



IoD ISLE OF MAN

Policy Voice survey results

November 2024



Contents

Background	3
Periodic economic monitoring: data	4
Economic monitoring: trends	5
Understanding of the business environment	6
Sectoral engagement by government	7
Employment and skills	8
The Labour Government impact on the Isle of Man	12

Background

This is the Isle of Man IoD's second Policy Voice survey, this time looking for our members' views on employment related issues as well as gauging sentiment in respect of their business confidence for the next 12 months (2025).

Over the course of 2025 we will continue to focus on key business-critical issues such as taxation and regulation, transport and connectivity, education and skills for business, digital innovation and the machinery of government.

With the continued focus of the government through its Economic Plan on increasing the working population of the Island by 5,000, the launch of the Skills Board three year strategy and the challenges from deployment of AI tools, the issues relating to employment and skills for Isle of Man directors are high on their agendas. This survey has sought views and comments from members on those challenges, on their future recruitment and training plans, including immigration matters.

The issues related to employment are critical to the Island given its current fiscal strategy is built, in the majority, around residents' employment (Income Tax and National Insurance) and consumption (Value Added Tax and Duties) which make up approximately 75% of the 2024/25 Pink Book provisional total government income. Establishing an environment in which it is simple and relatively easy for businesses to hire required personnel and for the island to be able to support them socially is critical for the success of all Island businesses.

With a labour market that can be described as at 'full employment', increased economic activity requires either:

- Greater numbers of workers/employees
- Increased productivity of the current workforce through improved skills from training
- Increased productivity through technological investment to enhance the current workforce's economic output, or
- A mixture of all of the above.

The island continues to be affected by a worrying trend in the dependency ratio and in the overall percentage of those economically inactive. There are many factors that impact businesses in different sectors of the economy, but the tight labour market was recognised in KPMG's 2021 report on the Isle of Man economy as a drag on our overall economic performance.

The inevitable impact of new technologies on productivity across the sectors of the economy, including the public sector, will require investment but should create increased economic 'value add' with no increase in total employment. This could involve the shift of employment between the public and private sectors were productivity and efficiency gains achieved through implanting technological enhancements within the Civil Service.

This Policy Voice survey was released before the government issued its proposal regarding the implementation of the living wage in 2025 through a two stage increase in April and October. The IoD is a supporter of the Better Business initiative which includes a commitment to remunerating employees at the living wage as a minimum; but also the IoD recognises the significant challenges the living wage creates in increasing the cost of employment for those industries that have a greater exposure to lower paid employees such as hospitality, retail and agriculture.

There are undoubtedly increasing cost pressures and ultimately price and inflationary pressures which can, counterproductively, feed back into the Living Wage calculation and raise subsequent calculations. Where the economic aspirations are for a high wage, high skill, high productivity economy the first steps must be taken, but there need to be policies that address the disruption and potential short term labour market impacts. We'd expect the Isle of Man Government to bring forward measures to minimise labour market disruption over the short term and look forward to the upcoming Budget.

We will seek members' views on the island's fiscal strategy in our next Policy Voice survey shortly after the 2025/26 Budget is announced by the Treasury Minister.

The feedback that we have gathered is informative and useful when we work with other groups such as Chamber of Commerce and when we meet with policy makers and other representatives.

We wish to continue canvassing views and opinions from our members to build up a complete picture over time of the issues that affect you. They are an important source of insight to help us effect meaningful government policy that supports a vibrant island economy and society.

Our sincere thanks go to all those who took the time to complete the survey and share their thoughts with us. The next survey will be available in February 2025.

Periodic economic monitoring: data

The following data contributes to our Director’s Economic Confidence Index, which we send into the heart of Government each time.

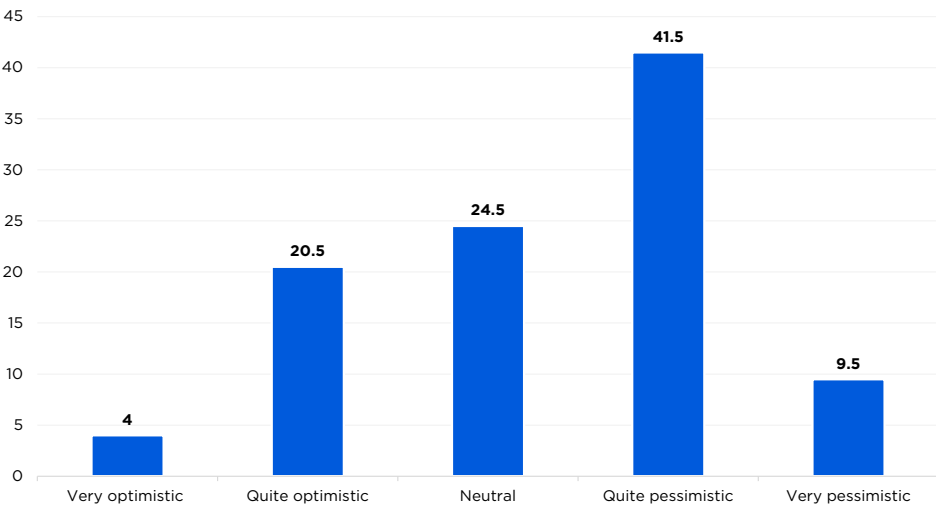
In the last quarter of 2024, business confidence had some signs of improvement, with more than 55% of respondents seeing higher revenues over 2025. And with that, just over 40% of respondents were looking at higher business investment than over the previous twelve months. However those encouraging signs are set against a backdrop of expectation for continuing increasing non-energy and salary costs - which over 85% of respondents suggested they were expecting.

