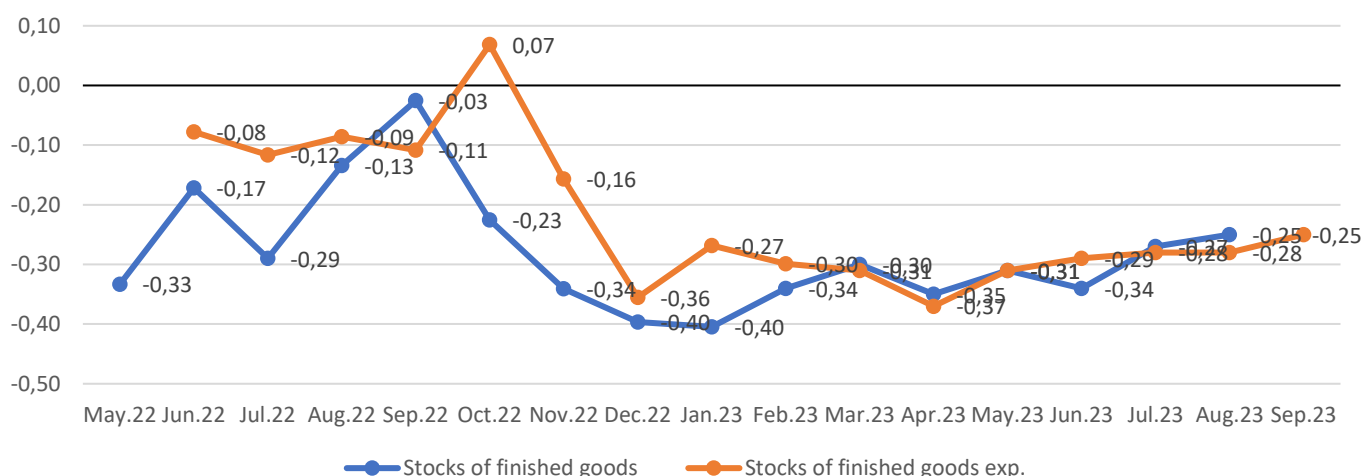
In the future, entrepreneurs do not expect significant changes in the indicator. The INDEX OF EXPECTED CHANGES IN FINISHED GOODS STOCKS is -0.25 (two months in a row, it was -0.28). The share of respondents who believe that the stocks of finished goods will decrease in the next three months decreased slightly (from 33.5% to 30.7%), while the share of those who expect them to increase slightly increased (from 2.9% to 4.0%). The percentage of those who believe that nothing will change has increased from 63.6% to 65.3%.

Size. The value of the indicator depends on the size of the enterprise. Micro (-0.13) and large (-0.10) enterprises have the highest and approximately the same index value. The indicator of medium (-0.31) and small (-0.30) enterprises is significantly lower and approximately the same.

Region. The indicator of expectations is higher than zero for Kirovohrad (0.13), Cherkasy (0.04), Zaporizhzhya, and Zakarpattya (0.03 each) regions. The indicator of expectations for the Poltava and Chernivtsi regions is zero. The indicators of other regions have a negative value, and the lowest are the indicators of Ternopil and Lviv (-1.00 for each region).

Sector. The value of the index is the highest for machine building and is equal to zero. The printing (-0.40) and food (-0.38) industries have the lowest index value.

Fig.18. Stocks of finished goods indices



NEW ORDERS

Changes compared to the previous month

The growth dynamics of new orders improved somewhat. The NEW ORDER INDEX in August compared to July, slightly increased, from 0.12 to 0.16. The share of those with an increase in the number of new orders is almost unchanged at 25.7% (it was 25.8%). The share of those who reported a decrease in their number decreased from 15.4% to 12.0%. The share of those who did not feel any changes increased from 58.9% to 62.3%.

Size. The value of the index is approximately the same for large and medium (0.17 for each) enterprises and for small (0.15) enterprises. The indicator of micro-enterprises is the lowest and the only negative one - -0.07.

Region. New orders grew the most in Poltava (1.00), Odesa (0.56), and Ternopil (0.53) regions. New orders in Dnipropetrovsk (-0.20) and Zaporizhzhya (-0.07) regions decreased the most.

Sector. The best situation with new orders in the previous month was in the food (0.24) and printing (0.14) industries. The chemical industry (-0.05) and metalworking (-0.15) have the lowest and negative indicators.

Expected changes in new orders

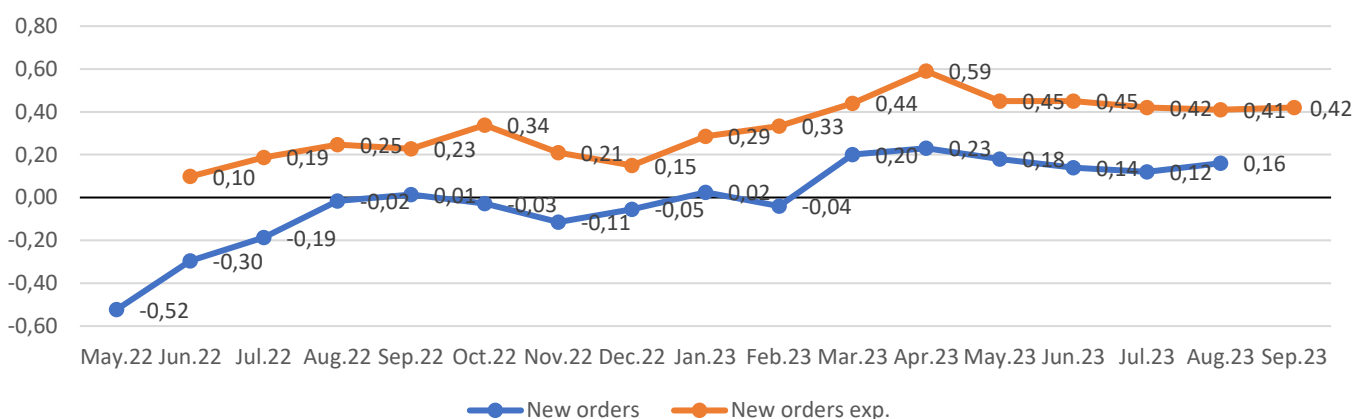
In the next three months, entrepreneurs do not expect significant changes in the indicator. The value of the INDEX OF EXPECTED CHANGES IN NEW ORDERS is 0.42 (it was 0.41). The share of those who expect an increase in new orders increased slightly, from 42.7% to 44.9%. At the same time, the share of those who did not expect any changes in the next three months decreased from 53.3% to 51.1%. The share of respondents expecting a reduction in the volume of new orders remained unchanged at 4.1%.

Size. The indicator of expectations is approximately the same for large (0.45), medium (0.42), and small (0.40) enterprises. The indicator of micro-enterprises is significantly lower (0.29).

Region. Index values have significant regional differences. In Poltava, Ternopil, and Ivano-Frankivsk (1.00 for each) regions, business expects an increase in new orders to a greater extent than in other regions. The indicator of expectations for the Sumy region is zero. However, the indicators of Dnipropetrovsk (-0.15) and Zakarpattya (-0.07) regions are the lowest and the only ones with a negative value.

Sector. The food (0.60) and printing (0.46) industries have the best expectations for new orders. The index of metalworking is the lowest and is equal to zero.

Fig.19. New orders indices

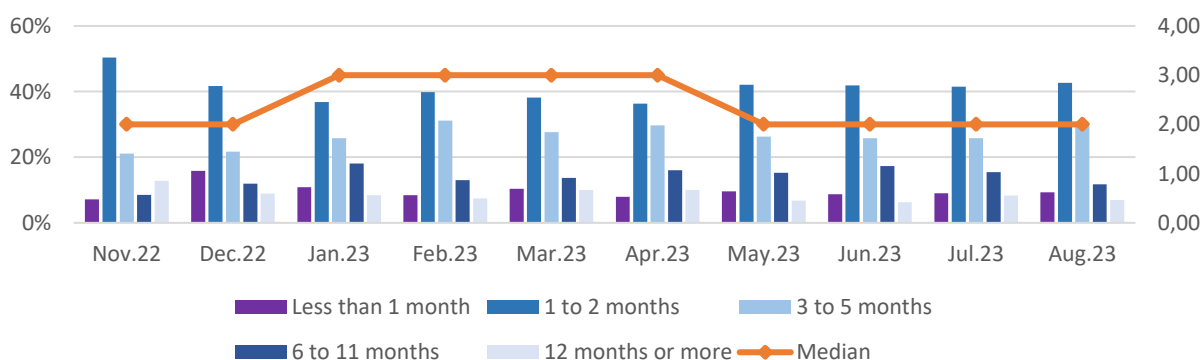


Availability of orders

In August 2023, the average term of new order availability for surveyed enterprises remained at the previous level of two months, as it was from May to July. Before that, in January-April 2023, this term was longer: three months.

In August, 52% of enterprises reported they had orders for up to two months. This share has practically not changed since May 2023. In August, 9% of enterprises had orders for less than one month, and 43%, for 1 to 2 months.

Fig.20. Period for which enterprises are provided with orders (% of respondents)



Size. Availability of orders increases with the increase in the size of enterprises. Thus, on average, micro-enterprises are provided with new orders for only one month (median value), while small businesses, for two, medium ones, for three, and large ones, for four months.

More than 60% of small and micro enterprises have orders for up to two months only. At the same time, 33% of large enterprises and 22% of medium enterprises have orders for six months or more.

Sector. In August 2023, the longest average duration of new orders was recorded in the chemical industry, machine building, and the printing industry: at an average of three months (median value)¹.

All other industries presented in this survey had 1.5-2 months of orders in August. It is also worth noting that more than 70% of enterprises in construction materials production have orders for up to two months only. This share is greater than among other industries.

Region. There are differences between enterprises in different regions in the availability of orders. The average term of order availability is the longest for enterprises in the Kyiv region; it was 12 months on average (median value).

Also, these terms are relatively long for enterprises of the Volyn (6 months), Poltava (6 months), and Vinnytsya (4 months) regions. On the other hand, the smallest average period of orders - only one month - was recorded in Kharkiv, Khmelnytsky, Chernivtsi, and Chernihiv regions and in Kyiv city. In the Dnipropetrovsk and Zhytomyr regions, this term is also short on average - 1.5 months.

ACCOUNT RECEIVABLES

Changes compared to the previous month

The indicator of receivables did not change significantly. The ACCOUNT RECEIVABLES INDEX is -0.19 (it was -0.18), which indicates insignificant changes in the percentage distribution of responses. The share of those who reported debt reduction is 33.8% (it was 33.5%). The share of those who accumulated debt is 13.0% (it was 13.7%). The share of those for whom nothing has changed slightly increased, from 52.8% to 53.2%.

