



PACIFIC ISLANDS FINANCIAL SURVEY

*Access to Finance and COVID-19 Impact
Report, 2022*

Business Link Pacific



Index

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Introduction

Using a market systems-based approach, Business Link Pacific (BLP) has been building the capacity of Business Advisory Service Providers in eight Pacific Islands to deliver the services that are needed by Small and Medium Sized Enterprises (SMEs) at the right quality and the right price. BLP works to improve and promote support networks available (supply-side) to SMEs to help them access appropriate and affordable Business Advisory Services (BAS) that are responsive to their needs (demand-side). In this way, Business Link Pacific has been building and facilitating an effective market system, where the local market can provide the required business solutions for SMEs.

In addition to its work supporting the development of local markets for BAS, BLP manages the SME Finance Facility (SME FF), set up in 2020 to support viable SMEs that were impacted by COVID. The SME FF facilitates access to adaptation grants (for business recovery) and concessional lending (for business growth), in combination with Business Advisory Services.

BLP and the SME FF are funded by the New Zealand Government, supported by the Australian Department of Foreign Affairs and Trade, and delivered by DT-Global.

The COVID-19 crisis has imposed an additional and major burden on Pacific Island economies, and in particular on their SME sectors. There is a high risk that the difficult and compounded economic conditions being experienced will lead to multiple business failures in the sector, and that those SMEs which survive will take a long time to recover.

In 2020, BLP launched its *“Pacific Islands Financial Survey”* targeting SMEs across a wide range of Pacific Island countries. For the last three years, the survey focused on better understanding:

1. The extent of the impact of COVID-19 on the SME sector,
2. The support available to SMEs through COVID and SMEs’ mitigating strategies,
3. The level of adoption and use of technology by SMEs, and
4. The availability and need for business finance and advisory services.

In 2022, the survey received a total of 1,004 responses across 12 Pacific Island countries: Cook Islands, Fiji, French Polynesia, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

This document provides an overview and breakdown of the key findings from BLP’s 2022 Pacific Islands Financial Survey. The results are broken down by theme: business performance, COVID-19 impact, COVID-19 response, technology trends, finance needs, and human resources.

Overview

The data collected in the 2022 Financial Survey shows that the pandemic remains a challenge for businesses in the Pacific Islands, however, it also indicates some signs of stabilisation and improvement compared to surveys conducted in the two previous years. For example, in 2022, 46% of the companies surveyed reported a decrease in turnover, and 49% reported a decline in profitability in the past 12 months, compared to the 2021 survey, where 86.3% reported a decrease in turnover, and 86.6% a decrease in profit.

Most businesses surveyed (61%) reported no change in employment numbers over the past 12 months, which indicates some stabilisation in what has been a very difficult business environment.

In the 2022 survey, 51% of respondents reported an increase or no change in profit in the last 12 months; while profit is still lower than before COVID-19, profitability seems to be increasing. Some of the reasons given for the increase in profit include a general increase in business (64.7%), new investment (33.8%), a direct or indirect result of COVID (27.9%), and the introduction of new technologies (26.4%).

50% of SMEs surveyed reported improvement in their service or product offering in the last 12 months as they offered new services and products to meet new market needs. Improvements reported included improved customer services, new technology, import substitution, improved visibility, and product quality.

In 2022, 33.7% of respondents reported some overall positive impacts on their business. Positive business impacts were reported as the result of innovation, improved business practices, or access to new markets. These positive impacts can also be seemed to have been driven by businesses adapting to the impacts of the pandemic. 60% reported a negative impact from COVID-19.

When asked about the future state of business in the coming 12 months, 63% believe conditions would improve in 2022-2023, and only 20% believe that the situation will worsen.

33.9% of businesses surveyed said they experienced lower domestic sales to customers, and 33.3% found it difficult to import business supplies and stock.

BLP asked SMEs what measures they had taken in response to COVID-19. SMEs reported introducing additional health and safety requirements in their workplaces to comply with local regulatory requirements (55%), launching a new product or service (45%), seeking, and receiving new financing products or loans (28.0%), and using business advisory services (25.4%). Businesses that reported new and improved services or product offerings were aiming to adapt to changes in the market brought about by the COVID-19 pandemic.

The percentage of SMEs who said they had sought finance over the past 12 months increased from 34% in the 2021 survey to 41% in 2022. Businesses reported having sought a variety of options to access capital in the last 12 months, the most popular being bank loans (50.6%), grants (49.9%), and loans from family and friends (26.8%). Almost two thirds (63.5%) of SME respondents reported that they were seeking finance of less than \$15,000 NZD. 82% of SMEs reported to be currently seeking finance, nearly double the number of SMEs who reported to have sought finance in the past 12 months.

Support from Pacific Island governments continues to play a critical role in the recovery process with 47.3% of businesses that are currently seeking finance reporting they are seeking government support. 69.4% reported they are seeking grants, 36% bank loans and 46.9% of respondents reported to be seeking financial support through BLP.

To cope with the COVID-19 crisis, SMEs identified low-interest rate loans (56.4%) and working capital (51.7%) as the two most important financial tools for future recovery. These results could indicate that SMEs are looking for immediate financial assistance possibly to cover short term needs. Online sales (19.2%) and interest reductions (21.3%) are amongst the top five choices along with alternative credit guarantees reported as important tools for recovery.

SMEs surveyed have chosen Finance and Loan Facilitation (45.3%), Advertising & Promotional services (43.2%), and Business Coaching & Training as the most beneficial services for future business growth and recovery in the next 12 months. Commercial Legal and Recruitment & HR systems were the least popular options.

Key Findings

Business Performance

- Most SMEs surveyed (61%) reported employee numbers have stabilised in the last 12 months.
- 15% of SME surveyed reported increased numbers of employees.
- 25% of respondents reported an increase in turnover, with 45% of these respondents reporting increases of up to 30%. The primary reasons for the increase in turnover are an improvement in business operations (51.9%) and increased business activity (54.4%).
- 51% of respondents reported an increase or no change in profit in the last 12 months.
- 50% of SMEs surveyed reported improvement in their service or product offering in the last 12 months as they offered new services and products to meet new market needs.
- 46% of respondents said they saw a decrease in their business turnover, improving on last year's 86.3%.
- 49% of respondents reported a decrease in their business profitability, improving on last year's 84%.

COVID-19 Impacts

- 60.6% of respondents reported an overall negative impact from COVID-19 over the last 12 months.
- 33.7% of respondents reported some degree of overall positive impact.
- 33.3% of respondents reported that they have experienced difficulty importing business supplies and stock.
- 63% of respondents think business conditions will improve in their industry over the next 12 months.

COVID-19 Response

- 28% of businesses sought finance to cover “COVID-19 or other external business impacts”.
- 25.4% of businesses surveyed reported using business advisory services in the last 12 months; with 72% of them using business services as a response to the impact of COVID-19.
- 86% of respondents that used business advisory services reported that their business has improved due to the advice provided.
- The most reported business services have been, Accounting & Financial Management 48.3%; Business Continuity Planning 28%; Strategy & Business Planning 23.4%; Financing & Loan Facilitation 23%; Advertising & Promotion 20.3% and Marketing Strategy 19.9%.

Finance and Service Needs

- 35% of SMEs that sought and applied for finance were not successful in their applications. The reasons given for unsuccessful outcomes include insufficient income or cash flow to service finance (40.3%), lack of personal guarantee for the finance (33.8%) and insufficient collateral (28.8%).
- low-interest rate loans (56.4%) and working capital (51.7%) were identified as the two most important financial products for future recovery.
- 82% of SMEs surveyed are now looking for financial support, a similar number to those reported last year (82%), and in 2020 (78%).
- 36% of respondents that are seeking finance were seeking bank loans, an increase from 2021 (31%) but not as high as in 2020 (46%).
- Grants have continually increased as a financing option for SMEs, growing from 19% in 2020 to 49.9% in 2022.
- 63.5% of SMEs surveyed are seeking finance of less than \$15,000 NZD.
- 46.9% of respondents seeking finance reported to be seeking financial support through BLP.
- Finance and loan facilitation (45.3%), advertising and promotional services (43.2%), and business coaching and training (37.9) were reported to be perceived as the most beneficial business services in the next 12 months for business growth and recovery, based on SME needs.

Technology Trends

- 95% of the SMEs surveyed reported using technology within their business practices, including computers, mobile phone applications and other industry software, such as cloud-based accounting.
- Social media (59.4%), text messaging (49.6%), and online banking (44.1%) are among the most common technologies used by business respondents in the last 12 months.

Human Resources

- 55% of SME respondents have incorporated additional health and safety requirements in their workplaces to limit the impact of COVID-19.
- 52.8% offer compassionate leave and 38.4% offer extended maternity leave.
- 23.5% of respondents reported that within the labour market women have been most negatively affected by the pandemic, followed by males (18.6%), youth (16%) and people with disabilities (9.4%). 32% reported not knowing who in the workforce was most affected by COVID-19.

Conclusions

Overall, the negative impact of COVID-19 remains strong due to the long-lasting disruption of supply chains affecting exports, imports, and food security. Travel restrictions affect large industry segments such as tourism and retail, having a knock-on effect on other sectors.

In the last three years, 50% of surveyed businesses have invested in improving their operations and offerings. At least half of the respondents implemented some of the following: staff training, adopted new technology, improved their books and cash flow, improved their marketing strategies, and worked on new services and products.

The need for flexible SME finance remains high, with a strong preference for low-interest loans and grants. However, to successfully access finance SMEs need finance facilitation services, support to improve cash flows, have access to alternative sources of loan collateral, and to improve their operations.

Businesses are reporting stabilisation and small signs of growth. The rapid decline in business performance reported during the first two years of the pandemic is slowing, with fewer businesses reporting reduced turnover, employment, and profit.

Access to crucial business advisory services has been indicated by survey responders as necessary for recovery and business improvement. The most requested services are related to loan facilitation, planning and strategy and marketing.

Business confidence is higher than previous years, with more than 60% of businesses expecting the environment to improve with the reopening of borders, a renewed trust in their skills, and a positive outlook on their business.

Methodology

The survey was completed through Business Link Pacific's custom online survey tool, optimised for mobile and desktop devices. The survey questionnaire covered business performance, COVID impact and response, financial and service needs, use of technology and human resources. The questions collected quantitative data mainly. However, qualitative questions were used to gather context and extend the information gathered from the qualitative questions. The survey link was distributed across a wide range of Pacific Island countries using a combination of digital advertising on social media, Google Ads and direct marketing through the Business Link Pacific Network and local stakeholder networks.

Responses were collected between March and May 2022. The respondents represent a diverse range of businesses. In total there were 1,004 respondents across 12 Pacific Island countries: Cook Islands (4.4%), Fiji (43.7%), French Polynesia (0.1%), Kiribati (1.8%), Nauru (0.2%), Papua New Guinea (23.7%), Samoa (11%), Solomon Islands (8%), Timor-Leste (0.2%), Tonga (2.6%), Tuvalu (0.2%) and Vanuatu (4.1%).