To a worrying extent the expectations for per employee costs remain negative with just under one third of respondents looking at increases in headcount and one quarter considering some degree of headcount reduction. This is as a lever to control projected overall employee costs for 2025.

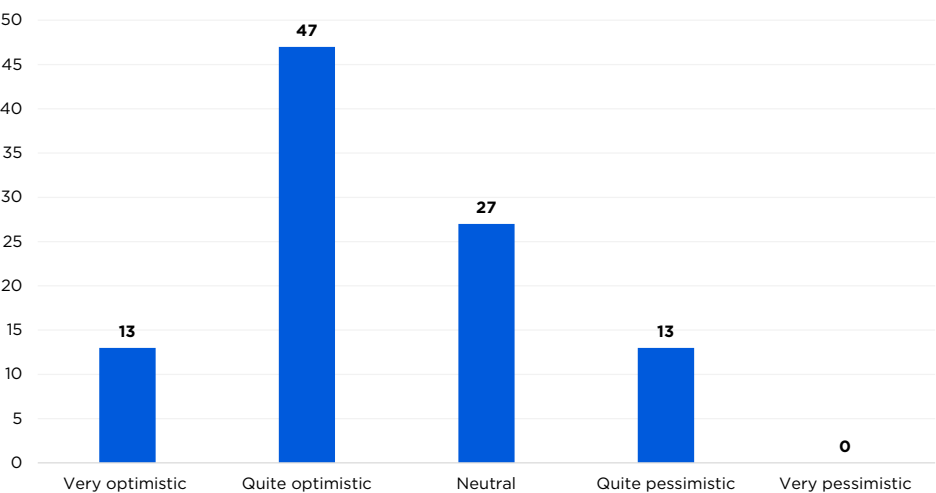
Respondents, when rating their optimism for the overall Isle of Man economy, are still heavily neutral or negative with 51% pessimistic or quite pessimistic. This survey highlighted a stronger polarisation of opinion, with optimism sentiment higher than in May, rising to 24.5% from 14% and as a result the net percentage position, (the sum of positive and negative responses) was an improved -27%, compared with -43.5%.

Comfort can be taken from the respondents view of their own businesses, where optimism is higher at 60% and just over 25% are neutral. The net percentage is a positive 47%.

How optimistic are you about the Isle of Man’s economy over the next 12 months?



Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of:

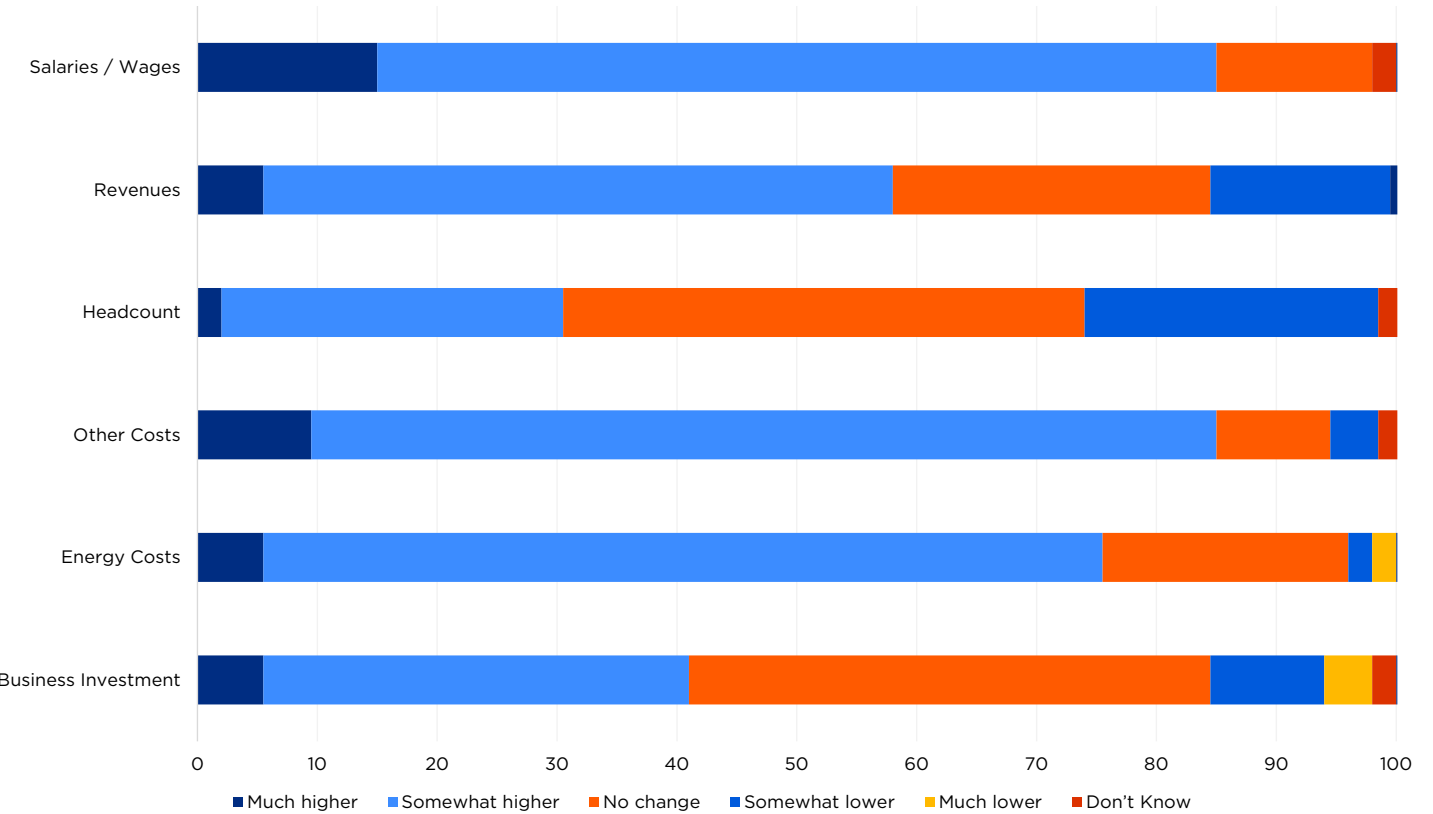




Economic monitoring: trends

Economic confidence of the island's business leaders remains weak with approximately 50% of respondents are by some degree pessimistic, but an improvement of the overall score.

Comparing the next 12 months with the past 12 months what do you believe the outlook is for your organisation in the following areas.

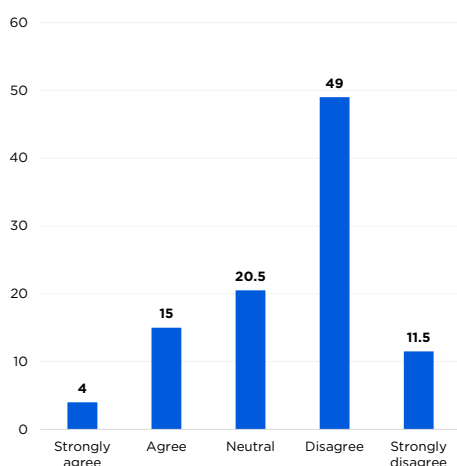


Understanding of the business environment

We again asked our members to provide feedback on how well they felt the IoM Government understood the overall business environment and have included in this survey response paper some of their comments. Overall just under two thirds (60%) felt that there was a lack of understanding, with the remainder split equally positive or neutral. Comments given, while varied and covering the full spectrum of feeling, generally picked up on the limitation of skills and awareness as well as the identification of disparate, siloed departments that hinder the required broad understanding of the business environment and economy to effect positive policy change.

In asking for specific comments, a number of respondents made reference to the 'size of government' - a topic which we will seek specific feedback on in our next post budget survey.

The Isle of Man Government understands the business environment in the Isle of Man.



"In general I think government has a good grasp of the challenges faced by the vocal businesses/sectors. I think the challenges faced by small independent businesses can be overlooked."

"The government are failing to grasp the fundamentals of running an economy and their own control of budgets and cost control."

"I agree they do understand on the whole. However, I (and a score of others) have grave concerns that the IoM Government is doing nothing to tackle the number (and size) of payroll (tax avoidance) companies on the island."

"The government understands the business environment but departments are still too siloed to effectively see through policy change."

"They do not have any commercial focus and have increased tax rather than look to reduce internal costs instead placing the burden on local businesses. They do not understand our business sector or the true value of retaining certain sectors on the island. The MHKs in power do not, generally, have experience in business, those who do have the right experience do not want to become MHKs and the top civil servants seem to have significant power with little or no accountability."

"They are commercially out of touch and do not properly understand our business."

"The majority of those we come in contact with appear to have only a limited experience in the private sector."

"The skills, experience and ability of the IoM Government to understand the business environment (at both political and officer level) are lacking. In addition, the scale and scope of the IoM Government is too big so as to make it unwieldy and overly bureaucratic for setting and delivering effective policies that are beneficial to Isle of Man's business environment and economy."

"For the Trust and Corporate industry, I do not think the IoM Government fully understand the impact of available staff in this industry. Businesses are paying extortionate salaries to either retain or employ new staff which has had an impact on profitability of businesses."

"Government is not proactive enough in understanding what businesses want. They can no longer be trusted on tax rate stability either. DFE agencies headcount has grown significantly since they were founded. They're running expensive projects with little or no strategy behind them (e.g. AI training) while small businesses can't even access basic e-commerce payment gateway solutions e.g Stripe."

