



**DUBLIN
CHAMBER**

Q1

Business Outlook Survey 2021

Contents

Introduction	3
Turnover in 2020	4
Government Supports and Budget 2022	5
Sustainability	7
Upskilling and Skills Gap	8
Business Outlook over the next three months	9
In Focus	10

Introduction

Our survey for this quarter took place between the 24th February and the 15th March. Over 300 companies participated. This quarter, we focus on the latest Government Covid-19 plan. We look at what companies need to successfully recover and return to growth after the pandemic. What are the most pressing challenges? What government supports are needed to successfully return to growth? Are there difficulties in accessing finance? And what should the Government prioritise in the next budget?

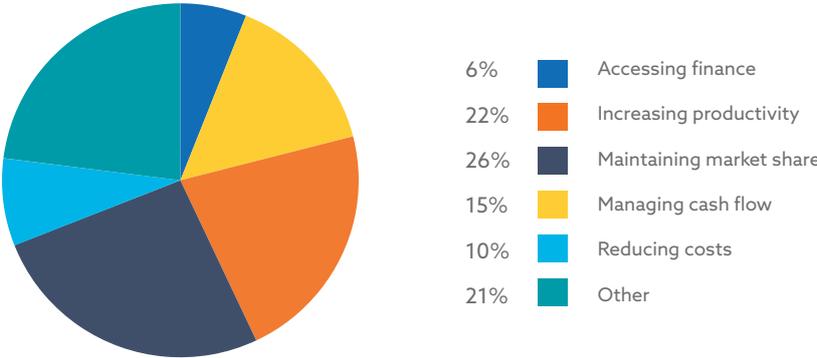
We also asked companies about the topics of sustainability and potential skills gaps, both issues which will be core areas of focus in re-building a resilient economy post Covid-19. If you have any comments on our survey, or want to discuss some of our findings, please contact us at policy@dublinchamber.ie.

Covid-19

The Covid-19 crisis and consequent restrictions continue to impact on businesses. The survey results show that Maintaining market share (26%), Increasing productivity (22%), and Managing cash flow (15%) continue to be highlighted by businesses as some of their most pressing challenges. Interestingly, in Q1 2021 only 6% of companies selected Accessing finance as their biggest concern, down by almost half from the previous quarter (11%).

Focusing in on this topic, we also asked companies if they had applied to a lender for new financing in the last 3 months, with 18% replying Yes. Of those who had applied, 63% reported that their application was accepted, 23% were awaiting a reply, and 14% had their application rejected.

What is the most pressing challenge for your business at present?



Turnover in 2020

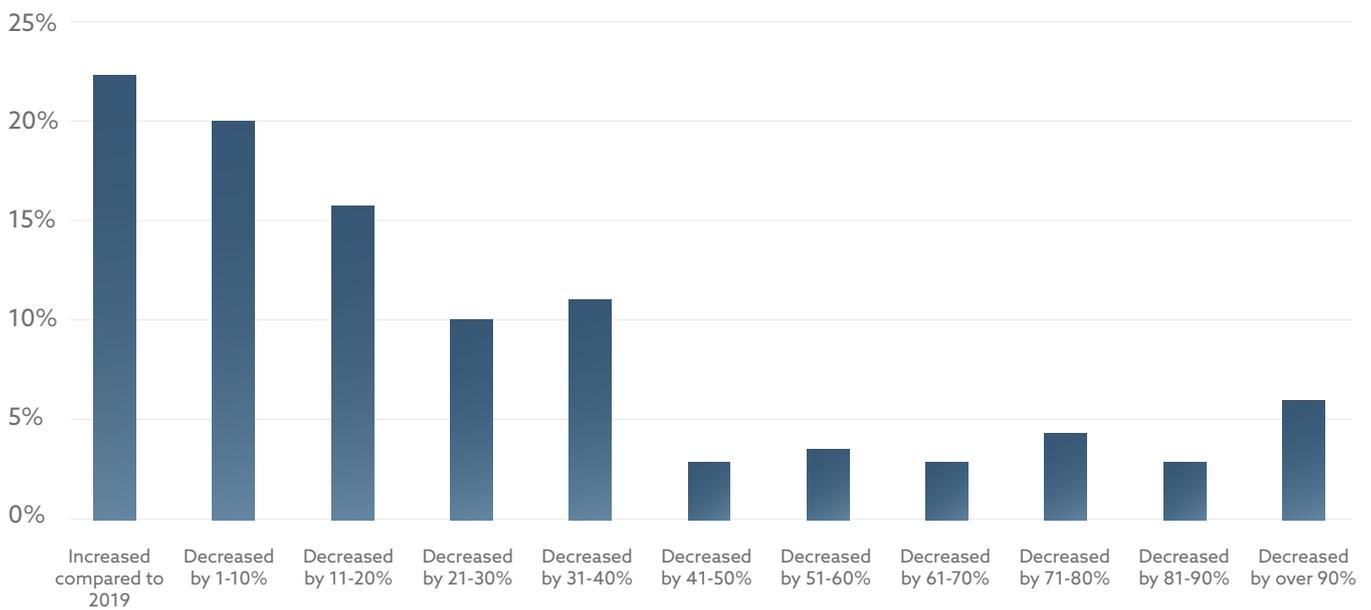
The past year has had a significant and unprecedented impact on the business community in the Greater Dublin Area and nationally. As Q4 ended, businesses had the opportunity to compare 2020 with 2019 and begin to assess the full impact of the Covid-19 crisis. We asked companies 'How did your turnover in 2020 compare to the previous year?'

