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Bealtaine 2019

**Seanad Public Consultation Committee Report on
Small and Medium Sized Businesses in Ireland**

May 2019



Erratum Slip

Seanad Public Consultation Committee Report on Small and Medium Sized Businesses in Ireland, May 2019

Erratum to Appendix 4: County-by-County Profiles

Please see amended graphics below that detail the classification of SMEs by size and number of related employees for each of the twenty six local authorities in Ireland.

The changes specifically relate to elements of data used in graphics for “Enterprises per County - Small Enterprises (10-49)”, “% Active Enterprises by Enterprise Size, 2016” and “% Persons Engaged by Enterprise Size, 2016”.

Please use this amended information for future reference.

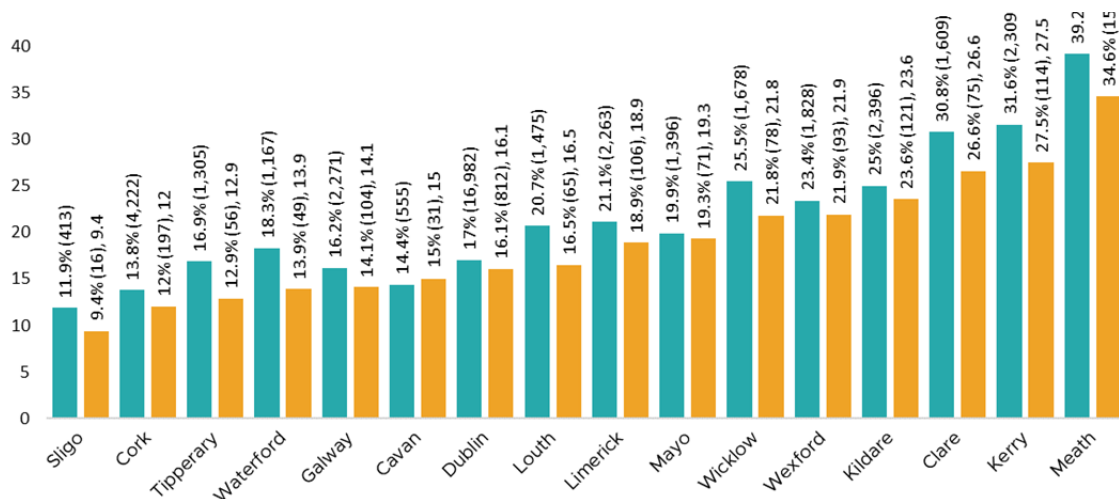


Figure 1: Enterprises per County - Small Enterprises (10-49), % change 2011 to 2016 (Page 105-106)

Note. Data Compressed by CSO for remaining 10 counties: (Carlow, Donegal, Kilkenny, Laois, Leitrim, Longford, Monaghan, Offaly, Roscommon, Westmeath)

