

Public Affairs Q3 2023

Business Outlook Survey



DUBLIN
CHAMBER



Contents

Introduction	02
Time	05
Capacity	07
Space	11
Right to Request Remote Work	13
Sentiments	15
Changing Office Dynamics	18
Business Outlook	21
Respondents	25

Introduction

This report outlines the results of Dublin Chamber's Q3 2023 Business Outlook Survey, conducted from August 31st to September 22nd. Over 320 companies throughout the Dublin region participated in this survey. This edition marks the second collaboration with Savills, nine months on from our first Business Outlook Survey collaboration in Q4 2022. This report has analysed hybrid and remote working trends using metrics such as time, capacity, space, and legislation, allowing for additional insights into how the world of work has evolved since Q4 last year.

The survey reveals notable developments in the space of hybrid and remote working, namely time spent in the office, flexibility regarding core/anchor days or hours, along with the capacity at which the office operates on a day-to-day basis. The number of firms reporting that their employees typically spend two or three days in the office each week has increased by 7 percentage points from Q4 2022, with the current quarter's data showing that over one-in-two (55%) employees spend two or three days in the office on a weekly basis.

This quarter sees a shift in the flexibility offered to staff regarding 'core days' or 'core hours'. One-in-three (33%) firms currently state they offer total flexibility (not implementing any element of core days/hours), which has declined significantly from what was reported in Q4 2022, where almost one-in-two (45%) firms offered total flexibility to their employees. Companies reporting the

implementation of either core days, or core days and core hours have each seen increases of 5 percentage points, respectively standing at one-in-four (26%) and just under one-in-five firms (17%).

Office capacity remains an evolving space, with a steady increase in those reporting higher levels of office capacity on the traditional core days, Tuesday, Wednesday, and Thursday, while Monday and Friday continue to decrease in terms of office capacity. While Wednesday was the standout day for high office capacity in Q4 2022, Thursday has risen significantly over the last 9 months, overtaking Wednesday as the day of the week typically recording the highest use of office capacity. Friday continues to be a day with little office capacity reported as three-in-five (60%) state that less than 30% capacity is utilised on the last day of the week, which corresponds to an increase of 7 percentage points from Q4 2022.

The sentiments surrounding hybrid and remote working remain largely unchanged, with the largest concerns, motivations for offering hybrid and remote working, as well as motivations driving employees back to the office are almost identical to Q4 2022. The largest change regarding sentiments comes from slight changes in the magnitude of answers. Despite this, the most popular answers given in Q4 2022 are unchanged when looking at this quarter.

Productivity is highlighted by 35% of employers as a concern associated with hybrid and remote working, whereas factors such as cultivating a positive work culture (74%), on boarding new staff members (64%), and hybrid suiting the needs of the business model (55%), are greater concerns for businesses in Q3 2023.

Offering hybrid and remote working as a recruitment and retention tactic remains the largest motivator for companies with almost three-in-four (73%) using it as such a tool. Other reasons for companies offering hybrid and remote working were reasons such as, company morale improved as a result (41%), and that it suits the needs of their business model (40%).

Engagement with colleagues in-person is the greatest driver in returning employees to work onsite with four-in-five (84%) respondents agreeing it is the standout driver in returning to work. Fringe benefits associated with working in the office (e.g., meeting friends after work, shopping, attending events) ranked second in the list of drivers (35%), and virtual meeting fatigue came third (34%).

Amid the rapidly changing dynamic regarding the more physical and tangible elements of remote working, such as the use of time, capacity and space, the largely unchanged sentiments regarding concerns and motivations throughout the past nine months is worth noting, as it highlights the anchored robustness of our sentiments around hybrid and remote working practices amongst many variables in this space.



If you have any comments on our survey or want to discuss our findings, please contact us at policy@dublinchamber.ie

Time

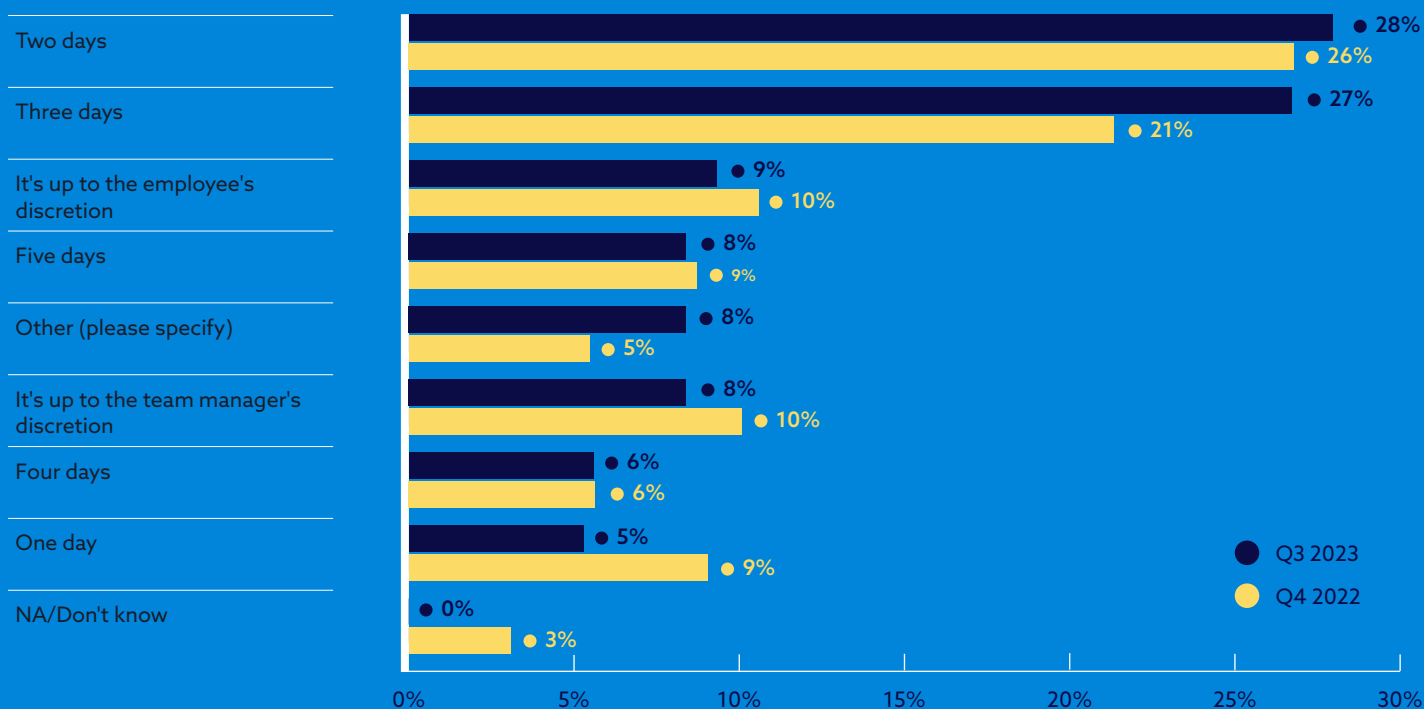
When asked 'how many days employees typically spend in the office on a weekly basis', an increasing shift towards two or three days in the office becomes apparent. Over half of survey respondents (55%) said that employees must spend either two or three days in the office each week, which is an increase of 7 percentage points from Q4 2022. This is driven by a significant increase in those working three days as it accounted for almost one-in-three (27%) of survey respondents answers, up from one-in-five (21%) only nine months ago.

On the opposing side of the spectrum, little change has occurred in those required to work in

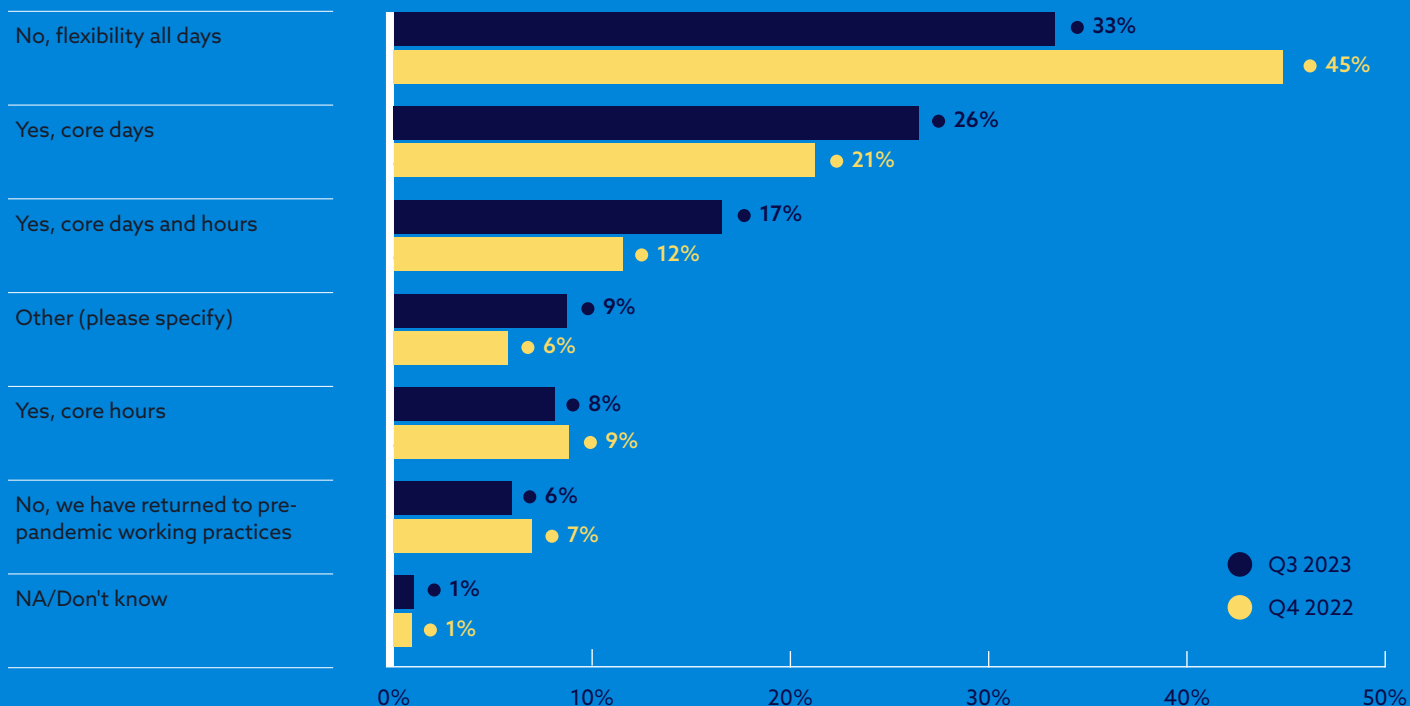
the office five days a week. As few as one-in-ten people (8%) indicated a five day in the office work week, a slight decrease of 1 percentage point since Q4 2022.