Size. The situation with account receivables is about the same and much better for small (-0.30) and medium (-0.26) enterprises. The indicator of micro-enterprises is -0.13. The indicator of large enterprises is the highest: -0.04.

Region. Significant regional differences in the values of this indicator were recorded. The highest increase in account receivables recorded in Vinnytsya (0.35) and Kirovohrad (0.34) regions. At the same time, in Lviv, Ternopil, and Ivano-Frankivsk regions (-1.00 for each), the indicator of account receivables decreased the most.

Sector. Machine building (0.07) has the highest and most positive index value. The light (-0.21) and food (-0.30) industries has the lowest indicators.

Expected changes in account receivables

In three months, entrepreneurs expect a slight improvement in the indicator. THE INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE decreased from -0.33 to -0.36. The share of respondents who expect the accumulation of debt has not changed significantly and is 2.7% (it was 2.8%), while the share of those who expect it to decrease has slightly increased, from 36.6% to 38.2%. The share of those who believe that nothing will change has slightly decreased from 60.6% to 59.1%.

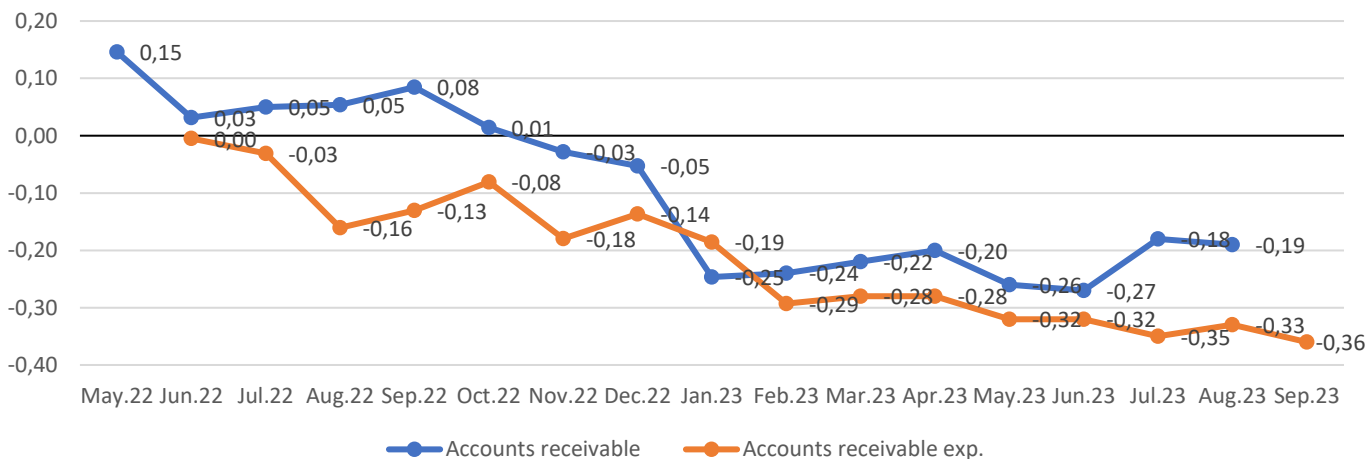
Size. The small (-0.42) and medium (-0.43) enterprises have the lowest and approximately the same indicator value. The indicator of large enterprises is -0.23. Microenterprises have the highest value of the index (-0.16).

¹ This analysis does not consider enterprises in the sectors of agriculture, construction, trade and services, and enterprises included in the category "Other production."

Region. The Kirovohrad region (0.10) has the largest value and is higher than zero; its indicators are higher than zero. The Sumy, Lviv, Ivano-Frankivsk, and Ternopil regions (-1.00 for each) have the lowest indicators.

Sector. The highest indicator of the increase in receivables is for the woodworking industry (-0.17) and machine building (-0.23), and the lowest indicator is for the food industry (-0.42).

Fig.21. Account receivables indices



ACCOUNT PAYABLES

Changes compared to the previous month

In August, compared to July, the indicator of payables did not change significantly. The ACCOUNT PAYABLES INDEX IS 0.22 (it was -0.23). The share of respondents who reported the accumulation of debt increased slightly (from 7.8% to 8.7%), while the share of those for whom account payables decreased shortened from 33.3% to 32.0%. The share of those for whom nothing has changed over the past month has not changed significantly and is 59.3% (it was 58.9%).

Size. The indicator of small (-0.35) and medium-sized (-0.27) enterprises is much better. The indicator of large (-0.09) and micro-enterprises (-0.08) is about the same and worse.

Region. Significant regional differences were recorded. The situation with the accumulation of account payables is the worst in Vinnytsya (0.31), Kirovohrad (0.23) and Cherkasy (0.20) regions. The best situation is in Lviv, Ivano-Frankivsk, and Ternopil regions (-1.00 for each).

Sector. Machine building (-0.03) and woodworking (-0.06) have the highest indicator. The food (-0.32), printing and light industries (-0.31 each) have the lowest index value.

Expected changes in account payables

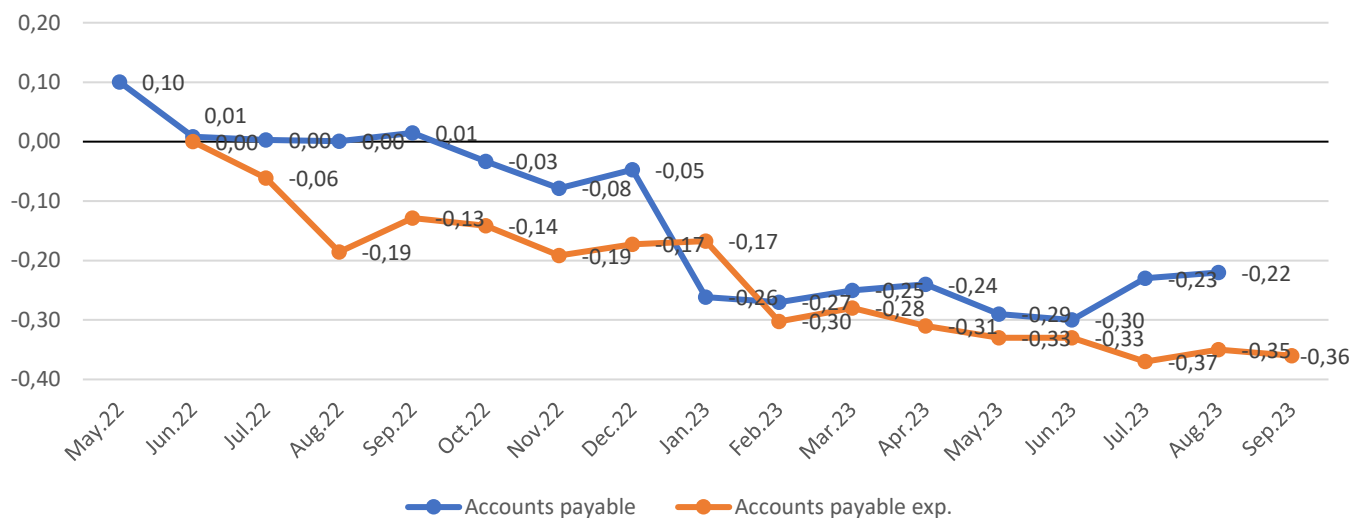
Entrepreneurs do not expect significant changes in the indicator for the next three months. The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES IS -0.36 (it was -0.35). The share of those who expect a reduction in the number of accounts payable almost did not change (36.2% in July and 36.3% in August), and the share of those who expect its accumulation did not change and is 0.07%, as in the previous month. The share of those respondents who believe that nothing will change has also hardly changed (it was 63.1% and 63.0% in August).

Size. The indicator of expected account payables for large (-0.25) and micro-enterprises (-0.16) is worse. The indicator of medium (-0.43) and small (-0.40) enterprises is lower and significantly better.

Region. The indicator of expectations for payables is positive and higher than zero for the Vinnytsya region (0.17). The Lviv, Ivano-Frankivsk, Sumy, and Ternopil regions (-1.00 for each) have the lowest indicators.

Sector. The highest are machine building indicators (-0.20). The food industry (-0.45) and printing industry (-0.45) have the lowest values.

Fig.22. Account payables indices



TAX ARREARS

Changes compared to the previous month

The tax arrears reduction rate has accelerated. The TAX ARREARS INDEX in August compared to July slightly decreased, from -0.28 to -0.31. The share of enterprises reporting a reduction in tax arrears over the past month increased from 30.8% to 32.6%, while the share of respondents who indicated an increase in tax arrears increased less significantly, from 1.3% to 2.3%. The share of those who believe no changes have taken place has decreased from 67.9% to 65.0%.

Size. Indicators of tax arrears are higher for micro-enterprises (-0.09). The indicator for medium (-0.34) and small (-0.38) companies is approximately the same and significantly lower. The value of large enterprises is -0.23.

Region. There are significant differences in the value of this indicator by region. Kyiv (0.33), Kirovohrad (0.07), and Cherkasy (0.03) regions have the highest and most positive values. The Sumy, Lviv, Ivano-Frankivsk and Ternopil regions (-1.00 for each) have the lowest indicators.

Sector. The indicator of tax arrears for metalworking has the highest value: -0.08. The values of the printing and food industry (-0.40 each) are the lowest.

Expected changes in tax arrears

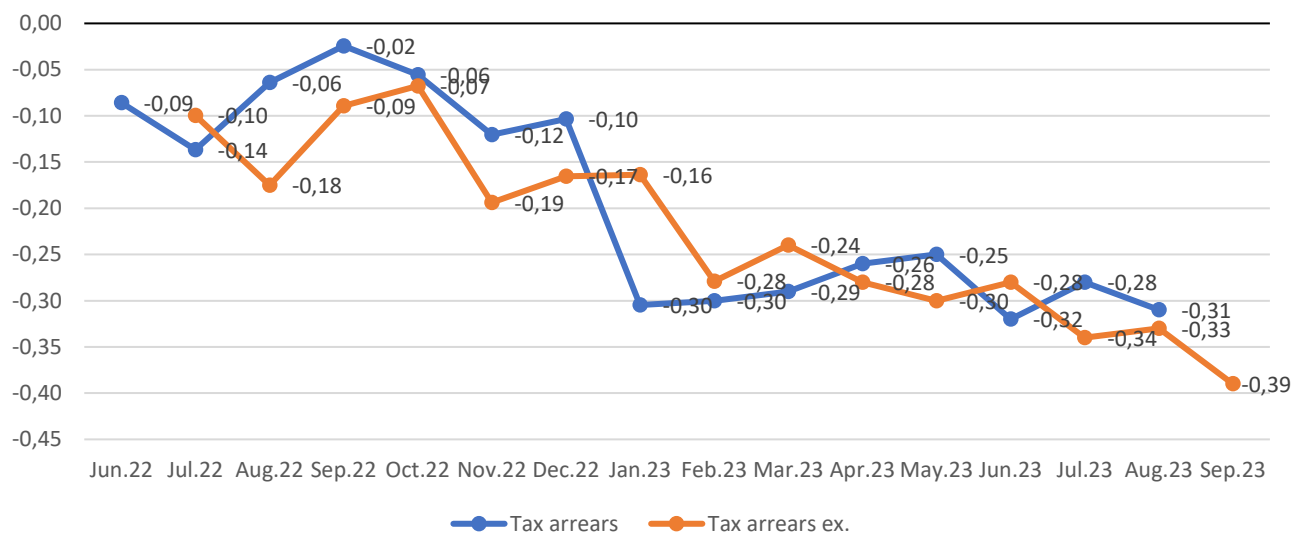
For the next three months, entrepreneurs expect a significant improvement in the indicator. The INDEX OF THE EXPECTED CHANGES IN TAX ARREARS decreased from -0.33 to -0.39. The share of those who forecast a reduction in tax arrears increased (from 34.7% to 37.5%), while the share of those who expect it to increase is completely absent (it was 0.3%). The share of those who do not expect changes decreased from 65.1% to 62.5%.

