

Jersey Business Tendency Survey

March 2011

Statistics Unit: www.gov.je/statistics

Introduction

The Jersey Business Tendency Survey (BTS) was launched in September 2009 to provide qualitative information about the Island's economy in a timely manner. The survey enables a set of indicators to be produced that can be used to monitor economic performance. The headline indicator is that of Business Activity.

It should be emphasised that the Business Activity Indicator, and the other "current" indicators, represent a qualitative expression of the relative position of economic performance between the current point in time and that of three months previously rather than an absolute measure of performance. The two "future" indicators represent a qualitative expression of expected changes over the next three months.

The March 2011 round of the survey (which ran in the first three weeks of March) achieved a response rate of 74% and covered almost half of total private sector employment in the Island.

Summary

- The **headline all-sector Business Activity Indicator was -6 percentage points (pp)**, implying that the proportion of businesses in Jersey reporting a decline in business activity compared with three months previously was 6 pp greater than the proportion reporting an increase. More than two-fifths of businesses reported 'no change'.
- there was a considerable difference between the strongly positive Business Activity Indicator of the Finance sector (+26 pp) and the negative tendency recorded by the other sectors of the economy (-18 pp).
- for the **Finance** sector:
 - six of the ten indicators were more positive (or less negative) than in December 2010; two indicators recorded decreases and two were similar;
 - the Profitability indicator, driven by the larger firms, was positive for the first time in the seven rounds that the survey has run.
- for the **non-finance** sectors:
 - nine out of the ten indicators for the non-finance sectors overall were negative;
 - smaller firms were more negative than larger firms for six of the ten indicators.
- almost three-fifths (58%) of respondents reported that they anticipated "no change" in the **basic earnings of employees in 2011**; more than a third (36%) anticipated an increase; the remaining 6% anticipated a decrease.
- across all sectors, the mean anticipated change in employees' earnings for 2011 was +0.2%.

Section 1: Business Activity Indicator

The **Business Activity Indicator** represents a measure of the total amount of work undertaken by businesses operating in Jersey. Such activity will have specific definitions relevant to each sector of business and may be considered as, for example, turnover, number of products produced, gross income or chargeable hours.

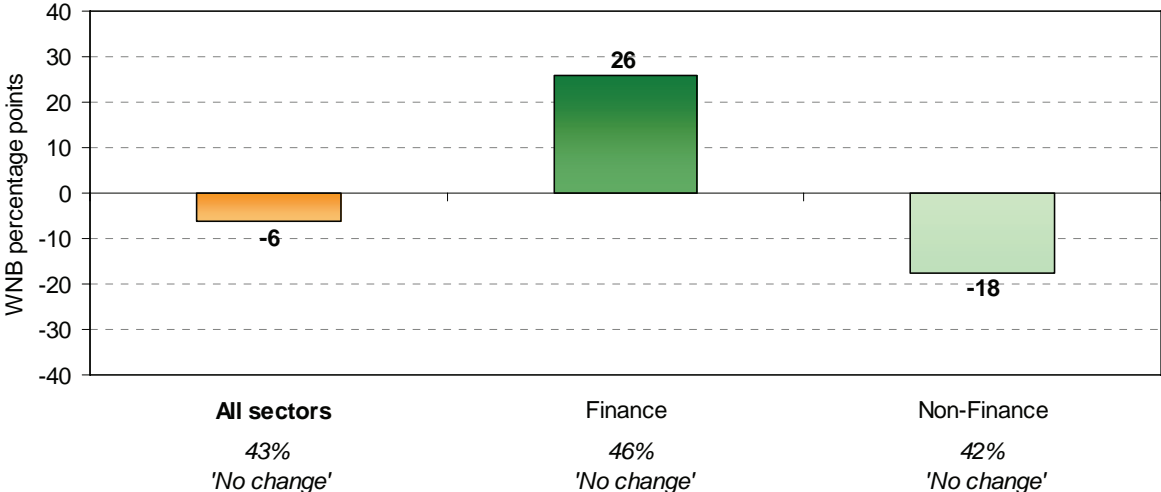
The resultant indicator is a weighted net balance (WNB) calculated as the difference between the proportion of businesses reporting that their current business activity is higher than it was three months earlier compared and the proportion reporting that their activity is lower¹.

The all-sector Business Activity Indicator in March 2011 was -6 pp (percentage points), implying that the proportion of businesses reporting a decline in business activity compared with three months previously was 6 pp greater than the proportion reporting an increase. More than two-fifths (43%) of businesses reported no change in their business activity over the period (see Figure 1).

The all-sector Business Activity Indicator for March 2011 was marginally higher (up by 3 pp) than that in December 2010.

Figure 1 – Business Activity Indicator (percentage points²).

March 2011 compared with the situation three months previously.



As Figure 1 shows, there was a considerable difference between the Business Activity Indicator of the Finance sector and that of the other sectors of the economy:

- the Finance sector had a WNB of 26 pp in March 2011, with 40% of businesses reporting an increase in activity compared with three months earlier and 14% reporting a decrease;
- the non-finance sectors, overall, had a negative WNB of -18 pp, with 20% of businesses reporting an increase in activity and 38% reporting a decrease;
- more than two-fifths of businesses in each case reported no change in business activity.

¹ Such an indicator, derived from relative business activity, is fundamentally similar to the Chartered Institute of Purchasing and Supply (CIPS) Services Business Activity Index which is widely used in the UK: the UK Services PMI (Purchasing Managers Index), produced for CIPS by Markit Economics, 2009.

² Throughout this report, bar charts are plotted using unrounded WNBs; numbers on charts and in the tables of the Appendix are shown rounded to the nearest integer.

The Business Activity Indicator for the Finance sector was 4 pp lower than that recorded three months earlier, decreasing slightly from 30 pp in December 2010 to 26 pp in March 2011. The latest WNB for this indicator has, therefore, essentially maintained the level seen in December 2010, when it recorded its the highest level in the 18 months that the survey has run.

