

# BUSINESS CLIMATE SURVEY 2016 – RESULTS

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FALKLAND ISLANDS  
DEVELOPMENT CORPORATION

# Purpose of Presentation

- Explain the background to the Business Climate Survey;
- Present the key results of the survey;
  - Section by section.

# Business Climate Survey 2016

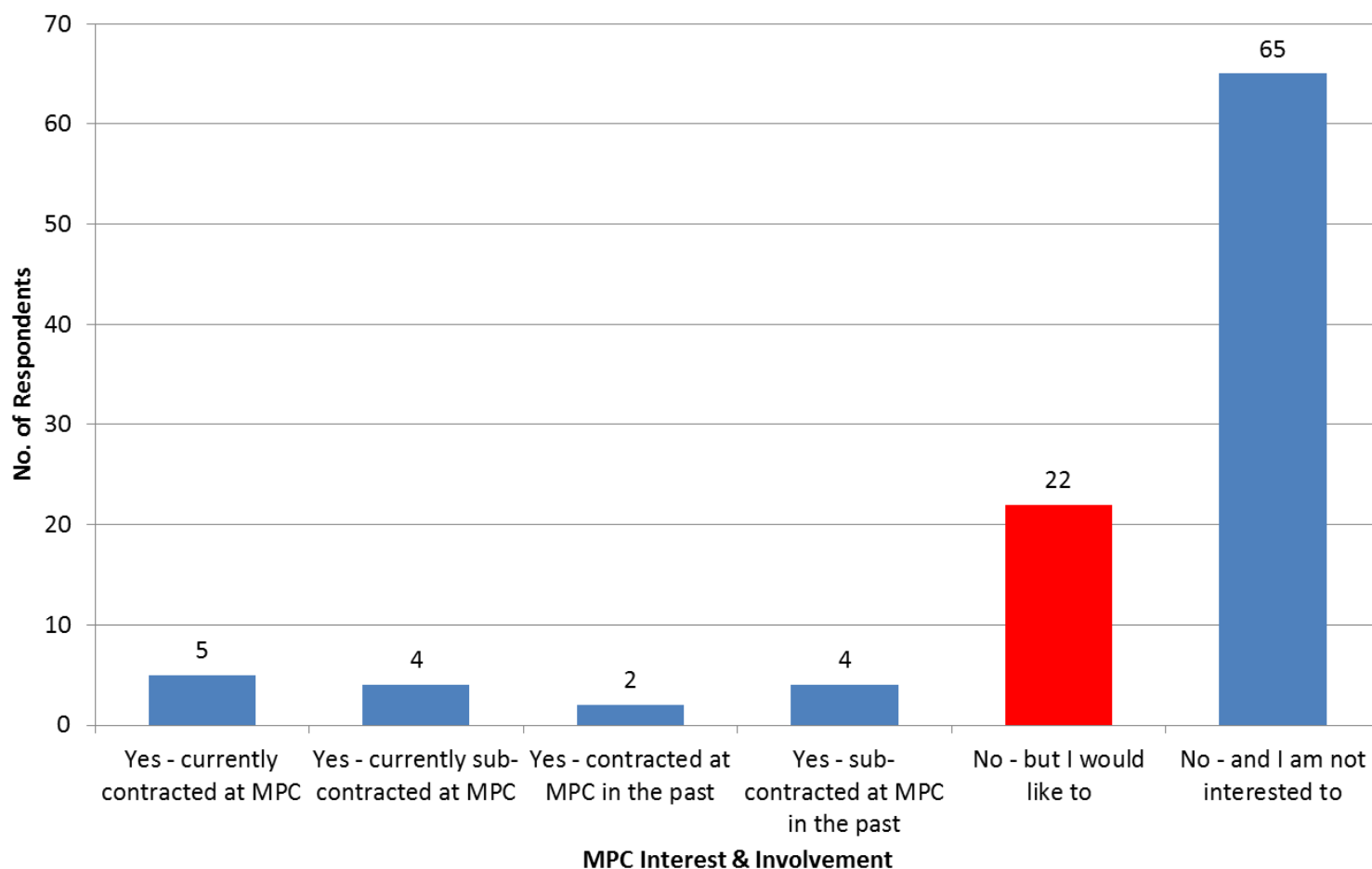
- 6<sup>th</sup> biennial survey;
- Aim: to understand the performance of businesses, their challenges & their future plans;
- Two partners: the Chamber and the RBA;
- 2016 edition distributed to 239 businesses across the Falkland Islands;
- 102 returned surveys;
  - 43% return rate;
- Five sections;
  1. Business Background;
  2. Business Performance;
  3. The Economy & FIDC;
  4. Innovation;
  5. Business Associations.

# Section 1 – Business Background (1)

- The section aims to understand the background to each respondents, e.g. type of company, location, key market, primary industry, etc.;
- Highlights;
  - 24 business have been founded in the last five years;
  - Agriculture remains the largest industry in the survey with 28 businesses. Followed by Business Services and Fishing with 15 and 14 businesses respectively;
  - Six businesses consider Tourism as their primary industry;
  - 27 businesses consider Tourism as a secondary industry;
  - 22 businesses would like to provide products or services to MPC;
  - The estimated average size for a Falkland business in 2015 is 15 people;
  - Full-time jobs are predicted to increase by 6.5% in 2016.

