

Government Satisfaction Report Q1'21

6th April 2021

SME SATISFACTION WITH GOVERNMENT PERFORMANCE DECLINES

- **Medium sized enterprises most satisfied with government.**
- **Micro businesses least satisfied with government performance.**
- **Government's handling of costs to businesses trends negatively.**
- **Services and Retail sectors most dissatisfied with government performance.**

ISME, the Irish SME Association, today (6th April) released its Government Satisfaction Report for Q1'21. ISME emphasises the need for greater action on business costs and access to finance. This report examines government satisfaction in key areas for the SME sector; 'Jobs', 'Banking', 'Economy' and 'Business Costs'.

ISME CEO Neil McDonnell said:

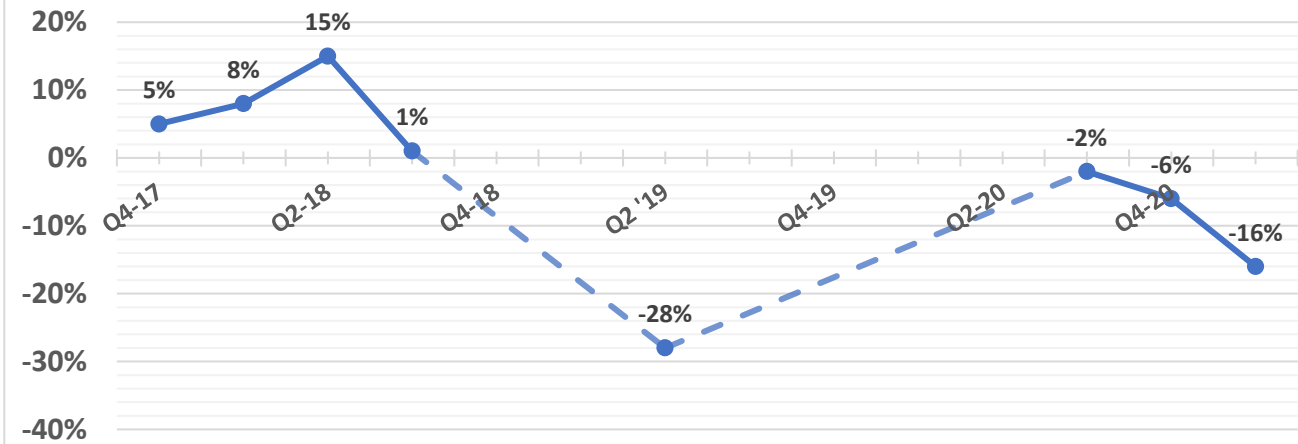
"There is a marked difference in the sentiment expressed on Government performance between medium-sized businesses, and the small and micro-business businesses. Medium enterprises consistently express higher satisfaction ratings than small and micro ones. Sectorally, manufacturing shows higher levels of satisfaction with Government performance than do Services and Retail."

This report was generated using data from our Q1'21 business trends survey, conducted in the second week of March 2021. There were 233 SME respondents, 50% of whom employ less than 10; 43% employ between 11 and 49; and the remaining 7% employ between 50 and 250. Geographically, 40% are from Dublin; 50% are spread across the rest of the country; and 10% have multiple sites.

Dealing with the job situation:

There has been a distinct downward trend in the Government's handling of the job situation. While not as low as in the middle of 2019, there was a decrease of 4% between Q3'20 and Q4'20 and a further 10% decrease between Q4'20 and Q1'21. SMEs have run into difficulty in retaining current staff and attracting current staff, likely due to the COVID crisis.