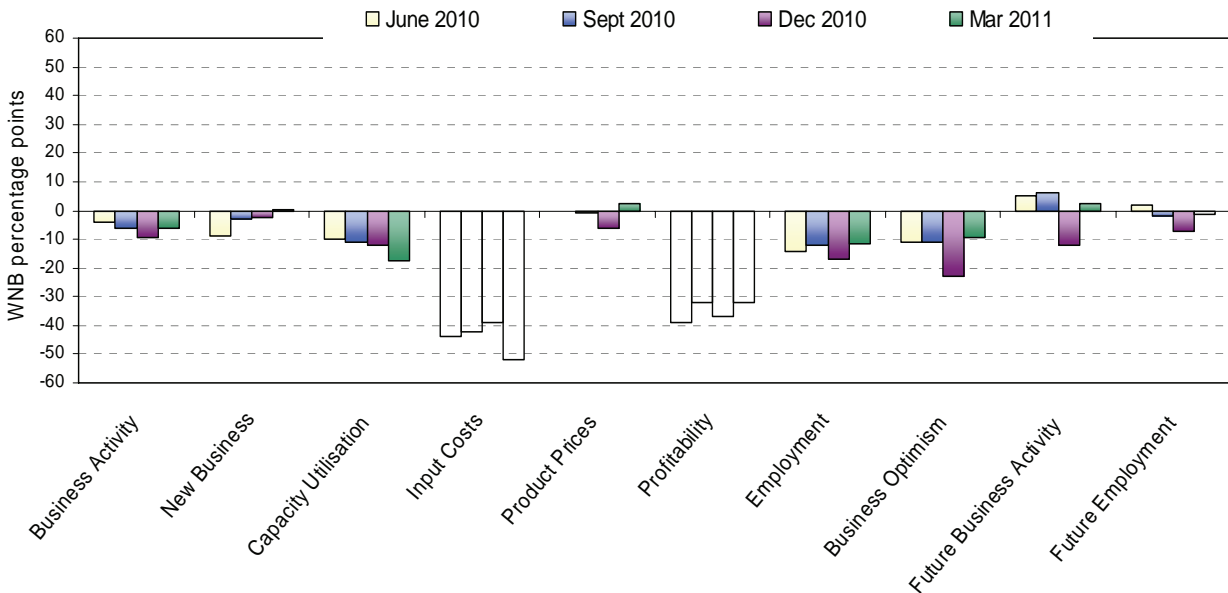
The Business Activity Indicator for the non-finance sectors improved by 6 pp, from -24 pp in December 2010 to -18 pp in March 2011, though remained strongly negative.

It should be re-iterated that the Business Activity Indicator expresses a relative measure of economic performance between the current point in time and that of three months previously, rather than an absolute measure of economic performance.

Section 2: All Indicators

Figure 2 presents the ten all-sector WNB indicators derived from the responses to each question of the survey; the measures of each indicator are shown for the latest and three previous rounds of the survey. Detailed results for all indicators are shown in Appendix 1 and 2.

Figure 2 – Ten all-sector WNB indicators³
June, Sept, Dec 2010 and March 2011.



Over all sectors of the economy, eight of the ten indicators were more positive or less negative in the latest round of the survey compared to the previous round, with four the indicators being either neutral or positive. Though neutral in March 2011, the New Business indicator was at its most positive level seen in the seven rounds of the survey.

Five of the ten indicators returned to levels seen six months previously, reversing the decreases recorded in December 2010. In particular, Future Business Activity was marginally positive in March 2011 after recording a WNB of -12 pp in the previous round.

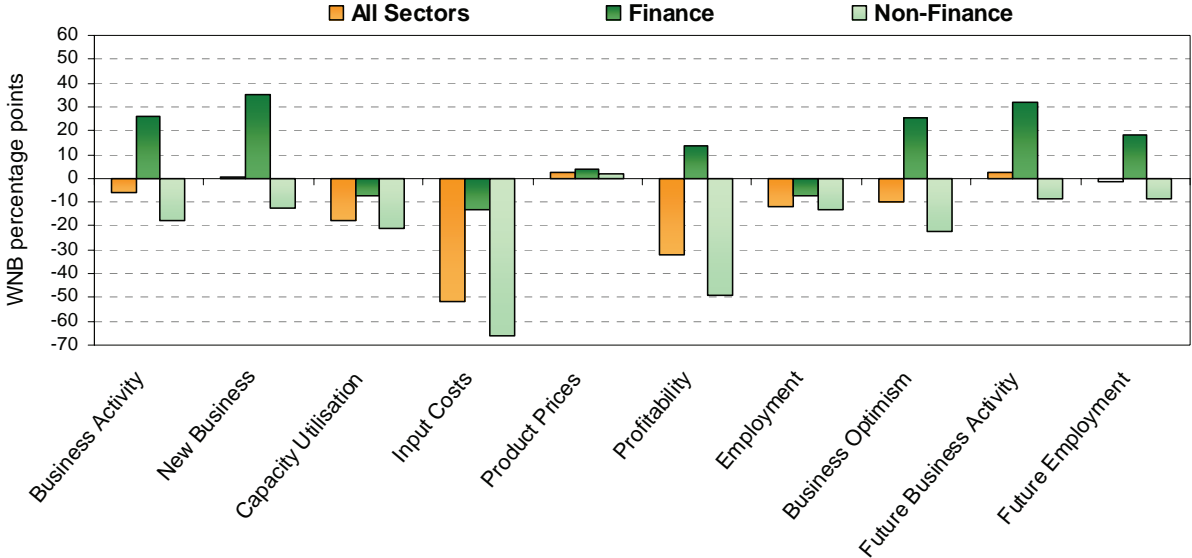
As in all previous rounds of the survey, Input Costs and Profitability were the most strongly negative indicators.

³ The Input Costs indicator has been constructed such that a negative net balance implies that more businesses have seen input costs increase than decrease.

Section 3: Finance and non-finance sectors

The Finance sector had a more positive tendency than the non-finance sectors for all ten indicators in March 2011 (see Figure 3).

