

Public Affairs Q4 2022

Business Outlook Survey



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Introduction

This report details Dublin Chamber's Q4 2022 Business Outlook Survey, conducted from the 17th of November to the 2nd of December. Over 500 companies across the Dublin region participated. This survey was issued as a special edition in association with Savills, focusing on remote and hybrid working practices in order to shed light on the remote working trends, opportunities and challenges expected in 2023.

We asked members about their experiences to date with remote working and what they expect to emerge as key themes in the coming months. What are the varying occupancy levels experienced within offices each day of the week? Have firms changed the size of their premises post Covid? What are the most prevalent business concerns with regard to remote, hybrid and flexible working in 2023? And what are the primary reasons driving Dublin firms to continue offering hybrid working arrangements post Covid?

It was found within the results of this survey that Wednesday is believed to be the most popular day of the week for employees to work from the office, recording an average occupancy rate of 61% - 70%. Fridays and Mondays were the least popular day of the week to work from the office, with a weekly average occupancy rate of 0% - 10%. Members disclosed their most commonly held concerns with regard to the impact of remote, hybrid and flexible working for businesses in 2023 to be cultivating a positive team culture (75%), onboarding new staff members (62%), and the isolation of staff or mental health (60%). The top three motivating factors pushing Dublin firms past these concerns and to continue offering remote/hybrid working options were its benefits as a recruitment and retention tactic (73%) because company morale has improved with these arrangements in place (44%), and because it suits the needs of their business model (36%).

Further detailed within this report is an assessment of the predictions made within Dublin Chamber's Q3 2021 Business Outlook Report regarding remote/hybrid working against what our latest survey shows firms to have actually put in place. The accuracy of these predictions from 2021 serves as an example of the value Dublin Chamber's quarterly Business Outlook Reports can bring to firms looking to futureproof and capitalise on the business trends of ensuing quarters.

The combined survey results and feedback from recent roundtable discussions also point to an overarching lack of cohesion within the implementation of remote and hybrid policies across Dublin firms, made no less complicated by the latest legislative developments. As detailed within the spread of survey data available within this report, there continues to be no one-size-fits-all way of doing things. Regardless, there can be no doubt that some form of blended/hybrid working will likely stay for many Dublin firms, at least for the near future. Find further insights into the new world of work and the business environment predicted for 2023 detailed within this report.

This report also outlines the feedback from roundtable discussions held with Dublin Chamber members over the past quarter, covering the right to request remote work, the National Training Fund, the Work Life Balance and Miscellaneous Provisions Bill and the return to the workplace.



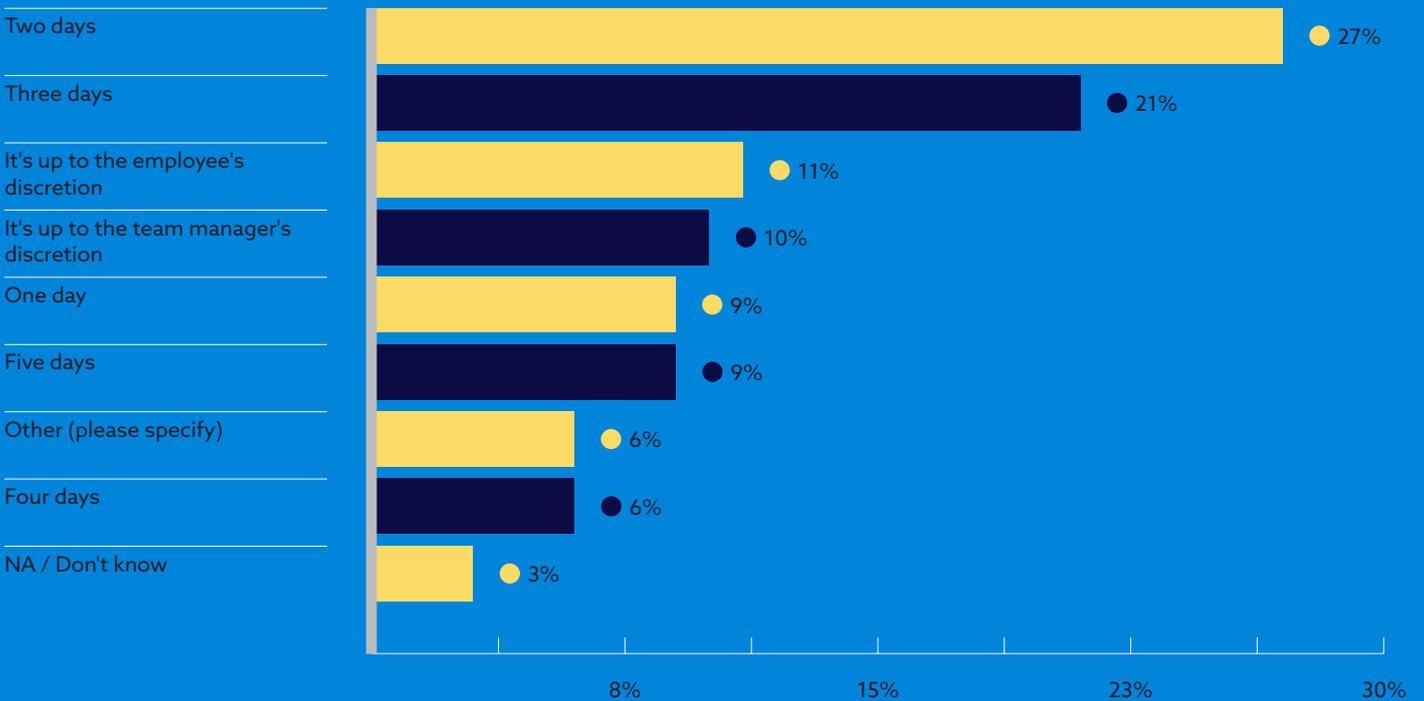
If you have any comments on our survey or want to discuss our findings, please contact us at policy@dublinchamber.ie

Time

When Dublin firms were asked how many days their employees must spend in the office on a weekly basis, no one answer took special pre-eminence. One in ten survey respondents (9%) said employees must work in the office five days a week. This is a slightly higher percentage than the number anticipated in Q3 2021 when one in twenty (5%) stated their belief that all employees would be mandated to return to working in the office on a full-time basis over the course of 2022.

In Q4 2022, one in five (21%) stated that employees must spend three days in the office per week, with one in four Dublin firms (26%) noting that employees must spend at least two days in the office on a weekly basis. One in ten Dublin businesses (11%) reported that it was up to the employee's discretion regarding how often they attended the office on a weekly basis. In contrast, another one in ten (10%) noted that the frequency required was left to the team manager's discretion.

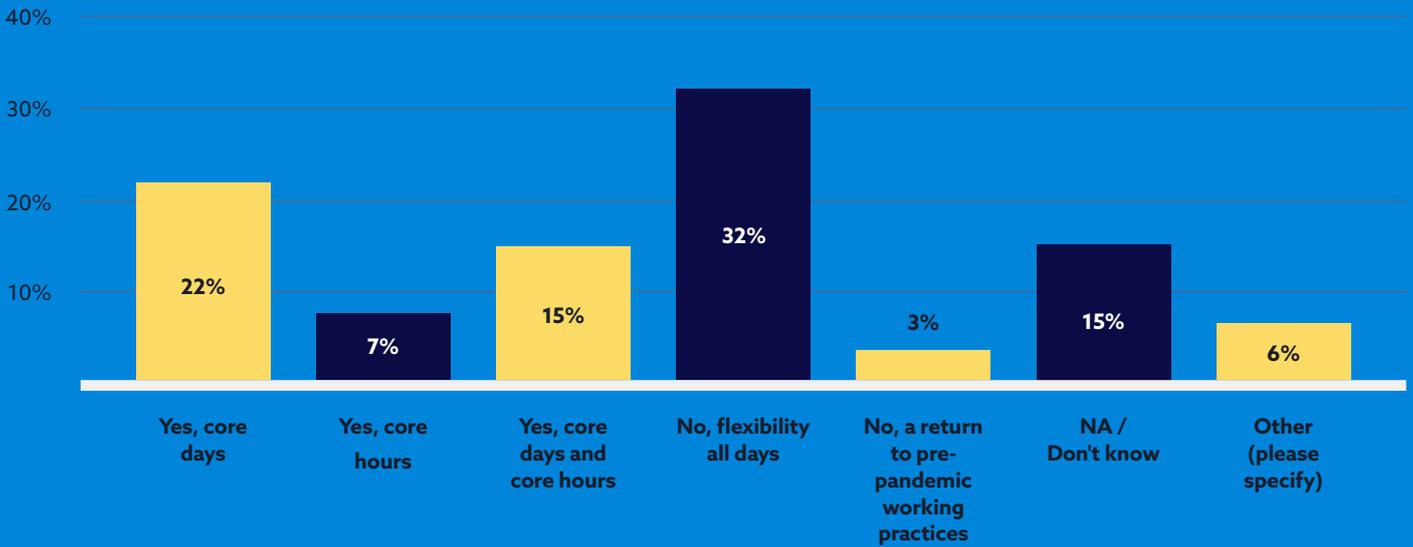
How many days must your employees typically spend in the office on a weekly basis?



When asked whether employers were implementing core days or hours, i.e., times when all available staff must be at the business premises in person, almost half (45%) of respondents reported that the specific days required in the office, rather than the amount, were flexible.

This stands more than ten percentage points higher than what 32% of Dublin firms expected would be the case when asked in Q3 2021 for their predictions on policies utilising core days or hours post-Covid.

