

Small Business Sentiment Survey

January 2022



Small business have muted expectations on their outlook for 2022, with 41% of small business owners being optimistic for winter 2022 compared to 55% in summer.

Small firms identified covid restrictions, the cost of doing business, labour market difficulties and the increase in cost of raw materials as their biggest risk factors to their businesses.

Business environment

Small business owners are slightly less upbeat about the general state of the business environment this winter with 41% saying that the environment is improving for business compared with 55% in Summer 2021.

Winter
2021

Declining
16%

Staying
the same
41%

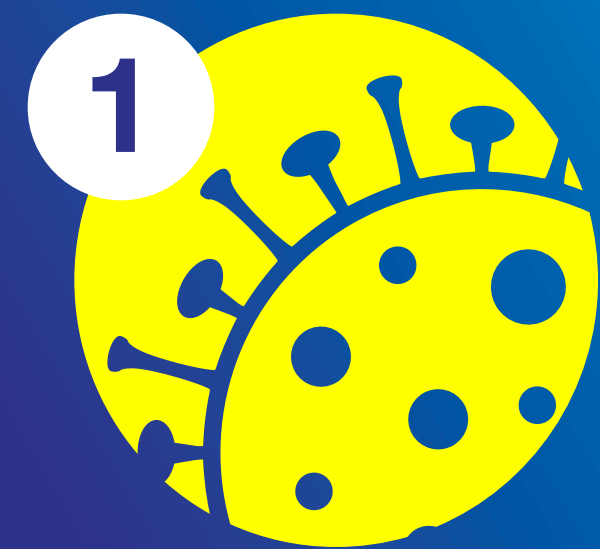


Improving
41%

	Summer 2021	Winter 2020	Summer 2020
Improving	55%	41%	35%
Staying the same	35%	37%	31%
Declining	10%	22%	33%

Biggest challenges

43% of small business owners stated that the biggest challenges to their business over the past 12 months has been Covid restrictions on their ability to trade followed by reduced domestic demand at 34% and rising business costs at 26%.



1 COVID-19
restrictions
43%



2 Reduced
domestic
demand 34%



3 Supply chain
interruptions
28%



4 Rising cost
of doing
business
26%



5 Logistical
issues
18%



6 Lower
productivity
10%

Biggest risks for next six months

43% of small business owners identify a slower domestic economy as the biggest risk factor to their business, followed by the increase in price of raw materials at 39%, labour market shortages at 31%.



1 Domestic economic stagnation



2 Increase in price of raw materials



3 Labour market shortages

	Summer 2021	Winter 2020	Summer 2020
1	Domestic economic stagnation	Domestic economic stagnation	Ongoing COVID-19 restrictions
2	Ongoing COVID-19 restrictions	Ongoing COVID-19 restrictions	Debt
3	New marketing campaign	Brexit	Business cost increases

Biggest opportunities

Domestic economic growth continues to be the primary driver of business opportunities. Ireland's entrepreneurs continue to seek out new opportunities in their digital transformation and investing in business expansion.



1 Domestic economic growth



2 Investment in expansion



3 Digital transformation

	Summer 2021	Winter 2020	Summer 2020
1	Domestic economic growth	Domestic economic growth	Domestic economic growth
2	Specific sectoral opportunities	Specific sectoral opportunities	Government/EU funding or contracts
3	New marketing campaign	Exporting	New marketing campaign

The Green Economy

61% of small businesses owners said that they view the Green Economy as a priority for their business in 2022.

Many comments from businesses stated that embracing a more circular economy will be vital in the months ahead, that many of their clients and customers are more discerning when it comes to green issues, and that waste management is key for many businesses to help with costs.

Not a priority
for business
39%



Green economy a
priority for business
61%

The challenges of the Green Transition

52% of businesses stated that they felt that high costs of transitioning to a more sustainable model were barriers along with the lack of access for small business to clear and concise information (28%).

Disjointed approach from State agencies
15%

Lack of access to clear information
28%

Other
5%

High costs of transitioning
52%

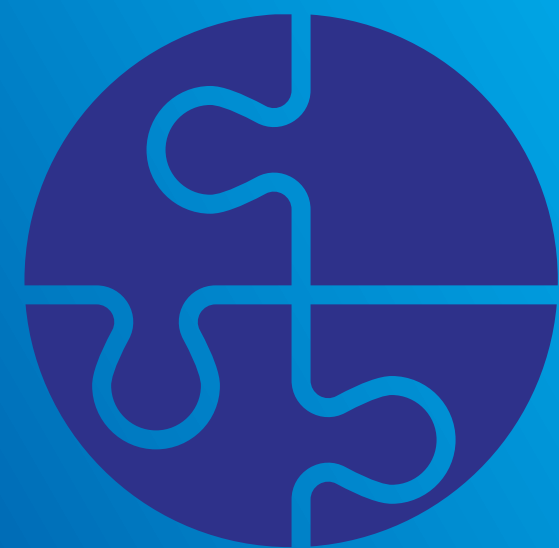


Businesses also highlighted other barriers such as a disjointed approach from State Agencies (15%), access to Government funding (14%) and access to resources (12%).

