



INSTITUTE OF DIRECTORS  
IN IRELAND

# Director Sentiment Monitor

Quarterly Members' Survey  
2022



## **The Institute of Directors in Ireland**

As the leading voice in the debate on improving corporate governance standards, the Institute of Directors (IoD) in Ireland is dedicated to developing and improving the effectiveness and performance of directors and boards throughout Ireland. IoD Ireland is a dynamic network with members drawn from companies large and small in the private, public and not-for-profit sectors. Our focus is the professional development of our members by offering key services such as: director training; board services, such as the Boardroom Centre and Board Evaluation Service; access to insight and expertise through online and print resources; and networking opportunities through inspirational events.

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# Foreword



Over the past two years, each successive quarter has presented a continuing catalogue of new uncertainties and the first three months of 2022 once again provided more of the same for business leaders and, indeed, wider society.

War in Ukraine and its many consequences (not least, humanitarian), inflation, supply chain issues, the 'bedding in' of pilot hybrid working, a resurgence of COVID-19 cases, and more. It was a turbulent and uncertain first quarter of the year.

It was in such a multi-faceted context that we sought our members' views on these issues and how they are impacting them, their primary organisations, the economy and society generally. We value our members' views and appreciate their feedback in our quarterly Director Sentiment Monitor surveys, and the results this quarter are thought-provoking, indeed.

We live in uncertain and changing times, on a variety of fronts, and it will take some time for some of the issues around remote and hybrid working – including the proposed legislation in this area – to be resolved. It is crucial at this stage for business leaders to continue to ensure transparency and engagement with their staff, and for employees to recognise that whatever model is adopted meets the business needs. Mutuality is key. However, the fact that almost half (48%) of business leaders note hybrid working has been a success is significant. It would seem, too, that business leaders are split on whether the Draft Scheme of the Right to Request Remote Working Bill 2022 will satisfy both employees and employers. The finding that 37% of business leaders say they 'don't know enough' about the Right to Request Remote Working Bill 2022 indicates that we have some way to go on this issue.

It is a welcome finding in this report that a conclusive majority (94%) of business leaders believes their organisation has a social and moral responsibility to cease or minimise trade/business with or in Russia due to the ongoing conflict in Ukraine. Business leaders acknowledge the massive and tragic humanitarian consequences of the war in Ukraine. They stand in solidarity with those trying to bring an end to the war. However, the reality is that businesses and the economy continue to function, but they must do so in a global context that is uncertain and fraught with significant risks to their organisations, trading partners and economies. Unsurprisingly, geopolitical/economic instability, and inflation, are seen by business leaders as the two most significant risks. It is to be hoped that efforts to find a peaceful resolution will be successful sooner rather than later, to avoid further loss of life and human suffering.

This research also reveals sentiment findings in relation to the economy, business confidence, the effect of the Government's performance, and more. All of these findings are invaluable to the IoD and we sincerely appreciate our members taking the time to consider the questions in this research on a quarterly basis.

As this is my last Director Sentiment Monitor report as Chief Executive of IoD Ireland, I would like to thank all the members who have contributed to the research, as well as the IoD staff who have produced this, and previous, reports.

Thank you.

**Maura Quinn CDir, Chief Executive,  
Institute of Directors in Ireland**

# Demographics

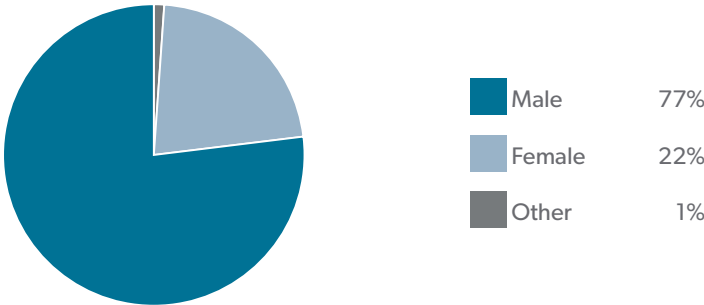
The Q1 2022 Director Sentiment Monitor had 314 respondents. In addition, 72% of the respondents are current board members, with the remainder in senior executive roles. The survey was issued to all IoD members, with a link to the online survey, and was carried out during the time period 22nd March 2022 and 8th April 2022.

For the purposes of comparison, data from previous IoD Ireland quarterly surveys are also included in this publication in certain instances. The findings in this research have been rounded up or down to the nearest decimal point. For all questions, respondents were given the option of one response.

## Gender

The Q1 2022 survey had 77% of respondents who were male and 22% who were female.

Figure 1: Gender of respondents

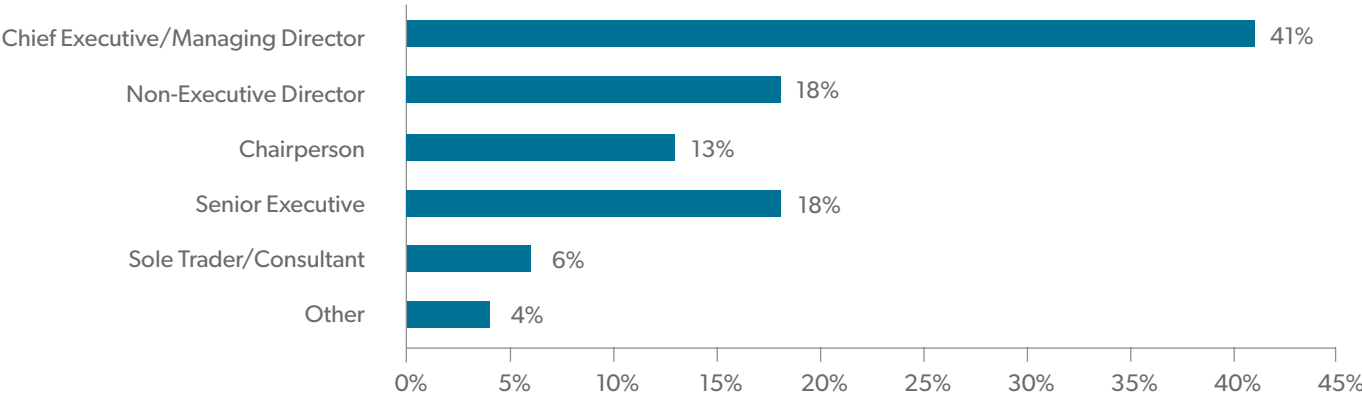


Source: IoD Ireland Director Sentiment Monitor Q1 2022.

