

Small business in Ireland: Cost of doing business report

September 2022



Overview

- + The total average cost of doing business for all Small (20-49 employees) Micro (<10 employees) firms is €138,814 per month. The average for Micro businesses is €66,426 and €193,535 for Small.
- + The average labour costs amount to 82% of overall monthly business costs. Banking and other costs (5.6%) is second highest, followed by transport / insurance (5.1%), all property costs (4.9%), and all utility costs (2.4%).
- + Half (52%) of all businesses with fewer than 50 employees are currently managing debt. Bank loans (63%), other financing loans (28%), and tax debt (22%) are the three biggest forms of debt for businesses.
- + The average debt for Micro and Small businesses is €80,903, lowest for Micro firms at €56,774 and highest for Small businesses at €107,149.
- + Rising business costs is the top challenge facing small firms.
- + For Small firms with rental or lease costs, more than half (55%) have had a rent increase or have been approached by their landlord about a need to increase rent.
- + Small enterprises are under pressure to increase employee wages (56%), provide additional employee benefits (26%), and more remote working supports (18%).

Average cost categories for businesses

The total average cost of doing business for all Small / Micro firms is €138,814 per month. The average for Micro businesses is €66,426 and €193,535 for Small.

	All	Micro	Small
Labour	€113,926	€52,647	€156,636
Transport & insurance	€7,148	€2,254	€14,233
Banking & other	€7,732	€4,491	€9,103
All property costs	€6,739	€4,687	€9,670
All utility costs	€3,269	€2,347	€3,893
TOTAL	€138,814	€66,426	€193,535

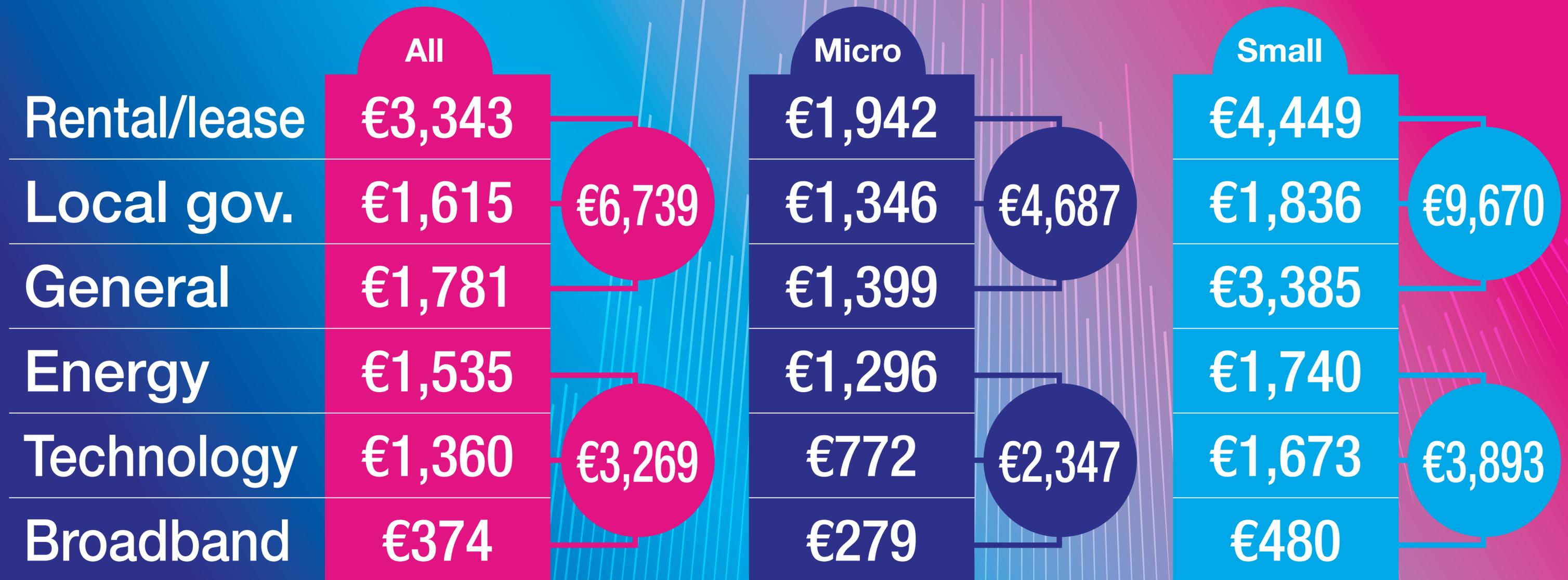
Average monthly costs for businesses (I)

The average labour costs for Micro and Small businesses is €113,926 per month, lowest at €52,647 for Micro businesses with 1-9 employees and €156,636 for Small businesses.