Talent retention/attraction and future of work

Hybrid working
arrangements

35%

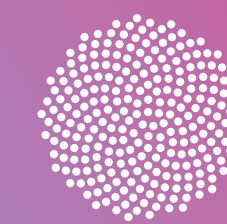


Increased pay
and conditions

27%

In retaining and attracting talent 35% of small business owners stated that they offered hybrid working arrangements, followed by 27% who mentioned increased pay and conditions as a pull factor.

36% of small business owners expect that post-Covid that all their employees will return on site, with 30% sticking to a mixed hybrid model of some on site and some fully at home.



SFA

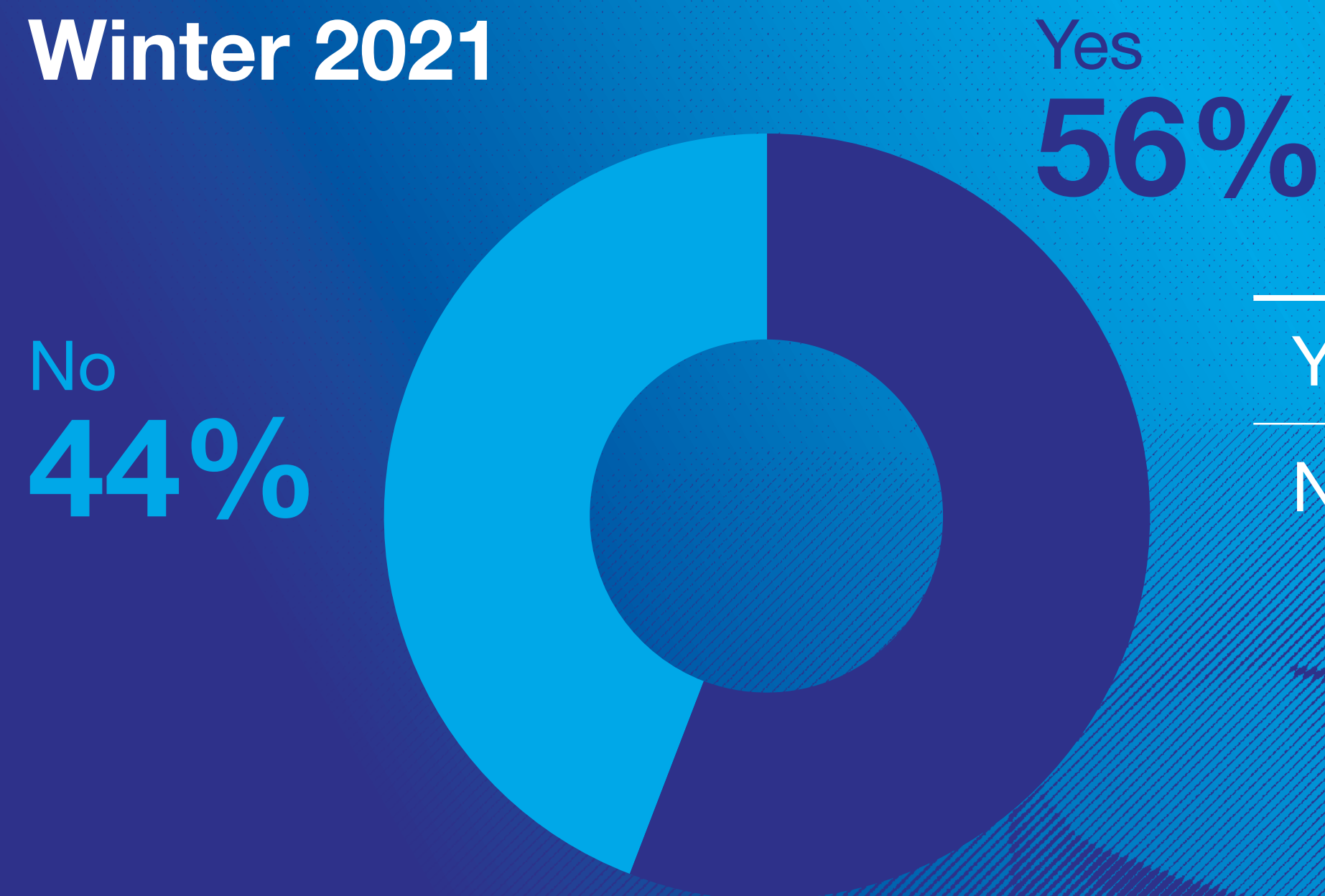
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Confidence in financial resources

44% of small business owners state that they will not be seeking external sources of finance in 2022, but 29% stated that they would seek a bank loan.

Nearly 7 in 10 of respondents stated that they are confident that they have the financial resources to continue trading for 2022.

Winter 2021



	Summer 2021	Winter 2020	Summer 2020
Yes	57%	51%	64%
No	43%	49%	36%



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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