



**Isle of Man**  
Government

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# Isle of Man Business Confidence Survey 2019.A

Economic Affairs

Cabinet Office

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## **Executive Summary**

**The Isle of Man 2019.A Business Confidence Index overall score is 115.75 which, consistent with trends observed since the inception of the survey, indicates a general business environment of optimism and the anticipation of growth.**

- The most confident sector is Construction (Index=133.6)
- The least confident sector is Financial Services (Index=109.0), driven largely by a prudent outlook over the next six months
- The General Services sector has experienced less growth over the past six months (Index=103.97) than was predicted in November 2018 (Index=127.15), and its outlook for the next six months is cautiously optimistic (Index=114.90).
- The Construction sector is highly optimistic for the outcomes of the next six months (Index=142.11), and indicate that uncertainty over Brexit has not negatively impacted business
- Employers across most sectors are, on average, more optimistic about business growth over the next six months as compared to growth observed over the previous six months; the exception is Financial Services, which expects its growth to slow significantly (Index=101.84)
- All sectors remain generally satisfied with the work permit system, in particular the Financial Services sector, which has recently increased its employment level
- One in four businesses have been negatively impacted by uncertainty over Brexit, and these are disproportionately found within the Retail/Wholesale sector, wherein two-thirds (67%) report that Brexit has had a negative effect over the past six months.
- Employers' attitudes across most sectors to the Isle of Man education system, to planning services, and to government regulation remain comparable to findings from the previous survey; however, the Retail/Wholesale sector currently expresses dissatisfaction with planning and with the regulatory environment
- Three-quarters of employers (75%) currently feel that it is easy to do business on the Isle of Man

## **Context**

The IOM Business Confidence Survey is a survey of local employers, designed to gauge business activity, optimism, planning, staffing and investment for all sectors of the economy.

Business surveys provide essential information for economic monitoring, short-term forecasting and economic research. Business confidence surveys are widely used to detect turning points in the economic cycle. The IOM Business Confidence Survey is designed to complement official economic statistics, which are often available on delayed cycles.

The IOM Business Confidence Survey is designed to reflect the European Harmonized Consumer and Business Survey, which has been used across the EU, EA and UK since 2007.

In successive years, the survey will compile indices of employers' high-level assessments of business activity, new business, capacity utilisation, product prices, turnover, employment, and business optimism. Broader topics covered in the questionnaire include the quality and cost of various business-adjacent services, regulation, and the ease of doing business on the Isle of Man.

The next Isle of Man Business Confidence Survey (2019.B) will run in October 2019.

## Index of Business Confidence

The Isle of Man Business Confidence Index is constructed as follows:

- Calculate the difference between the percentage of positive and negative, responses to questions regarding current and future sales and employment requirements,
- Convert results to an index measure with a median of 100,
- Combine the weighted index of responses from each sector to obtain a composite index.

The results of the Business Confidence Index are interpreted as follows:

- Employer optimism regarding economic growth if Index scores are positive and greater than 100
- Employer neutrality if Index scores are at 100
- Employer pessimism regarding economic growth if Index scores are negative and less than -100.

The higher the value of the Index, the stronger is the sentiment for growth. The maximum possible value of Index scores is 200 (all respondents anticipate increase) and the minimum possible value is -200 (all respondents anticipate decrease).

The Index scores fall into four categories for each sector:

- Current indicators, which are measures of current business activity and/or performance in reference to the previous six months,
- Future indicators, which are measures of anticipated changes in activity and/or performance over the next six months,
- Overall indicators, which describe total optimism for each sector as well as for the IOM economy as a whole,
- Employment indicators, which have both a current and a future dimension, and which are computed separately from the indicators described above.

Index scores are computed from weighted survey results, which have been balanced in order to ensure that responding employers are treated as representatives of the number of employees attached to their business. Please see Appendix 1 for a discussion of the weighting formula applied to the Index scores.

**Table 1. Isle of Man 2019.A Business Confidence Index Scores**

<b>Sectors</b>	<b>Current</b>	<b>Future</b>	<b>Total</b>	<b>Employment</b>
<b>All Sectors</b>	<b>111.01</b>	<b>120.50</b>	<b>115.75</b>	<b>113.34</b>
<b>Manufacturing</b>	104.30	106.60	105.45	112.23
<b>Services</b>	103.97	114.90	109.44	104.75
<b>Retail/Wholesale</b>	105.56	137.04	121.30	135.00
<b>Construction</b>	125.00	142.11	133.56	112.00
<b>Financial Services</b>	116.20	101.84	109.02	102.86

As indicated in Table 1 above, all sectors of the Isle of Man economy were optimistic as of April 2019. The Manufacturing sector has continued gradually to improve from its previous total score of 100.5 in October 2018. The Services sector indicates a slowdown over the past six months, which is consistent with indications from April 2018, but the sector predicts growth over the next six months.

Retail and Wholesale report slow growth over the winter, although this summary score obscures a brighter picture, as the sector reports good growth in overall business over the past six months (Index=122.2). Its summary score above is driven down by a low level of current stock, which is balanced by the expectation of an increase in order and sales over the summer, accompanied by anticipated price rises.

Notably, the Construction sector is currently indicating its highest level of business optimism in two years, driven largely by high growth over the past six months and anticipated prices rises over the next six months, although the work currently in hand only covers the next three months on average.

Finally, the Financial Services sector has maintained its recent prudence, indicating steady growth over the past six months, but anticipating lowered turnover, profitability, and capital expenditure over the next six months, as well as the possibility of increased operating expenses.

**Table 2. Isle of Man 2019.A Employment Index Scores**

<b>Employment</b>	<b>Current</b>	<b>Future</b>	<b>Total</b>
<b>All Sectors</b>	<b>108.1</b>	<b>118.7</b>	<b>113.4</b>
<b>Manufacturing</b>	113.3	111.1	112.2
<b>Services</b>	-102.9	112.4	104.7
<b>Retail/Wholesale</b>	110.0	124.0	112.0
<b>Construction</b>	100.0	124.0	112.0
<b>Financial Services</b>	120.0	-114.3	102.9

## **Note on employment index**

The reference period for the 2019.A Business Confidence Study is six months to either side of April 2019.

In comparison with the previous Business Confidence Survey, two sectors –Services, and Retail/Wholesale - indicate a higher level of employment increase over the previous six months (November to April) than they had anticipated in November 2018 for that period. Over the next six months, Retail/Wholesale indicate the intention to increase total employment significantly (Index=160.0), with one-third of employers reporting an emphasis on full-time employees.

The Construction sector intends to increase employment over the next six months (Index=124.0). While the sector typically increases its employment over the summer months, it is notable that the current index score on this factor is the highest that has been recorded for the sector since the Business Confidence survey began.

The Financial Services sector hired more new employees over the past six months than it had previously intended over the six months from April to November 2018, but the sector again anticipates an overall reduction in new employment over the summer (Index=-114.3).

Finally, the Manufacturing sector has recovered from last summer's slight reduction in employment, and reports that its employment has increased over the past six months (Index=113.3) and will continue to increase at a comparable rate over the next six months (Index=111.1).

## **Note on economic sectors**

The Isle of Man has twenty-four economic sectors, as identified by the National Income accounts. A number of these sectors are disproportionately small, with fewer than five employers and fewer than twenty employees; while these sectors were not systematically excluded from the sample, they randomly failed to be selected.<sup>1</sup>

The sample was subjected to a two-stage sampling procedure with post-hoc stratification weighting based upon number of employees. Please see Appendix 1.

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<sup>1</sup> Excluded sectors accounted for 0.2% of all employers and included hydrocarbons, non-IOM property development, non-IOM retail, and the space industry.

## Manufacturing Sector

The Manufacturing sector accounts for 11.4% of the Isle of Man economy in terms of private sector employment, and includes:

- Agriculture, Forestry, and Fisheries
- General Manufacturing
- Manufacturing (Engineering)
- Mining and Quarrying
- Manufacturing (Food and Drink)

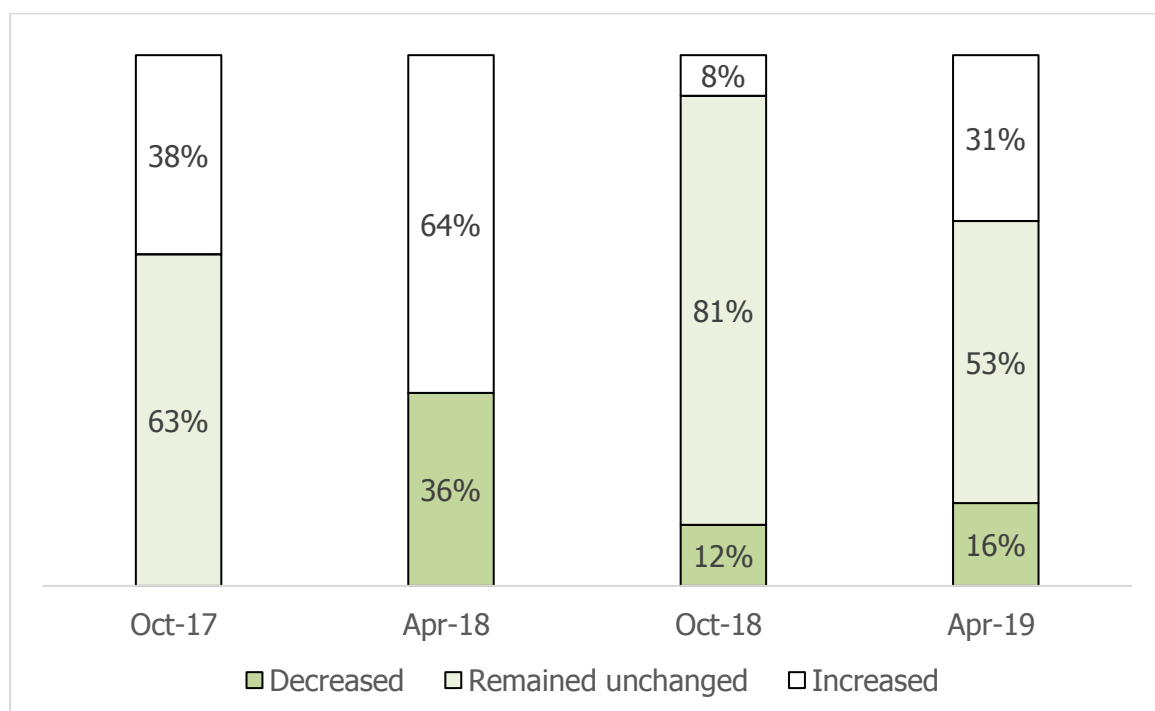
Six months previously, in November 2018, the Manufacturing sector predicted modest overall growth over the winter of 2018/19. Though the sector reports that the winter period saw a healthy increase in production and in orders, its current orders are down (Index=-118.8) and exporting businesses indicate that orders for export are currently less than sufficient (Index=-121.1).

However, over the next six months, the Manufacturing sector anticipates an increase in production (Index=122.6) supported by sufficient capacity (Index=134.4), and accompanied by a slight decrease in selling prices (Index=-109.4).

Employers in Manufacturing have recently increased employment levels and expect to continue increasing at a comparable rate ((Index=111.1).

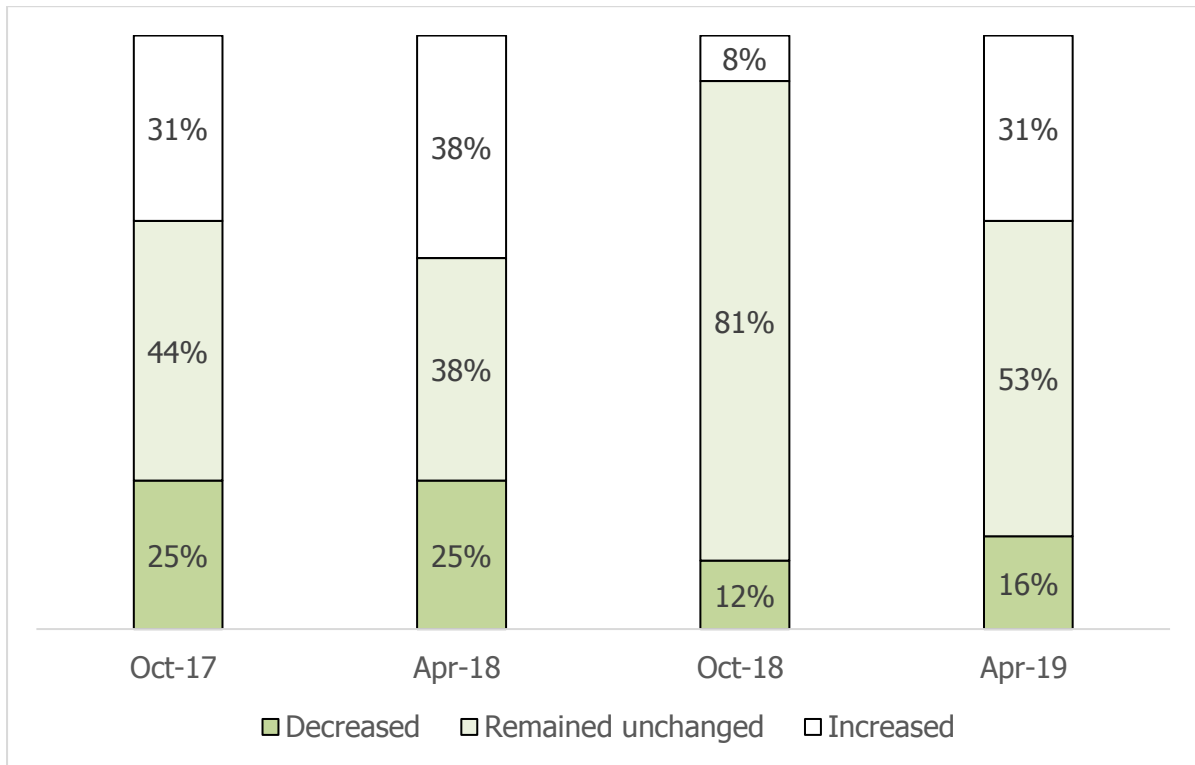
### Manufacturing Sector: Current Indicators

**Fig. 1** *Over the past six months, how has your production developed? (Index=115.6)*

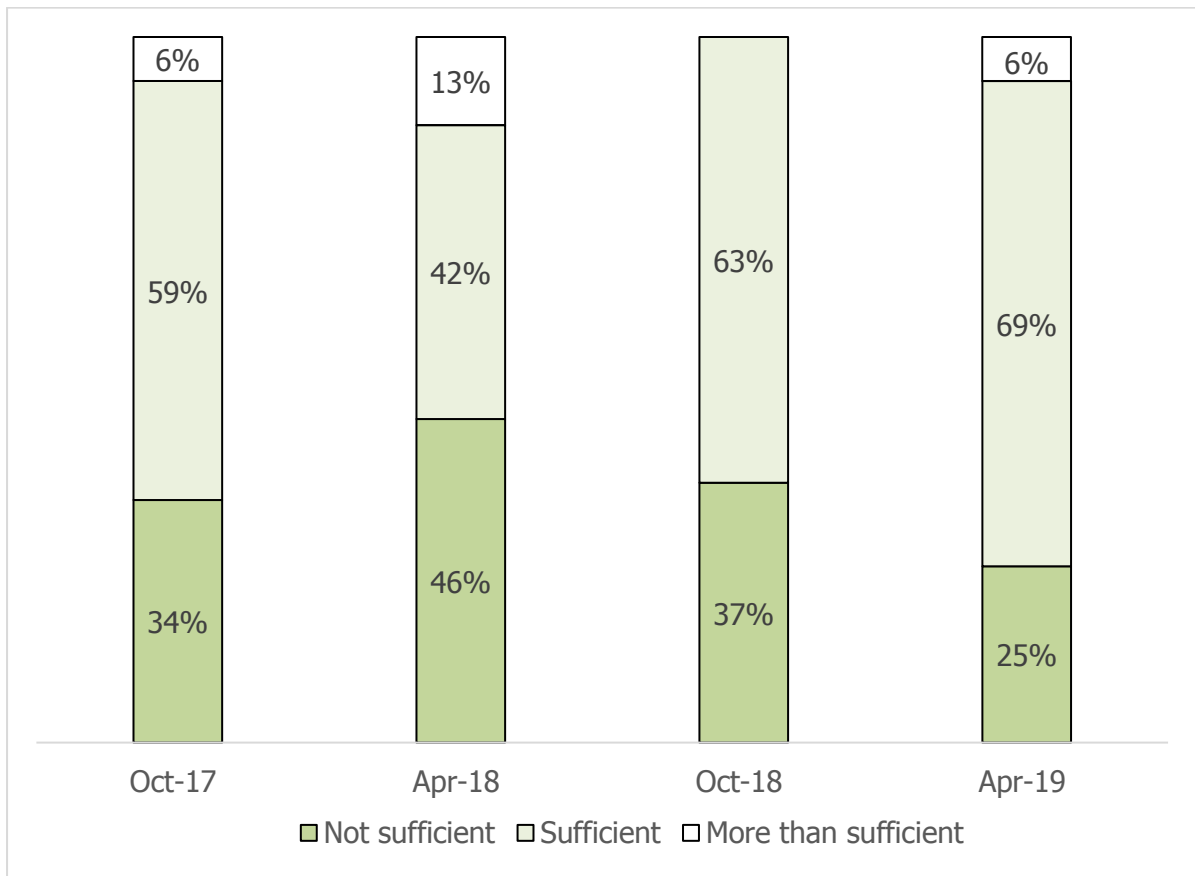




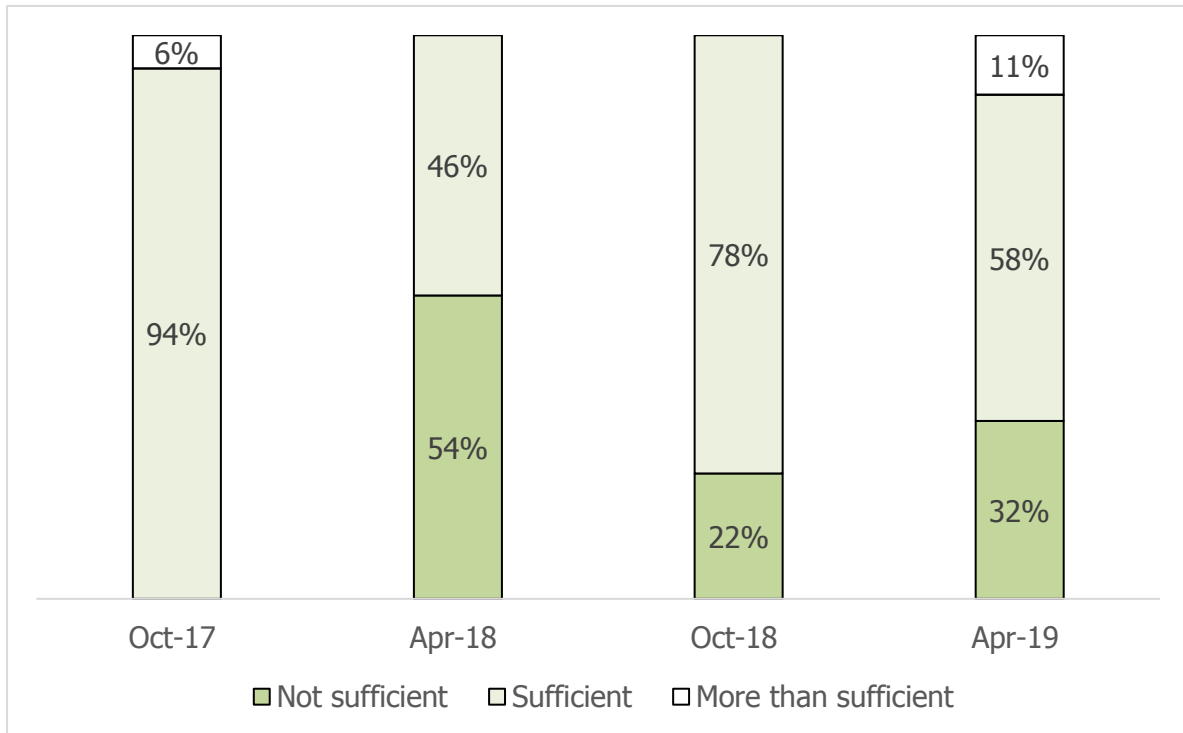
**Fig. 2** Over the past six months, how have your orders developed? (Index=115.6)



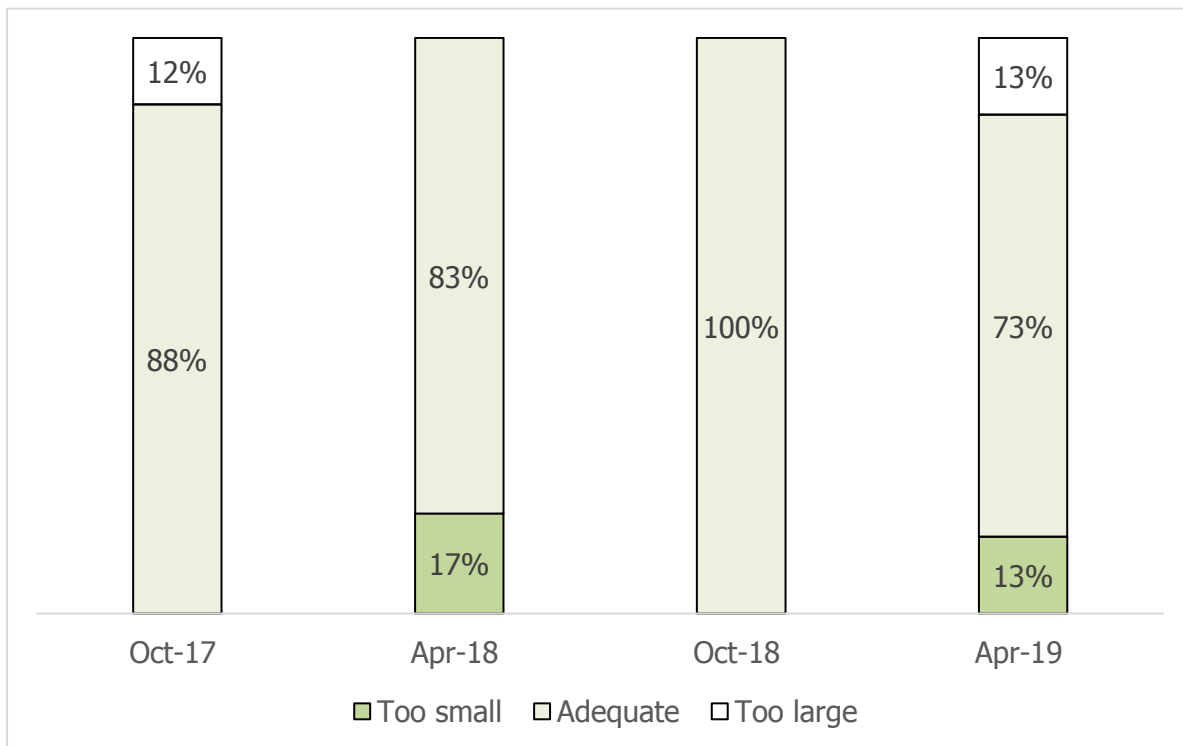
**Fig. 3** Do you consider your current overall books to be ... (Index=-118.8)



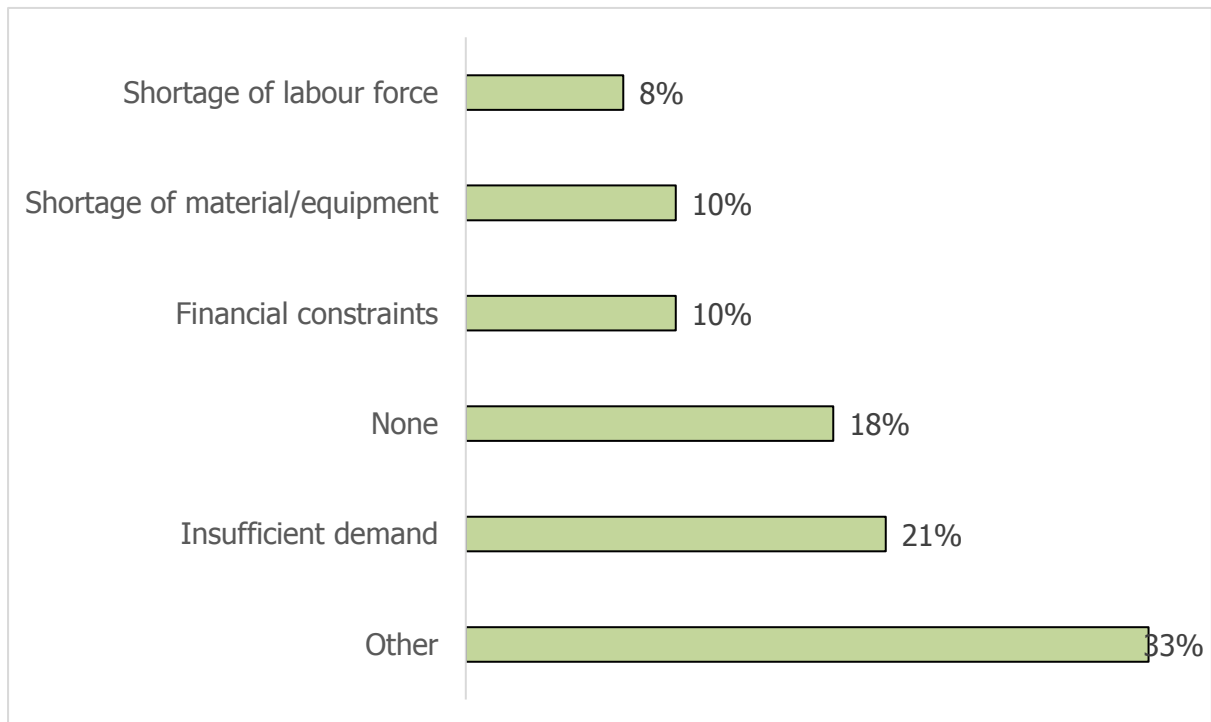
**Fig. 4** Do you consider your current export books to be ... (Index=-121.1)



