



Rialtas na hÉireann
Government of Ireland

Brexit The View of SMEs

Survey conducted by Behaviour and Attitudes on behalf of
the Department of Business, Enterprise and Innovation

No 3: July 2018





Research Objectives

- Provide a statistically robust evaluation of the impact of the Brexit vote on Irish SMEs
- Benchmark scores were collected in January 2017. A follow up survey was undertaken in September 2017
- This survey was undertaken between the 8th June and 25th of June 2018. The objective was to update current impacts and assess current thinking and activity in relation to Brexit

Key Headlines

28% have a Brexit plan in place (16% in September 2017 so improving), rising to 44% of those who are currently strongly impacted, 41% of medium sized companies (was 25%) and 39% of those exporting to or importing from the UK (was 18%)

13% have taken some mitigating action rising to 25% of those in food industry, 23% of medium sized companies, 22% of those already impacted and 19% of those who are exporting or importing with the UK

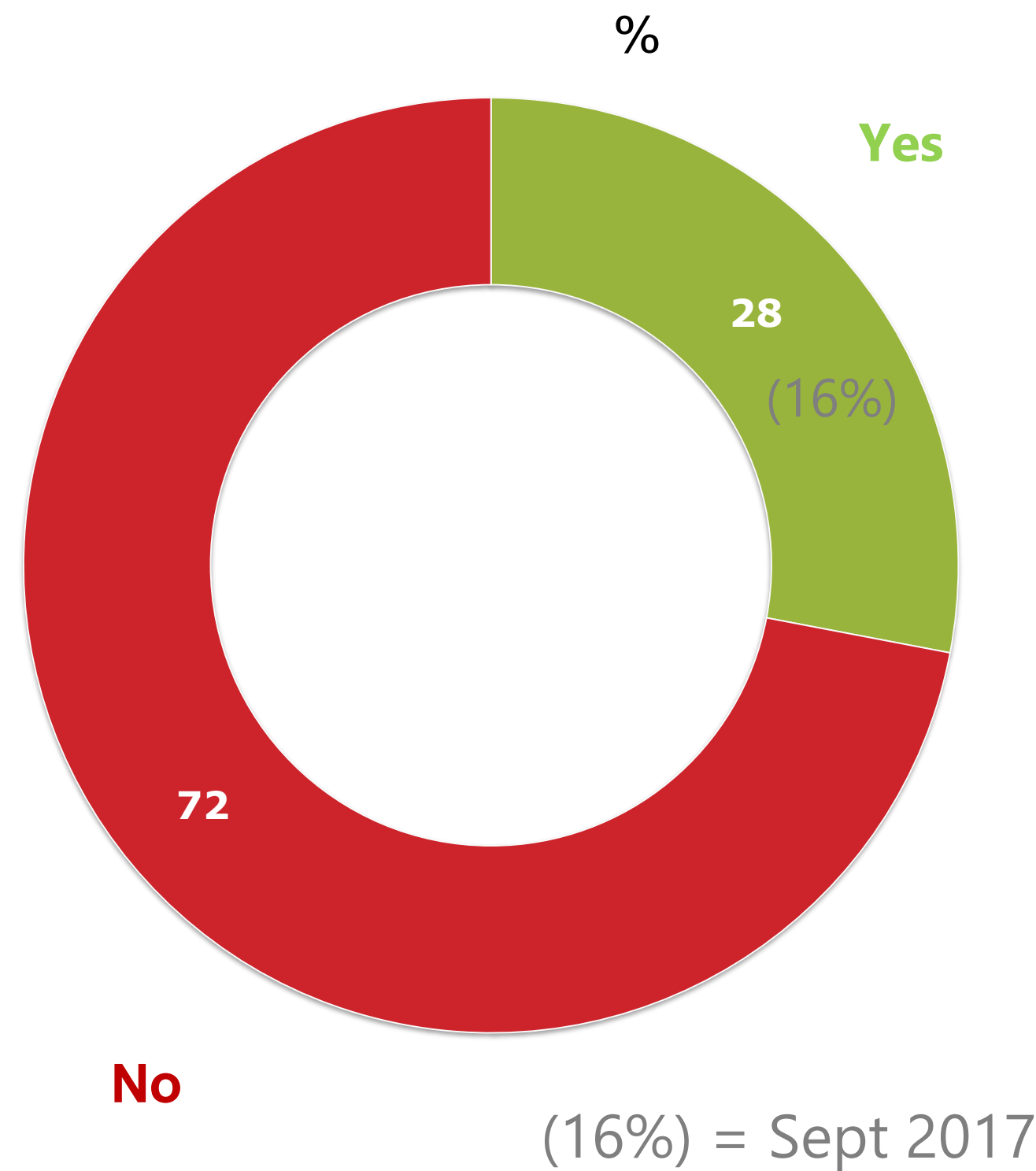
42% have been proactive at some level engaging with Brexit information sources although it would seem as if this varies considerably and that contact with any single individual source is closer to an average of 15%

28% have a business plan in place in relation to Brexit, higher than the previous survey

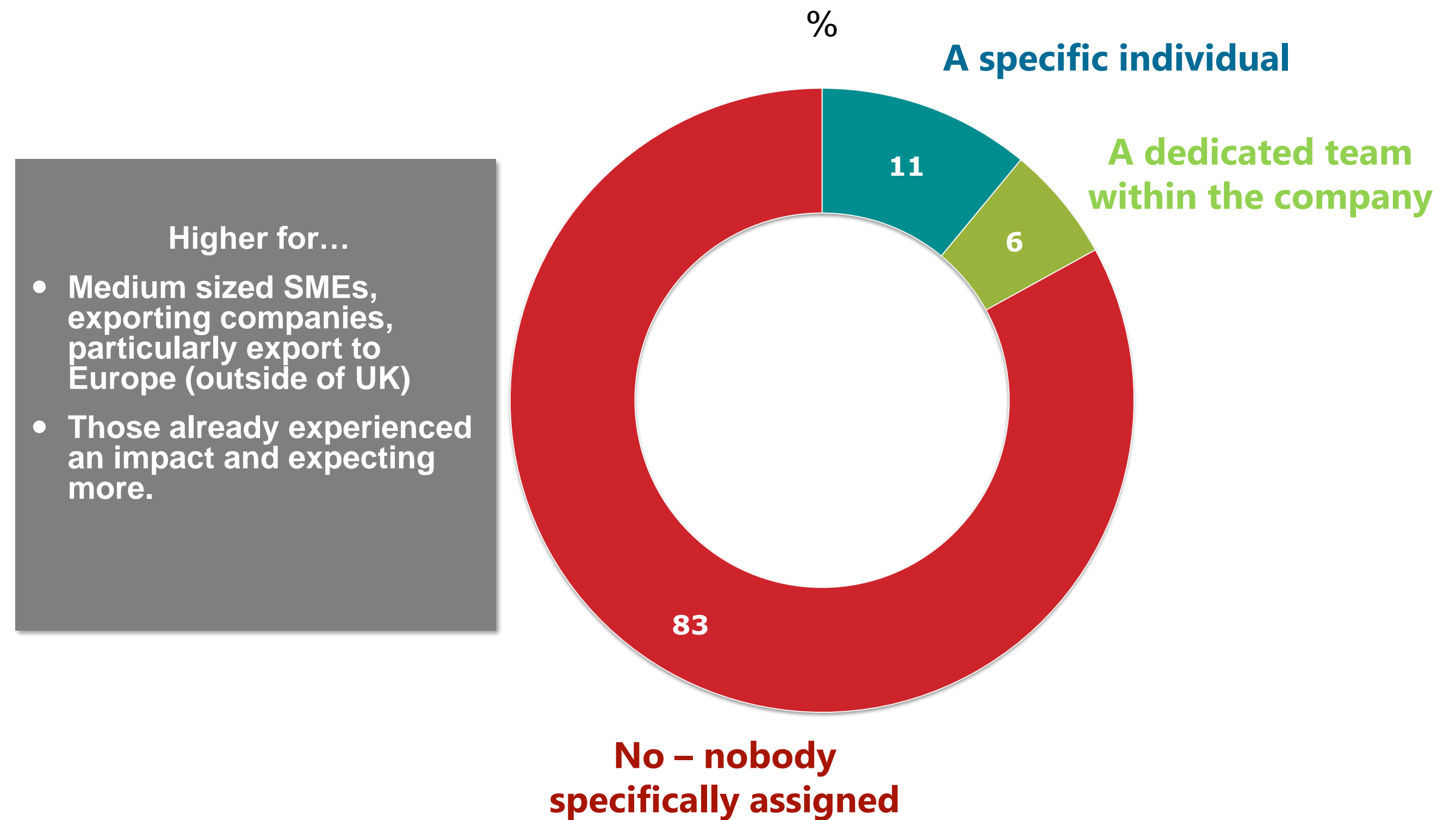
(Base: All SMEs)