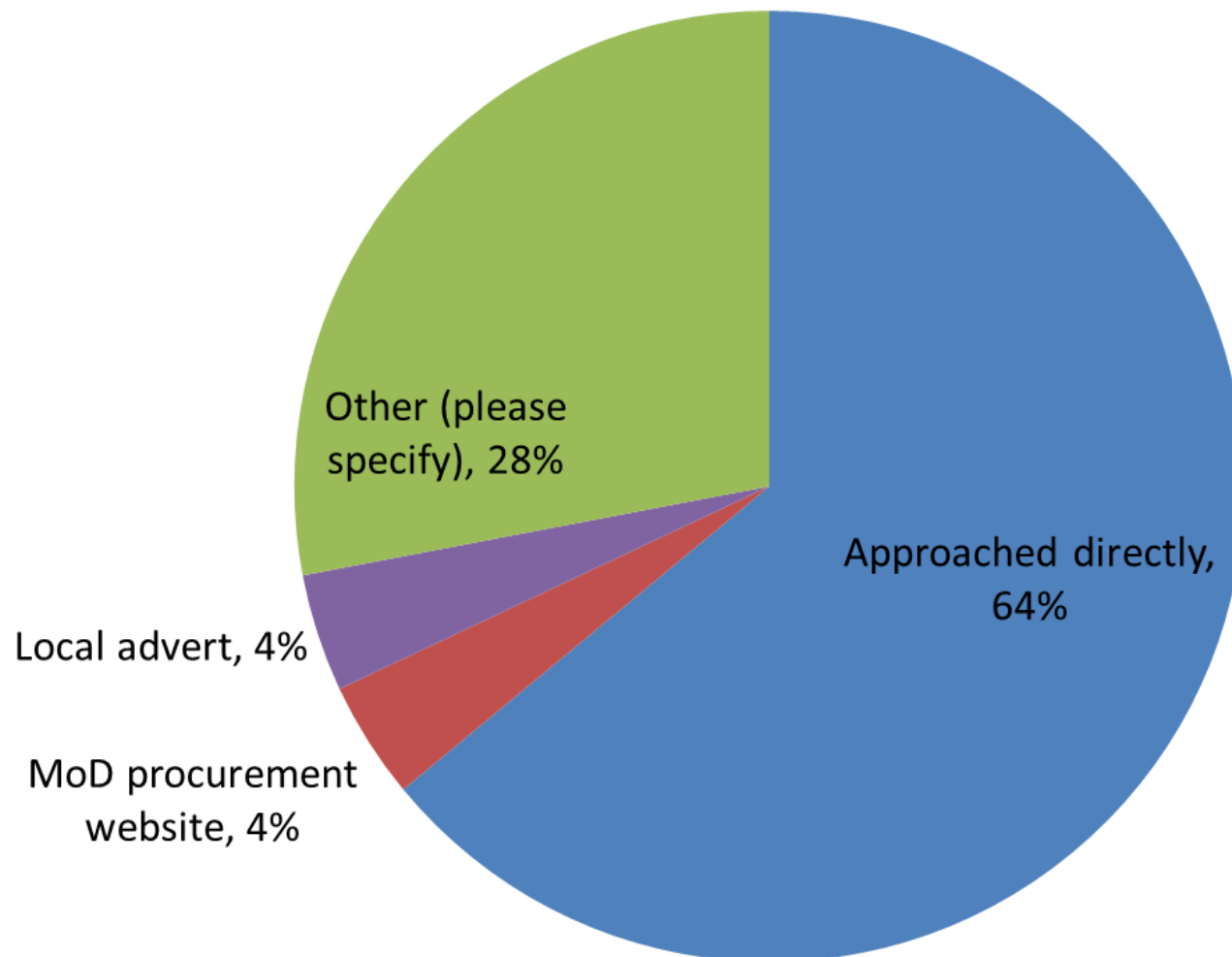
# Section 1 – Business Background (2)

Has your business been contracted to carry out work at Mount Pleasant Complex (MPC)



# Section 1 – Business Background (3)

How did you learn of the contract opportunity at MPC?

