

Q1'24

**iSME**  
Irish SME Association

# ISME Q1 TRENDS REPORT 2024

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## Introduction: Q1'2024 Trends Report

This survey was published in the first week of April 2024, covering the first quarter of 2024, with 78 SME respondents and covers the first quarter of 2024. Of those surveyed the employee breakdown is as follows:

- 1-10 38%
- 11-20 22%
- 21-30 10%
- 31-50 15%
- 100+ 8%
- Other 6%

Geographically, the breakdown is as follows:

- Dublin 32%
- Leinster (Except Dublin) 23%
- Munster 14%
- Connaught 12%
- Ulster 8%
- Multiple sites 8%
- Other 4%

The Sectorial breakdown:

- Manufacturing 21%
- Services 27%
- IT/Online Services 5%
- Wholesale 6%
- Retail 10%
- Construction 12%
- Transport & Logistics 5%
- Hospitality 3%
- Food & Drink Production 0%
- Health Sector 3%
- Agriculture 0%
- Other (Please specify) 9%

## Overall Confidence Indicators:

The Q1'24 Business Trends Quarterly survey showed 8 out of 14 confidence indicators yielding declining results.

KEY INDICATORS OVERALL	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Business Confidence	26%	30%	-10%	-30%	-20%	17%	-14%	-13%	4%	-30%	-52%
Business Expectations	33%	44%	-26%	-54%	-35%	14%	-18%	-9%	2%	-22%	-19%
Business Environment	34%	18%	24%	30%	33%	38%	31%	48%	38%	10%	-8%
Profitability Expectations	10%	11%	-15%	14%	25%	43%	25%	28%	28%	22%	11%
Current Employment	9%	7%	8%	17%	13%	12%	19%	14%	25%	14%	1%
Future Employment	35%	32%	20%	-2%	17%	26%	26%	11%	31%	14%	-3%
Current Sales	14%	14%	23%	30%	46%	33%	23%	17%	15%	9%	-4%
Sales Expectations	41%	37%	21%	-6%	5%	30%	2%	2%	21%	9%	-7%
Current Investment	34%	36%	39%	40%	32%	20%	33%	26%	34%	23%	19%
Future Investment	47%	40%	33%	21%	24%	30%	18%	24%	34%	2%	15%
Current Exports	-8%	22%	9%	2%	30%	15%	-4%	9%	15%	4%	11%
Export Expectations	34%	39%	33%	21%	30%	40%	42%	27%	39%	12%	22%
Economic Uncertainty	43%	40%	60%	60%	50%	42%	36%	42%	40%	45%	60%
Brexit	37%	25%	13%	17%	10%	11%	16%	16%	12%	8%	11%

BREXIT uncertainty increased to 11%. Business Confidence decreased from -30% to -52%. This comes with the Economic Uncertainty indicator increasing by 15%.

Business Expectations increased this quarter, rising from -22% to -19%. The Business Environment decreased from 10% to -8%, while Profitability Expectations also decreased from 22% to 11%.

The Current Employment confidence indicator decreased by 13%, while Future Employment also decreased, falling from 14% to -3%.

Current Sales continue to decrease, dropping by a further 13%. Sales Expectations also decreased from 9% to -7%.

Current Investment fell by 4% this quarter, while Future Investment rose by 13%.

Current Exports increased by 7%. Export Expectations also increased by 10%.

Economic uncertainty concerns remain high and have increased this quarter, rising to 60%. Brexit concerns increased slightly, now at 11%.

## Q1'24 Manufacturing:

Our Q1'24 results for the manufacturing sector show a major pivot for many confidence indicators in the manufacturing sector. In this quarter, there were 0 decreasing confidence indicators.

KEY INDICATORS MANUFACTURING	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Business Confidence	17%	41%	-12%	-22%	-22%	60%	-40%	0%	12%	-57%	-50%
Business Expectations	31%	27%	-24%	-52%	-28%	40%	-40%	-15%	29%	-43%	-13%
Business Environment	36%	27%	36%	37%	44%	60%	40%	46%	53%	-29%	0%
Profitability Expectations	-6%	18%	12%	12%	30%	80%	13%	25%	31%	0%	21%
Current Employment	8%	36%	8%	24%	20%	40%	27%	23%	18%	-29%	6%
Future Employment	14%	36%	36%	4%	20%	60%	13%	0%	59%	-29%	-6%
Current Sales	20%	14%	20%	56%	53%	80%	13%	0%	0%	-33%	7%
Sales Expectations	31%	36%	12%	16%	7%	60%	-13%	8%	31%	-50%	13%
Current Investment	51%	73%	44%	52%	50%	0%	27%	46%	38%	-33%	0%
Future Investment	51%	64%	16%	20%	20%	80%	40%	23%	44%	-33%	13%
Current Exports	-9%	23%	21%	12%	30%	33%	-20%	0%	0%	25%	33%
Export Expectations	35%	41%	37%	41%	21%	67%	40%	29%	25%	0%	8%
Economic Uncertainty	33%	27%	55%	60%	46%	60%	36%	42%	46%	20%	50%
Brexit	45%	27%	14%	16%	14%	0%	29%	17%	15%	0%	21%

Business Confidence increased from -57% to -50%. Business Expectations also increased from -43% to -13%.

Profitability Expectations increased by 21%.

Future Employment in manufacturing increased from -29% to -6%.

Current Sales increased to 7%, while Sales Expectations for the future also increased from -50% to 13%.

Current Investment increased from -33% to 0%.

Current Exports increased this quarter, rising from 25% to 33%. Future Exports increased from 0% to 8%.

Current Employment increased from -29% to 6%.

## Q1'24 Retail:

The Retail sector for Q1'24 showed Business Confidence increasing this quarter, rising to -75%.