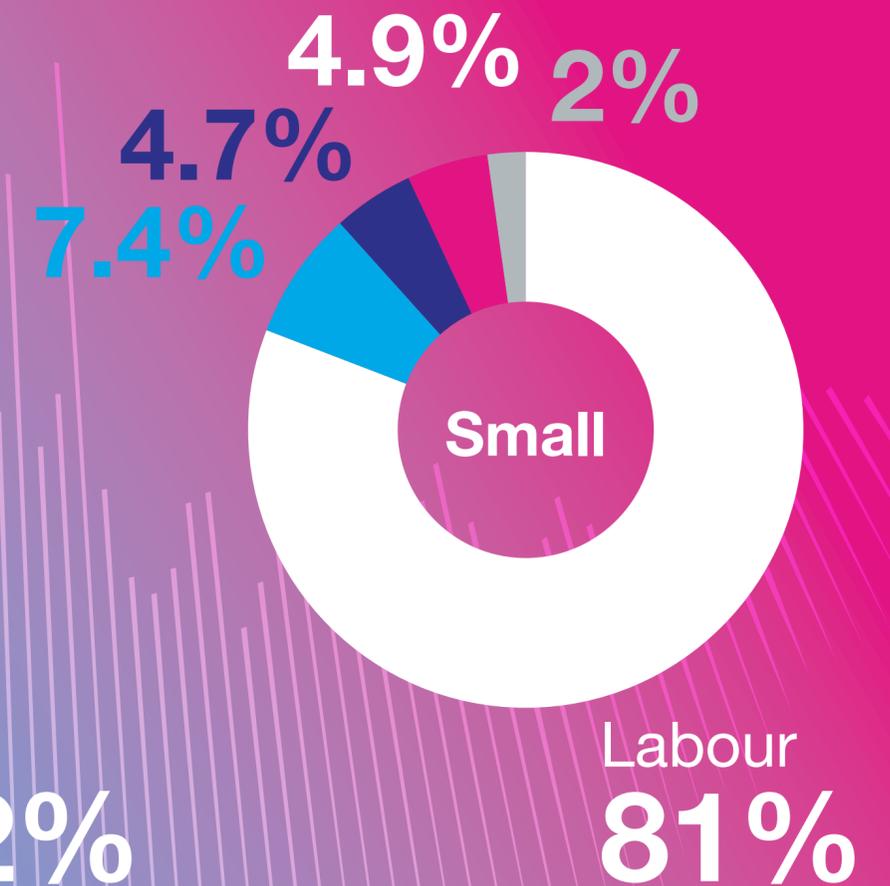
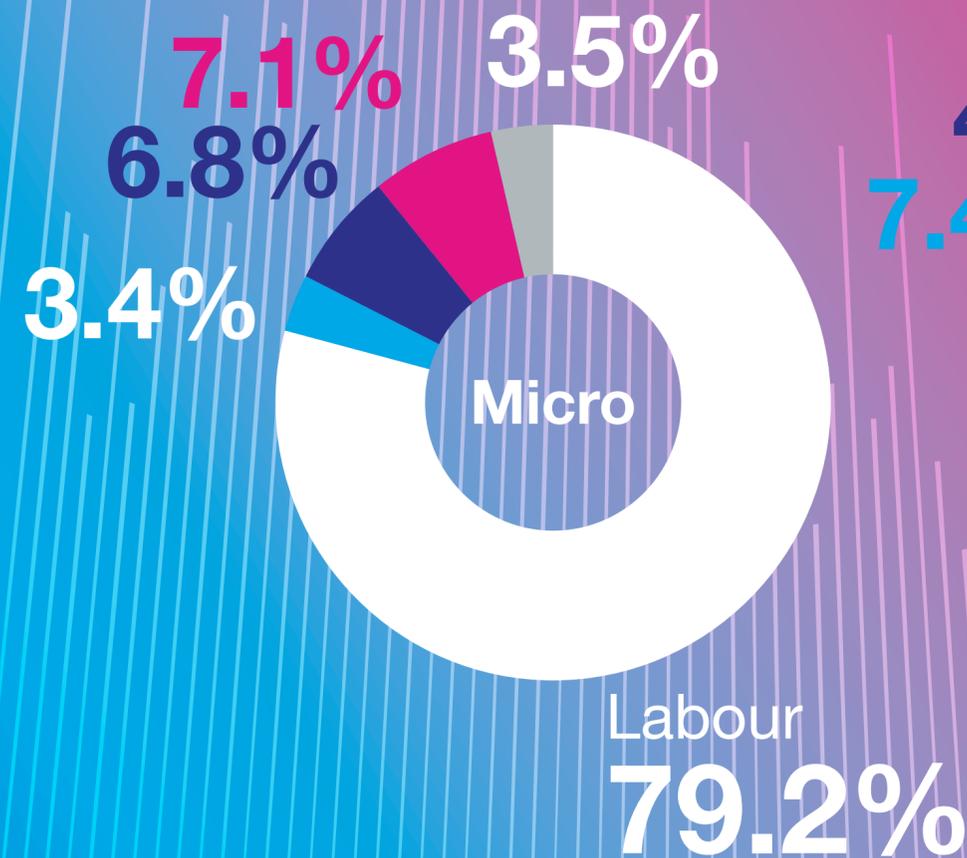
