



# Business Confidence Survey

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2020

# Foreword

The Solomon Islands Chamber of Commerce & Industry (SICCI) has conducted the Business Confidence Survey since 2017. The exercise is a pulse-test to identify the level of business confidence perceived by participating members from within the Chamber's diverse membership.

The survey identifies trends and conditions in the private sector. Increased business confidence is an indicator of economic growth, associated with increased spending and more economic activity. On the other hand, a decrease in business confidence may indicate a slowing of the economy.

The data gathered enables the Chamber to consolidate business experience that informs how it progresses issues with Government. The outlook for business, also informs the wider private sector and partners to government, of the standing of the economy as a whole.

This issue marks the fourth Business Confidence survey.

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Photo: SICCI Media

# Summary

Almost half (43%) of the respondents to a Business Confidence conducted by SICCI in December 2020, expect their general business situation to remain the same during the next 6 months due to the global pandemic.

While 23% expecting their situation to deteriorate with 28% expecting improvement to their business situation this year.

32% of respondents from 46 businesses surveyed expect no improvement in the local business environment in Solomon Islands saying it will remain the same, while another 32% expects the general business situation to deteriorate. 21% say the business environment will improve.

The survey covered all the industry sectors and different business sizes based on the number of employees.

The shortage of Finance (30%) and Demand (32%) are among the main factors most limiting business ability to expand activities.

The survey also found that businesses are finding it harder to get skilled or Specialist Labour but easier to get Unskilled Labour.

42% of respondents expect interest rates charged on

loans during the next twelve months to remain the same, 26% expects it to be greater and 22% lesser.

In terms of business experience in the past 12 months, 36% reported a reduction of fulltime employees, while more than half of the respondents (57%) reported also a reduction in profitability.

Overall, the survey also reported that business confidence for the next 3 months is low.

In terms of Government services in the past 12 months, 60% of businesses reported a need for improvement while 35% stated that it has worsen.

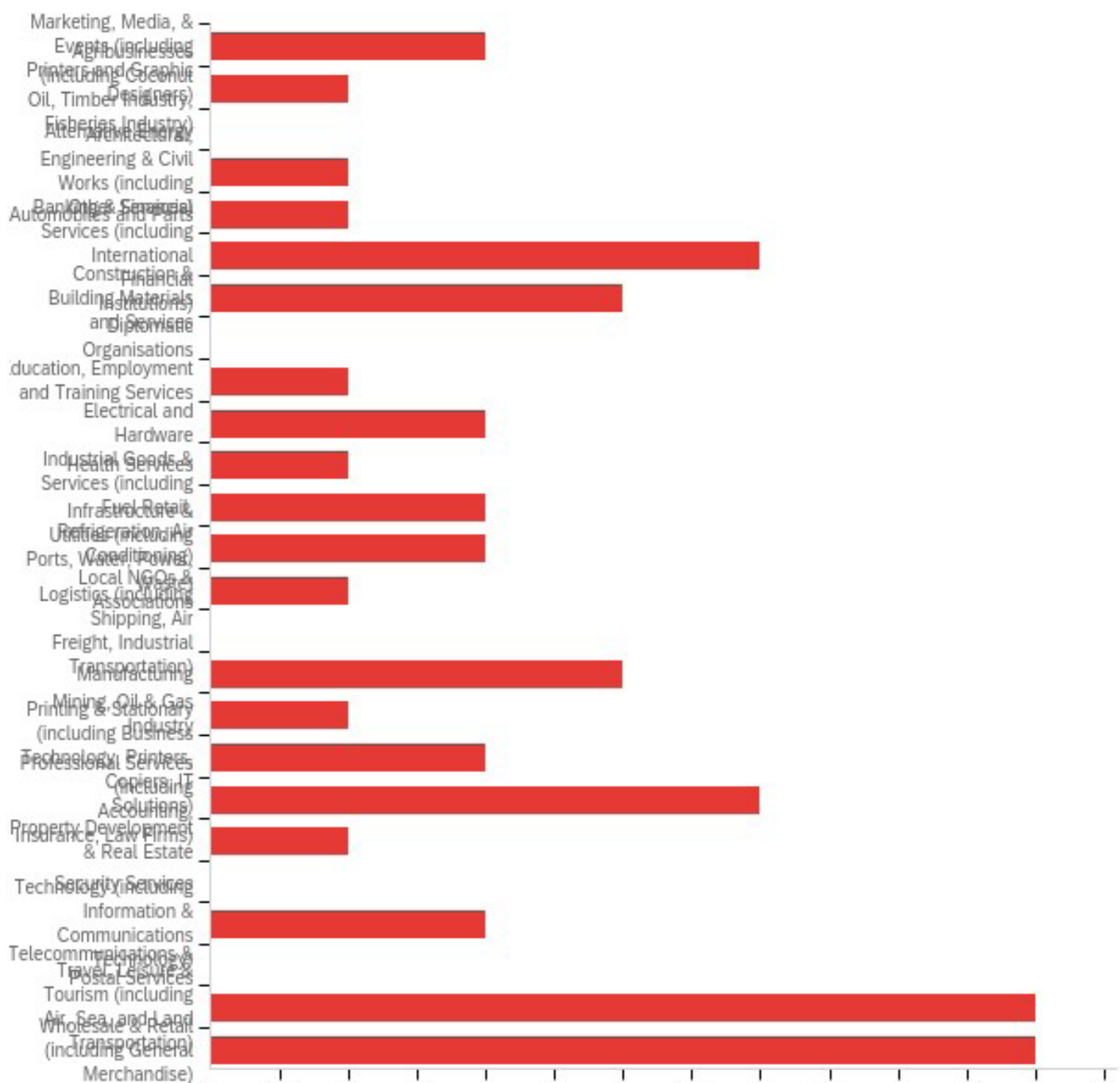
As for the next 12 months, 35% expects Government services to remain the same, 42% expected it to worsen and 22% are hoping for improvements.

56% of businesses expect changes in Government policy and budget in response to COVID-19 to have a negative effect on their businesses. 23% expect positive effects while 8% expected no effect at all.

41% have high confidence their business will survive the next four months of the extended SOPE while 34% have moderate confidence and 10% low confidence.