Size. Indicators of expectations regarding tax arrears are worse for micro-enterprises (-0.14); the indicator of large enterprises is -0.31. The indicators of small (-0.44) and medium-sized (-0.42) enterprises are significantly better.

Region. The indicator of expectations of Cherkasy, Khmelnytsky, Vinnytsya, Chernihiv, Zakarpattia, and Zaporizhzhya regions is zero. The indicator of Lviv, Ivano-Frankivsk, Sumy, and Ternopil regions is the lowest (-1.00 for each).

Sector. The metalworking has the highest indicator of tax arrears expectations: -0.08. The printing (-0.40) and food (-0.48) industries have the lowest indicators.

Fig.23. Tax arrears indices



NUMBER OF WORKERS

Changes compared to the previous month

The employment reduction rate is slowing down; the indicator is gradually increasing for the third month in a row. The NUMBER OF WORKERS INDEX in August compared to July increased from -0.05 to -0.03. The share of respondents reporting a reduction in the number of workers involved in all operations almost did not change and is 8.5% (it was 8.4%), while the share of those who indicated an increase increased slightly, from 2.6 % to 4.7%. The share of those for whom nothing has changed decreased from 89.0% to 86.8%.

Size. The indicator is higher and approximately the same for small (-0.02), large (-0.03) and medium (9-0.04) enterprises. At the same time, the indicator of micro-enterprises is significantly lower (-0.12).

Region The Odesa (0.11), Zakarpattya (0.10), Zaporizhzhya (0.07) and Kirovohrad (0.02) regions have indicators higher than zero. Kharkiv region (-0.32) and Kyiv city (-0.24) have the lowest values.

Sector. Indicators of the food (0.01) industry are the only ones higher than zero. The indicators of the chemical industry and woodworking (-0.09 for each) are the lowest.

Expected changes in the number of workers

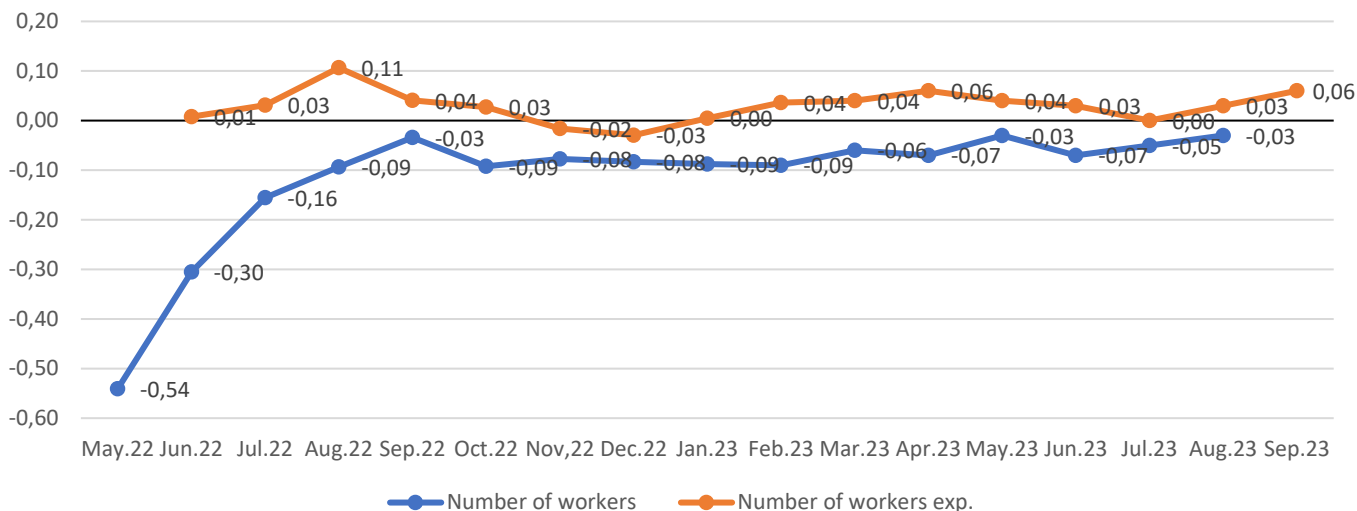
In the next three months, the surveyed heads of enterprises expect a further increase in the number of workers: the INDEX OF THE EXPECTED CHANGES IN THE NUMBER OF WORKERS increased from 0.03 to 0.06. The share of respondents who believe that the number of workers at the enterprise will increase has not changed significantly (6.6% in July and 7.0% in August). At the same time, the share of those who expect a reduction in the number of workers has halved, from 4.3% to 2.3%. The share of those who believe that nothing will change has almost not changed and is 90.7% (it was 89.1%).

Size. Depending on the size of the enterprise, the indicators of expected changes are approximately in the same range. The indicator of large (0.09) and medium (0.05) enterprises is higher. The figures for small (0.01) and micro enterprises (0.02) are lower and about the same.

Region. The value of the index of expected changes in the number of workers significantly depends on the region of the enterprise's location. The highest indicator of expectations was recorded for Kyiv (0.24) and Chernihiv (0.20) regions. Dnipropetrovsk region (-0.15) has the lowest and only negative value of the indicator.

Sector. The highest index of expectations is for woodworking (0.10), food (0.05) and light (0.03) industries. Construction materials production (-0.04) and chemical industry (-0.10) have the lowest and negative indicators.

Fig.24. Number of workers indices



WORKERS ON FORCED LEAVE

Changes compared to the previous month

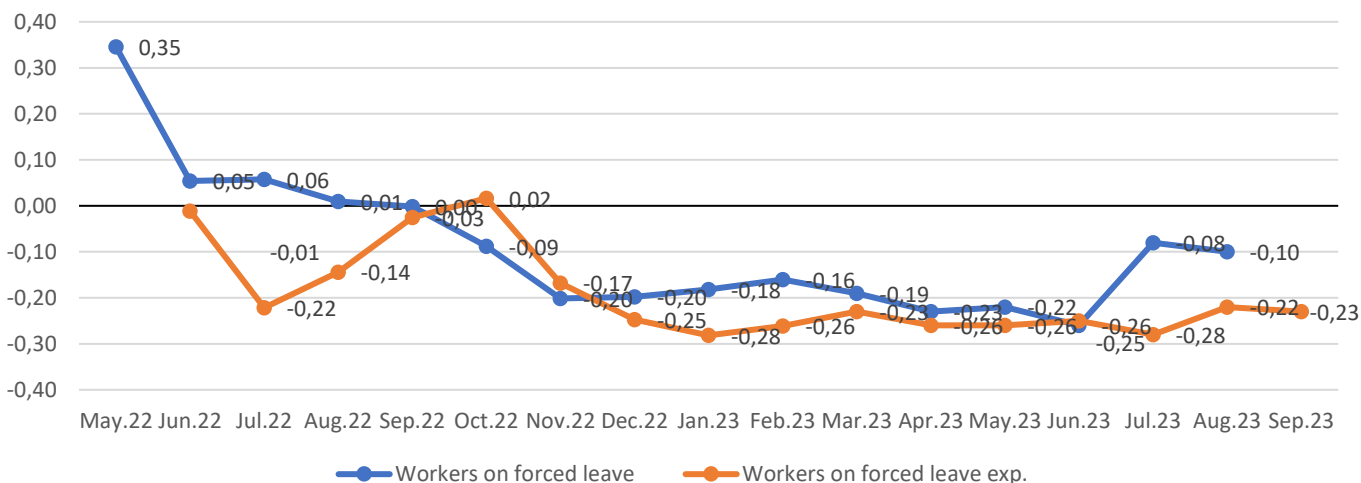
The rate of reduction in the number of workers on forced vacations has slowed down again. The NUMBER OF WORKERS ON FORCED LEAVE INDEX, after a sharp increase in July, slightly decreased in August, from -0.08 to -0.10. The share of those who reported an increase in such workers decreased slightly, from 9.9% to 8.0%. At the same time, the share of those who pointed to their reduction has not changed and is 18.5%, the same as last month. The share of those for whom the situation has not changed over the past month has slightly increased, from 71.6% to 73.5%.

Size. The indicator of micro (-0.11), small (-0.09) and large (-0.05) enterprises is higher and about the same, while the indicator of medium (-0.16) enterprises is slightly lower.

Region. Among the various regions, the growth of the indicator is observed to the greatest extent for the enterprises of Ternopil and Volyn (0.16 for each) and Vinnytsya (0.8) regions, and, most often, the decrease in the number of workers on forced leave is reported in Lviv (-0.93) and Zhytomyr (-0.50) regions.

Sector. Metalworking and machine building, whose indicators are equal to zero, have the worst indicators in terms of the number of workers on forced leave. The indicator of the printing industry (-0.33) is the lowest.

Fig.25. Number of workers on forced leave indices



Expected change in the number of workers on forced leave

Enterprises having workers on forced leave do not expect significant changes in the next three months. The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE is -0.23 (was -0.22). The share of enterprises where the number of workers on forced leave is expected to increase slightly decreased from 2.2% to 1.3%. At the same time, the share of those who believe that the number of such workers at their company will decrease has not changed significantly and is 25.2% (it was 25.7%). The share of those who believe there will be no change has slightly increased, from 72.1% to 73.6%.

Size. Indicators of micro (-0.03) and large (-0.14) enterprises are higher. Indicators of medium (-0.27) and small (-0.33) enterprises are significantly lower.

Region. Indicators of expectations for the Volyn, Vinnytsya, Cherkasy, Chernihiv, Kirovohrad, Poltava, Zakarpattya, Zaporizhzhya, and Dnipropetrovsk regions, and Kyiv city are zero. The indicators of Lviv (-0.96) and Ivano-Frankivsk (-0.88) regions are the lowest.

