


# Small Business Sentiment Survey

Summer 2023





**Ireland's entrepreneurs and small business owners' confidence greatly improved in summer 2023. As encouraging as the summer sentiment is, small business owners are still struggling with rising business costs and retaining and attracting talent. Pressures that are continuing to increase rather than ease.**

A third of small business owners stated that the current business environment was improving compared to 24% in summer 2022. Small firms identified domestic economic growth, investment and expansion and new export markets as areas for growth. Increasing business costs, pay demands and a tightening labour market, were seen as the biggest risk factors for the remainder of 2023.

# Business environment

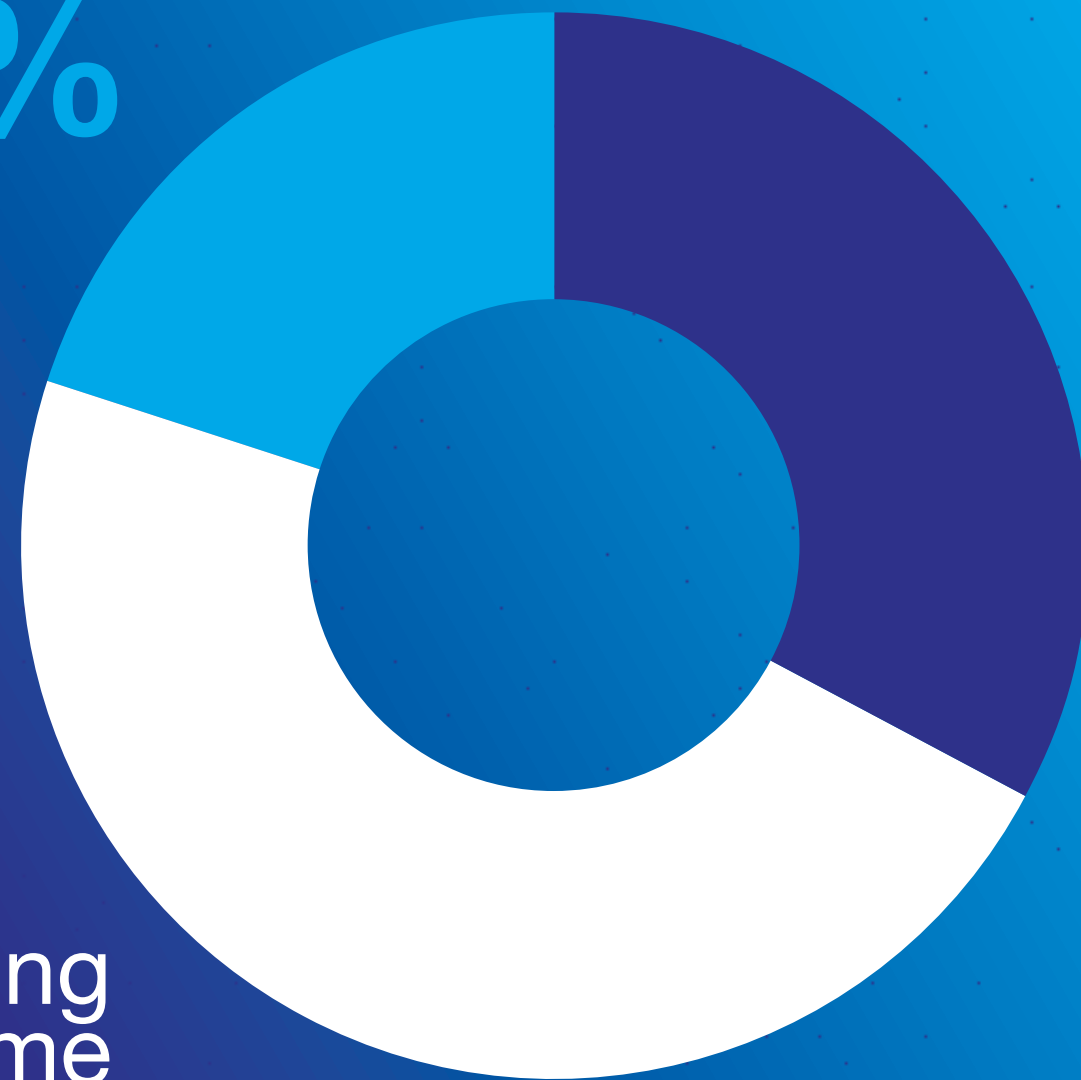
A third of small business owners stated that the current business environment was improving compared to 24% last summer. Indicating an easing in concern amongst entrepreneurs about the economic outlook.