## Role/Position

The respondents to the Q1 2022 survey hold the following roles/positions:

Figure 2: Breakdown of respondents by role/position



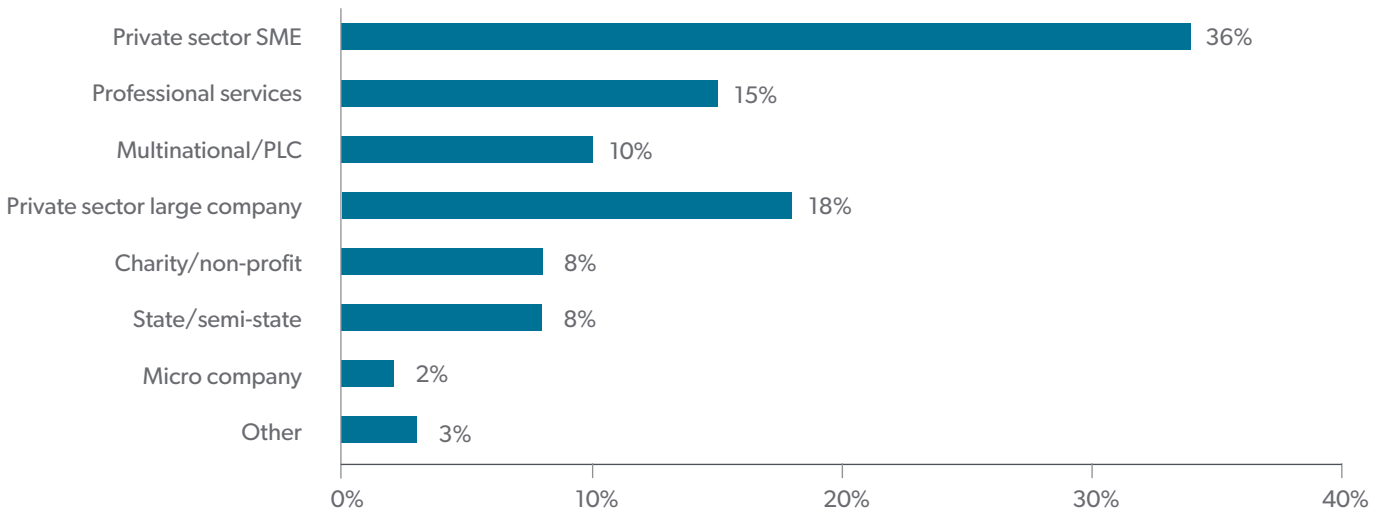
Source: IoD Ireland Director Sentiment Monitor Q1 2022.

## Demographics

### Company Type

The respondents to the Q1 2022 survey represent the following types of companies:

Figure 3: Breakdown of respondents by company type

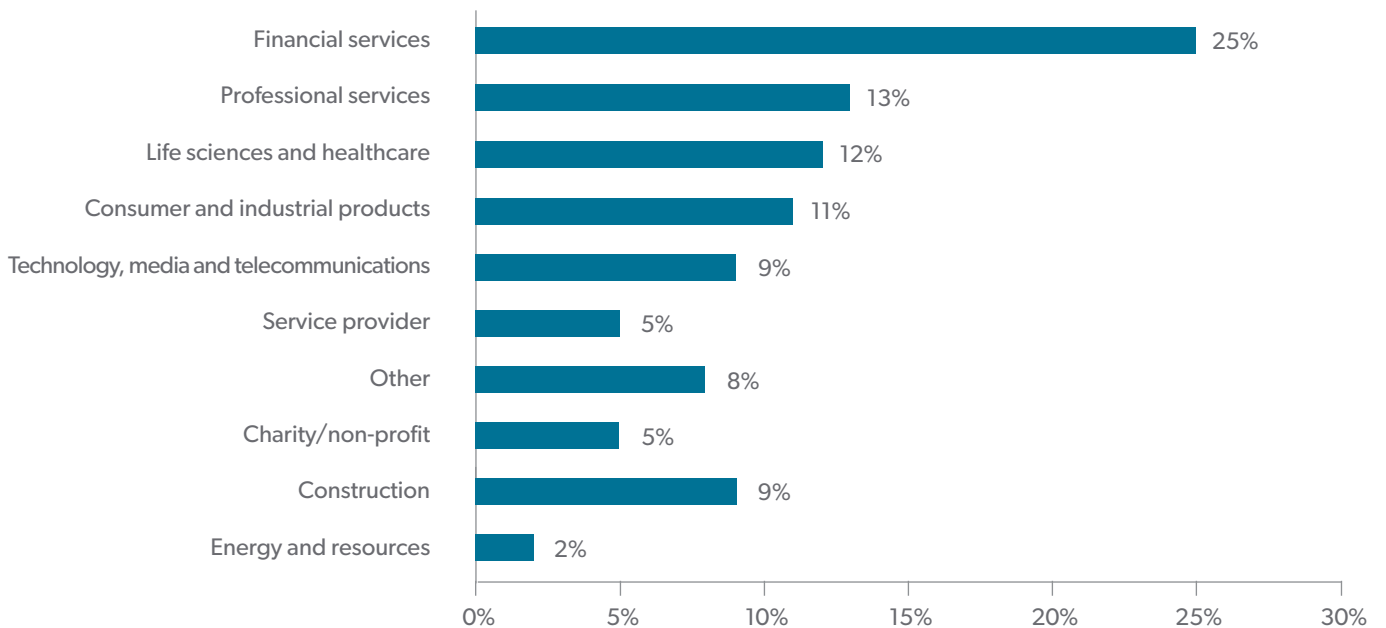


Source: IoD Ireland Director Sentiment Monitor Q1 2022.

