REGIONAL KNOWLEDGE CENTER EAST GALILEE

State of Business Survey

August 2024

מרכז ידע אזורי גליל מזרחי
REGIONAL KNOWLEDGE CENTER
EAST GALILEE

Background

- The Iron Sword War, which broke out on October 7, 2023, has changed the face of the country in general and the East Galilee and the Golan in particular.
- The war affected all areas of life, including small, medium, and large businesses. As a result, the survey focused mainly on those businesses that face many complex challenges.
- The survey was conducted in August 2024 for small and medium-sized business owners and senior officials.

Background

- The survey asked questions related to the characteristics of businesses, with a specific focus on the impact of the war.
- The survey's primary purpose is to understand the challenges facing business owners in the Eastern Galilee region.
- The survey findings will assist in formulating tailored regional responses and presenting them to decision-makers for policy-making purposes.

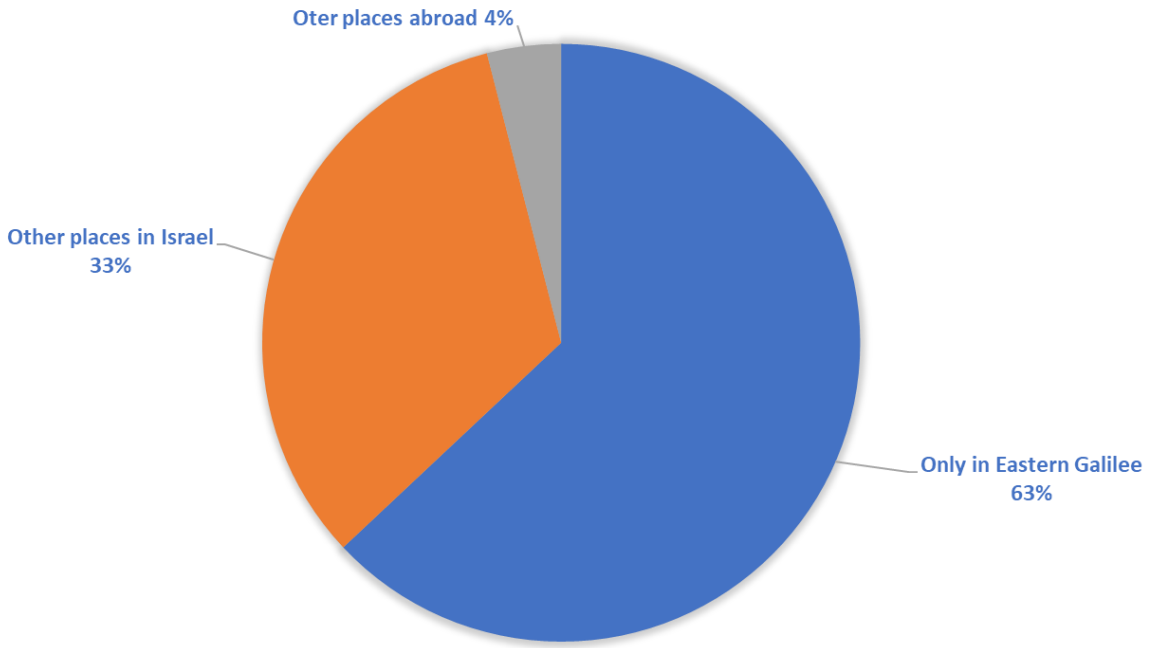
Background characteristics of survey participants

- A variety of responses were received from 13 authorities in the cluster.
- 129 participants(50.8% women) took part in the survey.
- The survey had a wide age range, with the youngest participant being 23 years old and the oldest being 85.
- Most participants (83/7%) are business owners, while the rest hold senior positions, such as CEOs, VPs, or HR managers.

Characteristics of business in the study

- The survey focuses mainly on small businesses with up to five employees(78.7%).
- The businesses' sectors of activity are diverse and include, among others, hospitality and food, agriculture, arts, entertainment and leisure service, and training.
- The vast majority of businesses do not export abroad (92%).
- About half of the participants reported that there are no jobs in the business that require an academic degree (51%)