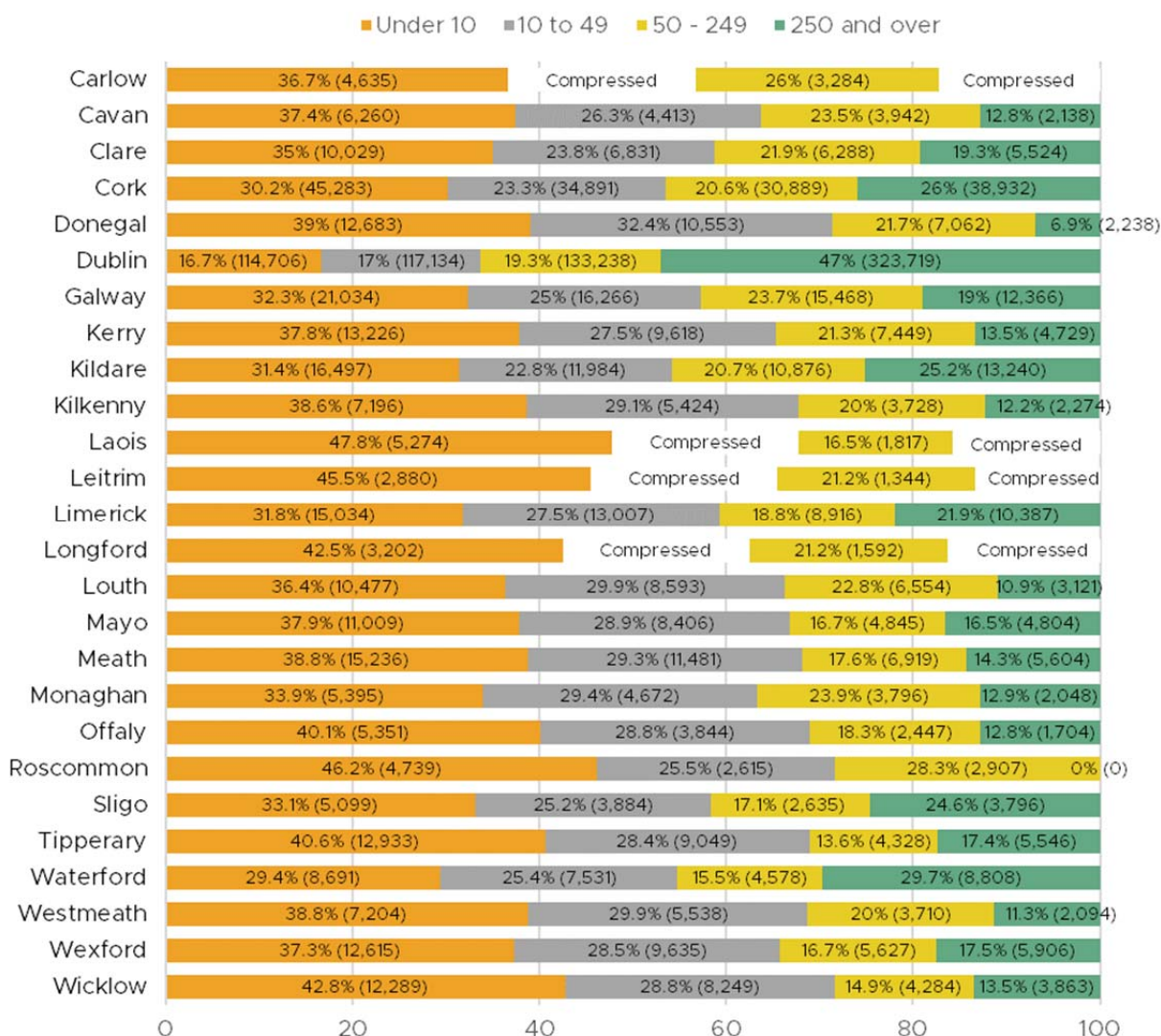


Figure 2: % Persons Engaged by Enterprise, 2016 (Page 135-185, graphic 6 only)

Note. Due to data compressions, the following counties also have amended figures for % Active Enterprises by Size, 2018. Correct graphics should read:

Carlow: Under 10 (2,432), 10 to 40 (Compressed), 50 to 249 (35) and 250+ (Compressed)

Laois: Under 10 (2,782), 10 to 40 (Compressed), 50 to 249 (23) and 250+ (Compressed)

Leitrim: Under 10 (1,723), 10 to 40 (Compressed), 50 to 249 (12) and 250+ (Compressed)

Longford: Under 10 (1,781), 10 to 40 (Compressed), 50 to 249 (19) and 250+ (Compressed)

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Submissions received by the Committee are published separately to the Oireachtas website with this Report.

The official transcript of the meeting of the Committee on 13th November, 2018, is also published separately to the Oireachtas website with this Report.

