

Survey to Assess Business Recovery and Resilience in Mauritius

Report Highlights | 15 November 2023



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1. INTRODUCTION



Survey objectives

- To understand how businesses are recovering post-COVID, particularly on turnover, employment, as well as exports
- To evaluate the short, medium and long-term needs of businesses as they face the consequences of the Ukraine crisis, volatility and constraints on international supply chains and a rethink of their business models.

SPECIFIC OBJECTIVES OF THE SURVEY WERE TO:

- i. **Assess the recovery** of businesses compared to pre-COVID levels and the anticipated business activity for 2022 and 2023/2024.
- ii. **Analyse the innovative business models** that firms have adopted or intend to adopt, and barriers to innovation.
- iii. **Understand investment projects** and capacity requirements for the next 2 years.
- iv. **Incorporate different dimensions** such as inclusiveness, gender, sustainability and sectors.
- v. **Identify practical policy recommendations** to help businesses in bouncing back better.

Sample Universe - Consolidation

For this survey, updated contact databases were received from Business Mauritius, Statistics Mauritius, and 8 Partner Members of Business Mauritius, to the exception of the Mauritius Bankers Association. The contact databases received were consolidated to remove all duplicates.

UNIVERSE: Businesses across sectors of activity
N = 3,279



Mauritius Chamber of Agriculture



Survey Methodology

SURVEY INTRODUCTION

- **Introductory letter** drafted by DCDM Research and amended by Business Mauritius ...
- ... Sent by **Business Mauritius and its 9 Partner Members** to their respective members
- **Invitation mail with link sent** by DCDM Research

TARGET RESPONDENTS

- CEOs,
- Company Owners,
- Managing Directors,
- Department Heads & Managers

SAMPLING METHODOLOGY

Stratified sampling by sector of activity

Target sample: 800 respondents

Achieved sample: 504 respondents [63% of target]

Fieldwork period was between 28 March – 21 July 2023

SURVEY METHODOLOGY

CAWI [Web-survey] / LOI = +35 mins

Regular call-backs to confirm mail receipt and motivate participation

Weekly reminder mails were sent to increase participation

INTERPRETATION OF RESULTS

Analysis done on an overall and by company size level.

Data weighted to ensure representativeness of the sample by Sector of Activity.

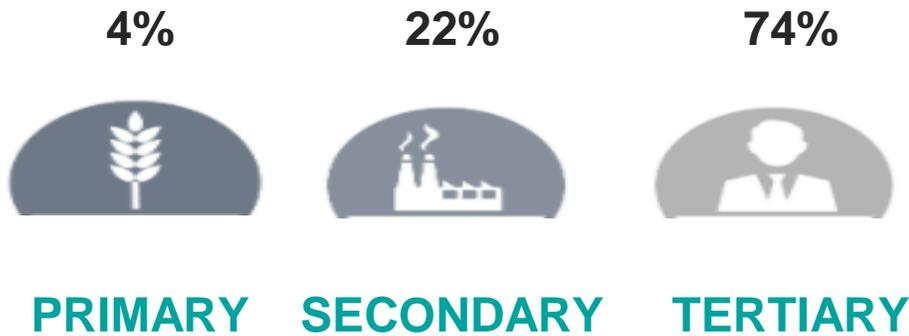
Sectoral Analysis not always shown due to small sub-sample sizes in certain cases.

