



Ireland

Overview

EIB INVESTMENT SURVEY

2021

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Ireland

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EIB Investment Survey Country Overview: Ireland

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that firms face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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EIBIS 2021 – Ireland

KEY RESULTS

Investment Dynamics and Focus

Ireland's rebound from the pandemic-induced economic shock, to date, has been strong and slightly more dynamic than expected. Corporate investment is picking up in line with domestic demand and both should attain pre-crisis levels in the second half of 2021. EIBIS 2021 mirrors this dynamic. After a drop in 2020, the share of firms investing is rebounding in 2021. This represents a substantial positive shift from EIBIS 2020.

While, on average, the majority of corporate investment went to replacement (30%) or developing and introducing new products and/or services (29%), the share of investment allocated to developing or introducing new products and/or services has increased from 18% in EIBIS 2020 to 29%. As elsewhere in the EU, the largest share of investment in 2020 focused on machinery and equipment (37%). The biggest increase was in intangible assets, though.

Impact of COVID-19

COVID-19 hit firms in various ways. In line with the EU average, every second firm (47%) reports that their sales have declined compared to the beginning of 2020. COVID-19 also had an impact on firms' investment with 13% of firms reporting that they have revised their investment plans downward. Firms that experienced a stronger impact of the crisis reduced investment more.

Asked about the short-term actions due to COVID-19, digitalisation stood out: nearly half of firms (46%) say that they have taken action or made investment to become more digital, in line with the EU average (46%).

Investment Needs and Priorities

Firms perceive a clear long-term impact of COVID-19 on needs and priorities. Again, digitalisation stands out, with around a half of firms indicating that they expect COVID-19 to lead to an increased use of digital technologies in the long-term (54%), similar to the EU average (55%).

As elsewhere in the EU, the share of firms operating at or above full capacity has declined (from 52% to 35%). One fifth (21%) of Irish firms report having invested less than ideal over the last three years, which remains a relatively high share compared to the EU average of 14%.

Innovation Activities

Innovation activity remained quite stable. Around two in five (42%) firms have developed or introduced new products, processes or services as part of their investment activities, in line with EIBIS 2020 (43%) and the EU average (36%).

Every second firm (52%) introduced one or more of the advanced digital technologies they were asked about.

Drivers and Constraints

Though firms' perceptions of the political and regulatory climate on balance remain negative, firms' short-term outlook turned optimistic: more Irish firms expect an improvement rather than a deterioration across four of the five measures in the next twelve months: economic climate, business prospects in their sector, availability of external and internal finance.

In line with the recovery, availability of skilled staff (85%) has increased from EIBIS 2020 (72%) to become the most frequently-cited long-term barriers to investment. Reflecting both pandemic and Brexit-aftermath, uncertainty about the future remains important, however, being the second most-frequently cited barrier (82%).

Investment Finance

Access to finance conditions are worse than the EU average, as 10% of the firms in Ireland can be considered as finance constrained, compared to an EU average of 5%. Firms using external finance are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. The highest levels of dissatisfaction recorded among firms in Ireland is the cost of finance (13%), above the average for the EU (5%).

As a result of the COVID-19 pandemic, 7% of firms have increased their debt, much lower than the EU average (16%). Around 70% of firms received financial support as a result of the COVID-19 pandemic, more than among EU firms (56%). Subsidies or financial support that do not need to be paid back in the future were the main form of financial support for firms in Ireland (59% versus 36% EU average).

Climate Change and Energy Efficiency

A relevant share of Irish firms feel the effect of climate change: 57% of the firms report that climate change is currently having an impact on their business. Irish firms are starting to internalize the risks associated with the transition to net zero, and the share of firms seeing a transition to stricter climate standards and regulations as a risk rather than an opportunity over the next five years is balanced (32% and 31% respectively).

Only 14% of firms in Ireland have already made investments to tackle the impact of climate change and 39% plan to invest in the future, both below EU average shares (42% and 47% respectively). In addition, there has been a decline in the share of firms investing in measures to improve energy efficiency in 2020 (24% versus 36% in EIBIS 2020) and below the EU average (37%). Moreover, fewer firms in Ireland set and monitored internal targets on carbon emissions and energy consumption than across the EU overall (17% versus 46%).

Firm management, gender balance and employment

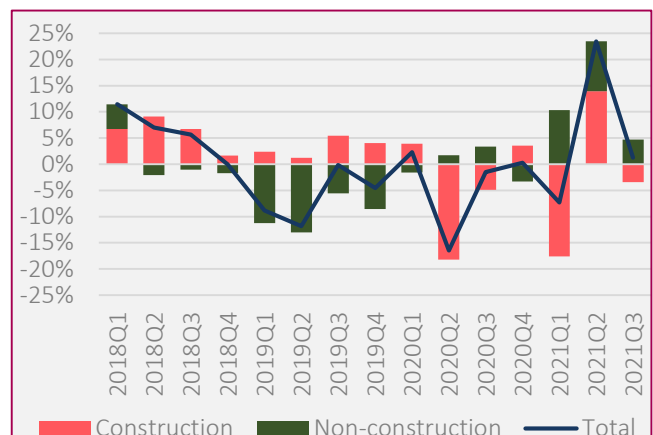
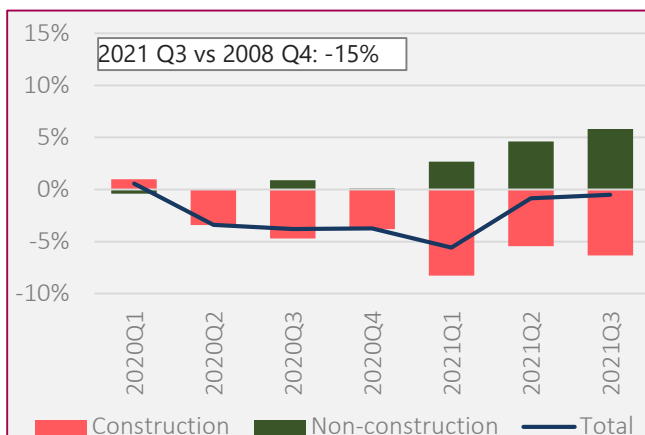
Asked about several management practices, around a third (36%) of firms used a strategic monitoring system and almost half of firms (48%) claim to have strived for gender balance in 2020. Both are below the averages for the EU (55% and 60% respectively). Overall, firms in Ireland did not experience a large change in employment during COVID-19 (+0.4%), similar to the changes across the EU.

Investment Dynamics and Focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

Ireland's strong economic rebound from the pandemic-induced shock has been swifter than expected. Driven by consumption, modified domestic demand is expected to exceed pre-pandemic levels by end-2021. In line with this, *modified* gross fixed capital formation almost recovered pre-crisis levels in Q2 and Q3 2021. This

reflects a vigorous recovery from a trough of -7.3% in Q1 2021 relative to Q1 2020 to +23% in Q2 2021 relative to Q2 2020. Non-construction investment has been driving this recovery. Beyond the domestic recovery, investment by multinationals, notably in intellectual property and patents, has also rebounded with global GDP.



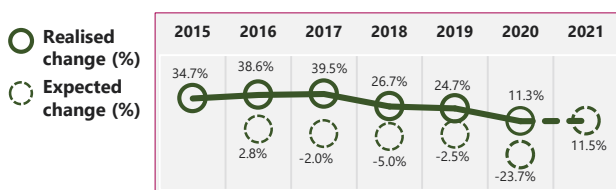
The graph on the left shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data are transformed into four-quarter sums, deflated using the implicit deflator for total GFCF. The four-quarter sum of total GFCF in 2019 Q4 is normalized to 0. Source: Central Statistics Office, Ireland.

