



INSTITUTE OF DIRECTORS  
IN IRELAND

# **DIRECTOR SENTIMENT MONITOR**

QUARTERLY MEMBERS' SURVEY



## **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



The purpose of the Institute of Directors (IoD) in Ireland’s Director Sentiment Monitor is to track on a quarterly basis our members’ views on key issues, such as the economy, government performance and business confidence. This survey also addresses other key topics such as Brexit, talent, and insurance.

Our latest Director Sentiment Monitor survey clearly shows that the uncertainty evident over the past twelve months has intensified in the last quarter. Business confidence is plummeting. The message is clear: Irish business leaders are worried, and they want the Irish Government to take note and deliver accordingly in next month’s Budget, which is just weeks before the Brexit deadline.

Overall, this is a challenging period for Irish business from several perspectives but, it is clear, Brexit is the dominant concern as we face into what could be a difficult period ahead.

Thank you to all our members who took part in the survey.

A handwritten signature in blue ink that reads "Maura Quinn". The signature is fluid and cursive.

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

# DEMOGRAPHICS

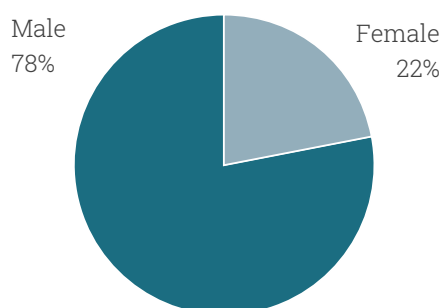
The Q2 2019 Director Sentiment Monitor had 291 respondents. In addition, 63% of the respondents are current board members, with the remaining in senior executive roles. The survey was sent out to all IoD members, with a link to the online survey, and was carried out during the time period 1st – 9th July 2019.

For the purposes of comparison, data from the Q1 2019 and Q2 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, Q1 2019. The Q2 2019 survey had 78% respondents who were male and 22% who were female.

**Figure 1: Gender of respondents**

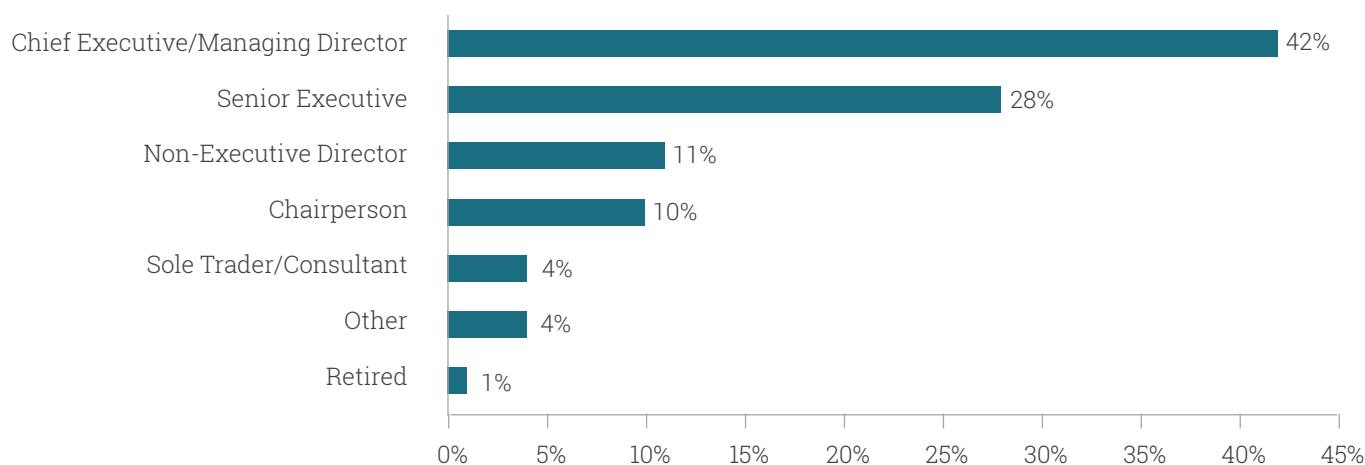


Source: IoD Director Sentiment Monitor Q2 2019

## ROLE/POSITION

The role breakdown is also similar to Q1 2019. The respondents for the Q2 2019 survey hold the following roles/positions:

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



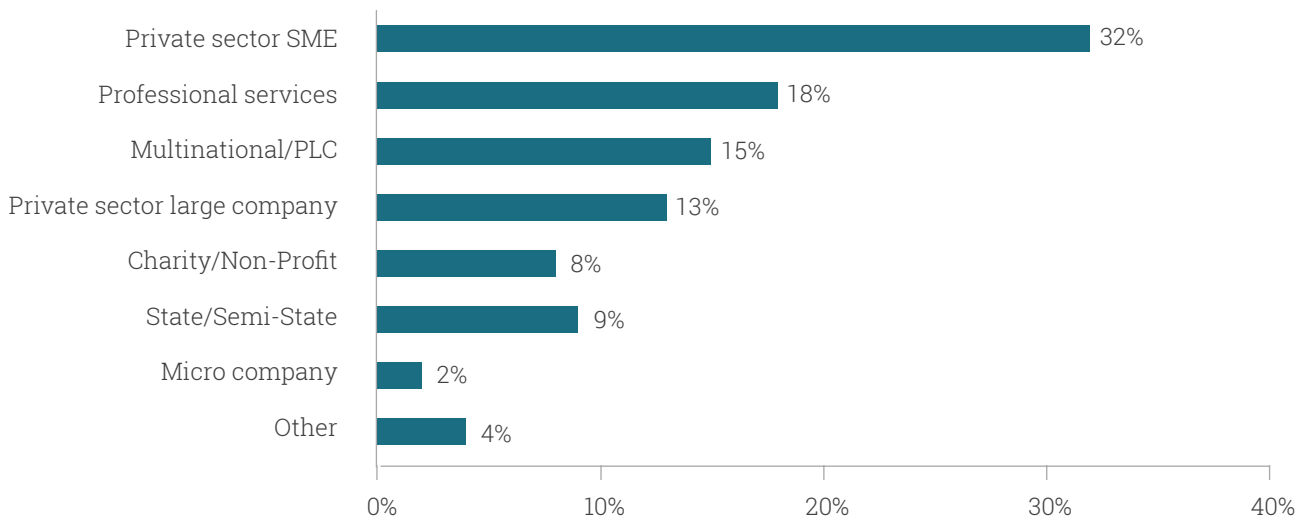
Source: IoD Director Sentiment Monitor Q2 2019

## DEMOGRAPHICS

### COMPANY TYPE

The respondents for the Q2 2019 survey represent the following types of companies:

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



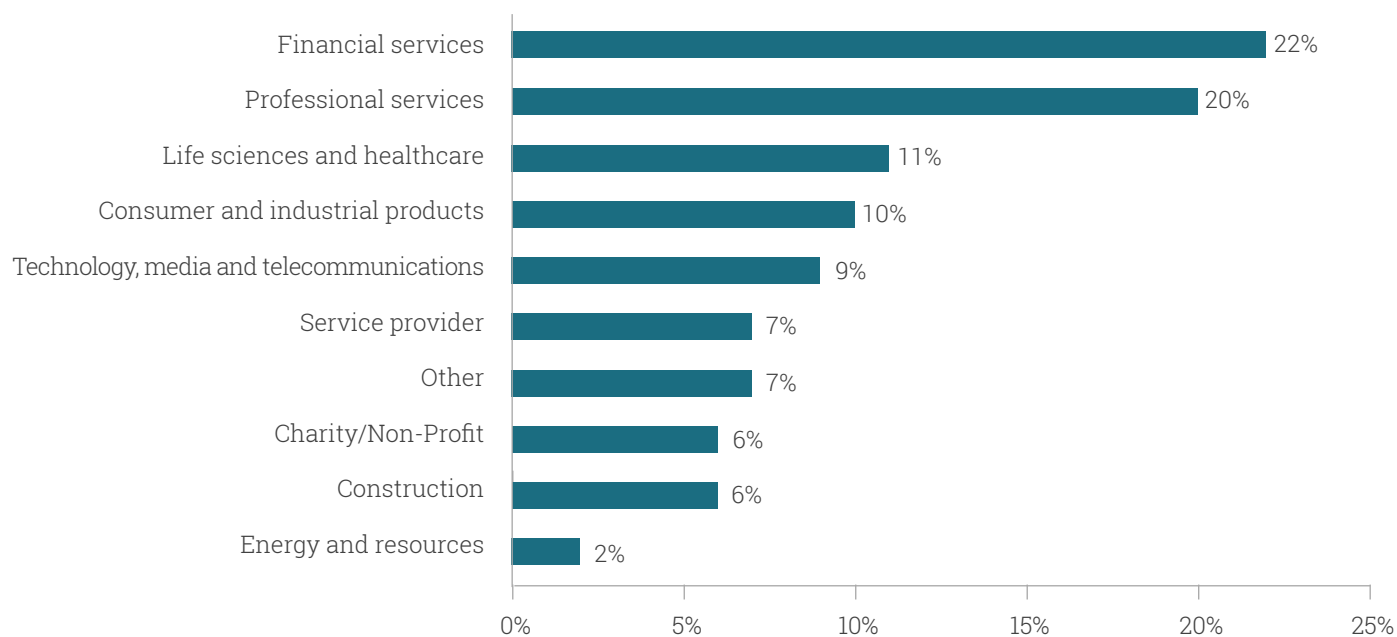
Source: IoD Director Sentiment Monitor Q2 2019

**DEMOGRAPHICS**

**INDUSTRY SECTOR**

The respondents for the Q2 2019 survey operate in the following types of sectors:

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



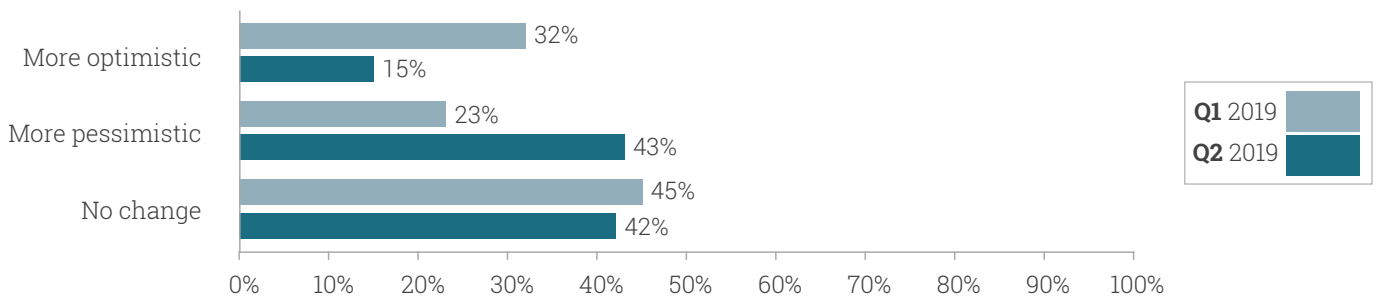
Source: IoD Director Sentiment Monitor Q2 2019

# BUSINESS CONFIDENCE AND PERFORMANCE

Below are some key findings with respect to how confident business leaders felt in the Q2 2019 survey.

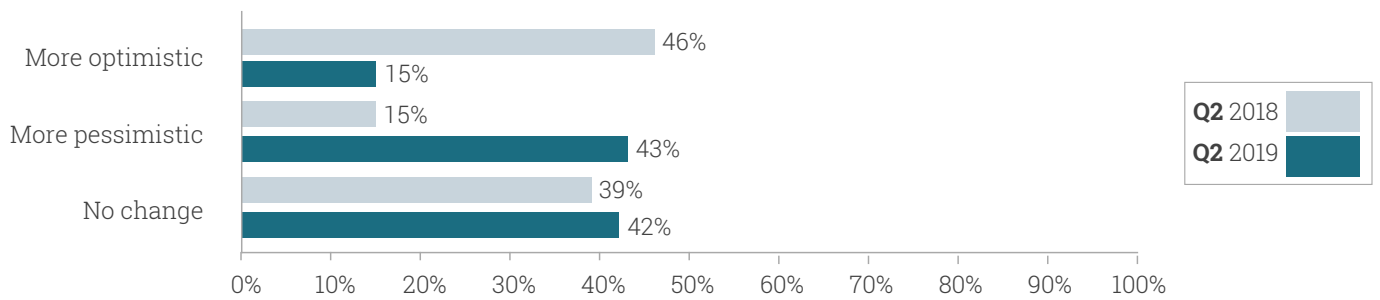
- When asked how they felt about the Irish economy in Q2 2019 versus Q1 2019, just 15% said they were 'more optimistic'. This was 32% in Q1 2019. For the equivalent period in 2018 (i.e. Q2 2018), this figure was 46%, which means there has been a 31% drop in optimism year-on-year.
- This drop in sentiment is consistent, with 43% (Q2 2019) admitting they were 'more pessimistic' compared with 15% (Q2 2018), a difference of 28%. In 2019 alone, there has been a 20% increase in business leaders feeling 'more pessimistic' from Q1 (23%) to Q2 (43%).
- In Q2 2019, 42% say there has been no change in how they feel about the Irish economy, which is a small decrease on 45% in Q1 2019, but a 3% increase on Q2 2018.

**Figure 5: Business confidence in the Irish economy in Q2 2019 compared to Q1 2019**



Source: IoD Director Sentiment Monitor Q2 2019

**Figure 6: Business confidence in the Irish economy in Q2 2019 compared to Q2 2018**



Source: IoD Director Sentiment Monitor Q2 2019

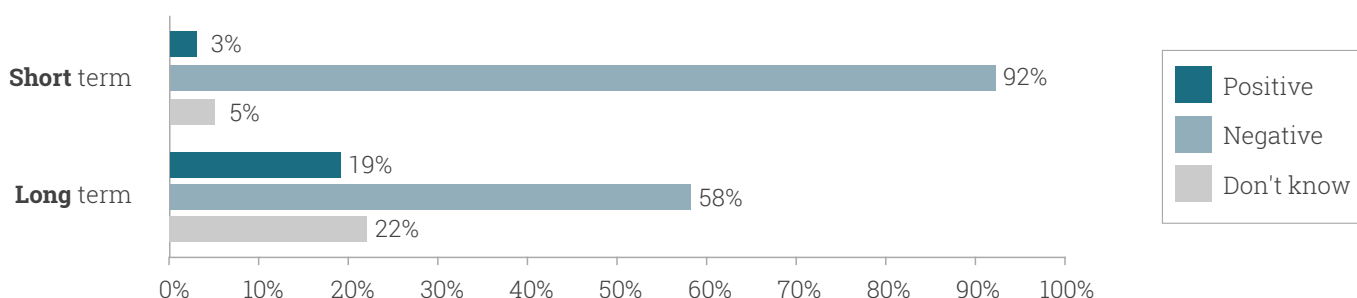


# BREXIT

## BREXIT IMPACT

- 92% 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), with 58% believing it will be negative in the long term (an increase from 56% in Q1 2019).

