



County Kildare
Chamber
Advancing business together

Chamber Membership Sentiment Report Q3

September 2022

Introduction

Welcome to the Chamber Membership Sentiment Report 2022 Q3 by County Kildare Chamber. This report is conducted twice a year, with the survey designed to pinpoint specific challenges faced by our businesses in Kildare and help us to identify solutions.

County Kildare Chamber is the business organisation in Kildare, proactively working to identify and progress developments that are facilitative of economic and sustainable growth. Representing an employer base of 400 businesses and over 38,000 employees across the county, County Kildare Chamber is the largest business organisation in the mid-east region of Ireland.

Given the significant breadth and depth of our membership, and our representation on various bodies at local and national level, County Kildare Chamber constitutes the representative voice for business in Kildare.

The Chamber conducted this survey over a period of two weeks from the 6th September – 20th September.

Of the total responses received, 42% were from businesses with 21 plus employees, while 58% came from businesses with staff ranging from one to 20 employees. Over 66% of the responses came from the Life Science and Manufacturing area, Tourism, Hospitality and Leisure, Retail, Education and Training and the service industry.

The survey concentrated on the key business challenges of competitiveness in Kildare, Energy Costs, Sustainable Development, Post-Covid employment and the ongoing crisis in Ukraine. It particularly highlighted continuing challenges Kildare businesses are having with regards to skills & training availability within the county, housing availability and the cost of energy, all of which businesses see as substantial barriers to competitiveness within Kildare.

Businesses are also concerned with challenges arising from staff retention & recruitment. The ongoing war in Ukraine continues to be something which over 80% of Kildare businesses are either concerned or extremely concerned about, particularly with regards to the increasing costs and uncertainty associated with same.

However, in contrary to this, the results of our survey also show the majority of Kildare businesses are optimistic about their outlook in Kildare, with 68% looking towards increasing staff training, 54% forecasting an increase in revenue and 60% anticipating either profits to stay the same or to increase over the next twelve months.

Business Challenges

As we head into Q3 &4 of the year and look towards 2023, we asked members ‘What is the biggest challenge facing your business over the next 12 months?’.

This year, as the pandemic fades, we saw a very strong economic recovery take hold in Kildare, with several significant job announcements within the first 6 months of the year. In Ireland, we now have a record low unemployment rate of 4.3% [1]. However, this has brought with it a number of capacity constraints, and upward pressure on prices, particularly in the aftermath of the ongoing Russian invasion of Ukraine. Inflation in June was at a record 38 year high of 9.6% [2], reducing slightly to 8.7% in August, the first fall in price growth in the economy for sixteen months. This is placing significant pressure on Kildare businesses and households.

Given the time this survey is being produced it is no surprise to see there are a few competing factors which Kildare companies state are big challenges to business in the County. Staff retention & recruitment is still the number one challenge facing businesses at 18%, businesses are suffering difficulties regarding recruitment in a tight labour market, with near full employment, alongside upward wage pressure. This was closely followed by the cost of energy/raw material at 16%, as a direct result of the ongoing war in Ukraine and continuing supply chain disruption. In correlation to this, reducing costs also features highly at 15% along with increasing productivity at 13%.



[1] Monthly Unemployment - CSO - Central Statistics Office

[2] Irish inflation hits 38-year high of 9.6pc in June – Eurostat - Independent.ie