The number of days spent in the office left to the employee's or team managers' discretion have both decreased since Q4 last year. Less than one-in-ten firms (9%) allow the decision to be made by the employee and similarly, less than one-in-ten (8%) of survey respondents gave team managers discretion when allocating time in the office on a weekly basis. A trend of lower levels of flexibility can be seen throughout.

How many days must your employees typically spend in the office on a weekly basis?



Does your business have anchor/core days or hours, i.e., times when all available staff must be at the business premises in person?



There has been a shift in the flexibility offered to staff regarding 'core days' or 'core hours'. In Q4 2022, almost one-in-two (45%) survey respondents stated they offered total flexibility (not implementing any element of core days/hours). In the most recent quarter, that has fallen to one-in-three (33%) respondents. The

decrease in those reporting flexibility has seen a corresponding increase in those reporting core days, which has increased to one-in-four (26%), and those implementing core days and core hours, which has increased to just under one-in-five firms (17%).

Capacity

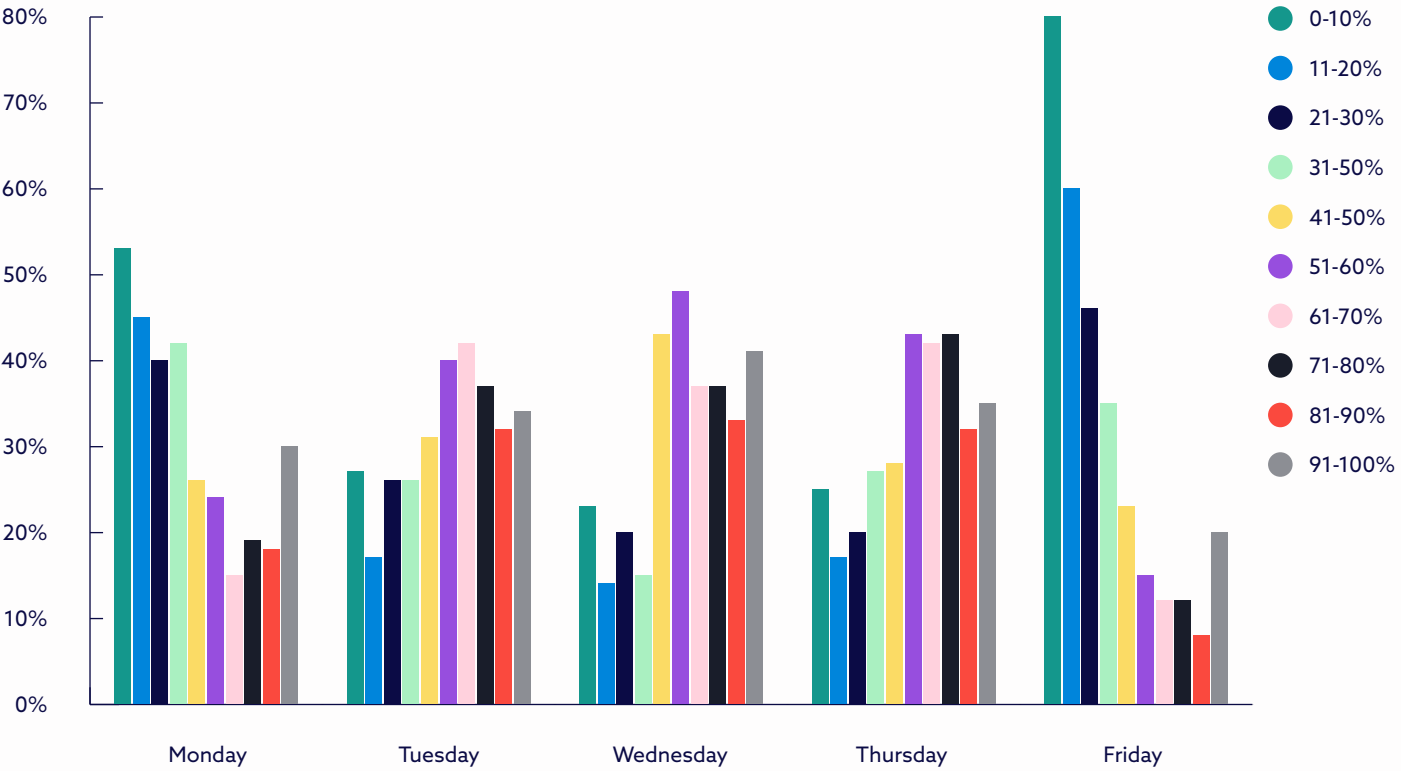
Dublin firms were asked to report what levels of total office capacity were being seen throughout the week, reporting this capacity using an interval system staged over 10% intervals. Starting from 0% to 10% on the lowest end of the scale, to a 91% to 100% total office capacity at the upper end. Using this system allows for comparison with the previous collaboration in Q4 of last year, providing insight into any changes in the levels of office capacity being reported on any given day of the week. As we have seen a shift towards

less flexibility in the time spent in the office, with two or three days becoming somewhat of a default, change has also befallen office capacity levels throughout the week. From Monday to Thursday, the number of offices operating above the 71% mark have increased. While a moderate increase for Monday, increases were considerably significant for the traditionally ‘core/anchor days’ of Tuesday, Wednesday and most drastically Thursday.

Monday	0% - 10%
Tuesday	61% - 70%
Wednesday	51% - 60%
Thursday	51% - 60% / 71% - 80%
Friday	0% - 10%

Both Monday and Friday remain the days in which the lowest office capacity is reported, with the majority of firms reporting 0%-10% office capacity for these days. Tuesday, Wednesday, and Thursday are subject to more variance, so much so that Thursday has two intervals with the same share of respondents. The difference between the ‘most widely’ estimated percentage and the ‘second most widely’ estimated percentage etc., was marginal (detailed further in the graph below). This is corrected later as the report takes firms’ number of employees into consideration.

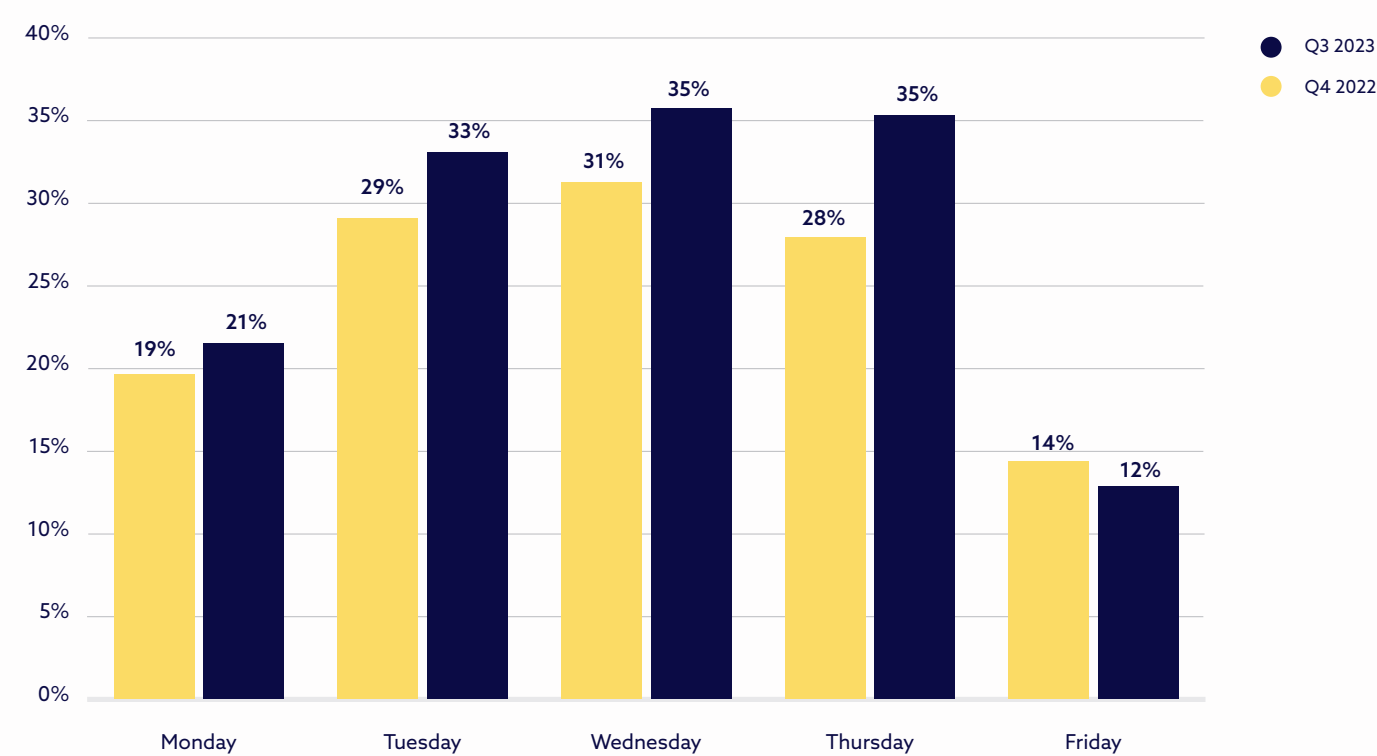
On average, post-Covid, what percentage of your total office capacity is being used on the following days of the week?



Thursday has seen a considerable increase in those reporting a greater office capacity than 71%, jumping from 28% to 35% over the last 9 months. This 7-percentage point increase is fitting in consideration of anecdotes heard within Dublin Chamber’s roundtable discussions, that ‘Thursday is becoming the new Friday’. This is matched by a decrease in those reporting above 71% office capacity on a Friday, with Friday being the only day experiencing a decline in capacity in this interval since Q4 2022. To better reflect this aspect of office capacity we look towards the 0% to 30% interval.