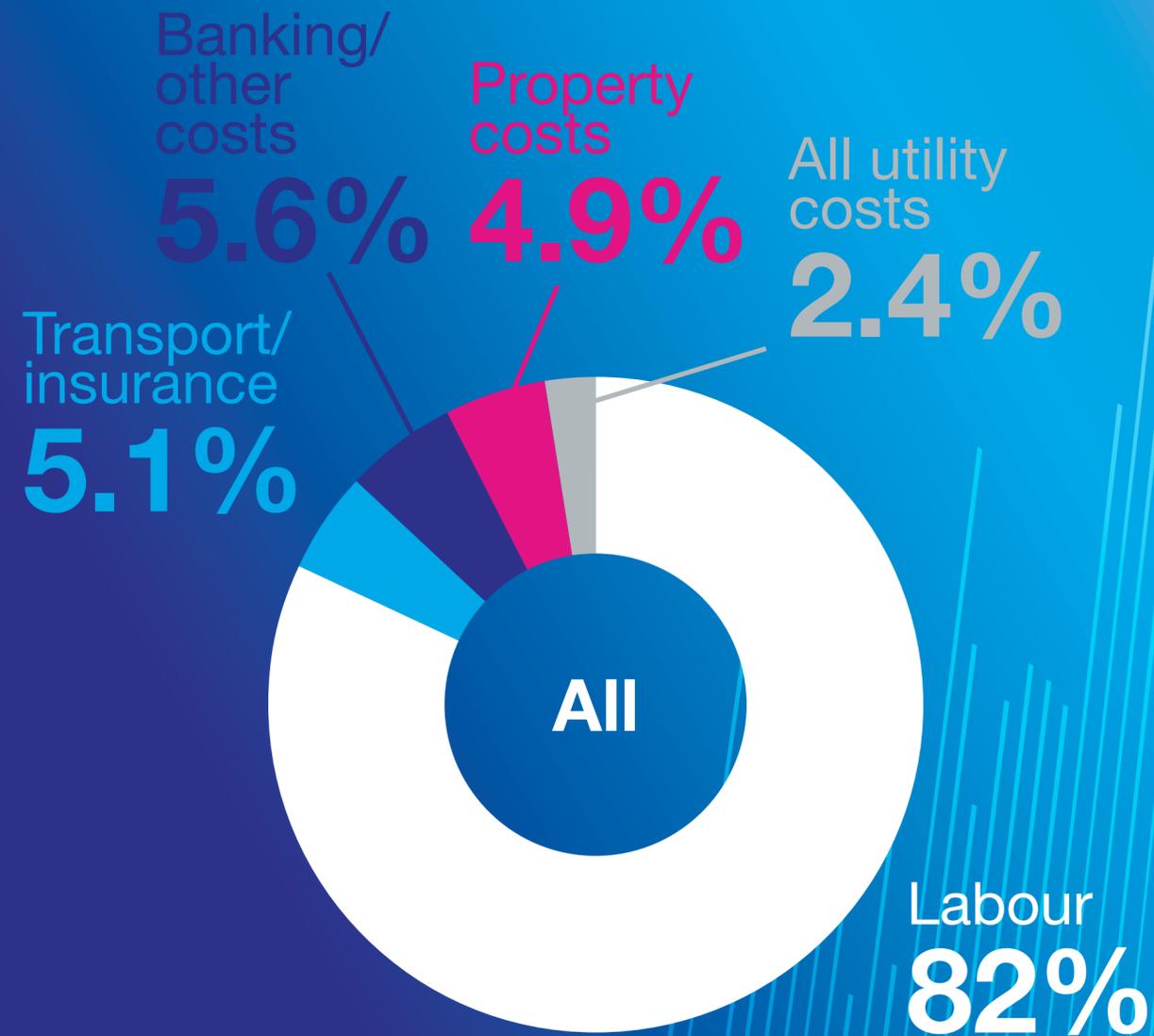
Average monthly costs for businesses (II)

