



SOLOMON ISLANDS CHAMBER
OF COMMERCE AND INDUSTRY



2022 & 2023 Business Confidence Survey



2022 & 2023 BUSINESS CONFIDENCE SURVEY REPORT

The Solomon Islands Chamber of Commerce and Industry (SICCI) is the peak representative organization for the private sector in Solomon Islands. SICCI currently has over 220 members as well as a number of affiliations to other national private sector organizations, covering approximately 80 percent of the Solomon Islands private sector workforce. Seventy (70) percent of the SICCI membership is made up of Small Medium Enterprises (SMEs) employing less than 20 employees. SICCI continues to be a strong advocate of private sector interests and aims to work constructively with the government the Solomon Islands community and international donor organizations. The Solomon Islands Government remains our key stakeholder and our continuous collaboration and engagement with the Government is critical to working towards a conducive business environment where the private sector can grow and jobs are created for our growing population. SICCI is driven by its vision for the Solomon Islands, its own mission and the values which governs the way it conducts its work.

This report displays key results from the "2022 & 2023 Business Confidence Survey" which was conducted online with 111 members of SICCI between 15th November 2022 and 2nd December 2022. It intends to get results of the following:

- Level of business confidence of general business situation in Solomon Islands in 9 months time
- Recruitment of Skilled and unskilled labour compared to 3 months ago
- Factors limiting expansion of business activities
- Business expectation of loan interest rates and amount of new investments by businesses in next twelve months
- Business experience with government in the past year and what businesses perceive it will be in the new year.
- Impact of rising cost of fuel on business and business viewpoint of the current mitigation action by government to reduce cost of fuel

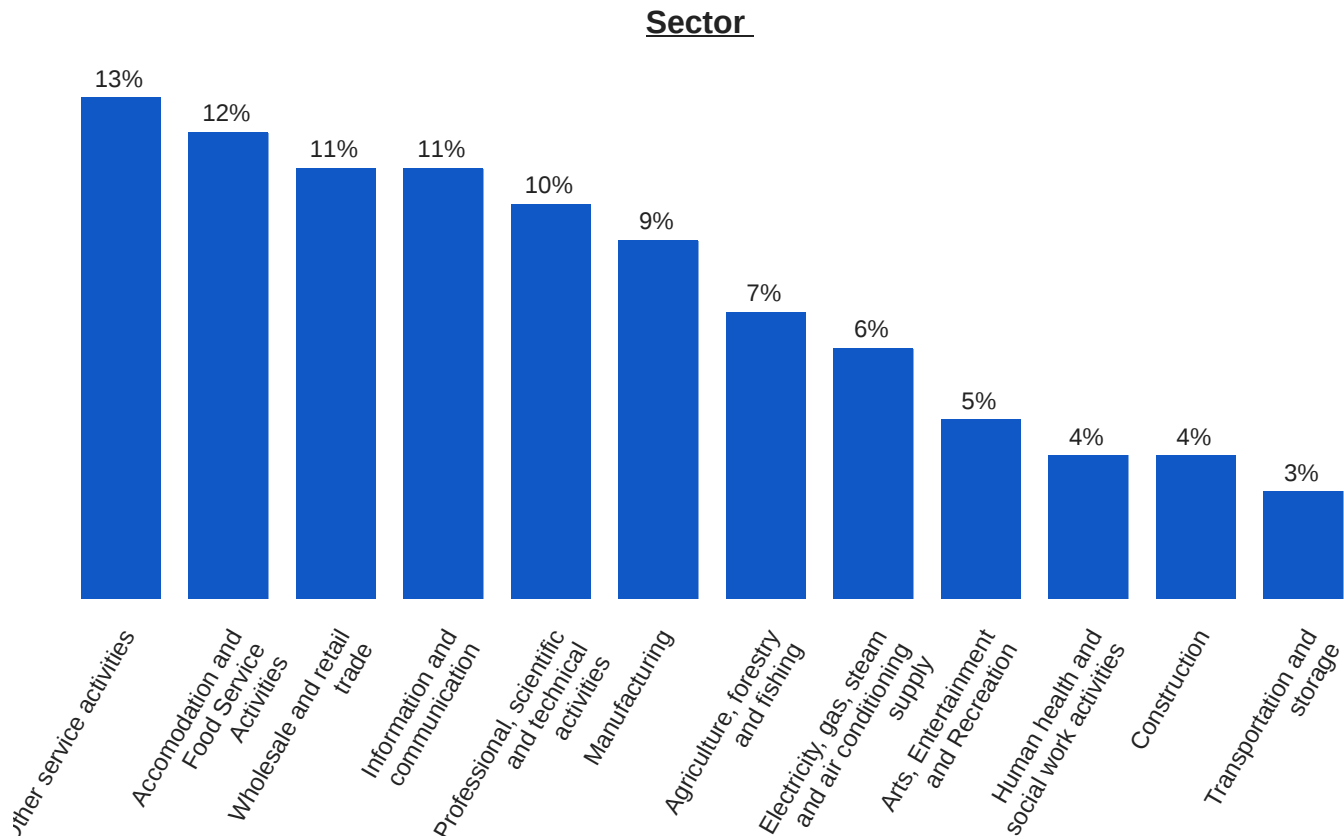


Fig 1.0 results show majority of survey respondents varied from Other service activities (13%), Accommodation and Food Service (12%), Wholesale and Retail (11%), Information and Communication (11%). This was followed by professional, scientific and technical activities (10%), Manufacturing (9%) and Agribusiness (7%). **Note:** Industries with less than 3% respondents are not accounted for in the figure above. This included education and legal and accounting activities at 1%.

