

**BDO Simpson Xavier – Recruitment  
Business Attitude Survey – November / December 2008**

An online survey was conducted among senior management from 60 companies across the Mid West operating across a number of sectors. The focus of the survey was placed across three separate areas namely,

1. Business Profitability
2. Liquidity and Financing and
3. HR and Recruitment.

**Business Profitability**

- In addressing the management of business costs over two thirds (67.6%) of companies stated that they would not be reducing pension contributions while 62.2% also stated there would be no reduction in salaries within their companies. Only one in ten companies indicated that they were not considering a reduction in head count while 45.9% stated that they had already reduced their head count in the past six months. A further 37.8% have implemented a recruitment freeze in the past six months while a further 37.8% were currently giving strong consideration to implementing a recruitment freeze in their company. The area that was considered the most important in managing cost for businesses in the Mid West was a reduction in head count. 56.8% of companies indicated that reducing their head count would be their most important strategy in managing costs while 16.2% pinpointed salary freezes as the most important cost management approach for their business.
- Companies identified reductions in capital expenditure and energy costs as being the two main cost categories that they were looking at reduction in outside of labour costs. 27% of companies have already implemented a reduction in capital expenditure in the past six months while 45.9% are currently giving it strong consideration. 18.9% have sought cost reductions in the area of energy (oil, gas, electricity) with 43.2% currently giving energy cost reduction strong consideration at present. Transportation and sourcing of raw materials were the cost categories that were ranked the third and fourth most important areas to gain further cost reductions for companies.
- Over half (51.4%) of companies stated that they already have implemented cost reductions while 27% predict that their cost reduction programme will be

- implemented within the next three months with a further 10.8% planning to implement their cost reduction programme in the subsequent three to six months. Four out of every ten businesses anticipate that they will have to drop their rates or prices charged to customers in the next six months as part of their business strategy.
- Over three-quarters (75.7%) predict that their business will have to reduce their margins in the next six months.
- Almost quarter of companies (24.3%) indicated that they have increased their credit terms to customers.
- A total of 54.1% expect their turnover to decrease within the next 12 months with 24.3% expecting their turnover to increase within the next year.
- Respondents were asked to predict when there will be an improvement in economic conditions within their sector. 64.8% of businesses surveyed feel that it will be in the second half of trading year of 2010 or longer before economic conditions improve in Ireland. A further 29.7% suggested that it would be first half of 2010 before the country sees any improvement in the economic conditions for business.
- Five in ten businesses within the Mid West stated that the loss of the Shannon / Heathrow connection has had an impact on their business.

**Liquidity and Financing**

- Over one-third (35.1%) stated that they have noticed a decrease in their organisation's ability to finance working capital.
- Companies were asked to outline what steps they have taken to improve working capital for their businesses. 21.6% highlighted a reduction in stock while 29.7% have looked to reduce debtor levels as a means to improving working capital. 13.5% have increased their credit terms.
- 29.7% of businesses expect to raise additional finance over the next 12 months with 54.5% of this being used for investment with 9.1% used as working capital. 36.4% stated that they would use this additional finance for both investment and working capital.
- 81.1% of companies stated that recent currency fluctuations have impacted on their business. A total of 56.8% stated that the impact of currency fluctuations is on both sales and purchasing.

### HR and Recruitment

- Almost half of companies surveyed (48.6%) indicated that their staffing levels will decrease in the next six months while 37.8% anticipate staffing numbers will remain the same. A further 13.5% predict an increase in their staffing levels within the next six months. Four in ten businesses are aware of interim management solutions as a management and HR strategy.
- Companies were asked to comment on the level of impact employment legislations such as redundancies, fair selection and agency workers directives are impacting on their business. 10.8% of businesses stated that such employment legislation is having a major impact on their business while 48.6% feel it has some level of impact. A further 40.5% stated that the employment legislation was having no impact on their business.
- 70% of businesses surveyed stated that they have a performance management programme in place.
- 7.7% rated their performance management programme as every effective while 42.3% felt their programme was having an average affect on their management performance.

### Additional Information

- Indigenous companies would appear to be placing more emphasis in reducing head count and salary freezes as key parts of their strategy in cost reductions.
- Multi national companies appear to be placing more emphasis on a recruitment freeze in addition to not replacing staff or apprentices.
- A higher percentage of multi national companies anticipated that their turnover would decrease in the next 12 months while a higher percentage of indigenous companies anticipate that their turnover will remain the same as their previous trading year.
- The loss of the Shannon / Heathrow connection is having a much higher impact on multi national companies in the area than indigenous companies. Over two thirds (68.4%) of companies who indicated that the loss of the Shannon connection with Heathrow were multi national companies based in the Mid West.

For further information on any aspect of the survey please contact

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