

Summary for the Business Tendency Survey in December 2021

Business activity indicator

- the headline **all-sector business activity** indicator was **neutral**, at +3 percentage points (pp); this means the proportion of businesses that reported an increase was 3 pp higher than those that reported a decrease
 - the business activity indicator was moderately positive for the finance sector (+19 pp) and was neutral for the non-finance sector (-3 pp)
 - the business activity indicator was essentially unchanged from the previous quarter for all sectors and finance, and decreased moderately for non-finance

Current indicators

- **one** of the **eight current indicators** was **extremely negative** (input costs), **one** was **strongly negative** (profitability), and **one** indicator was **strongly positive** (product prices)
- the **overall** picture was **more negative** than last quarter; **two** current indicators **decreased**, and there were no quarterly increases

Current situation: COVID-19

- the turnover indicator was **neutral** at +1 pp, which is **essentially unchanged** from the previous quarter
- the actively working indicator was **neutral** at -5 pp which was **essentially unchanged** from the previous quarter
- in the last three months, 50% of businesses had taken some **additional workforce measures** in response to COVID-19, with the **most cited measure** in this quarter being **increased working hours**

Outlook for next quarter – the three months to March 2022

- the outlook for **future business activity** was **moderately positive** (+10 pp) overall
 - the indicator balance was strongly positive for finance (+39 pp) and neutral for non-finance (0 pp)
- the overall **future employment** outlook was **moderately positive** (+20 pp)
 - the indicator was strongly positive for finance (+49 pp) and moderately positive for non-finance (+10 pp)

2022 – Finance sector expectations

- the **employment expectations** indicator for 2022 was **extremely positive** (+57 pp)
 - the balance for this indicator showed an **extremely positive** annual increase of 52 pp
- the **profit expectations** indicator for 2022 was **extremely positive** (+70 pp); 74% of finance companies anticipated an increase in profits in 2022, compared to 5% that anticipated a decrease; showing a strongly positive turnaround from twelve months ago
 - the balance for this indicator showed an **extremely positive** annual increase of 55 pp

Introduction

The Jersey Business Tendency Survey (BTS) aims to provide qualitative quarterly information about the Island's economy in a timely manner.

The survey provides a set of ten qualitative indicators. There are:

- **eight current indicators:** these are measures of current performance relative to that of three months previously (rather than absolute measures of performance)
- **two future indicators:** these measure anticipated changes over the next three months

Detailed definitions of the indicators are provided in the [glossary](#).

For each indicator a net balance is calculated, defined as the difference between the proportion of businesses reporting an increase in a particular measure and the proportion reporting a decrease¹.

Context: COVID-19

In response to the COVID-19 pandemic and associated economic consequences, additional questions have been included since the June 2020 round of the survey in order to measure some of these consequences. These questions are analysed in the [annex](#) at the end of the report. The [glossary](#) includes definitions for some of the new concepts covered in the COVID-19 annex.

¹ Note that figures in this report are rounded independently; therefore, an indicator's balance may differ by up to one percentage point from the difference between stated percentages.

Section 1: Current situation

Business activity

The headline indicator is business activity, which is a measure of the total amount of work undertaken by businesses operating in Jersey. The type of business activity will be specific to each sector of business; for example, turnover, number of products produced, or chargeable hours. Detailed definitions for this indicator and others can be found in the [glossary](#).

In December 2021, the all-sector business activity indicator was neutral, with a value of +3 percentage points (pp). An increase in business activity was reported by 22% of businesses, compared with 19% that reported a decline; the difference in the unrounded figures results in a net balance of +3 pp, which provides the value of the indicator. The remaining 59% of companies reported that business activity was unchanged; see [Figure 1.1](#).

The overall business activity indicator was essentially unchanged since the previous quarter (down by 6 pp); see [Figure 1.2](#).

Figure 1.1 – Business activity, December 2021

Compared with situation three months previously

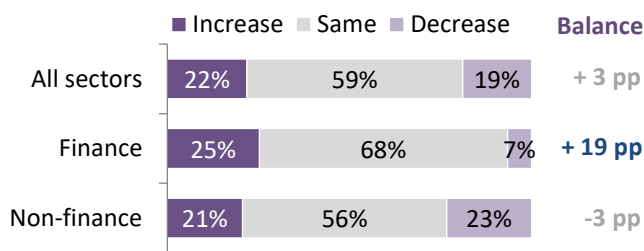
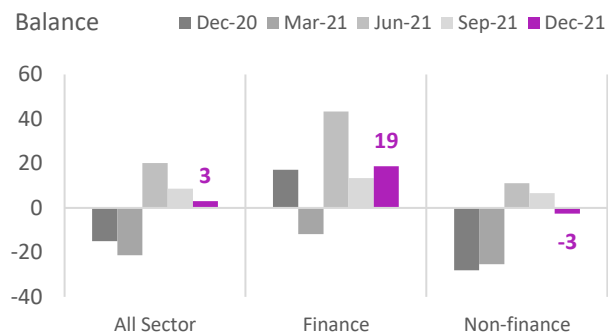


Figure 1.2 – Business activity

December 2020 – December 2021 (percentage points)



The finance sector indicator was essentially unchanged from last quarter, while the balance for the non-finance sector was moderate lower on a quarterly basis (down 10 pp).

The finance sector indicator was at a similar level in both September 2021 (+13 pp) and December 2020 (+17 pp). In contrast, in December 2021 the non-finance sector was strongly above its December 2020 balance (-28 pp).

Within the non-finance sector, the business activity indicator was:

- neutral in construction (-4 pp) and other non-finance (+4 pp)
- moderately negative in hotels, restaurants and bars (-14 pp) and wholesale and retail (-13 pp)

Since September, hotels, restaurants and bars had an extreme decrease (down 54 pp), and there was a moderate quarterly decrease in wholesale and retail (down 10 pp). There was essentially no quarterly change for construction and other non-finance.

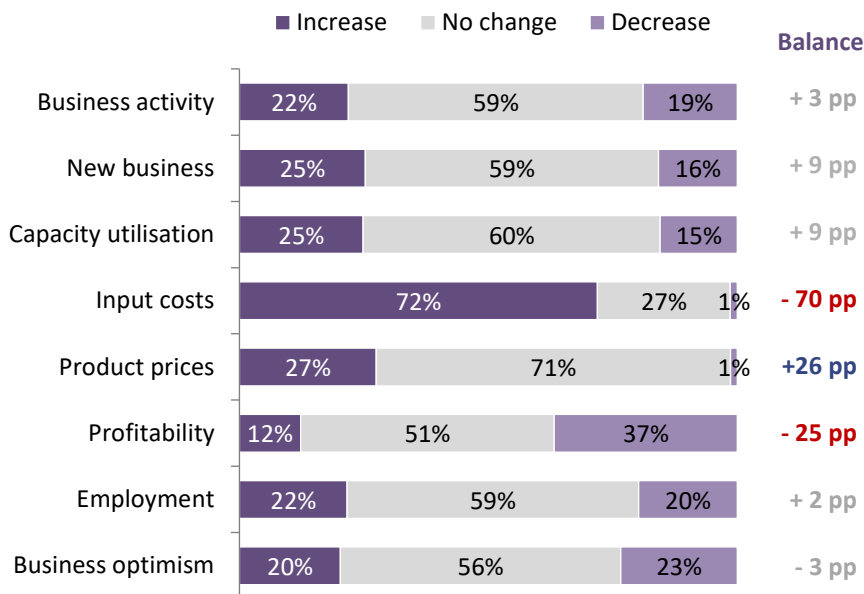
See the [appendix](#) for further sectoral breakdown.

Current indicators

In December 2021, one of the eight all-sector indicators relating to the current situation was extremely negative, one was strongly negative, one was strongly positive, and the other five were neutral; see [Figure 2.1](#). A positive net balance indicates that a greater proportion of companies reported increases than decreases, and conversely for a negative balance, while an indicator is reported on if it has a balance of at least ± 10 pp.

The input costs indicator had an extremely negative balance of -70 pp, and the profitability indicator had a strongly negative balance of -25 pp, while the product prices indicator was strongly positive (+26 pp). The other current indicators were neutral.

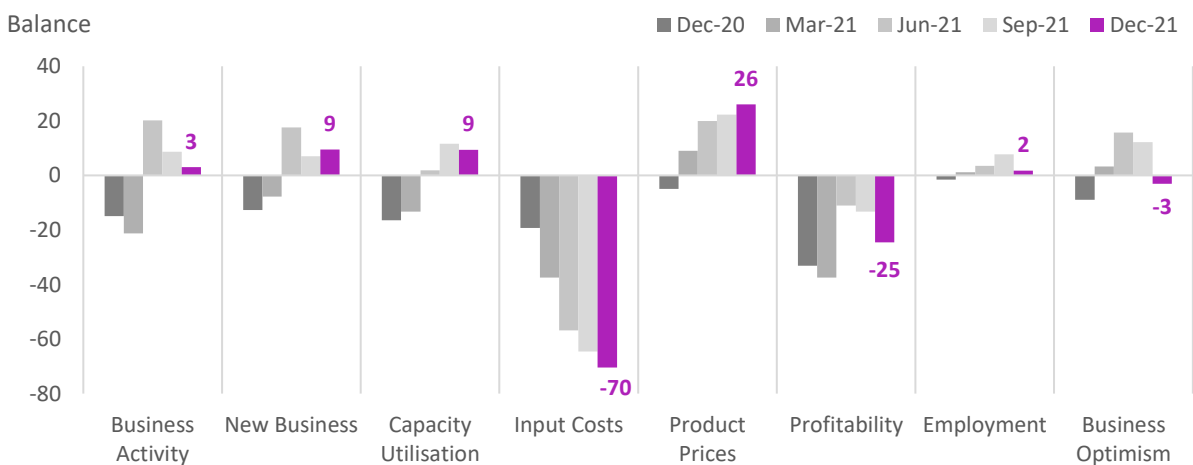
Figure 2.1 – All-sector indicators, comparing current situation (December 2021) to three months previously



The summary balance across all indicators² was -1, which is lower than the previous quarter (down by 2). The summary balance was marginally higher than the three-year mean of -1.9.

Figure 2.2 – All-sector current indicators

December 2020 – December 2021



² This is the difference between the number of positive indicators (four) minus the number of negative indicators (two).