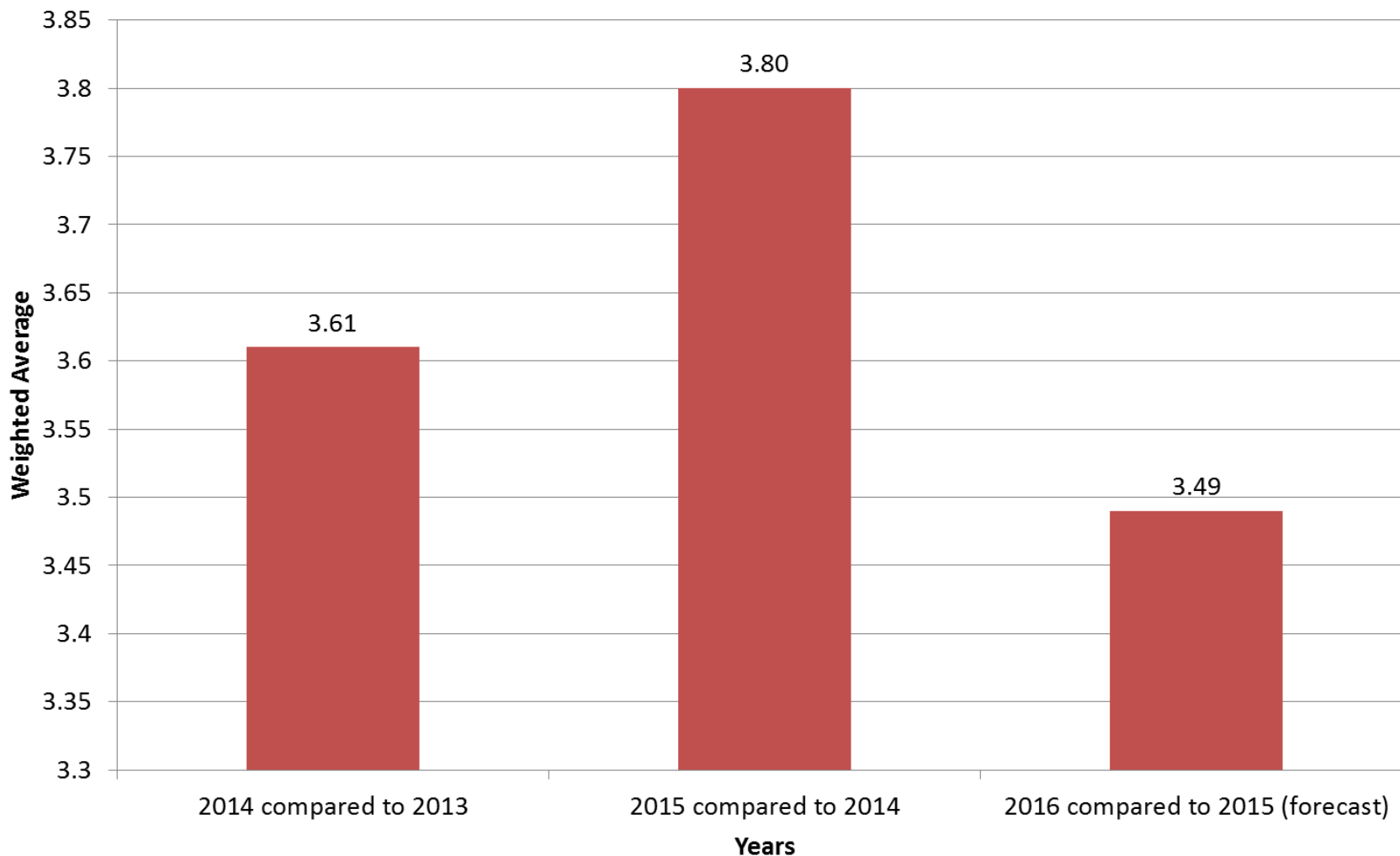


## Section 2 – Business Performance (1)

- Gain insight on how businesses performed in the last few years and they forecast to perform in the short to medium-term;
- Highlights;
  - 69% of businesses believed they performed 'Better' or 'Significantly Better' in 2015 when compared to 2014;
  - 56% of businesses predict to perform 'Slightly Better' or 'Significantly Better' in 2016 when compared to 2015;
  - 44.1% of respondents generate under £100,000 in turnover in 2015;
  - 67 and 78 respondents stated they made a profit in 2014 and 2015 respectively, while 83 predict to make a profit in 2016;
  - 48% of businesses predict to increase their turnover in 2016 when compared to 2015;
  - The number of businesses predicting a decrease in turnover in 2016 increases to 17 from 6.

# Section 2 – Business Performance (2)

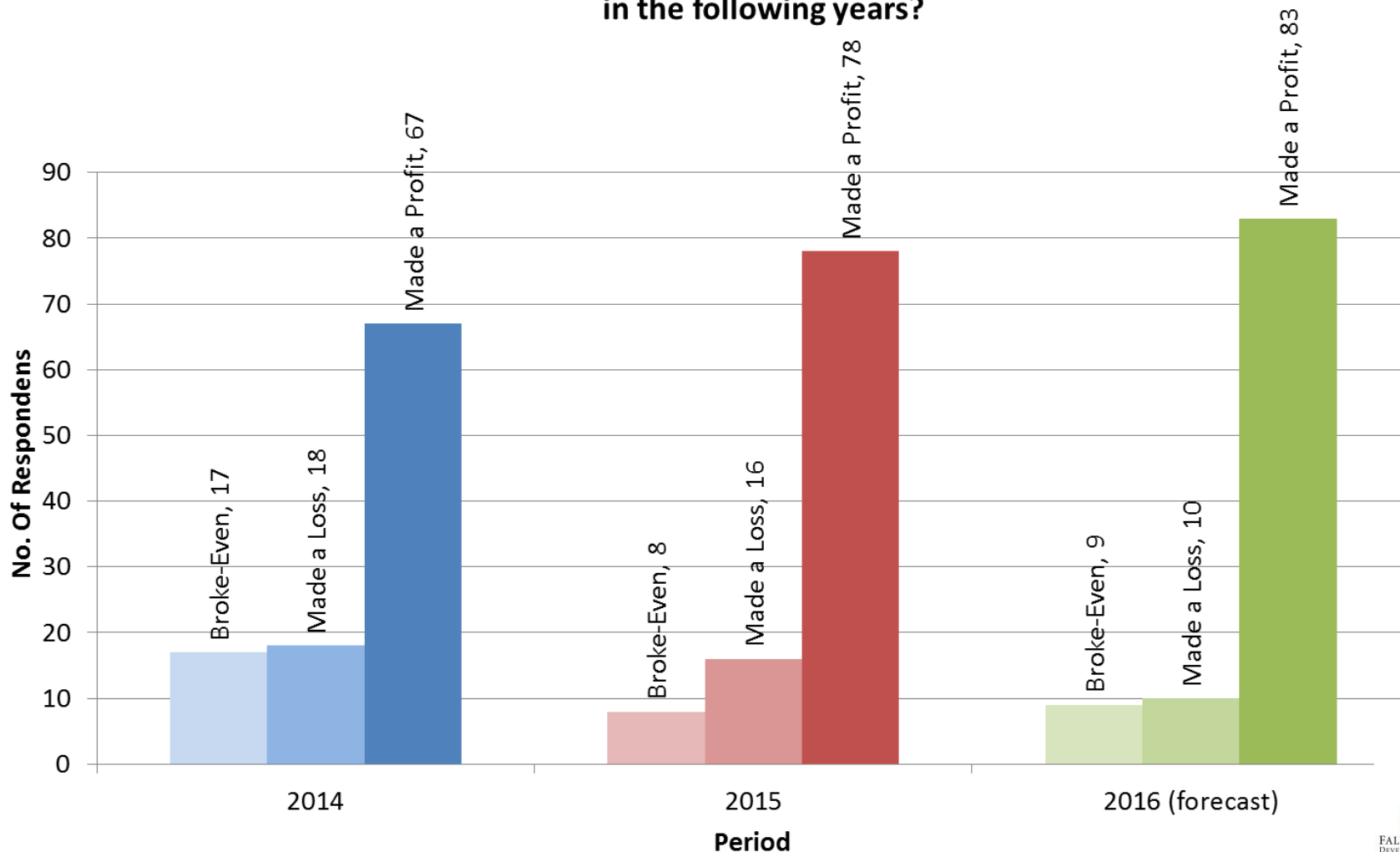
How do you rate your business's overall performance in the following years?





