



Ibec
**CEO
Survey**
February 2024



Executive Summary

- Current business sentiment more positive than in either of the last two years as businesses adjust to geopolitical challenges. 91% rate business conditions as good or very good compared to 86% a year earlier.
- Business outlook for the next 6 months is also more positive with 87% rating it as good or very good, up from 66% last year.



Executive Summary

- More than 9 out of 10 businesses have experienced cost increases in the past year and margin pressure has seen profitability falling for 1 in 4 businesses.
- Labour cost increases is now the main challenge facing respondents; with availability of skills reported as the second most significant challenge.
- Addressing the cost of doing business is seen as top priority for Government following the next general election, followed by housing and the climate agenda.

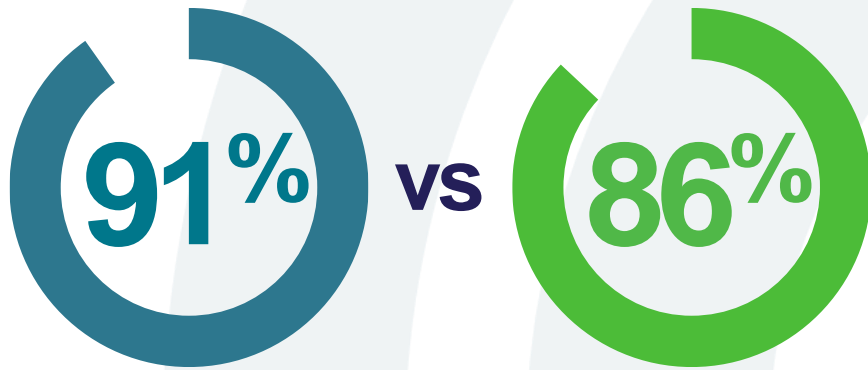


Business Sentiment and Trends

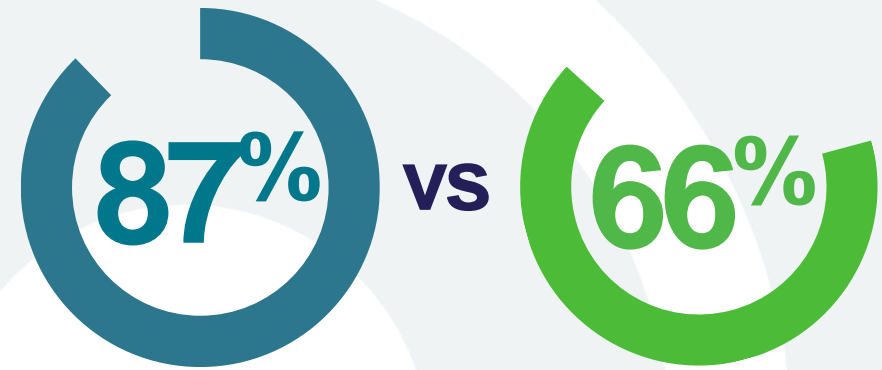
Following a challenging number of years of Covid legacy effects and energy cost increases, businesses are more optimistic about current conditions and the overall outlook for 2024. Customer demand and employee numbers have continued to grow for the majority of firms but margin pressures have intensified.



Overall Business Sentiment

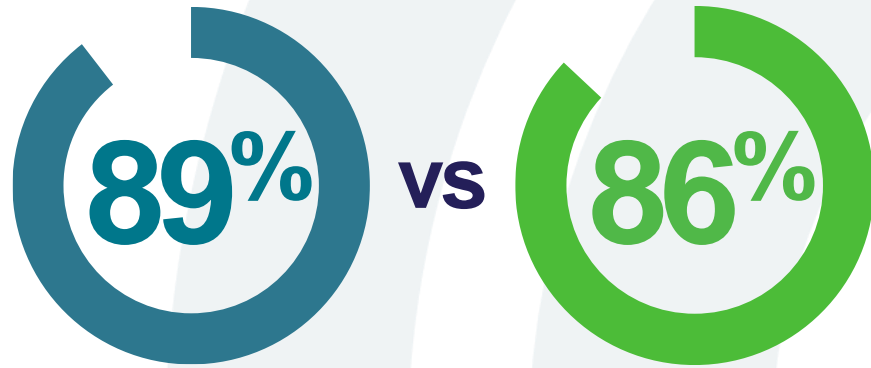


Business environment more positive as energy cost concerns recede

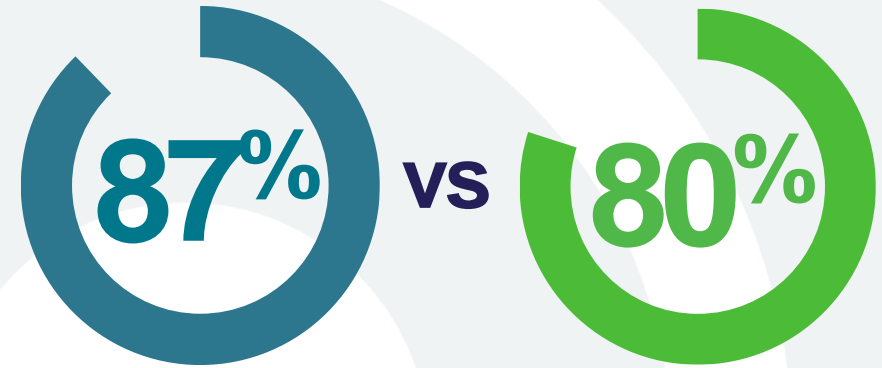


Big jump in business assessment for the next 6 months

Assessment of own Business Conditions



Own business assessment somewhat stronger than year earlier



Outlook for next 6 months also strengthening

Key Trends in 2023



Key Trends in 2024

Turnover growth
more buoyant
than in 2023 – up in

63%

of firms

VS

58%

Domestic sales
to be stronger
than in 2023

43%

VS

34%

Employment
growth slowing
compared with 2023

47%

Growing headcount

VS

53%

Business Challenges

While current business conditions remain strong, businesses are concerned about challenges in 2024 including the cost of doing business, falling margins and political uncertainty.



Key Business Challenges for 2024

Labour cost pressures a challenge for



concerned about maintaining profit margins

Availability of skills identified as the



most pressing major challenge for businesses

Key Business Challenges 2024 v 2023

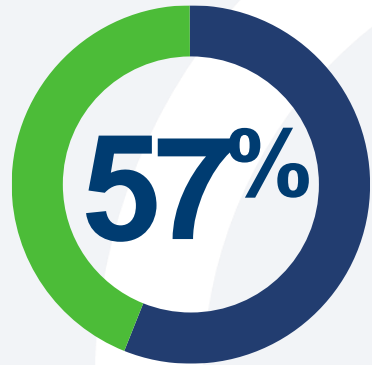


Priorities for 2024

Cost of doing business is by far the greatest external and internal challenge facing business for 2024. Staff attraction and retention remains a key issue for business managers while over 40% identified productivity improvement as major internal issue.



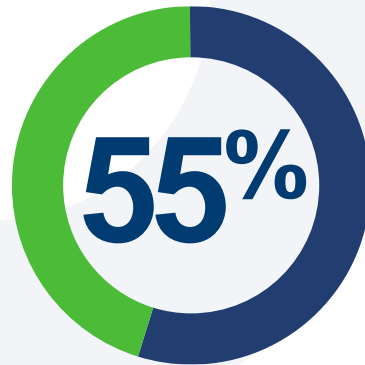
Internal business priorities for 2024



of businesses report that managing their internal cost base is a priority



saw energy costs as priority; down from 27% a year earlier



identified staff attraction and retention as key issue

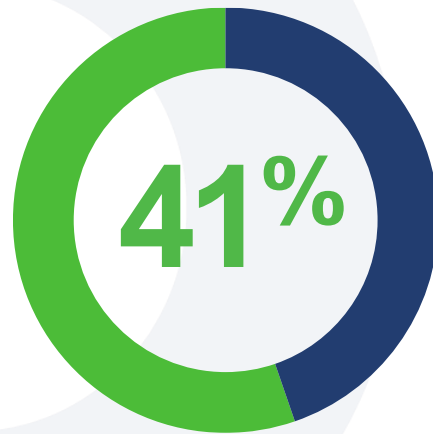


External business priorities for 2024

Cost of doing business by far most pressing issue for external environment



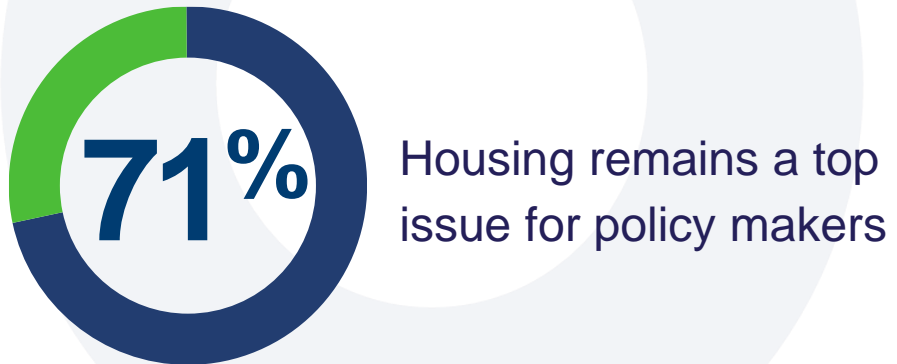
Business regulation flagged as priority issue for



Supply chain concerns down

53%
a year earlier to
30%

Priorities for next Government



Decarbonisation, infrastructure, skills, regulation and person taxes are other key election issues for business



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CEO Survey

February 2024





- Ibec's Annual CEO Survey captures the perspectives and predictions of Irish business leaders for the year ahead.
- Ibec partnered with Amárach Research to update the research in 2023.
- Approximately 1,900 CEOs and business leaders were invited to take part in the research and 234 online interviews were achieved between 6th December 2023 and 8th January 2024.

