

Ireland bucking the trend in global survey on business outlook

Grant Thornton's 2012 International Business Review shows Ireland holding firm as global business sentiment declines

Irish business expectations for 2012 have improved significantly according to a major international survey.

The Grant Thornton 2012 International Business Report (IBR), which surveys business leaders from across the globe from 11,500 businesses across 40 economies, shows that 30% of Irish businesses are slightly or very optimistic about the economic outlook for 2012, up from 20% in 2011.

Irish businesses are ranked as the 5th most optimistic of the 13 EU countries surveyed in IBR 2012 (2011, 12th). While the Irish outlook has improved, the EU region has seen optimism levels fall from 49% in 2011 to 29% in 2012 – a reduction of 20%.

This improved outlook for 2012 reflects a potential stabilisation in the Irish market after years of turbulence, with positive figures across a number of core business areas including;

- 72% of Irish businesses expect revenue to increase or remain the same;
- 78% of senior executives expect selling prices to increase or remain the same;
- 79% of Irish businesses expect profitability to increase or remain the same;
- 65% of companies expect investment in research and development to increase or remain the same.

Pat Burke, Partner at Grant Thornton said: "Irish businesses have dealt with the crisis and a difficult trading environment for a number of years, whereas other EU countries are only beginning to be affected as Euro contagion spreads.

"Although business failures have been prominent since the downturn began, Irish companies have responded to the Darwinian choice of adapt or disappear with a more fit-for-purpose offering.

"Most businesses are now finely honed and three in four expect profits, selling prices and revenue to increase or remain the same in the coming year.

"However significant challenges remain ahead. IBR 2012 shows that Irish export expectations, while still positive, have fallen from a 10 year high in 2011 from 36% expecting exports to increase in the coming year to 31%.

"Considering Europe represents 60% of Irish exports and as the region looks set to slip into recession and a long period of little or low growth, businesses in Ireland will undoubtedly be affected. Irish exporters must adapt to focus on performing economies in emerging markets," said Burke.

"The global economy is at a point of inflection after a period of stability and growth that has existed since the 1980s or arguably since the end of World War II. With significant economic pessimism prevalent in the region, once again Europe's problems look to dictate the global agenda."

Disappointingly, the percentage of Irish businesses which forecast employment to decrease in 2012 has risen 1% to 32%. Overall just 15% of Irish companies expect employment to increase.

“Pressure on employment levels clearly remains high. With unemployment rates at over 14% and few Irish businesses planning to hire in the coming year, Ireland’s recovery looks to be a jobless one.

“Business owners have done all they can to be more competitive, by reducing prices and pay, and yet the progress is not translating into jobs,” said Burke.

ENDS

Editor’s Note:

Key findings from IBR 2011:

Ireland:

- Ireland is the only EU country where sentiment has improved in the past year.
- Business optimism across the EU and the globe has declined whilst Ireland has improved significantly with 42% being slightly or very pessimistic for 2012 (compared to 65% in 2011 and globally: 2012, 36%; 2011, 24% and in the EU: 2012 46%; 2011, 25%).
- 30% of Irish businesses are optimistic about the economy in 2011 (compared to 20% in 2011 and globally: 2012, 36%; 2011, 47% and in the EU: 2012, 29%; 2011, 49%).
- Globally, Ireland climbed eight places from 37th position in 2011 to 29th out of 40 countries
- 78% of Irish companies expect selling prices to increase or stay the same in 2012 compared to 71% in 2011
- Disappointingly, the percentage of Irish businesses which forecast employment to decrease in 2012 has risen 1% to 32%. Overall 15% of Irish companies expect employment to increase and 32% expect employment to reduce.

Europe:

- Business outlook across the Europe has fallen from 49% in 2011 to 29% in 2012, reflecting declining confidence in the wake of the Euro-crisis
- Germany is the most optimistic country in Europe with 62% of businesses very or slightly optimistic about the year ahead, despite a fall in sentiment from 82% in 2011
- Spain is the most pessimistic country in Europe with 79% of businesses very or slightly pessimistic about the economic outlook for 2012, up from 68% in 2011
- Finland experienced one of the largest drops in sentiment as they dealt with the fallout in the European economy over the past year with just 14% of businesses very or slightly optimistic about 2012, compared with 72% in 2011.

About IBR 2012

Ranking		Very optimistic	Slightly optimistic	Neither optimistic nor pessimistic	Slightly pessimistic	Very pessimistic	Don't know	Balance
1	Germany	7	55	22	16	0	0	.46
2	Poland	4	34	36	20	6	0	12
3	Denmark*	0	34	30	24	10	2	0
4	Sweden*	1	21	48	29	1	0	-8
5	Ireland	2	28	27	34	8	1	-20
6	Italy	6	24	20	40	10	0	-20
7	United Kingdom*	0	22	22	44	12	0	-35
8	Greece	2	20	14	24	40	0	-42
9	Netherlands	2	10	32	46	10	0	-44
10	Belgium	0	10	32	46	10	2	-46
11	France	0	11	32	37	20	0	-46
12	Finland	0	14	24	52	10	0	-48
13	Spain	3	14	4	33	46	0	-62
	Eurozone	4	27	23	32	14	0	-16
	EU average	3	26	24	33	13	1	-17
	Global average	6	31	26	27	10	0	0

* Members of the EU only not Eurozone members

Source: Grant Thornton IBR 2012

The Grant Thornton International Business Report (IBR) is a survey of business leaders from across the globe.

Launched in 1992 in nine European countries, the report is now in its 20th year, surveying 11,500 businesses in 40 economies across the globe on an annual basis, providing insight on the economic and commercial issues affecting both listed and privately-held businesses.