



INSTITUTE OF DIRECTORS  
IN IRELAND

# **DIRECTOR SENTIMENT MONITOR**

QUARTERLY MEMBERS' SURVEY

2019



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

The Institute of Directors (IoD) in Ireland is a dynamic network of 3,000 business leaders drawn from companies large and small in the private, public and not-for-profit sectors. As the leading voice in the debate on improving corporate governance standards, our key focus is on the personal and professional development of our members by offering online and print resources, workshops, specialist courses and inspirational events.

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# FOREWORD



With the uncertainty and risk around Brexit impacting organisational strategic planning and contingency assessment, it is clear from our third-quarter Director Sentiment Monitor that the political and commercial fallout is a concern for IoD members. Indeed, an overwhelming majority (89%) of respondents to our latest survey believes that Ireland needs to actively address improving relations with the UK in a post-Brexit scenario.

This, and other Brexit-related issues, the economy, talent availability, business confidence, and the Government's performance are addressed by our members in this research, as are climate change and the impending deadline for filing with the Register of Beneficial Ownership to fulfil the requirements of the EU (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2019.

I would like to thank everyone who took part in this survey. The Director Sentiment Monitor allows us to track our members' views on a quarterly basis and offers insights into a range of topics and issues. In essence, each Director Sentiment Monitor allows us to take a snapshot of a moment in time, which becomes even more illuminating when we compare quarter-on-quarter and year-on-year results.

I hope you enjoy our latest survey.

A handwritten signature in blue ink that reads "Maura Quinn".

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

# DEMOGRAPHICS

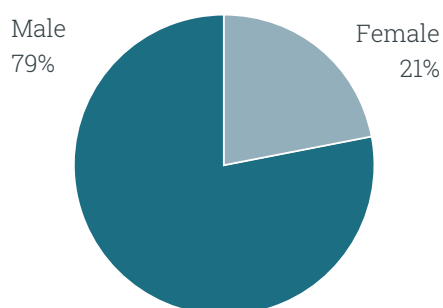
The Q3 2019 Director Sentiment Monitor had 280 respondents. In addition, 71% of the respondents are current board members, with the remaining in senior executive roles. The survey was issued to all IoD members, with a link to the online survey, and was carried out during the time period 23rd September - 1st October 2019.

For the purposes of comparison, data from the Q2 2019 and Q3 2018 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.

## GENDER

The gender breakdown of respondents is consistent with that of the last quarter, Q2 2019. The Q3 2019 survey had 79% respondents who were male and 21% who were female.

**Figure 1: Gender of respondents**

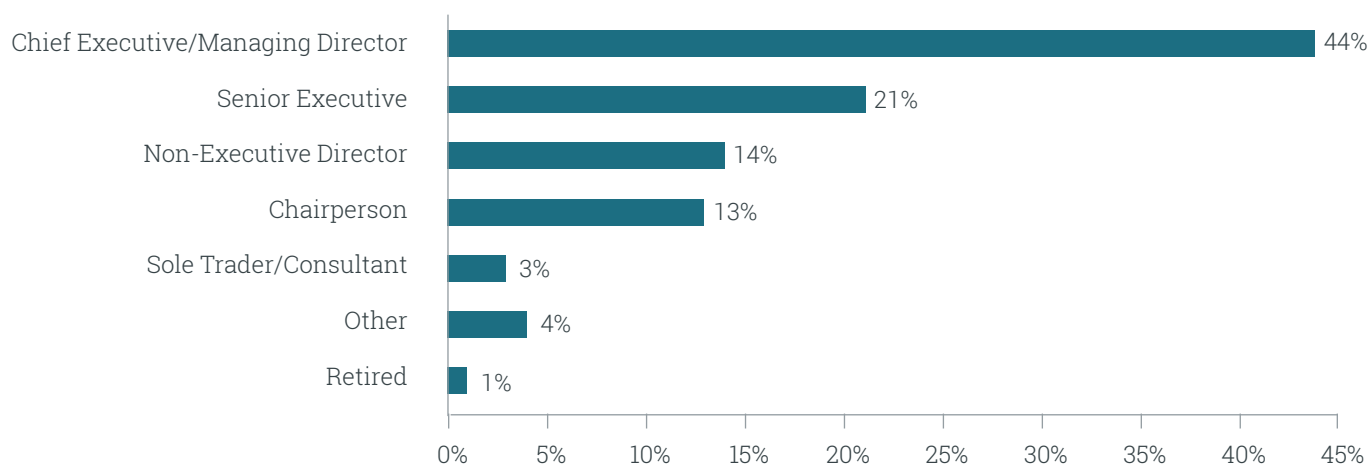


Source: IoD Ireland Director Sentiment Monitor Q3 2019

## ROLE/POSITION

The role breakdown is also similar to Q2 2019. The respondents for the Q3 2019 survey hold the following roles/positions:

**Figure 2: Breakdown of respondents by role/position**



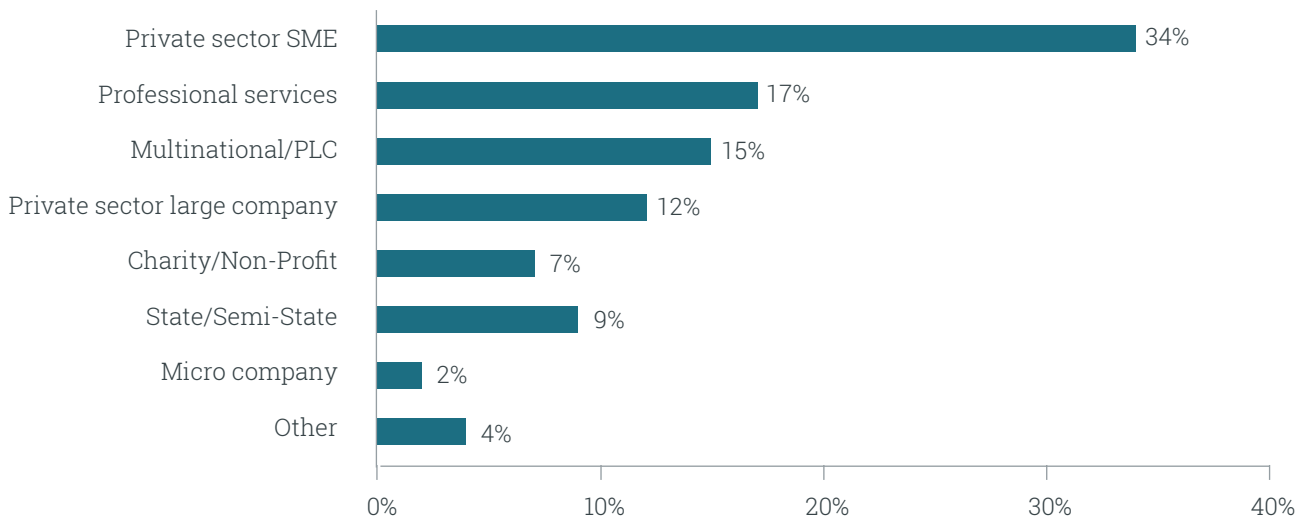
Source: IoD Ireland Director Sentiment Monitor Q3 2019

## DEMOGRAPHICS

### COMPANY TYPE

The respondents for the Q3 2019 survey represent the following types of companies:

**Figure 3: Breakdown of respondents by company type**



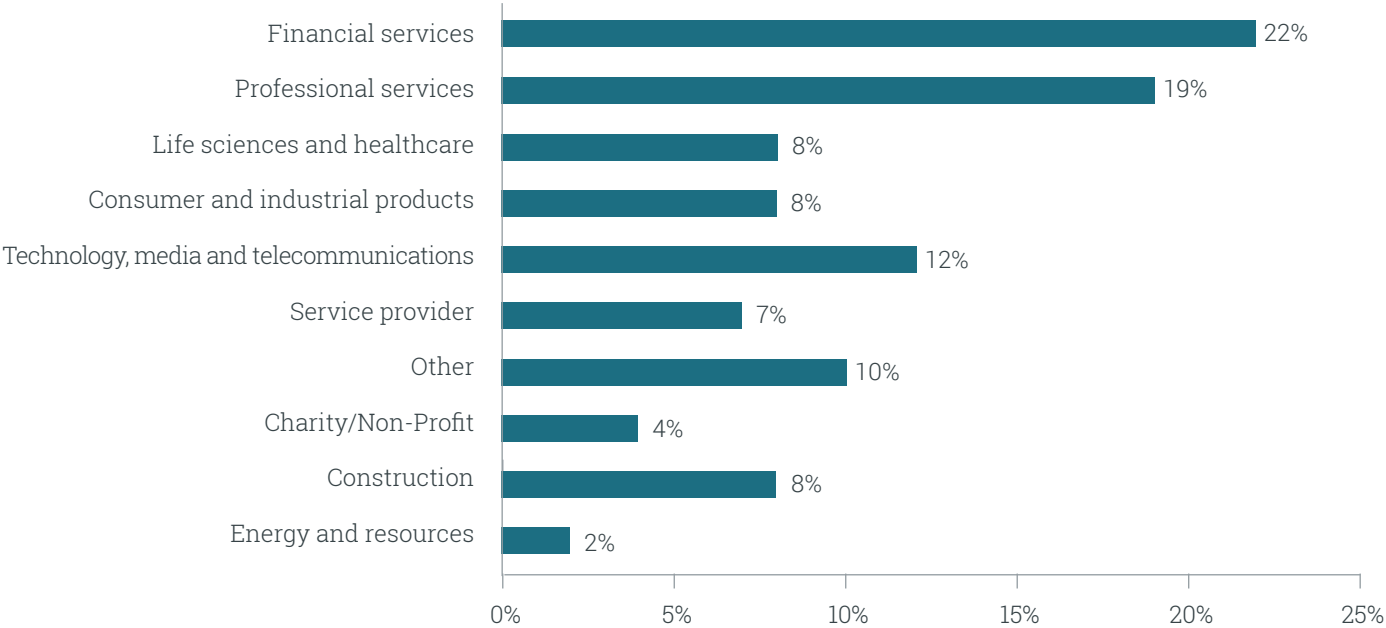
Source: IoD Ireland Director Sentiment Monitor Q3 2019

**DEMOGRAPHICS**

**INDUSTRY SECTOR**

The respondents for the Q3 2019 survey operate in the following types of sectors:

**Figure 4: Breakdown of respondents by industry sector**



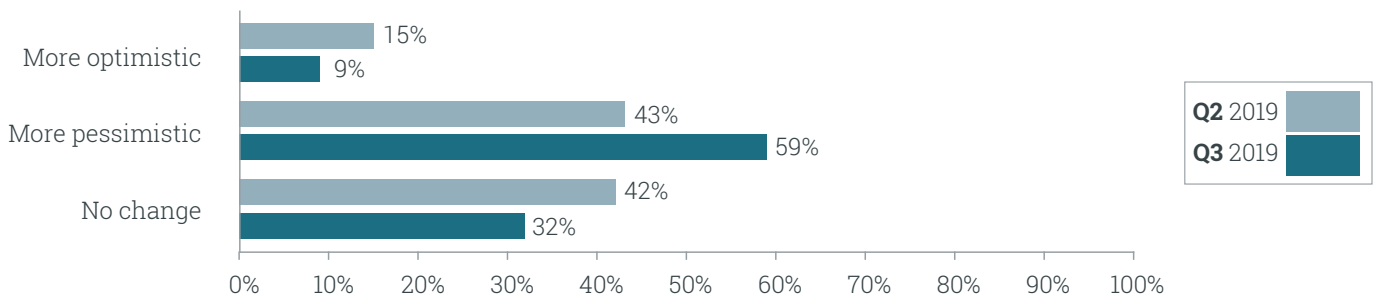
Source: IoD Ireland Director Sentiment Monitor Q3 2019

# BUSINESS CONFIDENCE AND PERFORMANCE

Below are some key findings with respect to how confident business leaders felt in the Q3 2019 survey.

