

## Summary for the Business Tendency Survey in December 2020

### Business activity indicator

- the headline **all-sector business activity** indicator was **moderately negative**, at -15 percentage points (pp); this means the proportion of businesses that reported a decrease was 15 pp higher than those that reported an increase
  - the business activity indicator was moderately positive for the finance sector (+17 pp) and was strongly negative for the non-finance sector (-28 pp)
  - the business activity indicator for finance was significantly higher than in September, while it was significantly lower for non-finance, which together resulted in no significant change for the all-sector indicator

### Current indicators

- **five** of the **eight current indicators** were **significantly negative**, and none were significantly positive
- the **overall** picture was **significantly more positive** than last quarter; two current indicators increased significantly and there were no significant decreases

### Current situation: COVID-19

- the turnover indicator was moderately negative at -20 pp
- the actively working indicator was moderately negative at -16 pp
- the most commonly cited workforce measure taken in response to COVID-19 over the last three months was no action

### Outlook for next quarter – the three months to March 2021

- the outlook for **future business activity** was **neutral** (-2 pp) overall
  - the indicator was strongly positive for finance (+34 pp) and moderately negative for non-finance (-16 pp)
- the overall **future employment** outlook was **neutral** (+7 pp)
  - the indicator was strongly positive (+31 pp) for finance and neutral for non-finance (-3 pp)

### Finance sector expectations for 2021

- the employment expectations indicator for 2021 was neutral (+5 pp)
  - this indicator was 12 pp lower than in December 2019
- the profit expectations indicator for 2021 was moderately positive (+15 pp); 45% of finance companies anticipated an increase in profits in 2021, compared to 30% that anticipated a decrease
  - the expected profits indicator was 33 pp lower than in December 2019

## 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 change 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 decrease<sup>1</sup>.

### 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.

During the period when the survey was open (30 November – 22 January), a hospitality circuit-breaker<sup>2</sup> began on 5 December, and in addition non-essential retail, close contact services and indoor recreation centres were closed from 24 December<sup>3</sup>, with the restrictions still in place at time of writing. The results include responses received both before and after these restrictions were in place. Most hospitality responses were received after the circuit-breaker was announced on 2 December, and most wholesale and retail responses were received before further restrictions were announced on 22 December.

## 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 2020, the all-sector business activity indicator was moderately negative, with a value of -15 percentage points (pp). An increase in business activity was reported by 21% of businesses, compared with 36% that reported a decline; the difference in the unrounded figures results in a net balance of -15 pp, which provides the value of the indicator. The remaining 43% of companies reported that business activity was unchanged; see [Figure 1.1](#).

Prior to 2020, the last time the overall business activity indicator had a balance less than zero was in June 2013 (-8 pp).

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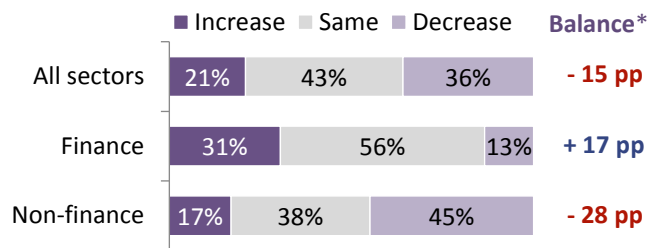
<sup>1</sup> Note that figures in this report are rounded independently; therefore, an indicator's balance may differ by up to one percentage point from the difference between stated percentages.

<sup>2</sup> <https://www.gov.je/news/2020/pages/HospitalityCircuitBreaker.aspx>

<sup>3</sup> <https://www.gov.je/News/2020/Pages/FutherCOVIDRestrictions.aspx>

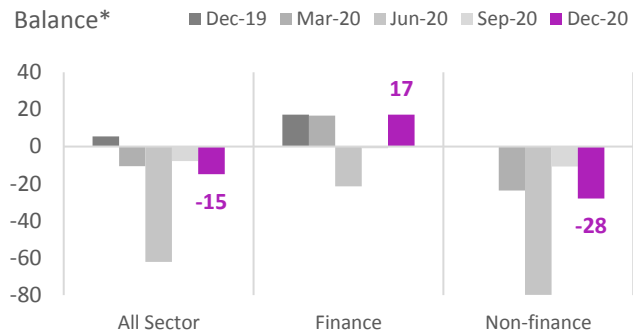
**Figure 1.1 – Business activity, December 2020**

Compared with situation three months previously



**Figure 1.2 – Business activity**

December 2019 – December 2020 (percentage points)



\* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. The net balance and individual percentages are rounded independently, and therefore the percentages may not sum to the balance.

The business activity indicator was moderately positive for the finance sector (+17 pp) and strongly negative for the non-finance sector (-28 pp).

The overall business activity indicator did not change significantly since the previous quarter, down 7 pp; see [Figure 1.2](#).

The finance sector saw a moderate quarterly increase of 18 pp in this indicator. The balance of the finance sector business activity indicator was equal to that of December 2019 and March 2020, and was within 10 pp of its three-year mean (4 pp below).

The non-finance sector saw a moderate decrease of similar size to finance (down 17 pp). The non-finance sector was also at a similar level to its March 2020 balance (down 4 pp) but was down 28 pp annually, and its current balance was 25 pp below its three-year mean.

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

- extremely negative (-98 pp) in the hotels, restaurants and bars sector<sup>4</sup>
- neutral (-8 pp) for wholesale and retail
- and moderately negative for construction (-24 pp) and other non-finance (-19 pp).

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

This indicator was at record lows for all non-finance sub-sectors in June 2020, and after an extreme quarterly decrease of 54 pp between March and June 2020, the hotels, restaurants and bars sector was at essentially the same level in December 2020 as it was in June (-100 pp).

Since September the wholesale and retail sector decreased strongly (down 29 pp), construction decreased moderately (down 21 pp), while other non-finance changed by less than 10 pp since last quarter.

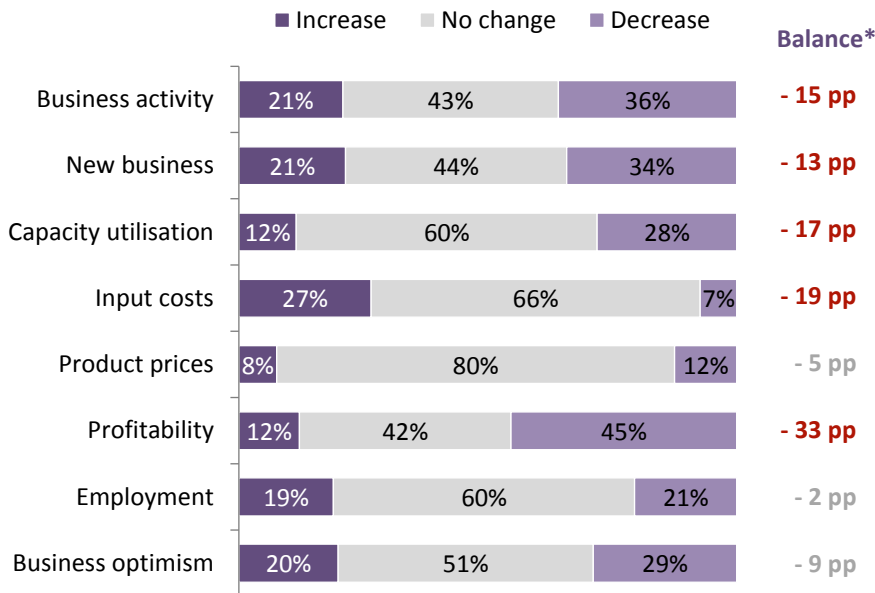
## Current indicators

In December 2020, five out of the eight all-sector indicators relating to the current situation were significantly negative, and the other three 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  $\pm 10$  pp.

<sup>4</sup> The only non-negative responses from the hotels, restaurants and bars sector were received prior to the announcement of the hospitality circuit-breaker.

The profitability indicator had a strongly negative (-33 pp) balance, the lowest of the current indicators. There were an additional four indicators with moderately negative balances, and three with neutral balances (employment, produce prices and business optimism).

