



**Palestinian National Authority
Palestinian Central Bureau of Statistics**

**Survey of the Perceptions of Owners / Managers of Active
Industrial Enterprises Regarding the Economic Situation
Fourth Quarter 2011**

Report on the Survey Results

January 2012

PAGE NUMBERS OF ENGLISH TEXT ARE PRINTED IN SQUARE BRACKETS.
TABLES ARE PRINTED IN ARABIC FORMAT (FROM RIGHT TO LEFT).

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Note

Data presented in this report covered only the West Bank due to the increases in the Non-responders rates.

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The Main Results

1. Performance of Industrial Enterprises in the Fourth Quarter 2011

1-1 Overall performance

According to 17.4% of owners/ managers of industrial enterprises in the West Bank the overall performance of their enterprises had improved during the fourth quarter 2011 compared with the third quarter 2011.

1-2 Financial conditions

17.1% of owners/ managers of industrial enterprises in the West Bank believe that the financial situation improved during the fourth quarter 2011 compared with the third quarter 2011.

1-3 Borrowing and financing

Survey results show weak borrowing by active industrial enterprises from banks operating in the West Bank during the fourth quarter 2011: 98.3% of owners of industrial enterprises stated that they refrained from borrowing from banks, while 0.8% of them had applied for a bank loan on one occasion and 0.9% had borrowed on more than one occasion.

2. Challenges

2-1 Changes in the level of sales

57.5% of owners/ managers of active industrial enterprises in the West Bank believed that the main reason for the decline in the level of sales was due to the decrease in consumer purchasing power in the fourth quarter 2011. Also, 17.9% stated that seasonal factors accounted for the decline in sales.

2-2 Obstacles to exports

The owners/ managers of active industrial enterprises in the West Bank during the fourth quarter 2011 indicated a number of difficulties that hinder their ability to export goods. 87.7% of owners/ managers of export enterprises in the West Bank indicated that the closure of entry points had the greatest negative impact on export activities, while 57.4% believed that the lack of guaranteed payment by the customer was an additional obstacle.

2-3 Local and external competition

In the West Bank, 95.2% of owners/ managers of active industrial enterprises indicated that the main product manufactured by their enterprises faced competition of some kind.

According to 56.8% of owners/ managers of active industrial enterprises, their main item of production faced local competition, while 10.4% of owners cited foreign competition. In addition, 32.8% of owners/ managers of industrial enterprises stated that their main product faced both local and foreign competition.

3. Expectations for the First Quarter 2012

In regard to the expectations of owners/ managers of active industrial enterprises for the first quarter 2012, 29.2% expect an improvement in their situation in general: 30.1% anticipate increased production, 31.2% anticipate an increase in sales in the first quarter.

4. Level of Satisfaction with Services Provided

There were variations in the level of satisfaction of owners/ managers of industrial enterprises regarding the services provided by private and governmental enterprises during the fourth quarter 2011 according to the type of service provided. The results were as follows:

4.1 Infrastructure and facilities

71.6% of owners/ managers of industrial enterprises in the West Bank were satisfied with services related to the water supply. Around 69.7% of owners/ managers of industrial enterprises indicated satisfaction with transportation and communication services.

4.2 The judicial system and conflict resolution

The results showed that 91.3% of owners/ managers of industrial enterprises in the West Bank are satisfied with the fairness of the police on issues related to their enterprises, while 79.8% of owners/managers were satisfied with the effectiveness of the Palestinian courts.

4.3 Facilities

In relation to facilities provided by government institutions to obtain required permits and licenses, 69.1% of owners/ managers of industrial enterprises in the West Bank were satisfied with the facilities provided. In addition, 33.7% of owners/managers were satisfied with the information provided to enterprises. Regarding the promotion of policies to assist the development of institutions, 33.1% of owners/ managers of industrial enterprises were satisfied.

5. Obstacles to the expansion of production of industrial enterprises

The owners/ managers of active industrial enterprises during the fourth quarter 2011 indicated a number of obstacles that hinder the expansion of production. About 88.5% of owners/ managers of exporting enterprises in the West Bank cited the difficult political situation as having the greatest negative impact on the expansion of production, while 87.4% believed that the low level of income per capita of Palestinians is an additional obstacle.

6. Difficulties finding qualified employees

16.0% of owners/ managers of active industrial enterprises in the West Bank revealed that they had difficulty finding employees qualified in the academic specialization appropriate to the nature of their company in the fourth quarter 2011. Also, 30.3% of owners/ managers of active industrial enterprises revealed that they have difficulty finding suitable trained employees for the company.