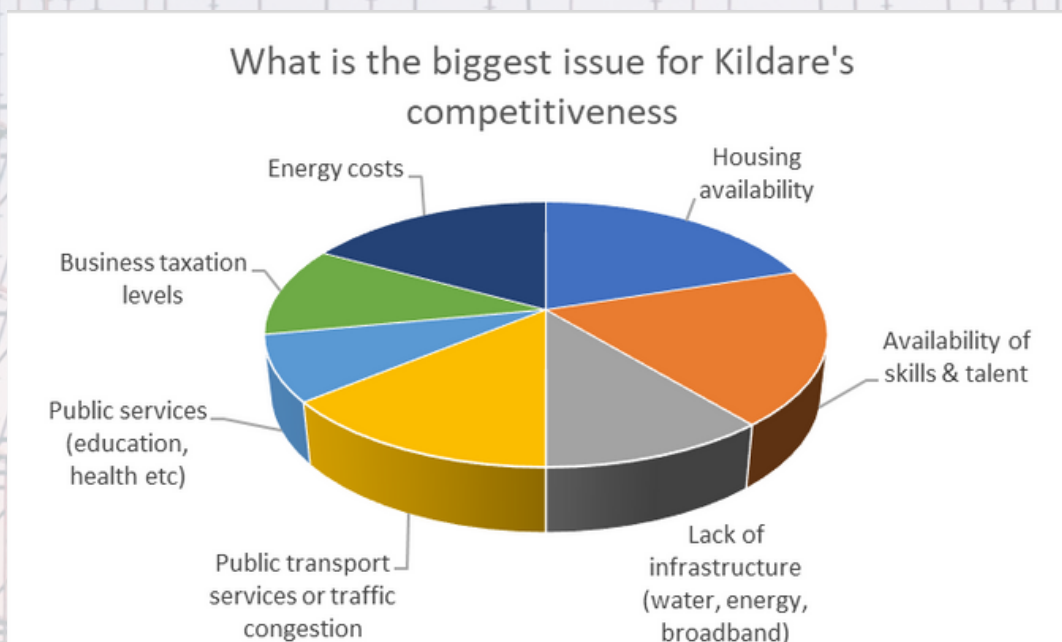
Competitiveness

County Kildare Chamber asked ‘What is the biggest issue for Kildare’s competitiveness in the next 12 months?’

Housing availability is still the number one concern for businesses when looking at what Kildare’s biggest competitiveness challenges are, which accounted for over 20% of responses. This is closely followed with 19% of businesses reporting the availability of skills and talent, as the biggest challenge facing the County. However, in comparison to our first survey conducted in March of this year, businesses are now looking at the wider space around them when responding to the question. Public transport services and a lack of infrastructure with regard to energy, water and broadband are now also featuring highly on the list.

Improving the quality of infrastructure is essential to ensuring Kildare and the Country as a whole, has the capacity to achieve sustainable long-term growth and plays a key role in enhancing productivity. If Kildare is to retain its key competitiveness position, particularly at this crucial time, continued investment in our infrastructure –both physical and social is required.

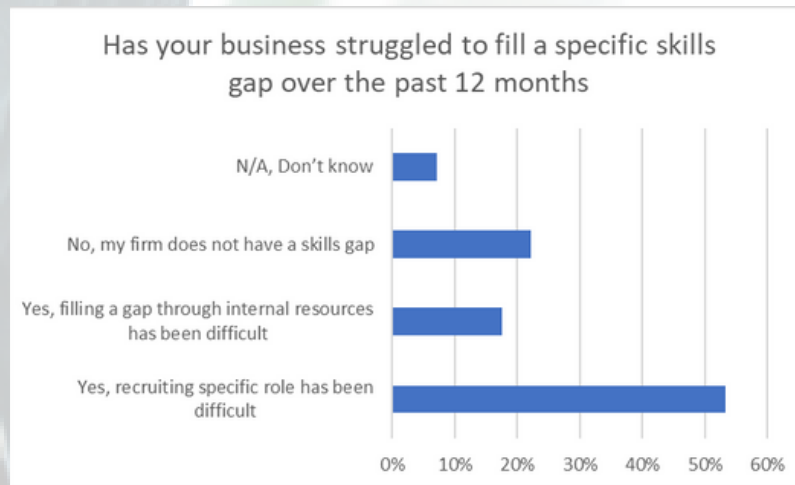
Ireland’s public investment in infrastructure has continued to expand over the past number of years under the current National Development Plan. Continuing to deliver on planned infrastructure projects in Kildare, such as Dart+, in the face of these challenges will be critical to ensuring the economy remains in a competitive position over the coming year.