Small businesses see higher costs across all categories. The average monthly cost for property, rates (etc.), and general maintenance / security is €9,670 compared to €4,687 for Micro businesses.



Total cost of doing business and category splits

Labour costs amount to 82% of overall monthly business costs. Banking and other costs (5.6%) is second highest, followed by transport / insurance (5.1%), all property costs (4.9%), and all utility costs (2.4%).



Costs essential to business

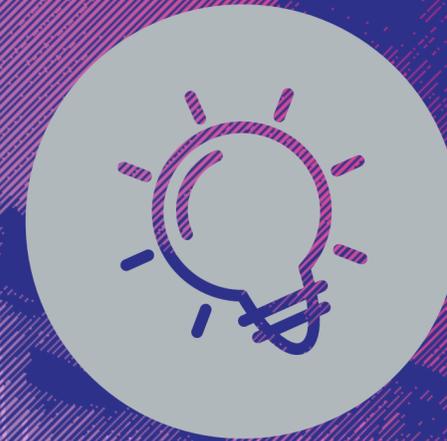
The most essential costs to doing business for Small firms in Ireland were identified as labour costs, insurance costs and energy costs.



**Labour
costs**



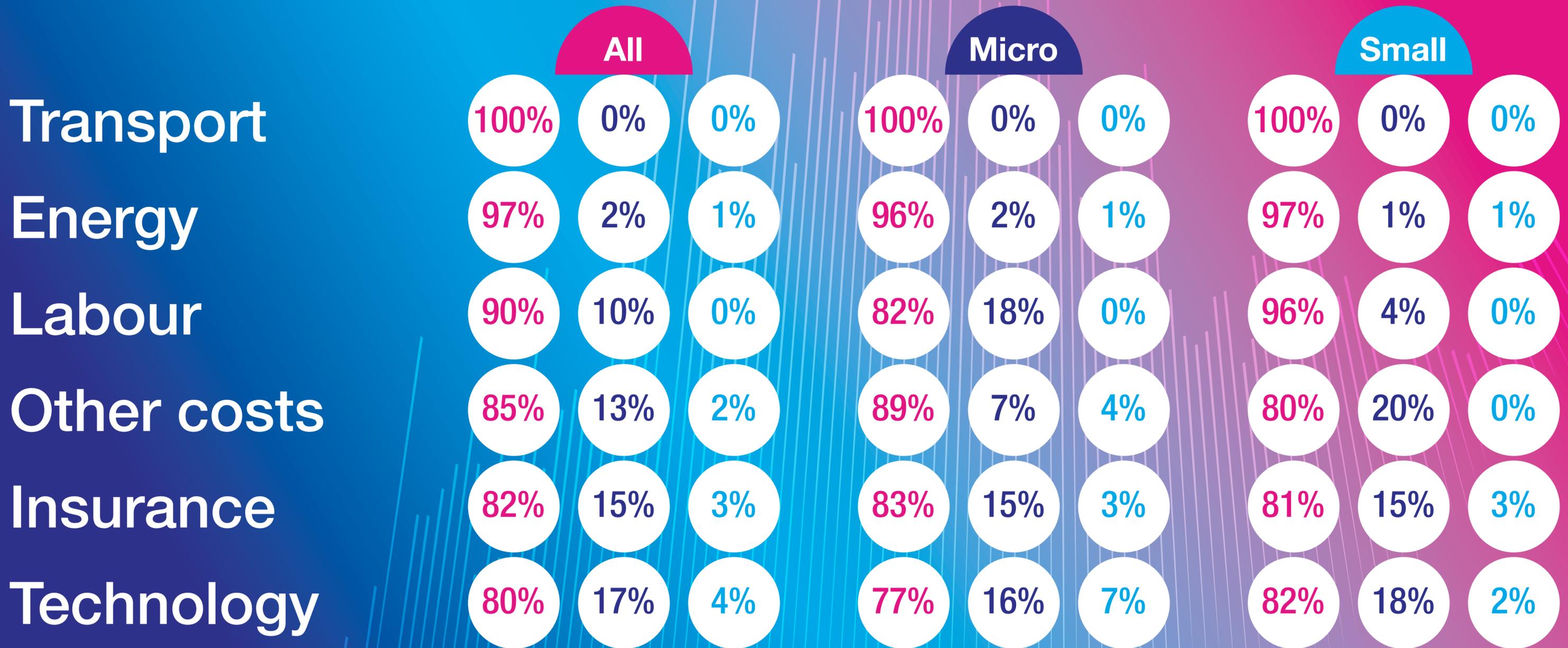
**Insurance
costs**



**Energy
costs**

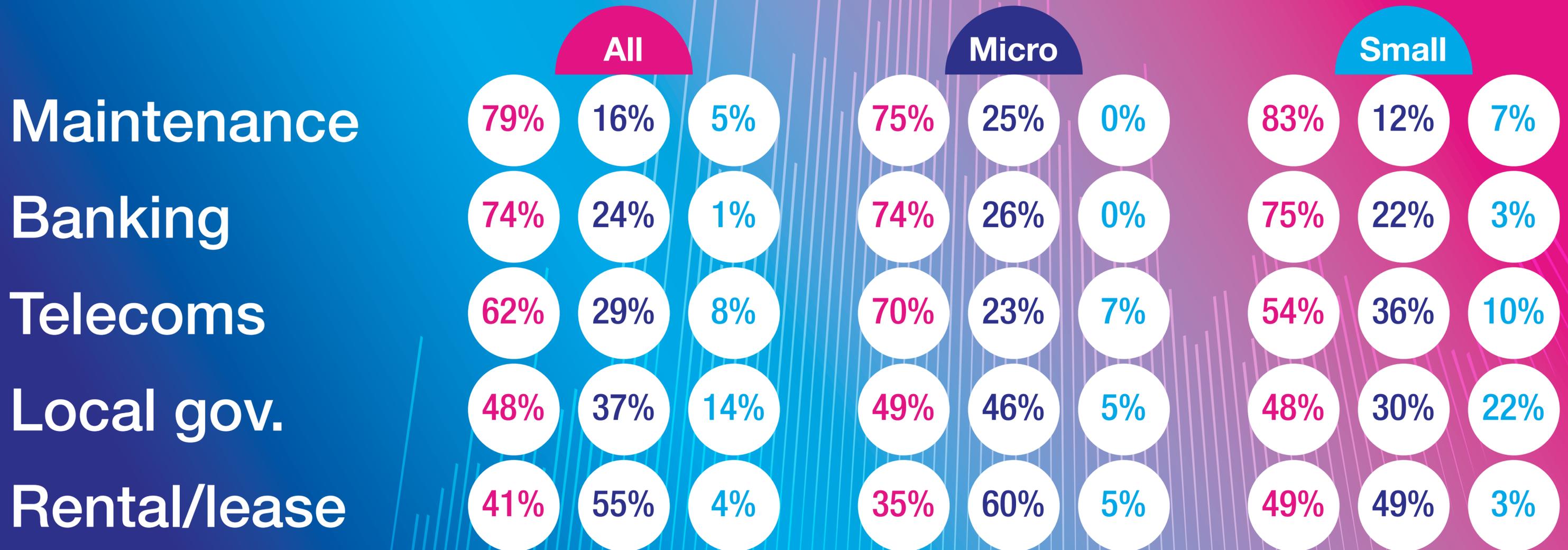
Increase or decrease in business costs (1-6)

100% of respondents say their transport costs have increased in the last two years.
97% say the same for energy costs, and 90% say labour costs have increased.