**Fig. 5** Do you consider your current stock of finished products to be ... (Index=100.0)

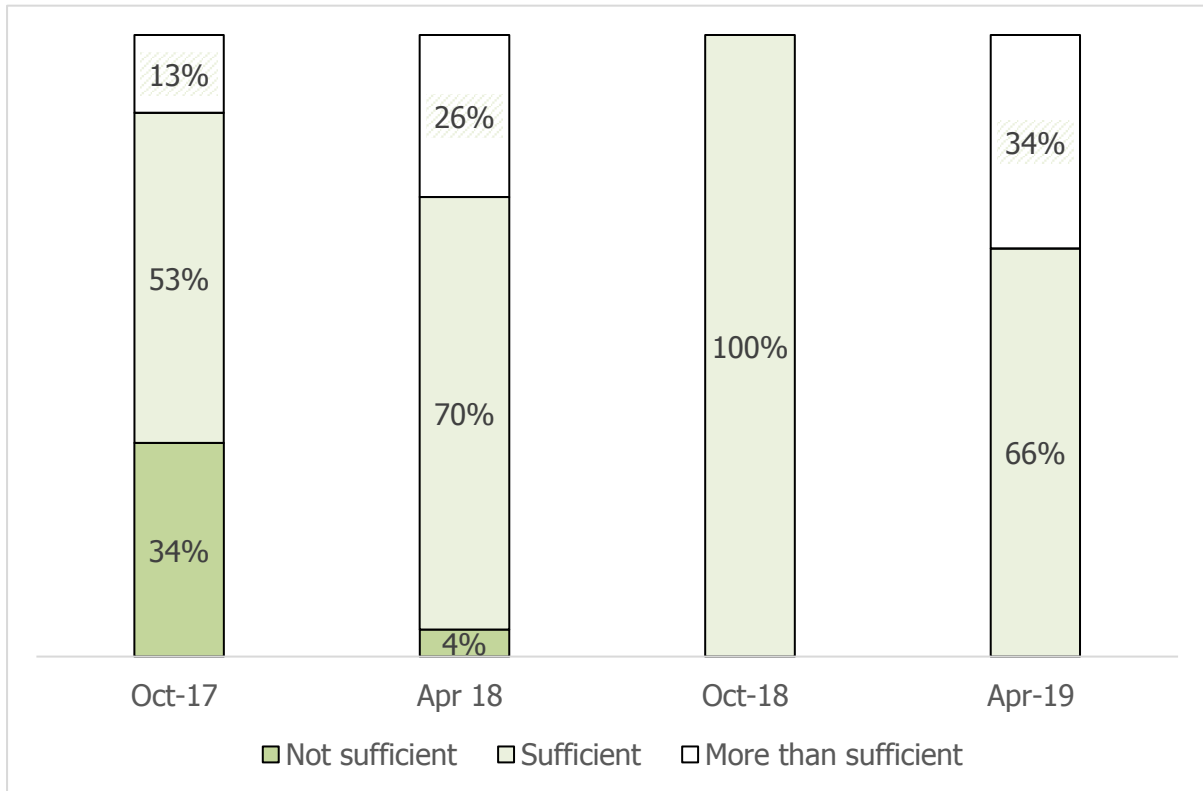


**Fig. 6** *What main factors are currently limiting your production? (not indexed)*

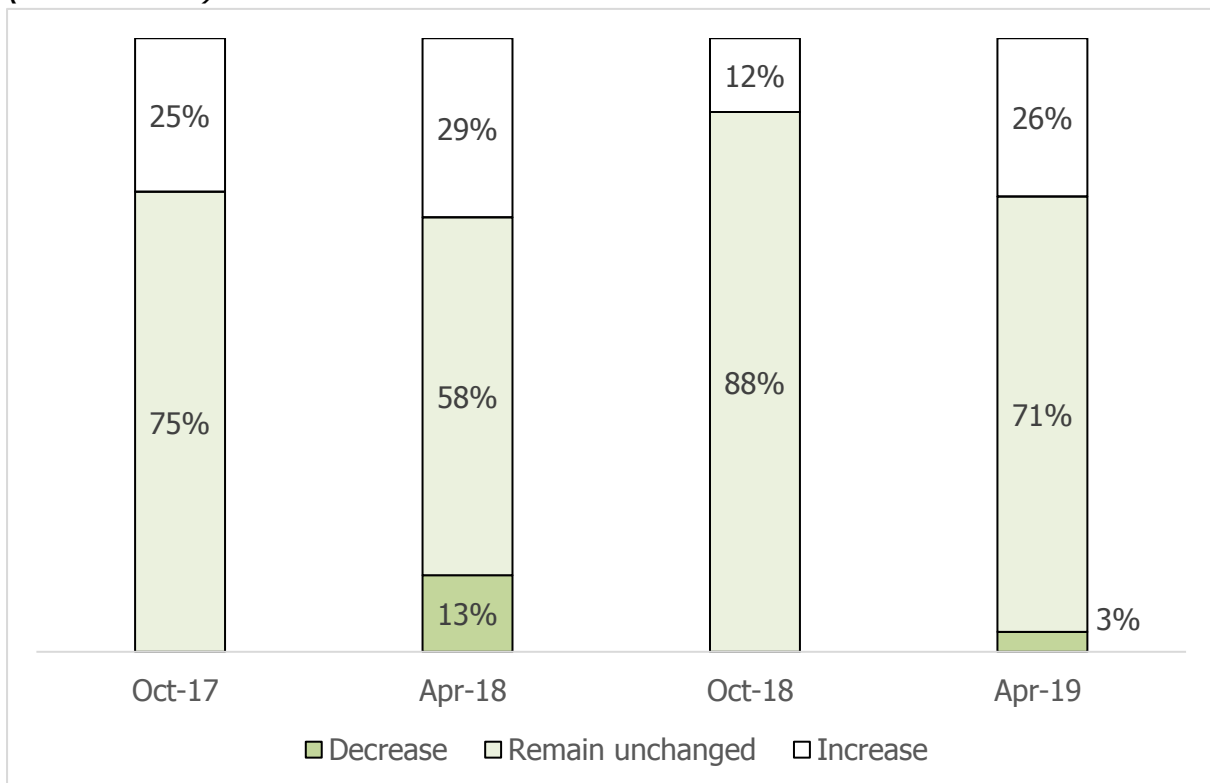


## Manufacturing Sector: Future Indicators

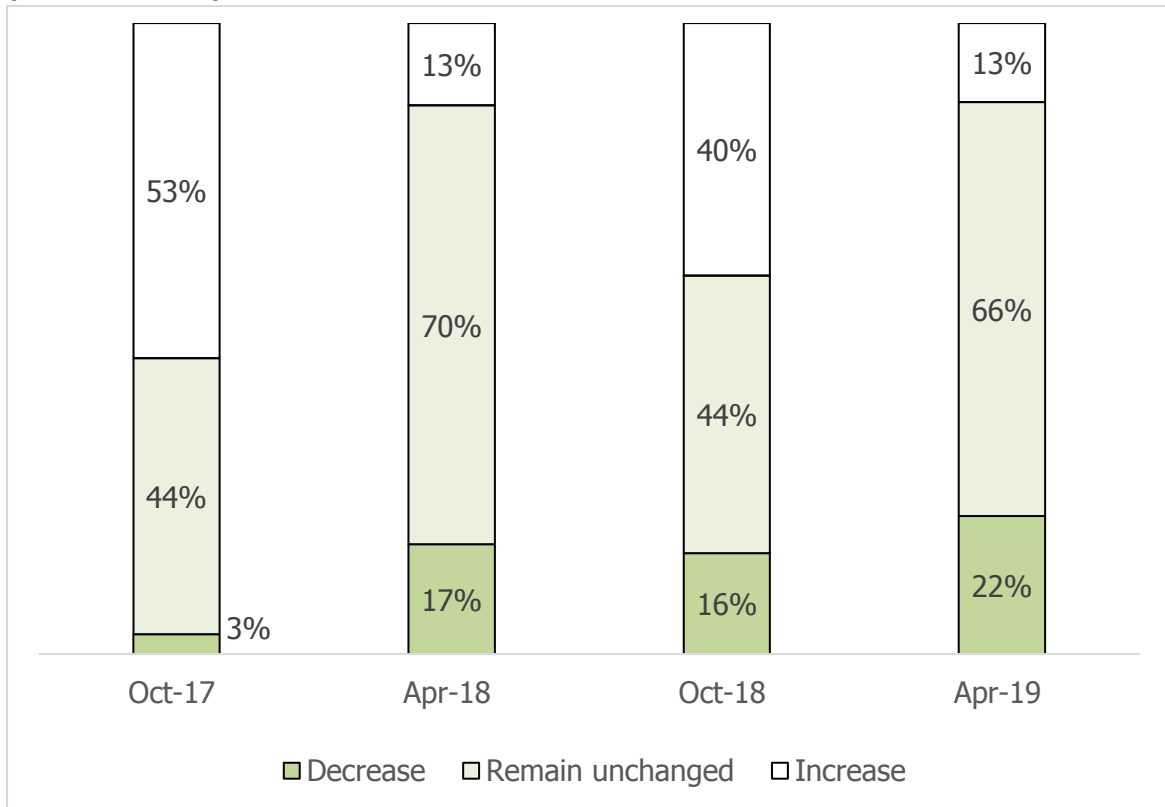
**Fig. 7** How do you assess your current production capacity? (Index=134.4)



**Fig. 8** Over the next six months, how do you expect your production to develop? (Index=122.6)

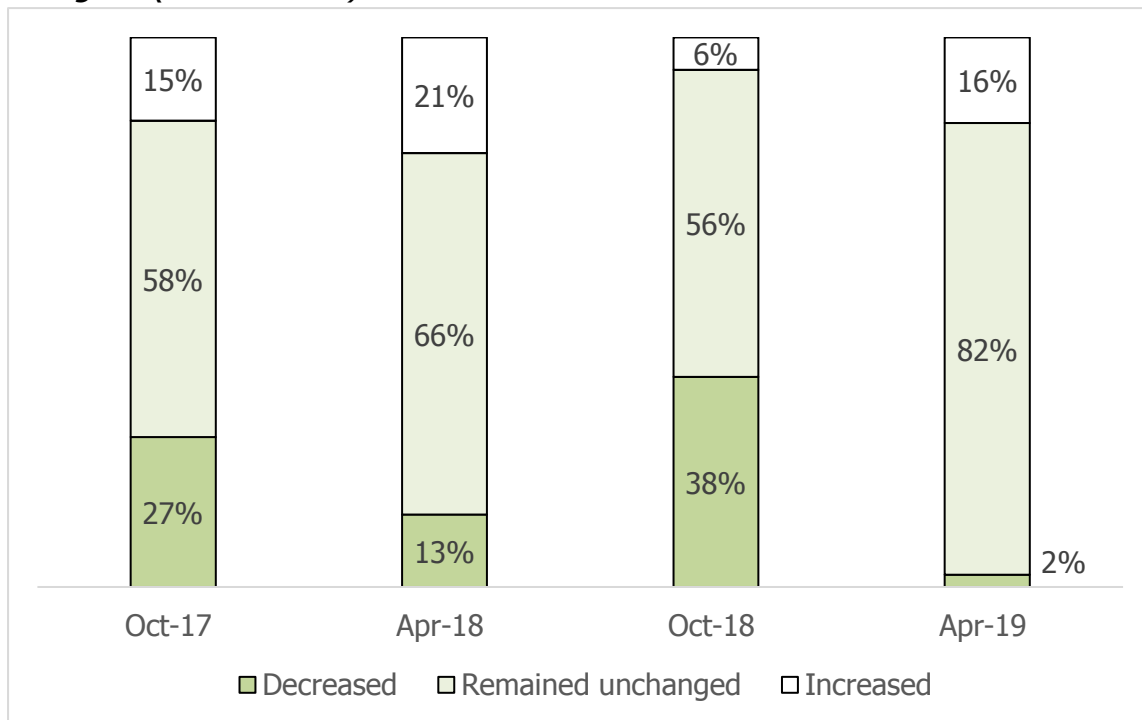


**Fig. 9** Over the next six months, how do you expect your selling prices to change?  
 (Index=-109.4)

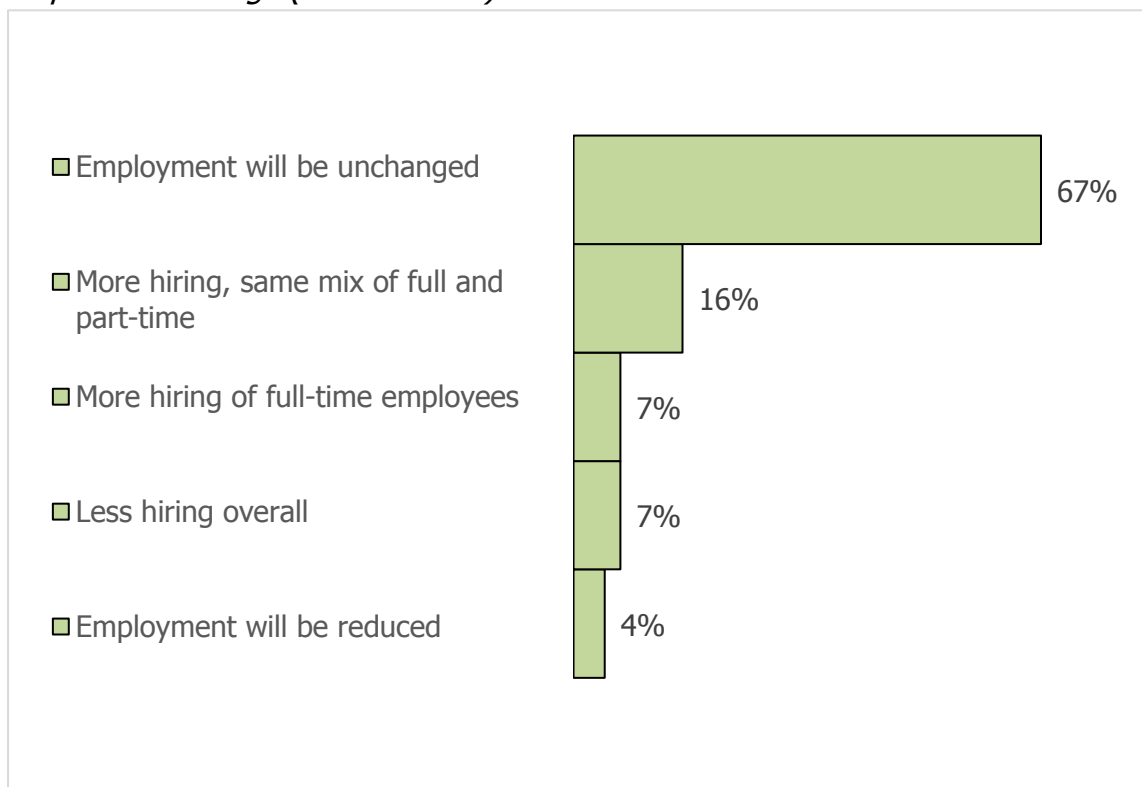


## Manufacturing Sector: Employment Indicators

**Fig. 10** Over the past six months, how has your business' total employment changed? (Index=113.3)



**Fig. 11** Over the next six months, what best describes your business' plans with respect to staffing? (Index=111.1)



## Services Sector

The Services sector accounts for 66.8% of the Isle of Man economy in terms of private sector employment, and includes:

- Catering and Entertainment
- Education
- Information and Communications Technology
- Media and Creative Services
- Other Professional Services
- Tourist Accommodation
- Utilities
- Charitable and Third Sector Services
- e-Gaming
- Legal and Accountancy Services
- Medical and Health Services
- Shipping and Aircraft
- Transport and Communications

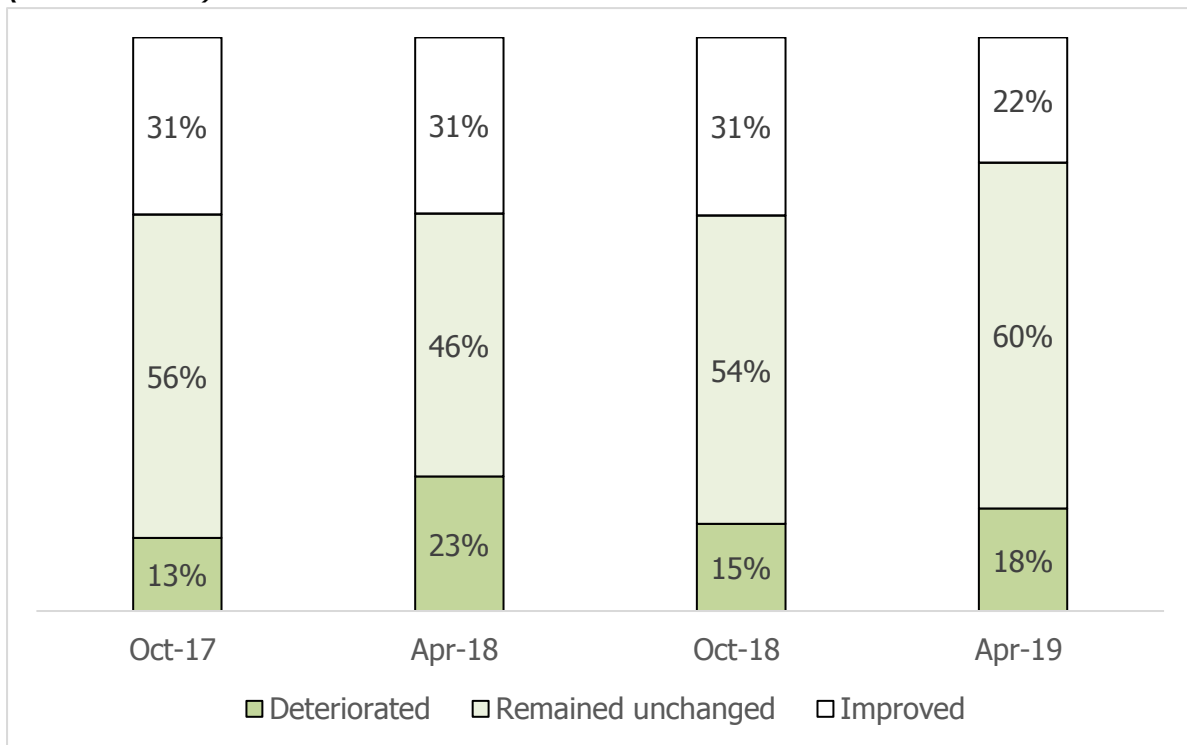
Six months previously, the Services sector anticipated greater turnover through the winter than they currently report to be the case; nevertheless, the sector has been steady and has grown modestly since November 2018 (Index=104.4). Moreover the sector expects turnover to improve in the next six months (Index=113.9). Prices are expected to rise somewhat (Index=115.9), though it should be noted that anticipated price increases are significantly less than the sector predicted at the same time last year.

Employers in the sector report a slight decrease in employment levels over the previous six months (Index=-102.9). One-quarter of respondents also indicate that shortage of labour is currently a limiting factor in their business, although these employers predominantly pertain to Catering and Entertainment, Medical and Health Services, and Education.

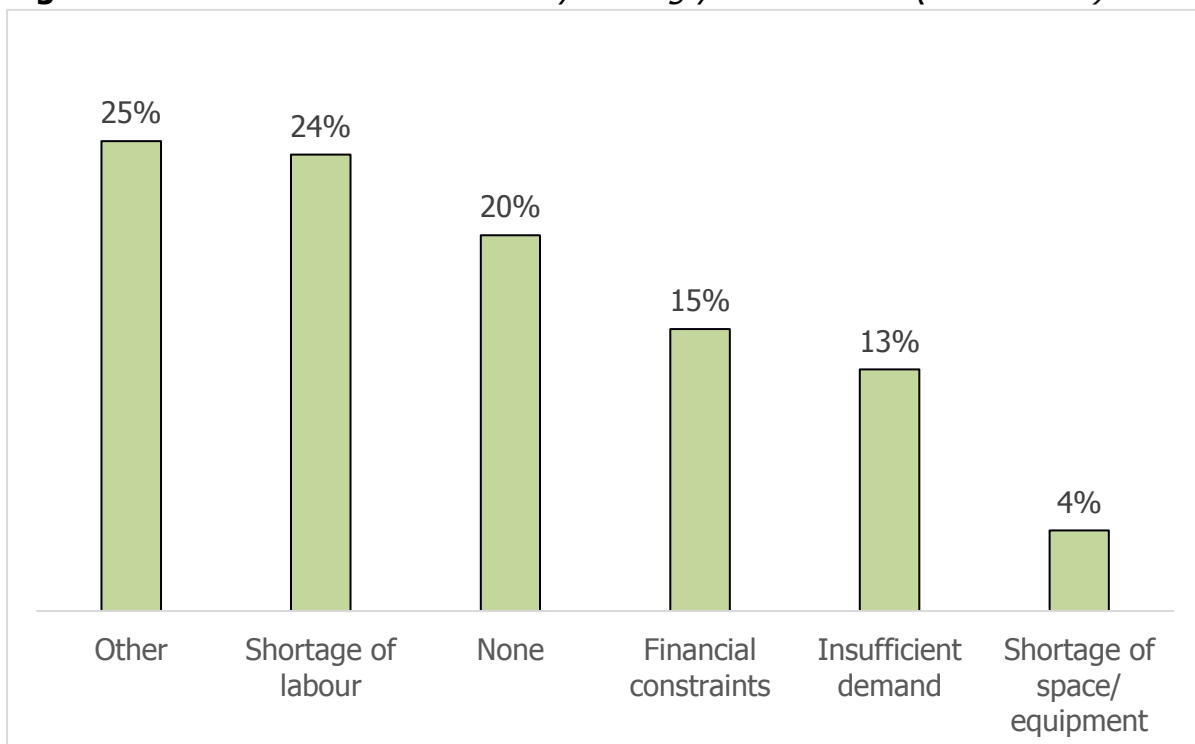
The sector predicts an increase in employment (Index=112.4), although notably this is the lowest level of anticipated hiring reported for the sector since 2017.