### Industry Sector

The respondents to the Q1 2022 survey operate in the following types of sectors:

Figure 4: Breakdown of respondents by industry sector



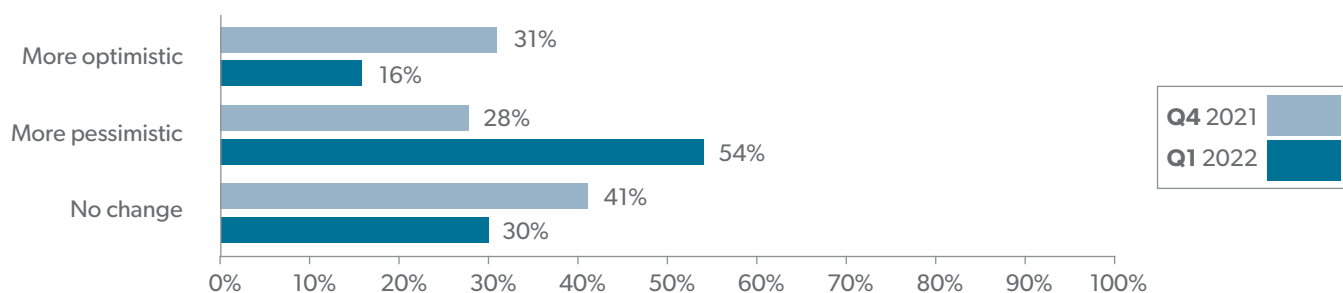
Source: IoD Ireland Director Sentiment Monitor Q1 2022.

# The Economy

## Business Confidence and the Irish Economy

Business confidence was down markedly in Q4 2021 compared with the previous quarter, presumably due in large measure to the imposition of public health restrictions designed to combat the Omicron variant of COVID-19. In Q1 2022, we are seeing a further slide in confidence, no doubt impacted in large measure by the invasion of Ukraine by Russia and the many consequences of that war, not least those relating to energy costs and resources, supply chain issues, and wider geopolitical and economic instability. It is no surprise, then, that just 16% of respondents are 'more optimistic' in respect of the economy, compared to 31% in Q4 2021, a fall of 15%. Furthermore, 54% of respondents are 'more pessimistic' about the economy, compared with 28% in Q4 2021. Those who had 'no change' in their view of the economy fell from 41% in Q4 2021 to 30% in Q1 2022.

Figure 5: Business confidence in the Irish economy in Q1 2022 compared to Q4 2021



Source: IoD Ireland Director Sentiment Monitor Q1 2022.

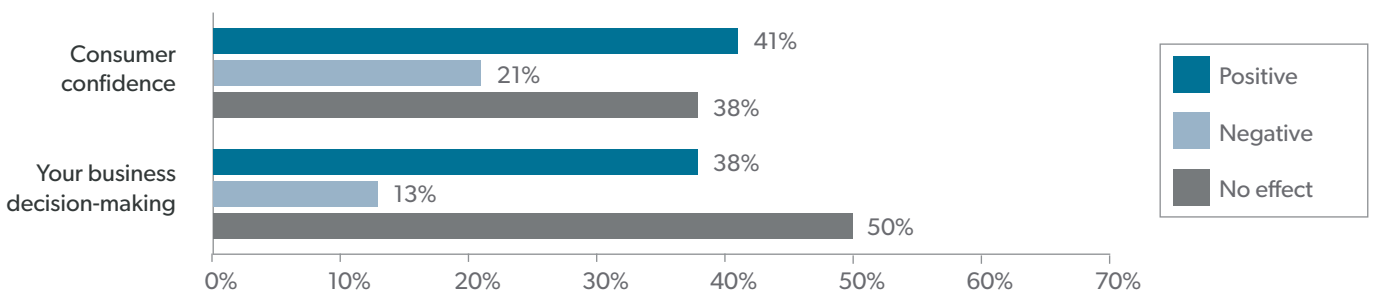
## The Economy

### Effect of Government's Performance

With regard to the effect of the Government's performance to date on consumer confidence, on the one hand, and business decision-making, on the other hand, we saw quite a negative picture develop in Q4 2021. In Q1 2022, however, the picture is more positive.

- With respect to consumer confidence, in Q4 2021, 36% of business leaders believed the effect of the current Government's performance to be positive. That has increased to 41% in Q1 2022. Furthermore, in Q4 2021, 37% of business leaders believed the effect of the current Government's performance to be negative. That has decreased to 21% in Q1 2022.
- With respect to directors' decision-making, in Q4 2021, 32% of business leaders believed the effect of the current Government's performance to be positive, and that has increased by 6% to 38% in Q1 2022. In Q4 2021, 17% of business leaders believed the effect of the current Government's performance to be negative and that decreased to 13% in Q1 2022.
- Worth highlighting, too, are the findings related to those who say the Government's performance has had no effect on consumer confidence (27% in Q4 2021 but 38% in Q1 2022) and on their business decision-making (51% in Q4 2021 and 50% in Q1 2022).