Figure 2.2 shows the eight current indicators for December 2021 against those of the previous four quarters. There were two notable quarterly changes, both moderate decreases; these were in business optimism (down 15 pp) and profitability (down 12 pp).

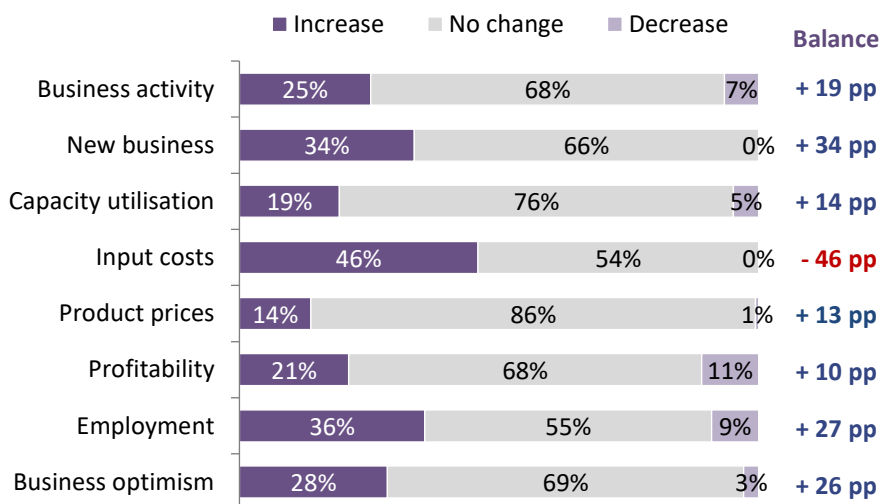
Compared to the balances a year before, five indicators changed significantly, four changes being increases and the other being a decrease. The largest annual changes were the extreme decrease in the balance of the input costs indicator (down 51 pp), and strong increases in product prices and capacity utilisation (up 31 pp and 26 pp respectively). There were also moderate increases in new business (up 22 pp) and business activity (up 18 pp).

Four indicators were notably different to their three-year means; input costs was strongly below its three year mean by 29 pp, and three were moderately above their averages: new business, capacity utilisation, and product prices (all by 14 pp).

Finance sector

In December 2021 the finance sector had seven positive indicators and one negative indicator; see Figure 3.1.

Figure 3.1 – Finance sector indicators, comparing current situation (December 2021) to three months previously



The summary balance across all indicators³ was +6, up from +5 for the previous quarter, and well above the three-year mean for the finance sector (+1.6).

Figure 3.2 illustrates that there were two changes since the previous quarter, both moderate: new business increased moderately (up 16 pp), and business optimism decreased moderately (down 10 pp). The balances of the other six indicators were essentially unchanged from the previous quarter.

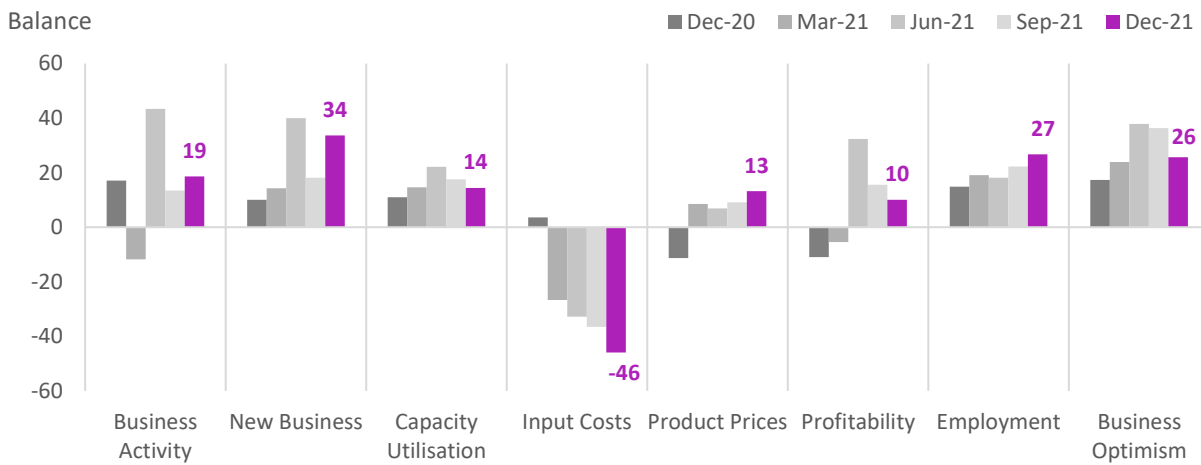
Compared to December 2020, the input costs indicator saw an extreme decrease (down 50 pp), while there were four moderate increases: new business and product prices (both up 24 pp), profitability (up 21 pp), and employment (up 12 pp). Other indicators were essentially unchanged on an annual basis.

In December 2021 six of the eight current indicators for finance were notably above their three-year means, with input costs moderately below its three-year average (22 pp lower), and five indicators moderately above their mean: new business, business optimism, employment, profitability, and product prices. The other two current indicators were at a similar level to their three-year means.

³ This is the difference between the number of positive indicators (six) minus the number of negative indicators (one).

Figure 3.2 – Finance sector current indicators

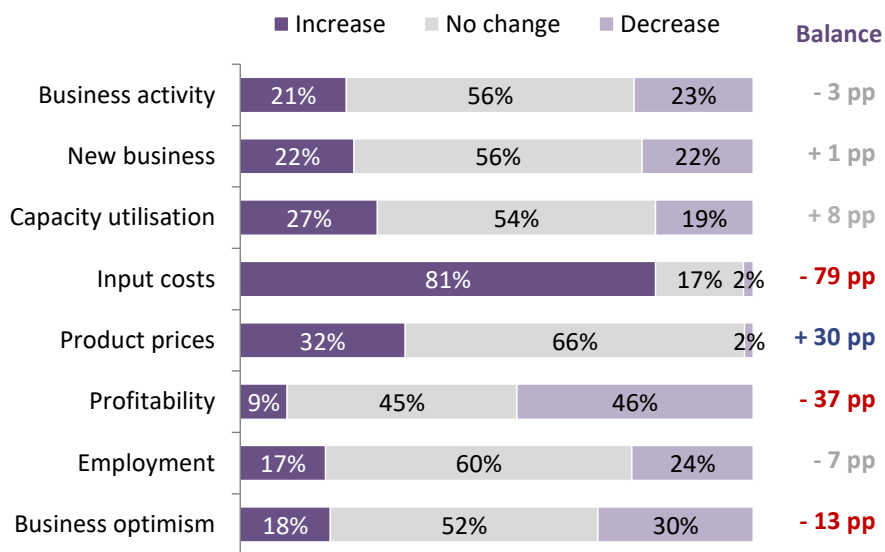
December 2020 – December 2021



Non-finance sector

For the non-finance sector in December 2021, three indicators were negative, one was positive and the other four current indicators were neutral; see [Figure 4.1](#).

Figure 4.1 – Non-finance sector indicators, comparing current situation (December 2021) to three months previously



The summary balance across all indicators was -2, lower than the previous quarter (-1) but above the three-year mean for the period up to September 2021 for non-finance (-3.1).

The input costs indicator was extremely negative (-79 pp) and profitability was strongly negative (-37 pp), while in contrast the product prices indicator was strongly positive (+30 pp). Business optimism was moderately negative, and the remaining four current indicators were neutral.

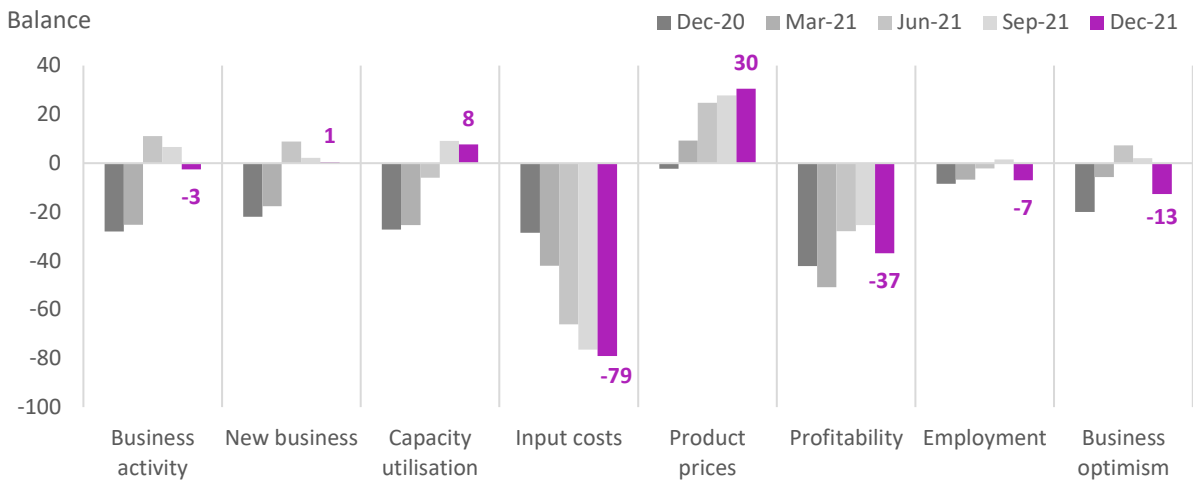
All of the non-finance sub-sectors (hotels, restaurants and bars, construction, wholesale and retail, and other non-finance) were extremely negative in one indicator: input costs. The hotels, restaurants and bars sector was negative in six other indicators, wholesale and retail was negative in five other indicators, other non-finance was negative in two other indicators, construction was negative in one other indicator.

For the non-finance sector overall, there were three quarterly changes, all moderate decreases: business optimism, profitability, and business activity (down 15 pp, 12 pp, and 10 pp respectively). The other five

indicators were essentially unchanged; see [Figure 4.2](#). See the [appendix](#) for detailed breakdowns by size and sector.

Figure 4.2 – Non-finance sector current indicators

December 2020 – December 2021



Compared to a year ago, there were three strong increases (capacity utilisation, product prices, and business activity) and one moderate increase (new business), compared to one decrease in input costs, which had an extreme annual decrease of 50 pp. In December 2021 three indicators were moderately above their three-year means, and one was below its three-year mean, that being the input costs indicator which was strongly below its three-year average by 31 pp.