## Services Sector: Current Indicators

**Fig. 12** *Over the past six months, how has your business situation developed? (Index=104.0)*



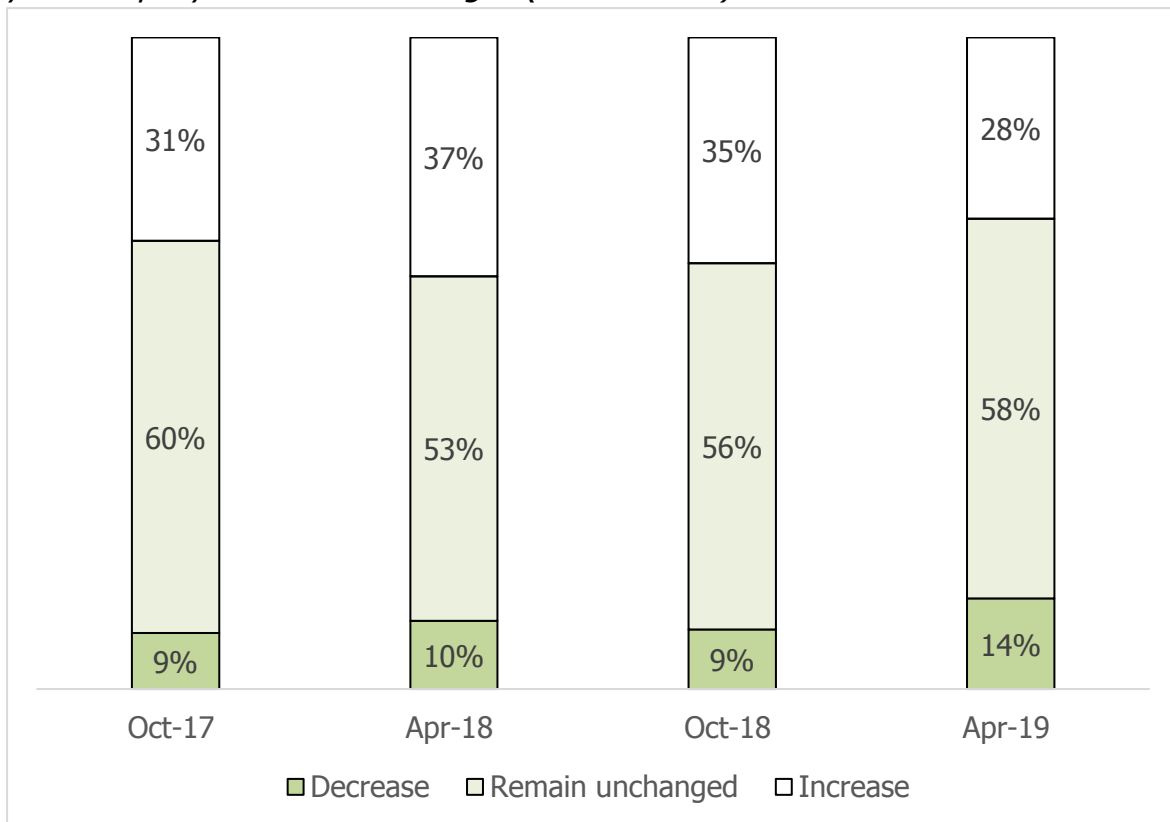
**Fig. 13** *What main factors are currently limiting your business? (not indexed)*



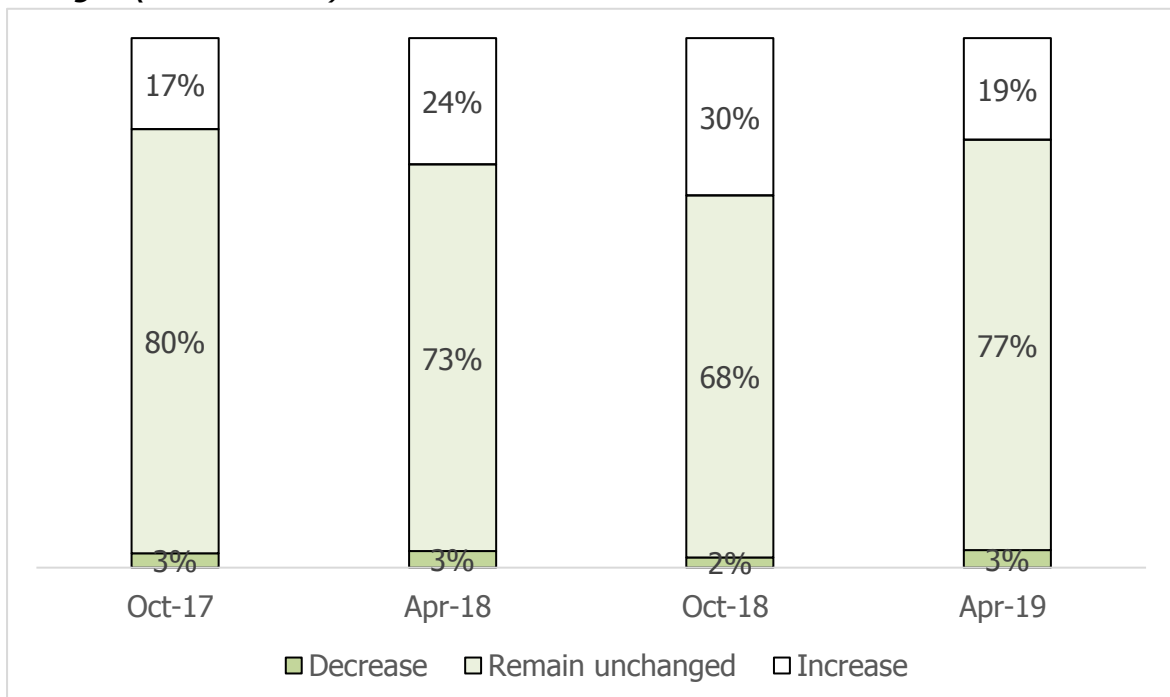


## Services Sector: Future Indicators

**Fig. 14** Over the next six months, how do you expect the demand (turnover) for your company's services to change? (Index=113.9)

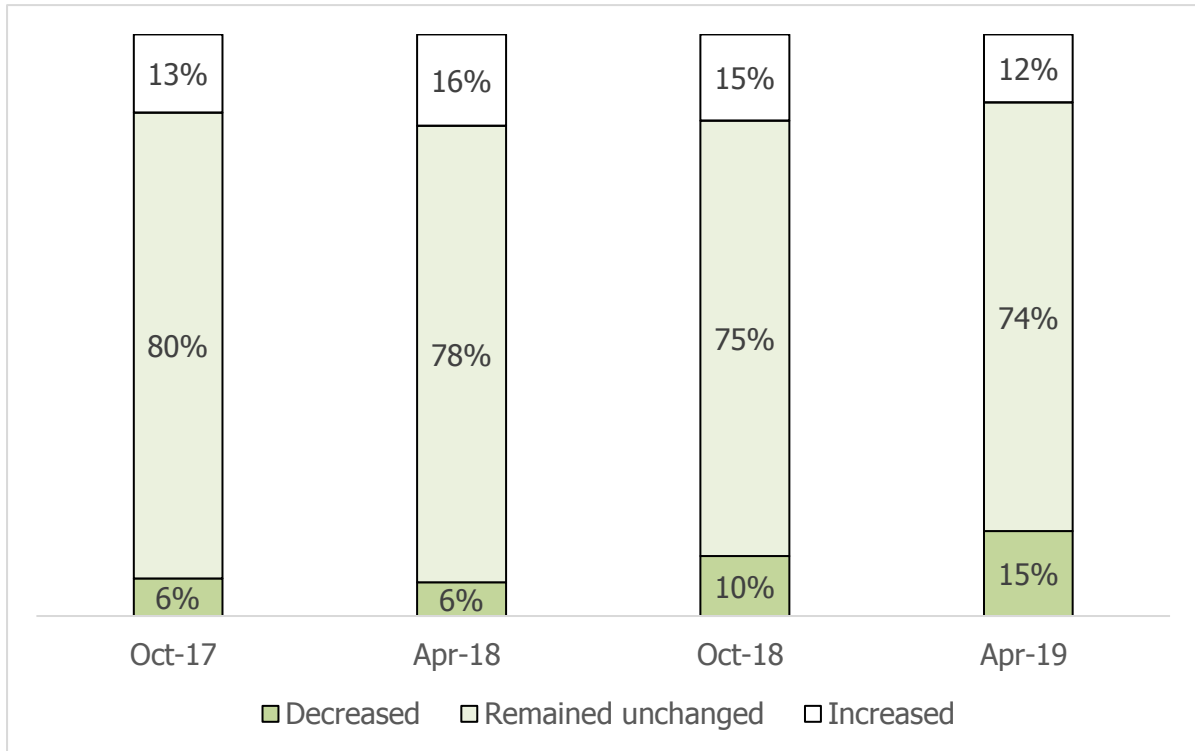


**Fig. 15** Over the next six months, how do you expect the prices you charge to change? (Index=115.9)

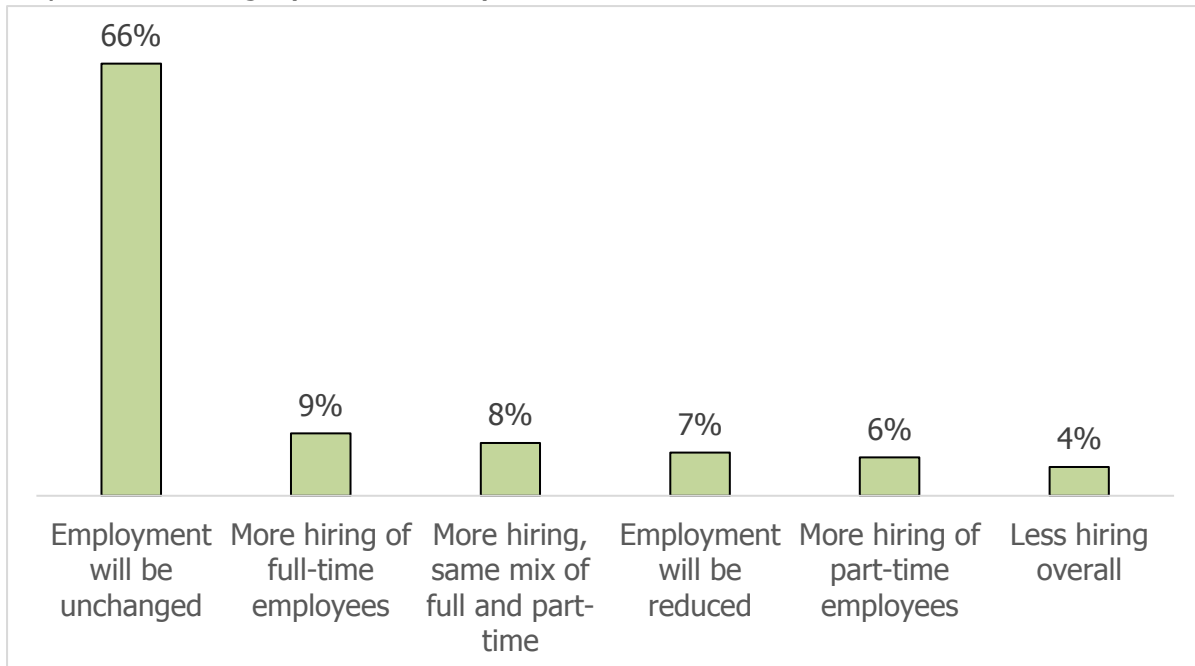


## Services Sector: Employment Indicators

**Fig. 16** Over the past six months, how has your business' total employment changed? (Index=-102.9)



**Fig. 17** Over the next six months, what best describes your business' plans with respect to staffing? (Index=112.4)



## Retail and Wholesale Sector

Retail and Wholesale account for 14.1% of the Isle of Man economy in terms of private sector employment.

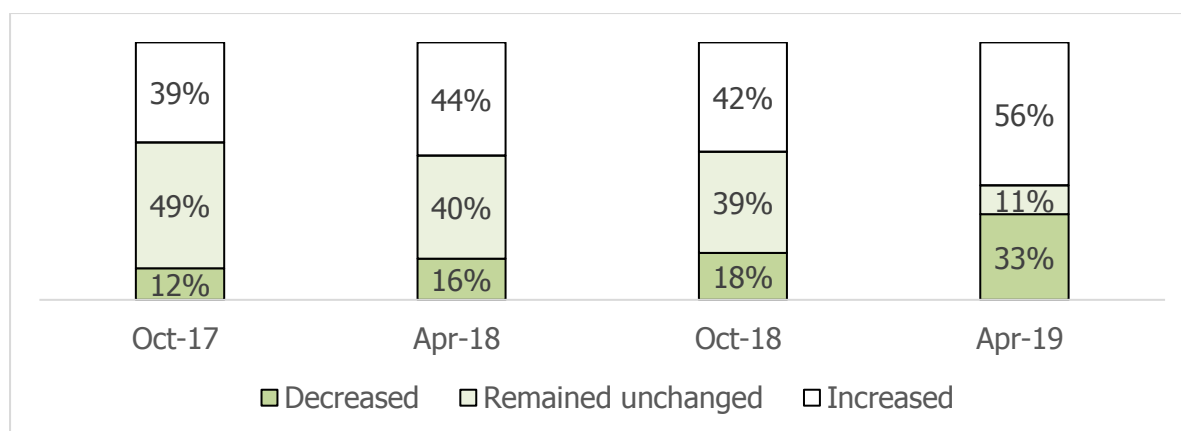
Employers in the Retail/Wholesale sector currently indicate a high level of business confidence and anticipation of growth, consistent with the trend that has been observed since 2017. Although six months previously, the sector expected healthy growth over the winter, this did not occur; employers currently describe the previous six months as a largely stable period. It should be noted that UK consumer spending in the final quarter of 2018 was also observed to slow, consistent with the national pattern of slower growth observed over the past two years.<sup>2</sup> Further, of all economic sectors, Retail/Wholesale is the sector most likely to feel that business activity over the past six months has been adversely impacted by Brexit uncertainty (1.36/3.0), and also most likely to indicate that Brexit has encouraged employers to defer or reconsider investment.

However, the sector is highly optimistic for business increase over the next six months (Index=137.0), driven by an expectation of increased orders and sales. Prices are also expected to increase (Index=144.4), although this is a lower score for price increases than has been seen over the past two years.

Retail/Wholesale employers report that they have been hiring at a low rate over the past six months (Index=110.0), but that they intend to increase their employment over the next six months by a significant margin (Index=160.0)

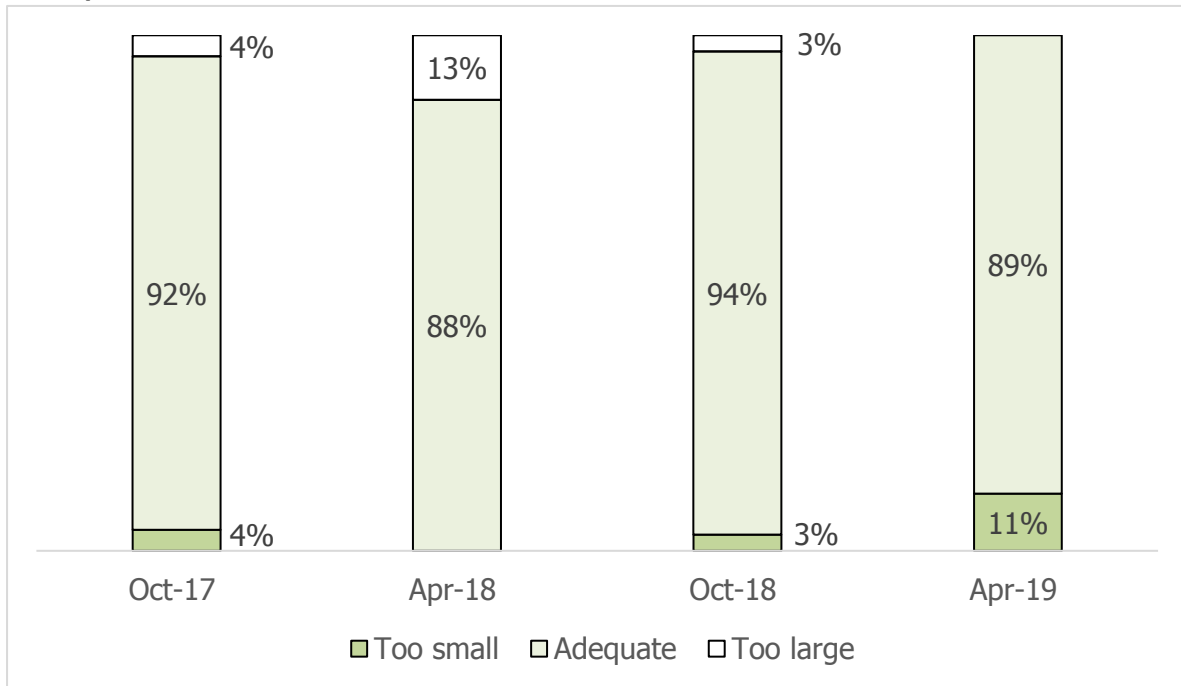
### Retail and Wholesale: Current Indicators

**Fig. 18** *In the past six months, how has your business activity (sales) developed? (Index=122.23)*



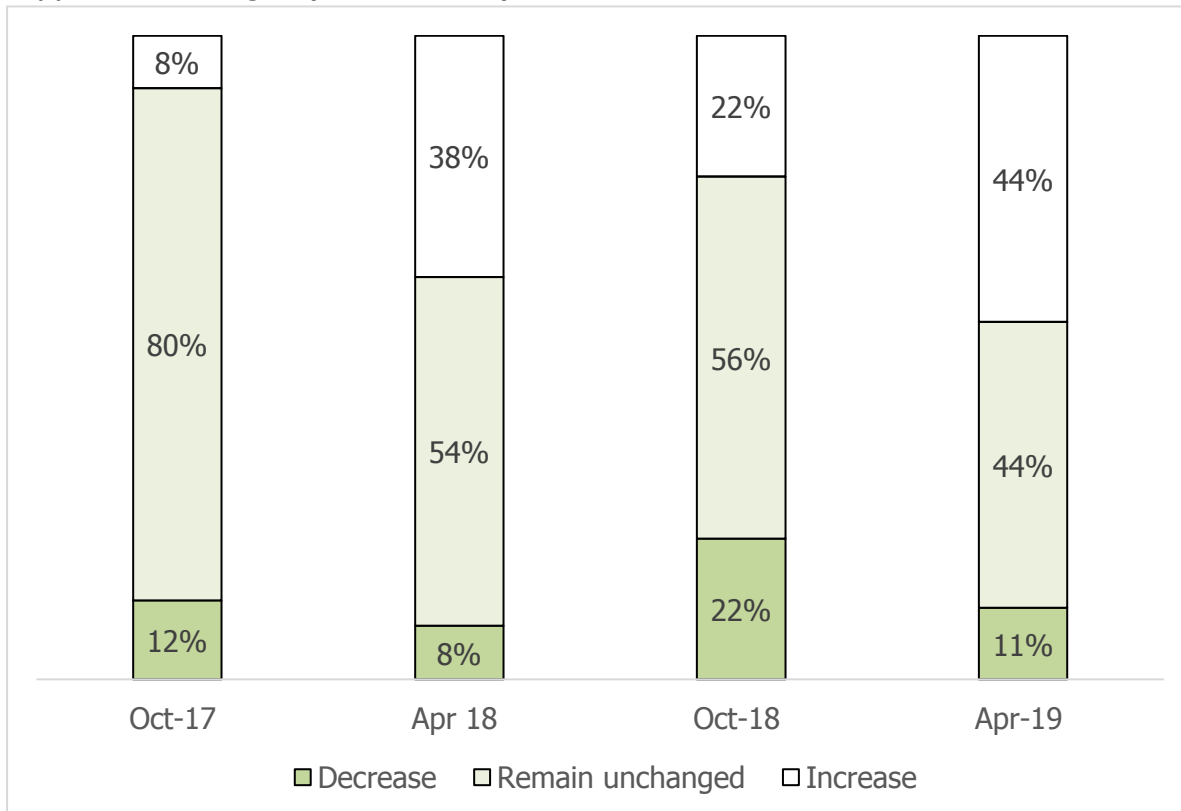
<sup>2</sup><https://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/bulletins/consumertrends/octobertodecember2018>

**Fig. 19** Do you consider the volume of stock you currently hold to be ... (Index=-111.1)

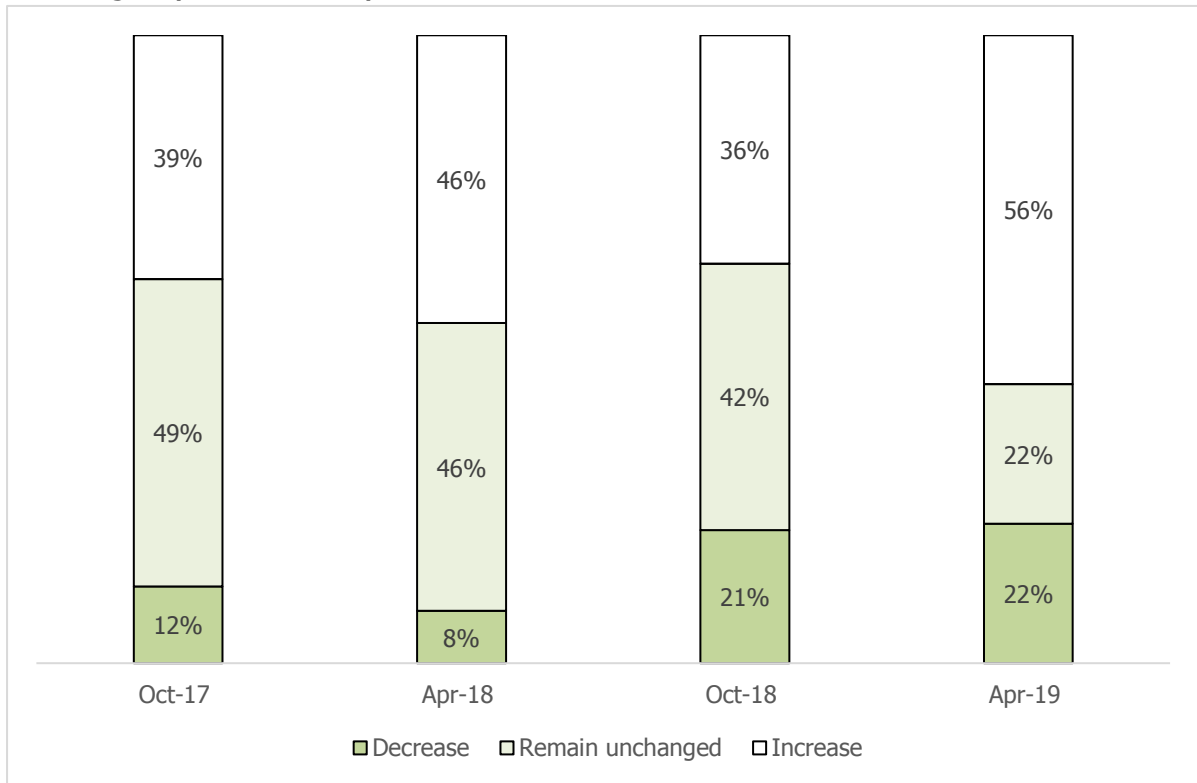


**Retail and Wholesale: Future Indicators**

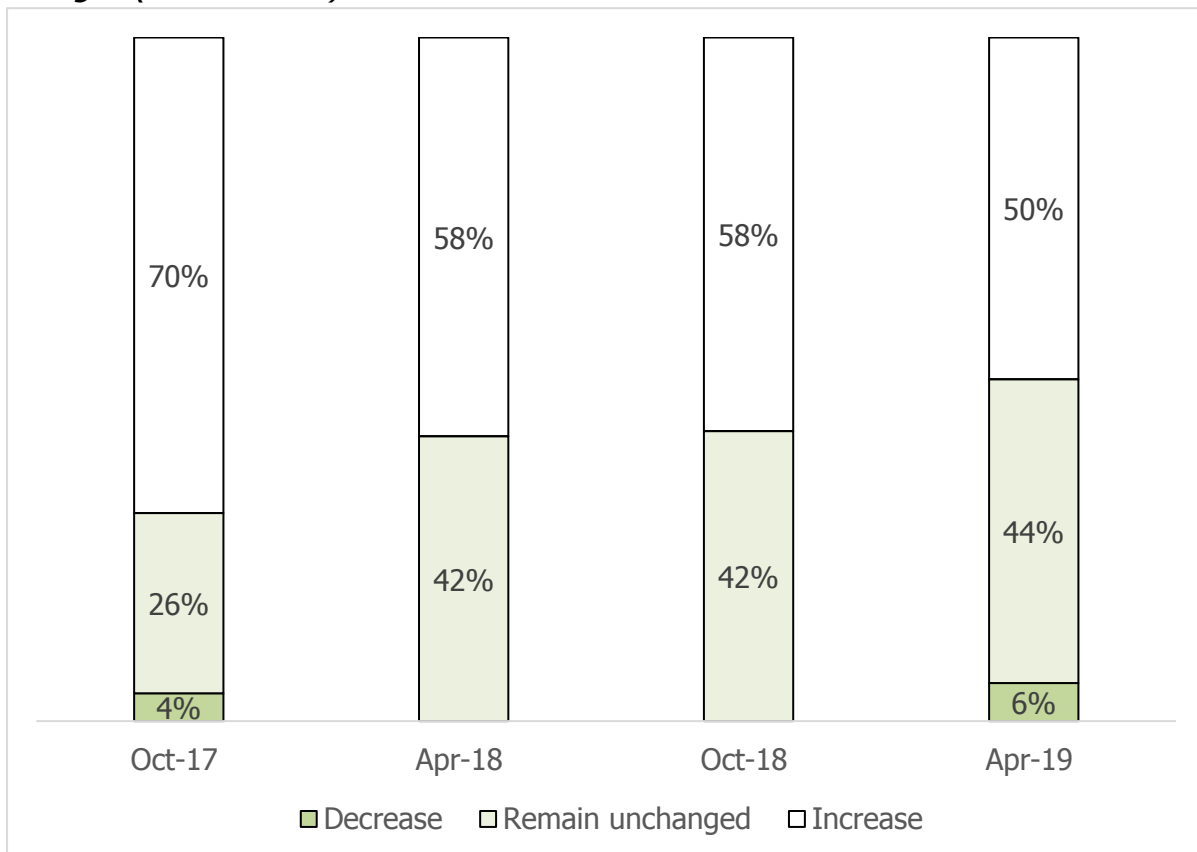
**Fig. 20** Over the next six months, how do you expect your orders placed with suppliers to change? (Index=133.3)