Business Plan in Place to Address Brexit



Brexit Response individual Assignment



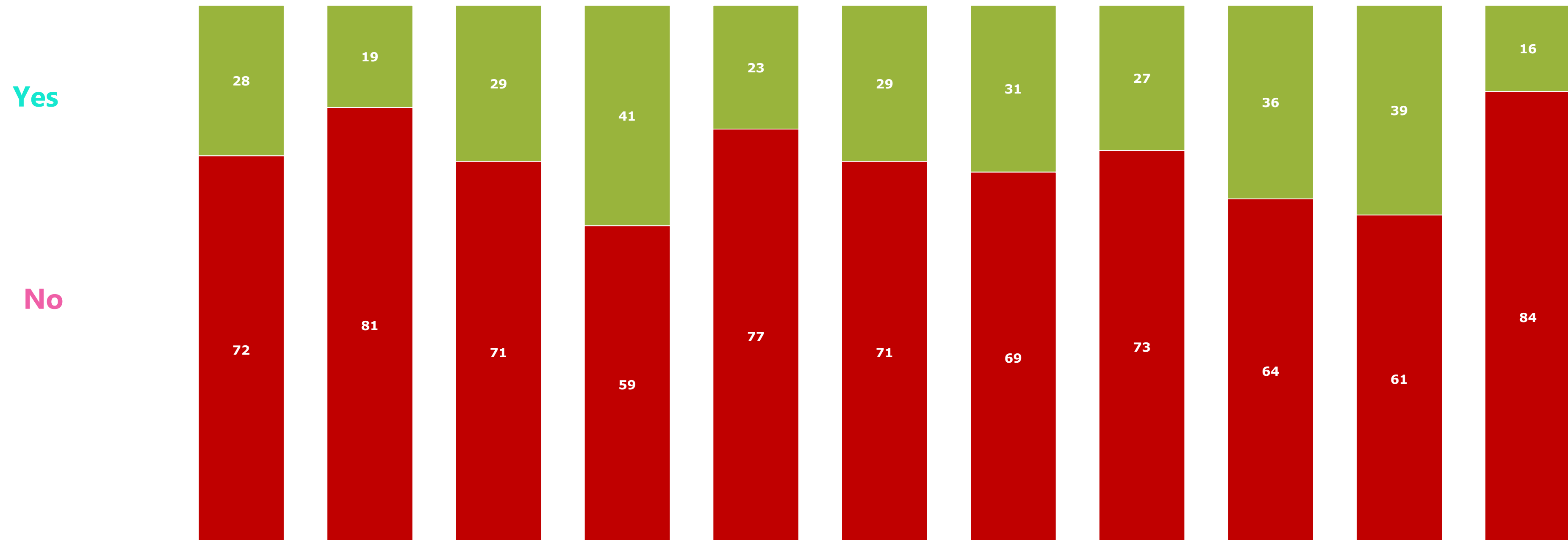
? Do you have a formal or informal business plan in place to address Brexit?
Have you assigned your company's Brexit response to any of the following?

Business planning to address Brexit higher for medium sized companies and those involved in exports/imports

(Base: All SMEs)



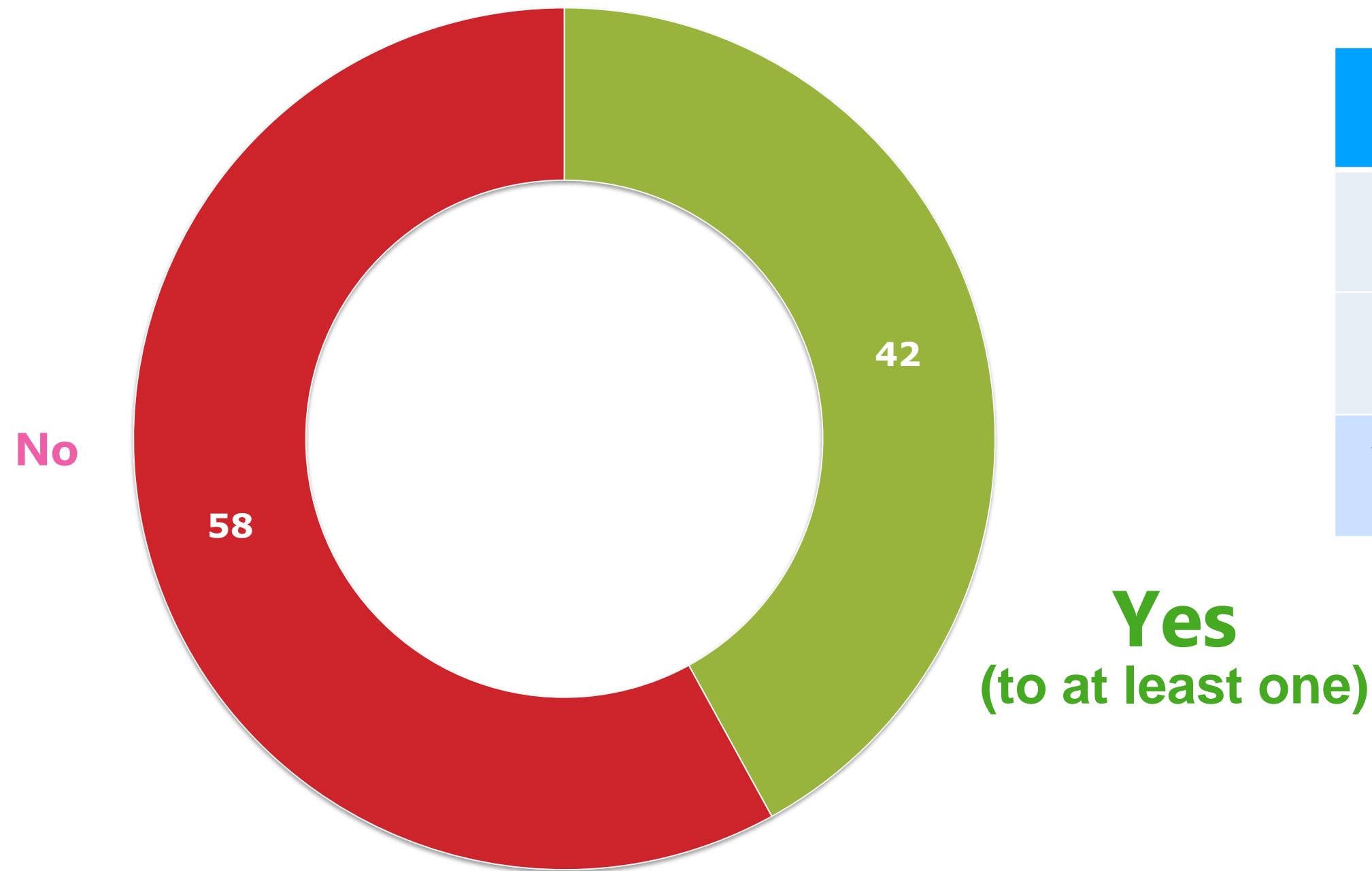
	Total	Company Size			Company Type		Food Industry Overall		Any Export/Import		
	Total	Micro	Small	Medium	Manufacturing	Services	Yes	No	Any Export/Import	Any Export/Import to UK	Domestic Only
UNWTD	546	234	214	98	153	393	149	397	332	255	214
%	%	%	%	%	%	%	%	%	%	%	%



Do you have a formal or informal business plan in place to address Brexit?

Summary of Preparedness: Yes to at least one of the Prepare for Brexit actions

(Base: All SMEs)



Actions taken..	%
Yes took one action	21
Yes took two actions	14
Yes took one or two	35

Actions to prepare for Brexit



Do you have a formal or informal business plan in place to address Brexit?

