

31st August 2018

SME GOVERNMENT SATISFACTION AT THREE YEAR HIGH

- **Medium sized enterprises most satisfied with government.**
- **Micro businesses least satisfied with government performance.**
- **Government's handling of business costs remains negative.**
- **Manufacturing and Construction sector most satisfied with government.**
- **Services sector least satisfied.**

ISME, the Irish SME Association published the results of its latest Government Satisfaction report today (31st August). SMEs overall satisfaction with the Government continues to improve, recording a three year high. While the improvement is a welcome positive, ISME emphasises the need for greater action on business costs and access to finance.

This report examines government satisfaction in key areas for the SME sector; 'Banking', 'Business Costs', 'Jobs' and 'Overall Satisfaction'.

ISME CEO, Neil McDonnell commenting on the results stated *"Today's report marks a three-year high for government. It reflects the diversity of the SME sector, with micro businesses least satisfied with government, and medium sized enterprises most satisfied."*

"Government must not lose sight of the pressures many SME's are facing. With budget 2019 upon us, it is vital for government to take steps to reduce business costs and improve access to finance. We need robust action plans from government in dealing with these issues."

He added,

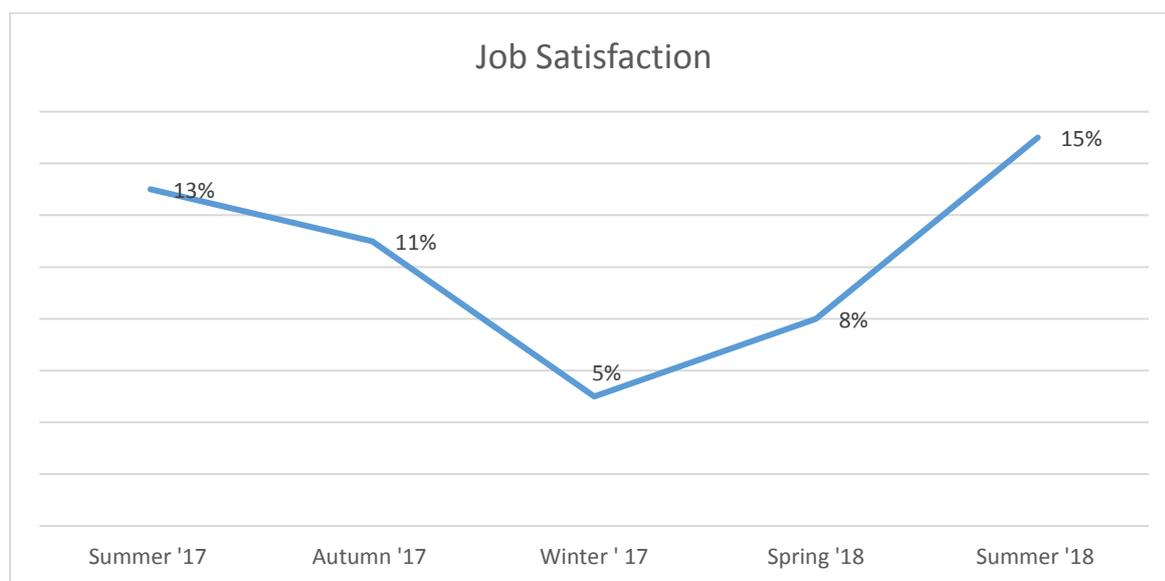
"In our pre-budget submission, we highlighted the practical measures that can be taken to reduce the pressures faced by SMEs."

This survey was conducted in the third week of July, with a 10% response rate from our membership; 51% of whom employ less than 10; 40% employ between 11 and 49; and the remaining 9% employ between 50 and 250. Geographically, 38% are from Dublin; 51% are spread across the rest of the country; and 11% have multiple sites.