Figure 3 – WNB indicators: Finance and non-finance
March 2011 compared with the situation three months previously.



In March 2011, the Finance sector had positive WNBs for seven of the ten indicators. In contrast, nine of the ten indicators for the non-finance sectors were negative.

For the Finance sector the Business Activity, New Business, Business Optimism and Future Business Activity indicators were all strongly positive, at levels greater than 25 pp. In contrast, the non-finance sectors recorded negative WNBs for each of these indicators.

The Finance sector was considerably more positive (or less negative) than the non-finance sectors (by more than 25 pp) for seven of the ten indicators – the largest differences being for Input Costs and Profitability.

The Input Costs and Profitability indicators were the most negative indicators for the non-finance sectors. Input Costs and Employment were the most negative indicators for the Finance sector.

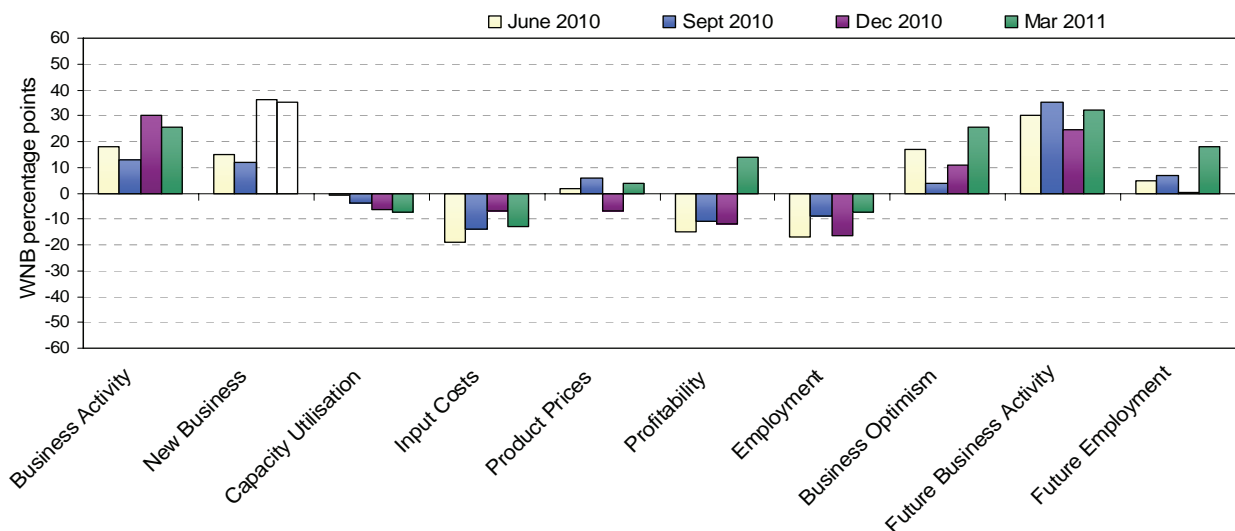
The Employment indicator was similarly negative for both the Finance and non-finance sectors.

Section 4: Finance sector

Figure 4 compares all ten indicators for the Finance sector in March 2011 with those measured in the previous three rounds of the BTS. Six of the ten indicators for the sector were more positive (or less negative) than in December 2010, a further two indicators recorded decreases whilst two were similar.

Figure 4 – Finance sector WNB indicators

June, September, December 2010 and March 2011.

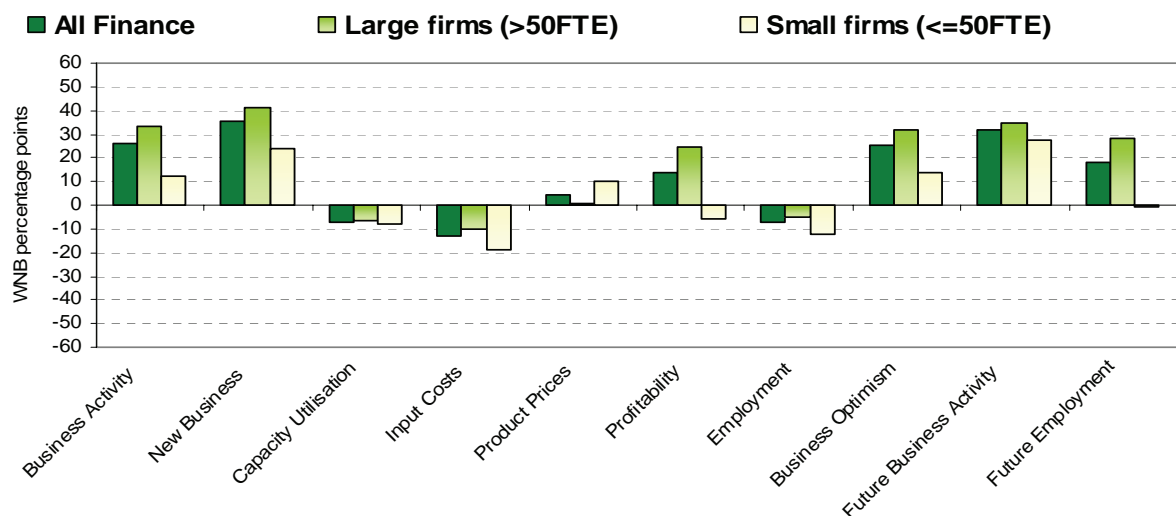


The March 2011 round of the survey saw the Finance sector record its most positive WNBs yet for Profitability, Business Optimism and Future Employment. In particular, the Profitability indicator, driven by the larger firms, was positive for the first time. The indicators for Business Activity and New Business maintained the strongly positive levels recorded in December 2010.

Larger Finance firms (those with more than 50 full-time equivalent employees, FTEs) were more positive than their smaller counterparts for eight of the ten indicators in March 2011 (see Figure 5). The largest difference between large and small firms was seen for the Profitability indicator, with a difference of more than 30 pp.