Hotels, restaurants and bars saw quarterly decreases in seven of the eight current indicators, with the exception being inputs costs, which was essentially unchanged. The largest quarterly changes were the extreme decreases observed in the business activity and new business indicators, down 54 pp and 52 pp respectively. Compared to a year ago, seven of the eight current indicators saw an increase, most notably business activity (up by 84 pp), product prices (up 69 pp), business optimism (up 67 pp), new business (up 62 pp), and capacity utilisation (up 60 pp), which have all seen extreme annual increases. In contrast, the only indicator that was more negative was input costs (down 75 pp). In December 2021, five indicators were moderately above their three-year means; in contrast, the only indicator that was below its three-year mean value was input costs (35 pp below).

The construction sector had four quarterly increases, comprising a strong increase in the employment indicator (up 36 pp), and three moderate increases: business optimism, new business, and capacity utilisation. The only quarterly decrease was in profitability, which decreased moderately (down 22 pp). In December 2021, five current indicators in this sector were at least 10 pp above their three-year means, all by moderate amounts. In contrast, input costs was strongly below its averages (31 pp lower), and profitability was moderately below its three-year mean (by 23 pp).

The wholesale and retail sector capacity utilisation indicator showed strongly negative quarterly decreases in employment (down 47 pp) and business optimism (down 37 pp), and a moderate decrease in business activity (down 10 pp). There was one quarterly increase, which was a strong increase in product prices (up 34 pp). In December 2021, one indicator – product prices – was strongly above its three-year mean, and two were moderately above (profitability and capacity utilisation). In contrast, input costs and business optimism were strongly below their three-year averages (below by 32 pp and 26 pp), and employment was moderately below (below by 18 pp).

For the other non-finance sector there was only one quarterly change, a moderate decrease in business optimism (down 12 pp). Compared to a year ago, there were four annual increases, of which capacity utilisation and new business saw strong increases (up 42 pp and 34 pp respectively), and business activity

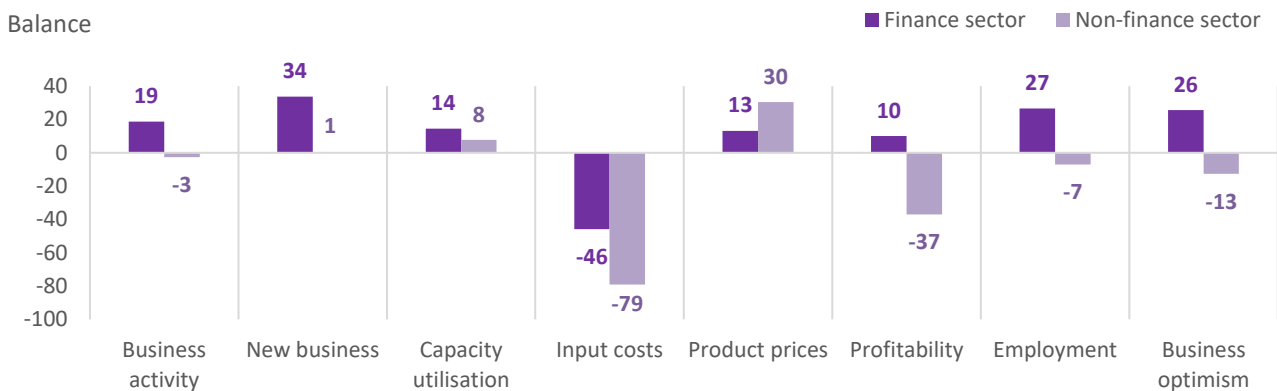
and product prices increased moderately (up 23 pp and 15 pp respectively). The only annual decrease was in input costs, which exhibited a strong annual decrease (down 48 pp). In December 2021, the input costs indicator was strongly below its three-year average (down 30 pp), while capacity utilisation and new business were moderately above their averages (by 22 pp and 16 pp respectively). Other current indicators were essentially at the level of their three-year means.

Comparison of finance and non-finance sectors

The finance sector was significantly more positive than the non-finance sector in six of the eight current indicators, and more negative in the product prices indicator. This gave a net balance of +5 indicators where the finance sector was more positive; see [Figure 5.1](#). This is equal to the three-year mean balance +5. In December 2021, five current finance sector indicators were strongly above the balances for the non-finance sector (by at least 25 pp) and one (business activity) was moderately higher.

Figure 5.1 – Finance and non-finance sector indicators (net balances, percentage points)

December 2021



Section 2: Future indicators

Future business activity

The outlook for all-sector future business activity over the next three months (to March 2022) was moderately positive (+10 pp). Increases in business activity were expected by 28% of businesses, compared to 17% that expected decreases, while just over half (55%) expected no change; see [Figure 6.1](#).

Figure 6.1 – Future business activity

Expectations for next three months (March 2022)

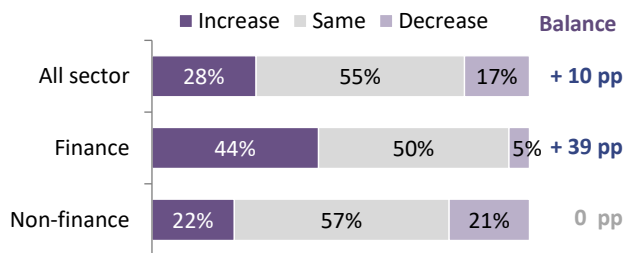
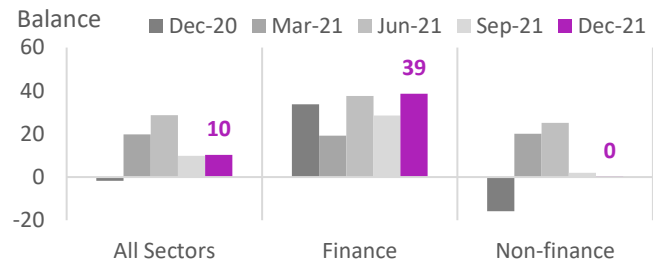


Figure 6.2 – Future business activity

December 2020 – December 2021 (percentage points)



The future business activity indicator was strongly positive for the finance sector (+39 pp) and neutral for the non-finance sector (0 pp).

Within the non-finance sub-sectors, the future business activity indicator was:

- neutral for construction (-2 pp)
- moderately positive for wholesale and retail (+16 pp)
- neutral for hotels, restaurants and bars (-4 pp)
- and neutral for other non-finance (-3 pp).

The overall future business activity indicator was unchanged since the previous quarter; see [Figure 6.2](#). The balance in December 2021 moderately increased on an annual basis (up 12 pp).

The future business activity indicator for the finance sector (+39 pp) saw a moderate quarterly increase of 10 pp, while it was at essentially the same level as 12 months earlier. In December 2021 this indicator was also moderately above its three-year mean by 20 pp.

The non-finance sector balance in the latest quarter was essentially unchanged from its balance in September 2021 and was moderately above its balance twelve months ago in December 2020 (up by 16 pp). It was essentially equal to its three-year mean.

Within the non-finance sector, the indicators for the construction and wholesale and retail sectors were both at essentially the same level as the previous quarter, 12 months ago, and their three-year means.

Hotels, restaurants and bars showed a balance moderately above the previous quarter's balance and its three-year mean (by 18 pp and by 19 pp respectively). However, this sector's future business activity indicator was extremely above its December 2020 balance by 75 pp.

Other non-finance saw a balance for this indicator that was at essentially the same level as in the previous quarter and as its three-year mean. In contrast, it was moderately above its balance in December 2020 (by 15 pp). See the [appendix](#) for a sectoral breakdown.

Future employment

The outlook for all-sector future employment over the next three months (to March 2022) was moderately positive (+20 pp). An increase in employment was expected by 30% of businesses, compared to 10% that expected a decrease, while 61% expected no change; see [Figure 7.1](#). The finance sector was strongly positive (+49 pp), with 52% of businesses expecting an increase in employment, and only 3% expecting a decrease. The non-finance sector was moderately positive (+10 pp), with 22% of businesses expecting to increase employment, offset by 12% that expected employment to decrease.

Figure 7.1 – Future employment

Expectations for next three months (March 2022)

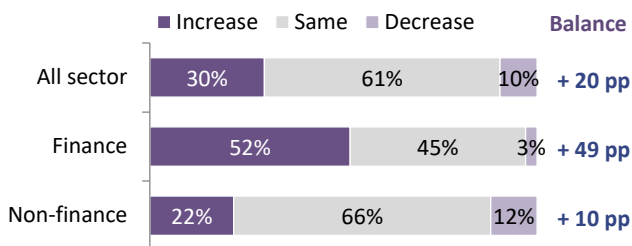
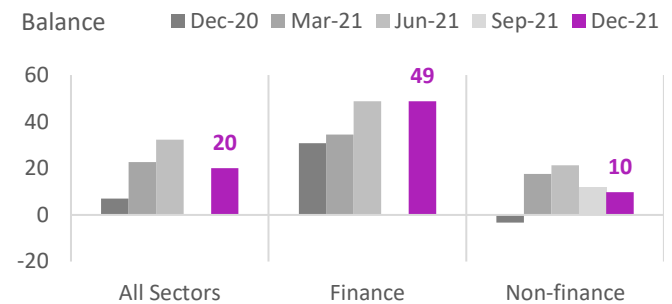


Figure 7.2 – Future employment⁴

December 2020 – December 2021 (percentage points)



The overall indicator for the all-sector future employment indicator was at essentially the same level as in March 2021⁴; see [Figure 7.2](#).

In the current quarter the future employment indicator was strongly above its three-year mean for finance (above by 28 pp), but was not essentially different to its three-year mean for non-finance, resulting in the all-sector indicator being moderately above its three-year mean (by 13 pp).

The non-finance sector future employment indicator has increased from neutral (-3 pp) in December 2020 to moderately positive (+10 pp) in December 2021; see [Figure 7.2](#). However, on a quarterly basis, the balance of this indicator was essentially unchanged from September 2021.

Within the non-finance sector, the future employment indicator was strongly positive for construction (+26 pp) and moderately positive for wholesale and retail (+21 pp), while it was neutral for other non-finance (+2 pp) and hotels, restaurants and bars (-2 pp).

See the [appendix](#) for a detailed breakdown by size and sector.