The graph on the right shows the year-on-year growth of total gross fixed capital formation (in real terms); by institutional sector. The data are deflated using the implicit deflator for total GFCF. Source: Central Statistics Office, Ireland.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

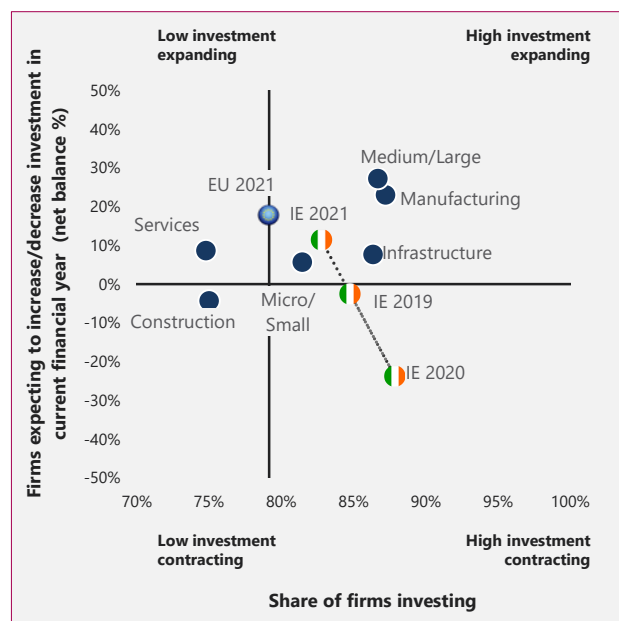
EIBIS 2021 shows that, despite the share of firms investing declining in 2020, Irish firms have clearly become more optimistic for 2021: the number of Irish firms expecting to increase investment exceeds those expecting to decrease it. This is a substantial positive shift from EIBIS 2020. Aside from COVID-19, the aftermath of Brexit will remain an important consideration for Irish firms.

For the fifth consecutive year, the realised investment in Ireland substantially exceeded expectations (a net balance of 11% versus -24%) and for first time the expected change of investment is positive (12%).



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for EIBIS 2021.

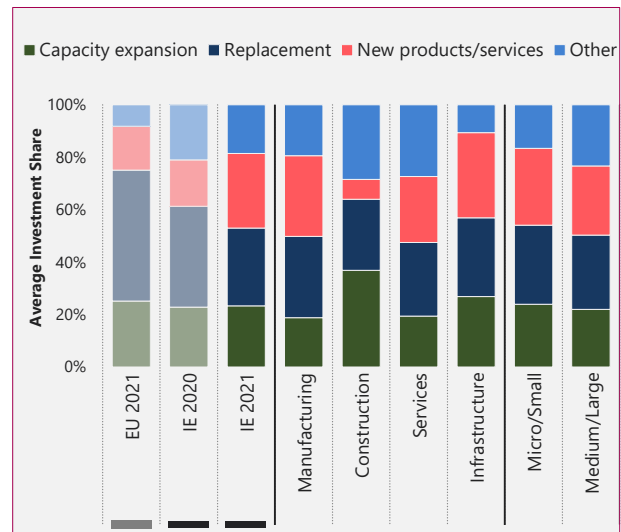
Base: All firms (excluding don't know/refused responses)

Investment Dynamics and Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

The majority of firms either spent their 2020 investment on replacement (30%) or on the development and introduction of new products and/or services (29%). The share of investment allocated to developing or introducing new products and/or services has increased from 18% in 2019 to 29% in 2020, with the highest share of investment being seen among infrastructure and manufacturing sectors, in contrast with the share of investment allocated to replacement has declined (30% versus 39%).

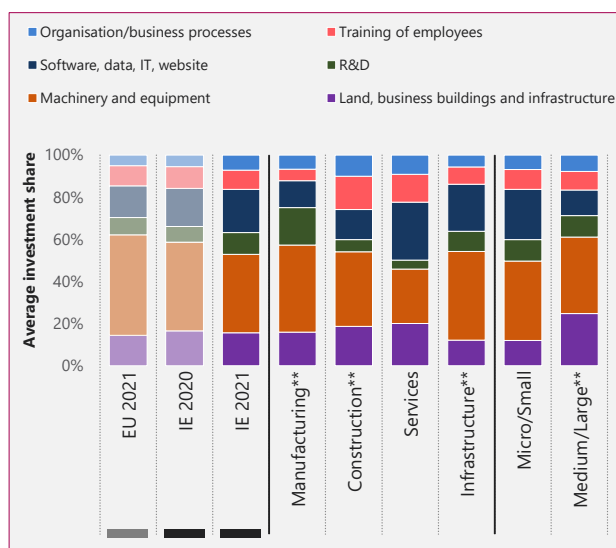
Firms operating in the construction sector focused investment mainly on capacity expansion (37% compared to other firms, ranging from 19% to 27%).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

INVESTMENT AREAS



Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

**Caution very small base sizes

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

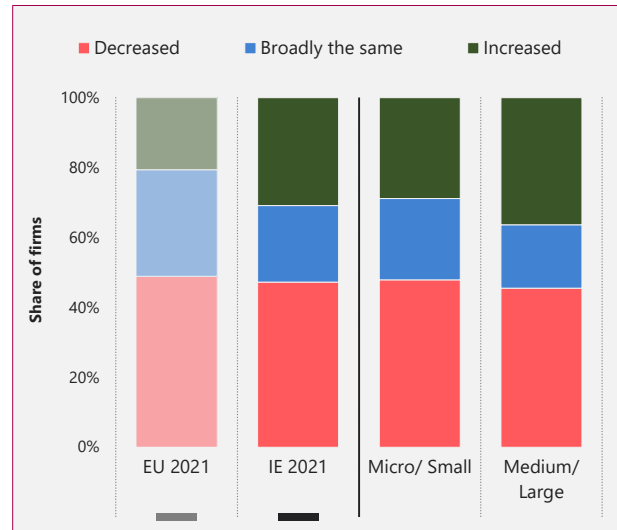
The largest share of investment in 2020 went again into machinery and equipment (37%), though this has dropped noticeably compared to EIBIS 2020. This share has been absorbed by an increase in the share dedicated to software, data and IT activities (21%) and investments in research and development (10%). Investment in land, business buildings and infrastructure (16%) remained broadly stable.

Firms operating in the manufacturing sector are more likely to have allocated a higher share of investment in research and development than firms in other sectors (18% versus other sectors ranging from 4% to 10%). Medium and large firms tend to have allocated a larger share of their investment to land, business buildings and infrastructure (25%) than micro and small firms (12%), while micro and small firms have allocated a larger share of investments to software, data, IT and website (24% versus 12% for medium and large firms).

Impact of COVID-19

IMPACT OF COVID-19 ON SALES

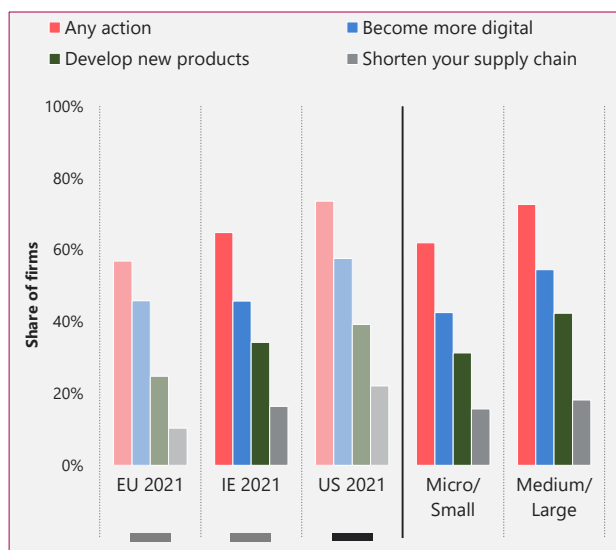
COVID-19 hit firms in various ways. When asked about the impact on sales as a result of the COVID-19 pandemic, nearly half of the firms in Ireland (47%) report their sales have decreased compared to the beginning of 2020. While this is in line with the EU (49%), the share of Irish firms having increased investment is relatively large (31%). This higher share of firms that increased investment is particularly pronounced among larger Irish firms.



Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020?

Base: All firms (excluding don't know/refused responses)

SHORT-TERM ACTIONS AS A RESULT OF COVID-19



Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

Base: All firms (excluding don't know/refused responses)

Nearly half of all firms in Ireland (46%) say they have taken actions or made investment to become more digital due to COVID-19, in line with the EU average. In addition to digitalisation, the share of Irish firms responding to COVID-19 by developing new products or shortening supply chains was larger than the EU average and closer to the US average.