Figure 5 – Finance sector WNB indicators for large and small companies

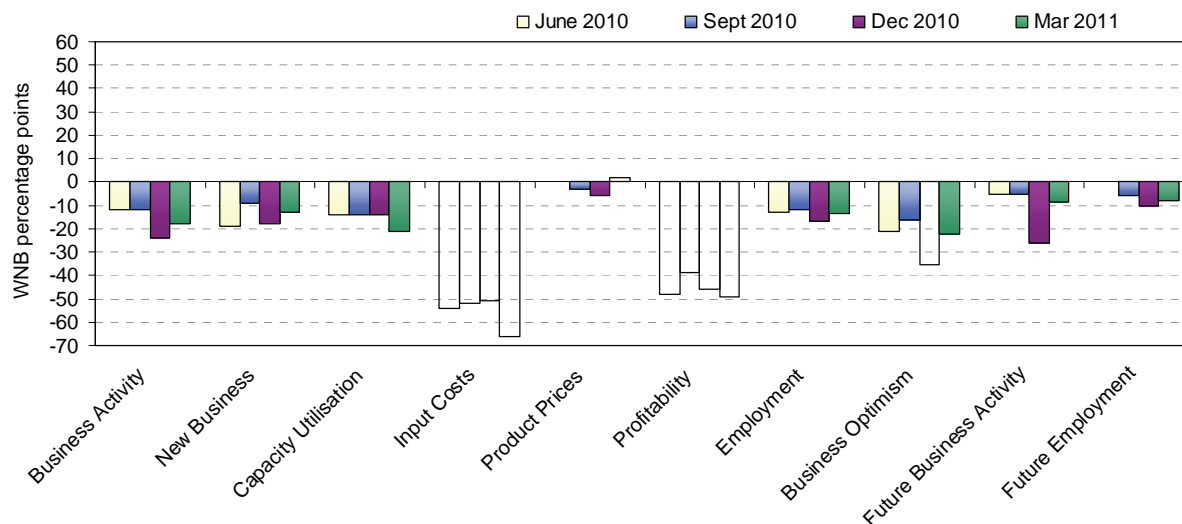
March 2011 compared with the situation three months previously.



Section 5: Non-finance sectors

Figure 6 compares all ten indicators for the non-finance sectors with the previous three rounds of the survey.

Figure 6 – Non-finance sectors WNB indicators
June, September, December 2010 and March 2011.



In March 2011 nine out of ten indicators for the non-finance sectors overall were negative, with Input Costs recording its most negative WNB in the 18 months of running of the survey.

Analysing by size of company reveals that smaller firms (those with fewer than 50 FTEs) were more negative than the larger firms for six of the ten indicators. Large non-finance firms were marginally positive for Future Business Activity but were more negative for Future Employment than their smaller counterparts (see Appendix 1).

Construction

The Construction sector accounts for about 10% of Jersey's total workforce⁴ and for about 6% of total economic activity as measured by Gross Value Added, GVA⁵.

As Figure 7 shows, the Construction sector was negative for all ten indicators in March 2011, with half of the indicators remaining at essentially the same negative level as in December 2010.

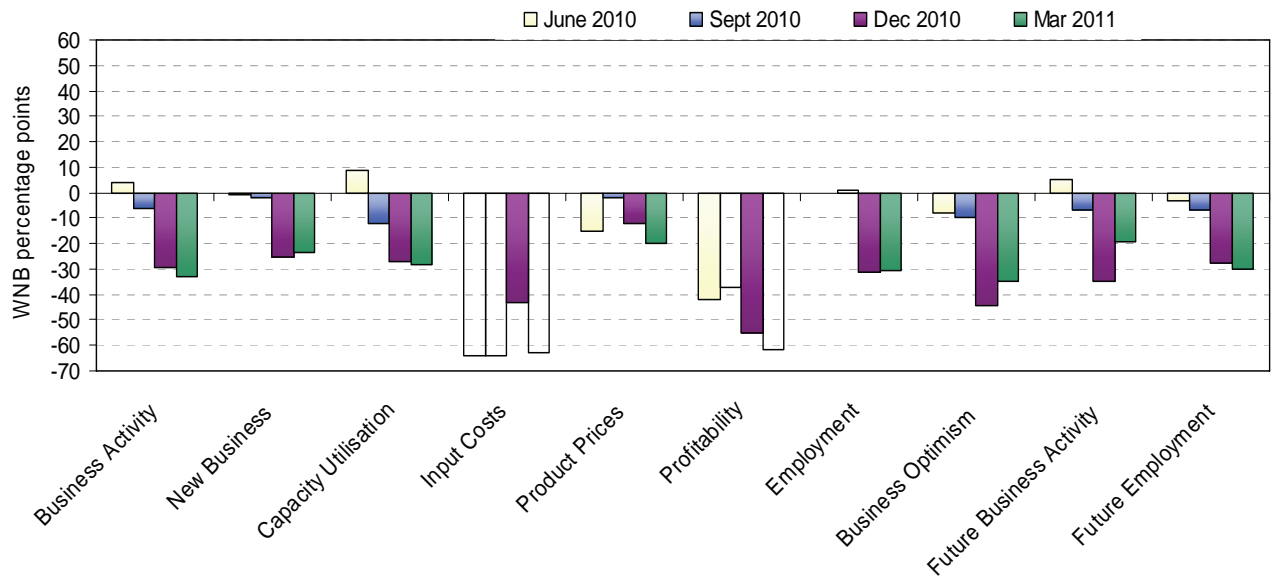
The indicators of Product Prices, Profitability and Future Employment for the sector all recorded their most negative WNBs in the seven rounds that the survey has run (see Appendix 2).

The indicator for Employment maintained the negative level seen in the previous quarter, which itself had recorded the most negative WNB for this indicator in the 18 months that the survey has been run.

⁴ Jersey Labour Market at December 2010, States of Jersey Statistics Unit April 2011.

⁵ Jersey Gross Value Added (GVA) and Gross National Income (GNI) 2009, Statistics Unit, September 2010.

Figure 7 – Construction sector WNB indicators
 June, September, December 2010 and March 2011.