"Business acumen varies greatly across individual civil servants, departments and politicians. And even for those who understand, the system and environment seem to lead them (for survival?) to prioritise political wins/ firefighting over grasping the nettle on long term issues. As far as I can see in my 20 or so years here, the underlying issues/strengths/weaknesses have not changed much."

"There is a lot of investment and activity in government but not convinced it results in much positive change."

"...of course the government understand the business environment, I don't think its purpose is to understand it in more detail, more to establish a safe and reasonable regulatory framework to allow experts in their business to flourish."

"Limited awareness of drivers of new business to IoM. Very high level understanding at best. DfE is under-skilled and under-resourced. MHK's lack understanding in the majority of cases and do not invest time to widen their knowledge base."

The theme of some of the comments from our members indicates a strong frustration with the management of the overall economy by the government, of the implementation of the Island Plan and of the size of government. Concern was also raised with regard to the fiscal strategy.

Our Policy Voice survey in March will explore our members' views of the 2025 budget, the size of government and the machinery and working of government, both central and local.

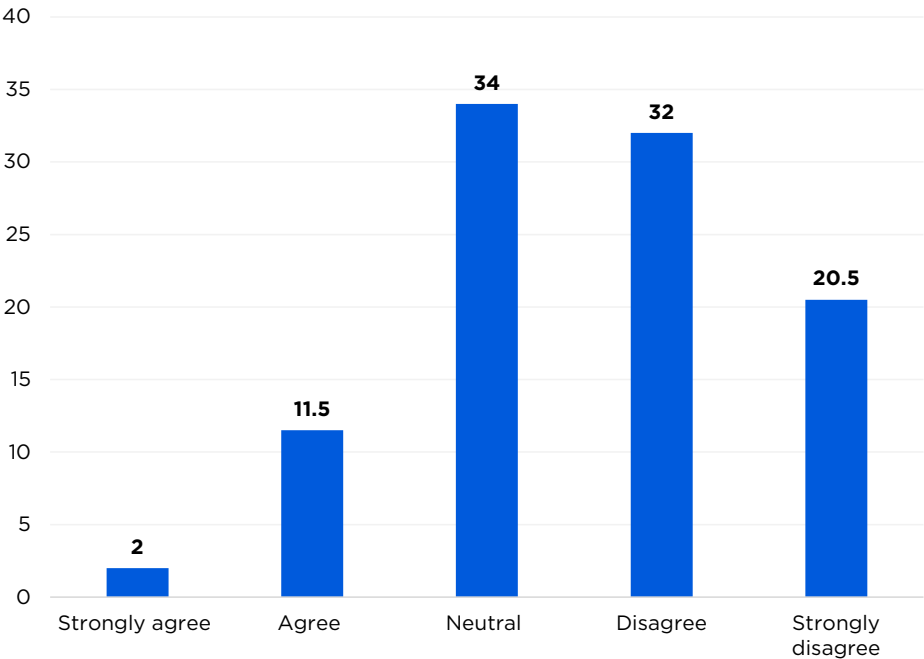
Sectoral engagement by government

At the sectoral level, engagement by the Isle of Man Government was considered by respondents to be either neutral, or negative with a third of members neutral regarding engagement and just over half negative about interaction. There are in place a number of industry representative groups as well as the key Department for Enterprise’s Agencies that have industry representatives on the boards to aid the flow of issues, policies and initiatives across business and government.

The Institute of Directors and Chamber of Commerce continue to engage with their members to better understand issues and to represent those back to key government civil servants and politicians.

We collected comments from survey respondents to seek to better understand their issues to allow us to share these back to government to action, where applicable.

The Isle of Man Government engages well with my sector if it is considering policies that would affect it.



“The relationship that previously existed of close collaboration between private and govt seems to have been abandoned at a time it is need more than ever.”

“Changes are typically consulted on and we have strong representation through Chamber of Commerce.”

“I see little evidence of meaningful engagement with the fiduciary sector to help it develop and grow. Success in the sector is despite not because of IoM Government engagement.”

“Engagement is not the issue. Action/ change is the issue (i.e. speed of change). What I have seen from government is plenty of ideas and private sector engagement but this not resulting in much change (and where it has, it has been very slow and painful from a ‘business timeline’ viewpoint).. eg too little too late.”

“The IoM Government has not engaged enough regarding Trust and Companies Acts and we remain constantly in the shadows of the Channel Islands.”

“Limited interaction. DfE and Treasury are less visible and engaged than possibly ought to be. Government view of what they see to be the issues without necessarily interrogating and discussing with industry. Workforce issues are an enormous challenges across many sectors and despite the targets to attract new resident workers, the infrastructure and environment is not aligned to those aspirational outcomes.”

“The government bodies seek input from the sector when defining regulations and are very approachable.”

Employment and skills

The focus of the survey in October was in respect of member's issues around employment and skills. The timing of our survey was not long after the government's 2024 conference where issues regarding immigration, visas and population growth were discussed alongside policy levers such as the Skills Board and its first Strategy paper issued earlier in May 2024.

The tight labour market from government data is demonstrated by the number of job vacancies, the official unemployment rate and the number of vacancies per job seeker, with data for December 2024 at 0.8% unemployment rate, 551 job vacancies and 345 registered unemployed.