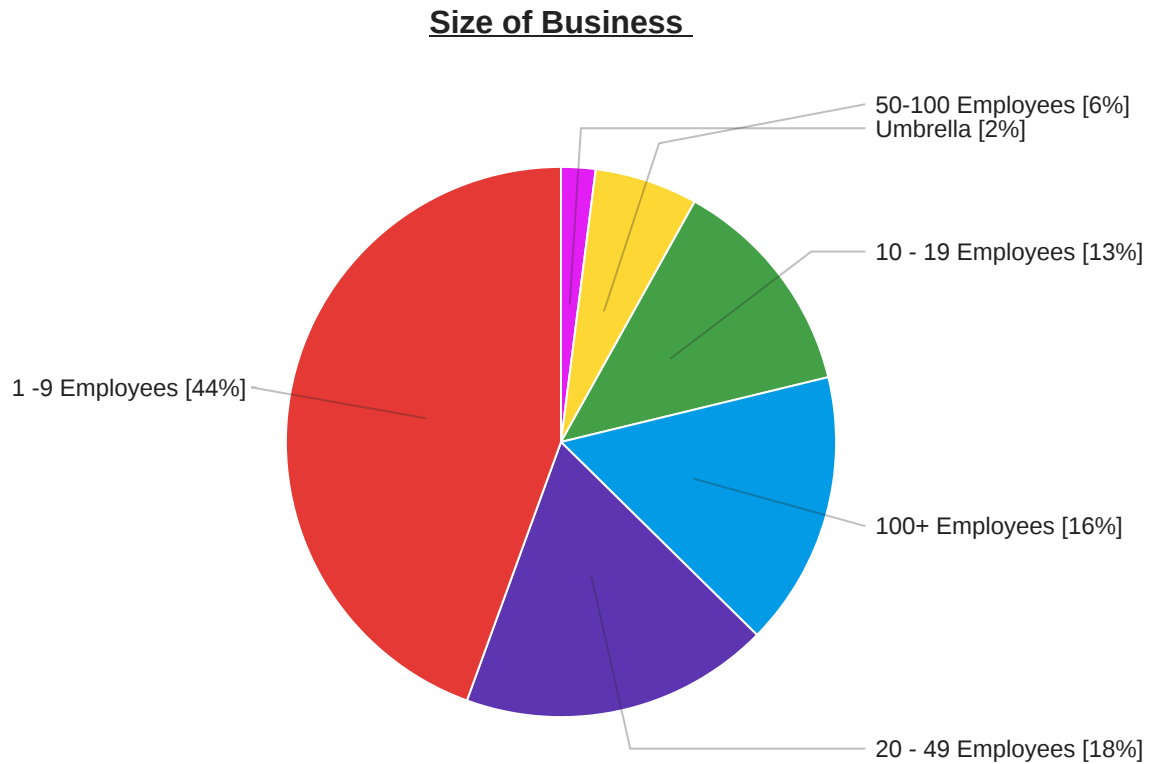


Fig 1.1 results indicate that majority of survey respondents are small businesses employing 1-9 employees (44%), followed by Small Medium businesses employing 20-49 employees (18%), large businesses employing more than 100 employees (16%) and SMEs employing 10-19 employees (13%).

Do you believe that the general business situation in Solomon Islands in 9 months time will have:

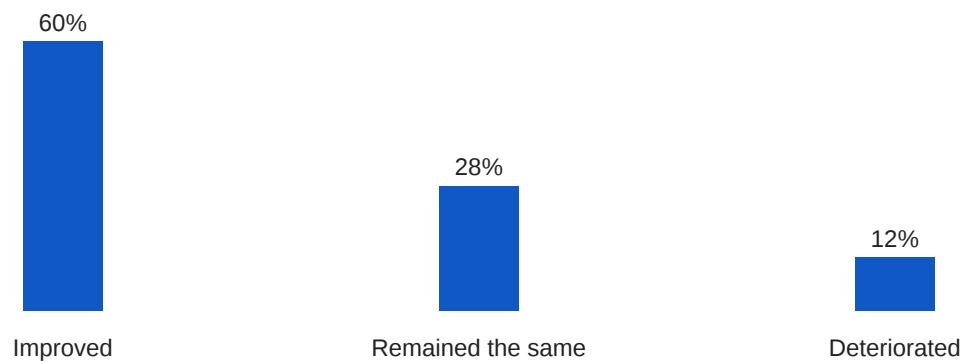


Fig 1.2 results indicate that 60% of survey respondents believe that general business situation in Solomon Islands has improved, 29% believe it will remain the same while 12% believe it will deteriorate.