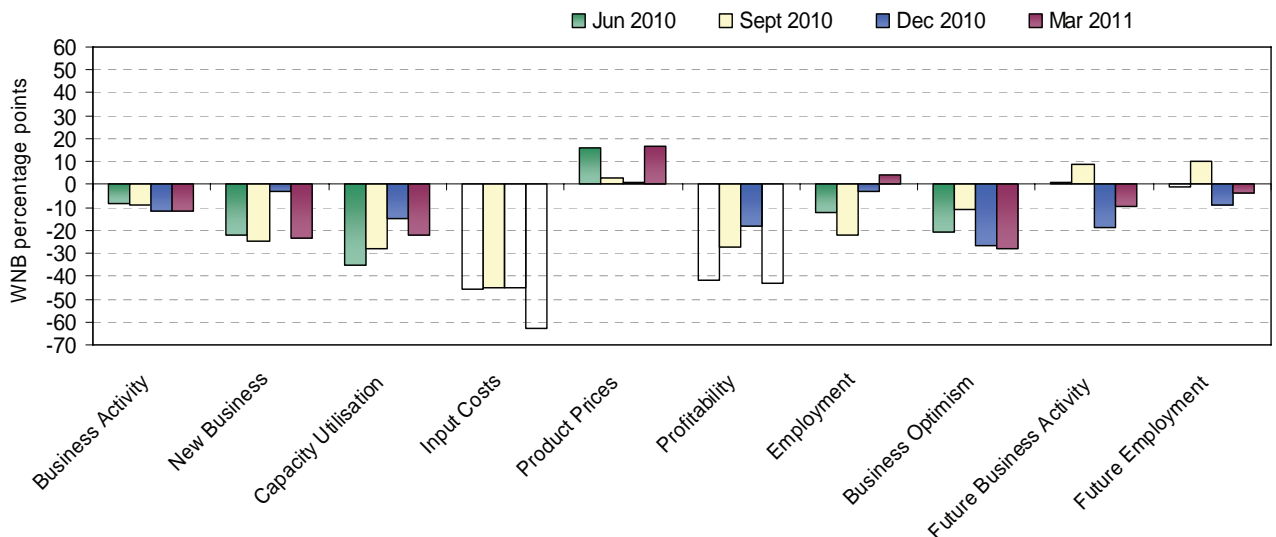


Wholesale & retail

The Wholesale & retail sector accounts for almost a sixth (16%) of Jersey’s total workforce³ and for about 7% of total economic activity as measured by GVA⁴.

Eight of the ten indicators for the sector were negative in March 2011 (see Figure 8) with four declining on the previous quarter, four improving and two remaining at essentially the same level.

Figure 8 – Wholesale & retail sector WNB indicators
 June, September, December 2010 and March 2011.



In March 2011, the indicators for Product Prices and Employment were positive.

In contrast, the indicators for Input Costs and Profitability declined significantly, with Input Costs being at the most negative level seen for this indicator since the survey has been running.

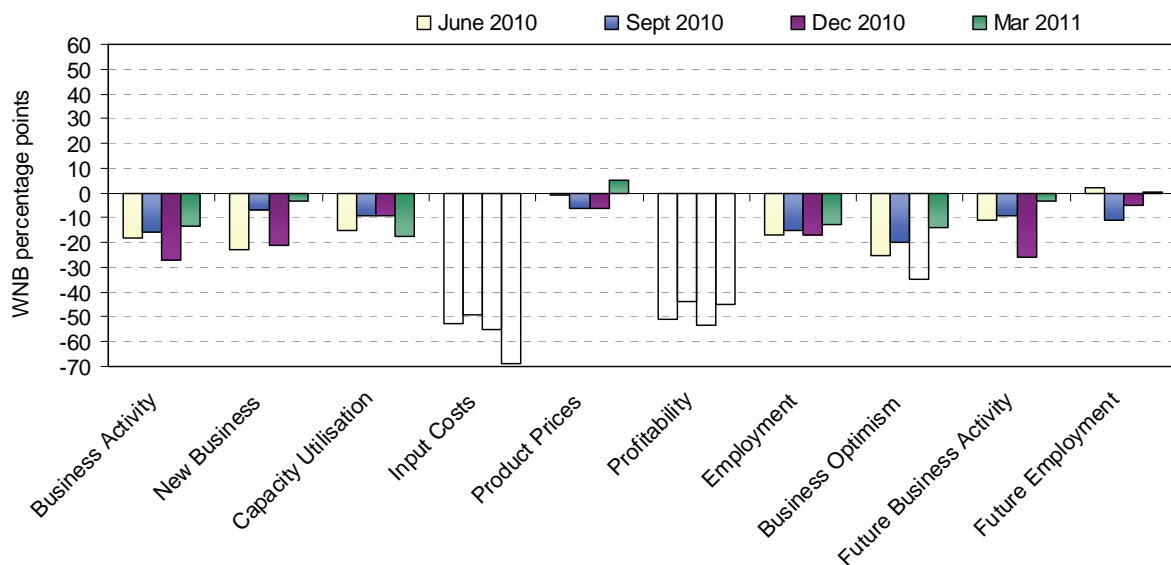
Other non-finance sectors

The remaining non-finance sectors, excluding Construction and Wholesale & retail, together account for almost two-fifths (37%) of the Island's workforce³ and for about a fifth (21%) of total economic activity as measured by GVA⁴.

Eight of the ten indicators showed a negative tendency in March 2011 (see Figure 9). However, the indicator for Product Prices was positive for the first time and that for Future Employment was neutral. Of the ten indicators, eight were improved on December 2010 levels.

Figure 9 – Other Non-finance sector WNB indicators

June, September, December 2010 and March 2011



In March 2011, the indicators for New Business, Product Prices and Business Optimism recorded their most positive WNBs in the 18 months that the survey has run. In contrast, the indicator for Input Costs recorded its most negative WNB.

Section 6: Employees' Earnings

The March 2011 round of the BTS included two questions concerning the anticipated change to employees' basic earnings in 2011.

