

SME Business Sentiment Survey

May 2025



Official Independent Lender Partner

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Background & Research Methodology

Chartered Accountants Ireland conducted a Benchmark Business Sentiment Survey in April 2025 amongst both its practice and business members focusing on Small/Medium Enterprises (SMEs) based in the Republic of Ireland.

All members of Chartered Accountants Ireland based in the Republic of Ireland on the database were emailed the questionnaire link.

A total of 304 effective interviews were achieved by 21 April.

304
interviews



Welcome from Chartered Accountants Ireland

We at Chartered Accountants Ireland are delighted to partner with GRID Finance, our Official Independent Lender Partner, for the launch of the inaugural SME Business Sentiment Survey. This research allows us to get a better understanding of the experiences, confidence and sentiment among small businesses across Ireland.

SMEs have always played a pivotal role in Ireland's economic growth story; creating employment, driving innovation and contributing to the vibrant local and regional economies right across the country. As the economic landscape in Ireland continues to evolve, and global headwinds continue to emerge, this presents opportunities but also challenges for SMEs. The vast majority of our almost 40,000 membership work in small businesses. Their insights are critical to enable us to understand the economic conditions and regulatory environments they operate within. Only by doing this can we represent and advocate on their behalf for solutions to meet these challenges.

The findings of this inaugural survey reflect a diverse range of experiences and perspectives. What is common is that for 80% of SMEs surveyed, the cost of business has increased in the past 6 months, with staff costs the biggest financial challenge faced. We know that labour costs have been steadily increasing due to a variety of factors, including higher minimum wage standards, increased PRSI, and inflationary pressures. Increased operational and regulatory compliance costs were also cited as being challenging for SMEs. As was access to funding.

For many small business owners, these rising costs have necessitated a re-evaluation of business models and strategies. However, the sentiment among these entrepreneurs is a mix of resilience and optimism – despite geopolitical tensions, owners in Ireland remain committed to their enterprises.

There is also clear recognition of the Irish government's efforts to address cost concerns and the offer of various support measures such as grants and tax reliefs, to help small businesses navigate these challenges and foster a more sustainable business environment. Our findings did highlight however mixed attitudes to the effectiveness of the supports as well as certain challenges experienced in applying for some of reliefs, particularly for time and resource constrained SMEs.

The SME sector is a cornerstone of the Irish economy, and their resilience and adaptability are commendable. With continued support and innovative approaches, these businesses should be well-positioned to overcome obstacles and thrive in the current economic environment. We look forward to working with SMEs, government and other stakeholders to ensure continued support of this vital sector and of course taking the temperature in 6 months' time.

Cróna Clohisey
Director of Members & Advocacy



Welcome from GRID Finance

As the official independent lender partner to Chartered Accountants Ireland, GRID Finance is proud to support this vital research into the challenges and opportunities facing Irish SMEs today. For us, this collaboration goes beyond gathering data – it's about strengthening our understanding of how we can better serve the small and medium enterprises that form the backbone of Ireland's economy. As a B-Corp committed to positive impact, we recognise that meaningful support must be built on genuine insight.

What makes this report particularly valuable is the expert perspective of chartered accountants – the trusted advisors who work alongside SMEs daily, helping them navigate financial complexities and strategic decisions. Their observations complement our previous research with business owners, creating a more complete picture of the SME landscape.

These insights directly shape our approach to developing financial solutions that respond to real business needs. While the report highlights significant challenges – from rising costs to regulatory burdens – we see these as catalysts for innovation and adaptation.

We believe periods of economic pressure often reveal opportunities for businesses to reassess, streamline, and strategically invest in their future. The SMEs that proactively forecast cash flow needs, explore flexible funding options, and anticipate regulatory changes will be best positioned not just to survive but to thrive.

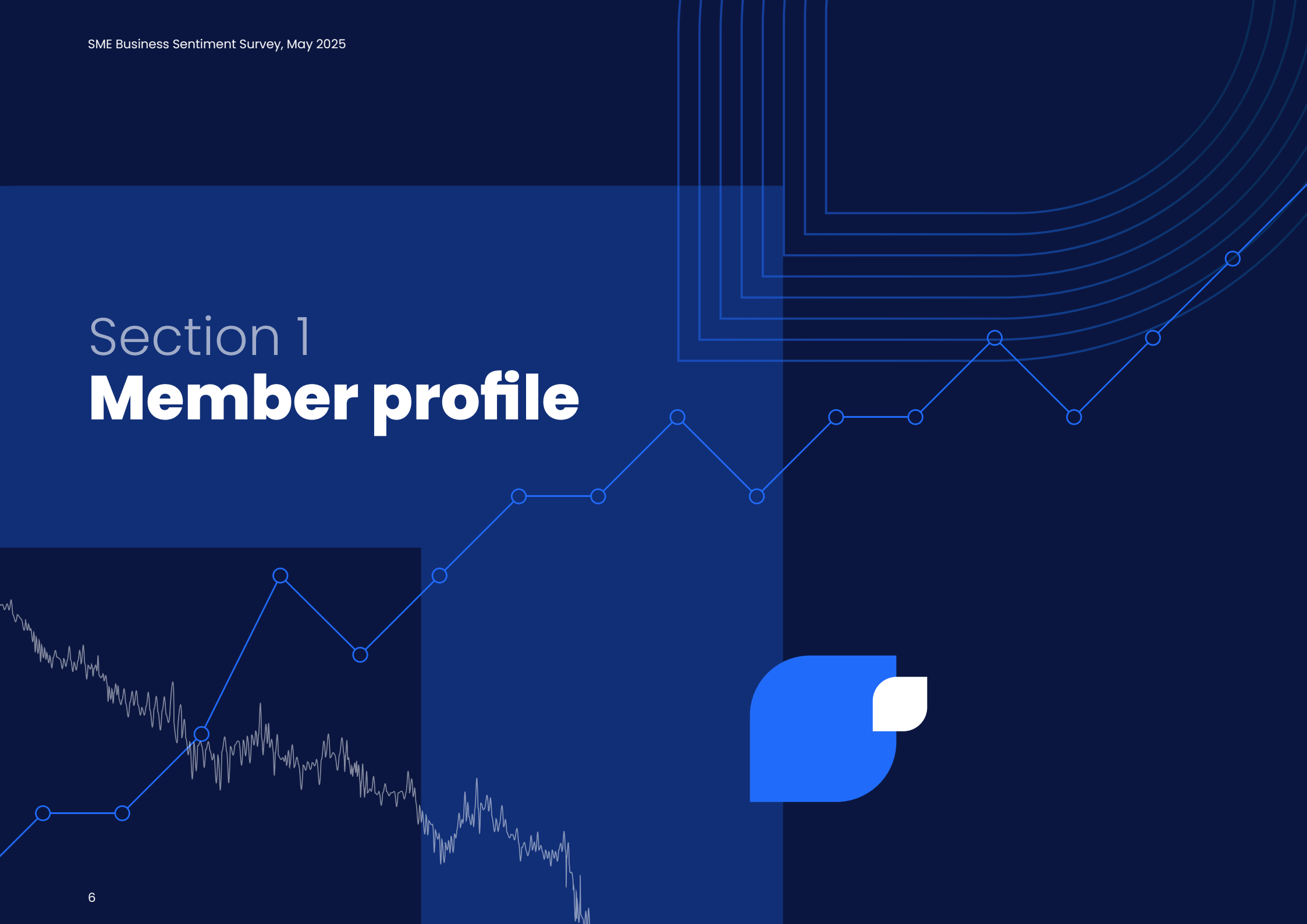
By working together – financial institutions, professional advisors, policymakers, and businesses – we can create an environment where Irish SMEs emerge from current challenges stronger and more resilient than before. This report represents an important step in that shared journey.