**Figure 7: Respondents' views of the likely impact of Brexit on the Irish economy in Q2 2019**

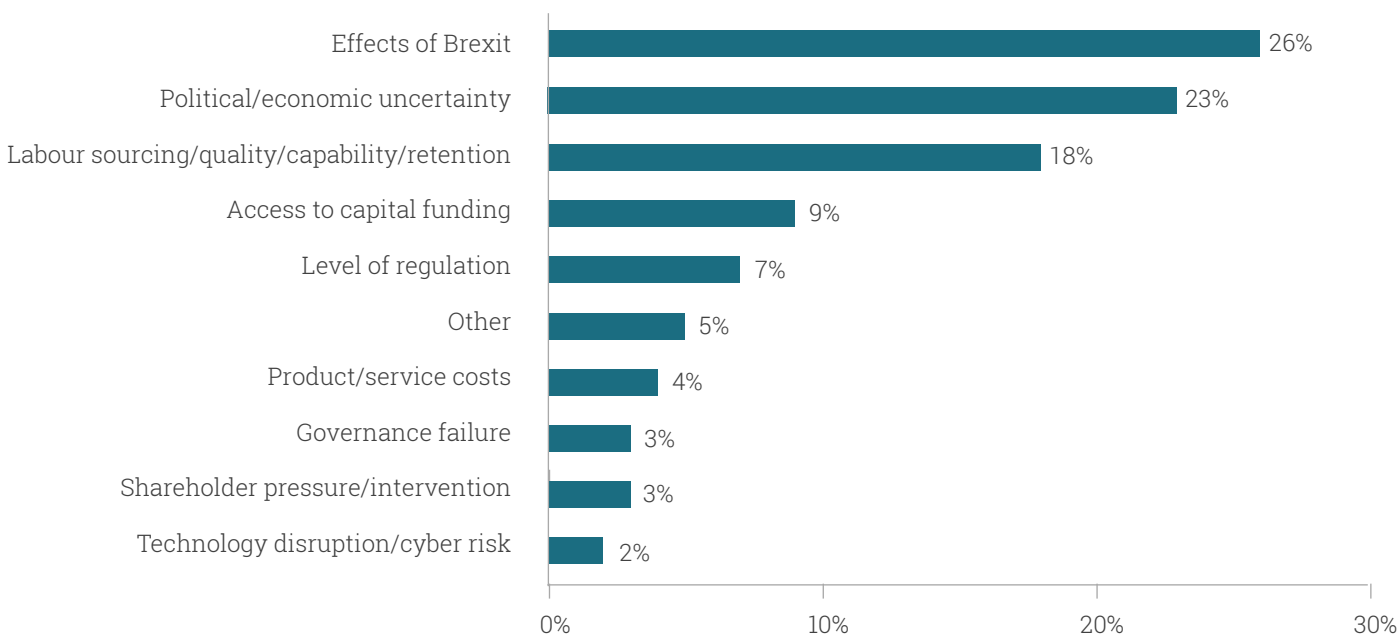


Source: IoD Director Sentiment Monitor Q2 2019

## RISK FACTORS

- The survey respondents cite 'the effects of Brexit' (26%) and 'political/economic uncertainty' (23%) as the two biggest risk factors facing their primary organisation.

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



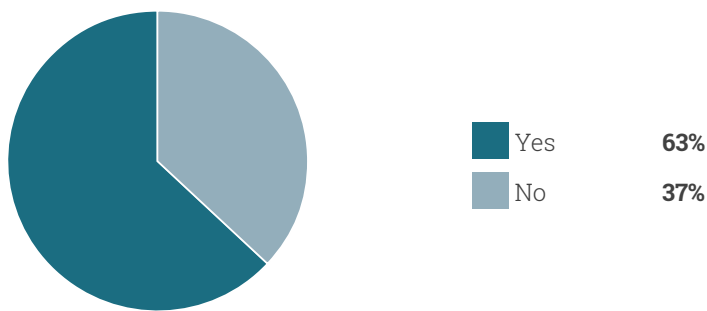
Source: IoD Director Sentiment Monitor Q2 2019

**BREXIT**

**STRATEGIC PLANNING**

- A clear majority (63%) admits that the continued Brexit uncertainty has ‘impacted their organisation’s strategic planning’, an increase of 3% on Q1 2019.

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

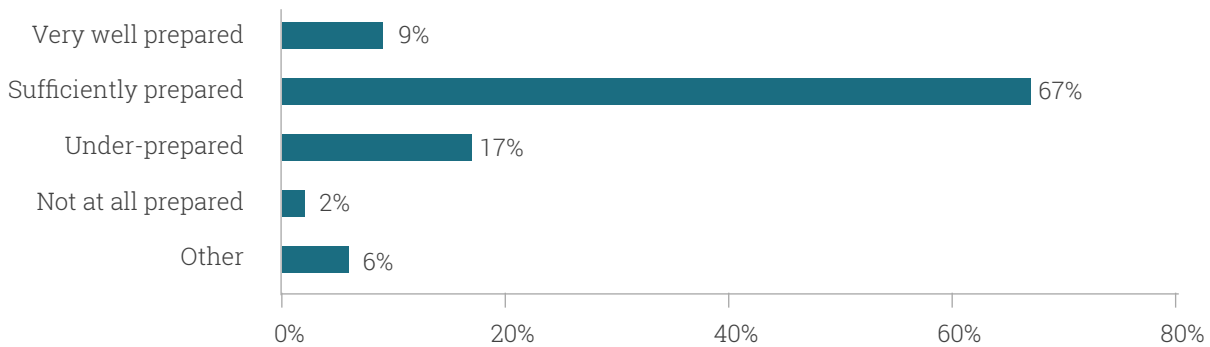


Source: IoD Director Sentiment Monitor Q2 2019

**PREPARATION FOR A NO-DEAL BREXIT**

- In Q2 2019, 67% of respondents noted that they were sufficiently prepared for a no-deal Brexit, with a further 9% saying they were very well prepared. These figures were 71% and 11%, respectively, in Q1 2019. On the other end, 17% cited that they were under-prepared, with only 2% saying they were not prepared at all. These figures were 12% and 2%, respectively, in Q1 2019.