⁴ In the September 2021 round, the future employment question was not asked of the finance sector due to a technical fault, so responses were only collected for the non-finance sector.

Annex 1 – COVID-19

In response to the COVID-19 pandemic and associated economic consequences, additional questions have been included since June 2020 in order to measure some of these consequences.

Trading activity

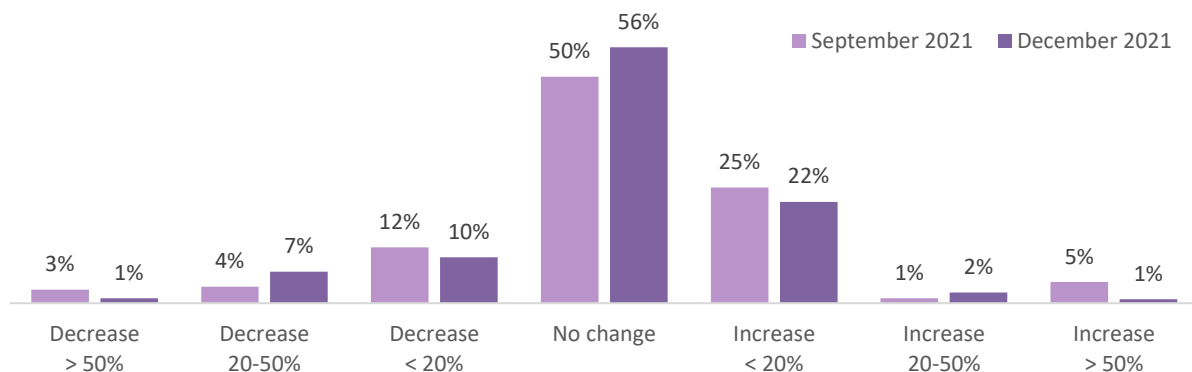
Businesses were asked if they were currently trading. Of those that responded, 99% were trading and 1% were inactive in December 2021. However, some of the undertakings that did not respond to the survey are known to have ceased, so these figures underestimate the proportion of undertakings that ceased during the period.

Turnover

Businesses were asked how their turnover in December 2021 compared to three months' ago (September 2021) and were given a choice of several options. In calculating the balance of this indicator, the smaller increases and decreases (of less than 20%) were given a lower weight (50%), and the greatest increases and decreases (of more than 50%) were given a larger weight (150%).

The balance of the turnover indicator was neutral at +1 pp, see [Figure A1.1](#). Overall, 26% of businesses reported an increase in turnover, compared to 18% that reported a decrease. The balance of this indicator was essentially unchanged from September 2021 (-6 pp).

Figure A1.1 – Change in turnover in December 2021, compared with change in turnover in September 2021



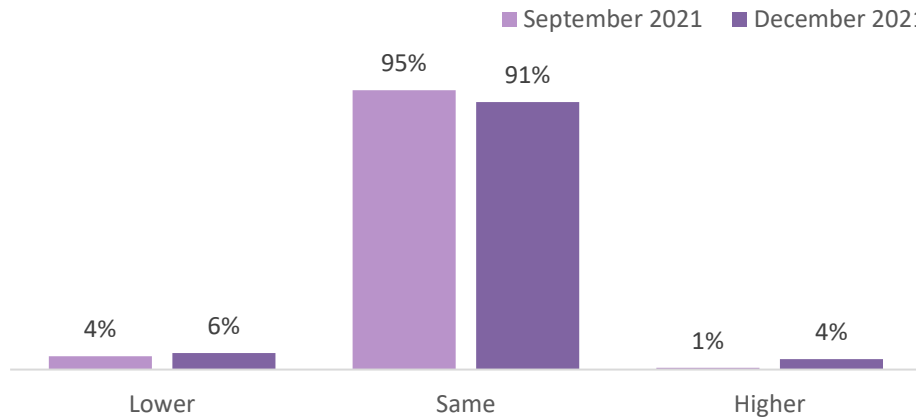
The turnover indicator was moderately positive for the finance sector (+19 pp) and was neutral for the non-finance sector (-7 pp).

Access to finance

The access to finance indicator was neutral (-2 pp). A large majority (91%) reported no change in their access to finance, while 4% reported an increase and 6% reported decrease; see [Figure A1.2](#). The balance of this indicator has remained at essentially the same level since March 2021.

The indicator was neutral for both the finance (-4 pp) and non-finance (-2 pp) sectors.

Figure A1.2 – Access to finance in December 2021 and September 2021 compared to three months' ago



Employment

Of businesses that employed staff, 12% reported that a lower proportion of their staff were actively working in December 2021 compared to normal, while 8% said that a higher proportion of their staff were actively working. Staff that are actively working are carrying out their duties, as opposed to not working but continuing to be employed. The balance of -5 pp was essentially unchanged from the previous quarter, and was moderately more positive than the December 2020 balance of -16 pp.

Figure A1.3 – Proportion of staff actively working, June 2020 to December 2021, finance sector

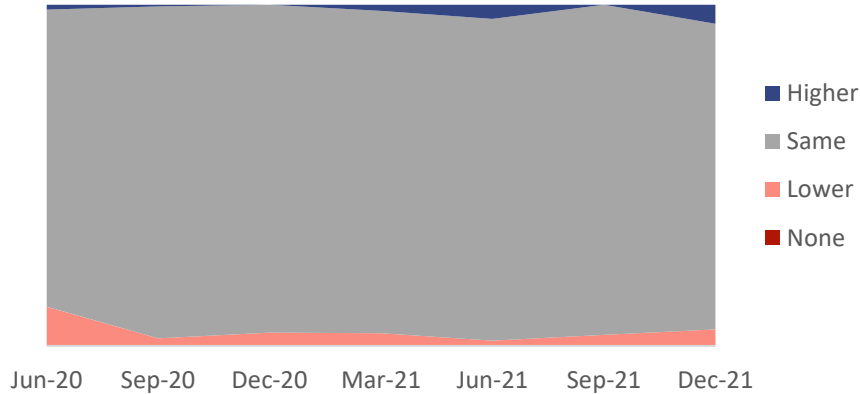
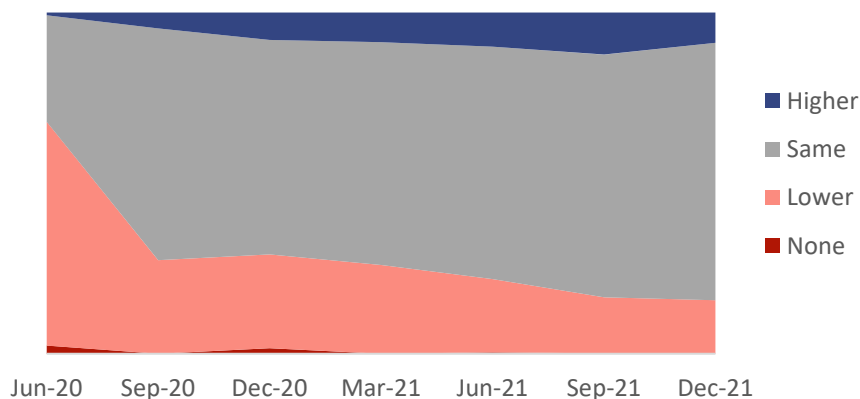


Figure A1.4 – Proportion of staff actively working, June 2020 to December 2021, non-finance sector



The actively working indicator for the finance sector was neutral (+1 pp) and has remained in a 10 pp range since September 2020; see [Figure A1.3](#). The non-finance sector balance was also neutral (-7 pp) in December 2021, essentially unchanged since June, and was 15 pp above its December 2020 balance of -22 pp; see [Figure A1.4](#).

Of the all-sector businesses that employed staff, almost a quarter (24%) reported that all of their staff were working remotely, and a further 39% said some of their staff were working remotely. In contrast, 37% said none of their staff were working remotely. These figures have remained essentially unchanged since March 2021.

In the finance sector, 70% of businesses reported all their staff worked remotely in December 2021, compared to 4% of non-finance companies; see [Figure A1.5](#) and [Figure A1.6](#). Similarly, over half (53%) of non-finance businesses said none of their staff were working remotely, while 2% of finance businesses reported that none of their staff were working remotely. These figures were again very similar to the balances reported each quarter since March 2021.