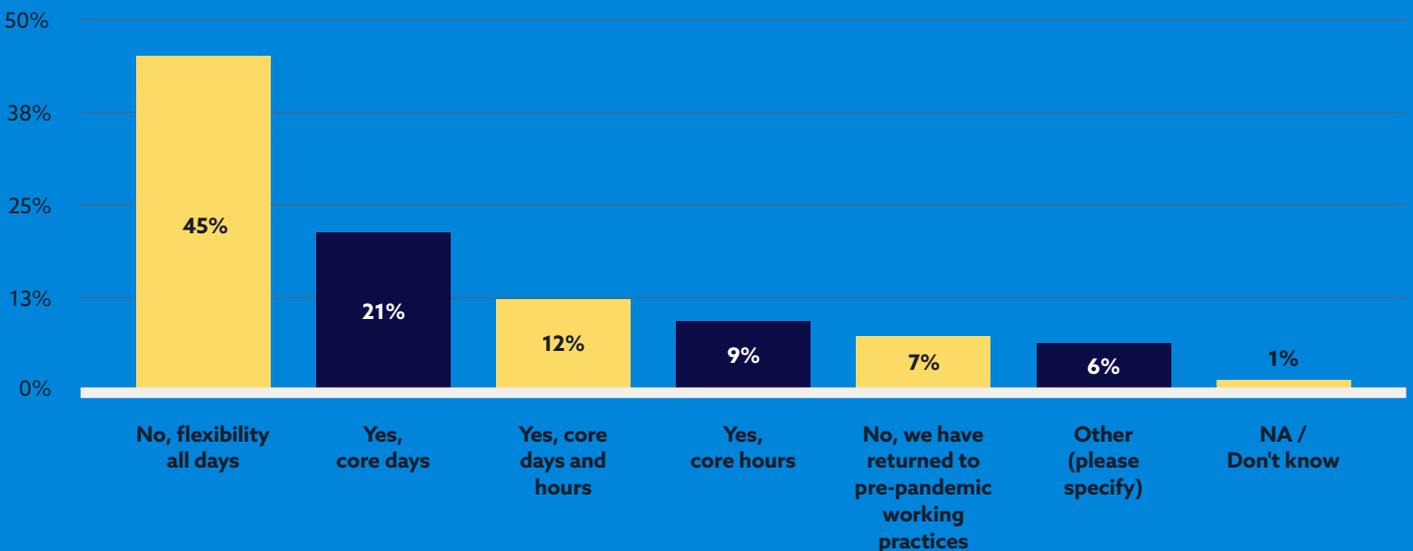
Q3 2021: Do you expect to have core days or hours, i.e. times when all staff will have to be at the business premises in person?



In Q4 2022, one in five (22%) reported that core days had been implemented, confirming the exact prediction made by firms when asked to forecast for 2022 in the Q3 2021 Business Outlook Survey. Another one in ten (9%) stated that a system requiring the fulfilment of core hours had been

instated, again closely matching the number of firms who forecast this trend in Q3 2021 (7%). On the foot of recent feedback from roundtable discussions on this topic, the use of core days and hours may become more prevalent throughout 2023.

Q4 2022: Does your business have anchor / core days or hours, i.e., times when all available staff must be at the business premises in person?



Capacity

Dublin firms ranked the days of the week on a scale of how likely they are to record between 71% – 100% in total office capacity usage as follows:

1. **Wednesday**
2. **Tuesday**
3. **Thursday**
4. **Monday**
5. **Friday**

When asked to rank the days of the week on a scale of how likely they are to score between 0% - 30% in total office capacity usage, Dublin firms directly reversed the order recorded within the previous question, substantiating the claim that Wednesday and Tuesday appear to be the most popular for office attendance, whilst Friday and Monday appear to be the quieter days of the week. Dublin Chamber's Q3 2021 Business Outlook Survey correctly predicted this order when asked to rank the days in order of expected low staff numbers on-site post Covid:

1. **Friday**
2. **Monday**
3. **Thursday**
4. **Tuesday**
5. **Wednesday**

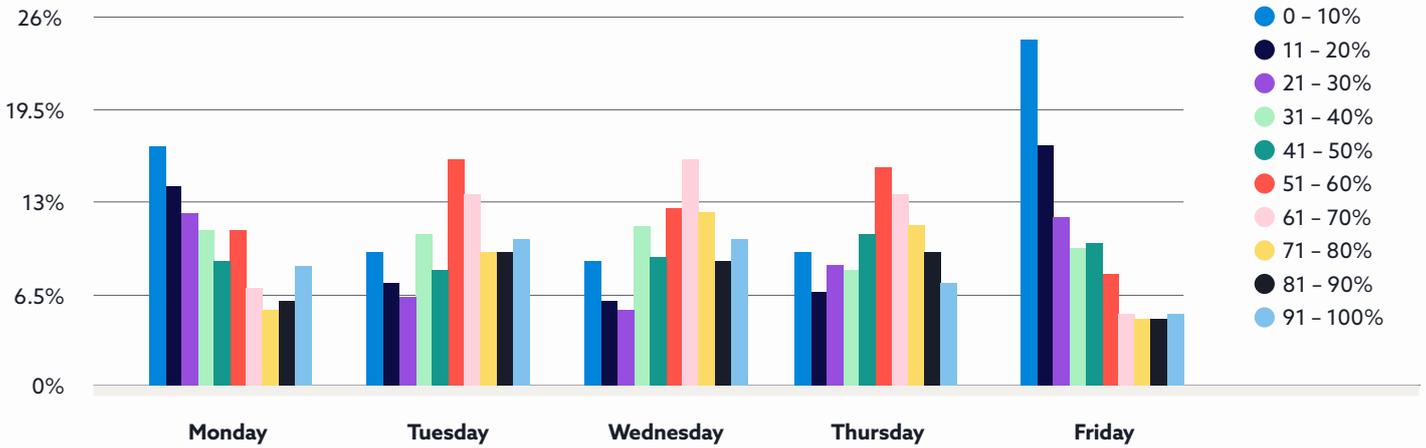
In Q4 2022, Dublin firms also elected what they felt to be the most accurate representation of average capacity for each day of the week as follows:

- | | | |
|----|------------------|------------------|
| 1. | Monday | 0% – 10% |
| 2. | Tuesday | 51% – 60% |
| 3. | Wednesday | 61% – 70% |
| 4. | Thursday | 51% – 61% |
| 5. | Friday | 0% – 10% |

It is important to caveat the above information and confirm that while Dublin firms most widely estimated these percentages to represent daily occupancy, the difference between the 'most widely' estimated percentage and the 'second

most widely' estimated percentage etc., was marginal (detailed further in the graph below), implying that for many Dublin firms, patterns of attendance are not clear cut, and remain exposed to sporadic change and alternating factors.

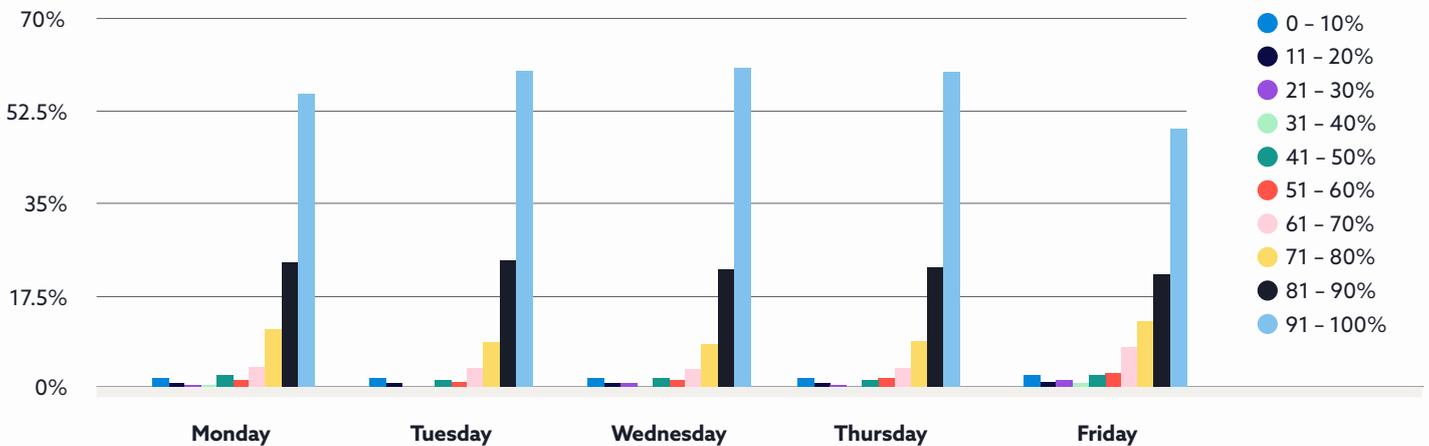
On average, post-Covid, what percentage of your total office capacity is being used on:



In comparison, perhaps unsurprisingly, the results to this question provide a far more balanced picture when posed within a pre-Covid context.

Dublin firms overwhelmingly recorded that each day of the week, pre-pandemic, was likely to record an occupancy rate of between 91% - 100%.