**Figure 2.1 – All-sector indicators, comparing current situation (December 2020) to three months previously**



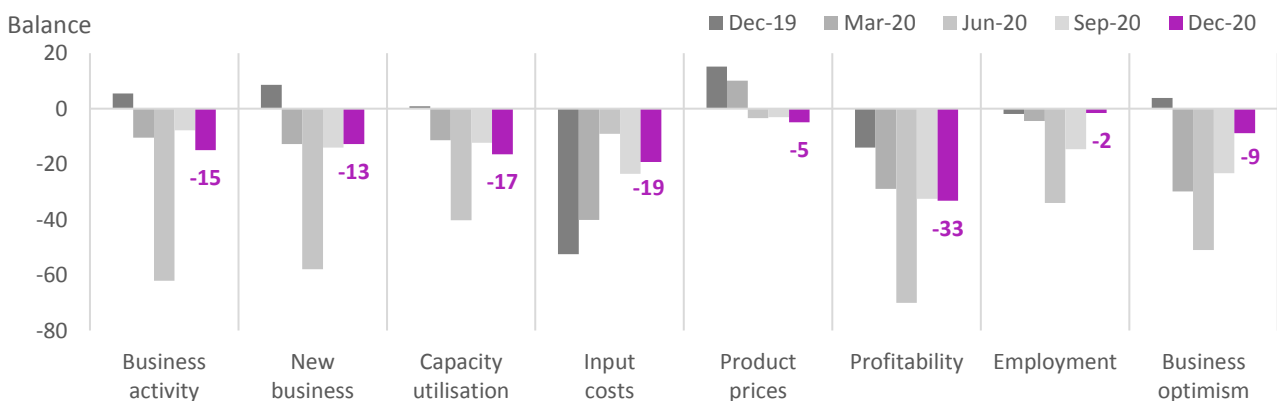
\* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. For input costs, a negative balance indicates that more businesses have seen input costs increase than decrease.

The summary balance across all indicators<sup>5</sup> was -5, the same balance as in March 2020 and one lower than the balance in June and September 2020 (-6). However, the current summary balance across all indicators was much lower than the three-year mean for the period to September 2020 (-0.2).

Figure 2.2 shows the eight current indicators for December 2020 against those of the previous four quarters. Two indicators changed significantly since the previous quarter, both moderate increases: business optimism increased 14 pp and employment increased 13 pp.

**Figure 2.2 – All-sector current indicators**

December 2019 – December 2020



<sup>5</sup> This is the difference between the number of positive indicators (zero) minus the number of negative indicators (five).

Compared to a year previous, six of the eight current indicators decreased moderately and only the inputs costs indicator increased, up 33 pp. Five of the annual decreases were of around 20 pp: new business, business activity, product prices, profitability, and capacity utilisation (22 pp, 21 pp, 20 pp, 19 pp, and 18 pp respectively).

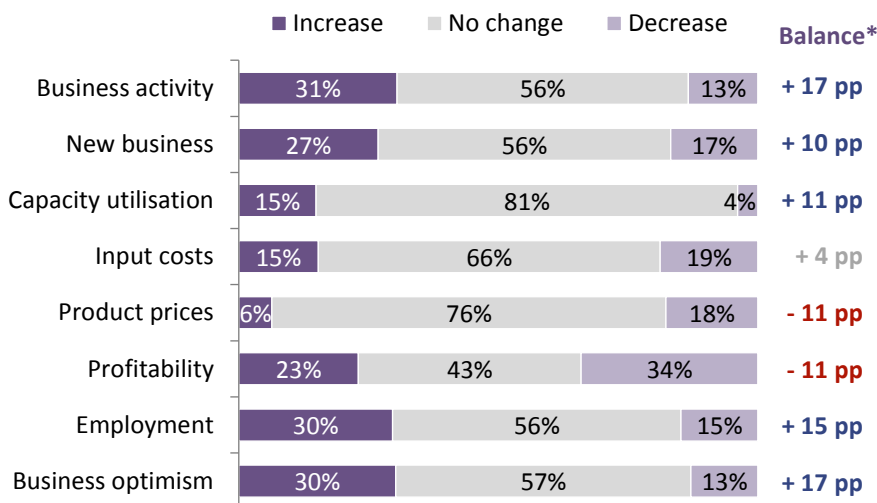
These same five indicators were also significantly below their three-year means, by similar margins (23 pp to 16 pp below). Input costs was the only indicator significantly above its three-year mean (25 pp higher).

Business optimism and employment, the same indicators that increased on a quarterly basis, were the only indicators not significantly different to their three-year means. In contrast, in June, five indicators were more than 50 pp below their three-year means, with the largest difference being 84 pp in business activity.

## Finance sector

In December 2020 the finance industry had five moderately positive current indicators, two moderately negative indicators, and one indicator (input costs) neutral; see [Figure 3.1](#).

**Figure 3.1 – Finance sector indicators, comparing current situation (December 2020) to three months previously**



\* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. For input costs, a negative balance indicates that more businesses have seen input costs increase than decrease.

The summary balance across all indicators<sup>6</sup> was +3, higher than the three-year mean for the period up to September 2020 for finance (+2.2).

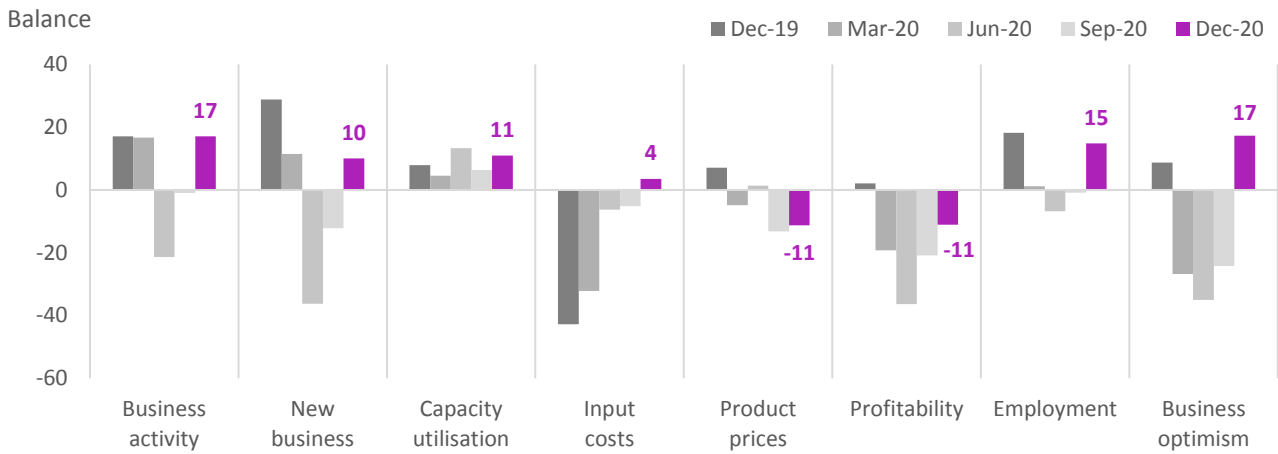
[Figure 3.2](#) illustrates that there were five changes of at least 10 pp since last quarter, all of which were increases. There was one strong quarterly increase, business optimism (up 41 pp), and four moderate increases: new business (up 22 pp), business activity (up 18 pp), employment (up 16 pp), and profitability (up 15 pp).

In December 2020 two of the eight current indicators for finance were above their three-year means, inputs costs strongly above (up 29 pp) and business optimism moderately above (up 10 pp); two were moderately below, product prices and profitability (20 pp and 17 pp below respectively). The remaining four current indicators were within 10 pp of their three-year means.

<sup>6</sup> This is the difference between the number of positive indicators (five) minus the number of negative indicators (two).

**Figure 3.2 – Finance sector current indicators**

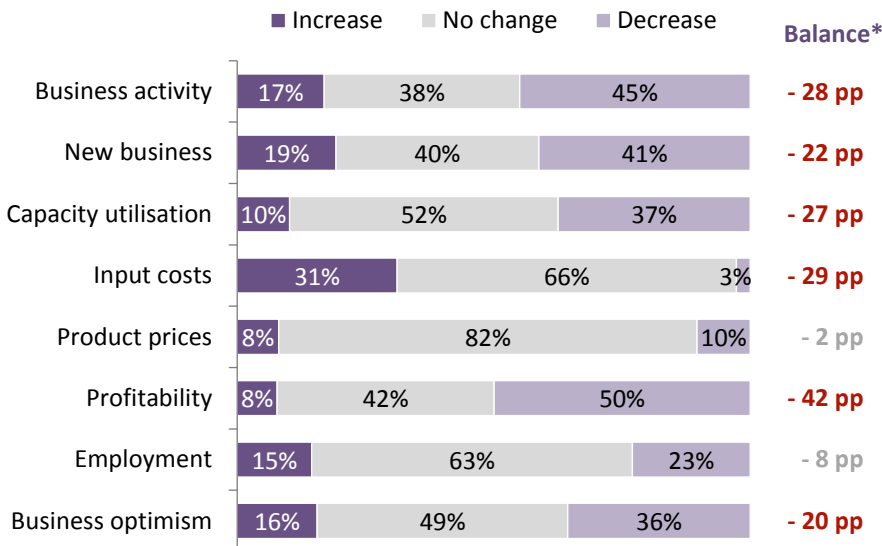
December 2019 – December 2020



### Non-finance sector

For the non-finance sector, six out of the eight indicators for the current situation were negative in December 2020, with the exceptions being employment and product prices, which were neutral; see [Figure 4.1](#).