Figure A1.5 – Proportion of working remotely, finance sector

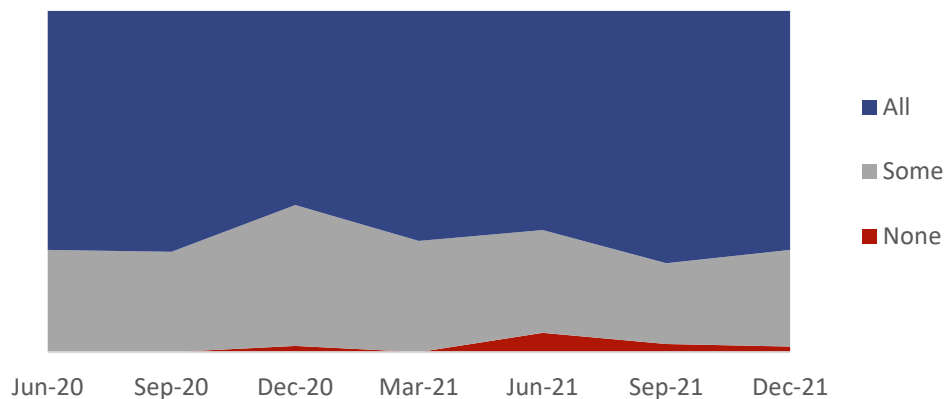
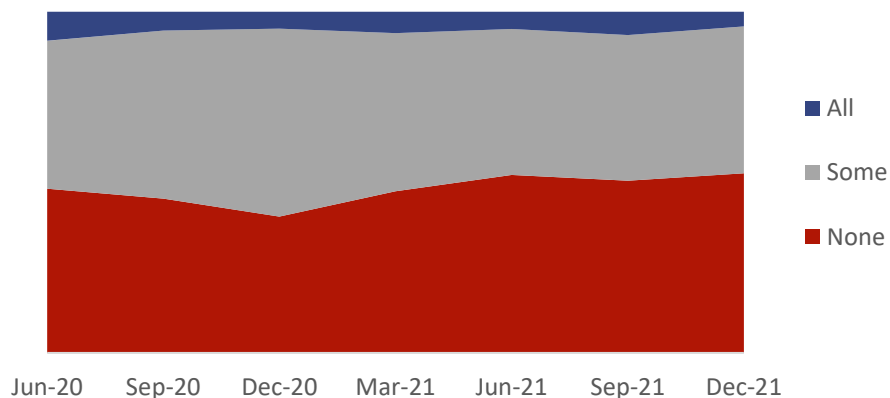
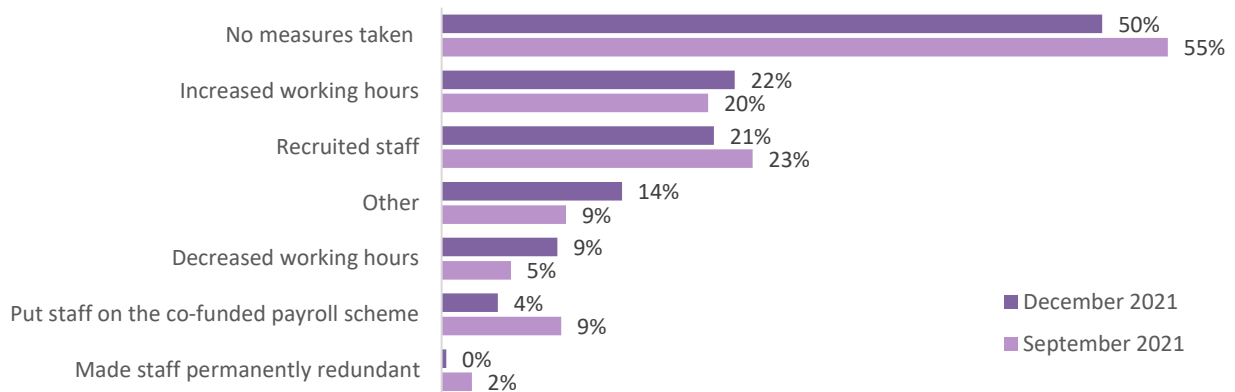


Figure A1.6 – Proportion of working remotely, non-finance sector



Businesses were asked if in the last three months they had taken any measures to cope with the impact of COVID-19 on their workforce. Of businesses that employed staff, half (50%) had implemented some measures in the last three months, and 50% reported that no additional measures had been taken. This compares with 55% not implementing any measures in the previous quarter. The most common measure taken in the last three months was to increase working hours (22%), followed by recruiting staff (21%) and other workforce measures (14%); see [Figure A1.7](#).

Figure A1.7 – Workforce measures taken in response to COVID-19 in the last three months, as reported in September 2021 and December 2021



The least commonly selected option was staff redundancies (0%), followed by putting staff on the Government’s Co-Funded Payroll scheme (4%), and decreasing working hours (9%). There was essentially no change in workforce measures since September 2021.

Staff redundancies has remained the least commonly selected option since this question was first asked in June 2020.

The most common ‘other’ measures mentioned related to provision of PPE and other health and safety measures, facilitating home and remote working, and flexible working hours.

In December 2021, almost two-thirds (65%) of finance businesses reported they had taken no additional workforce measures in response to COVID-19 during the previous three months, in contrast to 43% of non-finance businesses. The proportion of finance companies that reported taking no measures has been above that for non-finance companies every time this question has been asked, and more recently the difference has increased from 12 pp in September 2021 to 22 pp in December 2021.

Annex 2 – Finance sector

Future expectations

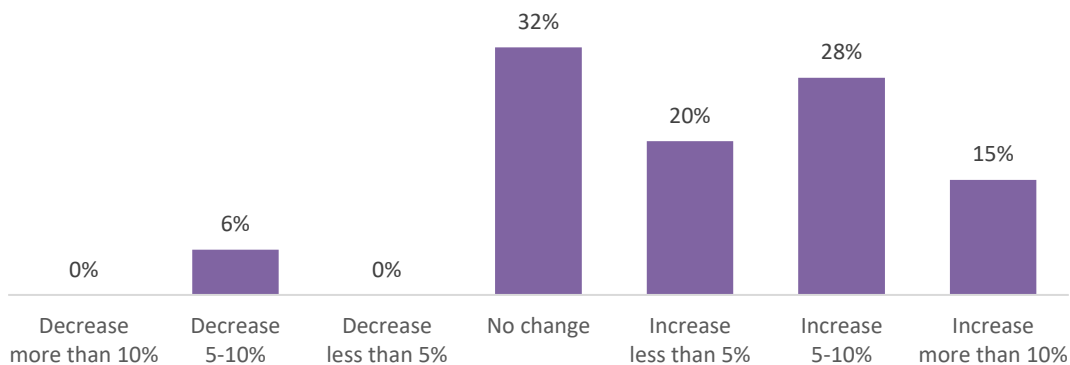
Additional questions were asked of the finance sector to gauge their expectations for future employment, profits and business development⁵.

Employment expectations

Businesses were asked to quantify their expected changes in employment from December 2021 to December 2022.

The longer-term employment expectations indicator was extremely positive (+57 pp), with 62% of finance companies expecting employment to be higher in 12 months, compared to 6% that expected a decrease; see [Figure A2.1](#).

Figure A2.1 – Longer-term employment expectations (December 2021 to December 2022)

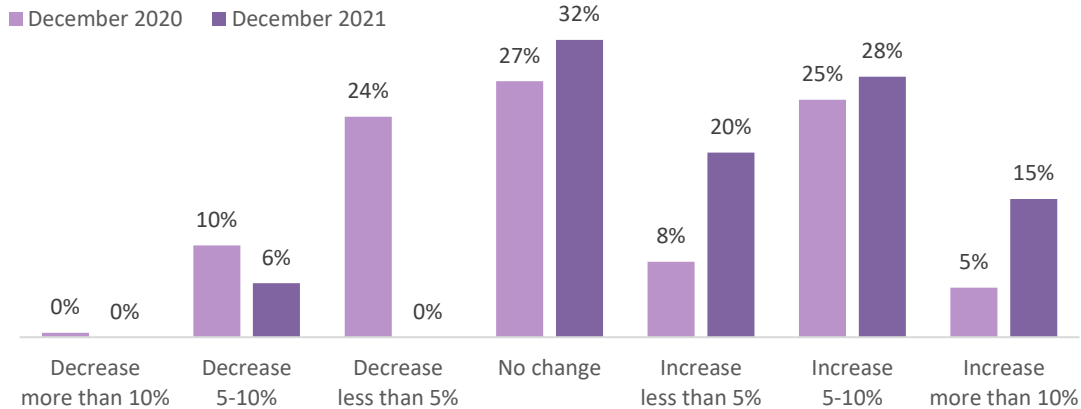


All the businesses that expected a decrease expected it to be between 5-10% of current employment. Of businesses that expected an increase, a change of 5-10% was also the most commonly selected option, with 28% of businesses predicting an increase of this size. In addition, 20% of businesses expected an increase of less than 5%, and 15% of businesses expected employment increases of more than 10%. The remaining 32% expected no change in employment.

Compared to expectations in December 2020 (for December 2021), this indicator changed from neutral (+5 pp) to extremely positive (+57 pp). More companies predicted increases, and fewer predicted decreases; see [Figure A2.2](#).

⁵ In publications prior to June 2019, the finance annex was weighted by company size only. The annex is now weighted by company size and sampling probability, as in the rest of the report.

Figure A2.2 – Longer-term employment expectations for 2022 (expressed in December 2021), compared with expectations for 2021 (expressed in December 2020)

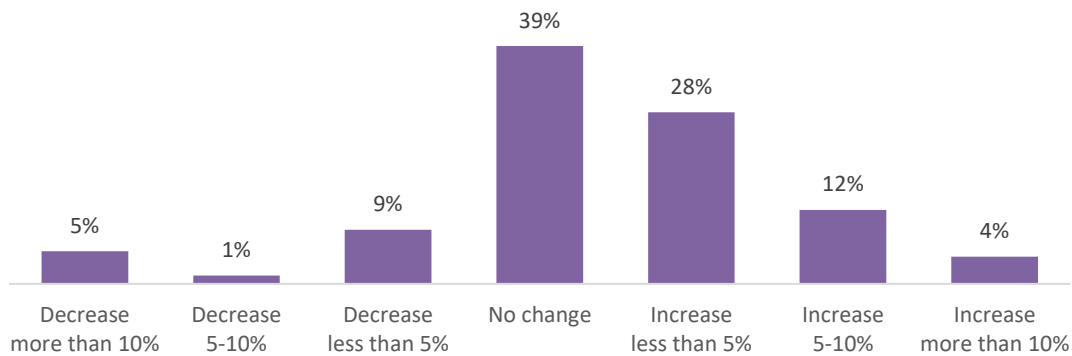


Profit expectations

Companies were asked their expected level of profits for the following three months, between December 2021 and March 2022. The outlook for profits in the short term was strongly positive (+29 pp): 45% of finance businesses expected increases compared to 16% that expected decreases, and 39% expected no change in profits in the short term; see [Figure A2.3](#).

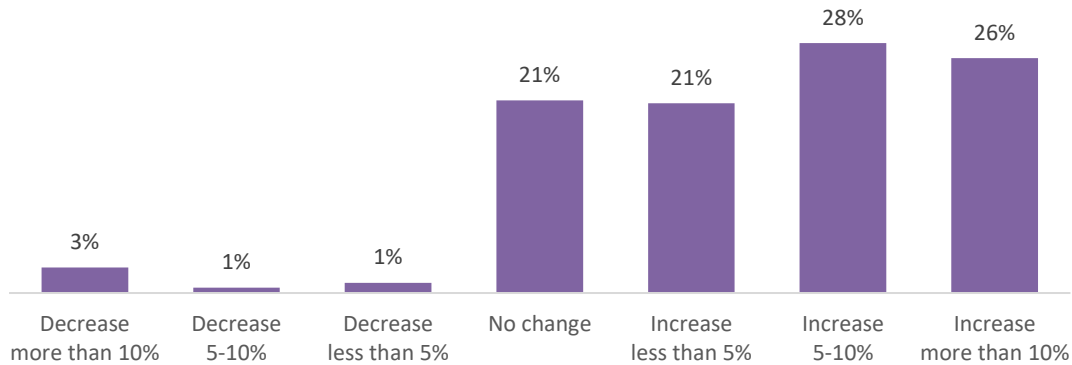
The balance was essentially the same as 12 months ago (up 3 pp) and was equal to the three-year mean for this indicator. However, it was also moderately less positive than in June 2021 (down 14 pp).