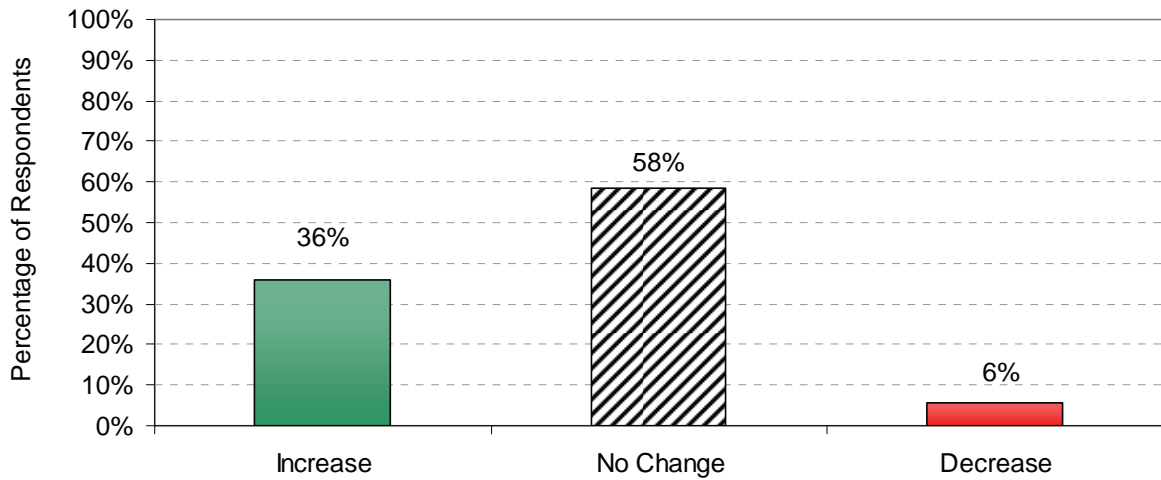
The first question asked respondents to specify either: 'increase', 'no change', 'decrease' or 'prefer not to disclose' (see survey form in Appendix 3). If a change (increase or decrease) was anticipated, the second question asked for an estimate of the average percentage change.

As Figure 10 shows, weighted by size of company (see Notes):

- almost three-fifths (58%) of respondents indicated that they anticipated "no change" in the basic earnings of employees in 2011;
- more than a third (36%) anticipated an increase in employees' earnings in 2011;
- the remaining 6% anticipated that employees' earnings would decrease in 2011.

The all-sector anticipated change in employees' earnings in 2011 thus showed a WNB of 30 pp.

Figure 10 – Employees’ basic earnings: anticipated change in 2011
Percentage of respondents for All-Sectors



The distributions of (weighted) responses and corresponding WNBs for the various sectors of the economy, and also for large and small companies, are shown in Table 1.

Table 1 – Employees’ basic earnings: anticipated change in 2011, by sector

Sector	Weighted distribution			WNB (pp)
	<u>Increase</u>	<u>No change</u>	<u>Decrease</u>	
All sectors	36%	58%	6%	30
Large (All)	64%	30%	6%	58
Small (All)	26%	68%	6%	21
Finance	58%	42%	0%	58
Large (Finance)	80%	20%	0%	80
Small (Finance)	23%	77%	0%	23
Non-finance	30%	62%	7%	23
Large (non-finance)	49%	40%	12%	37
Small (non-finance)	27%	67%	6%	21
Construction	6%	82%	11%	-5
Wholesale & retail	51%	49%	0%	51
Other non-finance	34%	58%	8%	26

The greatest WNBs were for larger companies, with almost two-thirds (64%) anticipating an increase in employees' basic earnings in 2011. For smaller firms, a quarter (26%) anticipated an increase and around two-thirds (68%) anticipated no change.

Four-fifths of the larger firms in the Finance sector anticipated an increase in employees' earnings in 2011 compared with about half of the larger non-finance firms.

The responses from smaller firms were similar in both the Finance and non-finance sectors, with around three-quarters and two-thirds, respectively, anticipating no change and about a quarter anticipating an increase.

For the second consecutive year, Construction saw the greatest proportion of respondents anticipating no change in employees' earnings and the lowest WNB (-5 pp).

Mean Percentage Change

Across all respondents from all sectors, the (weighted) mean anticipated change in employees' earnings for 2011 was +0.2%.

The mean anticipated change for the Finance sector was +1.4% and that for the non-finance sectors, overall, was 0.0%.

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 to three months previously** and also for their **expectations for the next three months**. A copy of the questionnaire is included in Appendix 2.

Each indicator derived from the survey responses is calculated as a net balance, that is the difference between the percentage of respondents answering *higher* or *increase* compared with the percentage answering *lower* or *decrease*. Responses are weighted according to the sampling probability and size of workforce of each business. Hence, each indicator constitutes a **weighted net balance (WNB)**.

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 and ranges from ± 2 to ± 3 pp.

2. **Seasonal effects:**

Businesses are asked to exclude normal seasonal fluctuations from their responses.

3. **Stratified sample:**

To design a representative sample of Jersey's businesses, a random sampling approach was invoked, stratified by business size (employment on a full-time equivalent, FTE, basis) and type of activity (SIC sector). Size-dependent sampling probabilities were applied, businesses with more than 50 FTE employees having a sampling probability of 1. The sample will be reviewed twice yearly to incorporate new or expanding businesses, in order that the sample remains representative of Jersey's economy.

4. **Response:**

Over 480 firms were sent a survey questionnaire for this survey; some 360 completed questionnaires were returned, constituting an overall response rate of 74%. The respondents accounted for almost half (44%) of total private sector employment.

5. **Weighting:**

The response data collected were analysed by calculating a weighted net balance. 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.

6. **Percentage Change in Employees' Earnings**

Mean percentage changes were calculated using the same inclusion probabilities and size weights as applied to the net balances. A weighted mean was calculated from the percentage changes reported by respondents. The statistical uncertainty on the all-sectors weighted mean (expressed as a 95% confidence interval) was $\pm 0.5\%$.