# Section 2 – Business Performance (3)

How do you think your business performed or will perform in terms of profitability in the following years?

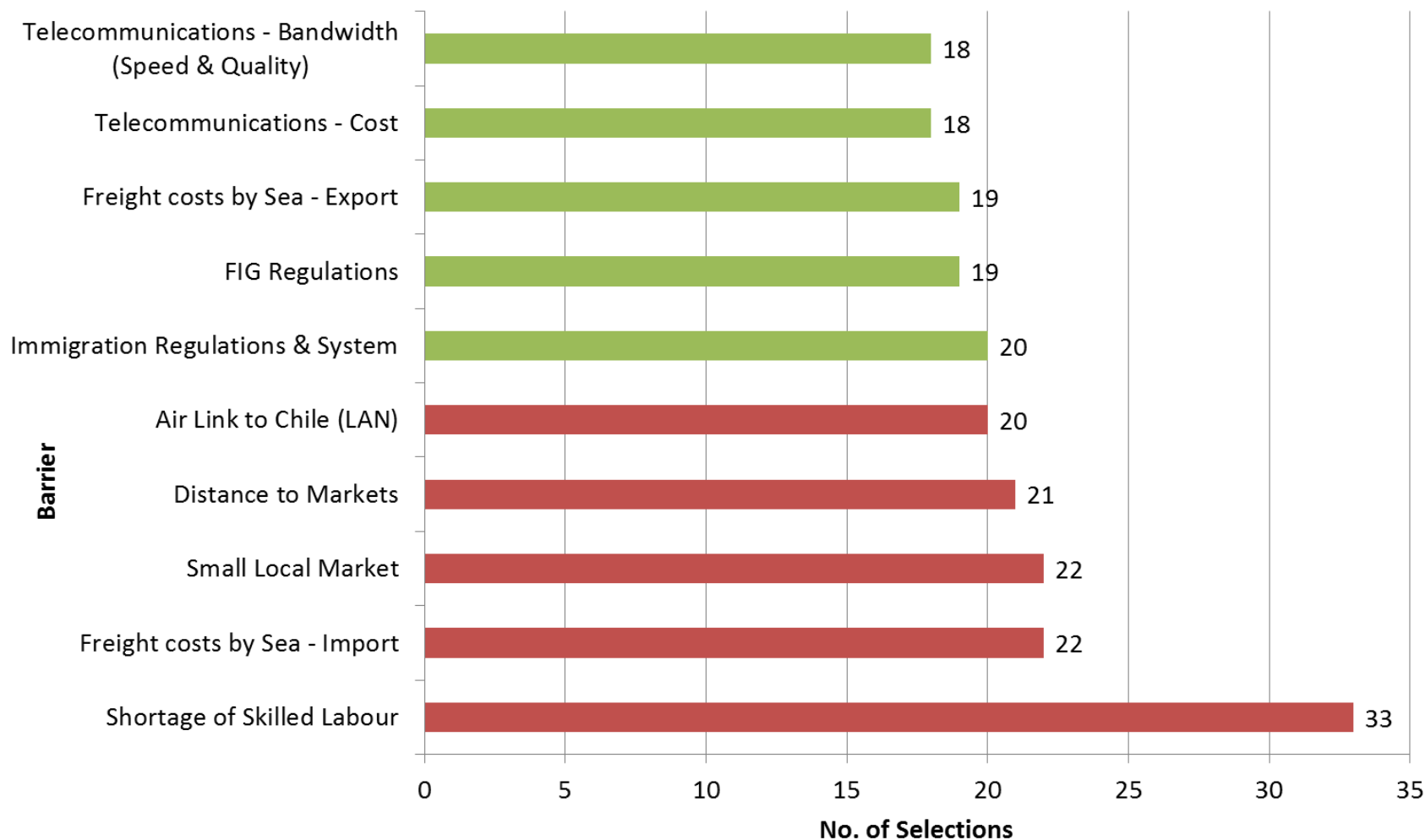


# Section 3 – The Economy & FIDC (1)

- Understand businesses' views of the Falklands' economy and FIDC;
- Highlights;
  - 28.4% of respondents rated the Falklands' economy to have performed 'Significantly Better' in 2015 when compared to 2014;
  - 57.8% of businesses predict the Falklands' economy to perform 'Slightly Worse' or 'Significantly Worse' in 2016 when compared to 2015;
  - 61.8% of respondents rated the medium to long-term prospects of the Falklands' economy as 'Good' or 'Excellent';
  - 'Shortage of Skilled Labour' was considered the largest barrier to growth by respondents. 'Freight costs by Sea – Import' and 'Small Local Market' came joint second;
  - 54% of businesses have received support from FIDC;
  - FIDC received a weighted average of 3.45 out of five in its performance from respondents.