**Fig. 21** Over the next six months, how do you expect your business activity (sales) to change? (Index=133.3)

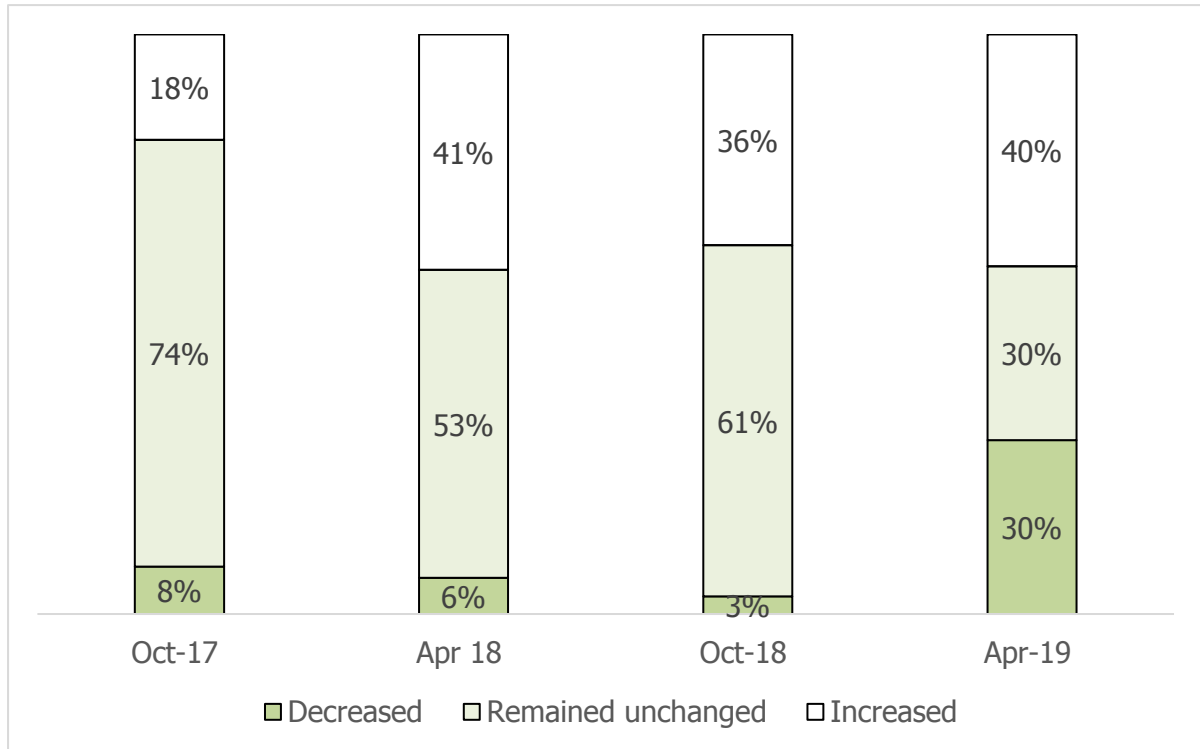


**Fig. 22** Over the next six months, how do you expect the prices you charge to change? (Index=144.4)

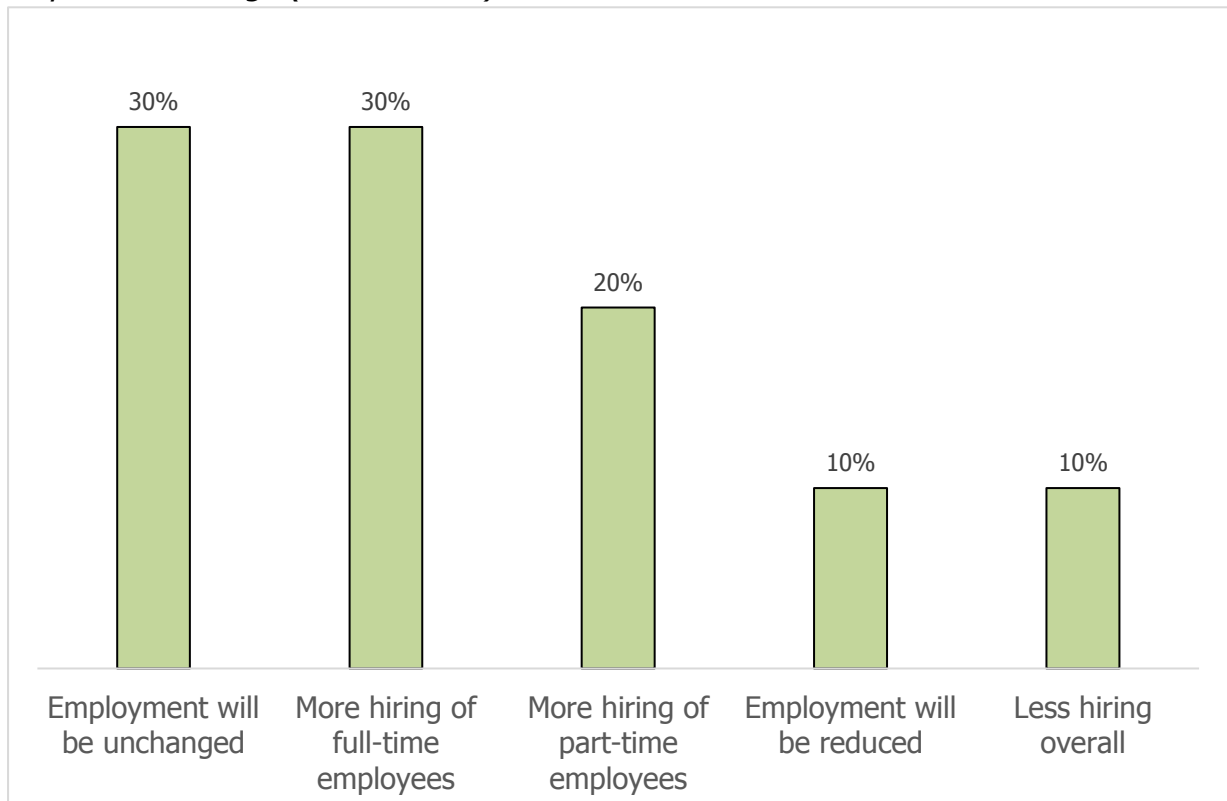


## Retail and Wholesale: Employment indicators

**Fig. 23** Over the past six months, how has your business' total employment changed? (Index=110.0)



**Fig. 24** Over the next six months, what best describes your business' plans with respect to staffing? (Index=160.0)



## Construction

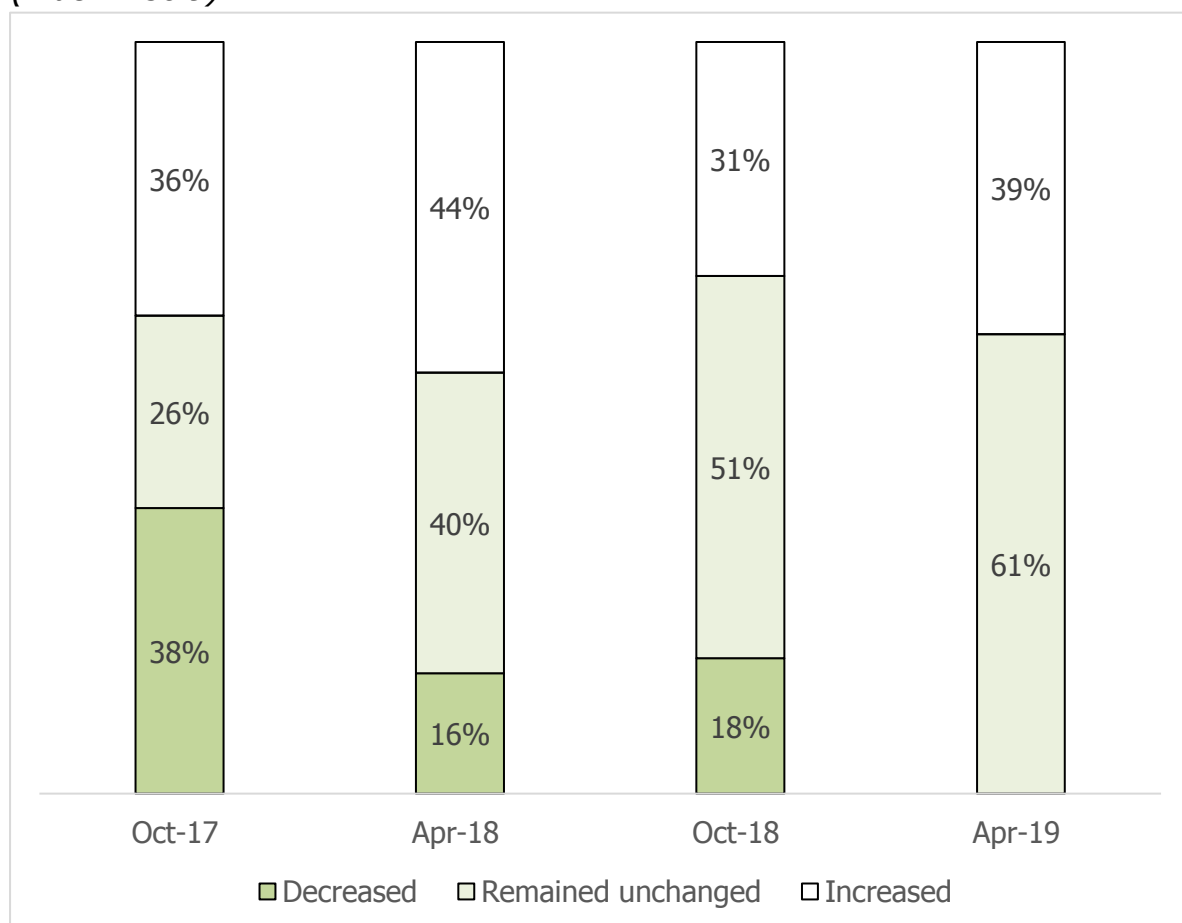
Construction and Trades/Contractors account for 7.9% of the Isle of Man economy in terms of private sector employment.

The Construction sector has had an excellent winter season, indicating that business has increased significantly over the past six months (Index=138.9). Current orders are healthy (Index=111.1), although current orders on average account only for the next 3.3 months of output. Shortage of labour is currently the most significant barrier for the sector (41%). Moreover, a significant proportion of the sector (42%) plans to increase prices over the summer.

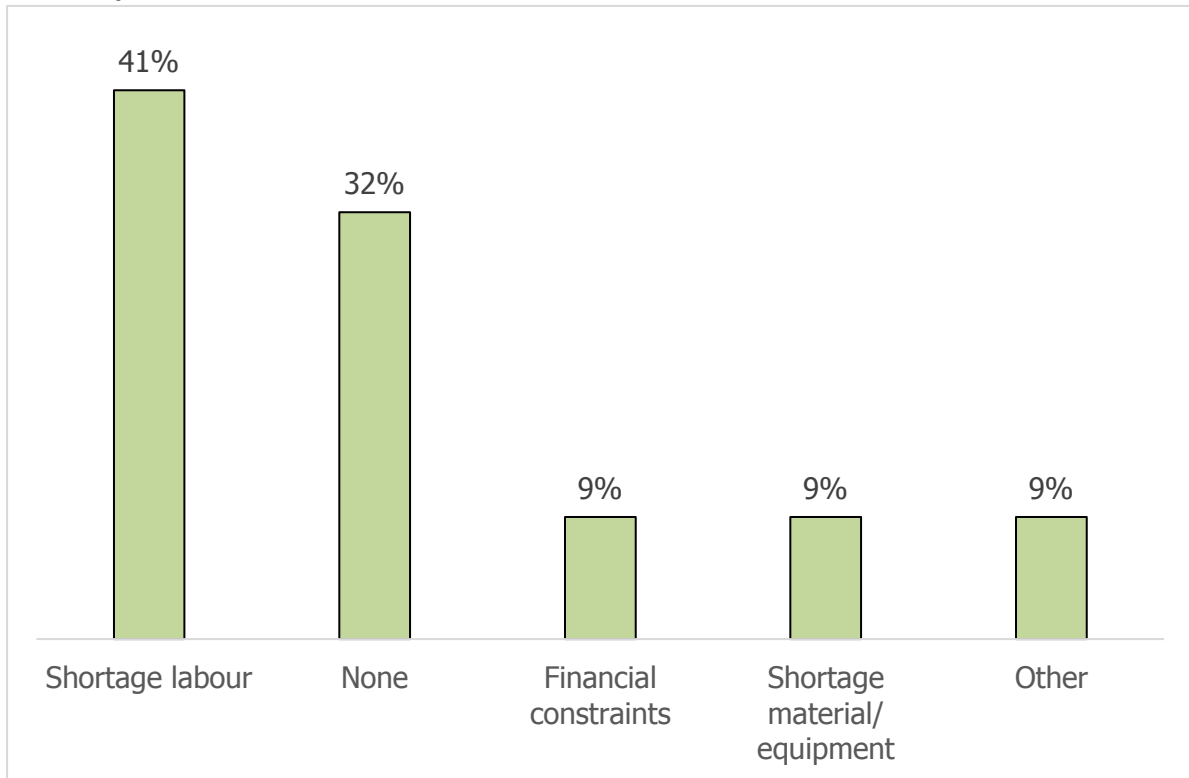
Employment in Construction has not changed on balance over the past six months, which represents a gain for the sector as it customarily reduces employment over the winter season. Over the next six months, employers expect the largest employment increase the sector has indicated since the Business Confidence Survey began (Index=124.0), with an emphasis upon full-time employment (28%).

### Construction Sector: Current Indicators

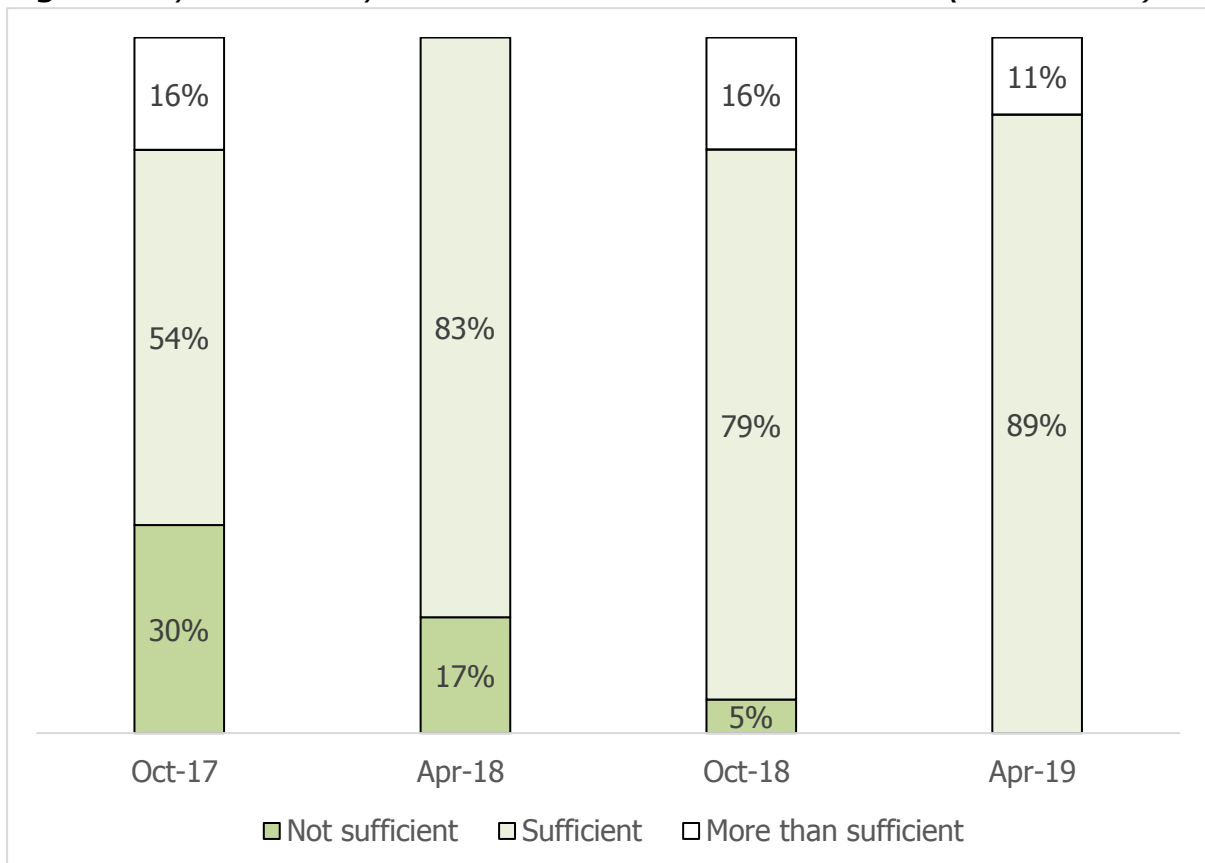
**Fig. 25** *Over the past six months, how has your building activity developed? (Index=138.9)*



**Fig. 26** *What main factors are currently limiting your building production? (not indexed)*



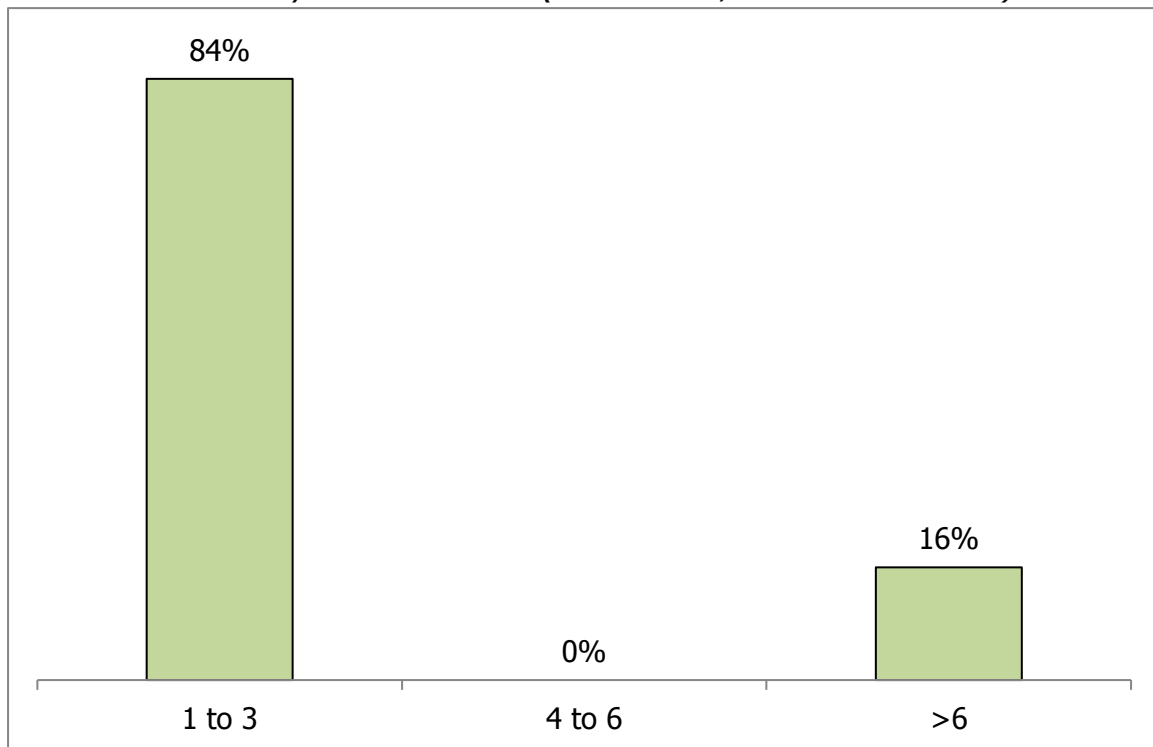
**Fig. 27** *Do you consider your current overall order books to be ... (Index=111.1)*



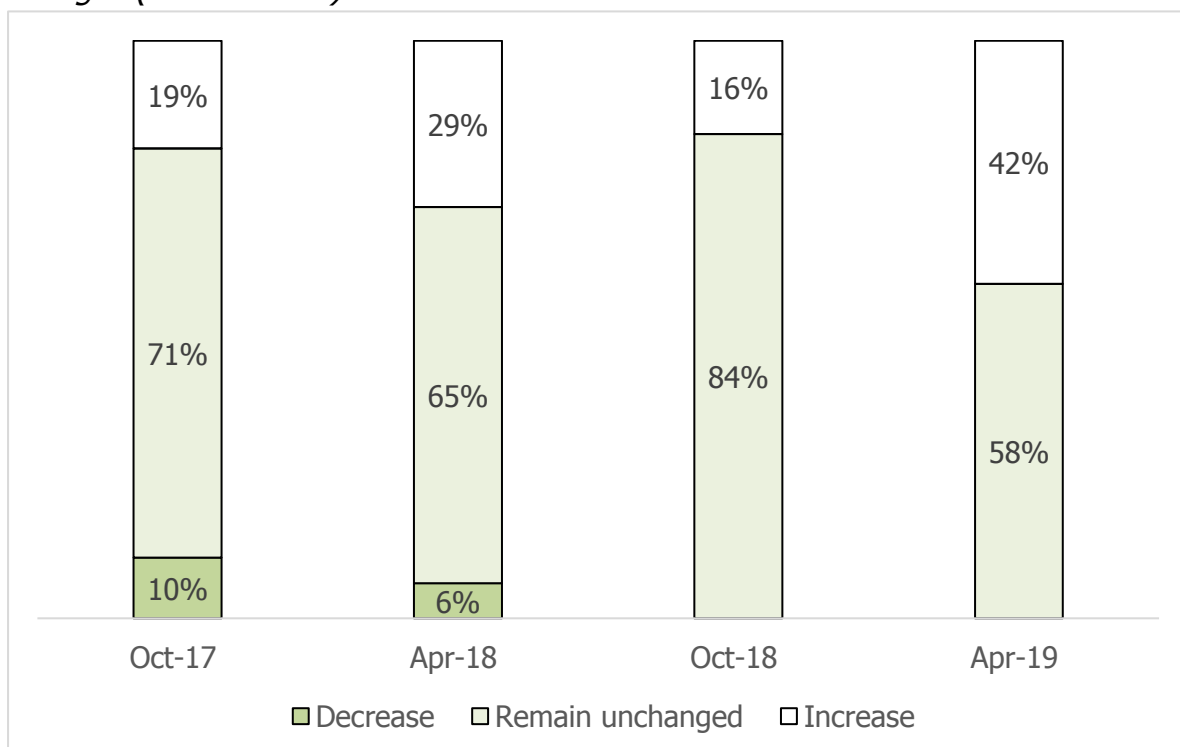


## Construction Sector: Future Indicators

**Fig. 28** *Approximately how many months' work is accounted for by work in hand and the work already contracted for? (not indexed; mean=3.3 months)*

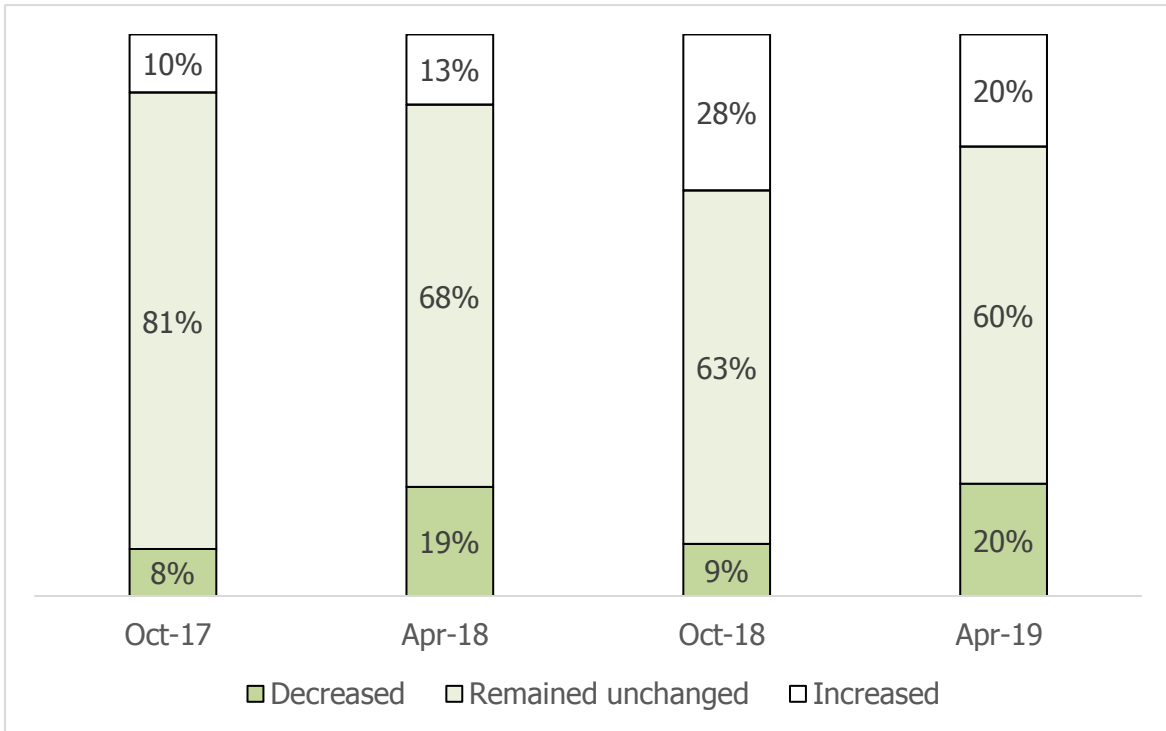


**Fig. 29** *Over the next six months, how do you expect the prices you charge to change? (Index=142.1)*

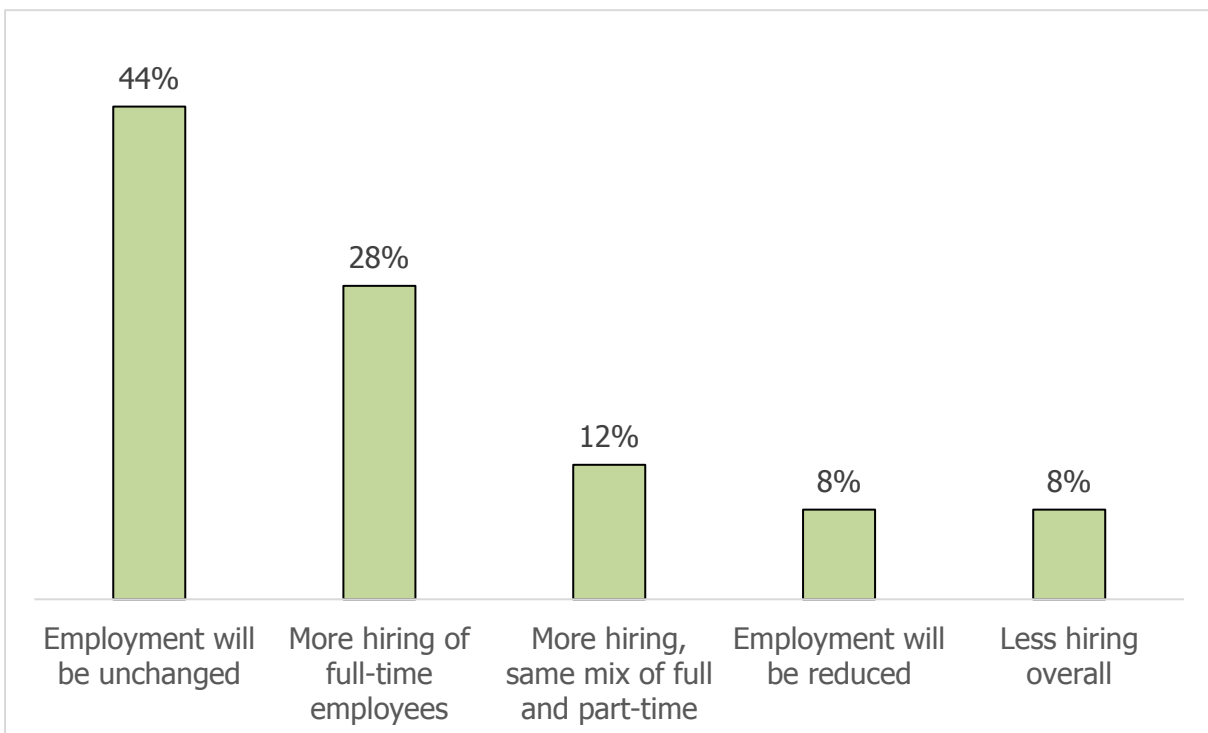


## Construction Sector: Employment Indicators

**Fig. 30** Over the past six months, how has your business' total employment changed? (Index=100.0)



**Fig. 31** Over the next six months, what best describes your business' plans with respect to staffing? (Index=124.0)



## Financial Services

Financial Services account for 24.9% of the Isle of Man economy in terms of private sector employment, and includes:

- Banking
- Fund Management
- Other Business Services
- Trust/ Company Fiduciary Services
- Insurance
- Other Financial Services

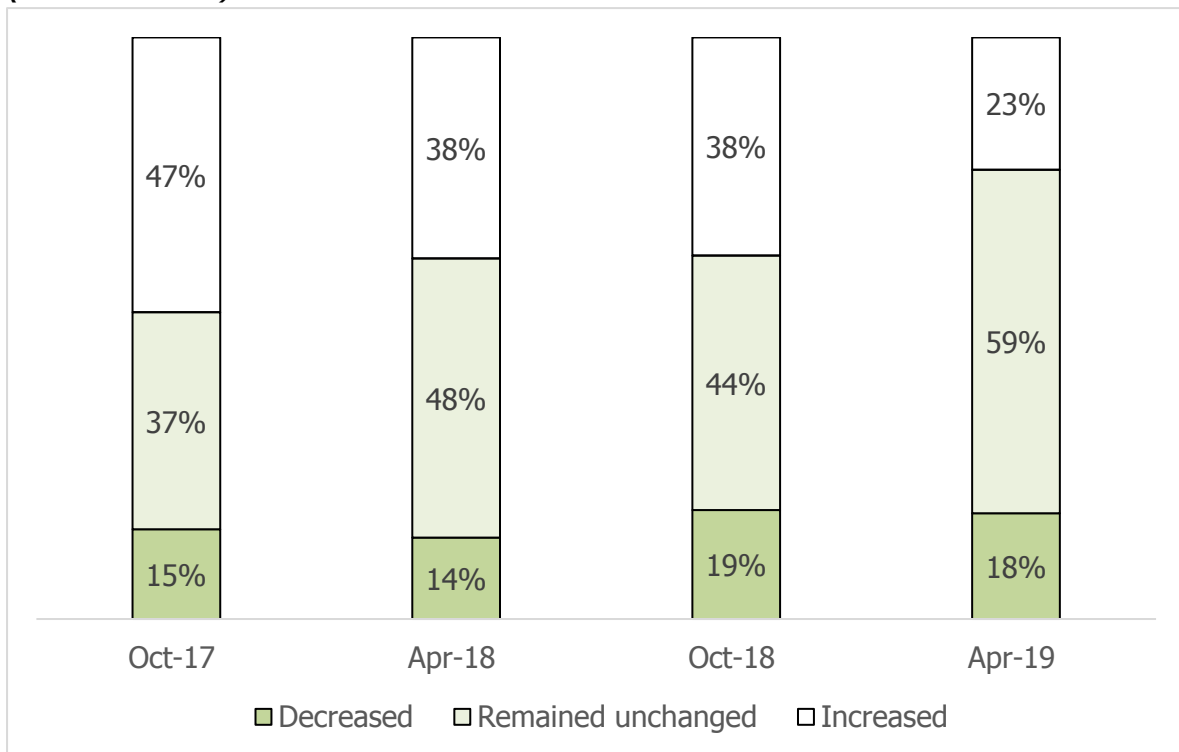
Over the past six months, the Financial Services sector has experienced overall growth (Index=116.2), although these increases fall somewhat short of what was anticipated for the period six months previously. Business activity and turnover have been restrained, although income has risen slightly (Index=109.1) and capital expenditure has increased significantly (Index=140.0). One-third of employers in the sector indicate that the impact of Brexit over this period has been negative, although the remainder indicate no impact; further, an even greater proportion (72%) state that Brexit uncertainty has not encouraged deferral of any investment decisions.

For the next six months, the sector remains cautiously optimistic (Index=101.8). Employers in the sector expect in the next six months to see ongoing restraint of turnover (Index=-105.0) and stable income (Index=100.0), but the recent growth in capital expenditure is not currently expected to continue (Index=-110.5).

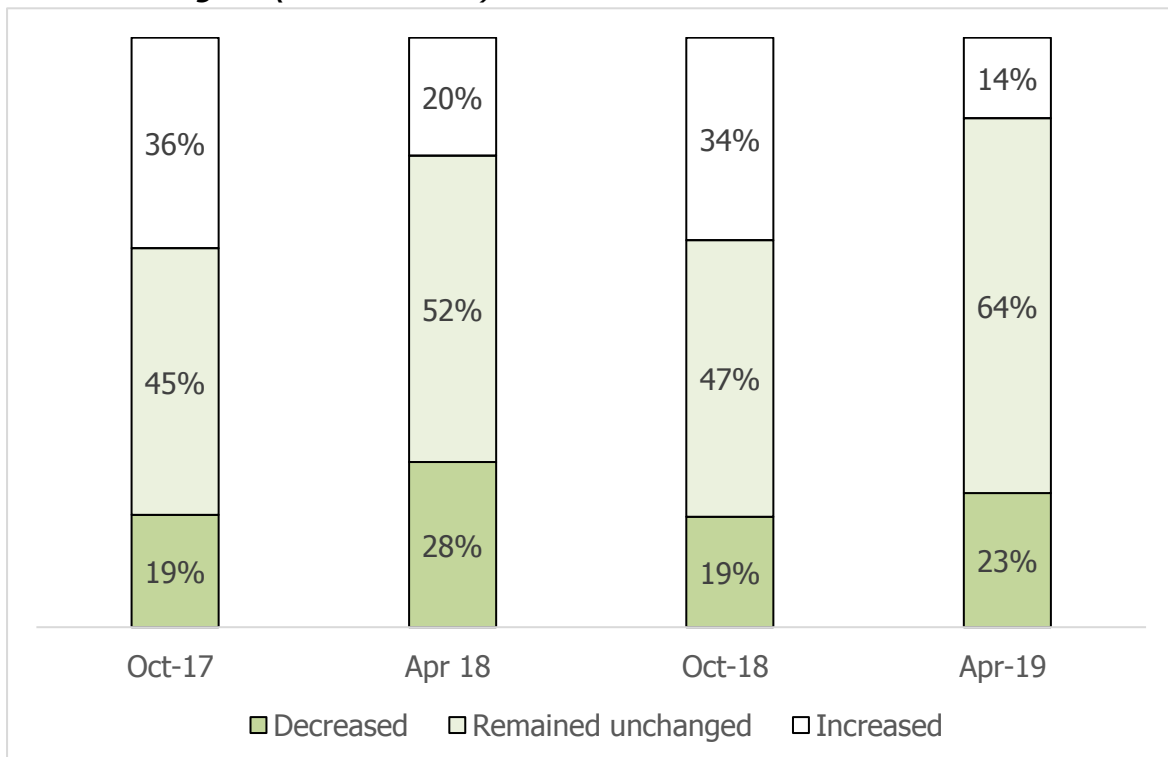
Employment in the sector has actually increased over the past six months (Index=120.0), despite November 2018's indication that the sector would shed a small percentage of jobs. Increases in employment are largely driven by Banking and Insurance, while Corporate Service Providers and Other Business Services have tended to decrease employment over the winter. However, although two thirds of employers will retain their current staffing levels, the next six months may see an overall decrease in new employment (Index=-114.3).

## Financial Services: Current Indicators

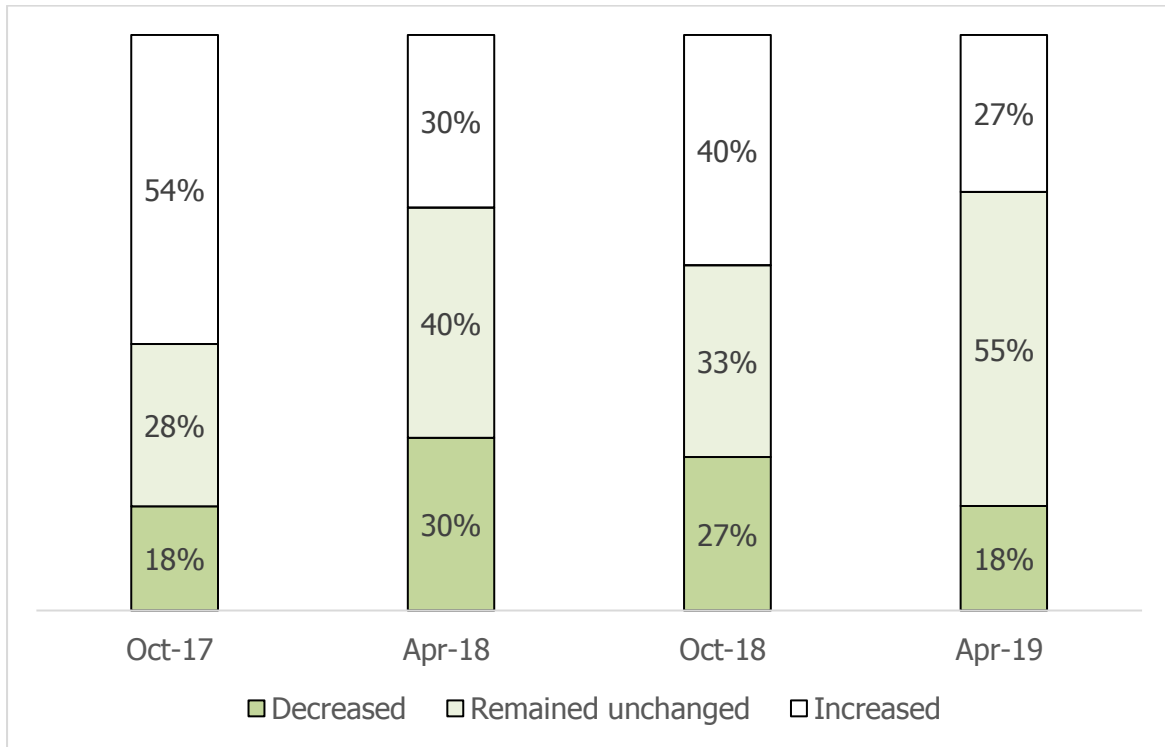
**Fig. 32** Over the past six months, how has your business developed?  
(Index=104.62)



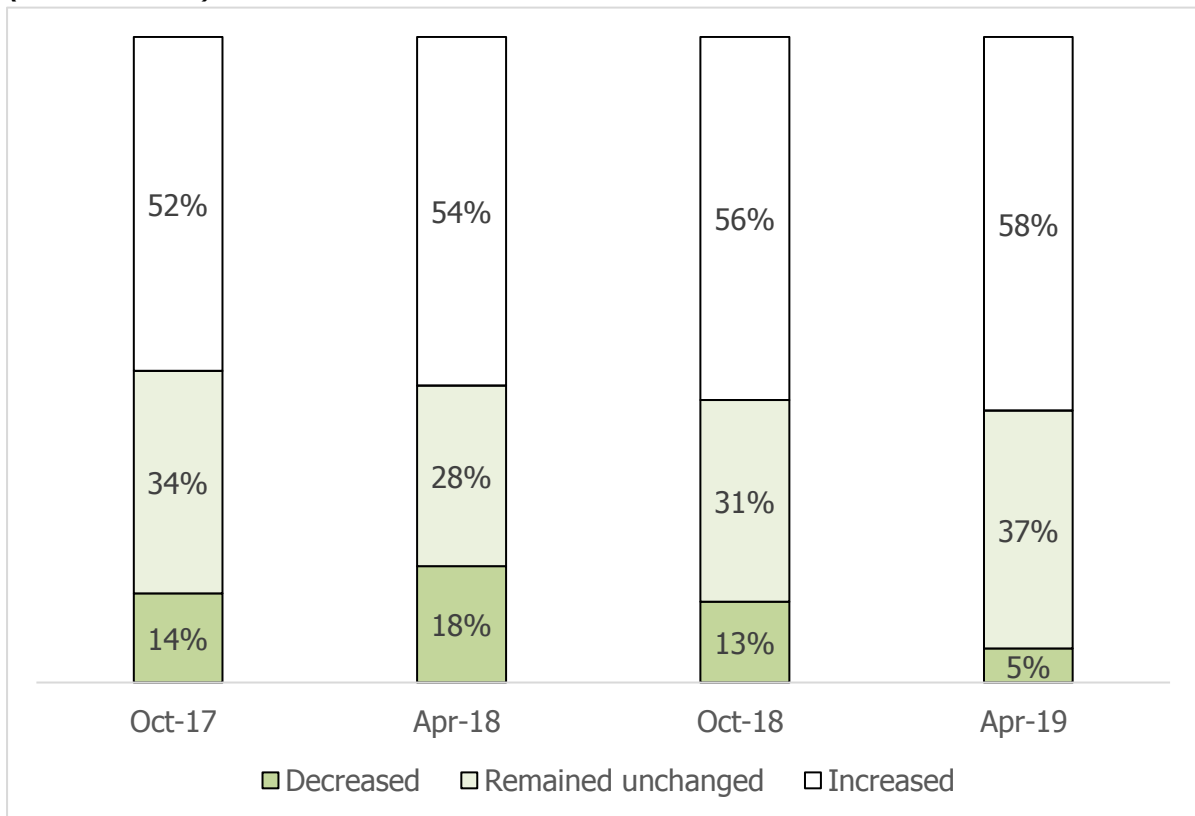
**Fig. 33** Over the past six months, how has demand (turnover) for your company's services changed? (Index=-109.1)



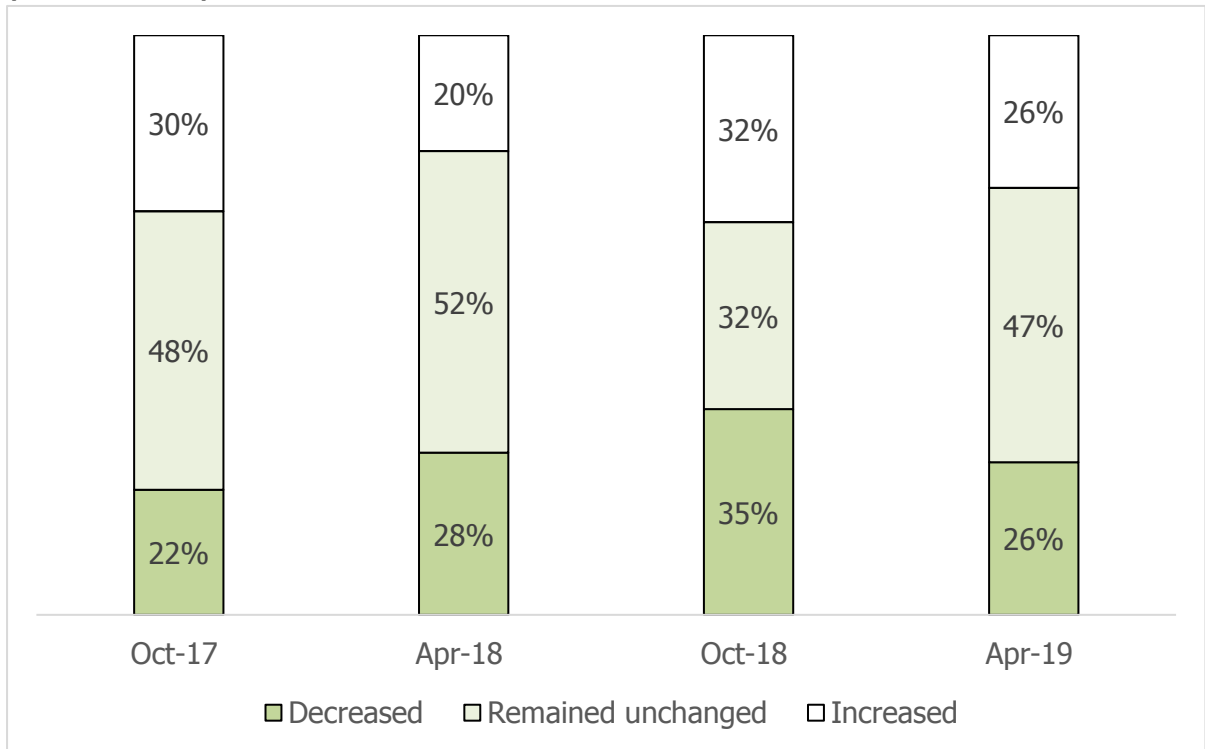
**Fig. 34** Over the past six months, how has your operating income developed?  
(Index=109.1)



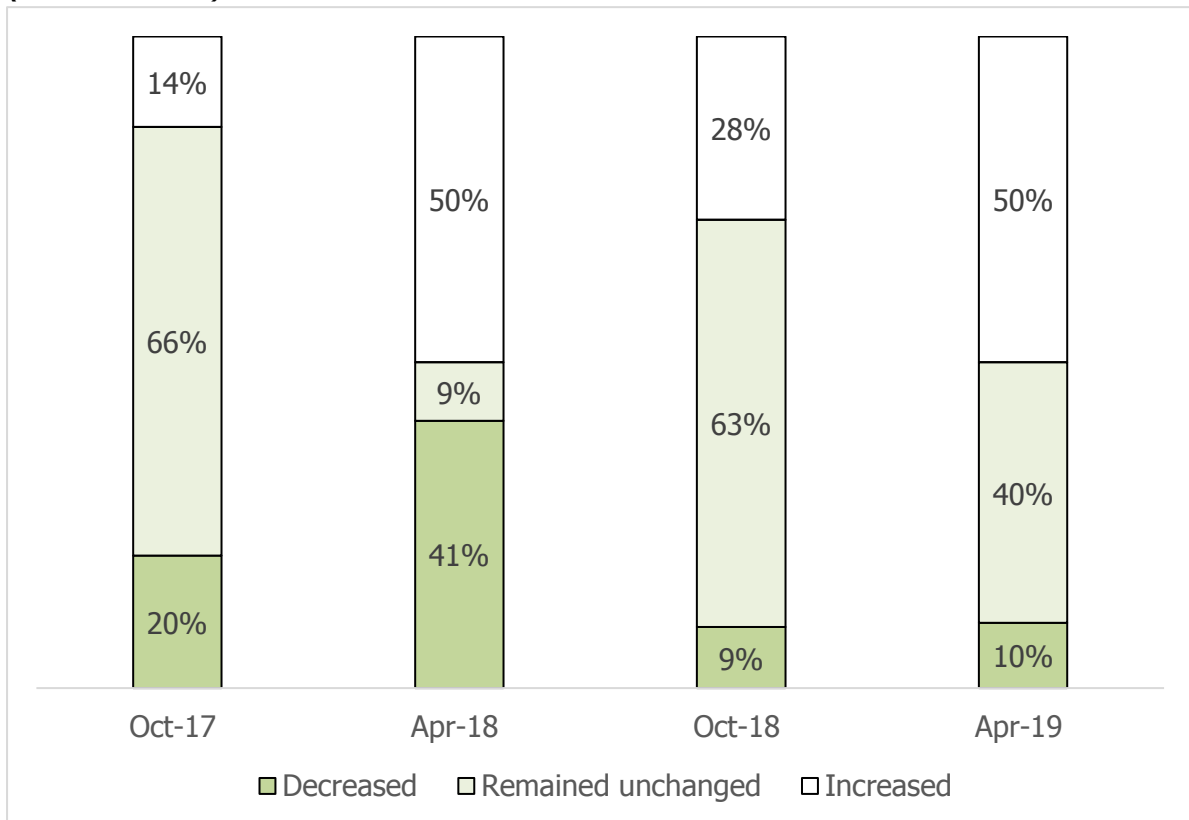
**Fig. 35** Over the past three months, how have your operating expenses developed?  
(Index=152.6)



**Fig. 36** Over the past six months, how has your profitability developed?  
(Index=100.0)

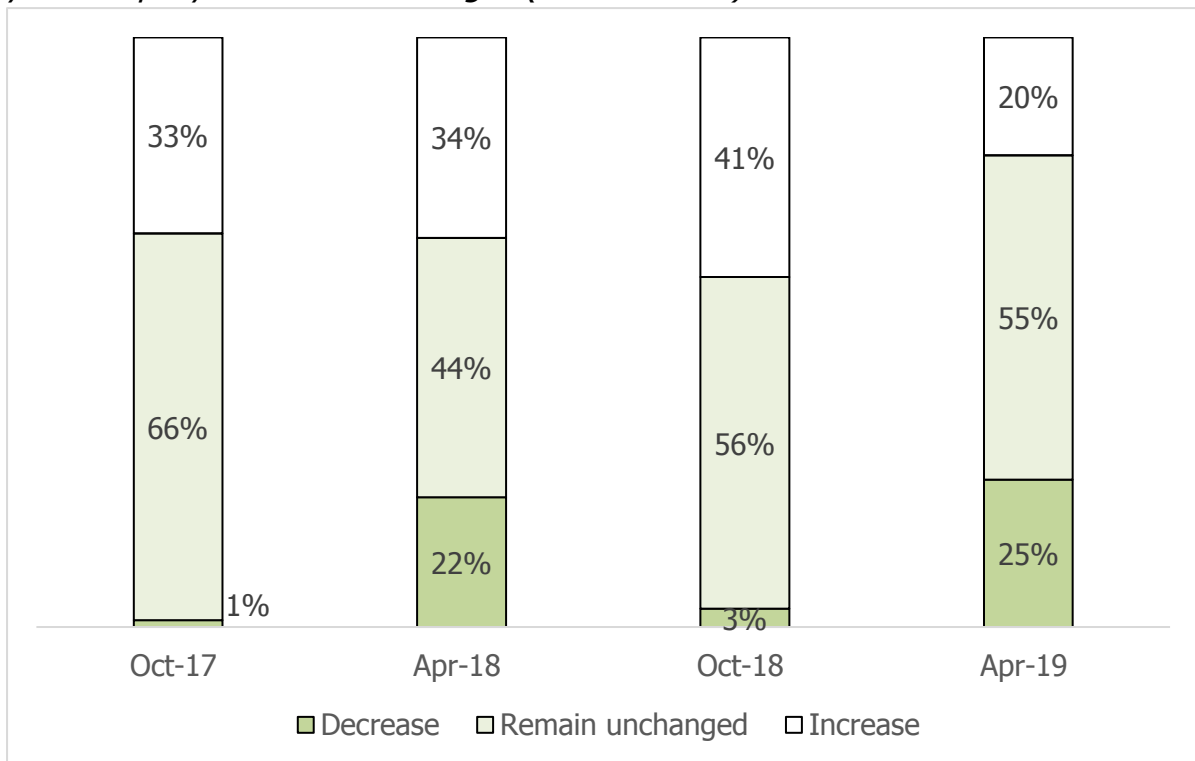


**Fig. 37** Over the past six months, how has your capital expenditure developed?  
(Index= 140.0)

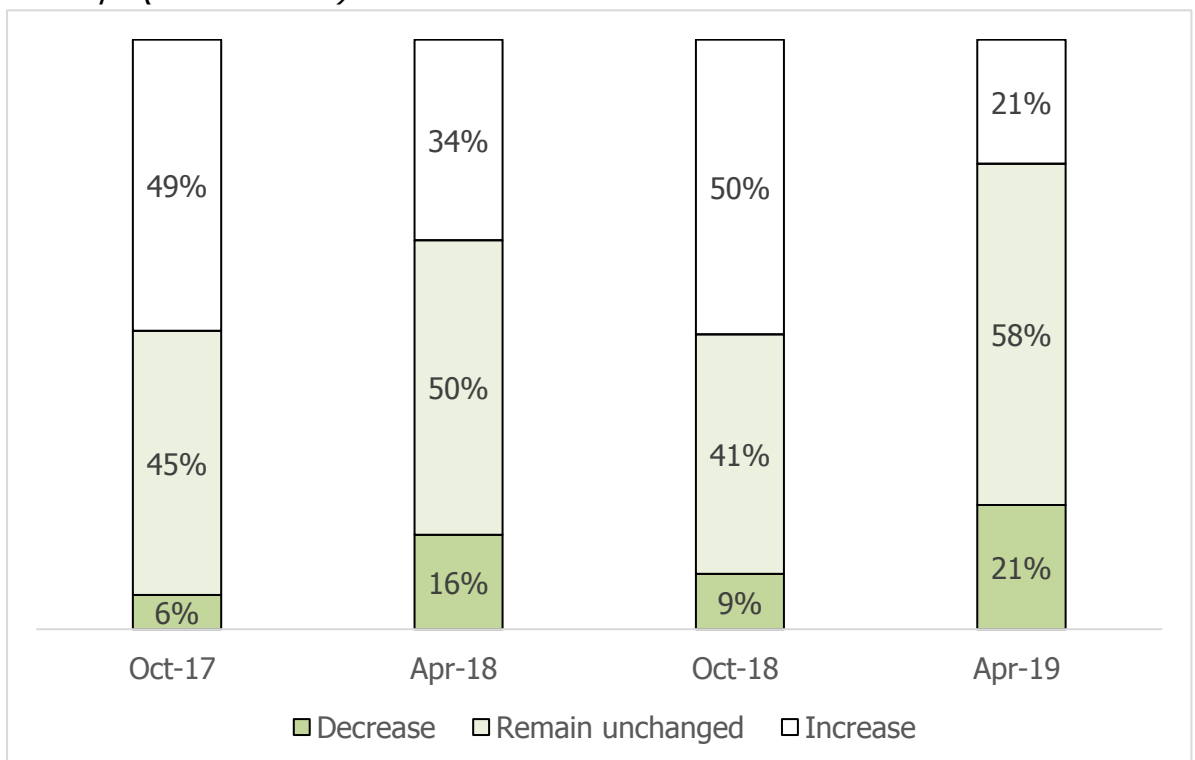


## Financial Services: Future Indicators

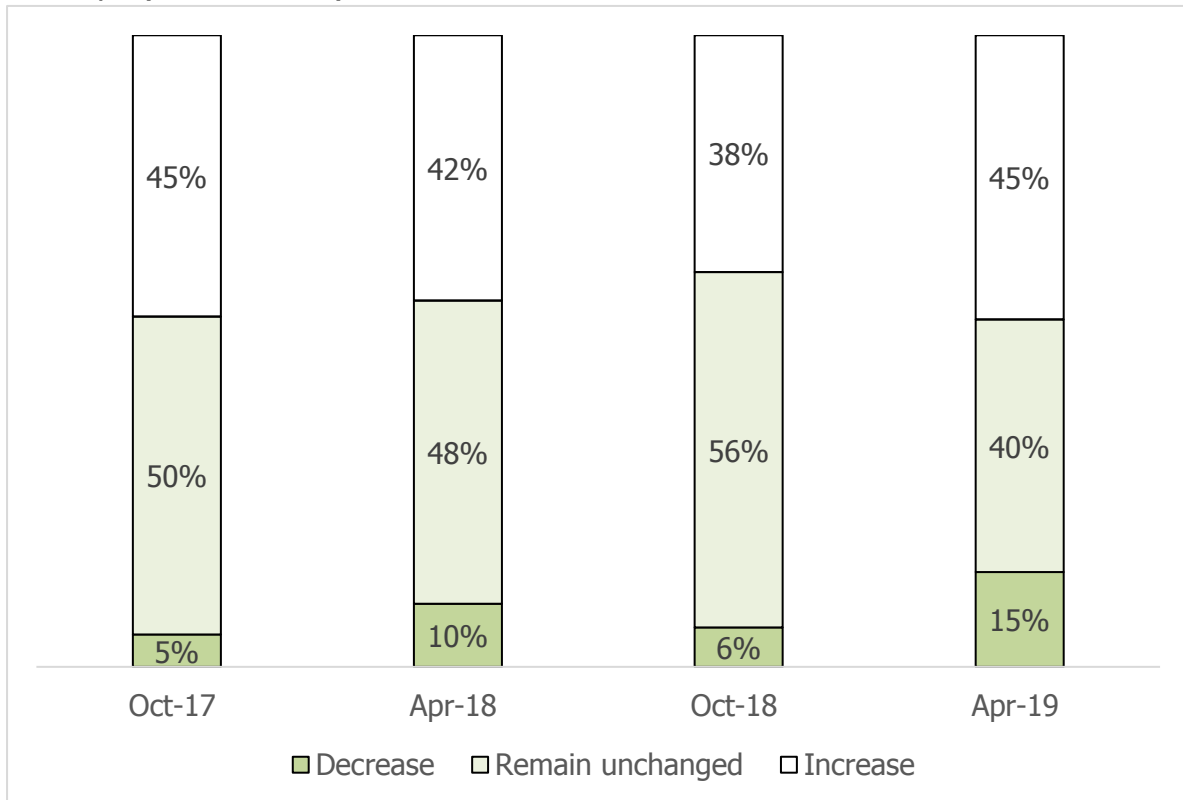
**Fig. 38** Over the next six months, how do you expect the demand (turnover) for your company's services to change? (Index=-105.0)