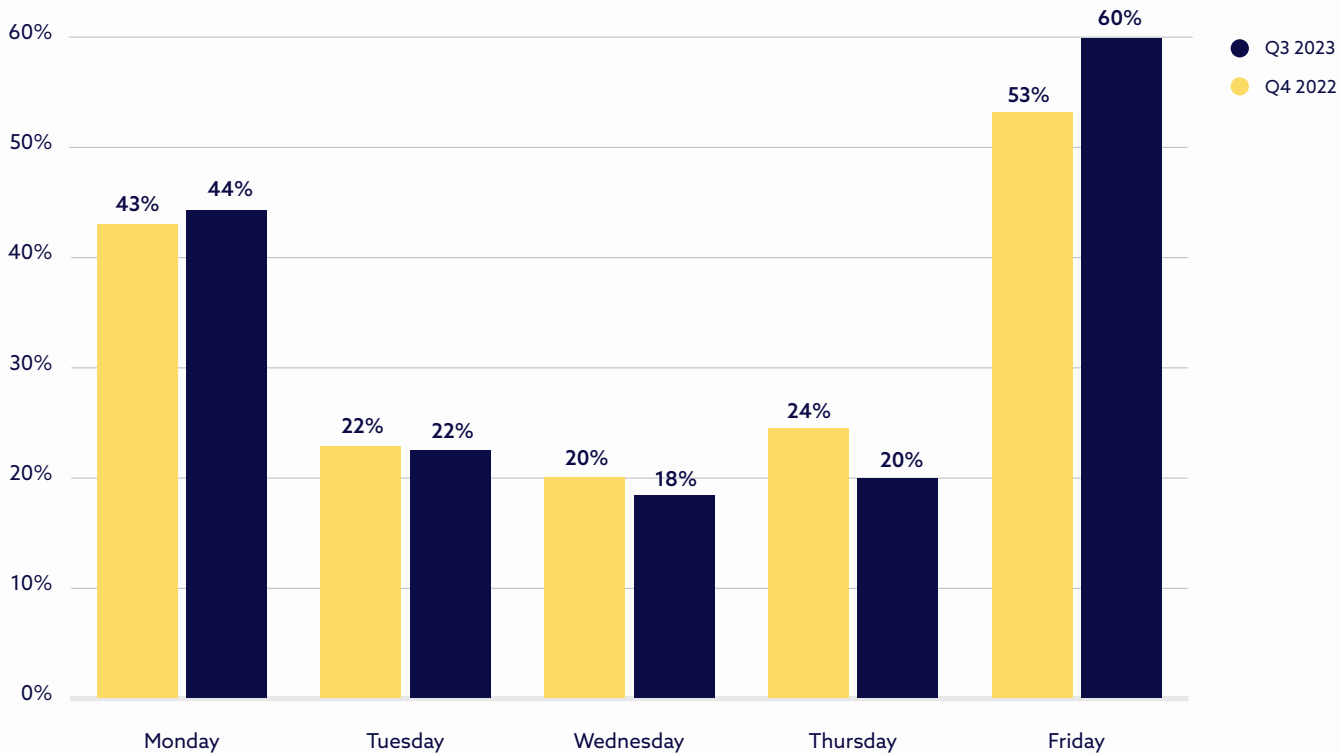
Office capacity reported, 71% to 100%



The results of those reporting an increase in office capacity above the 71% threshold for the traditional core days is shadowed in those reporting less capacity reported below the 30% threshold for Tuesday, Wednesday, and Thursday. Monday and Friday are both subject to less activity in the office, with Friday being particularly significant. Three out of five (60%) companies

report less than 30% office capacity used on a Friday. This is an increase of 7 percentage points from 53% in Q4 of last year. Looking specifically at the 0%-10% interval, Monday, and Friday report 17% and 26% respectively. While this is consistent for Monday from Q4 last year, this figure has increased by 2 percentage points for Friday in the last nine months.

Office capacity reported, 0% to 30%



	SMEs (Employee count <50)	Larger than 50
Monday	0% -10%	21% -30%
Tuesday	0% -10%	51% - 60%
Wednesday	91% -100%	51% - 60%
Thursday	0% -10%	61% - 70%
Friday	0% -10%	0% -10%

It is important to caveat that the information above, although factual in which was the most widely chosen interval representing Dublin businesses' office capacity, it may not capture the complexity of this capacity – especially in the case of SMEs. SMEs recorded, 0-10% as the most popular answer for Tuesdays and Thursdays, however approximately one-in-three businesses (35%) operate above 71% capacity on Tuesdays, with approximately two-in-five (38%) businesses

operating at this capacity on Thursdays. Therefore, in the case of SMEs, Tuesday, Wednesday and Thursday remain the preferred days, with Wednesday recording the highest levels of office capacity. This differs from larger companies which are more likely to report higher office capacity on Thursdays. That being said, the trend of lower office capacity on Mondays and Fridays can be seen in both smaller and larger companies.



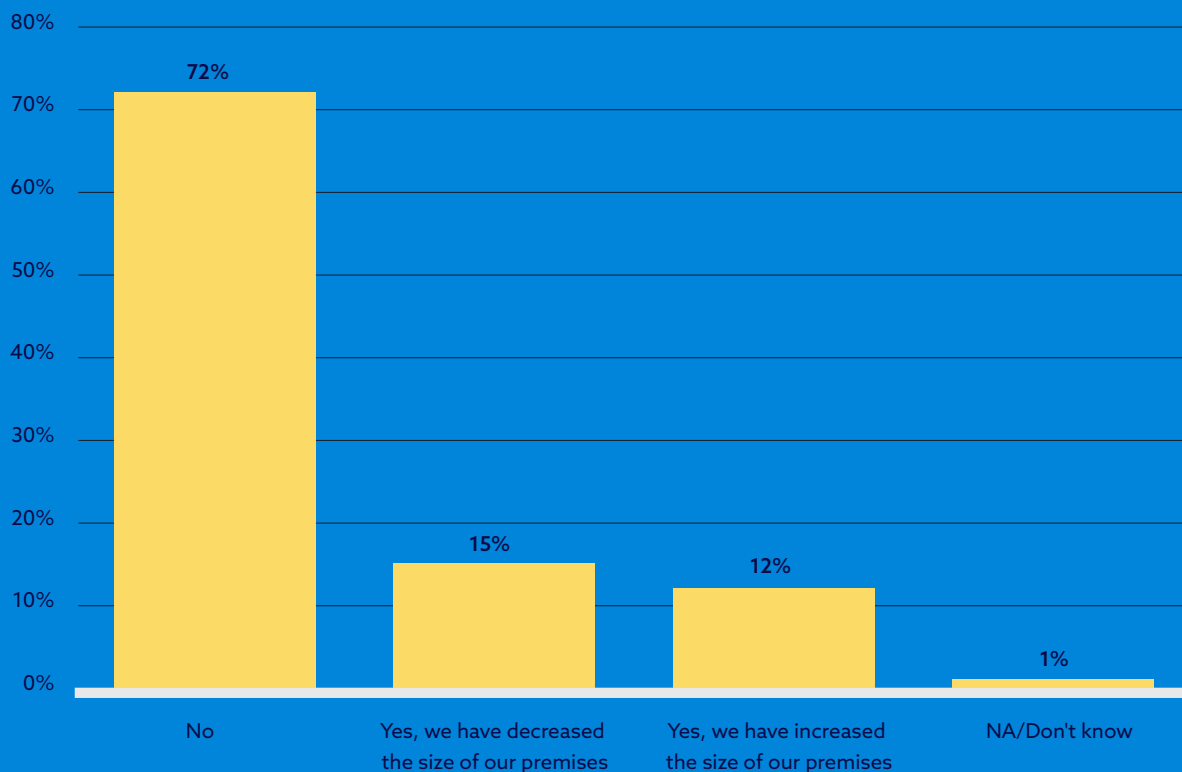
Space

Looking at scaling of premises in the last year, seven in ten businesses (72%) reported no change in the size of their premise. This is a slight drop off from Q4 2022, with the same answer recorded as 76% just 9 months ago. This decline corresponds with the number of survey respondents indicating that they have increased the size of our premises in the last year, with this figure now sat at one-in-eight (12%). Therefore, there has been an increase in those reporting increases in the size of their premise of 5 percentage points since Q4 2022.

Despite this increase, it is still marginally below those reporting a decrease in the size of their premise. However, this figure has fallen from 17% to 15% over the last 9 months.

Therefore, there has been a convergence between the difference in those reporting a decrease in the size of the premise with those increasing, with this 10% difference in Q4 2022 narrowing to a gap less than 3% in Q3 2023.

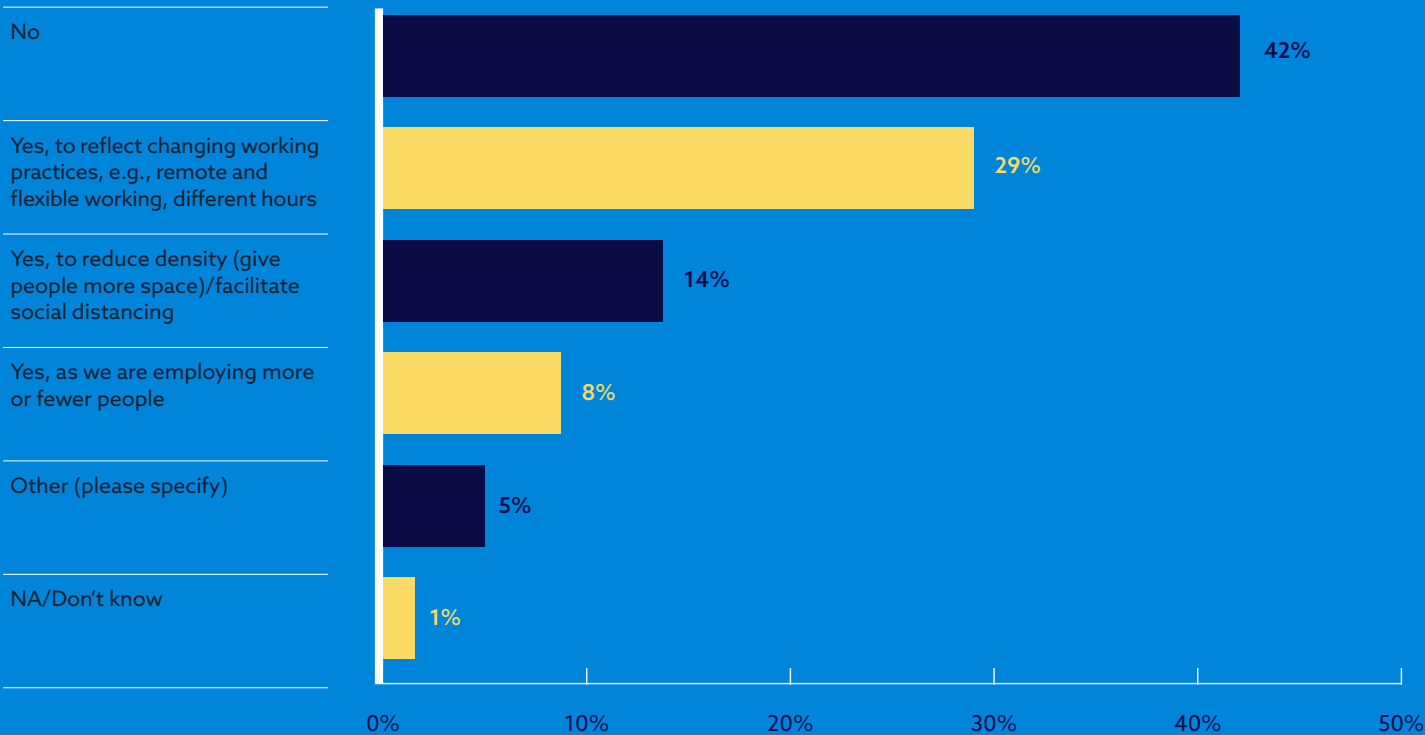
Has your business changed the size of its premises in the last year?