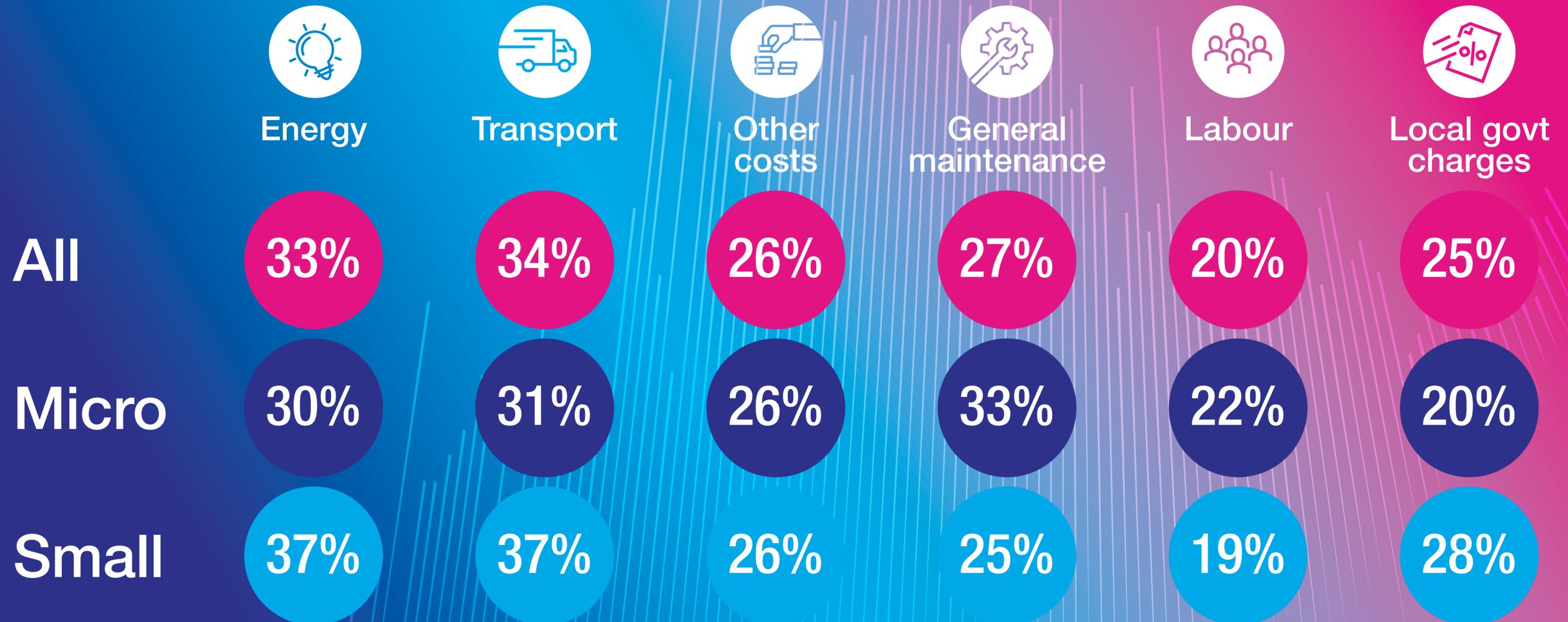
Increase or decrease in business costs (7-11)

79% say General maintenance and security costs have increased.
74% say the same for banking costs.



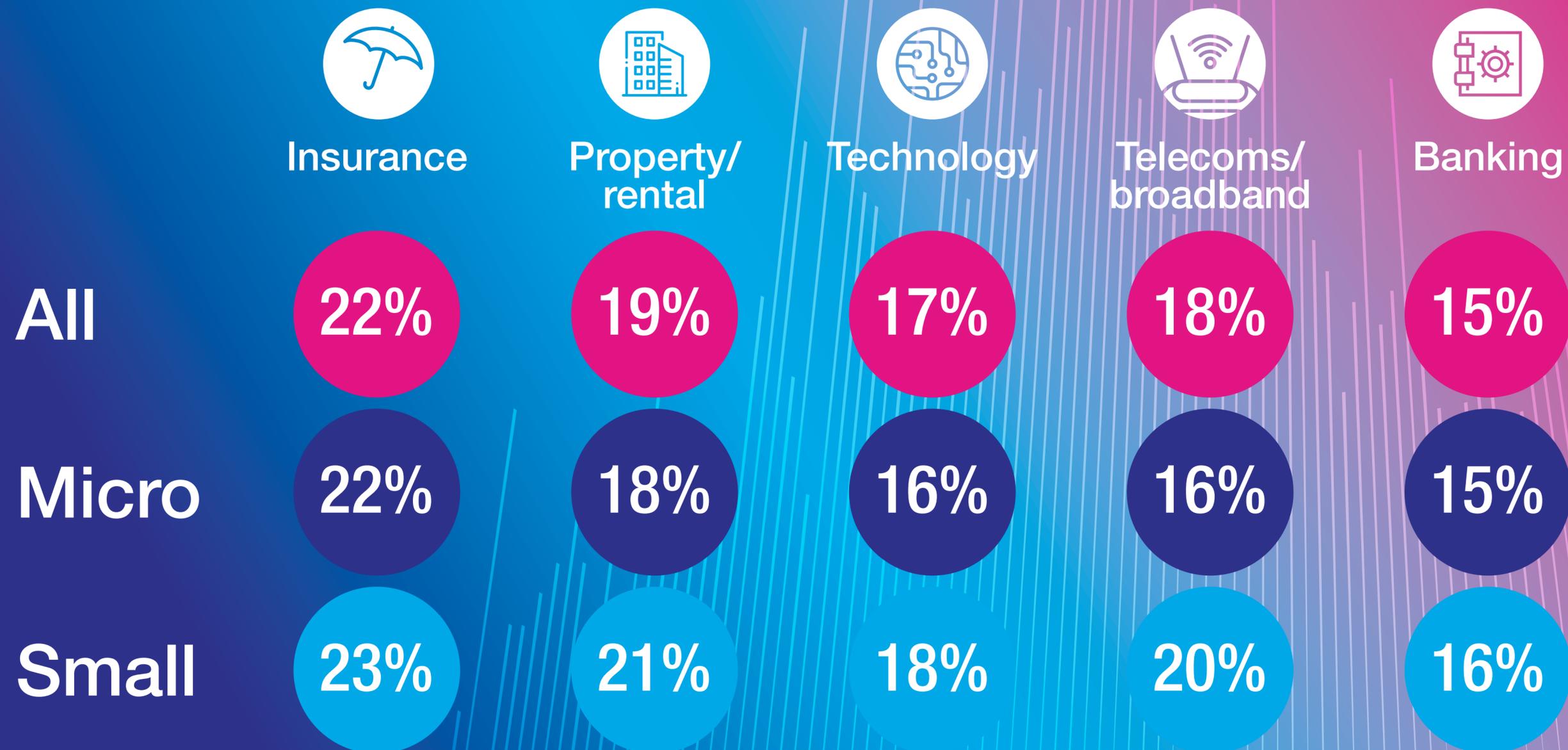
Average size of increase in costs (I)