Eoin Christian,
CEO, GRID Finance

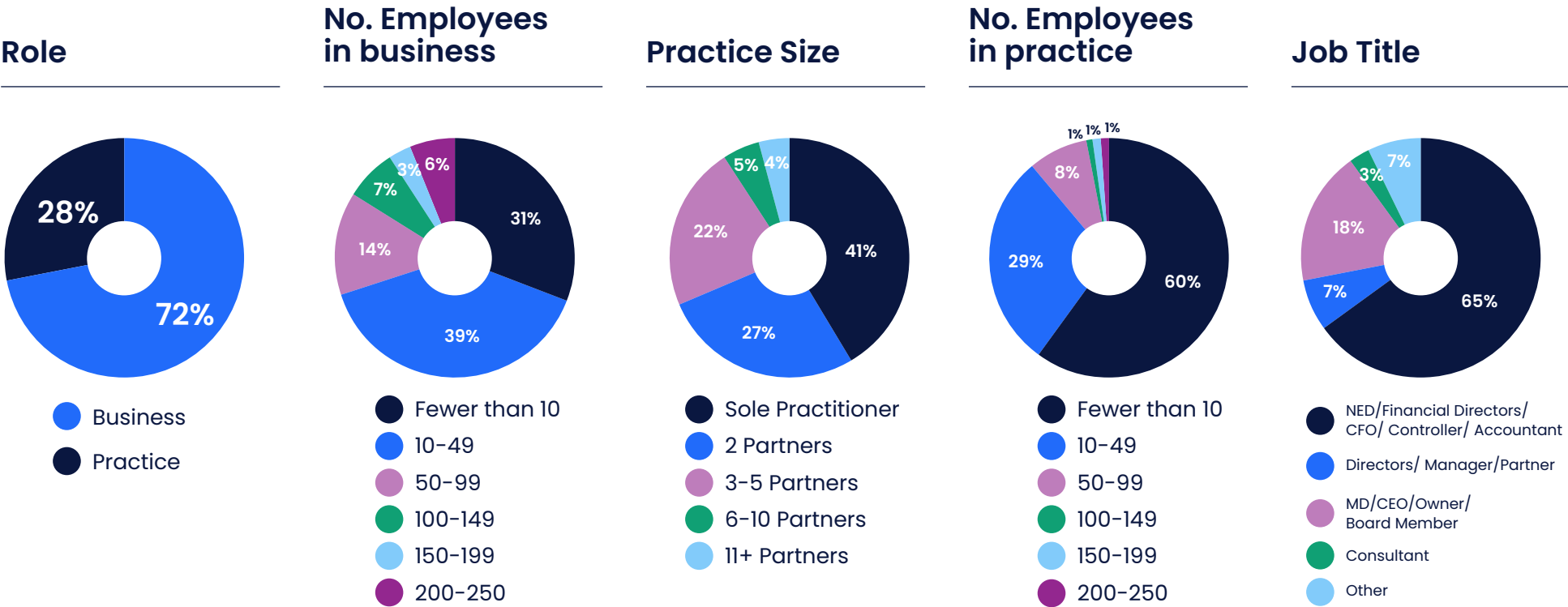


Section 1

Member profile



Profile of member sample



7 in 10

of the sample work in Business, the remainder work in Practice

7 in 10

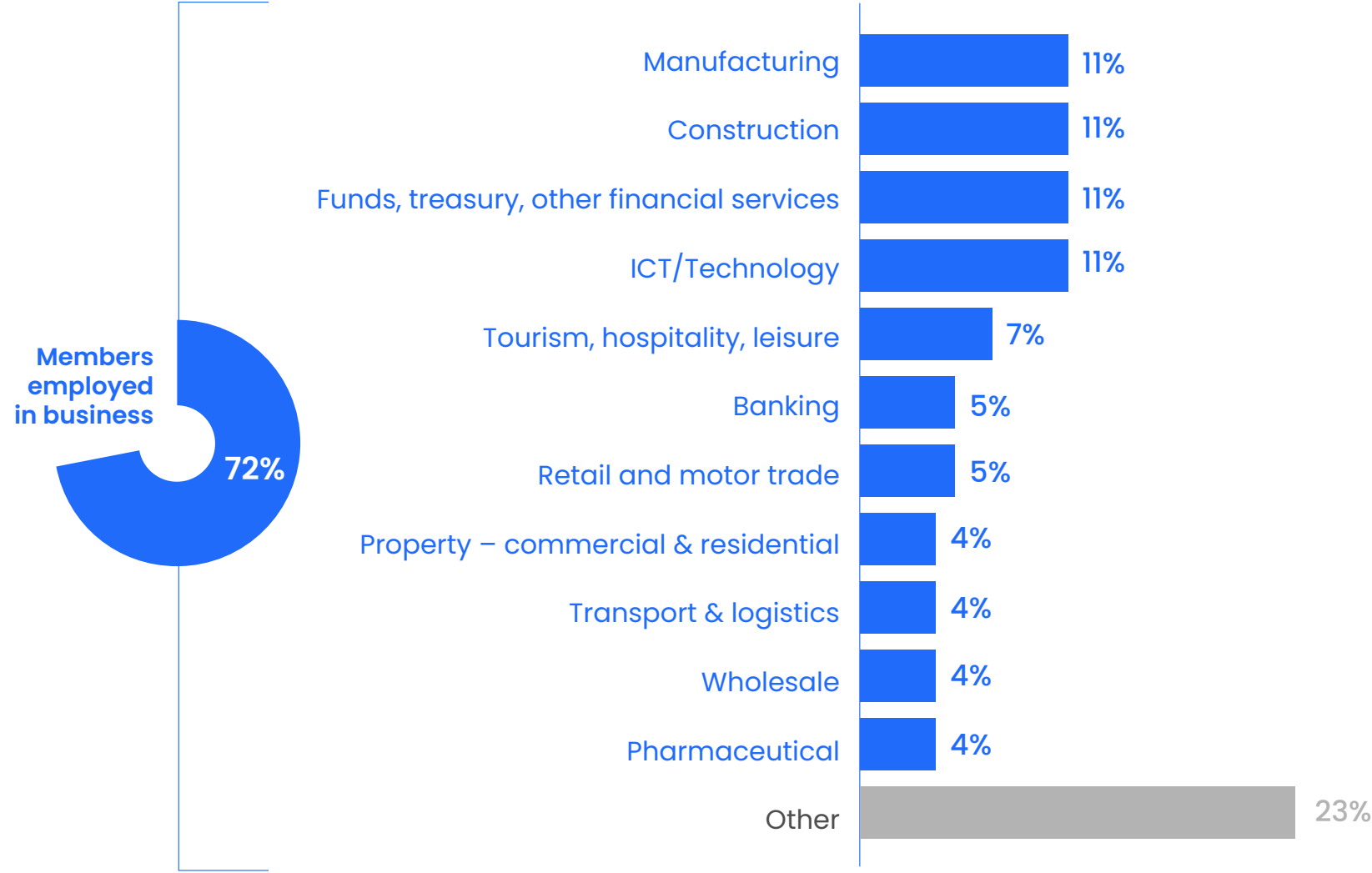
work in a company with less than 50 employees

9 in 10

work in a practice with less than 50 employees and less than 5 partners

Amongst Practice members

Industry sector breakdown amongst business members



Section 2