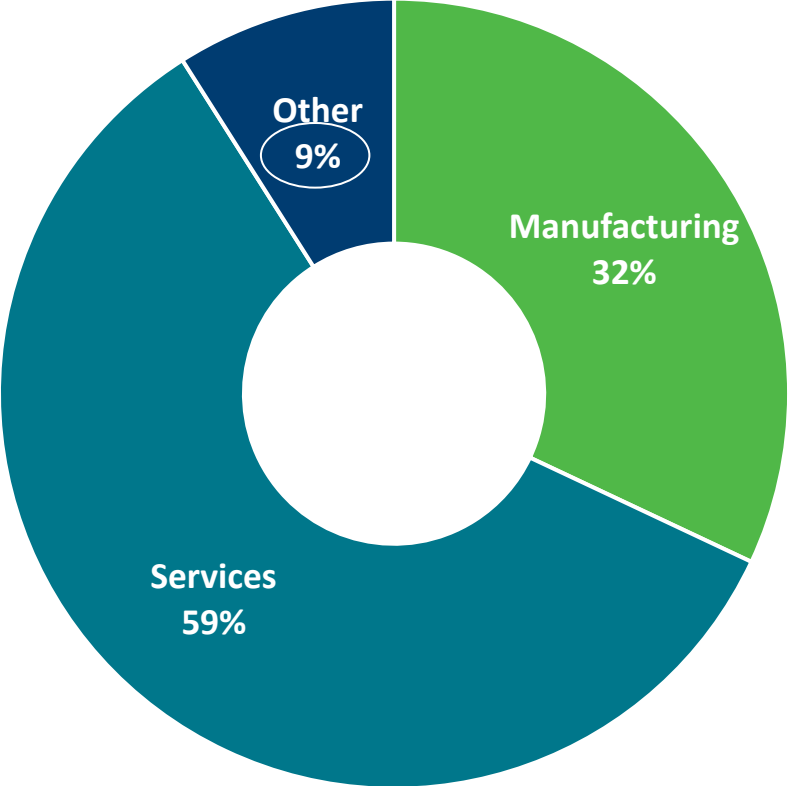
Sample Profile



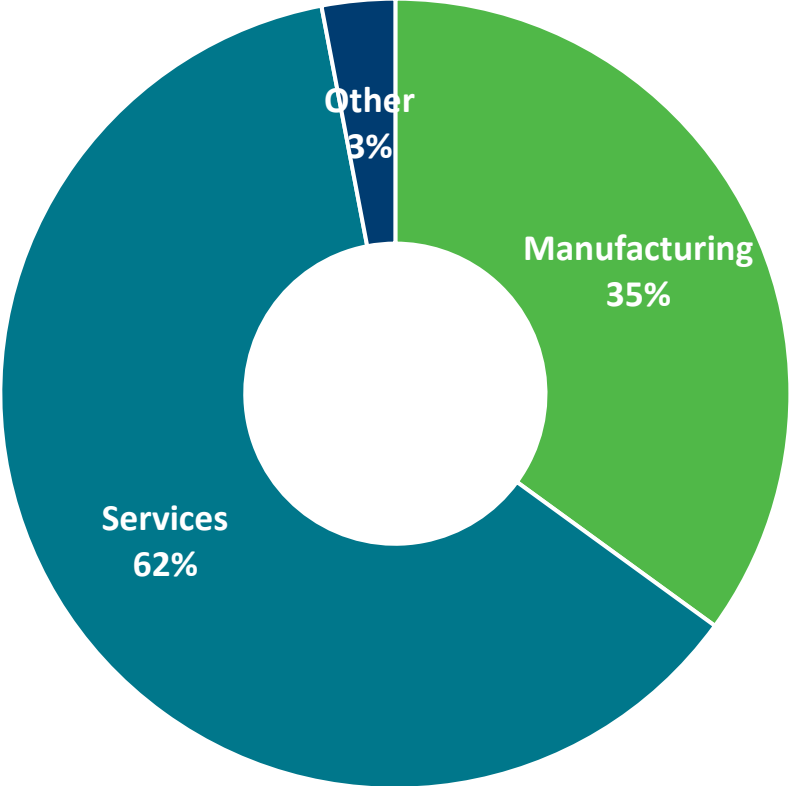
Industry Sector



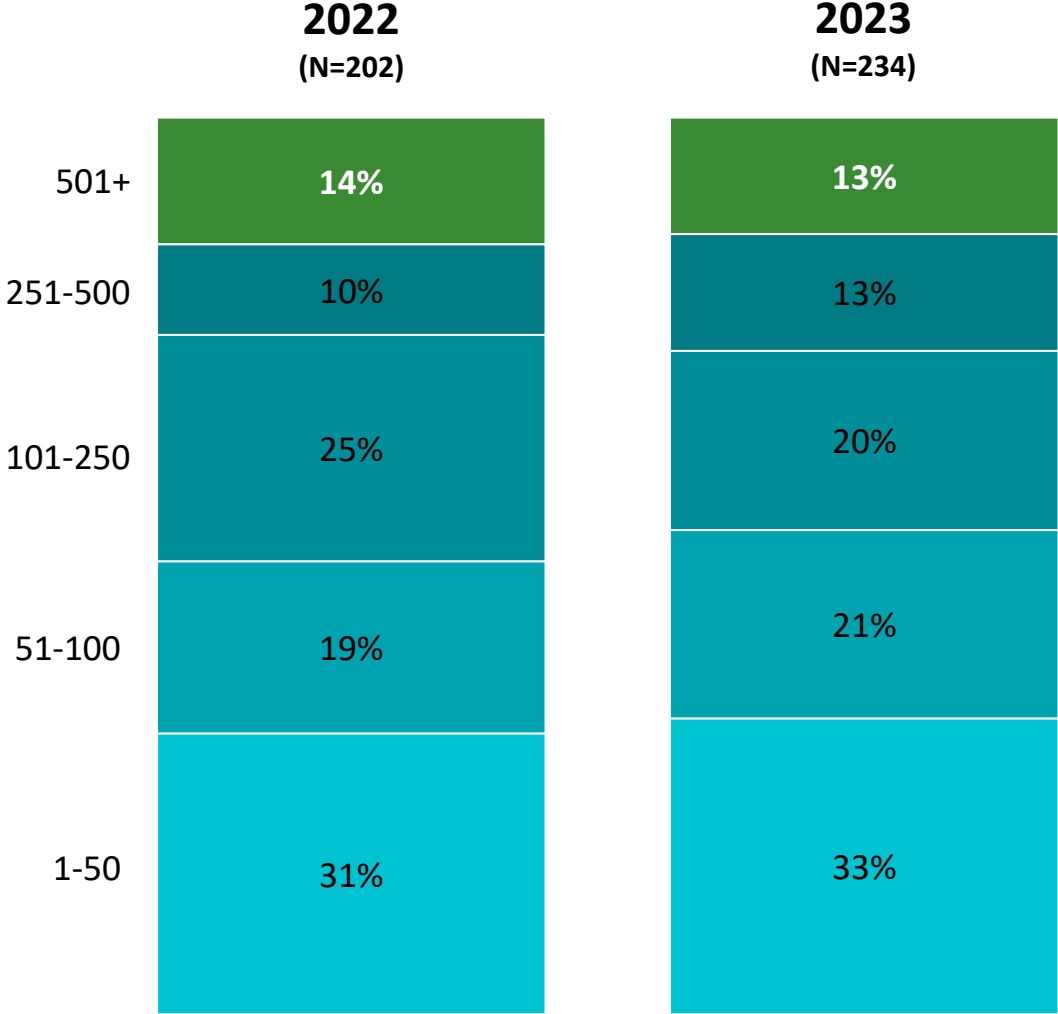
2022
(N=202)



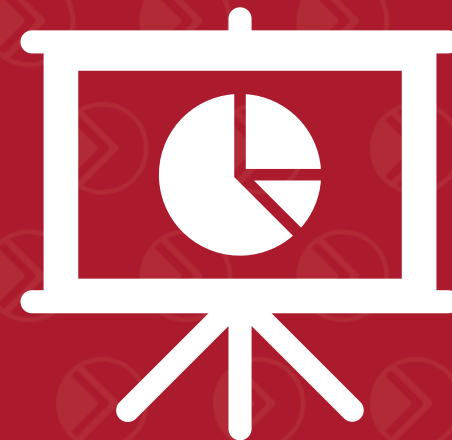
2023
(N=234)



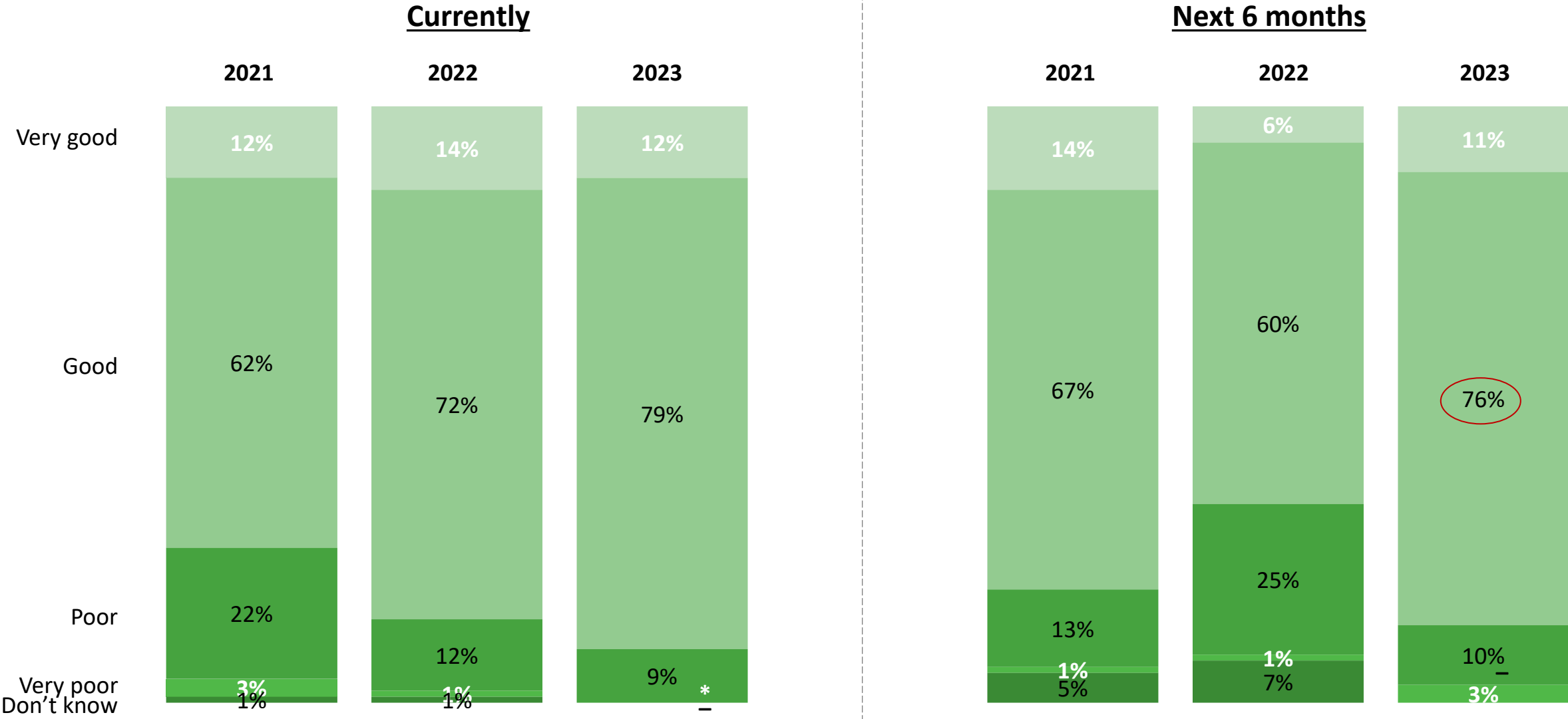
Industry Size



Business Sentiment

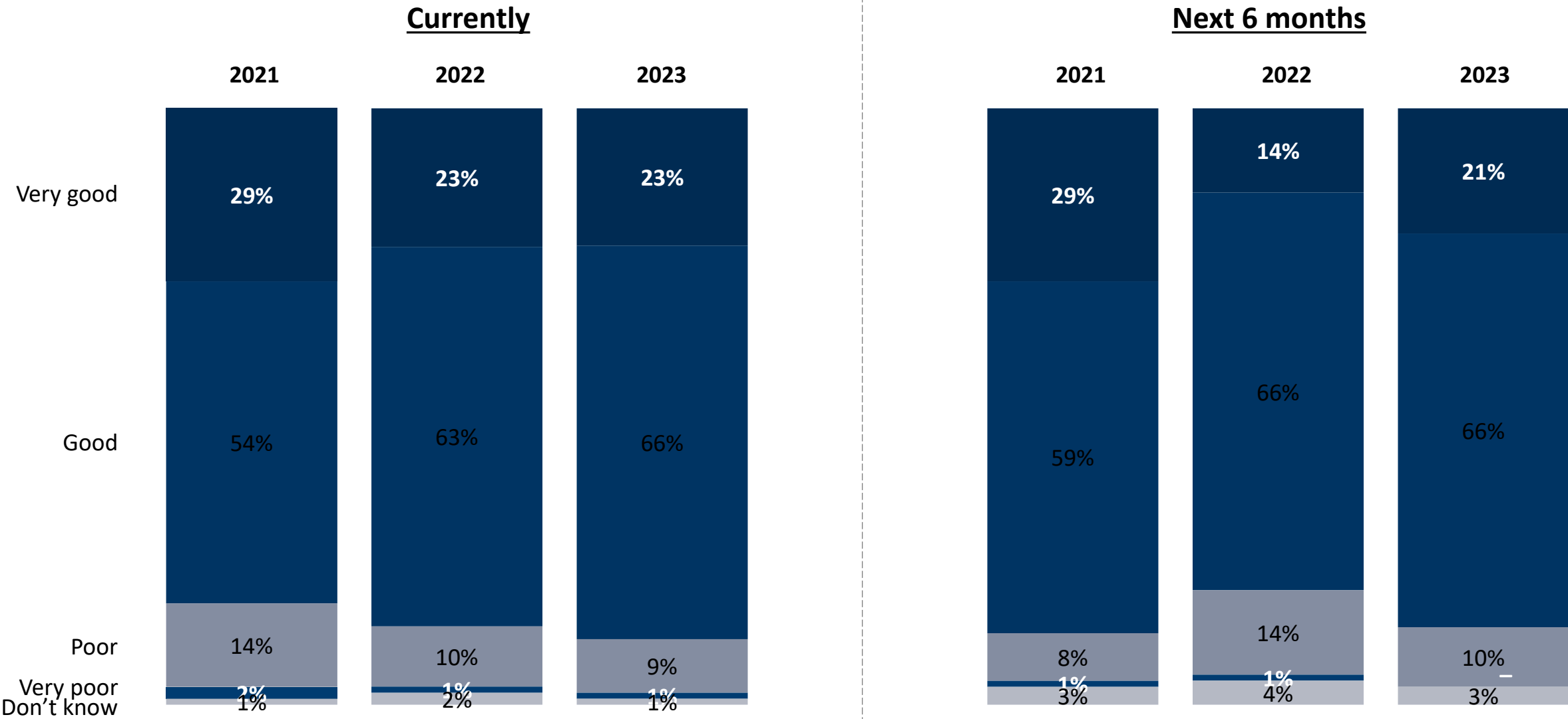


CEOs are more positive about the Irish business environment and its prospects for the next 6 months than they have been since 2021.