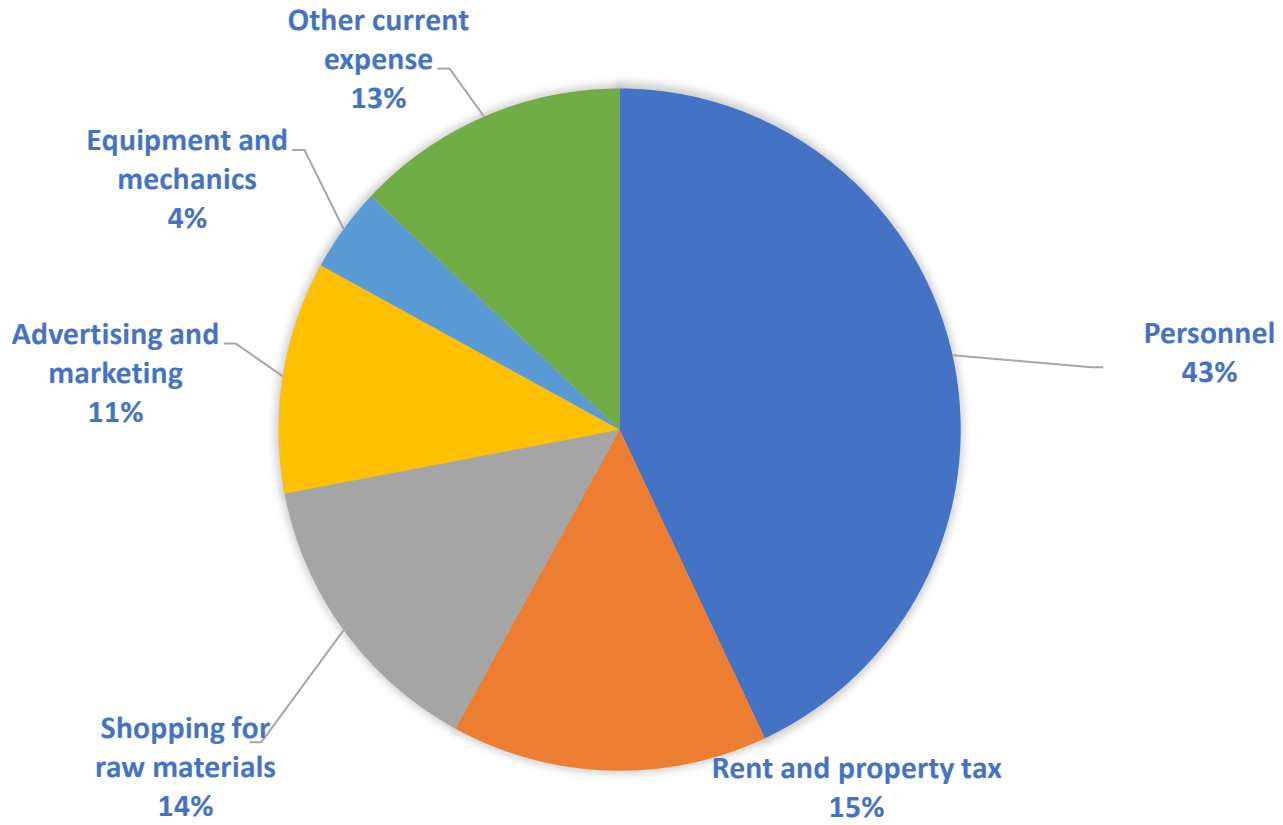
Location of target audiences and customers



63% of the respondents to the survey rely on the local economy in light of the presence of their customers in Eastern Galilee.