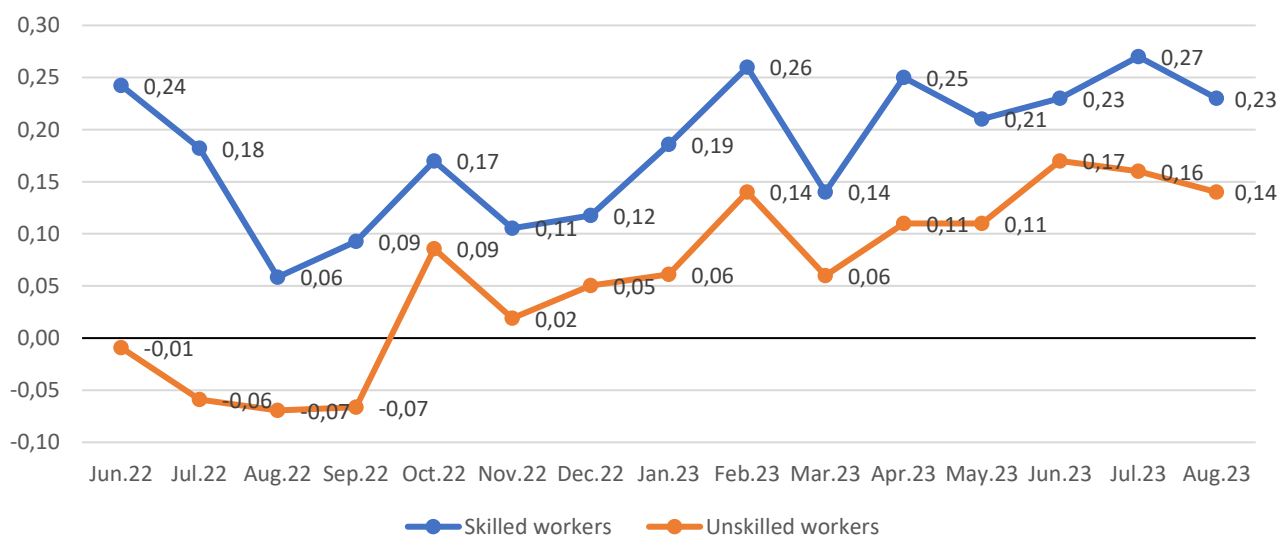
Sector. The indicator of expectations regarding the number of workers on forced leave of metalworking is the highest and is equal to zero. The food industry (-0.38) has the lowest indicator.

SKILLED AND UNSKILLED WORKERS

In August 2023, the indicator of difficulties in finding both skilled and unskilled workers decreased. The value of the INDEX OF FINDING SKILLED WORKERS decreased from 0.27 to 0.23. The value of the INDEX OF FINDING UNSKILLED WORKERS decreased from 0.16 to 0.14.

The share of company managers who indicated that it is more difficult to find skilled workers decreased from 27.5% to 25.4%. The share of those who find it more difficult to find unskilled workers also decreased (from 18.7% to 17.6%). The percentage of those who find it easier to find skilled workers has not changed significantly and is 1.2% (was 1.5%), while the share of those who find it easier to find unskilled workers has slightly decreased, from 5.2% to 4.4%. At the same time, the share of those who do not feel any changes in the search for skilled workers increased from 71.0% to 73.4%, and for unskilled workers, the percentage increased from 76.2% to 78.0%.

Fig.26. Skilled and unskilled workers indices



Skilled workers

Size. Depending on the size of the enterprise, the indicator is lower and the same for medium and large enterprises (0.23 each) and for small enterprises (0.24). It is most difficult for micro-enterprises to find skilled workers; they have the highest index of 0.32.

Region. Significant regional differences in the labor market were recorded. It is easiest to search for skilled workers in the Cherkasy, Zakarpattya, and Kharkiv regions, whose indicator is zero. Chernihiv and Poltava regions have the greatest difficulty in finding skilled workers (1.00 for each).

Sector. The chemical industry has fewer difficulties with finding skilled workers (0.17). It is more difficult to find skilled workers for metalworking (0.47) and machine building (0.41).

Unskilled workers

Size. It is easiest for small (0.06) enterprises to find unskilled workers. Index of difficulties in finding unskilled workers for medium (0.14), micro (0.18) and large (0.20) enterprises.

Region. It is easiest to find unskilled workers in Chernivtsi (-0.25) and Sumy (-0.71) regions, the indicators of which have a negative value. The biggest difficulties with finding unskilled workers are in Chernihiv (1.00), Poltava (0.89) and Dnipropetrovsk (0.85) regions.

Sector. The worst indicators for finding unskilled workers are observed for the metalworking (0.44) and woodworking (0.25) industries; the lowest values are for the production of construction materials and light industry (0.05 for each).

SPECIAL PART OF THE SURVEY

THE IMPACT OF WAR ON ENTERPRISES

Challenges for businesses in wartime

The main concern for businesses associated with a full-scale Russian invasion in August 2023 was the **increase in the prices of raw materials**. This problem comes out on top for the sixth month in a row in 2023: as in March and July, in August 2023, it was the most common problem for the businesses surveyed. In August, the absolute value of this obstacle increased again after a decrease in July: while in July, 52% of enterprises complained about rising prices, in August, they became 57%.

Difficulties transporting raw materials or goods through the territory of Ukraine took second place in the rating of obstacles. This problem affected 41% of surveyed enterprises. It is slightly less than in June and July when the corresponding share was 41%.

Issues such as **disruption of supply chains** and **reduced demand for products or services** shared third place in the ranking of obstacles in August. 37% of surveyed enterprises pointed to these two problems. If the previous month, the same proportion of respondents reported a problem with supply chains, they began to talk about a decrease in demand more often. In July, this problem was relevant for 34% of surveyed businesses.

Slightly fewer respondents - 35% - in August faced a **labor shortage due to conscription and migration of workers**. This share slightly decreased compared to the previous month, when companies with a shortage of workers made up 38% of the sample. But, due to the increasing influence of other obstacles, the personnel issue dropped from third place in the ranking of obstacles in July to fifth place in August.

The sixth place in the rating of obstacles caused by a full-scale Russian invasion in August 2023 was occupied by **electricity, water, or heat supply outages**. They were reported by 34% of enterprises, which is more than the lowest value for 2023 of 29% recorded in April but significantly less than the level of 50% and above, at which this problem was from October 2022 to February 2023 as a result of the most destructive strikes by the aggressor country on the energy infrastructure of Ukraine.

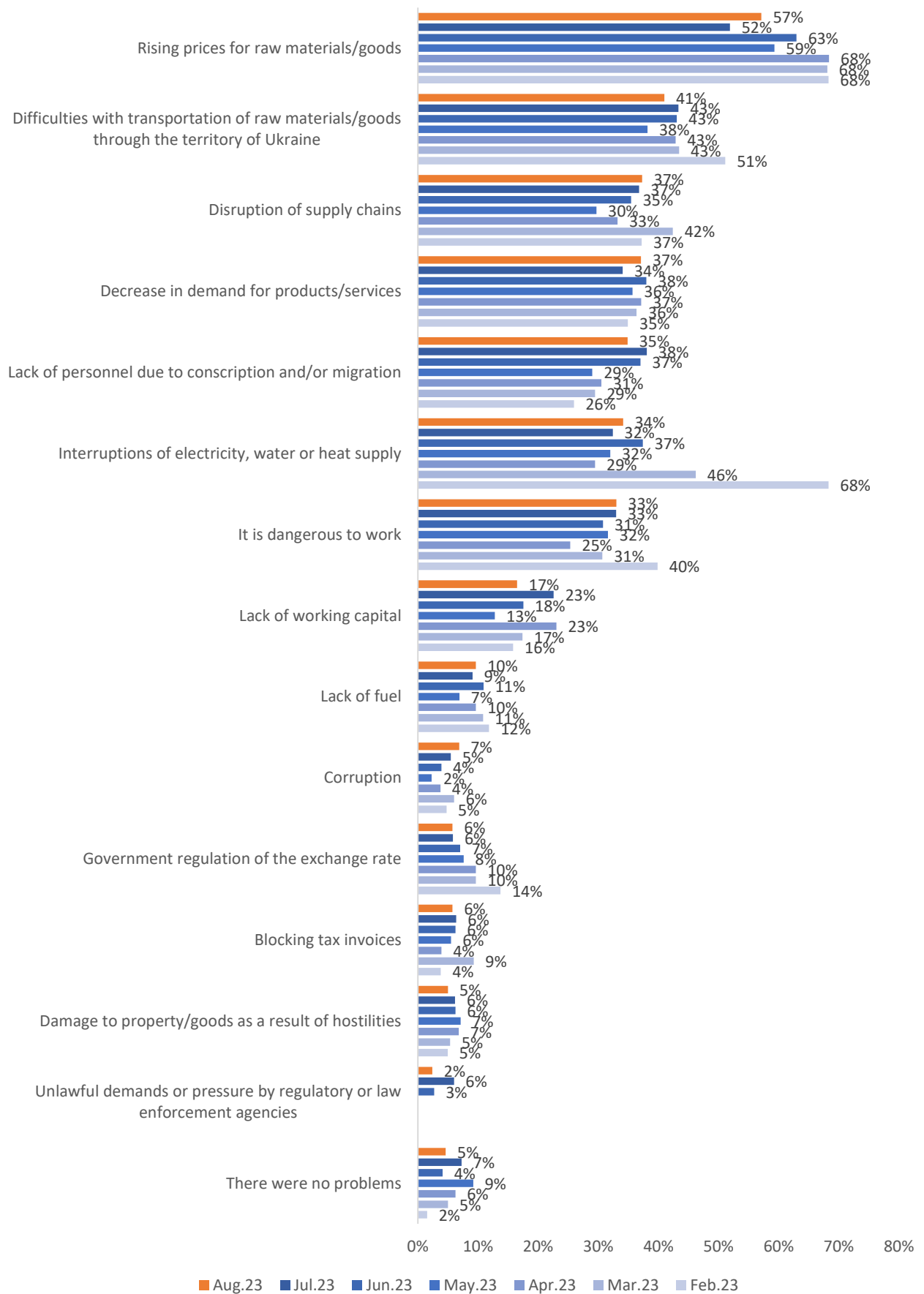
A third of surveyed businesses (33%) in August said it was **unsafe to work**. This share has remained relatively stable over the past four months. The problem of work hazards was ranked seventh in the ranking of obstacles.

The **lack of working capital**, which became a problem for 17% of respondents, took the eighth place in this rating, and the **lack of fuel**, which 10% complained about, took the ninth place. At the same time, the importance of the lack of working capital decreased compared to July, when 23% of enterprises reported this problem.