KEY INDICATORS RETAIL	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Business Confidence	13%	-10%	-45%	-46%	0%	33%	-20%	-33%	100%	-80%	-75%
Business Expectations	38%	10%	-64%	-46%	-50%	0%	-80%	-17%	0%	-60%	-13%
Business Environment	63%	10%	-9%	23%	50%	100%	40%	0%	100%	-40%	-13%
Profitability Expectations	14%	-30%	-60%	15%	30%	33%	25%	0%	0%	20%	0%
Current Employment	-13%	-30%	-9%	31%	30%	0%	0%	-50%	100%	0%	13%
Future Employment	50%	10%	-27%	-23%	30%	0%	0%	33%	100%	-40%	-25%
Current Sales	14%	30%	-10%	31%	60%	0%	-50%	-20%	100%	-40%	-13%
Sales Expectations	43%	0%	-20%	8%	20%	33%	-25%	0%	100%	0%	-25%
Current Investment	29%	10%	40%	69%	40%	33%	25%	-20%	0%	0%	38%
Future Investment	71%	20%	30%	38%	50%	67%	0%	40%	0%	-20%	50%
Current Exports	-67%	0%	-25%	0%	0%	-	-	-	-	33%	0%
Export Expectations	33%	0%	60%	0%	0%	-	-	-	-	33%	0%
Economic Uncertainty	33%	20%	38%	77%	50%	67%	50%	40%	0%	100%	75%
Brexit	83%	40%	25%	38%	20%	67%	0%	20%	0%	60%	13%

Business Expectations increased significantly, going from -60% to -13%.

Profitability Expectations decreased from 20% to 0%. Current Sales saw an increase and are now at -13%, compared to -40% in Q4'23.

Current Investment increased from 0% to 38%. Future Investment also increased from -20% to 50%.

Business Environment increased from -40% to -13%, rising by 27% from last quarter.

Current Employment in retail rose by 13% this quarter, now at 13%. The expectation for Future Employment increased from -40% to -25%. Sales Expectations decreased from 0% to -25%.

## Q1'24 Services:

The Services sector for Q1'24 showed 10 of the 14 confidence indicators decreasing from the previous quarter.

KEY INDICATORS SERVICES	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Business Confidence	37%	45%	8%	-13%	8%	-21%	21%	13%	25%	20%	-52%
Business Expectations	27%	52%	-4%	-54%	-33%	-14%	5%	0%	0%	30%	0%
Business Environment	60%	15%	21%	28%	46%	7%	42%	50%	50%	20%	-10%
Profitability Expectations	19%	15%	-24%	18%	42%	46%	31%	25%	25%	43%	17%
Current Employment	10%	0%	-17%	13%	0%	-7%	16%	13%	50%	20%	0%
Future Employment	47%	24%	22%	0%	30%	14%	42%	0%	25%	20%	10%
Current Sales	30%	0%	0%	6%	38%	0%	19%	38%	38%	0%	0%
Sales Expectations	37%	36%	41%	-11%	10%	31%	19%	25%	63%	38%	11%
Current Investment	30%	39%	50%	37%	38%	15%	31%	38%	38%	38%	0%
Future Investment	56%	36%	55%	29%	33%	15%	0%	25%	50%	38%	11%
Current Exports	55%	12%	0%	17%	29%	50%	0%	50%	0%	0%	-25%
Export Expectations	50%	18%	60%	29%	38%	50%	33%	25%	25%	33%	50%
Economic Uncertainty	50%	33%	56%	60%	62%	42%	46%	43%	14%	43%	61%
Brexit	23%	9%	17%	7%	10%	0%	8%	0%	0%	0%	6%

Business Confidence fell from 20% to -52%.

Business Environment decreased from last quarter and is now at -10% while Profitability Expectations decreased from 43% to 17%.

Current Employment fell from 20% to 0% while Future Employment also decreased from 20% in Q4'23 to 10% this quarter.

Current Sales remained steady at 0%. Sales Expectations decreased, falling from 38% to 11%.

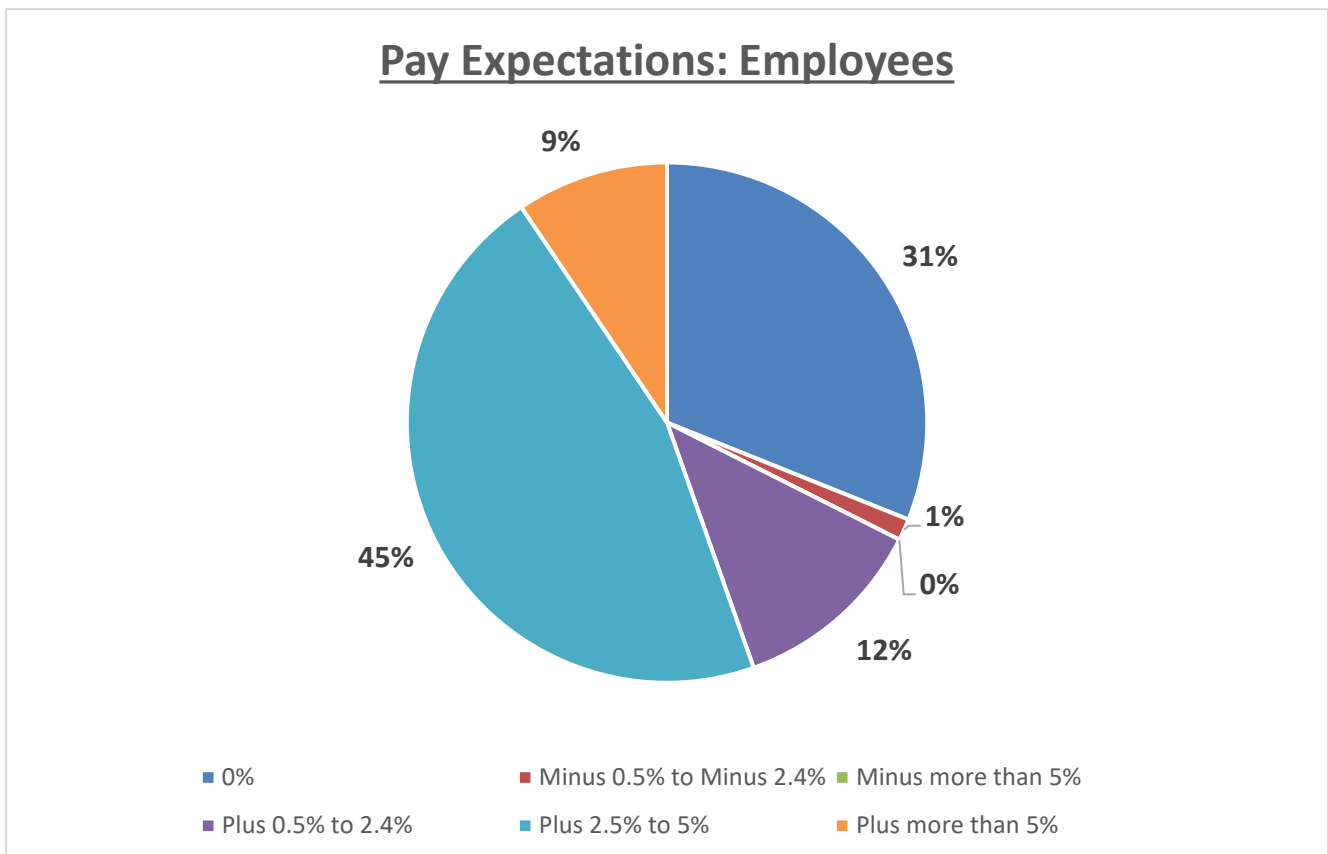
Current Investment decreased from 38% to 0%. Future Investment also decreased from 38% to 11%.