Over 77% of companies surveyed saw their turnover decrease when compared to 2019, with 1 in 6 companies seeing their turnover

decrease by at least 50%. Alarmingly, 6% of companies saw their turnover decrease by over 90%. This is particularly notable when it is considered that January, February and the first half of March 2020 were relatively stable for businesses.

Interestingly, when we compared the survey responses of SMEs to those of larger companies (250+ employees) the difference was negligible.

How did your turnover in 2020 compare to the previous year?



Government Supports and Budget 2022

In terms of policy focus, the debate is moving on to the future post-pandemic and how to rebuild a strong and resilient economy.

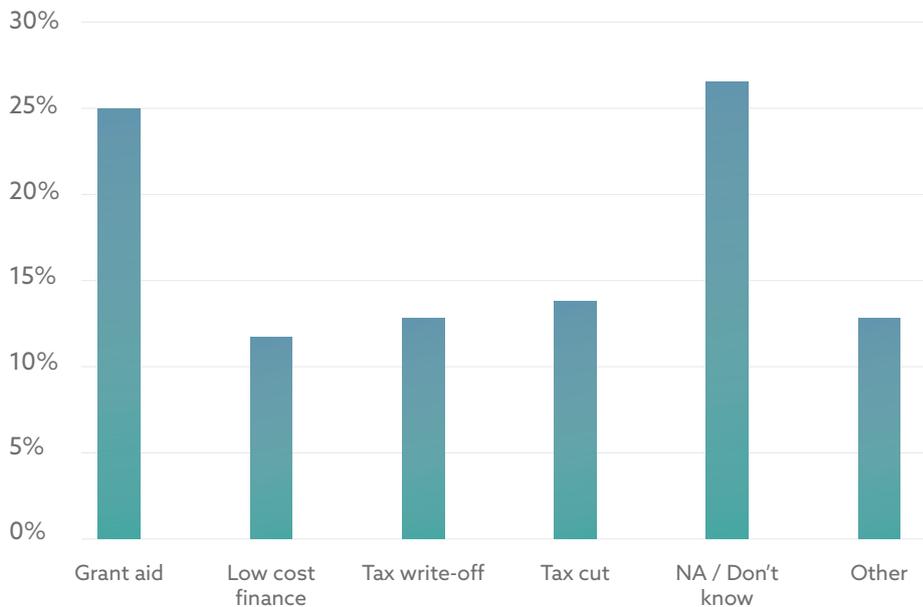
A significant proportion of businesses have relied on government support schemes (such as the EWSS and CRSS) to remain viable during the periods of lockdown and restrictions. The challenge now for these firms is how they can successfully transition to recovery and a return to growth once the Covid restrictions are removed.

Despite assurances from Government, there is a real concern from many businesses that the current supports will be pulled suddenly, leaving companies struggling with the

significant costs associated with reopening and with their cash reserves depleted.