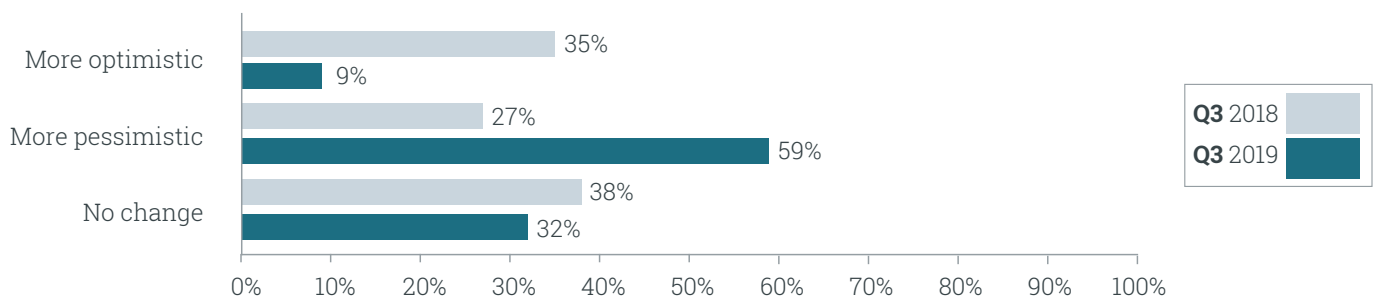
- When asked how they felt about the Irish economy in Q3 2019 versus Q2 2019, just 9% said they were 'more optimistic'. This was 15% in Q2 2019 and 32% in Q1 2019. For the equivalent period in 2018 (i.e. Q3 2018), this figure was 35%, which means there has been a 26% drop in optimism year-on-year.
- This drop in sentiment is consistent, with 59% (Q3 2019) admitting they were 'more pessimistic' compared with 27% (Q3 2018), a difference of 32%. In 2019 alone, there has been a 36% increase in business leaders feeling 'more pessimistic' from Q1 (23%) to Q3.
- In Q3 2019, 32% say there has been no change in how they feel about the Irish economy, which is a 10% decrease on 42% in Q2 2019, but a 13% decrease on Q1 2019.

**Figure 5: Business confidence in the Irish economy in Q3 2019 compared to Q2 2019**



Source: IoD Ireland Director Sentiment Monitor Q3 2019

**Figure 6: Business confidence in the Irish economy in Q3 2019 compared to Q3 2018**



Source: IoD Ireland Director Sentiment Monitor Q3 2019

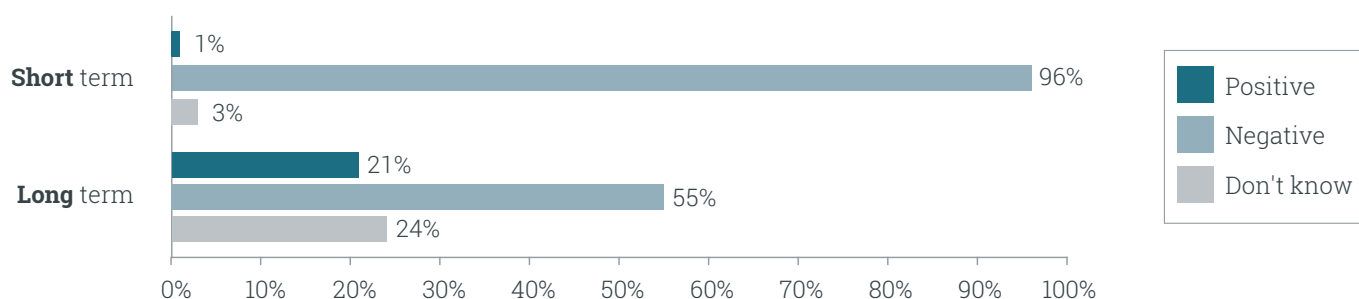


# BREXIT

## BREXIT IMPACT

- 96% of business leaders believe that Brexit's impact on the Irish economy will be negative in the short-term (up from 89% in Q1 2019 and 92% in Q2 2019), with 55% believing it will be negative in the long term (a small decrease from 56% in Q1 2019 and 58% in Q2 2019).