Current Exports decreased from 0% to -25%, while Export Expectations increased from 33% to 50%.

## Q1'24 Pay Expectations: Employees

The range of pay expectations in the SME sector is very diverse. Our latest research shows that:

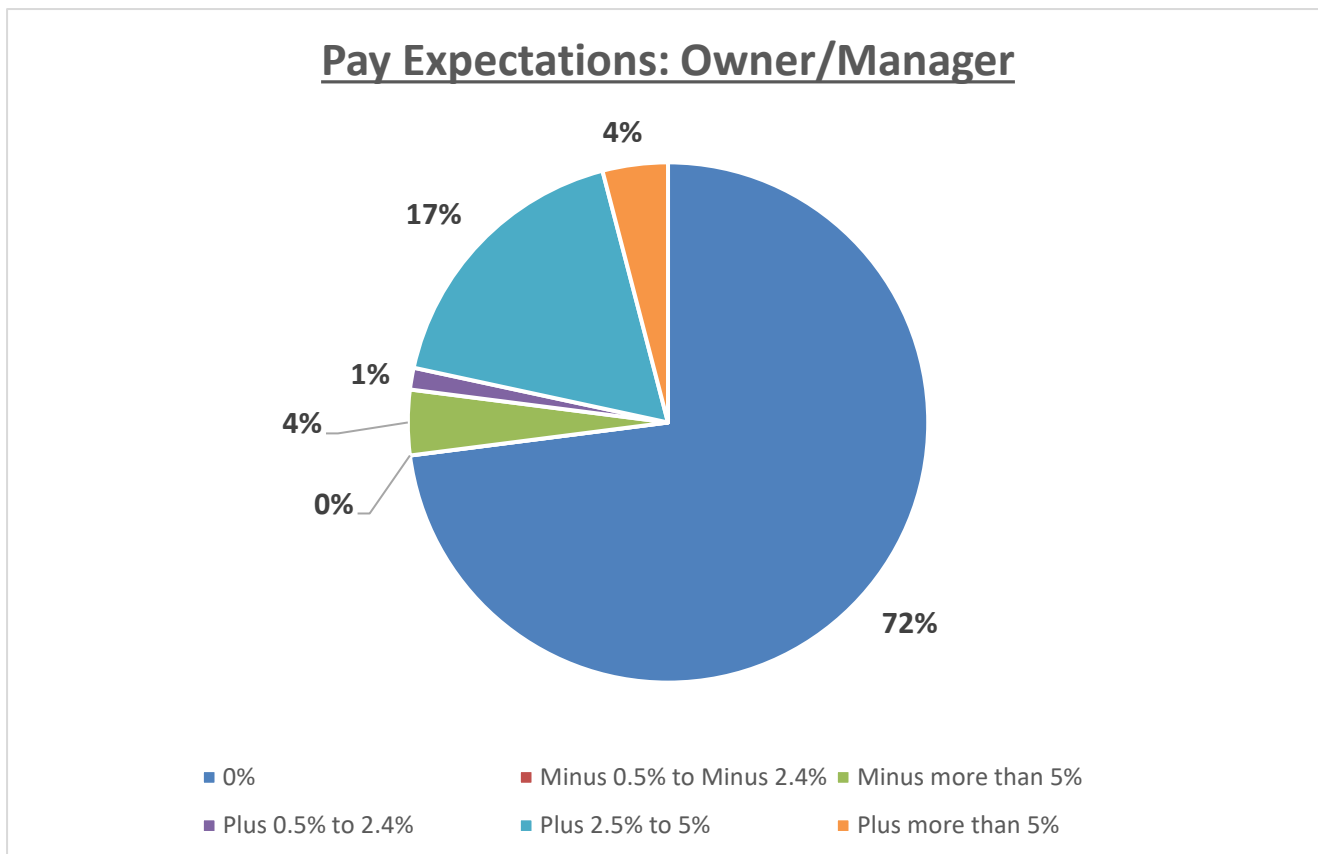
- 31% of SMEs will not be able to increase pay this year for their employees.
- 12% will increase employees pay by 0.5% to 2.4%.
- 45% will increase pay by 2.5%-5%.
- 1% of employers will decrease employees pay.





## Q1'24 Pay Expectations: Owner Manager

When we asked business owners about their own pay for this year, we found the following:



- 72% said they would not increase their earnings from the business.
- 4% stated they intend to increase their wages by plus 5%.
- 17% will increase their pay between 2.5%-5%.
- 1% will increase their pay between 0.5%-2.4%.
- 4% stated they were reducing their wages.