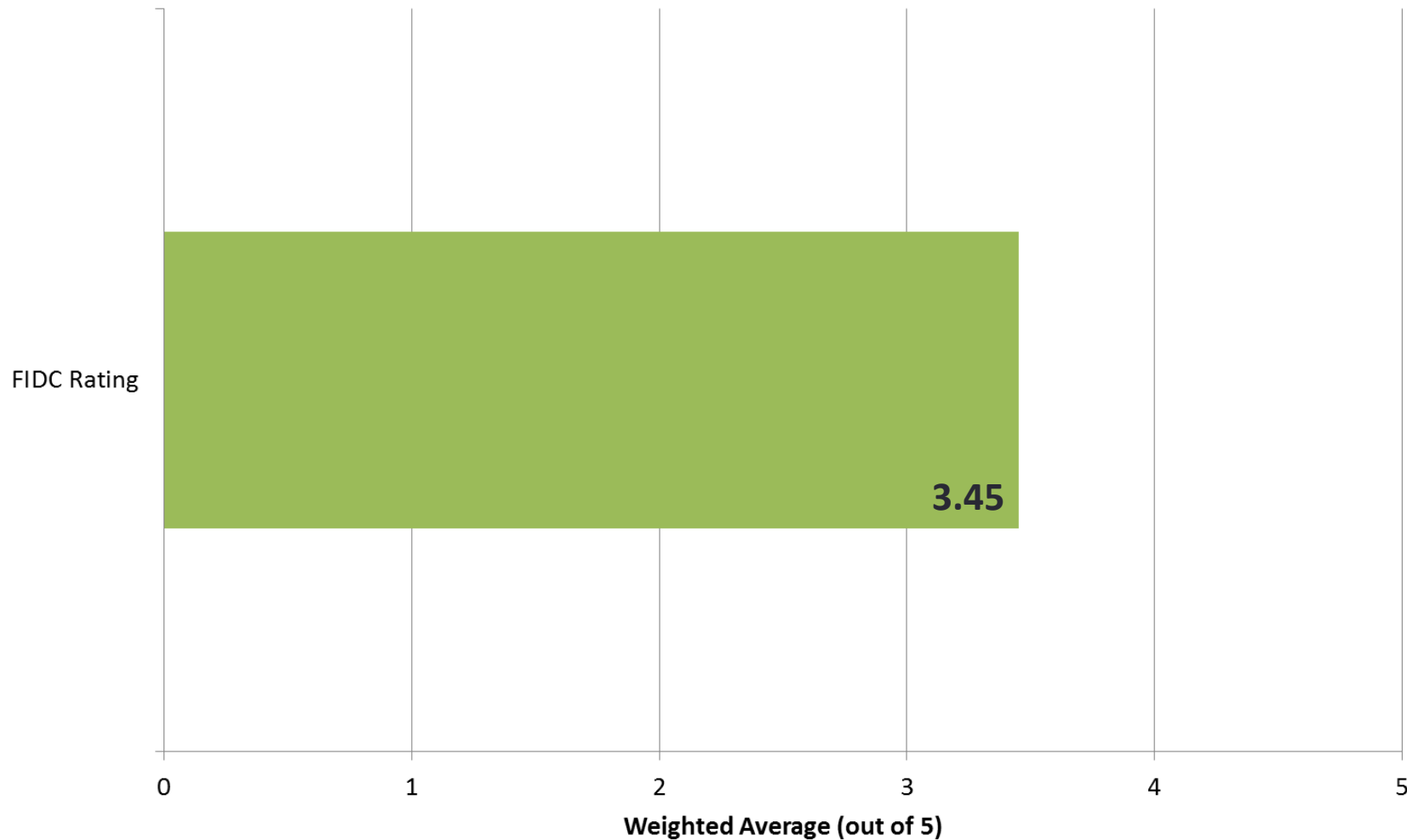
# Section 3 – The Economy & FIDC (2)

Please select up to five barriers that prevent the growth of your business?



# Section 3 – The Economy & FIDC (3)

How do you rate the performance of FIDC?