As to the reconfiguration of survey respondent's layout of their respective work premises due to the pandemic, similar findings are held from the previous collaboration in Q4 2022. Those reporting no reconfiguration hold the top spot, representing 42% of those who voted, marginally down from 44% in the previous report. All answers maintain the order in which they appear, however those stating that yes, as they are employing fewer people has risen from 4% in Q4 2022 to 9% this quarter.

Has your business reconfigured the layout of its work premises due to the pandemic, in the last year?



Right to Request Remote Work

The Workplace Relations Commission (WRC) is currently drafting a Code of Practice to govern the right to request remote work, in line with the Work Life Balance and Miscellaneous Provisions Act that was passed earlier this year. When firms were asked if this Code of Practice is expected to be helpful or a hindrance, the majority of firms (57%) welcomed the development of such a guide, while one-in-ten (12%) expect it to be unhelpful. One-in-three firms (31%) noted their indifference, though this may change upon publication of the final document.

To ensure that the Code of Practice, developed by the WRC, is considerate of business concerns and as helpful as possible to both employers and employees, Dublin Chamber made a submission to the WRC highlighting key recommendations stemming from extensive first-hand research conducted by the Chamber through surveys, roundtables, member, and taskforce meetings, to be considered during the design process.

Some of these recommendations included:

- Introduce eligibility criteria through the Code of Practice for remote work requests.
- Be considerate of the individual models of remote working already in place for different companies.
- Provide clear guidance on employer obligations and the application and appeals process for requests.
- Avoid designing an onerous Code of Practice that may discourage Foreign Direct Investment.
- Provide clarity on insurance obligations for employers and employees in remote working environments.
- Provide an appropriate definition and adequate guidance on remote working locations.
- Address taxation implications of remote work.
- Clarify that employers retain the right to specify a place of employment within an employee's contract.
- Ensure that granting remote work requests does not negate the expectation that employees will attend the office when required.
- Include a "humanity clause" in the Code of Practice recognising the importance of maintaining social and collaborative aspects of work while working remotely.
- Evaluate and mitigate adverse effects on teamwork and employee well-being caused by remote work arrangements.

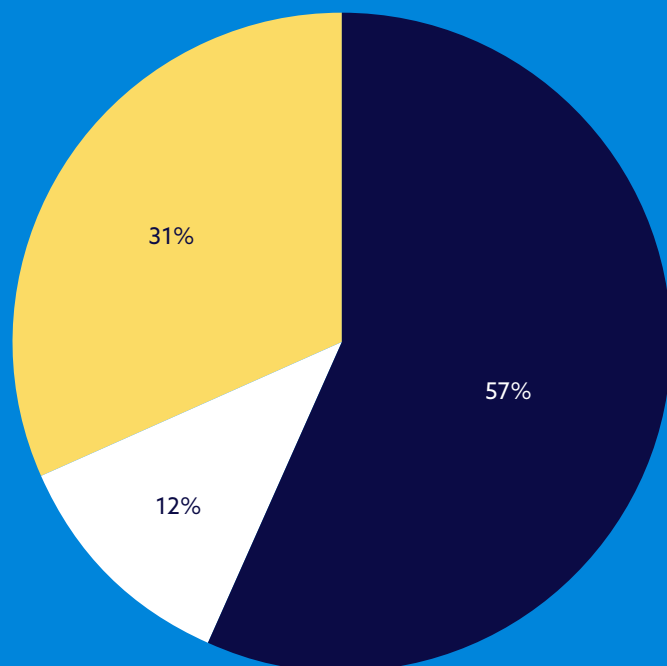


Complimentary support requested for employers:

- Government must provide grants and financial support for SMEs to navigate the costs associated with remote working arrangements, including technology infrastructure and training.
- The WRC should collaborate with the Health and Safety Executive (HSE) to update health and safety guidelines to ensure alignment with the obligations included within the Code of Practice.
- Government must share best practices and successful case studies to guide employers in effectively implementing remote work policies aligned with the legislation.
- As Ireland continues to have one of the EU's highest cost levels for early childhood education and care and one of the worst parental leave entitlements, it is critical that remote working does not double as a means of providing childcare, which would, in turn, remove the impetus on Government to tackle the current childcare cost crisis. Dublin Chamber continues to call for Government to move to a more universal model of childcare and increase childcare subsidies.

Is the Code of Practice expected to be helpful or a hindrance?

- We are indifferent
- It's a hindrance
- It's helpful



Sentiments

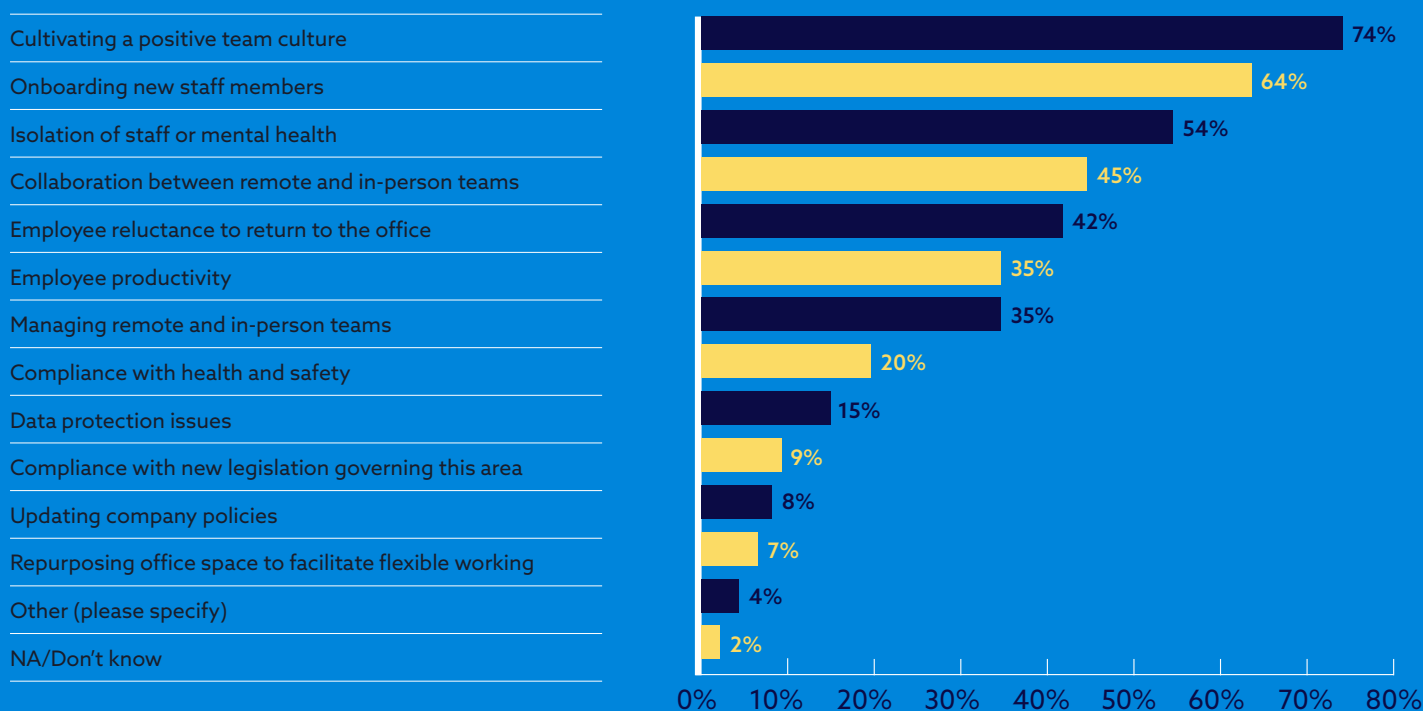
The sentiments relating to hybrid and remote working are shown over three different indicators; employer concerns regarding the consequences of enabling hybrid and remote working; employer motivations for continuing to offer such work practices; and the greatest drivers for successfully returning employees to the office. As outlined within this report, different dynamics come into play regarding the time and capacity surround hybrid and remote working, yet the sentiments of employers remain mostly unchanged from Q4 2022, at least in terms of the top reported factors.

The most widely chosen concern for employers with regard to continuing to offer hybrid and remote working is cultivating a positive team culture (74%), followed by onboarding new staff members (64%) and isolation of staff or mental health (55%). 'Managing remote and in-person teams' experienced a decrease of 6 percentage points which has caused it to fall two places,

from fifth to joint sixth, alongside employee productivity. Slightly over one-in-three (35%) of survey respondents expressed concerns about employee productivity, which has increased from 30% in Q4 2022. So, while only a third report it as a concern, it is a growing factor being associated with hybrid and remote working in the eyes of Dublin firms.