**Figure 4.1 – Non-finance sector indicators, comparing current situation (December 2020) to three months previously**



\* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. For input costs, the balance indicates that more businesses have seen input costs increase than decrease.

Four of the eight current indicators were strongly negative, with balances of at least -25 pp: profitability (-42 pp), input costs (-29 pp), business activity (-28 pp), and capacity utilisation (-27 pp). New business and business optimism had moderately negative balances (-22 pp and -20 pp respectively).

The two neutral indicators, employment and product prices, were at similar levels to those observed in September 2009 – March 2016, when they averaged -9 pp and -2 pp respectively – within 1 pp of their December 2020 balances.

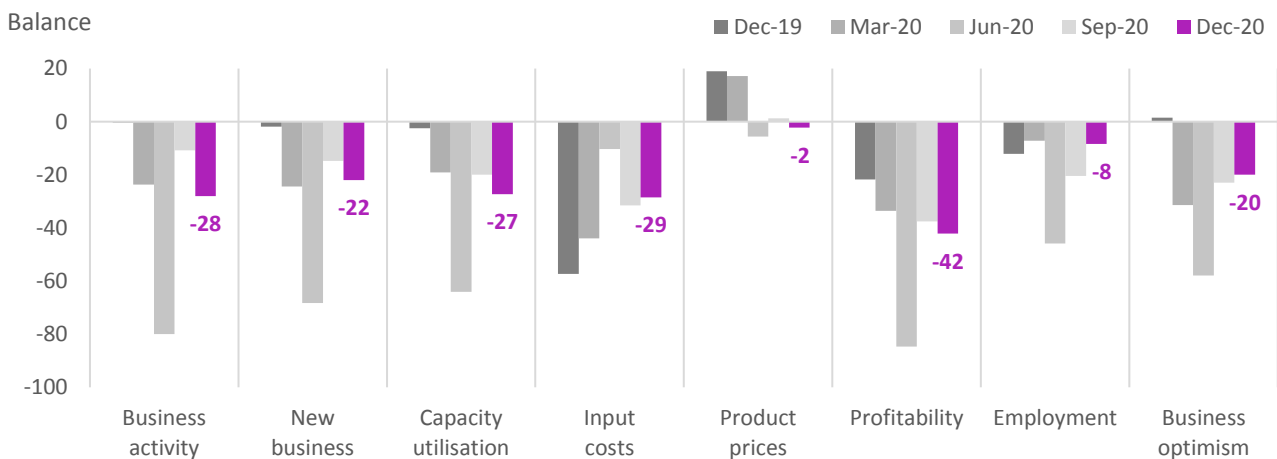
Among the sub-sectors, hotels, restaurants and bars<sup>7</sup> was extremely negative (at least -50 pp) in five indicators, construction was extremely negative in one sector (profitability, -52 pp), while no other sub-sectors were extremely negative in any indicators. The hotels, restaurants and bars sector was negative in all eight current indicators, other non-finance in six, construction in five, and wholesale and retail<sup>8</sup> in two indicators. See the [appendix](#) for detailed breakdowns by size and sector.

For the non-finance sector overall, there were two quarterly changes of 10 pp or more: the business activity indicator decreased moderately (down 17 pp), and the employment indicator increased moderately (up 12 pp); see [Figure 4.2](#). It is interesting that the only increase was in the employment indicator, considering the relatively unchanged, negative balances in most indicators; the increase in this indicator in September coincided with large increases in most other indicators.

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

**Figure 4.2 – Non-finance sector current indicators**

December 2019 – December 2020



In December 2020 six of the eight current indicators were at least 10 pp lower than their three-year averages; the exceptions were the input costs indicator, which was 23 pp above its three-year average, and the employment indicator, which was within 10 pp of its three-year mean.

Hotels, restaurants and bars reported seven current indicators at least 10 pp below average, of which six were extremely below their three-year means (at least 50 pp below), with the input costs indicator being the exception and strongly above average.

Six current indicators for construction were at least 10 pp below their three-year means, with only input costs being above its three-year average. Other non-finance was similar, with five indicators at least 10 pp below their averages and only input costs above average. In contrast four current indicators for wholesale and retail were at least 10 pp above their three-year means and only product prices was below its three-year mean.

### Comparison of finance and non-finance sectors

The finance sector was more positive than the non-finance sector in seven of the eight current indicators, and within 10 pp for product prices, giving a net balance of +7 indicators where the finance sector was more

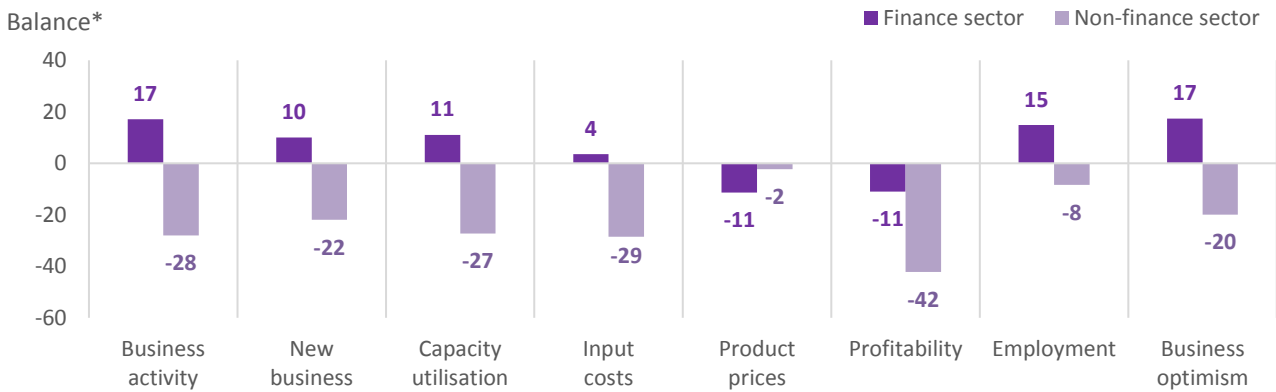
<sup>7</sup> As noted in the introduction, the hospitality circuit-breaker was announced on 2 December and implemented on 5 December. Most responses for this sector were received after the announcement.

<sup>8</sup> As noted in the introduction, further COVID-19 restrictions were announced on 22 December and implemented on 24 December. Most responses for the wholesale and retail sector were received before the announcement.

positive; see [Figure 5.1](#). This is above the three-year mean balance +4.7. In December 2020 six current indicators were at least 30 pp higher for finance than non-finance.

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

December 2020



\* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. For input costs, the balance indicates that more businesses have seen input costs increase than decrease.

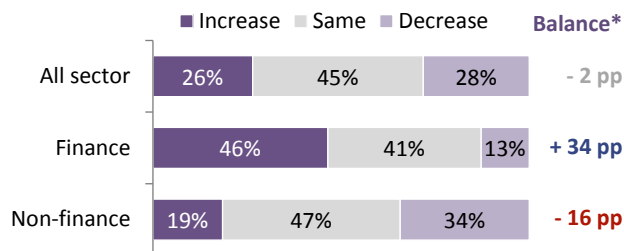
## Section 2: Future indicators

### Future business activity

The outlook for all-sector future business activity over the next three months (to March 2021) was neutral (-2 pp). Both increases and decreases in business activity were expected by approximately one quarter of businesses (26% and 28% respectively), while close to half (45%) expected no change; see [Figure 6.1](#).

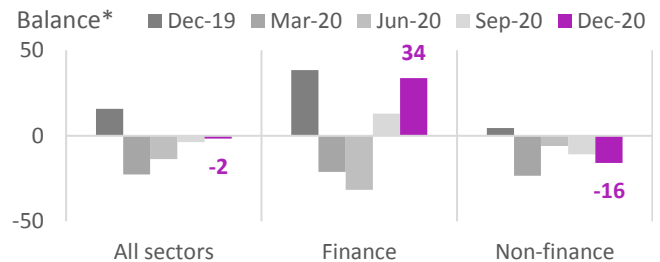
**Figure 6.1 – Future business activity**

Expectations for next three months (March 2021)



**Figure 6.2 – Future business activity**

December 2019 – December 2020 (percentage points)



\* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. The net balance and individual percentages are rounded independently, and therefore the percentages may not sum to the balance.