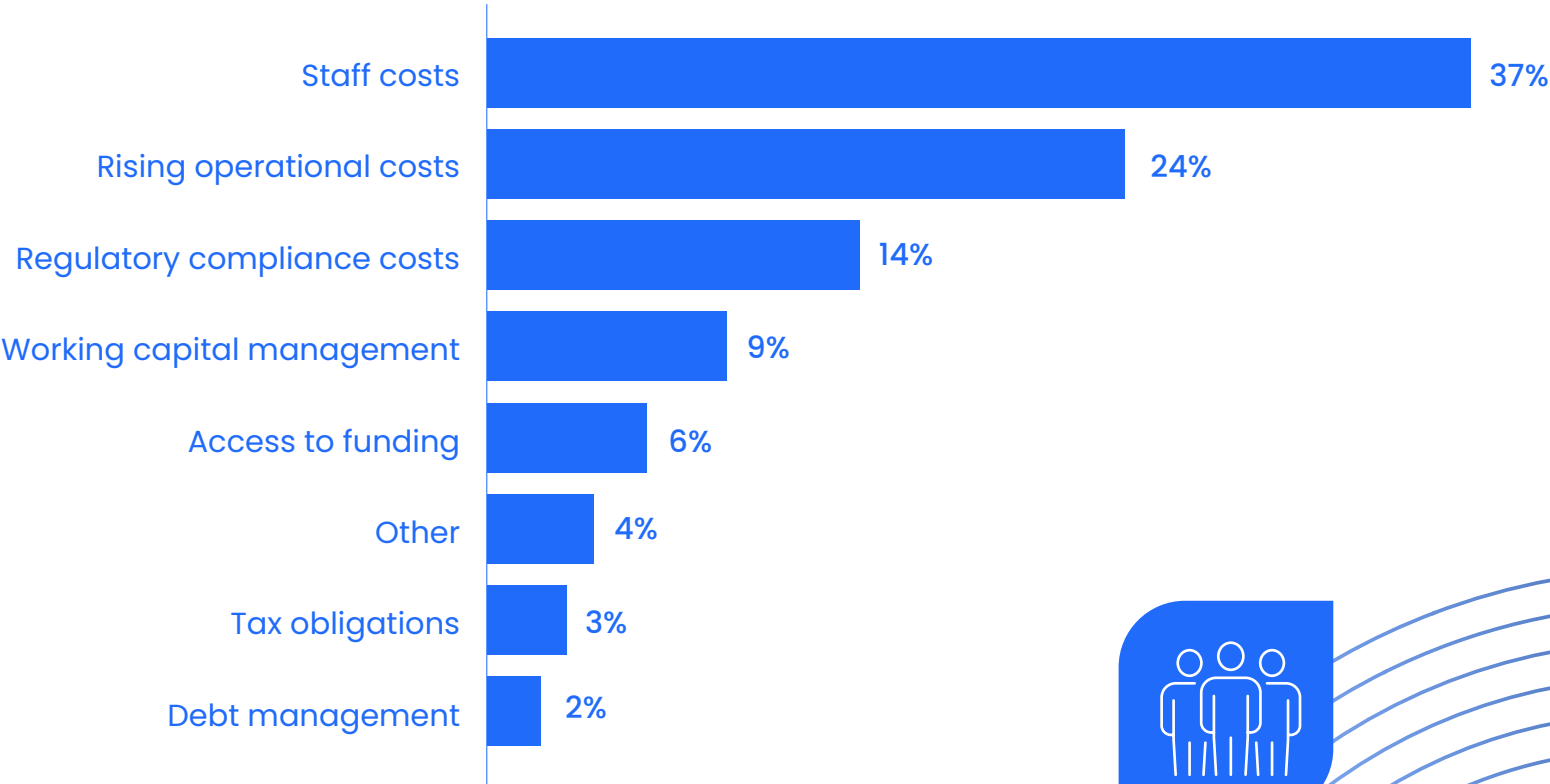
Financial changes

Biggest financial challenges facing SMEs currently

Almost 2 in 5 believe staff costs is the biggest financial challenge facing SMEs currently. This is followed by rising operational costs (24%) and regulatory compliance costs (14%).

This generally reflects a recurrent sentiment amongst members that the overall costs of doing business have increased year on year and represents a significant challenge to sustaining profitability in the current climate.