These businesses operate in all industry categories, including Services (19.6%), Retail (17.4%), Agriculture (11.1%), Tourism (8.2%), Construction (6.4%), Manufacturing (3.5%), Export/Import (2.2%), Fisheries (1.8%), Resources and Energy (1.3%), Other (20.8%).

Business sizes range from 1 to over 50 employees; and years of operation ranged from less than 1 year to more than 20 years: less than 1 year (11%), 1-2 years (24%), 3-5 years (28%), 6-10 years (17%), 11-15 years (8%), 16-20 years (6%), more than 20 years (6%). 23% of respondents were from businesses that were solely owned by women, 26% were owned by men and women, and 51% were solely owned by men (male owned businesses appear to be more represented compared to last year's survey).

Results

Below is a breakdown of the key findings from the Pacific Islands Financial Survey. Responses were collected between March and May 2022.

Business Performance

Employment

Most businesses surveyed reported no change in employment numbers over the past 12 months [Figure 1]. Of the 24% reporting a decrease, most attributed this to loss of business, COVID-19 impact, or increasing costs of products/raw materials.

Figure 2 below shows the reasons for the shift in employee numbers in SMEs surveyed, with the most common reasons being an overall increase or decrease in business (56.1%) and a direct or indirect result of COVID-19 (49.6%). 21% of SMEs reported creating a new job and 6.7% reported less people were needed due to new business efficiencies.

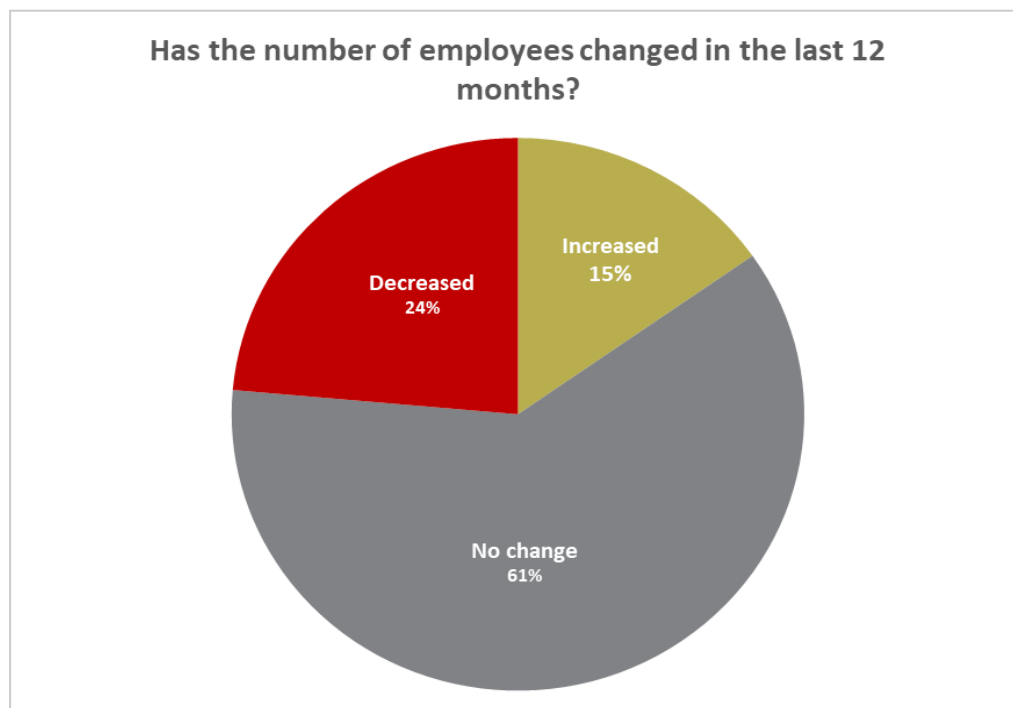


Figure 1: Pie chart change of employee numbers in SMEs interviewed.

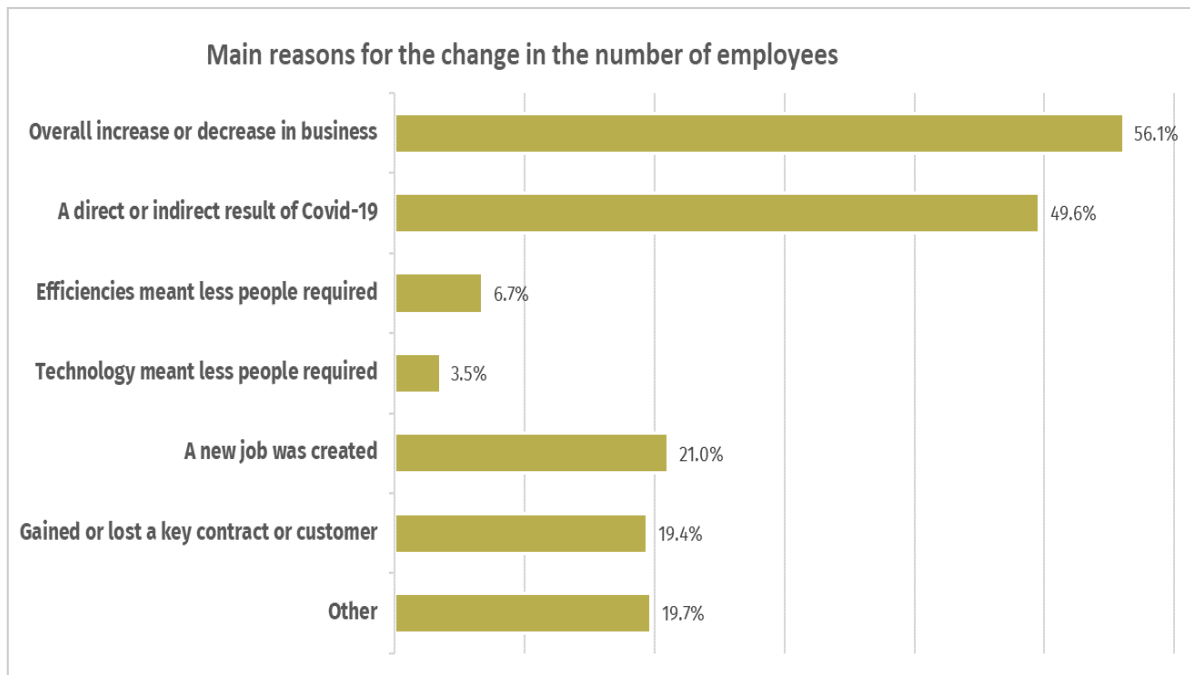


Figure 2: Bar chart showing the reasons for the shift in employee numbers within SMEs surveyed.

“I have the first school cafeteria. During COVID-19 it was closed for more than 6 months. To keep my business running, I opened another branch for the general public so that I can earn income. Once the school opened, I reopened the branch that is in the school compound. For the branch that I opened for the general public, I employed new staff. That way I created employment.”

- Business Owner Statement

Turnover, profit, and innovation

In 2022, 46% of respondents said they had seen a decrease in their business turnover in the last 12 months, with over half indicating that their turnover had dropped by 30% or more, which represents an improvement from previous years’ reports; in 2021 this figure was 86.3% while in 2020, 88.8% of respondents reported a decrease in turnover of over 40%.

25% of respondents reported an increase in turnover in the last 12 months, with 45% of this group reporting an increase of up to 30% and 33% an increase of up to 10%. High increases were experienced by a smaller number of respondents, with 12% of this group reporting increases of up to 50%, 6.8% reported an increase of up to 100% and 2% reported an increase of more than 100%. The main reasons given for increases are an increase in overall business (54.4%) and an improvement in business operations (51.9 %). Figure 3 below sets out the most common reasons given for this improvement. The remaining 28% of respondents reported no changes in their business turnover.

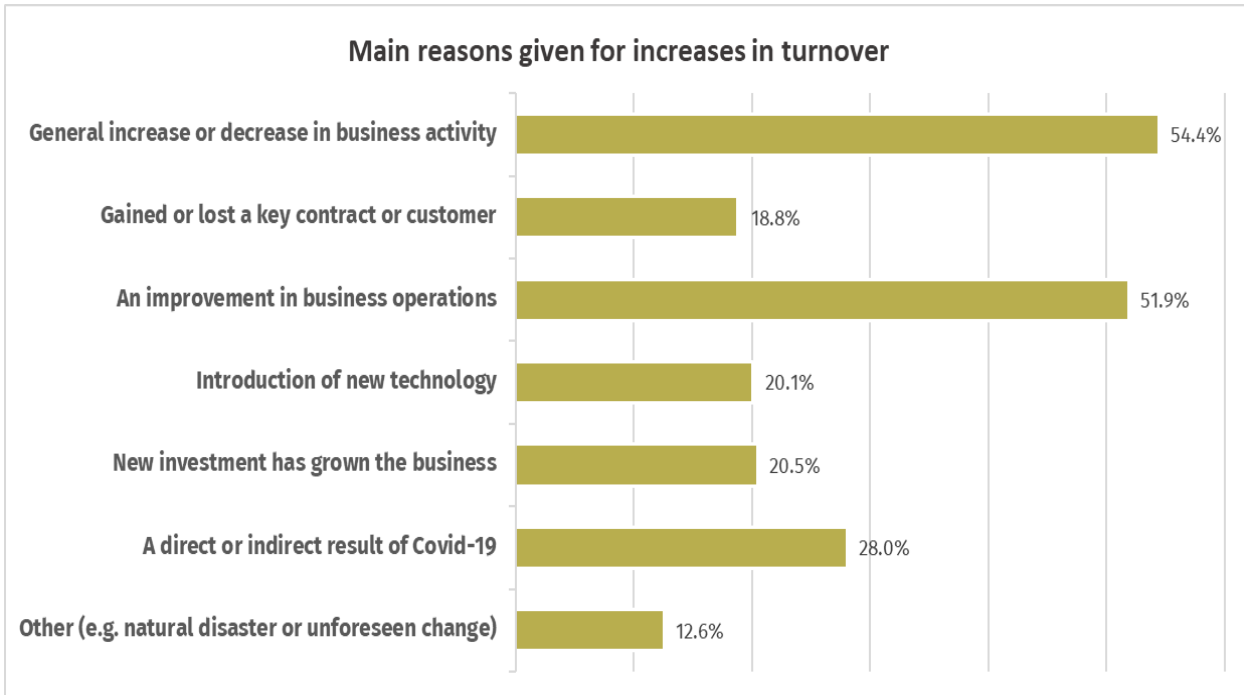


Figure 3: Bar chart showing main reasons for increase in turnover.