The finance sector was strongly positive (+34 pp), while non-finance was moderately negative (-16 pp), which resulted in a neutral balance overall.

Close to half (46%) of finance companies expected an increase in business activity, and 13% expected a decrease.

In contrast, 19% of non-finance expected an increase in business activity, and 34% expected a decrease.

Within the non-finance subsectors the future business activity indicator was:

- extremely negative for hotels, restaurants and bars (-79 pp)
- positive for wholesale and retail (+19 pp)
- negative for other non-finance (-18 pp)
- and neutral for construction (-7 pp).



The overall future business activity indicator was essentially unchanged from the previous quarter (up 2 pp); see [Figure 6.2](#). The balance in December 2020 was 13 pp below its three-year mean of +11 pp.

The future business activity indicator for the finance sector saw a moderate quarterly increase of 21 pp since September, increasing from +13 pp to +34 pp. From June 2020 to December 2020 this indicator increased 66 pp. The balance of this indicator in the current quarter was at a similar level to December 2019, when it was +38 pp, and was within 10 pp of its three-year mean.

The non-finance sector balance changed by less than 10 pp on a quarterly basis, and was 20 pp below its three-year mean in December 2020.

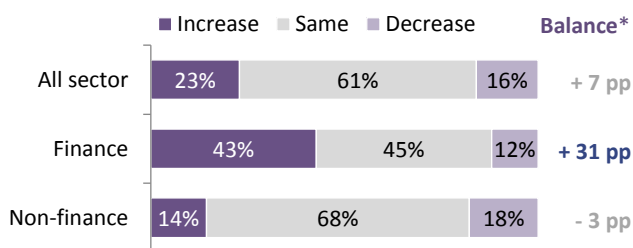
Within the non-finance sector, the future business activity indicator was 62 pp below the three-year average for hotels, restaurants and bars. Other non-finance and construction were moderately below their three-year means by 24 pp and 15 pp respectively, while wholesale and retail was 11 pp above its three-year mean. See the [appendix](#) for a breakdown of the non-finance sector.

## Future employment

The outlook for all-sector future employment was neutral (+7 pp), similar to the future business activity indicator. An increase in employment was expected by 23% of companies, and 16% expected a decrease; see [Figure 7.1](#). The finance sector was strongly positive (+31 pp), while the non-finance sector was neutral (-3 pp).

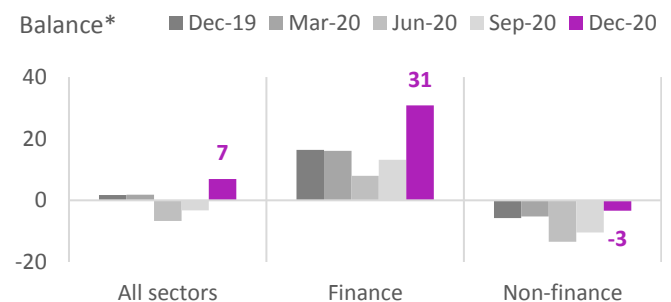
**Figure 7.1 – Future employment**

Expectations for next three months (March 2021)



**Figure 7.2 – Future employment**

December 2019 – December 2020 (percentage points)



\* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. The net balance and individual percentages are rounded independently, and therefore the percentages may not sum to the balance.

Over the last twelve months, the future employment indicator has remained neutral; see [Figure 7.2](#). There was also little movement in this indicator for the non-finance sector over this period. The finance sector had reported similar changes for this period up until the previous quarter, until the moderate quarterly increase of 18 pp to +31 in December 2020.

In the current quarter the future employment indicator was within 10 pp of its three-year mean both overall and for the finance and non-finance sectors.

Within the non-finance sector, the future employment indicator was strongly negative for hotels, restaurants and bars (-38 pp), and neutral for construction, wholesale and retail, and other non-finance.

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

## Annex – 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

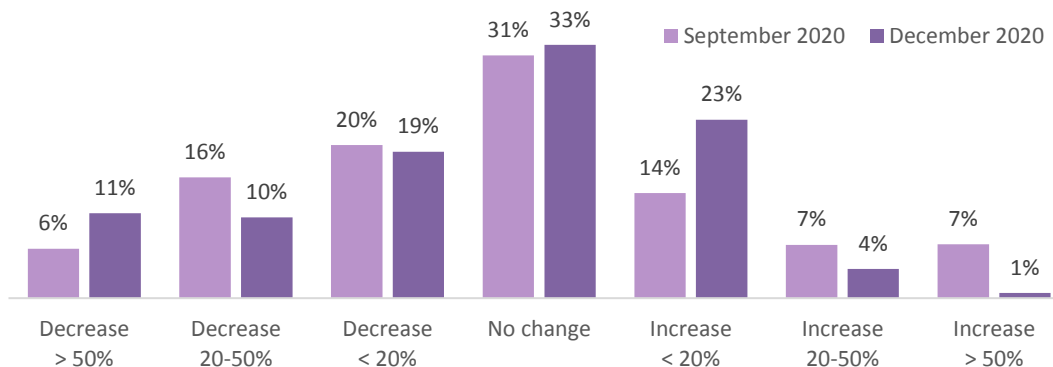
Businesses were asked if they were currently trading. Of those that responded, 94% were trading and 5% were inactive in December 2020. One percent of businesses who responded reported having ceased trading.

### Turnover

Businesses were asked how their turnover in December 2020 compared to three months' ago (September 2020) 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 a larger weight (150%).

The balance of the turnover indicator was moderately negative at -20 pp, see [Figure A1.1](#). Overall, 36% of undertakings reported a decrease in turnover, compared to 16% that reported an increase. The balance of this indicator changed by less than 10 pp on a quarterly basis, and remained above the June 2020 figure of -75 pp by more than 50 pp.

**Figure A1.1 – Change in turnover in December 2020, compared with change in turnover in September 2020**

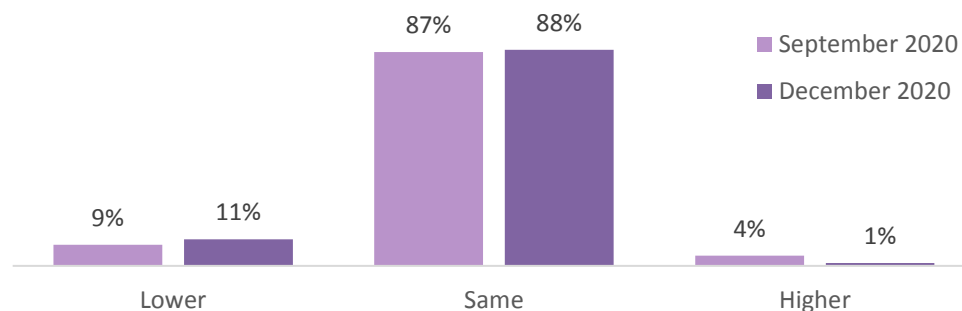


The turnover indicator was strongly negative (-28 pp) for non-finance, while it was neutral for finance (-1 pp).

### Access to finance

The access to finance indicator was moderately negative (-10 pp). A large majority (88%) reported no change in their access to finance, while 11% reported a decrease; see [Figure A1.2](#). The balance of this indicator has remained within a 10 pp range since June 2020.

**Figure A1.2 – Access to finance in September and December 2020 compared to three months' ago**

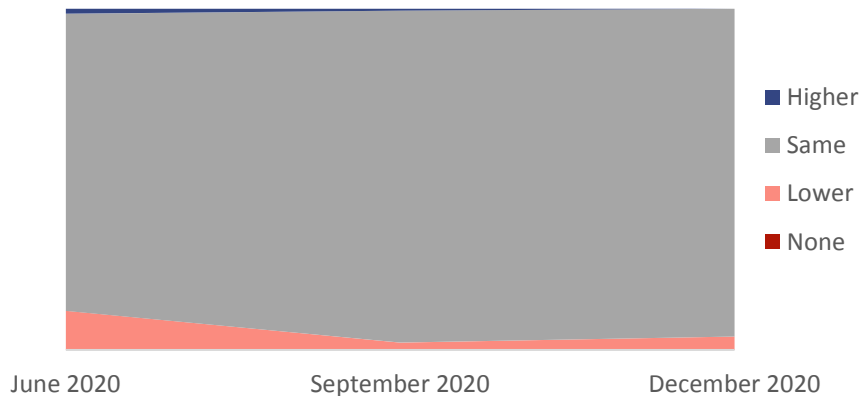


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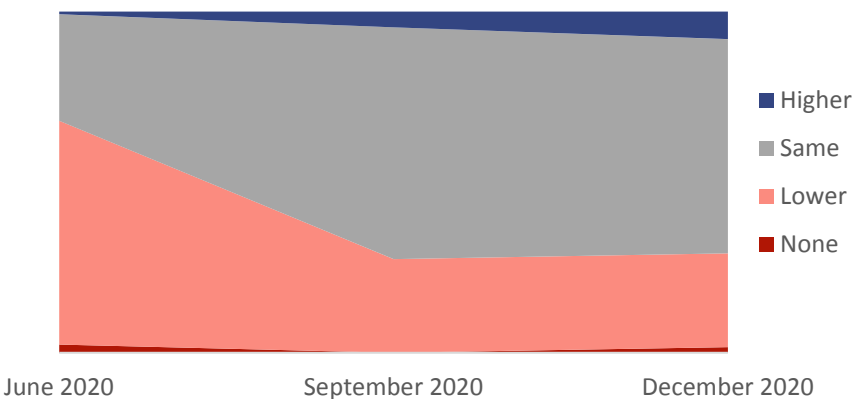
## Employment

Of businesses that employed staff, 20% reported that a lower proportion of their staff were actively working in December 2020 compared to normal, while 6% 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 -16 pp is unchanged from the previous quarter, and remains 35 pp above the June 2020 balance of -51 pp.