The problem of **corruption** took tenth place. It was indicated by 7% of surveyed businesses. Over the past four months, the share of respondents reporting corruption has gradually increased. For comparison, in May 2023, this share was only 2%.

6% or less of enterprises reported obstacles such as **state regulation of currency exchange rates, blocking tax invoices, damage to property or goods due to military actions, and unlawful demands or pressure from regulatory or law enforcement agencies**. In addition, 5% of businesses surveyed in August 2023 said they did not experience any problems.

Fig.27. The most important problems for the surveyed businesses



Challenges for businesses by size. Micro, small, and medium-sized enterprises complain more often than large ones about rising prices for raw materials or supplies. Thus, the share of businesses that faced this obstacle in August ranges from 58% to 63% among smaller enterprises, while among large businesses, it is 45%.

Additionally, micro-enterprises, more often than larger enterprises, report a decrease in demand (52%) and electricity, water, or heat supply cuts (66%).

On the other hand, medium-sized and large enterprises experience labor shortages to a greater extent (41% and 36%, respectively) than small and micro businesses (up to 30%). Also, large enterprises often point to the work hazards during the war (45%).

Challenges for businesses by sector. In the chemical and woodworking industries, more often than in others, the sharpest problem for the surveyed business in August 2023 is indicated: the increase in prices for raw materials or supplies (more than 70% of enterprises)².

More than half of the enterprises in the chemical industry and construction materials production complain about difficulties transporting raw materials or goods through the territory of Ukraine. It is a larger share than in the rest of the industry.

Also, in the chemical industry, the supply chain disruption is most felt (70%). The problem of decreasing demand has become the most acute for such industries as machine building, woodworking, and construction materials production (more than 50%). In the woodworking industry, the lack of labor due to conscription and migration of workers was most often reported (48%).

Challenges for businesses by region. The surveyed businesses of Vinnytsya, Dnipropetrovsk, Zhytomyr, Sumy, and Ternopil regions most often complain about increase in price for raw materials or supplies. In these regions, 80% or more of the respondents reported this problem³.

Difficulties transporting raw materials or goods through the territory of Ukraine were the most significant problem for businesses in the Vinnytsya and Ivano-Frankivsk regions and Kyiv city (more than 70%).

Disruption of supply chains is most felt by surveyed enterprises in Vinnytsya and Ivano-Frankivsk regions (more than 70%), and a decrease in demand, in Vinnytsya, Poltava and Khmelnytsky regions (more than 60%).

Vinnytsya, Dnipropetrovsk, and Chernivtsi regions recorded the highest shares of businesses that faced a labor shortage due to the full-scale war (more than 70%).

[The war impact on capacity/production volumes](#)

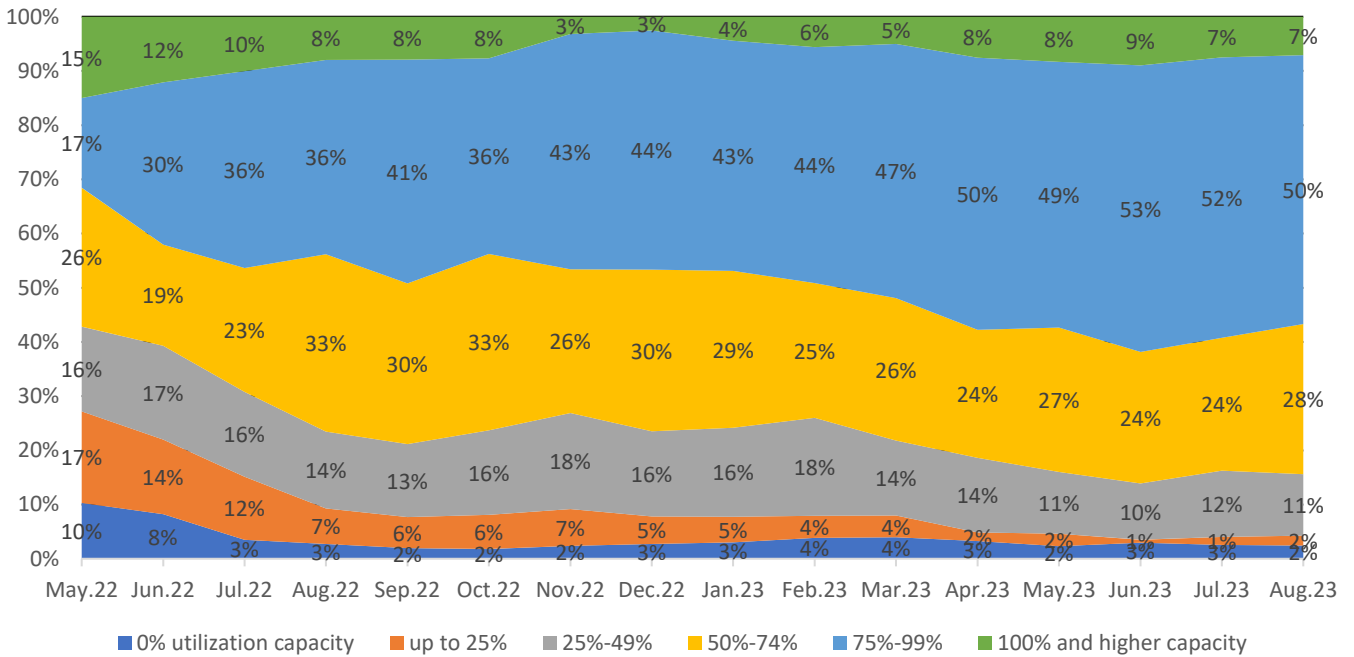
In August 2023, the production capacity utilization rate decreased slightly from July but remains one of the highest for all survey waves. In August, 7% of enterprises reported they were operating at full capacity (100% or more), which was at the level of the previous month (7%). At the same time, the share of enterprises operating at almost full capacity (75% - 99%) was 50% (it was 53% in June and 52% in July). As a result, **the total share of enterprises operating almost at full capacity was 57%** (59% in July). For comparison, the corresponding indicator was the highest for all survey waves in June - 62%.

In August, 2% of surveyed enterprises reported they stopped their activities during the war. This indicator has remained low since July 2022, in the 2% - 4% range. Also, the share of enterprises operating at less than 25% of pre-war production volumes remains low - only 2% in August (1% in July). In addition, 11% of enterprises worked in August at 25% - 49% of pre-war production capacities (12% in July). **As a result, in August, only 16% of enterprises worked at less than half their capacity, compared to pre-war times.**

² This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, and enterprises included in the category "Other production."

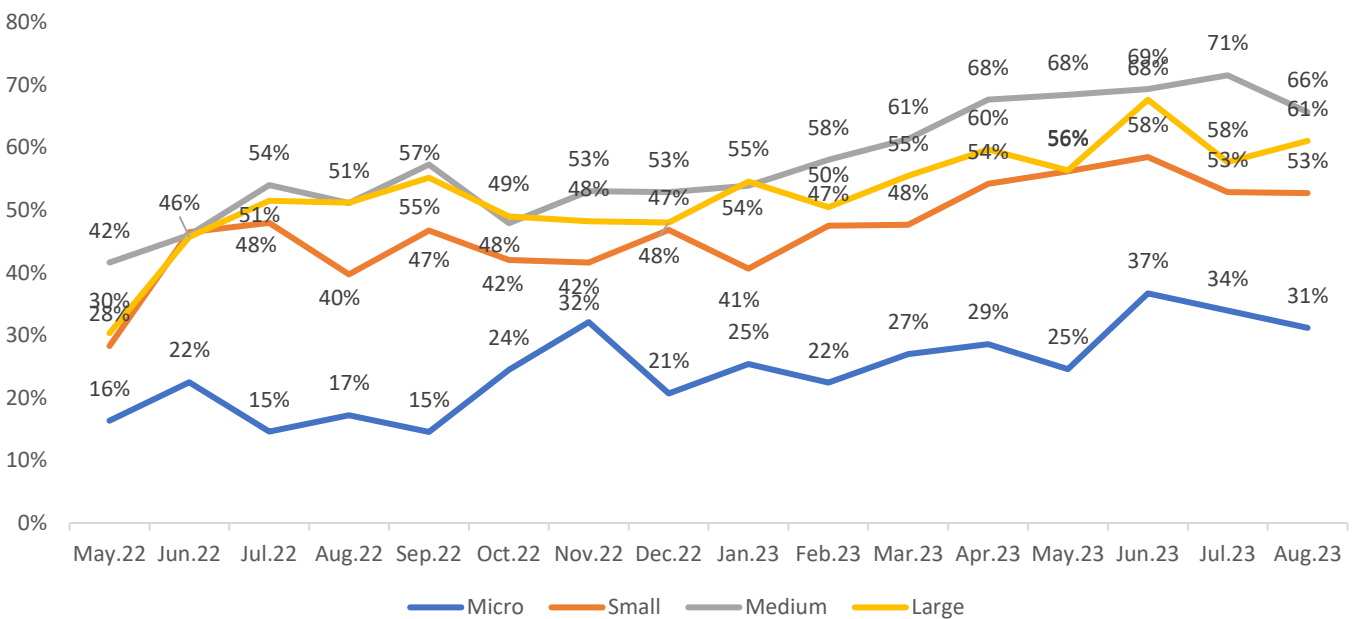
³ Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

Fig.28.The impact of the war on the work of enterprises (% of respondents)



Results for businesses by size. Medium-sized businesses continue to show the best production recovery rate. Compared to the pre-war period, 66% of medium-sized enterprises worked at almost full and full capacity in August, which is slightly lower than in the previous month (71% in July). At the same time, the corresponding indicator increased for large businesses - from 58% in July to 61% in August. The share of small businesses operating at almost full and full capacity did not change (53% in July and August). For micro-businesses, the indicator remains low – 31% in August (34% in July).

Fig.29.The share of enterprises operating almost at full and full capacity (75 - 99%, 100%, and more) compared to the pre-war period (by enterprise size, %)



As of July 2023, 11% of micro-business representatives were unemployed (17% in June and 16% in July). For comparison, large and medium-sized businesses have almost completely resumed work (only 1% and 1% of

respondents were not working, respectively, in August). Among small enterprises, 2% of respondents did not resume work. Thus, **micro-businesses still remains more sensitive to the challenges of wartime**.

Results for businesses by sector. The food industry remains the leader in the recovery of the processing industry. In August, 72% of food industry enterprises worked at almost full and full capacity, which is at the same level as in July (72%) but slightly lower than the result of other previous months (78% in June, 73% in April, and May). Light industry enterprises are in second place: 64% (in July - 66%). The printing industry capacity also decreased - from 64% in July to 57% in August. At the same time, the capacity utilization of the chemical industry increased - from 35% in July to 43% in August. The most difficult situation remains in metallurgy and metalworking, where only 10% of enterprises were operating at near full and full capacity, which is a catastrophic destruction compared to July (it was 26% in July).