Improvement in operation was reported by 51.9% of this group of respondents as one of the reasons for the increases in turnover. Some of the more commonly reported activities directed at improving operations included investment in new equipment, launch of new products and services, improved customer services, staff upskilling, adaptation of new technology, improved marketing and import substitution.

In 2022, 51% of respondents reported an increase or no change in profit in the last 12 months; while still lower than before COVID-19, profitability seems to be increasing. Some of the reasons given for the increase in profit include a general increase in business (64.7%), new investment (33.8%), a direct or indirect result of COVID (27.9%), and the introduction of new technologies to the business (26.4%), new technologies include social media, accounting software and new machinery.

However, 49% of respondents said their business profitability had decreased; nearly 60% of those respondents indicated their profits had dropped by 30% or more [Figure 4]. Compared with previous data, these responses indicate a move towards stabilisation of the business environment. In 2020, 70% reported a reduction in income while in 2021, 84% of respondents reported a decrease in profit.

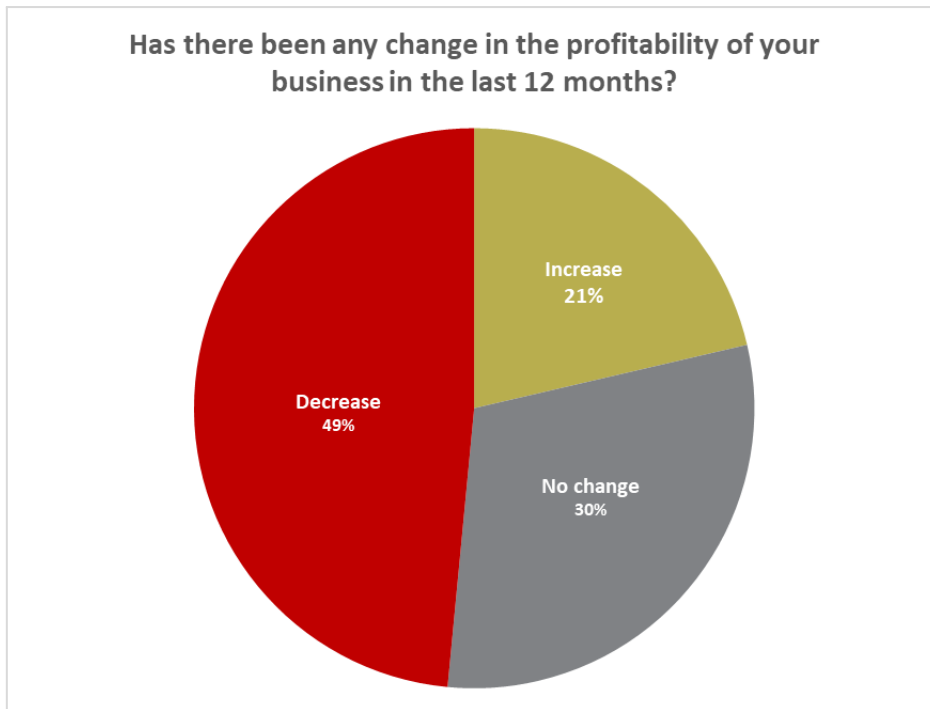


Figure 4: Pie chart showing changes in profitability in SMEs interviewed

Figure 5 shows the main reasons reported for increases in profit, the most common answers were: a general increase or decrease in business activity (64.7%) and new investment (33.8%). Of the businesses surveyed, 50% reported improving their product or service in the past year, the most commonly reported improvements were: new equipment, new investment, introducing new products or services, enhancing customer service, increasing quality of products, improved logistics, import substitution, staff upskilling, product export and improved visibility through online channels.

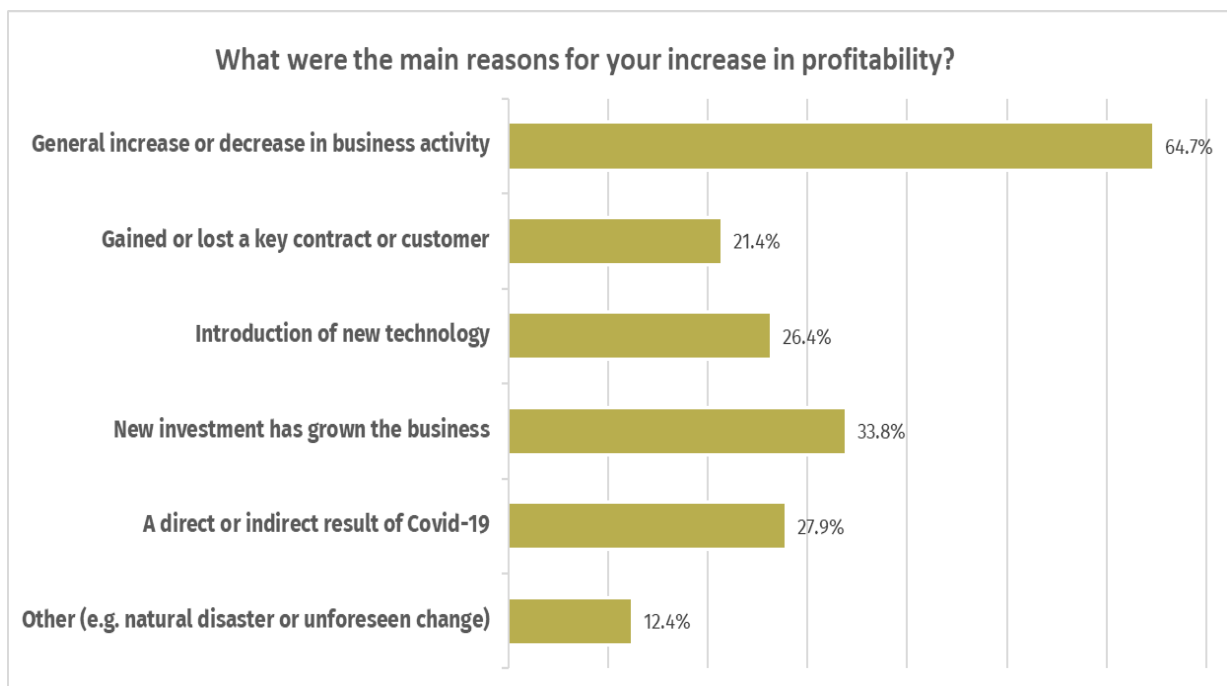


Figure 5: Bar chart showing main reasons for increase in profitability.

COVID Impact and Response

COVID-19 Impact

Surveyed businesses have reported a significant impact from COVID-19 in the last three years. However, in 2022, 33.7% reported an overall positive impact from COVID-19, more than 50% of this group reported a significant positive impact (17.3% of the total), while 60.6% reported a negative impact from COVID-19 [Figure 6]. Both numbers represent a significant improvement from previous survey results; in 2020, more than 88% of businesses reported an overall negative impact and 39.6% of those surveyed expected to shut down in the next few months; while in 2021, 86% reported an overall negative impact and 37.4% said that they expected to shut down soon.

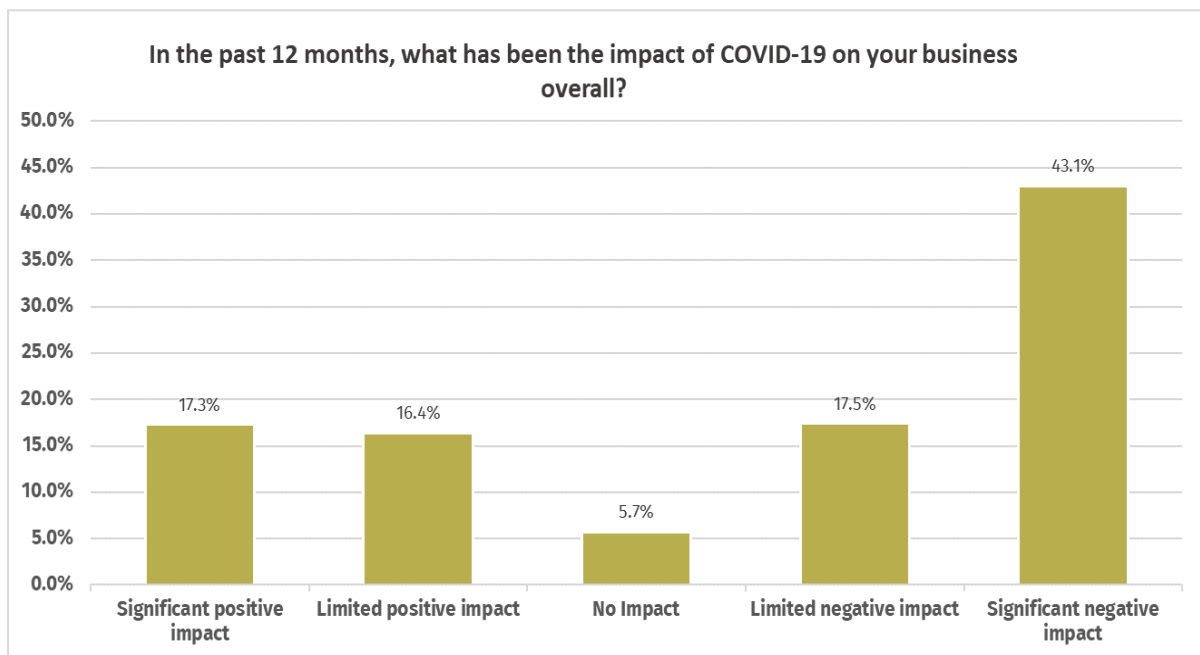


Figure 6: Bar chart showing impacts of COVID-19 on SMEs overall.