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



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

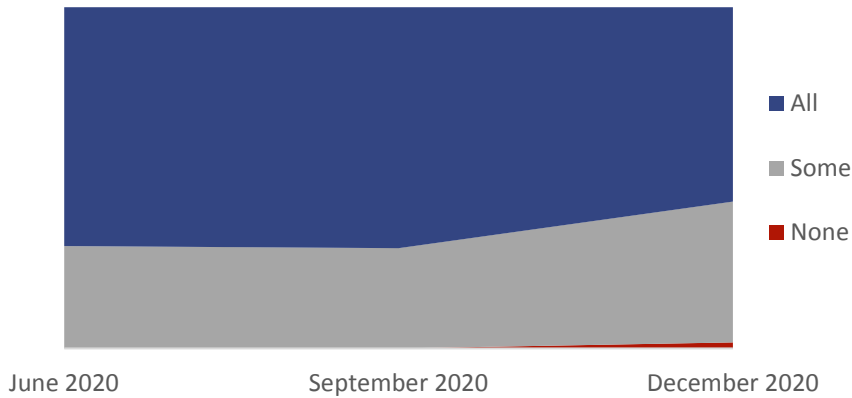


The actively working indicator for the finance sector was neutral (-4 pp), and has remained in a 10 pp range since June; see [Figure A1.3](#). In contrast, the non-finance sector balance was moderately negative (-22 pp) in December, essentially unchanged since September (up 1 pp), and remained more than 40 pp above its June balance of -68 pp; see [Figure A1.4](#).

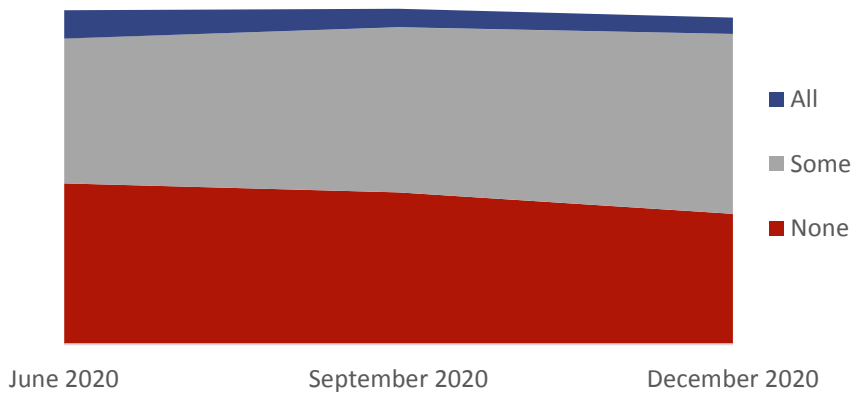
Of the businesses that employed staff, 22% reported that all of their staff were working remotely, and a further 51% said some of their staff were working remotely. In contrast, 28% said none of their staff were working remotely.

In the finance sector, over half (57%) of companies reported all their staff worked remotely in December 2020, compared to 5% of non-finance companies; see [Figure A1.5](#) and [Figure A1.6](#). Similarly, 2% of finance companies said none of their staff were working remotely, compared to 40% of non-finance companies.

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

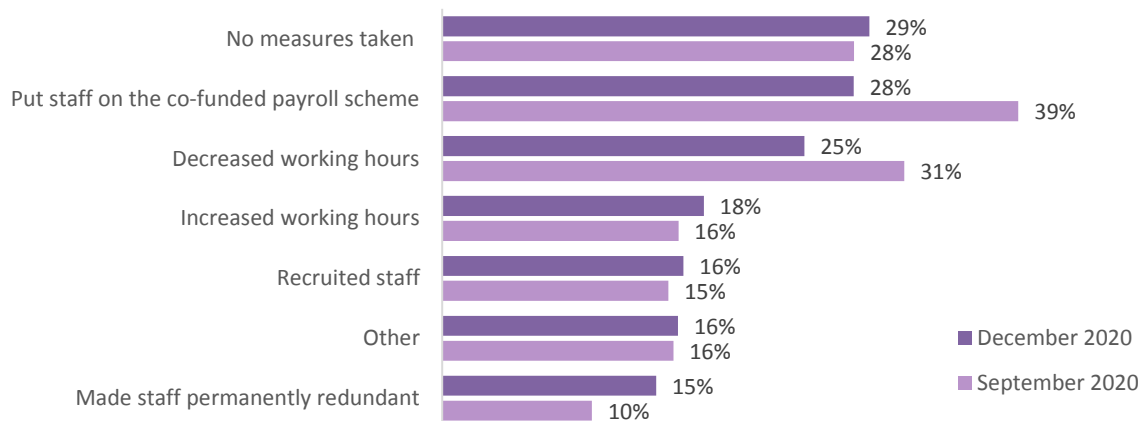


**Figure A1.6 – Proportion of working remotely, non-finance sector**



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, 71% had implemented some measures. However, the most commonly cited response was that no additional measures had been taken in the last three months (29%). The most common measure taken in the last three months was enrolling in the Government of Jersey Co-Funded Payroll Scheme (28%), followed by decreased hours for staff (25%); see [Figure A1.7](#).

**Figure A1.7 – Workforce measures taken in response to COVID-19 in the last three months, as reported in September and December 2020**



The least commonly selected option was staff redundancies (15%), closely followed by recruiting staff and other measures (both 16%), and increasing hours (18%). The only notable quarterly change in workforce measures taken since September 2020 was an 11 pp decrease in enrolment in the Co-Funded Payroll Scheme.

Among the measures described in “other” were flexible working arrangements, not recruiting new staff, financial measures such as changes to pensions and bonuses, and practical steps to facilitate remote working or safer working on-site.

In December 2020, 44% of finance businesses reported they had taken no additional workforce measures in response to COVID-19 during the previous three months, in contrast to 22% of non-finance companies. The proportion of companies that reported taking no measures was 22 pp higher for finance than non-finance, a smaller difference than in June and September, when the values for finance companies were 48 pp and 44 pp higher respectively.

## Annex – Finance sector

### Future expectations

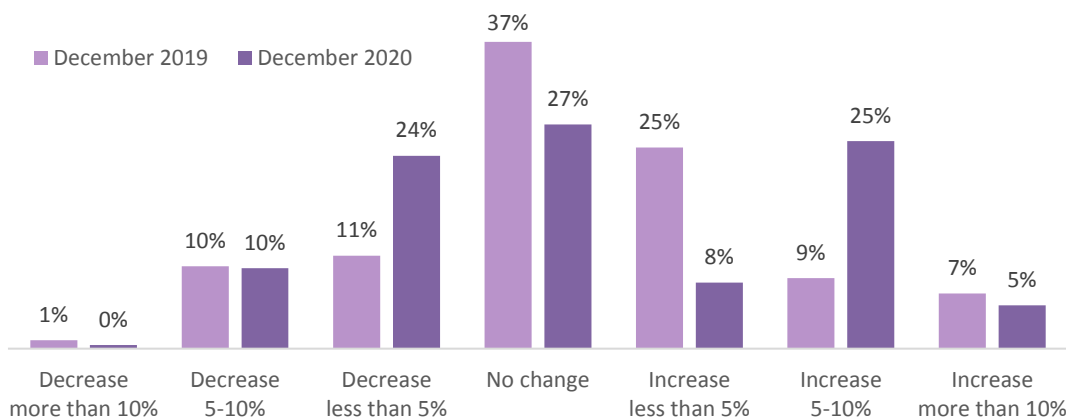
Additional questions were asked of the finance sector to gauge their expectations for future employment, profits and business development.