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Table of Abbreviations

AI	Artificial Intelligence
BERD	Business Expenditure on Research and Development
CGT	Capital Gains Tax
DBEI	Dept. of Business Enterprise and Innovation
EII Scheme	Employment and Investment Incentive Scheme
ESRI	Economic and Social Research Institute
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GPP	Green Public Procurement
HEI	Higher Education Institute
HPSU	High Potential Start-Up
IMF	International Monetary Fund
ISME	Irish SME Association
KEEP	Key Employee Engagement Programme
MAN	Metropolitan Area Network
MedTech	Medical Technology
MNC	Multi-National Corporation
MNE	Multi-National Enterprise
NBP	National Broadband Plan
OGP	Office of Government Procurement
PPP	Public Private Partnership
R&D	Research and Development
SBA Factsheet	Small Business Act Factsheet
SBCI	Strategic Banking Corporation Initiative
SFA	Small Firms Association
SURE	Start-Up Refunds for Entrepreneurs
VC	Venture Capital

Seanad Public Consultation Committee – Role and Membership

The Seanad Public Consultation Committee was established by the Seanad in 2011 as a contribution to a broader process of reform and with a view to opening access to Seanad Éireann and its work. The Committee's purpose is to provide for direct engagement and consultation between members of the public and the Seanad through a process which involves inviting submissions from members of the public on a specific issue related to its legislative powers or an issue of public policy. The Committee considers submissions made to it, invites contributors to present to it at public hearings which are held in the Seanad Chamber and publishes a report for debate by the Seanad or referral to the relevant Oireachtas Joint Committee. The Committee has examined a range of broad socio-economic issues since it was established. These include the rights of older people; prevention of cancer through lifestyle changes; Ireland's compliance with the International Covenant on Civil and Political Rights; farm safety; Children's Mental Health Services; and the Status, Treatment and Use of the National Anthem.

Members of Seanad Public Consultation Committee



CHAIRMAN

Paul Coghlan
*Leas-Chathaoirleach
of the Seanad*



RAPPORTEUR

Pádraig Ó Céidigh
*Independent/
Taoiseach's Nominee*



Catherine Ardagh
Fianna Fáil



Jerry Buttimer
Fine Gael



Maria Byrne
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Martin Conway
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Colette Kelleher
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1. Chairman's Preface



SMEs are the engine of jobs growth and development in our economy. As a sector, it is a diverse and vibrant, and accounts for over 99% of active enterprises in Ireland and 65% (over one million) of total employees, which increases to 68.4% when proprietors and family members engaged in the SME are included. SMEs are therefore the main source of jobs in the Irish economy and it is important that our Government and Parliament do everything possible to support a sector which is such a key source of employment.

As a businessman before entering national politics, I know only too well that the operating environment for businesses in Ireland, particularly SMEs, can be challenging. Business owners are men and women who take enormous risks to develop their passion. Many of the contributors to the public hearings of the Committee spoke about the contribution of SMEs to the social fabric of a community, their importance to sustaining communities through jobs creation, particularly in rural communities, and their potential role in environmental sustainability.

A survey of family businesses in Ireland conducted by PricewaterhouseCoopers in 2016 showed that 73% of family businesses, as compared with non-family businesses, measure success beyond profit and growth, to long-term commitment to communities and employees. This underpins the value of SMEs to local communities, on whose support they rely on. However, many of the contributors to the public consultation felt there was a lack of supports for family businesses, where often the business owners can work well over 100 hours per week risking all they and their families have, including their homes, and their personal assets and finances.

As a small open economy, Ireland is and always has been exposed to factors outside our control. While SMEs have seen sustained growth over the last number of years, the potential impact of Brexit looms large as a new challenge for the sector.

The importance of safeguarding Ireland's trade interests with the UK is paramount as Brexit unfolds, as this will have an enormous effect on Irish SMEs who export their goods to the UK. It seems we are inevitably moving towards a less competitive and more expensive trading relationship between Ireland and the UK and SMEs will need time to transition depending on the nature of the new trading arrangements. While the final shape of Brexit is not yet known, Ireland wants the closest possible relationship between the EU and the UK, including on trade, to minimise the impact on jobs and businesses. I whole-heartedly support this aim. The Committee heard that the IDA, Enterprise Ireland, Chambers Ireland, ISME and the Small Firms Association will play a significant role in supporting SMEs in response to Brexit. The need for SMEs to also make strategic decisions related to their market expansion choices, beyond the UK, is of critical importance.