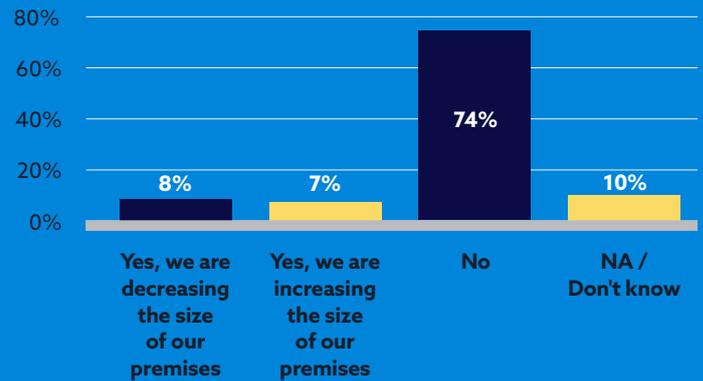
On average, pre-Covid, what percentage of your total office capacity was being used on:



Space

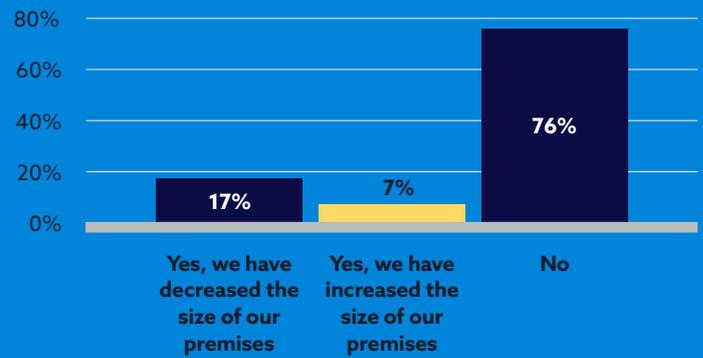
In Q3 2021, three in four survey respondents (74%) asserted that they were planning to keep the size of their premises the same amidst the pandemic. When asked in Q4 2022 if this prediction had been accurate, three in four firms (76%) confirmed that they had yet to make any changes. Similarly, in Q3 2021, one in twenty Dublin businesses (7%) stated they intended to increase the size of their premises. One in twenty firms (7%) confirmed in Q4 2022 the accuracy of this prediction. However, a higher number of firms recorded that they had decreased the size of their premises (17%) than had been previously forecast in Q3 2021 (8%).

Q3 2021: Is your business planning to change the size of its premises?



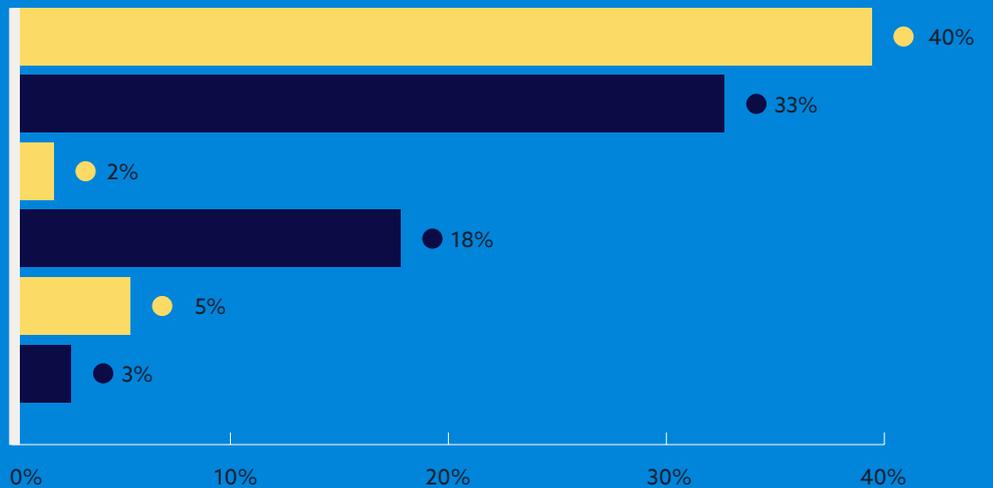
Two in five Dublin firms (40%) reported in Q3 2021 that they planned to reconfigure the layout of their work premises to reflect changing work practices. One year on this estimate was confirmed as reasonably accurate, with three in ten firms (29%) confirming that they had successfully reconfigured their space for this reason. Similarly, one-third of Dublin firms (33%) expected to reconfigure workspaces to facilitate social distancing; however, this was confirmed as slightly less in Q4 2022, with only one in five businesses (19%) reporting to have executed a change to reduce office density. More notably, only one in five (18%) firms expected in Q3 2021 that they would not reconfigure their work premises in response to the pandemic. However, just under half of Dublin firms (44%) confirmed in Q4 2022 that action had yet to be taken to reconfigure their workspace in response to the pandemic despite the intentions earlier expressed.

Q4 2022: Has your business changed the size of its premises?



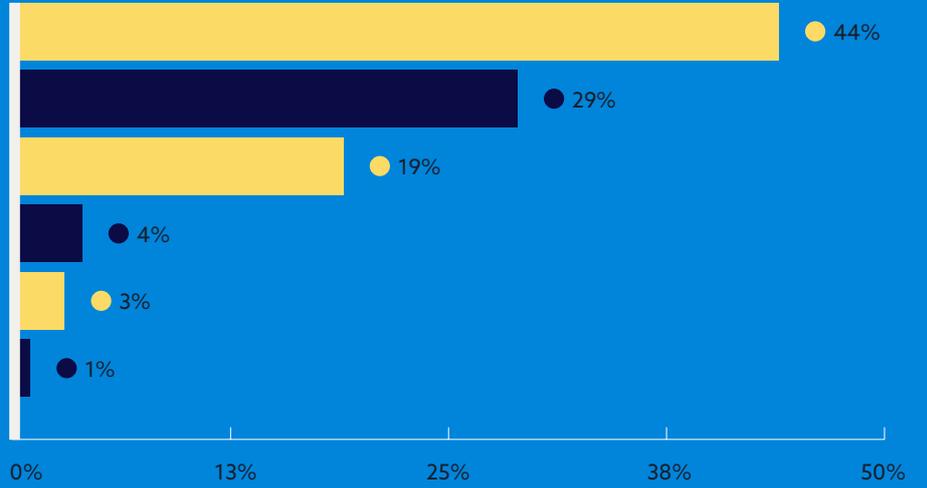
Q3 2021: Will your business reconfigure the layout of its work premises due to the pandemic?

- Yes, to reflect changing working practices, e.g. remote and flexible working
- Yes, to facilitate social distancing
- Yes, as we are employing more or fewer people
- No
- NA / Don't know
- Yes, for another reason (please specify)



Q4 2022: Has your business reconfigured the layout of its work premises due to the pandemic, since Q3, 2021?

- No
- Yes, to reflect changing working practices, e.g., remote and flexible working, different hours
- Yes, to reduce density (give people more space)/facilitate social distancing
- Yes, as we are employing more or fewer people
- Other (please specify)
- NA / Don't know

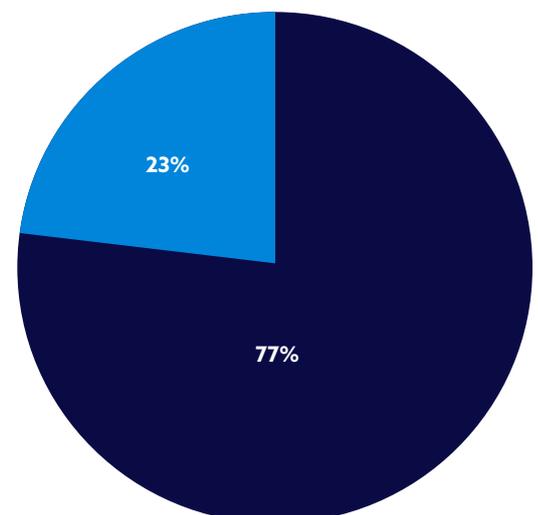


Right to Request Remote Work

The right to request remote work will no longer form the basis of a standalone piece of legislation and will now be integrated within the Work Life Balance and Miscellaneous Provisions Bill. It has been announced that as part of this change, a Code of Practice will be established for employers to adhere to when reviewing requests to work remotely. The Code of Practice will include guidance to employers and employees on their obligations regarding compliance. If this Code is not adhered to, a complaint can be taken to the WRC. When asked if this was viewed as a welcome development, almost four in five (77%) firms confirmed that it was. When asked to elaborate, some firms noted that:

- A lack of understanding of the difference between a right to remote work and a right to *request* remote work may impact employee trust/motivation; and
- Some jobs cannot be remote, and this will cause HR issues; and
- We believe people need to be in the office for cultural, knowledge-sharing, learning and productivity reasons; and
- The State should not legislate what should be part of the detailed relationship between an employer and an employee; and
- The employer should be making the decision entirely on WFH (work from home); no room for external review should be in place; and
- In some cases, we won't be able to accommodate WFH due to the client's preferences; and
- This needs to be driven through the culture of the organisation. Embedding this in law is unhelpful at many levels; and
- If the right systems and processes are not in place, it might be harder to manage. Giving employers and employees these guidelines may be helpful, but until we see them, we can't confirm.