Figure 6: What do you believe has been the effect of the current Government's performance to date on the following?



Source: IoD Ireland Director Sentiment Monitor Q1 2022.

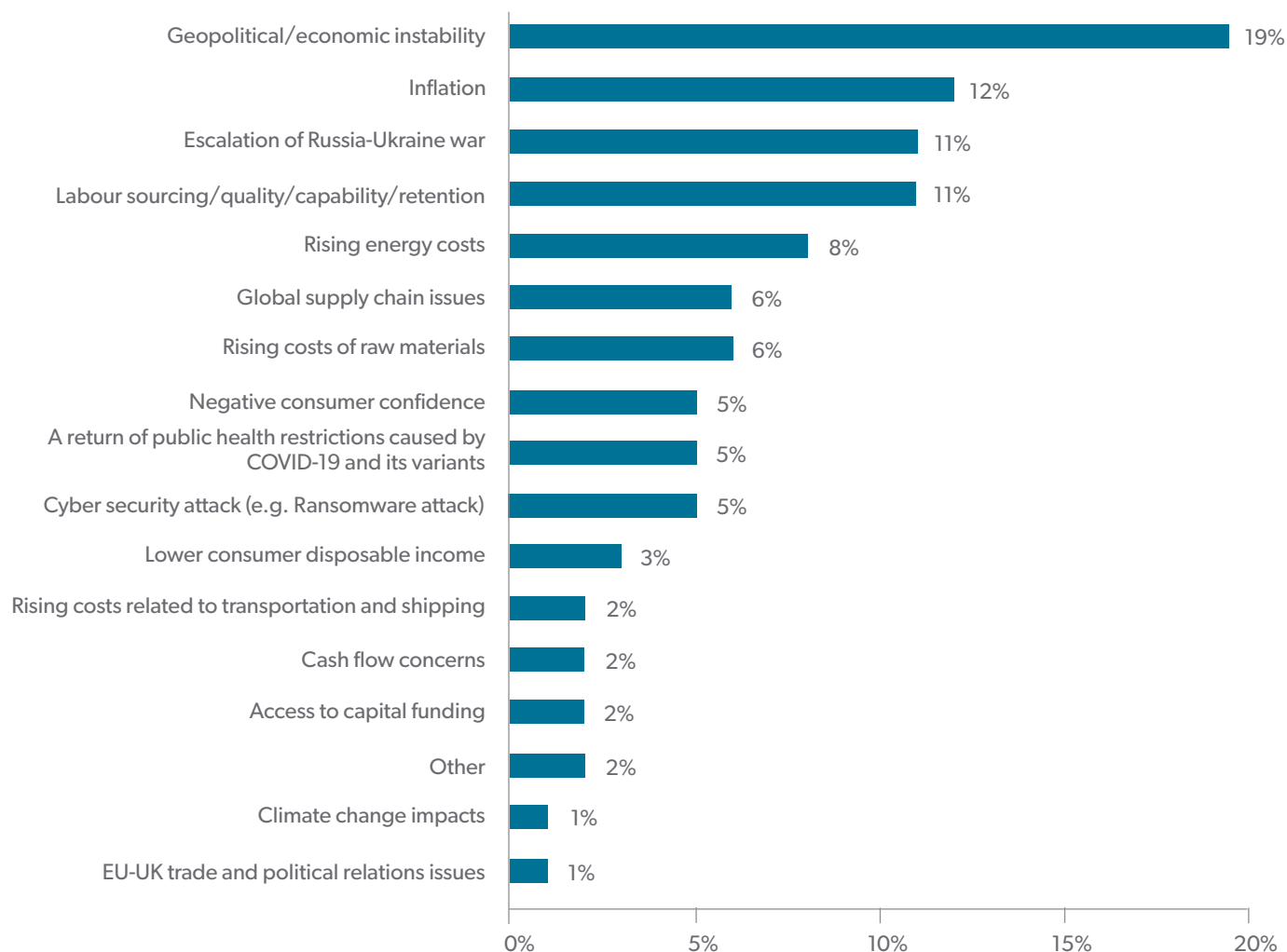


# Financial Performance and Risk

## Risk Factors

Throughout 2021, COVID-19 related risks dominated sentiment in our quarterly surveys. In Q1 2022, however, the picture has altered, notably, with Russia's invasion of Ukraine and its many consequences influencing the key risk factors chosen by our respondents. 'Geopolitical/economic instability' (19%), 'inflation' (12%), and an 'escalation of the Russia-Ukraine war' (11%) head the list, with many other related factors also featuring (e.g. 'rising energy costs' on 8%). It is noteworthy, too, that 'labour sourcing/quality/capability/retention' (11%) features so strongly.

Figure 7: The single biggest risk respondents say is facing their organisation at present



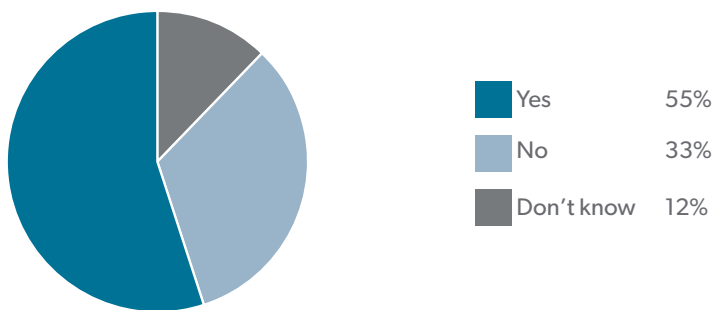
Source: IoD Ireland Director Sentiment Monitor Q1 2022.