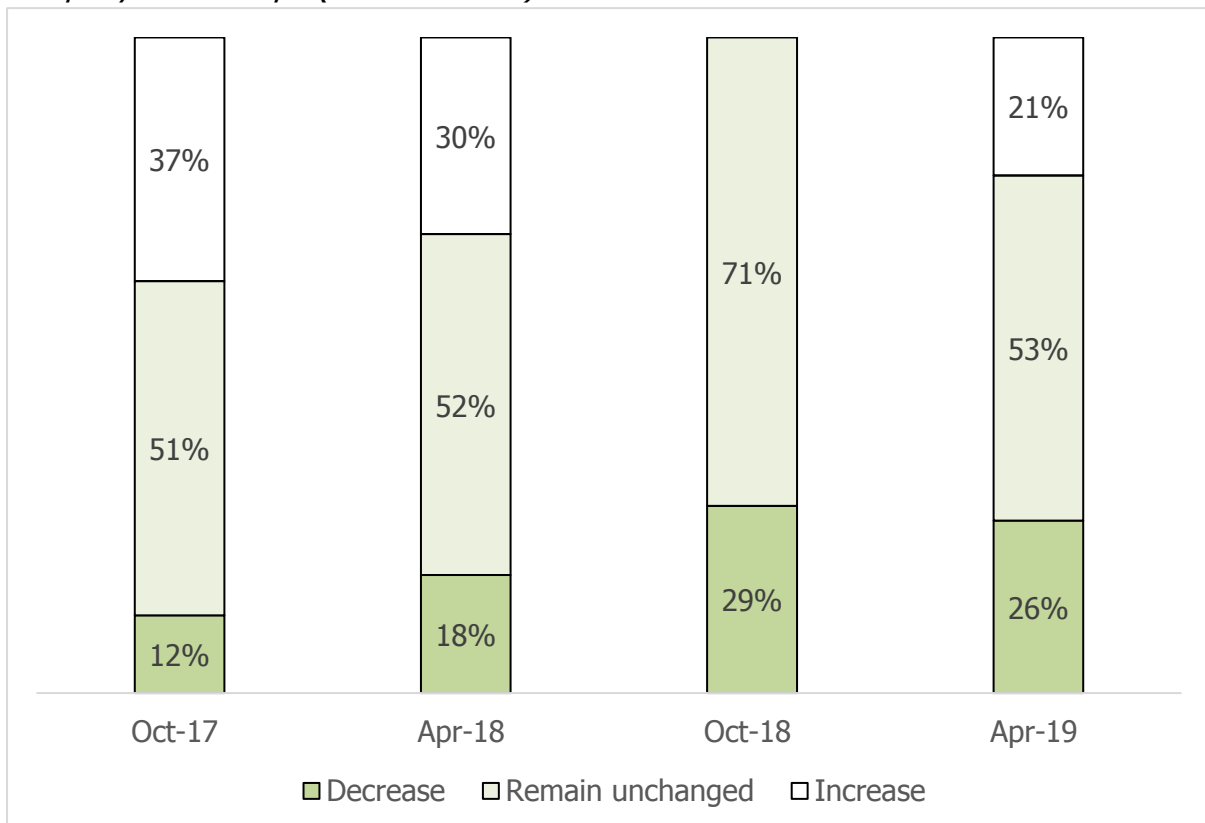
**Fig. 39** Over the next six months, how do you expect your operating income to develop? (Index=100.0)



**Fig. 40** Over the next six months, how do you expect your operating expenses to develop? (Index=130.0)

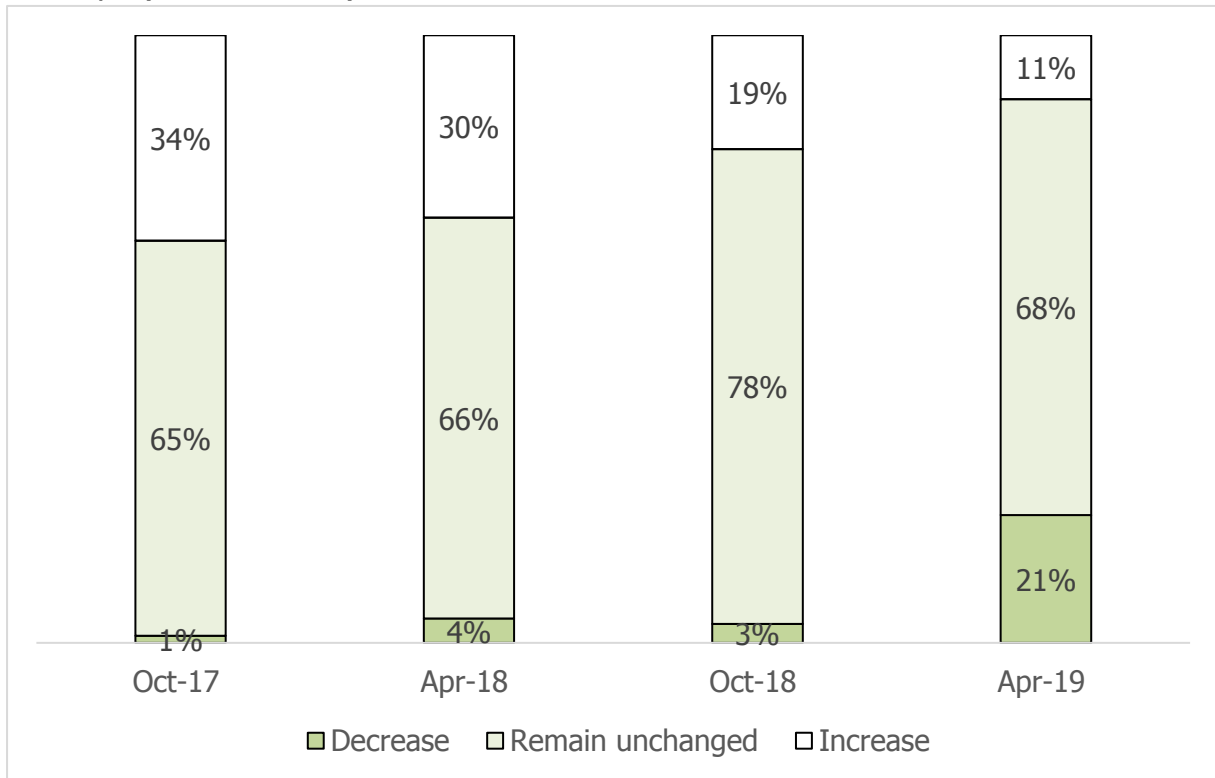


**Fig. 41** Over the next six months, how do you expect the profitability of your company to develop? (Index=-105.3)



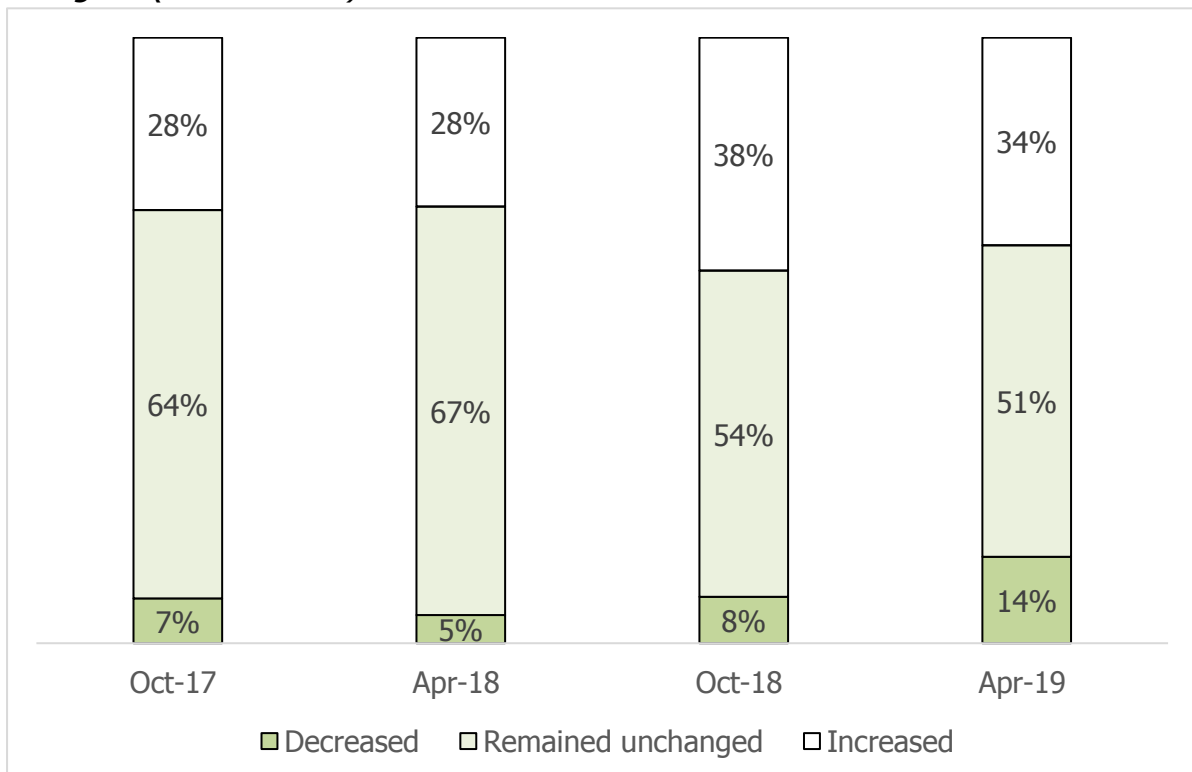


**Fig. 42** Over the next six months, how do you expect your capital expenditure to develop? (Index=-110.5)

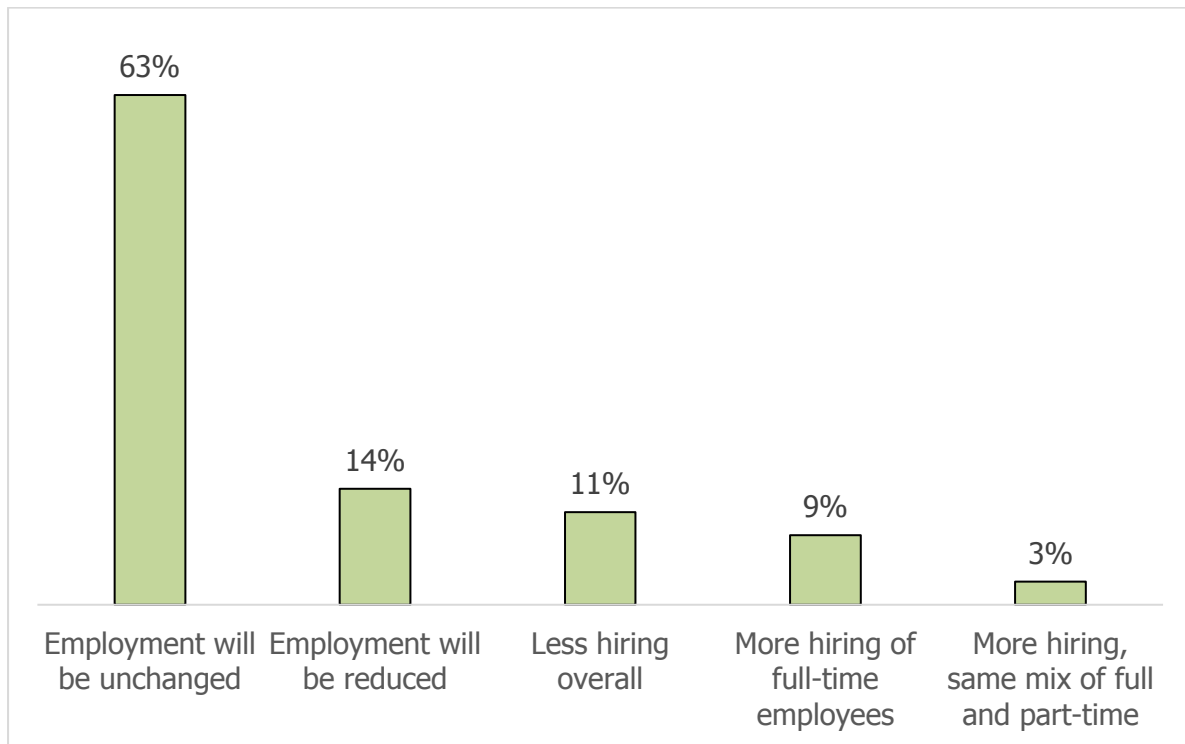


### Financial Services: Employment Indicators

**Fig. 43** Over the past six months, how has your business' total employment changed? (Index=120.0)



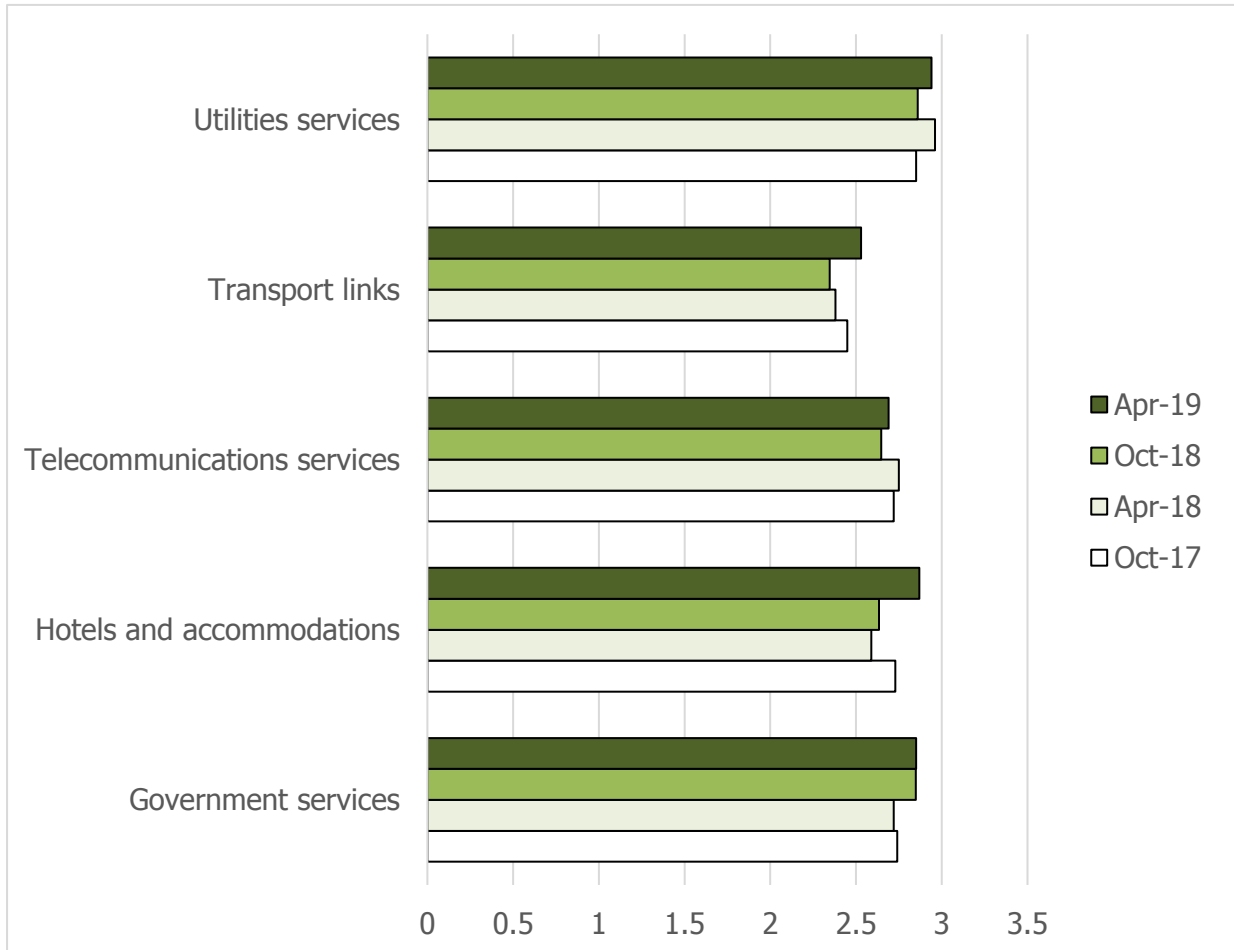
**Fig. 44** Over the next six months, what best describes your business' plans with respect to staffing? (Index=-114.9)



## Satisfaction with Services (not indexed)

Employers are consistently satisfied with the quality of business-adjacent services on the Isle of Man, with mean scores out of 4 holding steady since October 2017.

**Fig. 45** *How satisfied would you say you are with the quality of ...*



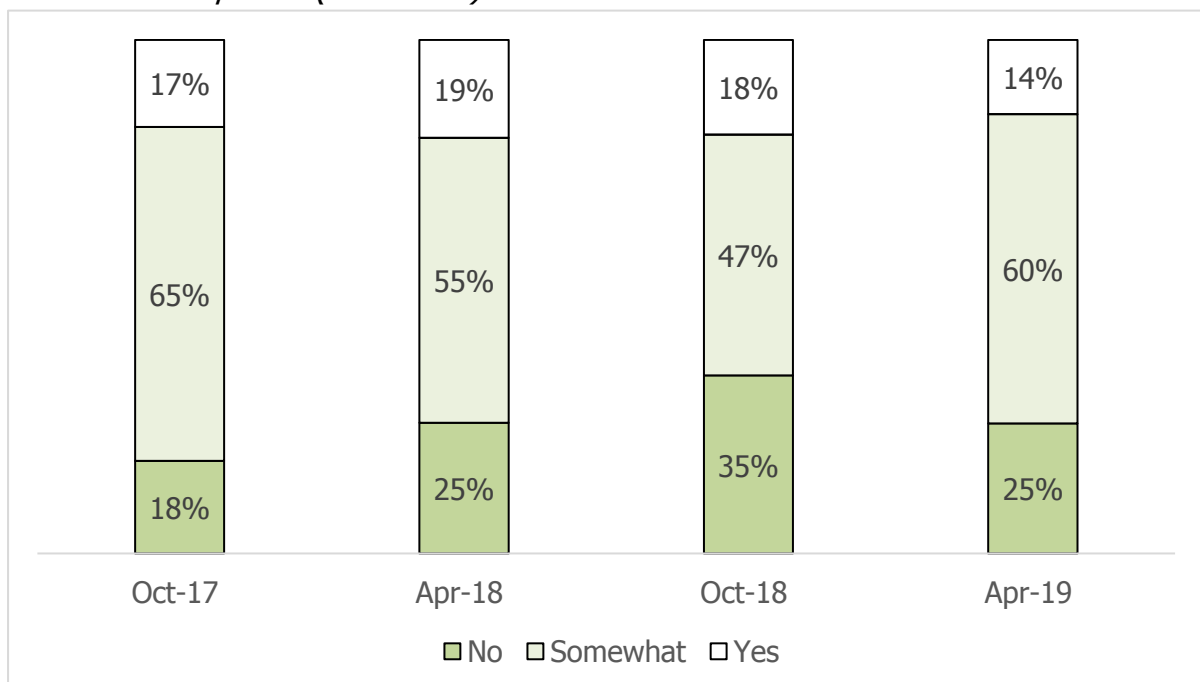
Employers are generally less satisfied overall with the cost of services than with service quality, particularly in the case of the cost of transport links. However, the cost of services across the board has seen a slight increase in employers' satisfaction over the past six months.

**Fig. 46** *How satisfied would you say you are with the cost of ...*



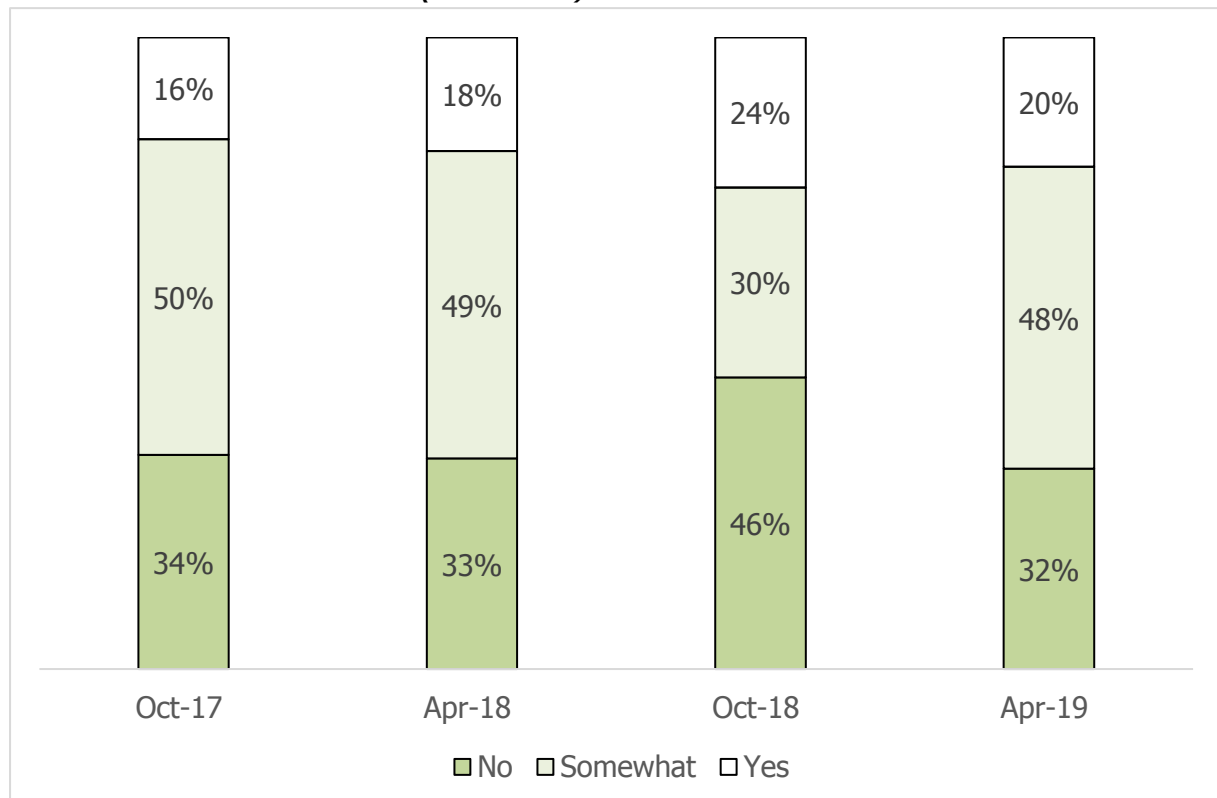
10.7% of all employers report that they “don’t know” if young workers on the Island are sufficiently skilled, and this group has been excluded from the chart below. Employers in the Construction sector express the highest confidence in workers’ skills (2.0/3.0), and employers in Retail/Wholesale express the lowest confidence (1.76/3.0).