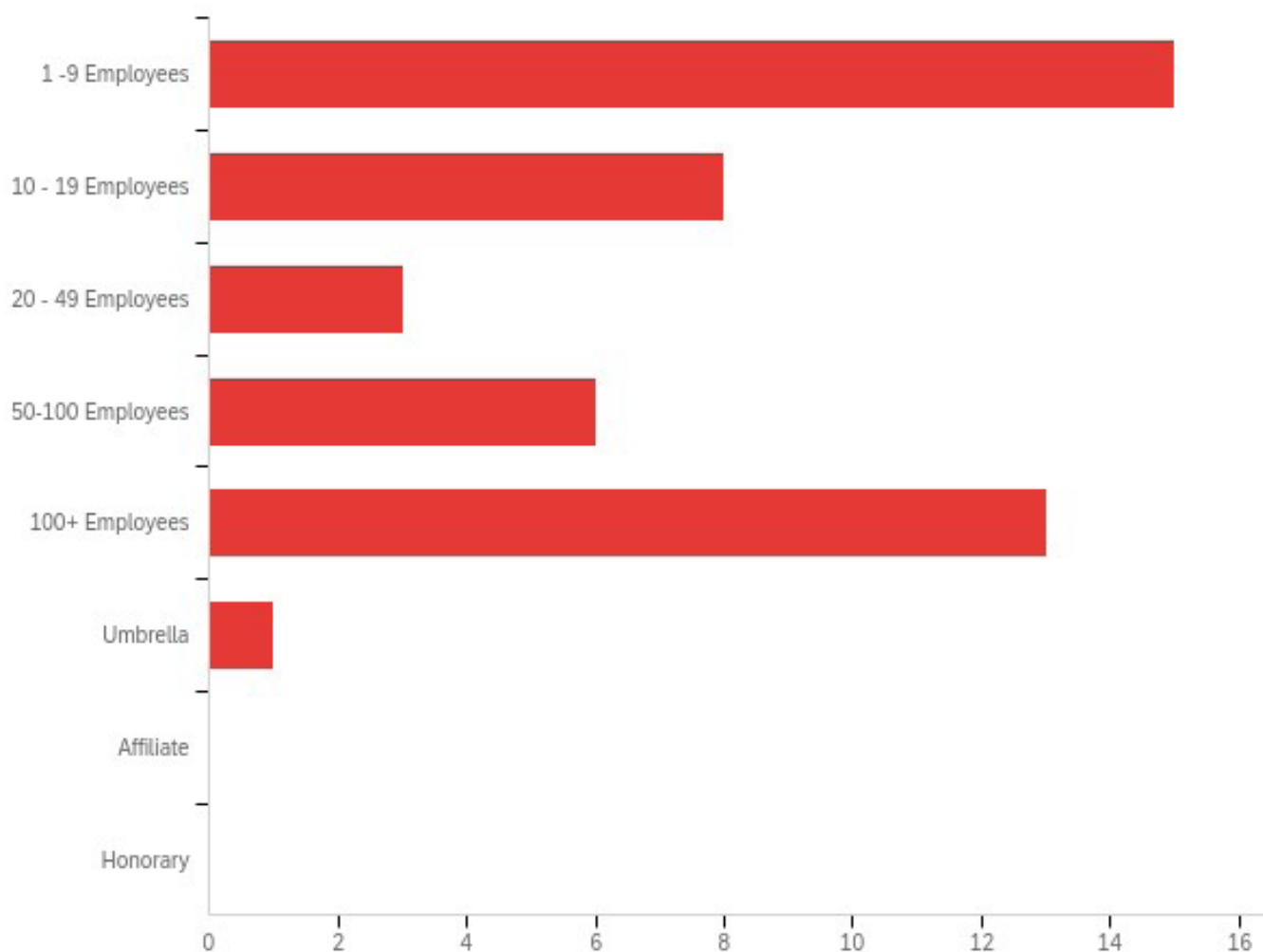


## Q1. Select one industry group that best describes the industry you are in.



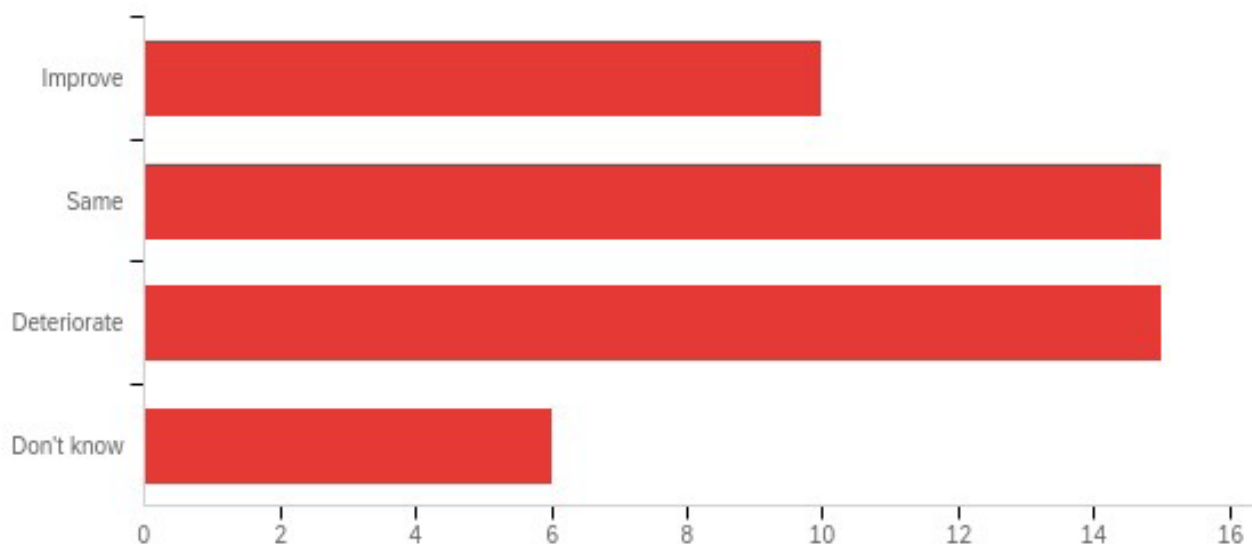
#	Answer	%	Count
1	Advertising, Marketing, Media, & Events (including Printers and Graphic Designers)	4.35%	2
2	Agribusinesses (including Coconut Oil, Timber Industry, Fisheries Industry)	2.17%	1
3	Alternative Energy	0.00%	0
4	Architectural, Engineering & Civil Works (including Other Services)	2.17%	1
5	Automobiles and Parts	2.17%	1
6	Banking & Financial Services (including International Financial Institutions)	8.70%	4
7	Construction & Building Materials and Services	6.52%	3
8	Diplomatic Organisations	0.00%	0
9	Education, Employment and Training Services	2.17%	1
10	Electrical and Hardware	4.35%	2
11	Health Services	2.17%	1
12	Industrial Goods & Services (including Fuel Retail, Refrigeration, Air Conditioning)	4.35%	2
13	Infrastructure & Utilities (including Ports, Water, Power, Waste)	4.35%	2
14	Local NGOs & Associations	2.17%	1
15	Logistics (including Shipping, Air Freight, Industrial Transportation)	0.00%	0
16	Manufacturing	6.52%	3
17	Mining, Oil & Gas Industry	2.17%	1
18	Printing & Stationary (including Business Technology, Printers, Copiers, IT Solutions)	4.35%	2
19	Professional Services (including Accounting, Insurance, Law Firms)	8.70%	4
20	Property Development & Real Estate	2.17%	1
21	Security Services	0.00%	0
22	Technology (including Information & Communications Technology)	4.35%	2
23	Telecommunications & Postal Services	0.00%	0
24	Travel, Leisure & Tourism (including Air, Sea, and Land Transportation)	13.04%	6
25	Wholesale & Retail (including General Merchandise)	13.04%	6
	<b>Total</b>	<b>100%</b>	<b>46</b>

## Q2. Select the category that describes your business by number of employees.



#	Answer	%	Count
1	1 - 9 Employees	32.61%	15
2	10 - 19 Employees	17.39%	8
3	20 - 49 Employees	6.52%	3
4	50-100 Employees	13.04%	6
5	100+ Employees	28.26%	13
6	Umbrella	2.17%	1
7	Affiliate	0.00%	0
8	Honorary	0.00%	0
	<b>Total</b>	<b>100%</b>	<b>46</b>

### Q3. Do you believe that the general business situation in Solomon Islands will improve, remain the same or deteriorate during the next six months?



#	Answer	%	Count
1	Improve	21.74%	10
2	Same	32.61%	15
3	Deteriorate	32.61%	15
4	Don't know	13.04%	6
Total		100%	46

● *Turn to next page for comments.*



## Comments provided for answers in question 4

The main Chinese consuming market has not as yet returned to previous levels. Likely due to their end markets not recovering as yet too.

Only if Government produce a conducive environment for all our businesses than we can improve. We must explore outside of our normal daily activities, find other alternatives which can sustain our cash flow.

COVID 19 has impacted the economy, however, with the positive news regarding the vaccine hope there will be improvements especially with the restrictions.

Uncertainty because of the impact of COVID-19.

The current global pandemic has brought a lot of uncertainties in the country, hence, very difficult to forecast the future now.

It's unpredictable since all businesses wind down due to effects of COVID-19. But surely the situation should remain the same since WHO start to distribute a vaccine.

Things will improve from the middle of next year (2021).

SIG despite its efforts to stimulate the economy is running low on cashflow. Everyone is going to be feeling the effects of this.

With the threat of this COVID-19, businesses are depending on Government's management of this virus.