Q Please rank 1-3, where 1 is biggest challenge and 2 is 2nd biggest challenge, etc, what do you believe are the top 3 financial challenges you are facing as an SME currently?



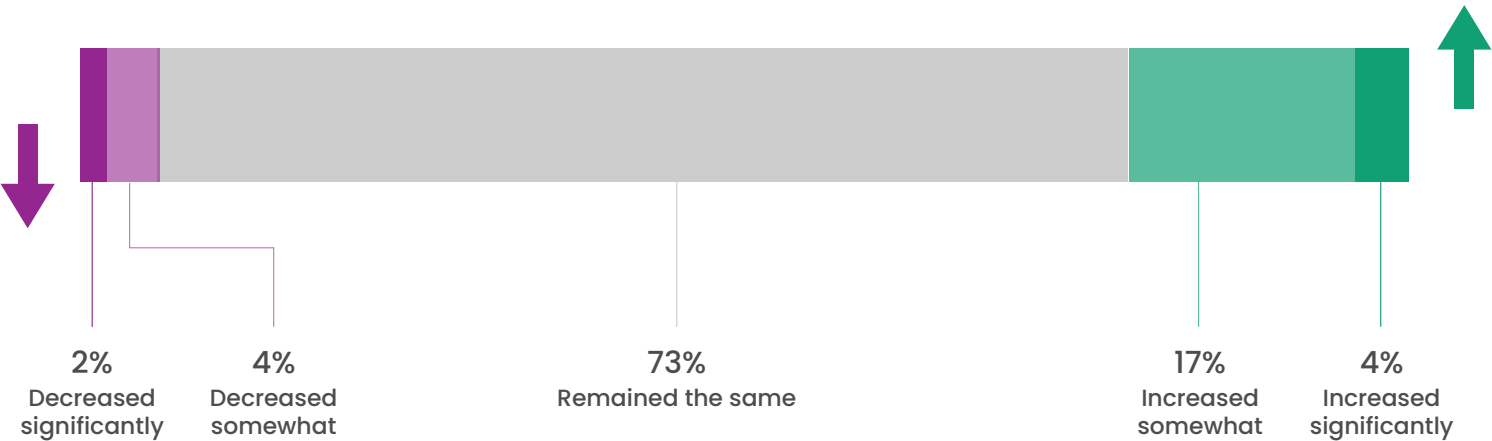
Borrowing demand shifts in past 6 months

1 in 5

report borrowing demand increasing in the past 6 months, while almost 3 in 4 claim borrowing demand has remained the same.



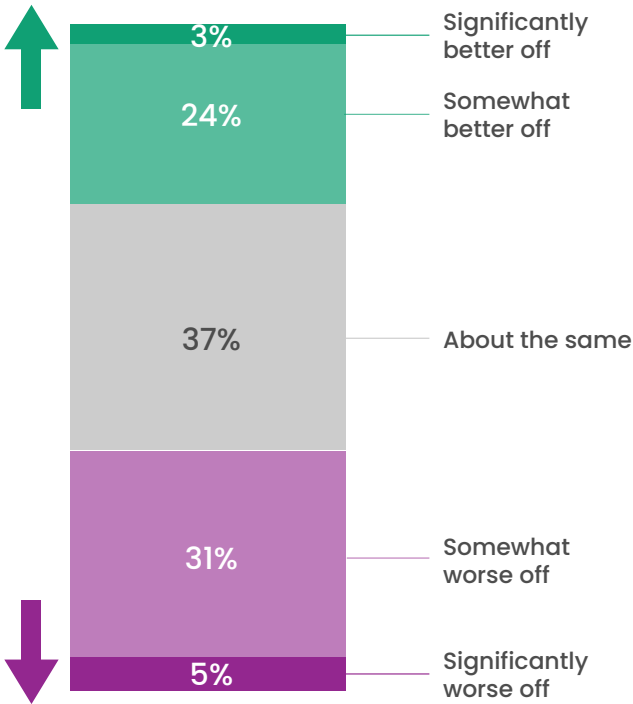
How has borrowing demand / need for access to finance changed compared to 6 months ago?



Business projections over next 12 months



Looking ahead to the next 12 months, do you expect your business to be:



Despite the various economic headwinds facing the economy at present, there remains a degree of optimism amongst businesses about their prospects over coming year.

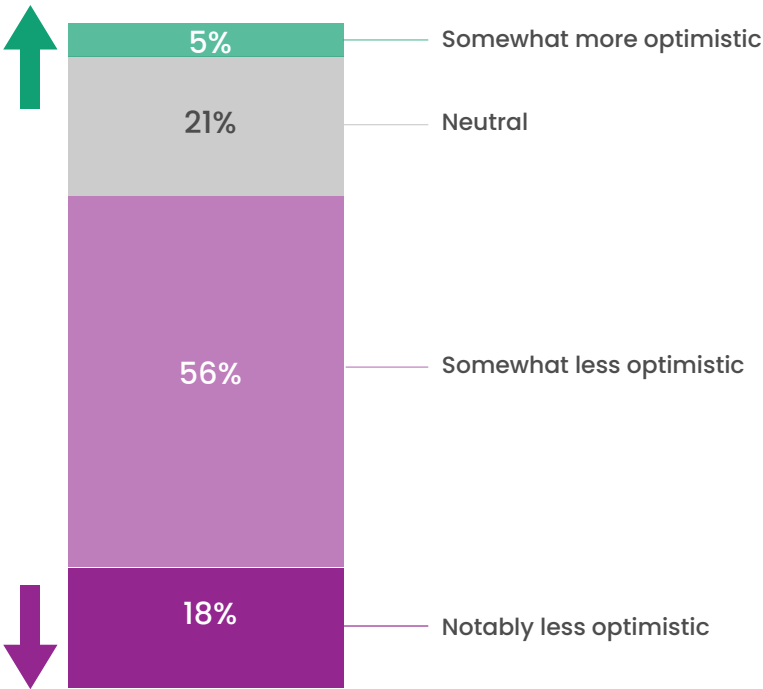
27% of the respondents forecasted their business to be either somewhat or significantly better off over the coming year.

However this optimism is not universally shared. At the other end of the scale, over one third of respondents (36%) believe that their business will be either somewhat or significantly worse off.

