



INSTITUTE OF DIRECTORS
IN IRELAND

Director Sentiment Monitor (Q4) 2018

Background

The fourth of our quarterly **Director Sentiment Monitor** surveys was conducted between 3rd and 10th December 2018. We would like to thank our members for their valuable feedback. The survey findings provide insights from our members about on their views on a number of issues relating to business, economic and governance.

*Throughout this document, percentages may be rounded up/down for illustrative purposes.

Respondents: Male (77%), Female (22%). Chief Executive/Managing Director (39%), Senior Executive/Head of Function (22%) Non-Executive Director (17%), Chairperson (13%), Sole Trader/Consultant (7%), Other (2%).

Company Type: Private (50%), Multinational (15%), Professional Services (12%), Non-Profit (7%), State/Semi-State (9%), Other (5%).

Industry Type: Financial Services (25%), Professional Services (16%), Life Sciences/Healthcare (10%), Technology/Media/Telecommunications (11%), Consumer & Industrial Products (8%), Services (8%), Construction (5%), Charity/Non-Profit (6%), Other (6%).

Executive overview

- Irish business sentiment has consistently declined through the year, with only 32% of business leaders remaining optimistic about the Irish economy in Q4, down from 35% in Q3, 46% in Q2 and 52% in Q1.

- 60% of business leaders believe that the financial performance of their primary organisation will improve in 2019, an increase of 14% when compared to Q3 (51%).
- The single biggest risk factor, cited by 32% of business leaders, facing their organisation is Brexit - compared to 26% in Q3.
- 89% of directors believe that Brexit will have a short-term negative impact, with 60% also believing the consequences will be negative in the long-term too.
- 70% of business leaders believe consumer confidence has been positively impacted by the current Government's performance to date.
- The availability of talent remains of significant concern for business leaders.

Mixed feelings about Government's performance

There were mixed feelings towards the Government's performance with 70% of business leaders believing **consumer confidence has been positively impacted** by their performance to date.

And whilst 37% of directors believe the **Government's performance** so far has had a positive effect on their business decision-making, over half (52%) believe it has had no effect.

43% of respondents believe there will be a **General Election** in 2019, but with a credible 29% believing there will be no General Election.

Business sentiment continues downward trend as Brexit looms large

Irish business sentiment has consistently declined through 2018, with **32% of business leaders remaining optimistic** about the Irish economy in Q4, down from 35% in Q3, 46% in Q2 and 52% in Q1.

That said, 60% of business leaders believe that the **financial performance of their primary organisation** will improve in 2019, an increase of 14% when compared from Q3 (51%).

The **single biggest risk factor** that 32% of business leaders believe is facing their organisation is the 'effects of **Brexit**' compared to 26% in Q3. This is almost twice the number who equally believe it to be

political/economic uncertainty or labour sourcing/quality/capability/retention (17%).

This is further borne out by 89% of directors believing that Brexit will have a **short-term** negative impact, with 60% believing the consequences will be negative in the **long-term** too.

72% of directors anticipate that **opportunities for growth** in 2019 in respect of their primary organisation will come from the **domestic market** (39% Q3), whilst 31% believe these will come from the EU (22% Q3), while 20% say the UK (5% Q3).

Sleepless nights over long-term growth prospects, talent

When asked about the main issues that “**keep you awake at night**”, a clear majority (42%) of directors cited **sustainability and long-term growth** prospects, followed closely by attracting strong talent (33%) and structural change/changing business models (30%).

On the issue of the **availability of talent** for their business, 62% believe it has decreased compared to 57% in Q3, with 31% indicating that the situation has stayed the same as the previous quarter (37% Q3).

Contradictions in gender pay gap issues

With gender pay gap reporting likely to become a reality in the future, a clear majority of respondents (67%) agree with the principle of **gender pay gap reporting** and 53% say they have no concerns about gender pay gap reporting.

Interestingly, while 40% of directors say their organisation has **taken action** to discover whether **gender pay bias** exists in their business, nearly a third (30%) say they have not.

GDPR compliance drops down the risk list

Interestingly, with GDPR having come into effect in May 2018, just six months later, only 1.23% of directors consider the impact of **GDPR compliance** to be the single biggest risk factor facing their organisations.