The right to request remote work will no longer form the basis of a standalone piece of legislation and will now be integrated within the Work Life Balance Bill. It has been announced that as part of this change, a Code of Practice will be established for employers to adhere to when considering remote working requests. The Code of Practice will include guidance to employers and employees on their obligations regarding compliance. If this Code is not adhered to, a complaint can be taken to the WRC. **Does your business view this as a welcome change or development?**



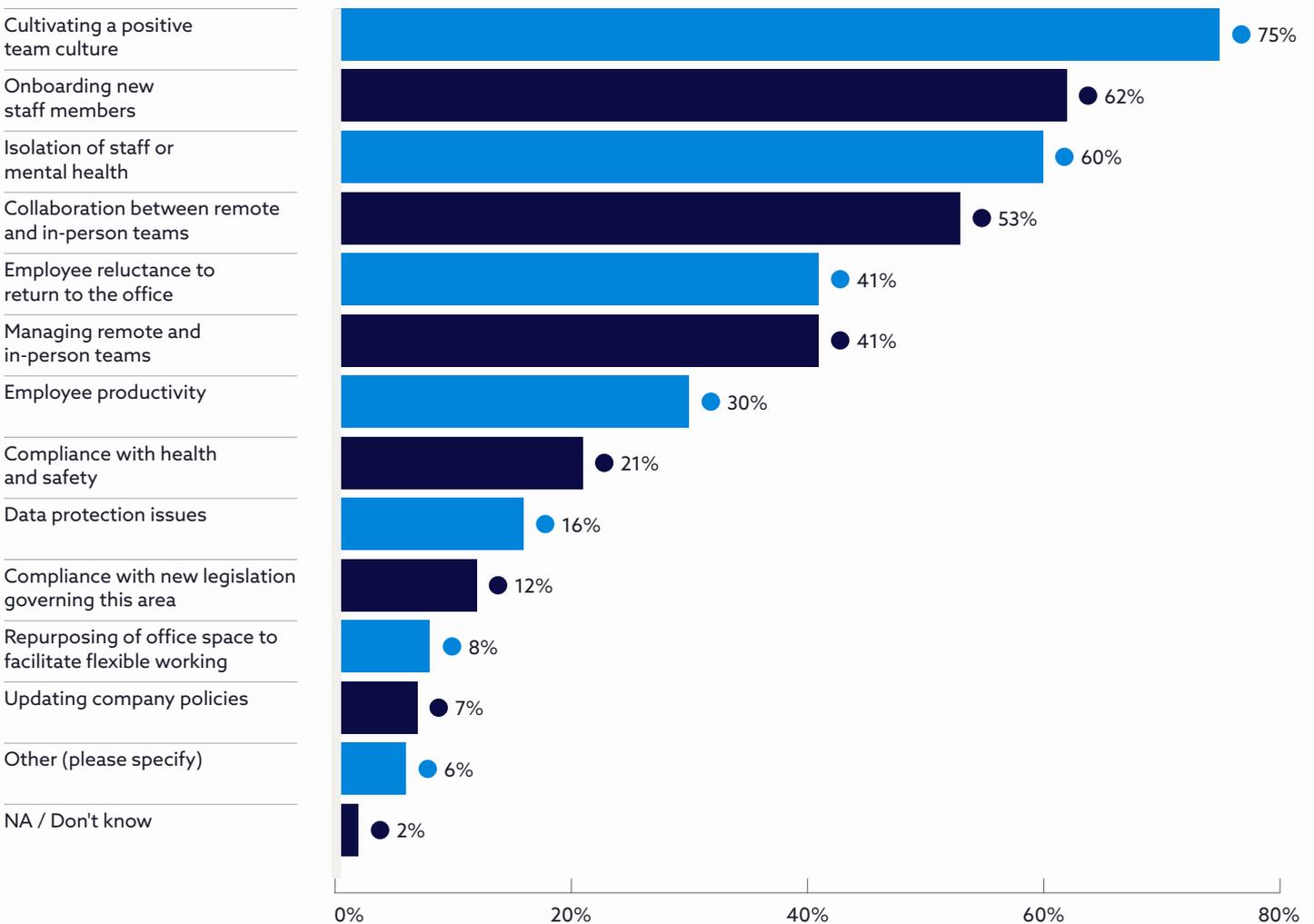
● Negative
● Positive

Concerns

Members disclosed their most commonly held concerns with regard to the impact of remote, hybrid and flexible working for businesses in 2023 to be cultivating a positive team culture (75%), onboarding new staff members (62%), and the isolation of staff or mental health (60%). This reflects strong anecdotal feedback from businesses about the value of in-person collaboration and the need for staff interaction through hybrid working to build company culture, avoid work silos, and strengthen links

with new recruits. When asked in Q4 2021, 'What is the biggest challenge with remote or flexible working for your business?', respondents similarly answered that their biggest concern was 'Cultivating a positive team culture', followed by 'Staff collaboration', with 'Isolation of staff and mental health' ranking in third place. These similar results show that historic concerns have not been assuaged following a year of hybrid working, following a year of hybrid working in practice and legislative updates, only perpetuated into 2023.

What are your biggest concerns for remote, hybrid and flexible working for your business in 2023?

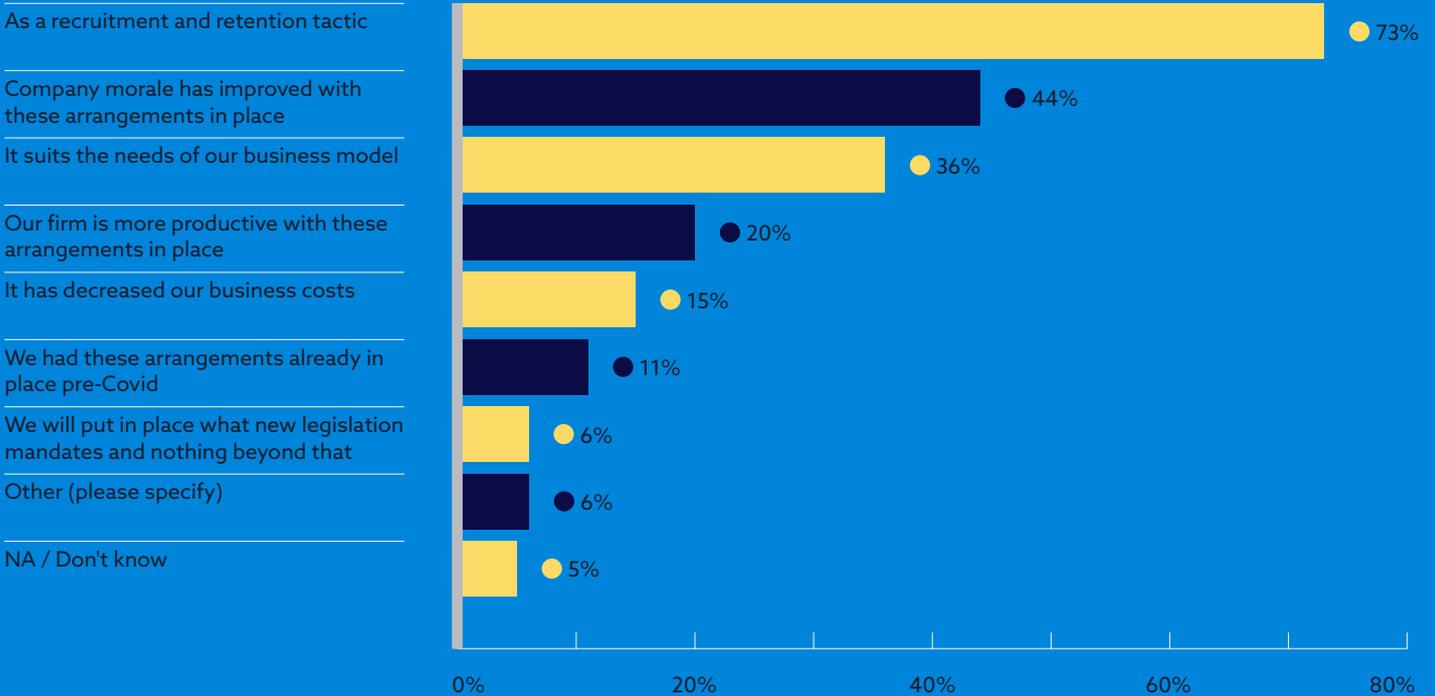


Motivations

While some firms may have had experience with remote, hybrid and flexible work practices in advance of the pandemic, for many, it was a steep and sudden descent into the unknown. Almost one year on from the reopening of regular economic activity in February 2022, Dublin Chamber’s Q4 2022 Business Outlook Survey sought to understand the primary motivations of Dublin firms that continue to

offer hybrid working opportunities despite the reduced urgency and dependency on such practices as necessitated initially by the practicalities of Covid-19. The top three most widely held reasons were as a recruitment and retention tactic (73%), because company morale has improved with these arrangements in place (44%), and it suits the needs of our business model (36%).