All indicators are there, unless you are a lucky enough to receive SIG financial support and contracts.

Will deteriorate and then will get better.

I am unsure whether there is the financial capability at SIG level to continue to stimulate the economy.

Many of our clients are suffering financial hardship.

No international flights, no international tourism.

We feel that business may stay stagnant in the next 6 months. Not sure if money is circulating in the right places.

Business like stability, any changes will result in a change in business circumstance.

Hard to say. Some increase in business due to 2023 Games preparation. Some reduction due to COVID-19 restrictions in some areas. Minor reduction if Facebook ban happens as people still know where to go to buy stuff. Biggest impact will be with smaller businesses that use Facebook.

It is likely that Solomon Islands will remain COVID-19 free, and the improving situation in Australia and New Zealand should allow a Pacific bubble to form, allowing air travel. A big boost for tourism and planned infrastructure projects.

Even if vaccine for COVID-19 is available, businesses will be struggle.

Because clients that we relied on are finding it difficult to cope thus not coming forward to meet their dues.

COVID-19 will soon be over and all economic activities will return to normal.

As long as borders remain closed nothing will improve but only get worse.

Since the time the pandemic was declared and the fear and panic which gripped the world during March, April and May 2020, we have started to witness a gradual stability and an effort from all quarters to move on with life. It is definitely not what it was earlier but life is not at a standstill as it was in the earlier months. Awareness of keeping the virus at bay has grown and the Government has taken terrific measures in controlling the situation. We believe this will continue and as time passes and the vaccine is made available public confidence, to a certain measure, will return and every one will want to get back to doing business as usual. We have left behind the worst times and would like to move on with life. We are optimistic and hopeful business situation will gradually continue to improve.

Historically post weak demand due to priority in schooling and slow activities after Christmas break. It will be worsened by uncertainty post by ongoing COVID-19 situation.

The Infrastructure outlined for the next few years will provide a boost to the economy. We are already seeing this now with international contractors working with us to procure their materials.

COVID -19 situation still a treat to the economy.

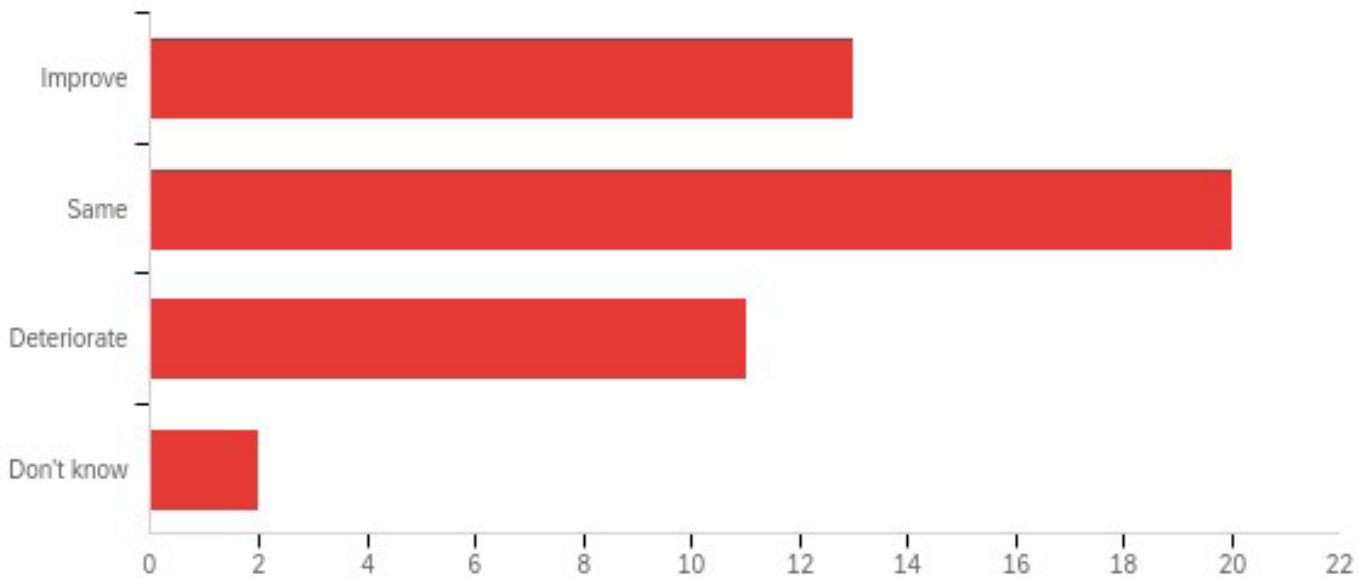
Due to proposed Facebook ban.

Extension of the SOPE keeps economic environment as it was six months ago.

Given that the COVID-19 is still around I think the situation will remain the same if Government continues to contain the situation in the country.

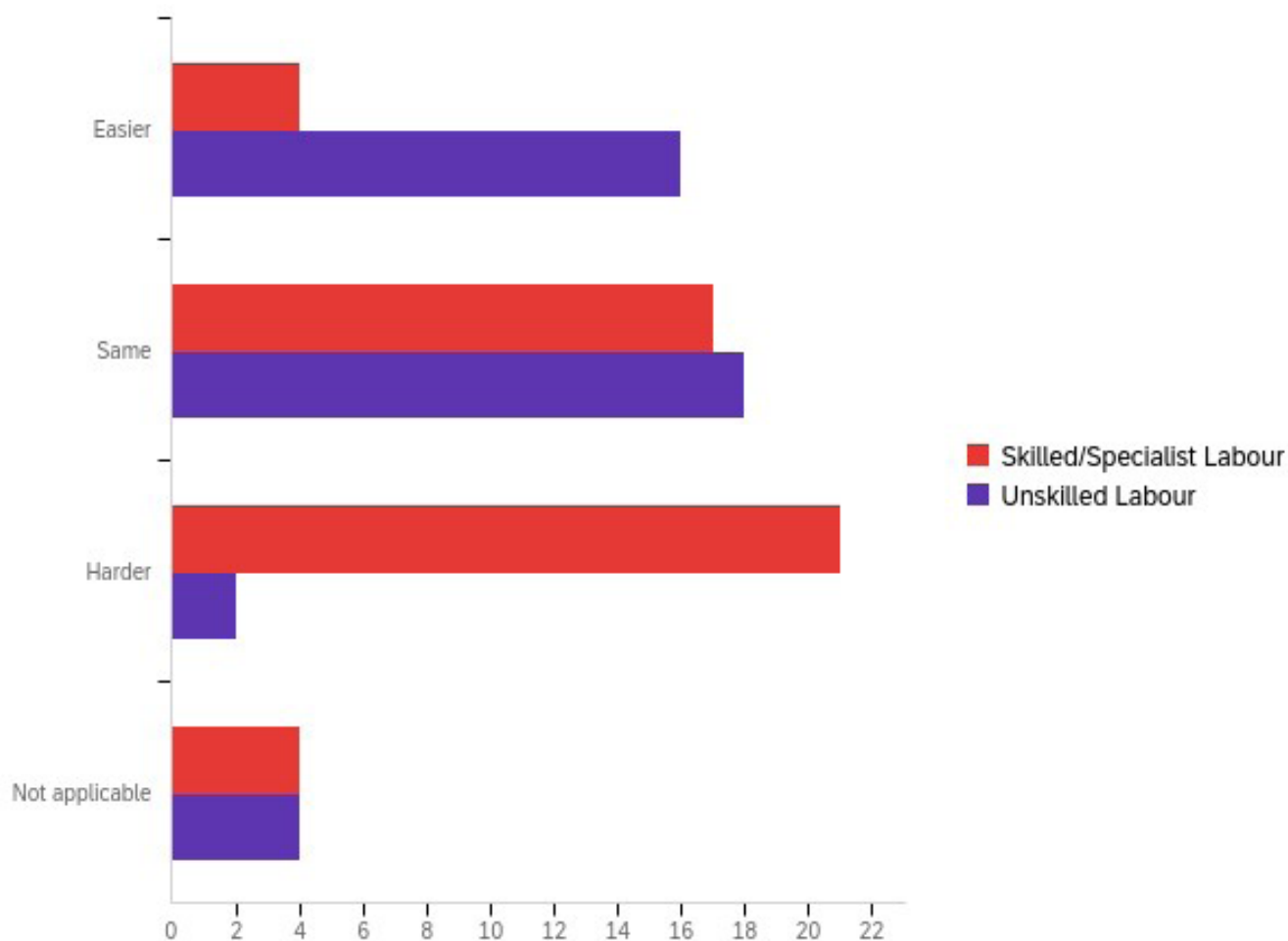
Companies are facing difficulties because the Government is not helping businesses to repay bills.