## Insurance Costs: Introduction

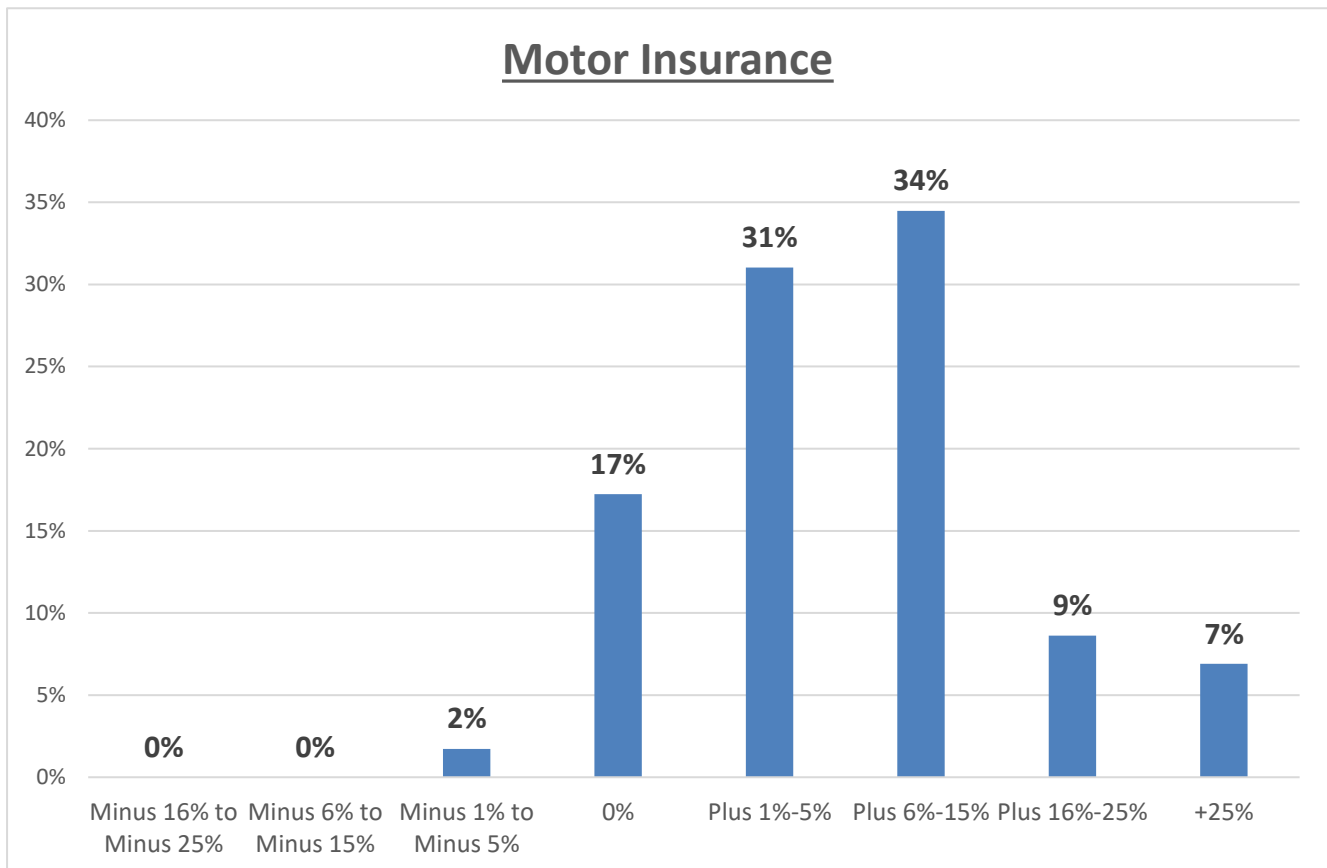
While we see continued decreases in the CSO CPI figures for personal motor insurance costs, our data shows us that businesses are still facing significant increases. The CSO does not survey commercial insurances costs in its Services Producer Price Index. In view of the very high costs of insurance in some business sectors, this omission needs to be reconsidered.

Our latest data shows us that:

22% of SMEs consider Insurance one of their immediate biggest concerns.

## Motor Insurance:

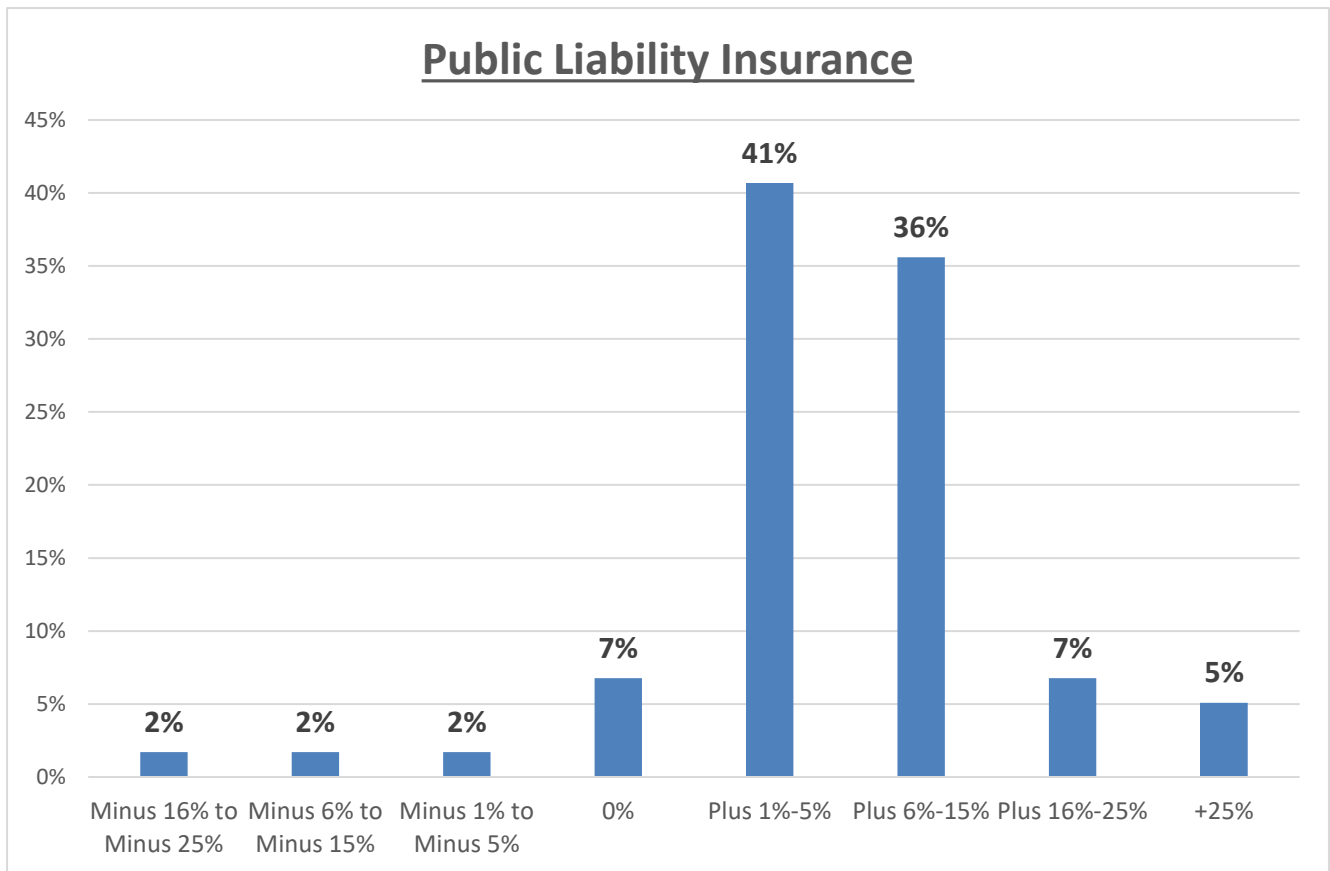
81% of respondents stated their Motor Insurance premiums increased on renewal.