Figure A2.3 – Short-term profit expectations (December 2021 to March 2022)



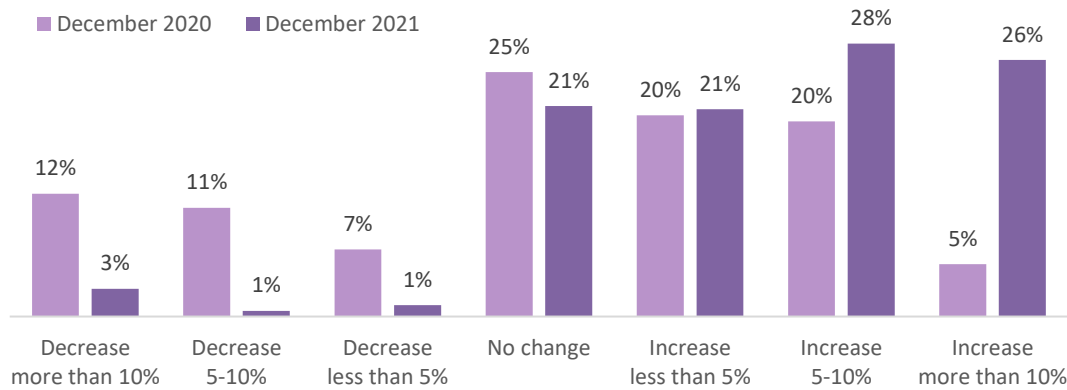
Businesses were also asked to compare their profits for financial year 2021 with their expected profits for financial year 2022. The balance for the longer-term profits for this year was extremely positive (+70 pp), and 41 pp above the short-term profit expectations indicator. Almost three-quarters (74%) of finance businesses expected that profits in 2022 would be higher than in 2021, compared to 5% that expected decreases; see [Figure A2.4](#). Increases of 5-10% and over 10% were both predicted by slightly over a quarter of finance companies (28% and 26% respectively), while increases of less than 5% and no change in profits were both predicted by a fifth (21%) of businesses.

Figure A2.4 – Longer-term profit expectations (for 2022, compared with 2021)



The current balance of this indicator was strongly above the three-year mean (by 35 pp), and was higher than twelve months ago by an extreme 55 pp. See [Figure A2.5](#).

Figure A2.5 – Longer-term profit expectations for 2022 (expressed in December 2021), compared with expectations for 2021 (expressed in December 2020)



In December 2021, 5% of businesses predicted a decrease in profits, compared to 30% in December 2020. Similarly, 74% of businesses predicted an increase in profits in December 2021, compared to 45% in December 2020. In contrast, the proportion of finance businesses that expected no change in profits was at essentially the same level.

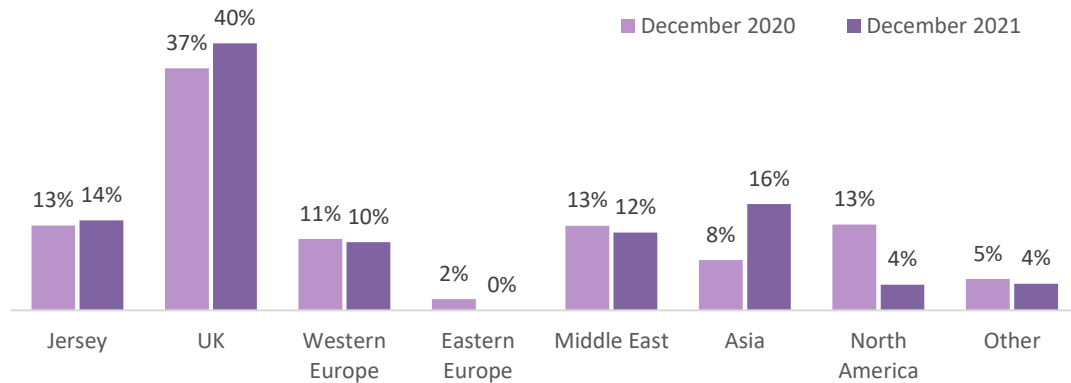
Geographical regions

Respondents were asked to identify which geographical region had the greatest potential for developing key business referrers in 2022 and which had the greatest potential for decline.

Developing regions

The UK continued to be the most commonly cited region with the highest potential for developing business, although the proportion of companies that cited the UK has decreased since June 2021 from 56% to 40% in December 2021, see [Figure A2.6](#). However, the figure in June 2021 was the highest recorded for any country, and the December 2021 UK figure was at essentially the same level as recorded in 2020. Most other regions were selected by 4% to 16% of businesses, with Eastern Europe representing the lowest potential.

Figure A2.6 – Geographical regions with the greatest potential for developing key business for 2022 (expressed in December 2021), compared with expectations for 2021 (expressed in December 2020)

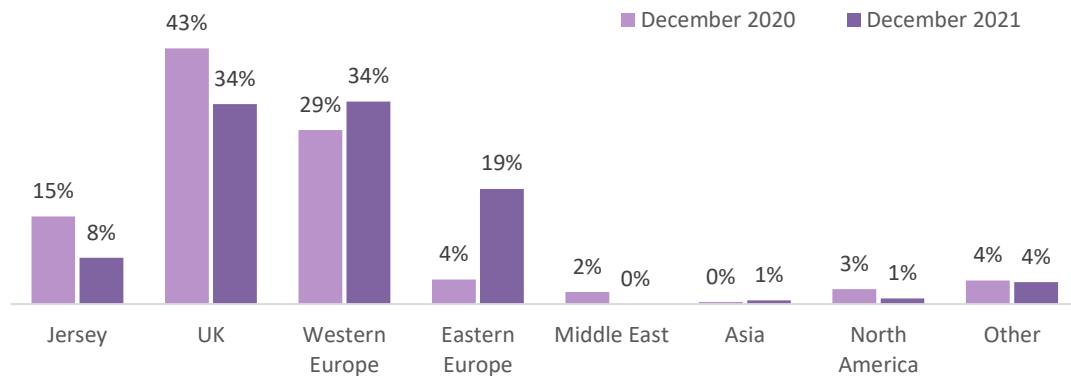


On an annual basis, there were essentially no changes in the proportion of companies citing each region as having the greatest potential for development.

Declining regions

Western Europe and UK were mostly commonly cited as having the greatest potential for decline in 2022, both cited by a third (34%) of companies, followed by Eastern Europe (19%); see [Figure A2.7](#). On an annual basis, the only notable change was the increase in companies citing Eastern Europe as having the greatest potential for decline, increasing from 4% to 19%.

Figure A2.7 – Geographical regions with the greatest potential for decline of key business for 2022 (expressed in December 2021), compared with expectations for 2021 (expressed in December 2020)

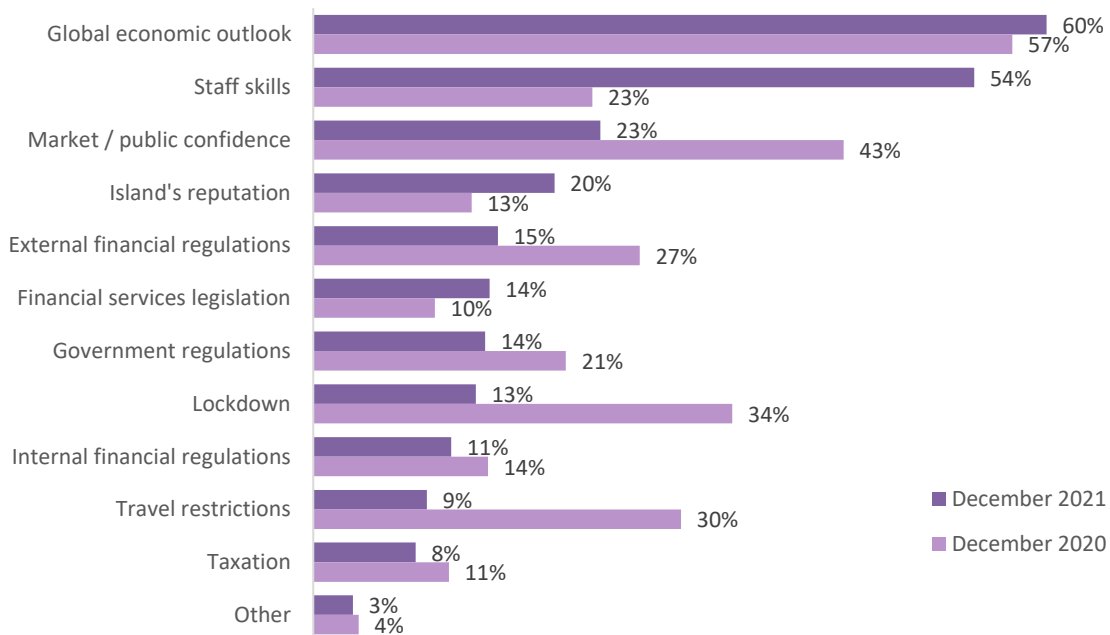


Key issues

Respondents were asked to identify the three key issues for Jersey’s business environment for the next six months (to June 2022). Due to the COVID-19 pandemic and associated changes to the economic environment, four additional options were added to this question in June 2020 and have continued in the survey for December 2021: the global economic outlook, lockdowns (within countries), border controls / travel restrictions (between countries), and market / public confidence.

The most common cited issue was the same as in December 2020; the global economic outlook was selected by over half (60%) of businesses. This was followed by staff skills (54%), market/public confidence (23%), the Island’s reputation (20%), and external financial regulations (15%); see [Figure A2.8](#).

Figure A2.8 – Key issues for Jersey’s business environment for the next six months to June 2022 (expressed in December 2021), compared with key issues to June 2021 (expressed in December 2020)



The addition of the four new categories means we cannot compare this question with previous rounds of the survey prior to June 2020 on a consistent basis. Compared to last year, the main increase was in those citing staff skills as a key issue (up from 23% to 54%). The issues more specific to the COVID-19 pandemic have become less predominant, with those citing market / public confidence falling from 43% to 23%, lockdowns falling from 34% to 13%, and travel restrictions falling from 30% to 9%.