**Q4. Do you believe that the general business situation in your own business will improve, remain the same or deteriorate during the next six months?**



#	Answer	%	Count
1	Improve	28.26%	13
2	Same	43.48%	20
3	Deteriorate	23.91%	11
4	Don't know	4.35%	2
	<b>Total</b>	<b>100%</b>	<b>46</b>

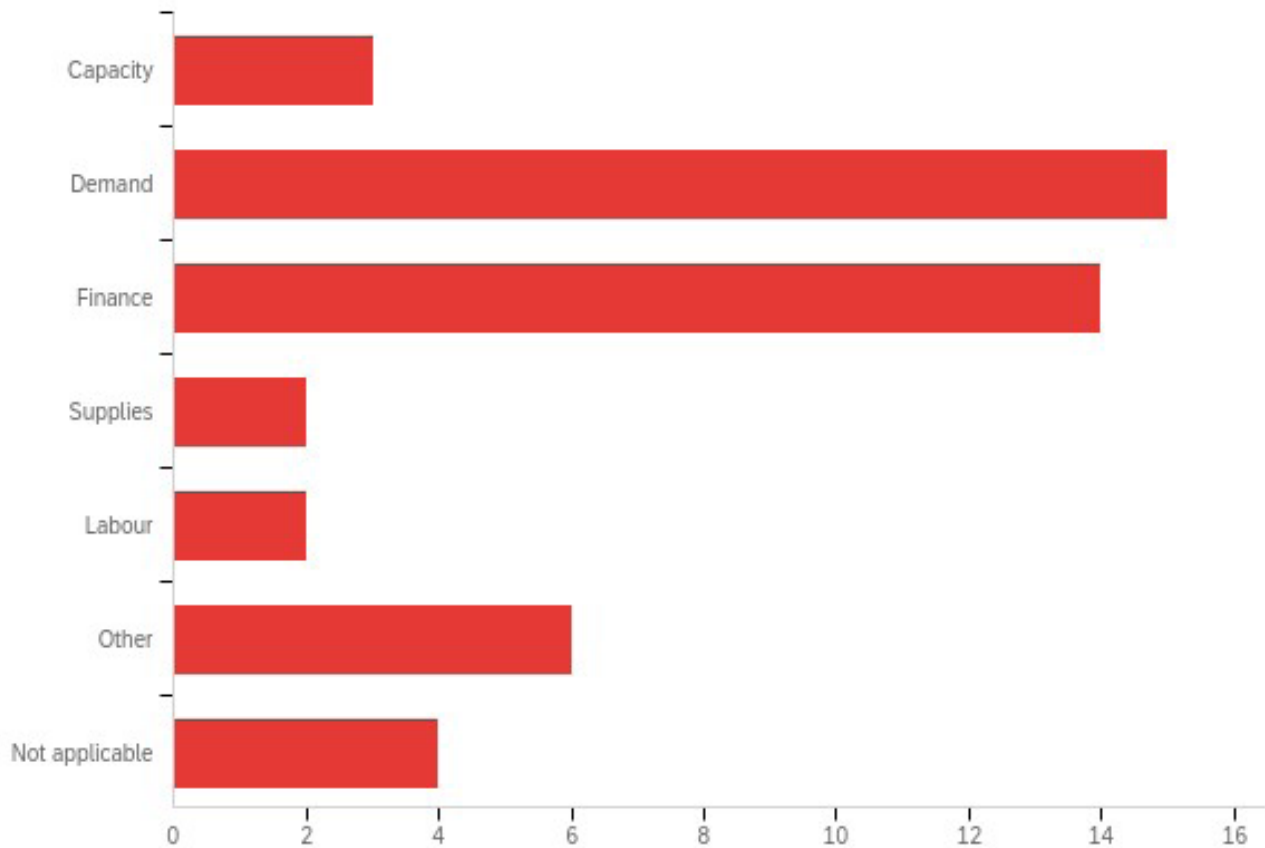
**Q5. In general, do you find that getting staff you want today is easier, the same or harder that it was three months ago?**



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	Skilled/Specialist Labour	1.00	4.00	2.54	0.77	0.60	46
2	Unskilled Labour	1.00	4.00	1.85	0.91	0.83	40

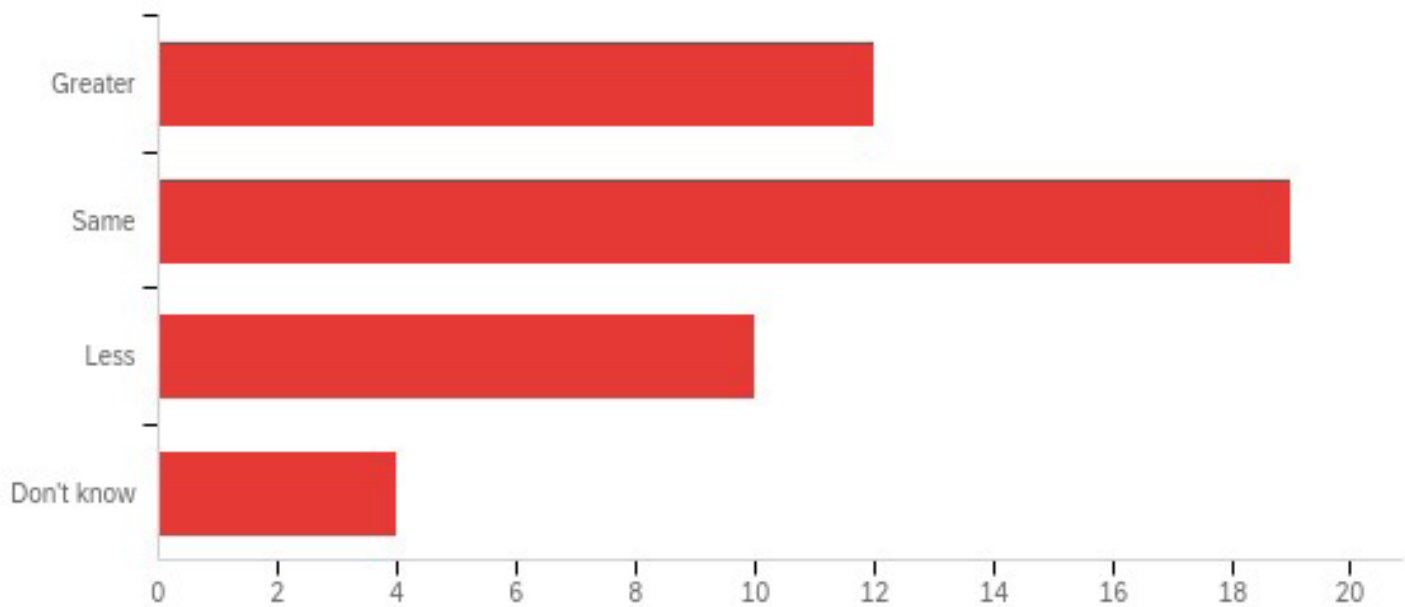
#	Question	Easier		Same		Harder		Not applicable		Total
1	Skilled/Specialist Labour	8.70%	4	36.96%	17	45.65%	21	8.70%	4	46
2	Unskilled Labour	40.00%	16	45.00%	18	5.00%	2	10.00%	4	40