Fig.30. The share of industrial enterprises operating almost at full and full capacity (75 - 99%, 100% and more) compared to the prewar period, % of respondents by sector



Created with Datawrapper

Results by region. As during the previous waves of the survey, all or almost all enterprises in Ivano-Frankivsk (100%), Lviv (100%), Poltava (100%), Ternopil (100%), Rivne (96%), Odesa (93%) and Vinnytsya (92%) regions worked at almost full and full capacity.

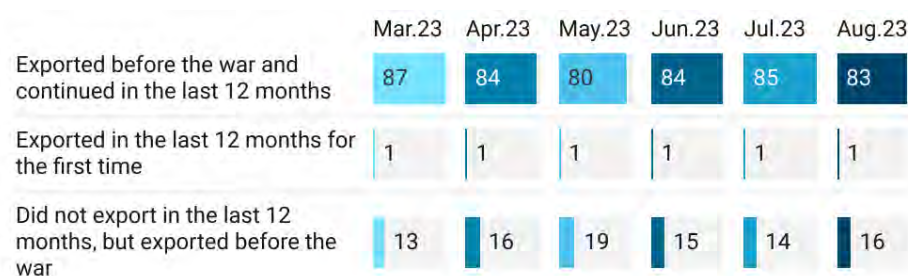
At the same time, the situation remains the most difficult in the front-line Zaporizhzhya and Kharkiv regions, in which, respectively, 0% and 10% of enterprises worked at a high level of capacity utilization. The low capacity utilization is also at the enterprises of Kirovohrad (39%), Sumy (30%), Cherkasy (37%) regions, and Kyiv city (19%). Thus, recovery challenges depend not only on a business's geographic location and proximity to the front lines but also on logistical, energy, and other challenges that vary somewhat by region.

THE WAR IMPACT ON THE ENTERPRISES' EXPORT ACTIVITIES

Within the sixteenth wave of the survey, **62% of respondents (among those who were able to answer) were or are exporters**. At the same time, 37% of enterprises have never exported, and about 1% (only six respondents) could not answer the question.

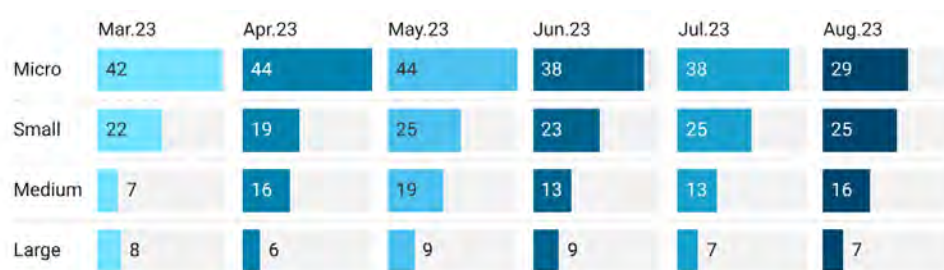
As of August 2023, among exporters, **83% of respondents indicated that they exported before the war and continued to export during the last 12 months**. Another 1% of enterprises started exporting for the first time precisely during the war (during the last 12 months). At the same time, 16% of enterprises exported before the war but had no exports during the last 12 months. Thus, the trend of recent months continues: some businesses cannot overcome new challenges for export activities and resume exports.

Fig.31. The impact of the war on export activity (% of the exporters surveyed)



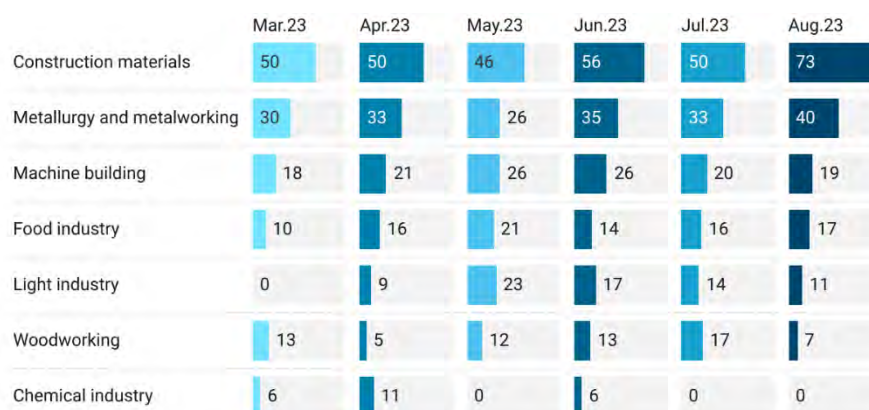
Results for business by size. According to the results of August, a regularity was again recorded regarding export activity dependence on the size of the enterprise. Among micro-businesses, 29% of enterprises exported before the war but had no export activity during the last 12 months. The situation among micro-businesses has been the best since the beginning of research on this issue in March 2023. There is also a high share of enterprises that cannot resume exports among small businesses - 25%. The situation among medium-sized exporters is better - 16% of respondents did not export in the last 12 months. The best situation was among large businesses, where the corresponding indicator was 7%. Thus, large business is traditionally the leader in the recovery of export activity.

Fig.32. Share of exporters who did not export during the last 12 months, by size of enterprises (% of exporters surveyed)⁴



Results for business by sector. The obtained data indicate that until now, the most difficult situation with the export recovery remains in construction materials production. For example, 73% of the industry's enterprises exported before the war but had no exports during the last 12 months. Thus, the situation in the industry worsened compared to previous months, when the corresponding indicator remained at approximately 50% (in particular, 50% in June). The situation in metallurgy is also difficult; the corresponding indicator is 40% (the situation is also worsening). In contrast, the best situation is in the chemical industry, where 0% had no exports in the last 12 months. In the light industry, only 11% of enterprises had no exports during the last 12 months, although they exported before the war, and in the food industry - 17%.

Fig.33. Share of exporters who did not export during the last 12 months, by industry (% of surveyed exporters)



⁴ Data for May are not available for micro-enterprises due to insufficient sub-sample size.

Results by region. Throughout all waves of the monthly survey, the available data do not allow us to draw conclusions about clear regional patterns due to insufficient subsamples in certain regions. However, in some regions, all enterprises (among those who were able to respond) resumed exports, in particular in the Vinnytsya, Ivano-Frankivsk, Kyiv, Lviv, Poltava, Rivne, Ternopil, and Chernihiv regions. The most difficult situation is in the Dnipropetrovsk and Zhytomyr regions, where 72% and 67%, respectively, had no export during the last 12 months, although they had it before the war.

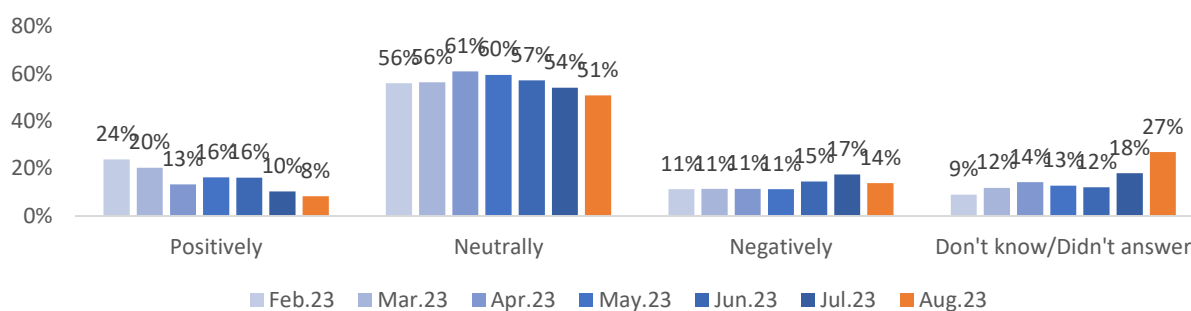
GOVERNMENT POLICY

Assessment of government policy to support business

In August 2023, positive assessments of government policies to support business decreased to 8% from 10% in June. It is the lowest level of positive assessments of the policy during the entire survey period, the first wave of which was conducted in May 2022. At the same time, the share of negative assessments in August also became lower. Whereas in July, such enterprises accounted for 17%, in August, they became 14%.

As before, the surveyed business mostly neutrally assessed the government policy regarding business support. At the same time, the percentage is decreasing for the fourth month in a row. In August, it was 51%. Simultaneously with the decrease in the frequency of positive, negative, and neutral assessments, the share of respondents who could not assess the government business support policy increased sharply from 18% in July to 27% in August.

Fig.34. Assessment of government policy to support business



Assessment of government policy to support business by business size. Among the representatives of large enterprises, there is a relatively large number of those who gave a positive assessment of the government policy on business support (10%). For comparison, among smaller business groups, the respective shares are 7-8%.

Among micro- and small enterprises, the largest shares of respondents with negative assessments of the policy were recorded (20% and 17%, respectively). Also, representatives of micro-enterprises, more often than others, could not assess it (36%).

Assessment of government policy to support business by sector. Most often, representatives of the woodworking industry (9%) give positive assessments of the government policy on business support⁵. On the other hand, the highest share of negative assessments compared to other industries (35%) was recorded in the same industry. Negative assessments are also often given in metallurgy (30%).

Assessment of government policy to support business by region. The highest level of positive assessment of state business support policy in August 2023 was recorded in Kyiv region (48%). In the Odesa and Rivne regions, this policy was also quite often rated positively (28% each)⁶. At the same time, the largest shares of negative assessments are among businesses in Vinnytsia (46%) and Sumy (30%) regions.

⁵ This analysis does not consider enterprises in agriculture, construction, trade, and services, as well as enterprises included in the "Other production" category.