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

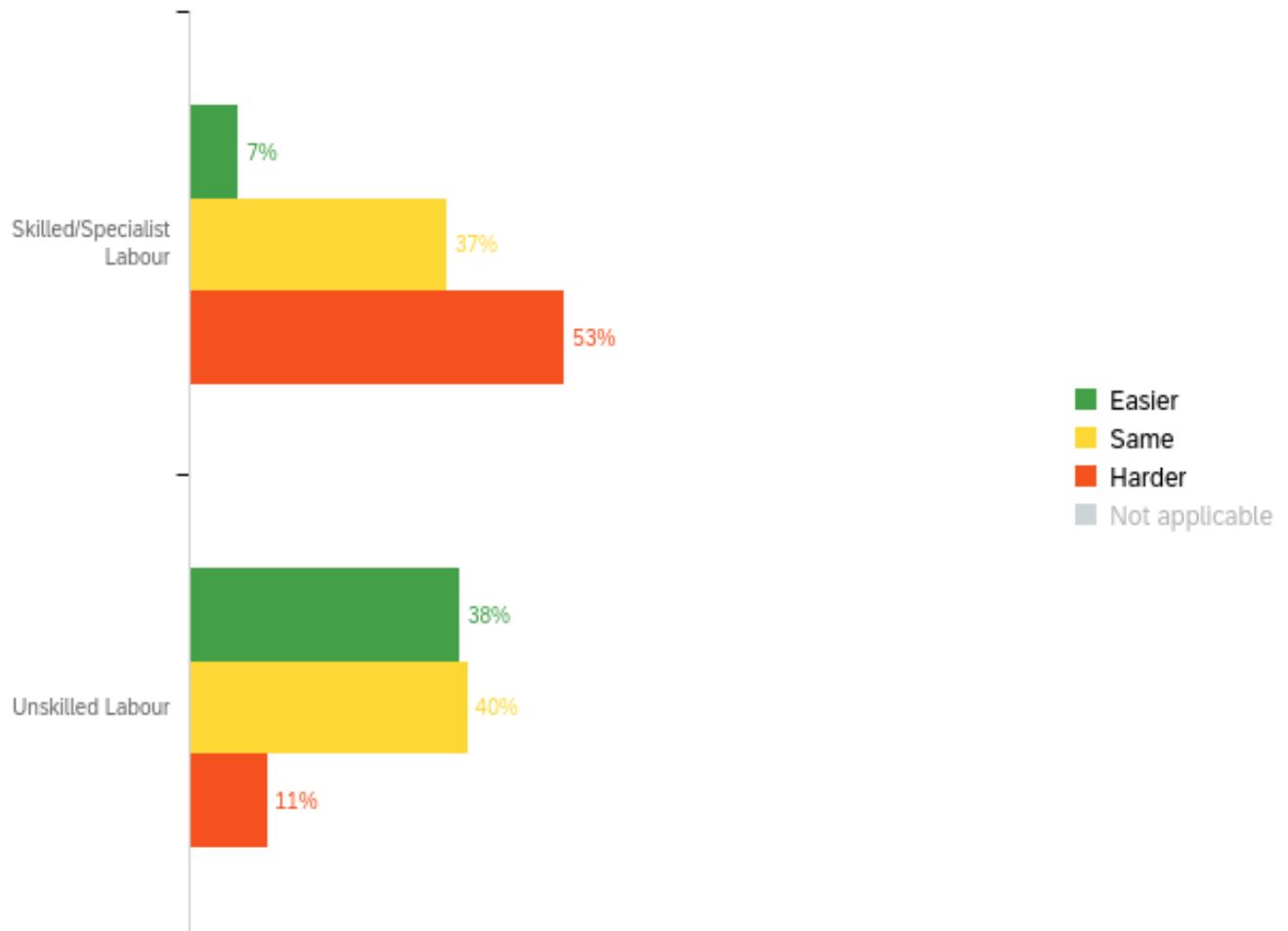


Fig 1.3 data shows that it is proving difficult to recruit **skilled/specialist labour** (53%) compared to 3 months ago, 37% believe it to be the same while 7% agree that it is easier. When compared with Unskilled labour 40% of survey respondents believe it to be the same, 38% believe it to be easier, while 11% believe it to be harder than it was 3 months ago.

What single factor (if any) is mostly limiting your ability to expand your activities?

Shortage of:

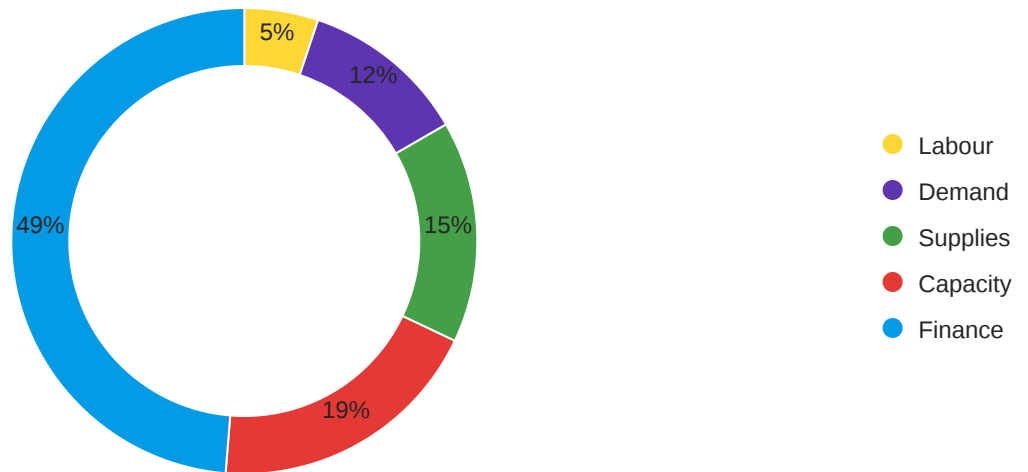


Fig 1.4 results indicate Finance (49%) as the main factor limiting businesses ability to expand activities, followed by capacity (19%), supplies (15%), Demand (12%), and labour (5%).

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?

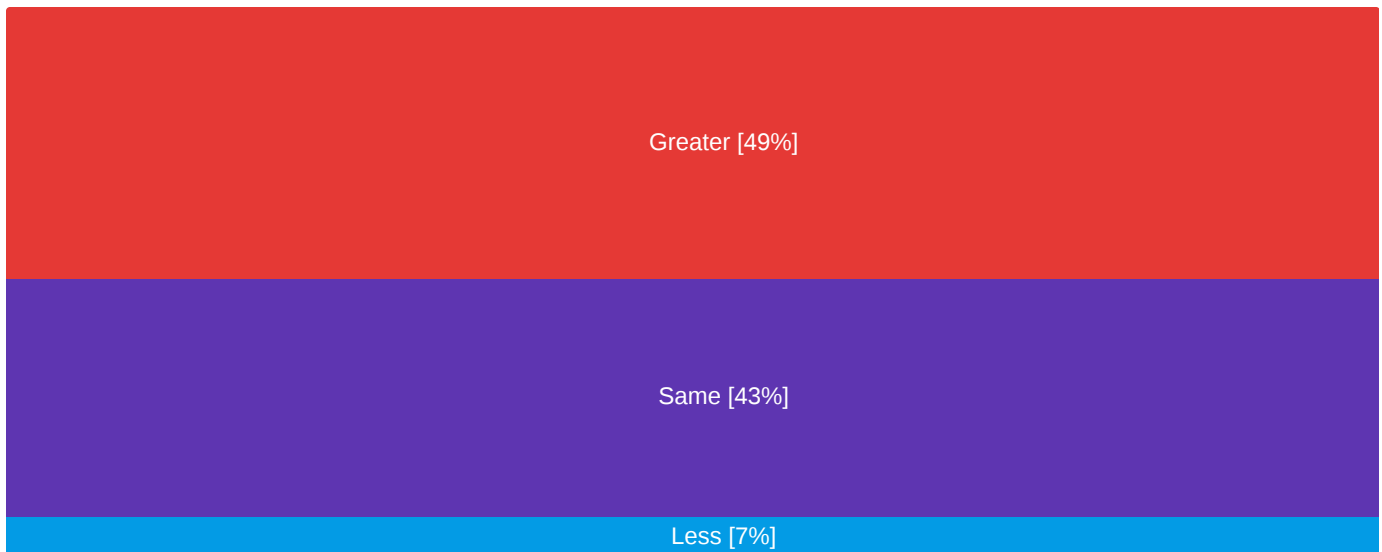


Fig 1.5 results show 49% of survey respondents expect interest rates charged on loans during the next twelve months to be greater, 43% expect it the remain the same while 7% believe it will be less.