In 2022, responses seem to show a more positive outlook than that reported previously. When asked about the future state of business in the coming 12 months, 63% believe conditions would improve in 2022-2023, and only 20% believe that the situation will worsen [Figure 7]. This positive outlook mirrors Pacific Trade Invest Australia's Q1 2022 report findings.¹

¹ PTI Pacific Business Monitor – Recovery Series Q1 2022
<https://pacifictradeinvest.com/services/pti-pacific-business-monitor>

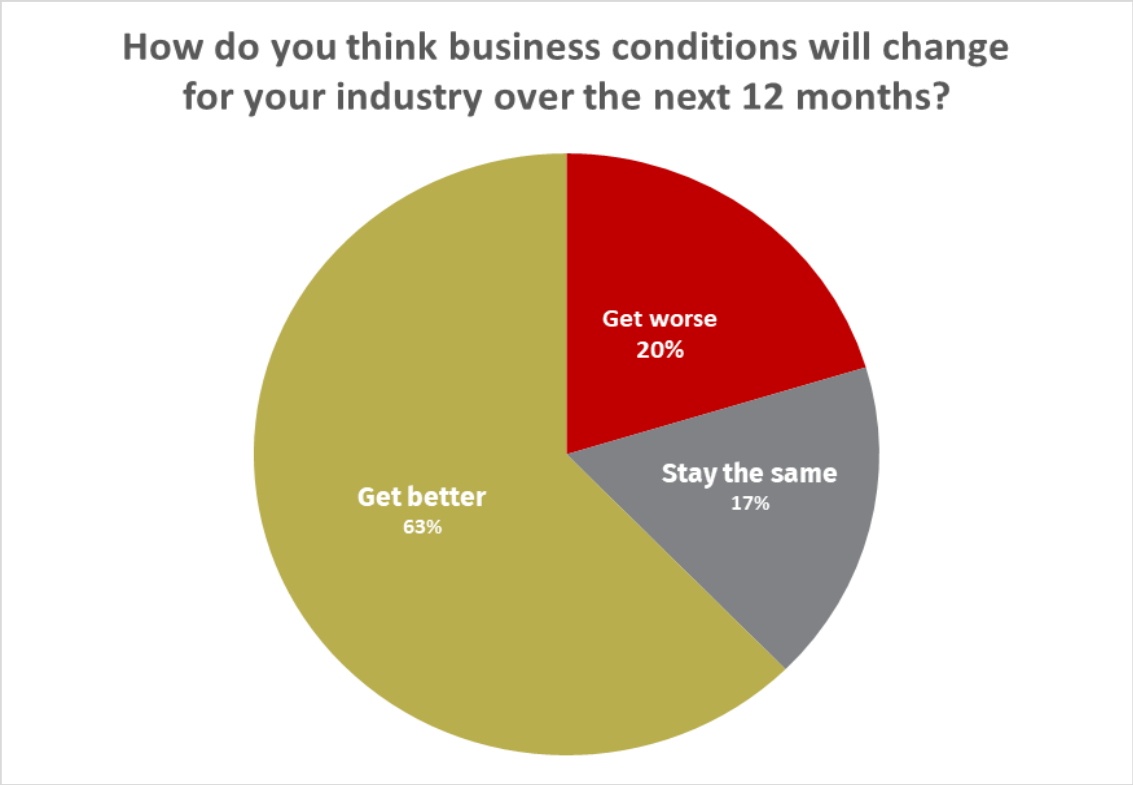


Figure 7: Pie chart showing SME optimism for business future

In 2022, when asked how COVID-19 has affected business imports or exports, 33.9% of businesses surveyed said they experienced lower domestic sales to customers, and 33.3% found it difficult to import business supplies and stock [Figure 8].

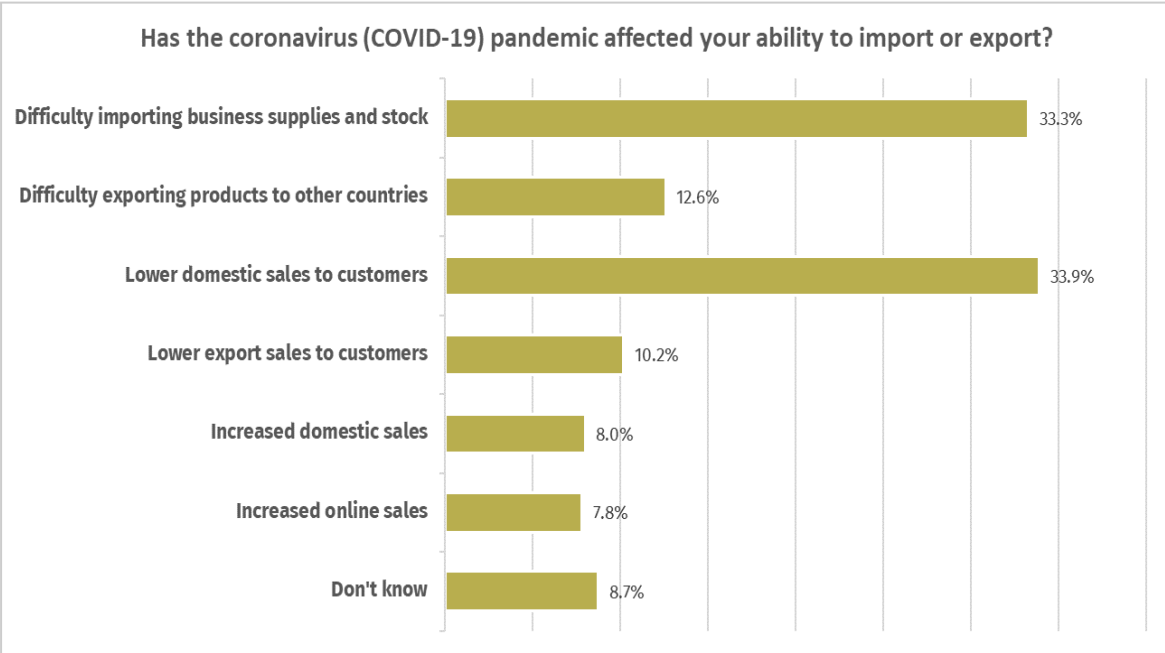


Figure 8: Bar chart showing how COVID-19 has affected the imports and exports of the SMEs surveyed.

These results on imports and exports are consistent with third party survey results, observations, and reports. For example, the UN’s Food and Agriculture Organisation reports that the difficulty importing supplies and stock is having an impact on food prices locally and on subsistence agriculture as the price of fertilisers and livestock feed increased to up to 36% and domestic supply chains are disrupted due to lockdown².

The South Pacific Tourism Organisation (SPTO) indicates that international and domestic border restrictions are impacting export volumes, while the cost of sea and air freight has increased mainly due to lower availability of vessels and aircraft³.

“We had to reduce our number of staff due to COVID-19 related issues such as lockdown and client losses. Most of our suppliers and service providers have also closed, and it’s difficult to find affordable alternatives.”

- Business Owner Statement

COVID-19 Response

Shocks triggered by the pandemic such as changes in consumer behaviour, increased prices and disruption of supply chains have taken a significant toll on Pacific Island businesses. SMEs have reported to have used several strategies and identified diverse financial products in response to the current situation. SMEs reported introducing additional health and safety requirements in their workplaces to comply with local regulatory requirements (55.1%), launching a new product or service (45%), seeking, and receiving new financing products or loans (28.0%), and using business advisory services (25.4%) [Figure 9].

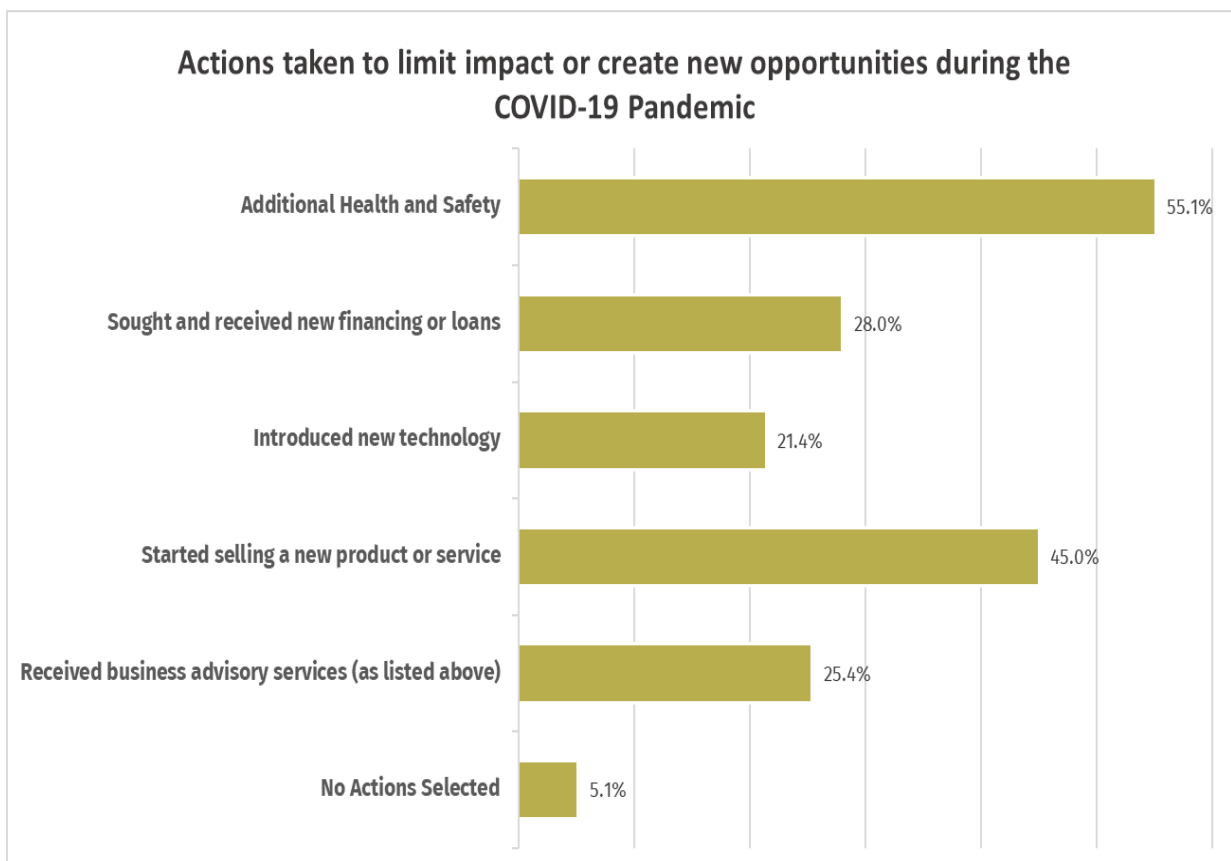


Figure 9: Bar chart showing actions taken by the SMEs surveyed to limit impact or create new opportunities.

COVID mitigation strategies implemented by SMEs are already having an impact on improving business outcomes, as described in the previous sections. The most positive impact reported was the stabilisation of employment as the rapid layoff of staff experienced in previous years has slowed down in 2022, followed by moderate increases in turnover and profit.

25.4% of businesses surveyed reported using business advisory services in the last 12 months, 71.6% of them reported to have used business services as a response to the impact of COVID-19. The most reported business services have been, Accounting & Financial Management 48.3%; Business Continuity Planning 28%; Strategy & Business Planning 23.4%; Financing & Loan Facilitation 23%; Advertising & Promotion 20.3% and Marketing Strategy 19.9%. Figure 10 shows the whole range of services used by surveyed Pacific Island businesses in the last 12 months.



Figure 10: The whole range of services used by reporting Pacific businesses in the last 12 months.

"The Business Advisor I used was effective and quick in migrating my 'freeware' accounting records to Xero and even designed my templates for my invoices, receipts and quotes."

- Business Owner Statement

86% of respondents that used business advisory services reported that their business has improved due to the advice provided. The most reported areas of improvement were business operations (45.7%); increased client numbers (39.3%); reduced business risk (38.8%); improved cash flow (37.0%); tax compliance (33.8%) and providing new services and products (32.9%). Figure 11 shows all the improved business areas reported through the survey. 14% of the group of SMEs that reported using business advisory services reported no improvements in their business; reasons provided include the need for more services to cover more areas of concern and the severe impact of COVID.

