Association of Bermuda International Companies
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ASSOCIATION OF BERMUDA INTERNATIONAL COMPANIES

REPORT OF FINDINGS – SUSTAINABILITY AND INTERNATIONAL BUSINESS SURVEY

Press Statement to be delivered by Mr. David Ezekiel at the Chamber of Commerce Boardroom, Thursday, 21st July 2005 at 10.00am

ABIC, the voice of international business, represents more than 130 international companies incorporated in Bermuda. In light of continuing community discussion about international business and its effect on the island, as well as concerns about the sustainability and growth of international business in Bermuda, ABIC has conducted its first survey.

ABIC wanted to explore the attitudes of employers and employees in the international business sector, and examine what could be done to ensure the continued health of this sector, which directly contributes more than $1 billion annually to the Bermuda economy. Additionally, ABIC wished to gauge the feelings of international business leaders about the strengths and limitations of the island as a domicile.

PricewaterhouseCoopers was subsequently engaged to:

- Survey the ABIC member companies to ascertain their employee makeup, hiring, training and promotion practices and to try to gauge their direct economic contributions to the economy
- Survey chief executive officers to ascertain their views on Bermuda's attributes as a business domicile, and the future prospects of their companies here
- Survey employees to obtain information on their characteristics and opinions of the sector.

ABIC believes the survey results will provide a benchmark for the international sector in formulating business development strategies and will also assist the Bermuda community and Government in long-term planning.

The survey was conducted from September to November 2004. Statistically speaking, the number of responses received can be deemed to more than accurately reflect the general opinion of ABIC members. However, it is worth noting that considerable change has taken place in the insurance landscape since then which may or may not have had impact on CEO's perceptions.

- 64 ABIC companies responded representing 47% of the membership.
- Nearly half were from the insurance sector with a further 25% coming from financial services.

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- These companies employ 1919 people or about 61% of the total staff in ABIC companies. As defined by the Employment Survey 2003, these numbers represent 51% of the total employment in the international business sector.

- 66 CEOs representing 49% of the ABIC membership responded.
- 90% of them are generally very optimistic about prospects for their companies in the short and medium term.
- Over the next five years, two thirds of companies are expecting employment growth. Nearly all of this expansion is forecast for small and mid-range firms with the CEOs of half of the mid-range companies expecting growth of 25% or more.
- More than half of the CEOs expect to be occupying more floor space in five years time.
- Current floor space occupied is about 1.2 million square feet or about one third of the total office space in or near Hamilton.

Despite concern about the cost of doing business here, CEOs continue to rate Bermuda highly as a domicile for their businesses and as a place to live.

That notwithstanding, responding CEOs observed a deterioration in Bermuda over the last five years in some areas. CEOs are least satisfied with the prospect of Independence. This supports the position outlined by ABIC in its submission to Government that, in the context of the international business sector, a move towards Independence has no positive aspects. We must once again, however, stress that we see this as one of many factors that Bermudians will consider when they make the very personal decision whether or not to support the Independence decision.

Work permit procedures were of prime concern. CEOs expressed dissatisfaction with the quality of public education, which they believe is vital to the development of qualified employees for not just international business, but all sectors of Bermuda's economy. Satisfaction with private education was much higher.

Regarding responses from employees:

- 803 people participated in the survey, representing 42% of the total workforce of responding companies and nearly 26% of ABIC member companies. Approximately 64% of those responding were Bermudian.
- Overall, employees are generally positive about international business and its impact on Bermuda.
- The only area where employees considered that international business had a negative influence on the community was housing, where 65% scored this factor 'unsatisfactory'.
- Two other areas where employees were neutral or less satisfied relate to the probability of being promoted and the related issue of their employer providing the necessary training.

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- 78% of responding employees said they had participated in company-sponsored training and three quarters of the companies reported having in-house or sponsored training programmes. The main beneficiaries were Bermudian employees.
- Promotion prospects were viewed as brighter at management levels with 72% of executive, senior and middle managers saying they had been promoted. 38% of employees in non-professional and non-managerial grades indicated they had been promoted. 11% of the survey respondents were promoted during 2003.

Much statistical information was gathered from the survey. In all, 63% of employee respondents were Bermudian, a proportion in line with the 2003 Employment Survey. Generally speaking, Bermudians held the bulk of non-professional jobs while upper managerial levels are dominated by non-Bermudians.

As a brief summary, the short-term future of the international business sector in Bermuda seems buoyant and bright. While Bermuda now competes as a major player globally, it is obvious that all efforts made to date have been successful in positioning it as an international financial centre. Bermuda is not immune from global scrutiny and thus to continue to be successful the island and international business must be proactive and aggressive in analysing what can and needs to be done. This survey highlights the fact that ABIC is extremely conscious of these factors.

The results of the survey are interesting however the survey's purpose was to lead to action. ABIC now intends to focus on a number of areas. Two that stand out are:

- How to enhance the work experience, the training and development options and the promotion possibilities for Bermudians working in this sector.
- Development of a "smart growth" strategy for international business, looking for ways to manage its future development in Bermuda, given the size and infrastructure constraints that exist.

ABIC will now put a structure in place, which will work with member companies to address the areas, mentioned above.

Having conducted this survey, ABIC encourages other business sectors to gauge the feelings and factors influencing their sector so that together we can create an overall picture of the Bermuda business community.

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