## Q6. What single factor, if any is most limiting your ability to expand your activities? Shortage of:



#	Answer	%	Count
1	Capacity	6.52%	3
2	Demand	32.61%	15
3	Finance	30.43%	14
4	Supplies	4.35%	2
5	Labour	4.35%	2
6	Other	13.04%	6

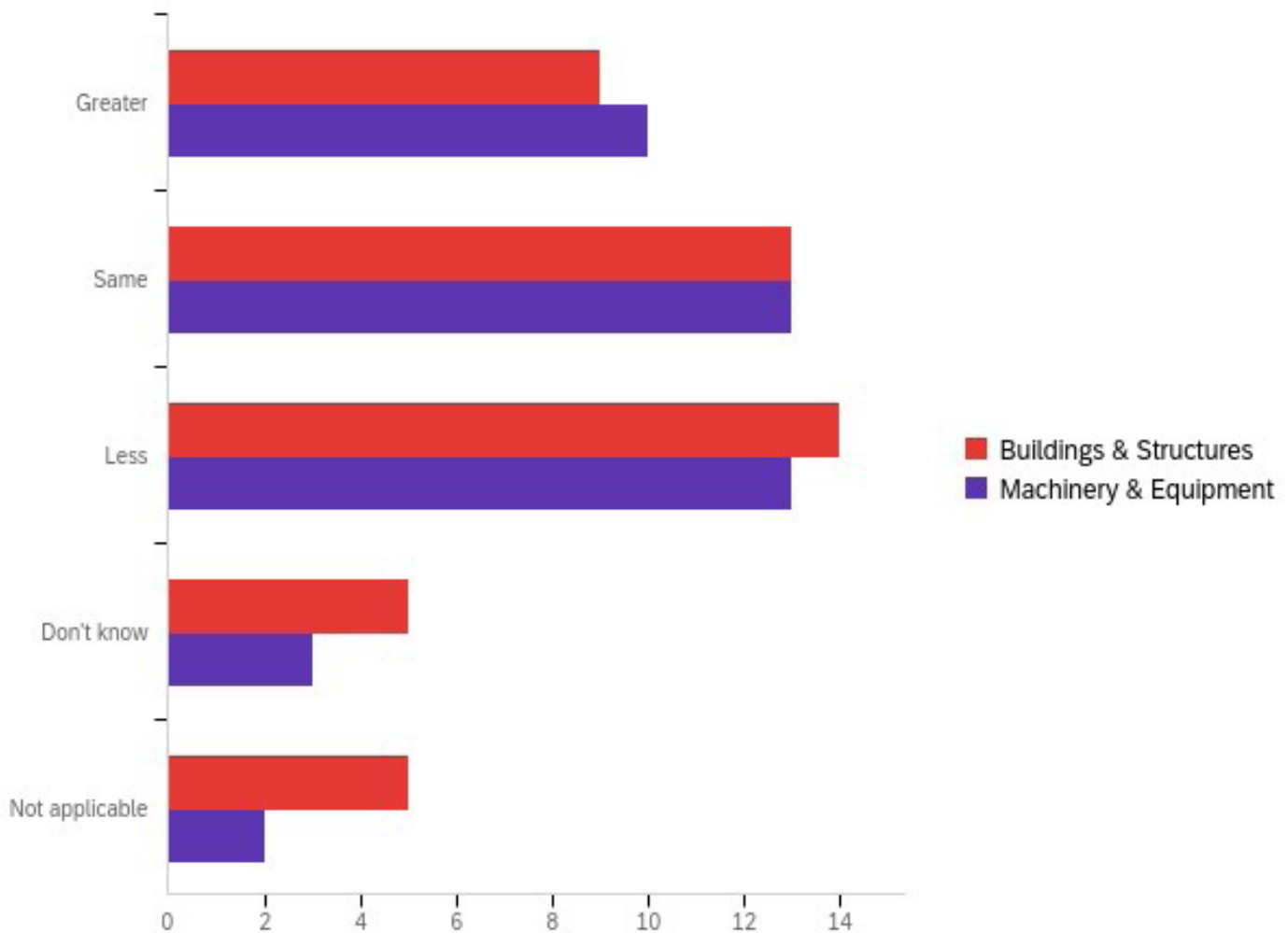
Q7. Do you expect interest rates charged on loans during the next twelve months to be greater, same, or less than those during the past twelve months?



#	Answer	%	Count
1	Greater	26.67%	12
2	Same	42.22%	19
3	Less	22.22%	10
4	Don't know	8.89%	4
	Total	100%	45



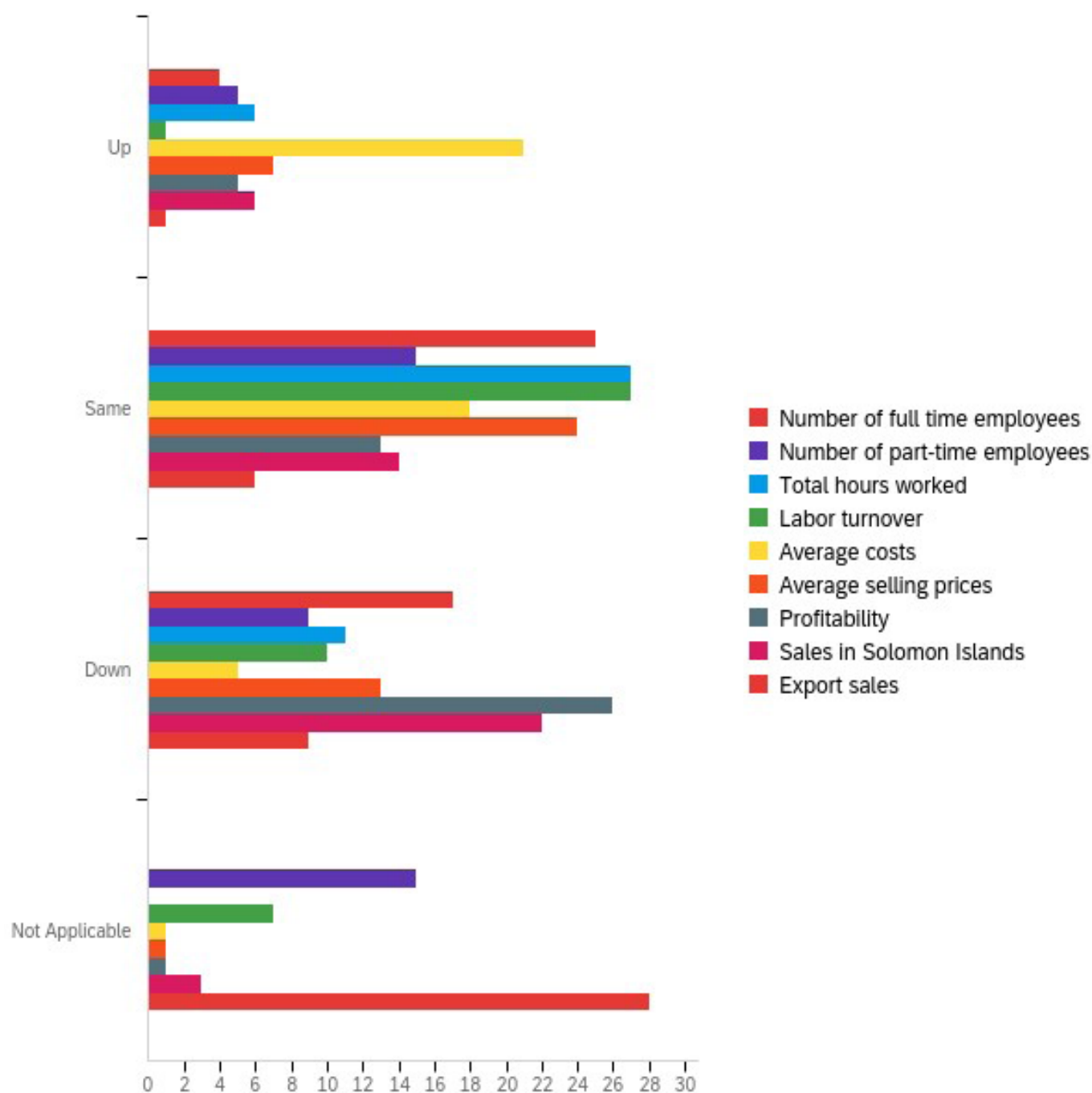
**Q8. Do you expect the amount of new investment approved by your firm during the next twelve months to be greater, same, or less than those during the last twelve months?**