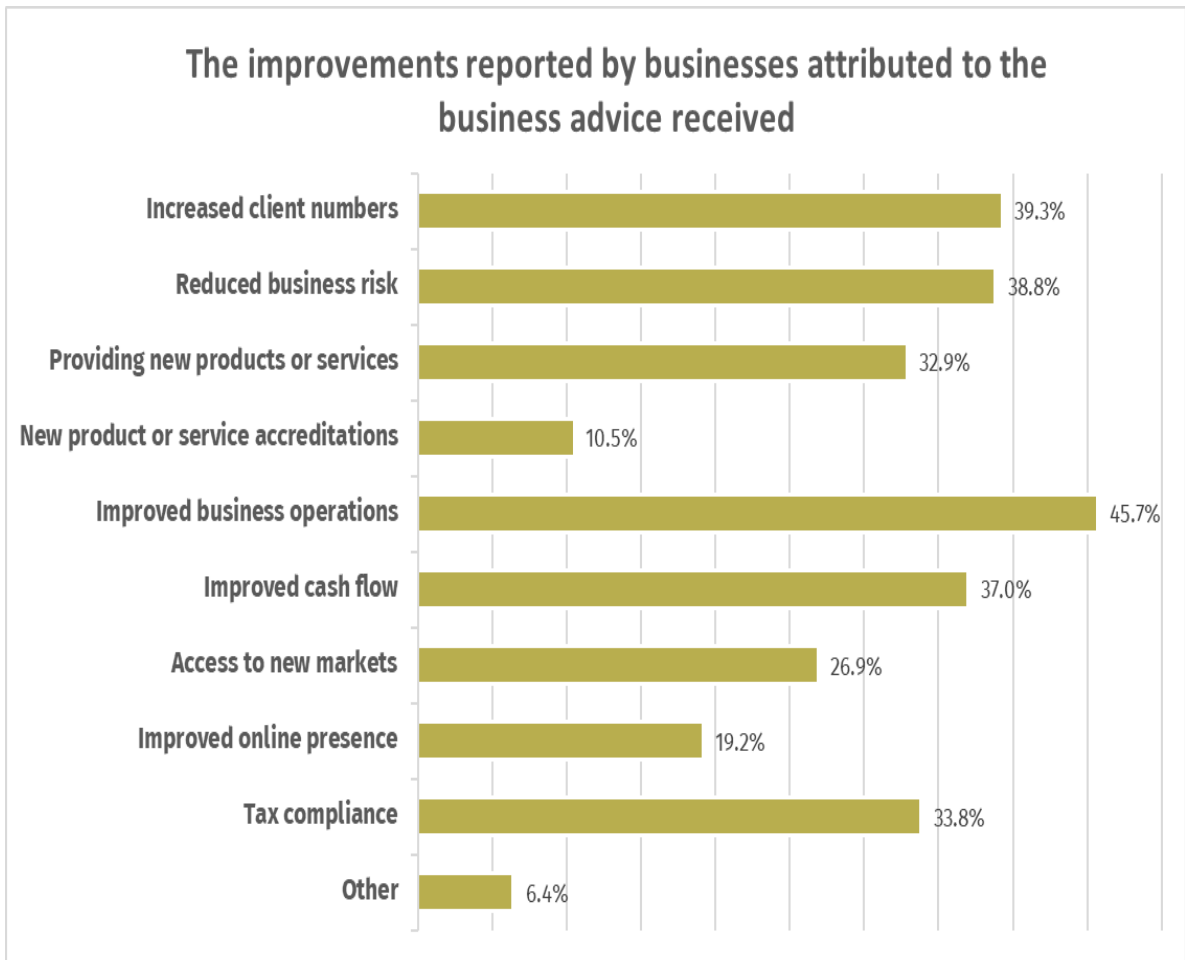


Figure 11: Improved business areas through business advisory services.

“My business attitude improved after receiving the most needed training and coaching provided. I can now do better in managing resources, money, and personnel.”

-Business Owner Statement

Finance and Service Needs

Access to Finance

BLP asked SMEs about their success accessing finance, their interest in accessing finance at the current time and whether they have sought finance in the previous 12 months. The percentage of SMEs who said they had sought finance over the past 12 months increased from 34% in the 2021 survey to 41% in 2022. In contrast, the number of businesses currently seeking finance remained the same as in previous reports. Over the past three years, these ratios seem to have remained relatively constant, 2020 (78%), 2021 (82%) and 2022 (82%).

In the last three years, the number of businesses currently seeking finance has been higher than those reported to have sought finance in the past 12 months, as described above. This difference could indicate that the number of businesses that actively apply for finance is close to 50% lower than those that only consider applying for finance but do not actively engage with a finance provider. Figure 12 shows a longitudinal comparison between the responses.

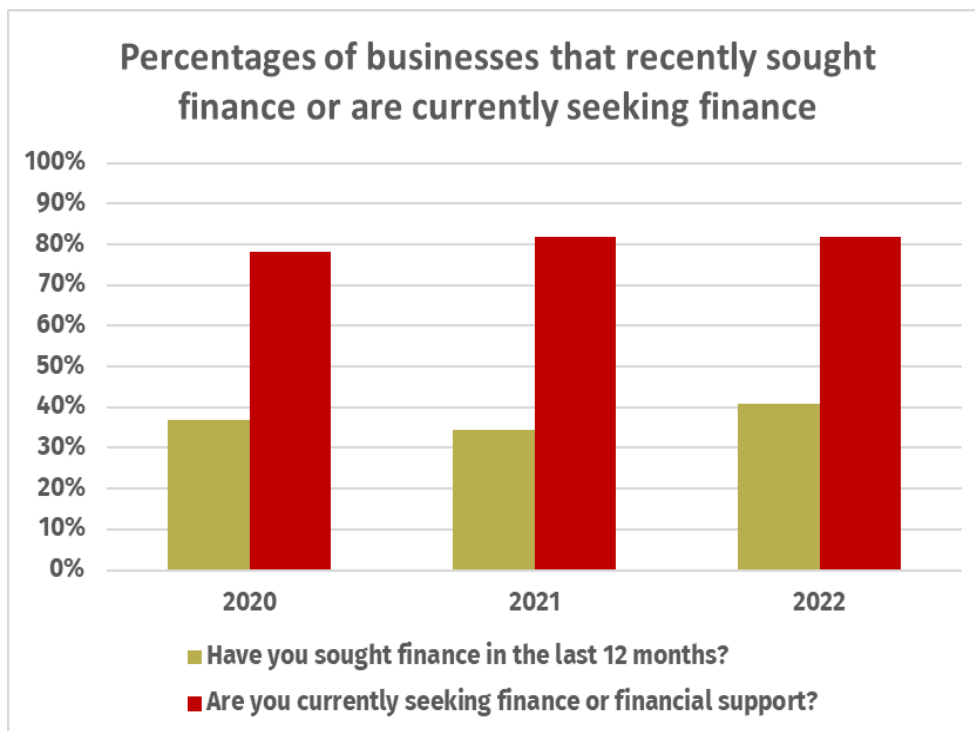
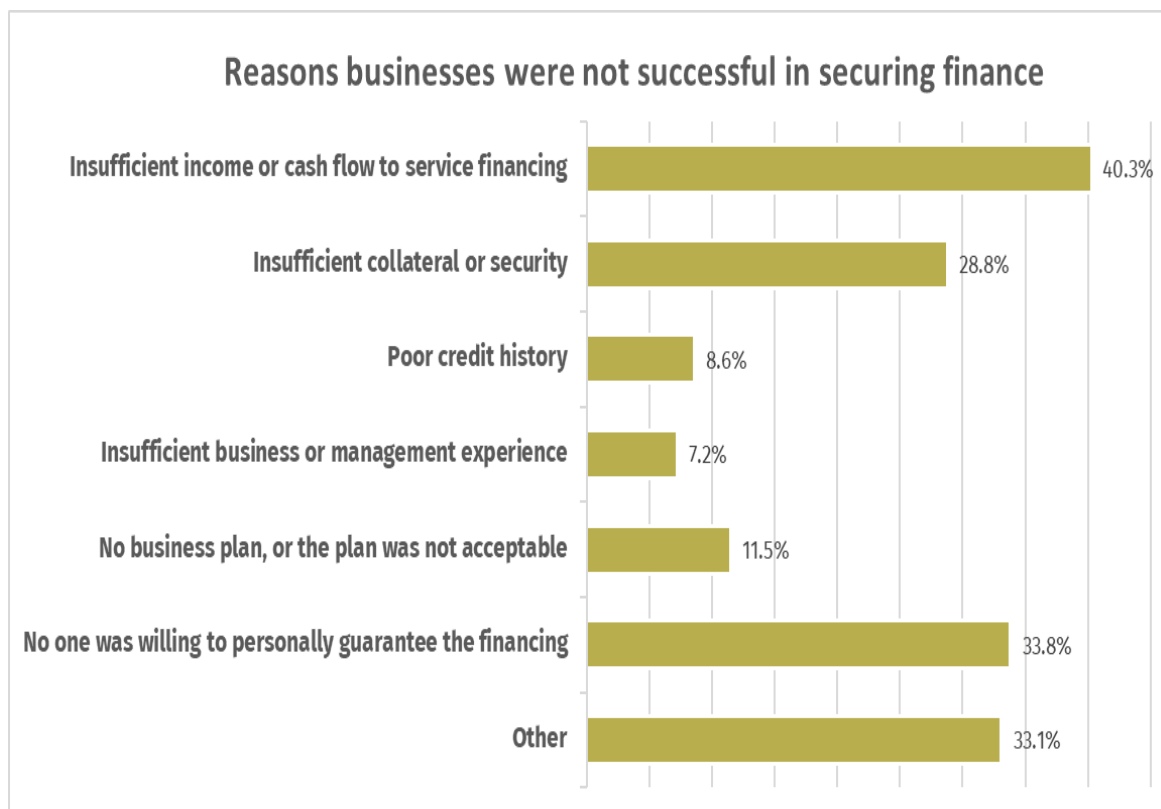


Figure 12: Stacked column graph showing the number of SMEs who sought finance in the past year over time.

In 2022, 35% of SMEs that sought and applied for finance were not successful in their applications, a similar percentage indicated in the 2021 survey when it was 36%. The reasons given for unsuccessful outcomes include insufficient income or cash flow to service finance (40.3%), lack of personal guarantee for the finance (33.8%) and insufficient collateral (28.8%). Figure 13 below shows the reasons reported for unsuccessful financing



applications.

Figure 13: Bar chart showing reasons for not being successful with financing applications.

