

Irish SMEs need to invest to stay competitive

Business sentiment amongst Irish SMEs is being challenged as companies struggle to increase headcount and raise wages to stay competitive.

Confidence among small business owners has slumped, according to the latest 'Small Business Sentiment Survey' report from the [Small Firms Association](#) (SFA).

Only 45pc of SFA members said they feel that the business environment is improving, compared with 59pc in November 2018. Such a large slump is a first for the SFA Small Business Sentiment Survey.

"Since the beginning of the year small businesses have faced rolling Brexit uncertainty, increasing tax, wage levels and additional regulatory burden," said Sven Spollen-Behrens, SFA director.

"These mounting challenges are weighing heavy on small business owners and making it difficult for them to maintain competitiveness, expand and invest currently.

"Half of survey respondents indicated their intention to recruit over the coming year. However, ongoing capacity constraints in the labour market could challenge their plans to recruit. In order to fill vacancies and retain employees, where the performance of the business and the individual allows, survey respondents expect wage rates to increase over the coming months."

Full employment challenge

Spollen-Behrens said that more than half of the companies surveyed said they plan to recruit over the coming year. However, ongoing capacity constraints in the labour market could challenge their plans to recruit. In order to fill vacancies and retain employees, where the performance of the business and the individual allows, survey respondents expect wage rates to increase over the coming months.

"In the long-run wage increases will only be sustainable if we manage to reduce business costs or improve productivity among small business. Therefore, we need to boost confidence amongst our small business owners and make it easier for them to compete.

"The SFA is calling for a national Small Business Strategy, that places a clear focus on the 98pc of businesses employing half the private sector workforce, which are the lifeblood of towns and villages around the country. It is time for a plan to boost the number and performance of small businesses."

Spollen-Behrens concluded that the fundamentals of the Irish economy and forecasts remain strong for the remainder of 2019.

“However, Brexit continues to pose one of the biggest challenges faced by small businesses in years and the SFA will remain focused on preparing members for the opportunities and risks to their businesses.”

Written by John Kennedy

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