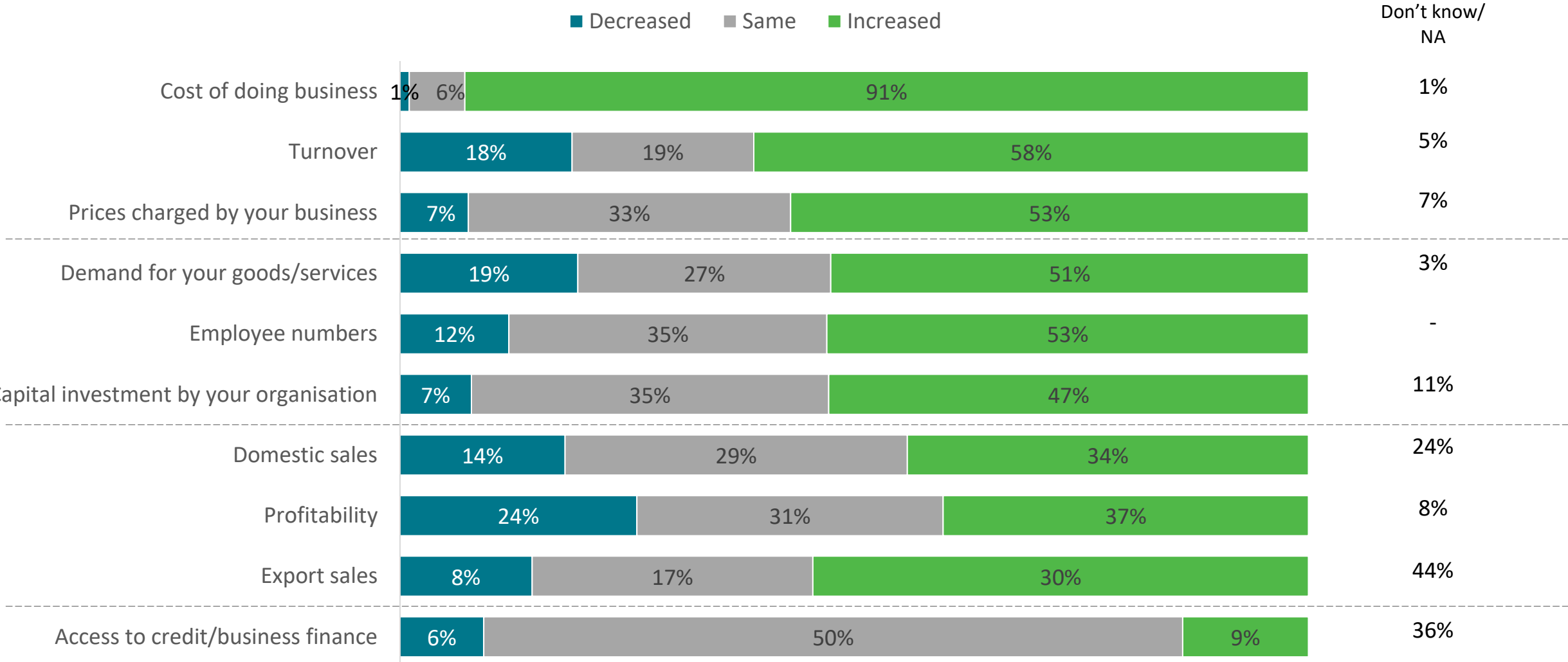
Q1 How would you rate the overall business environment in Ireland as it is currently and your expectations for 6 months time?

Ratings of their own businesses remain higher than those recorded for the wider business environment and expectations for the months ahead are on par with the 2021 study.



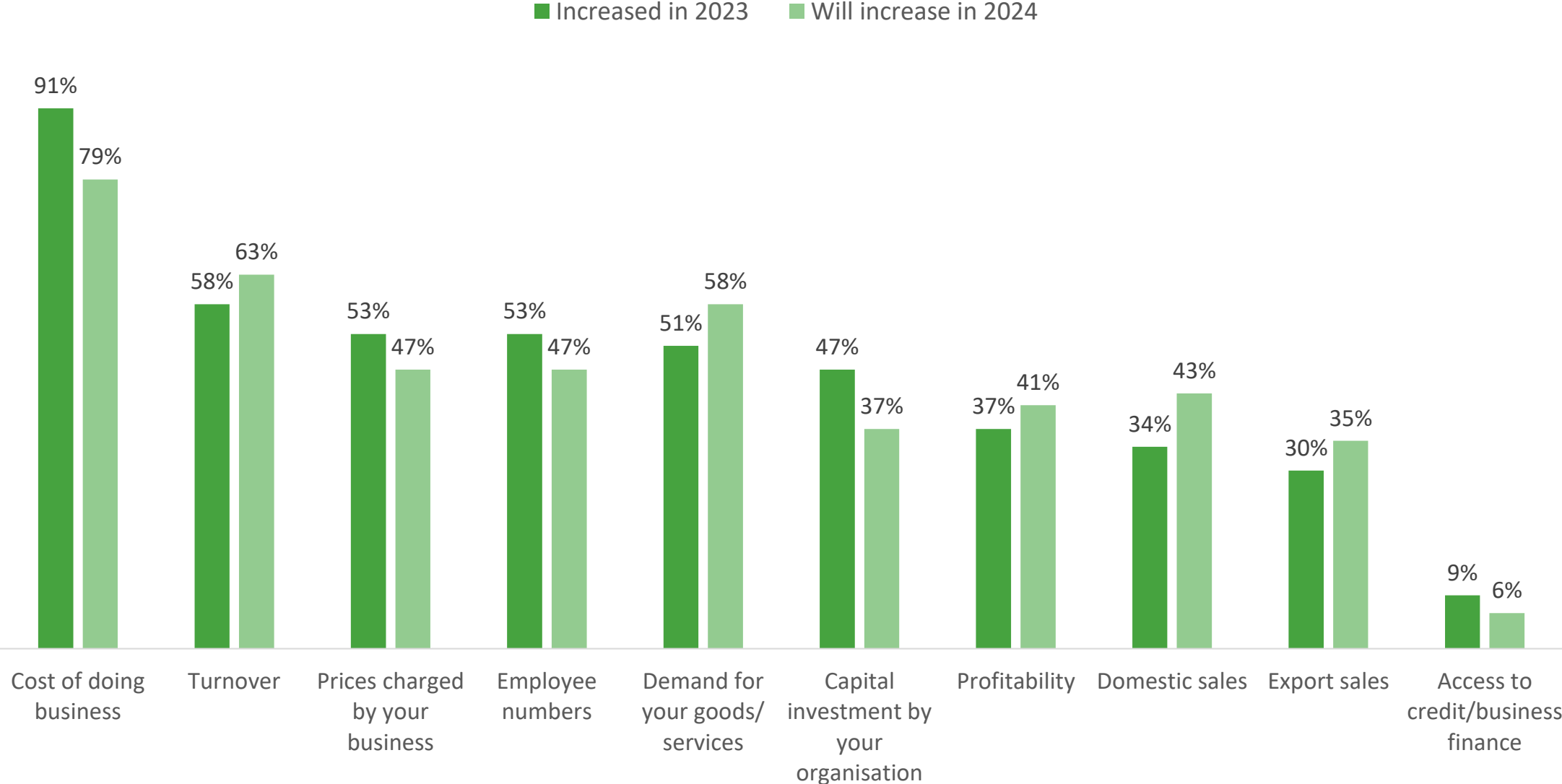
Q2 And how would you rate your own business in Ireland as it is currently and your expectations for 6 months time?

However, the increased cost of doing business is very broadly felt. Although demand & turnover have increased widely, so have prices while profitability has decreased for 1 in 4 participating Ibec member organisations.



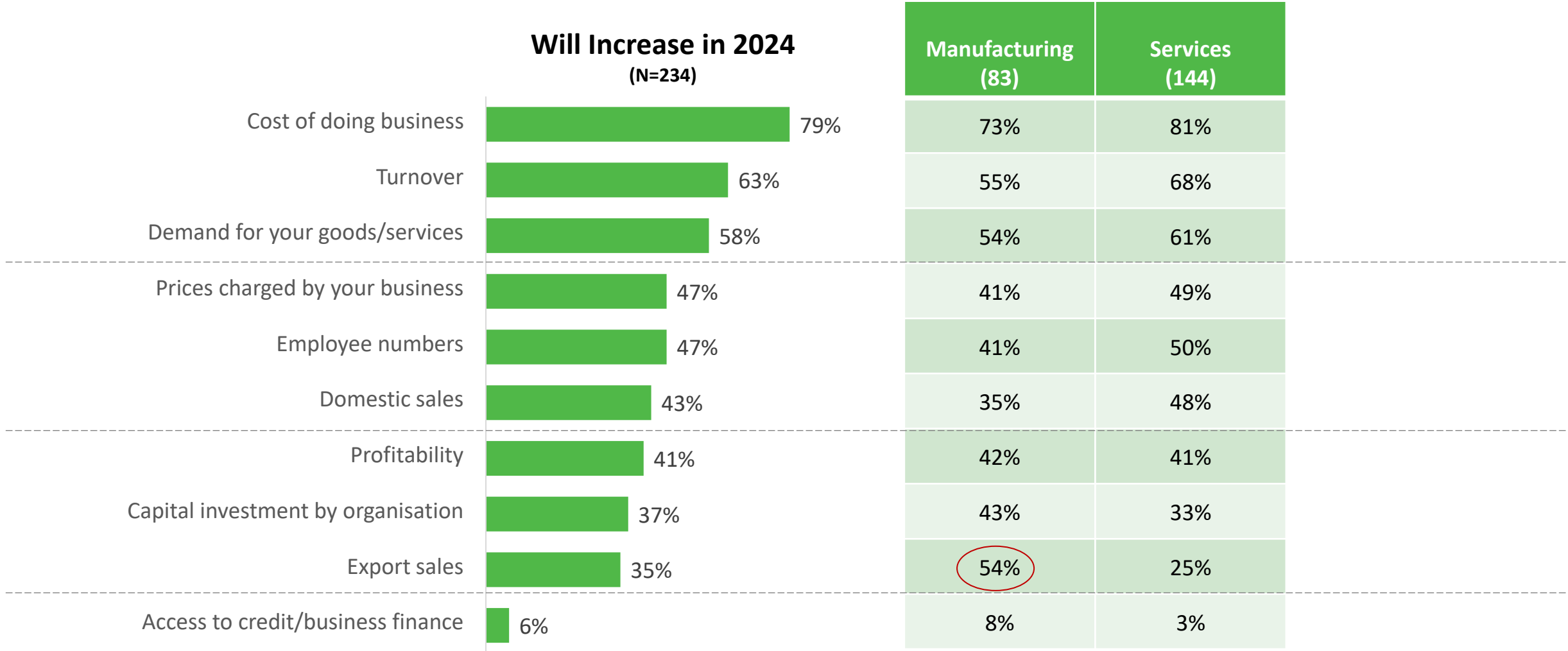
Q3 In 2023, have the following increased, stayed the same or decreased for your business in Ireland?

8 in 10 expect the cost of doing business to continue to increase in 2024, but there are also expectations that turnover, demand, sales and profitability will be higher in the year ahead.



Q3 In 2023, have the following increased, stayed the same or decreased for your business in Ireland? Q4 Do you expect the following to increase, stay the same or decrease for your business in Ireland in 2024?

Expected increases exhibit some skews by sector, with half of Manufacturers expecting export sales to grow in 2024.

