

# Small Business Sentiment Survey

October 2020





As we prepare for what could prove to be a very difficult winter, one third (33%) of small business owners stated that the business environment is declining compared to 17% in Winter 2019. The impact of the necessary public health decisions weighs heavily on Ireland's small business owners with ongoing COVID-19 restrictions and debt sighted as the biggest risk factors over the next six months.

Domestic economic growth continues to be the primary driver of business opportunities. As we approach the final Brexit deadline and continue to live with coronavirus restrictions, indigenous entrepreneurs intend to invest in growing their businesses, through brand development, staffing and Brexit proofing their organisations.

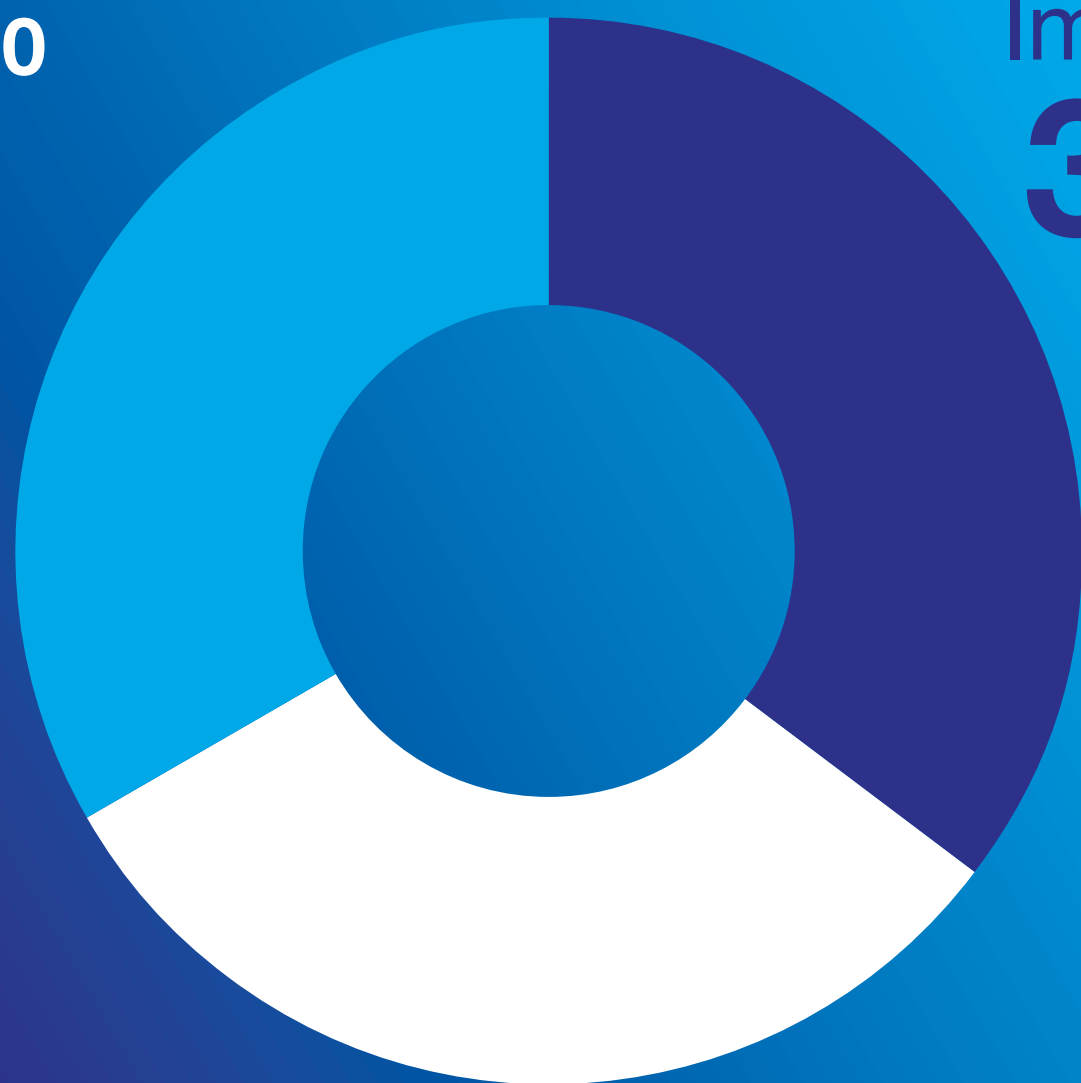


# Business environment

33% of SFA members feel the business environment is declining, compared with 17% in Winter 2019 and over a third (35%) expect the business environment to strengthen in the next 12 months. These responses could mark the emergence of a gap between small firms doing well and those facing significant threats due to coronavirus.