All results presented are based on Respondents' views

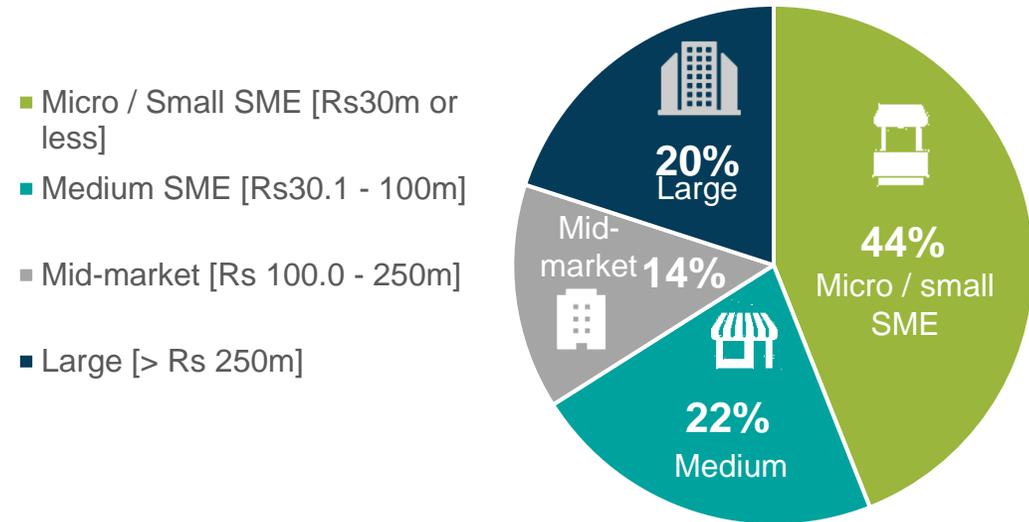
Profile of responding companies

WEIGHTED BASE: 504

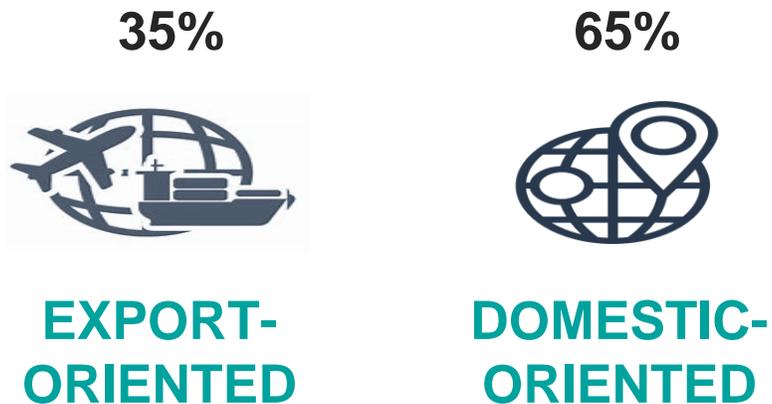
MAJOR GROUP



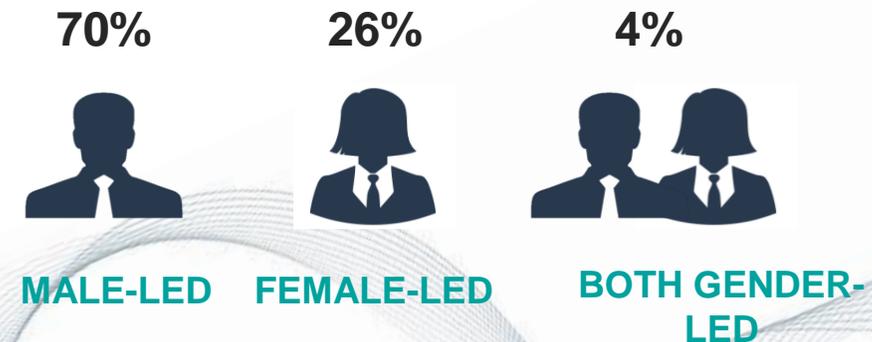
COMPANY SIZE BY TURNOVER [FY 2021/22]



EXPORT VS.



HEAD OF BUSINESS



2.

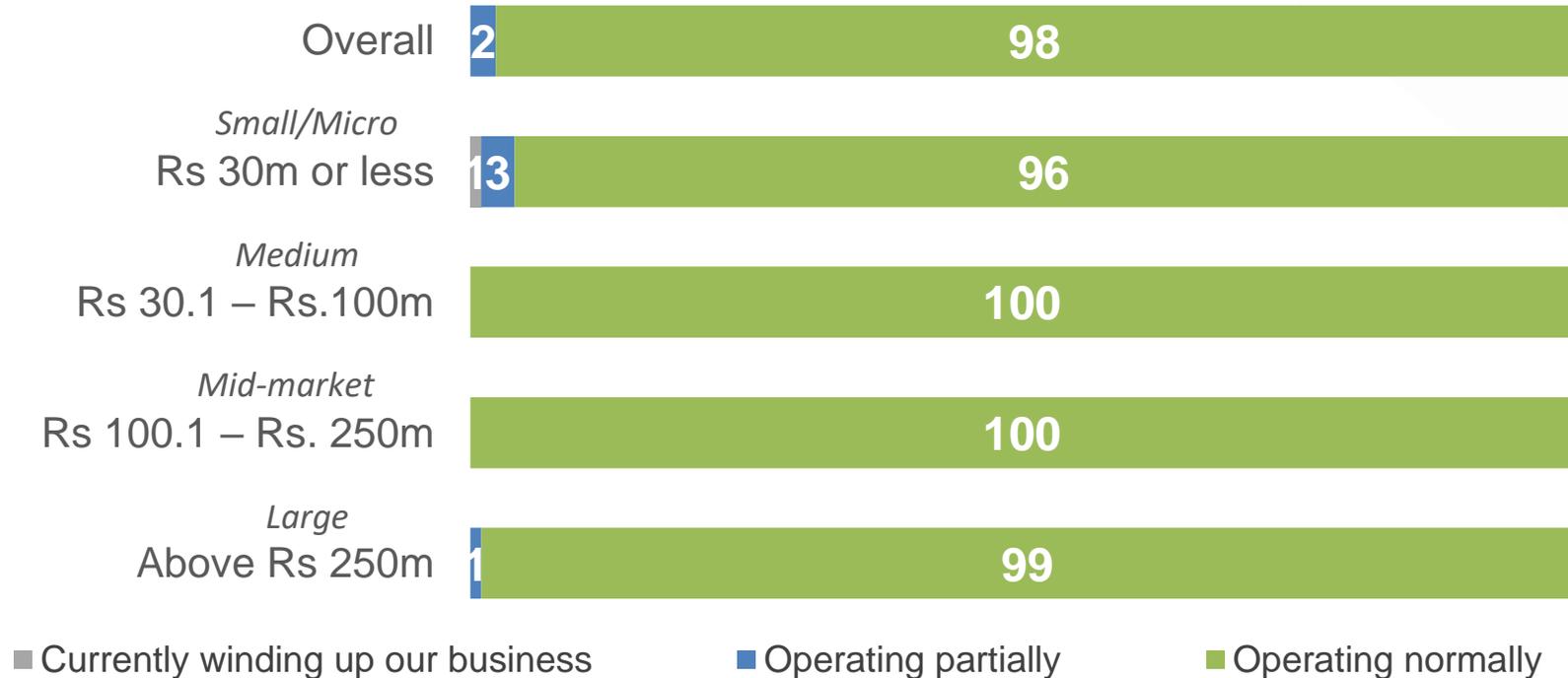
BUSINESS RECOVERY ASSESSMENT



Current Operating Status [Mar-Jul 2023]

PROPORTION OF RESPONDING COMPANIES [%]

