

Small Business Sentiment Survey

January 2021



2020 was a year like no other and at the start of 2021 small firms in the retail, hospitality and tourism sectors are closed and the rest of the business community is operating under strict Covid restrictions.

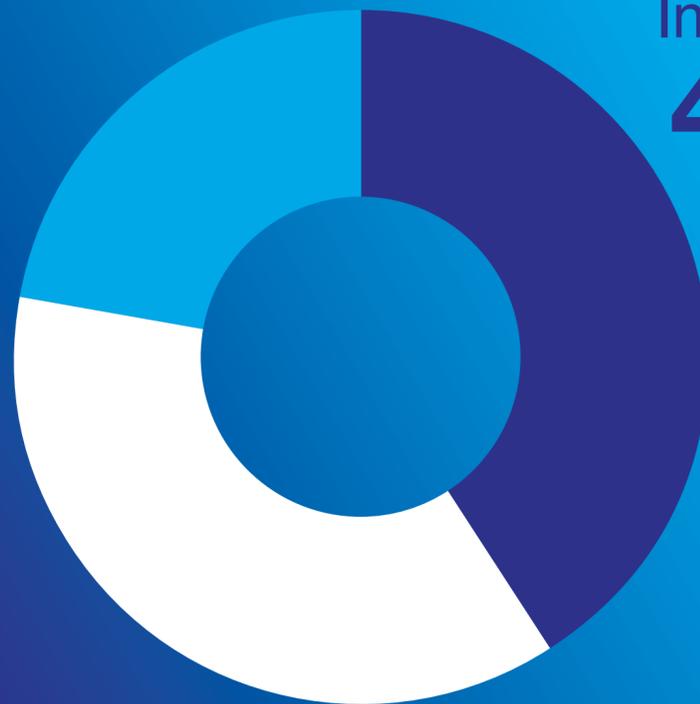
The launch of the vaccine rollout provides some hope to a return to normal in 2021 and this ray of light is reflected in small business owner's confidence, with 41% of participants stating that the business environment is improving compared to 35% in summer 2020. The long-term damage to the economy from ongoing Covid restrictions and Brexit were identified as the biggest risk factors in the first half of 2021. Domestic economic growth continues to be the primary driver of business opportunities.

Business environment

Confidence amongst Ireland's small business owners saw a marked increase at the end of 2020. 41% of SFA members believed that the business environment is improving compared with 35% in summer 2020.