**Fig. 47** *Do you think that young workers on the Island have the necessary skills to enter the workplace? (All sectors)*



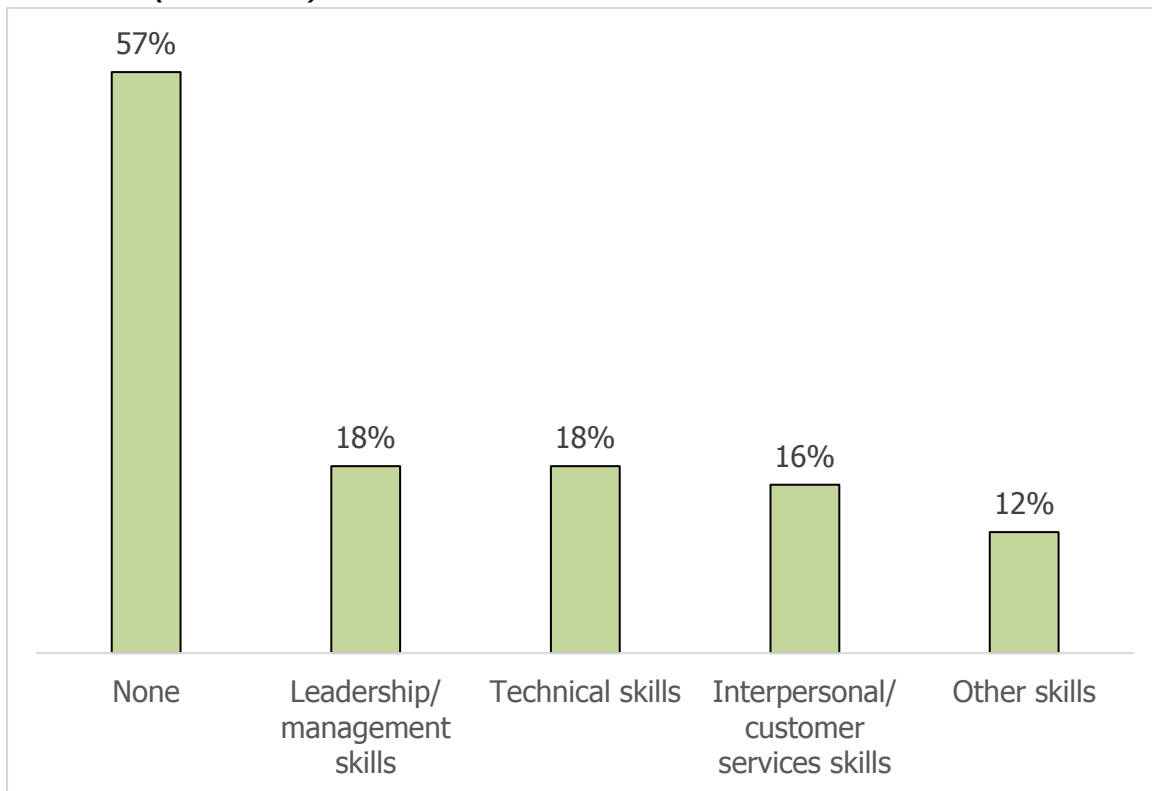
16.6% of all employers report that they “don’t know” if the Island’s education system is responsive to the labour market, and this group has been excluded from Figure 48. Two-thirds of all remaining employers (68%) indicate that the education system is at least ‘somewhat’ responsive to the labour market. Employers in the Retail/Wholesale sector currently express the highest opinions of the Island’s education system relative to other sectors (2.0/3.0), and employers in Financial Services are most likely to indicate the opinion that the education system on-Island is insufficiently responsive (1.74/3.0).

**Fig. 48** *Do you think that the education system on the Island is responsive to the needs of the labour market? (All sectors)*



More than half of employers (56.6%) currently indicate no skills gaps among their employees; this is predominantly true at present for the Manufacturing sector (73.3%). The most commonly identified skills gap remains ‘technical skills’, although the technical skills gap is presently at its lowest recorded point (18.2%), and is most frequently cited in the Financial Services sector (35.6%). An equivalent proportion of employers (18.2%) currently indicate a lack of leadership and management skills, most frequently in the Retail/Wholesale sector (63.6%). Retail/Wholesale also cites a gap in interpersonal and customer management skills (36.4%).

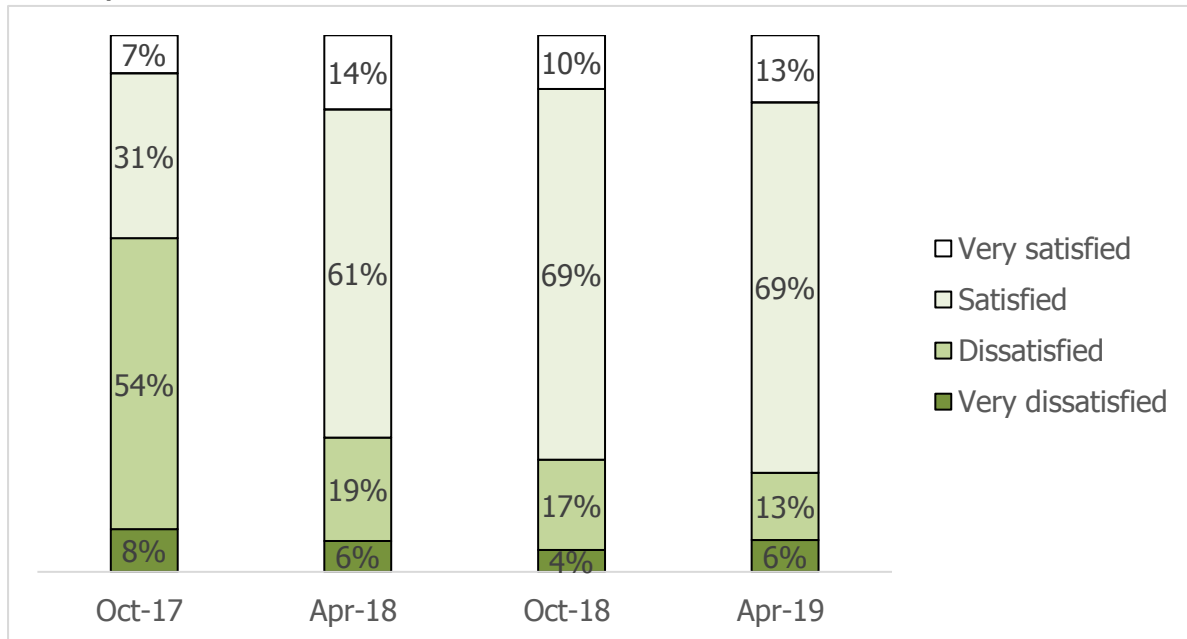
**Fig. 49** Do you have any skills gaps among the employees currently at your business? (All sectors)



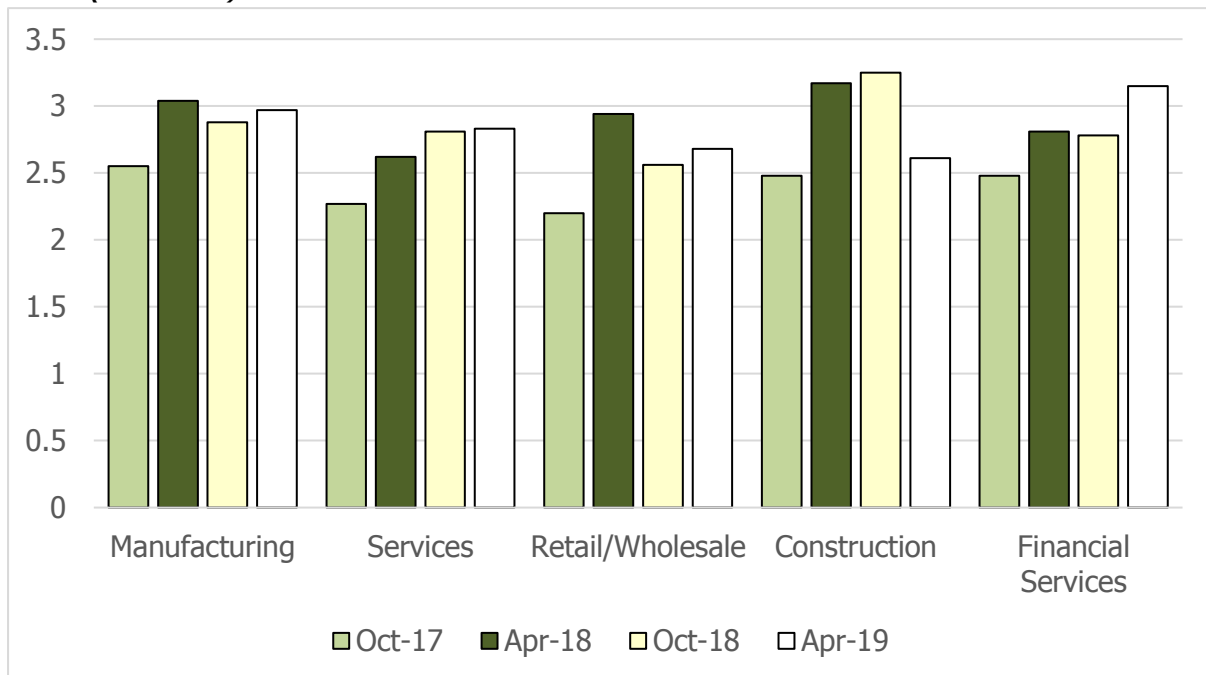
31.1% of respondents indicated that the current IOM work permit system does not apply to their business. Of the remaining employers who expressed an opinion, four out of five (81.6%) are 'satisfied' or 'very satisfied' with work permits on the island, continuing the trend of increased satisfaction that has been observed over the past eighteen months. As has also been previously observed, the most proportionately dissatisfied sector (50.0%) is Retail/Wholesale, very likely in connection to the sector's ongoing challenge to fulfil its plans of increased employment.

When computed as an overall satisfaction score, the Construction sector currently shows the lowest score (2.6/4.0); only one-quarter of Construction employers are dissatisfied with work permits, but half of these indicate that they are "very dissatisfied", which pulls down the sector's summary score. The most satisfied sector is Financial Services (3.2/4.0).

**Fig. 50** How satisfied are you with the current IOM work permit system? (All sectors)



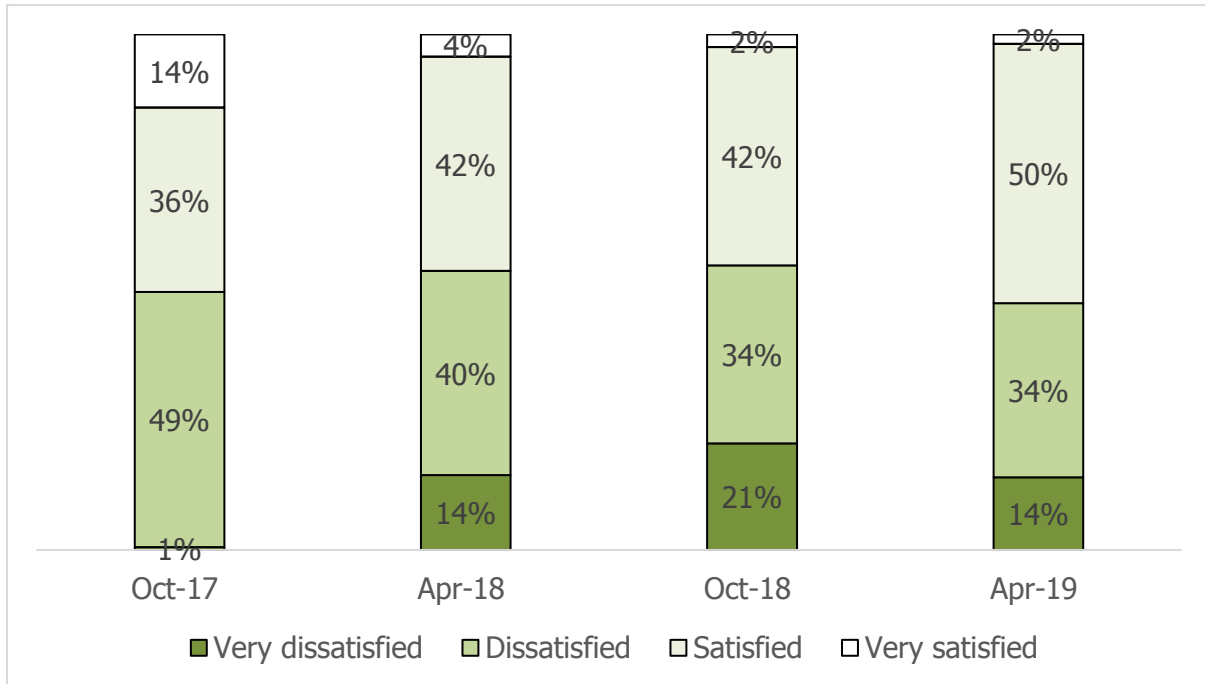
**Fig. 51** Average satisfaction with work permit system, by sector, Oct 2017 – Apr 2019 (max=4.0)



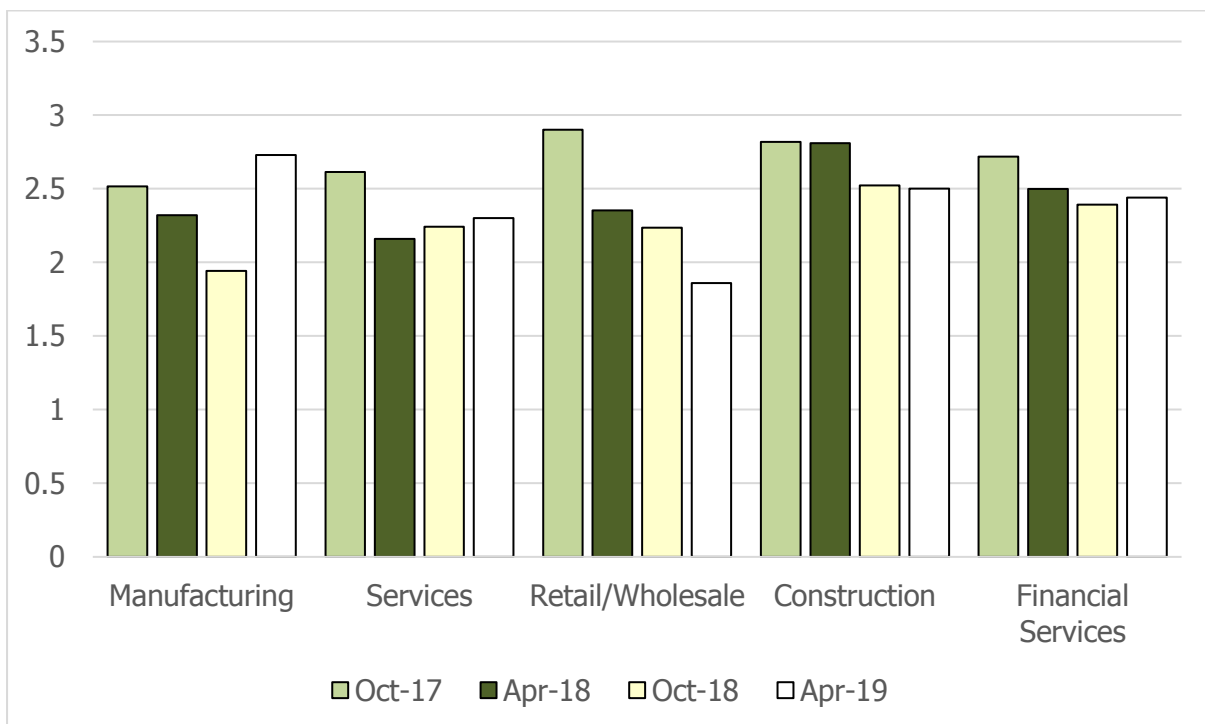
33.3% employers indicate that the current planning system is not applicable to their business. Of the remaining employers who expressed an opinion, more than half (52.2%) indicate that they are “satisfied” or “very satisfied”, a rate which has held generally consistent over the past two years. Manufacturing sector employers are the most satisfied with the planning system (62.8%), a significant reversal from six

months previously. At present, the Retail/Wholesale sector are least satisfied with planning, driven by the current sentiment of larger retail and wholesale employers.

**Fig. 52** *How satisfied are you with the current IOM planning system? (All sectors)*



**Fig. 53** *Satisfaction with planning system, by sector*

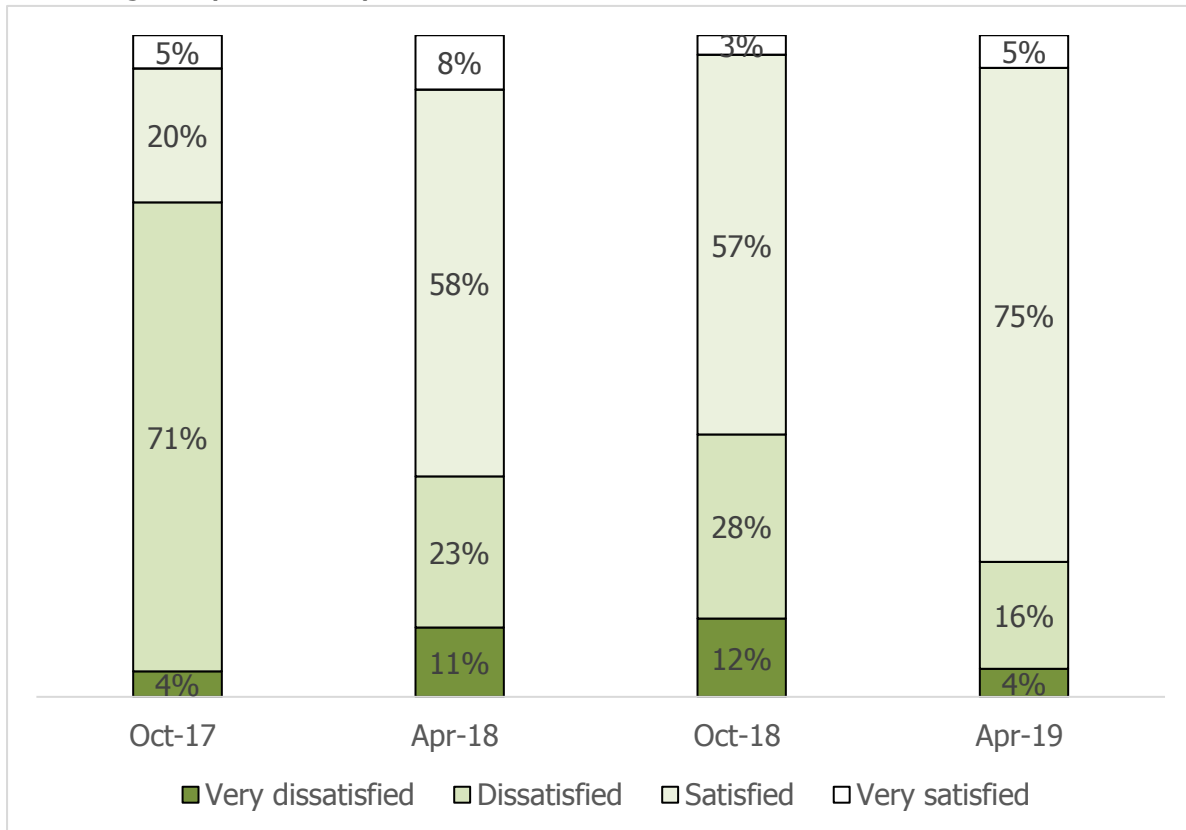


42.6% of employers indicated that support for innovation and emerging technologies does not affect their business. Of the remainder, across all sectors, four out of five employers (79.5%) are 'satisfied' or 'very satisfied' with innovation support, a



significant improvement over previous iterations of the Business Confidence Survey. Employers in the Construction sector are least satisfied with the level of innovation support (64.3%), and employers in Financial Services are the most satisfied (86.4%).

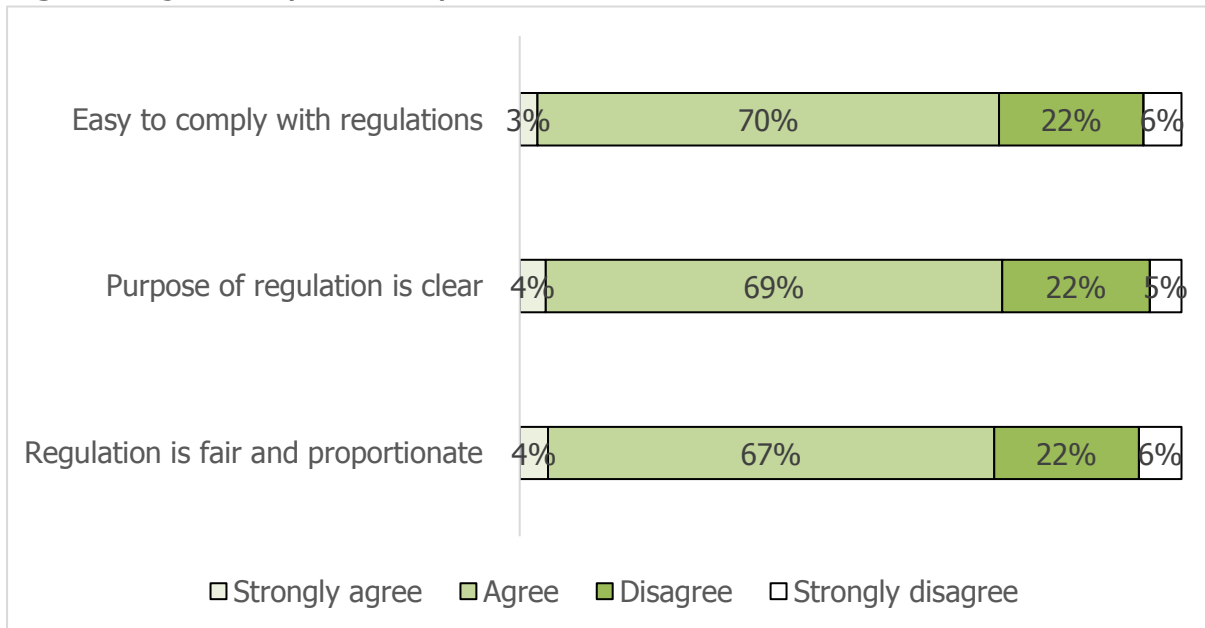
**Fig. 54** *How satisfied are you with the level of support for innovation and emerging technologies? (All sectors)*



Between 5% and 7% of businesses, on average, indicate that they “don’t know” how to answer questions about regulation, and these groups have been excluded from the chart below. On average, three quarters of employers (72.3%) have a positive outlook on regulation proportion, purpose, and ease of compliance.

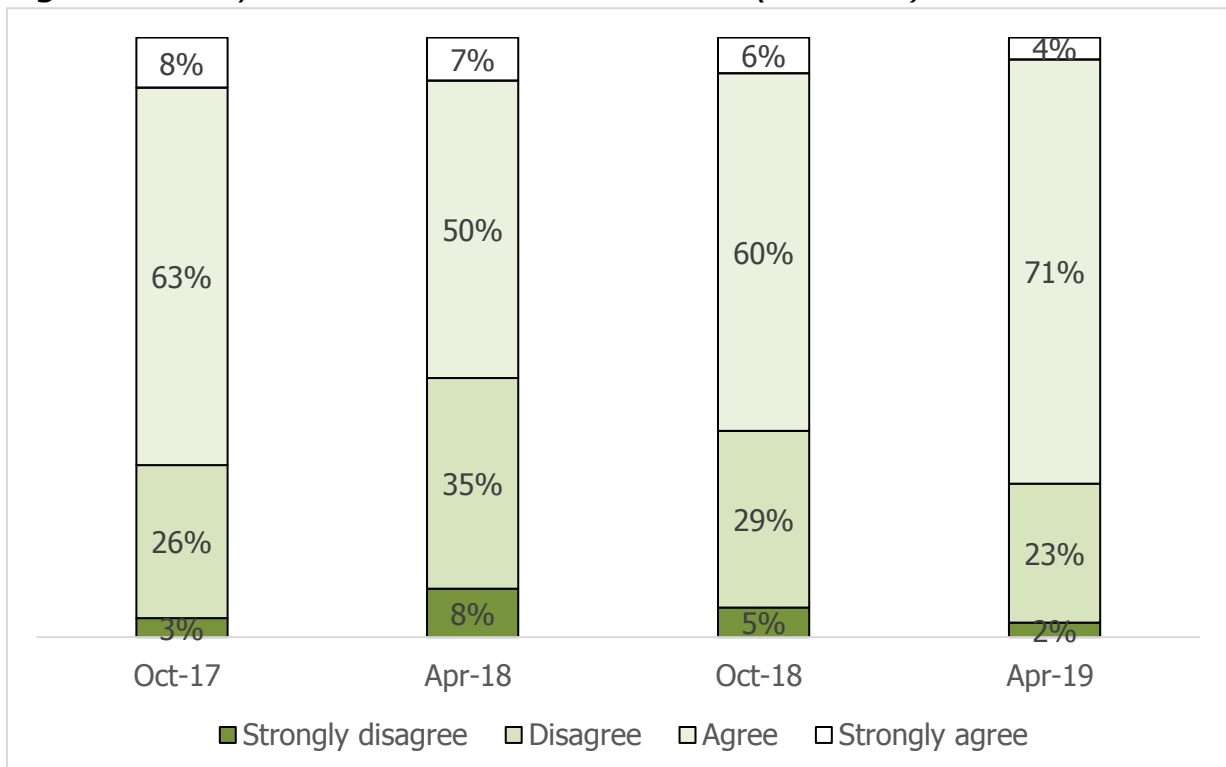
Overall, the Financial Services sector is most positive about the regulatory environment: although one-third of employers in the sector feel that compliance is not easy, a strong majority indicate that regulation is proportionate (85.3%) and clear of purpose (78.2%). Consistent with previous findings, the Manufacturing sector remains least positive overall, although employers’ satisfaction with the regulatory environment has improved; two-thirds of Manufacturing employers consistently report satisfaction with all issues pertaining to regulation.