Summer 2020

Declining  
**33%**



Staying the same **31%**

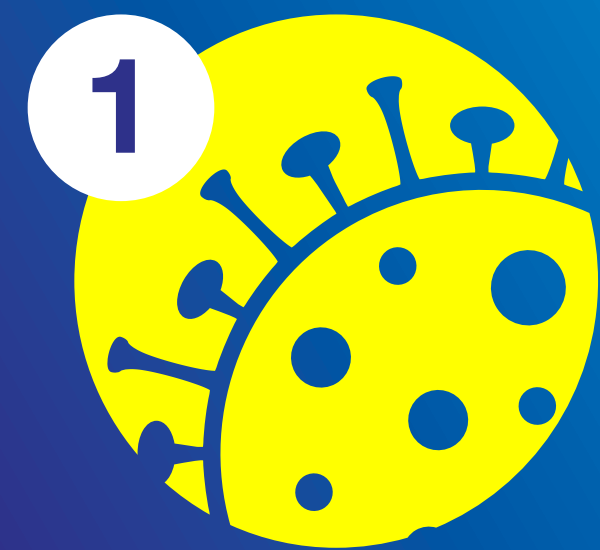
Improving  
**35%**

	Winter 2019	Summer 2019	Winter 2018
Improving	35%	45%	59%
Staying the same	48%	36%	27%
Declining	17%	19%	12%



# Biggest risks

Small business owners identified that ongoing COVID-19 restrictions, debt, and rising business costs pose a risk to themselves and all businesses over the next six months.



**1**  
**Ongoing  
COVID-19  
restrictions**



**2**  
**Debt**



**3**  
**Business  
cost  
increases**

	Winter 2019	Summer 2019	Winter 2018
1	Brexit	Brexit	Attracting talent/ Brexit
2	Difficulties in attracting talent	Domestic economic stagnation	Wage inflation
3	Domestic economic stagnation	Wage inflation	Domestic economic stagnation



# Biggest opportunities

Domestic economic growth continues to be the primary driver of business opportunities. Opportunities seen in government/EU funding or a public procurement contract highlights the importance of continued economic supports and the need for a procurement strategy that would accelerate the economic recovery.