When asked what Government supports they would need to recover and return to growth just over a quarter of all companies indicated that they would need Grant aid. Tax cut (13%), Tax write-off (12%) and Low cost finance (11%) options were also selected as potential government supports. Interestingly, among the 12% of companies that selected Other and specified their preference, there was strong support for continuation of current schemes, including the wage subsidy scheme and rates relief, and also for the lower rate of VAT.

As the economy reopens what Government support does your business need to successfully recover and return to growth?



As Government plans to reopen the economy, we also asked companies what should be the priority for the next budget. More than four in ten respondents (43%) prioritised infrastructure and housing investment.

Despite the significant impacts on businesses in 2021, support for investing in infrastructure remains high with almost a quarter of all companies indicating it as the main priority for Budget 2022. A further 19% indicated that the supply of housing was their biggest issue.

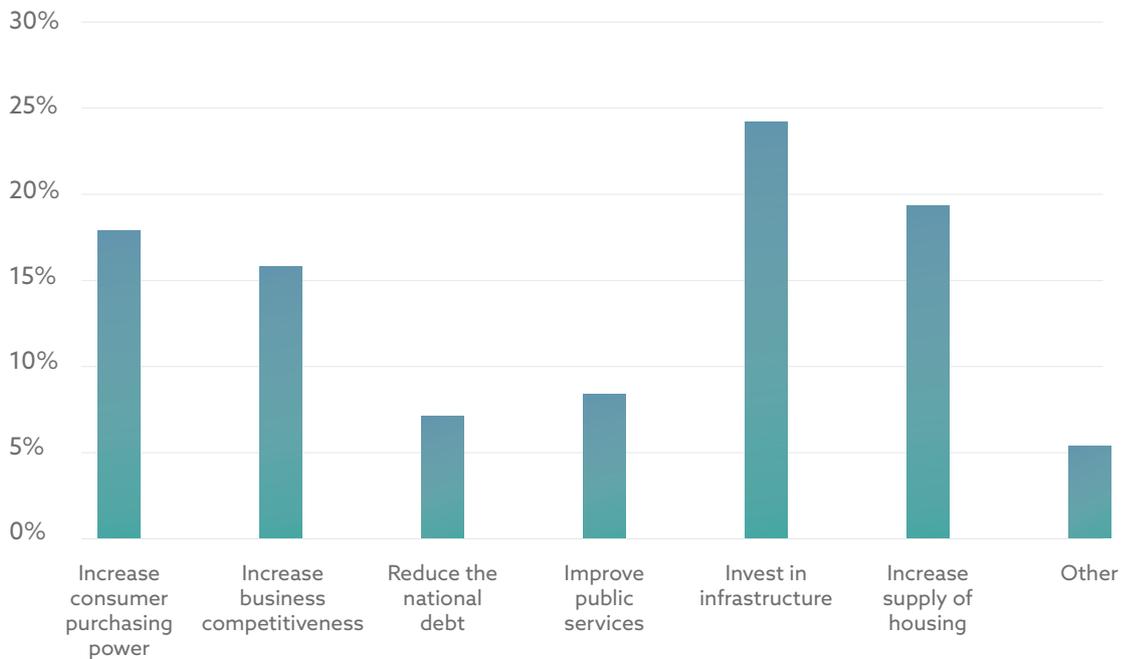
This highlights how Dublin's infrastructure deficit - whether in transport, water, broadband, energy, or the housing stock - is now having very real business impacts and potentially threatens Dublin's reputation and resilience.

Almost one in five businesses (18%) prioritised increasing consumer purchasing power and a further 16% prioritised increasing business competitiveness.

Reduce the national debt and Improve public services scored the lowest with 7% and 8% respectively.

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What goal should the Government prioritise in the next Budget?