**Fig. 55 Regulation (All sectors)**



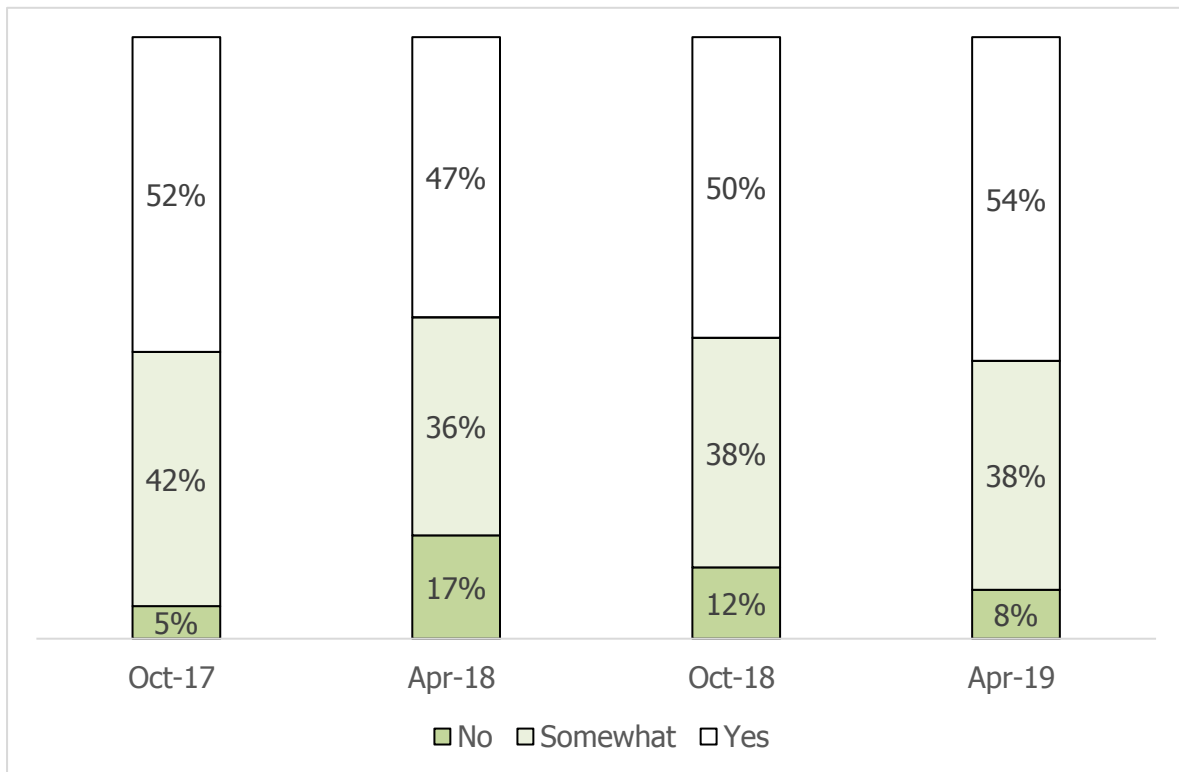
Across all sectors, three in four employers express the opinion that it is easy to do business on the Isle of Man, the highest proportion that has been indicated in the past two years. Consistent with previous findings, employers in Construction are most likely to agree that it is easy to do business on the Isle of Man (91.7% agree), while the Retail/Wholesale sector are currently least likely to express this opinion (50.0% disagree).

**Fig. 56 It is easy to do business on the Isle of Man. (All sectors)**



As above, and consistent with previous trends, Financial Services (64.7%) and Construction (62.5%) employers are most likely to indicate the willingness to recommend the Isle of Man as a place to do business, while the lowest level of support currently emanates from the Retail/Wholesale sector (12.5% disagree, 87.5% somewhat agree).

**Fig. 57** *Would you recommend the Isle of Man to others as a good place to do business?*



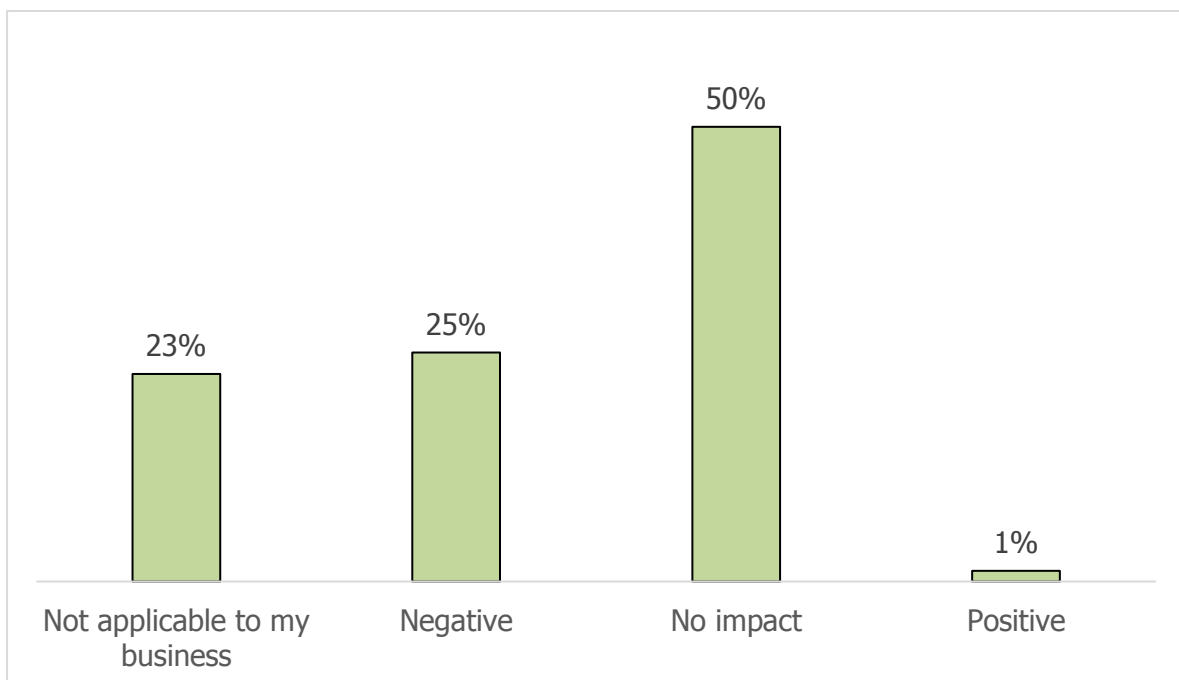
## Topical variables

The 2019.A Business Confidence Survey also asked employers a number of questions related to topical issues.

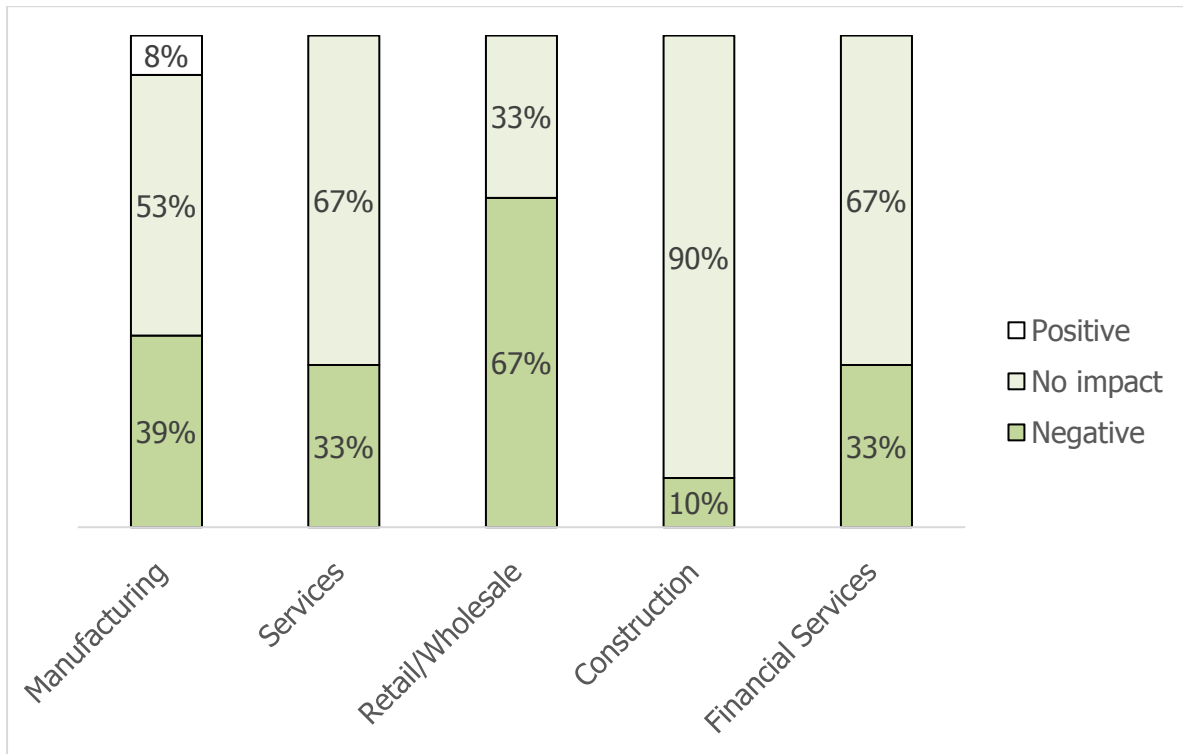
One in four (23.0%) of employers indicate that Brexit uncertainty is not applicable to their business, and 50.4% indicate that uncertainty has had no business impact; the distinction between the two categories is subtle, and in terms of current business outcomes they may validly be combined (73.4%).

However, one-quarter of businesses report a negative impact, and these are concentrated in the Retail/Wholesale sector, resonating with the sector's current dissatisfaction with planning and regulation. Conversely, a small percentage of Manufacturing employers (8.3%) indicate that the current climate of uncertainty has proved beneficial.

**Fig. 58** *Over the past six months, what has been the impact on your business of the uncertainty surrounding the UK's relationship with the EU?*

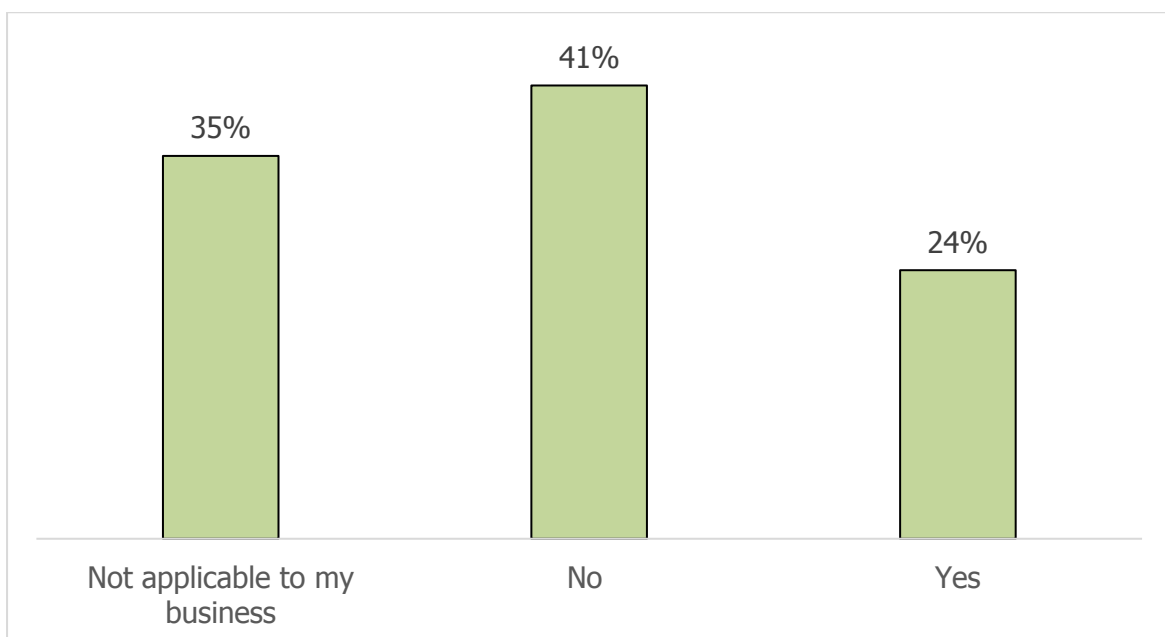


**Fig. 59** *Impact of UK/EU relationship, by sector*

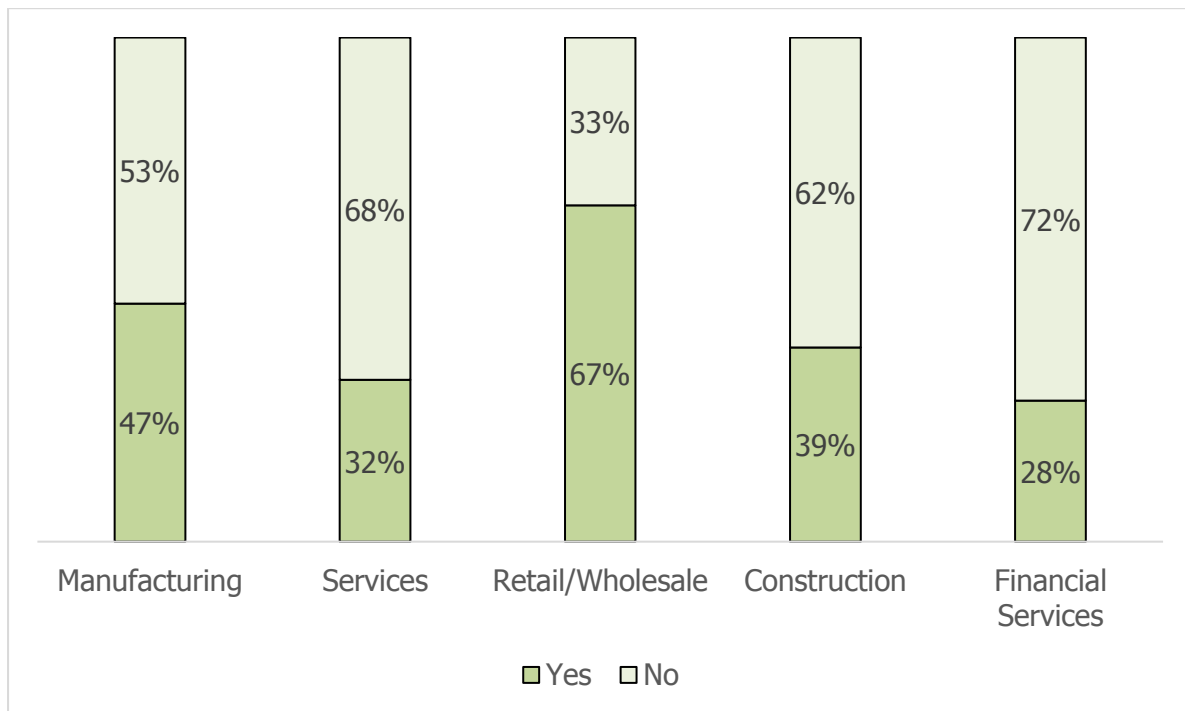


As above, three in four employers (75.7%) indicate that they have not deferred investment over the past six months. Only one-third of employers in Financial Services has deferred business investment, whereas twice as many in Retail/Wholesale (67.0%) have deferred.

**Fig. 60** *Over the past six months, has the uncertainty surrounding Brexit caused you to defer or reconsider business investment decisions?*



**Fig. 61** *Impact of Brexit on investment decisions, by sector*



## Appendix 1: Methodology

### Sampling and Weighting

#### Definition of terms: Registry, Sample, Respondents

The total population of businesses was determined from data extracted from Income Tax records for employers. The sampling frame used was the full list of 4157 businesses registered for tax purposes on the Island as of mid-February 2019. Listed information included business name and address, SIC trade classification number and description, and current number of employees. In this report, this list of 4157 businesses is referred to as “the registry”.

The list was sampled according to a methodology that will be described in greater detail immediately below. The sampling method yielded a group of 409 businesses who were selected for postal invitations to complete the Business Confidence Survey. Excluding those postal invitations that were returned to sender (most commonly because the business had closed since the June update of the tax roll), 395 businesses were successfully contacted. This group of 395 is referred to as “the sample”.

The sample yielded 154 respondents who completed the survey either online or through postal submission. This group is referred to as “the respondents”.

#### Sampling

Total Registry	Total Sample	Total Respondents
4157	395	154

The sample was structured in a two-stage stratification procedure based upon business size, as determined by number of employees. Large businesses with greater than 50 employees (n=108) were universally included in the sample; these large businesses were deliberately oversampled to account for their relatively higher impact upon the labour market. SMEs of 50 or fewer employees (n=4049) were randomly sampled at a rate of 7.5% using random sampling statistical software. Incorrect registry data, determined by both advance data cleaning and postal returns, invalidated a total of 14 sampled cases, reducing the final valid sample to 395.

This sample proportion yields a margin of statistical error of +/- 5%, nineteen times out of twenty.

Sampled businesses were sent postal invitations on 2<sup>nd</sup> April 2019, and on 10<sup>th</sup> April 2019 all sampled businesses who had not yet responded were sent a reminder. The data collection period was 21 days, and the survey was closed on 18<sup>th</sup> April.

The sample response rate for the 2019.A Business Confidence Survey was 39.0%, a very robust rate of return for a sample of this size and very comparable to the response

rate of earlier iterations of the survey. Large businesses of greater than 50 employees yielded a sub-sample response rate of 32.4%, while SMEs returned a sub-sample response rate of 40.6%.

## **Weighting**

Once data collection was complete, the sample was weighted according to a post-hoc stratification by quota, determined by number of employees associated with the business and stratified by economic sector.

Each respondent was weighted according to the proportion of employees it represented in relation to the total number of employees in that sector, those totals being derived from business information provided to Income Tax.

The procedure for weighting is outlined in Table 3 below.

**Table 3. Post-hoc stratification weighting by economic sector**

<b>Population</b>	<b>Proportion of Population</b>	<b>Respondents</b>	<b>Proportion of Respondents</b>	<b>Weight, by sector</b>
All IOM employees	Employees in sector as percentage of all IOM employees	All employees represented by respondents	Employees represented by respondents in sector as percentage of all employees represented by respondents	<b><u>Proportion of Population</u></b> <b><u>Proportion of Respondents</u></b>

Note: from Business Confidence 2018.B onwards, the methodology for reporting employers' satisfaction with the quality and cost of services on the Island has been changed from previous iterations of the survey.



## Appendix 2: 2019.A Questionnaire

1. Company name \_\_\_\_\_
2. How many employees currently work for your business? \_\_\_\_\_
3. To what sector does your business belong?
  - Agriculture, Forestry and Fisheries
  - Banking
  - Catering and Entertainment
  - Charitable and Third Sector Services
  - Construction
  - Corporate Service Providers
  - Education
  - E-Gaming
  - Financial and Business Services
  - Information and Communications Technology
  - Insurance
  - Legal and Accountancy Services
  - Manufacturing – Engineering
  - Manufacturing – Food and Drink
  - Manufacturing – General
  - Media and Creative Services
  - Medical and Health Services
  - Mining and Quarrying
  - Other Professional Services
  - Retail
  - Shipping and Aircraft
  - Tourist Accommodation
  - Transport and Communications
  - Utilities
  - Wholesale

### All Manufacturing

4. Over the past six months, how has your production developed?  
*Increased / Remained unchanged / Decreased*
5. Over the past six months, how have your orders developed?  
*Increased / Remained unchanged / Decreased*
6. Do you consider your current overall order books to be ...  
*More than sufficient / Sufficient / Not sufficient*
7. Do you consider your current export books to be ...  
*More than sufficient / Sufficient / Not sufficient / My business does not export*
8. Do you consider your current stock of finished products to be ...  
*Too large / Adequate / Too small*
9. What main factors are currently limiting your production? (Select all)  
*None / Insufficient demand / Shortage of labour force / Shortage of material and/or equipment / Financial constraints / Other factors*

10. Considering your current order books and the expected change in demand over the coming months, how do you assess your current production capacity?  
*More than sufficient / Sufficient / Not sufficient*
11. Over the next six months, how do you expect your production to develop?  
*Increase / Remain unchanged / Decrease*
12. Over the next six months, how do you expect your selling process to change?  
*Increase / Remain unchanged / Decrease*

### **Services**

13. Over the past six months, how has your business developed?  
*Improved / Remained unchanged / Deteriorated*
14. What main factors are currently limiting your business? (Select all)  
*None / Insufficient demand / Shortage of labour force / Shortage of space and/or equipment / Financial constraints / Other factors*
15. Over the next six months, how do you expect the demand (turnover) for your company's services to change?  
*Increase / Remain unchanged / Decrease*
16. Over the next six months, how do you expect the prices you charge to change?  
*Increase / Remain unchanged / Decrease*

### **Retail/Wholesale**

17. Over the past six months, how has your business activity (sales) developed?  
*Increased / Remained unchanged / Decreased*
18. Do you consider the volume of stock you currently hold to be ...  
*Too large / Adequate / Too small*
19. Over the next six months, how do you expect your orders placed with suppliers to change?  
*Increase / Remain unchanged / Decrease*
20. Over the next six months, how do you expect your business activity (sales) to change?  
*Increase / Remain unchanged / Decrease*
21. Over the next six months, how do you expect the prices you charge to change?  
*Increase / Remain unchanged / Decrease*

### **Construction**

22. Over the past six months, how has your building activity developed?  
*Increased / Remained unchanged / Decreased*

23. What main factors are currently limiting your building production? (Select all)  
*None / Insufficient demand / Weather conditions / Shortage of labour force / Shortage of material and/or equipment / Financial constraints / Other factors*
24. Do you consider your current overall books to be ...  
*More than sufficient / Sufficient / Not sufficient*
25. Assuming normal working hours, approximately how many months' work is accounted for by the work in hand and the work already contracted for?
26. Over the next six months, how do you expect the prices you charge to change?  
*Increase / Remain unchanged / Decrease*

### **Financial Services**

27. Over the past six months, how has your business developed?  
*Increased / Remained unchanged / Decreased*
28. Over the past six months, how has demand (turnover) for your company's services changed?  
*Increased / Remained unchanged / Decreased*
29. Over the past six months, how has your operating income developed?  
*Increased / Remained unchanged / Decreased*
30. Over the past six months, how have your operating expenses developed?  
*Increased / Remained unchanged / Decreased*
31. Over the past six months, how has your profitability developed?  
*Increased / Remained unchanged / Decreased*
32. Over the past six months, how has your capital expenditure developed?  
*Increased / Remained unchanged / Decreased*
33. Over the next six months, how do you expect the demand (turnover) for your company's services to change?  
*Increase / Remain unchanged / Decrease*
34. Over the next six months, how do you expect your operating income to develop?  
*Increase / Remain unchanged / Decrease*
35. Over the next six months, how do you expect your operating expenses to develop?  
*Increase / Remain unchanged / Decrease*
36. Over the next six months, how do you expect the profitability of your company to develop?  
*Increase / Remain unchanged / Decrease*
37. Over the next six months, how do you expect your capital expenditure to develop?  
*Increase / Remain unchanged / Decrease*

## All Sectors

38. Over the past six months, how has your business' total employment changed?  
*Increased / Remained unchanged / Decreased*
39. Over the next six months, what best describes your business' plans with respect to staffing?  
*Less hiring overall / More hiring of part-time employees / More hiring of full-time employees / More hiring, same mix of full and part time / Employment will be unchanged / Employment will be reduced*
40. Over the past six months, what has been the impact on your business of the uncertainty surrounding the UK's relationship with the EU?  
*Negative / Positive / No impact / Not applicable to my business*
41. Over the past six months, has the uncertainty surrounding Brexit caused you to defer or reconsider business investment decisions?  
*Yes / No / Not applicable to my business*
42. How satisfied would you say you are with the quality of ...  
*Government services / Transport links to and from IOM / Telecommunications services / Utilities services / Hotels and accommodations*
43. How satisfied would you say you are with the cost of ...  
*Government services / Transport links to and from IOM / Telecommunications services / Utilities services / Hotels and accommodations*
44. Do you think that young workers on the Island have the necessary skills to enter the workplace?  
*Yes / Somewhat / No / Don't know*
45. Do you think that the education system on the Island is responsive to the needs of the labour market?  
*Yes / Somewhat / No / Don't know*
46. Do you have any skills gaps among the employees currently at your business? (Select all)  
*No / Technical skills / Interpersonal or customer service skills / Leadership or management skills / Other skills*
47. How satisfied are you with the current IOM work permit system?  
*Very satisfied / Satisfied / Dissatisfied / Very dissatisfied / Not applicable to my business*
48. How satisfied are you with the current IOM planning system?  
*Very satisfied / Satisfied / Dissatisfied / Very dissatisfied / Not applicable to my business*
49. How satisfied are you with the level of support for innovation and emerging technologies?  
*Very satisfied / Satisfied / Dissatisfied / Very dissatisfied / Not applicable to my business*

50. Please indicate your level of agreement with the following statements:  
*Regulation is fair and proportionate / The purpose of regulation is clear / It is easy to comply with regulations*
51. It is easy to do business on the Isle of Man.  
*Strongly agree / Agree / Disagree / Strongly disagree*
52. Would you recommend the Isle of Man to others as a good place to do business?  
*Yes / Somewhat / No / Don't know*



**Isle of Man**  
**Government**

*Reilrys Ellan Vannin*



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