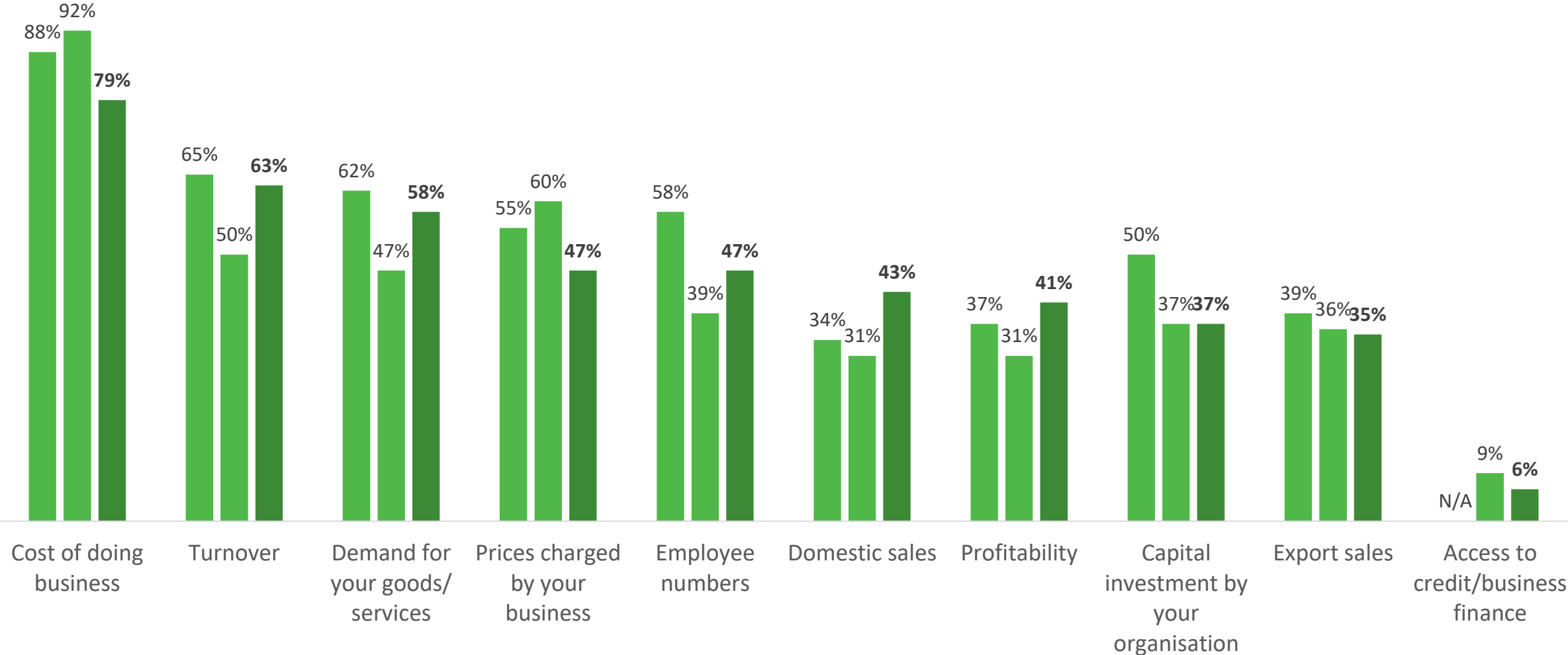


Q4 Do you expect the following to increase, stay the same or decrease for your business in Ireland in 2024?

Expectations for 2024 are in line with those recorded prior to the energy crisis of 2022.

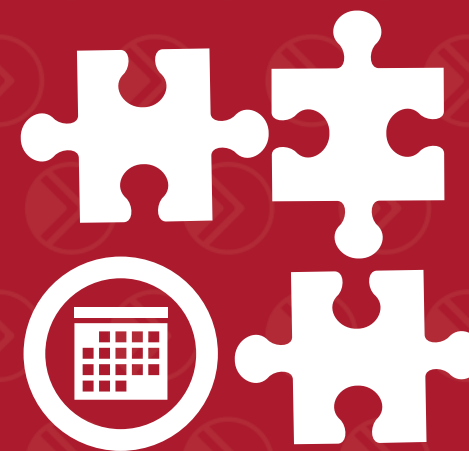


■ Will increase in 2022
 ■ Will increase in 2023
 ■ Will Increase in 2024

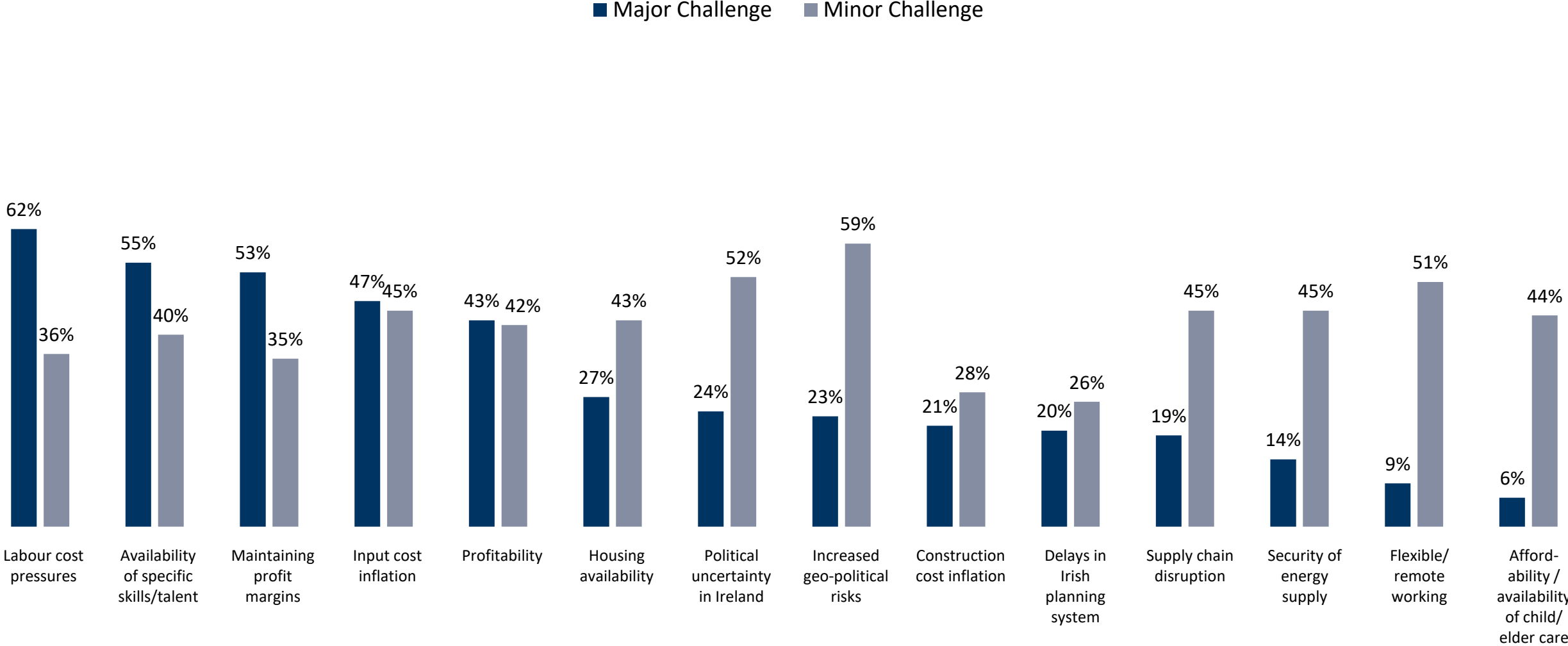


Q4 Do you expect the following to increase, stay the same or decrease for your business in Ireland?

Challenges for 2024

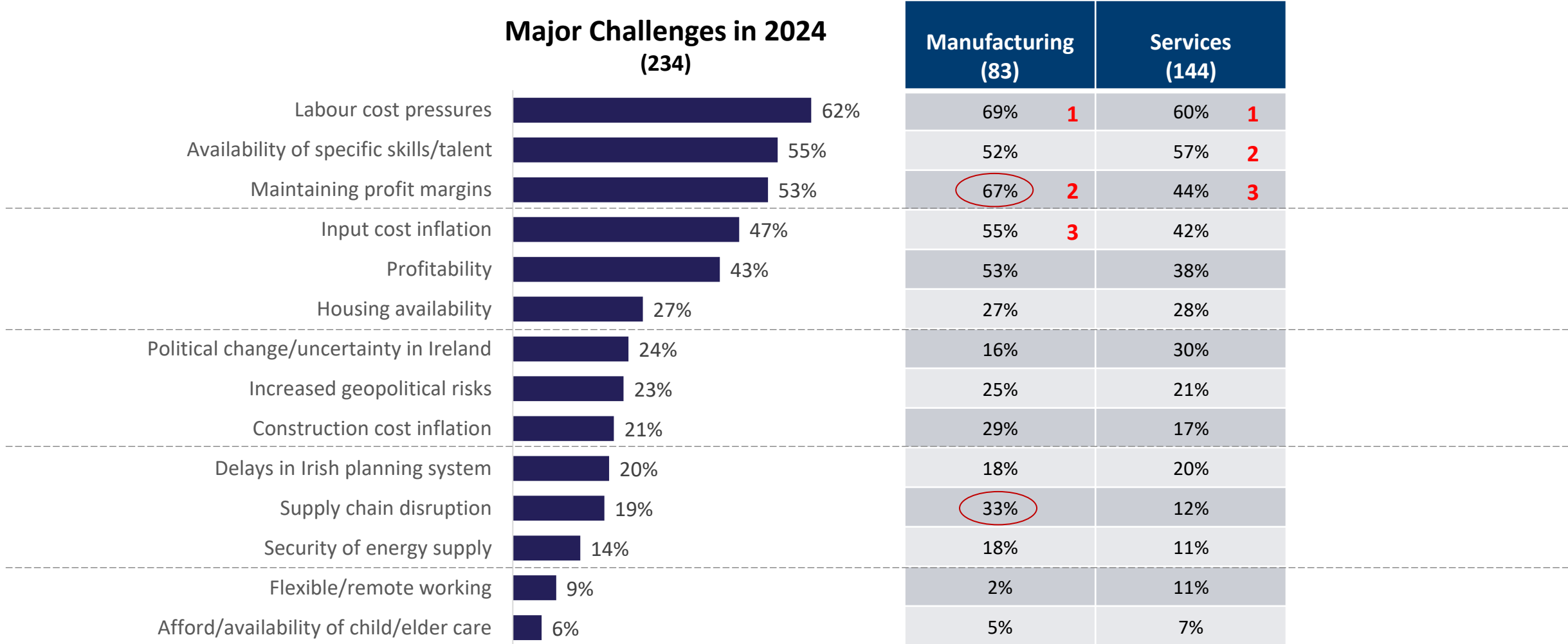


The cost of doing business is linked to labour cost pressures which pose a major challenge for 6 in 10 businesses.



Q6 To what extent do you expect the following to be a challenge to your business in Ireland in 2024? Please select one response for each statement.

Labour cost pressures is the number one major challenge facing both manufacturing and service enterprises.

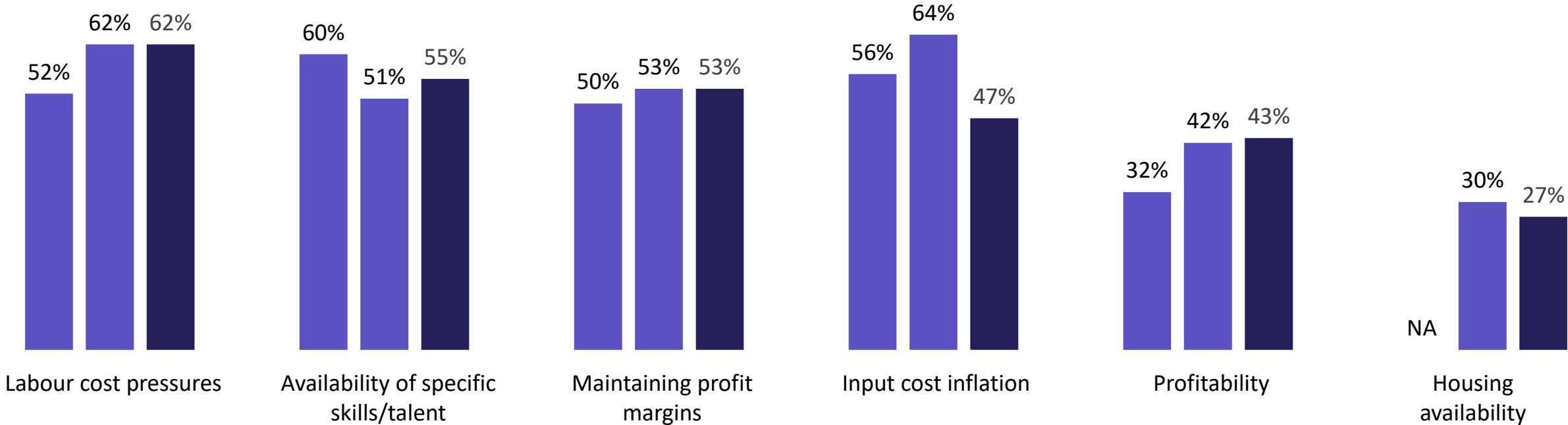


Q6 To what extent do you expect the following to be a challenge to your business in Ireland in 2024? Please select one response for each statement.

In many cases, the severity of the challenges assessed is recorded at levels similar to or lower than those recorded in 2022. However, the trend data suggests half of businesses struggle to maintain profit margins.