Sustainability

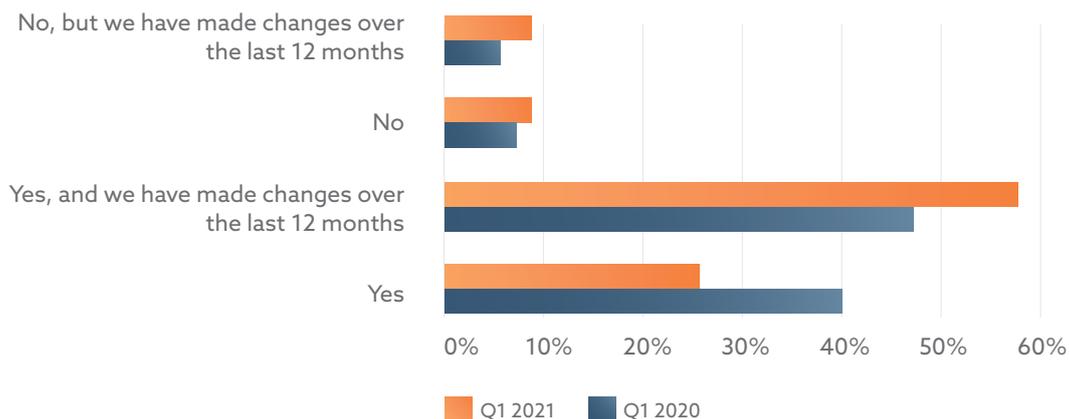
After the pandemic sustainability will continue to be a significant focus in rebuilding a resilient economy. In both Q1 2020 and Q1 2021 we asked businesses about their 12-month plans to become more sustainable.

In Q1 2021, 87% of companies had made changes to become more sustainable, with 47% having made changes over the past 12 months (2019). In comparison, in Q1 2020 82% of companies expect to become more sustainable in the next 12 months, with 57% also having made changes in the previous 12 months. The 82% figure for Q1 2021 represents a five percentage point decrease year-on-year. Interestingly, the number who

have made changes over the last 12 months but will not be making additional changes in the next 12 months increased from 5% to 9% year-on-year.

After the pandemic sustainability will continue to be a significant focus in rebuilding a resilient economy.

Over the next 12 months do you expect to make any changes in your business to become more sustainable?



Upskilling and Skills Gap

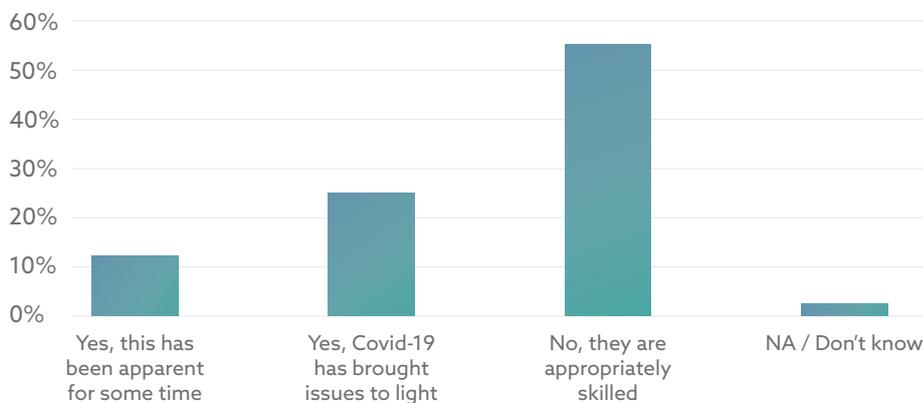
Upskilling

Covid-19 has rapidly changed the way we work and the logistics of remote working. The accelerated digitization of the economy has changed work processes, practices, and priorities, leading firms to recognise skills gaps and the need to upskill staff. Additionally, the requirement to address sustainability

challenges means that a whole new area of expertise is needed in many firms.

Two in five survey respondents (40%) reported that their staff require upskilling. More than one in four (26%) indicated that the current Covid-19 crisis brought this need for upskilling to light.

Do your staff members require upskilling?