**Figure 7: Respondents' views in Q3 2019 of the likely impact of Brexit on the Irish economy**

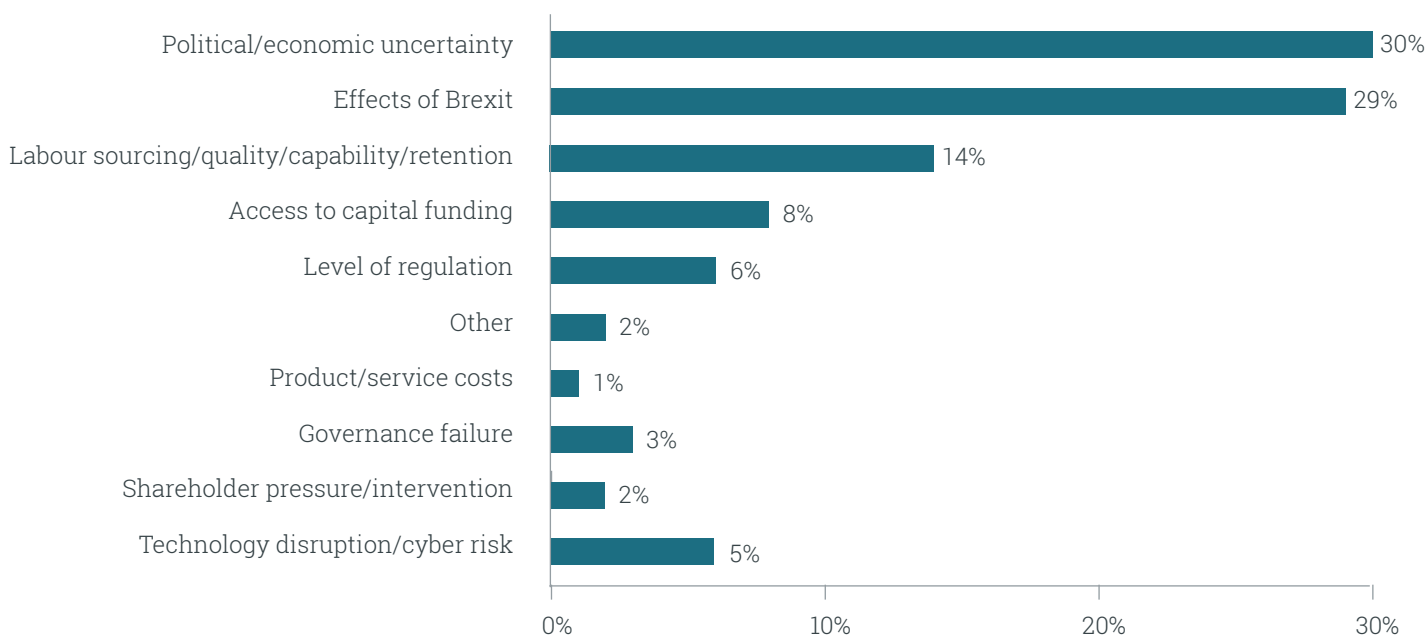


Source: IoD Ireland Director Sentiment Monitor Q3 2019

## RISK FACTORS

- The survey respondents cite 'political/economic uncertainty' (30%) and 'the effects of Brexit' (29%) as the two biggest risk factors facing their primary organisation.

**Figure 8: The single biggest risk respondents say is facing their organisation at present**



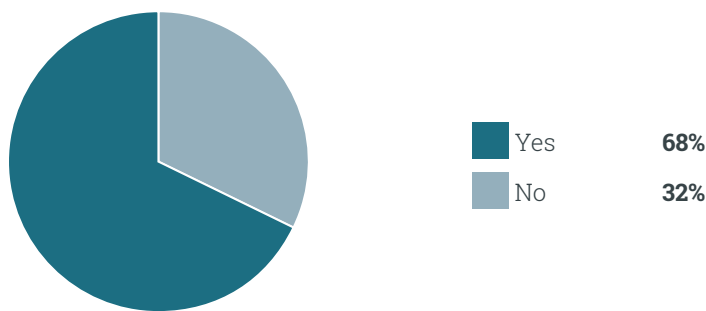
Source: IoD Ireland Director Sentiment Monitor Q3 2019

**BREXIT**

**STRATEGIC PLANNING**

- A clear majority (68%) admits that the continued Brexit uncertainty has ‘impacted their organisation’s strategic planning’, an increase of 8% on Q1 2019 and 5% on Q2 2019.

**Figure 9: Has continued Brexit uncertainty impacted your organisation’s strategic planning?**

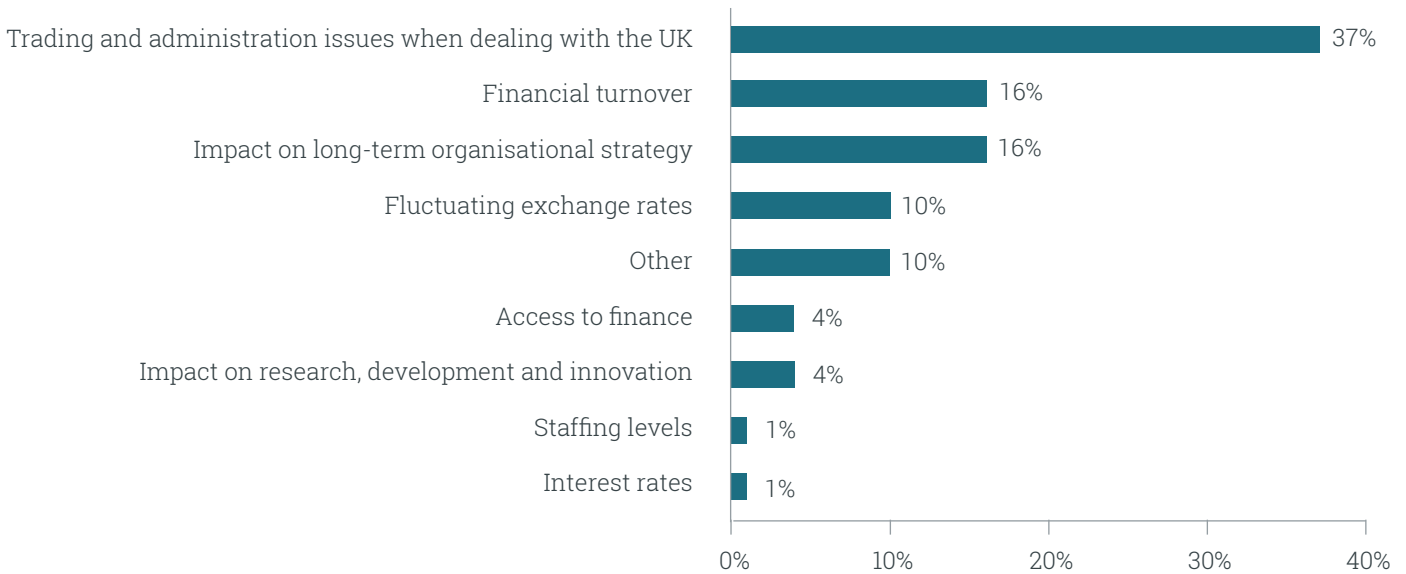


Source: IoD Ireland Director Sentiment Monitor Q3 2019

**NO-DEAL BREXIT**

- When asked what their organisation was most concerned about in the event of a no-deal Brexit, the dominant issue - at more than double the second most voted concern - is ‘trading and administration issues when dealing with the UK’. It is interesting, too, that many of those who filled in the comment box under ‘Other’ also referenced issues relating to trading with the UK, such as the land bridge, supply chain matters and ‘red tape’.