Energy costs (up 33%) and transport costs (up 34%) have seen the biggest increases in the last two years. Premises and related maintenance costs are up 27% and pressure is increasing on labour costs up 20% in the last two years.



Average size of increase in costs (II)

Insurance costs, on average, rose by 22% for those who saw an increase. Property and rental costs saw a 19% increase in the last two years.

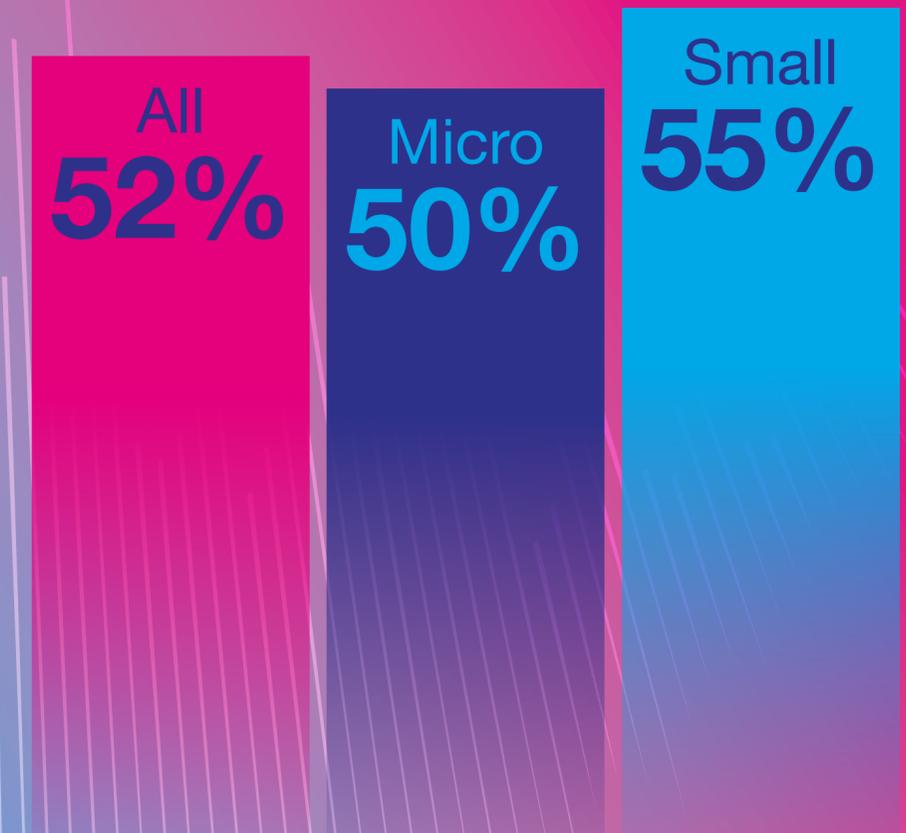


Managing debt

Half (52%) of all businesses with fewer than 50 employees are currently managing debt. Bank loans (63%), other financing loans (28%), and tax debt (22%) are the three biggest forms of debt for businesses.

	All	Micro	Small
Bank loans	63%	63%	63%
Other financing	28%	19%	39%
Tax debt	22%	21%	24%
Rent arrears	8%	6%	10%
Other	8%	13%	3%