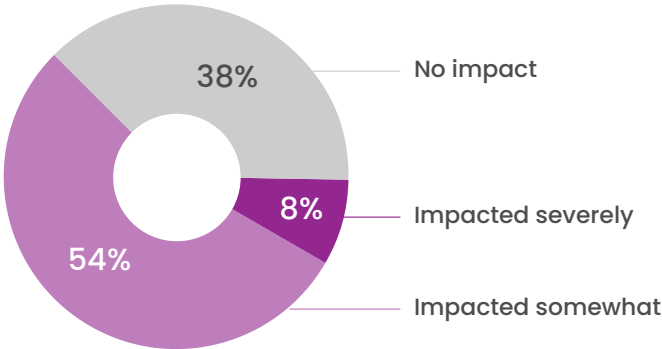
Broader economic outlook



Thinking about the broader economic environment for SMEs, how do you feel now compared to 6 months ago?



To what extent have global trade tensions and tariffs impacted your business operations?



In terms of respondents' broader economic outlook, a large majority (74%) signalled that they are feeling either somewhat or significantly less optimistic about the economy's prospects versus 6 months ago. This is perhaps due to rising trade tensions – 3 in 5 respondents claim their business operations will be impacted by the imposition of tariffs.

Section 3

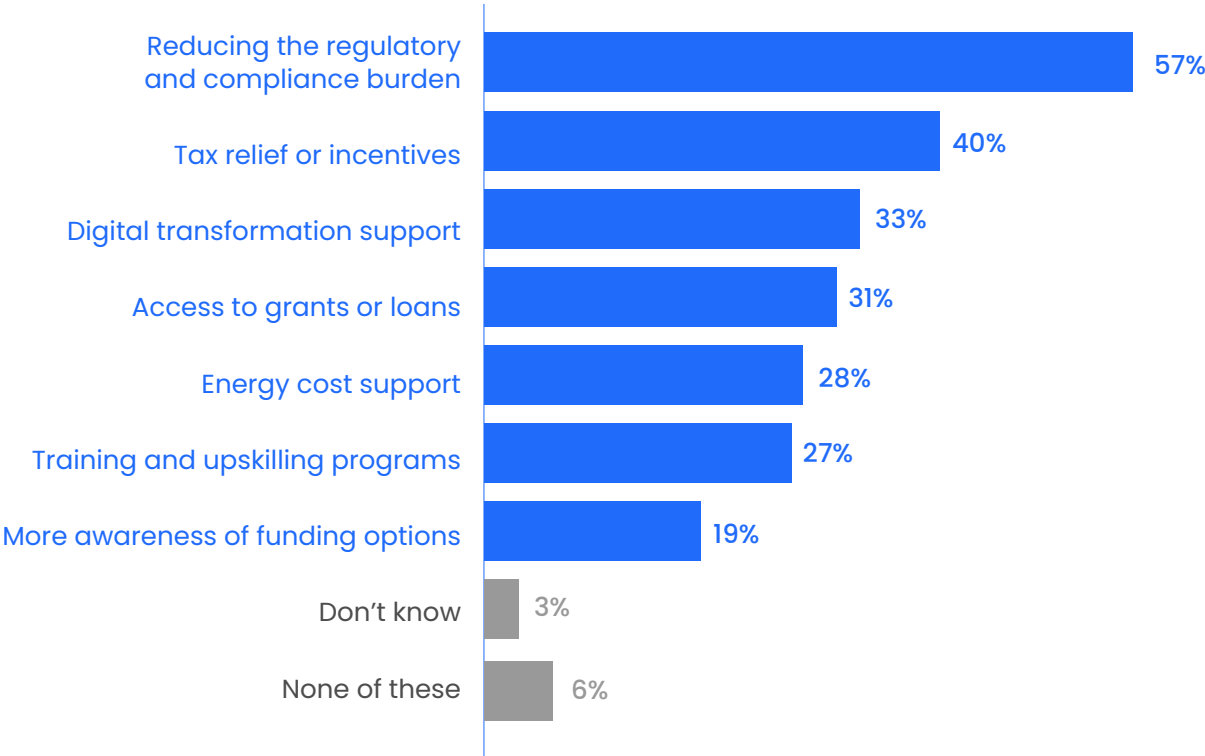
Government support & policy



Areas most in need of government support



In your experience which of these areas does your organisation most need government support with?



Reducing the regulatory and compliance burden tops the list of areas most in need of government support.

This again reflects a recurrent theme amongst businesses who have continuously called for a reduction in the administrative burdens impacting their operations.

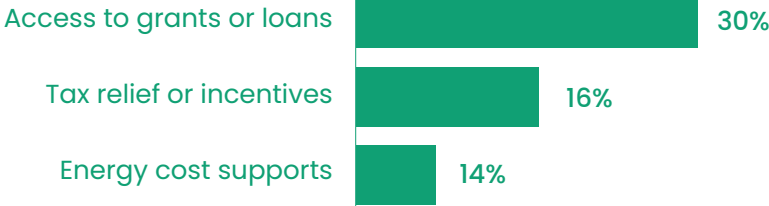
Respondents have also called for greater supports in accelerating their digital transformations as well as support in accessing various grants and loans.

Government supports applied for & advice sought after

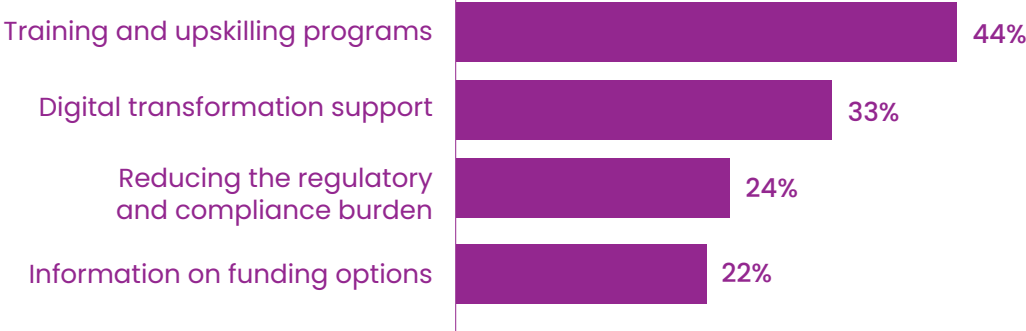


In the past 6 months, have you applied or sought advice for any of the following?

Applied for:



Advice sought for:



3 in 10

have applied for government supports for access to grants and loans. 4 in 9 have sought advice on training and upskilling programs.