LEVEL OF TURNOVER /
OPERATING INCOME

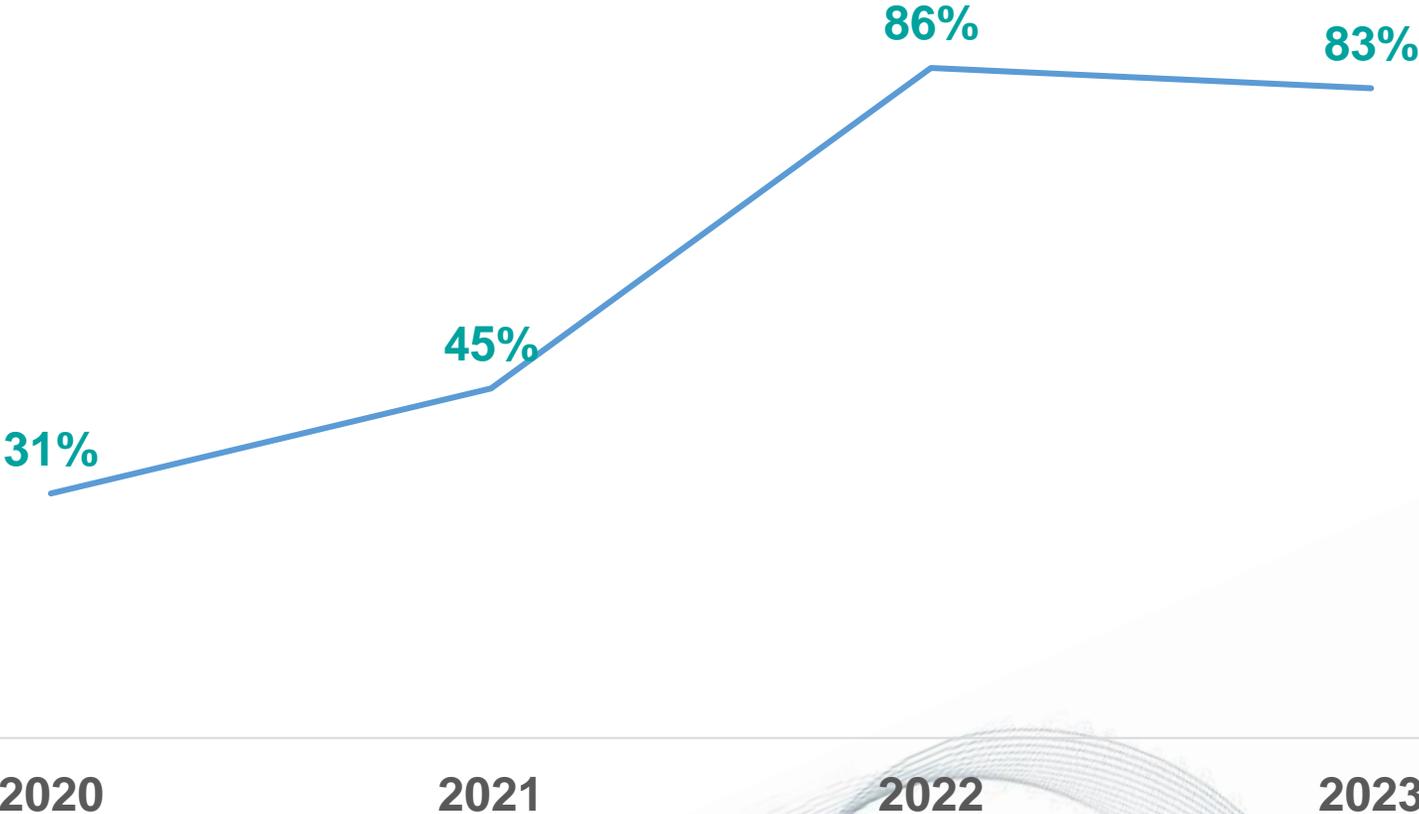


PROPORTION OF RESPONDING COMPANIES OPERATING NORMALLY



Observed & Expected Change in Sales

PROPORTION OF RESPONDING COMPANIES OBSERVING AN INCREASE OR NO CHANGE IN SALES VS. PREVIOUS YEAR

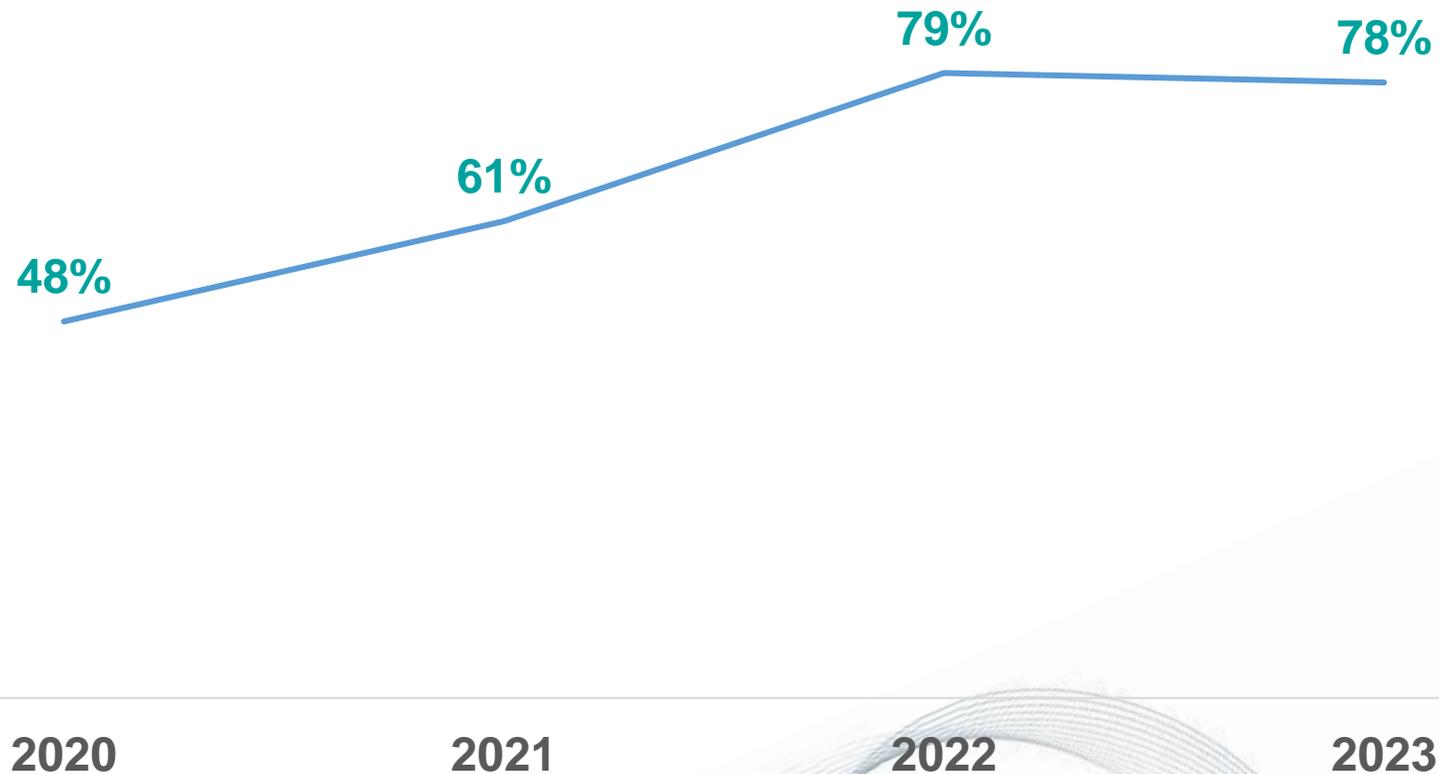


Weighted base: All responding private companies

Source: B4. Comparing your organisation's sales/income for the year 2022 versus 2021, would you say the approximate percentage [%] change in your organisation's sales/income?
B4.C: How do you expect your organisation's sales/income to evolve in 2023 compared to 2022?

Observed & Expected Change in Exports

PROPORTION OF RESPONDING COMPANIES OBSERVING AN INCREASE OR NO CHANGE IN EXPORTS VS. PREVIOUS YEAR