When looking deeper at the top concerns of employees with regard to remote and hybrid working, the most frequently selected concerns relate to the emotional welfare of staff. Employees and Government need to trust employers and give them the flexibility to honour the right to request process while aligning it with the operational needs of their business, as these trends show that the top concerns are not productivity or data protection issues - they are team culture, onboarding experience for new staff and mental health.

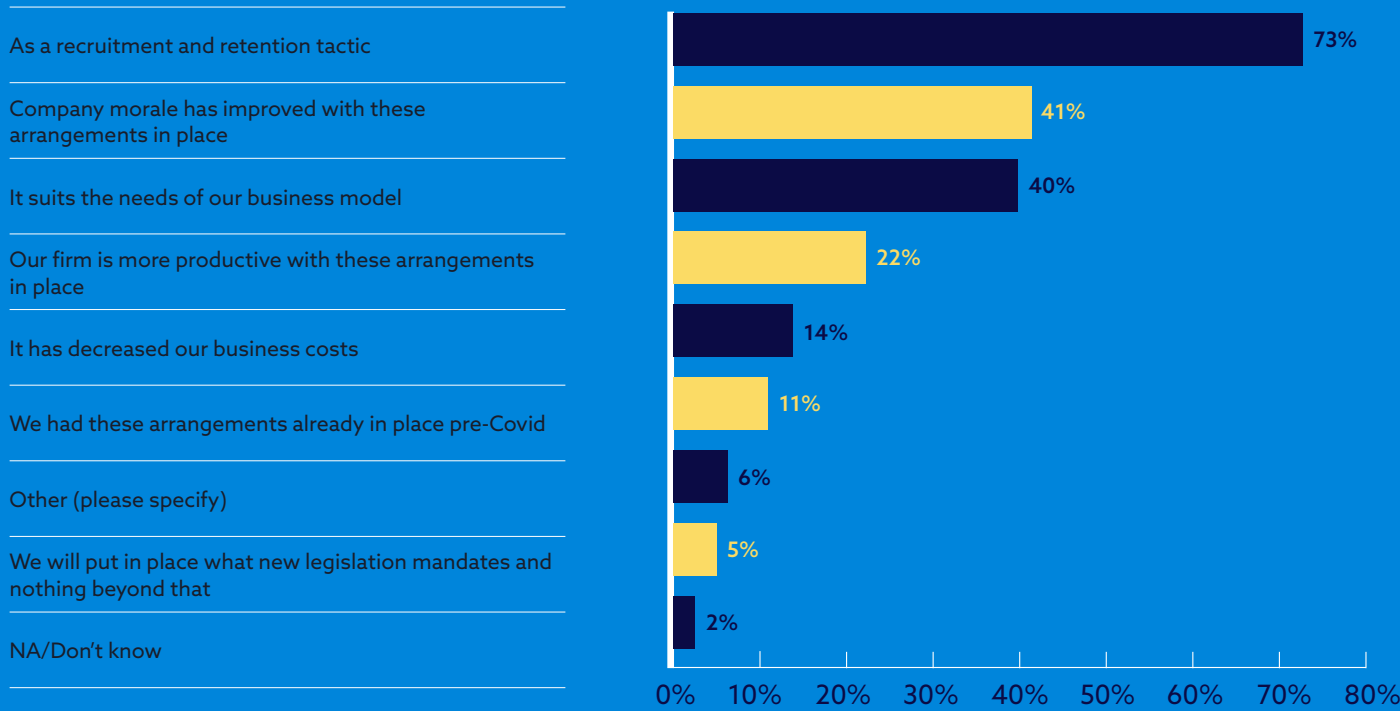
Employer concerns regarding the consequences of enabling hybrid and remote working



Regarding why firms continue to offer hybrid and remote working, the order in which the answers appear is unchanged. This reaffirms the trend of offering hybrid and remote working as a recruitment or retention tactic. As almost three-in-four firms (73%) are offering these working practices to address the current skills gap crisis.

Once again, the second and third highest factors contributing to the continued offering of hybrid and remote working are that company morale has improved with these practices in place (41%) and the fact it suits the needs of the survey respondents' business (40%) respectively.

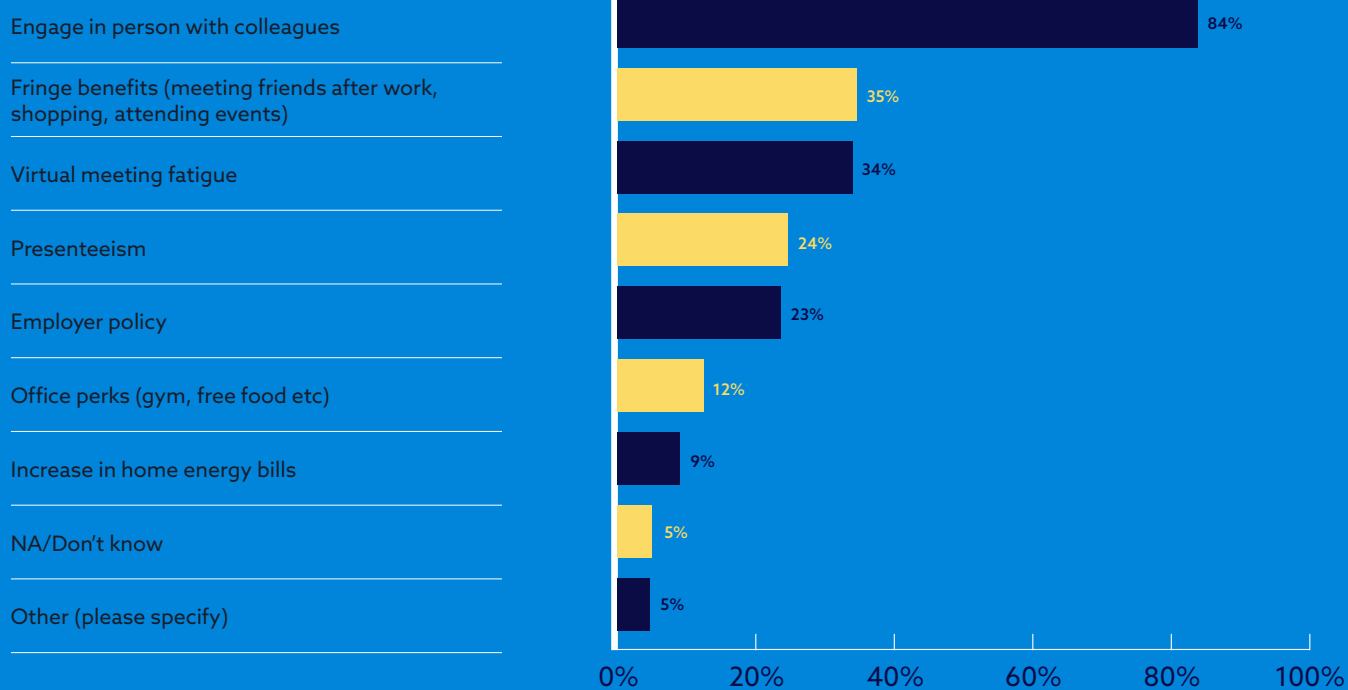
Employer motivations for continuing to offer such work practices



The largest consensus reached by firms in the reporting of any sentiment toward hybrid and remote working was in factors driving employees back to the office. Once again, reflective of the results seen in Q4 2022, the leading factor driving employees' return to the office, for over four-in-five firms (84%), was to engage with colleagues in person. This was followed by fringe benefits (meeting with friends after work, shopping, attending events) (35%), with virtual meeting fatigue (34%) following closely in third place.

Dropping significantly by 7 percentage points from Q4 2022, 'increase in home energy bills', now ranks lowly as a returning motivation for employees, which may be attributable to the external market differences in the quarter in which the report was produced, as this report was conducted for Q3 with last year's edition being reported for Q4.

The greatest drivers for successfully returning employees to the office

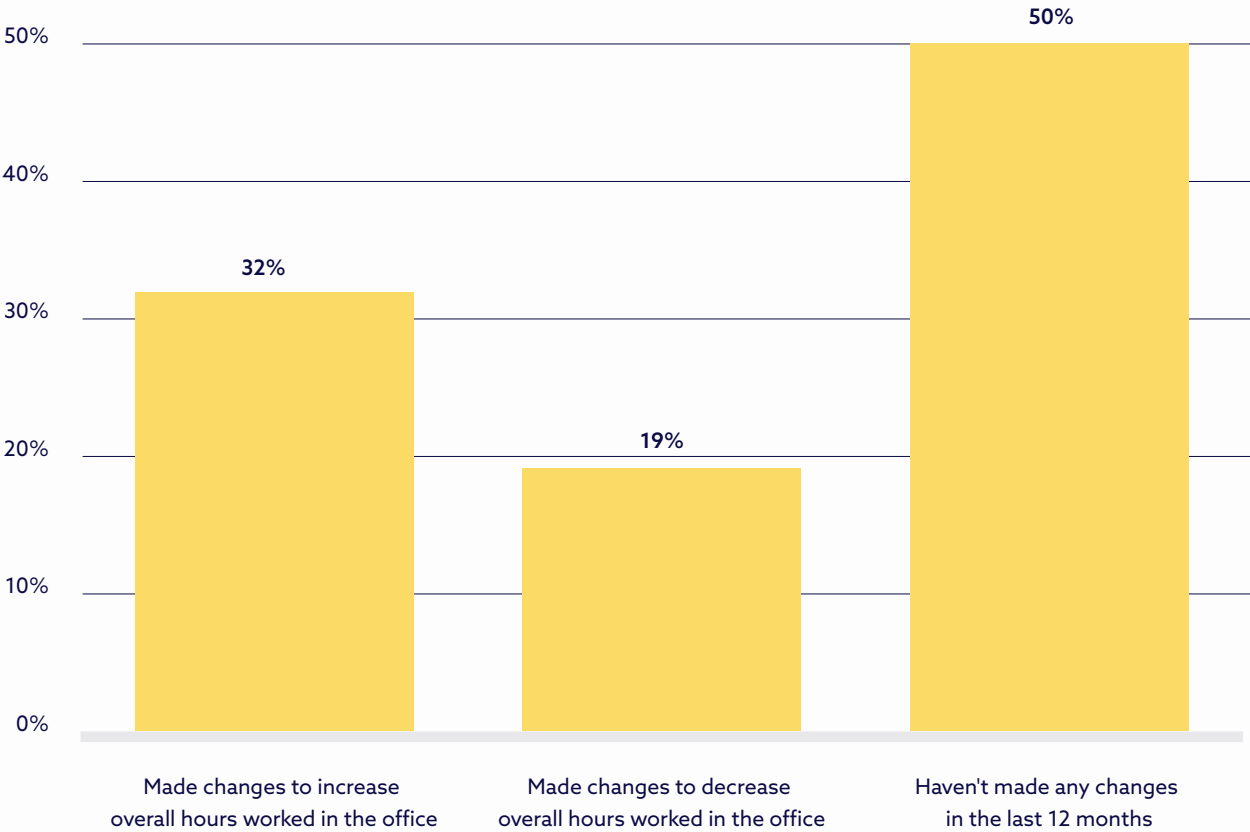


Changing Office Dynamics

The final question in this report asked survey respondents to choose the option they felt most accurately represented any changes their

businesses may have made in the last twelve months to either increase or decrease total hours working in the office.