Added to this landscape are the issues of a rapid ageing of the island's population, the worsening of the dependency ratio and a population 'replacement rate' which has stubbornly remained negative since 2014.

With 22.5% of the island's population over 65, we are amongst the eldest countries in the world (Japan, Italy, Portugal and Greece).

Issues for employers on the island extend to retention as well as recruitment - managing the loss of skills and experience through employee retirement which is not being met with employment of younger new entrants to the labour market locally.

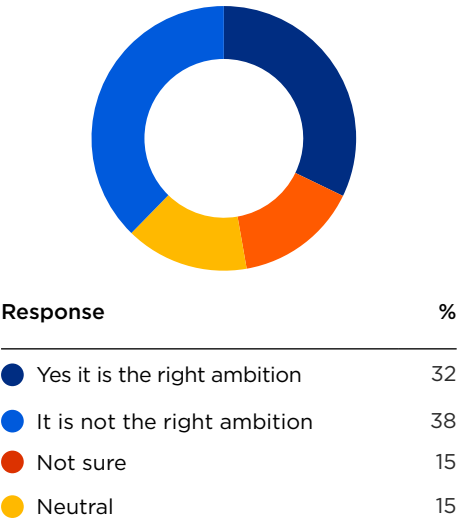
There are some key policy matters for government to consider and enact in this area. These stretch beyond the core issues of net positive immigration of younger, working age persons, including: dealing with increasing employment rates for persons over 55 and over 65; the 'upskilling' of older workers; allowing for more flexible working; and, ensuring that working environments encourage the hiring and retention of older workers.

There are greater societal benefits to be had alongside the benefits seen by individual businesses in ensuring the mix of experienced older workers with the new digital skills of the younger workforce.

The Isle of Man's Skills Board Strategy paper sets out what it sees are the key outcomes and areas of focus to achieve its vision of the needs of existing and future employers and the economy being met and the Island Plan's objective of 5,000 new jobs being created by 2032.

We asked our members their views on the workforce and resident population targets set out in the Island Plan of 5,000 and 100,000 respectively, with the near-even split of opinion of 32.5% for, 37.5% against and 30% neutral/not sure. Some further comments were offered up by members, raising the issue of inadequate infrastructure to accommodate a population of 100,000.

Do you believe the Isle of Man Government's inward migration target of 5,000 new workers and 15,000 new residents is the correct ambition with the Economic Strategy?



"The strategy doesn't appear to support this ambition i.e. encouraging young families - new schools required, doctors, more choice of shops, entertainment for teenagers etc."

"There's barely sufficient infrastructure for the current population so an increase of 17% is too high."

"The IoM has good opportunities for growth but does not know if that is what it wants to achieve."

"It could be the right ambition if the infrastructure can support it."

"I see the need for more economically active people, however, we do not have the infrastructure and/or services to manage them in practice."

"The ambition is right but might not be fulfilled due to lack of infrastructure: housing, education, entertainment options."

"Our positioning and infrastructure struggle to deal with the present position - let alone an increased one. Nice thinking but the actual practice in action would be flawed."

"We have to grow the active working population if we are to provide services such as health and education."

"Unrealistic. It simply won't happen and we are betting the house on it. An alternative strategy is needed."

Some comments made raised concern with a policy that sought to only encourage low skilled and lower paid workers to the Island, referencing to the ambition of a high skilled, high wage, high productivity economy:

“More people is not the answer.”

“Where are these people going to work? Mass low skilled migration is not the answer.”

“We need high skilled people who would contribute more tax and create more value. Just bringing in low skilled workers does not create value to the economy and in the long term will drag it down.”

“The island needs wealth generation and support, through more ultra wealthy being attracted to the island and the infrastructure being enabled to attract and maintain such demographics. Danger of lower paid workers and ageing population becoming a further draw on the island’s limited public resources.”

Encouragingly, for those members who had cause to use immigration services, the majority had not experienced any issues, although those that had experienced issues were mainly concerned with the time taken to process.

“We lost an international candidate for an IoM-based role as the duration of the application process was too long.”