March 2011 WNB indicators: all sectors, Finance, non-finance, Construction and Wholesale & retail; percentage points.

Indicator	ALL SECTORS		FINANCE		NON-FINANCE		CONSTRUCTION		WHOLESALE & RETAIL		OTHER NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	-6	43	26	46	-18	42	-33	31	-12	37	-13	50
New Business	0	42	35	52	-13	39	-24	24	-24	43	-3	44
Capacity Utilisation	-17	60	-7	81	-21	52	-28	45	-22	53	-17	55
Input costs	-52	41	-13	80	-66	27	-63	35	-63	20	-69	26
Product prices	2	75	4	90	2	69	-20	76	17	55	5	73
Profitability	-32	38	14	55	-49	32	-62	20	-43	35	-45	37
Employment	-12	65	-7	45	-13	72	-30	56	4	71	-13	79
Business optimism	-10	54	25	64	-22	51	-35	33	-28	44	-14	61
Future business activity	2	59	32	55	-9	60	-19	42	-9	74	-3	62
Future employment	-1	72	18	65	-8	75	-30	58	-4	83	0	79

December 2010 WNB indicators: Finance & non-finance by size of business **: percentage points.

Indicator	Large: FINANCE		Small: FINANCE		Large: NON-FINANCE		Small: NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	33	47	13	46	0	39	-22	43
New Business	41	51	24	53	-1	41	-16	38
Capacity Utilisation	-7	87	-8	69	-10	45	-24	54
Input costs	-10	87	-19	68	-64	20	-67	29
Product prices	1	91	10	90	0	59	2	72
Profitability	25	47	-6	69	-11	35	-59	31
Employment	-5	33	-12	68	-12	54	-14	76
Business optimism	32	63	14	66	-12	52	-25	50
Future business activity	34	58	27	51	2	54	-11	62
Future employment	28	55	-1	84	-19	67	-5	77

* Weighted percentage of respondents who replied "same".

** Large firms are defined as having more than 50 FTEs; small firms defined as having 50 or fewer FTEs.

All Sectors WNB Indicators

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011
Business Activity	-11	-15	-15	-4	-6	-9	-6
New Business	-11	-15	-13	-9	-3	-3	0
Capacity Utilisation	-9	-18	-21	-10	-11	-12	-17
Input costs	-31	-32	-36	-44	-42	-39	-52
Product prices	-11	-13	-6	0	-1	-6	2
Profitability	-41	-43	-41	-39	-32	-37	-32
Employment	-18	-15	-15	-14	-12	-17	-12
Business optimism	-13	-15	-15	-11	-11	-23	-10
Future business activity	12	4	8	5	6	-12	2
Future employment	-14	-12	-8	2	-2	-7	-1

Finance WNB Indicators

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011
Business Activity	1	0	14	18	13	30	26
New Business	10	5	25	15	12	36	35
Capacity Utilisation	8	-12	-5	-1	-4	-6	-7
Input costs	-16	1	-13	-19	-14	-7	-13
Product prices	-1	-12	-15	2	6	-7	4
Profitability	-26	-27	-21	-15	-11	-12	14
Employment	-30	-1	-19	-17	-9	-16	-7
Business optimism	12	13	20	17	4	11	25
Future business activity	33	50	29	30	35	24	32
Future employment	-22	-7	-1	5	7	0	18

Non-Finance WNB Indicators

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011
Business Activity	-16	-21	-26	-12	-12	-24	-18
New Business	-19	-23	-27	-19	-9	-18	-13
Capacity Utilisation	-15	-20	-27	-14	-14	-14	-21
Input costs	-48	-45	-43	-54	-52	-51	-66
Product prices	-15	-13	-3	0	-3	-6	2
Profitability	-46	-49	-48	-48	-39	-46	-49
Employment	-14	-20	-13	-13	-12	-17	-13
Business optimism	-22	-25	-26	-21	-16	-35	-22
Future business activity	4	-13	1	-5	-5	-26	-9
Future employment	-11	-14	-10	0	-6	-10	-8

Construction WNB Indicators

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011
Business Activity	-34	-40	-15	4	-6	-30	-33
New Business	-31	-59	-31	-1	-2	-25	-24
Capacity Utilisation	-7	-33	-14	9	-12	-27	-28
Input costs	-39	-41	-34	-64	-64	-43	-63
Product prices	-12	-12	-12	-15	-2	-12	-20
Profitability	-42	-53	-39	-42	-37	-55	-62
Employment	-5	-8	1	0	1	-31	-30
Business optimism	-29	-38	-22	-8	-10	-45	-35
Future business activity	3	-23	1	5	-7	-35	-19
Future employment	-15	-17	-1	-3	-7	-28	-30

Wholesale & retail WNB Indicators

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011
Business Activity	13	-18	-36	-8	-9	-11	-12
New Business	13	-6	-47	-22	-25	-3	-24
Capacity Utilisation	-22	-11	-44	-35	-28	-15	-22
Input costs	-50	-52	-48	-46	-45	-45	-63
Product prices	-6	-12	6	16	3	1	17
Profitability	-30	-57	-52	-42	-27	-18	-43
Employment	1	-8	-9	-12	-22	-3	4
Business optimism	5	-25	-47	-21	-11	-27	-28
Future business activity	33	-13	-3	1	9	-19	-9
Future employment	6	-15	-7	-1	10	-9	-4

Other non-finance WNB Indicators

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011
Business Activity	-16	-14	-26	-18	-16	-27	-13
New Business	-25	-15	-20	-23	-7	-21	-3
Capacity Utilisation	-12	-18	-26	-15	-9	-9	-17
Input costs	-52	-43	-44	-53	-49	-55	-69
Product prices	-21	-14	-2	-1	-6	-6	5
Profitability	-52	-45	-49	-51	-44	-53	-45
Employment	-22	-29	-19	-17	-15	-17	-13
Business optimism	-32	-19	-22	-25	-20	-35	-14
Future business activity	-8	-9	2	-11	-9	-26	-3
Future employment	-17	-13	-13	2	-11	-5	0

Business Tendency Survey – March 2011

BEFORE COMPLETING THE SURVEY PLEASE READ THE ATTACHED GUIDANCE NOTES

Company Name:

Contact Details:

If the contact details have changed please update details: Name:.....Tel number:.....