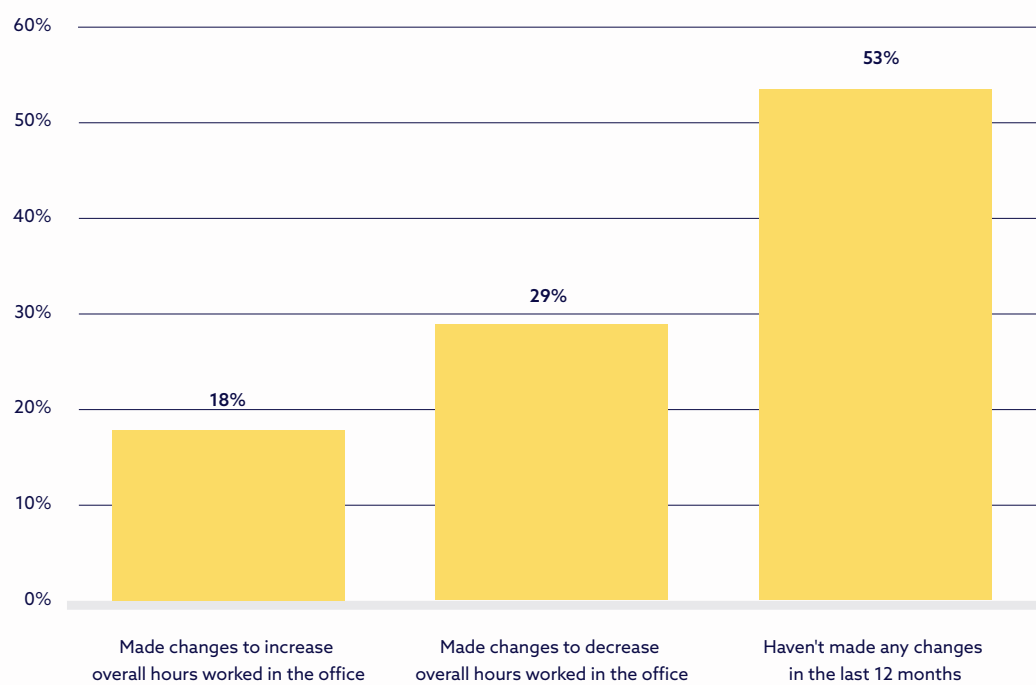
Which situation best describes changes made by your business in light of remote/hybrid working over the last 12 months?



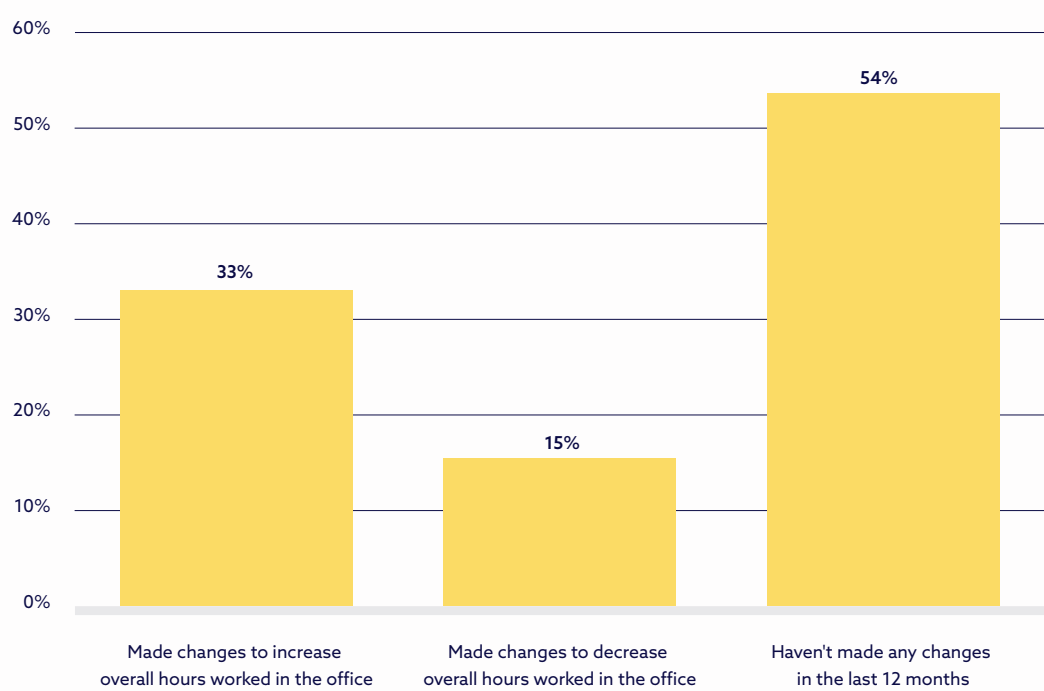
The results reveal a conflicted picture, with one-in-two firms (50%) stating no change has been made to either increase or decrease total hours worked in the office over the last year. Almost one in three (32%) reported changes were made to increase time spent in the office, while almost one-in-five (19%) reported changes implemented to decrease the time into the office. Due to the vague nature of these changes in the past twelve months, employee composition needs to be considered.

Approximately 120 survey respondents met the classification of SME, that is firms with fewer than 50 employees. Changes made by SMEs to increase or decrease hours worked in the office paint a different picture to that of the total survey pool. Almost three-in-ten SMEs (29%) favoured decreasing the hours worked in the office over the last twelve months, while almost one-in-five (18%) reported an increase.

Companies who employ less than 50 staff



Companies who employ between 51-250 staff



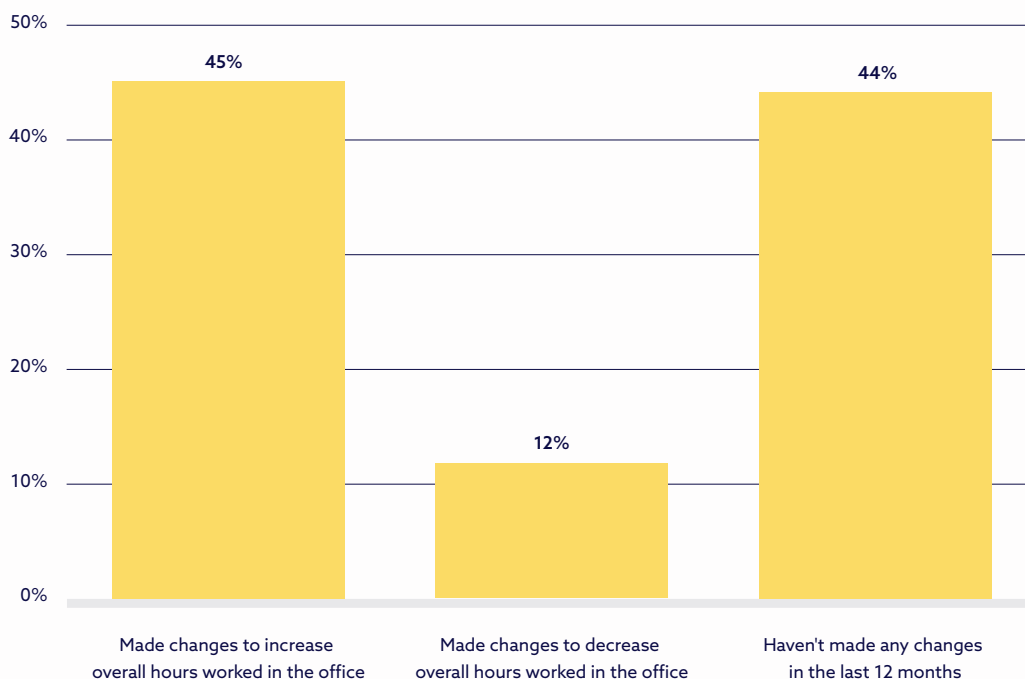
Companies falling into the bracket of employing 51-250 staff, are very much in line with the average of the survey pool. One-in-three (33%) companies have made changes to increase overall

hours worked in the office, with 15% stating their companies have made changes to reduce time spent in the office.

Companies in excess of 250 staff are more likely to report an increase in total hours spent in the office, exceeding those who have made no changes. Almost one-in-two large companies (45%) stated that their company has made changes to increase hours worked in the office marginally higher than no changes made (44%) – making it the only employee composition in

which this has occurred. With only one-in-eight companies (12%) in excess of 250 staff making changes to decrease hours worked in the office, it is markedly lower than the 29% rate for SMEs. These findings suggest that the larger the company is, the more likely it is to have made changes to increase the number of hours worked in the office over the last twelve months.

Companies who employ greater than 250 staff



Business Outlook

Dublin businesses are hopeful that profits will continue to increase, in line with an upward trend observed over the last twelve months. The

index currently stands at (+36), marking the third highest point on the profit expectation index since it began.