## Financial Performance and Risk

### Financial Performance

Overall, there is a decrease in positive sentiment with regard to financial performance in our latest Director Sentiment Monitor. In our Q4 2021 research, 64% of our respondents believed the financial performance of their primary organisation would improve in Q1 2022. In our new research for Q1 2022, this has fallen by 9% to 55% in respect of Q2 2022. Furthermore, in our Q4 2021 research, 23% of our respondents believed the financial performance of their primary organisation would not improve with respect to Q1 2022. However, this has increased by 10% to 33% with respect to Q2 2022.

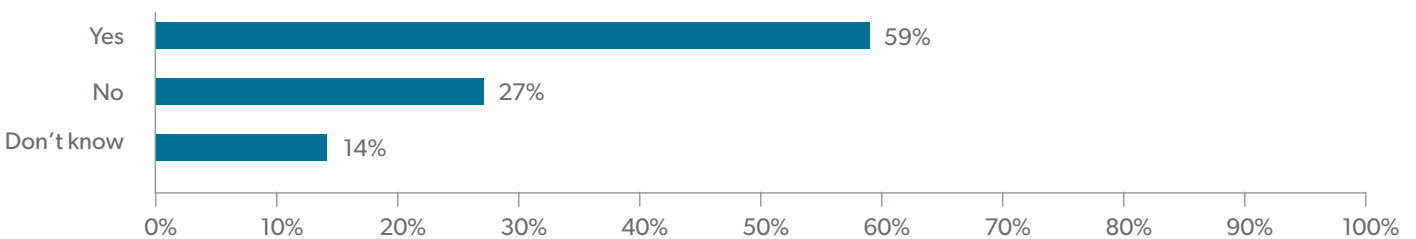
Figure 8: Do you think that the financial performance of your primary organisation will improve in Q2 2022?



Source: IoD Ireland Director Sentiment Monitor Q1 2022.

When looking to the year 2022 as a whole, a majority of our respondents are also less optimistic than they were in our previous quarterly survey, with 59% believing the financial performance of their primary organisation will improve for the year 2022, down a significant 18% from 77% in Q4 2021.

Figure 9: Do you think that the financial performance of your primary organisation will improve for the year 2022?



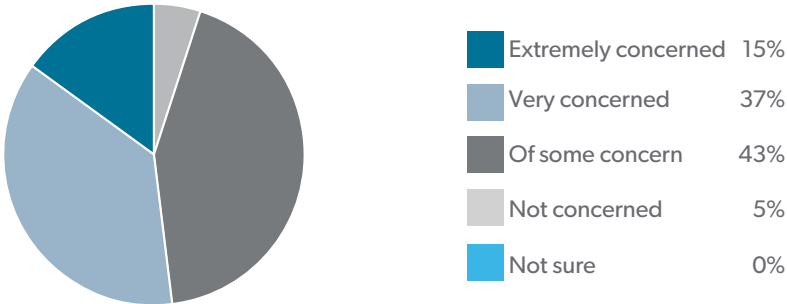
Source: IoD Ireland Director Sentiment Monitor Q1 2022.

# Business Challenges

## Inflation: Concern

Rising inflation became an increasingly topical issue as 2021 progressed. Indeed, in our Q4 2021 research, 23% of respondents indicated that they were very or extremely concerned about the negative impact of inflation on the financial performance of their primary organisation in Q1 2022, with 43% noted that it was 'of some concern'. In our new research for Q1 2022 itself, 52% of respondents are very or extremely concerned about the potential negative impact of inflation for the whole year, with 43% saying it is 'of some concern'.

Figure 10: How concerned are you that general inflation will negatively impact the financial performance of your primary organisation for the year 2022?

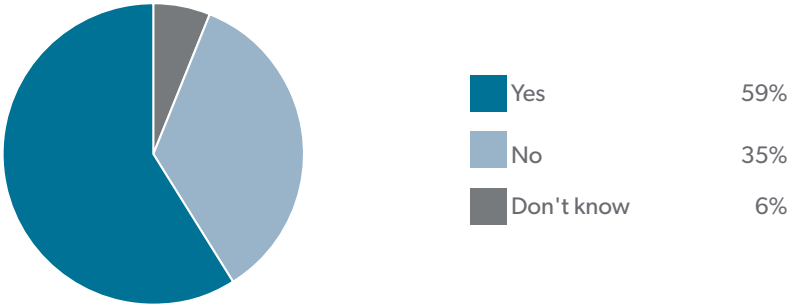


Source: IoD Ireland Director Sentiment Monitor Q1 2022.

## Inflation: Government Interventions

In Q1 2022, nearly 60% of business leaders in our research believe the Government should review direct taxation to boost disposable income levels in the face of surging inflation.

Figure 11: Do you believe the Government should review direct taxation to boost disposable income levels in the face of surging inflation?

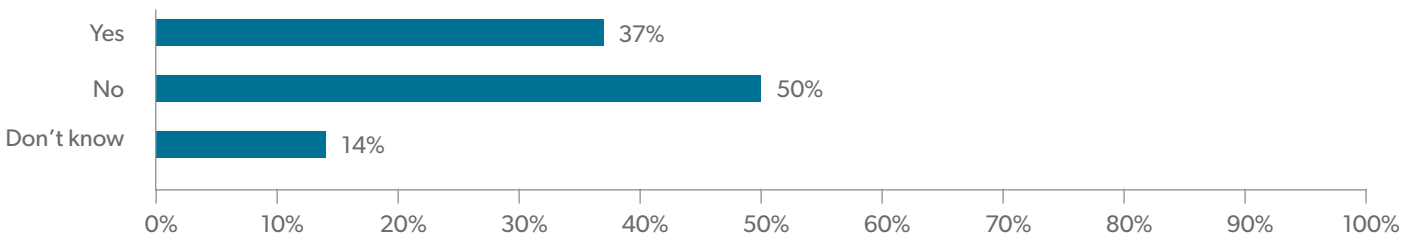


Source: IoD Ireland Director Sentiment Monitor Q1 2022.