■ Major Challenge in 2022 ■ Major Challenge in 2023 ■ Major Challenge in 2024

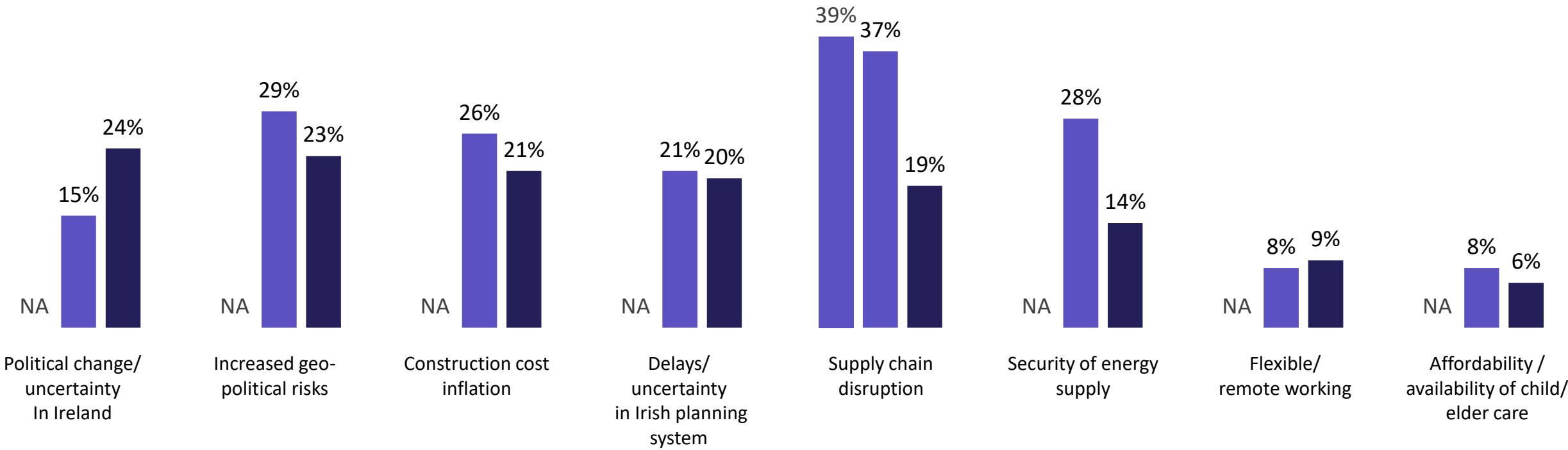


Q6 To what extent do you expect the following to be a challenge to your business in Ireland? Please select one response for each statement.

Political uncertainty in Ireland is expected to become a major challenge for more businesses in 2024, registering the greatest year on year increase (+9% pts).

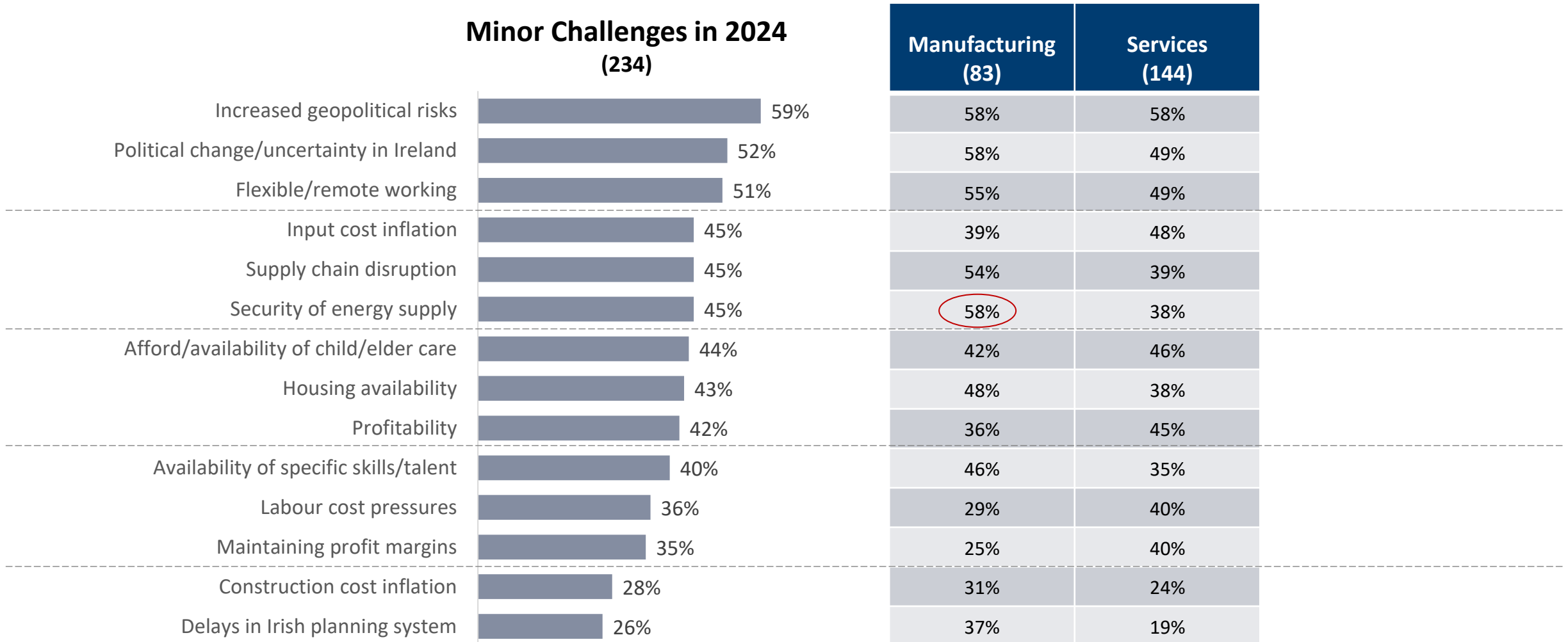


■ Major Challenge in 2022 ■ Major Challenge in 2023 ■ Major Challenge in 2024



Q6 To what extent do you expect the following to be a challenge to your business in Ireland? Please select one response for each statement.

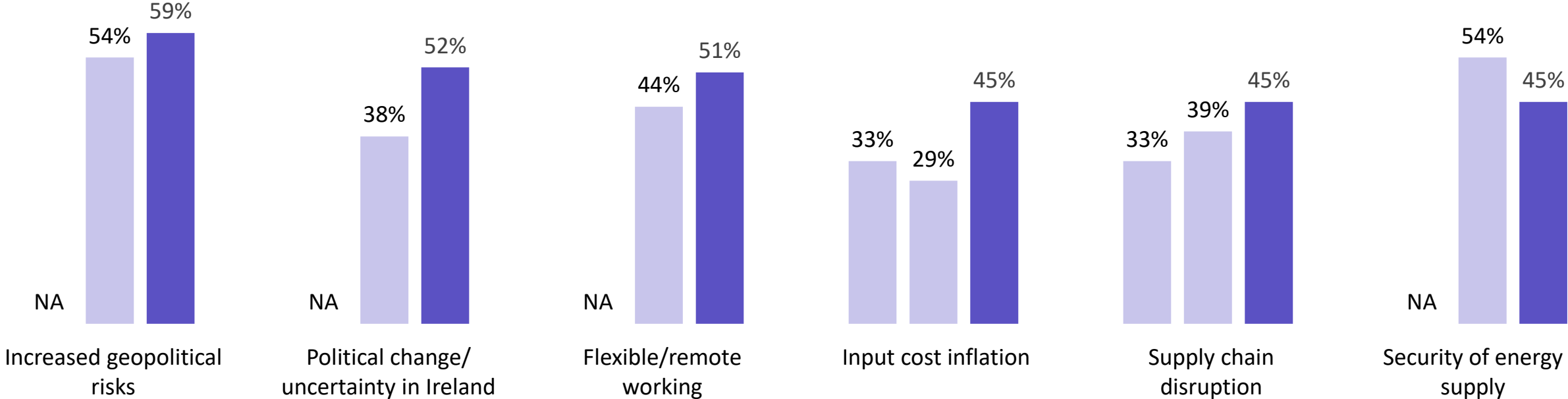
Businesses expect to be affected by a wide range of minor challenges.



Political uncertainty in Ireland is expected to be a minor challenge to more businesses (+14% pts) in the year ahead and supply chain disruption is a growing minor concern.



■ Minor Challenge in 2022 ■ Minor Challenge in 2023 ■ Minor Challenge in 2024

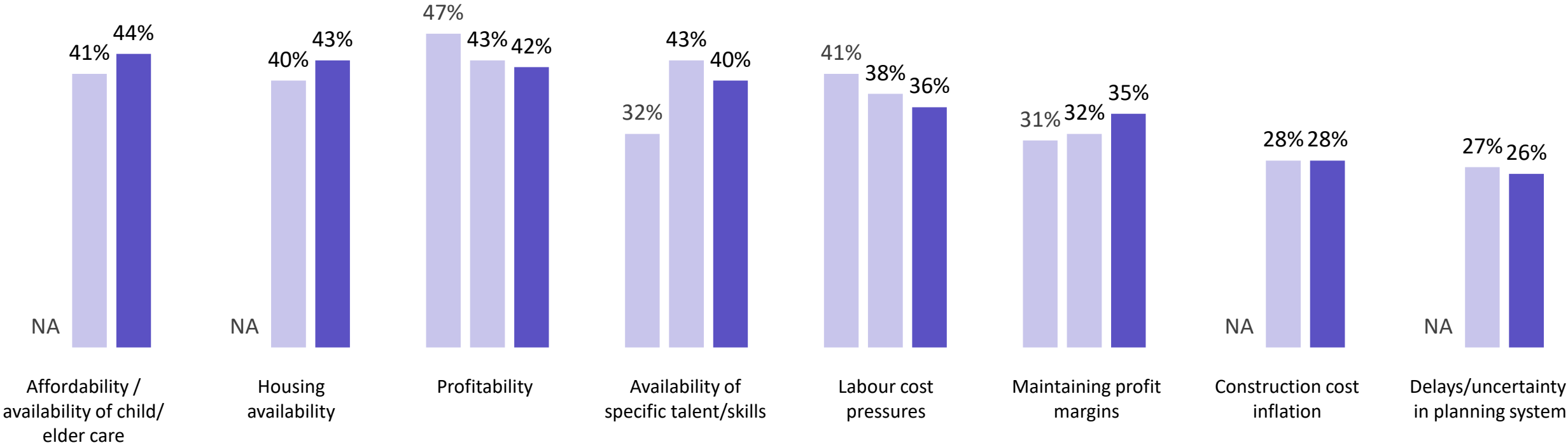


Q6 To what extent do you expect the following to be a challenge to your business in Ireland? Please select one response for each statement.

Maintaining profit margins is becoming a minor challenge for more companies over time.