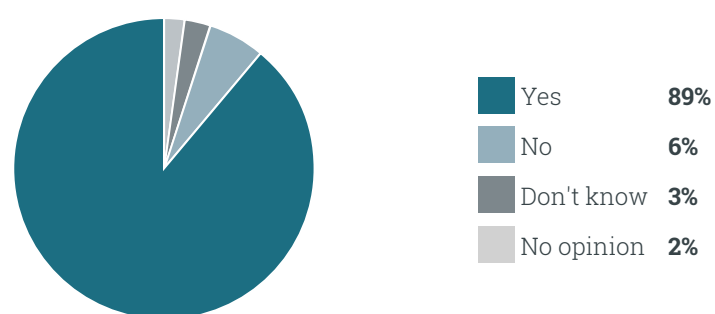
**Figure 10: In the event of a no-deal Brexit, what is your organisation most concerned about?**



Source: IoD Ireland Director Sentiment Monitor Q3 2019

**BREXIT****IRELAND-UK RELATIONS**

- An overwhelming majority of business leaders (89%) is in favour of repairing any damage done to Ireland-UK relations by the three-year Brexit process to date.

**Figure 11: Do you think Ireland needs to actively address improving relations with the UK in a post-Brexit scenario?**

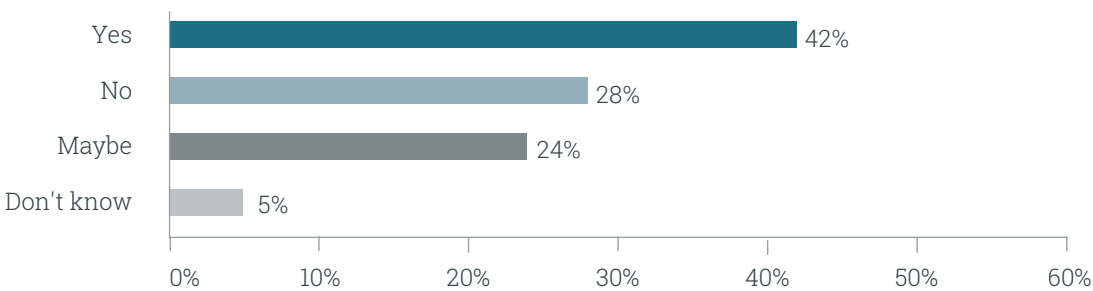
Source: IoD Ireland Director Sentiment Monitor Q3 2019

# FINANCIAL PERFORMANCE AND MARKET GROWTH

## FINANCIAL PERFORMANCE

- There was a 10% drop from Q1 (60%) to Q2 (50%) and, in Q3, there is a further 8% drop, to 42%, of business leaders believing the financial performance of their primary organisation will improve in 2020.