## Business Challenges

However, when asked if the Government should use the COVID contingency fund to assist businesses in dealing with inflation and supply chain issues, 50% of our respondents said 'no', with 37% saying 'yes'.

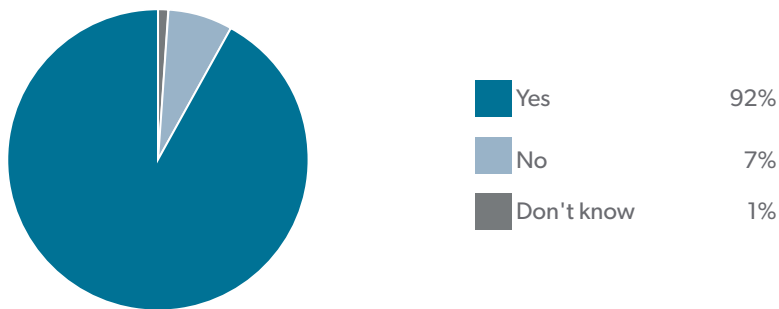
**Figure 12: Do you believe the Government should use the COVID contingency fund to assist businesses in dealing with inflation and supply chain issues?**



Source: IoD Ireland Director Sentiment Monitor Q1 2022.

In conclusive findings, when asked if they believe there is a limit to measures the Government can take in relation to inflation and supply chain issues given that Ireland is a small open economy, 92% of our respondents said 'yes' with just 7% saying 'no'.

**Figure 13: Do you believe there is a limit to measures the Government can take in relation to inflation and supply chain issues given that Ireland is a small open economy?**



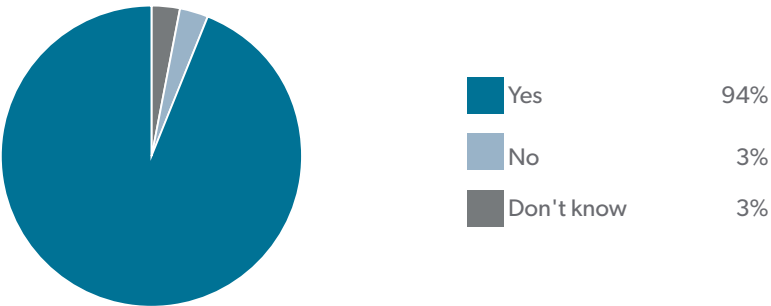
Source: IoD Ireland Director Sentiment Monitor Q1 2022.

# Business Challenges

## War in Ukraine

A conclusive majority (94%) of business leaders believes their organisation has a social and moral responsibility to cease or minimise trade/business with or in Russia due to the ongoing conflict in Ukraine. In addition, as we have seen earlier in Figure 7 ('Risk Factors') 'geopolitical/economic instability' and 'escalation of Russia-Ukraine war' were seen by business leaders as among the biggest risks facing their organisations.

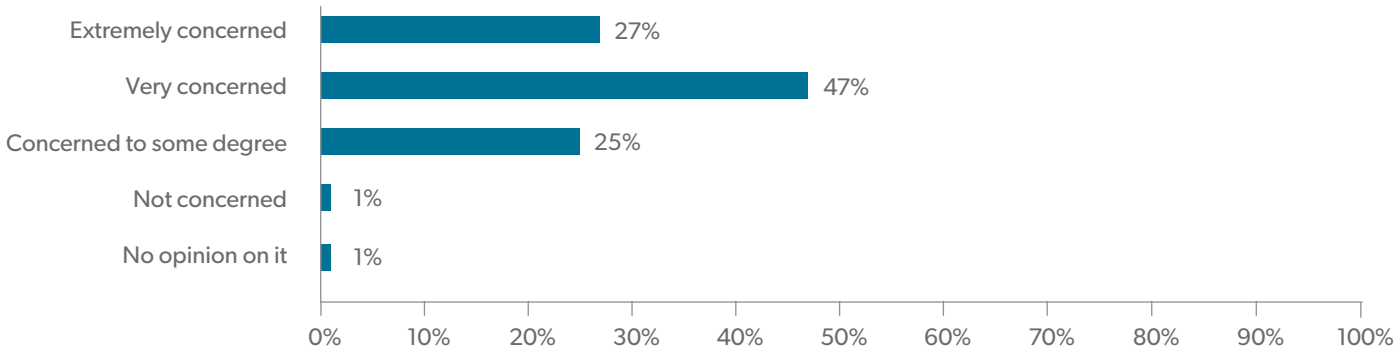
Figure 14: In respect of your role as a business leader, do you believe your primary organisation has a social and moral responsibility to cease or minimise trade/business with or in Russia due to the ongoing conflict in Ukraine?



Source: IoD Ireland Director Sentiment Monitor Q1 2022.

In addition, nearly three-quarters (74%) of business leaders are either 'extremely or very concerned' about the wider consequences of the war in Ukraine impacting post-pandemic economic recovery, with a further 25% 'concerned to some degree'.

Figure 15: While recognising that the war in Ukraine is primarily a humanitarian tragedy, how concerned are you by the wider consequences of the war in Ukraine impacting post-pandemic economic recovery?