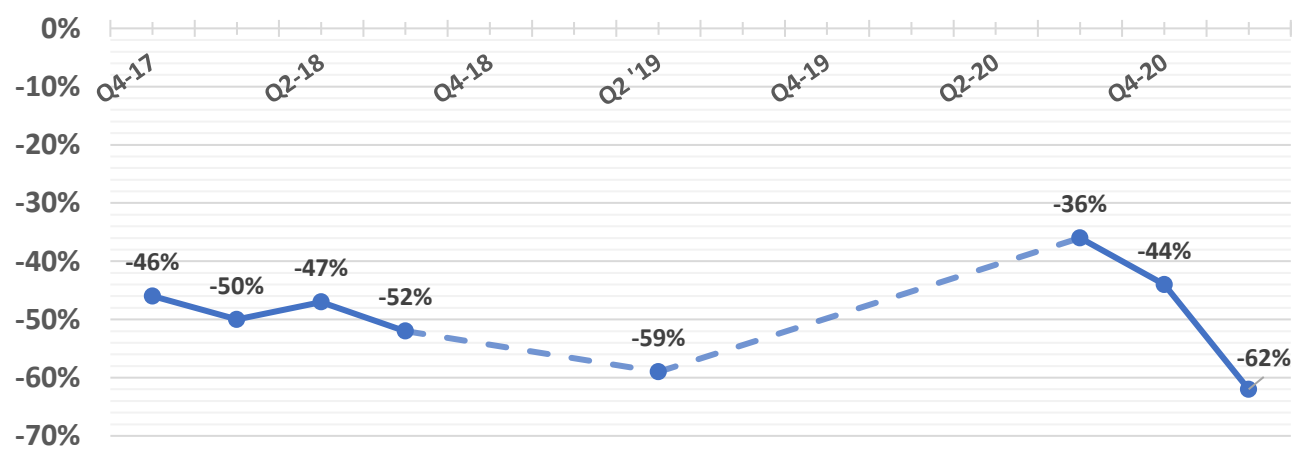
Dealing with the job situation



Dealing with the banking situation:

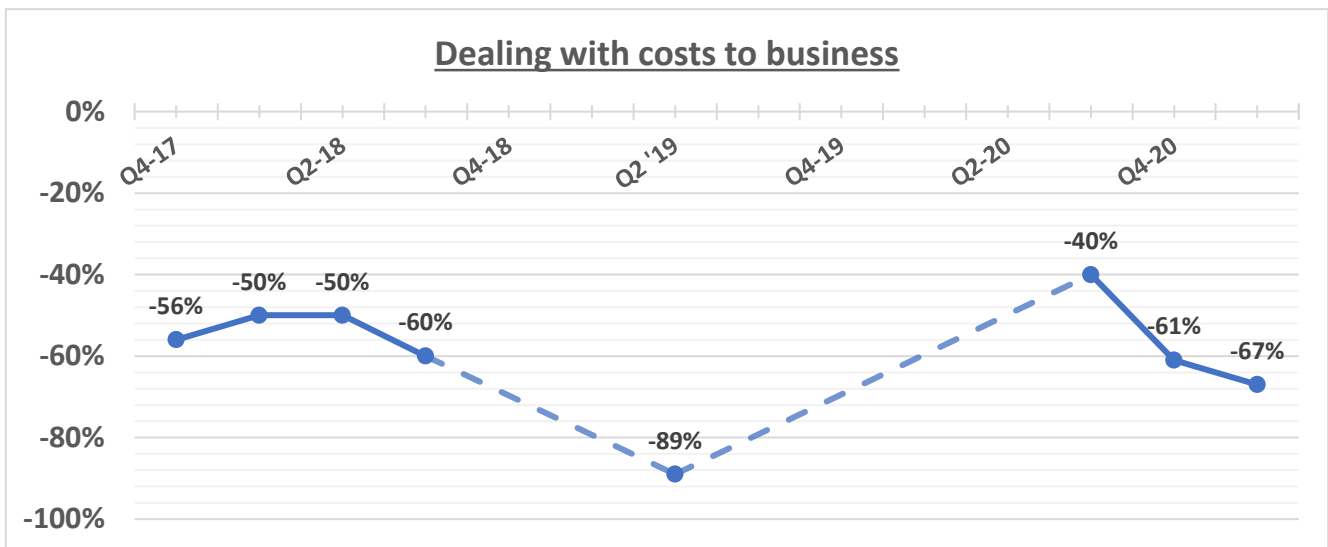
Banking, access to finance and the government's handling of the banking situation remains one of the biggest sources of dissatisfaction for many small and medium enterprises. This trend mirrors that of the job situation, in that it recovered from an extreme low of 59% in Q2'19 to -36% in Q3'20, but then plummeted to -62% in Q1'21. This most recent trend in the data is also likely a consequence of the COVID-19 pandemic, the increased financial strain this has put on SMEs and the increased rates of loan refusal they have experienced this year. Given Ireland's historic dependence on the three main financial institutions in this country, the departure of Ulster Bank is likely to exacerbate the negative views on the domestic banking environment.