**Figure 10: How prepared is your organisation for a no-deal Brexit?**



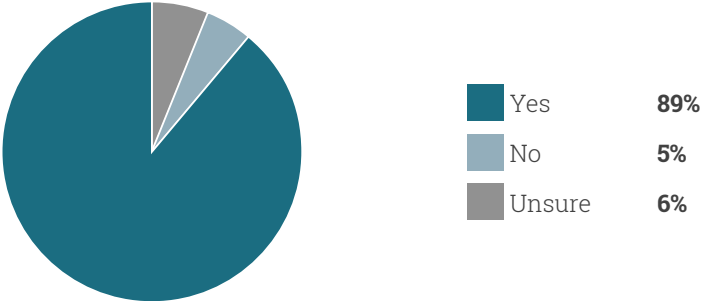
Source: IoD Director Sentiment Monitor Q2 2019

**BREXIT**

**A 'BREXIT BUDGET'?**

- 89% of respondents think 'the Government should deliver a conservative Budget in October in expectation of a no-deal Brexit', with 5% saying they should not, and 6% unsure.

**Figure 11: Do you think the Government should deliver a conservative Budget in October 2019 in expectation of a no-deal Brexit?**



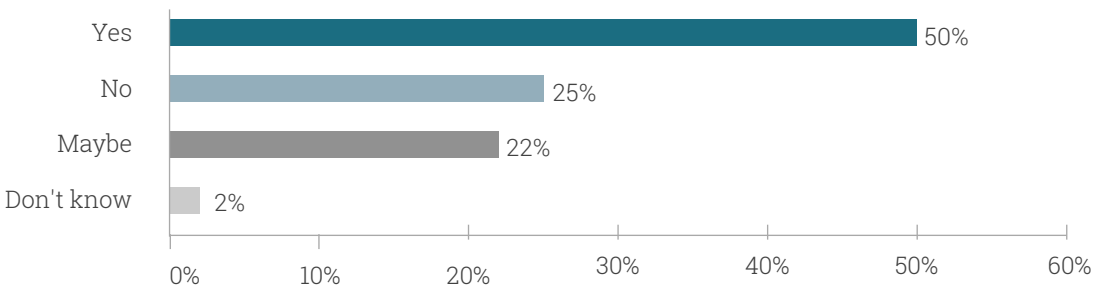
Source: IoD Director Sentiment Monitor Q2 2019

# FINANCIAL PERFORMANCE AND MARKET GROWTH

## FINANCIAL PERFORMANCE

- There has been a 10% drop from Q1 (60%) to Q2 (50%) in business leaders believing the financial performance of their primary organisation will improve in 2019.