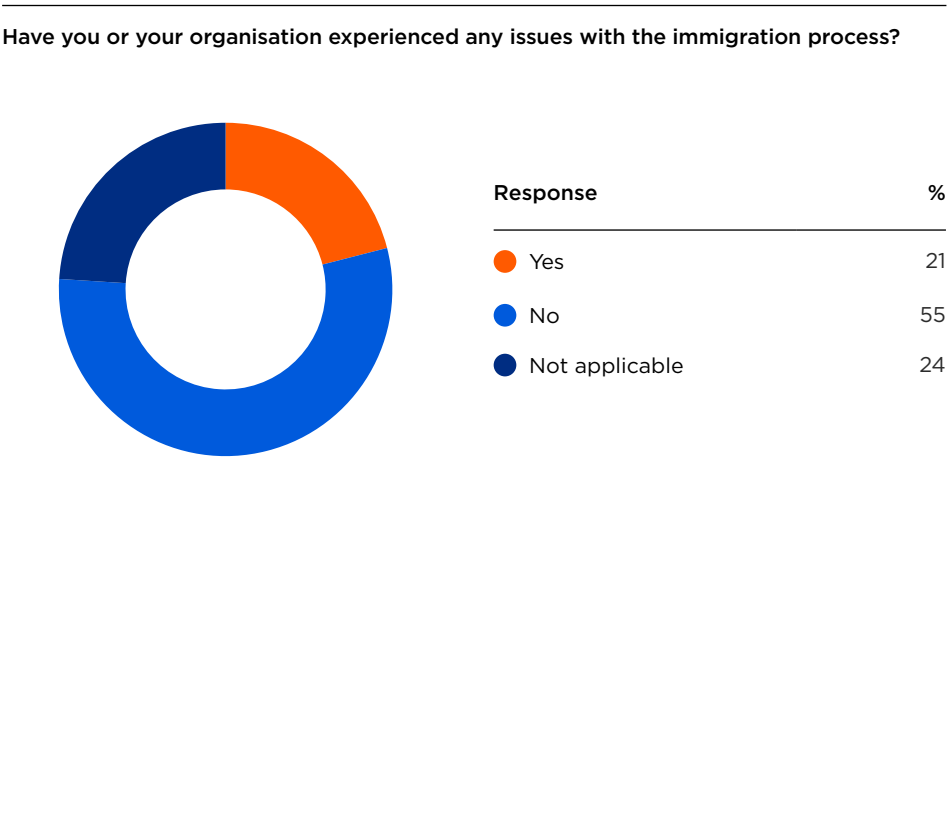
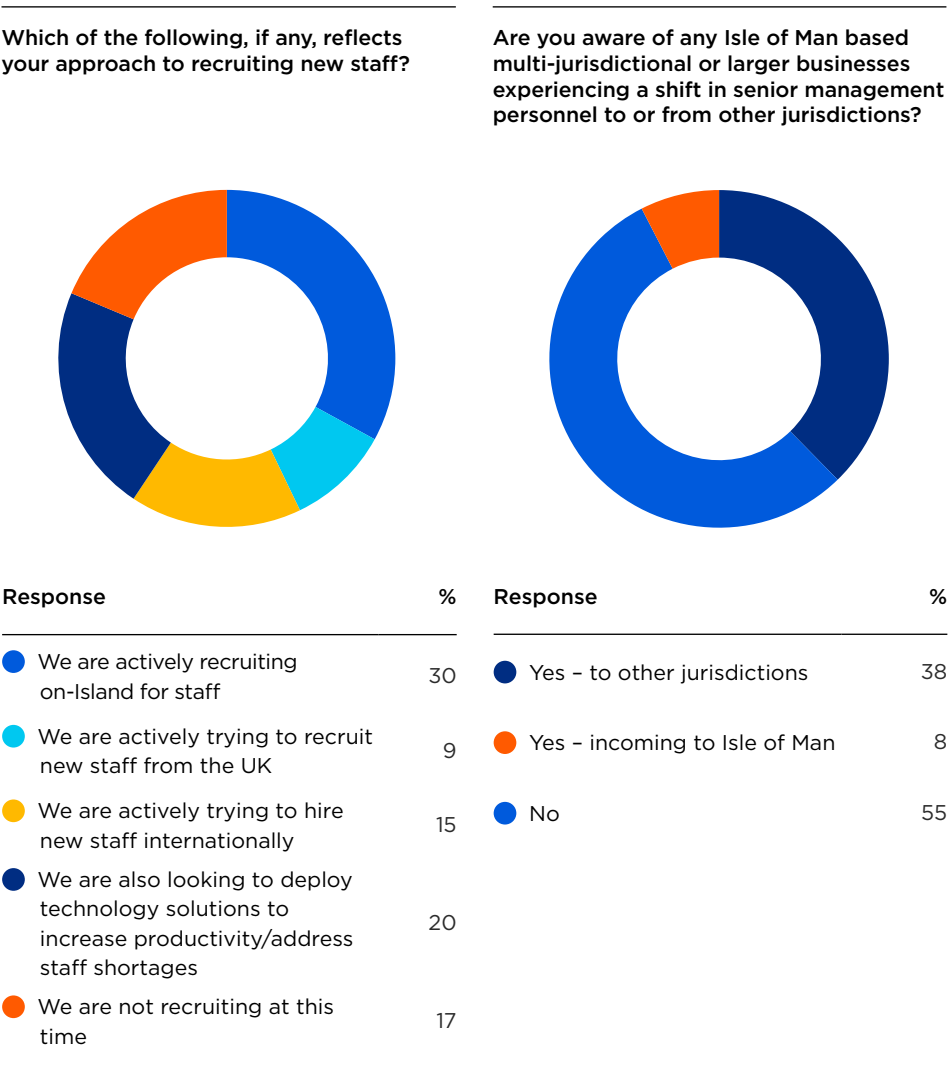
“It’s difficult to get people to come to the island then make them feel unwelcome.”

“Slow processing and approach is not in line with economic strategy.”