COMBINED RATING (+4% to +7%)

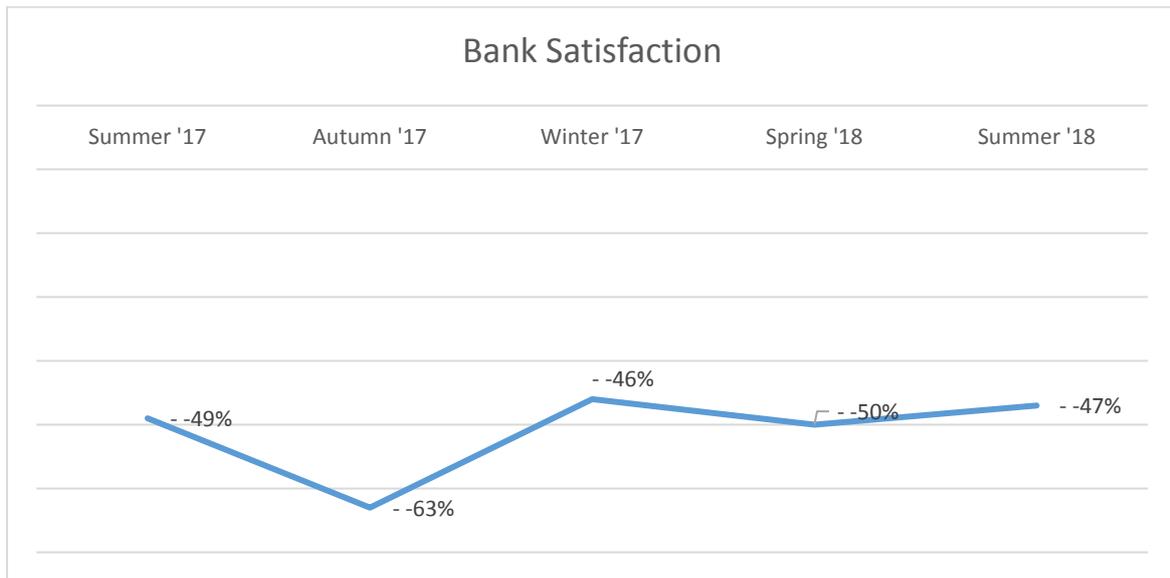
- The overall satisfaction rating has improved this quarter from +4% (Q1'18) to +7% (Q2'18).
- Micro enterprises are least satisfied with the government at 1%.
- Medium enterprises are most satisfied with the government's performance, increasing from +7% to +25%.
- Small sized enterprises reported a marginal increase in government support this quarter, increasing from +8% in Q1'18 to +9% in Q2'18.
- In a reversal on last quarter's report, the Construction sector is most satisfied with Government at +43%.
- The Services sector reported the biggest drop in government satisfaction, decreasing from +6% to -10%.
- Wholesale and Retail reported a drop in Government satisfaction, down 10% and 11% in Q2'18.
- Manufacturing satisfaction for government remains unchanged at +12% in Q2'18.

JOBS RATING (From +8% to +15%)



There was an increase of +7% in the Government's handling of the job situation. The Irish economy on the jobs front is starting to peak and is almost at full employment. The continued positive increase was expected given the latest results from the CSO showing continuing improvements.

BANKING (From -50% to -47%)



Banking and access to finance remains one of the biggest concerns for many small to medium sized enterprises. Until we move away from the unhealthy level of dependence on the three main financial institutions, negative scoring around banking will likely remain. In our previous bank watch survey, 36% stated they were refused a loan. The interest charged to SMEs is twice the EU average.