To give an indication of what was commonly cited when the four new options were not available, in December 2019 the four most commonly cited issues were external financial regulation (53%), staff skills (53%), internal financial regulation (39%), and the Island’s reputation (35%). These issues are also the most commonly cited when looking at the previous three-year period (December 2018 to June 2021), with means of 36%, 40%, 23%, and 35% respectively.

Notes

The Business Tendency Survey samples private sector businesses in Jersey. The survey asks the Chief Executive or Managing Director of sampled businesses for their opinions on the current situation of their business compared with three months previously, and for their expectations for the next three months.

Each indicator derived from the survey responses is calculated as a weighted net balance, see below.

The survey is run in the last month of each quarter. In June and December, additional questions are asked of the finance sector to gauge their expectations for future employment, profits and business development.

- 1. Net balance:** Net balances are used to summarise respondents' answers to the multiple-choice questions of the Business Tendency Survey. The net balance is obtained by taking the difference between the weighted percentages of respondents giving positive (such as "increase" or "higher") and negative responses (such as "decrease" or "lower"). The net balance is given as a difference measured in percentage points (pp). The statistical uncertainty on each net balance (expressed as a 95% confidence interval) depends on the effective (weighted) numbers of respondents to each question. For overall indicators covering the whole of the private sector, the 95% confidence interval ranges from ± 5 to ± 15 pp depending upon responses to the specific indicator. The net balance and individual percentages are rounded independently, and therefore the percentages may not sum to the balance.
- 2. Seasonal effects:** Businesses are asked to exclude normal seasonal fluctuations from their responses. When it is not practical to compare the current trading situation with that of three months ago, businesses are asked to compare with one year ago.
- 3. Stratified sample:** To design a representative sample of Jersey's businesses, a random sampling approach was used, stratified by business size (employment on a full-time equivalent [FTE] basis) and type of activity (UK SIC 2007 sector). Size-dependent sampling probabilities were applied, and businesses with more than 50 FTE employees were given a sampling probability of one. The sample is reviewed twice yearly to incorporate new businesses and changes in staffing, in order that the sample remains representative of Jersey's economy.
- 4. Response:** Around 520 firms were sent a survey questionnaire for this survey; over 300 completed questionnaires were returned, constituting an overall response rate of 60%. The respondents accounted for 36% of total private sector employment in the Island.
- 5. Weighting:** The response data collected are weighted before they are analysed. Each reporting business was assigned two weights: a sampling probability weight and a size weight (FTE workforce). The sampling weight adjusts for the different likelihoods of different sized businesses being included in the sample; an effect of the sampling methodology used. The size weight ensures that companies contribute to each indicator in proportion to the size of their workforce. In publications prior to June 2019, the finance annex was weighted by company size only. The annex is now weighted by company size and sampling probability, as in the rest of the report.
- 6. Descriptors:** To aid in interpreting the result, balances and changes of specific magnitudes are described using the terminology set out below.
 - Positive/negative: ± 10 pp or more
 - Extremely positive/negative: ± 50 pp or more
 - Strongly positive/negative: $\pm 25-49$ pp
 - Moderately positive/negative: $\pm 10-24$ pp
 - Neutral / essentially unchanged: $\pm 0-9$ pp

Statistics Jersey welcomes suggestions on how we can improve our surveys and reports to ensure we meet the needs of our users. If you have any feedback relating to this report, please email statistics@gov.je.

Statistics Jersey

27 January 2022

Glossary

1. **Employed staff:** This includes staff who are currently on leave of any sort, including furlough leave and unpaid leave. Staff paid through the co-funded payroll scheme should be included, whether or not they are working any hours.
2. **Actively working staff:** This includes staff who are fulfilling their work duties. Staff who are unable to work for any reason should be excluded, whether or not they are paid
3. **Permanent redundancy:** Laying off only covers staff who are no longer employed by the business. Staff that are on the co-funded payroll scheme are still employed, and similarly for staff on leave of any sort, including furlough leave and unpaid leave.
4. **Level of business activity / output:** This is the total amount of work undertaken by an organisation. Business activity can be thought of as gross income, chargeable hours worked, turnover or the number of products produced. The measure of business activity used depends on the nature of an organisation. For example, a legal firm may use the number of chargeable hours worked. A bank may decide to use values of fees, commission and premium income.
5. **Incoming new business / new orders:** This is the amount of new business placed with an organisation. This may include any new clients, new orders or contracts from existing clients or any new contracts.
6. **Level of capacity utilisation:** This is the current business activity relative to 'normal capacity'. 'Above capacity' indicates that a business is above its normal capacity, for example because an organisation is busier than normal or staff are working longer hours than normal. Similarly, 'below capacity' indicates the current business activity is below its normal capacity, for example because an organisation is quieter than normal or staff are working shorter hours than normal.
7. **Average cost of inputs:** This is the average cost for all inputs used by an organisation. Inputs include supplies obtained, stocks/materials bought in and costs of employees, including wages, salaries and pension costs paid by an organisation. We ask businesses to try to give a weighted average of costs. For example, if employment costs are the largest share, they should be given the largest weighting (i.e. importance) when answering the question.
8. **Average prices charged for products:** This is the price charged per item or per unit of time on average. For example, a legal firm will know how much they charge an hour. However, if an organisation offers various services/products, we ask them to try to give a weighted average. For example, if one service accounts for most sales and its prices have increased, then it should be given the largest weighting (i.e. importance) when answering the question, indicating that prices have risen on average.
9. **Profitability:** This is the total profits earned on all activities of an organisation. If an organisation does not calculate profits over the most recent three months, we ask them to try to estimate how their profitability has changed, taking into account changes in turnover, changes in input costs and changes in mark-ups/spreads over input costs.
10. **Employment:** This is the number of employees employed on average. Two part-time employees are equivalent to one full-time employee. For example, if two part-time employees resigned and one full-time employee was taken on, we ask organisations to count this as no net change (so employment was the 'same'). We ask organisations to ignore seasonal or temporary hirings.
11. **Business optimism:** This refers to confidence or optimism about the overall business situation in an organisations' industry generally. Unlike the previous questions, it is not about what is actually happening to an organisation at present, but asks about their opinions for their sector generally.

Appendix

December 2021 – Net balances of indicators (percentage points) and percentage of responders reporting ‘no change’

All sectors; finance; non-finance; construction; hotels, restaurants and bars; wholesale and retail; and other non-finance

Indicator	All sectors		Finance		Non-finance		Construction		Hotels, restaurants and bars		Wholesale and retail		Other non-finance	
	Net balance	No change	Net balance	No change	Net balance	No change	Net balance	No change	Net balance	No change	Net balance	No change	Net balance	No change
Business Activity	3	59	19	68	-3	56	-4	68	-14	24	-13	54	4	60
New Business	9	59	34	66	1	56	3	58	-22	41	-13	59	10	58
Capacity Utilisation	9	60	14	76	8	54	9	74	-20	34	0	44	17	55
Input costs	-70	27	-46	54	-79	17	-84	8	-88	12	-80	9	-74	25
Product prices	26	71	13	86	30	66	41	56	33	67	54	46	17	77
Profitability	-25	51	10	68	-37	45	-62	32	-48	28	-14	40	-32	56
Employment	2	59	27	55	-7	60	14	63	-33	42	-18	68	-5	60
Business optimism	-3	56	26	69	-13	52	20	58	-27	40	-33	49	-15	54
Future business activity	10	55	39	50	0	57	-2	60	-4	27	16	65	-3	60
Future employment	20	61	49	45	10	66	26	70	-2	69	21	67	2	64

December 2021 – Net balances of indicators (percentage points) and percentage of respondents reporting ‘no change’

All sectors, finance and non-finance sectors by size of business*

Indicator	All sectors				Finance				Non-finance			
	Large		Small		Large		Small		Large		Small	
	Net balance	No change*	Net balance	No change*	Net balance	No change*	Net balance	No change*	Net balance	No change*	Net balance	No change*
Business Activity	9	55	-2	63	23	70	8	63	-1	44	1	58
New Business	12	61	7	57	28	72	50	50	0	52	-3	67
Capacity Utilisation	23	52	-2	66	19	81	1	64	26	32	36	39
Input costs	-69	29	-72	25	-48	52	-41	59	-85	12	-50	46
Product prices	21	73	30	70	13	87	13	82	27	63	-6	57
Profitability	-7	55	-38	47	18	68	-11	67	-26	45	-23	58
Employment	7	44	-2	70	26	50	27	70	-8	39	-4	56
Business optimism	-1	62	-5	52	29	71	18	62	-21	56	-8	54
Future business activity	24	56	0	55	46	54	18	41	7	57	-3	57
Future employment	29	48	13	71	49	47	49	41	14	48	31	2

* Large companies are defined as having more than 50 FTEs and small companies are defined as having 50 or fewer FTEs.