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?

7_2 - Machinery & Equipment

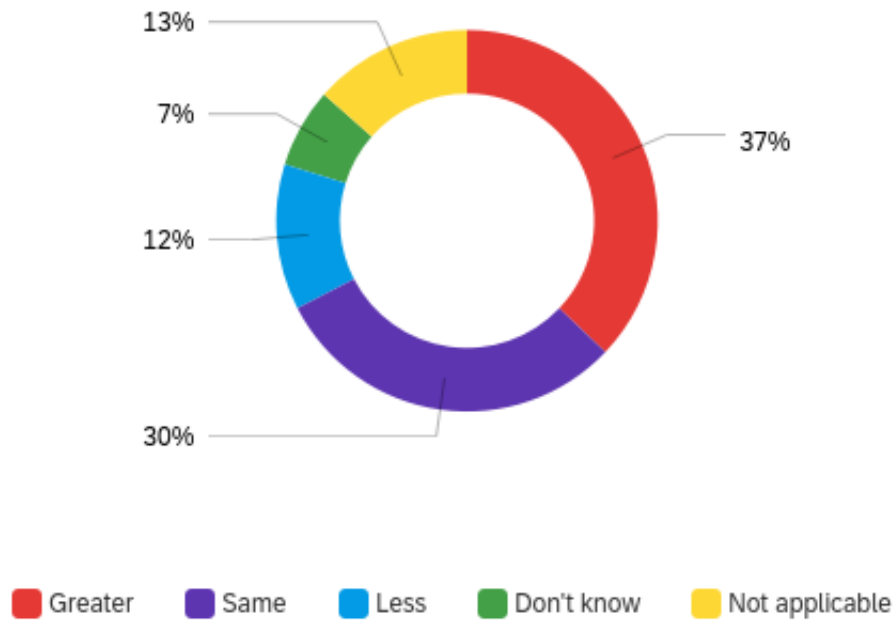


Fig 1.6 results show that 37% of survey respondents believe the amount of new investments approved by their individual firms/businesses for Machinery and equipment to be greater than those during the past twelve months. 30% believe it will remain the same, 12% expect it to be less while 7% do not know. The question was not applicable to 13% of survey respondents.

7_1 - Buildings & Structures

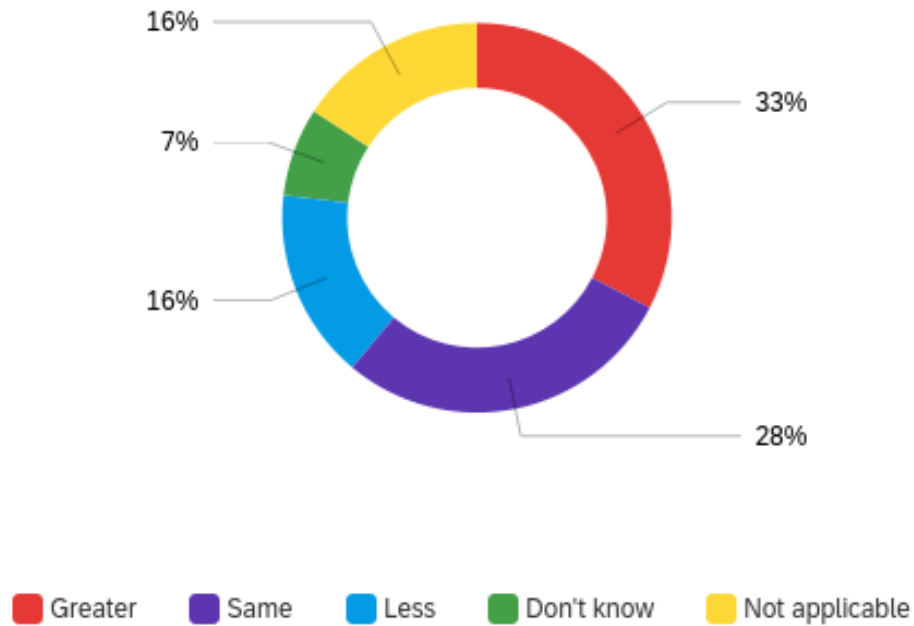


Fig 1.7 results show that 33% of survey respondents believe the amount of new investments approved by their individual firms/businesses for **Building and Structures** to be greater than those during the past twelve months. 28% believe it will remain the same, 16% expect it to be less while 7% do not know. The question was not applicable to 16% of survey respondents.

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:

8#1 - Past 12 months

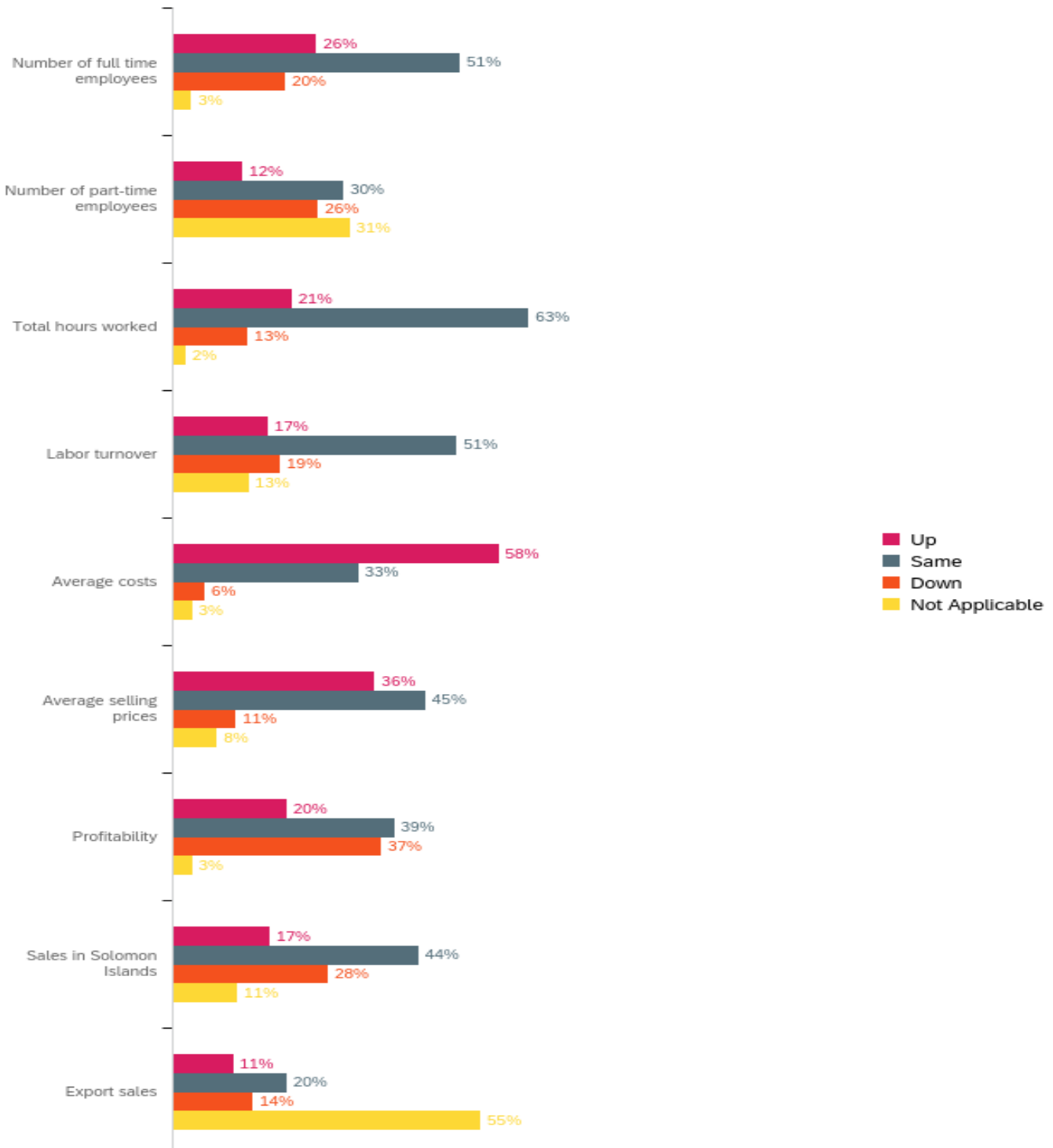


Fig 1.8 results show that in the past twelve months businesses have seen *Number of full time employees* remain the same (51%), increased (26%) and reduced (20%), *Number of part time employees* were reported by survey respondents to have remained the same (30%) increased (12%) and reduced 26%. *Total hours worked* remained the same (63%), increased (21%), reduced 13%. Labour turnover remained same (51%), reduced (19%), increased (17%). Average costs increased (58%), remained same (33%) and reduced (6%). Average selling prices remained the same (45%), increased (36%) and reduced (11%). Profitability remained the same (39%), and reduced (37%). Sales in Solomon Islands remained the same (44%), reduced (28%) and increased 17%. Finally, for export sales 55% stated this was not applicable to their businesses while 20% reported it remained the same, 14% reported a decrease and 11% an increase in export sales.