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	Buildings & Structures	1.00	5.00	2.65	1.22	1.49	46
2	Machinery & Equipment	1.00	5.00	2.37	1.08	1.16	41

#	Question	Greater		Same		Less		Don't know		Not applicable		Total
1	Buildings & Structures	19.57%	9	28.26%	13	30.43%	14	10.87%	5	10.87%	5	46
2	Machinery & Equipment	24.39%	10	31.71%	13	31.71%	13	7.32%	3	4.88%	2	41

**Q9.1. I.Excluding normal seasonal changes, what has been your business' experience during the past twelve months and what changes do you expect during the next three months in respect of:**



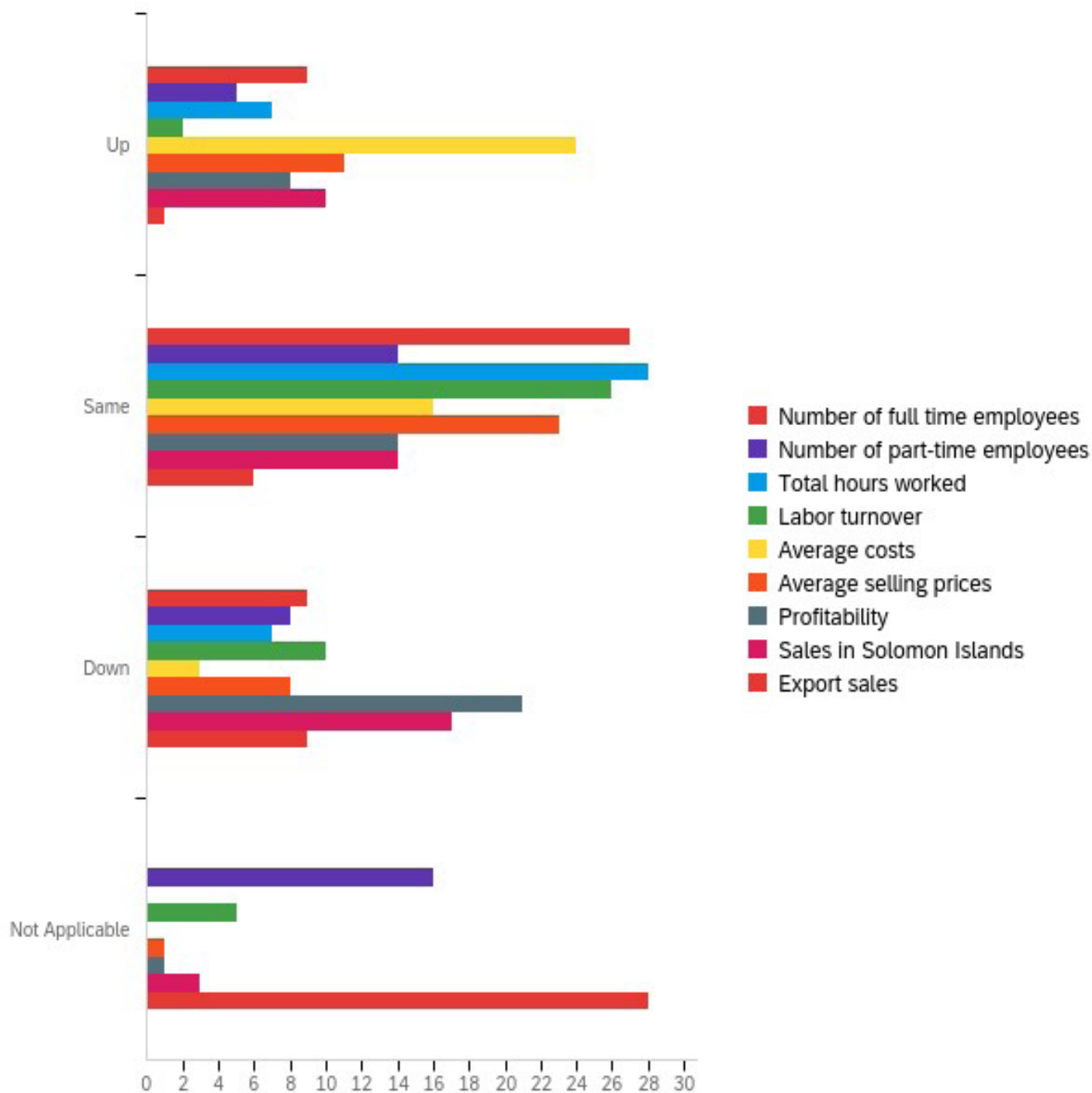
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#	Question	Up		Same		Down		Not Applicable		Total
1	Number of full time employees	8.70%	4	54.35%	25	36.96%	17	0.00%	0	46
2	Number of part-time employees	11.36%	5	34.09%	15	20.45%	9	34.09%	15	44
3	Total hours worked	13.64%	6	61.36%	27	25.00%	11	0.00%	0	44
4	Labor turnover	2.22%	1	60.00%	27	22.22%	10	15.56%	7	45
5	Average costs	46.67%	21	40.00%	18	11.11%	5	2.22%	1	45
6	Average selling prices	15.56%	7	53.33%	24	28.89%	13	2.22%	1	45
7	Profitability	11.11%	5	28.89%	13	57.78%	26	2.22%	1	45
8	Sales in Solomon Islands	13.33%	6	31.11%	14	48.89%	22	6.67%	3	45
9	Export sales	2.27%	1	13.64%	6	20.45%	9	63.64%	28	44