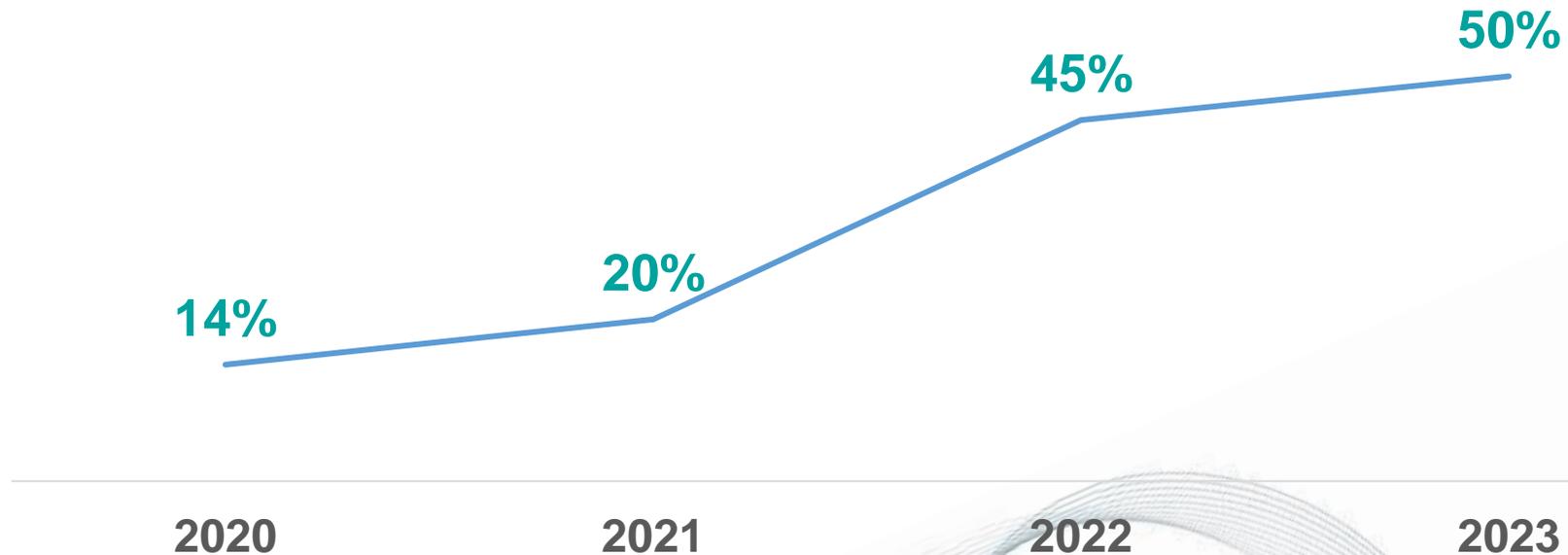
Weighted base: All responding private companies engaged in exports

Source: B5. If your organisation's sales/income rely on export, what has been the approximate percentage [%] change in exports in 2020 versus 2019?

B5C: How do you expect your organisation's export volume to evolve in 2023 compared to 2022?

Observed & Expected Change in CAPEX

PROPORTION OF RESPONDING COMPANIES OBSERVING
AN INCREASE IN CAPEX VS. PREVIOUS YEAR



Weighted base: All responding private companies

Source: E6. Comparing your organisation's capital expenditure in 2022 versus 2021, would you say

E6.1: Comparing 2022, do you expect your organisation's capital expenditure for the year 2023 to? How do you expect your organisation's sales/income to evolve in 2023 compared to 2022?