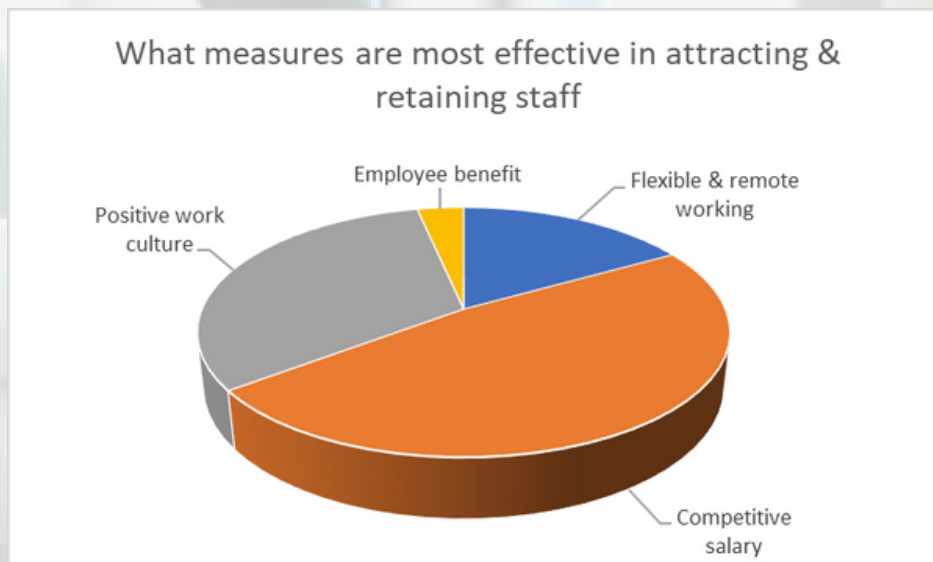
Staff recruitment & retention

When it came to staff recruitment and retention over 70% of businesses stated their business had struggled to fill a specific skills gap within the last year.

The responses indicate that as the economy continues in a state of full employment, all sectors will struggle to fill skills gaps within their businesses, at all levels of seniority. Many companies reported a gap in tech and trade, while businesses in the hospitality sector noted that there is a lack of chefs and service staff available. Accountants with speciality in tax is also an area of growing concern. 22% of companies reported that they were not experiencing a skills gap. The results clearly indicate that the availability of skilled labour is a serious issue for the majority of businesses at present.

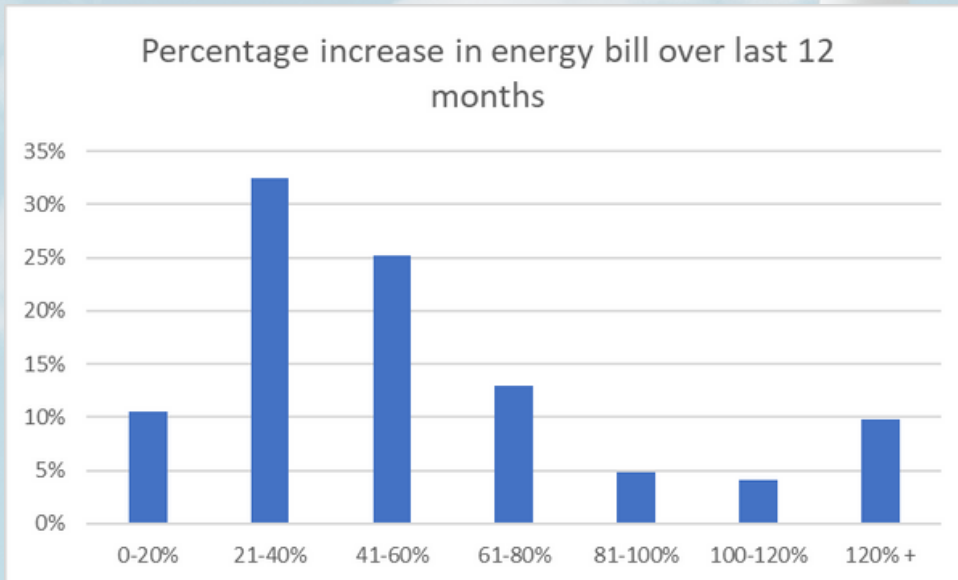


Nearly 50% of businesses stating competitive salary was a key incentive in attracting new employees. Positive work culture as a tool for recruiting and retaining staff also scored highly at 32%, along with flexible and remote working, 17%. Interestingly, when comparing survey results from earlier in the year, options such as permission to work overseas, which had scored previously failed to list this as an effective tool later into the year.