SMEs have identified attracting and retaining key talent, improving profitability, being more innovative and increasing digital capability as key objectives for the sector to stay ahead competitively and continue to grow and future-proof their businesses. There is recognition, however, that many SMEs have not yet fully embraced technology and this may be due to lack of resources and digital skills. A recent survey of SMEs shows that a majority of SMEs have websites yet only 30 percent of SMEs can take online sales orders. So there is a significant market to be tapped into here, a lot of which, it appears is going on purchases outside of Ireland at present.

The Committee heard that recruitment of staff is competitive, which is particularly challenging for SMEs as it is more difficult to match or exceed salaries paid by large enterprises. In addition, there is a lack of apprentices across the sectors. The Construction Industry Federation (CIF) identified low take-up of apprenticeships as a significant issue for that sector.

The Committee heard that the increasing cost of doing business in Ireland and a tax system that puts smaller businesses at a disadvantage is a major issue for SMEs. The rising costs of rent, insurance and rates, are of particular concern to SMEs as they threaten the very viability of their businesses and are a barrier to business growth. The capital gains tax rate of 33% (up from 20%) is at odds with other countries across the globe. This can adversely impact people who wish to retire or sell on their business. An improvement in tax rates would allow SME owners invest in their businesses or in new businesses. The Committee has dedicated recommendations in the Report in relation to finance and funding supports for SMEs.

It is well known that the banks have become extremely risk averse since the downturn. The Committee heard that the need to sign personal guarantees to get finance to start a new business can be a huge deterrent to somebody thinking of starting up, when balanced against the risk of giving up a regular salary, and removing the safety net of the social welfare system. Ultimately the fear of failure can become a stronger emotion than the hope of success. Again, the Committee has made a clear recommendation in this Report that the requirement to sign personal guarantees as collateral should be made illegal.

The Committee welcomed the fact that the Government has just extended (from 2018 to 2021), the three-year start-up relief from corporation tax for start-up SMEs. This is an incentive to encourage new start-ups, hence creating additional employment.

Public procurement policy was another issue identified by the CIF and other witnesses in how it is a barrier to SMEs tendering for big contracts and how it should be simplified. The Committee noted that public procurement is subject to EU rules and regulations. The Committee has dedicated recommendations in the Report to address some of the challenges in this area.

I live in a rural area myself which is heavily reliant on tourism. Through my role as former President, and member, of Killarney Chamber of Commerce, I know the value of working collectively with other businesses and local government, in the greater interest. Magnificent work that has been done by Killarney Chamber of Commerce down through the years in conjunction with Kerry County Council and with many other bodies to ensure Killarney remains a wonderful town to live and work in and to visit. This collective strategic approach to developing the tourism industry has yielded very significant economic dividends for the town of Killarney and Kerry as a whole, and is an approach I would highly recommend for adoption by other towns around the country.

Ireland, in line with Europe, has a rate of 9% female entrepreneurs. The Committee heard that Ireland could become the best in Europe for female leadership opportunities. Enterprise Ireland is very focused on female entrepreneurship providing specific supports such as the female-led competitive start fund, mentors and networks so as to put a spotlight on this area. Six years ago approximately 8% of start-ups were led by females, whereas last year 28% were female led. The Committee has dedicated recommendations in the Report calling for the development of a national strategy on female entrepreneurship.

Generally SMEs start out on a small scale, but they have the opportunity to become global players. For example, Kerry Group has enjoyed phenomenal success since commencing operations in 1972 in a green field in Listowel, Co. Kerry. The company has evolved from modest beginnings into a leading player in the global food industry. This is a perfect illustration of the importance of innovation, which is key to growth.