- 7% of respondents noted an increase of +25%.
- 9% experienced increases of plus 16%-25%.
- 34% of respondents' premiums increased between plus 6% to 15%.
- 31% of those who responded recorded increases of plus 1%-5%.
- 17% reported no increase to premiums.
- While 2% reported a decrease.

Public Liability Insurance:

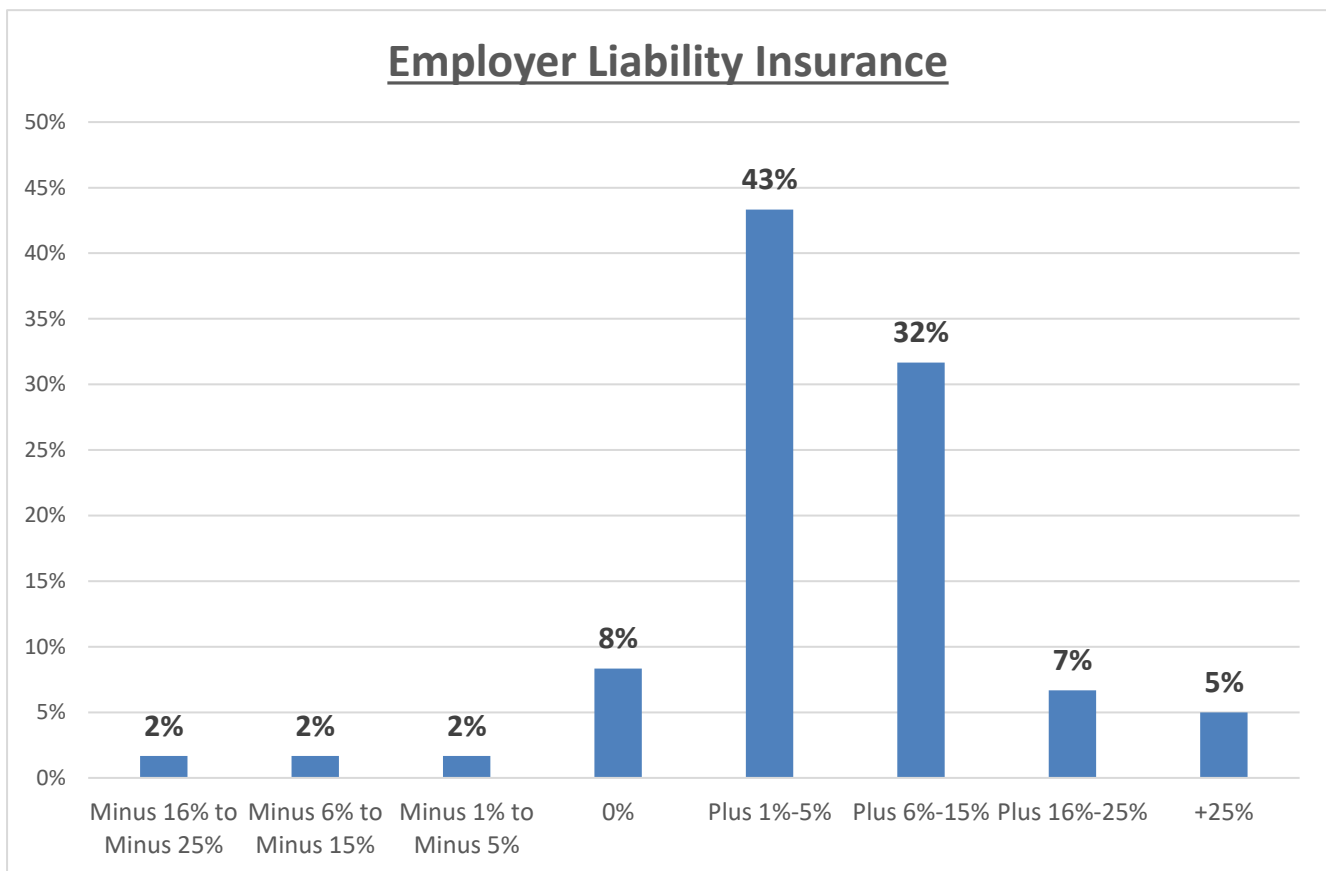
89% of respondents stated their Public Liability Insurance premiums increased on renewal.



- 41% reported increases of between 1% and 5%.
- 36% stated increases of plus 6%-15%.
- 7% reported increases of plus 16%-25%.
- 5% reported increases of +25%
- 7% reported no change.
- While 6% reported a decrease.

## Employer Liability Insurance:

87% stated their Employer Liability insurance premiums increased on renewal.



- 43% reported increases of between 1% and 5%.
- 32% stated increases of plus 6%-15%.
- 7% reported increases of plus 16%-25%.
- 5% reported increases of +25%
- 8% reported no change.
- While 6% reported a decrease.