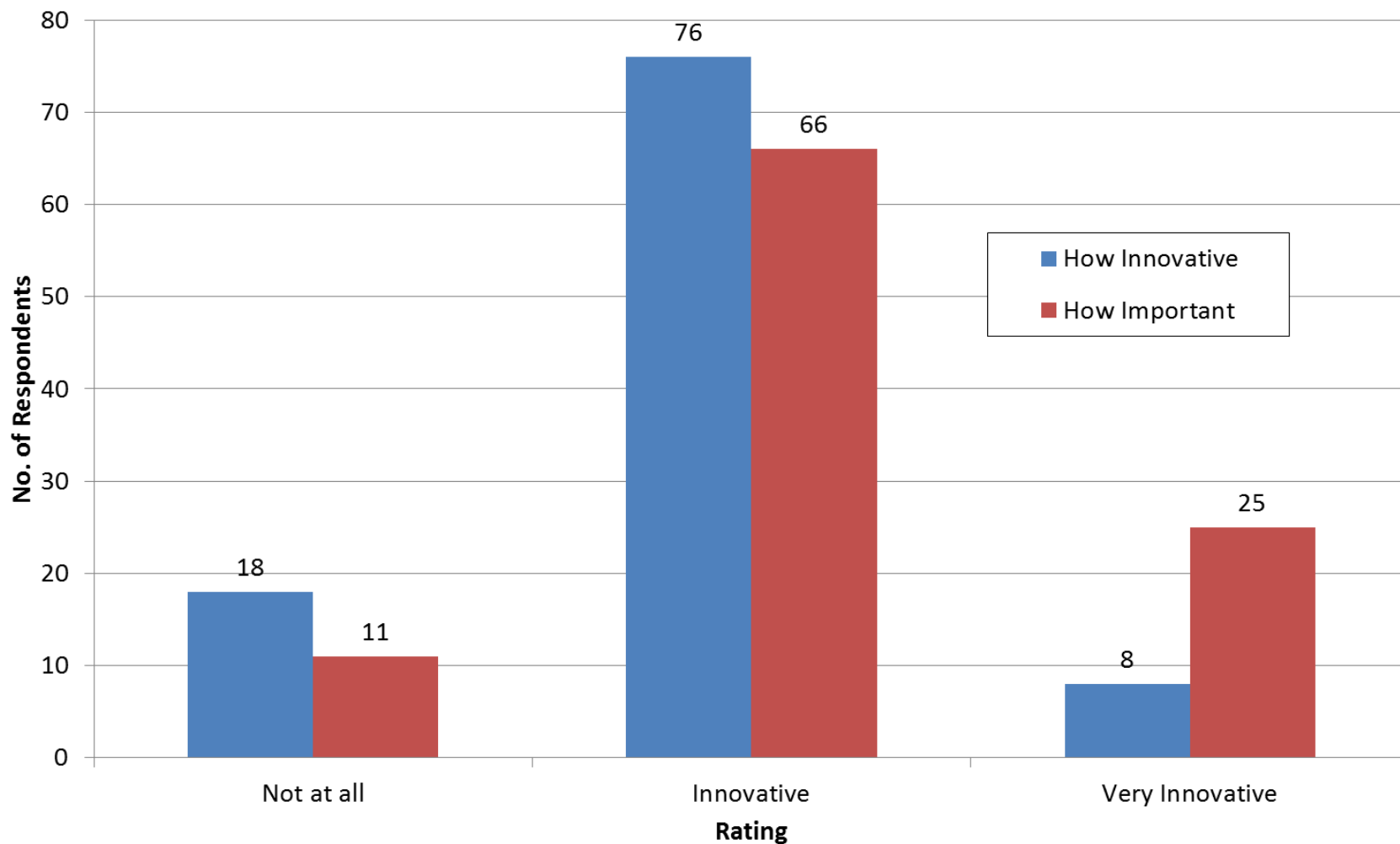
# Section 4 – Innovation (1)

- Aims to understand the importance of innovation to businesses;
- Highlights;
  - 82.4% of respondents rated their business as 'Innovative' or 'Very Innovative';
  - The Agriculture industry had the most businesses that rated themselves as 'Innovative' or 'Very Innovative';
  - It is estimated that, on average, businesses spent £23,000 on Research and Development;
  - 70.6% of respondents believed Research and Development spending would remain the 'Same' in 2016;
  - 78.4% of businesses are currently exploring ways on innovating their business
  - 'Improvements to your products and services' is the most popular type of innovation being currently explored;
  - The top three barriers to innovation are; (1) 'Shortage of Skilled Labour', (=2) 'Access to Finance' and (=2) 'Telecommunications – Bandwidth (Speed and Quality)'.