The Committee heard that entrepreneurial education should be made part of the school curriculum, starting at primary level. Indeed the Committee acknowledged the great Kerry entrepreneur Mr. Jerry Kennelly who started the Junior Entrepreneur Programme which has made a real impact on young students and their thinking. Embedding entrepreneurial education into formal education will be of real benefit to children for the rest of their lives as it will tap into their entrepreneurial skills at an early stage. Mr. David Walsh, CEO, Netwatch, reminded the Committee that the entrepreneurial mindset comes at a very early age when families discuss business at the kitchen table.

The Committee heard that local supports are vital to SMEs in the early stages of developing their business, local enterprise offices (LEOs) came in for particular positive mention as did Teagasc in relation to the agricultural sector and local Chambers of Commerce, Údarás na Gaeltachta, the Western Development Commission, Education and Training Boards, and Institutes of Technology.

The Government has a key role in creating the appropriate conditions to support the SME sector and it currently does this through access to finance, management development, mentoring supports, business development programmes, market supports and trade promotion. The Committee heard that the Department of Business, Enterprise and Innovation is currently specifically focusing on Brexit, regional growth and innovation. The Committee is of the view that there should be a stronger unilateral focus at Government level on SMEs and recommends in this Report that there should be a dedicated Junior Minister for SMEs to develop SME policy that fully embraces the diversity of the SME population and the challenges and opportunities this brings, particularly in the context of international developments.

At the outset of this public consultation process, the Committee set out to:

- identify and evaluate the key challenges for SMEs,
- review existing business environment in Ireland,
- research relevant successful SME national policies in other countries, and
- create the basis for an integrated national strategy proposal document to support the fostering, growth and sustainability of indigenous Irish SMEs in becoming a key foundation block for the long-term success of the Irish economy.

I believe we have delivered on what we set out to do and that the recommendations set out in this Report are a valuable and timely input into identifying and addressing the challenges faced by the SME sector. I hope that the recommendations will be taken on board by the Government, and I look forward to engaging with the Minister for Business, Enterprise and Innovation when the Report is debated in Seanad Éireann.

I wish to sincerely thank all those who sent in submissions to the Committee, and to the witnesses who appeared before the Committee at the public hearings on 13th November, 2018.

Finally, I would like to pay particular tribute to Senator Pádraig Ó Céidigh for proposing this topic for discussion and for acting as Rapporteur in the drafting of this Report, which was adopted by the Committee at its meeting on 28th March, 2019. Pádraig's practical expertise and insight in business start-ups and jobs creation was invaluable to the Committee during the course of this public consultation. His passion for encouraging and supporting SMEs in starting and developing their businesses was the reason he proposed this topic for public consultation.

I also wish to thank all the members of the Committee for their engagement in this public consultation.

I also wish to acknowledge the staff of the Seanad Office who managed the consultation process.



Senator Paul Coghlan

Leas-Chathaoirleach of the Seanad and Chairman of the Committee

May, 2019

2. Rapporteur's Preface



Tá an fhiontraíocht mar bhunchloch le haghaidh fás agus forbairt eacnamaíoch na tíre. Léiríonn an fhiontraíocht muinín an phobail chun gnó a bhunú agus fostaíocht a fhorbairt. Tugann an páipéar seo léargas ar an bhfiontraíocht agus ar ghnóthaí beaga na tíre seo chomh maith le moltaí chun polasaí deimhneach a chur i bhfeidhm chun tacú leo.

As an entrepreneur I am passionate about encouraging and supporting a positive culture where people can start, scale and develop their own business. There are few greater challenges in life than starting and growing your own business. This is often a lonely journey with many pitfalls and unforeseen risks. An entrepreneur discovers very quickly that they need a high level of resilience and commitment in order to have a reasonable chance of success.

The following phrase in my native language comes to mind – “ag snámh in aghaidh an easa”. As someone who has created and grown various businesses, I had to learn quickly how to swim against the tide or at least give it my best shot.