Summer 2023

Declining  
**16%**

Improving  
**33%**

Staying  
the same  
**47%**



	Summer 2023	Winter 2022	Summer 2022	Winter 2021
Improving	33%	24%	24%	41%
Staying the same	47%	39%	44%	41%
Declining	20%	37%	32%	16%

# Biggest risks

Small business owners identified increasing business costs as the biggest risk factor to their business, followed by pay and conditions and attracting and retaining talent.



**1** Increase in business costs



**2** Pay and conditions demands



**3** Attracting and retaining staff

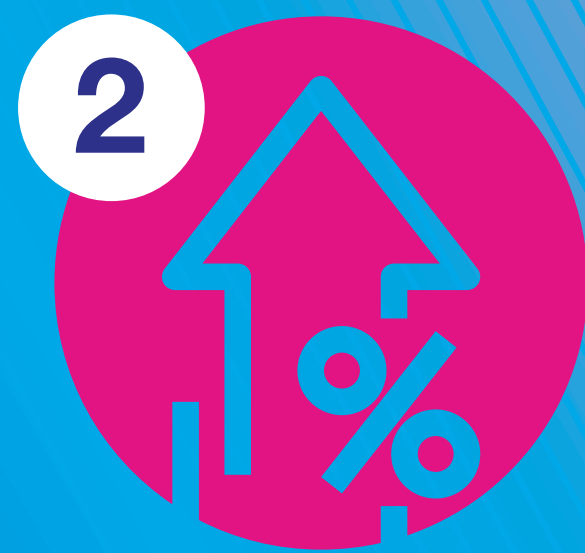
	Summer 2023	Winter 2022	Summer 2022	Winter 2021
1	Increase in business costs	Increase in business costs	Attracting and retaining talent	Domestic economic stagnation
2	Pay and conditions demands	Attracting and retaining staff	Pay and conditions demands	Increase in price of raw materials
3	Attracting and retaining staff	Pay and conditions demands	Remote working	Labour market shortages

# Biggest opportunities ahead

Ireland's dynamic economy continues to be the primary driver of business opportunities. Entrepreneurs want to invest and expand their businesses and seek out new opportunities in other markets.