**Figure 12: Do you think that the financial performance of your primary organisation will improve in 2019?**

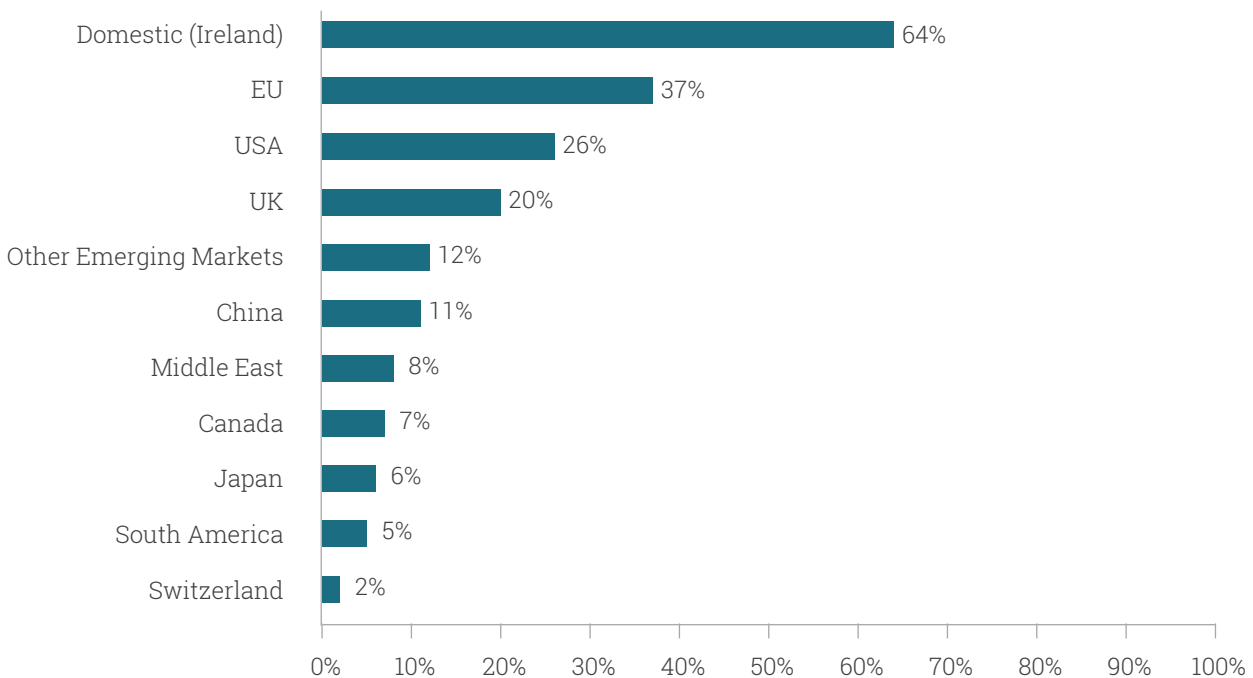


Source: IoD Director Sentiment Monitor Q2 2019

## MARKET GROWTH

In the most significant movement between quarters, there has been a 10% slippage from Q1 (30%) to Q2 (20%) 2019 in the UK being a market where respondents anticipate opportunities for growth in 2019. The top six markets where opportunities for growth are anticipated are, in order: Ireland, EU, USA, UK, 'Other Emerging Markets' and China. Beyond that, scoring less than 10%, are: the Middle East, Canada, Japan, South America and Switzerland.

**Figure 13: In respect of your primary organisation, in which markets do you anticipate opportunities for growth in 2019?**



Source: IoD Director Sentiment Monitor Q2 2019

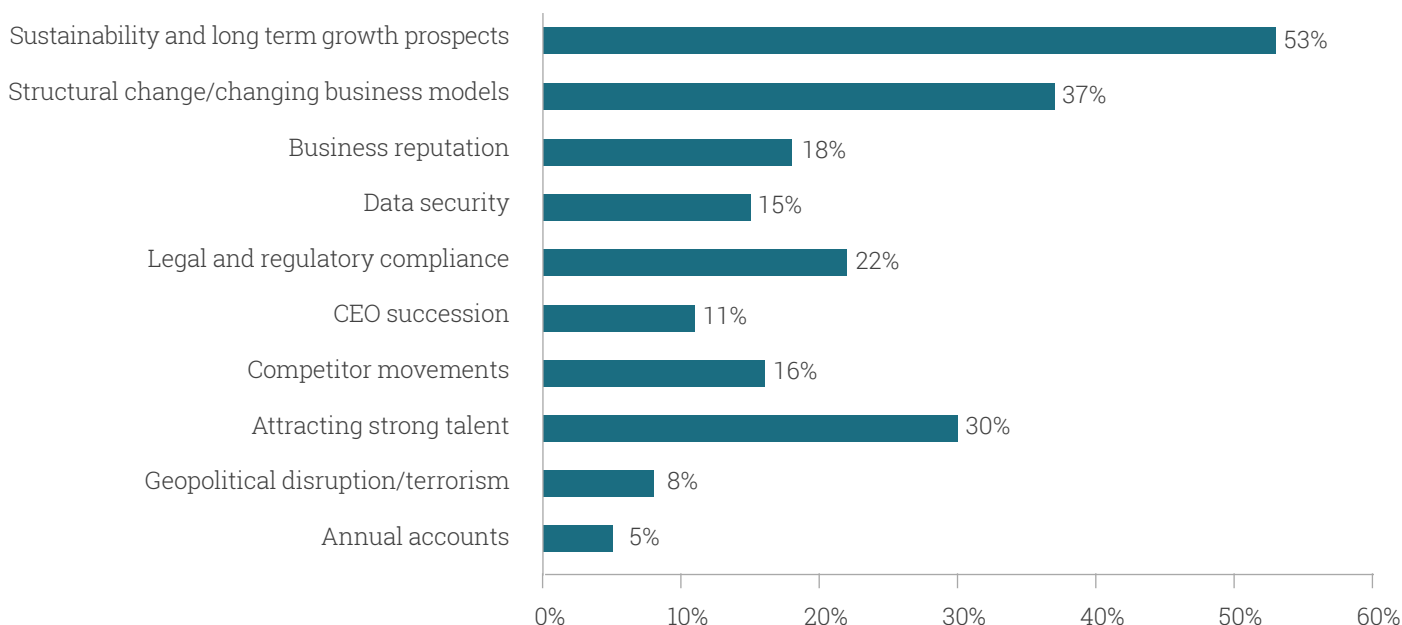
# KEY ISSUES

## WHAT 'KEEPS YOU AWAKE AT NIGHT'?

Below are some key findings in the Q2 2019 survey regarding the key issues that business leaders cited as keeping them awake at night:

- Over half of respondents (53%) cited sustainability and long-term growth prospects, this was 46% in Q1 2019.
- This was followed by structural change/changing business models, which remains a strong concern at 37%, an increase from 31% in Q1 2019, and attracting strong talent at 30%, which was 36% in Q1 2019.