Have you taken specific steps or mitigating actions such as hedging, changing supplier, moving offices or staff to different locations, that kind of thing to prepare your company for Brexit?

Have you applied for or availed of Brexit supports provided by any State bodies including information, advice, financial support, that could be available through organisations like Enterprise Ireland, InterTrade Ireland, the Local Enterprise Offices, Bord Bia, and others?

Have you or has anyone from your company attended a Brexit roadshow or information session?

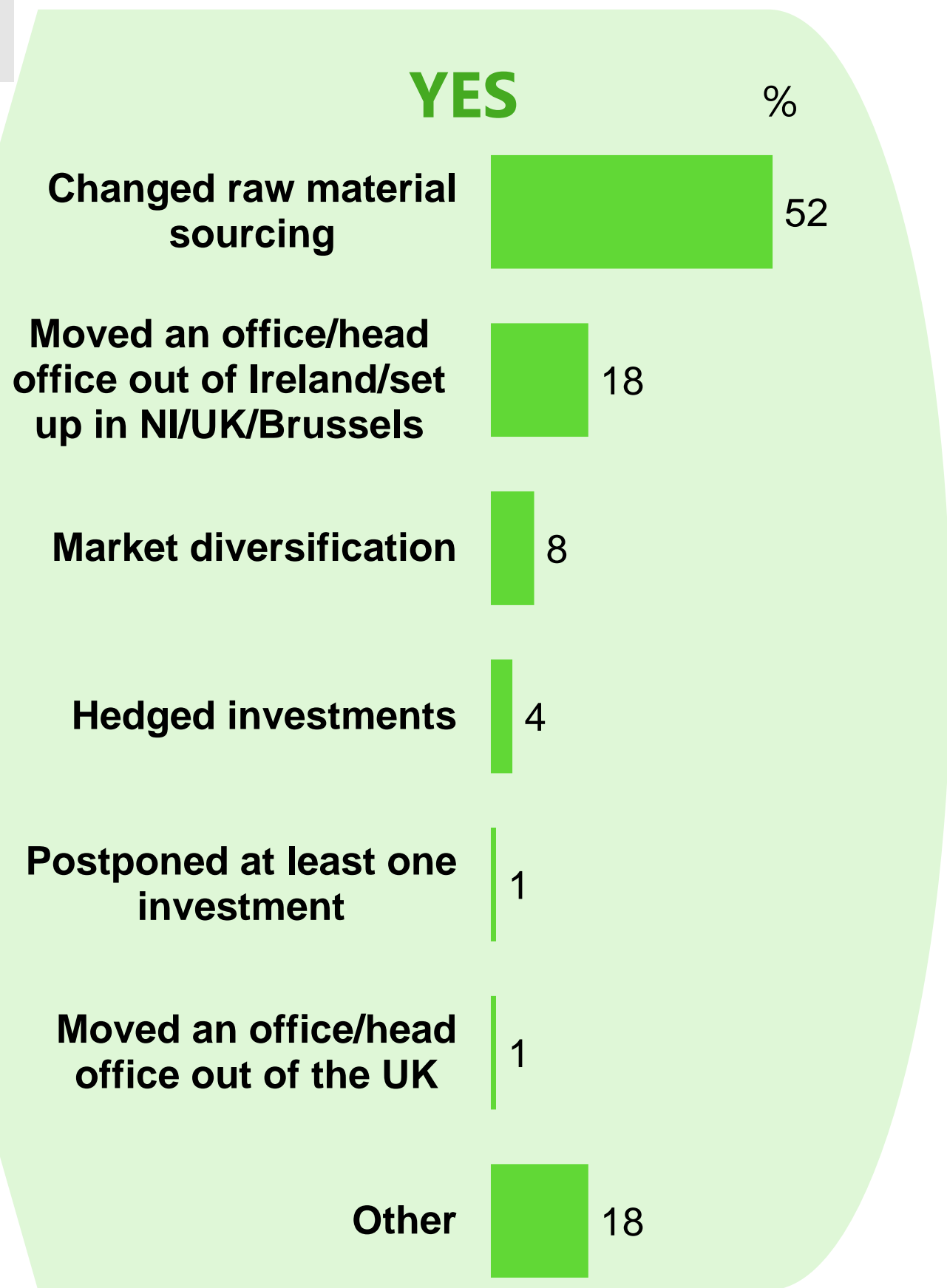
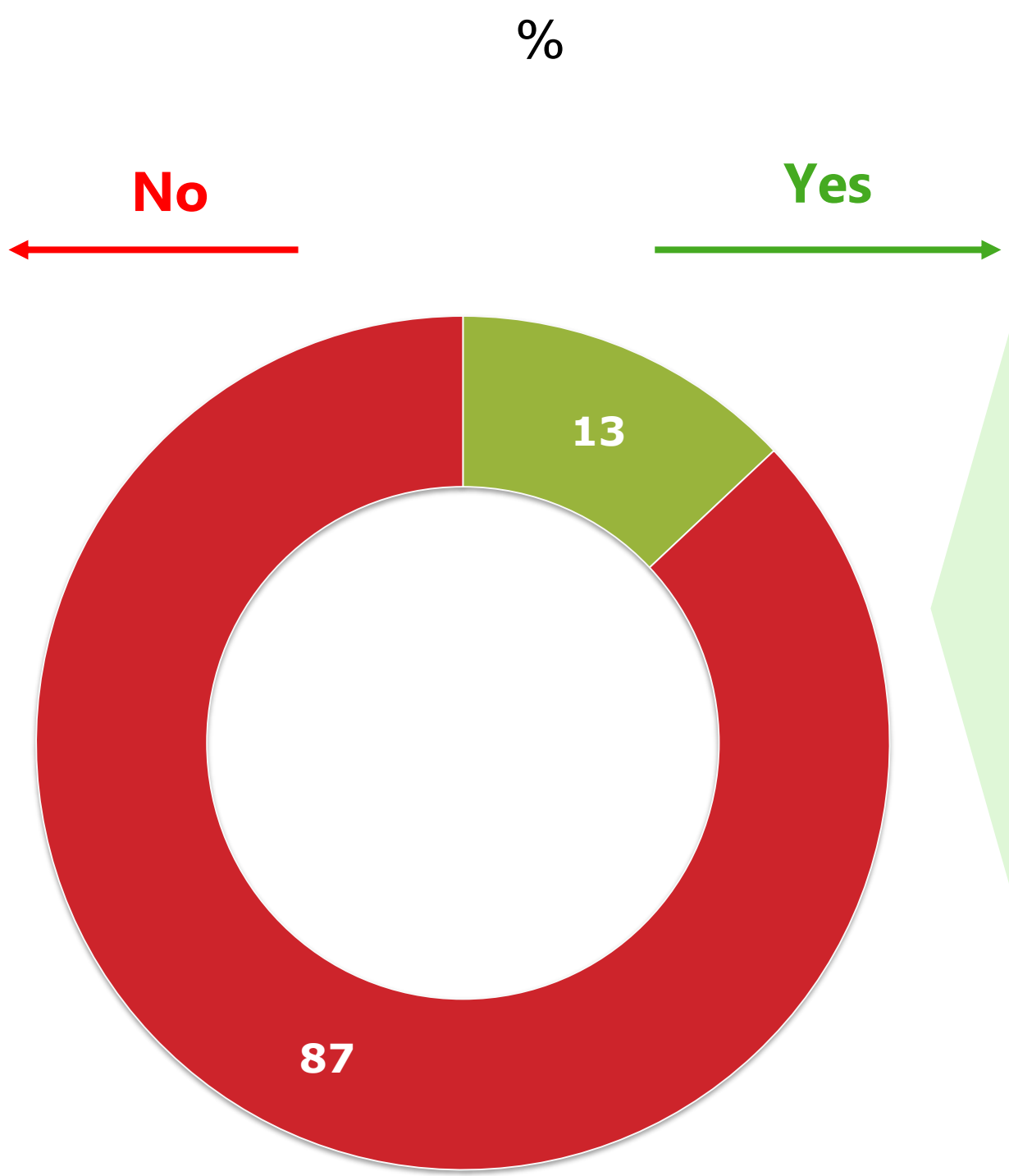
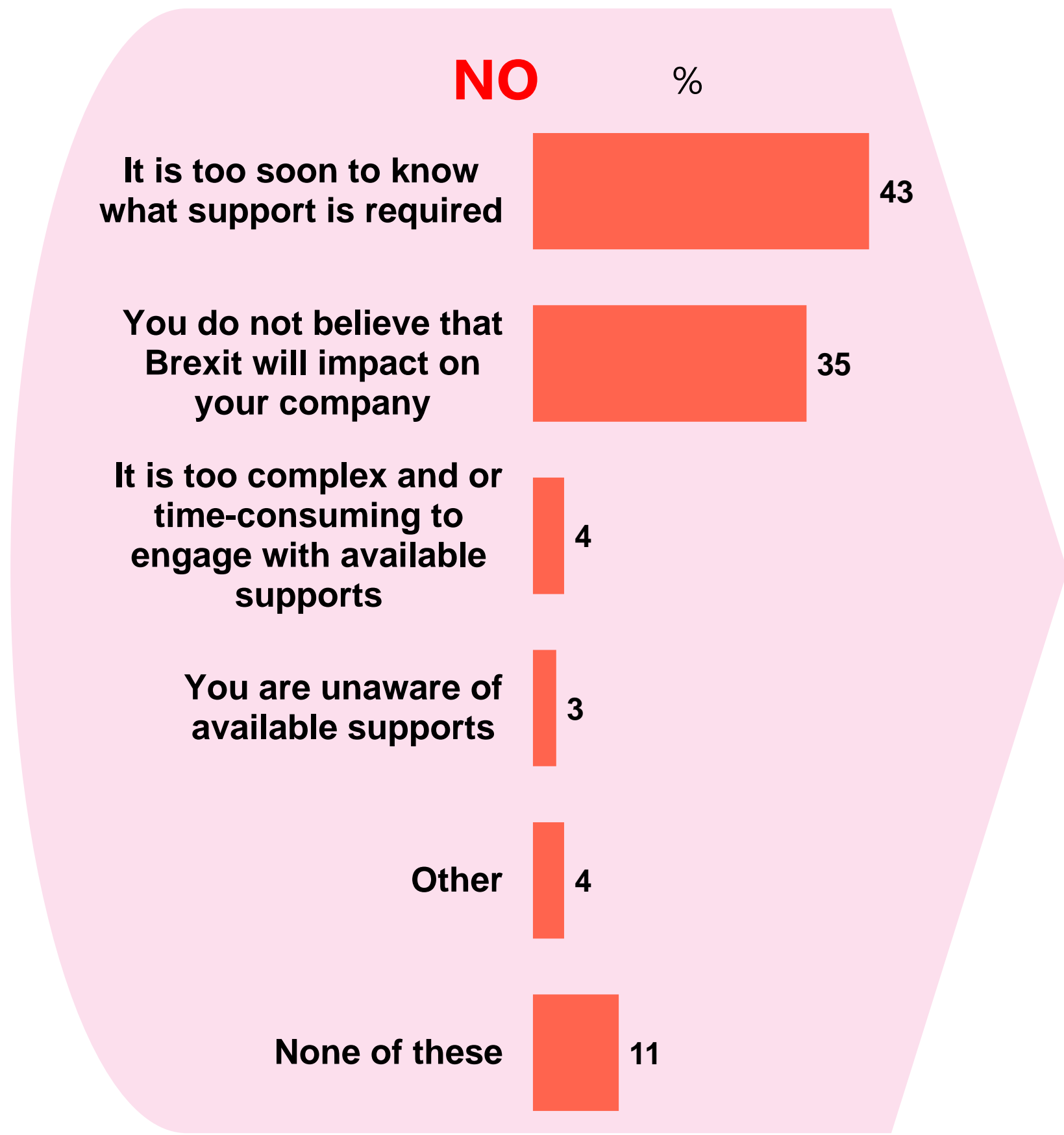
Have you engaged with your representative body such as ISME, IBEC in relation to Brexit looking for information, supports, training, toolkits, that kind of thing?