Currently managing debt



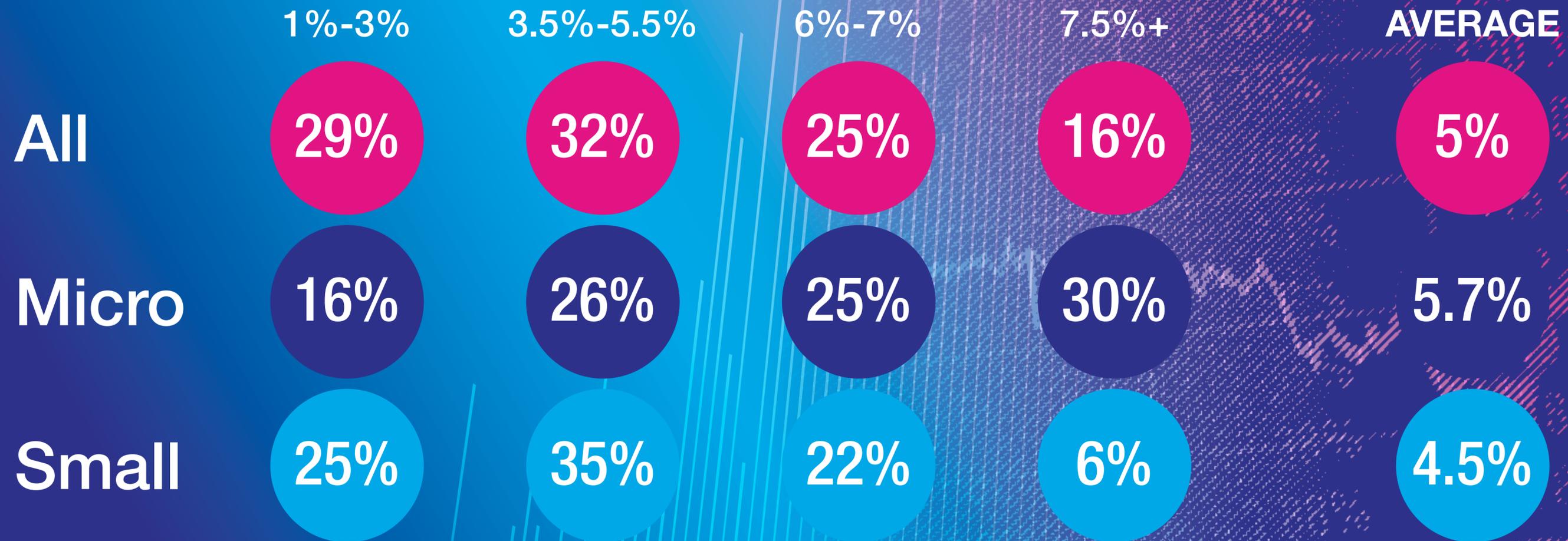
Amount of debt currently managing

The average debt for Micro and Small businesses is €80,903, lowest for Micro firms at €56,774 and highest for Small businesses at €107,149.

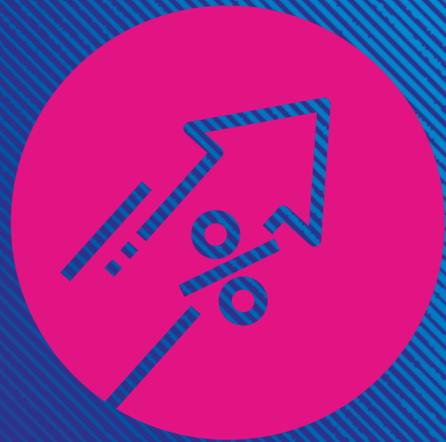
	All	Micro	Small
€30,000 or less	29%	41%	14%
€30,001-€90,000	30%	23%	36%
€90,000+	25%	15%	38%
Don't know	5%	6%	3%
Prefer not to say	11%	13%	9%
AVERAGE	€80,903	€56,774	€107,149

Average interest rate for business loans

The average interest rate for businesses loans in the last 12 months is 5%.



Biggest challenges being faced by small businesses



**Rising
business
costs**



**Difficulty
attracting/
retaining
staff**



**Economic
uncertainty**

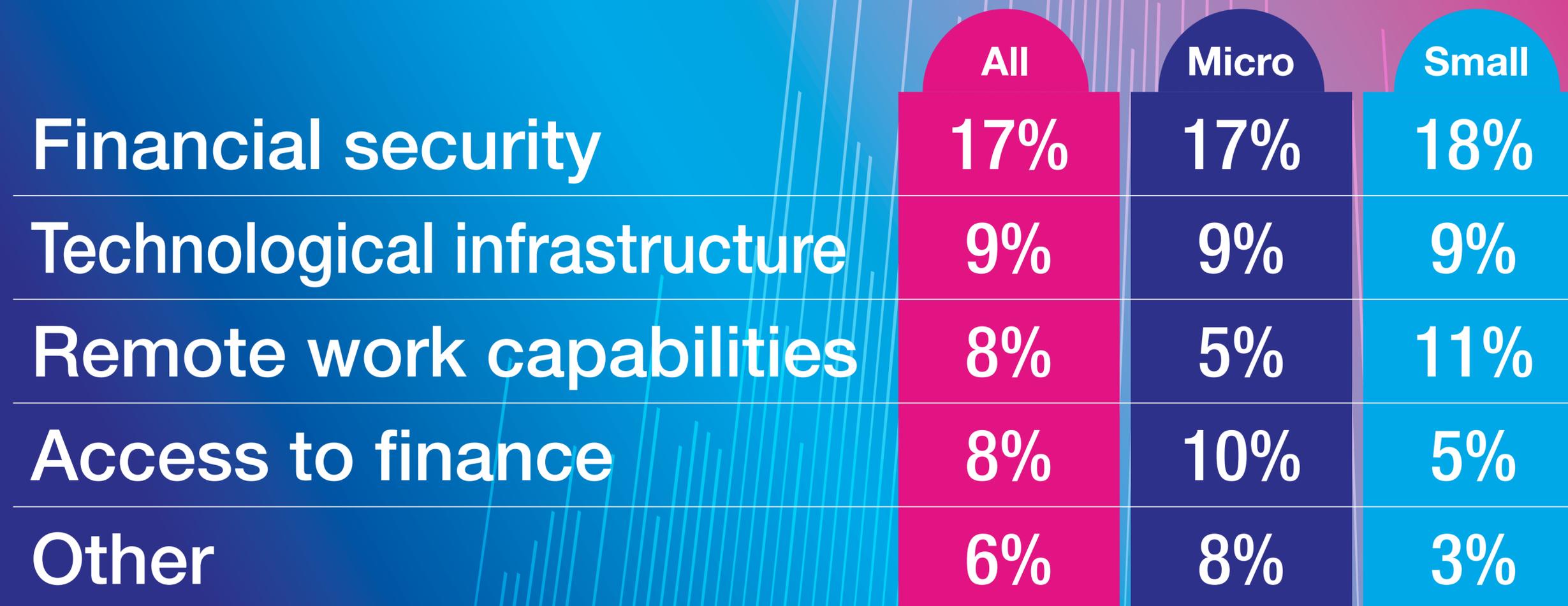
Challenges being faced by businesses (I)