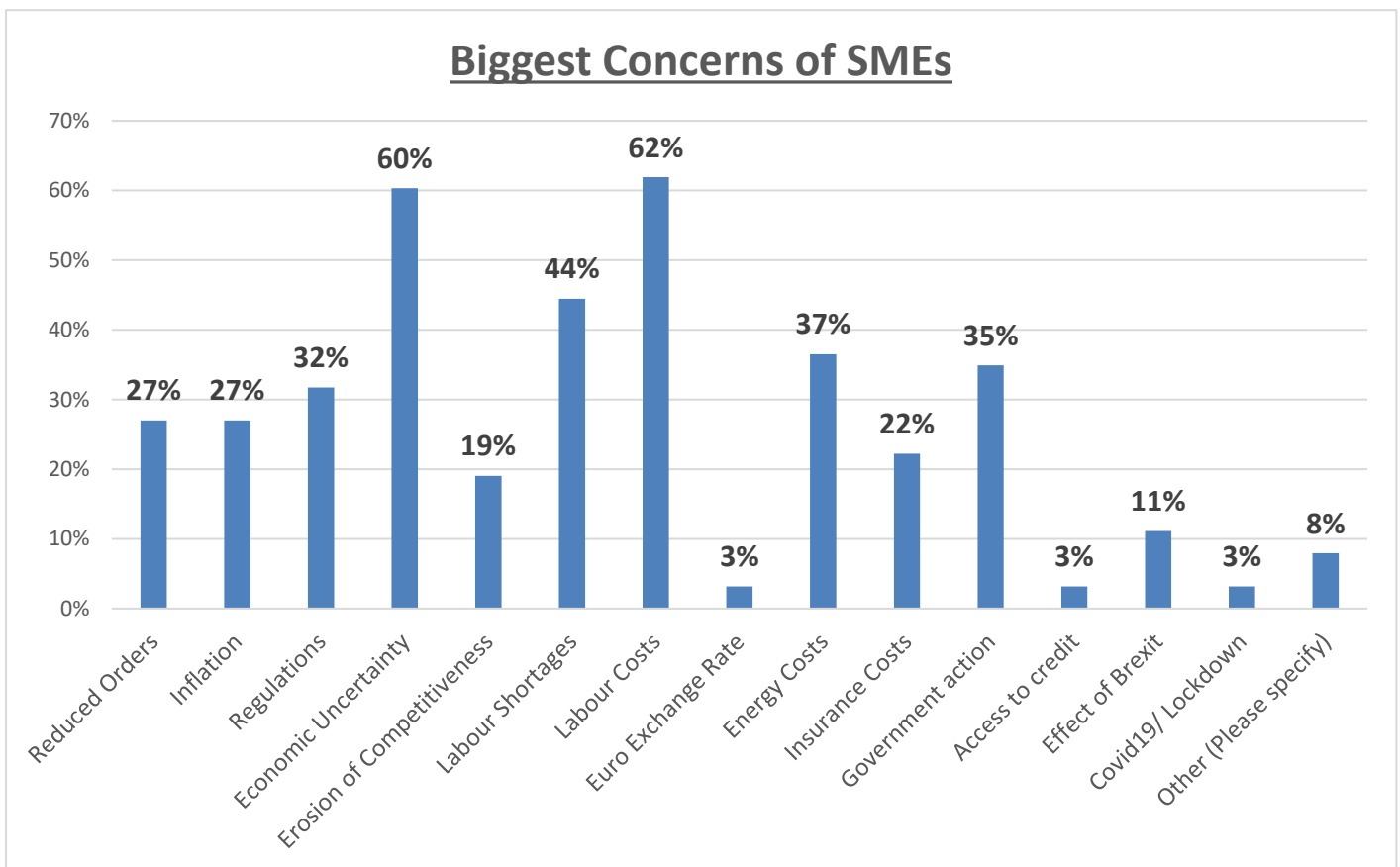
## Insurance Summary:

On the issue of insurance ISME has made several submissions to various government ministers and departments outlining the practical steps need to reduce the high costs of motor insurance. If these steps were taken on board, SMEs and the general public would see significant decreases in their premiums. The cost of insurance is an issue which ISME will continue to lobby on throughout 2023.

## Biggest concern of SMEs:

The top five concerns for SMEs in this quarter are:

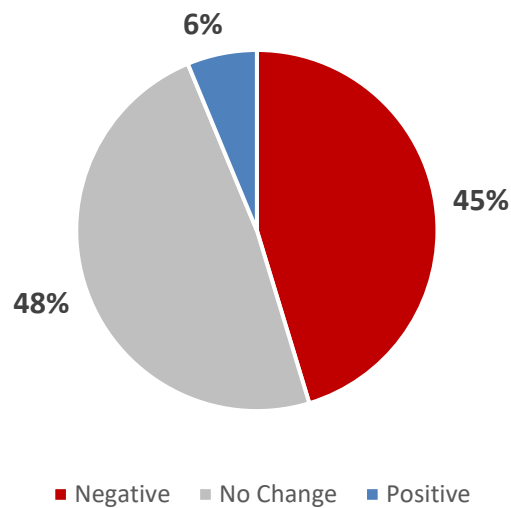
- Energy Costs at 37%.
- Labour Costs at 62%.
- Government Action at 35%.
- Economic Uncertainty at 60%.
- Labour Shortages at 44%



## BREXIT:

Brexit has become a slightly more significant concern this quarter, with 45% of respondents stating that it would have a negative impact on their bottom line. 6% of respondents said Brexit will have a positive impact on their business, while 48% responded with no change.

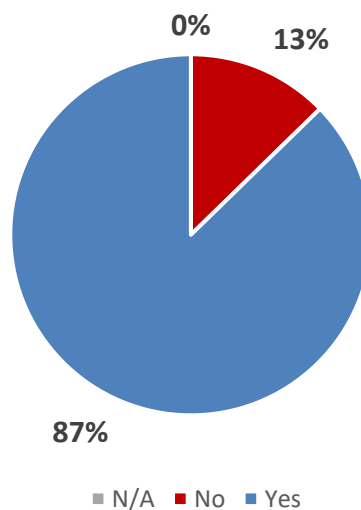
### What effect will BREXIT have on your bottom line?



## Broadband Services:

Access to proper and adequate broadband services is a key issue for many SMEs particularly those in rural Ireland. Inadequate or poor broadband service has a negative impact on business productivity. Our latest information shows that 13% of businesses are impacted by inadequate broadband.