13% have taken any mitigating actions to prepare for Brexit

(Base: All SMEs)



***Have you taken any Specific Steps/Mitigating Actions to Prepare for Brexit?**



*Have you taken specific steps or mitigating actions such as hedging, changing supplier, moving offices or staff to different locations, that kind of thing to prepare your company for Brexit?
 What steps or mitigating actions have you taken? SPONTANEOUS
 Are any of these the reason why you have not taken any action to date?



Key Headlines

- About **half of all SMEs believe they have a good understanding of at least one of the challenges facing SMEs** (tariffs, customs, regulatory standards and or sales restrictions) but importantly on any individual one of these, the level of understanding is lower (just over a third for each)
- Understanding of all four challenges only stands at 22% and falls to 15% among exporting SMEs. Exporting SMEs feel less well equipped to face the challenges of Brexit
- Outside of tariffs, customs, standards and sales restrictions, we must not forget other challenges for SMEs in the areas of **currency exchange rates, potential border controls, tourism restrictions and possibly some element of human relocations**



Understanding of how Brexit is likely to impact on the business:

Over half believe they have a good understanding of **at least one of the four challenges** facing SMEs post Brexit (Tariffs, Customs and other procedures, Regulatory or standards issues, Restrictions on buying or selling a service)

(Base: All SMEs)