Dealing with the banking situation



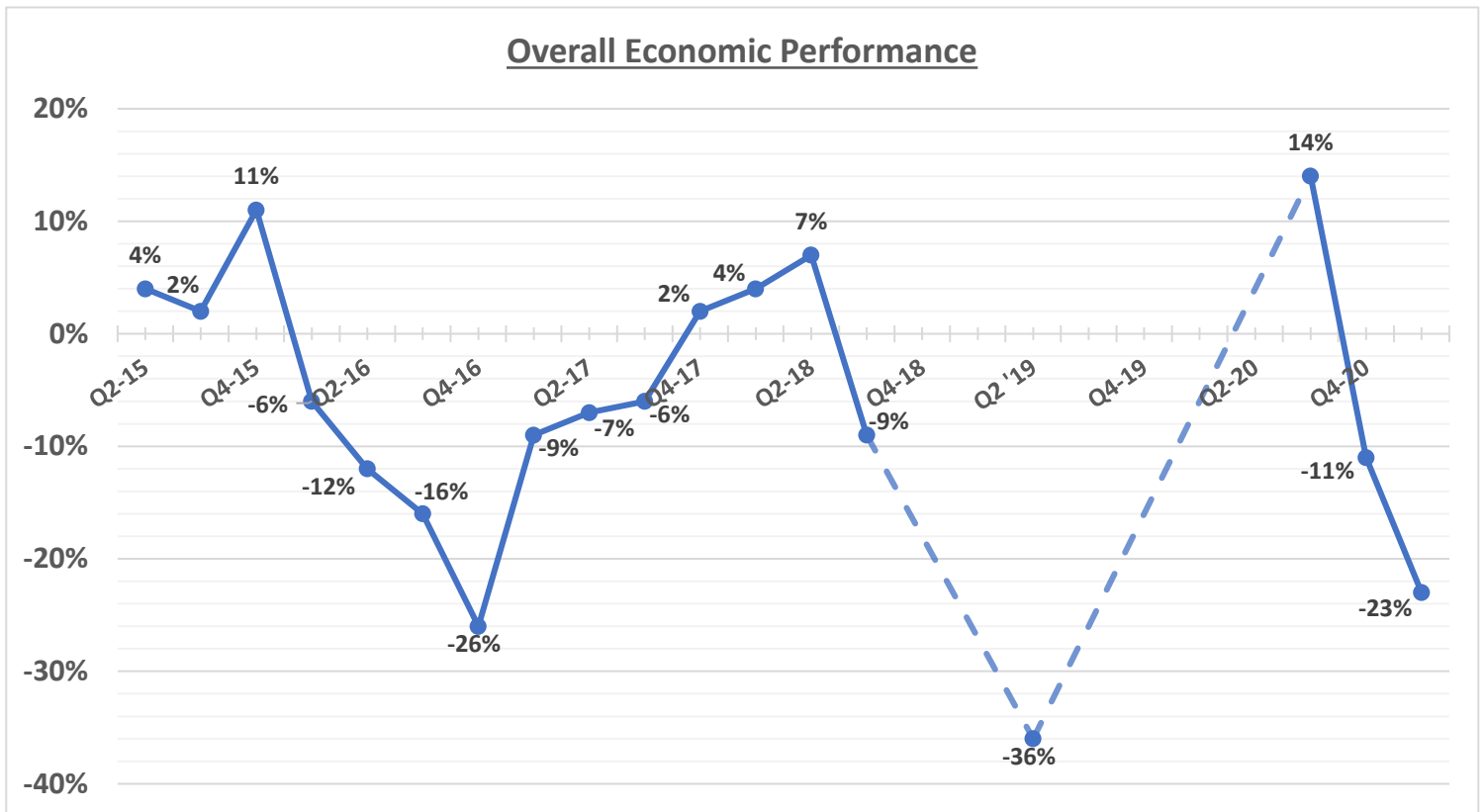
Dealing with the costs to business:

Business cost satisfaction has been a consistent worry for SMEs. While a clear upward trend can be seen between Q2'19 and Q3'20, this has been undone over the past two quarters, dropping from -40% in Q3'20 to -67% in Q1'21. As with the other areas covered in this report, this sudden downward trend appears to stem from the COVID-19 pandemic.



Overall Economic Performance:

The response based on the overall economic performance of the government, shows a significant decline between Q3'20 and Q1'21. This decrease of 27% expresses the sentiment of SMEs across the country towards the COVID-19 pandemic and the degree of support they have received during the crisis.



Summary Data:

Q1'21	SME Size		
	Micro (1-10)	Small (10-50)	Medium (50+)
Jobs	-32%	-4%	25%
Banking	-80%	-46%	-25%
Economy	-35%	4%	-25%
Costs to business	-74%	-62%	-50%
Overall Economic Performance	-37%	-10%	0%

Q1'21	Sector		
	Manufacturing	Services	Retail
Jobs	-16%	-27%	-45%
Banking	-74%	-52%	-80%
Economy	3%	-31%	-27%
Costs to business	-68%	-54%	-82%
Overall Economic Performance	13%	-43%	-40%

NOTE:

The satisfaction ratings in this report are made up from five specific responses to a question on the Government's performance in dealing with Jobs, Banking, Business Costs the Economy and Overall performance. The results are based on simple balances of the differences between positive and negative responses, for example the negative balance for Jobs means that a greater percentage of respondents were unsatisfied with the Government's performance on the Jobs issue.

ENDS.

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Note to Editors:

This survey was conducted in the second week of March, covering the first quarter of 2021. There were 233 SME owner manager respondents.