

Appendix: Survey-based definitions of financially constrained firms

Mediocredito surveys		
1992	1995	1998 and 2001
<p><u>Questions</u></p> <p>1. “The firm encountered difficulties in financing the last investment project? (multiple answers are allowed, with an intensity ranking from 1 to 3):</p> <p>a. Insufficient cash flow or risk capital b. Insufficient collateral c. Insufficient long-term finance d. High cost of debt e. Other.”</p> <p><u>Financially constrained firms (baseline definition)</u> Answered with a “3” to at least one of the prompts a. through d.</p>	<p><u>Questions</u></p> <p>1. “In 1994 the firm wanted more credit, asked for it and was turned down by the bank.” 2. “To obtain more credit the firm would have accepted either to pay a higher loan rate or to pledge more collateral.”</p> <p><u>Financially constrained firms (baseline definition)</u> Answered “yes” to question 1.</p>	<p><u>Questions</u></p> <p>1. “In the previous year the firm wanted more credit at the prevailing market conditions.” 2. “The firm asked for more credit but was turned down by the bank.” 3. “To obtain more credit the firm would have accepted to pay a slightly higher loan rate.”</p> <p><u>Financially constrained firms (baseline definition)</u> Answered “yes” to questions 1 and 2. <u>Firms desiring more credit</u> Answered “yes” to question 1.</p>
<p>World Business Environment Survey (WBES)</p> <p><u>Questions</u></p> <p>“Please judge on a four point scale how problematic are the following factors for the operation and growth of your business. (Please do not select more than 3 obstacles as “major” (4)) and please circle the single most important obstacle):”</p> <p>a. Financing: No obstacle (1); Minor obstacle (2); Moderate obstacle (3); Major obstacle (4). b. Infrastructure: c.</p> <p><u>Financially constrained firms</u> Answered with a “4” to item “financing”</p>		