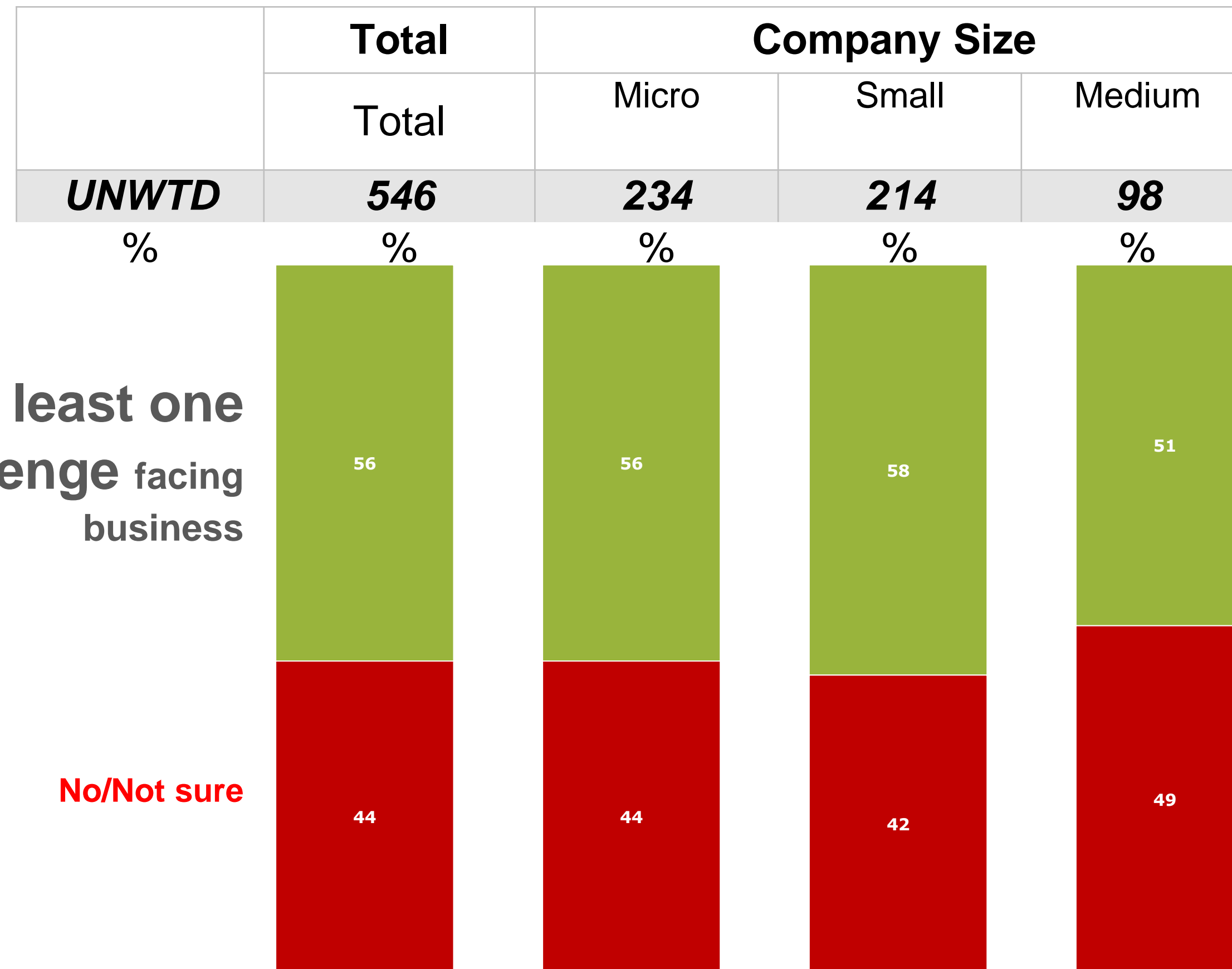
Tariffs

Regulatory standards

Sales restrictions

Customs and other procedures

Yes to at least one Brexit challenge facing business

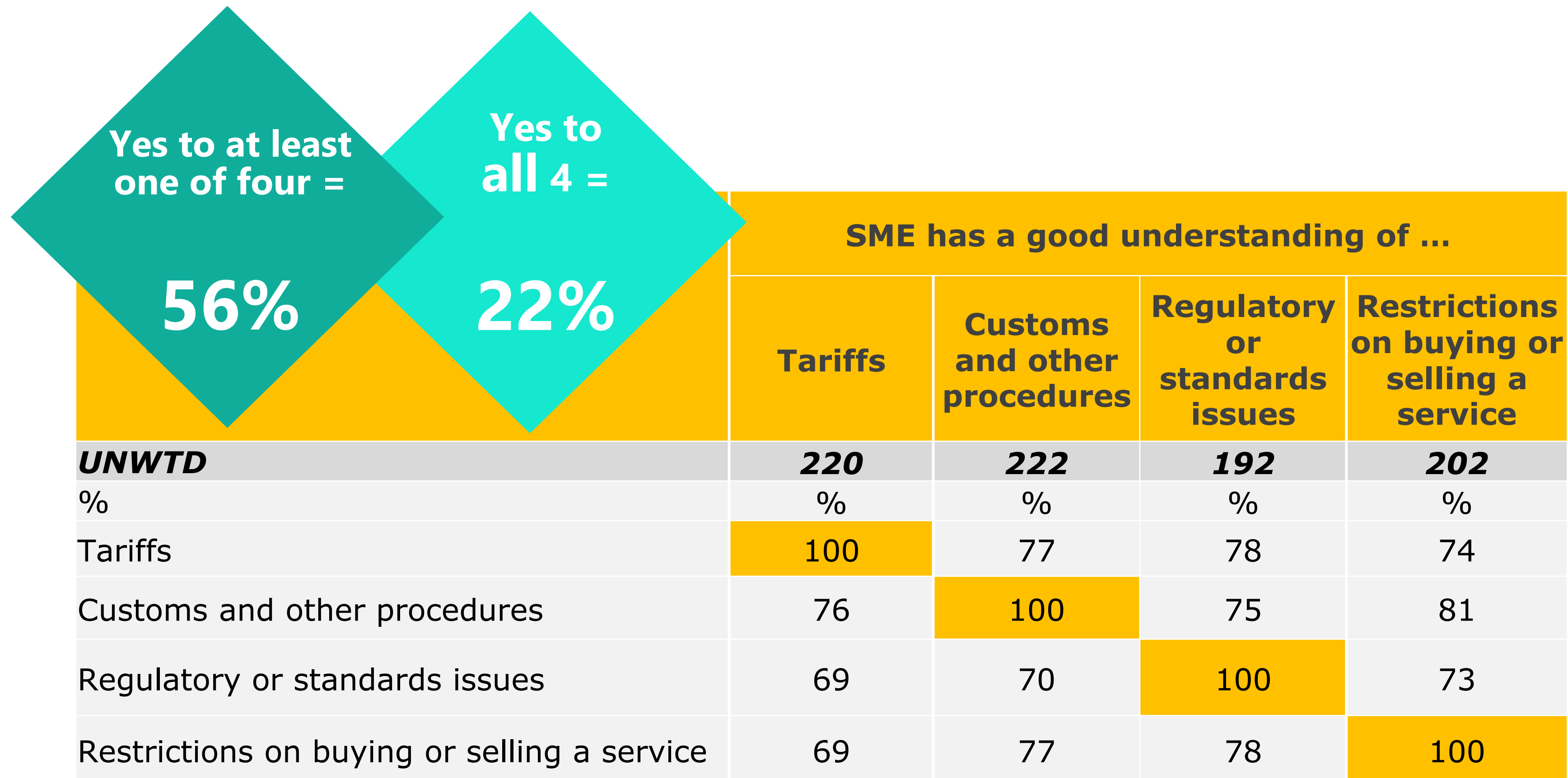


Do you consider you have a good understanding of how Brexit is likely to impact on your business across the following areas that I will now read out to you?



There is a correlation between understanding one challenge and understanding others but understand all four is low

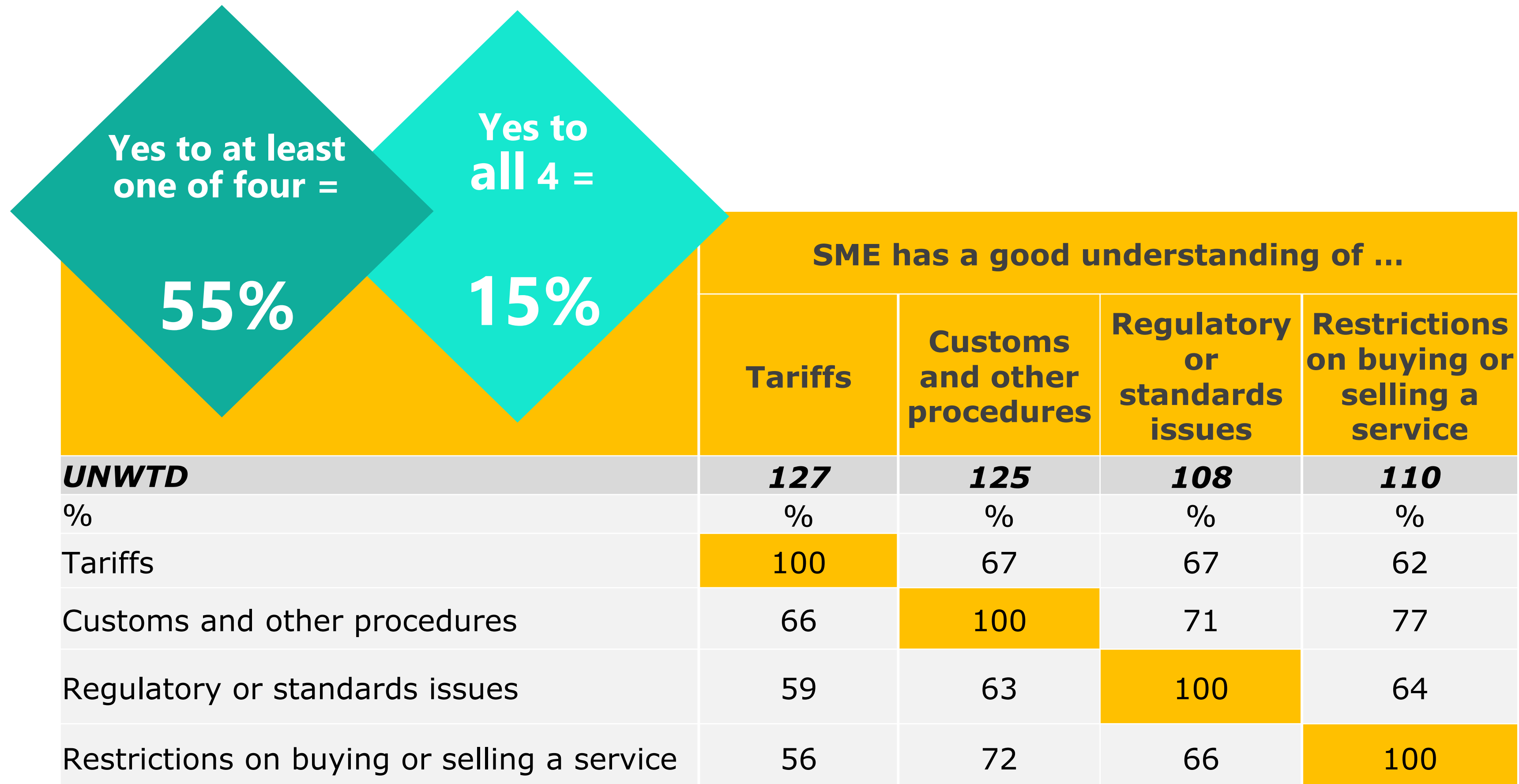
Base: All SMEs with understanding of each



 Do you consider you have a good understanding of how Brexit is likely to impact on your business across the following areas that I will now read out to you?