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



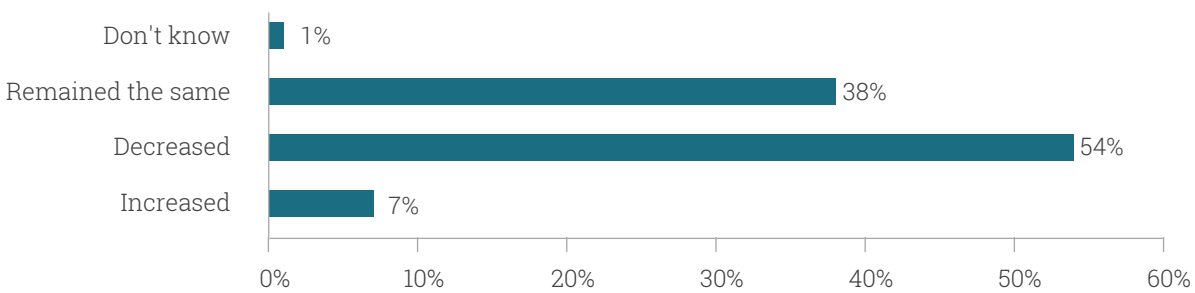
Source: IoD Director Sentiment Monitor Q2 2019

**KEY ISSUES**

**TALENT**

On the issue of the availability of talent for their business, in Q2 2019, 54% believe it has decreased, down from 60% in Q1, with 38% saying it has stayed the same as the previous quarter.

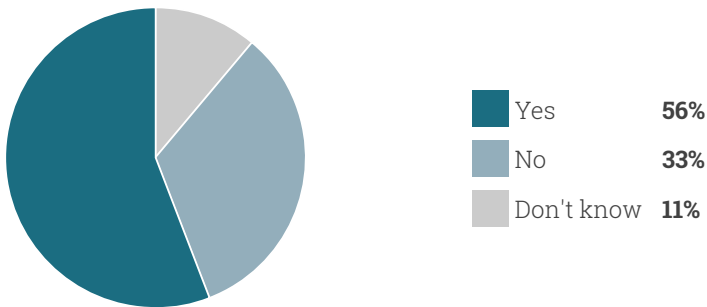
**Figure 15: Do you believe that the availability of talent for your business increased or decreased in Q2 2019?**



Source: IoD Director Sentiment Monitor Q2 2019

Furthermore, 56% of respondents say the lack of supply of housing and/or affordable rents is impacting their ability to attract talent.

**Figure 16: Is the lack of supply of housing and/or affordable rents impacting your ability to attract talent?**



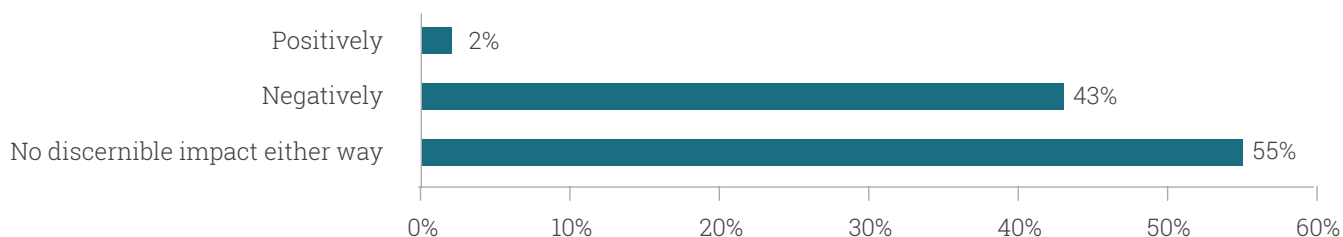
Source: IoD Director Sentiment Monitor Q2 2019

## KEY ISSUES

### INSURANCE

When surveyed on the impact of insurance, 43% of respondents say the cost of insurance is detrimentally impacting their business.

**Figure 17: Is the cost of insurance impacting your business?**

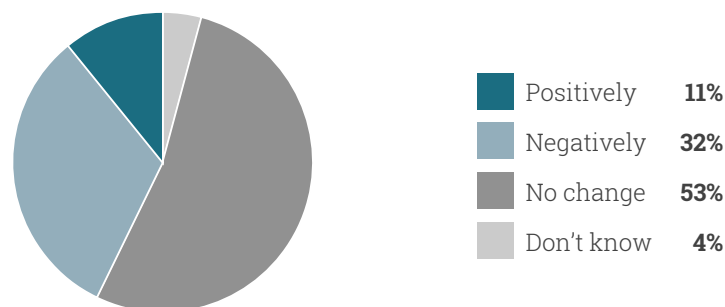


Source: IoD Director Sentiment Monitor Q2 2019

### GDPR: ONE YEAR ON

A majority of respondents (53%) say the first year of compliance with GDPR made no change in its impact of their business, with 32% saying it had impacted their business negatively, and 11% saying it did so positively.

**Figure 18: In its first year, has compliance with GDPR impacted your business?**



Source: IoD Director Sentiment Monitor Q2 2019

# GOVERNMENT PERFORMANCE

Below are some key findings regarding how business leaders feel the Government has performed in Q2 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 response regarding these areas.