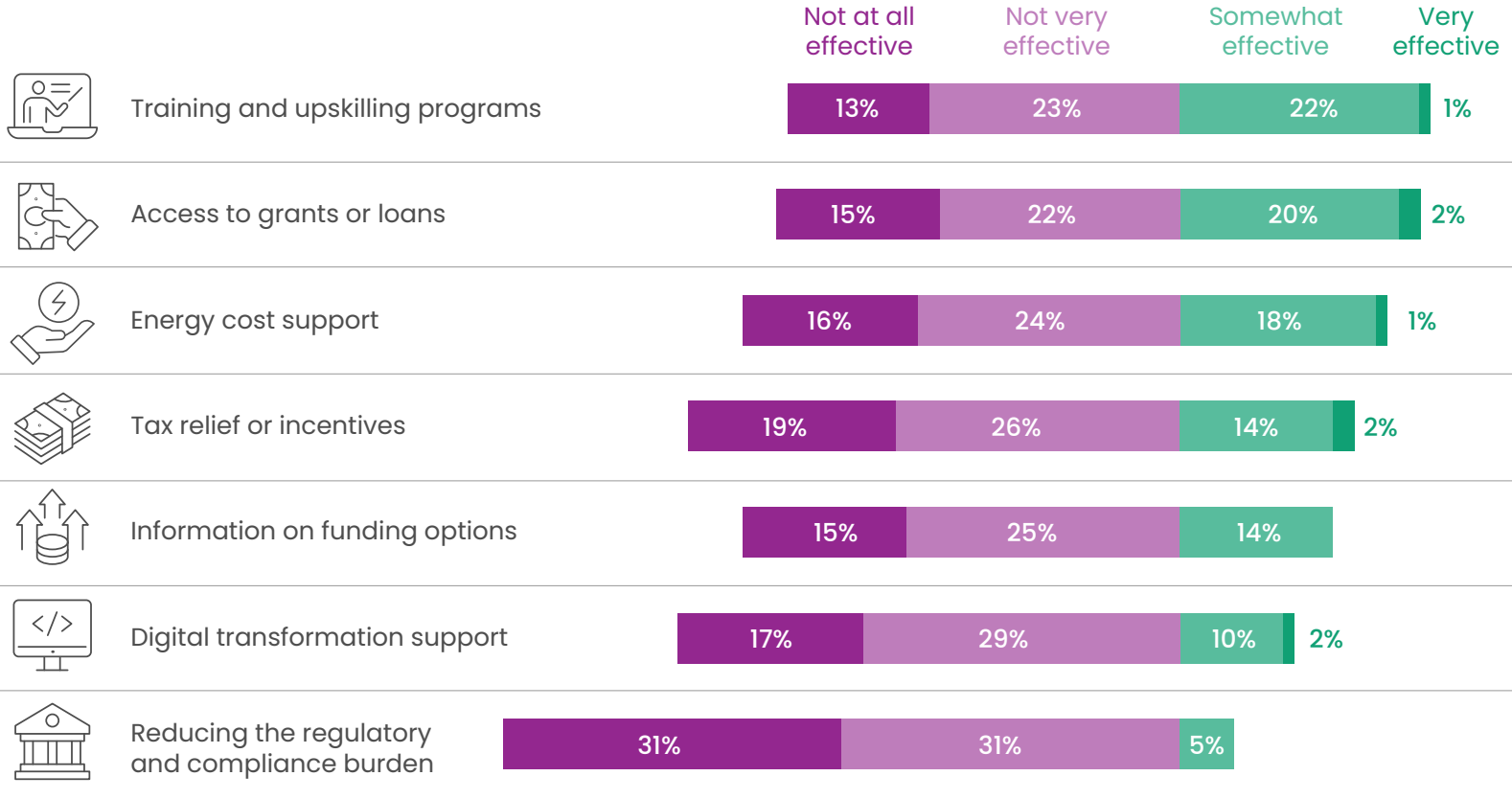
Only 1 in 7 respondents say that they have applied for energy cost supports reflecting a broader trend of consistently low uptake for this type of support.

Effectiveness of government supports

1 in 5 believe government supports for training and upskilling programs and access to grants and loans are effective.

By contrast, over 3 in 5 believe government supports aimed at reducing the regulatory and compliance burden are not effective.

Q How effective or not are current government supports for your organisation in each of the following areas?



Section 4

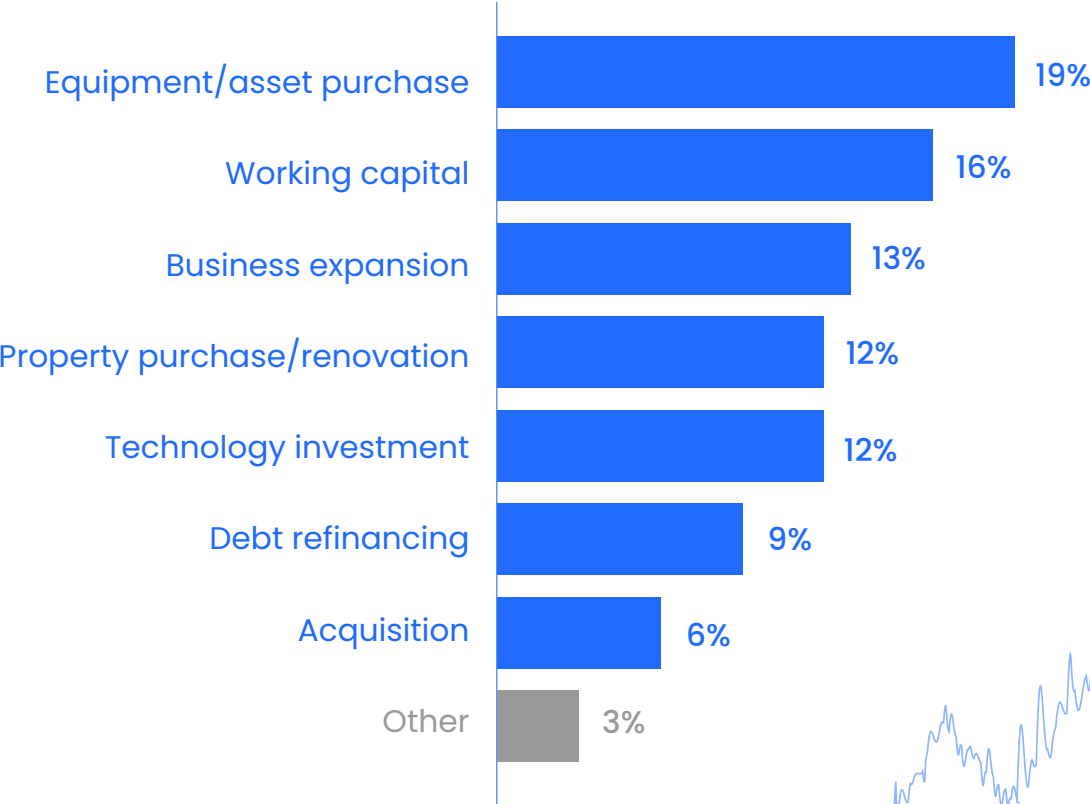
Economic & operational environment



Incidence of applying for funding



In the past 6 months, have you applied for funding for any of the following?