**Figure 12: Do you think that the financial performance of your primary organisation will improve in 2020?**

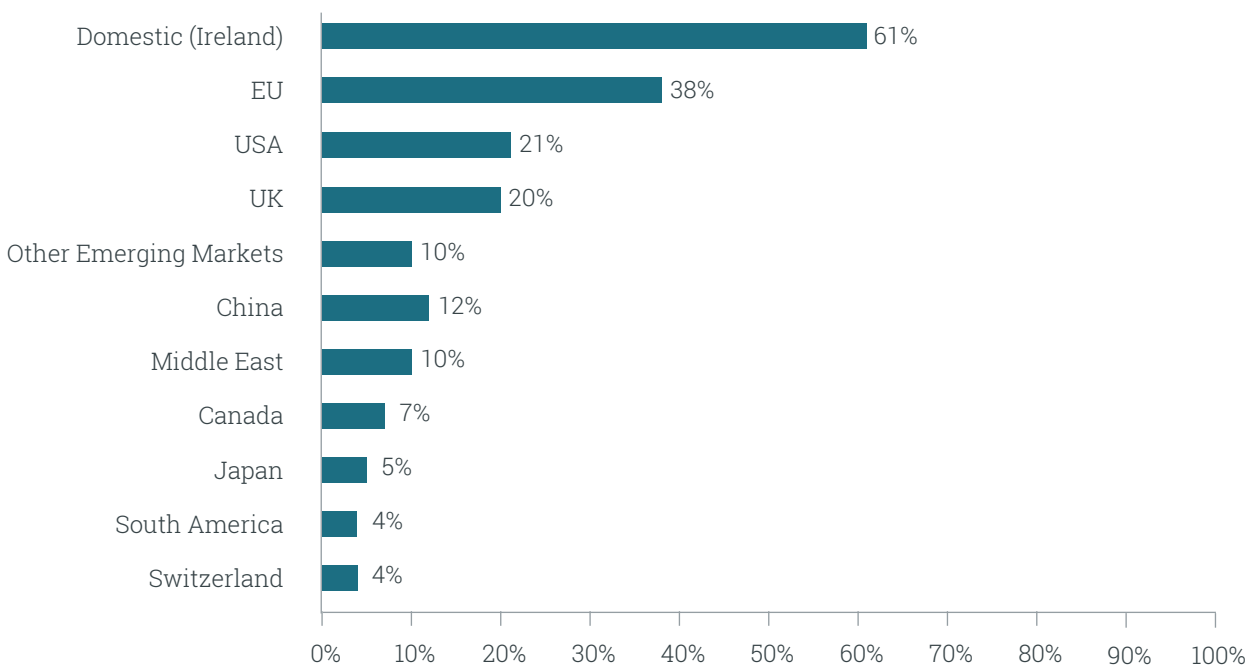


Source: IoD Ireland Director Sentiment Monitor Q3 2019

## MARKET GROWTH

While there was a 10% slippage from Q1 (30%) to Q2 (20%) 2019 in the UK being a market where respondents anticipated opportunities for growth in 2019, the Q3 findings remain constant at 20%. Other markets also remain largely constant. The top six markets where opportunities for growth are anticipated in 2020 are, in order: Ireland, EU, USA, UK, China, Middle East and 'Other Emerging Markets'. Beyond that, scoring less than 10%, are: Canada, Japan, South America and Switzerland.

**Figure 13: In respect of your primary organisation, in which markets do you anticipate opportunities for growth in 2020?**



Source: IoD Ireland Director Sentiment Monitor Q3 2019

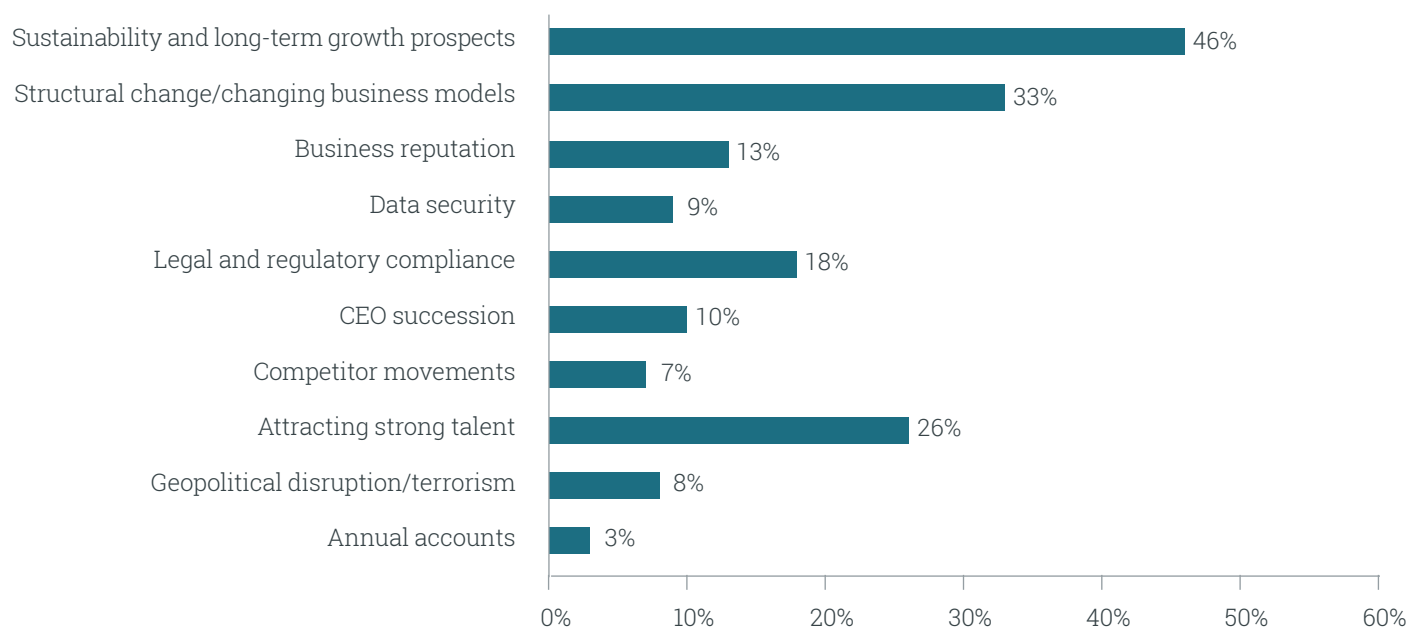
# KEY ISSUES

## WHAT 'KEEPS YOU AWAKE AT NIGHT'?

Below are some key findings in the Q3 2019 survey regarding the key issues that business leaders cited as keeping them awake at night:

- Just under half of respondents (46%) cited sustainability and long-term growth prospects, this was 53% in Q1 2019.
- This was followed by structural change/changing business models, which remains a strong concern at 33%, a decrease from 37% in Q2 2019, and attracting strong talent at 26%, which was 30% in Q2 2019.

**Figure 14: What are the main issues that 'keep you awake at night'?**



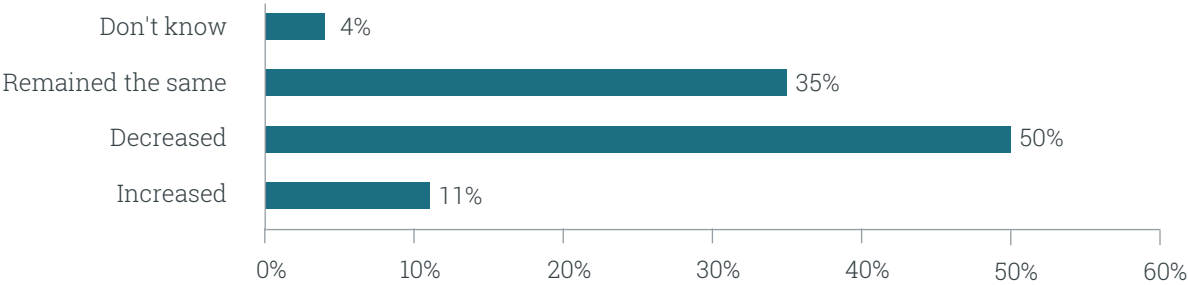
Source: IoD Ireland Director Sentiment Monitor Q3 2019

**KEY ISSUES**

**TALENT**

On the issue of the availability of talent for their business, in Q3 2019, 50% believe it has decreased, down from 54% in Q1, with 35% saying it has stayed the same as the previous quarter. This means that 85% of respondents believe the availability of talent has decreased or remained the same in Q3 2019. Just 11% of respondents believe the availability of talent has increased in Q3, up 4% from 7% in both Q2 and Q1 2019.