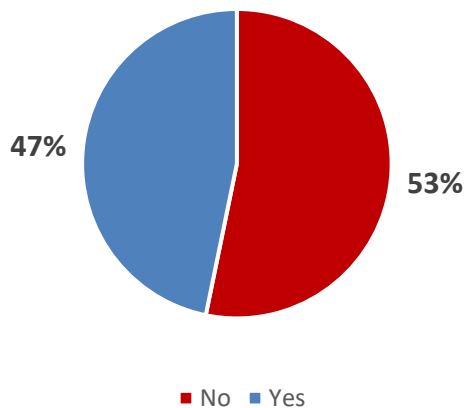
### Is your broadband service adequate?



### Retaining and Recruiting staff:

When asked 'Is your company finding it difficult to retain staff members?' 47% stated yes they were, while 53% stated this was not a problem.

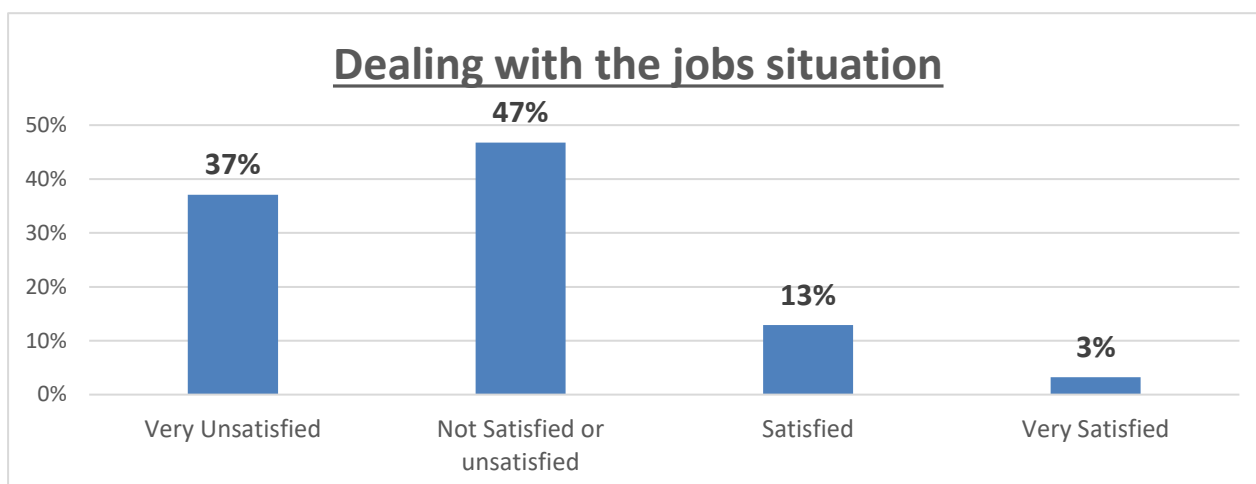
#### Is your company finding it difficult to retain staff members?



## Government Performance:

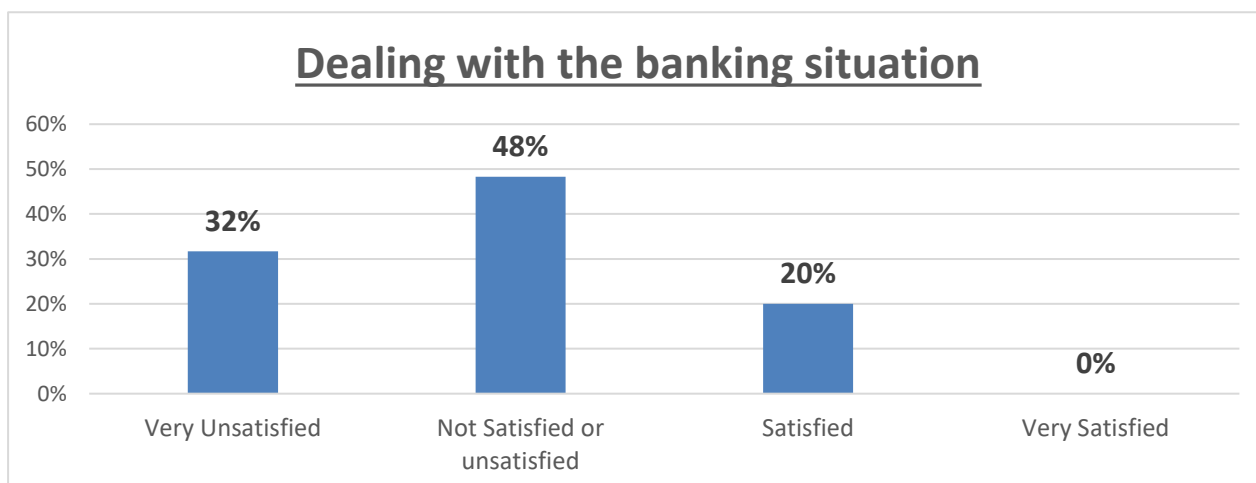
### Dealing with the job situation

- Very Satisfied: 3%
- Satisfied: 13%
- Not Satisfied or dissatisfied: 47%
- Very Dissatisfied: 37%



### Dealing with the banking situation

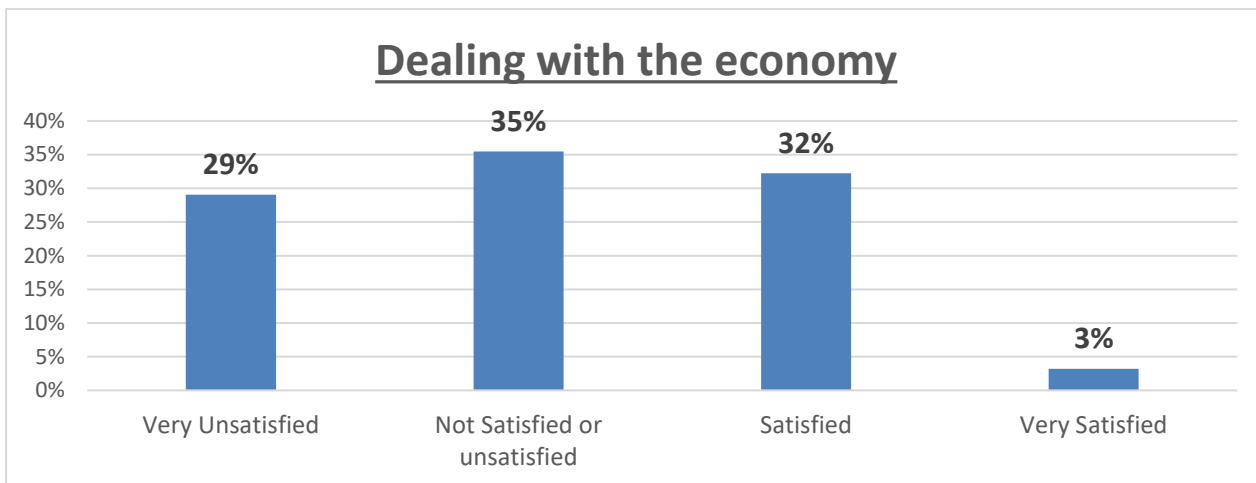
- Very Satisfied: 0%
- Satisfied: 20%
- Not Satisfied or dissatisfied: 48%
- Very Dissatisfied: 32%