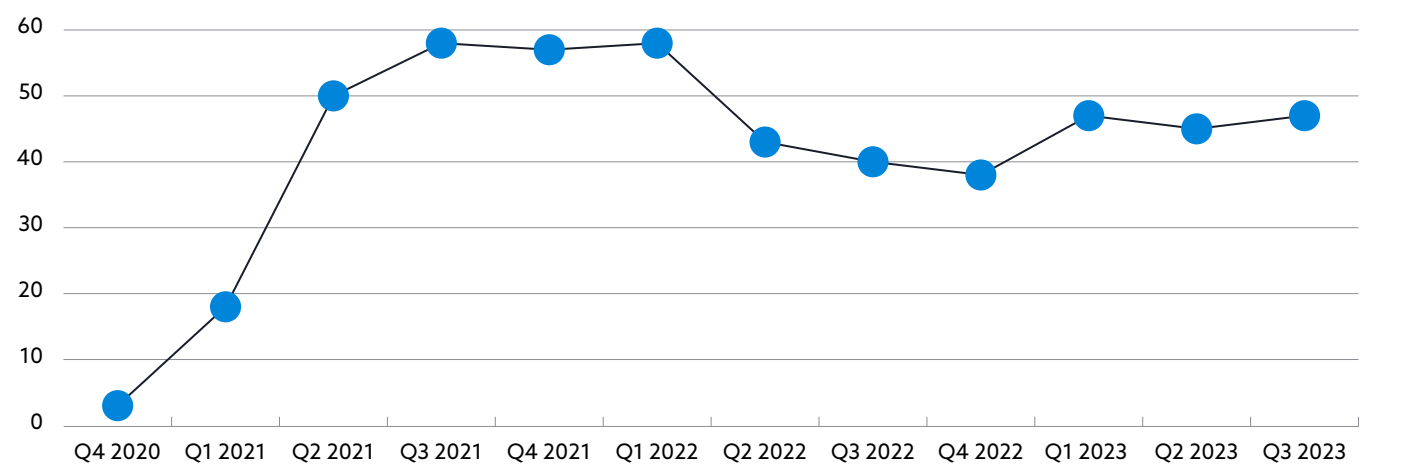
Profit Expectation Index



Expected revenues for the next three months remain buoyant, currently standing at (+47). The index has remained within five index points of (+43) since Q2 2022. While the numbers have remained largely buoyant over this period, there has been a notable increase of 9 index points since the first collaboration with Savills in Q4 2022. While still short of the index record highs (+58), the index is much more positive than the beginning of the series, where the first and second entries stood at (+3) in Q4 2020 and (+18) in Q1 2021.



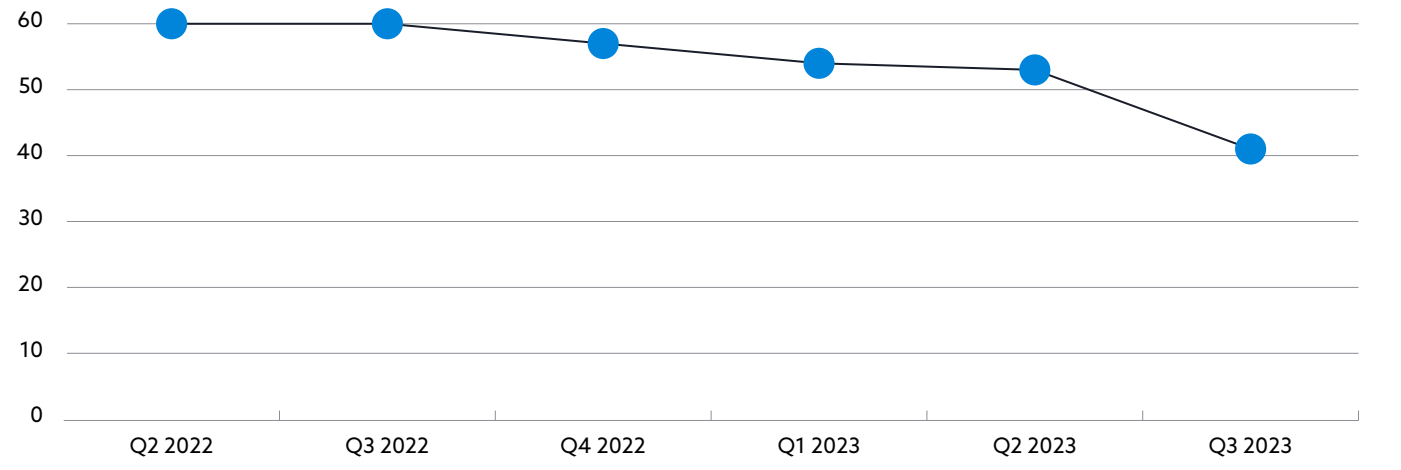
Revenue Expectation Index



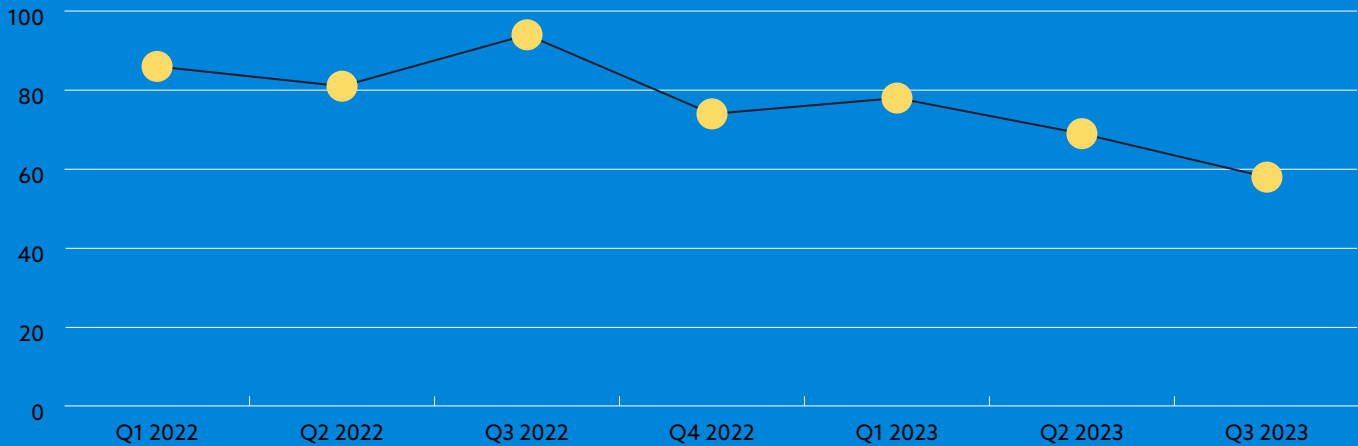
The Price Expectation Index began in Q2 2022, serving as a means to capture trends in inflation measured by expected increased or decreases in the price of survey respondents’ goods and/or services. The time series has yet to report a quarterly increase and has been decreasing steadily from (+60) when the series began. This steady decline is marked by the lowest reporting

of the expectation index this quarter as it currently stands at (+41). This comes after a large drop off from the previous quarter resulting in a decrease of 12 index points. It is worth noting that as this index declines so to does the Operating Costs Expectations Index, experiencing declining since Q3 2022.