Rising business costs is top overall (67%), highest for Small firms (75%). However, while difficulty attracting or retaining skilled staff (58%) is the 2nd top challenge for Small businesses, economic uncertainty (47%) is the 2nd top challenge for Micro businesses.



Challenges being faced by businesses (II)

Rising business costs is top overall (67%), highest for Small firms (75%). However, while difficulty attracting or retaining skilled staff (58%) is the 2nd top challenge for Small businesses, economic uncertainty (47%) is the 2nd top challenge for Micro businesses.



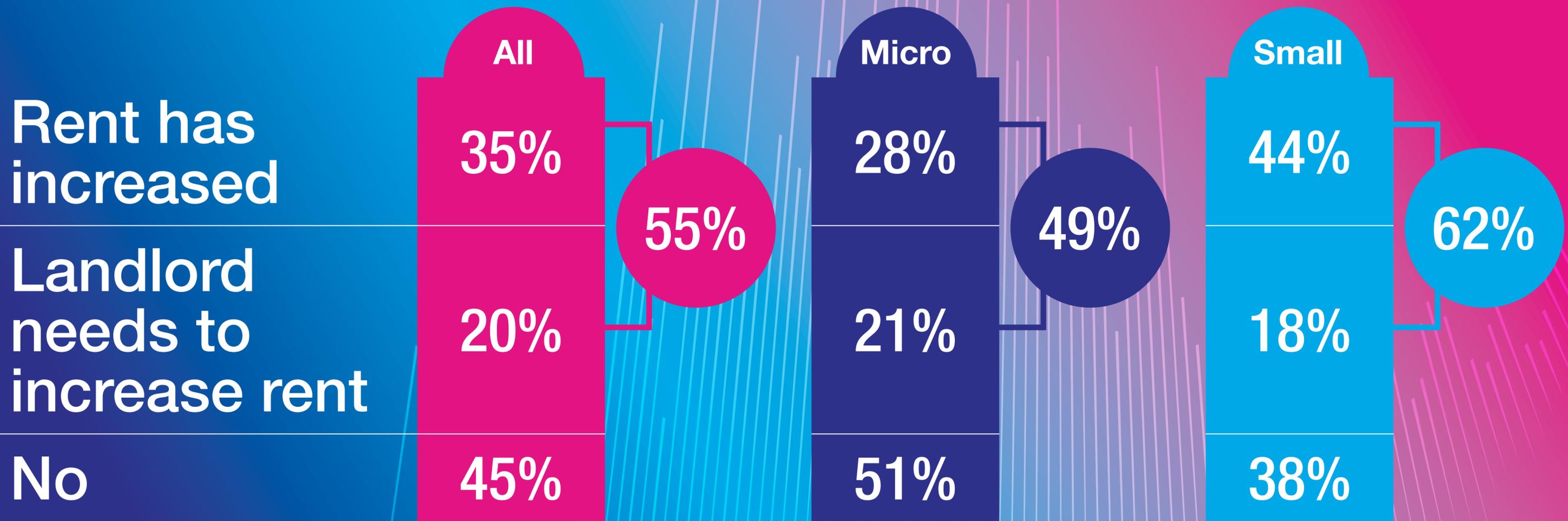
Labour market pressures

Increased employee wages (56%), other additional employee benefits (26%), and more remote workings supports (18%) are the top pressures from employees.



Increase in rent?

For businesses with rental or lease costs, more than half (55%) have had a rent increase or have been approached by their landlord about a need to increase rent.



About this survey

iReach Insights conducted this research on behalf of the Small Firms Association (SFA), examining the cost of doing business in Ireland in 2022. The research was conducted in June 2022 and contains responses from 250 Micro to Small businesses in the following industries retail/hospitality 23%, Food/drink 8%, Services 31%, Manufacturing 7%, ICT 4%, Other 27%. The research report provides insights into the range and extent of costs associated with doing business in Ireland. The report also provides insights on challenges faced by Small firms/businesses in Ireland in 2022. As per the CSO definition Micro businesses have less than 10 employees, Small businesses have between 10 and 49 employees.

For more information, contact Oisín Byrne, Managing Director
Phone: 01 214 3741 Email: oisin.byrne@ireachhq.com



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