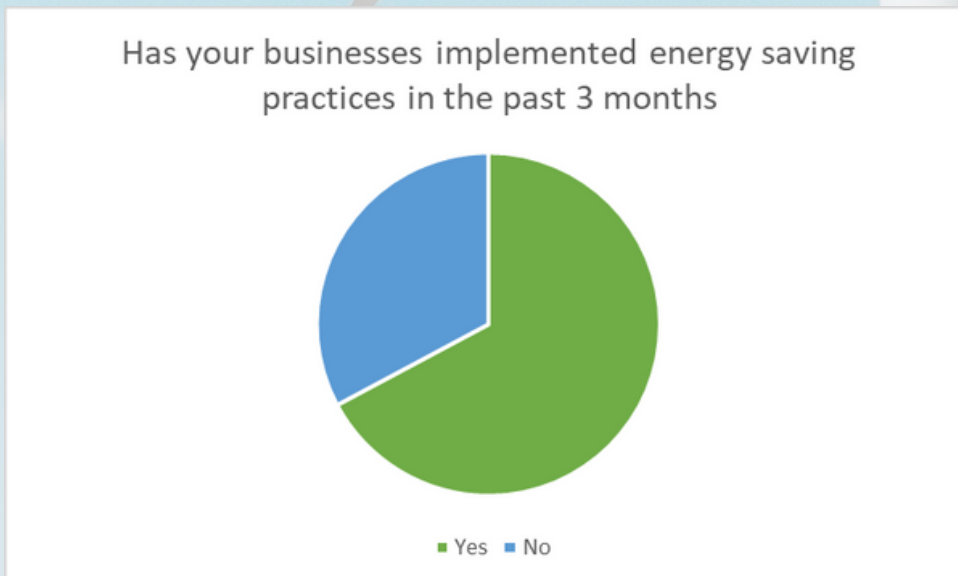


Energy

Members disclosed that their energy bills rose dramatically over the past year, with nearly 10% of businesses stating their energy bills had increased by over 121%. The average increase lay between 21% and 40% for a third of the survey respondents (32%). Over a quarter of respondents (26%) experienced energy bill increases somewhere between 41% and 60%, while a further one in eight respondents (12%) were subject to increases from 61% to 80%.

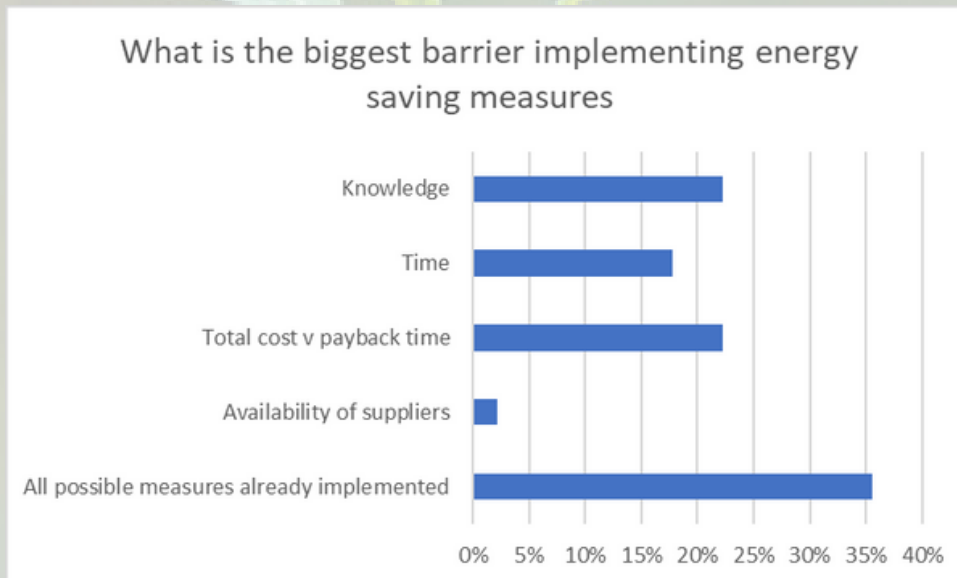


Given the magnitude of inflation currently, just under 70% of businesses have stated they have implemented energy-saving practices within the last three months to mitigate these costs. Recent figures from the Central Statistics Office (CSO) reveal that the European energy crisis caused by Russia's invasion of Ukraine is having a significant impact in Ireland. Wholesale electricity prices are now 194.9% higher compared to August last year[1].



[1] Wholesale electricity prices rise by 45.1% from July (irishe Examiner.com)

When asked to clarify why more energy-saving measures hadn't been taken, over one third of respondents (36%) stated the primary reason to be that "all possible energy-saving measures had already been implemented". This answer implies that for a considerable number of businesses, there is no further action they can take at an individual level, to buffer them from the impact of rising energy costs. The war in Ukraine, and the continuing energy crisis, have highlighted the importance of accelerating the switch to renewable energy systems and reducing the reliance on fossil fuels. 13% of businesses said that they had not implemented energy-saving practices due to 'Time', while a further 22% said that 'Knowledge' was their primary deterrent. This shows that for nearly one quarter of businesses, understanding around a sustainable energy practise and the implementation of same, is substantially lacking.



Ukrainian conflict

The Russian invasion of Ukraine in February 2022 has generated a high amount of concern within the business community in Kildare. When asked, six months on how concerned companies were; 82% of businesses said they were concerned or extremely concerned with the affects of the ongoing war.