### Dealing with the economy

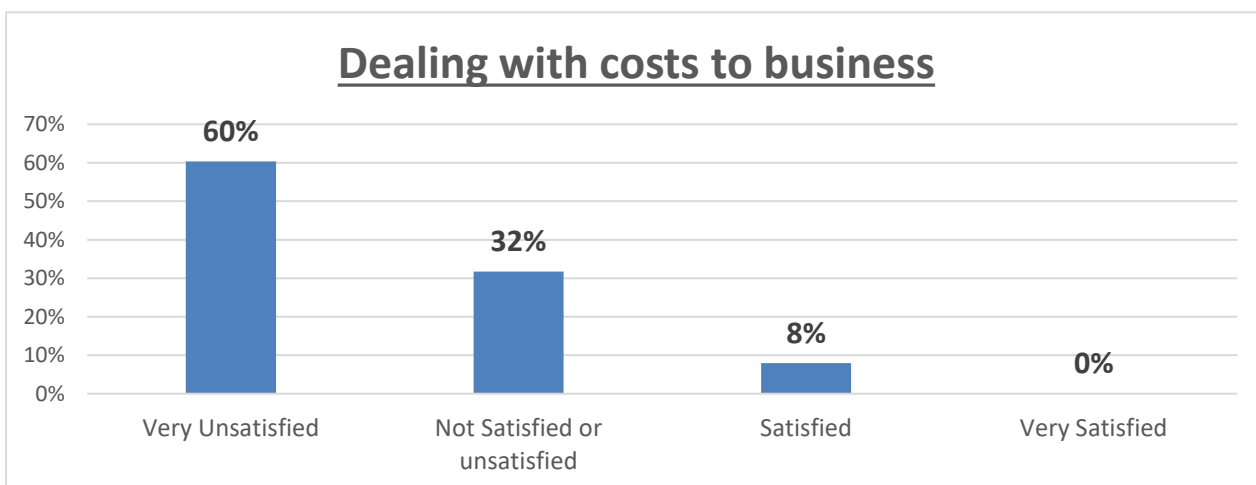
- Very Satisfied: 3%
- Satisfied: 32%
- Not Satisfied or dissatisfied: 35%
- Very Dissatisfied: 29%





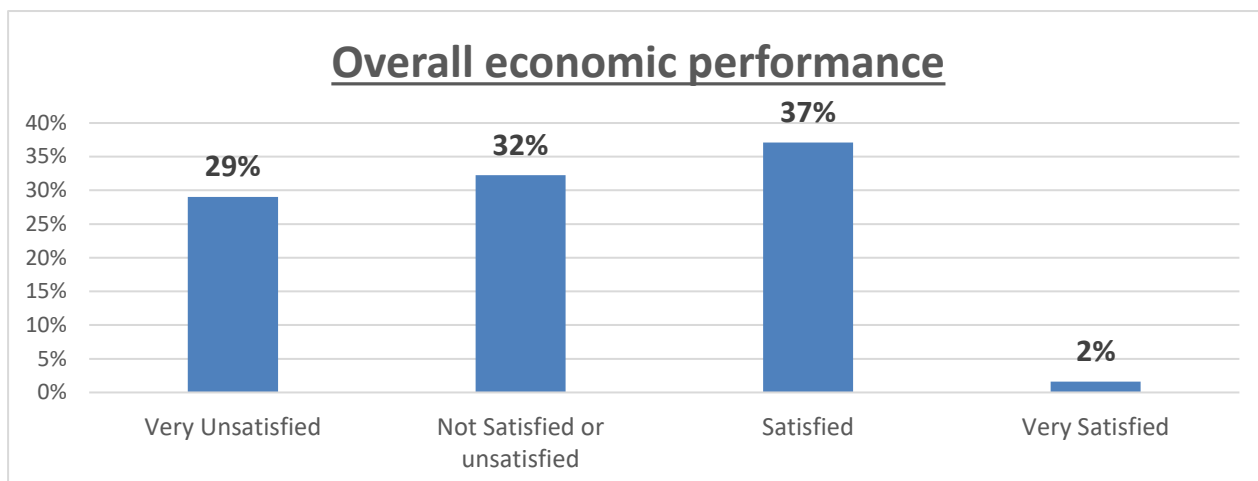
#### Dealing with costs to business

- Very Satisfied: 0%
- Satisfied: 8%
- Not Satisfied or dissatisfied: 32%
- Very Dissatisfied: 60%



#### Overall economic performance

- Very Satisfied: 2%
- Satisfied: 37%
- Not Satisfied or dissatisfied: 32%
- Very Dissatisfied: 29%



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**Methodology:**

This survey was published in the first week of April 2024, covering the first quarter of 2024. There were 78 SME owner manager respondents. The results presented in this report are calculated as the aggregate response to a survey question, i.e., the sum of all positive and negative responses. For example, a survey question may ask: “Have you increased or reduced investment in your company in the last 12 months?”. The breakdown of responses is as follows: 51% “Increased”, 39% “Remain Same” and 13% “Decreased”. The aggregate response to this question is calculated as the sum of the positive and negative sentiment expressed in the question: 51% - 13% = 38%. The neutral response, “Remain Same” is not considered.