Observed & Expected Cashflow Evolution

PROPORTION OF RESPONDING COMPANIES OBSERVING AN INCREASE OR NO CHANGE IN CASHFLOW VS. PREVIOUS YEAR



Weighted base: All responding private companies

Source: E2.1. Overall, has your organisation's ability to access financial resources in 2022 vs. 2021 increased, remained the same or decreased in regards of: Cash flow availability

E2.3.1: Comparing 2023 vs. 2022, do you expect your organisation's ability to access financial resources to increase, remain unchanged or decrease in regards of: Cash flow

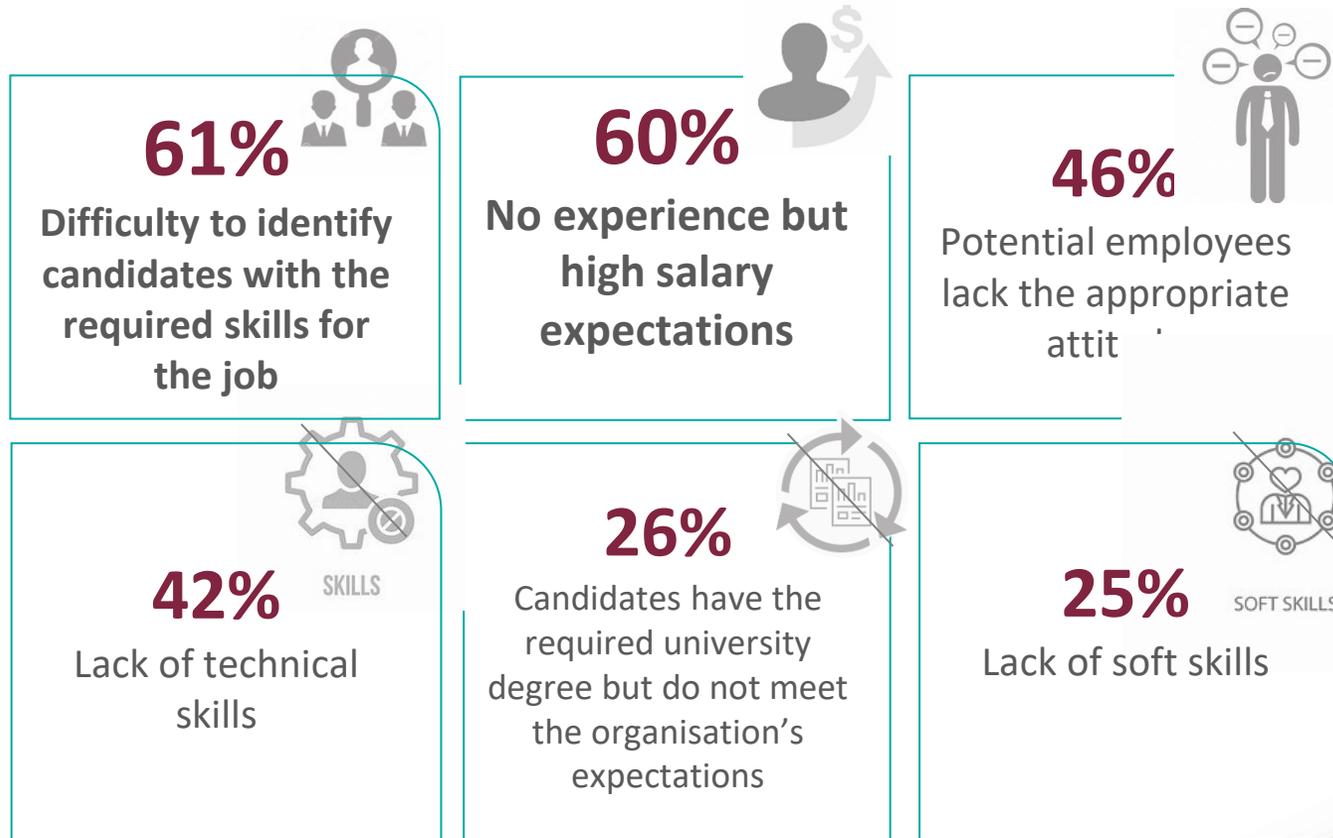
3.

WORKFORCE AND HUMAN RESOURCES



Major challenges in hiring employees in 2022

MAJOR CHALLENGES IN HIRING EMPLOYEES FROM THE LOCAL LABOUR MARKET



PLAN TO OVERCOME CHALLENGES IN HIRING EMPLOYEES FROM THE LOCAL LABOUR MARKET



Weighted Base: All responding private companies hiring employees in 2022 [N = 424]

Source: G10: In 2022, what were the major challenges encountered by your company in hiring employees from the local labour market?

Source: G11.1: How do you plan to overcome these challenges over 2023 and in the next 2 years?



