

<b>Institute of Directors in Ireland (IoD)</b>	<b>Press Release</b>
<b>Date:</b> Tuesday, 1 <sup>st</sup> June, 2010	<b>For Immediate Release</b>

## **Directors flag lack of confidence in current Government but a change of leadership not the solution**

- **Over half of directors say the Government does not have sufficient understanding of the current economic situation to resolve it**
- **3 in 5 directors believe the Government does not have the ability to lead Ireland out of the current crisis**
- **Less than half think a change of Government would restore business confidence**
- **67% of directors believe the Government is responsible for the current economic crisis, just slightly ahead of the 60% who hold the banks responsible**
- **70% believe that not enough is happening to resolve the crisis quickly enough**
- **Over half of directors are pessimistic about the broader business climate for 2010 but 3 in 4 are optimistic about their own company**

### **Lack of confidence**

Recent independent research conducted by Behaviour & Attitudes on behalf of the Institute of Directors in Ireland (IoD) among its members, has found that over half (54%) of those directors surveyed believe the Government does not have sufficient understanding of the current economic situation to resolve it and 7 in 10 (70%) claim that not enough is happening to resolve the crisis quickly enough.

In addition, 3 in 5 (60%) directors do not have confidence that the Government has the resolve and ability to lead Ireland out of the current economic crisis. This figure is slightly lower among Irish owned companies (56%) but rises to over two-thirds (68%) among multinationals. However, less than half (45%) think that a change of Government would restore business confidence.

Asked who is responsible for the current economic crisis, two-thirds (67%) of directors cite the Government, 3 in 5 (60%) claim that the banks are responsible and a quarter (26%) believe that regulators are to blame for the current situation. 1 in 5 (19%) attribute responsibility to society as a whole, while 16% hold property developers responsible.

When reviewing the results by company type, 95% of directors in professional practice firms attribute responsibility to the banks and 55% to Government. PLCs hold the Government (66%) and banks (68%) equally responsible, while 3 in 5 (61%) directors in SMEs hold the Government responsible, with just over half (52%) blaming the banks.

When looking at the Irish Government's handling of the current economic crisis and comparing its performance with the UK, US, Germany and Greece, just over half (52%) say its performance is worse than the UK, 4 in 5 (79%) claim that it is performing at a worse rate than the US and almost 9 in 10 (88%) claim its performance is worse than Germany. However, almost all directors (95%) claim that the Irish Government is performing at a better rate than Greece.

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## **Business sentiment**

With regard to the prospects for Irish business in 2010, over half (57%) of directors surveyed are pessimistic about the broader business climate in Ireland. However, the level of optimism has more than doubled when compared to similar research conducted in 2008. 2 in 5 (41%) directors are now optimistic about the broader business climate, compared to less than 1 in 5 (18%) in 2008.

Irish owned companies are more optimistic (45%) than multinationals (38%), and the highest levels of optimism are among those companies with a turnover of €5 million or over (41%) and those employing between 25 and 100 staff (50%).

Regarding the outlook for their own company over the next 12 months, almost 3 in 4 (73%) directors are optimistic.

4 in 5 (82%) claim that competing for business is a challenge, with 3 in 4 (73%) also citing remaining profitable and providing better value as challenges. Interestingly, cutting costs is a challenge for just half of businesses (50%), while keeping afloat (36%) and negotiating rents downwards (36%) are seen as less challenging.

When questioned on what is needed to restore business confidence, almost all directors cited freeing up credit to business (96%), stability in financial markets (95%) and maintaining low interest rates (93%). In addition, 3 in 4 (77%) said reducing Government spending, while over half (57%) cited the transfer of loans to NAMA as necessary to restore business confidence.

Taking steps to boost business and public confidence (99%), reducing energy costs (93%) and promoting Irish goods (91%) were all cited as being important to alleviating business hardships.

Commenting on the findings, Maura Quinn, Chief Executive, Institute of Directors in Ireland, said: "What these results show is that directors in Ireland do not have confidence in the political leadership of this country, and while 3 in 5 believe the current Government does not have the ability to lead us out of economic crisis, equally, less than half are of the view that a change of Government would make any difference to restoring business confidence.

"Sentiment for the broader business climate remains pessimistic, with freeing up credit and financial stability being key to recovery. We are seeing signs of improvement though, with challenges shifting from the survival mode of the past and the majority of directors claiming to be optimistic about the outlook for their own businesses."

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**Editors' Notes**

Research was carried out by Behaviour & Attitudes with a sample of 240 IoD Ireland members. Interviews were conducted by telephone between 26<sup>th</sup> April – 5<sup>th</sup> May 2010.

The Institute of Directors in Ireland is the representative body for senior business professionals in Ireland. Members include chief executives, chairpersons, board members, senior executives and partners of national and international entities. Affiliated to the Institute of Directors worldwide, the Institute offers a range of training and services for its members to increase their effectiveness as directors.