The characteristics of the businesses in the study

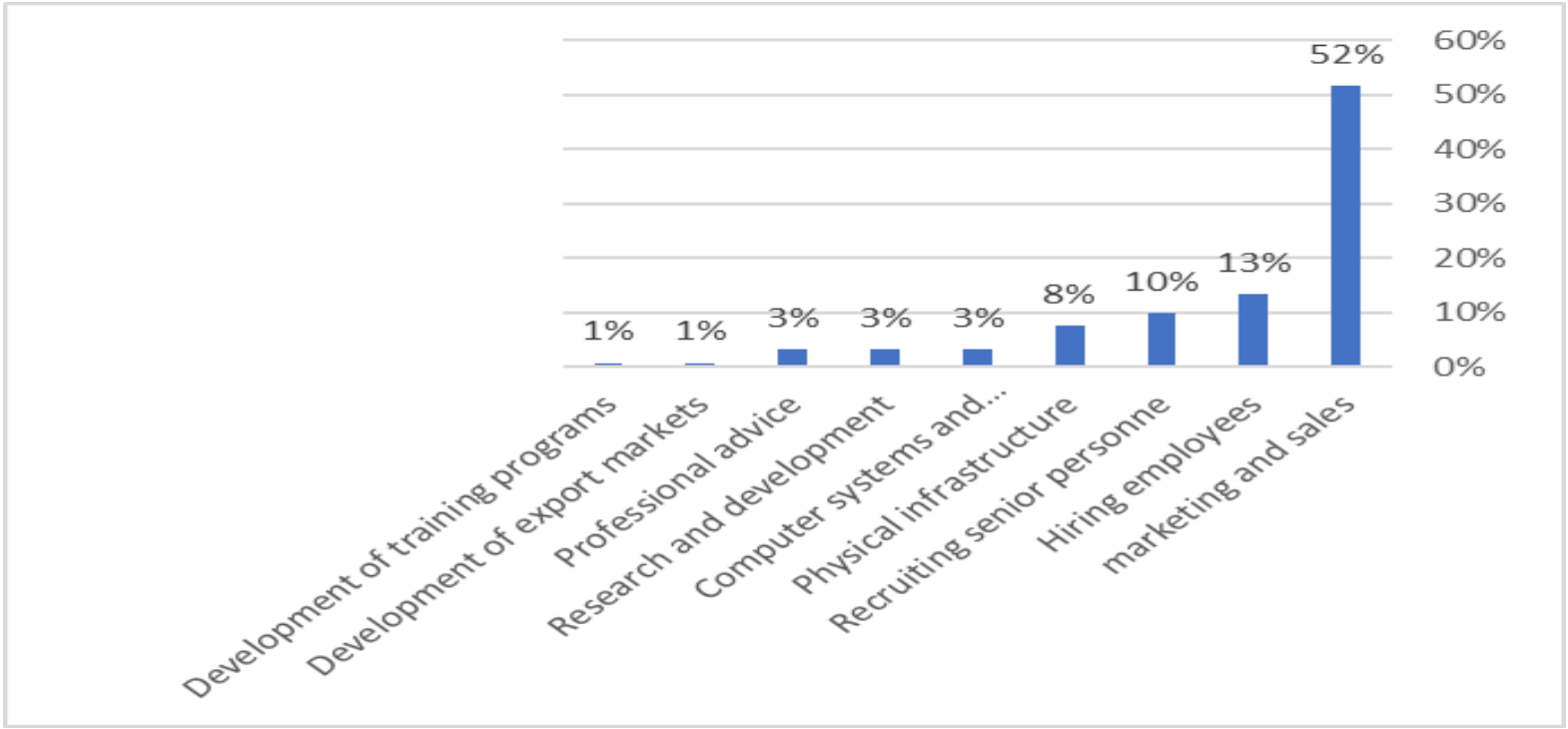
THE HIGHEST CURRENT EXPENSE IN RUNNING THE BUSINESS



The most significant ongoing expense in running a business is personnel.

The characteristics of the businesses in the study

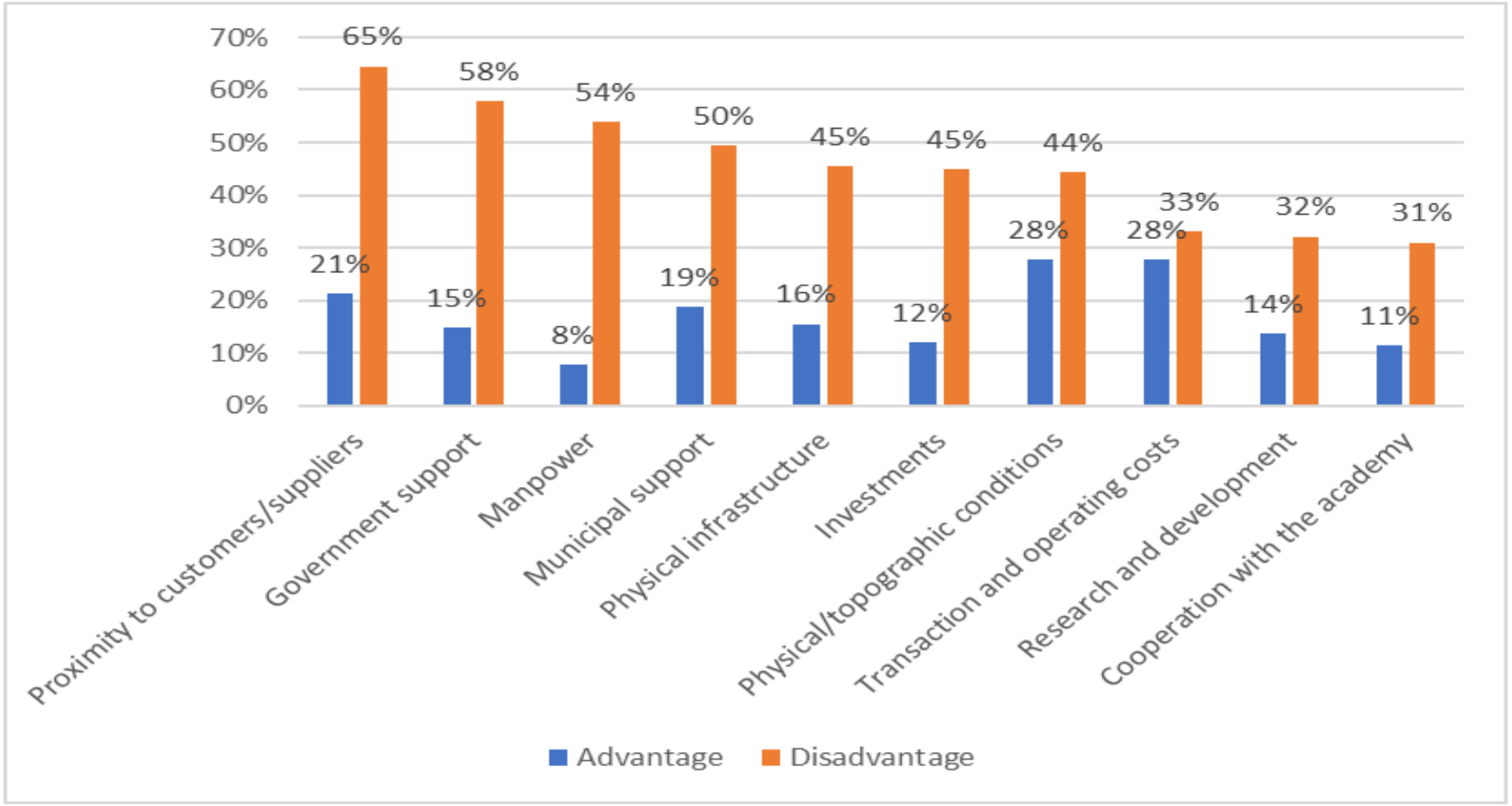
The areas of investment in the business in order of importance