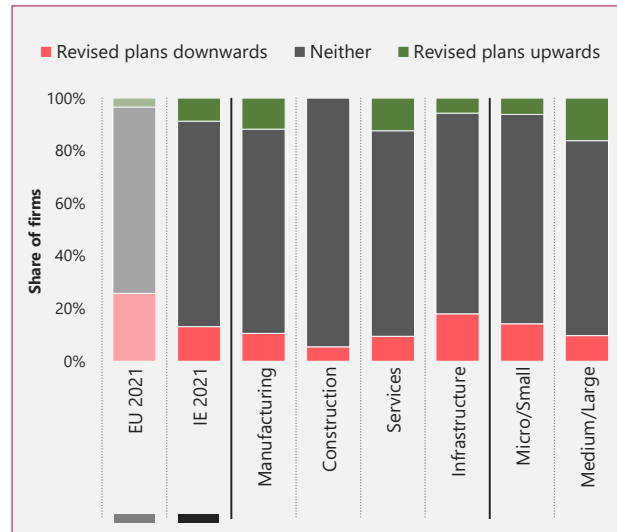
Medium and large firms are more likely to have developed new products (42%) or to have become more digital (55%) compared to micro and small firms (with 31% and 43% respectively).

Impact of COVID-19

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 also had an impact on investment plans, though this was less marked than in the EU, in general. Around 13% of the firms in Ireland decreased investment due to COVID-19 while 9% increased it. In comparison only 3% of the firms across the EU revised their investment plans upwards and 26% revised them downwards.

Medium and large firms are more likely to have revised their plans upwards (16%) than micro and small firms (6%).

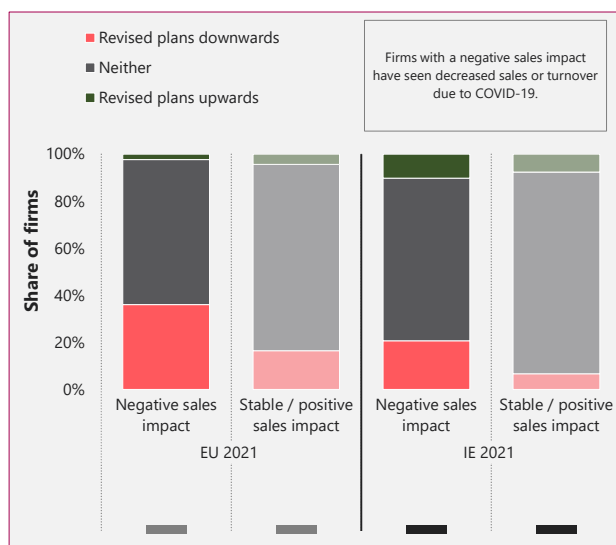


Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Q. You mentioned revising your investment plans due to the COVID-19 pandemic. Did you revise them upward or downward?

Base: All firms (excluding don't know/refused responses)

DIFFERENCES IN IMPACT OF COVID-19 ON INVESTMENT



Firms suffering a negative sales impact caused by the COVID-19 crisis are more likely to have revised their plans downwards compared to firms with a stable or positive sales impact.

The share of firms in Ireland with a negative sales impact who have revised their plans downward (21%) is again below the share of firms with a negative sales impact and a downward revision of their investment plans across the EU (36%).

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020? Has it...?

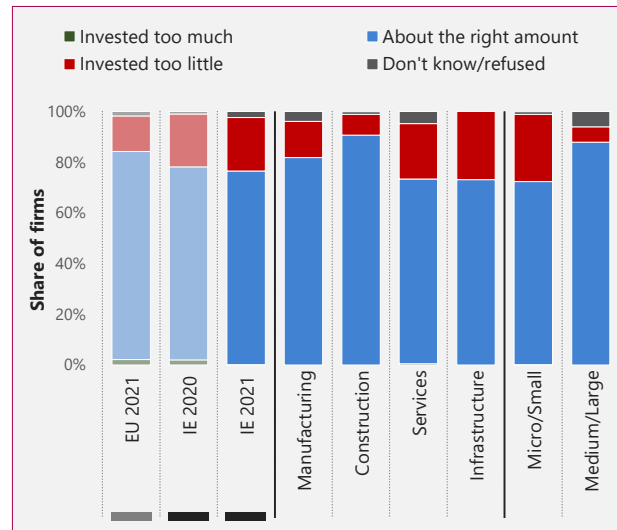
Base: All firms (excluding don't know/refused responses)

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

The majority of Irish firms do not perceive gaps in their investment. Despite the difficult circumstances, around three-quarters (76%) of the firms report having invested about the right amount over the last three years, while 21% report having invested too little. The share of firms that have invested too little remains much higher in Ireland than among EU firms (21% versus 14%), possibly reflecting a succession of economic outcomes surprising on the upside.

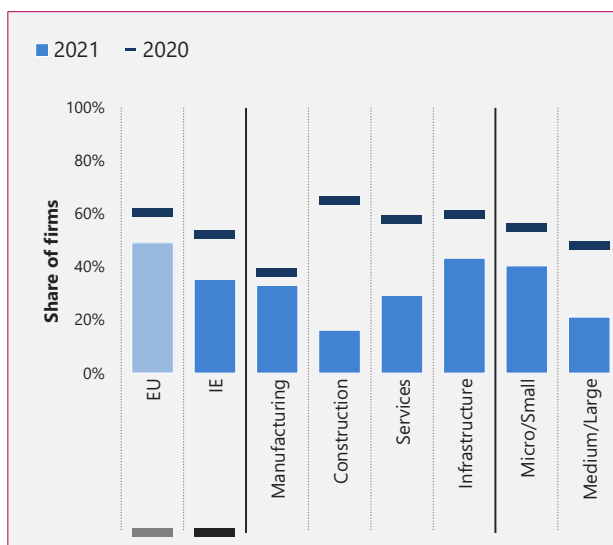
Firms in the construction sector are the least likely to report they have invested too little (8% compared to other sectors ranging from 14% to 27%). Micro/small firms are more likely to say they have invested too little than medium/large firms (27% versus 6%).



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



The share of firms operating at or above full capacity has declined (35% in EIBIS 2021 versus 52% in EIBIS 2020).

The largest drop in the share of firms operating at or above full capacity is observed among firms in the construction sector (16% in EIBIS 2021 versus 65% in EIBIS 2020). Medium and large firms were also much less likely than micro and small firms to operate at or above full capacity (21% versus 41%).

Full capacity is the maximum capacity attainable e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable?

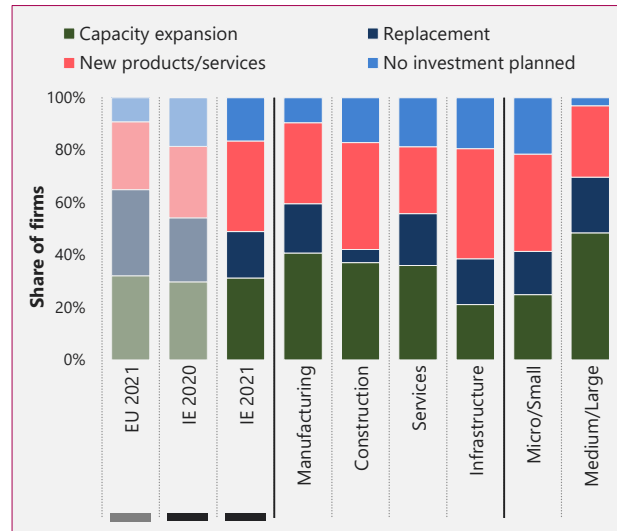
Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, developing or introducing new products, processes or services is the most commonly cited investment priority among firms (35%). This share is greater than what was reported in EIBIS 2020 (27%). Capacity expansion for existing products and services is the second most important priority (31%) followed by the replacement of existing buildings and equipment (18%). The share of replacements in the country is much lower than in EIBIS 2020 (24%) and among EU firms (33%).