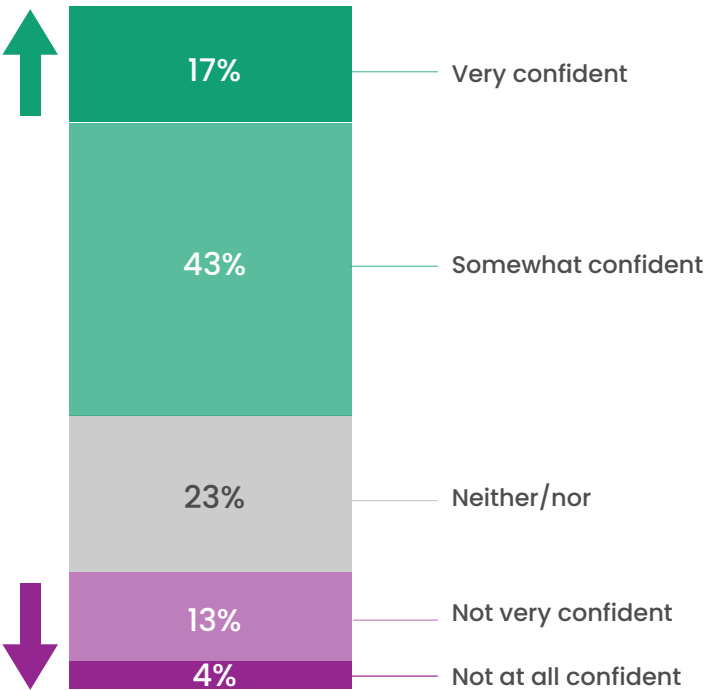


1 in 5

have applied for funding for equipment/asset purchase. This is followed by working capital (16%) and business expansion (13%). Business members are more likely to have applied for funding across the majority of the areas.

Confidence in securing adequate funding for business needs

Q If you need to access credit / investment in the next 6 months, how confident are you of securing adequate funding for your business needs?

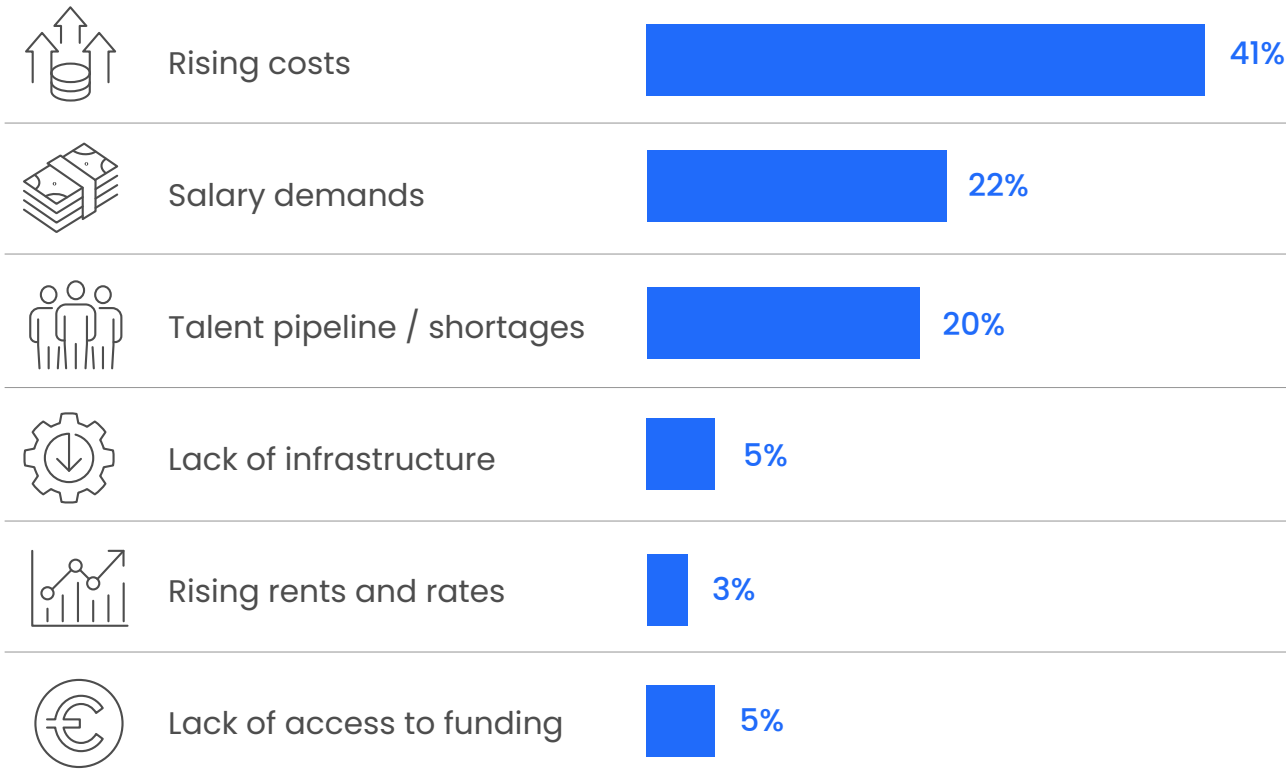


3 in 5

claim to be confident of securing adequate funding for their business needs if they need to access credit / investment in the next 6 months.

Biggest competitiveness challenges faced by SMEs

Q Thinking about the operating environment for SMEs, please rank 1-3, where 1 is biggest challenge and 2 is 2nd biggest challenge, etc, what do you believe are the top 3 competitiveness challenges you currently face?