For exporting SMEs, a strong correlation is also evident but understanding all four is even lower when compared with the national average

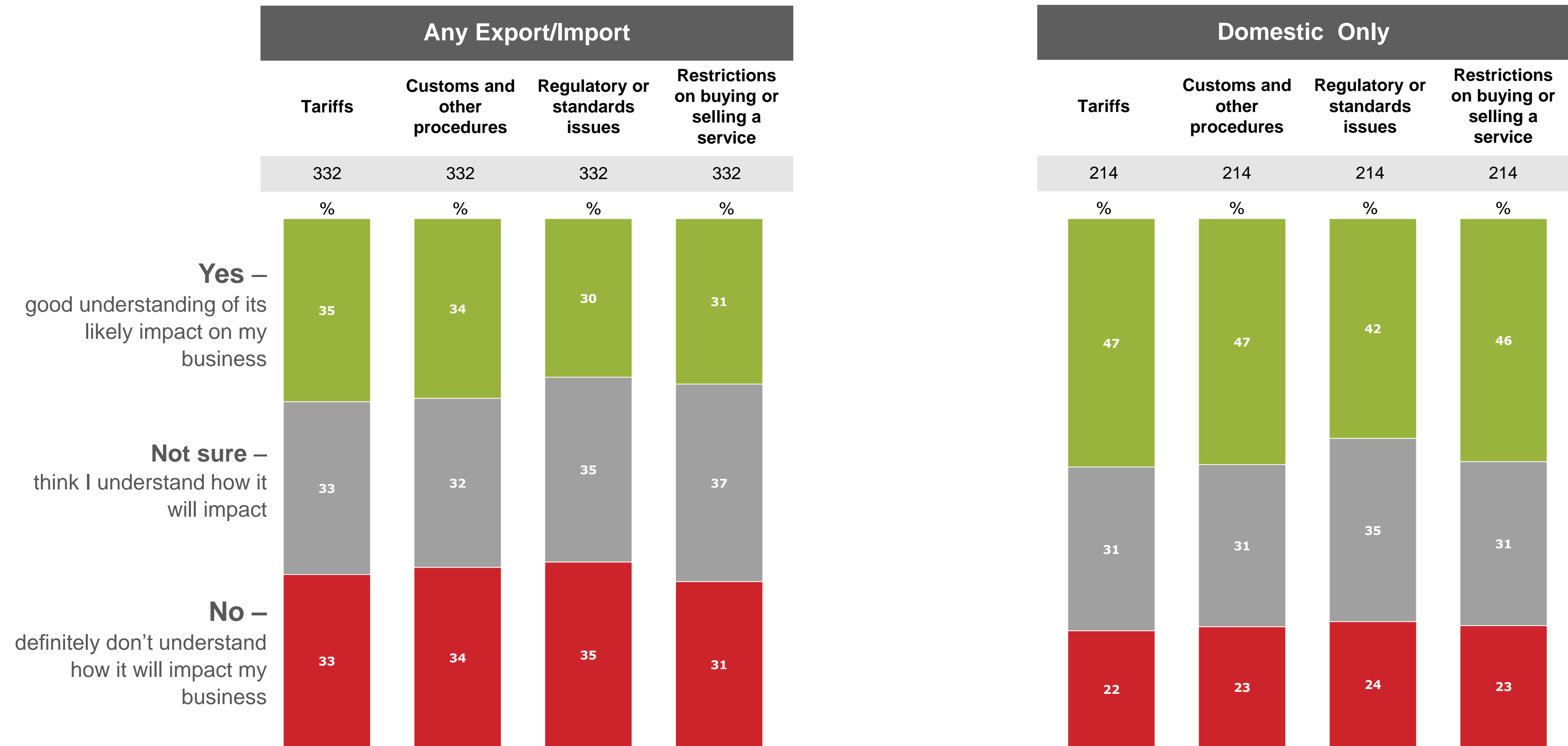
Base: All exporting/importing SMEs with understanding of each



Do you consider you have a good understanding of how Brexit is likely to impact on your business across the following areas that I will now read out to you?

Challenges: Exporting SMEs feel they are less well equipped informed about the challenges facing them (Domestic most likely believe it will not impact them at all)

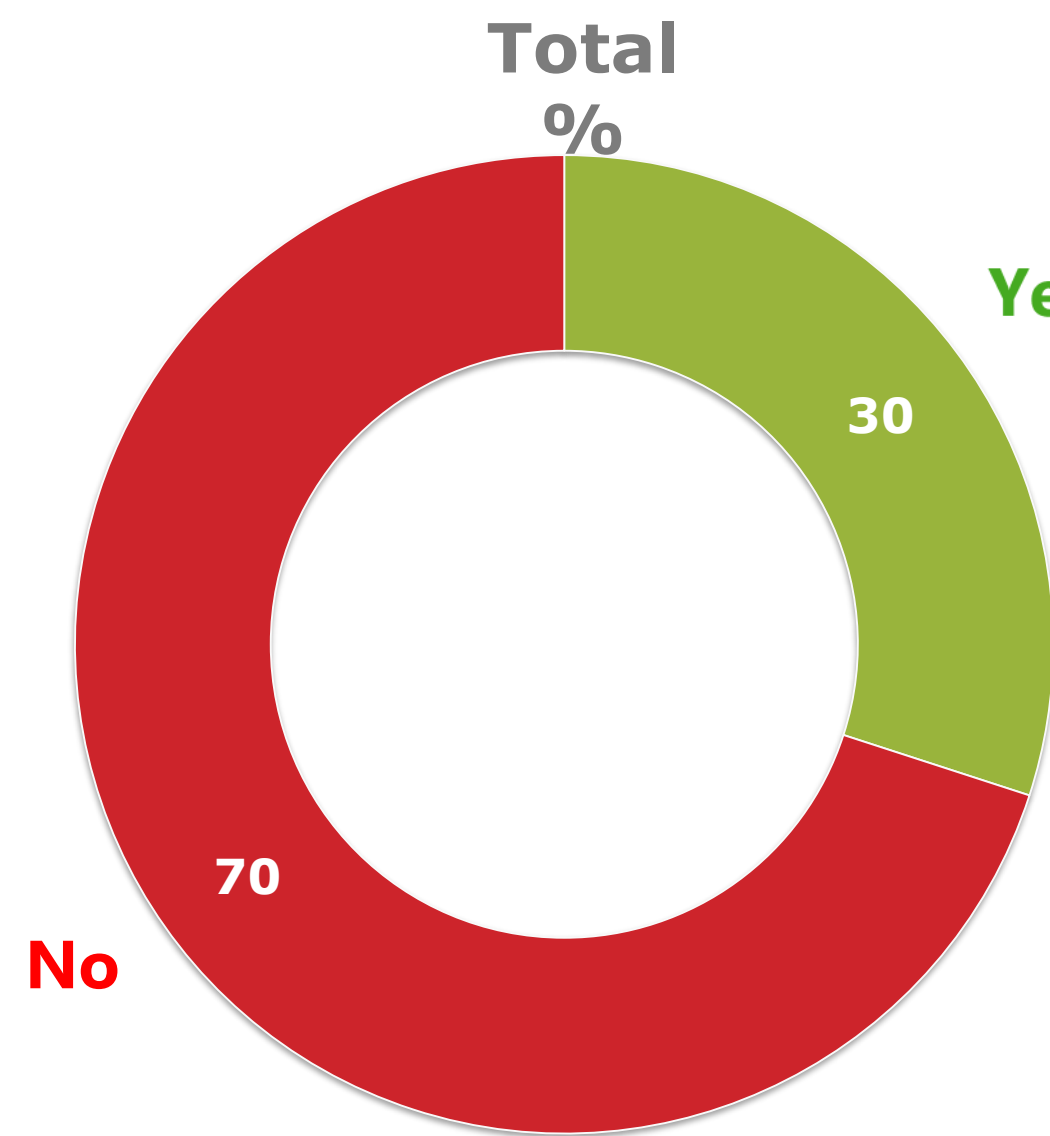
(Base: All SMEs)



Do you consider you have a good understanding of how Brexit is likely to impact on your business across the following areas that I will now read out to you?