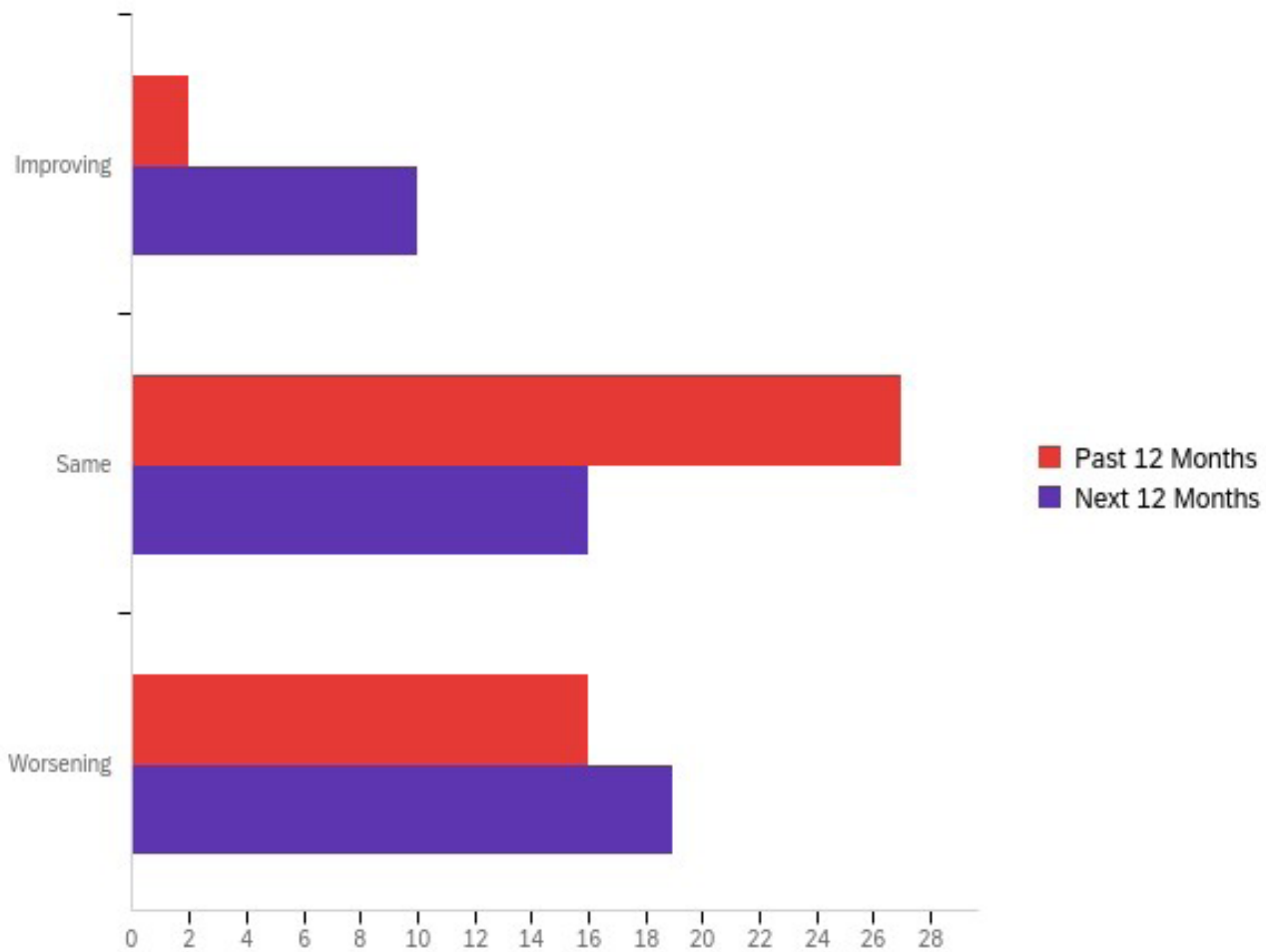
**Q9.2. J.What has been your business experience with Government Services during the past twelve months and what changes do you expect in the next twelve months:**

#	Question	Up		Same		Down		Not Applicable		Total
1	Number of full time employees	20.00%	9	60.00%	27	20.00%	9	0.00%	0	45
2	Number of part-time employees	11.63%	5	32.56%	14	18.60%	8	37.21%	16	43
3	Total hours worked	16.67%	7	66.67%	28	16.67%	7	0.00%	0	42
4	Labor turnover	4.65%	2	60.47%	26	23.26%	10	11.63%	5	43
5	Average costs	55.81%	24	37.21%	16	6.98%	3	0.00%	0	43
6	Average selling prices	25.58%	11	53.49%	23	18.60%	8	2.33%	1	43
7	Profitability	18.18%	8	31.82%	14	47.73%	21	2.27%	1	44
8	Sales in Solomon Islands	22.73%	10	31.82%	14	38.64%	17	6.82%	3	44
9	Export sales	2.27%	1	13.64%	6	20.45%	9	63.64%	28	44

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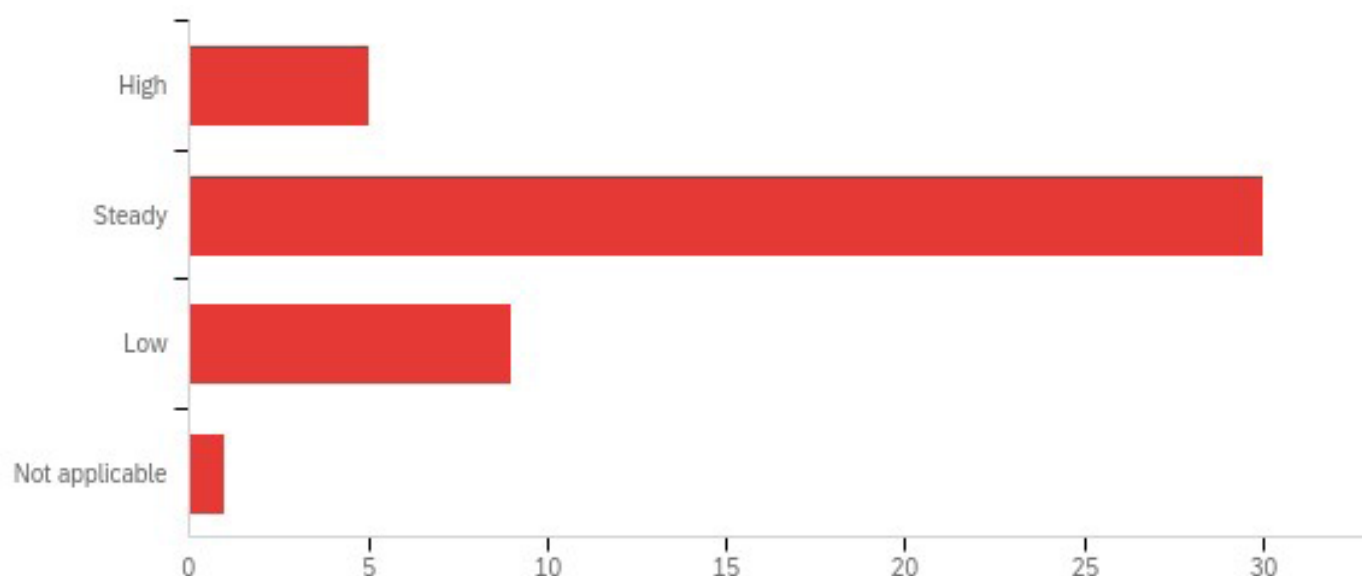
## Q10. What has been your business experience with Government Services during the past twelve months and what changes do you expect in the next twelve months?



#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	Past 12 Months	1.00	3.00	2.31	0.55	0.30	45
2	Next 12 Months	1.00	3.00	2.20	0.78	0.60	45

#	Question	Improving		Same		Worsening		Total
1	Past 12 Months	4.44%	2	60.00%	27	35.56%	16	45
2	Next 12 Months	22.22%	10	35.56%	16	42.22%	19	45

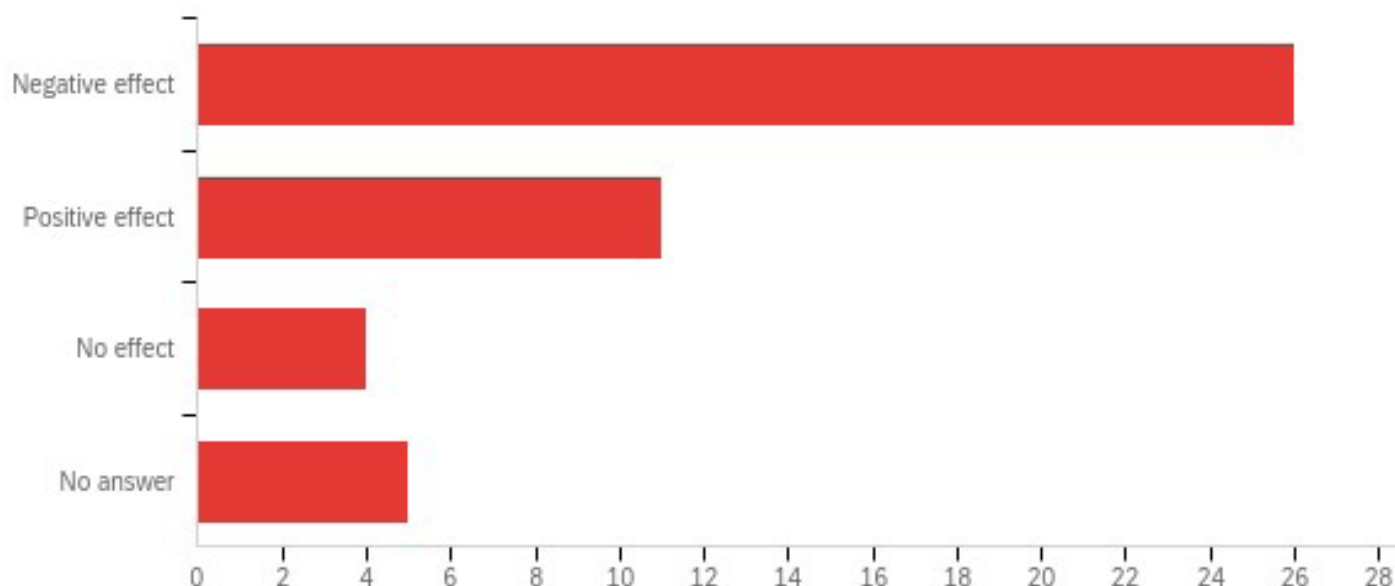
## Q11. How would you rate your business at doing business with other local businesses?