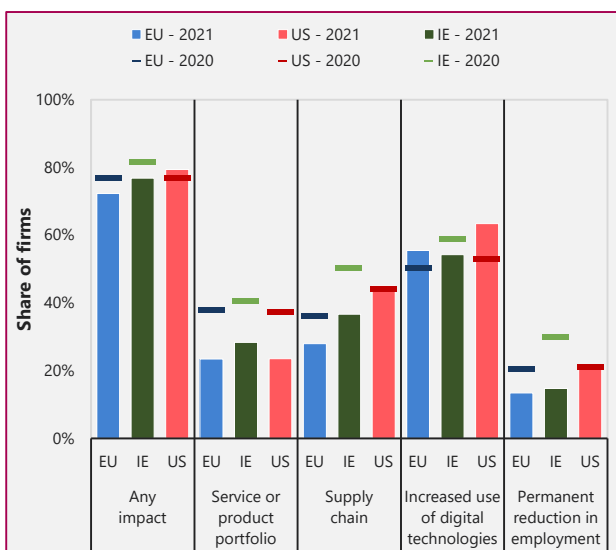
Infrastructure and construction sector firms are more likely to prioritise new products, processes or services (42% and 41% respectively) than firms in the manufacturing and services sectors (31% and 26% respectively). Medium and large sector firms are much more likely to prioritise capacity expansion in the next three years (48%) than micro and small firms (25%).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

COVID-19 LONG-TERM IMPACT



Overall, around three-quarters (77%) of firms think that COVID-19 will have a long-term impact on their business, in at least one of the aspects they were asked about, similar to EU firms (72%).

Digitalization is cited most frequently, with one in two firms (54%) expecting COVID-19 to lead to an increased use of digital technologies in the long-term. The share of firms expecting COVID-19 to have any other long-term impact has declined since EIBIS 2020: service or product portfolio (28% versus 40%), supply chain (37% versus 50%) and a permanent reduction in employment (15% versus 30%).

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

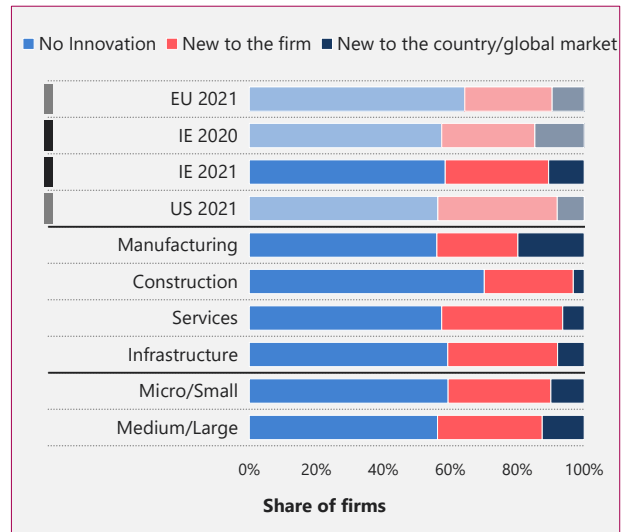
Base: All firms

Innovation Activities

INNOVATION ACTIVITY

Around two in five (42%) firms have developed or introduced new products, processes or services as part of their investment activities in 2020, in line with what reported in EIBIS 2020 (43%) and the EU average (36%).

Construction firms were the least likely to innovate (30% compared to other sectors ranging from 41% to 44%).

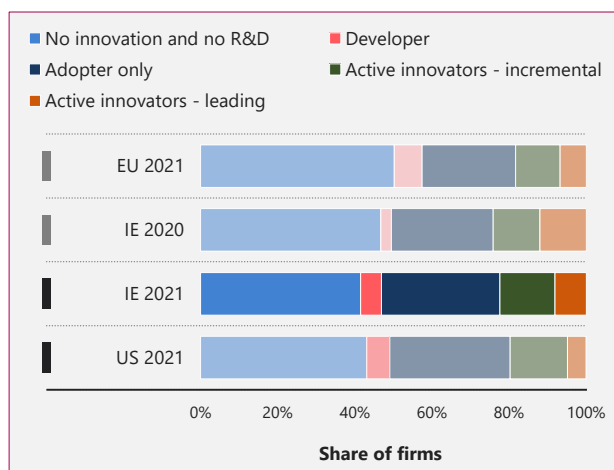


Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

The quality of Irish firms' engagement in innovation and research and development is increasing. Looking at the spectrum of such activities, 22% of firms in Ireland can be classified as 'active innovators', and a further 5% of firms as 'developers'.

Approximately two out of five firms (42%) in Ireland did not introduce any new products, processes or services in 2020. This share is lower than the EU average where half of the firms did not invest in R&D or with the aim to introduce any new products, processes or services.

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world.

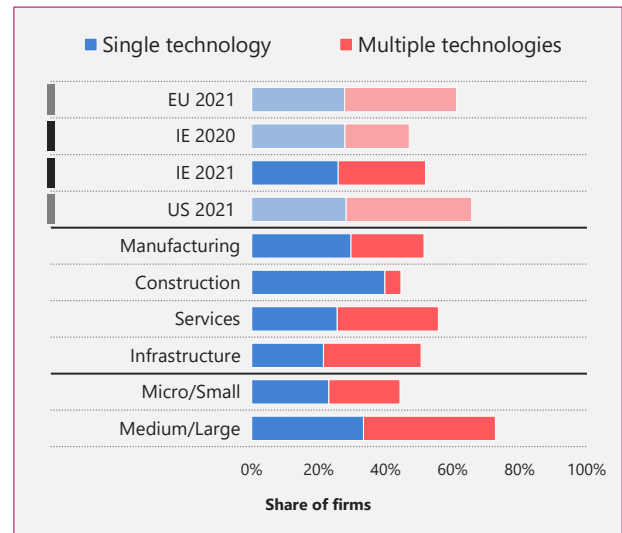
Innovation Activities

IMPLEMENTATION OF ADVANCED DIGITAL TECHNOLOGIES

More than half of all firms (52%) have introduced one or more of the advanced digital technologies they were asked about. This is similar to the figure of EIBIS 2020 (47%). Possibly reflecting sectoral focus and a greater prevalence of smaller firms, this share remains below the average for the EU (61%).

Medium and large firms are much more likely to have implemented at least one advanced digital technology (73%) than micro and small firms (44%).

Firms in Ireland report a slightly higher uptake for internet of things (34%) compared to overall firms in the EU (29%). In comparison, a lower share of firms in Ireland compared to overall firms the EU report to have implemented 3-D printing (10% versus 18% for the EU), virtual reality (1% versus 10% for the EU), platforms (32% versus 48% for the EU) and robotics (20% versus 48% for the EU).

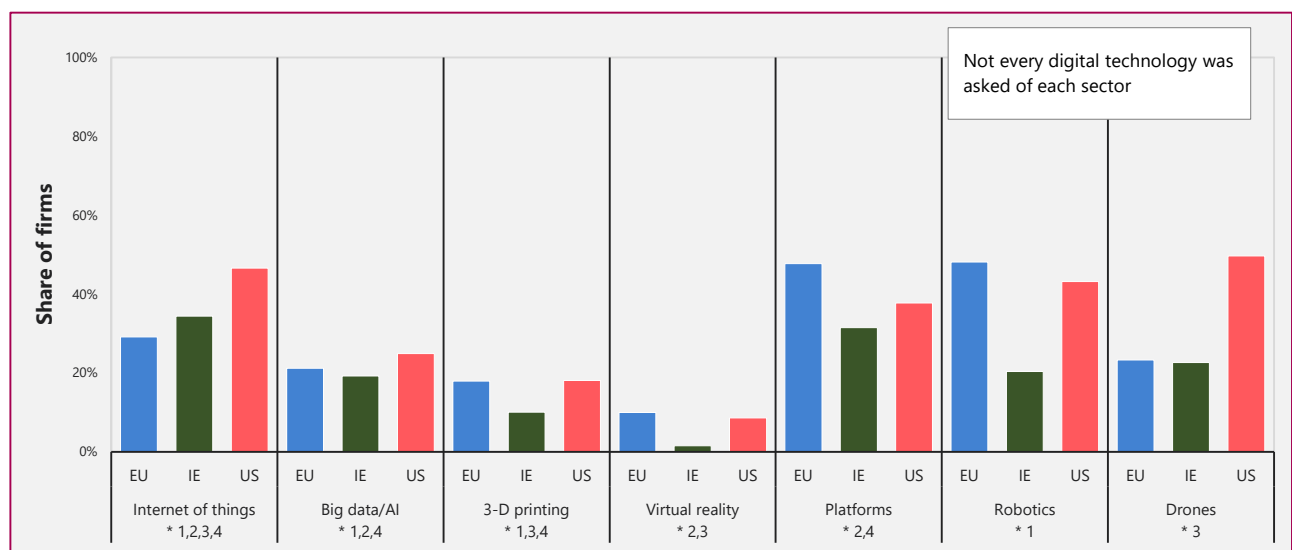


Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses)