**Domestic economic growth**



**Government/  
EU funding  
or contracts**



**New marketing campaign**

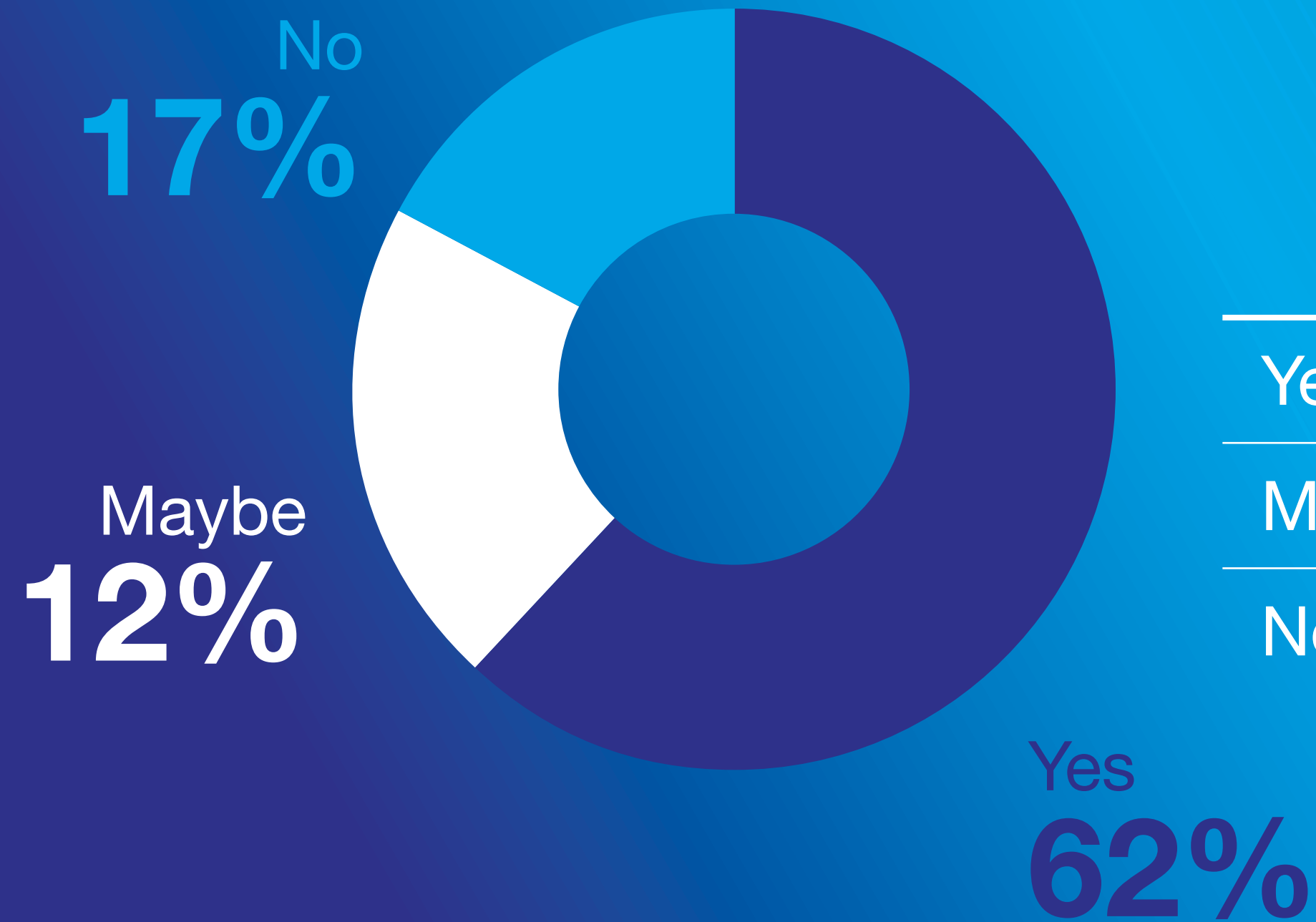
	Winter 2019	Summer 2019	Winter 2018
1	Domestic economic growth	Domestic economic growth	Domestic economic growth
2	New products	New products	Specific sectoral opportunities
3	New marketing campaign	New brand/ marketing campaign	New products



# Intention to invest

Investment intentions by small businesses fell from 67% in winter 2019 to 62% this summer. Areas of priority include business growth, staffing, brand development, market diversification and Brexit preparedness.

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	Winter 2019	Summer 2019	Winter 2018
Yes	67%	71%	66%
Maybe	12%	6%	15%
No	21%	23%	18%