Significantly higher proportion of companies

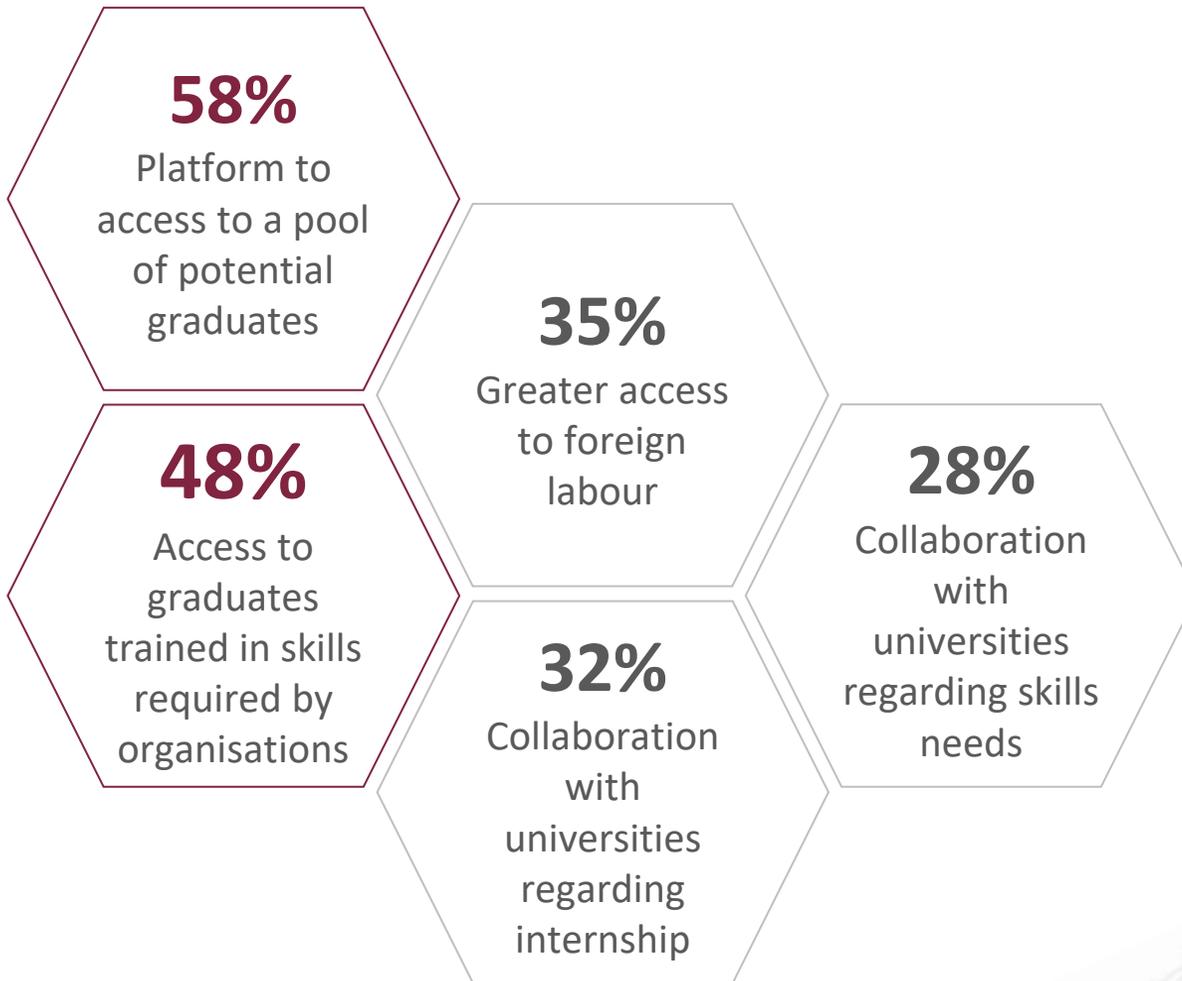


Significantly lower proportion of companies

Weighted base

Support needed in recruiting required talents

TYPE OF SUPPORT



SUGGESTED NATIONAL STRATEGY TO ENSURE ACCESS TO REQUIRED POOL OF TALENTS

65% Assess **skills needs** of businesses to ensure an appropriate match between demand and supply

63% Train graduates in skills needed by companies

47% Organise **career guidance** sessions with secondary school students

35% Improve the **quality of the tertiary education**

Weighted Base: All responding private companies [N = 491]

Source: G11.2: What type of support would you need to help in your recruitment of the required talents?

G11.3: According to you, what should be done at national level to ensure that organisations have access to the required pool of talents?

4.

KEY CHALLENGES



Key challenges in 2023

Top 3



64%

Difficulty in recruiting local staff



37%

Lack of cash flow



33%

Foreign Exchange rates affecting prices of imports



28%

Fall in demand for goods/services



18%

Difficulty in recruiting foreign staff



8%

Foreign supplier delays



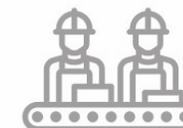
8%

Delays in delivery/ shipping to customers



5%

Shortage of raw materials



5%

Production delays at this business



3%

Rise in cost of production impacting on competitiveness and profitability



3%

Domestic supplier delays

Weighted Base: All responding private companies [N=504]

Source: G12: What will be the top three challenges facing your organisation in 2023?

Weighted Base: All responding private companies [N = 504]

Source: G12.1: What will be the top challenge facing your organisation in 2023? G12.2: What will be the next key challenge facing your organisation in 2023?

Top 3 factors **Positively** affecting business in 2023



Recovery of client markets

67%



Return to normal following COVID 19

61%



Decrease in sea freight costs

42%

Weighted Base: All responding private companies [N = 504]

Source: G19_1: In your opinion, what are the 3 main factors that will positively affect your business in 2023?