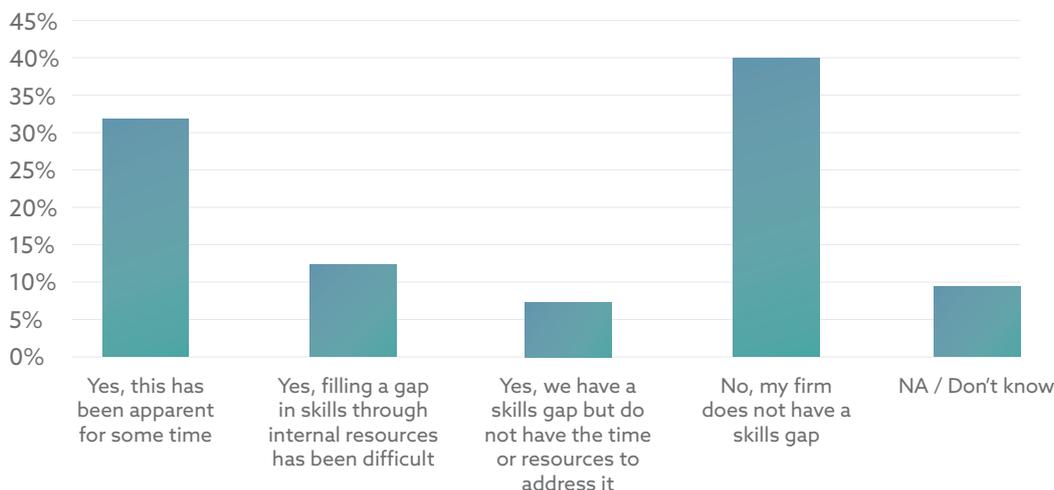


Skills Gap

We asked companies if their firm struggled to fill a specific skills gap over the past 12 months. Over half of companies (52%) indicated that their company has a skills gap.

Almost a third (32%) indicated that recruiting for a specific role has been difficult, 12% said that filling a gap in skills through internal resources has been difficult, and 8% that 'we have a skills gap, but do not have the time or resources to address it'.

Has your firm struggled to fill a specific skills gap over the past 12 months? Select the response that applies best to your situation

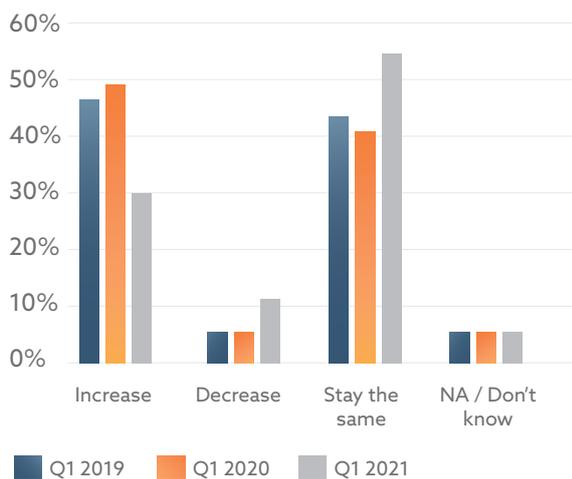


Business Outlook over the next three months

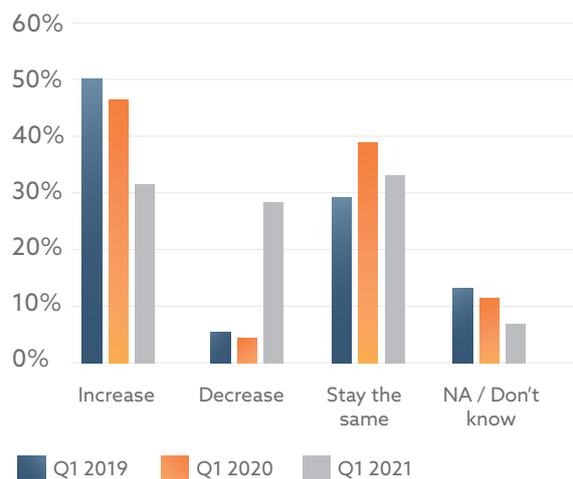
For the past decade, we have been surveying firms on the outlook for their business in terms of employment numbers, turnover and profitability. Now a year into the crisis, the impact is stark. Almost 28% of respondents expect their firm's profits to decrease in the next three months compared with just 6% and 5% during the same period in 2019 and 2020. Similarly, 22% expect their firm's

revenues to decrease. On a more positive note, over 30% of respondents expect their staff numbers to increase, compared to 11% of firms who expect their staff number to decrease. A further 55% of companies expect their staff numbers to remain the same, a figure which has seen a modest increase from 44% and 41% in 2019 and 2020 respectively.