⁶ Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

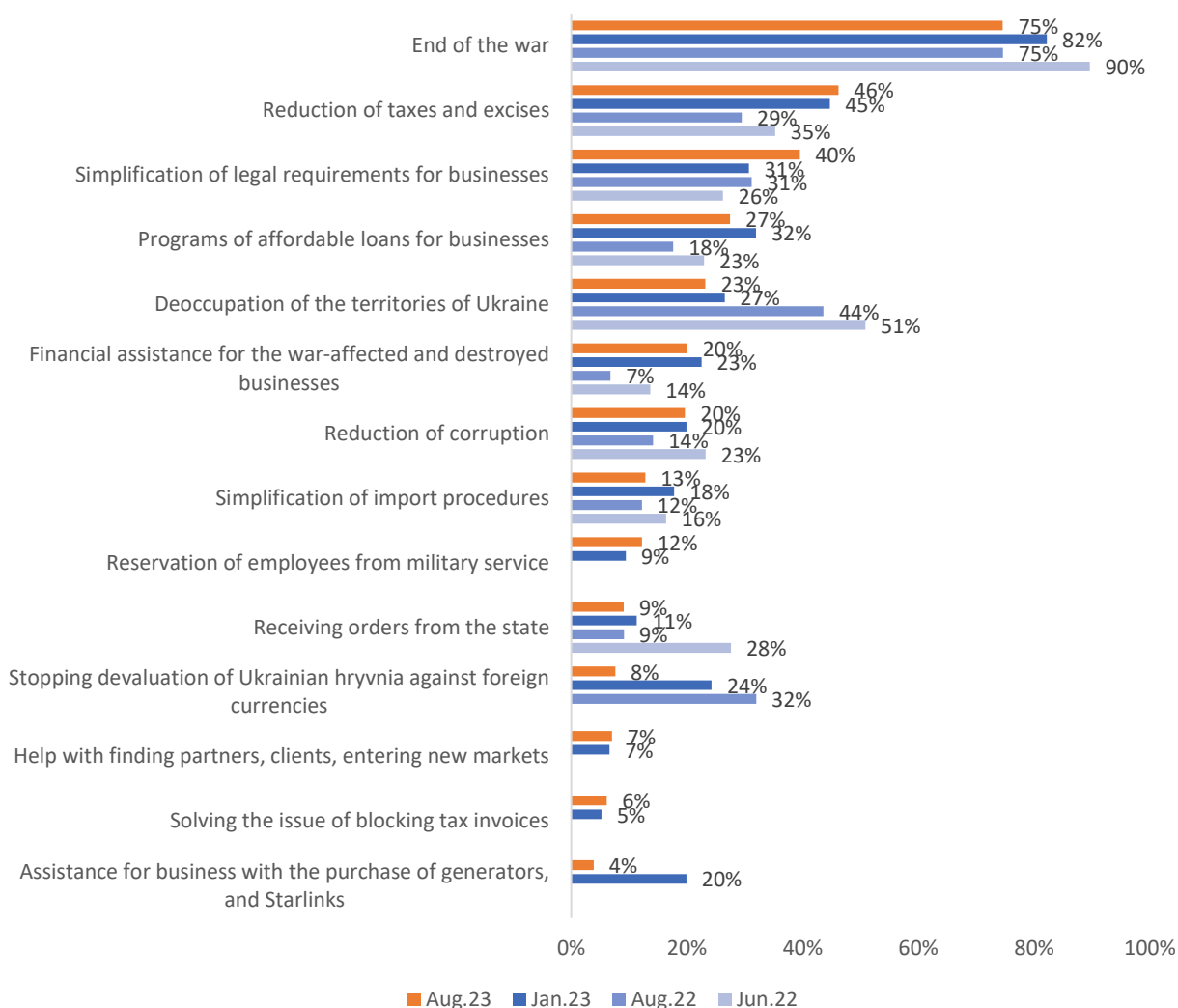
What will improve the business situation? Expected measures and changes

In August 2023, we again asked business representatives about what changes and measures would improve the situation for their business. As in previous surveys, when this question was asked (in 2022 and in January 2023), the most anticipated event for survey participants was the **end of the war**.

It is expected by 75% of surveyed businesses, which is less than in January this year (82%), but this is the same share that was recorded a year ago - in August 2022.

The **reduction of taxes and excise duties** is in second place among the desired changes. It was reported by 46% of respondents in August 2023, which practically corresponds to the level at the beginning of the year: 45%.

Fig.35. Expected measures and changes that, according to the respondents, will improve the situation for their business



The share of enterprises that consider it necessary to **simplify the legal conditions for business** has increased to 40%. In January 2023, there were 31% of such enterprises. It points to the return of business climate issues to the agenda due to the possible adaptation of business to operating during a full-scale war and the return of regulatory procedures abolished at the start of a full-scale invasion, such as tax audits.

Business demand for **affordable business loan programs** has slightly decreased over the past six months: 27% supported this option in August compared to 32% in January.

Fewer and fewer enterprise representatives talk about the positive impact of the **de-occupation of the territories of Ukraine** on the situation of their business. In August, this share decreased to 23% from 27% in January and

before that - from 44% and more in 2022. It may be due to the fact that the business is adapting to new markets (customers and suppliers).

One-fifth of the respondents spoke in favor of such measures and changes as **financial assistance to affected and destroyed businesses** and **corruption reduction**. The percentage of enterprises that pointed to the need for such measures has remained unchanged since January 2023.

It is also worth noting the decrease in the share of businesses that expect an **end to the devaluation of the hryvnia to foreign currencies**. In August, this share decreased to 8% from 24% in January. It reflects the stabilization of foreign exchange rates in Ukraine, which was achieved by mid-2023.

Expected measures and changes by enterprise size. Ending war is a top priority for businesses of all sizes. According to the survey results in August, it was expected by 70% to 87% of business representatives in different size groups.

Micro-enterprises differ from larger businesses as they do not support the reduction of taxes and excise duties as much: 20% of micro-enterprises expressed their support for this measure compared to 48%-55% of respondents in the remaining size groups.

Steps such as simplifying legal requirements for businesses and providing affordable business loans are the most prioritized for small and medium-sized enterprises, and micro and large businesses mention them less. Thus, simplification of legal requirements for business was supported by more than 40% of small and medium-sized enterprises and affordable credit programs by more than 30%.

Expected measures and changes by sector. The end of the war is also the main anticipated event for surveyed businesses from all industries⁷. However, for the chemical industry, the first place with the end of the war was divided by the reduction of taxes and excises. These two options were chosen by 61% of representatives of this industry. Among other industries, enterprises in the light industry (62%), printing industry (57%), and machine building (55%) often spoke about the need for tax reduction.

Simplification of legal requirements for business is most supported in the chemical industry, construction materials production (48% each), and food industry (44%). Businesses in the machine-building (39%) and woodworking (35%) industries are most often interested in affordable credit programs. Representatives of the metallurgical industry and machine building speak more often than others about the need to de-occupy the territories of Ukraine (more than 30%), and representatives of the construction materials production (30%) point to financial assistance to injured and destroyed businesses.

Expected measures and changes by region. In most regions, 60% or more of the surveyed local businesses named the end of the war among the events and changes that would help them the most⁸. It is especially expected by enterprises in Vinnytsya, Volyn, Zhytomyr, Kyiv, Lviv, Odesa, Sumy, Kharkiv, Khmelnytsky, Chernivtsi, and Chernihiv regions and Kyiv city. Here, the war end became an important priority for 80% or more respondents.

In the Dnipropetrovsk, Zakarpattya, Cherkasy regions, and Kyiv city, the majority supports the reduction of taxes and excise duties (80% or more of respondents). Simplification of legislative requirements for business is most often mentioned among the expected measures by enterprises of Ivano-Frankivsk (82%) and Lviv (75%) regions, and Kyiv city (76%). Businesses of the Dnipropetrovsk region and Kyiv city especially emphasize the need for affordable loans (more than 70%).

⁷ The size of the subsample in the agriculture and trade sectors is too small for statistical comparison.

⁸ The comparison does not include regions in which no enterprises were surveyed and Mykolayiv and Poltava regions, where the number of respondents was insufficient for statistical comparison. For more details, see the "Sample" section.

SURVEY METHODOLOGY

This report presents the results of the sixteenth New Monthly Survey “Ukrainian Business in the Wartime”. The data was collected using a combination of several methods of data collection: a telephone interview of business representatives filling their responses into the online checklist by the interviewers, and in a small number of cases, self-completion of the checklist by representatives of enterprises who, during the previous telephone contact, expressed a desire to independently enter data in the online checklist. All responses (filled by the respondents themselves and provided to the interviewers) were collected in one database. After the survey, IER experts monitored and cleaned up the data and analyzed the responses.

In this survey, we continue examining the indicators of the business climate and conditions studied by the IER in the quarterly surveys of industrial enterprises within the project “Business Survey”. It includes indices that in numerical terms show monthly changes in such important business indicators as production and sales, exports, raw materials and supplies stocks, the new orders number, etc., and business expectations for their changes for the next three- and six-month periods.

These indices are calculated according to a single methodology. We count responses as +1 when the company responds that the rate has increased, 0 if it has not changed, and -1 if it has decreased. For example, if out of 100 respondents, 20 indicated an increase in production, 50 respondents its reduction, and 30 said that everything remained unchanged, the corresponding value of the index will be -0.30. A positive (negative) index value means that the share of enterprises where production has increased is larger (smaller) than the number of those where production has decreased. For a more accurate measurement at the micro-data level, each answer is weighted, taking into account the enterprise size by the number of workers.

Such indices help control the dynamics of changes in these indicators, compare them over time and quickly assess the general direction of changes in business conditions and the situation at the enterprises.

The field phase of the survey lasted from August 15 to August 31, 2023.

SAMPLE

A total of 539 enterprises were surveyed in the sixteenth wave. The companies are located in Vinnytsya, Volyn, Dnipropetrovsk, Zakarpattia, Zaporizhzhya, Zhytomyr, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytsky, Cherkasy, Chernivtsi and Chernihiv regions and in Kyiv city. In each of these regions, from 16 to 44 enterprises were surveyed⁹.

The majority of the sample consisted of industrial enterprises – 502 enterprises or 93% of the sample. Among them, the food industry, light industry, machine building and construction materials production, prevail. Eight enterprises belong to the agricultural sector (1.5% of the sample) and 17 to trade (3.2% of the sample). Nine enterprises, or 1.7% of the sample, work in the service sector. And three enterprises (0.6%) belong to the construction sector.

These are companies of various sizes, determined by the number of workers among the enterprises surveyed. Among them: micro-enterprises (up to 10 workers) – 61 or 11% of the sample, small (from 11 to 50 workers) – 167 or 31% of the sample, medium-sized (from 51 to 250 workers) – 192 or 36% of the sample, and large (more than 250 workers) – 119 or 22% of the sample.

⁹ The survey indicated the region in which the enterprise was located at the time of the survey.