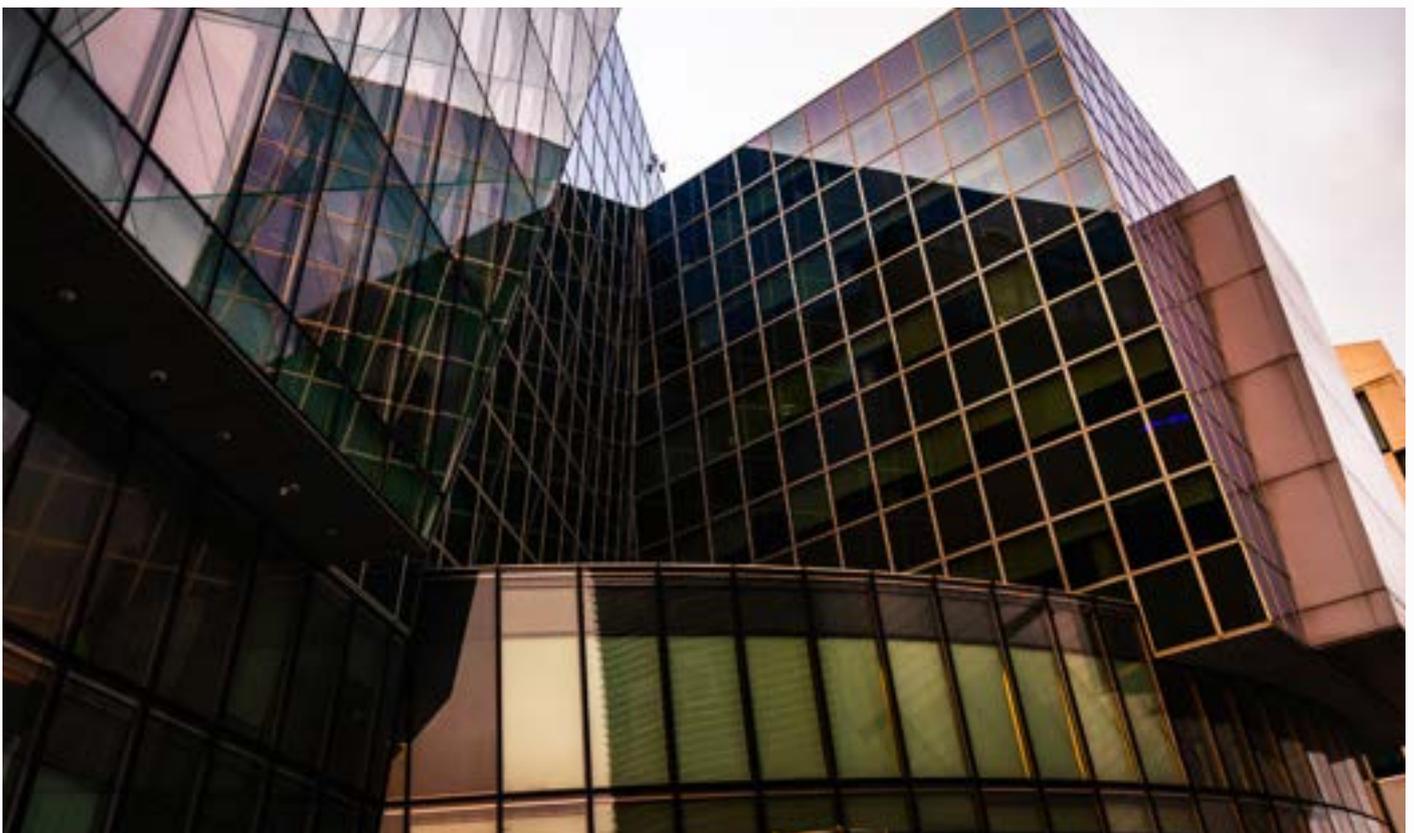
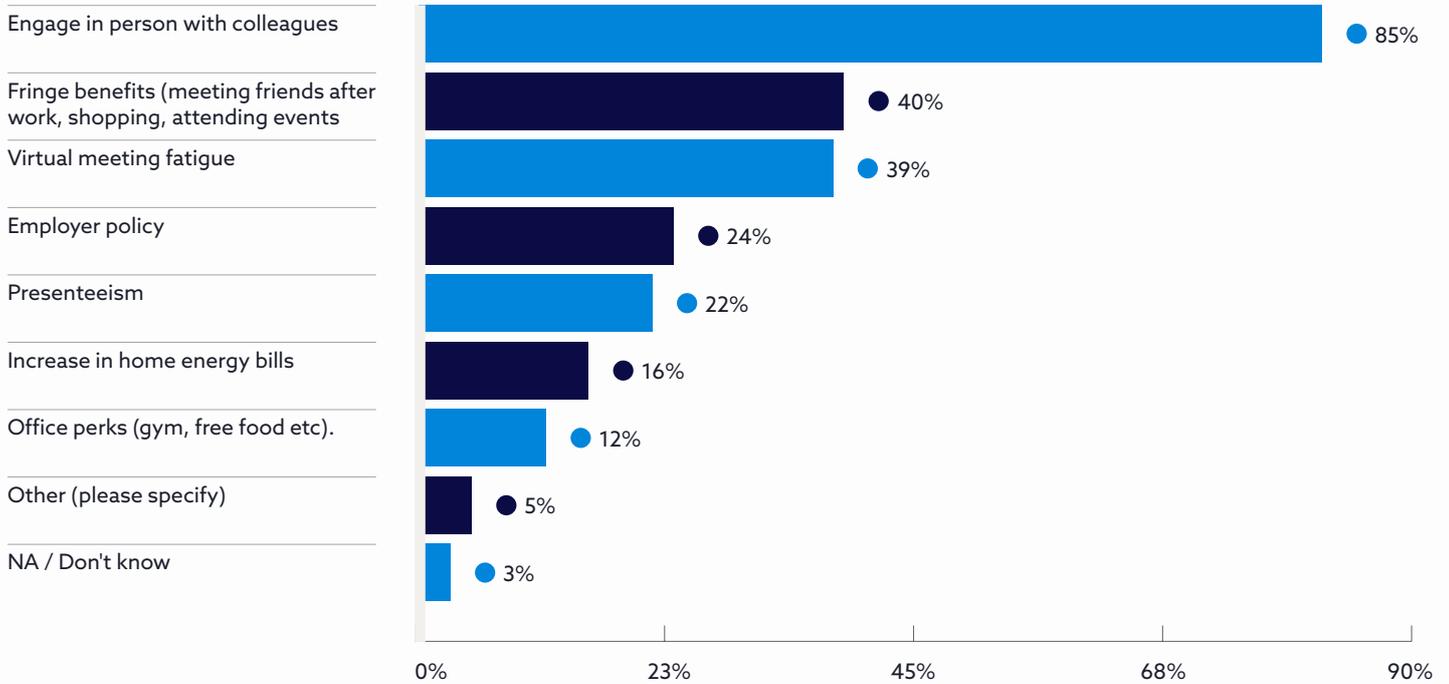
What are the primary reasons leading your firm to continue offering remote, hybrid and flexible working arrangements in 2023?



More than four in five firms (85%) note in-person engagement with colleagues as a top driver in encouraging employees to return to work onsite, followed by fringe benefits such as meeting with friends after work, shopping or attending events (40%) and virtual meeting fatigue (39%). With

proximity bias repeatedly surfacing as a concern within various roundtable discussions over the last year, these drivers may provide valuable insight for firms looking for direction on how best to holistically encourage employees back to the office without the use of mandatory policies.

What are the greatest drivers in returning employees to work onsite?



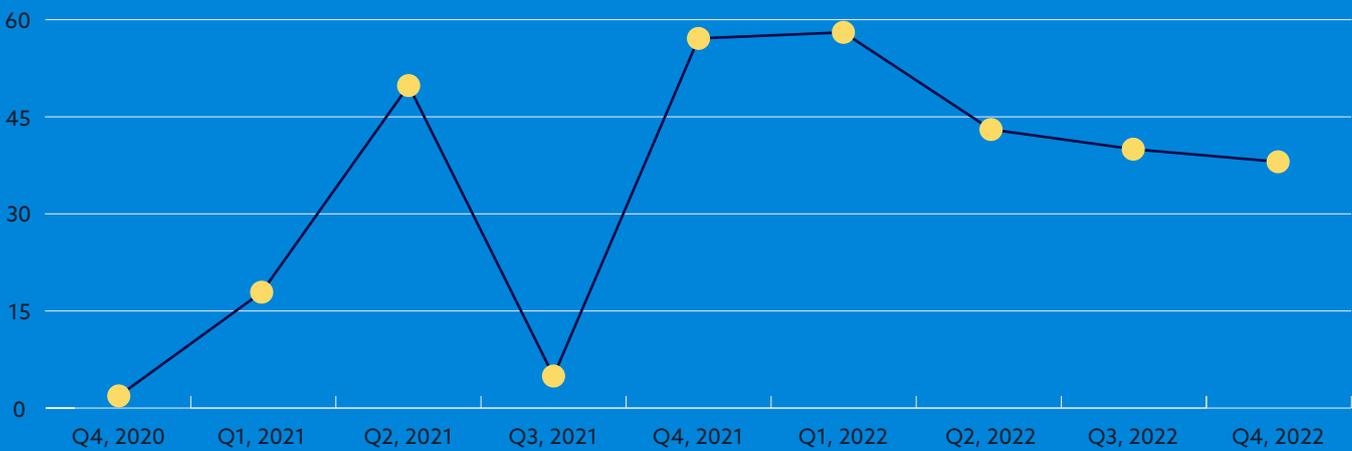
Business Outlook

Each quarter, Dublin Chamber performs an Expectations Index across key metrics to predict trends that may appear within ensuing business quarters. The expectations index is calculated using the answers received from Dublin firms on whether they expect items such as profit

or revenues to increase or decrease over the subsequent business quarter. Dublin Chamber then subtracts the expected increases from expected decreases to create an Expectations Index.