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Table 1: Percentage of the Active Industrial Enterprises in the West Bank Witnessed Improvement in their Situation During the Fourth Quarter 2011 Compared to the Third Quarter 2011 for the Main Indicators

Indicator	%	
Enterprise's performance in general	17.4	
Production situation	17.7	
Employees' productivity	16.3	
Obtaining needed raw materials and inputs	9.6	
Regularity of work	9.6	
Transporting finished goods to market	10.7	
Financial situations	17.1	
Banks' credits & facilities	2.2	
Value of sales	17.1	

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Table 2: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises in the West Bank According to Their Opinions of Main Indicators During the Fourth Quarter 2011 Compared to the Third Quarter 2011

Indicator	Total	Not Applicable	Worse	About the Same/ Unchanged	Better	
Enterprise's performance in general	100	0.0	23.9	58.7	17.4	
Production situation	100	0.0	25.6	56.7	17.7	
Employees' productivity	100	0.0	20.5	63.2	16.3	
Obtaining needed raw materials and inputs	100	0.0	13.7	76.7	9.6	
Regularity of work	100	0.0	14.3	76.1	9.6	
Transporting finished goods to market	100	9.8	14.6	64.9	10.7	
Financial situations	100	0.0	33.7	49.2	17.1	
Banks' credits & facilities	100	63.5	2.8	31.5	2.2	
Value of sales	100	0.0	30.1	52.8	17.1	

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Table 3: Percentage Distribution of Owners/Managers of the Active Industrial Enterprises in the West Bank According to the Reasons of the Decline in Sales Level During the Fourth Quarter 2011

Reason	%	
Difficulties in exporting finished goods	8.5	
Decline in consumer's purchasing power	57.5	
Obstacles related to Marketing of Products	0.9	()
Competing products	5.7	
Reasons Related Seasonally	17.9	
Military check points/Israeli actions/ closures	0.9	/ /
Lack of capital needed for the development of the institution	5.7	
Higher fees and taxes	-	
The instability of government systems (political instability)	-	()
Lack of trained workers	-	
Other	2.9	
Total	100	

(-) No Observations in the Sample

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Table 4: Percentage Distribution of Owners/Managers of the Active Industrial Enterprises in the West Bank According to Their Opinions on the Existence of Competing Products During the Fourth Quarter 2011

Existence of competing products	%	
There is competition	95.2	
There is no competition	4.8	
Total	100	

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Table 5: Percentage Distribution of the Owners\ Managers of the Active Industrial Enterprises in the West Bank According to their Opinions on the Type of Existing Competition During the Fourth Quarter 2011

Type of Competition	%	
Local	56.8	
Foreign	10.4	
Both	32.8	
Total	100	

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Table 6: Expectations of Owners/ Managers of the Active Industrial Enterprises in the West Bank about anticipated Improvement of Main Indicators Related to their Enterprises for the First Quarter 2012 Compared to the Fourth Quarter 2011

Indicator	%	
Enterprise's performance in general	29.2	
Production situation	30.1	
Volume of sales	31.2	
Employees' productivity	24.7	
Obtaining needed raw materials and inputs	15.4	
Regularity of work	18.5	
Transporting finished goods to market	17.4	
Financial situations	25.0	
Banks' credits & facilities	2.8	

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Table 7: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises in the West Bank According to Their Expectations of Main Indicators for the First Quarter 2012 Compared to the Fourth Quarter 2011

Indicator	Total	Don't Know	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	0.5	12.4	57.9	29.2	
Production situation	100	0.6	14.0	55.3	30.1	
Volume of sales	100	1.1	14.3	53.4	31.2	
Employees productivity	100	0.9	9.8	64.6	24.7	
Obtaining needed raw materials and inputs	100	4.8	7.6	72.2	15.4	
Regularity of work	100	11.5	9.6	60.4	18.5	
Transporting finished goods to market	100	12.9	7.1	62.6	17.4	
Financial situations	100	11.6	14.0	49.4	25.0	
Banks credits & facilities	100	60.7	2.2	34.3	2.8	

Table 8: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises in the West Bank According to Their Views About the Satisfaction Level on Services Provided by Governmental and Private Enterprises During the Fourth Quarter 2011

Kind of Service	المجموع Total	Don't Know	Not-satisfied	satisfied	
Infrastructure and facilities					
Electricity supply	100	1.2	27.5	71.3	
Water supply	100	1.4	27.0	71.6	
The quality of roads	100	1.4	35.1	63.5	
Transport and Communications	100	1.9	28.4	69.7	
Access to industrial areas	100	16.0	27.8	56.2	
The judicial system and conflict resolution					
Fairness of the police	100	4.5	4.2	91.3	
Effectiveness of the courts	100	6.4	13.8	79.8	
Facilities					
To obtain the necessary permits and licenses	100	11.8	19.1	69.1	
Providing information to enterprises	100	37.1	29.2	33.7	
Promotion of policies that serve the development of institutions	100	39.6	27.2	33.1	
Laws and regulations					
Tax rate	100	4.5	34.3	61.2	
Tax administration	100	5.1	26.4	68.5	
Licenses and permits	100	4.2	21.1	74.7	
Labor laws	100	7.3	18.5	74.2	
Services					
Telecommunications	100	7.0	4.2	88.8	
Internet Service	100	23.9	12.9	63.2	
Access to governmental consulting and training	100	44.1	29.8	26.1	
Access to information (industrial technology, markets, global conventions, financial grants, etc)	100	40.4	25.6	34.0) (.....