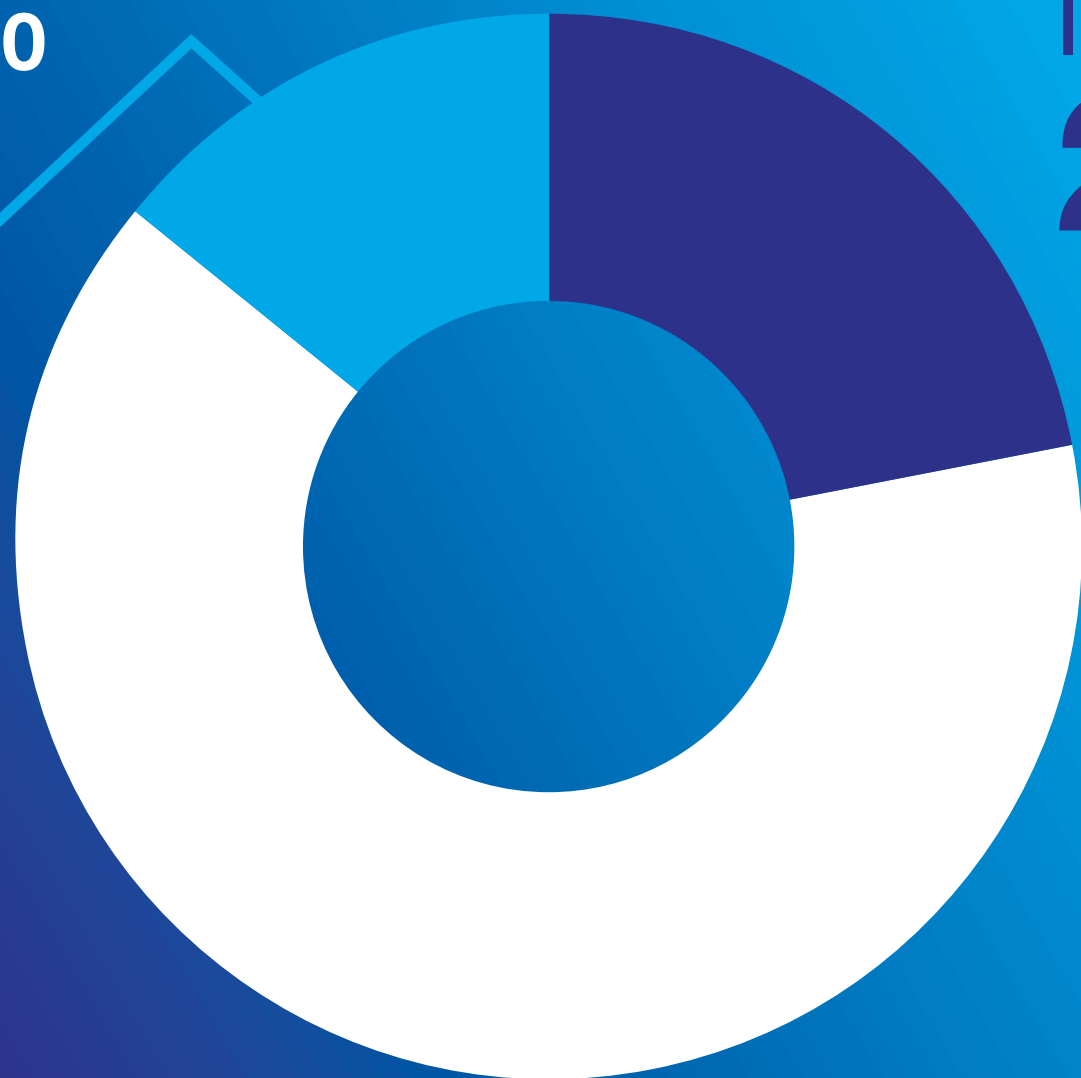


# Intention re salary/wages

Most survey respondents intend to keep wages at their current levels or to award pay rises where the business performance allows. Since March of this year, small business owners have had to decrease working hours, pause, or cancel recruitment and let staff go temporarily. Therefore, it is not surprising that 14% are considering lowering pay rates.