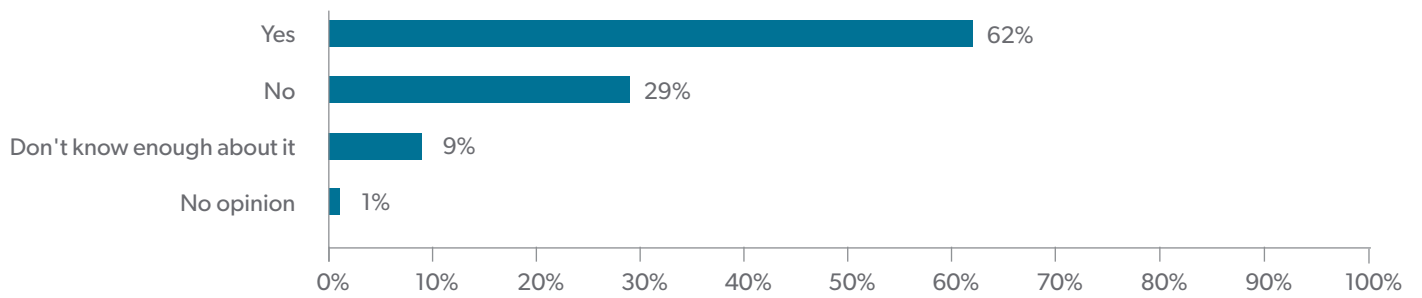


Source: IoD Ireland Director Sentiment Monitor Q1 2022.

## Business Challenges

In terms of the environment, 62% of our respondents believe the war could reverse the focus, and progress made, on Net Zero and environmental targets in recent times.

Figure 16: Do you think the war in Ukraine, and resultant global consequences on energy supplies and supply chains, will reverse the focus, and progress made on Net Zero and environmental targets in recent times?



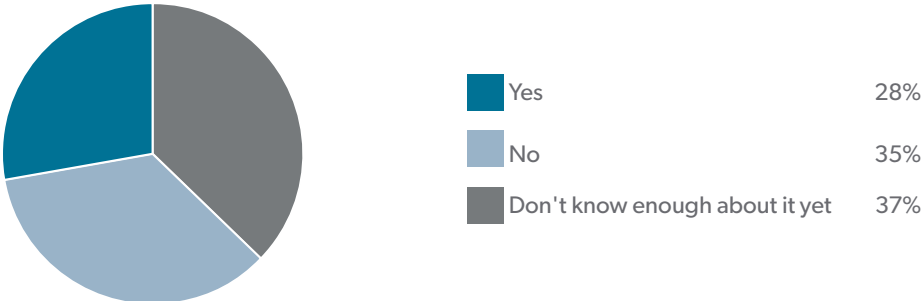
Source: IoD Ireland Director Sentiment Monitor Q1 2022.

## Business Challenges

### Draft Scheme of the Right to Request Remote Working Bill 2022

More than one-third (35%) of business leaders do not believe the Draft Scheme of the Right to Request Remote Working Bill 2022 balances the rights and requirements of both employees and employers. However, 28% of business leaders believe the Draft Scheme balances the rights and requirements of employees and employers. Interestingly, 37% 'don't know enough about it yet'.

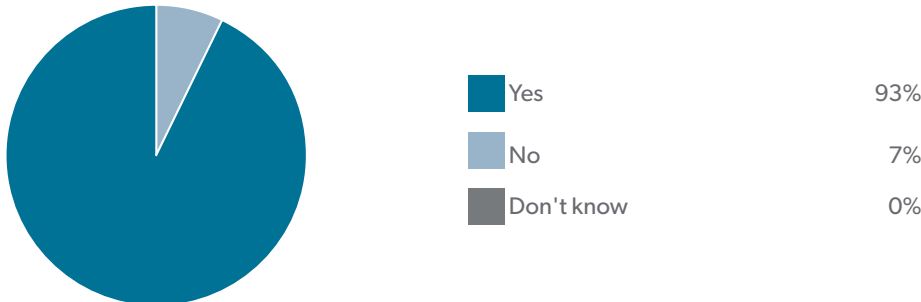
Figure 17: Do you think the Draft Scheme of the Right to Request Remote Working Bill 2022, as outlined, balances the rights and requirements of both employees and employers?



Source: IoD Ireland Director Sentiment Monitor Q1 2022.

Of the aforementioned 35% who believe the Draft Scheme of the Bill doesn't balance the rights and requirements of both employees and employers, a large majority (93%) thinks the Government should 'go back to the drawing board' with the Bill and do a fuller and more detailed consultation with the relevant parties.

Figure 18: Do you think the Government should 'go back to the drawing board' with the Draft Scheme of the Right to Request Remote Working Bill 2022 and do a fuller and more detailed consultation with the relevant parties? (This question was asked of respondents who answered 'no' to Figure 17, above.)



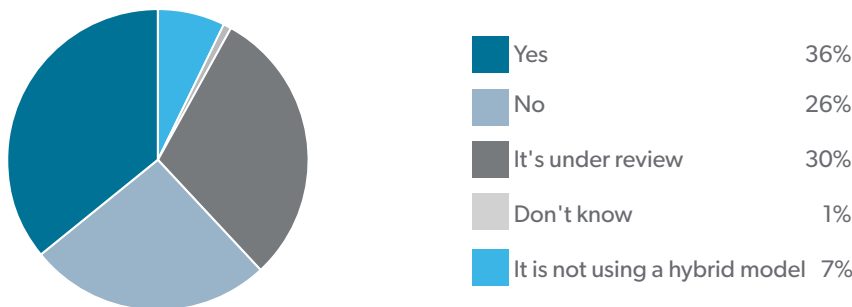
Source: IoD Ireland Director Sentiment Monitor Q1 2022.