Price Expectation Index



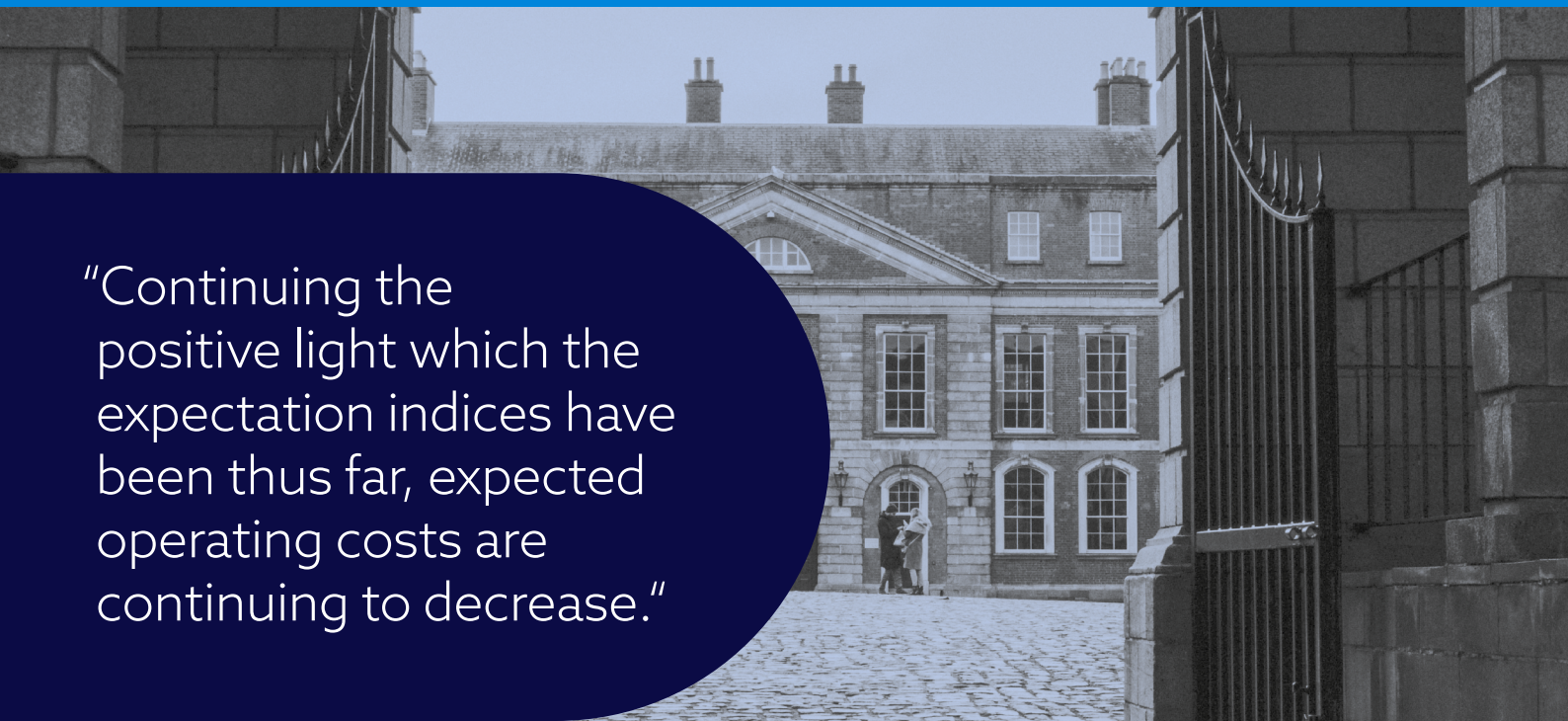
Operating Costs Expectations Index



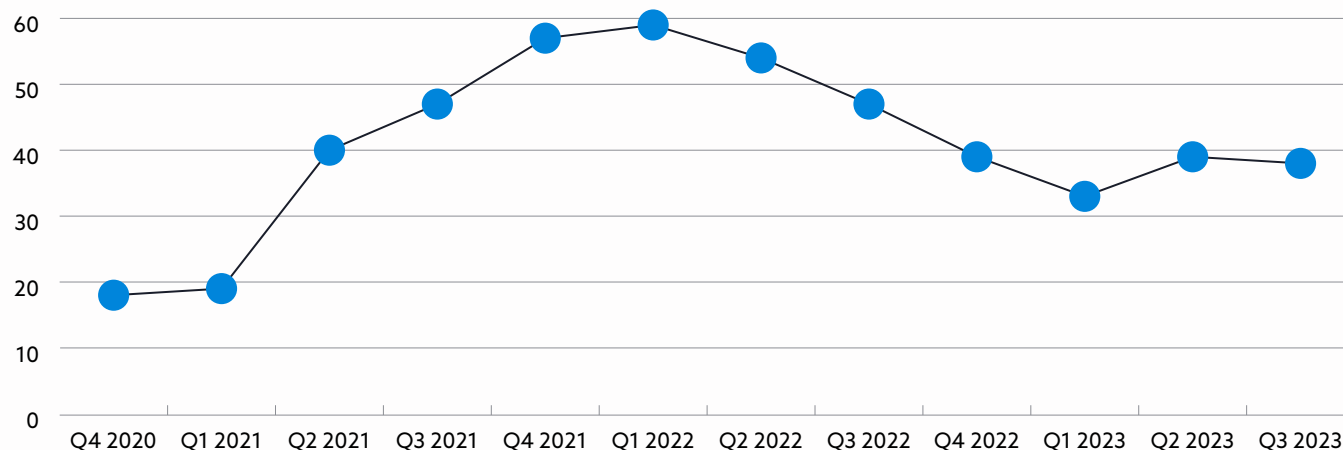
Continuing the positive light which the expectation indices have been thus far, expected operating costs are continuing to decrease. While the index still stands at (+58), last quarter was the lowest index point since the recording began. The decrease has been a steady one since Q3 2022 when the

index stood at (94+) with 95% of survey respondents expecting an increase in operating cost. This decrease of 36 index points is hopeful, while following a similar trend to inflation reporting, as both have seen steady declines from peaks in Q3 2022.

"Continuing the positive light which the expectation indices have been thus far, expected operating costs are continuing to decrease."



Staff Expectation Index



The Staff Expectation Index is beginning to plateau, with little change since the previous quarter. The index currently stands at (+38), consistent with what has been predicted over the last 12 months, with index points consistently being in upper half of thirty. Approximately 45% of firms predict no change in staffing last quarter which closely resembles what we have seen since Q2 2022.

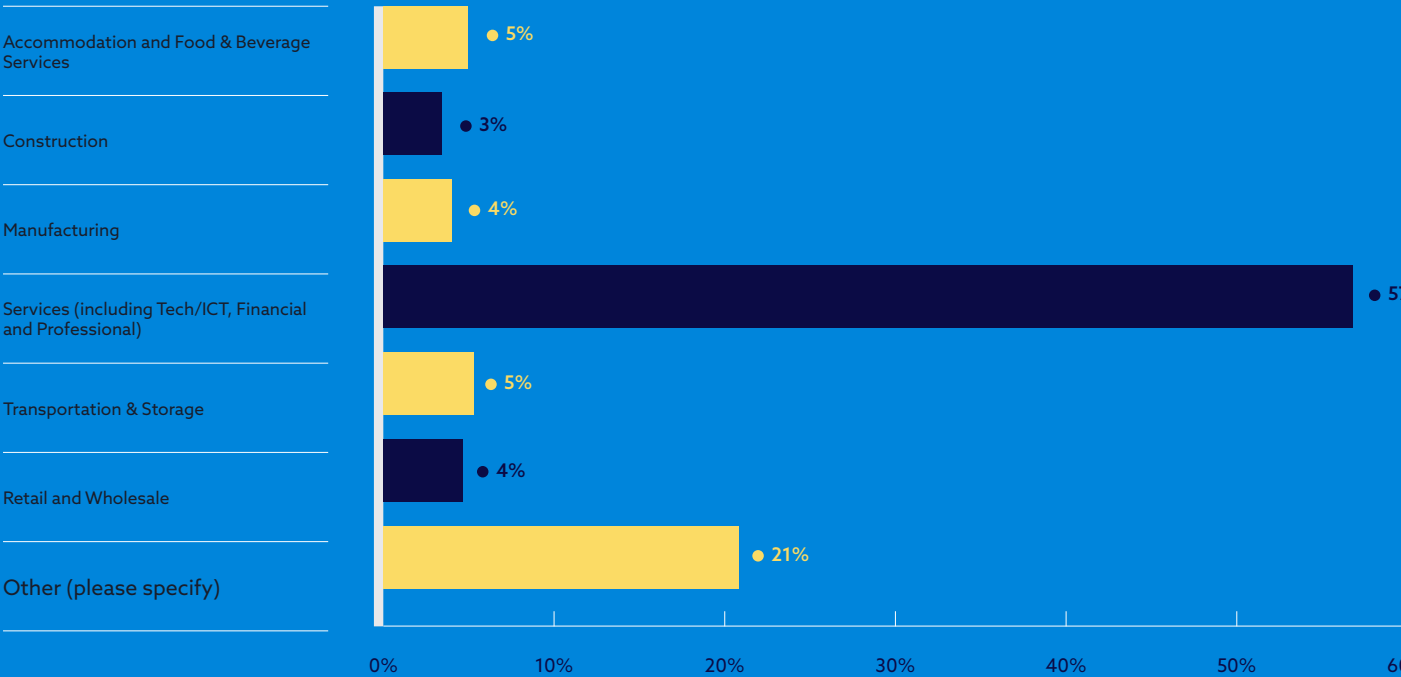
This is markedly different to what we have seen in the expectation previously, with a steady increase since the index began in 2020, rising month on month to record highs of (59+) at the beginning of 2022. Staff expectation in 2022 consistently fell month on month, before returning to the steady index mark in the high thirty range we have seen in this month's survey.

Survey Respondents

Those who completed the Q3 2023 Business Outlook Survey came from a diverse set of sectors across the Dublin region. The services industry accounted for over half (57%) of survey respondents, these services being diverse in nature spanning tech, financial,

professional service etc. The remaining industries included Transportation and Storage (5%), Accommodation and Food & Beverage Services (5%), Retail and Wholesale (5%), Manufacturing (4%), Construction (3%) and other categories.

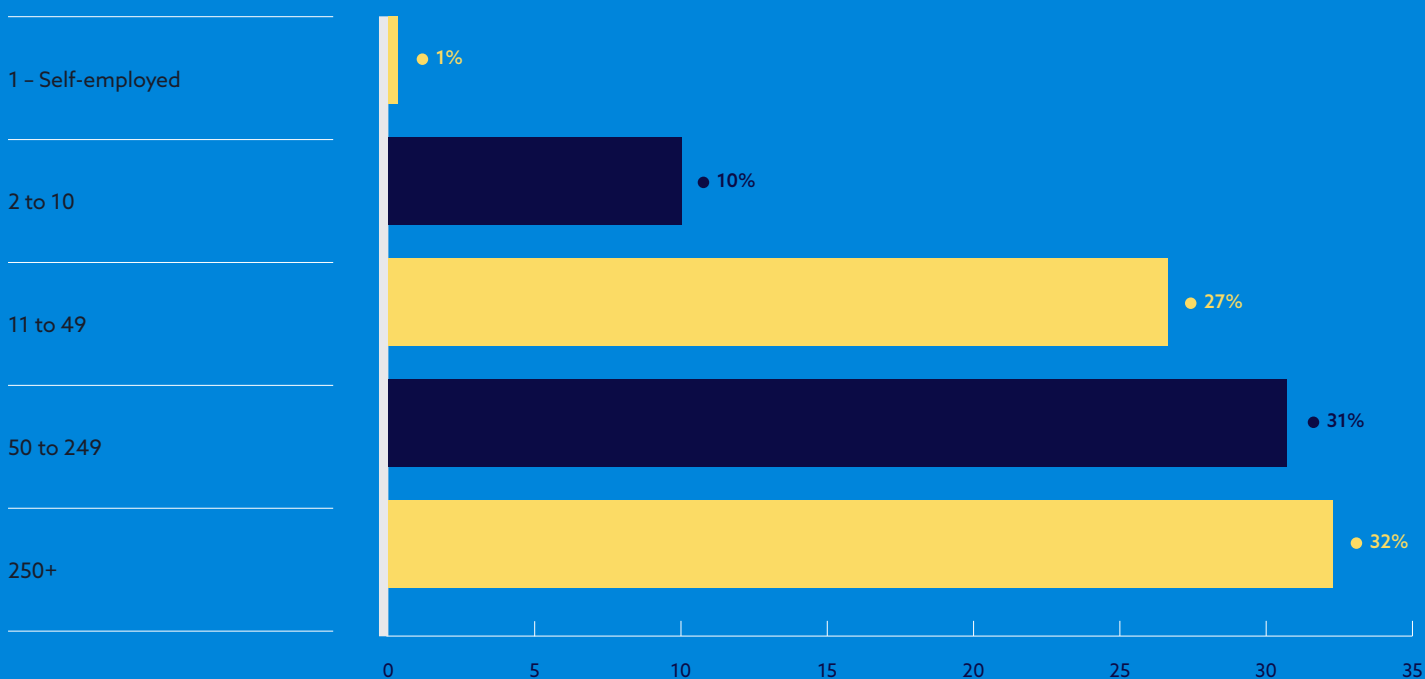
What sector is your company primarily in?




From an employment perspective, survey respondents were even more diverse by the number of those their company employ. Large companies employing more than 250 staff was the largest cohort, forming almost one third of

survey respondents (32%), followed by those employing anywhere from 50 to 249 staff (31%). Two-in-five survey respondents (37%) were SMEs, with the majority of these SMEs employing 11 to 49 staff.

How many people does your company employ?






 Dublin Chamber
7 Clare Street
D02 F902

 policy@dublinchamber.ie

 @DubCham

 + 353 1 644 7200

 Dublin Chamber

 dublinchamber.ie