Winter 2020

Declining
22%



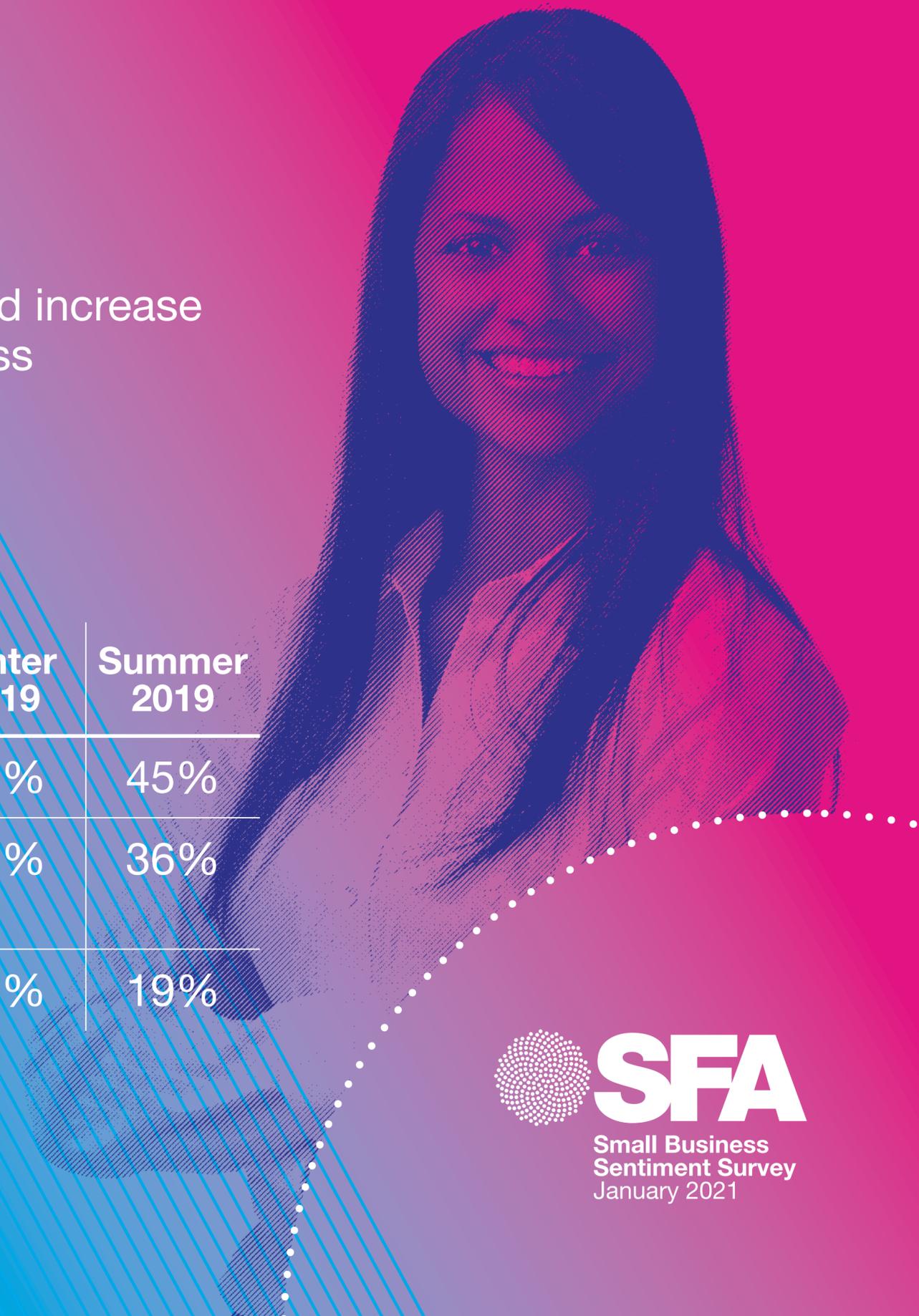
Improving
41%

Staying the same **37%**

	Summer 2020	Winter 2019	Summer 2019
Improving	35%	35%	45%
Staying the same	31%	48%	36%
Declining	33%	17%	19%



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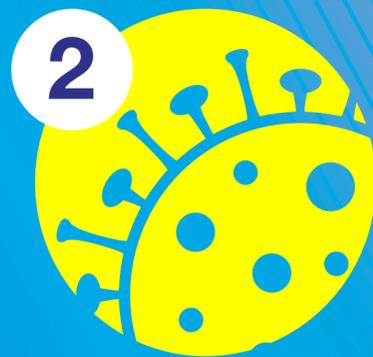


Biggest risks

Small business owners identified slow economic growth, ongoing Covid restrictions and Brexit, as a risk to themselves and all businesses over the next six months.



1 Domestic economic stagnation



2 Ongoing COVID-19 restrictions



3 Brexit

	Summer 2020	Winter 2019	Winter 2019
1	Ongoing COVID-19 restrictions	Brexit	Brexit
2	Debt	Difficulties in attracting talent	Domestic economic stagnation
3	Business cost increases	Domestic economic stagnation	Wage inflation

Biggest opportunities

Domestic economic growth continues to be the primary driver of business opportunities. Ireland's entrepreneurs continue to seek out new prospects in growing sectors of the economy and exporting.