Revenues Expectation Index

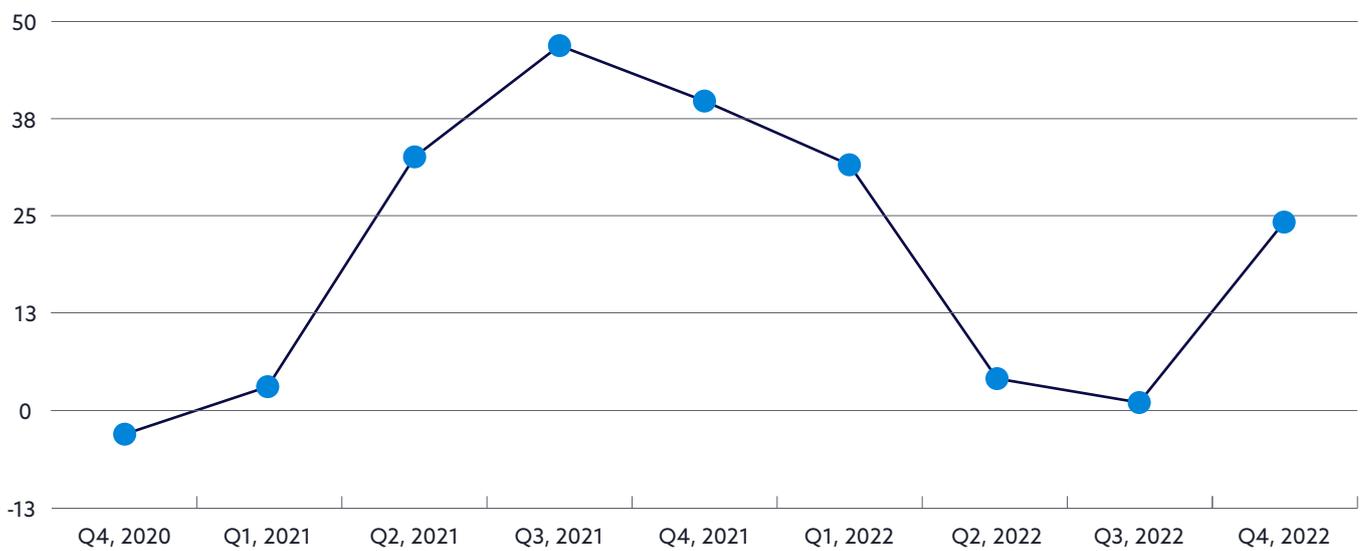
The Revenues Expectation Index currently stands at **(+)38**, down from **(+)40** in Q3 2022, perpetuating a decline that has continued to drop steadily since Q3 2021. Worryingly, one in ten companies (13%) expect revenue to decrease in the next three months. This figure marks a substantial increase in firms reporting lower turnover, up from 5% in the previous year (Q4 2021). A third of firms (36%) expect revenue numbers to stay the same.



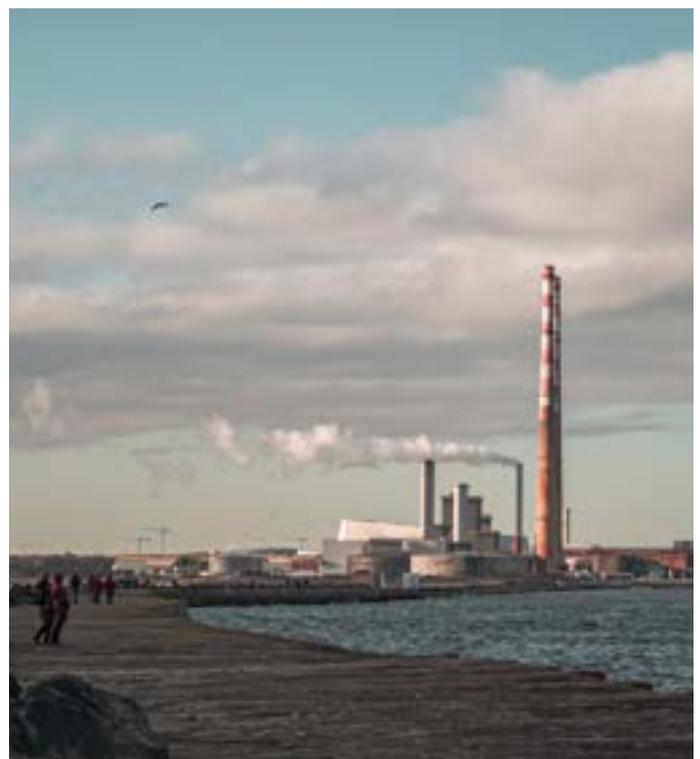
The Profit Expectations Index heralds a more positive vision for 2023 than previously forecast in Q3 2022, where the index recorded a dejected score of **(+)1**, the lowest figure to appear on the index since Q4 2020. In Q4 2022, while

still presenting a weak score compared to Q4 2021 **(+)40**, a promising improvement has occurred, with the Q4 2022 Profit Expectation Index standing at **(+)24**, a significant jump of 23 percentage points from the previous quarter.

Profit Expectation Index



Despite this improvement, it remains that only two-fifths of Dublin businesses (40%) expect an increase in profits over the next three months. Notably, the percentage of firms expecting a decrease in profits has dropped to 16% this quarter, a welcome drop of 14 percentage points from 30% in Q3 2022. Two in five businesses (44%) expect profits to remain the same for the next three months.



Operating Costs Expectations Index



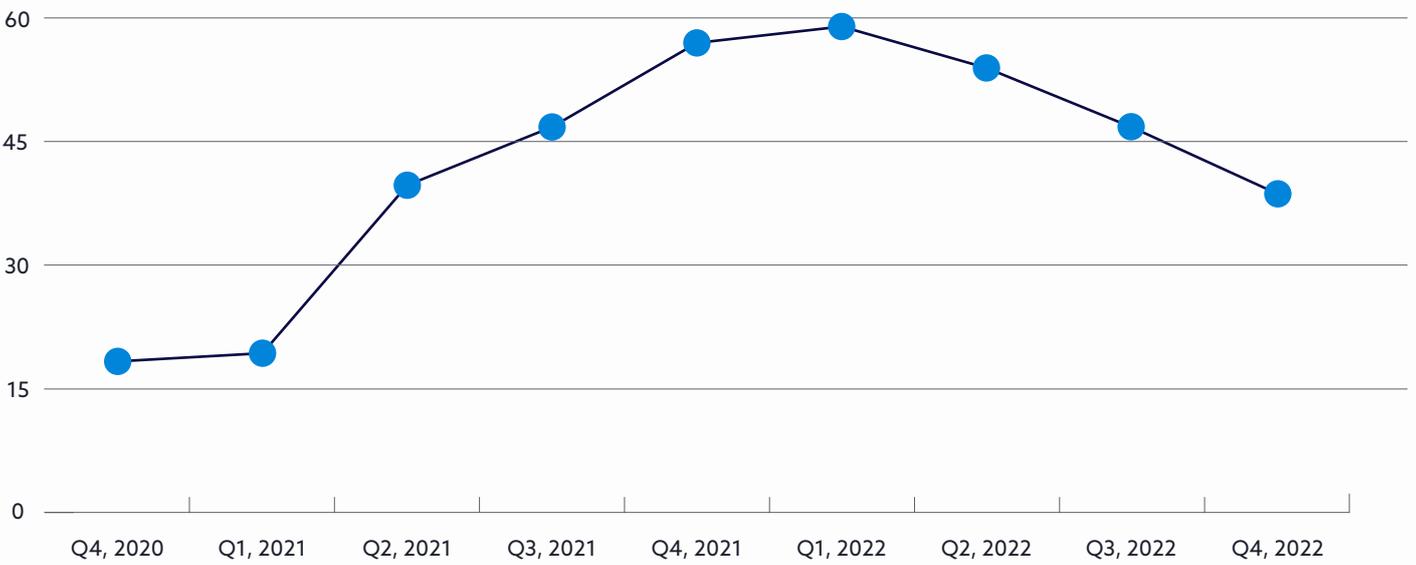
In a similarly modest but comparatively robust improvement, the Operating Costs Expectations Index stands at **(+)74**, which while high, signals a marked decrease of 20 percentage points from Q3, 2022. Almost four-fifths of Dublin firms (77%) report that they expect their operating costs to increase over the next three months, with only 3% of respondents expecting costs to decrease.

While improvements to the Operating Costs Expectation Index and Profit Expectations Index may appear tepid at best, they are a firm step towards a brighter outlook and a quietly hopeful indicator of positive changes to occur within 2023. Regardless, it remains imperative that significant, multifaceted support be provided to solidify this progress, reduce costs and encourage business competitiveness in the coming months.

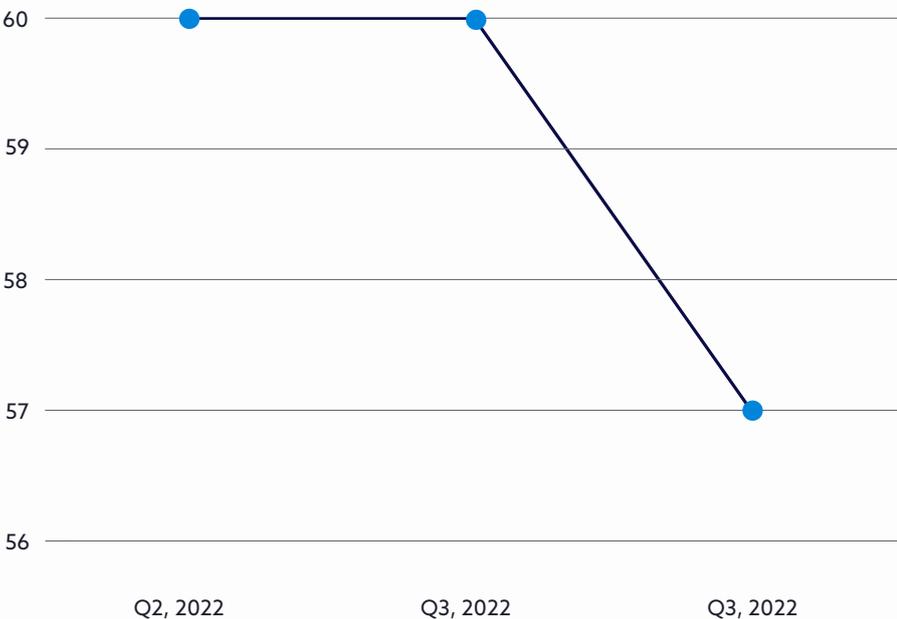


Staff Expectation Index

The Staffing Expectation Index for Dublin firms in Q4 reveals a score of **(+)39**, a drop of 20 percentage points since Q1 2022. This is the lowest score to appear on the index since Q2 2021. One in twenty Dublin businesses (6%) expect a decline in jobs, the same figure recorded in Q3 2022 and the highest number reported since Q2 2021. Half of Dublin companies (49%) expect numbers to stay the same.