**Figure 15: Do you believe that the availability of talent for your business increased or decreased in Q3 2019?**



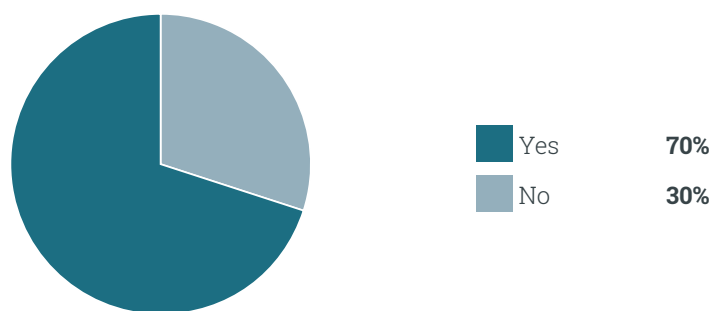
Source: IoD Ireland Director Sentiment Monitor Q3 2019

**KEY ISSUES**

**BENEFICIAL OWNERSHIP**

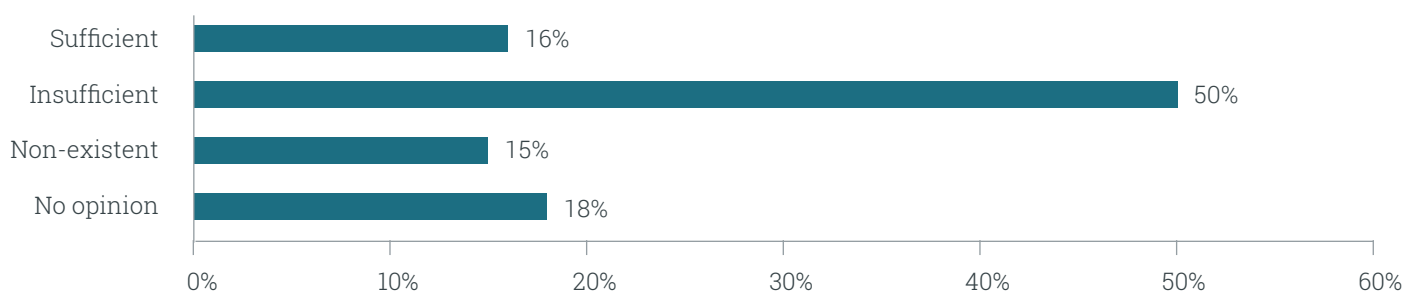
The deadline for filing with the Register of Beneficial Ownership is the 22nd November 2019. Our Q3 survey finds a high level of awareness of this amongst the respondents themselves. However, 65% of respondents believe the level of awareness amongst their peers in the business community of both the deadline and the relevant legislation is either insufficient or non-existent.

**Figure 16: Are you aware of the impending deadline concerning the EU (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2019?**



Source: IoD Ireland Director Sentiment Monitor Q3 2019

**Figure 17: Awareness in the business community the deadline and requirements of the EU (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2019**



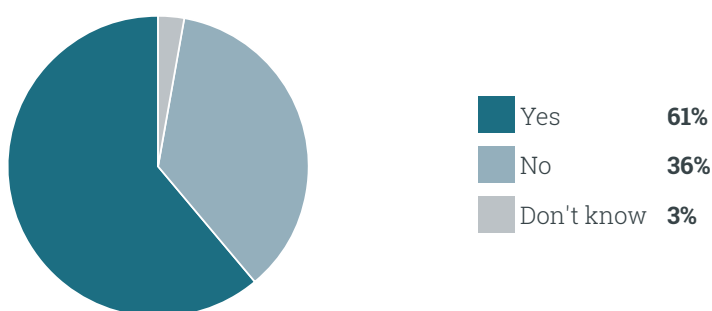
Source: IoD Ireland Director Sentiment Monitor Q3 2019

## KEY ISSUES

### CLIMATE ACTION

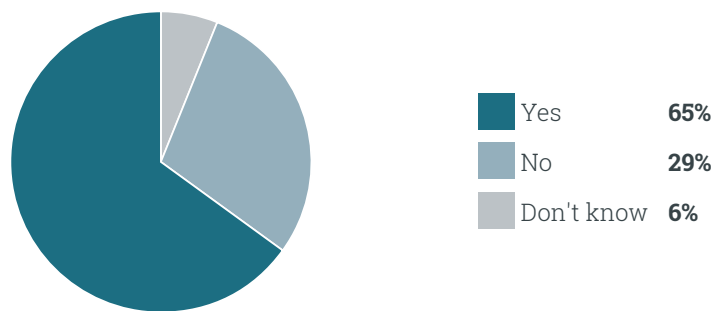
In terms of taking action on climate change, a clear majority of business respondents say their companies have taken steps to reduce their carbon footprint and also have a sustainability programme or policy already in place.