## Business Challenges

### Hybrid Working

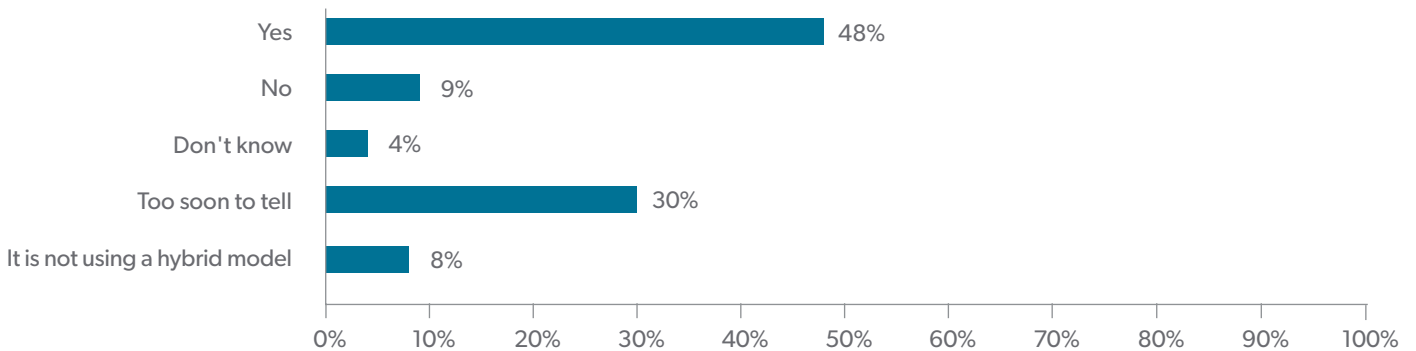
Our Q1 2022 research finds a small discrepancy between what business leaders personally believe regarding the success or otherwise of the hybrid working model and what their organisations' position on the matter is. So, while almost half (48%) of business leaders have a personal belief that hybrid working in itself has been a success, when it comes to their organisation forming a position on it, 36% say it is too soon for their organisation to do so, with another 30% saying their organisation has it 'under review'.

Figure 19: In respect of your primary organisation, is it too soon to form a position on the success or otherwise of the hybrid working model?



Source: IoD Ireland Director Sentiment Monitor Q1 2022.

Figure 20: Is it your personal belief, at this moment, that the hybrid working model been a success for your organisation?



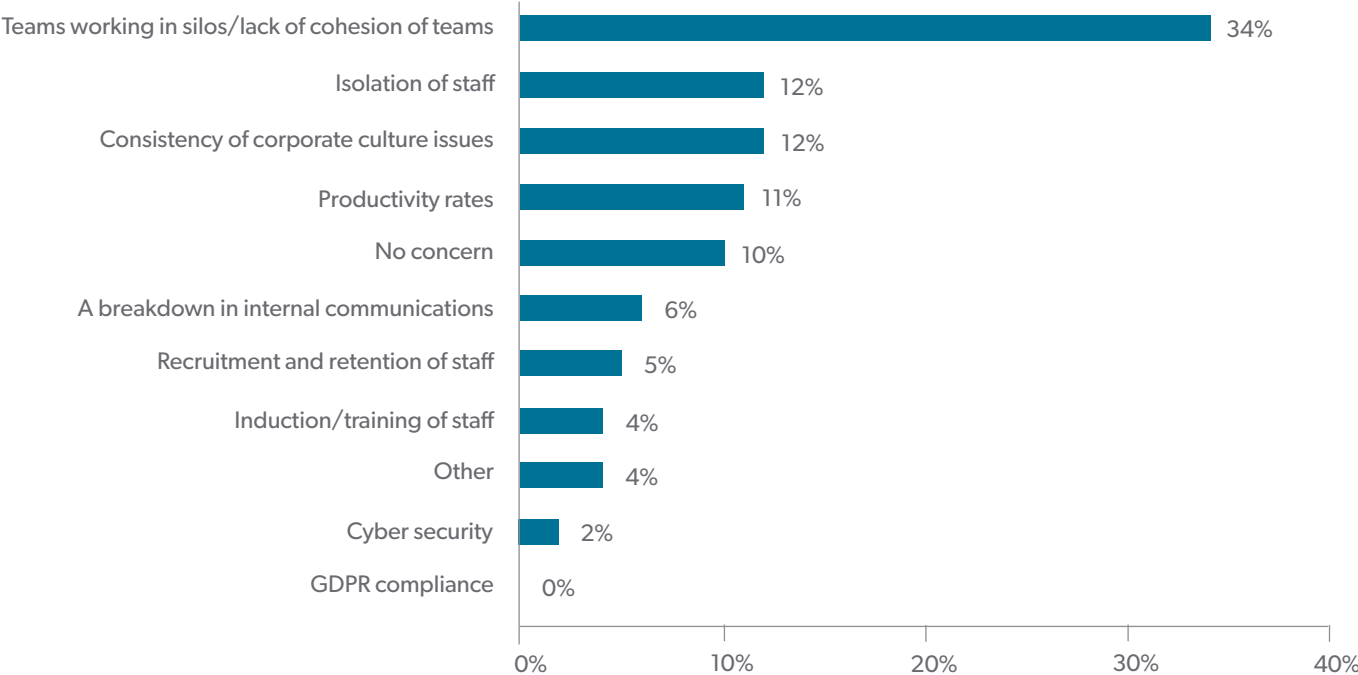
Source: IoD Ireland Director Sentiment Monitor Q1 2022.



## Business Challenges

When asked 'What is your single predominant concern around your workforce working from home versus working in the company workplace?' the largest cohort of respondents (34%) chose 'teams working in silos/lack of cohesion of teams'. This concern is some way ahead of 'isolation of staff' (12%), 'consistency of corporate culture issues' (12%), and 'productivity rates' (11%). Interestingly, 10% of respondents had 'no concern' about their workforce working from home.

Figure 21: What is your single predominant concern around your workforce working from home versus working in the company workplace?



Source: IoD Ireland Director Sentiment Monitor Q1 2022.



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