Most of the investments in the business are in the areas of marketing and sales, by a large margin compared to the other areas of investment. It should be noted that the highest investment area in the future is different from the highest current investment area, which is personnel.

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Is the location of the business in the Eastern Galilee an advantage or a disadvantage in relation to different fields



According to the respondents, the location of the business in Eastern Galilee is more of a disadvantage than an advantage in all the areas examined. The most apparent disadvantage is proximity to customers/suppliers

Issues related to the impact of the war

Decrease in business income

81% of the participants reported a decrease in business income since the beginning of the war. Half of them reported a decrease of 65% or more!

80% think the business will not be able to continue operating during the following months to a moderate to great extent.

That is, the vast majority of businesses experienced very severe economic damage, following which it will be very difficult for them to recover.

Receiving aid following the war: through government loans/ consulting and individual business support/ training or a workshop for business development.

66% reported that they received assistance from state institutions.



72% of them reported a low level of satisfaction with this assistance

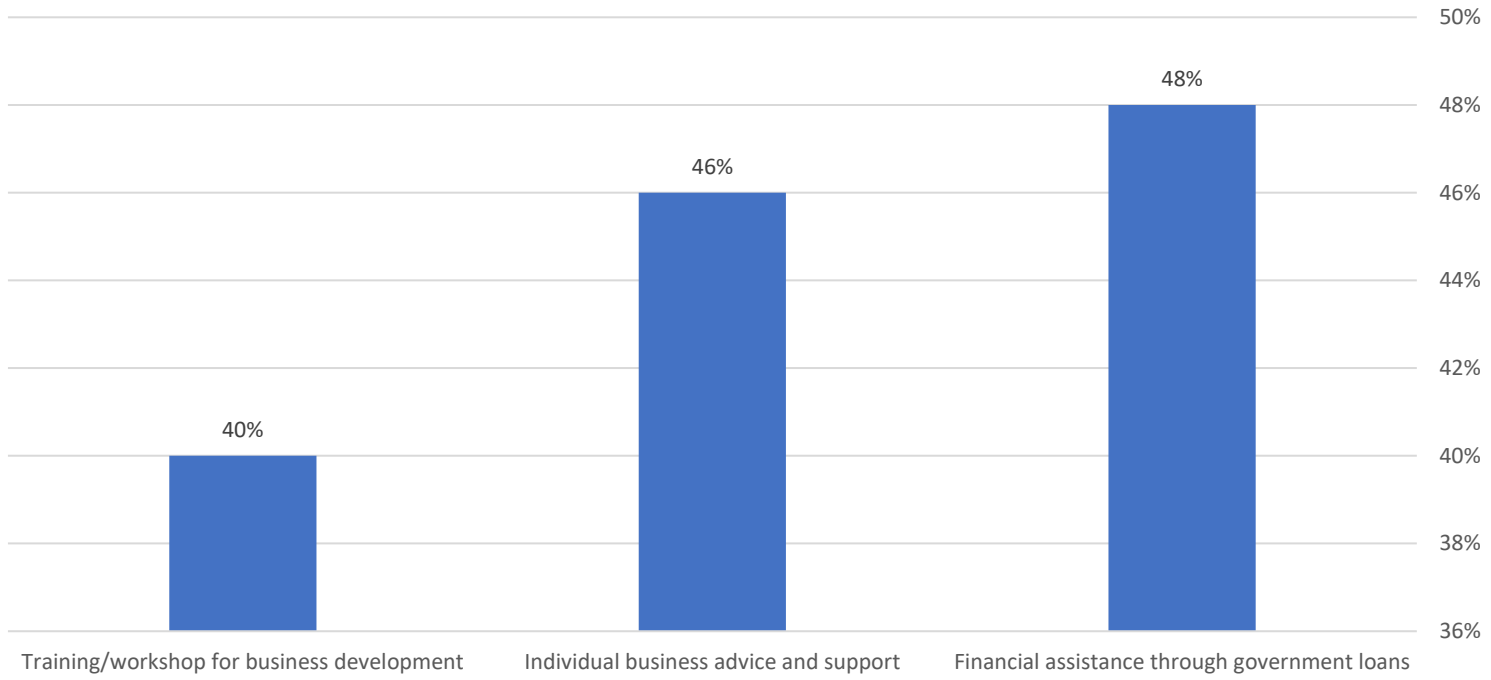
Filing compensation claims

85% of the participants reported submitting various compensation claims from the state



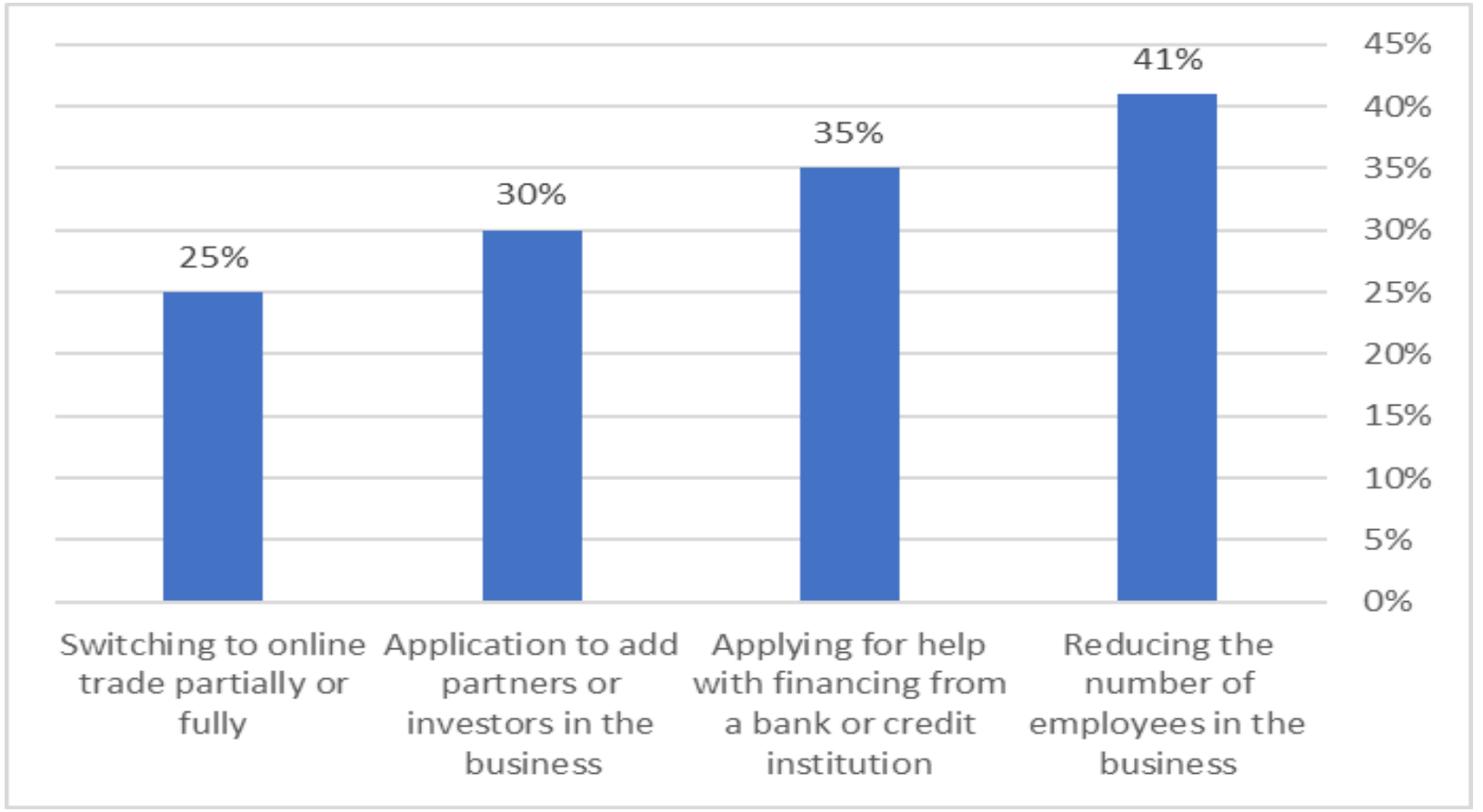
68% of them reported a very low level of satisfaction with this assistance.