**Figure 18: Does your primary organisation have a sustainability programme or policy in place?**



Source: IoD Ireland Director Sentiment Monitor Q3 2019

**Figure 19: Has your organisation actively taken steps to reduce its carbon footprint before or since the Paris Agreement in 2016?**



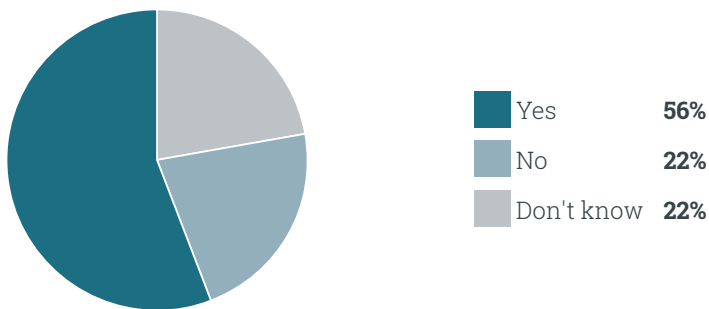
Source: IoD Ireland Director Sentiment Monitor Q3 2019



## KEY ISSUES

Furthermore, a majority of directors and senior business leaders back the imposition of new or increased levels of carbon taxes for their primary organisation.

**Figure 20: Is your primary organisation willing to accept the imposition of new or increased levels of carbon taxes?**



Source: IoD Ireland Director Sentiment Monitor Q3 2019

# GOVERNMENT PERFORMANCE

## EFFECT ON CONFIDENCE

Below are some key findings regarding how business leaders feel the Government has performed in Q3 2019 with respect to consumer confidence and business decision-making. The respondents were asked whether the Government's performance has had a positive or negative impact on these areas.

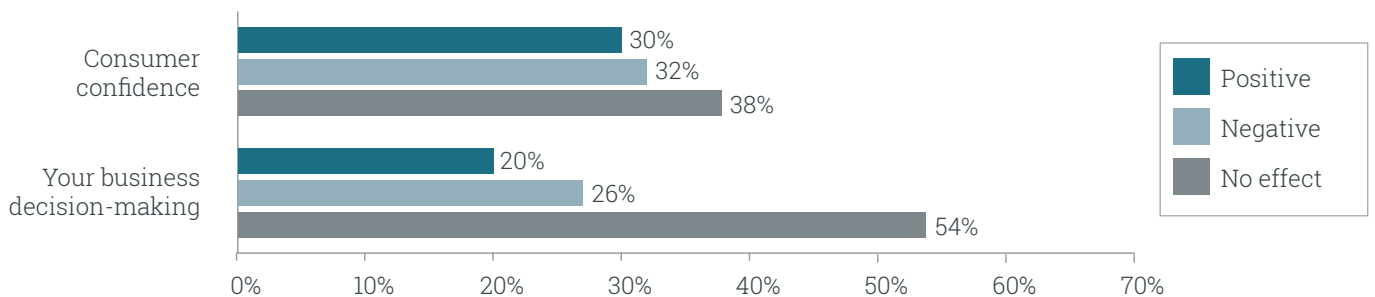
- **Consumer confidence**

- The results found 30% of business leaders believe consumer confidence has been positively impacted by the current Government's performance to date, which is down from 32% in Q2 and 48% in Q1 2019.
- The number of business leaders saying that consumer confidence has been negatively impacted by the Government's performance has risen from 17% in Q1 2019 to 27% in Q2 and to 32% in Q3.
- 38% of respondents say the Government's performance on consumer confidence has had no effect.

- **Business decision-making**

- Just 20% of business leaders believe the Government's performance so far has had a positive effect on their business decision-making, up from 17% in Q2 2019.
- The number of business leaders citing that their decision-making has been negatively impacted by the Government's performance has risen from 17% in Q1 2019 to 23% in Q2 2019 and to 26% in Q3 2019.
- In addition, 54% of business leaders believe the Government's performance to date has had no effect (this was 60% in Q2 2019).

**Figure 21: What do you believe has been the effect of the current Government's performance to date on consumer confidence and your decision-making?**



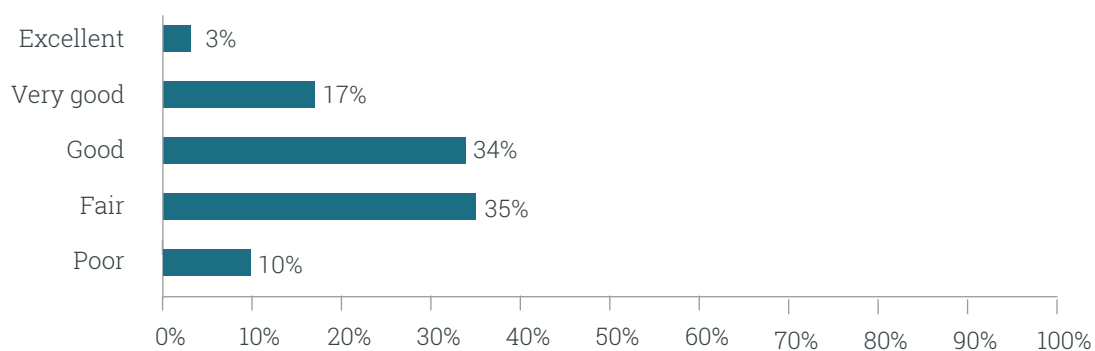
Source: IoD Ireland Director Sentiment Monitor Q3 2019

## GOVERNMENT PERFORMANCE

### RATING

Furthermore, when asked to rate the Government's performance in Q3 2019, 3% of business leaders rated it as excellent, 17% as very good, and 34% as good. While 10% rated it as poor, the biggest group (35%) rated the Government's performance as fair. Therefore, 54% of respondents rated the Government's performance in Q3 as good to excellent, which is a 12% increase on 42% in Q2.

**Figure 22: Please rate the current Government's performance in Q3 2019?**



Source: IoD Ireland Director Sentiment Monitor Q3 2019



INSTITUTE OF DIRECTORS  
IN IRELAND

Institute of Directors in Ireland

Tel: +353 1 411 0010

Email: [comms@iodireland.ie](mailto:comms@iodireland.ie)

[www.iodireland.ie](http://www.iodireland.ie)