In 2022, Businesses reported having sought a variety of financing options in the last 12 months, the most popular being bank loans (50.6%), grants (49.9%), and loans from family and friends (26.8%); SMEs also reported accessing loans from a non-bank lender (11.2%), equity investment (4.9), peer to peer lending (4.4%) and crowd-funding (3.2%).

Business grants have become more prominent as a financing option for SMEs, growing from 19% in 2020 to 49.9% in 2022. In comparison, bank loans have followed the opposite trend, decreasing as an option from nearly 70% in 2020 to 50.6% in 2022 [Figure 14]. This trend could indicate the increased availability of grants and incentives created to support the private sector in the region to overcome the impact of COVID. Also, this trend can be the result of a decrease in the availability of cash flow amongst reporting SMEs. Poor cash flow has been reported as the number one barrier to accessing finance during the last three years as follows: in 2020, 51%, 2021, 33.9%, and 40.3% in 2022.

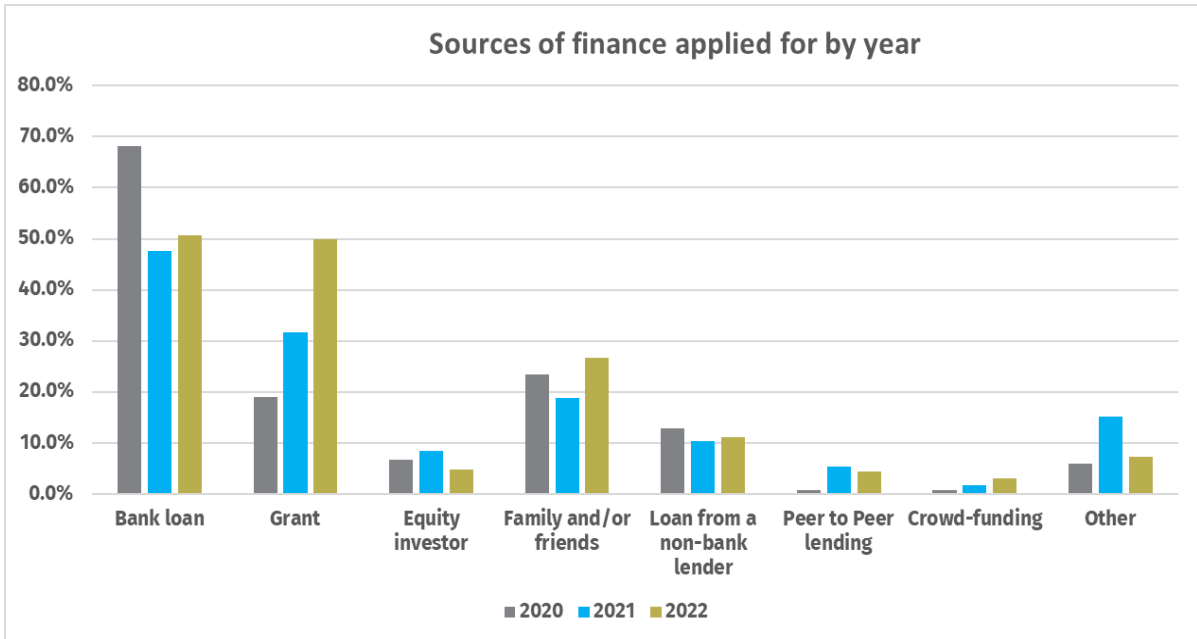


Figure 14: Clustered column chart showing SMEs sources of financial support in the past 12 months over time.

In 2022, 63.5% of SMEs surveyed were seeking less than \$15,000 NZD. The amount of financing that has been applied for over time shows an increase in microloans and a decrease in larger investments [Figure 15].

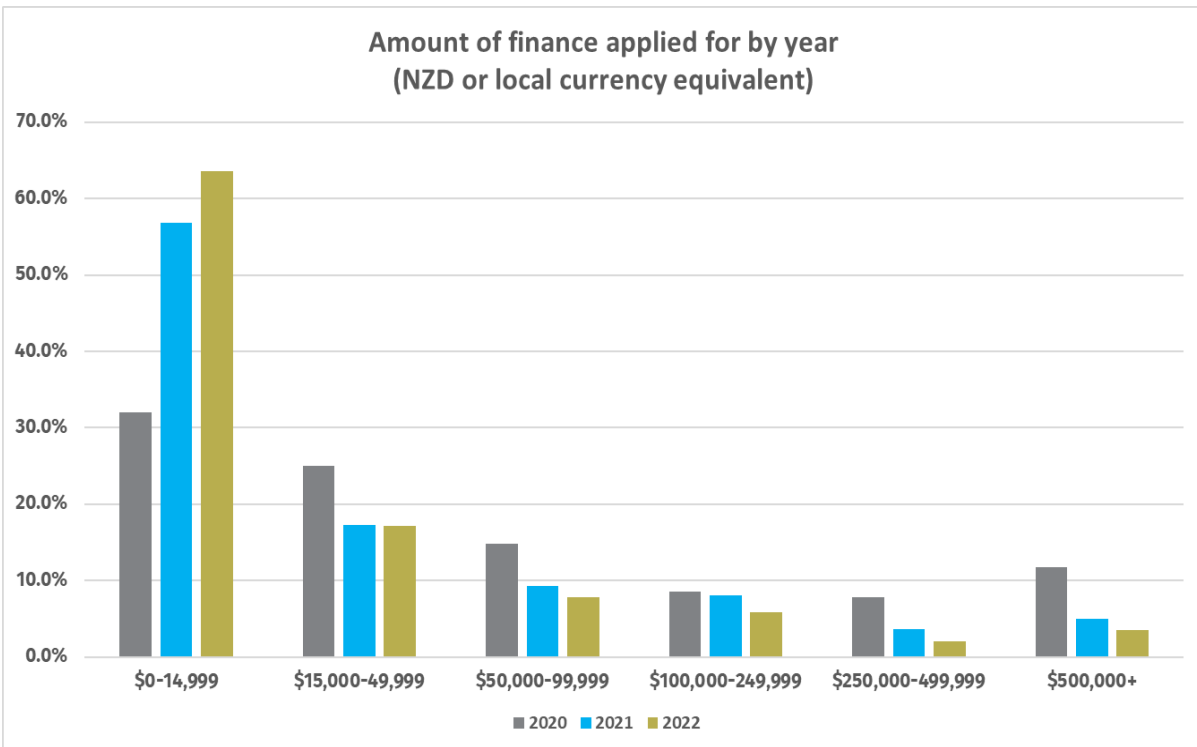


Figure 15: Clustered column chart showing the amount of finance applied for by SMEs in the past 12 months over time.

The increase of the number of small loans is also reflected in the primary reasons for seeking financing, where covering COVID-19 or other external business impacts have

become the most common reason (27.8%) [Figure 16]. This may indicate that many businesses are looking to cover short-term costs. Investment in new equipment has also declined in 2022 (20%), after an increase in 2021 (30%).

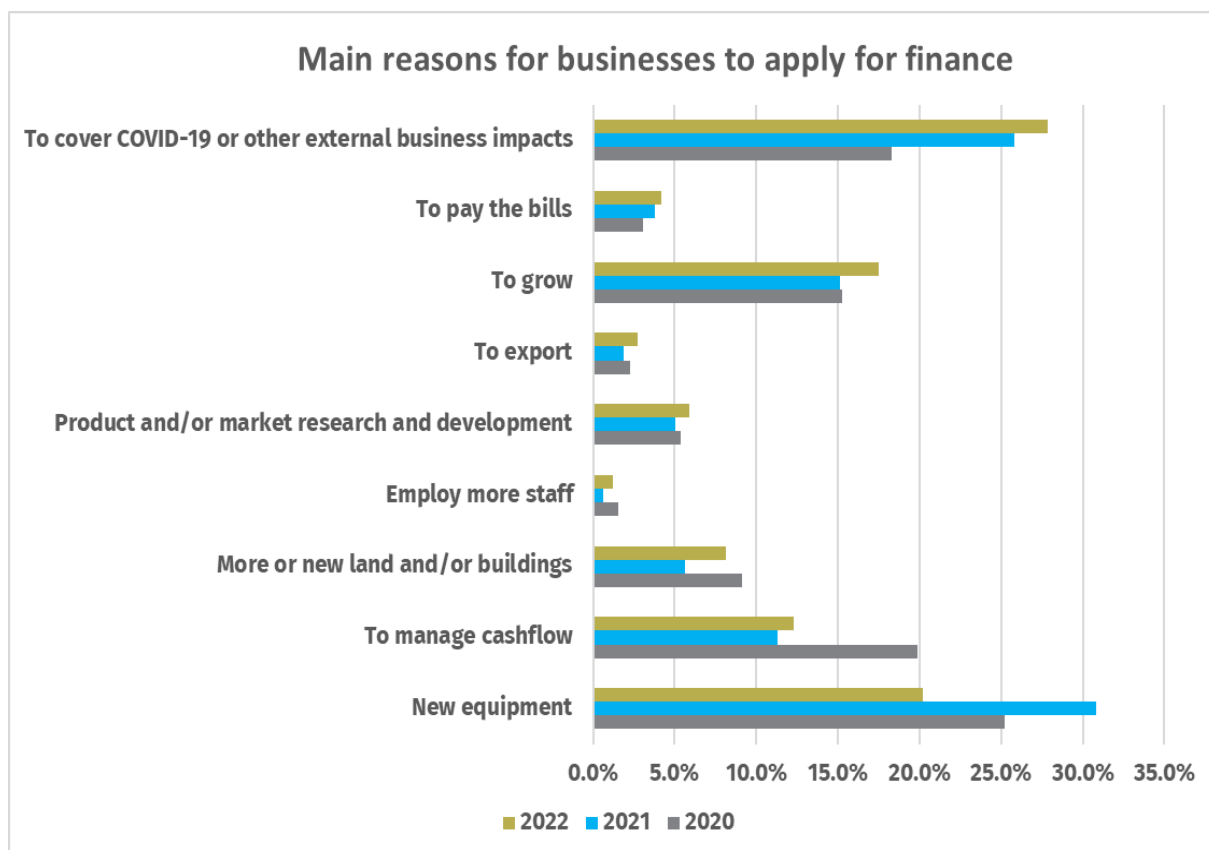


Figure 16: Clustered column chart showing the primary reason SMEs were seeking finance in the past 12 months over time.

“Business in Solomon Islands was already facing steep challenges pre-COVID 19. Now that COVID-19 has reached our shores, this has intensified. The local economy slowed down quite dramatically, clients stopped coming and business in general has been very difficult. We have imposed tighter controls and cut down on staff numbers. We are basically lying low; we still believe the best is yet to come.”

- Business Owner Statement

Respondents reporting to be currently looking for finance will consider grants (69.4%), government assistance (47.3%), bank loans (36%) and 46.9% of respondents reported to be seeking financial support through BLP. Figure 17 below, shows the sources of finance support SMEs will consider in the future.