The most significant challenges



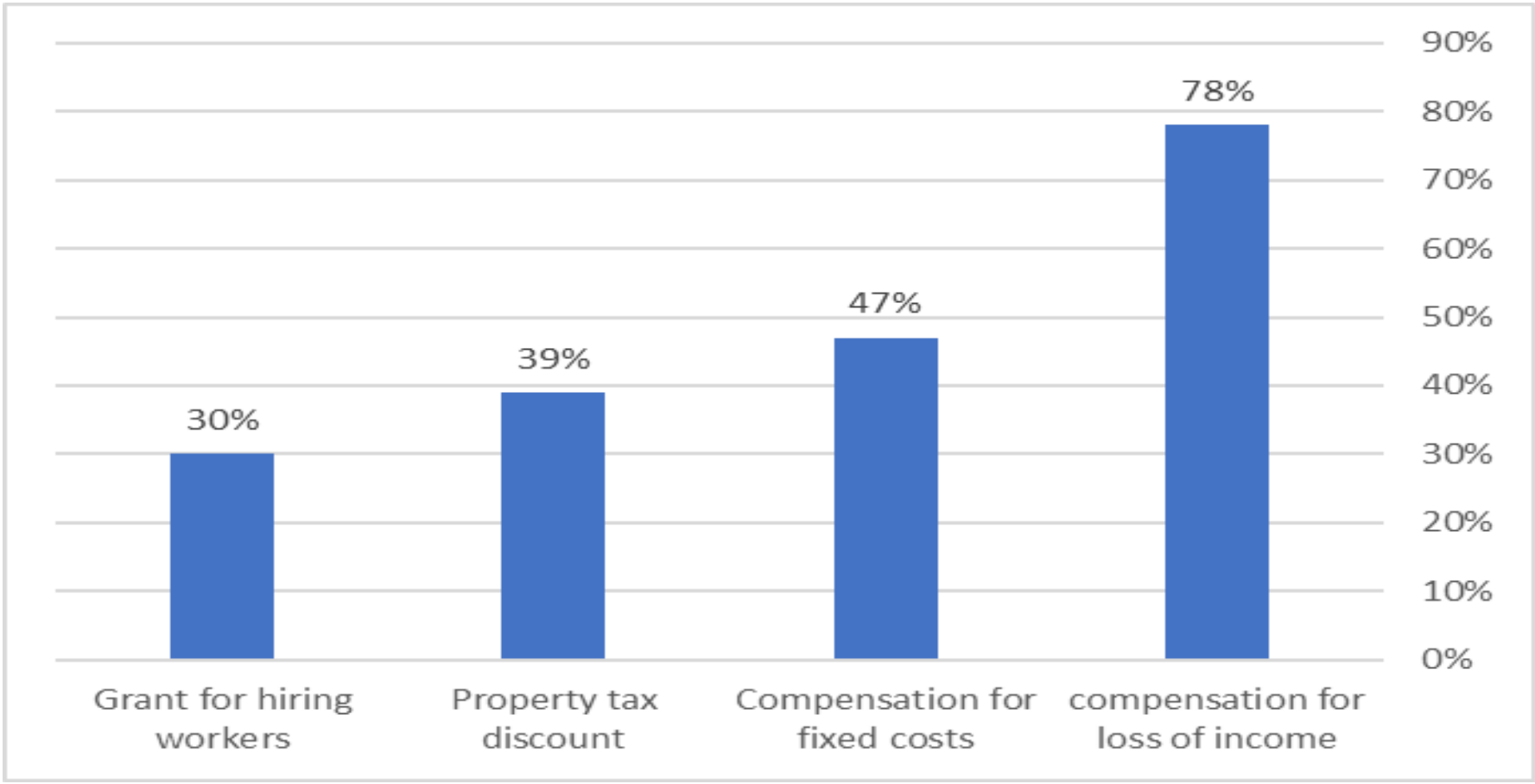
The most significant challenge businesses face today is a decrease in revenue, followed by uncertainty regarding government compensation and indemnification. Another significant challenge faced by businesses, although by a large margin from the other two areas, is difficulty in the availability of workers.