1

Domestic economic growth



2

Specific sectoral opportunities



3

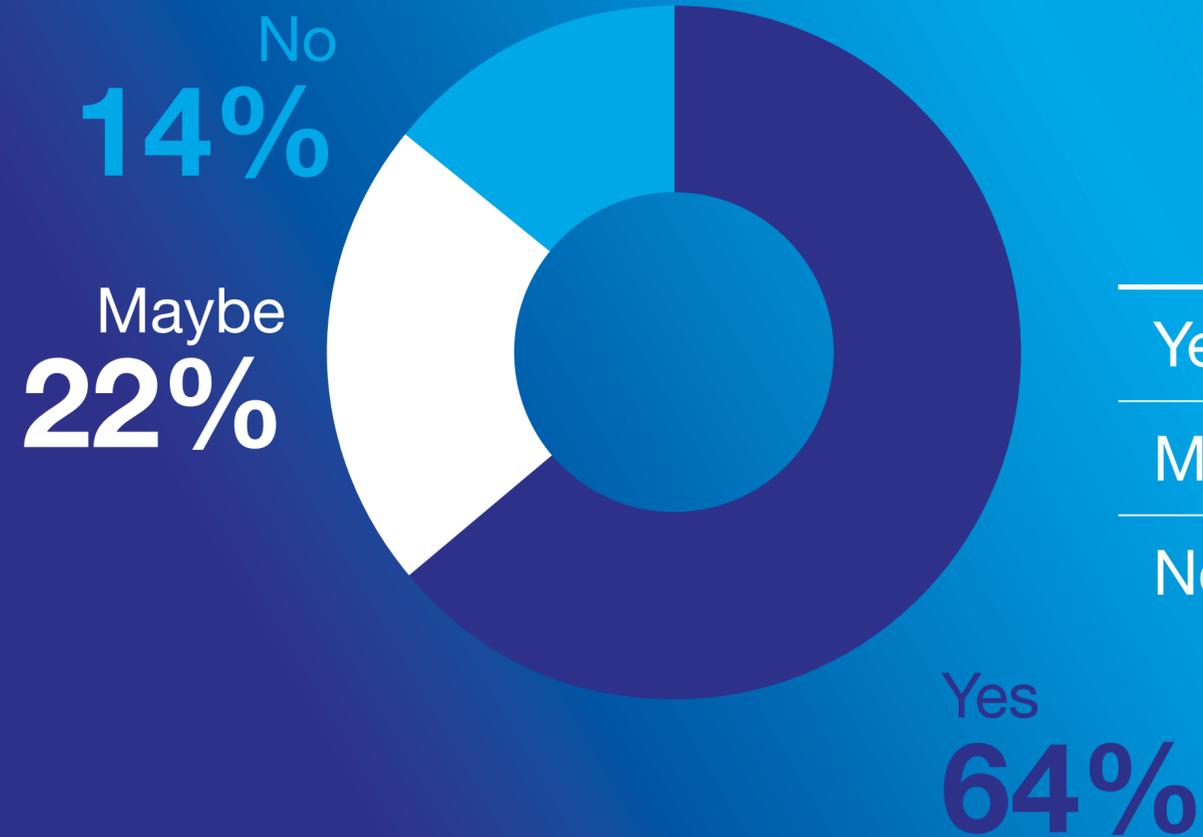
Exporting

	Summer 2020	Winter 2019	Summer 2019
1	Domestic economic growth	Domestic economic growth	Domestic economic growth
2	Government/EU funding or contracts	New products	New products
3	New marketing campaign	New marketing campaign	New brand/ marketing campaign

Intention to invest

Investment intentions by small businesses rose from 62% in summer 2020 to 64% this winter. Areas of priority include business growth, staff training and brand development.

Winter 2020



	Summer 2020	Winter 2019	Summer 2019
Yes	62%	67%	71%
Maybe	21%	12%	6%
No	17%	21%	23%

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. In 2020, small business owners have had to decrease working hours, let staff go temporarily or permanently and pause or cancel recruitment.