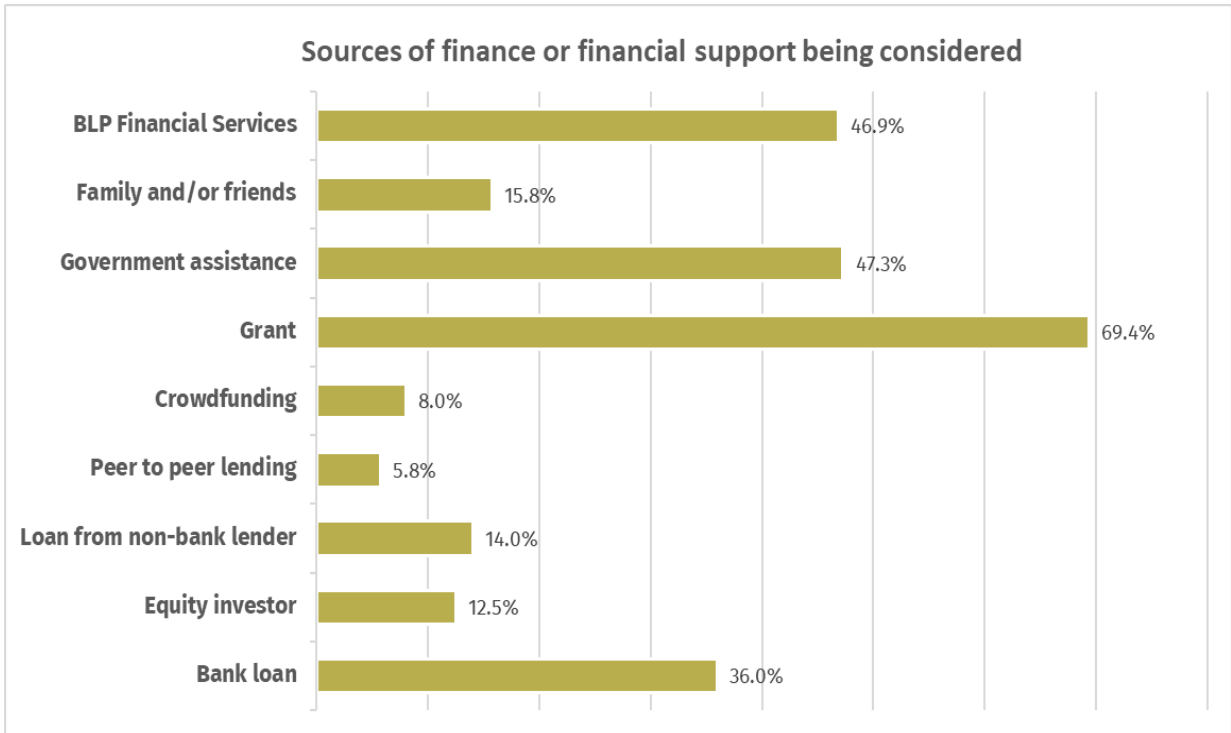


Figure 17: Bar chart showing sources of financial support surveyed SMEs will consider.

To cope with the COVID-19 crisis, SMEs identified low-interest rate loans (56.4%) and working capital (51.7%) as the two most helpful financial products for future recovery. These results could indicate that SMEs are looking for immediate financial assistance possibly to cover short term needs [Figure 18]. Online sales and interest reductions are amongst the top five choices along with credit guarantees.

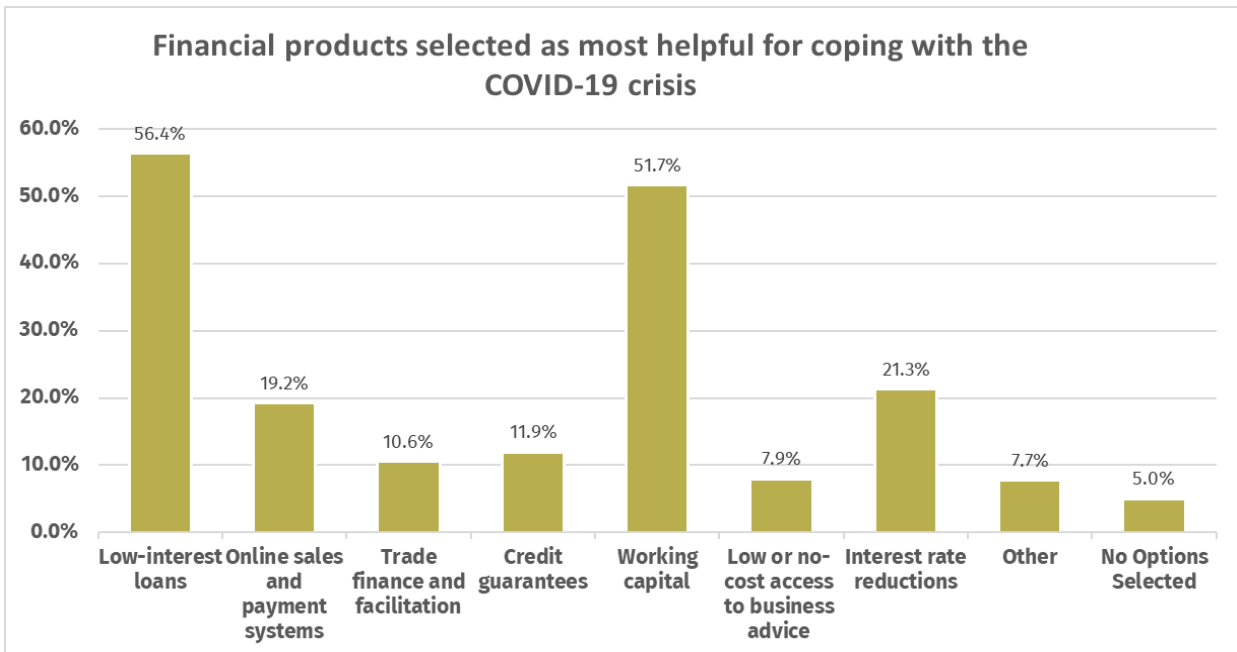


Figure 18: Bar chart showing the top two financial products, as selected by the SMEs surveyed.

Business advisory services

SMEs surveyed have chosen Finance and Loan Facilitation (45.3%), Advertising & Promotional services (43.2%), and Business Coaching & Training as the most beneficial services for future business growth and recovery in the next 12 months. Commercial Legal and Recruitment & HR systems were the least popular options [Figure 19]. Responses show a current mindset in favour of recovery, access to finance and the improvement of business operations, as borders reopen, and businesses gear up to welcoming tourists back into their countries.

“I need more funding to expand and diversify to import goods from overseas in order to increase my cash flow and margins.”

- Business Owner Statement



Figure 19: Bar chart displaying the most helpful services for business growth and recovery, as selected by the SMEs surveyed.

Technology Trends

95% of the SMEs surveyed reported using at least one form of technology within their business practices, including computers, cloud-based accounting systems and mobile services. Social media (59.4%), text messaging (49.6%), and online banking (44.1%) are among the most common. This indicates good levels of connectivity amongst respondents, and that business users are willing to adopt technology to improve both their interaction with customers and their business practice. Figure 20 shows the increase in technology adoption by SMEs respondents in the last 12 months.

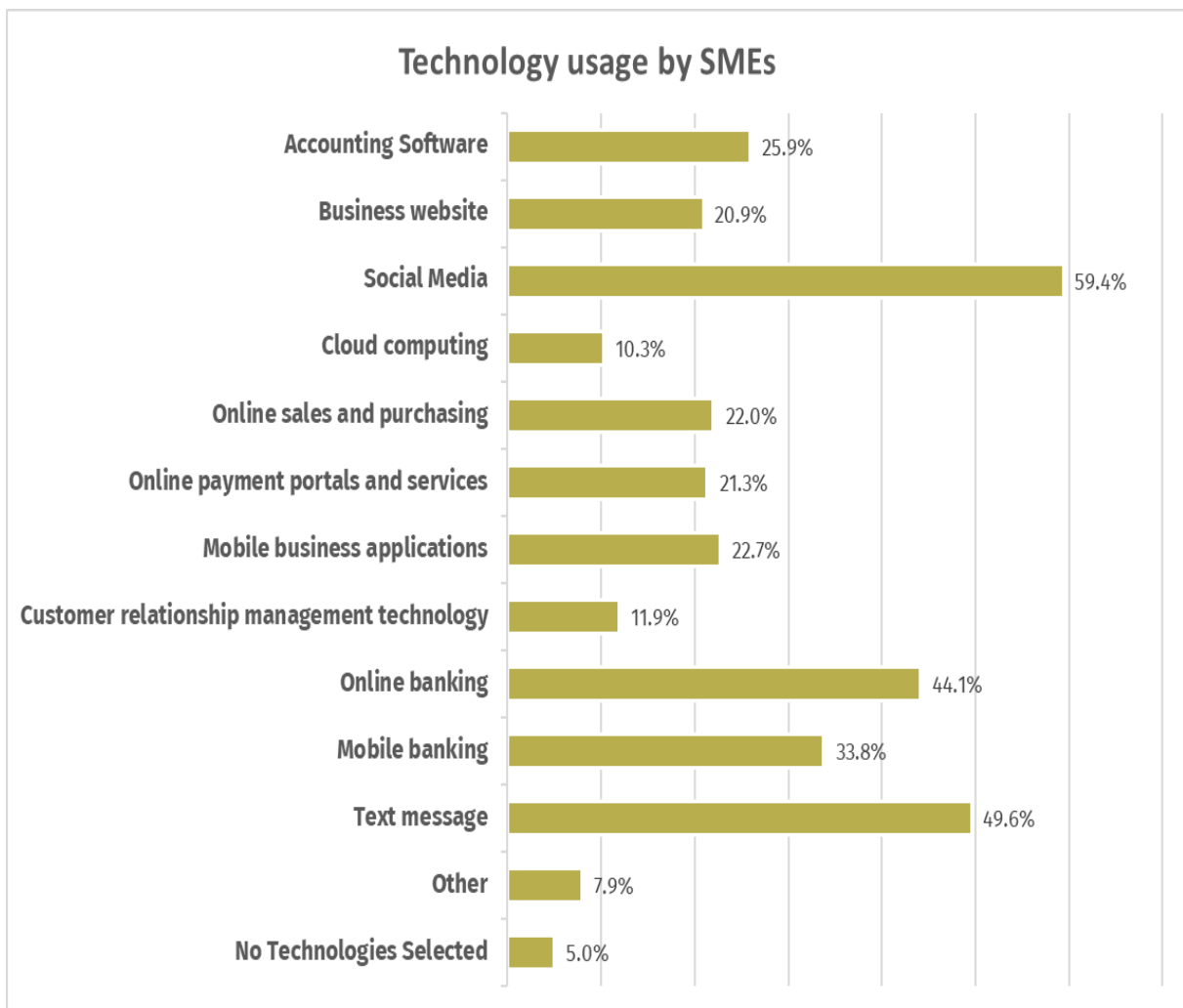


Figure 20: Bar chart showing the usage rate of different technologies as reported by the SMEs surveyed.