**Domestic economic growth**



**Investment and expansion**



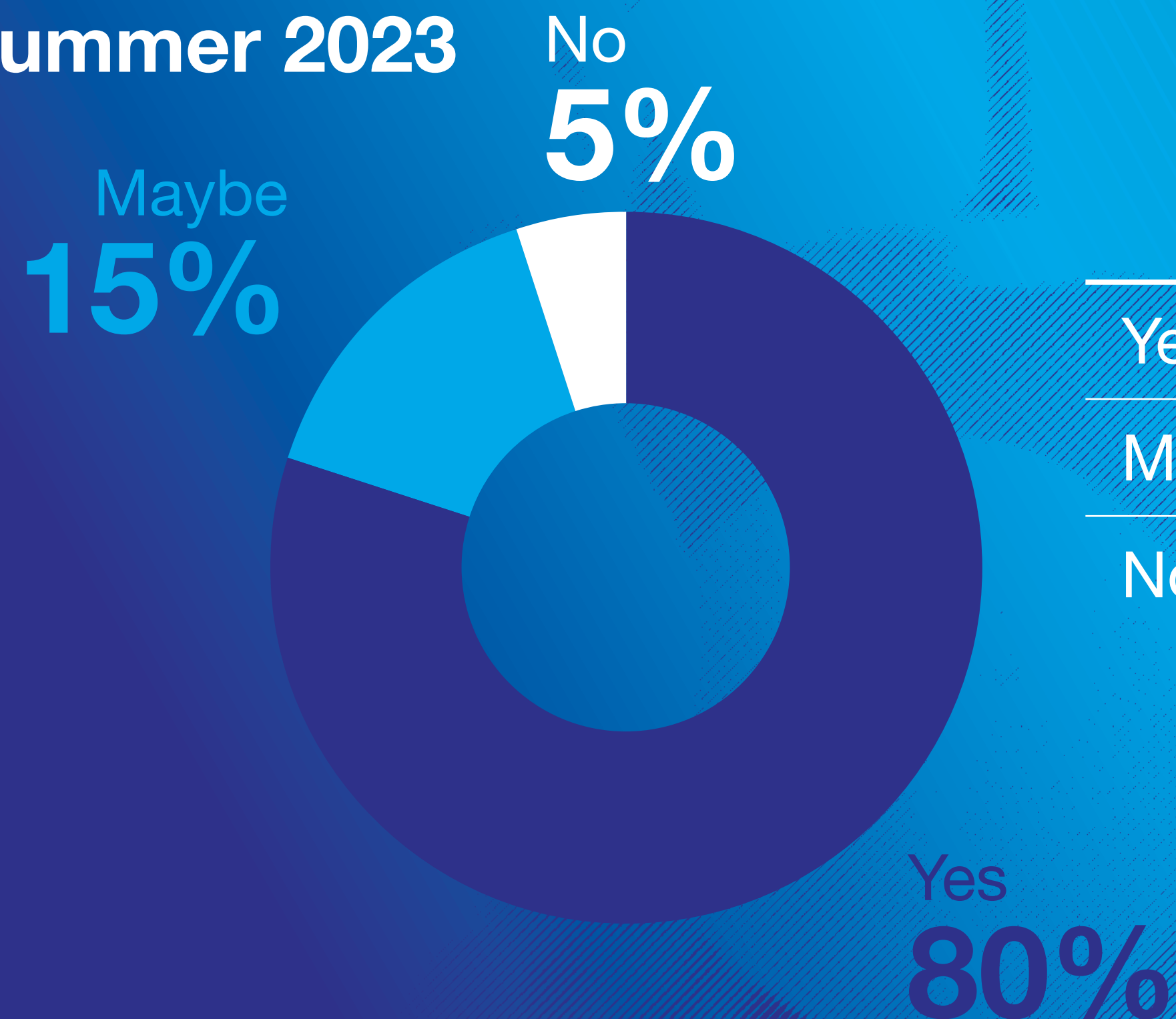
**New export markets**

	Summer 2023	Winter 2022	Summer 2022	Winter 2021
1	Domestic economic growth	Investment and expansion	Domestic economic growth	Domestic economic growth
2	Investment and expansion	Domestic economic growth	Investment and expansion	Investment in expansion
3	New export markets	Upskilling	New more diverse supply chains	Digital transformation

# Intention to invest

Investment intentions by small businesses rose substantially from 48% in summer 2022 to 80% this summer. Areas of priority include business growth, machinery/equipment and IT.

Summer 2023



	Summer 2023	Winter 2022	Summer 2022	Winter 2021
Yes	80%	59%	54%	69%
Maybe	15%	34%	23%	24%
No	5%	7%	23%	6%

# Intention to apply for credit

Small firms continue to be cautious when it comes to accessing external sources of funding. Intentions to apply for credit decreased from 37% in summer 2022 to 32% in summer 2023. With both Ulster Bank and KBC having left the Irish market, entrepreneurs seeking finance now have fewer options.