I have an unshakeable belief in Irish people and in our entrepreneurial talent and ability. Ever since I won Ireland's EY Entrepreneur of the Year and was given the honour to represent our country in the World Entrepreneur of the Year Finals, I have committed myself to supporting and promoting entrepreneurship on this island. Through this forum I have come into direct contact with some of the most successful entrepreneurs in the world. The entrepreneurs on this island of ours are as good as the best in the world. However, we have to foster, encourage and support those people who create the very backbone of our businesses and communities. Swimming against the tide cannot continue to be the default position going forward, especially as Irish SMEs have to compete more and more on a world stage with all the uncertainty that this brings.

I am delighted that the Seanad Public Consultation Committee is, for the first time in the history of the Seanad, focusing on small and medium-sized enterprises. We need to understand the key attributes of those businesses and of those people who take significant risk, both financially and personally, in order to create and develop those businesses.

We can, and, in my view, have an obligation to provide the environment in facilitating and supporting people to take that leap and get more involved in creating their own enterprise so that they can contribute to their community and society. This contribution to society is very much a desire for entrepreneurs and SME owners such as supporting local charities or GAA, rugby or sporting clubs. They recognise that they are part of the community and have an important role to play. Many family businesses measure success beyond profit and growth to long-term commitment to their communities and employees.

The overall aim of the Seanad Public Consultation Committee process is to create the basis for an integrated national strategy proposal document supporting the fostering, growth and sustainability of indigenous Irish SME's in becoming a solid foundation for the long-term success of the Irish economy and our people.

SMEs employ in excess of one million people. Those women and men who create and lead those small businesses all over the country work tirelessly and, usually under significant stress in order to help their businesses succeed. The personal sacrifices are significant as a myriad of factors, many of which are outside the control of the entrepreneur, can have detrimental effect on the business. Other factors include fear of failure and stress on families. Many of those issues and proposed solutions are reflected in this comprehensive evidence-based Report. Less than half of all entrepreneurial businesses survive the first five years. The reasons for this are varied, however lack of capital, cash flow challenges, resources and knowledge of key areas are some of the principal factors.

There are also significant barriers to starting a business. Many of those barriers can be reduced with effective and proactive policies directed towards SMEs. We have identified those policy changes in this Report. For example, the consistent demand by banks for personal guarantees deters many budding entrepreneurs from starting a new business. Other jurisdictions such as Germany, France, the UK and the USA have identified this as a major blocker for SMEs and have ensured that personal guarantees are no longer enforced.

SME owners are the heart and soul of sustaining employment throughout the State. This Report on SMEs in Ireland reveals the extent to which the SME sector forms the lifeblood of the Irish economy – accounting for 99.8% of active enterprises and 65% of employees. Nonetheless, for over six decades now, industrial policy has remained focused primarily on attracting large foreign owned investment while at the same time there lacks a coherent and extensive strategy for fostering SME growth.

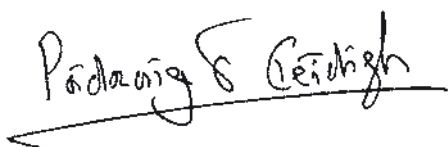
Although significant advances have been made in terms of providing supports to SMEs, such supports tend to be directed at those firms engaged primarily in high technology, export driven activity. This is not undesirable since innovation is key to economic growth, but over-attending to this activity at the cost of overlooking other categories of enterprises fails to recognise the diversity within the SME sector. This diversity is illustrated in the Report by the existence of not just high-growth and technology-led start-ups but also family-owned businesses, rural businesses, owner-manager firms, businesses in traditional sectors as well as the heterogeneous profiles of business owners. If nurtured, this diverse range of enterprises and entrepreneurs can bring sustainability to communities as well as potential opportunities for increased innovation activity in the economy. However, exploiting the opportunity of enhanced sustainability and innovation requires a coherent and targeted strategy for the SME sector.