The actions taken in the business to deal with the situation



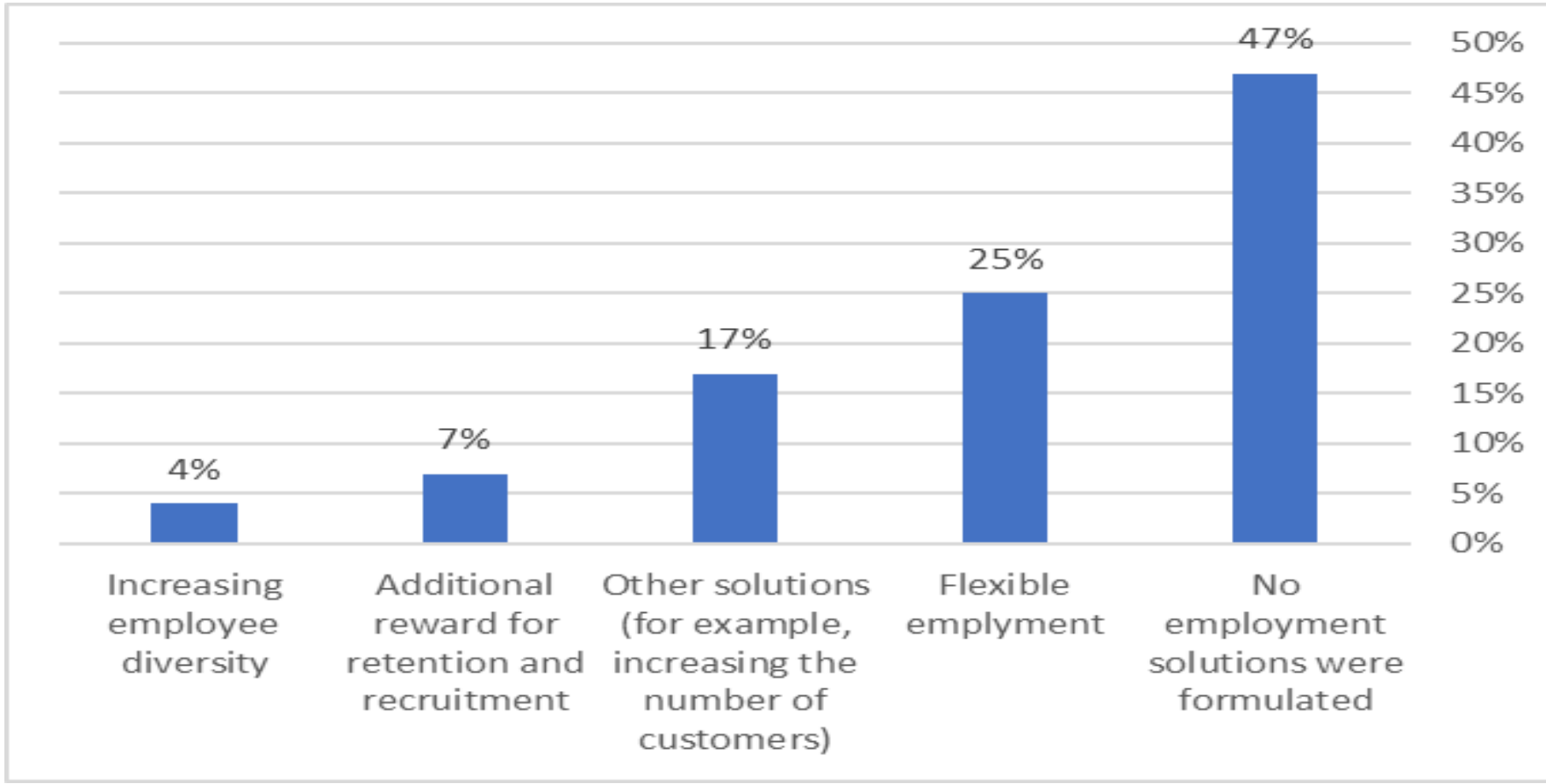
The most significant action taken to deal with the situation is reducing the number of employees in the business. It should also be noted that more actions were taken related to the financial field than those related to changing the business's operating strategy (switching to online trade).

What can help?



Among the assistance options presented to the survey participants, they stated that the most significant assistance for them is compensation for loss of income. Other essential factors are compensation for fixed costs, property tax discounts, and a grant for hiring workers.

The employment solutions formulated in the business following the war



Most participants reported that employment solutions were not formulated in the business following the war. Flexible employment is the most common solution presented to the participants.