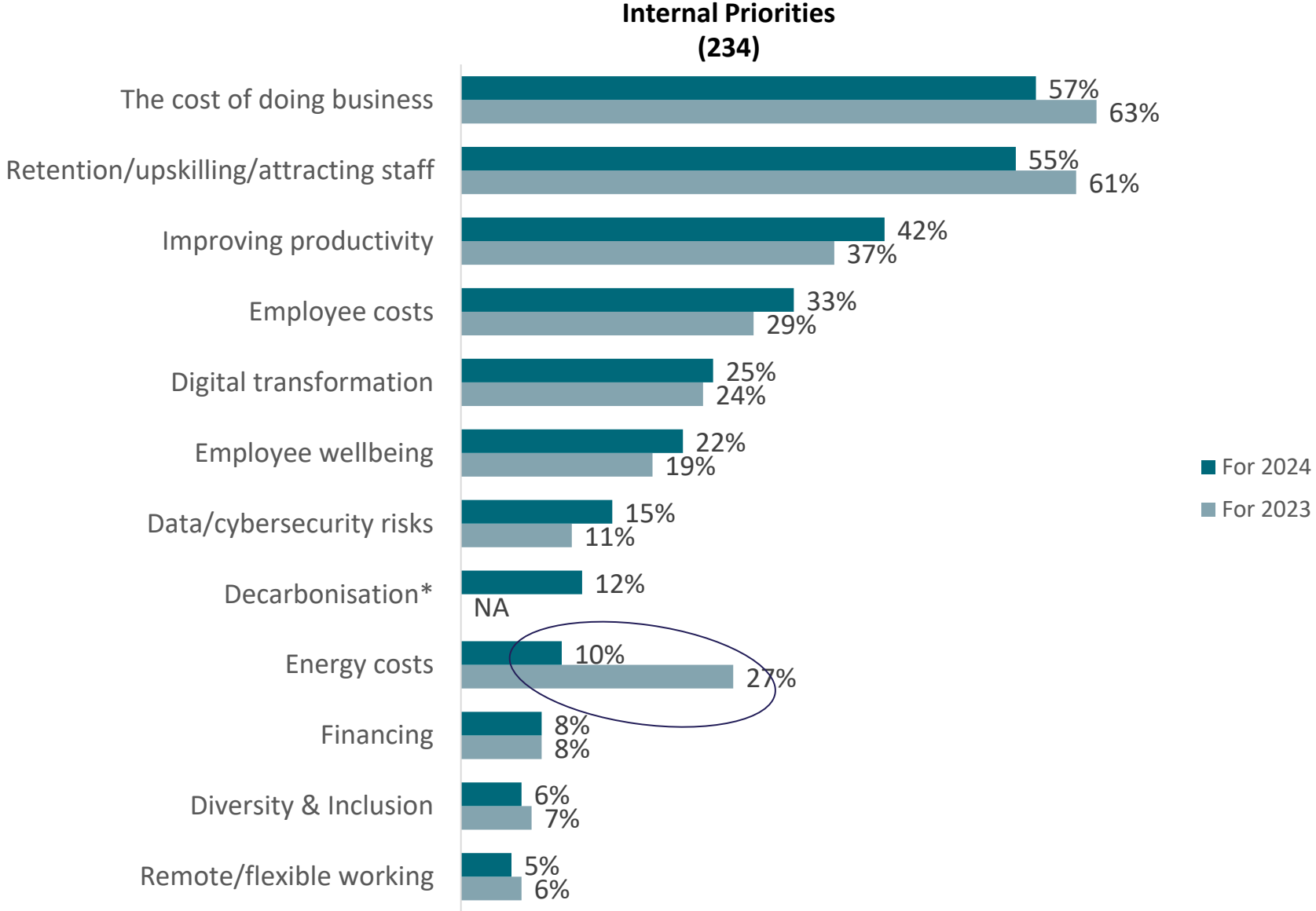
■ Minor Challenge in 2022
 ■ Minor Challenge in 2023
 ■ Minor Challenge in 2024



Priorities for 2024

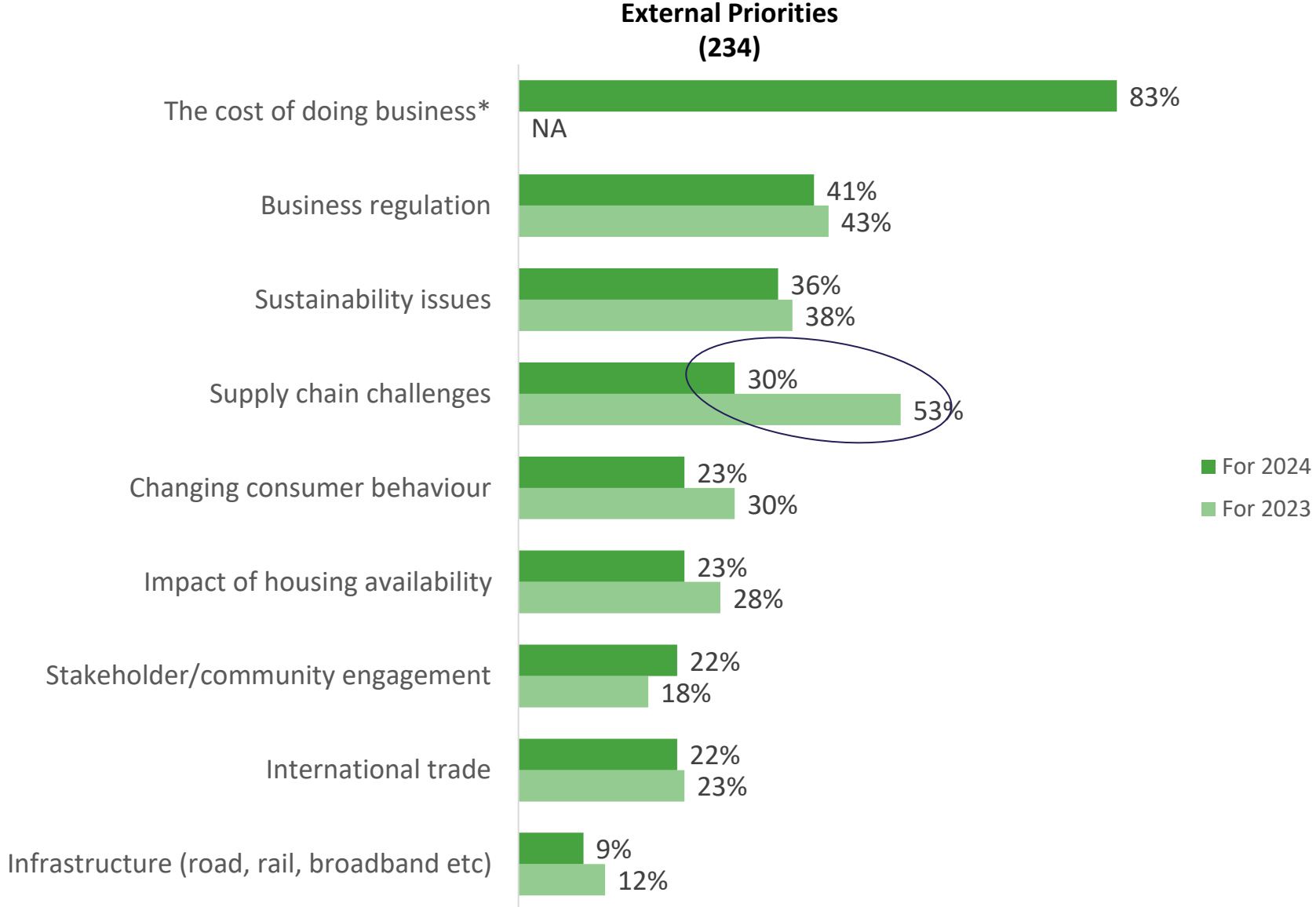


The top internal priorities for 2024 continue to be the cost of doing business and staffing (retention/upskilling/recruiting) with improved productivity becoming increasingly important.



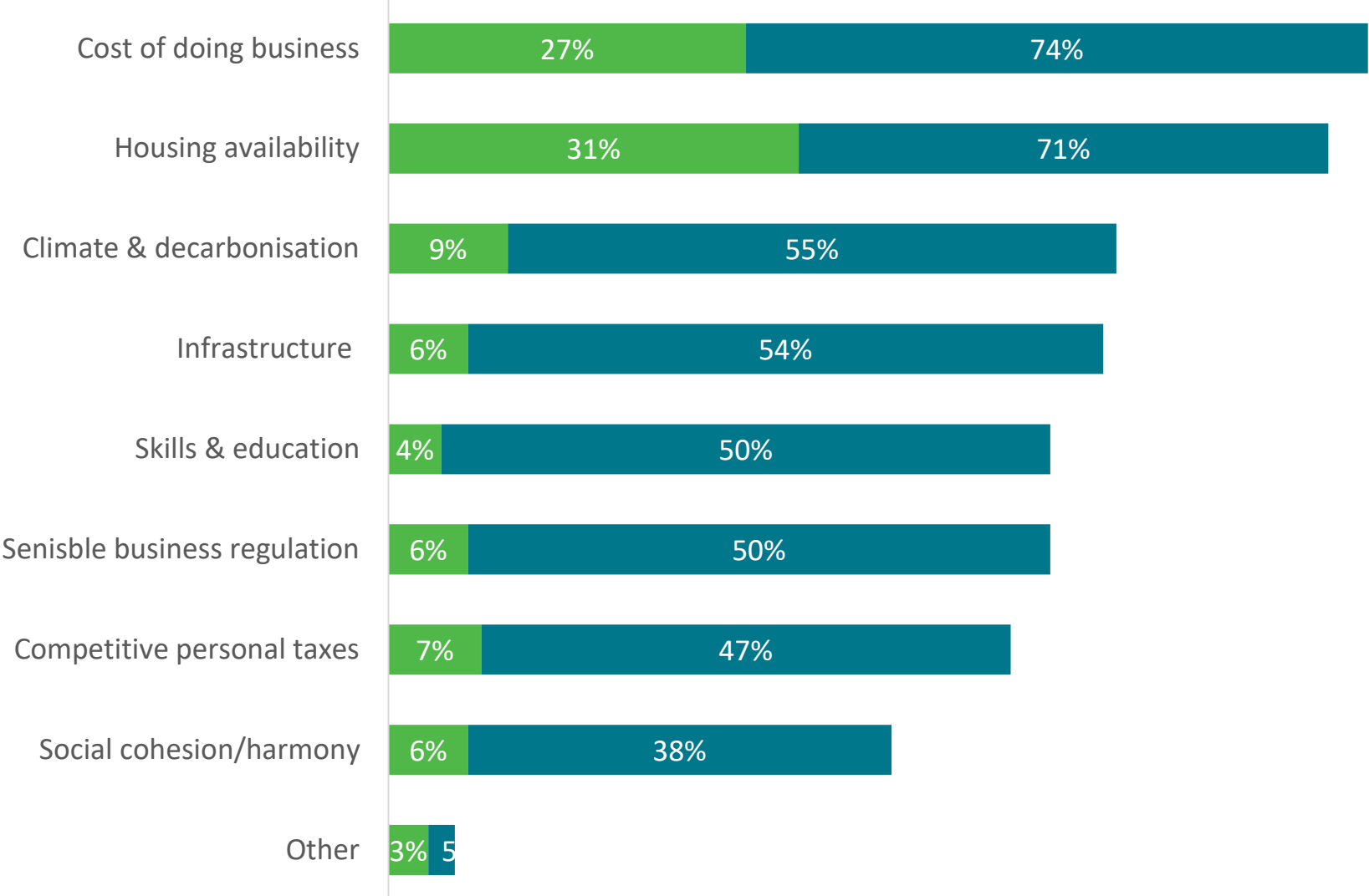
*New in 2023

The cost of doing business is also the number one external priority for businesses in 2024.



*New in 2023

Consistent with the internal and external priorities for Irish businesses, the cost of doing business should be a top governmental priority following the next general election.