Price Expectation Index



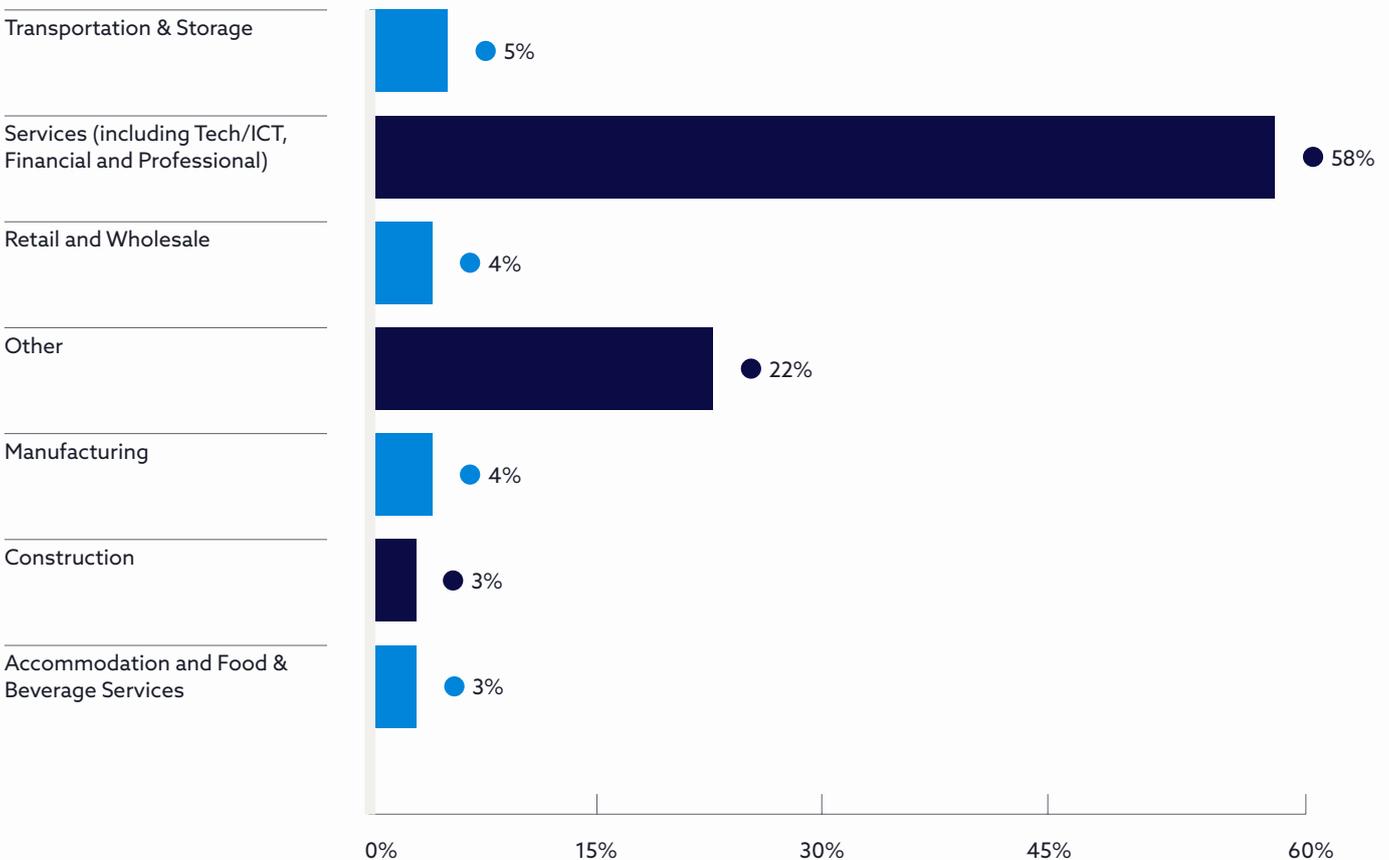
The Price Expectation Index has decreased slightly from **(+)60**, as recorded in the previous two quarters, to **(+)57**, indicating that the pressure to pass on rising business costs to customers from previous quarters has abated marginally.

Respondent Profile

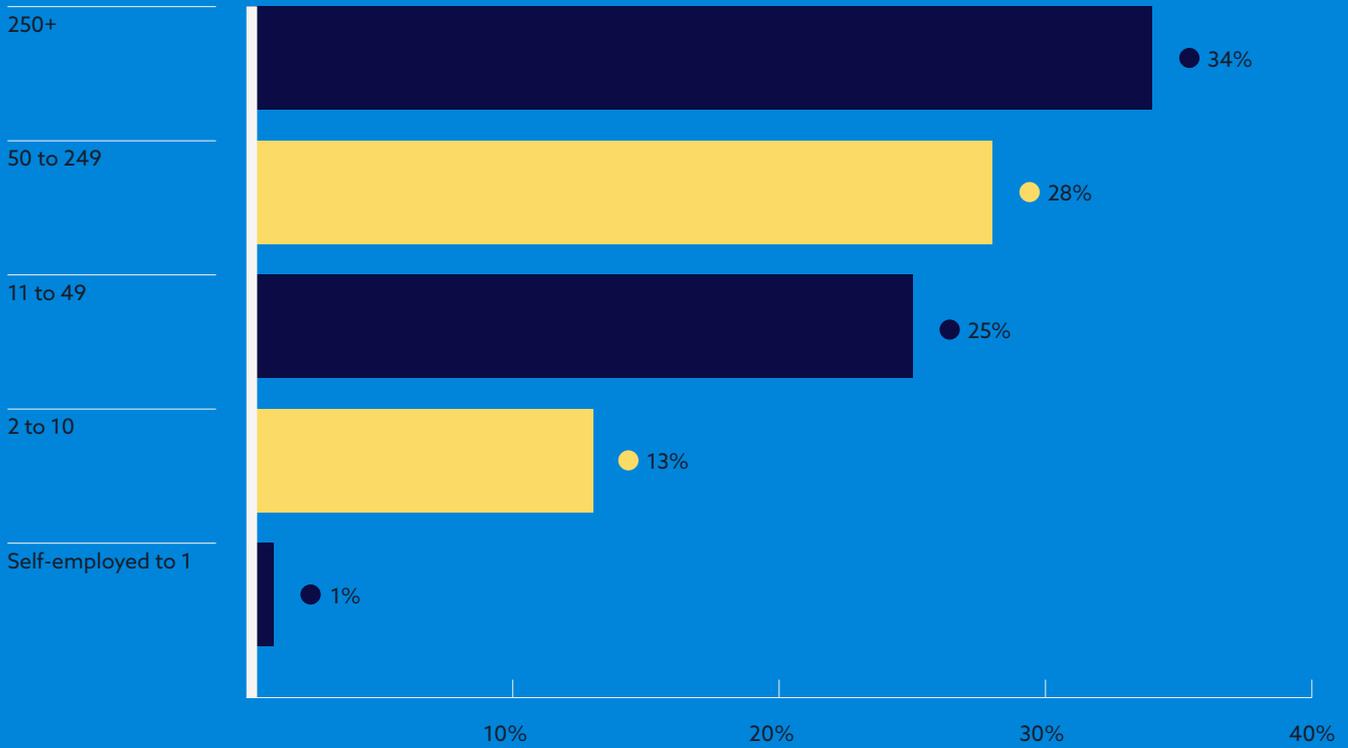
Responses were drawn from a diverse sample of businesses across the Dublin region, ranging from micro-enterprises to large multinationals. Over half of the surveyed companies (58%) are in the services sector, including IT, Finance, and Professional Services. The remaining industries included Transportation and Storage (5%), Retail and Wholesale (4%), Manufacturing (4%), Accommodation and Food & Beverage Services (3%), Construction (3%) and other categories.

Most respondents to the Dublin Chamber survey large companies, with the largest single cohort surveyed (34%) consisting of businesses employing 250 people or more. Of the remaining companies, 28% employ 50 to 249 people, 25% employ 11 to 49 people, 12% hire 2 to 10 people, and 1% are self-employed or employ one person.

What sector is your company primarily in?



How many people does your company employ?



Round Up

Dublin Chamber regularly holds roundtable discussions with its member companies to inform policy work with qualitative feedback and provide greater insight into topical issues affecting business.



This quarter we held round table discussions on topics including the right to request remote work, the National Training Fund, the Work Life Balance Bill and the return to the workplace.

The Right to Request Remote Work

Within a roundtable discussion on the right to request remote work, many members confirmed their apprehension in advance of the final publishing and commencement of the latest legislation, particularly in consideration of the administrative and HR burden it may inevitably cause. Firms noted that the opportunity to access remote working was a key priority expressed by potential new hires and that in consideration of current labour market challenges, retention issues and upcoming legislation lending favour towards employees rather than those hiring, it was boiling down to a matter of “holding your nerve”

to find the right employee without acquiescing to complete remote working demands at initial stages of recruitment, rather than developing an arrangement suited to both parties. Several firms also mentioned their concern for trainees throughout the discussion due to a lack of training from senior members of staff who increasingly choose to work from home, leading to a more isolated onboarding experience for new recruits.