8#2 - Next 3 months

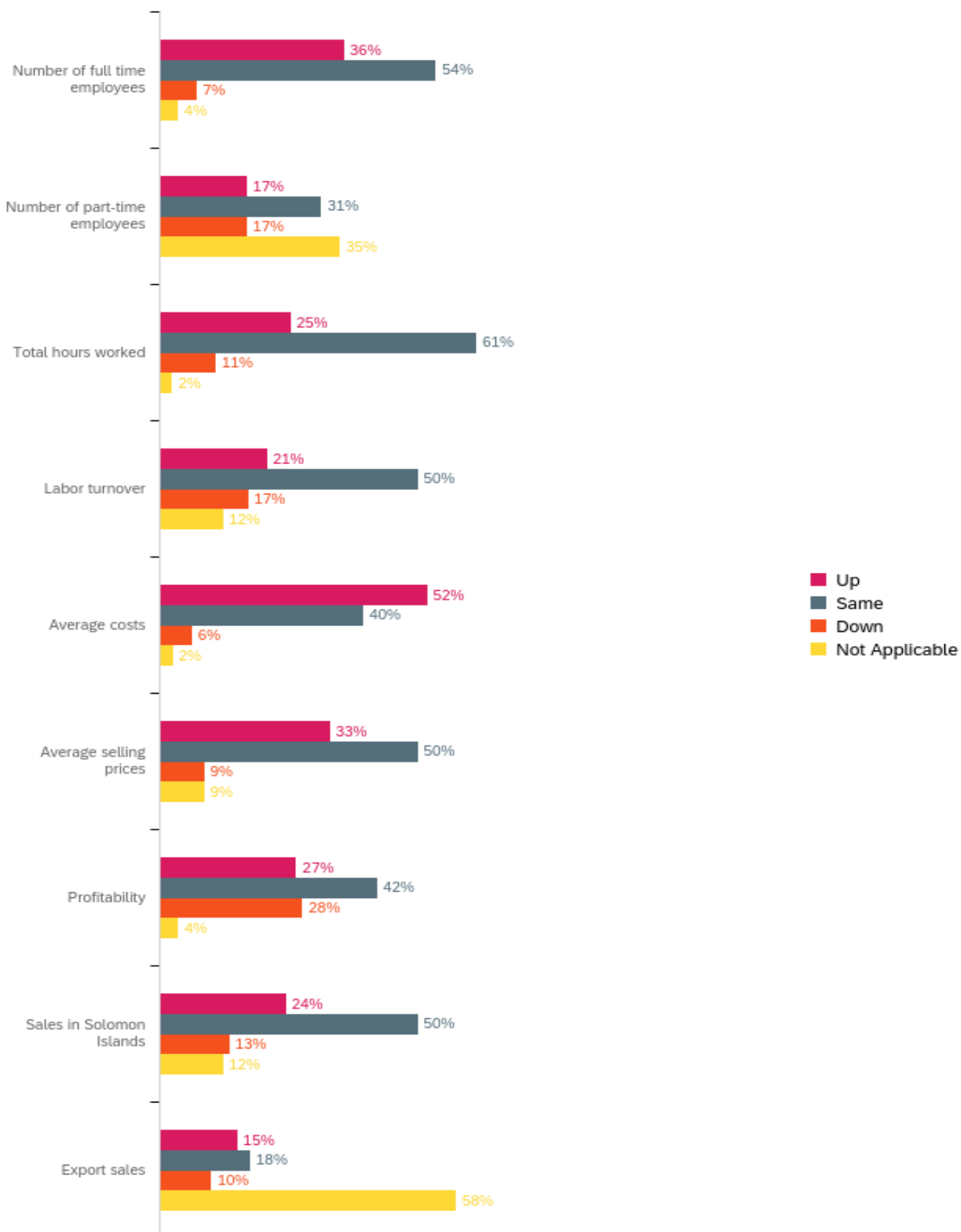


Fig 1.9 results show that in the next three months businesses expect *Number of full time employees* remain the same (54%), increased (36%) and reduced (7%), *Number of part time employees* were reported by survey respondents to have increased (17%), remained the same (31%) and reduced 17%. *Total hours worked* remain the same (61%), increased (25%), reduced 11%. Labour turnover remain same (50%), reduced (17%), increased (21%). Average costs increased (52%), remain same (40%) and reduced (6%). Average selling prices remain the same (50%), increased (33%) and reduced (9%). Profitability remain the same (42%), reduced (28%) and increased (28%). Sales in Solomon Islands remain the same (50%), reduced (13%) and increased (24%). Finally, for export sales 58% stated this was not applicable to their businesses while 18% reported it remained the same, 15% reported a decrease and 10% an increase in export sales.

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?

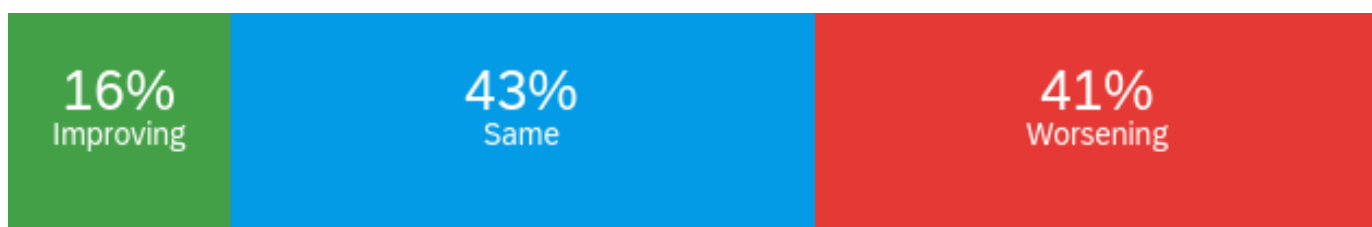


Fig 2.0 results show that business experience with government with government during past twelve months has been reported to be the same (43%), while 41% have reported it to be worsening. 16% of survey respondents believe it to be improving.

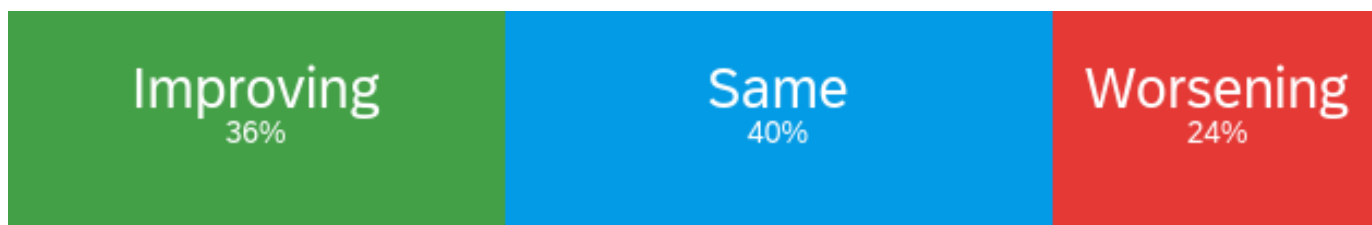


Fig 2.0 results show that business experience with government in the next twelve months will remain the same as reported by 40%, 36% believe it will improve while 24% report business experience will worsen.

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

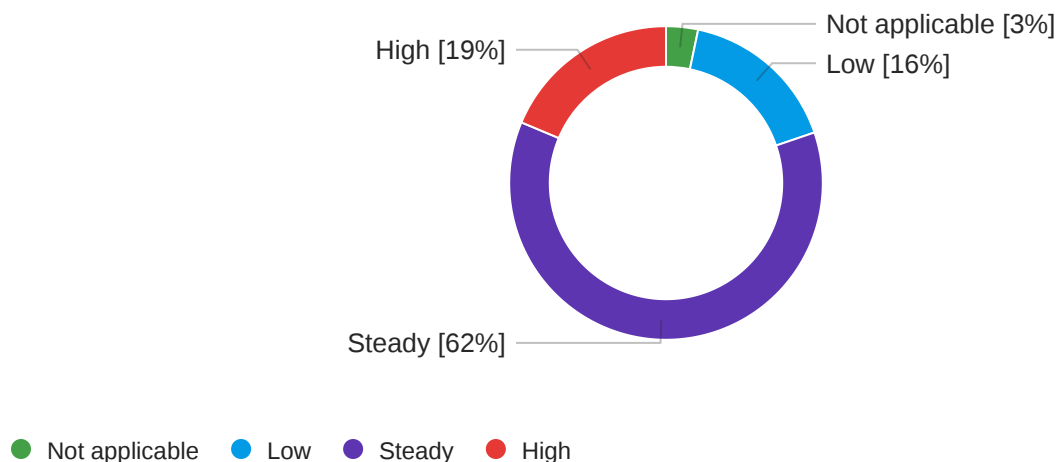


Fig 2.1 results indicate that businesses are current steady (as reported by 62%) at doing business to business with other local businesses, 19% report it to be high, while 16% report it to be low.

What has been the impact of rising fuel costs on your business in the past 6 months?