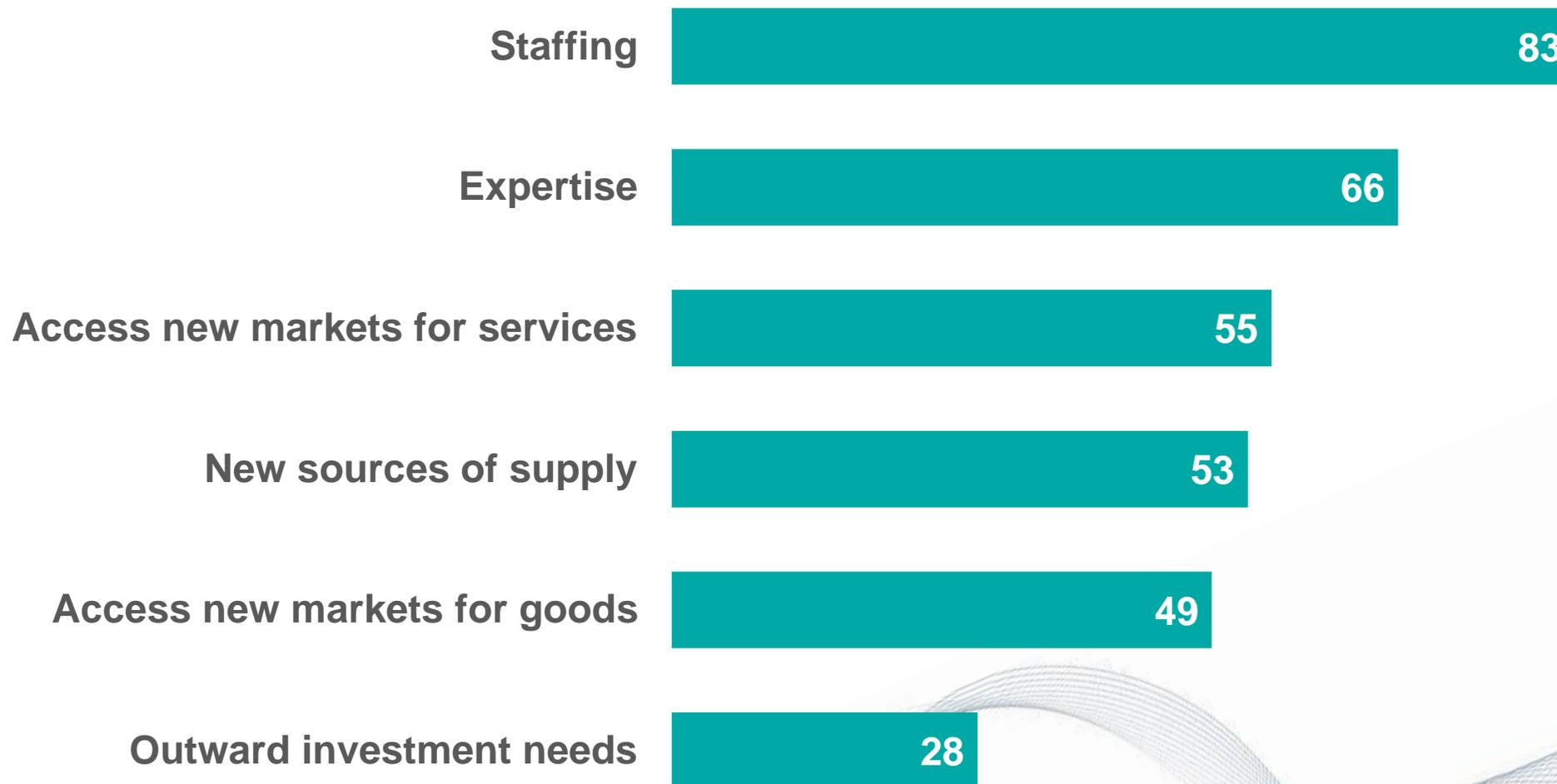
5.

BUSINESS CONTINUITY & FUTURE PROSPECTS



Future needs and requirements - 2023 to 2024

RESPONDING COMPANIES' REQUIREMENTS & NEEDS OVER 2023 TO 2024 [%]



Weighted Base: All responding private companies [N = 484]

Source: G21.1: Over 2023 to 2024, do you expect to have any of the following requirements and needs?



Significantly higher
proportion of companies



Significantly lower
proportion of companies

Types of Innovative measures in 2022

Top 3 innovative measures

49%

Introduction of cost saving measures



41%

Manage changing customer expectations: remote support, e-commerce, mobile payment



38%

Investment in infrastructure: upgrading facilities, equipment



33%

Investment in technologies: AI, Big data, Cloud computing



31%

New ways of working such as WFH, flexible timing, cloud-based infrastructure..



29%

Proactive preparation of Business Continuity Plan



27%

Diversify business lines



18%

Promotion of environmentally sustainable projects: organic farming, garbage management