# Section 4 – Innovation (2)

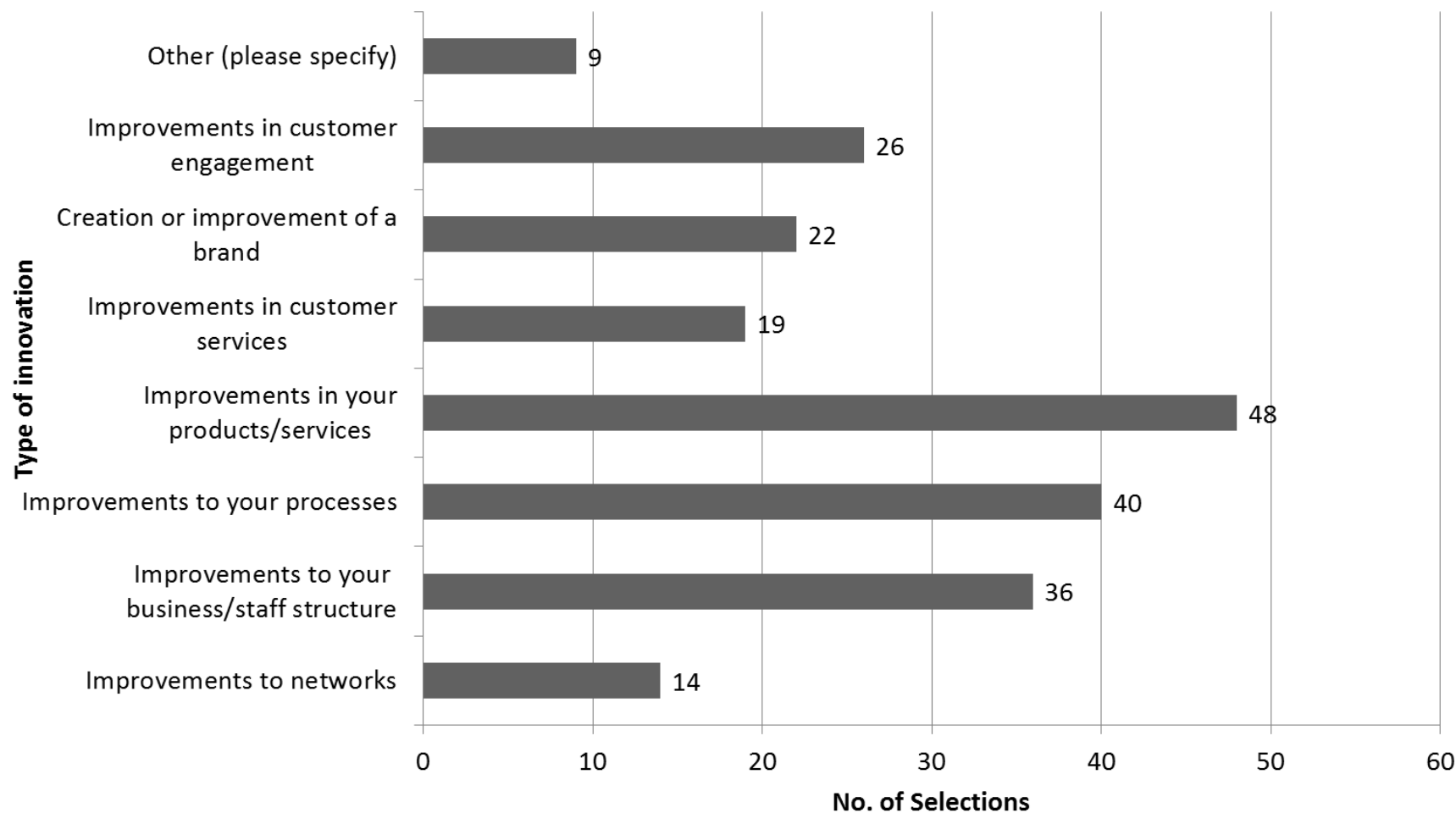
Question 32 - How innovative do you rate your business?

Question 33 - How important do you consider innovation is to your business?



# Section 4 – Innovation (3)

If you answered 'Yes' to the previous Question, what kind of innovation are you exploring?



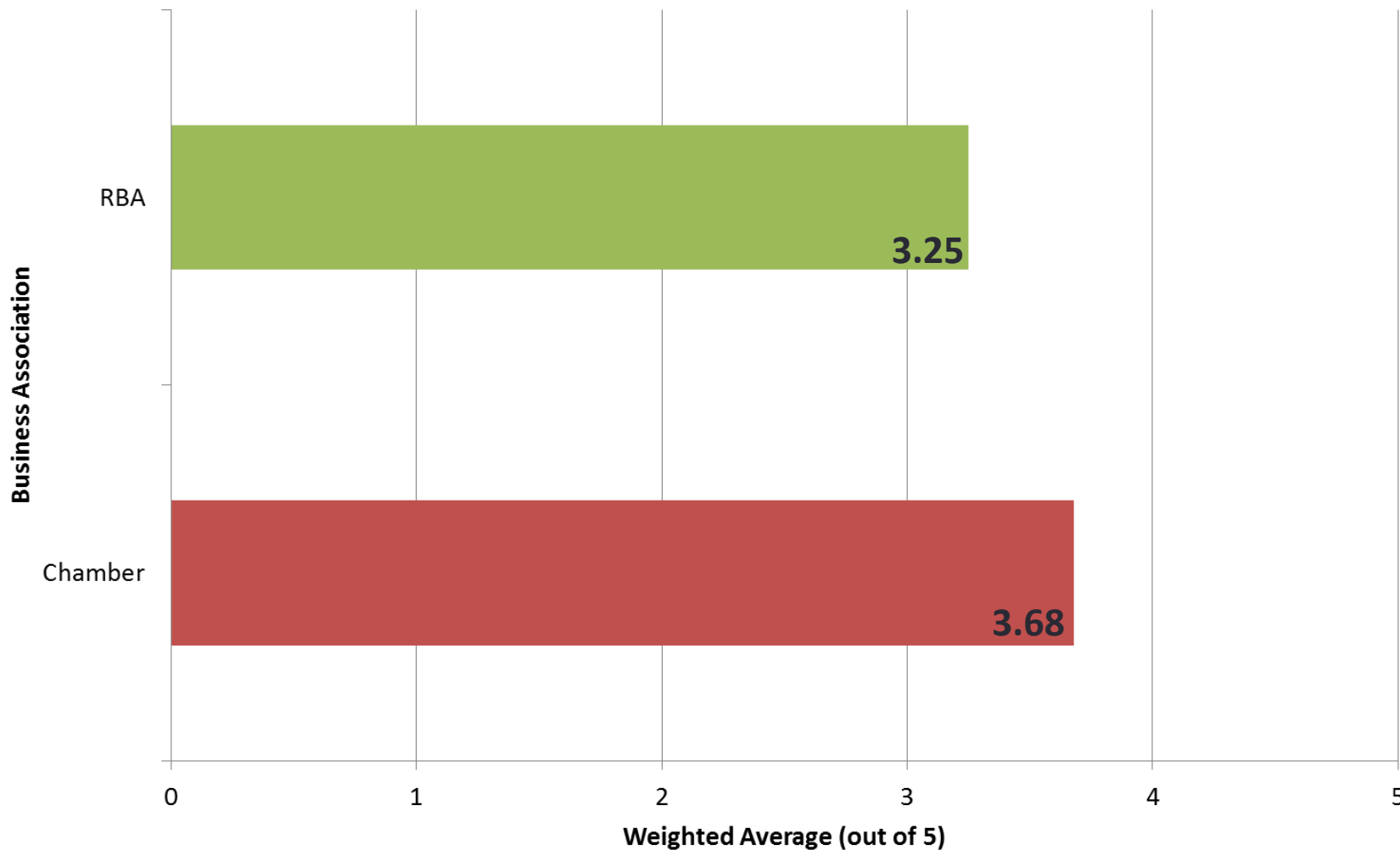
# Section 5 – Business Associations (1)