ADVANCED DIGITAL TECHNOLOGIES



* Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of infrastructure firms

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses);
Sample size IE: Manufacturing (80); Construction (58); Services (151); Infrastructure (52)

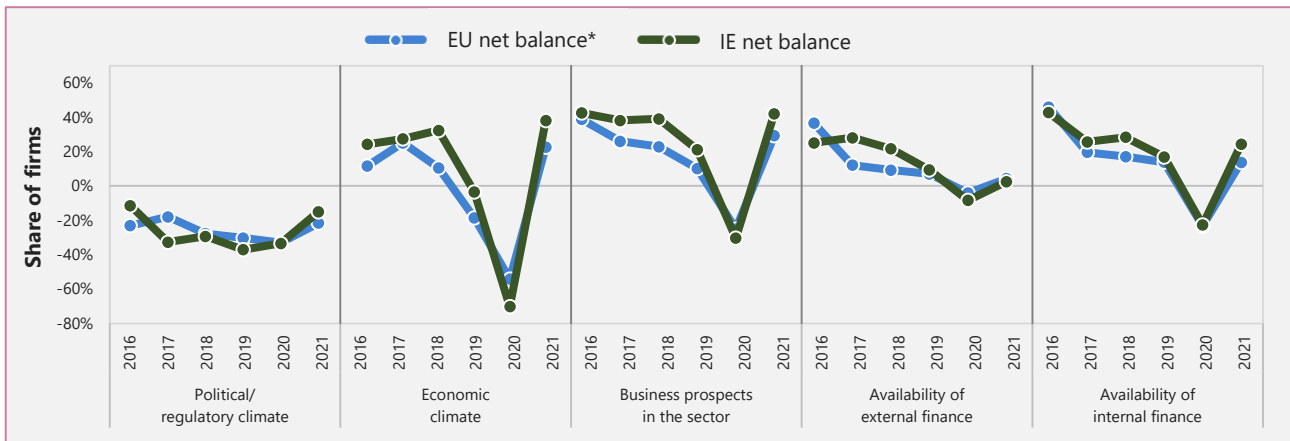
Drivers And Constraints

SHORT-TERM FIRM OUTLOOK

Overall, the short-term outlook is positive: more Irish firms expect an improvement rather than a deterioration across four of the five measures. This is in line with the expectations of the average EU

firm and marks a shift from EIBIS 2020, when the short-term outlook was negative.

On balance, firms remain pessimistic about the political and regulatory climate.

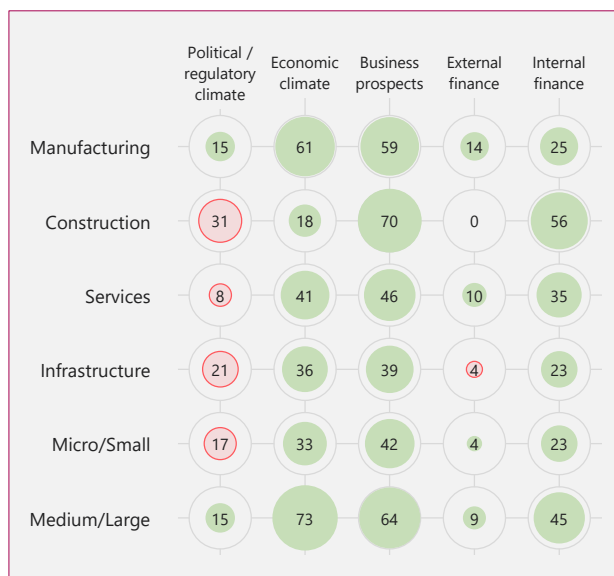


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: green figures are positive, red figures are negative

Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

Manufacturing firms and medium and large firms are more positive than negative about the political/regulatory climate in the country (15%), while other sectors and micro and small firms are pessimistic.

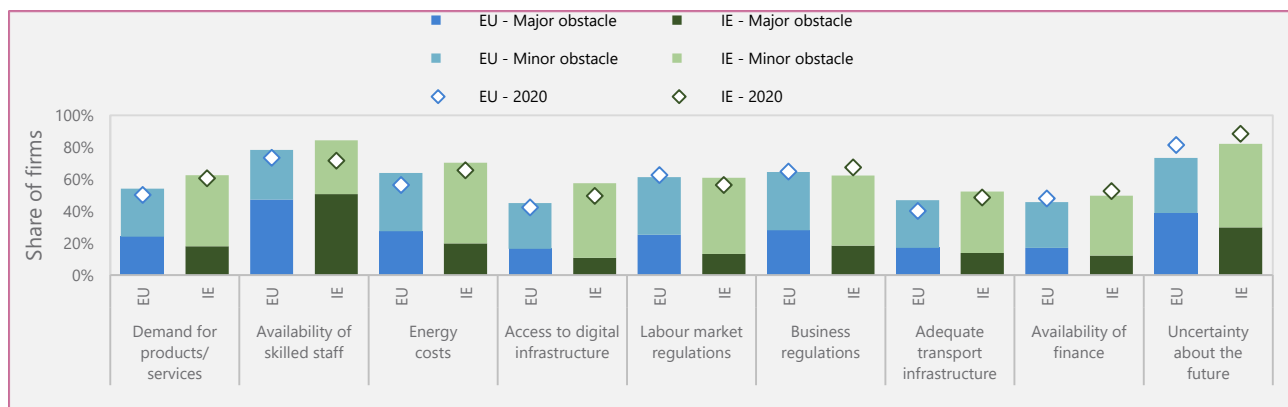
Firms in the manufacturing sector are the most likely to be positive about the economic climate, while construction firms are the most likely to be positive about business prospects in their sector and internal finance. Medium and large firms are more optimistic about the economic climate, business prospects in their sector and internal finance compared to micro and small firms.

Drivers And Constraints

LONG-TERM BARRIERS TO INVESTMENT

The most commonly cited long-term barriers to investment are the availability of skilled staff (85%) and uncertainty about the future (82%). The share of firms citing the availability of skilled staff as a barrier has increased since EIBIS 2020 (85% versus 72% EIBIS 2020).

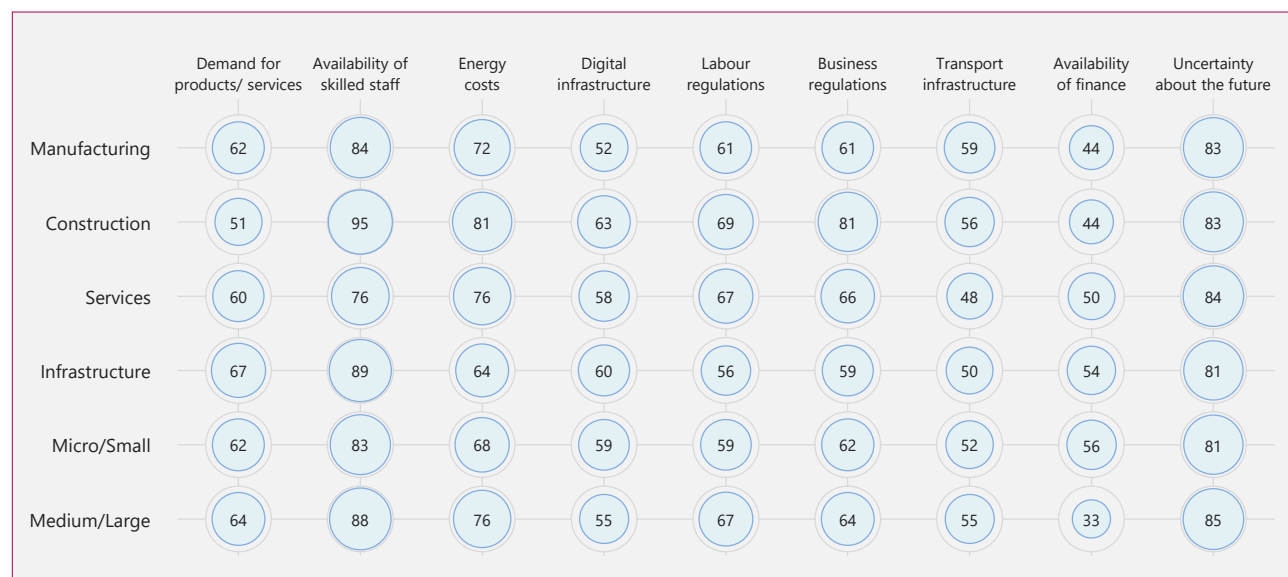
Firms in Ireland are more likely than EU firms to cite the following as barriers to investment: demand for product or service (63% versus 54%), availability of skilled staff (85% versus 79%), access to digital infrastructure (58% versus 45%) and uncertainty about the future (82% versus 73%).