Indicators – net balances (percentage points)

All sectors

Indicator	2017			2018				2019				2020				2021			
	Jun	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec
Business Activity	3	7	12	16	25	21	11	13	16	3	6	-11	-62	-8	-15	-21	20	9	3
New Business	3	12	21	19	16	18	3	8	3	3	9	-13	-58	-14	-13	-8	18	7	9
Capacity Utilisation	3	4	9	6	11	8	7	1	3	3	1	-11	-40	-12	-17	-13	2	12	9
Input costs	-50	-39	-42	-50	-54	-53	-44	-48	-42	-50	-52	-40	-9	-24	-19	-37	-57	-65	-70
Product prices	16	21	14	26	29	22	14	27	21	16	15	10	-3	-3	-5	9	20	22	26
Profitability	-19	-8	-7	-9	1	-2	-14	-11	-5	-19	-14	-29	-70	-33	-33	-38	-11	-13	-25
Employment	4	6	13	9	14	10	4	10	4	4	-2	-4	-34	-15	-2	1	4	8	2
Business optimism	-5	8	18	11	10	7	1	1	-4	-5	4	-30	-51	-23	-9	3	16	12	-3
Future business activity	-2	10	27	20	25	21	11	25	13	-2	16	-23	-14	-4	-2	20	29	10	10
Future employment	12	11	22	12	16	17	3	7	3	12	2	2	-7	-3	7	23	31*		20

* revised

Finance

Indicator	2017			2018				2019				2020				2021			
	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec
Business Activity	35	12	28	36	31	28	28	39	33	7	17	17	-21	-1	17	-12	43	13	19
New Business	16	18	38	33	17	23	20	28	1	7	29	11	-36	-12	10	14	40	18	34
Capacity Utilisation	25	4	27	28	20	8	21	13	7	7	8	5	13	6	11	15	22	18	14
Input costs	-23	-11	-23	-25	-30	-27	-22	-21	-19	-43	-43	-32	-6	-5	4	-27	-33	-37	-46
Product prices	13	7	21	18	16	7	7	24	3	2	7	-5	1	-13	-11	9	7	9	13
Profitability	15	23	31	18	17	20	7	16	11	-12	2	-19	-36	-21	-11	-5	32	16	10
Employment	6	18	29	33	28	11	11	35	20	4	18	1	-7	-1	15	19	18	22	27
Business optimism	12	22	33	24	20	16	17	15	1	-9	9	-27	-35	-24	17	24	38	36	26
Future business activity	45	25	51	39	54	49	34	39	28	14	38	-21	-32	13	34	19	38	29	39
Future employment	28	29	57	37	39	24	12	17	18	41	16	16	8	13	31	34	49		49

Non-finance

Indicator	2017			2018				2019				2020				2021			
	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec
Business Activity	21	5	4	6	23	18	4	1	8	2	0	-24	-80	-11	-28	-25	11	7	-3
New Business	26	9	11	12	16	15	-5	-1	4	1	-2	-24	-68	-15	-22	-18	9	2	1
Capacity Utilisation	2	4	0	-3	8	8	1	-4	1	1	-2	-19	-64	-20	-27	-25	-6	9	8
Input costs	-66	-54	-51	-62	-64	-65	-53	-60	-51	-53	-57	-44	-10	-32	-29	-42	-66	-76	-79
Product prices	30	28	11	29	35	29	17	28	29	22	19	17	-6	1	-2	9	25	28	30
Profitability	-9	-24	-26	-22	-5	-12	-23	-23	-13	-22	-22	-34	-85	-38	-42	-51	-28	-25	-37
Employment	-1	0	5	-2	8	10	2	-2	-3	3	-12	-7	-46	-20	-8	-7	-2	2	-7
Business optimism	15	0	10	5	6	3	-6	-6	-6	-3	1	-31	-58	-23	-20	-6	7	2	-13
Future business activity	18	1	14	12	14	9	1	19	6	-9	5	-23	-6	-11	-16	20	25	2	0
Future employment	9	1	5	1	7	14	-1	3	-4	-2	-6	-5	-13	-10	-3	18	20*	12*	10

* revised

Construction

Indicator	2017			2018				2019				2020				2021			
	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec
Business Activity	10	7	16	20	21	11	3	-8	-10	3	-8	-13	-92	-3	-24	-18	19	-9	-4
New Business	16	6	20	9	18	4	-10	-6	19	9	-7	-13	-82	-11	-21	-17	7	-10	3
Capacity Utilisation	12	-2	18	-5	-2	13	-7	21	7	3	4	-7	-83	-22	-25	-15	13	-3	9
Input costs	-73	-51	-62	-78	-76	-75	-44	-54	-77	-69	-56	-52	3	-39	-44	-60	-73	-75	-84
Product prices	24	16	17	31	34	33	12	3	38	25	14	15	-10	12	0	22	31	43	41
Profitability	-12	-29	-22	-24	8	-6	-17	-25	-25	-37	-27	-33	-92	-40	-52	-57	-25	-40	-62
Employment	-1	1	25	4	18	28	6	-2	-10	8	-5	4	-47	-16	-1	2	-6	-22	14
Business optimism	34	27	26	21	32	21	5	-11	9	34	13	-2	-74	-14	-9	15	23	5	20
Future business activity	16	13	32	17	17	19	8	-1	-1	12	6	5	-34	1	-7	3	33	1	-2
Future employment	14	-14	16	-17	2	19	9	-2	3	16	9	13	-21	13	4	19	30	0	26

Hotels, restaurants and bars

Indicator	2017			2018				2019				2020				2021			
	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec
Business Activity	2	-23	-20	-7	13	28	-16	-27	-23	-4	-7	-42	-100	-44	-98	-72	-15	40	-14
New Business	-2	-18	14	2	13	28	-27	-20	-27	-10	-18	-45	-100	-50	-84	-51	-7	30	-22
Capacity Utilisation	-5	-10	-16	-10	-3	17	-25	-24	-28	-5	-12	-44	-87	-65	-80	-78	-40	14	-20
Input costs	-88	-69	-55	-91	-70	-70	-70	-83	-75	-68	-72	-47	20	-38	-13	-20	-84	-92	-88
Product prices	58	52	15	47	36	52	23	58	38	35	47	8	-36	-22	-36	-16	57	49	33
Profitability	-25	-55	-30	-35	-30	-12	-46	-39	-15	-31	-39	-62	-100	-85	-94	-83	-63	-29	-48
Employment	-8	-18	-5	-14	15	1	-15	-19	-12	-13	-14	-25	-85	-44	-43	-45	-27	-4	-33
Business optimism	-3	-24	-7	-14	-15	-11	-35	-8	-12	-16	-10	-78	-89	-80	-94	-16	-18	13	-27
Future business activity	8	-39	-22	17	17	-11	-37	25	5	-41	-5	-49	-62	-71	-79	44	23	-22	-4
Future employment	-6	-16	-18	29	6	-3	-26	22	-15	-36	-10	-35	-42	-63	-38	37	7	-9*	-2

* revised

Wholesale and retail

Indicator	2017			2018				2019				2020				2021			
	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec
Business Activity	40	11	4	-19	41	1	2	14	16	9	-3	-29	-79	21	-8	-23	17	-3	-13
New Business	48	15	1	-14	33	6	-9	7	3	3	-1	-29	-62	14	28	-6	18	-9	-13
Capacity Utilisation	0	7	-9	-13	15	-21	3	-15	10	26	0	-24	-68	-19	-5	-23	1	-8	0
Input costs	-71	-57	-53	-47	-73	-67	-66	-65	-51	-23	-68	-48	-10	-20	-35	-45	-62	-79	-80
Product prices	45	51	20	32	36	22	27	22	29	8	29	22	3	3	6	20	24	20	54
Profitability	12	-20	-46	-24	3	-30	-36	-13	-23	-12	-31	-48	-76	0	-10	-37	-17	-16	-14
Employment	3	7	-5	-12	-2	-8	1	-1	-7	5	5	-4	-41	-14	11	16	4	29	-18
Business optimism	26	3	4	1	-2	-20	-27	-15	-16	6	-5	-21	-45	3	-2	21	16	4	-33
Future business activity	28	11	19	17	16	-3	5	25	6	6	-1	-21	16	-6	19	39	29	19	16
Future employment	16	24	-10	-14	5	14	-7	-3	3	14	-2	-2	-11	-9	1	18	11	33*	21

* revised

Other non-finance – private sector excluding finance and legal activities, construction and quarrying, hotels restaurants and bars, and wholesale and retail

Indicator	2017			2018				2019				2020				2021			
	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec
Business Activity	26	11	8	18	19	24	13	8	19	0	5	-17	-49	-14	-19	-17	12	6	4
New Business	23	17	13	28	8	18	7	4	10	2	4	-17	-48	-14	-24	-12	10	4	10
Capacity Utilisation	12	11	5	5	11	18	12	0	5	-8	-2	-11	-22	-6	-25	-18	-7	19	17
Input costs	-39	-48	-46	-54	-51	-59	-45	-52	-37	-57	-48	-40	-15	-31	-26	-40	-62	-71	-74
Product prices	14	10	3	22	34	22	13	28	24	23	7	20	0	5	2	7	16	20	17
Profitability	-2	-13	-15	-16	-3	-4	-12	-21	-3	-19	-11	-18	-62	-37	-39	-45	-25	-23	-32
Employment	2	3	8	6	7	17	6	4	4	8	-20	-5	-23	-17	-9	-8	2	-1	-5
Business optimism	10	-2	14	7	10	16	9	1	-3	-13	5	-25	-43	-17	-11	-19	5	-3	-15
Future business activity	29	7	17	6	10	21	10	20	9	-10	10	-20	-10	3	-18	14	22	2	-3
Future employment	15	3	16	6	10	19	7	2	-6	0	-9	1	1	-2	2	12	22*	12*	2

* revised

For comparability with past reports, the previously used definition of “other non-finance” is included below.

Other non-finance and hotels, restaurants and bars – private sector excluding finance and legal activities, construction and quarrying, and wholesale and retail

Indicator	2017			2018				2019				2020				2021			
	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec
Business Activity	23	1	1	12	16	25	5	-1	9	-1	2	-24	-78	-21	-36	-28	8	14	1
New Business	19	7	13	22	9	21	-2	-2	1	-1	-1	-25	-67	-23	-37	-20	7	9	3
Capacity Utilisation	9	5	0	1	7	17	2	-6	-3	-7	-4	-23	-59	-20	-35	-29	-13	18	9
Input costs	-47	-54	-48	-63	-57	-62	-52	-60	-46	-60	-54	-43	-13	-33	-23	-36	-66	-76	-77
Product prices	20	22	6	28	35	30	16	36	27	27	17	17	-7	-1	-6	3	23	27	21
Profitability	-5	-25	-19	-21	-12	-7	-21	-26	-6	-22	-18	-29	-86	-48	-51	-53	-32	-25	-35
Employment	0	-3	5	1	10	13	1	-2	0	2	-19	-10	-47	-23	-16	-15	-3	-2	-11
Business optimism	8	-8	9	2	2	8	-3	-1	-5	-14	1	-40	-58	-32	-28	-19	1	1	-17
Future business activity	26	-6	8	8	12	12	-2	22	8	-19	6	-29	-6	-15	-30	19	22	-3	-3
Future employment	12	-3	8	11	9	13	-2	6	-8	-10	-9	-9	-12	-16	-6	17	18*	7*	1

* revised

Past reports are available online at www.gov.je/BTS Data tables for the above and earlier years are available online at opendata.gov.je/dataset/business-tendency-survey