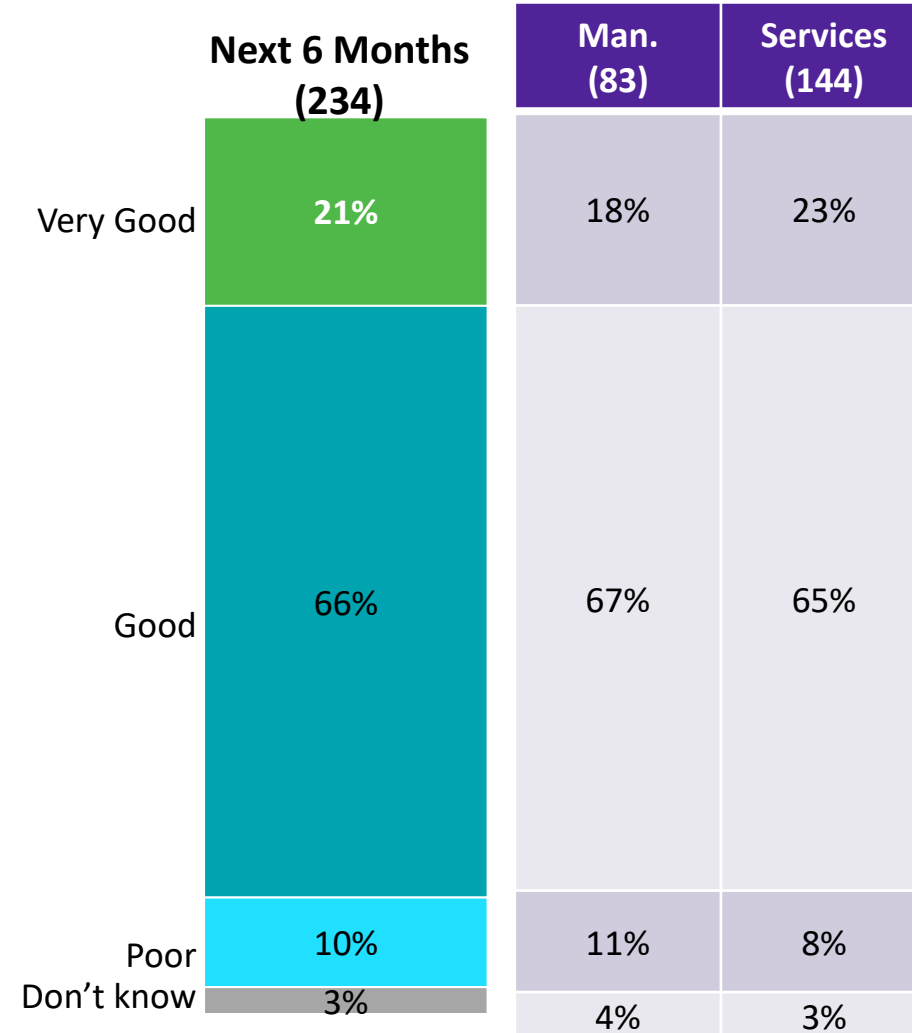
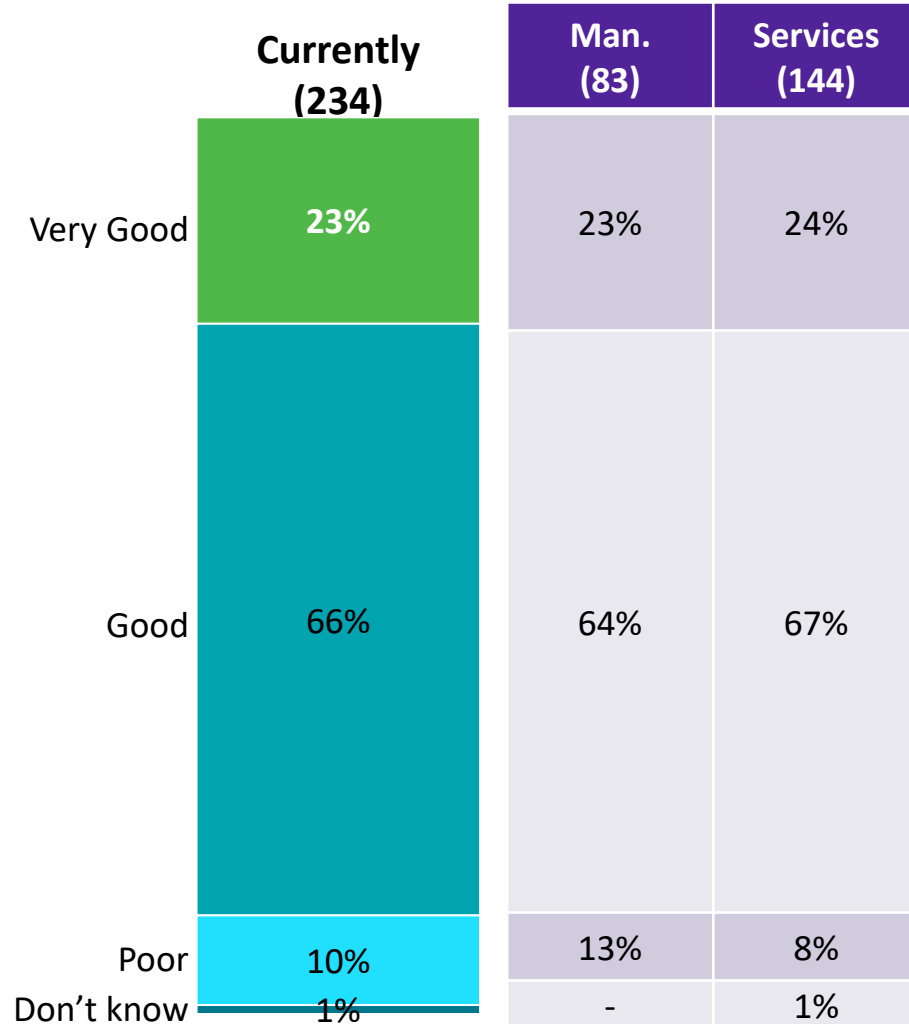
*New question in 2023

Appendices



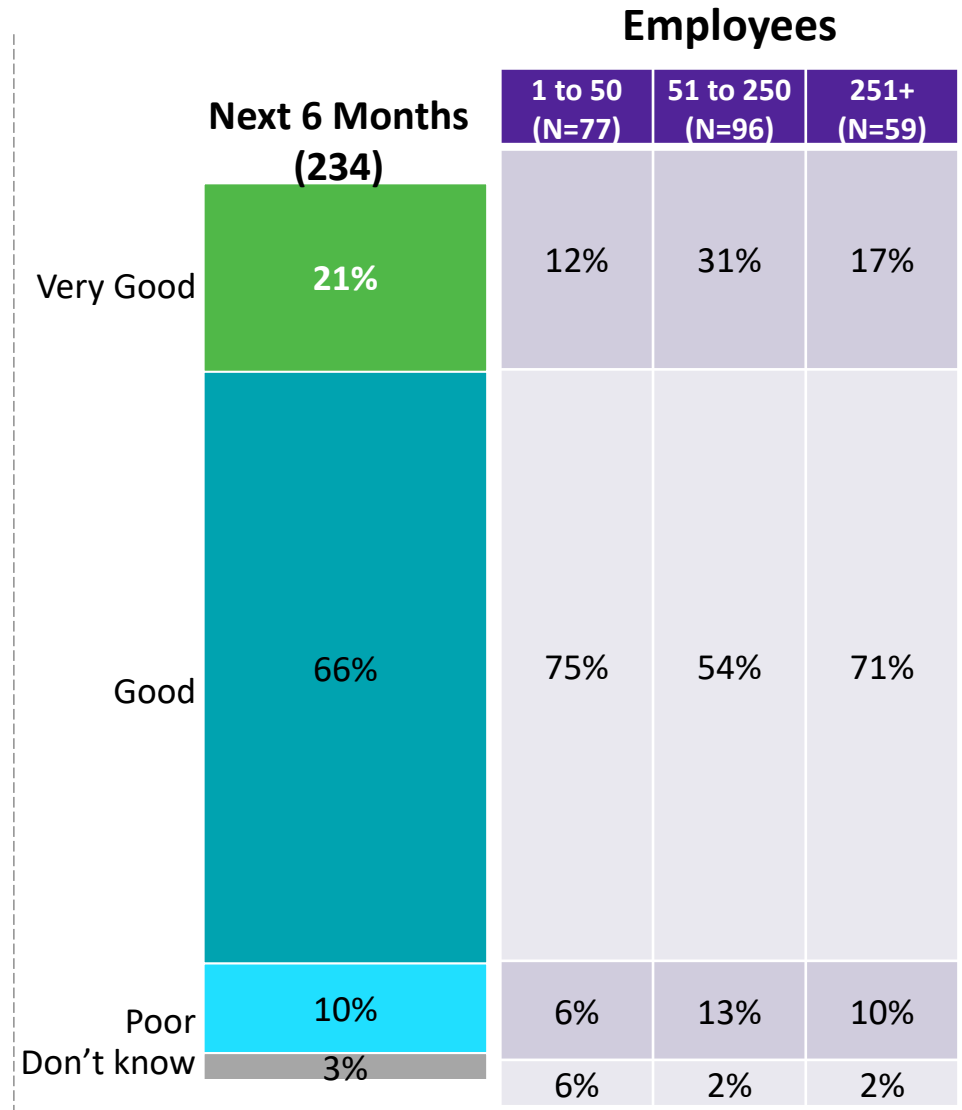
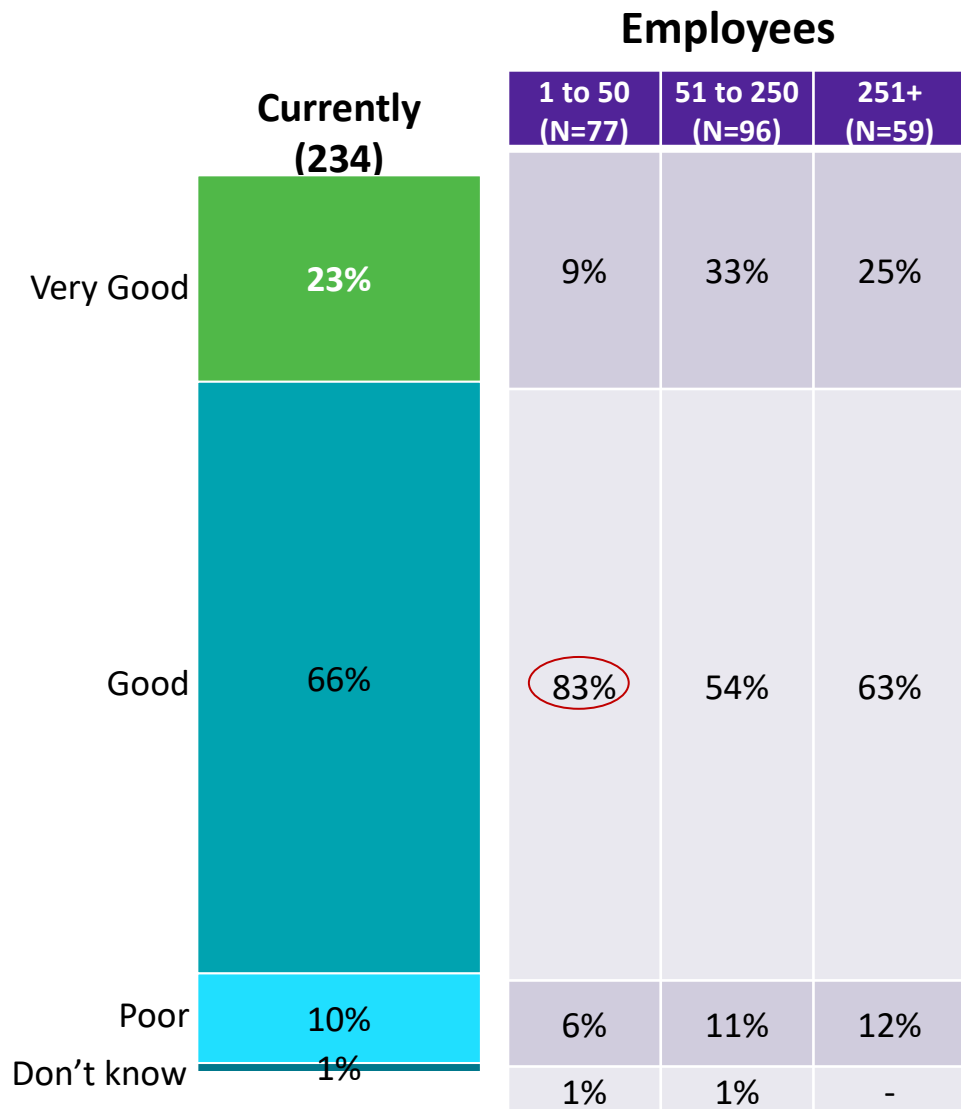


Prospects for the next 6 months are similar for all participating sectors ...

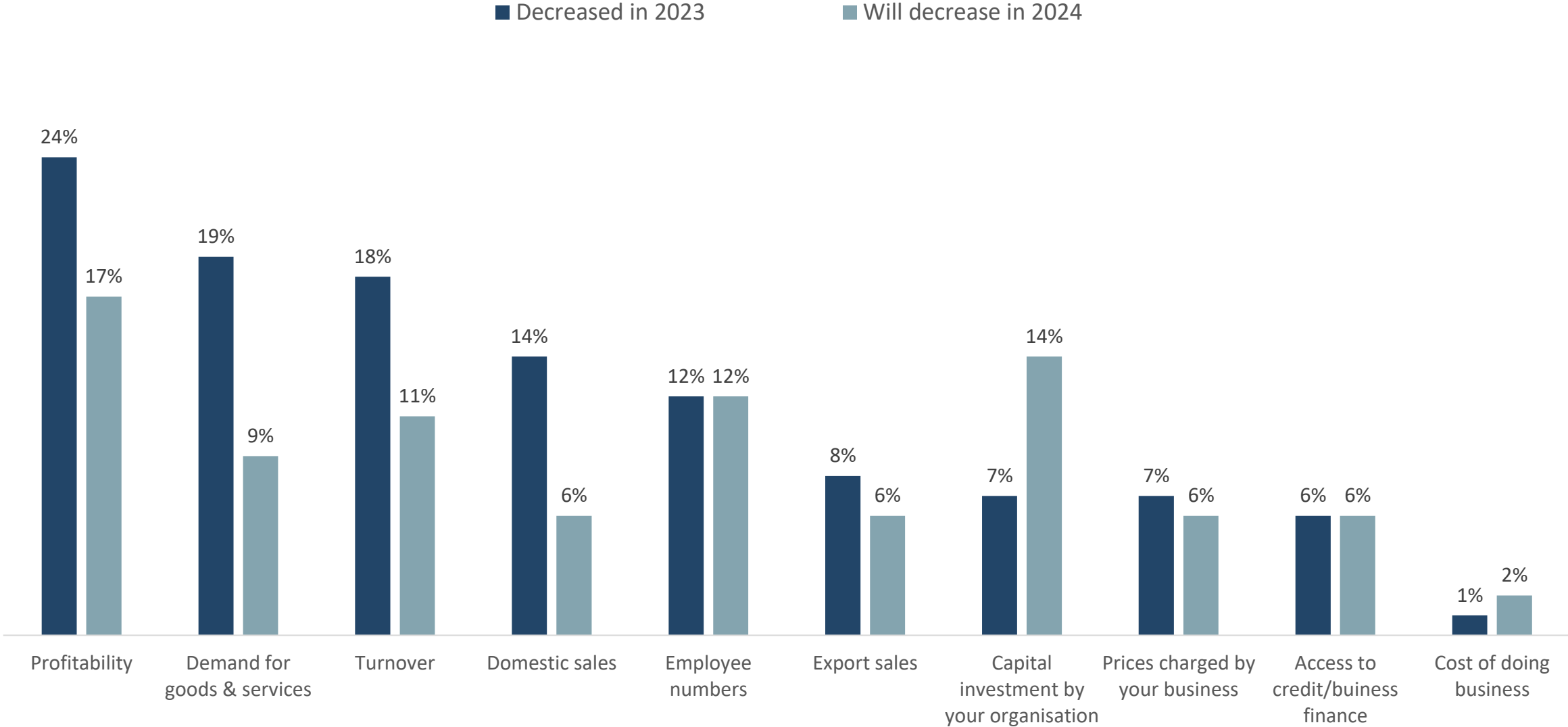




... but less overtly positive for small and large enterprises.