### Employment expectations

Finance businesses were asked to quantify their expected changes in employment from December 2020 to December 2021.

The longer-term employment expectations indicator was neutral (+5 pp), with 39% of finance companies expecting employment to be higher in December 2021, compared to 34% that expected a decrease and 27% that expected no change; see [Figure A2.1](#).

**Figure A2.1 – Longer-term employment expectations for 2021 (expressed in December 2020), compared with expectations for 2020 (expressed in December 2019)**

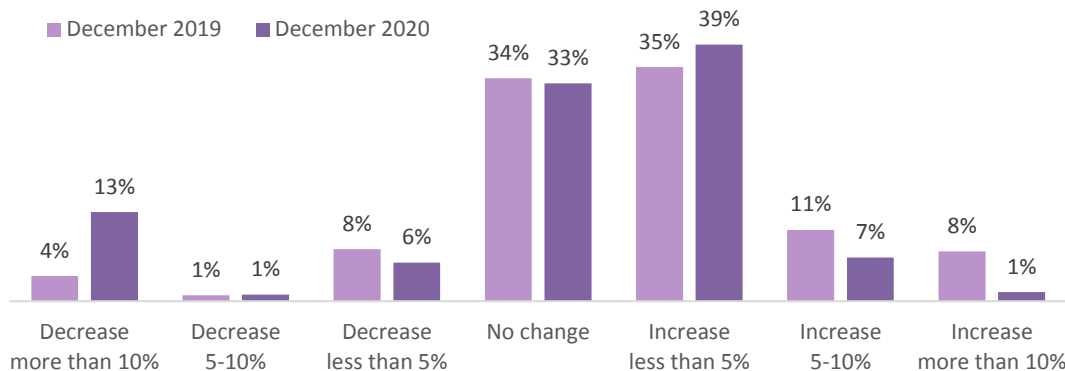


Compared to December 2019, more companies expected decreases and fewer companies expected no change, while more companies expected larger increases.

### Profit expectations

Companies were asked their expected level of profits for the following three months to March 2021. The outlook for profits in the short term was strongly positive (+26 pp); close to half (47%) of finance companies expected increases, with most of those companies predicting increases of less than 5%, see [Figure A2.2](#). In contrast, 20% of companies expected a decrease in profits in the short term.

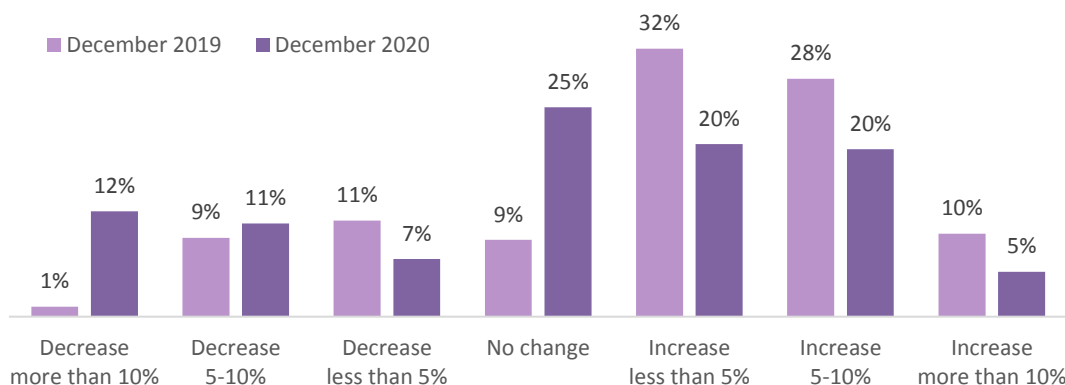
**Figure A2.2 – Short-term profit expectations for March 2021 (expressed in December 2020), compared with expectations for March 2020 (expressed in December 2019)**



The December 2020 balance was down 15 pp annually and was strongly below the three-year mean of +53 pp (27 pp below).

Businesses were also asked to compare their profits for financial year 2020 with their expected profits for financial year 2021. The balance for the longer-term profits for next year was moderately positive (+15 pp). Close to half (45%) of finance companies expected that profits in 2021 would be higher than in 2020, compared to 30% that expected decreases; see [Figure A2.3](#).

**Figure A2.3 – Longer-term profit expectations for 2021 (expressed in December 2020), compared with expectations for 2020 (expressed in December 2019)**



The current balance of +15 pp was 45 pp higher than in June 2020. However, the current balance of +15 pp was the third-lowest recorded and is 44 pp below its three-year mean. On an annual basis, the indicator decreased by 33 pp.

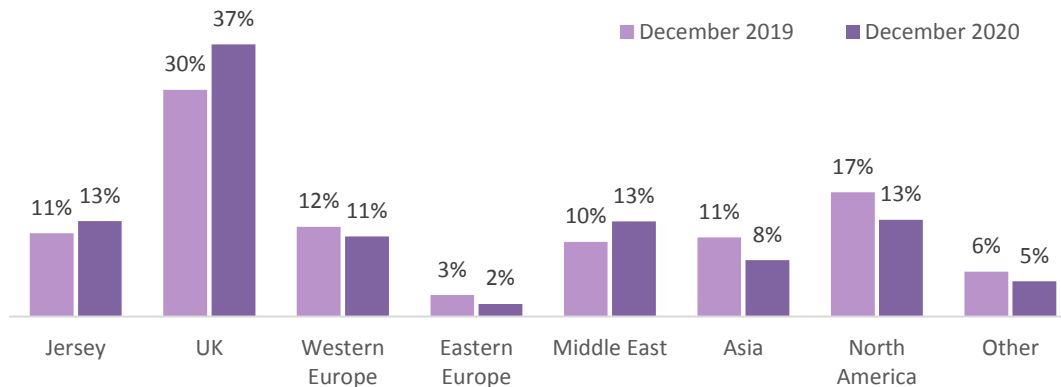
## Geographical regions

Respondents were asked to identify which geographical region had the greatest potential for developing key business referrers in 2021 and which had the greatest potential for decline.

## Developing regions

The UK was the most commonly cited region with the highest potential for developing business, cited by 37% of finance companies; see [Figure A2.4](#). Other regions were selected by 13% of companies or less.

**Figure A2.4 – Geographical regions with the greatest potential for developing key business for 2021 (expressed in December 2020), compared with expectations for 2020 (expressed in Dec 2019)**

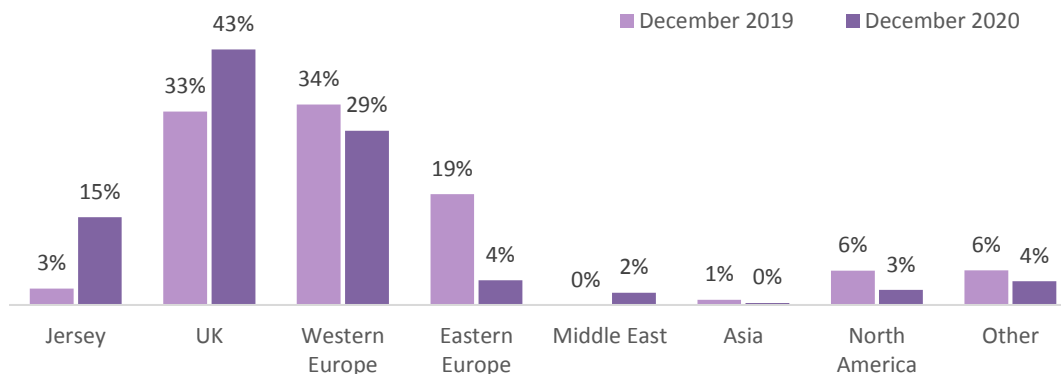


On an annual basis, all changes were of less than 10 pp.

### Declining regions

The UK was mostly commonly cited as having the greatest potential for decline in 2021, with 43% of finance firms choosing the country; see [Figure A2.5](#). The UK was followed by Western Europe (29%) and Jersey (15%).

**Figure A2.5 – Geographical regions with the greatest potential for decline of key business for 2021 (expressed in December 2020), compared with expectations for 2020 (expressed in Dec 2019)**



The largest annual change was for Eastern Europe, which was selected by 19% of companies in December 2019, but only 4% in December 2020. Eastern Europe was consistently selected by over 20% of companies from December 2014 to June 2019; apart from June 2020 when it was also at 4%, this region was last cited at such a low level in December 2013.

The second largest annual change was for Jersey, which increased from 3% to 15%. Prior to its record high of 21% in June 2020, this is the second-highest value recorded for the Island; before 2020 the highest Jersey had been ranked was 14% in 2012.