Summer 2023

Yes  
**33%**

No  
**67%**

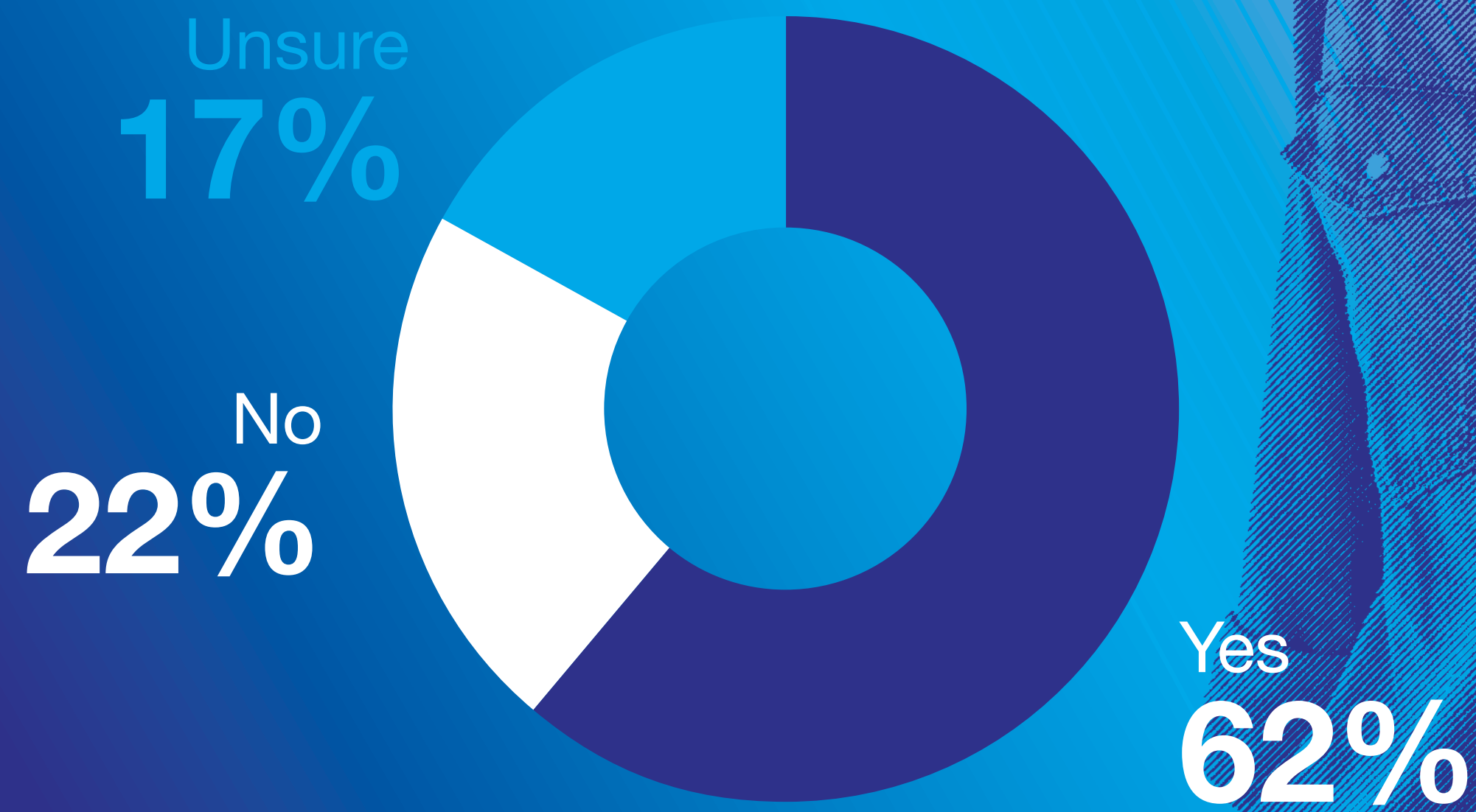


	Summer 2023	Winter 2022	Summer 2022	Winter 2021
Yes	33%	34%	37%	56%
No	67%	66%	63%	43%

# Intention to hire new staff

Most survey respondents expect to hire new staff in the second half of 2023. Business owners reported unrealistic wage demands, lack of relevant skills, and lack of accommodation/relocation issues, as barriers to future hiring. Participants ranked increasing pay and conditions, additional training and upskilling and retention and performance related bonuses, as initiatives used to entice staff in Ireland's highly competitive labour market.

Summer  
2023





# Essential costs of doing business

Participants reported labour costs, as the most essential cost of doing business for a small firm right now. Unsurprising, energy costs were ranked second followed by insurance costs. Despite ongoing insurance reform to make the sector more competitive and enterprise friendly, business owners continue to face cost challenges when it comes to insurance.



**Labour costs**



**Energy costs**



**Insurance costs**



**The Small Firms Association's Business Sentiment Survey tracks key trends in the small business sector. It is based on responses provided by SFA member companies (less than 50 employees) across all sectors and in all parts of the country.**

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