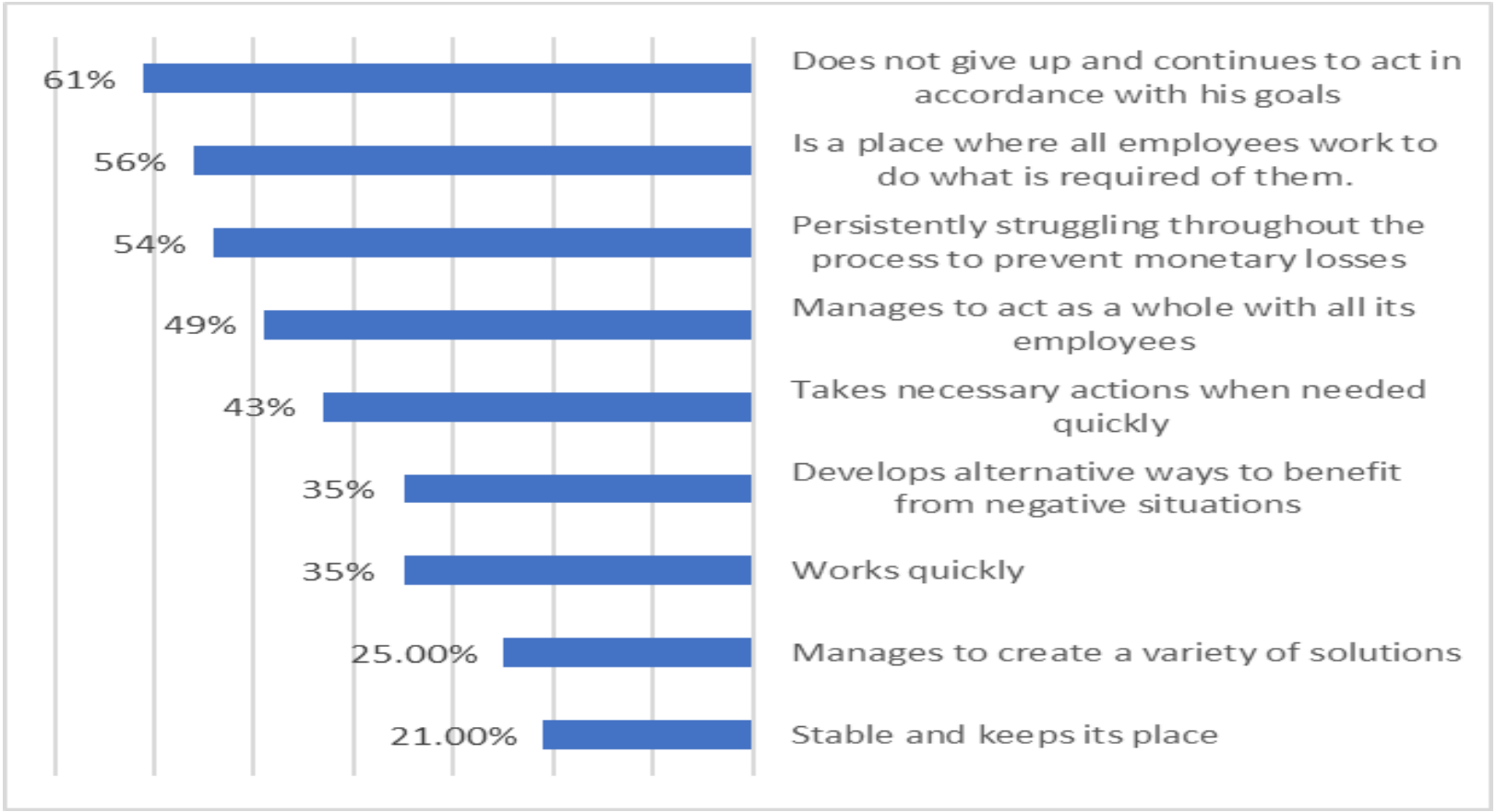
In your opinion, out of the number of employees in the company, what is the percentage of employees who were fired or put on unpaid leave following the war?

42% of the survey participants reported that at least 41% of the company's employees were put on unpaid leave or fired as a result of the war.

In your opinion, given the state of the company's employees, what is the percentage of employees who are evicted from their homes at the direction of the state?

35% of the survey participants reported that at least 41% of the company's employees are being evacuated from their homes under the direction of the state

The participants were presented with a number of statements examining the business's organizational strength. The graph shows the degree of agreement with each statement.



It can be seen that there is a high level of agreement with the statements related to sticking to the goal and dealing strongly with challenges. In contrast, the participants expressed a low degree of agreement with statements related to the stability of the business and its ability to produce solutions and act quickly.

Summary of findings

The survey primarily focuses on small businesses employing up to five employees, whose main activity is in the Eastern Galilee region.The participants reported instability in the business and difficulty in dealing with crises.Most of the survey participants reported a serious financial injury following the war, which will make it difficult for the business to recover.The level of satisfaction of the participants with the compensation outlines, and the state's aid routes is extremely low.

THANK YOU

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