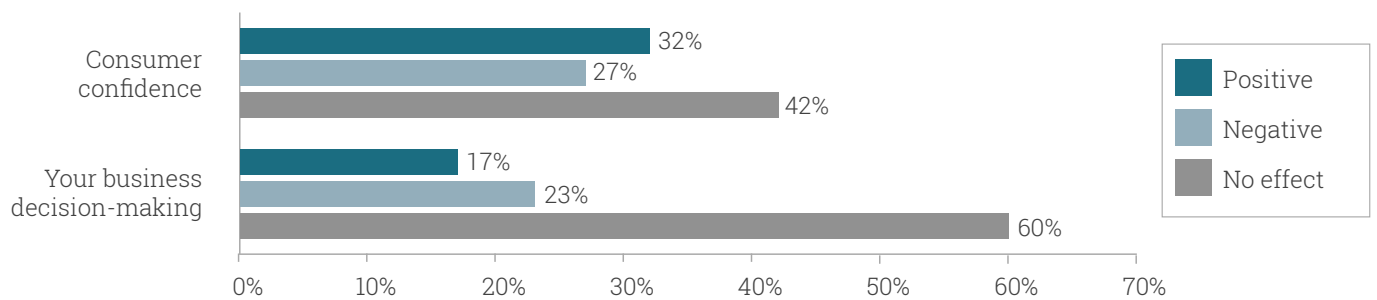
- **Consumer confidence**

- The results found 32% of business leaders believe consumer confidence has been positively impacted by the current Government's performance to date, which is down from 48% in Q1 2019.
- The number of business leaders saying that they have been negatively impacted by the Government's performance has risen from 17% in Q1 2019 to 27% in Q2.
- 42% of respondents say the Government performance on consumer confidence has had no effect.

- **Business decision-making**

- Just 17% of business leaders believe the Government's performance so far has had a positive effect on their business decision-making, down from 28% in Q1 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.
- In addition, 60% of business leaders believe the Government's performance to date has had no effect (this was 55% in Q1 2019).

**Figure 19: What do you believe has been the effect of the current Government's performance to date on consumer confidence and your decision-making?**



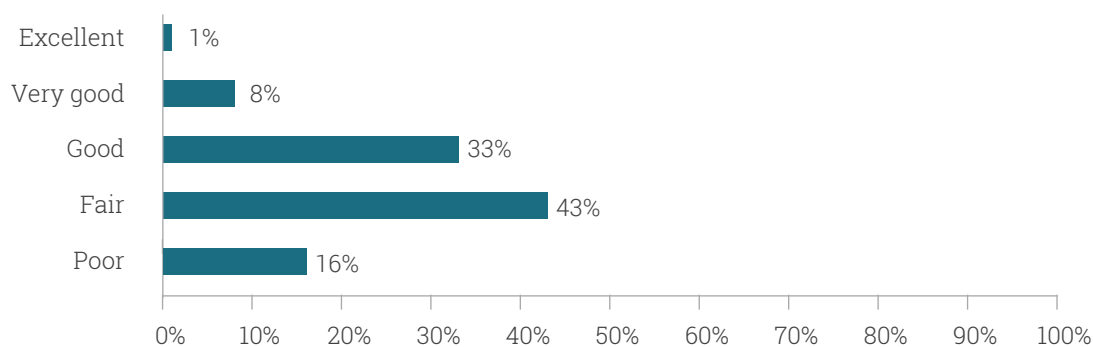
Source: IoD Director Sentiment Monitor Q2 2019



## GOVERNMENT PERFORMANCE

Furthermore, when asked to rate the Government's performance in Q2 2019, just 1% of business leaders rated it as excellent, 8% as very good, and 33% as good. While 16% rated it as poor, the biggest group (43%) rated the Government's performance as fair.

**Figure 20: Please rate the current Government's performance in Q2 2019?**



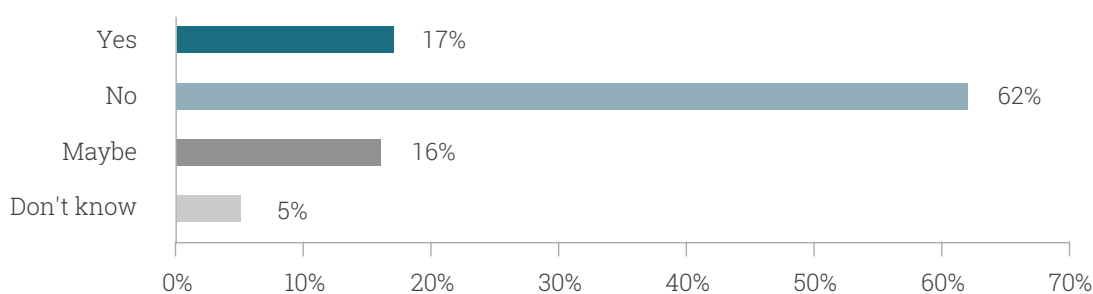
Source: IoD Director Sentiment Monitor Q2 2019

## GENERAL ELECTION

The following addresses the key findings of when business leaders were asked whether they thought a general election may happen in 2019:

- A clear majority (62%) believe that an election will not take place this calendar year, up from 38% in Q1 2019. 16% are unsure and 4% say they don't know.
- Just 17% of respondents believe that an election will take place in 2019, a decrease from 35% in Q1 2019.

**Figure 21: Do you think there will be a general election in 2019?**



Source: IoD Director Sentiment Monitor Q2 2019



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