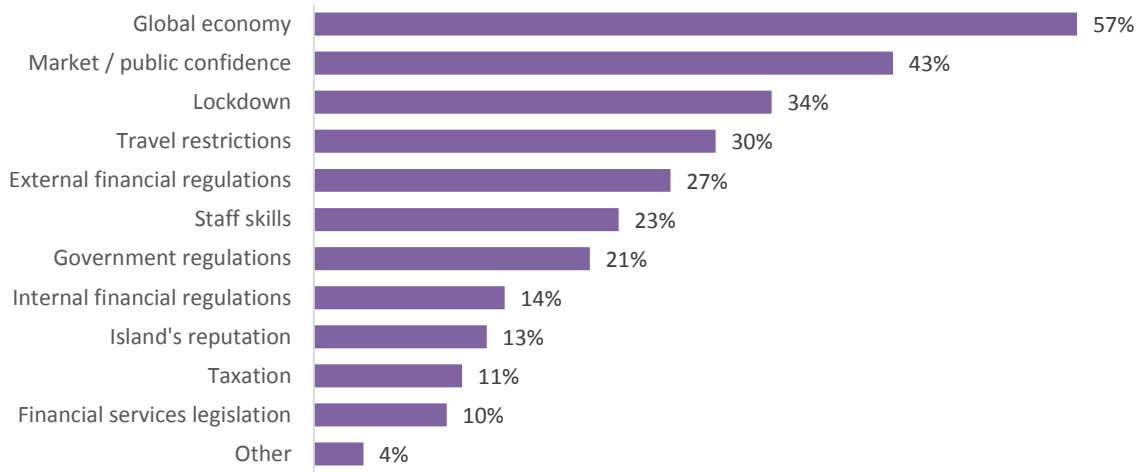
### Key issues

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

These four new options were the four most commonly cited key issues in both June and December 2020. In December the global economic outlook selected by 57% of finance businesses (down 31 pp from June),

followed by market and public confidence (43%, down 10 pp), and lockdowns and travel restrictions (34% and 30% respectively, up 2 pp and down 3 pp); see [Figure A2.6](#).

**Figure A2.6 – Key issues for Jersey’s business environment for the next six months (to June 2021)**



The addition of the four new categories means we cannot compare this question with previous years of the survey on a consistent basis. Nevertheless, 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 (56%), staff skills (53%), internal financial regulations (39%), and the Island’s reputation (35%).



## 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  $\pm 4$  to  $\pm 6$  pp.
- 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 500 firms were sent a survey questionnaire for this survey; 289 completed questionnaires were returned, constituting an overall response rate of 58%. The respondents accounted for 40% 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:  $\pm 10$  pp or more
    - Extremely positive/negative:  $\pm 50$  pp or more
    - Strongly positive/negative:  $\pm 25-49$  pp
    - Moderately positive/negative:  $\pm 10-24$  pp
  - Neutral / essentially unchanged: 0-9 pp

Statistics Jersey welcomes suggestions on how we can improve our surveys and reports to ensure we are meeting the needs of our users. If you have any feedback relating to this report, please email [statistics@gov.je](mailto:statistics@gov.je).

## 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 that 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 2020 – Net balances of indicators (percentage points) and percentage of responders reporting ‘no change’

#### All sectors, finance, non-finance, construction, 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
<b>Business Activity</b>	<b>-15</b>	<b>43</b>	<b>17</b>	<b>56</b>	<b>-28</b>	<b>38</b>	<b>-24</b>	<b>57</b>	<b>-98</b>	<b>2</b>	<b>-8</b>	<b>43</b>	<b>-19</b>	<b>40</b>
New Business	-13	44	10	56	-22	40	-21	73	-84	7	28	33	-24	41
Capacity Utilisation	-17	60	11	81	-27	52	-25	71	-80	20	-5	61	-25	51
Input costs	-19	66	4	66	-29	66	-44	49	-13	65	-35	65	-26	72
Product prices	-5	80	-11	76	-2	82	0	87	-36	57	6	85	2	85
Profitability	-33	42	-11	43	-42	42	-52	48	-94	6	-10	64	-39	41
Employment	-2	60	15	56	-8	63	-1	69	-43	53	11	61	-9	64
Business optimism	-9	51	17	57	-20	49	-9	68	-94	6	-2	69	-11	46
Future business activity	-2	45	34	41	-16	47	-7	42	-79	16	19	51	-18	55
Future employment	7	61	31	45	-3	68	4	83	-38	57	1	75	2	64

### December 2020 – 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*
<b>Business Activity</b>	<b>0</b>	<b>44</b>	<b>-29</b>	<b>42</b>	<b>22</b>	<b>53</b>	<b>-1</b>	<b>66</b>	<b>-20</b>	<b>36</b>	<b>-33</b>	<b>39</b>
New Business	4	49	-28	40	24	64	-42	28	-14	36	-26	42
Capacity Utilisation	-5	67	-27	55	11	83	10	74	-18	53	-32	52
Input costs	-9	68	-29	64	8	60	-12	88	-24	75	-31	61
Product prices	-12	76	2	84	-15	71	3	97	-10	81	2	82
Profitability	-16	44	-49	41	-9	40	-18	53	-23	46	-53	40
Employment	7	52	-9	68	17	52	6	69	-3	51	-11	68
Business optimism	12	62	-28	42	25	66	-10	25	-1	57	-31	44
Future business activity	13	47	-16	44	35	39	29	50	-6	55	-21	43
Future employment	16	55	-2	67	28	41	40	60	5	68	-8	68

\* 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	2015	2016*		2017				2018				2019				2020			
	Dec	March	Dec	March	Sept	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec
<b>Business Activity</b>	18	7	20	18	3	7	12	16	25	21	11	13	16	3	6	-11	-62	-8	-15
New Business	10	14	14	14	3	12	21	19	16	18	3	8	3	3	9	-13	-58	-14	-13
Capacity Utilisation	9	2	9	9	3	4	9	6	11	8	7	1	3	3	1	-11	-40	-12	-17
Input costs	-25	-23	-45	-55	-50	-39	-42	-50	-54	-53	-44	-48	-42	-50	-52	-40	-9	-24	-19
Product prices	2	7	14	16	16	21	14	26	29	22	14	27	21	16	15	10	-3	-3	-5
Profitability	-1	-9	-11	-16	-19	-8	-7	-9	1	-2	-14	-11	-5	-19	-14	-29	-70	-33	-33
Employment	8	8	3	2	4	6	13	9	14	10	4	10	4	4	-2	-4	-34	-15	-2
Business optimism	8	9	4	7	-5	8	18	11	10	7	1	1	-4	-5	4	-30	-51	-23	-9
Future business activity	18	22	14	26	-2	10	27	20	25	21	11	25	13	-2	16	-23	-14	-4	-2
Future employment	21	11	0	7	12	11	22	12	16	17	3	7	3	12	2	2	-7	-3	7

\*Data is not available for June and September 2016

### Finance

Indicator	2015	2016*		2017				2018				2019				2020			
	Dec	March	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec
<b>Business Activity</b>	31	33	41	34	35	12	28	36	31	28	28	39	33	7	17	17	-21	-1	17
New Business	10	41	31	18	16	18	38	33	17	23	20	28	1	7	29	11	-36	-12	10
Capacity Utilisation	29	19	28	30	25	4	27	28	20	8	21	13	7	7	8	5	13	6	11
Input costs	-18	-22	-18	-34	-23	-11	-23	-25	-30	-27	-22	-21	-19	-43	-43	-32	-6	-5	4
Product prices	4	14	3	16	13	7	21	18	16	7	7	24	3	2	7	-5	1	-13	-11
Profitability	11	7	12	-7	15	23	31	18	17	20	7	16	11	-12	2	-19	-36	-21	-11
Employment	16	19	-5	12	6	18	29	33	28	11	11	35	20	4	18	1	-7	-1	15
Business optimism	11	11	13	19	12	22	33	24	20	16	17	15	1	-9	9	-27	-35	-24	17
Future business activity	34	22	49	38	45	25	51	39	54	49	34	39	28	14	38	-21	-32	13	34
Future employment	43	6	-2	11	28	29	57	37	39	24	12	17	18	41	16	16	8	13	31