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Table 9: Percentage Distribution of the Frequency of Loans Requested From the Banks According to the Owners/Managers of the Active Industrial Enterprises in the West Bank During the Fourth Quarter 2011

Frequency	%	
No loan request	98.3	
Once	0.8	
2 or more	0.9	2
Total	100	

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Table 10: Percentage Distribution of the Frequency of Accepted and Rejected Loans From the Banks which Requested by the Owners/Managers of the Active Industrial Enterprises in the West Bank During the Fourth Quarter 2011 in the Palestinian Territory

Frequency	%	
The loan was accepted	83.3	
The loan was rejected	0.0	
No answer yet	16.7	
Total	100	

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Table 11: Percentage Distribution of the Reasons for Refusal of Loans Requested From the Banks According to the Owners/ Managers Of the Active Industrial Enterprises in the West Bank During the Fourth Quarter 2011

Reason for Refusal	%	
Insufficient guarantees on the quality and quantity	0.0	
Not to accept the feasibility study and action plan presented to the financial institution	100.0	
I don't know	0.0	
Total	100	

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Table 12: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises in the West Bank According to Their Views about Obstacles Related to Export Activities during the Fourth Quarter 2011

Problems	المجموع	Don't Know	No difficulty	There's a difficulty	
	Total				
Commitment to international market requirements	100	1.6	83.6	14.8	
Price competition in the export market	100	0.8	75.4	23.8	
Compliance to quantity demanded and delivery time	100	0.0	86.9	13.1	
Marketing ability	100	1.6	79.5	18.9	
Regular delivery of raw materials	100	0.8	57.4	41.8	
Regular achievement of export	100	2.5	51.6	45.9	
Palestinian export regulation and licensing	100	4.1	72.9	23.0	
Information access to the foreign market	100	9.0	53.3	37.7	
Traveling problems imposed on entering foreign markets	100	4.1	50.8	45.1	
Customer payment guarantee	100	5.7	36.9	57.4	
Closing entries	100	0.0	12.3	87.7	

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Table 12: Mechanism of Finding Customers in the Export Market used by Active Industrial Enterprises in the West Bank during the Fourth Quarter 2011

(Percentage)

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Approaching Customers	%	
Market research	48.0	
Information gathered from chamber of Commerce industrial union etc...	19.5	
Participate in international exhibitions and organized business missions	30.9	
Self-organized visits to the export market	55.3	
Personal relationships and contacts	97.6	
Through internet	27.6	
Customer self initiative	63.4	

Table 14: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises in the West Bank According to Their Views About the Obstacles to the Expansion of Productive Activity During the Fourth Quarter 2011

The Obstacle	المجموع Total	No Effect	No	Yes
Low Confidence in the Palestinian Economy	100	7.0	39.6	53.4
Confinement of Palestinian trade with Israel	100	7.9	25.8	66.3
The small size of the Palestinian market	100	3.6	13.5	82.9
Low level of income per capita Palestinian	100	3.3	9.3	87.4
Inadequate investment laws	100	12.9	44.1	43.0
Weakness of the Palestinian infrastructure	100	7.9	32.0	60.1
The lack of industrial zone	100	12.6	44.4	43.0
The unfairness of tax systems	100	8.9	53.7	37.4
Bureaucratic licensing procedures	100	10.9	54.8	34.3
Lack of facilities in Palestinian banks	100	23.6	52.0	24.4
High cost of Palestinian labor	100	7.9	44.9	47.2
Lack of trained Palestinian	100	10.4	33.7	55.9
Increase in water prices	100	6.2	54.5	39.3
Increase in electricity prices	100	3.9	36.0	60.1
Increase in fuel prices and fuel	100	3.9	27.0	69.1
Difficult to export	100	17.7	26.7	55.6
Import difficulties	100	18.6	27.2	54.2
Difficult political situation	100	4.5	7.0	88.5
Lack of information on opportunities in the Palestinian economy	100	11.2	28.4	60.4
Weakness of self-reliance on investment	100	10.1	38.2	51.7

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Table 15: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises in the West Bank According to Their Views About the Difficulties in Obtaining Employment Qualified During the Fourth Quarter 2011

Field	المجموع Total	Not Applicable	No	Yes
Appropriate academic specialization to the nature of the company	100	21.4	62.6	16.0
Appropriate training to the nature of the company	100	10.4	59.3	30.3
Appropriate experience to the nature of the company	100	9.5	60.4	30.1
Appropriate language to the nature of the company	100	22.5	68.8	8.7