Q. Thinking about your investment activities in Ireland, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE



Q. Thinking about your investment activities in Ireland, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Reported shares combine 'minor' and 'major' obstacles into one category

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

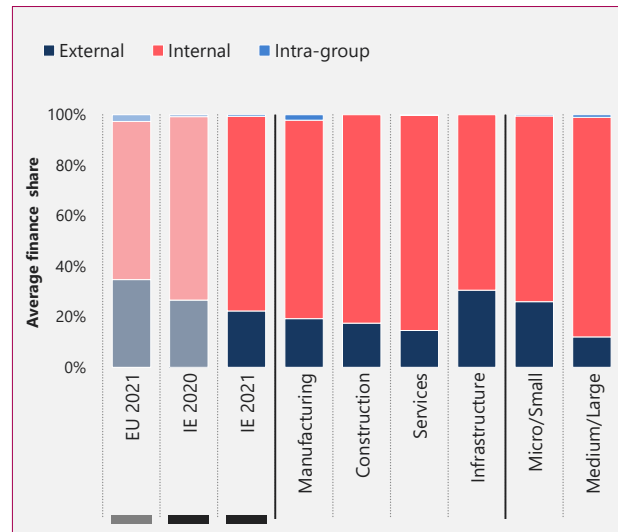
Investment Finance

SOURCE OF INVESTMENT FINANCE

Firms in Ireland continued to fund the majority of their investment in 2020 through internal financing (77%), similar to what was reported in EIBIS 2020 (73%) and higher than the EU average (63%).

Conversely, external finance made up around a fifth (22%) of investment financing.

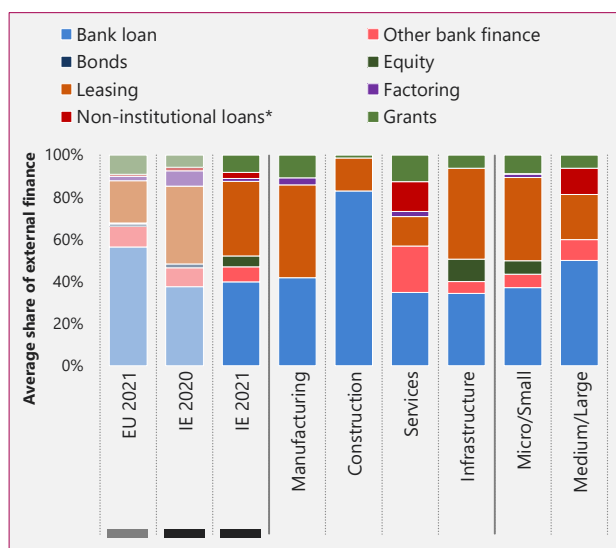
Micro and small firms report a higher proportion of their investment financed through external sources compared to medium and large firms (26% versus 12%).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Bank loans (40%) and leasing (36%) constituted the largest average majority share of investment finance sourced externally, in line with what was reported in EIBIS 2020 (both with 37%). The share of bank loans remained below the EU average (56%), while the EU share of leasing was lower (20%).

Construction sector firms sourced most of their external financing through bank loans (83%) while the share of investment supported through bank loans is much lower in other sectors (ranging from 34% to 42%). Manufacturing and infrastructure firms relied more on leasing (44% and 43% respectively) than construction (16%) and services (14%) firms did.

Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

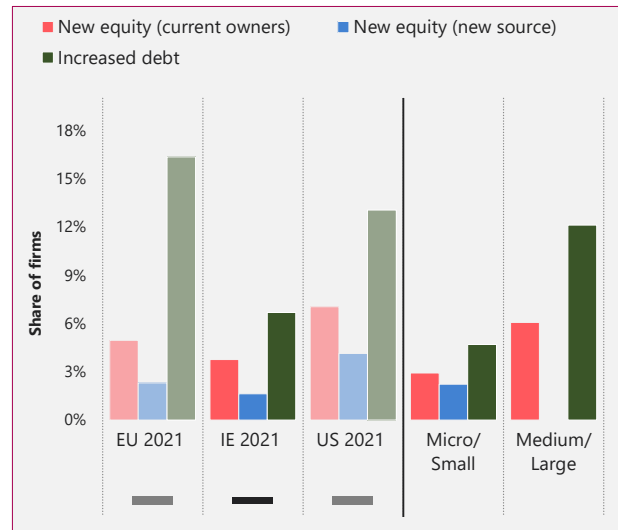
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Investment Finance

ACTIONS TAKEN AS A RESULT OF COVID-19

Only 7% of firms have increased their debt as result of the COVID-19 crisis, much lower than the EU average (16%).

Medium and large firms are slightly more likely to have increased debt as a result of the pandemic compared to micro and small firms (12% versus 5%).



Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

SHARE OF FIRMS RECEIVING FINANCIAL SUPPORT IN RESPONSE TO COVID-19



Public support was substantial in Ireland: seven in ten (70%) firms have received financial support in response to the COVID-19 pandemic, which is much higher than the EU average (56%).

Subsidies or financial support that do not need to be paid back in the future are the main form of financial support received and firms in Ireland are more likely to have received such subsidies than the EU average (57% versus 36%).

Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance

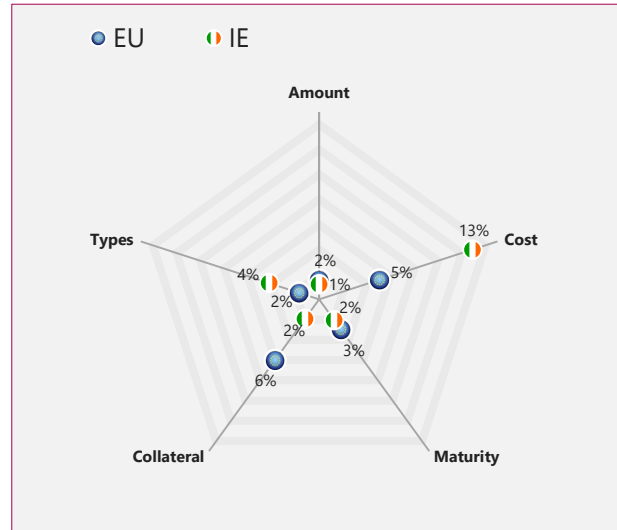
Base: All firms (excluding don't know/refused responses)

Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external finance are on balance satisfied with the amount, cost, maturity, collateral and type of finance received.

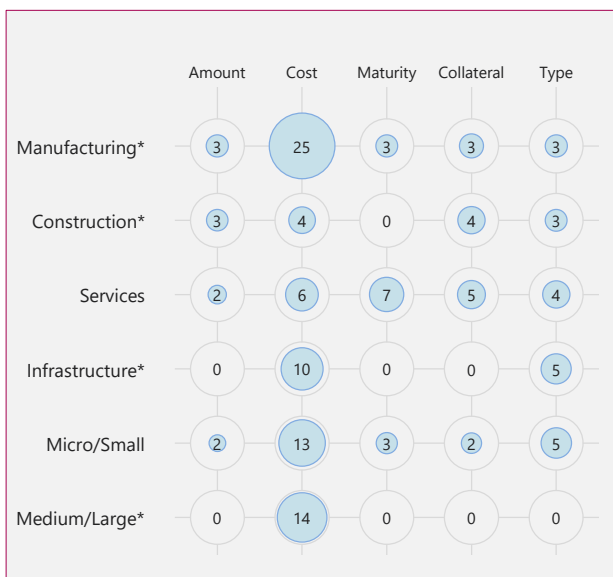
The highest level of dissatisfaction recorded among firms in Ireland is with the cost of finance (13%), which is above the average for the EU (5%).