\*Data is not available for June and September 2016

## Non-finance

Indicator	2015	2016*		2017				2018				2019				2020			
	Dec	March	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec
<b>Business Activity</b>	10	-4	12	12	21	5	4	6	23	18	4	1	8	2	0	-24	-80	-11	-28
New Business	10	1	7	13	26	9	11	12	16	15	-5	-1	4	1	-2	-24	-68	-15	-22
Capacity Utilisation	-3	-5	2	3	2	4	0	-3	8	8	1	-4	1	1	-2	-19	-64	-20	-27
Input costs	-30	-23	-55	-62	-66	-54	-51	-62	-64	-65	-53	-60	-51	-53	-57	-44	-10	-32	-29
Product prices	1	4	18	16	30	28	11	29	35	29	17	28	29	22	19	17	-6	1	-2
Profitability	-9	-16	-21	-19	-9	-24	-26	-22	-5	-12	-23	-23	-13	-22	-22	-34	-85	-38	-42
Employment	3	3	6	-1	-1	0	5	-2	8	10	2	-2	-3	3	-12	-7	-46	-20	-8
Business optimism	6	8	1	3	15	0	10	5	6	3	-6	-6	-6	-3	1	-31	-58	-23	-20
Future business activity	8	23	0	22	18	1	14	12	14	9	1	19	6	-9	5	-23	-6	-11	-16
Future employment	8	13	0	5	9	1	5	1	7	14	-1	3	-4	-2	-6	-5	-13	-10	-3

\*Data is not available for June and September 2016

## Construction

Indicator	2015	2016*		2017				2018				2019				2020			
	Dec	March	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec
<b>Business Activity</b>	-5	2	25	16	10	7	16	20	21	11	3	-8	-10	3	-8	-13	-92	-3	-24
New Business	10	2	14	17	16	6	20	9	18	4	-10	-6	19	9	-7	-13	-82	-11	-21
Capacity Utilisation	-5	-10	8	3	12	-2	18	-5	-2	13	-7	21	7	3	4	-7	-83	-22	-25
Input costs	-24	-28	-57	-64	-73	-51	-62	-78	-76	-75	-44	-54	-77	-69	-56	-52	3	-39	-44
Product prices	-4	-1	13	24	24	16	17	31	34	33	12	3	38	25	14	15	-10	12	0
Profitability	-6	-29	-6	-15	-12	-29	-22	-24	8	-6	-17	-25	-25	-37	-27	-33	-92	-40	-52
Employment	17	-5	-4	1	-1	1	25	4	18	28	6	-2	-10	8	-5	4	-47	-16	-1
Business optimism	31	11	20	18	34	27	26	21	32	21	5	-11	9	34	13	-2	-74	-14	-9
Future business activity	22	3	21	13	16	13	32	17	17	19	8	-1	-1	12	6	5	-34	1	-7
Future employment	6	-10	4	11	14	-14	16	-17	2	19	9	-2	3	16	9	13	-21	13	4

\*Data is not available for June and September 2016

## Hotels, restaurants and bars

Indicator	2015	2016*		2017				2018				2019				2020			
	Dec	March	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec
<b>Business Activity</b>	11	20	5	16	2	-23	-20	-7	13	28	-16	-27	-23	-4	-7	-42	-100	-44	-98
New Business	22	7	-7	6	-2	-18	14	2	13	28	-27	-20	-27	-10	-18	-45	-100	-50	-84
Capacity Utilisation	-2	4	-5	-3	-5	-10	-16	-10	-3	17	-25	-24	-28	-5	-12	-44	-87	-65	-80
Input costs	-44	-51	-70	-80	-88	-69	-55	-91	-70	-70	-70	-83	-75	-68	-72	-47	20	-38	-13
Product prices	29	20	47	33	58	52	15	47	36	52	23	58	38	35	47	8	-36	-22	-36
Profitability	-2	5	-9	-23	-25	-55	-30	-35	-30	-12	-46	-39	-15	-31	-39	-62	-100	-85	-94
Employment	-23	3	11	2	-8	-18	-5	-14	15	1	-15	-19	-12	-13	-14	-25	-85	-44	-43
Business optimism	-1	7	-13	8	-3	-24	-7	-14	-15	-11	-35	-8	-12	-16	-10	-78	-89	-80	-94
Future business activity	5	19	-17	22	8	-39	-22	17	17	-11	-37	25	5	-41	-5	-49	-62	-71	-79
Future employment	4	6	-10	12	-6	-16	-18	29	6	-3	-26	22	-15	-36	-10	-35	-42	-63	-38

\*Data is not available for June and September 2016

## Wholesale and retail

Indicator	2015	2016*		2017				2018				2019				2020			
	Dec	March	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec
<b>Business Activity</b>	10	-11	9	-4	40	11	4	-19	41	1	2	14	16	9	-3	-29	-79	21	-8
New Business	4	-6	8	-6	48	15	1	-14	33	6	-9	7	3	3	-1	-29	-62	14	28
Capacity Utilisation	-10	-10	3	-11	0	7	-9	-13	15	-21	3	-15	10	26	0	-24	-68	-19	-5
Input costs	-28	-8	-57	-56	-71	-57	-53	-47	-73	-67	-66	-65	-51	-23	-68	-48	-10	-20	-35
Product prices	-10	-8	12	23	45	51	20	32	36	22	27	22	29	8	29	22	3	3	6
Profitability	-4	-16	-26	-20	12	-20	-46	-24	3	-30	-36	-13	-23	-12	-31	-48	-76	0	-10
Employment	19	-5	17	-9	3	7	-5	-12	-2	-8	1	-1	-7	5	5	-4	-41	-14	11
Business optimism	-1	2	-8	-27	26	3	4	1	-2	-20	-27	-15	-16	6	-5	-21	-45	3	-2
Future business activity	9	21	-1	18	28	11	19	17	16	-3	5	25	6	6	-1	-21	16	-6	19
Future employment	19	16	1	-3	16	24	-10	-14	5	14	-7	-3	3	14	-2	-2	-11	-9	1

\*Data is not available for June and September 2016

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

Indicator	2015	2016*		2017				2018				2019				2020			
	Dec	March	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec
<b>Business Activity</b>	15	-11	12	20	26	11	8	18	19	24	13	8	19	0	5	-17	-49	-14	-19
New Business	11	3	10	25	23	17	13	28	8	18	7	4	10	2	4	-17	-48	-14	-24
Capacity Utilisation	1	-4	2	13	12	11	5	5	11	18	12	0	5	-8	-2	-11	-22	-6	-25
Input costs	-28	-21	-48	-61	-39	-48	-46	-54	-51	-59	-45	-52	-37	-57	-48	-40	-15	-31	-26
Product prices	0	9	13	4	14	10	3	22	34	22	13	28	24	23	7	20	0	5	2
Profitability	-16	-21	-26	-18	-2	-13	-15	-16	-3	-4	-12	-21	-3	-19	-11	-18	-62	-37	-39
Employment	-3	12	-1	2	2	3	8	6	7	17	6	4	4	8	-20	-5	-23	-17	-9
Business optimism	6	13	6	16	10	-2	14	7	10	16	9	1	-3	-13	5	-25	-43	-17	-11
Future business activity	2	31	0	29	29	7	17	6	10	21	10	20	9	-10	10	-20	-10	3	-18
Future employment	3	21	2	7	15	3	16	6	10	19	7	2	-6	0	-9	1	1	-2	2

\*Data is not available for June and September 2016

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	2015	2016*		2017				2018				2019				2020			
	Dec	March	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	Mar	Jun	Sept	Dec
<b>Business Activity</b>	14	-2	10	19	23	1	1	12	16	25	5	-1	9	-1	2	-24	-78	-21	-36
New Business	14	4	5	21	19	7	13	22	9	21	-2	-2	1	-1	-1	-25	-67	-23	-37
Capacity Utilisation	1	-2	0	10	9	5	0	1	7	17	2	-6	-3	-7	-4	-23	-59	-20	-35
Input costs	-32	-30	-54	-65	-47	-54	-48	-63	-57	-62	-52	-60	-46	-60	-54	-43	-13	-33	-23
Product prices	8	12	23	10	20	22	6	28	35	30	16	36	27	27	17	17	-7	-1	-6
Profitability	-12	-13	-21	-19	-5	-25	-19	-21	-12	-7	-21	-26	-6	-22	-18	-29	-86	-48	-51
Employment	-8	9	2	2	0	-3	5	1	10	13	1	-2	0	2	-19	-10	-47	-23	-16
Business optimism	4	11	0	14	8	-8	9	2	2	8	-3	-1	-5	-14	1	-40	-58	-32	-28
Future business activity	3	28	-5	27	26	-6	8	8	12	12	-2	22	8	-19	6	-29	-6	-15	-30
Future employment	3	16	-1	8	12	-3	8	11	9	13	-2	6	-8	-10	-9	-9	-12	-16	-6

\*Data is not available for June and September 2016

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