Human Resources

When asked who in their workforce has been most negatively impacted by the COVID-19 crisis, most respondents were unsure. However, for those that did answer, females were most affected (23.5%), followed by males (18.6%) and youth (16.4%) [Figure 21].

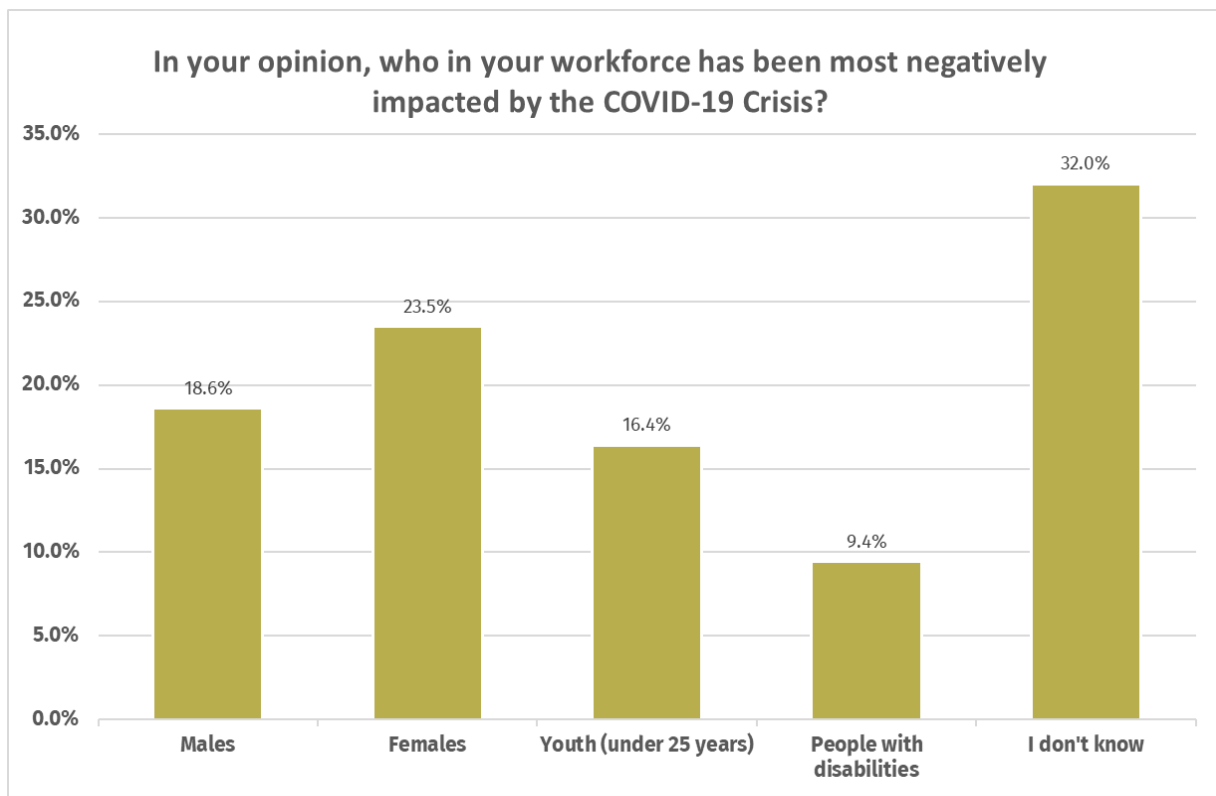


Figure 21: Bar chart showing perception on who in the workforce has been most negatively impacted by the COVID-19 Crisis.

“Women have been mostly impacted by the COVID-19 crisis due to the increase in unpaid labour at home that affects their economic security, mental and physical health and wellbeing.”

- Business owner statement

SMEs reported offering the following consideration to their staff in addition to minimum regulation requirements, 47.4% of the businesses surveyed reported to offer unpaid leave, 52.8% compassionate leave and 38.4% extended maternity leave. However, many businesses reported being too small (sole traders) for these types of considerations. Figure 22 shows SMEs responses.

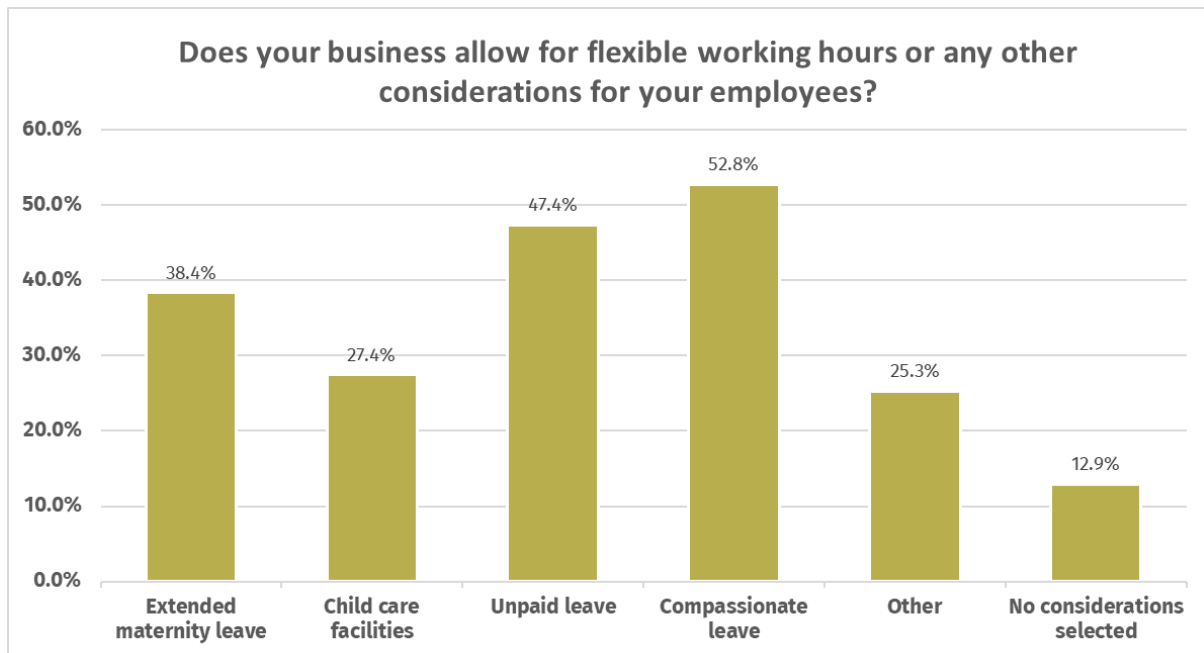


Figure 22: Bar chart showing employee entitlements in SMEs surveyed.

In addition to human resource issues and support, businesses surveyed also reported on areas of interest such as environmental sustainability, diversity, and inclusion. Figure 23 shows the issues and levels of importance given to each option provided in the questionnaire.

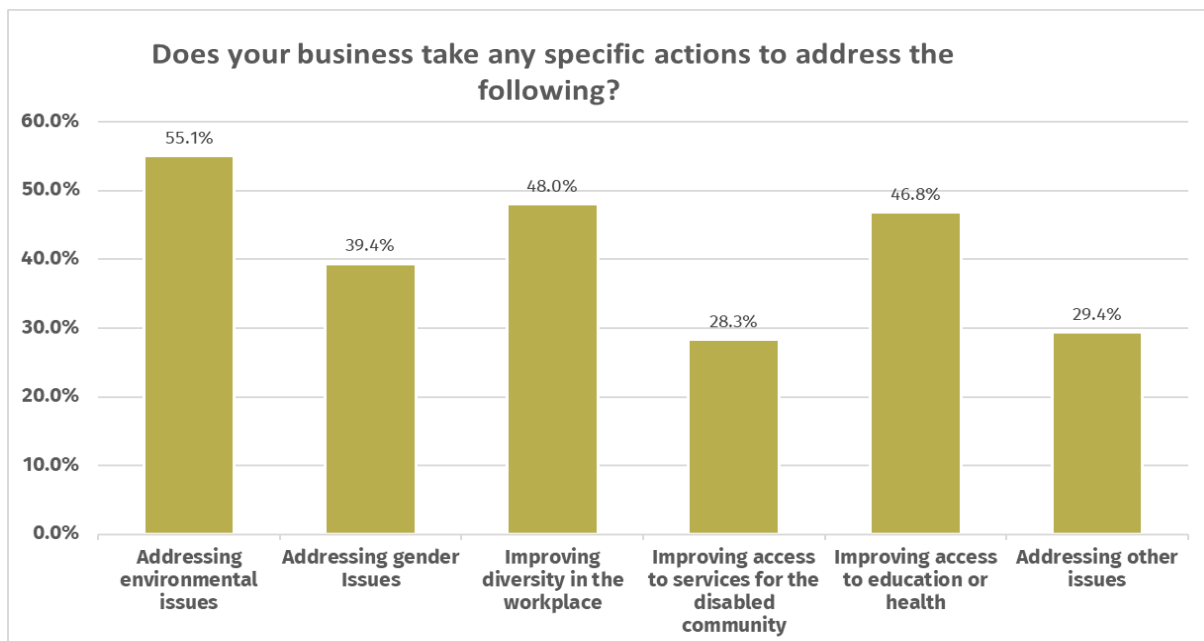


Figure 23: Bar chart showing issues of interest of reporting businesses.

55.1% of respondents reported acting through their businesses to address what they consider as environmental issues. The second issue of concern was diversity in the workplace (48%), followed by improving access to health and education (46.8%). These three issues coincide and are amongst the most common areas of concern referred to by governments, communities, and the private sector as most pressing in the Pacific Island countries.

Survey Details

Limitations

The survey was a digital form marketed primarily through digital channels. This, therefore, favoured more tech savvy businesses, and those with higher digital literacy and internet access.

Although we had a large number of respondents overall, a very small number of submissions were received from Timor-Leste, French Polynesia, Nauru, and Tuvalu (5 or under). This makes it difficult to draw accurate conclusions based on country as the sample sizes are so small. Vanuatu, the Cook Islands, Kiribati, and the Solomon Islands had a higher number of respondents than the previous group, but we must still be cautious when drawing conclusions. The vast majority of responses came from Fiji; hence the analysis is strongly influenced by the country. However, whenever possible, BLP supported its findings and conclusions with other available research.

There was a lower proportion of all female-owned businesses represented in the submissions than all male-owned businesses (199 vs. 441), which is higher than expected compared to our previous survey rounds.

Data Cleaning

Data was cleaned before the analysis. Any forms that were unsuitable, e.g. missing fundamental data or suspected of being a bot/spam, were removed to increase the accuracy of the report.

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