Summer 2020

Decrease  
**14%**



Increase  
**22%**

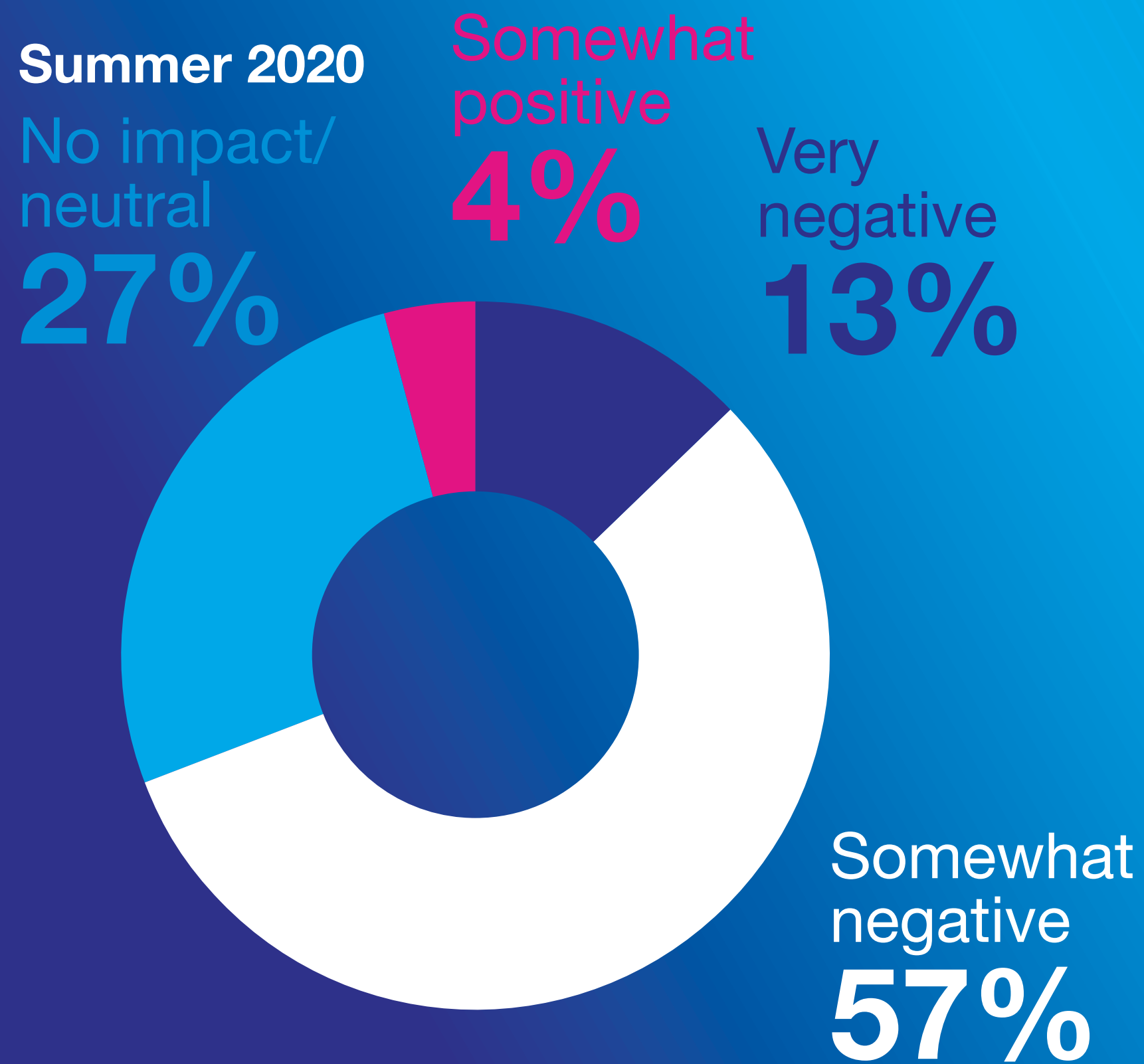
Staying the same **64%**

	Winter 2019	Summer 2019	Winter 2018
Increase	65%	67%	70%
Staying the same	34%	32%	28%
Decrease	1%	1%	1%



# Impact of Brexit

While small business-owners' minds are still very much focused on COVID-19, the negative impact of Brexit continues to weight on them. As the risk of a 'no-trade deal' Brexit grows further measures will need to be introduced in Budget 2021 to support small firms after 31st December 2020.