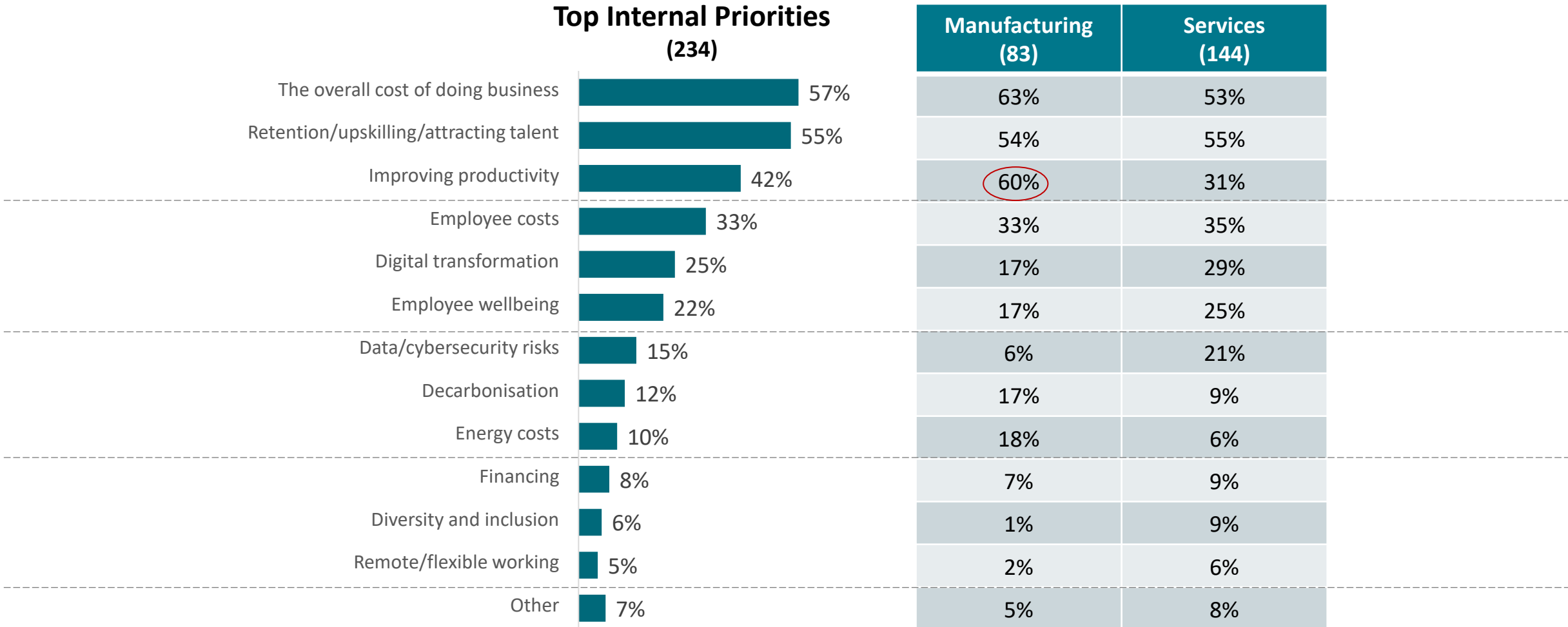


1 in 4 businesses experienced a decline in profitability in 2023 and 1 in 6 expect this to be the case in 2024. A decline in capex is likely with 14% expecting investment to decrease in the year ahead.



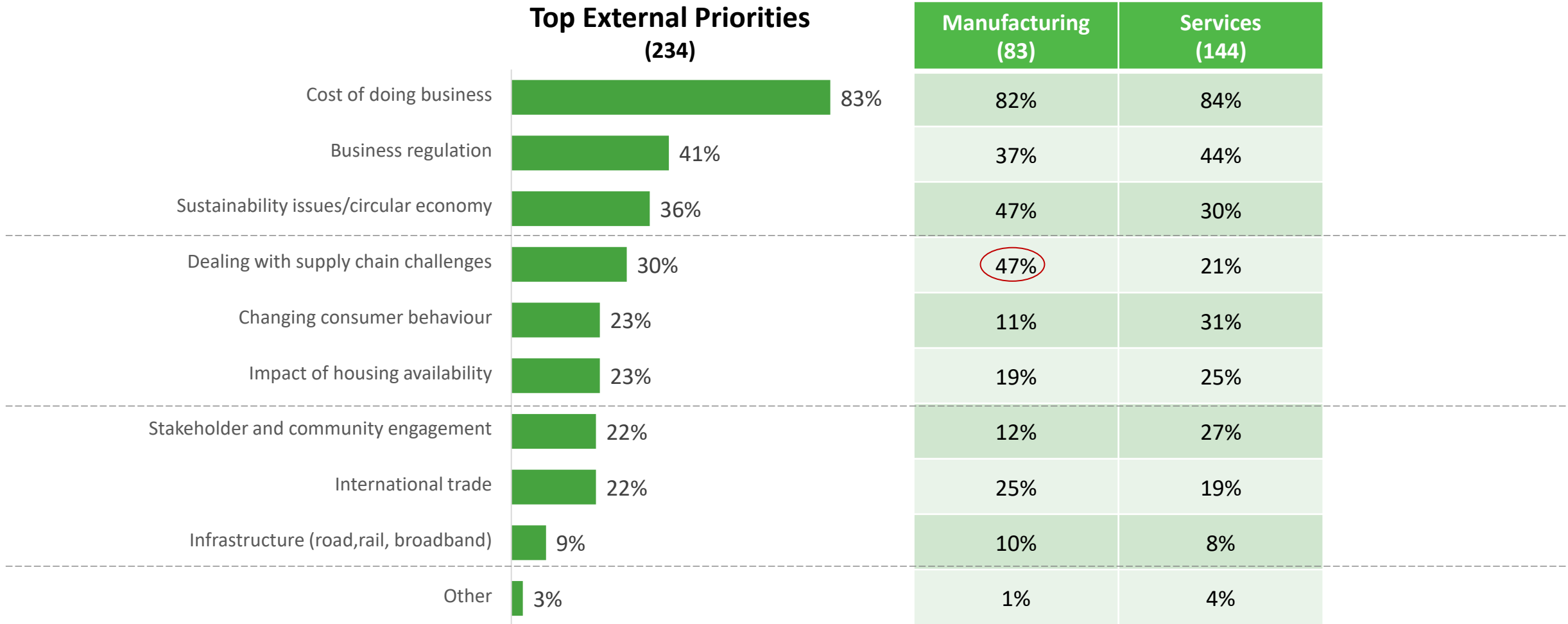
Q3 In 2023, have the following increased, stayed the same or decreased for your business in Ireland? Q4 Do you expect the following to increase, stay the same or decrease for your business in Ireland in 2024?

Internal priorities – led by the cost of doing business - exhibit few statistically significant variations by sector though Manufacturing enterprises will be more likely to focus on improved productivity in 2024.



Q5a What are the top 3 **internal** priorities for your business in Ireland in 2024? Please record as 1 for the most important priority, 2 for the next most important priority and so on.

The cost of doing business is an almost universal external priority. The only significant sectoral difference is again evident for the Manufacturing sector in relation to supply chain challenges.

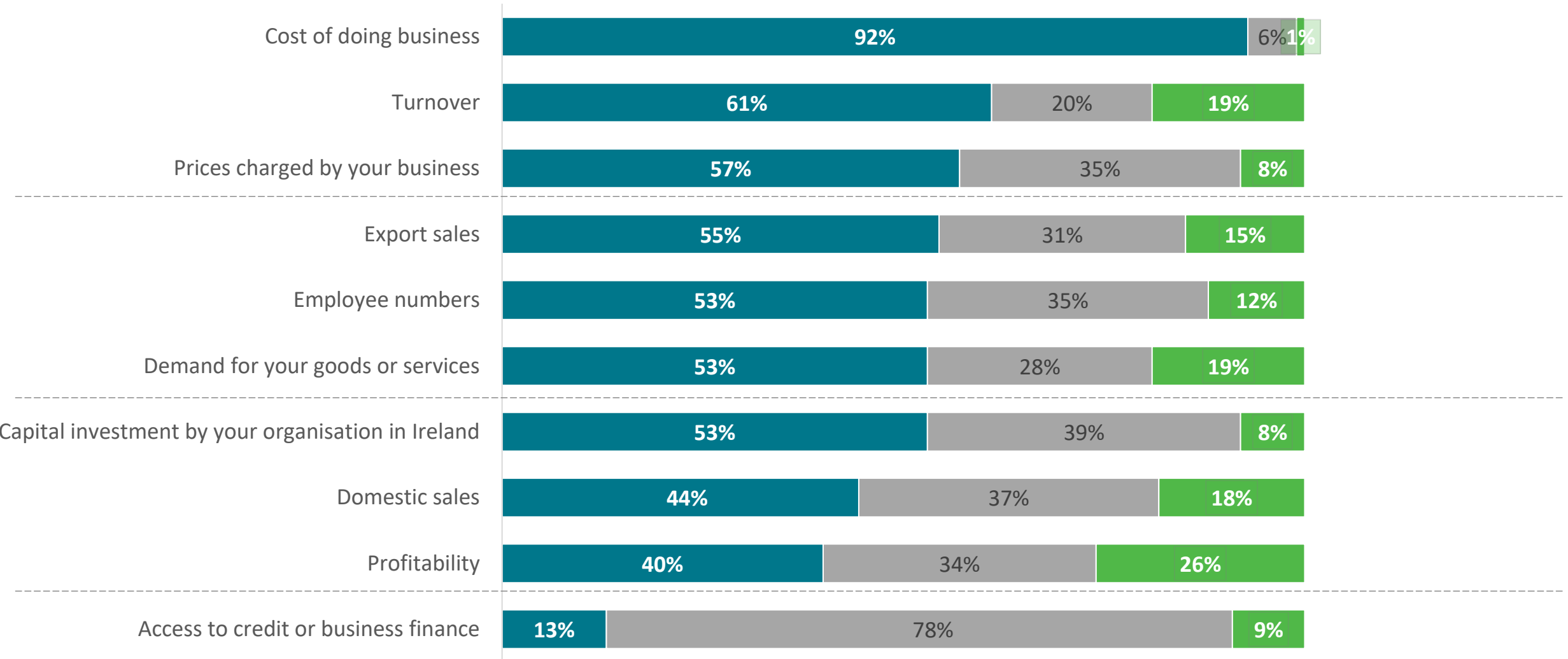


Q5b What are the top 3 external priorities for your business in Ireland in 2024? Please record as 1 for the most important priority, 2 for the next most important priority and so on.



2023 Changes Excluding DK/NA

■ Increased ■ Same ■ Decreased



Q3 In 2023, have the following increased, stayed the same or decreased for your business in Ireland?

A digital-themed background featuring a central image of two hands shaking. The hands are rendered in a realistic, slightly metallic or synthetic style. The background is a dark blue space filled with white stars and a complex network of glowing teal lines and white circular nodes, resembling a data network or circuit board. The overall aesthetic is futuristic and technological.

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