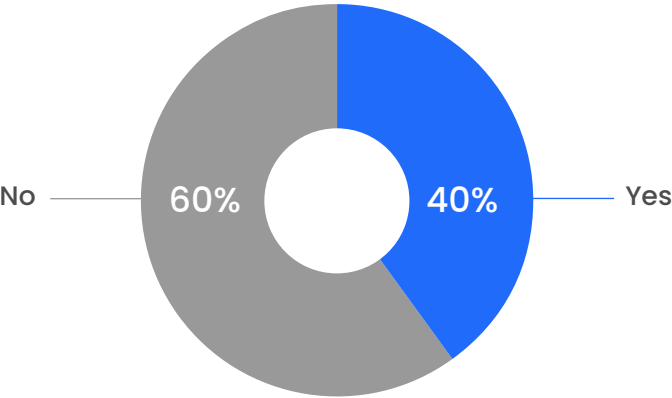
Rising costs
is viewed as the biggest competitiveness challenge faced by SMEs. This is followed by salary demands and talent pipeline / shortages.

Section 5

Topical questions

Pension auto-enrolment

Q Do you feel that your business has been adequately informed of the steps needed to be taken to implement pensions auto enrolment in time for its launch in January 2026?



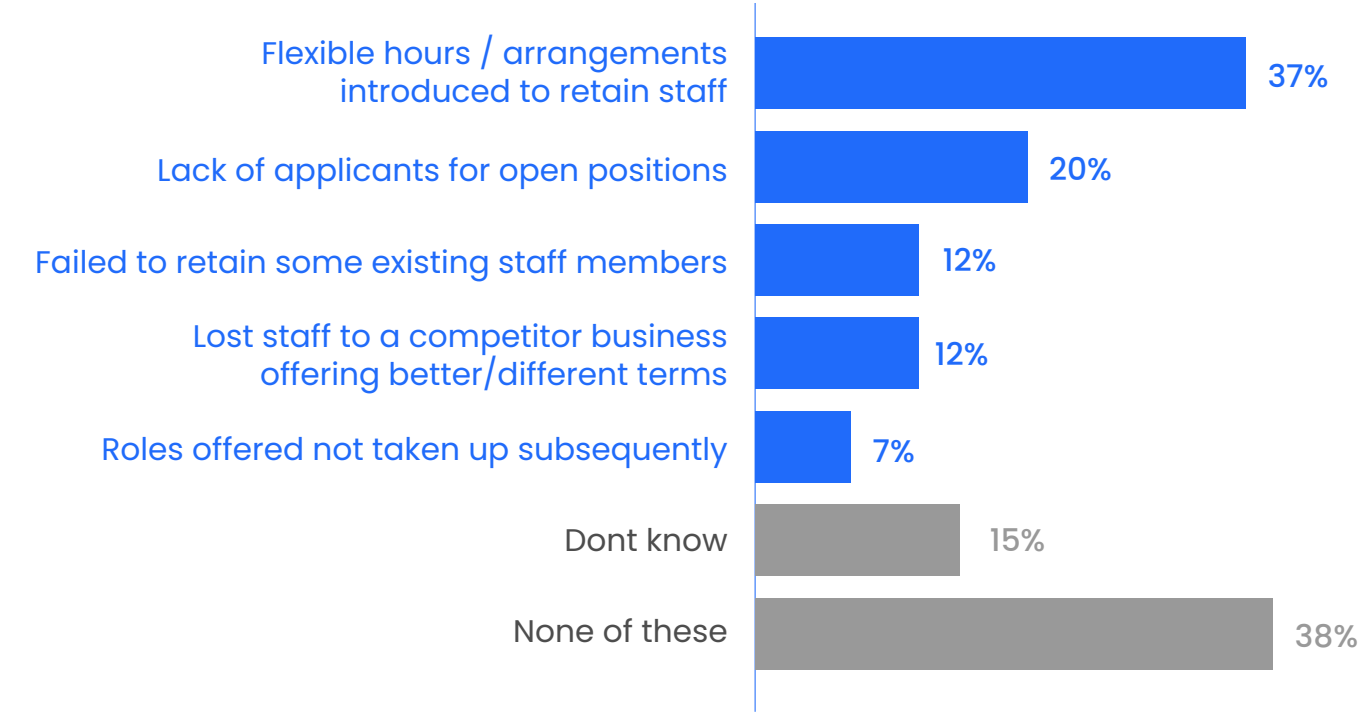
only 2 in 5

respondents feel that they have been adequately informed of the steps needed to be taken to implement pensions auto enrolment in time for its planned launch in January 2026.

This illustrates the need for a more concerted communications and awareness campaign from Government over the coming months to adequately equip businesses with the information they need to make the adoption of the new system into their payroll infrastructures a success.

Impact of infrastructural shortfalls – access to childcare

Q In the past 12 months, to what extent have childcare challenges impacted your business’s ability to attract and retain staff?



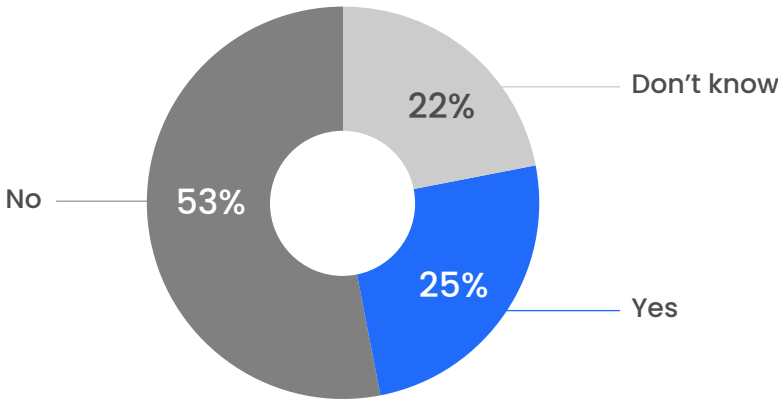
Access to adequate childcare continues to impact on businesses’ ability to attract and retain staff. Nearly 40% of respondents say they have had to introduce flexible arrangements / working hours in order to retain working parents in their teams.

20% of respondents also believe that childcare responsibilities have resulted in a broader lack of applicants for open positions.

Both findings point to the urgent need for improved capacity in the childcare sector if more working parents are to remain in the labour market.

Housing challenges

Q Thinking about the housing crisis/situation, in the past 12 months has your business lost employees or had prospective employees unable to take a role due to the unavailability of affordable accommodation?



Availability of housing also features as a challenge for businesses.

1 in 4

respondents signalled that their business has either lost employees or had prospective employees unable to take a role due to the unavailability of affordable accommodation.





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