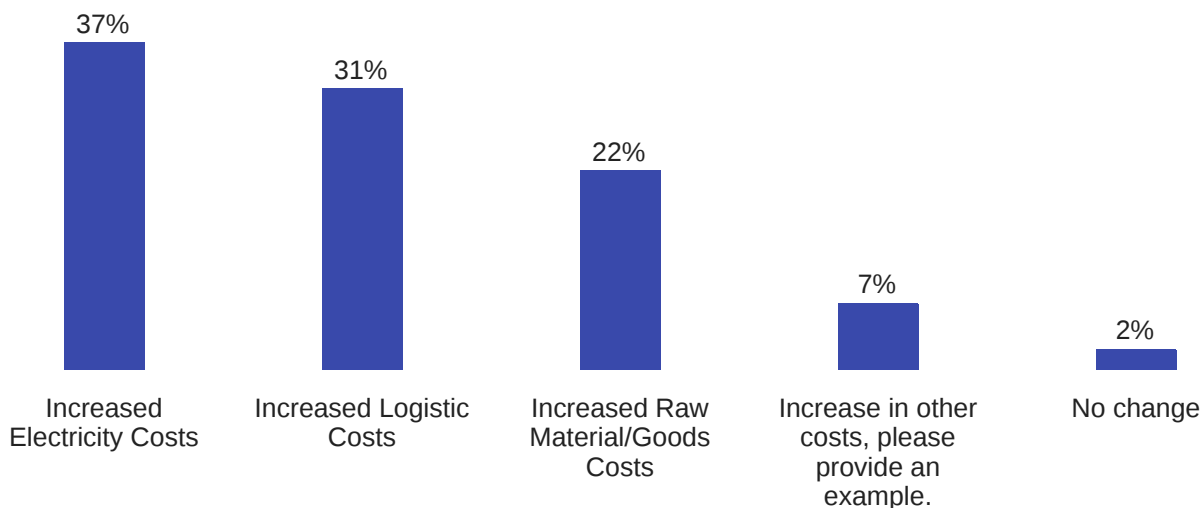


Fig 2.2 results indicate Increased electricity costs (37%) to be a main impact of rising fuel costs on business in the

past 6 months followed by Increased logistics (31%), Increased raw material/goods costs (22%), and Increase in other costs such as direct operational costs, food costs, increased duty on products brought into the country, logistics and increase in imported materials as reported by 7%.

Are you confident that any improve changes to the impact of rising fuel cost on your business will happen in the next coming 6 months ?

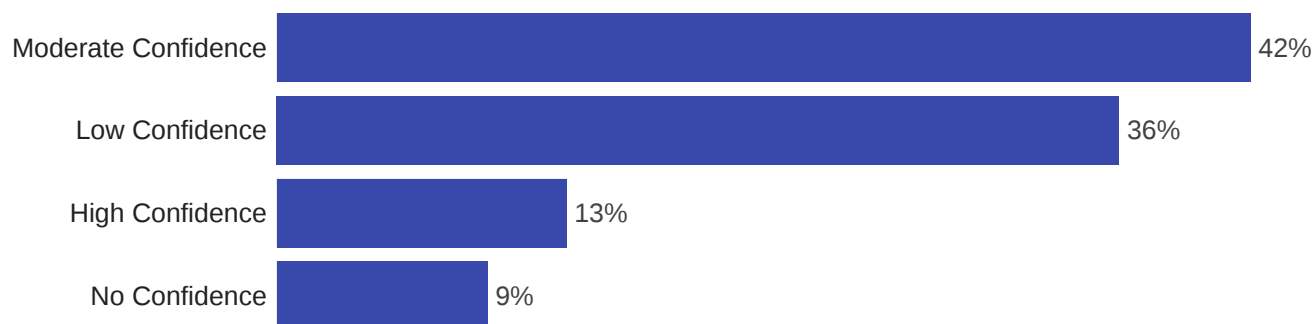


Fig 2.3 results show that 42% are moderately confident that there will be any changes to the impact of rising of fuel cost on business in the next 6 months, 36% reported low confidence, 13% reported 13% and 9% reported no confidence.

How confident are you that the current mitigation action by government to reduce cost of fuel will reduce operations costs for the coming next 6 months?

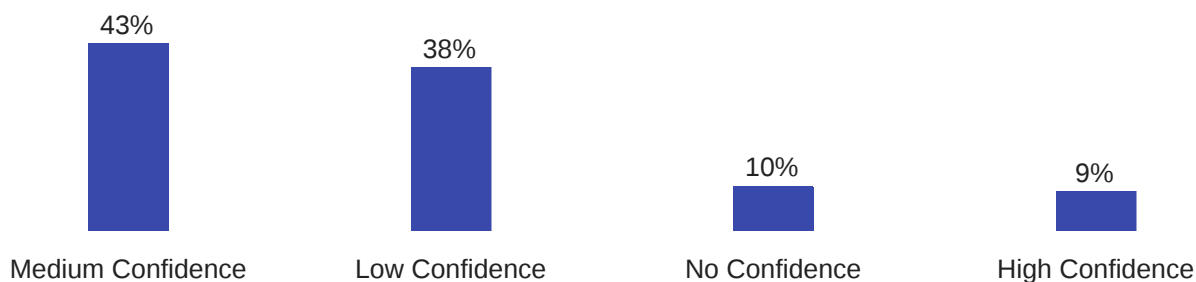


Fig 2.4 results indicated 43% have medium confidence that current mitigation action by government to reduce cost of fuel will reduce operation costs for the next 6 months, 38% reported to have low confidence of this, while 10% are confident and 9% highly confident.

What aspect of your business has seen the highest increase in costs in the last 6 months?

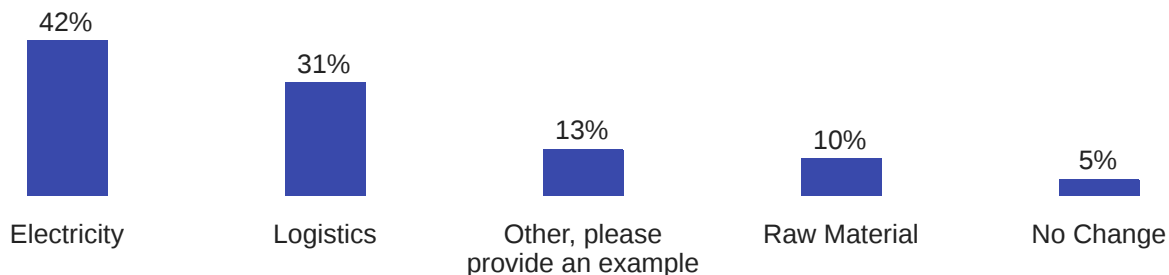


Fig 2.5 results indicate Electricity as highest cost increase in past 6 months, followed by logistics (31%), raw material (10%) and 5% indicated no change. As reported by 13% for other examples were import of specialized equipment and freighting customer goods plus R&M cost.