Barriers to Innovation and R&D

Top 3

34%

Lack of funds within
the enterprise or
group

32%

Lack of
skilled/professional
employees

25%

Too expensive to
implement

18%

Lack of support
from the
government

15%

Lack of IT
knowledge

15%

Market dominated
by established
enterprises

14%

Did not fit the
business strategy

13%

Inadequate
infrastructure/
facilities/
equipment

12%

High competition/
Saturated market

12%

Lack of finance
from sources
outside the
enterprise

11%

Lack of
collaborative
partners

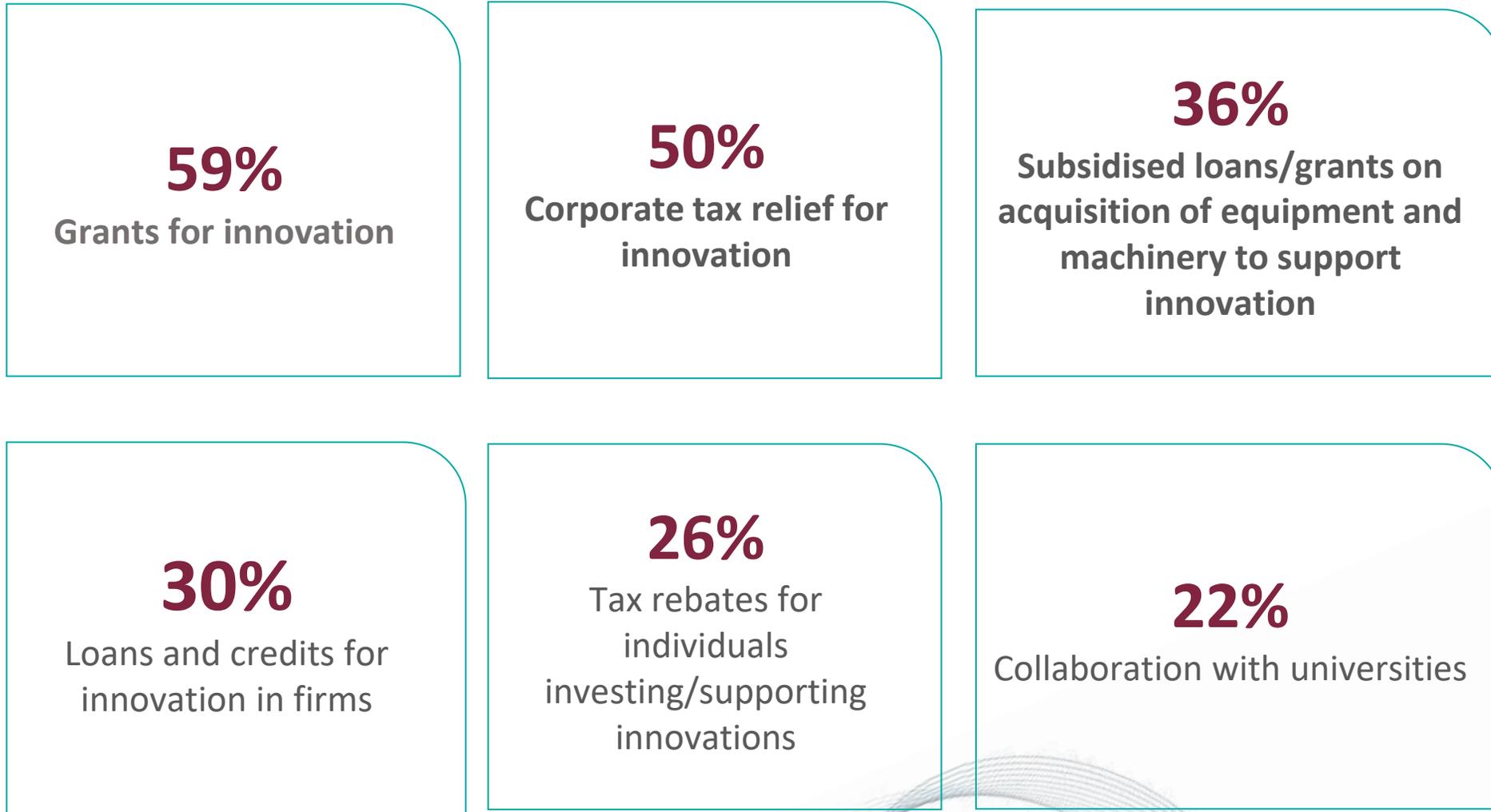
10%

Uncertain demand
for innovative
goods/services

Weighted Base: All responding private companies [N = 460]

Source: F2: What are the key barriers to innovation and R&D within your organization?

Type of support required to engage in Innovation and R&D



Weighted Base: All responding private companies [n = 460]

Source: F3: Which type of support would your organization need to engage in innovation and R&D activities?

Engagement into sustainable development activities

MAIN SUSTAINABLE DEVELOPMENT ACTIVITIES IMPLEMENTED

44%

of the responding companies currently engage in sustainable development activities

60%



Improving waste management and circularity

53%



Investing in energy efficiency and/or renewable energy / Electric vehicles

50%



Investing in human resources and training for our sustainability department

42%



Establishing our carbon footprint and a strategy to reduce it going forward

34%



Improving diversity, inclusion and community resilience

31%



Investing in the protection of biodiversity and nature-based solutions

30%



Adapting to climate change risk and impacts

Weighted Base: All responding private companies [N = 460]

Source: H1A: Does your organisation have any sustainable development activities?

Source: H1B: Could you please specify the types of sustainable development activities in place in your organisations?



Significantly higher proportion of companies



Significantly lower proportion of companies

6.

WAY FORWARD



5 Areas for further discussion

Way Forward [1/3]

The 3rd Business Pulse Survey revealed that most businesses are showing **good signs of recovery** following the challenges faced during the pandemic, with increased sales, profitability, production capacity amongst others.

1. Lower SME resilience vs. Medium, Mid-Market and Large Companies

44% of companies interviewed were **SMEs**, many of which still find it **difficult to recoup their pre-Covid levels of performance**, indicating lower resilience compared to their medium, mid-market and large counterparts.

58% anticipate their **current cash flow situation** can only maintain their organisations' activities for **up to 3 months**.

It would be key to **address SMEs' pressing needs for cash flow**, in particular.

2. Labour Challenges

One of the **key challenges** faced by companies in 2022 pertains to **hiring new talents from the local market**.

To lessen the labour crisis, it is imperative to

1. Assess the skills needs of organisations
2. Train graduates to match skills needs
3. Set up a platform to give organisations access to a pool of candidates
4. Ease access to foreign labour and expertise, from Africa and Asia

3. Business Innovation and Resilience

Other than a pressing need for a rightly skilled labour and appropriate expertise, **going digital, identifying and accessing new markets** are also key strategies planned for by businesses over the next 1 to 5 years, ahead of diversification of activities, developing online sales or introducing artificial intelligence.

In 2022, 47% invested in R&D, and 49% intend to do so in 2023. For slightly more than 50%, R&D is still inaccessible due to lack of funds and skills.

Policies and facilities to be put in place to facilitate Innovation and R&D, in the form of **grants, Corporate Tax Relief** and **Research and loan** facilities.

4. Investment in Sustainable Development

Engagement in sustainability has remained unchanged at 44%. Those engaged either maintained or reinforced their investments.

However, engagement in Sustainable development remains skewed towards Large Enterprises, due to lack of funds, expensiveness of its implementation, lack of skilled resources, lack of understanding of the return on investment, and the fact that it takes too long to see the returns.

To enhance companies' involvement in sustainable activities, it is imperative to incentivise them through **grants** and **Corporate Tax Relief**.

5. Gender-related impacts

A gender-based analysis on the survey results show that **female-led enterprises faced more difficulties** to recover following the pandemic and were less resilient relative to exports, Sales, profitability, investments and faced higher increases in cost of input vs. their male counterparts.

Areas for intervention would include helping the female owners face these challenges through trade fairs, conferences led by Associations, discussions to better understand their difficulties and counselling.

THANK YOU