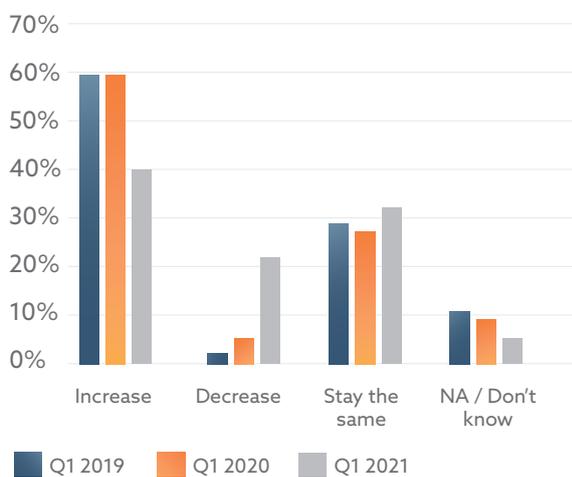
Over the next 3 months do you expect your firm's staff numbers to



Over the next 3 months do you expect your firm's profits to



Over the next 3 months do you expect your firm's revenues to



In Focus

Dublin Chamber regularly holds focus groups with its member companies for greater insight and in-depth analysis on current topics. This quarter we held focus groups on the topics of Remote Working, Female Labour Force Participation and Re-thinking Town Centres.

Remote Working

These focus groups considered the move to remote and flexible working following the recent launch of the National Strategy for Remote Work.

- Focus group participants highlighted key issues that still need to be resolved by policymakers in relation to the practicalities of health and safety, insurance, and costs of remote work set up.
- Participants were also aligned on the idea that the future of work is one of overall flexibility, not just remote working, and stressed that the future (where applicable) will be a hybrid of 60-90% of time spent in the office and the remainder working off-site or from home.

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- Legislation around the Right to Request Remote Working and the Right to Disconnect requires considerably more consultation with the business community before it is introduced.
- There is growing concern about the business costs associated with facilitating remote working in the long-term, e.g. arising from duplication of IT equipment and office furniture.

Female Labour Market Participation

These focus groups considered female participation in the labour market in light of the issues raised by Covid-19.

- Participants stated that adoption of flexible working can potentially be very positive for female labour market participation. However, management procedures and company policies must remain mindful of unintended consequences. If employees with a greater burden of caring duties avail of flexible and remote working much more than others, there is a possibility of working mothers (mostly) becoming invisible to leadership in relation to progression and promotion.
- Support is needed for male partners to take the paternity and parental leave to which they are entitled, as this will grant all parents greater room to share caring duties. Policy progression around sharing parental leave to suit the circumstances of each family needs to be considered.

- The problems of affordability and accessibility of childcare are at the core of labour market challenges, and this area needs overhauling. Also, policymakers need to look at supporting factors in this space, e.g. transport that is child and parent friendly and more innovation in the school and childcare system so that there are greater options outside of school hours.

Rethinking Town Centres

This focused on urban centres and high streets to better understand the impacts, challenges, and opportunities for businesses in these spaces in the context of Covid-19 and the Government commitment to a Town Centre First Policy.

- Participants highlighted the staggering pace of change in our town centres and high streets. Covid-19 has accelerated existing problems.

- Participants were also aligned on the need to embrace new ideas and opportunities. Experiential shopping was highlighted as the direction retailers and planners need to be heading in.
- Security and safety was identified as the current biggest concern for retailers that remain open. More must be done in regard to community policing, CCTV and developing a high quality public realm, particularly if there is to be an expansion of the night-time economy post-Covid.
- Participants called for the Government's Covid-19 supports to be maintained for a period after the lifting of restrictions to enable businesses which have been closed to return to growth.
- Participants also highlighted the need to encourage more people to live in the city centre and to further develop and enhance the core of the city in all regards, e.g. landscaping and street scape, way finding, and public and active transport infrastructure.

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DUBLIN
CHAMBER

Dublin Chamber
7 Clare Street,
D02 F902

+ 353 1 644 7200
dublinchamber.ie



@Dubcham