Winter 2020

Decrease
3%

Staying
the same
61%



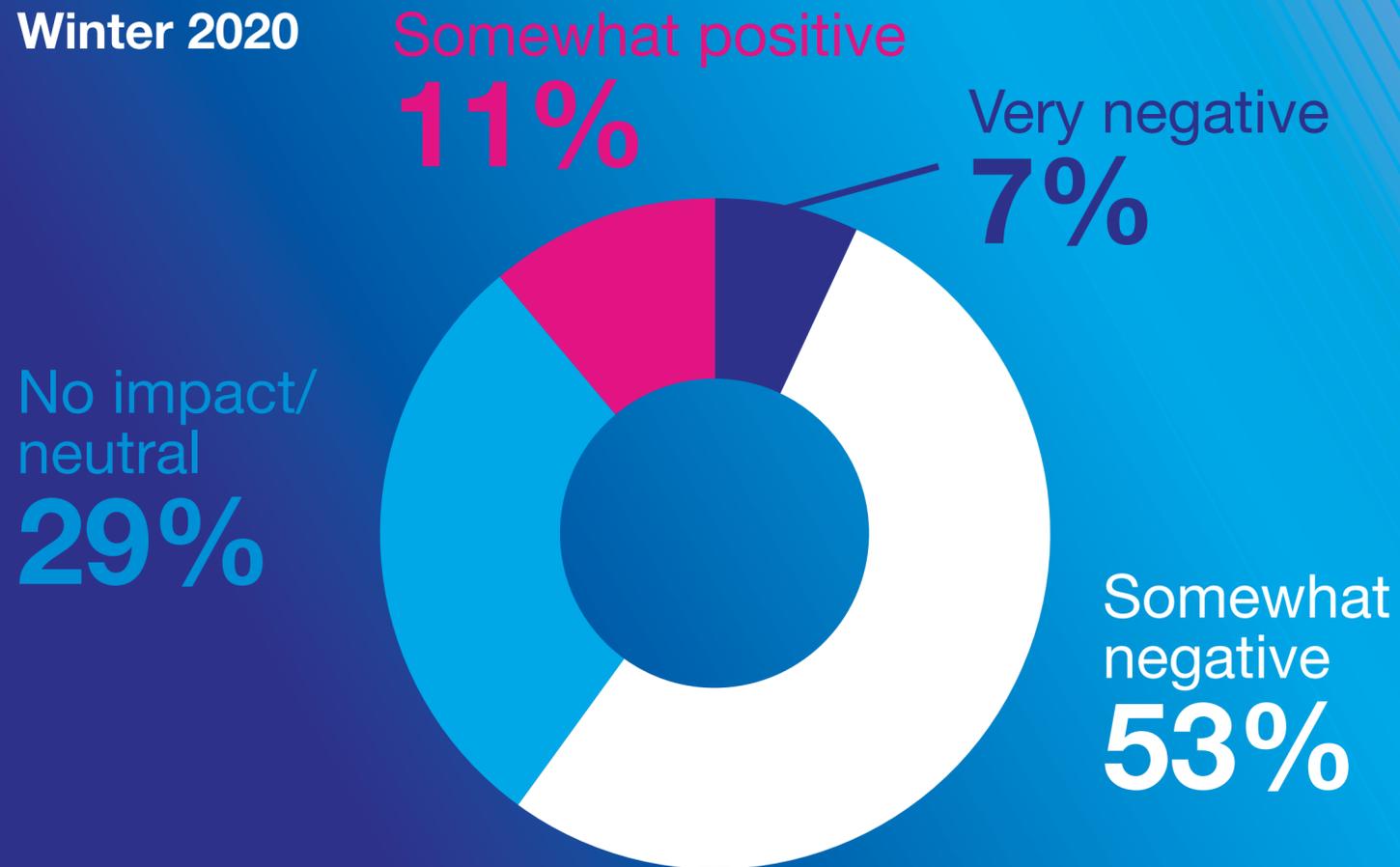
Increase
36%

	Summer 2020	Winter 2019	Summer 2019
Increase	22%	65%	67%
Staying the same	64%	34%	32%
Decrease	14%	1%	1%

Impact of Brexit

As the end of the transition period neared, without a trade-deal, small business owners were very concerned about the negative impact of Brexit on their businesses in 2021. Entrepreneurs continue to be worried about increased transportation and supply chain costs and the long-term impact of Brexit.