The other aspects of Brexit that are important to understand are currency, border controls, tourism and human movement

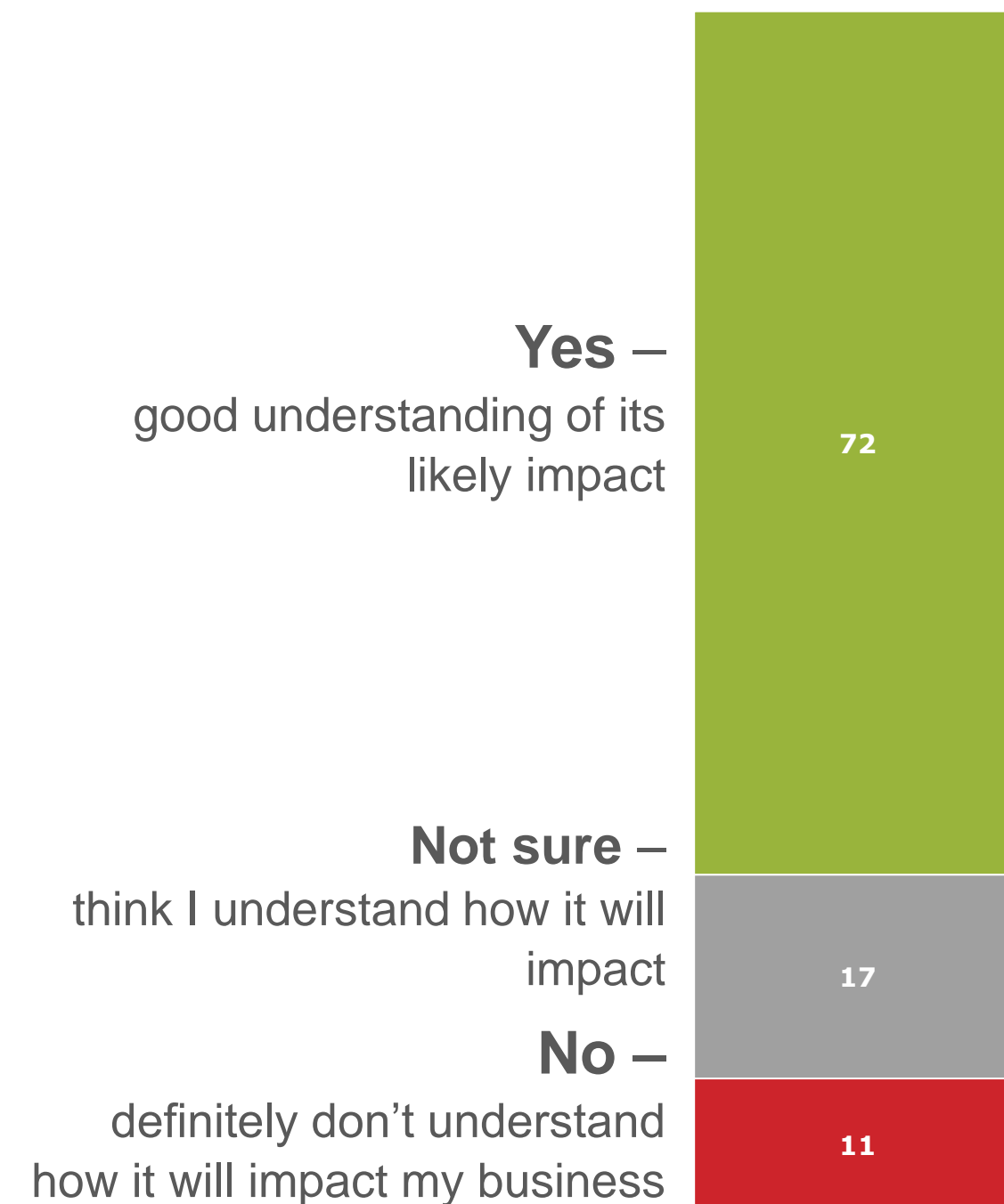
(Base: All SMEs)



And is there and other area where you think Brexit is likely to impact your business that we have not mentioned yet?

Good understanding of its impact on the business

(Base: All those who feel Brexit will impact any other area of their business) (157)



And in this area of, do you consider you have a good understanding of its impact on your business?

What have we not mentioned that will impact your business?	Total
	Total
Currency/Exchange/Sterling rates/Shipping costs	22
Border controls/Access across the border – impact on business, delays, and effects on distribution	15
Tourism/Travel restrictions/Drop in UK visitors	14
People leaving the country/Relocating/Influx of people coming back to Ireland	10
Administration on imports will be difficult	5
Sales will be affected	5
Decrease customer spending	5
Farming industry/Exporting - livestock, meat prices, dairy	4
Possible economic downturn	4
Suppliers in Ireland will be negatively affected	4
Uncertainty/Becoming more isolated from Europe	3
Decreased availability of funding	3
Business migration/May move to Ireland to have access to EU/More companies will be formed	2
Prices will differ for the worse	2
Potential for new tariffs	2
Increased cost of equipment	1
Less work available	1
Effect Irish trade, people go to UK to buy	1
Suppliers in Ireland will be negatively affected	0
Other	16



What is the other area that we have not discussed where you think Brexit is likely to impact your business?

Key Headlines

- At that time, there were **fewer SMEs reporting a Brexit impact** than in the September 2017 survey (56% now claiming no impact up from 48%)
- Importantly, only **8% reported having experienced a strong impact**. This figure was also considerably lower than previously reported (it was 15% 9 months prior to that)
- A strong impact is most significant among medium sized companies, while micro enterprises are the least impacted



Impact of Brexit Vote: Strong impact is most significant for medium size companies. 64% of micro companies are not impacted at all compared with only 47% of medium sized companies

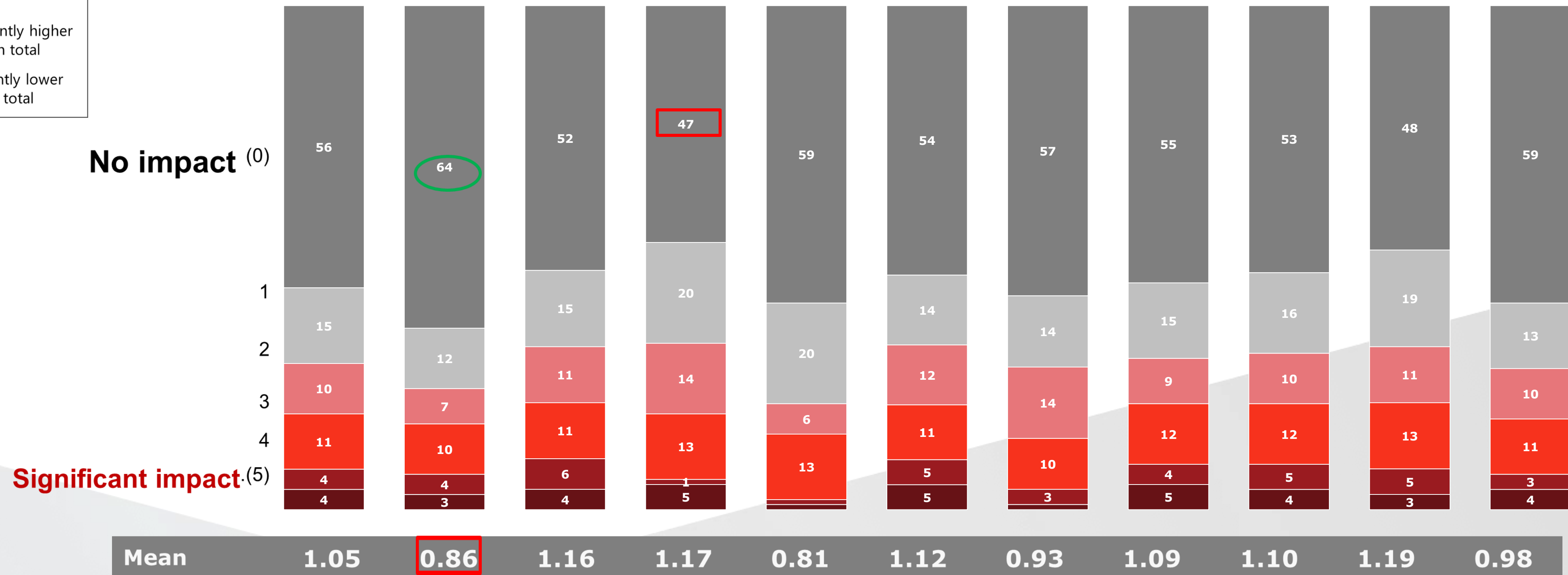
(Base: All SMEs)