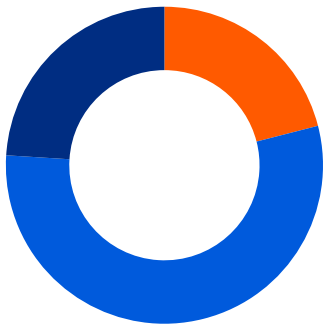
“Very slow and bureaucratic process with little sense of urgency.”

“Securing work permits has been time consuming, disruptive and has negatively impacted the candidate involved.”

“Our company has successfully managed to recruit on-island however feedback from other organisations indicates that the work permit process is too lengthy.”



Is your organisation currently experiencing skills shortages?

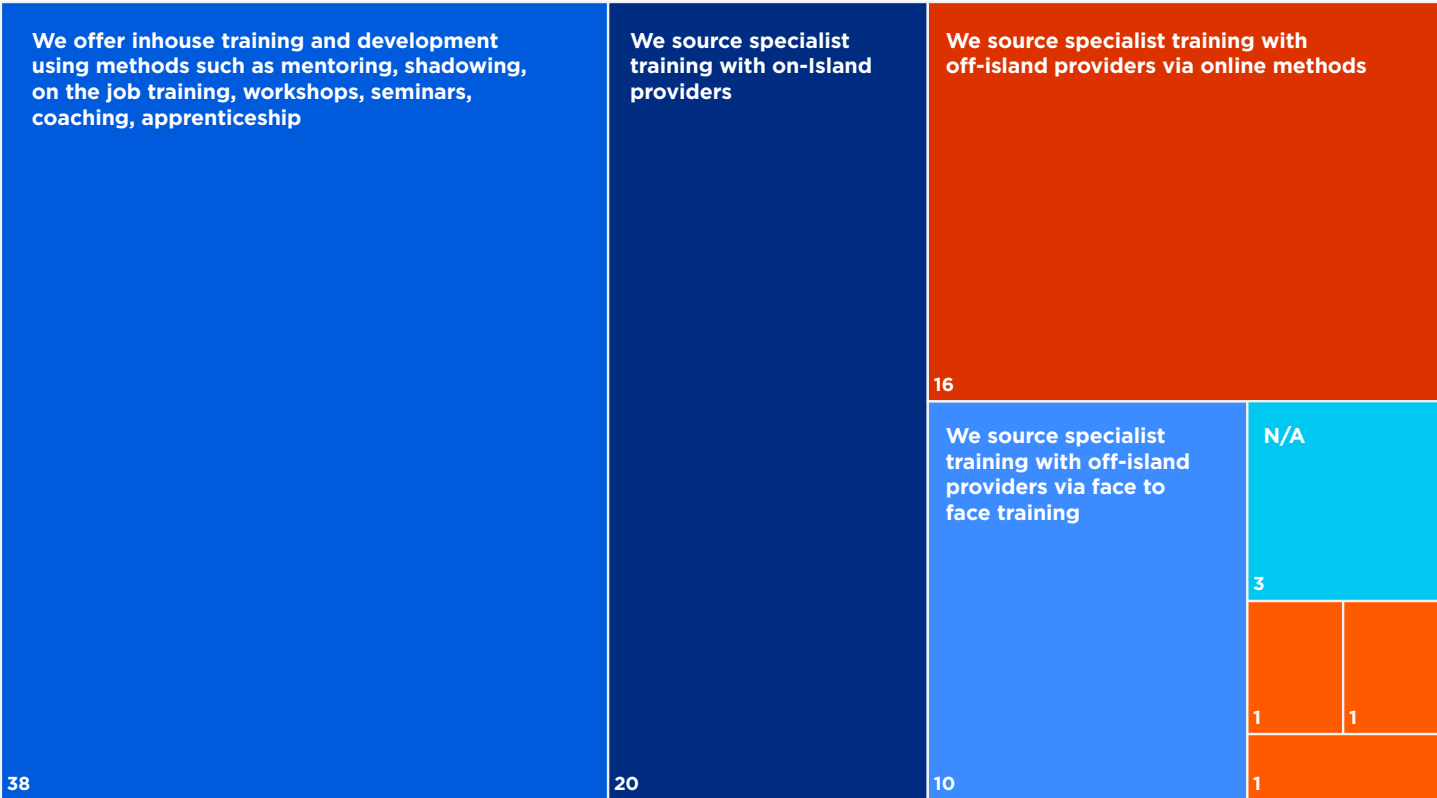


Response	%
Yes	21
No	55
Not applicable	24

One of the responses to the tight labour market and a key part of the Skills Board strategy is the continued learning and upskilling for residents and employees of the island to address areas of the business that are short of the required skills. Our members highlighted the following shortages: accounting, actuarial, compliance, digital and data analytical skills, IT and software development, and corporate and trust administration.

Some of our members raised the issue of skills in agriculture and horticulture, manufacturing (especially engineering based skills) and catering and customer services. Notwithstanding that these industry sectors are not recognised as high economic contributions as financial services, digital or egaming, they are still important in ensuring the Island remains a diverse economy with a broad range of opportunities and can also play a key part in our quality of life proposition. All sectors of the island's economy should strive for a highly skilled workforce to be able to deliver on the Island Plan and the aspiration of a high wage, high productivity economy.