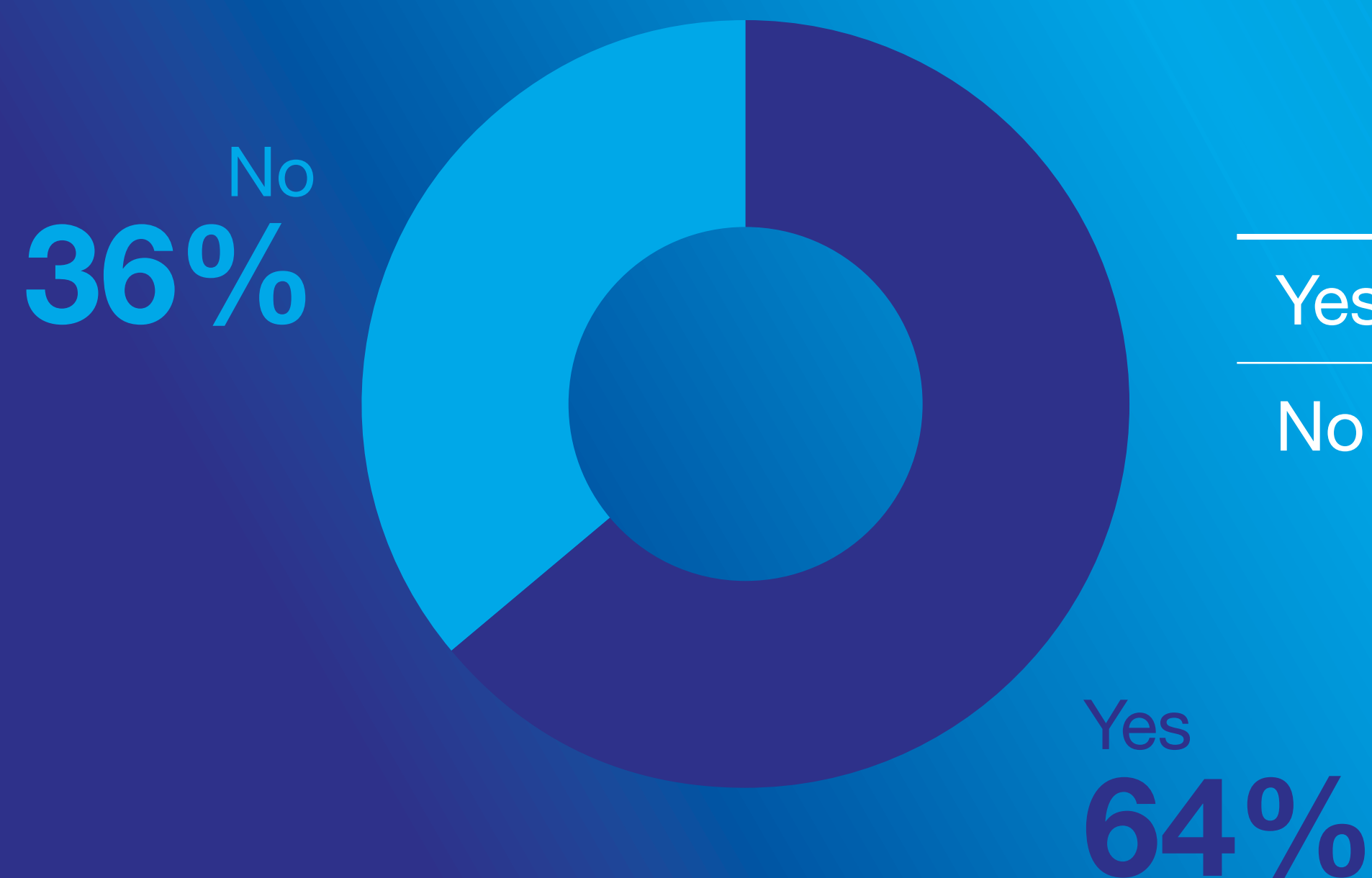
	Winter 2019	Summer 2019	Winter 2018
Very negative	10%	18%	9%
Somewhat negative	65%	58%	47%
No impact/neutral	18%	36%	31%
Somewhat positive	6%	7%	11%
Very positive	1%	0%	0%



# Intention to apply for credit

The number of small firms intending to apply for credit increased from 62% in winter 2019 to 64% in summer 2020. Given the risk that banks may only offer new lending to pre-existing clients at a time of uncertainty, it is vital that funding remains available for government guaranteed or sponsored loans.