#	Answer	%	Count
1	High	11.11%	5
2	Steady	66.67%	30
3	Low	20.00%	9
4	Not applicable	2.22%	1
	<b>Total</b>	<b>100%</b>	<b>45</b>

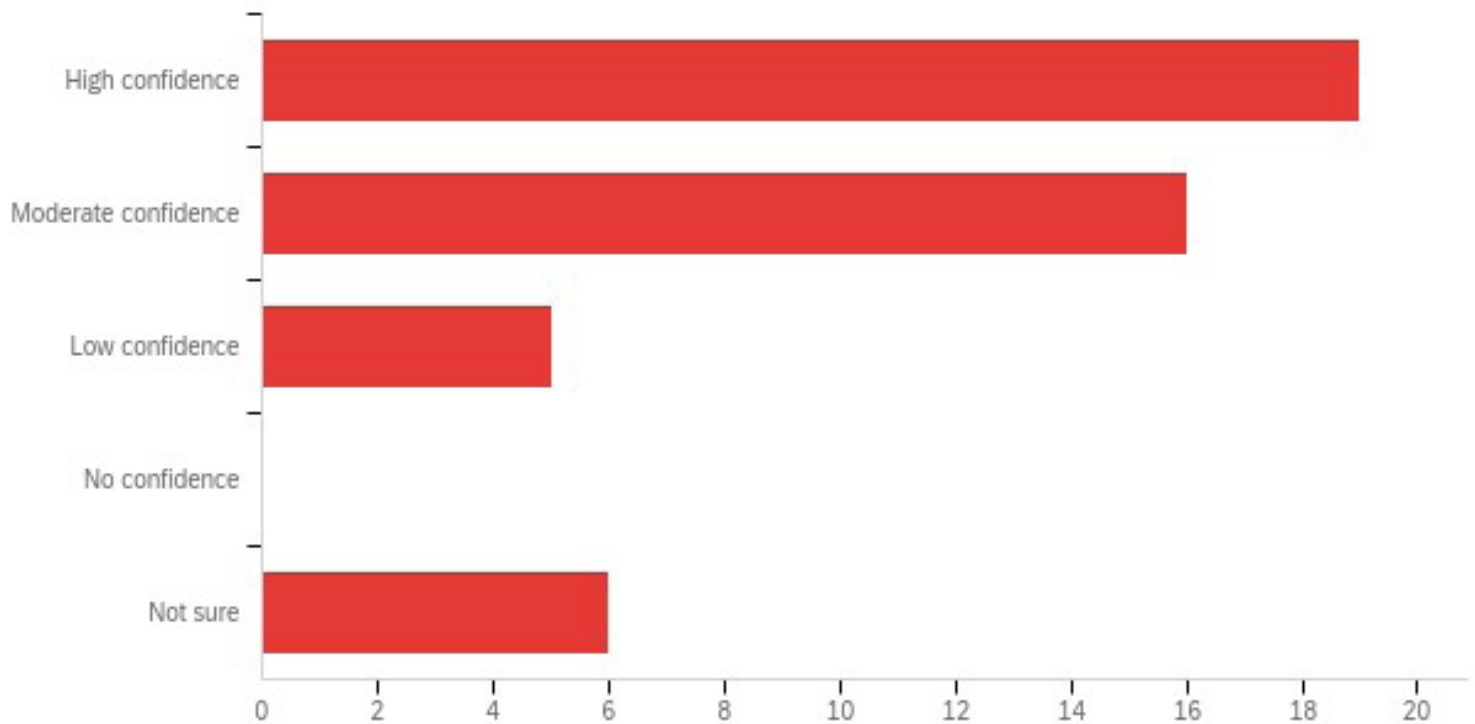


**Q12. In the next 12 months, do you expect changes in government policy and budget in response to COVID19 pandemic to have a negative effect, no effect, or a positive effect on your business?**



#	Answer	%	Count
1	Negative effect	56.52%	26
2	Positive effect	23.91%	11
3	No effect	8.70%	4
4	No answer	10.87%	5
	<b>Total</b>	<b>100%</b>	<b>46</b>

### Q13. How much confidence does your business have that it will survive the next four months of the extended State of Public Emergency?



#	Answer	%	Count
1	High confidence	41.30%	19
2	Moderate confidence	34.78%	16
3	Low confidence	10.87%	5
4	No confidence	0.00%	0
5	Not sure	13.04%	6
	<b>Total</b>	<b>100%</b>	<b>46</b>

## Q12. What type of information and/or support do you need the most right now to help your business? Please provide comments below.

Infrastructure projects detailed schedule update.

We need proper training, access to information on how to do business on times like this. Identify your priorities and work on it. Support can be financially, material or training.

Update information on country's economy. Whether it's going down, steady or improving.

Reduction on Government business taxes and relaxing of other regulatory requirements

Well, as a supplier to the Ministry of Health and Medical Services (MHMS) and the National Disaster Management Office (NDMO) at this time mainly to support our front liners with PPE and consumable goods, we as a SME do really need support from the Economic Stimulus Package (ESP) to maintain our supply chain from our manufacturers overseas and our local customers in other provinces. Our involvement to supply and maintain quarantine centers affect our business focus to improve and maintain our canteens in other provinces due to emergency upfront supply that we have to divert fund to support canteens. And the delays of payments from 2-4 months badly affect our business operation.

Constant update by the Prime Minister's Office (PMO).

Tax exemptions/holiday or at least tax reductions on imported materials used for our construction business.

The Government should prioritize locally owned business as opposed to Asian owned business.

Tax breaks and Tariff reduction.

Clarity over Government expenditure both on a National level and also in Constituencies.

Rental relief would have a positive effect to allow us to maintain staff and salary levels.

International flights open, travel bubble with Australia and New Zealand and don't ban Facebook.

Need continues support from social media outlets as we are able to market our business at a low expense. Especially Facebook.

Logistics side of things. Movement of parts.

Innovation support.

Industry indicators on a monthly basis to gauge health of businesses and economy in general.

Finance (cash).

Stable economy and Government not making rush decisions.

Require continued advocacy by SICCI on behalf of the private sector for Building Code legislation, reduced customs and duties taxes, introduction of a VAT/GST/ and pressure on Government not to ban, temporally or otherwise, Facebook.

Currently organization can operate at stable level.

Information on where to get Financial support.

Stimulus Package information.

Tourists and money - it is that simple. Open borders and travel bubbles when it is safe to do so.

Effort and support for locally produced products. Referral and training of quality workers for local manufacturer or companies to boost productivity.

Financial support and relaxing of the travel restrictions.

Need relief package to continue in Banks, Power, Water and SIPA charges. Export duty and Stimulus Package to meet expenditure to continue business in this low-income earning period.

Some Government subsidies in the form of tax reform for the private sector would be great.

Industry information

Clear/ Transparent agreements with China. Worried about how it will affect our local business. Clear/Transparent Government projects - procedures. Government system is too slow. How will the Government improve efficiency at their customs etc. Example: Customs side although new technological system implemented. We doubt it will improve the speed. Because their staff are almost always never on time. So, business have to wait hours for them etc.

Financial advice.

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