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (%)



The dissatisfaction with the cost requirements is mainly driven by manufacturing firms (25%) followed by firms operating in the infrastructure sector (10%). In this regard, there is no discernible difference between firms of different sizes.

Q. How satisfied or dissatisfied are you with ...?

*Caution very low base sizes

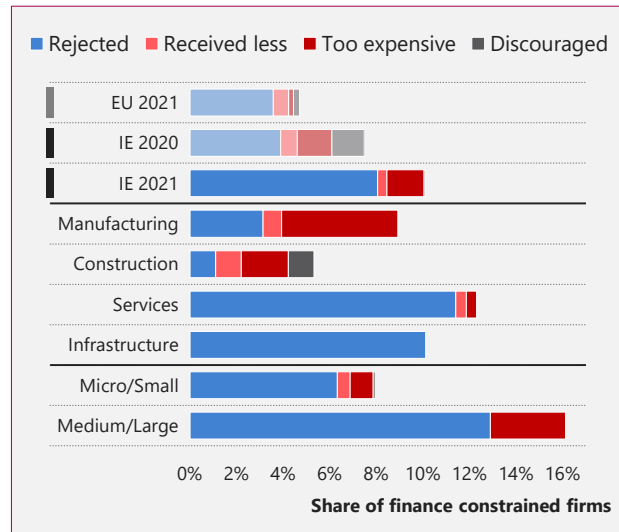
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

One in ten firms (10%) in Ireland can be considered finance-constrained, slightly above EIBIS 2020 (7%) and above the EU average (5%).

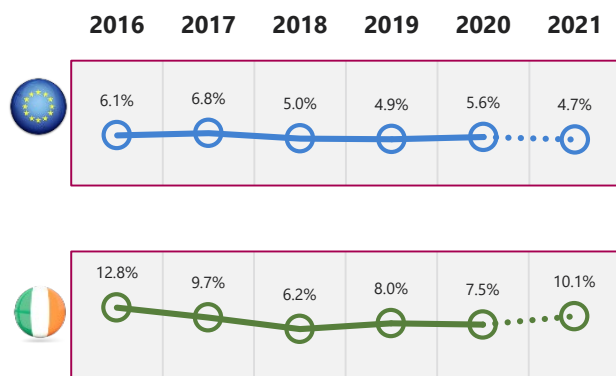
Firms in the services sector and in the infrastructure sector are slightly more likely to be finance-constrained than firms in the other sectors. Across, different size classes, medium and large firms are slightly more likely to be finance-constrained than micro and small firms.



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME



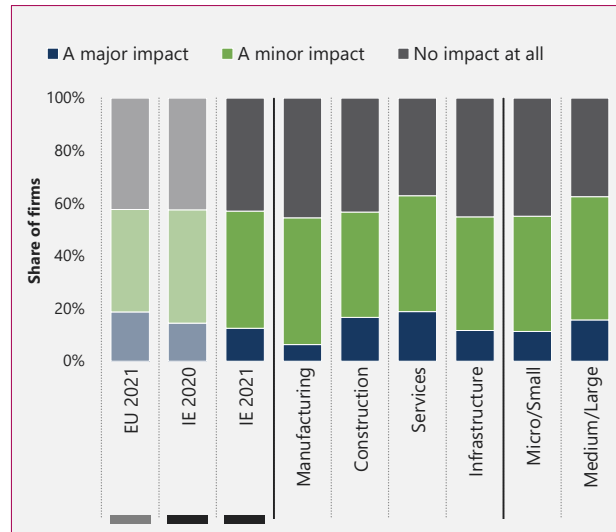
Through the EIBIS waves, firms in Ireland have always tended to be slightly more frequently considered as external finance constrained than the EU average. After the incidence in the share of finance constrained firms had dropped for several years, however, the share in EIBIS 2020 is back to EIBIS 2017 levels.

Base: All firms (excluding don't know/refused responses)

Climate Change and Energy Efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

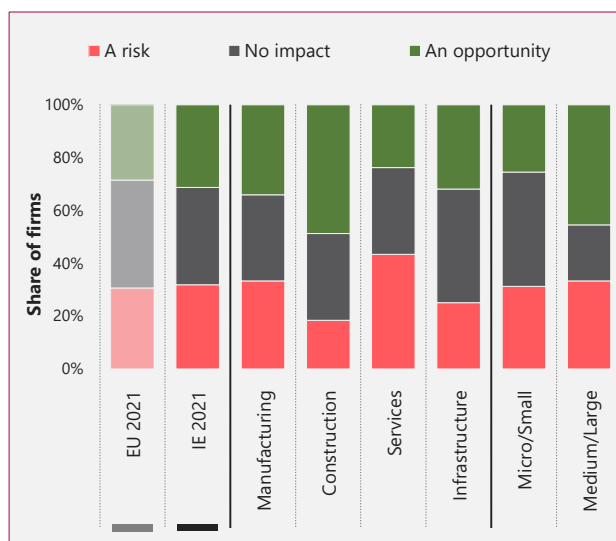
A relevant share of Irish firms feel the effects of weather events, as nearly three out of five (57%) firms in Ireland report that climate change is currently having an impact on their business. This is similar to the reported share in EIBIS 2020 and to the EU average (both at 58%).



Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

Base: All firms (excluding don't know / refused responses)

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS



Irish firms are starting to internalize the risks associated with the transition to net zero. The share of firms seeing the transition to stricter climate standards and regulations as a risk and an opportunity over the next five years is balanced. Around a third of firms (32%) see it as a risk and 31% see it as an opportunity. This is similar to the averages for the EU (where 31% see the transition as a risk and 28% as an opportunity).

Firms in the construction sector (49%) and medium/large (45%) firms are most likely to view the transition as an opportunity. Instead, firms in the services sector are most likely to view the transition as a risk (43%).

Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

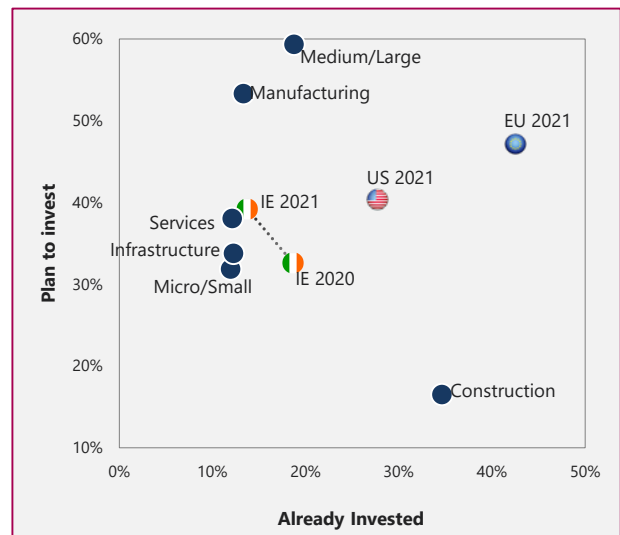
Base: All firms (excluding don't know / refused responses)

Climate Change and Energy Efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Though increasing, the share of Irish firms engaged with climate change remains relatively low. Only 14% of all firms in Ireland have already made investments to tackle the climate change impact and 39% plan to invest in the future. These figures are below the EU average shares where 42% of firms already invested and 47% plan to invest in the future.

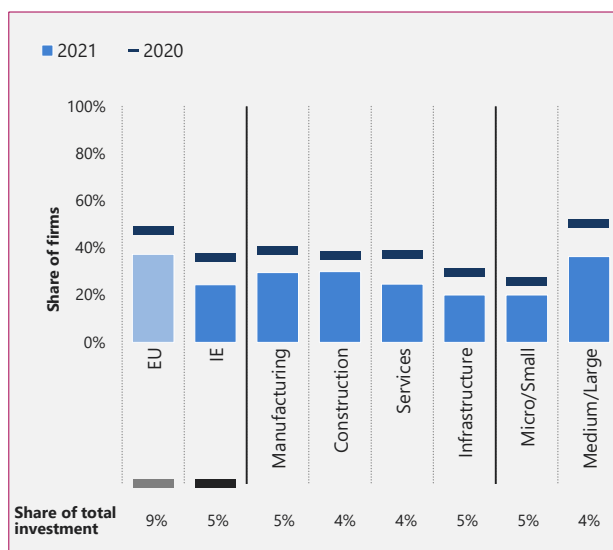
Construction firms are the most likely to have already invested in measures that tackle climate change impact (35% compared to other sectors (ranging from 12% to 13%), while more than a half (53%) of manufacturing firms plan to invest in the future. Medium and large firms are more likely to plan-investments to tackle the impact of climate change in the future than micro and small firms (59% versus 32%).



Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don't know/refused responses)

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY AND SHARE OF TOTAL INVESTMENT



The share of firms having invested in measures to improve energy efficiency has declined (24% in EIBIS 2021 versus 36% in EIBIS 2020) and is below the EU average (37%).

Medium and large firms are more likely than micro and small firms to have invested in measures to improve energy efficiency (36% versus 20%), but the share of their total investments is similar (5% and 4% respectively).

Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms (for share of firms investing)

Base: All firms who have invested in the last financial year (excluding don't know/refused responses) (average share of investment)

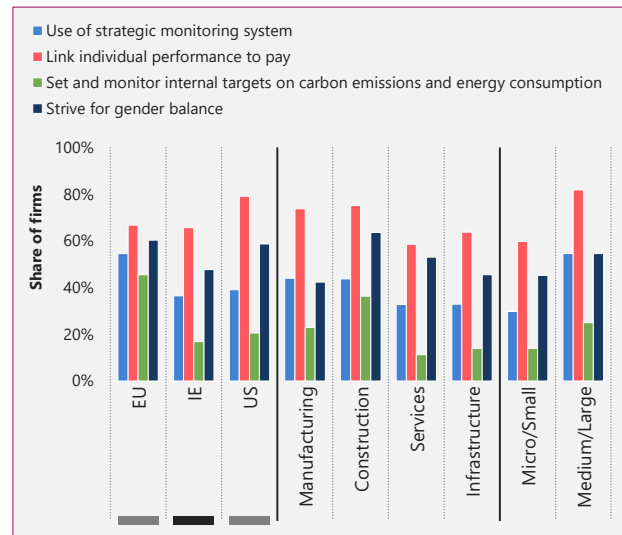
Firm management, climate targets, gender balance and employment

FIRM MANAGEMENT, CLIMATE TARGETS AND GENDER BALANCE

Firms in Ireland are less likely than EU firms to have used a strategic monitoring system (36% versus 55%) and to have strived for gender balance (48% versus 60%) in 2020.

Fewer firms in Ireland set and monitored internal targets on carbon emissions and energy consumption than other EU firms (17% versus 46%).

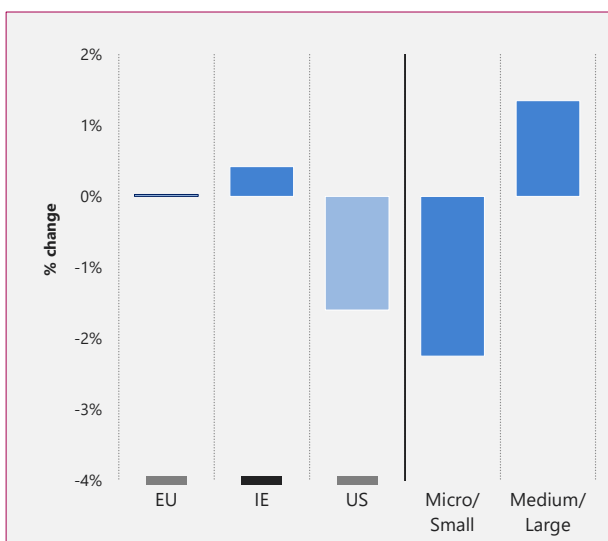
The share of firms who linked individual performance to pay in the country is similar to the EU average (66% and 67%).



Q. In 2020, did your company...?

Base: All firms (excluding don't know/refused responses)

CHANGE IN EMPLOYMENT DURING COVID-19



Overall, firms in Ireland did not experience a large change in employment during COVID-19, similarly to the changes across the EU.

There was a slight drop of employment for micro and small firms (-2%), while medium and large firms experienced a slight increase (1%).

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2020, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

EIBIS 2021 – Country Technical Details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Ireland, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	IE	Manufacturing	Construction	Services	Infrastructure	Micro/Small	Medium/Large	EU vs IE	Construction vs Manufacturing	Micro/Small vs Medium/Large
	(11920)	(802)	(355)	(80)	(58)	(151)	(52)	(321)	(34)	(11920 vs 355)	(58 vs 80)	(321 vs 34)
10% or 90%	1.1%	3.5%	3.7%	6.7%	13.0%	5.8%	6.9%	4.0%	8.6%	3.9%	14.6%	9.5%
30% or 70%	1.7%	5.3%	5.7%	10.2%	19.9%	8.8%	10.5%	6.1%	13.1%	5.9%	22.3%	14.4%
50%	1.8%	5.8%	6.2%	11.1%	21.7%	9.6%	11.4%	6.7%	14.3%	6.5%	24.3%	15.8%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2021 country overview refers interchangeably to 'the past/last financial year' or to '2020'. Both refer to results collected in EIBIS 2021, where the question is referring to the past financial year, with the majority of the financial year in 2020 in case the financial year is not overlapping with the calendar year 2020.

EIBIS 2021 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 355 firms in Ireland (carried out between March and July 2021).

BASE SIZES (*Charts with more than one base; due to limited space, only the lowest base is shown)




Base definition and page reference	EU 2021/2020	US 2021	IE 2021/2020	Manufacturing	Construction	Services	Infrastructure	Micro/Small	Medium/Large
All firms, p. 2, p. 6, p. 7, p. 10, p. 11	11920/11971	802	355/401	80	58	151	52	321	34
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11910/11949	802	355/400	80	58	151	52	321	34
All firms (excluding don't know/refused responses), p. 2	11620/11634	768	343/391	77	57	145	50	312	31
All firms (excluding don't know/refused responses), p. 4 (top)	11860/NA	800	354/NA	79	58	151	52	320	34
All firms (excluding don't know/refused responses), p. 4 (bottom)	11891/NA	802	354/NA	80	58	150	52	320	34
All firms (excluding don't know/refused responses), p. 5 (top)	11814/11971	768	347/401	79	56	146	52	315	32
All firms (excluding don't know/refused responses), p. 5 (bottom)	11760/0	766	346/0	78	56	146	52	314	32
All firms (excluding don't know/refused responses), p. 7 (top)	11765/11727	793	349/392	78	58	148	52	315	34
All firms (excluding don't know/refused responses), p. 8 (top)	11648/11720	779	335/386	80	55	138	49	302	33
All firms (excluding don't know/refused responses), p. 8 (bottom)	8780/9039	618	249/300	63	47	95	37	222	27
All firms (excluding don't know/refused responses), p. 9	11891/11938	802	355/401	80	58	151	52	321	34
All firms (excluding don't know/refused responses), p. 13 (top)	11882/NA	777	353/NA	80	58	149	52	319	34
All firms (excluding don't know/refused responses), p. 13 (bottom)	11857/NA	775	350/NA	79	58	148	51	316	34
All firms (excluding don't know/refused responses), p. 15	11518/11477	743	337/381	78	55	142	50	305	32
All firms (excluding don't know/refused responses), p. 16 (top)	11849/11898	798	352/400	80	58	149	51	319	33
All firms (excluding don't know/refused responses), p. 16 (bottom)	11384/NA	783	320/NA	73	52	136	48	286	34
All firms (excluding don't know/refused responses), p. 17	11659/11739	775	346/395	78	57	147	51	313	33
All firms (excluding don't know/refused responses), p. 18 (top)*	11616/NA	774	349/NA	78	56	147	51	316	33
All firms (excluding don't know/refused responses), p. 18 (bottom)	11664/11402	794	347/392	77	57	147	52	315	32
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (top)	9670/10138	674	279/325	64	51	114	41	251	28
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (bottom)	9523/9874	667	300/357	68	55	122	43	269	31
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	8675/9255	621	282/328	64	53	115	39	256	26
All firms who have invested in the last financial year (excluding don't know/refused responses)*, p. 17	11920/11971	802	355/401	80	58	151	52	321	34
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4003/4354	284	95/123	24	12	36	18	87	8
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	3964/4310	281	92/121	22	11	36	18	86	6



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Ireland

Overview

EIB INVESTMENT SURVEY

2022

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