

Cost Pressures Irk Exporters

Exporters can't find staff they need

30 May 2016

The Irish Exporters Association is concerned that rising business costs continue to curtail growth and reduce competitiveness, the organisation says in its Q1 2016 survey of members.

The survey was conducted under the IEA's four headings, which it calls 'war on talent', cost competitiveness, diversification of export markets and entrepreneurship.

CEO Simon McKeever said: "The underlying problem that we see throughout this review is cost competitiveness. Firstly, the impending referendum in the UK is having an impact. Two thirds of respondents are transacting in sterling and 50% have said that sterling fluctuation has negatively impacted their financial performance in the last quarter, yet 73% are not hedging this risk.

"Secondly, the rising costs of doing business in Ireland were cited by 15% of members as one of the biggest challenges facing them. Looking closer at where increased costs were felt, we specifically see that insurance, exchange rates, labour and regulatory costs are the biggest offenders.

"And lastly, leading on from labour costs, the skills shortage in Ireland that has been left in the wake of the most recent recession is really being felt by our members. Four out of ten respondents stated that they had experienced difficulty in finding candidates that met the minimum criteria for vacancies in the first quarter of this year.

"Gaps are growing in logistics, engineering, quality control and sales. The biggest difficulties being felt in recruiting or retaining suitable staff are: lack of available talent in Ireland, competition from other companies, and meeting high salary expectations, all of which link back to the rising costs of running a business in Ireland.

"We continue to urge wage restraint. In a global economy which is showing signs of slowdown we do not want to repeat the mistakes of the past. The CSO recently reported that Ireland is the third most expensive EU country to live in. The current housing crisis is driving up salary expectations which is affecting exporters' ability to compete on an international platform."

Half of IEA members who responded to the survey took on staff in the first quarter, while 10% lost staff and 40% saw no change. One-third of respondents listed rising insurance costs as the most urgent issue for government to deal with, while 19% said labour costs and 18% fingered regulatory burdens.

Sixty per cent believe that the tax system does not support the self-employed, while 17% rate government support as poor, 29% average, and 10% fair — but only 3% say excellent. Exactly 41% of respondents said it was ‘good’.

Paschal McCarthy of the IEA commented: “We are a small open economy that depends heavily on our exporting industry, so we need to put measures in place that will protect indigenous Irish companies, drive our exports forward and enable us to compete on the international stage.”