- Aim to receive feedback from members and non-members regarding the performance of the Chamber and RBA;
- Highlights;
  - 61.5% of respondents stated that the management of the Chamber was 'Good' or 'Very Good';
  - 58.5% and 84.4% of respondents rated the Chamber's 'FIG Committees Representation' and 'Meeting Room Hire' services as 'Good';
  - The Chamber received a weighted average of 3.25 out of five from its members;
  - The RBA's services are rated very highly, with all services receiving at least 46% for a 'Good' rating with the highest at 75%.



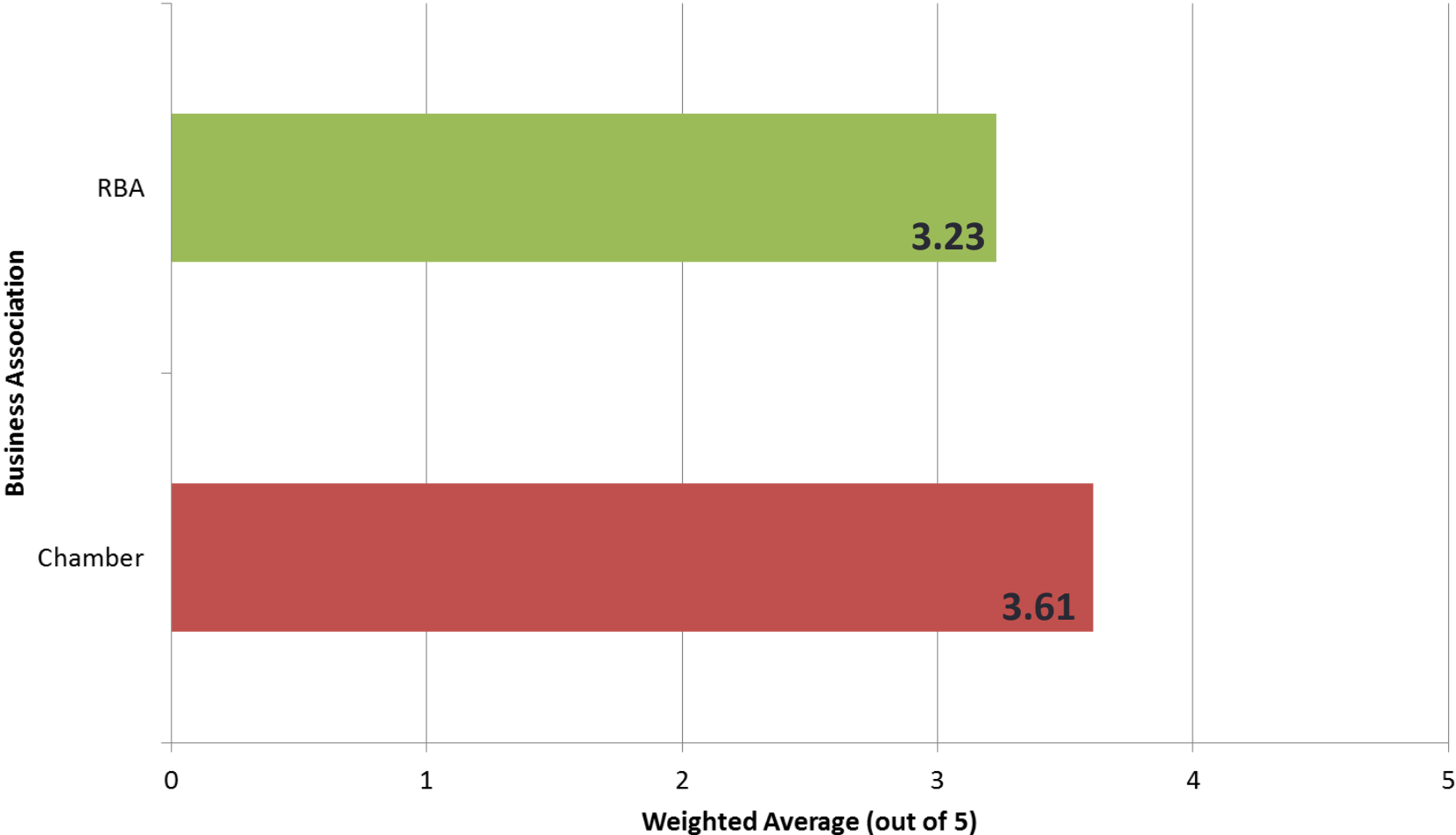
# Section 5 – Business Associations (2)

Business Association Rating by Members



# Section 5 – Business Associations (3)

Weighted Average of the Chamber's and RBA's Influence on the Falklands' Economy



# Thank you

- Any questions?