“Several firms also mentioned their concern for trainees throughout the discussion due to a lack of training from senior members of staff who increasingly choose to work from home”



The National Training Fund

Roundtable participants commonly agreed that there was a lack of efficiency in the administration of the National Training Fund, particularly given the tightness of the labour market, skills shortages, and the fund's surplus.

A lack of awareness and knowledge of how best to access and make use of the fund was also noted. Businesses asked for the creation of a portal for employees and employers alike, involving joined-up thinking across relevant parties and stakeholders, the provision of information on skills most in need across different industries, research on related subjects and clear instructions on how to best make use of the opportunities currently associated with the fund. As an example of an alternative way the fund could be used to support businesses and those looking to upskill, the construction industry and its current skills crisis were mentioned.

It was noted that many construction companies facing skills shortages are micro firms and can't afford to take on apprentices unless they know it will be financially worthwhile in the long run. It was suggested that the fund be used to support those not immediately in a financial position to offer apprenticeships but who would like to.

Equally, a reduction or exemption from contributing to the fund was suggested for companies regularly engaging in upskilling and professional development for their staff or for any small firm that can't afford the initial outlay to take on apprentices, particularly as it relates to the needs of the labour market as a whole. It was also suggested that the National Training Fund be used:

- To fund research on alternative training methodologies and bring awareness to them
- To fund the transition of those from abroad working in Ireland, to align their learnings from a legal and technical point of view with the Irish system.
- To create an industry consortium or an operational eco-system between all stakeholders to develop a greater understanding of what is needed in managing the fund and the needs of recipients, employees and employers alike.
- To fund mentoring, coaching, and training courses.

“...many construction companies facing skills shortages are micro firms and can't afford to take on apprentices unless they know it will be financially worthwhile in the long run.”



The Work Life Balance and Miscellaneous Provisions Bill

When members were asked to discuss updates resulting from the integration of the right to request remote into the Work Life Balance and Miscellaneous Provisions Bill, several issues of concern were identified, particularly with regard to the Code of Practice yet to be designed by the Workplace Relations Commission. Firms noted that while an official definition of what constitutes an eligible role suitable to the request of remote work is missing, HR departments and managers may become subject to severe scrutiny and resentment from staff who have their applications denied due to a lack of consistency with operational demands.

Similarly, concerns were raised that the application process within the legislation and the process for refusal may be too onerous, lengthy or problematic from a management perspective. The application of the Code of Practice must be fair to avoid the development of an inequitable two-tier system of those who can access their right to request and those who cannot. Equally, the employer must be protected by the Code of Practice through a transparent and prescriptive process outlining the mechanism by which employee requests

can be accepted or denied. Members stated that the Code of Practice must also consider the time, money and resources already invested into remote working policies, new infrastructures, and office spaces when considering the practical elements of its integration within different companies. It was notable how many questions were raised throughout the discussion, as participants said their lack of clarity on several issues was contributing to a feeling of unease. Some of the questions raised within the discussion included:

- Will the Code of Practice govern whether employees will be allowed to work from abroad, café etc?
- Will HR need new skills to draft policies that align with the Code of Practice effectively?
- Will anyone be exempt from the Code of Practice, particularly those working on a contractual basis?



- How will the Work Life Balance Bill integrate with the equality discrimination legislation? Will that expose employers to claims that employees are being mistreated when refusing applications, even if on a technical basis?
- Some companies can afford the insurance needed to allow their employees to work remotely, while others won't. How will this play out for smaller companies that cannot afford this and then end up in contravention of the legislation?
- What happens to travel time - what if someone is working remotely and then sent for in-person professional development?

To ensure the Work Life Balance Bill's success, roundtable discussion participants called for:

- Government to showcase organisations that have successfully executed policies that are in line/already compatible with the new legislation as an example of best practice; and
- Time to respond - the larger the organisation, the more time this will take to process requests against competing interests. There will be a considerable admin burden, and operational requirements must be paramount. No business should be at a disadvantage through operating this legislation; and
- Where it's going to be prescriptive, be really prescriptive. Where there's a need to be flexible, set this out carefully, particularly with regard to what will be subject to employer discretion. The more prescriptive, the greater the understanding and transparency will be for employers and employees alike.



The Return to the Workplace

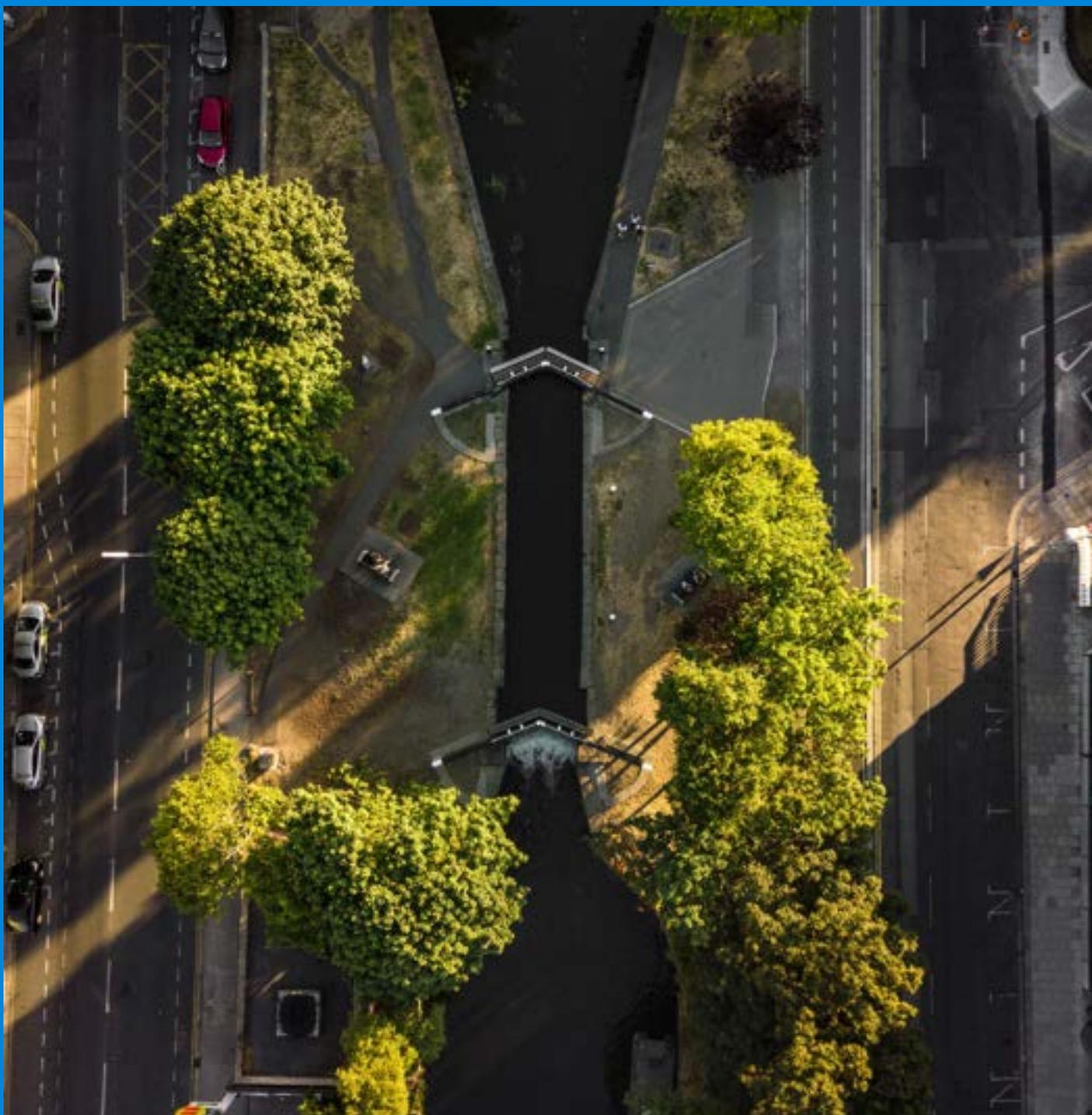
Dublin businesses discussed the greatest factors inhibiting and motivating employees to return to work onsite. Members noted that employees had mentioned reasons such as increased social anxiety post Covid, difficulty integrating within teams or company culture and commuting as a large part of their reluctance to return to the office. Firms also observed that over the course of the pandemic, employees implemented more personalised systems of working to stay motivated and are now finding it difficult to return to work environments that do not

cater to their needs as successfully or attentively as one can do for themselves in their own home. However, it was agreed that while individuals might feel they are delivering more, the team as a whole is not as enriched by this individualist style of working. To tackle this, discussion participants noted that the office experience could significantly encourage employees to return onsite. "Introverts don't want to be overstimulated; extroverts will seek that out" – to be successful, an office space must create different areas catering to everyone's needs.



Additionally, organising events with clearly defined reasons for requiring employees to attend in person can be a helpful strategy. Firms commented that when employees are asked to attend the office for what they believe to be 'the sake of it', it is met with much resistance. Anchor days were posited as the best way to ensure maximum engagement with such events or activities. In support of balancing the right

to request remote work with the onsite needs of business, Dublin firms also suggested a national commuter campaign be implemented across different mediums, which would include the revision of the current commuter ticket that is outdatedly based on a five-day working work, no longer relevant in a hybrid working world, and a renewed effort to improve transport infrastructure.



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