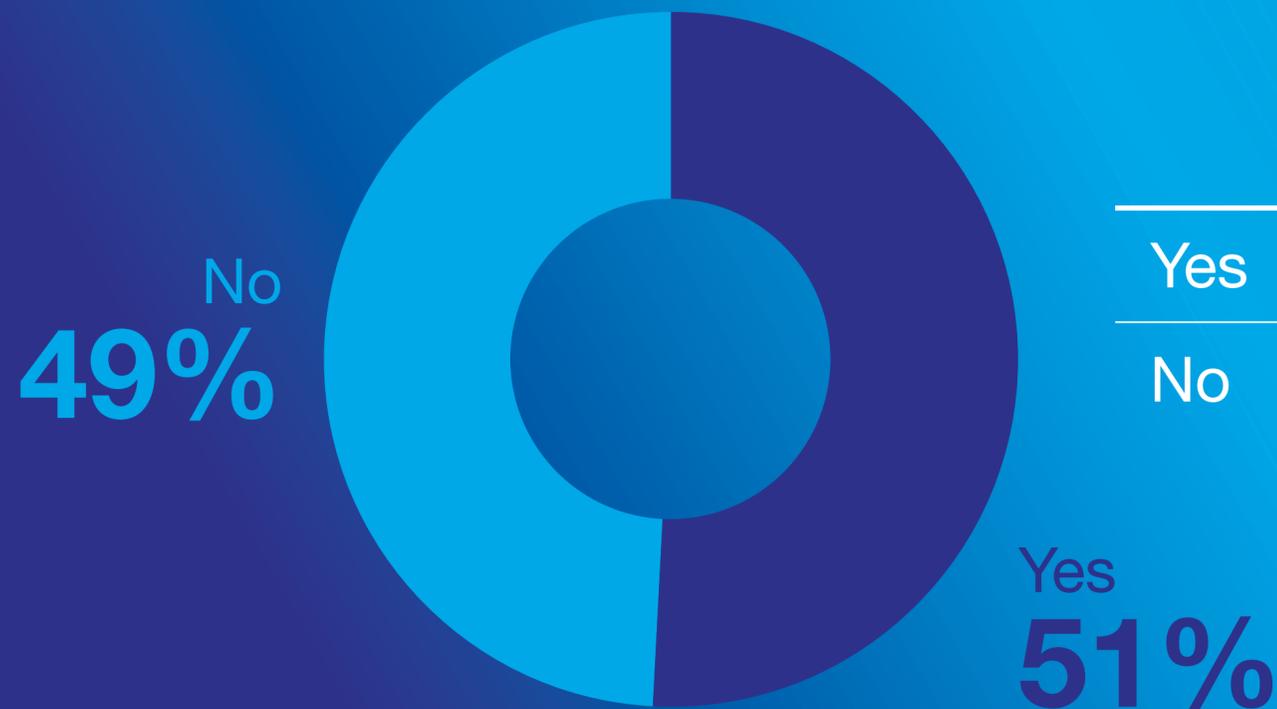
Winter 2020



Intention to apply for credit

The number of small firms intending to apply for credit decreased from 64% in summer 2020 to 51% in winter 2020. When participants were asked if availability of financing would change in 2021, members stated that financing from pillar banks would deteriorate and funding from alternative lenders including MFI and SBCI would improve.

Winter 2020



	Summer 2020	Winter 2019	Summer 2019
Yes	64%	62%	56%
No	36%	38%	44%





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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