	Total	Company Size			Company Type		Food Industry Overall		Any Export/Import		
	Total	Micro	Small	Medium	Manufacturing	Services	Yes	No	Any Export/Import	Any Export/Import to UK	Domestic Only
UNWTD	546	234	214	98	153	393	149	397	332	255	214
%	%	%	%	%	%	%	%	%	%	%	%

Key

- Significantly higher than total
- Significantly lower than total



On the 23rd June 2016 the UK voted to leave the European Union. On a scale of 0-5 how much impact, if any, has this Brexit vote had on your business since it was announced? In this case 0 means that it has had no impact and 5 means that the impact on your business has been significant. Bear in mind that the impact, if any, can be positive or negative and we will evaluate that later.



Key Headlines

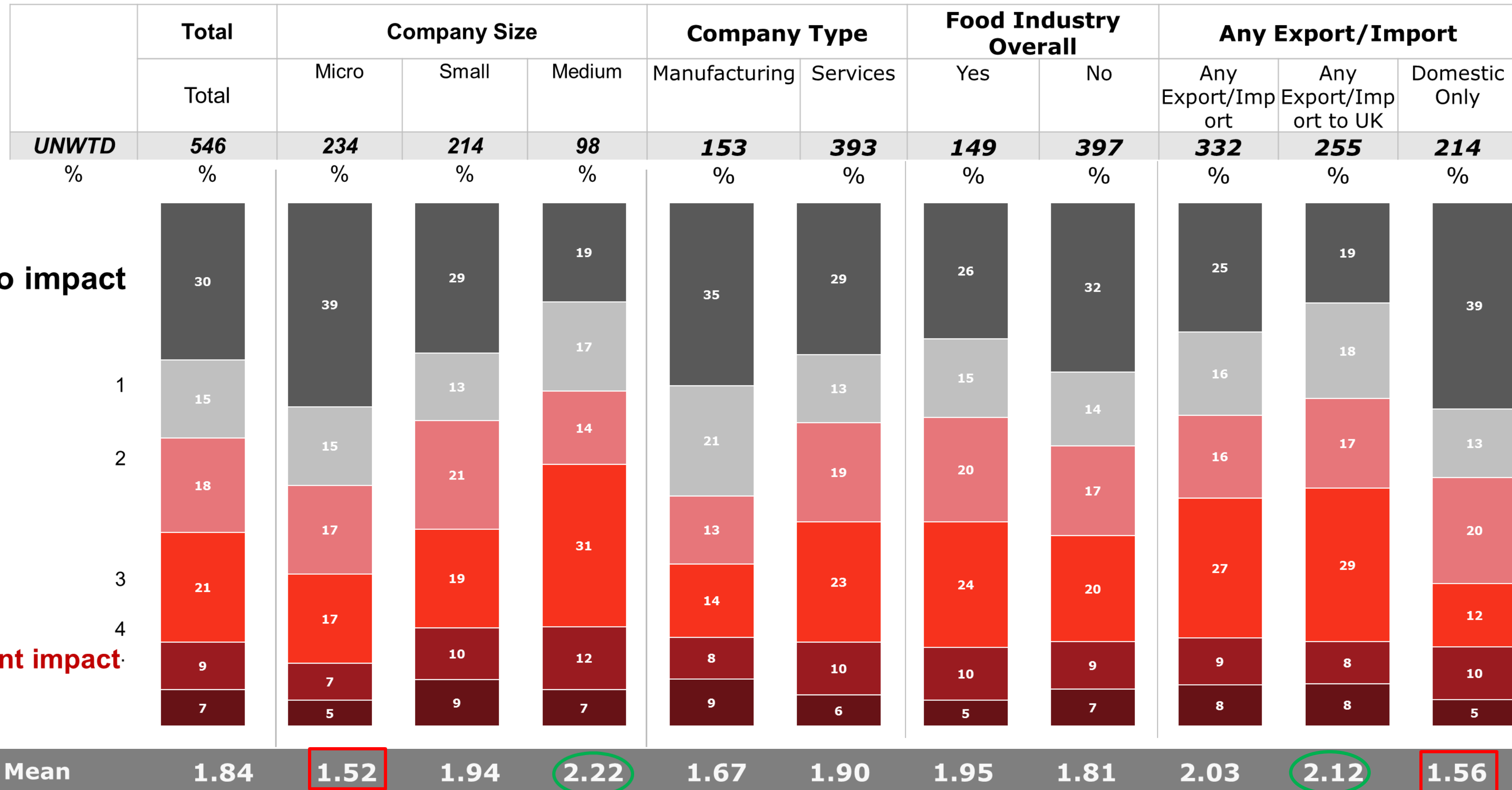
- Looking forward, there is a **slight increase in those companies projecting 'no impact' over the next 18 months** (25% up to 30%) and while 16% projected a strong impact (twice as many as is currently the case), this figure is marginally lower than it was in the earlier study (19% down to 16%)
- The type of companies impacted (or not) follow the pattern seen in September 2017:
 - No impact/low impact: Micro & Domestic market
 - **High impact: Small and Medium sized companies, Exporters (more so than importers)**



Expected impact of Brexit over next 18 months **continues to be highest for medium sized SMEs and for export/importers, particularly those to the UK**



(Base: All SMEs)



And looking forward over the medium term, say the next 18 months or so, on a scale of 0-5 how much impact, if any, do you expect Brexit will have on your business? 0 means no impact and 5 means you are expecting a significant level of impact. Once again, please remember this can be either a positive or a negative impact and we will evaluate that aspect later.

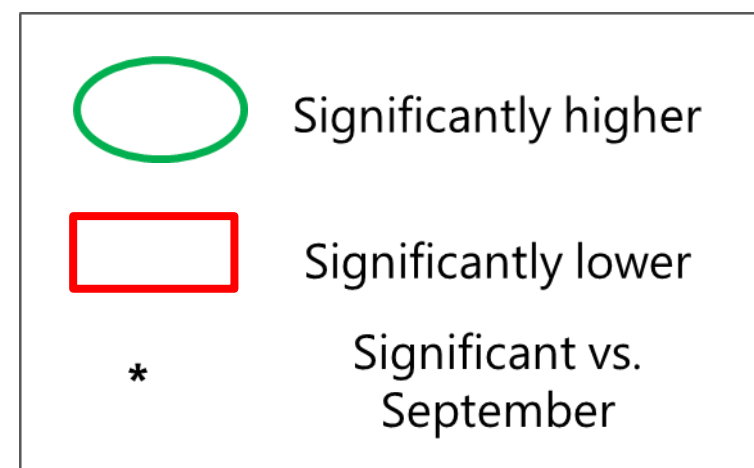
Key Headlines

- **Profitability levels are improving** (still in negative territory but improving nonetheless)
- **Prices are on the rise and there is evidence of some labour growth**



Impact of Brexit Vote: Prices increasing and while profitability continues below pre-Brexit levels it has improved since September

(Base: All SMEs)



We are now going to evaluate the possible impact of Brexit, if any, in more detail. Let's begin with profitability. Would you say since Brexit was announced that your profitability levels are .. **READ OUT.** And what about staffing levels. Since the Brexit announcement are they .. **READ OUT** And what about prices charged. Since the Brexit announcement are they .. And what about the level of exports to the UK, have they ... And what about the level of imports from the UK, have they...

Summary of net Differences across KPIs: Higher vs Lower