In terms of tackling skills shortages, which of the following, if any, do you offer to tackle skills shortages?



- ☐ We have identified insufficient staff resources rather than skills
- ☐ We do not have any/not yet assessed any skills shortages
- ☐ Not yet assessed our requirements

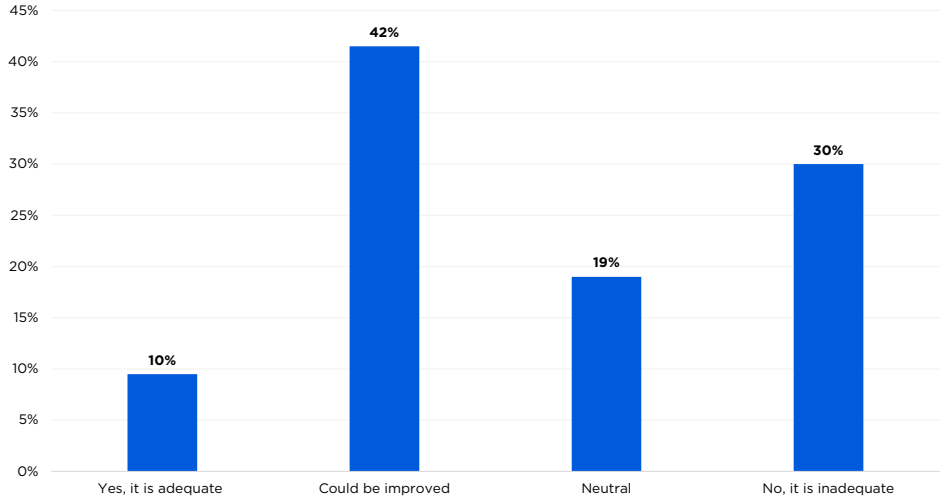
Our members' responses indicate that there is a source of on-island provision that suits businesses' needs which have, in the majority, already assessed any skills shortages. The uptake of digital communication tools during COVID has also increased the incidence of using off-island online learning methods.

"We don't offer apprenticeships but do support and encourage staff to develop their skills."

"We offer inhouse training and development using methods such as mentoring, shadowing, on the job training, workshops, seminars, coaching and apprenticeships."

"We source specialist training with on-Island providers."

Do you believe there is adequate provision from the government and other providers in the Isle of Man to support the training requirements of your organisation?



The challenge for government to provide lifelong learning and enhancing the skills base across residents is ensuring that the balance between signposting and directly providing learning opportunities is apparent through our members' comments.

There are a number of public policies that government could consider that open up learning opportunities that can be fulfilled by private providers working closely with different industry groups to ensure they achieve their individual requirements.

The key is engaging consistently with all industry groups and their representative bodies and working in partnership: the Skills Board strategy sets out its Lifelong Learning and Engaged Employers goals. The Institute is keen to play its part as a representative body for the island's leaders in actioning the Skills Strategy Vision.

"There are plenty of experienced providers on Island that can support companies and their employees for training needs."

"There's an increase in compliance training offered by government. We would like to see the introduction of an apprenticeship scheme."

"The access to highly skilled resources is very limited."

"Good support in very specific areas such as AI."

"I don't believe its the gov's responsibility to train my staff, we can do this with the services provided by the private sector."

"The Law Society has done a lot of work in this area but more difficulty around support roles such as compliance."

"The IoM Government has failed to support Society of Trust and Estate Practitioners Studies albeit it is the leading trust course and qualification in all jurisdictions."

"The Charities Registry offers occasional development opportunities, but Tynwald does not seem to be interested in the charity sector."

"I'm not aware of any proactive training led by gov to develop people in customer service skills."

The Labour Government impact on the Isle of Man

The timing of our second Policy Voice survey coincided with the start of Labour’s new government, having secured their election victory in early July 2024. With the initial policy implementations made by Labour and their first budget in November, we sought to gauge our members’ initial view of the likely relationship between the Island and the UK.

Do you believe that the UK Labour Government poses a threat to the Isle of Man’s status as an International Financial Centre?



Response	%
Yes	58
No	29
Don't know	13





Our Royal Charter sets out a clear purpose. We have a clear vision – The Institute of Directors is the professional institute for responsible directors and leaders.

Our mission is to develop, support and represent skilled, knowledgeable and responsible leaders for the benefit of the economy and society at large. Integrity and Enterprise are our core values.

The objects of the Institute are:

To promote for the public benefit high levels of skill, knowledge, professional competence and integrity on the part of directors, and equivalent office holders however described, of companies and other organisations.

To promote the study, research and development of the law and practice of Corporate Governance, and to publish, disseminate or otherwise make available the useful results of such study or research.

To represent the interests of members and of the business community to government and in the public arena, and to encourage and foster a climate favourable to entrepreneurial activity and wealth creation.

To advance the interests of members of the Institute, and to provide facilities, services and benefits for them.

The IoD is an accredited [Good Business Charter](#) organisation.

iod.com