APPENDIX 1. Survey results in figures

Sample

Enterprises' size

	Number	Share of sample
Micro-	61	11%
Small	167	31%
Middle	192	36%
Large	119	22%
TOTAL	539	100%

Sector/ industry

	Number	Share of sample
Agriculture	8	1,5%
Metal production and metalworking	20	4%
Chemical industry	23	4%
Machine building	33	6%
Woodworking industry	23	4%
Construction materials production	27	5%
Food industry	180	33%
Light industry	45	8%
Printing industry	14	3%
Other industries	137	25%
Construction	3	0,6%
Trade	17	3,2%
Services	9	1,7%
TOTAL	539	100%

Performance indicators of enterprises and business environment by size, indices of change (August 2023)

	Total	Micro	Small	Middle	Large
Production	0,18	-0,12	0,13	0,21	0,19
Expected changes in production	0,46	0,21	0,42	0,48	0,48
Sales	0,18	-0,17	0,11	0,20	0,23
Expected sales changes	0,47	0,21	0,45	0,49	0,46
Export	0,08	-0,44	-0,04	0,13	0,11
Expected changes in exports	0,38	0,09	0,21	0,38	0,44
Account receivables	-0,19	-0,13	-0,30	-0,26	-0,04
Expected changes in account receivables	-0,36	-0,16	-0,42	-0,43	-0,23
Account payables	-0,22	-0,08	-0,35	-0,27	-0,09
Expected changes in accounts payable	-0,36	-0,16	-0,40	-0,43	-0,25
Tax arrears	-0,31	-0,09	-0,38	-0,34	-0,23
Expected changes in tax arrears	-0,39	-0,14	-0,44	-0,42	-0,31
Stocks of raw materials	0,14	0,02	0,11	0,15	0,17
Expected changes in stocks of raw material	0,31	0,07	0,25	0,34	0,34
Stocks of finished goods	-0,25	-0,13	-0,30	-0,31	-0,18
Expected changes in stocks of finished goods	-0,25	-0,13	-0,38	-0,32	-0,10
New orders	0,16	-0,07	0,15	0,17	0,17

	Total	Micro	Small	Middle	Large
Expected changes in new orders	0,42	0,29	0,40	0,42	0,45
Number of workers	-0,03	-0,12	-0,02	-0,04	-0,03
Expected changes in the number of workers	0,06	0,02	0,01	0,05	0,09
Number of workers on forced leave	-0,10	-0,11	-0,09	-0,16	-0,05
Expected changes in the number of workers on forced leave	-0,23	-0,03	-0,33	-0,27	-0,14
Skilled workers	0,23	0,32	0,24	0,23	0,23
Unskilled workers	0,14	0,18	0,06	0,14	0,20
Business activity assessment	-0,04	-0,27	-0,12	-0,02	0,01
Expected changes in business activity	0,37	0,13	0,42	0,37	0,37
Assessment of the business environment	-0,07	-0,35	-0,17	-0,02	-0,03
Expected changes in the business environment	0,38	0,17	0,42	0,39	0,35
Do you plan to expand your company's activities in the next two years	0,16	0,15	0,17	0,06	0,28
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,43	0,09	0,41	0,48	0,42

Performance indicators of enterprises and business environment by sector, indices of change (August 2023)

	Total	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Production	0,18	-0,05	0,00	0,00	-0,04
Expected changes in production	0,46	0,00	0,22	0,32	0,45
Sales	0,18	-0,10	0,09	0,00	-0,04
Expected sales changes	0,47	0,00	0,17	0,30	0,45
Export	0,08	-0,11	0,00	-0,09	0,00
Expected changes in exports	0,38	0,30	0,14	0,12	0,46
Account receivables	-0,19	-0,17	-0,09	0,07	-0,06
Expected changes in account receivables	-0,36	-0,29	-0,29	-0,23	-0,17
Account payables	-0,22	-0,28	-0,14	-0,03	-0,06
Expected changes in accounts payable	-0,36	-0,29	-0,25	-0,20	-0,21
Tax arrears	-0,31	-0,08	-0,18	-0,13	-0,13
Expected changes in tax arrears	-0,39	-0,08	-0,18	-0,39	-0,13
Stocks of raw materials	0,14	-0,20	0,14	-0,03	-0,13
Expected changes in stocks of raw material	0,31	-0,06	0,04	0,15	0,00
Stocks of finished goods	-0,25	-0,10	-0,19	0,00	-0,26
Expected changes in stocks of finished goods	-0,25	-0,06	-0,14	0,00	-0,19
New orders	0,16	-0,15	-0,05	0,06	0,09
Expected changes in new orders	0,42	0,00	0,10	0,19	0,35
Number of workers	-0,03	-0,05	-0,09	-0,06	-0,09
Expected changes in the number of workers	0,06	0,00	-0,10	0,00	0,10
Number of workers on forced leave	-0,10	0,00	-0,11	0,00	-0,17
Expected changes in the number of workers on forced leave	-0,23	0,00	-0,06	-0,04	-0,12
Skilled workers	0,23	0,47	0,17	0,41	0,35

	Total	Metal producti on and metalwo rking	Chemical Industry	Machine building	Woodwo rking industry
Unskilled workers	0,14	0,44	0,09	0,19	0,25
Business activity assessment	-0,04	-0,58	-0,17	-0,16	-0,23
Expected changes in business activity	0,37	0,00	0,00	0,22	0,06
Assessment of the business environment	-0,07	-0,58	-0,27	-0,22	-0,32
Expected changes in the business environment	0,38	-0,06	0,05	0,24	0,21
Do you plan to expand your company's activities in the next two years	0,16	0,10	0,00	0,18	0,25
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,43	-0,05	0,00	0,00	-0,04

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Production	0,18	0,11	0,27	0,11	0,14
Expected changes in production	0,46	0,16	0,59	0,36	0,62
Sales	0,18	0,07	0,26	0,13	0,07
Expected sales changes	0,47	0,13	0,59	0,38	0,62
Export	0,08	-0,12	0,15	0,11	0,00
Expected changes in exports	0,38	0,07	0,46	0,20	0,29
Account receivables	-0,19	-0,18	-0,30	-0,21	0,00
Expected changes in account receivables	-0,36	-0,26	-0,42	-0,29	-0,38
Account payables	-0,22	-0,18	-0,32	-0,31	-0,31
Expected changes in accounts payable	-0,36	-0,25	-0,45	-0,27	-0,38
Tax arrears	-0,31	-0,22	-0,40	-0,21	-0,40
Expected changes in tax arrears	-0,39	-0,25	-0,48	-0,23	-0,40
Stocks of raw materials	0,14	0,00	0,29	0,02	0,00
Expected changes in stocks of raw material	0,31	0,08	0,49	0,13	0,25
Stocks of finished goods	-0,25	-0,29	-0,34	-0,23	-0,60
Expected changes in stocks of finished goods	-0,25	-0,08	-0,38	-0,28	-0,40
New orders	0,16	0,12	0,24	0,09	0,14
Expected changes in new orders	0,42	0,21	0,60	0,32	0,46
Number of workers	-0,03	-0,08	0,01	0,00	0,00
Expected changes in the number of workers	0,06	-0,04	0,05	0,03	0,00
Number of workers on forced leave	-0,10	-0,11	-0,11	-0,06	-0,33
Expected changes in the number of workers on forced leave	-0,23	-0,17	-0,38	-0,23	-0,33
Skilled workers	0,23	0,26	0,25	0,21	0,31
Unskilled workers	0,14	0,05	0,19	0,05	0,17
Business activity assessment	-0,04	-0,23	0,04	-0,09	0,00
Expected changes in business activity	0,37	0,23	0,52	0,26	0,38
Assessment of the business environment	-0,07	-0,19	0,02	-0,17	-0,15
Expected changes in the business environment	0,38	0,13	0,50	0,34	0,38
Do you plan to expand your company's activities in the next two years	0,16	0,00	0,11	0,13	0,40

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,43	0,11	0,27	0,11	0,14

The impact of war

Challenges faced by business in wartime

Challenges faced by the business during wartime, by business size (August 2023), % of respondents by group

	Total	Micro	Small	Middle	Large
Rising prices for raw materials/supplies/goods	57%	61%	58%	63%	45%
Difficulties transporting raw materials or finished goods throughout Ukraine	41%	28%	48%	43%	35%
Disruption of supply chains	37%	26%	38%	42%	34%
Decrease in demand for products/services	37%	52%	39%	29%	39%
Labor shortage due to conscription and/or migration	35%	28%	30%	41%	36%
Electricity, water or heat supply outages	34%	66%	35%	22%	35%
Unsafe to work	33%	33%	28%	30%	45%

Challenges facing business in wartime, by sector (August 2023), % of respondents by group

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Rising prices for raw materials/supplies/goods	50%	74%	48%	70%
Difficulties transporting raw materials or finished goods throughout Ukraine	40%	52%	45%	35%
Disruption of supply chains	35%	70%	36%	35%
Decrease in demand for products/services	45%	30%	58%	61%
Labor shortage due to conscription and/or migration	35%	22%	39%	48%
Electricity, water or heat supply outages	50%	30%	58%	26%
Unsafe to work	50%	22%	45%	26%

Challenges facing business in wartime, by sector (August 2023), (continued) % of respondents by group

	Construction materials production	Food industry	Light industry	Printing industry
Rising prices for raw	56%	61%	67%	64%

	Construction materials production	Food industry	Light industry	Printing industry
materials/supplies/goods				
Difficulties transporting raw materials or finished goods throughout Ukraine	59%	44%	42%	29%
Disruption of supply chains	37%	37%	29%	29%
Decrease in demand for products/services	56%	32%	31%	29%
Labor shortage due to conscription and/or migration	41%	35%	38%	14%
Electricity, water or heat supply outages	33%	26%	38%	14%
Unsafe to work	26%	34%	24%	29%

Assessment of the government policy on business support

Assessment of the government policy on business support by business size (August 2023), % of respondents

	Total	Micro	Small	Middle	Large
Positive	8%	8%	7%	8%	10%
Neutral	51%	36%	47%	56%	56%
Negative	14%	20%	17%	10%	12%
Don't know / Didn't answer	27%	36%	29%	26%	22%

Assessment of the government policy on business support by sector (August 2023), % of respondents by group

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Positive	0%	4%	6%	9%
Neutral	30%	57%	52%	26%
Negative	30%	22%	24%	35%
Don't know / Didn't answer	40%	17%	18%	30%

Assessment of the government policy on business support by sector (August 2023), (continued) % of respondents by group

	Construction materials production	Food industry	Light industry	Printing industry
Positive	4%	7%	4%	7%
Neutral	52%	53%	53%	50%
Negative	26%	11%	9%	7%
Don't know / Didn't answer	19%	30%	33%	36%

Availability of orders

Availability of orders, by size (August 2023), % of respondents by group

	Total	Micro	Small	Middle	Large
Less than 1 month	9%	24%	13%	7%	3%
1-2 months	43%	41%	53%	41%	32%

	Total	Micro	Small	Middle	Large
3-5 months	29%	28%	27%	30%	33%
6-11 months	12%	8%	5%	12%	21%
12 months or more	7%	0%	2%	10%	12%

Availability of orders, by sector (August 2023), % of respondents by group

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Less than 1 month	33%	0%	7%	5%
1-2 months	28%	43%	32%	55%
3-5 months	11%	43%	43%	23%
6-11 months	22%	14%	14%	18%
12 months or more	6%	0%	4%	0%

Availability of orders, by sector (August 2023) (continued), % of respondents by group

	Construction materials production	Food industry	Light industry	Printing industry
Less than 1 month	9%	9%	7%	0%
1-2 months	64%	46%	48%	43%
3-5 months	27%	31%	36%	43%
6-11 months	0%	8%	10%	14%
12 months or more	0%	5%	0%	0%