BUSINESS COSTS (From -56% to -50%)



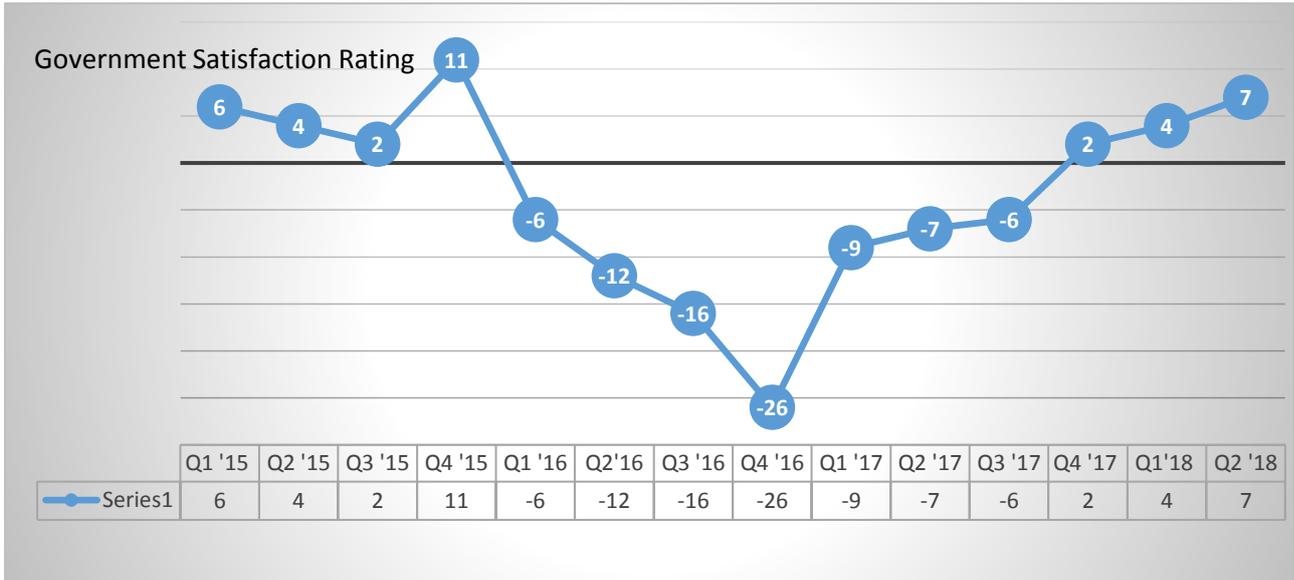
Business cost continue to be a concern for SMEs. The Association is concerned that the impact of a hard Brexit and continued labour pressures will affect our competitiveness. A recent report by the IMD competitiveness yearbook rankings 2018 shows Ireland dropping 6 places in the world rankings.

Year to Year Breakdown

	<i>JOB</i>	<i>BANK</i>	<i>COSTS</i>	<i>OVERALL</i>
Summer '18	+15	-47	-50	+7
Spring'18	+8	-50	-50	+4
Winter '17	+5	-46	-56	+2
Autumn '17	+11	-63	-54	-6
Summer '17	+13	-49	-60	-7

Overall satisfaction ratings.	<i>MICRO</i>	<i>SMALL</i>	<i>MEDIUM</i>	<i>TOTAL</i>
Summer '18	+1	+9	+25	+7
Spring '18	0	+8	+7	+4
Winter '17	-8	+2	+67	+2
Autumn '17	-11	-8	+36	-6
Summer '17	-13	-10	+19	-7

	<i>MANUFACTURING</i>	<i>SERVICES</i>	<i>WHOLESALE</i>	<i>RETAIL</i>	<i>CONSTRUCTION</i>	<i>TOTAL</i>
Summer '18	+12	-10	+11	0	+43	+7
Spring '18	+12	+6	+21	+11	-15	+4
Winter'17	+3	+3	-25	+33	-14	+2
Autumn '17	+14	0	0	-57	-46	-6
Summer '17	+8	-7	-4	-62	+9	-7



Note:

* The satisfaction rating is made up from five specific questions on the Government’s performance in dealing with Jobs, Banking, Business Costs the Economy and Overall performance. The results are based on simple balances of the differences between positive and negative responses, for example the negative balance for Jobs means that a greater percentage of respondents were unsatisfied with the Government’s performance on the Jobs issue.