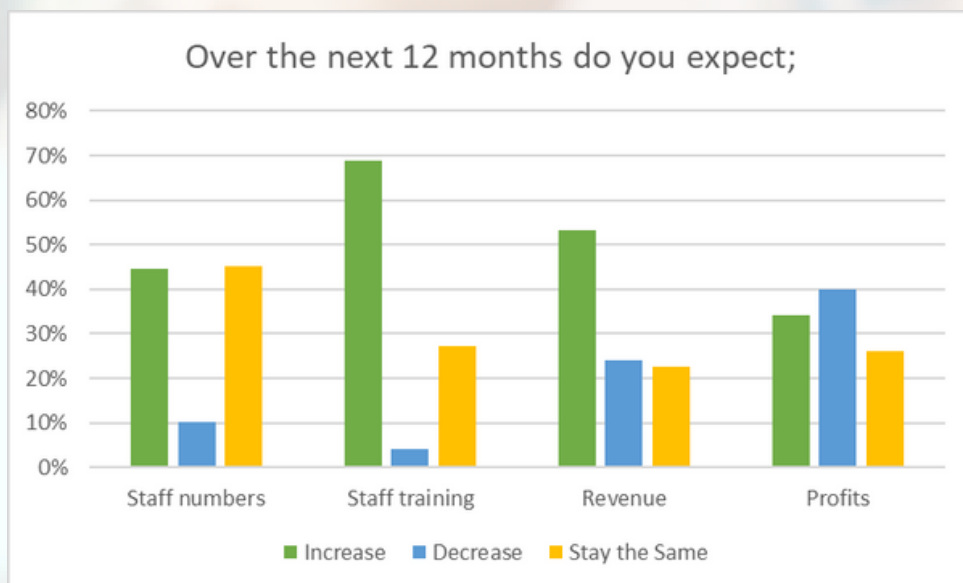
This invasion has generated massive uncertainty in relation to energy and food supplies globally, but the effects can also be seen in Kildare. When asked why they were concerned, 40% of businesses stated increased energy costs was their number one reason. A further 30% cited increased uncertainty. These constraints and volatilities are contributing to Ireland, like most western economies, facing the highest inflation rates in over three decades.



Business Outlook

Despite ongoing fears, our survey has shown the majority of businesses are optimistic about their outlook.

68% of businesses are looking towards increasing staff training, perhaps showing an increasing resilience and positivity with the ability to cope with economic adversity. 54% forecasting an increase in revenue and 34% anticipating profits to increase over the next twelve months, which is down slightly on Q1 2022 figures.



Summary

The September 2022 County Kildare Chamber Membership Survey has found that 82% of businesses are either concerned or extremely concerned with the effects of the ongoing war in Ukraine on their operations and profitability. The survey also shows business fears are growing regarding increased energy cost and increased uncertainty around economic development in the County as a direct result of the crisis in Ukraine.

Nearly 60% of businesses have seen an increase in their energy bills, of between 21-60% within the last twelve months, with approx. 10% of businesses facing an increase of over 120%. What can be seen throughout this survey, is the lengths businesses are going to in the last number of months to try and combat against upward pressure with inflation and associated costs. 67% of businesses have started implementing energy saving measures in the last three months.

However, more is still needed many companies have stated they simple do not have the manpower, recourses or knowledge to make real and significant inroads with regard to a sustainable energy journey. The Chamber recognises this and that some businesses will need assistance to innovate and transform. We need to recognise that higher energy prices represent a deterioration in Kildare & Ireland's terms of trade, for which the only long-term solution is greater domestic supply of sustainable energy and increased efficiency in the use of energy by businesses and households.

Improved efficiency will also help us to meet our climate action targets. At a time of high inflation, it is vital that Kildare addresses any structural weaknesses that work against long run competitiveness and more widespread productivity growth.

County Kildare Chamber is the largest business organisation in the mid-east region of Ireland representing an employer base of 400 businesses and over 38,000 employees across the county. Kildare is the location of choice for existing & potential business enterprise. Our highly skilled workforce & the attractiveness of our region coupled with the quality of life we enjoy; our excellent infrastructure provision and connectivity ensures we are well placed to secure foreign direct investment.

County Kildare Chamber will continue to work closely with key government agencies and local and regional stakeholders, and the feedback from this survey will allow us to advocate effectively and on the issues which matter most to you.

The next survey will be completed in early Q1 of 2023.

This survey will be circulated to our membership, government departments, public representatives, and our agency partners. It will assist the Chamber in formulating our policy priorities for 2023 and future submissions regarding Local Area Plans most immediately in Maynooth and Kildare -Newbridge. The survey will also help to strategically focus the ongoing work of the Chambers Policy Advisory Council.

If you have any queries regarding the survey or want to discuss a matter further, please contact sinead@countykildarechamber.ie



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