The survey is to be **completed by the Chief Executive or Managing Director** and all answers should refer to the local Jersey-based unit of your organisation, not the performance of the international operations of your organisation outside the Island. The basis for answers should be consistent from one survey quarter to the next.

Current situation

Please **compare the current trading situation** for your organisation to **three months ago**; **excluding normal seasonal fluctuations** e.g. *current trading situation is higher (the same or lower) than three months ago when seasonal fluctuations are excluded.*

Note: If it is not practical to compare the current trading situation for your organisation with that of three months ago then please compare it with that of one year ago and make a note of this in the exceptional circumstances below. **(see guidance notes)**

Please tick one option only when answering the following questions regarding your organisation:

1. **Level of business activity / output:** Gross income, chargeable hours worked or turnover. **(see note 1)**
 Higher Same Lower N/A
 2. **Incoming new business / new orders:** New business 'won' or placed with your organisation. **(see note 2)**
 Higher Same Lower N/A
 3. **Level of capacity utilisation:** Current business activity relative to 'normal capacity' (e.g. 'above capacity' means busier and longer hours worked than normal). **(see note 3)**
 Above capacity Normal capacity Below capacity N/A
 4. **Average costs that you pay for inputs:** Prices paid for supplies, purchases, wages and salaries etc. **(see note 4)**
 Higher Same Lower N/A
 5. **Average prices that you charge for your products:** Prices charged per item or unit of time on average. **(see note 5)**
 Higher Same Lower N/A
 6. **Profitability:** Total profits earned on all activities of your organisation. **(see note 6)**
 Higher Same Lower N/A
 7. **Employment:** Number of employees employed. **(see note 7)**
 Higher Same Lower N/A
 8. **Business optimism:** Optimism about the overall business situation in your sector, generally. **(see note 8)**
 Increase Same Decrease N/A
-
-

Future expectations

Please **compare your expectations** for your organisation over **the next three months** to the current situation; **excluding normal seasonal fluctuations** e.g. *the next quarter will be higher (the same or lower) than the current quarter, excluding seasonal fluctuations.*

9. **Level of business activity / output:** Gross income, chargeable hours worked or turnover. *(see note 1)*

₁ Increase ₂ No change ₃ Decrease ₄ N/A

10. **Employment:** Number of employees employed. *(see note 7)*

₁ Increase ₂ No change ₃ Decrease ₄ N/A

Employees' Earnings

Please indicate your expectations for your employees' basic earnings in 2011, **excluding overtime, bonuses, commission, incentives etc** *(see note 9)*

11. **Anticipated Change in 2011:**

₁ Increase ₂ No change ₃ Decrease ₄ Prefer not to disclose

12. **If an increase or decrease is anticipated; please estimate average percentage change:**

-----%

Exceptional circumstances

Please list any recent exceptional circumstances such as business re-structuring, mergers or changes in accounting practices and what impact these circumstances have had on the answers provided.

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Would you like to receive a copy of the **quarterly report** via email? Yes / No

Would you like to receive the **next quarterly Business Tendency Survey questionnaire** via email? Yes / No

Please provide a contact email address:.....

The information contained in each survey will be treated with the strictest confidence and will only be used to produce aggregate measures.

Thank you for your time.

GUIDELINES ON COMPLETING THE SURVEY

Please try to **exclude normal seasonal variations** from your responses. For example, activity in hotels is typically higher in the summer than in spring, so do not tick 'higher' *unless* business activity is higher than three months ago *excluding* normal seasonal variations.

If it is not practical to compare the *current* trading situation for your organisation with that of three months ago (e.g. where there may be strong seasonal activities such as in Agriculture or Hospitality) then please compare the current trading situation with that of one year ago. Also use the same annual comparison for the future expectations of your organisation.

1. **Level of business activity / output:** This is the total amount of work undertaken by your 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 your 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.
2. **Incoming new business / new orders:** This is the amount of new business placed with your organisation. This may include any new clients, new orders or contracts from existing clients or any new contracts.
3. **Level of capacity utilisation:** This is your current business activity relative to 'normal capacity'. Please tick 'above capacity' if your current business activity is above its normal capacity (e.g. because your organisation is busier than normal or staff are working longer hours than normal). Please tick 'below capacity' if your current business activity is below its normal capacity (e.g. because your organisation is quieter than normal or staff are working shorter hours than normal).
4. **Average cost of inputs:** This is the average cost for all inputs used by your organisation. Inputs include supplies obtained, stocks/materials bought in and costs of employees, including wages, salaries and pension costs paid by your organisation. Please try to give a weighted average of costs. For example, if employment costs are the largest share, give them the largest weighting (i.e. importance) when answering the question.
5. **Average prices that you charge for your 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 your organisation offers various services/products then please try to give a weighted average. For example, if one service accounts for most of your sales and its prices have increased then give it the largest weighting (i.e. importance) when answering the question by indicating that prices have risen on average.
6. **Profitability:** This is the total profits earned on all activities of your organisation. If your organisation does not calculate profits over the most recent three months, please try to estimate how your profitability has changed, taking into account changes in turnover, changes in input costs and changes in mark-ups/spreads over input costs.
7. **Employment:** This is the number of employees employed on average. Please count two part-time employees as equivalent to one full-time employee. For example, if two part-time employees resigned and one full-time employee was taken on, please count this as no net change and tick 'same'. Ignore seasonal or temporary hirings.
8. **Business optimism:** This refers to your confidence or optimism about the overall business situation in your sector generally. Unlike the previous questions, it is *not* about what is actually happening to *your organisation* at present, but asks about your opinions for your *sector generally*.
9. **Employees' Earnings:** This is the change in your employees' basic earnings excluding any add-ons such as commission or overtime. If an increase or decrease is anticipated, please indicate this figure as an average percentage change across the whole company.