Summer 2020



	Winter 2019	Summer 2019	Winter 2018
Yes	62%	56%	43%
No	38%	44%	157

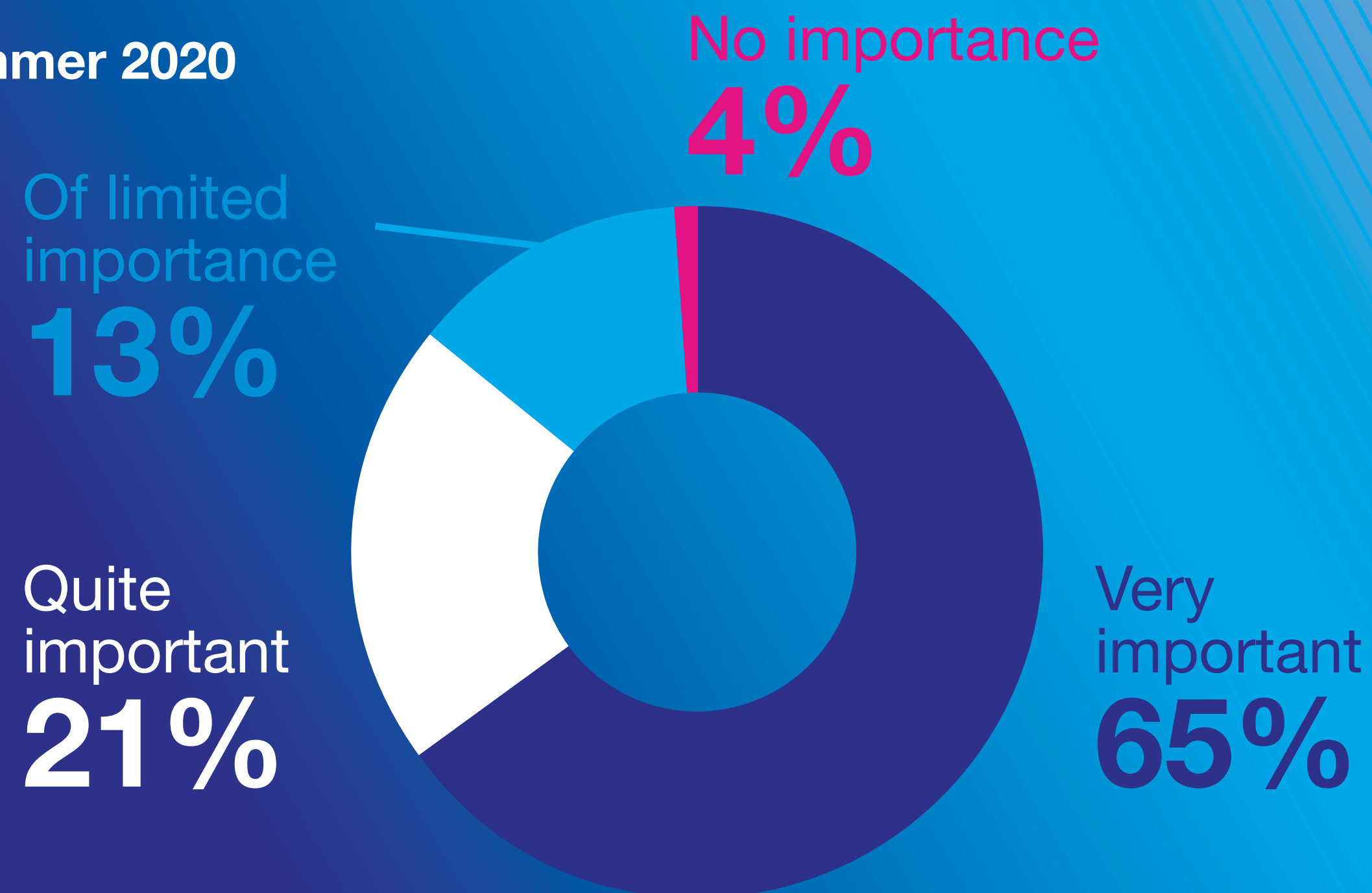




# Importance of Budget 2021

Survey respondents are keen to see Budget 2021 continue to back Ireland's small businesses and entrepreneurs. Improved access to finance at a reduced cost and the introduction of a binding mandatory arbitration model for disputes over commercial leases were identified by small firms, as priorities for change to boost the business environment.

Summer 2020







**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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