What is the estimated increase?

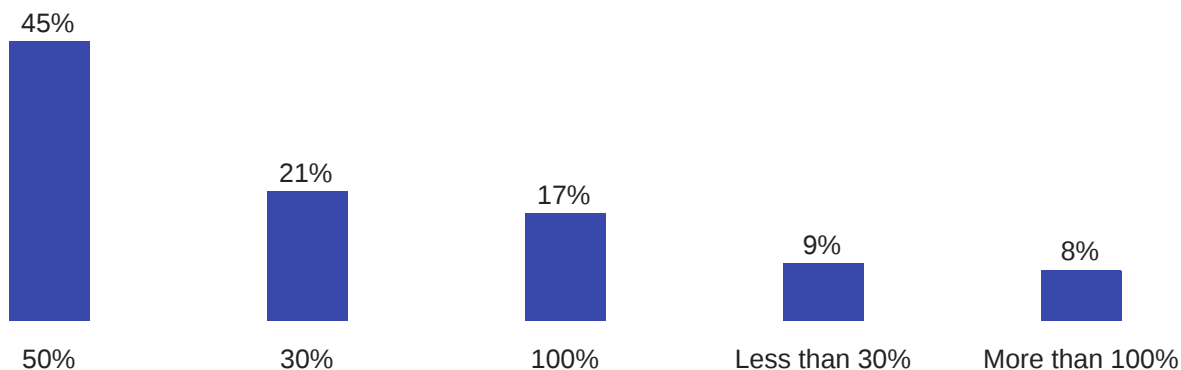


Fig 2.6 results indicate a follow up of fig 2.5 in identifying the estimated increase. Results show 45% reported a 50% increase, 21% reported a 30% increase, 17% reported a 100% increase, 9% reported less than 30% increase while 8% reported more than 100% increase.

Are you confident that there will be reduction of costs in the next 6 months?

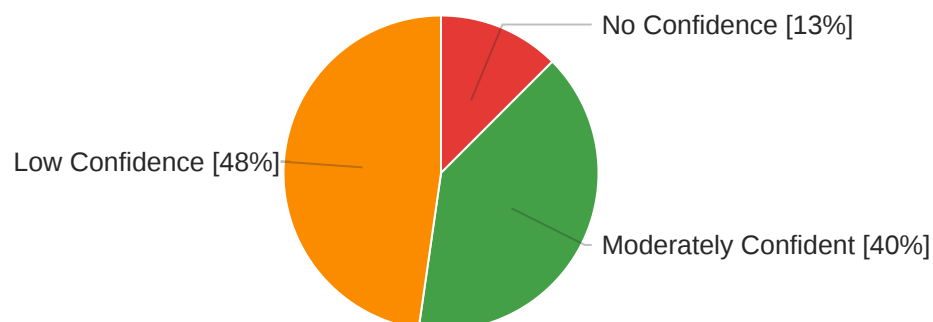


Fig 2.7 results indicate that majority (48%) of survey respondents have low confidence that there will be a reduction of costs in the next 6 months while 40% are moderately confident. 13% are reported to have no confidence of this.

In the next 12 months, do you expect changes in government policy and budget in response to 'economic recovery' to have a negative effect, no effect, or a positive effect on your business?

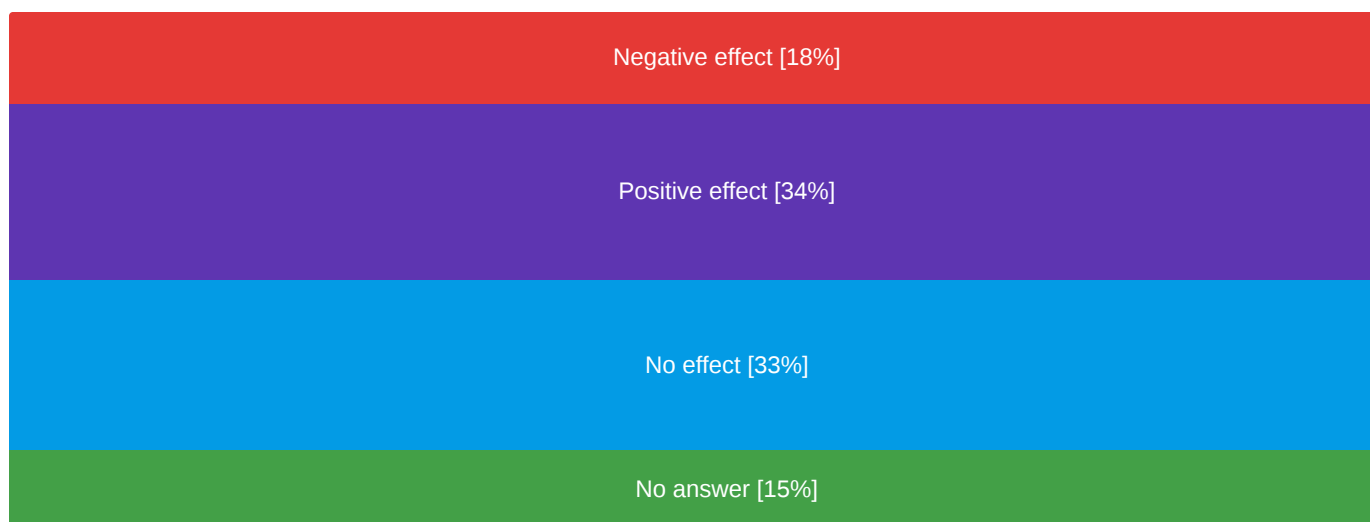


Fig 2.8 results show 34% reported there will be a positive effect, 33% reported there will be no effect, 18% reported negative effect while 15% reported no answer.

What type of information and/or support do you need the most right now to help your business?



Note: Summary of above responses in word cloud highlighting responses to above question.

The responses to this question varied but highlighted information and support reported by businesses to be financial assistance, Government tax exemptions or reduction in tax costs on business, review of tax policy and rental subsidies.