The Committee received considerable insight from individual SME owners, organisations involved with SMEs and State bodies. Their input and insight reflected their ongoing commitment and dedication to creating a culture of innovation. The submissions received emphasise common themes in terms of challenges faced by SMEs. Access to finance, the uncertainty of Brexit, attracting and retaining talent, fostering a culture of innovation, providing training for entrepreneurs and access to telecommunications infrastructure were among those most commonly expressed in submissions. The Government's role should be less about interfering in the sector, which typically creates barriers for entry, and more about identifying distinct local strengths across regions and enhancing local business environment conditions to build on these strengths. One of the most significant recommendations arising from the Report is to establish a new dedicated Junior Ministerial role focused on the SME sector that would allow for such a targeted approach. Contributors to the public hearings, which took place in the Seanad Chamber on 13th November, 2018, emphasised that fostering the growth of the SME sector in Ireland is as much about sustaining the social fabric of Irish society as it is about economic growth, which should be reflected in the Government's commitment to this sector.

The preparation of this Report would not have been possible without the invaluable oral and written submissions from the various individual SME owners, innovation hubs, educational institutions, State bodies, and the various organisations supporting SMEs throughout the country.

Special thanks are particularly due to Dr. Majella Giblin who assisted me with the research and compilation of the Report. Her expertise, knowledge and contribution were invaluable in developing this body of work. Many thanks also to Mr. Eoghan McCarthy for his important contribution to this Report. I welcome the support of Senator Paul Coughlan, Leas-Chathaoirleach, who chaired the proceedings, and all my fellow Seanad colleagues. I would also like to thank Bridget Doody, Carol Judge and Martin Groves for their exceptional professionalism. Finally, a special acknowledgement to Cáit Nic Amhlaoibh for her ongoing dedication, support and commitment in successfully managing and bringing this Report to its conclusion.

The Seanad Public Consultation Committee recommends that this Report be considered by the relevant Government Departments as they develop a new strategy, one that supports and fosters SMEs in a more targeted way embracing the diversity of every sector.



Le gach dea-mhéin

Senator Pádraig Ó Céidigh

Rapporteur of the Seanad Public Consultation Committee on Small and Medium-sized Businesses in Ireland

May, 2019

3. Executive Summary

This Report set out to contribute to the formulation of a national strategy proposal to support the fostering, growth and sustainability of Irish SMEs. An extensive research and public consultation process with key stakeholders (93 participants in total) was carried out and combined with desk research, to identify the opportunities and challenges experienced by Irish SMEs. This research underpins the development of recommendations provided throughout the Report on the following key areas: fostering specific sectors in which SMEs play a significant role; developing a regional ecosystems approach; promoting female entrepreneurship; creating effective business ecosystem conditions; managing a changing macro-economic and political landscape internationally; and finally, formulating an Irish SME strategy.

Key messages arising from the Report are as follows:

- The SME sector is the backbone of the Irish economy, as the main source of jobs and enterprises.
- SMEs operate across a large range of sectors. They are varied in their performance, their participation in global value chains, and the profile of the entrepreneurs leading them. Furthermore, their geographical spread is wide.
- While there has been a clear national industrial policy of attracting inward investment in targeted high-tech and emerging sectors for over five decades, a coherent and comprehensive strategy on Irish SME development has been lacking.
- Notwithstanding this, Ireland has made notable progress in providing a myriad of supporting programmes and instruments aimed at SME development, and has made significant achievements in innovation and skills development in this sector, compared with its European counterparts.
- State-led initiatives and programmes tend to have a predominant focus on export-oriented and high-growth start-ups, which is not undesirable, but a balance is needed to support the growth and innovation capacity of SMEs in traditional sectors, as well as in rural and regional areas.
- Given a more volatile international economic and political landscape, it is incumbent on the Government to formulate a comprehensive strategy that supports and fosters SMEs in a more targeted way, embracing the diversity of the sector across cities and regions in Ireland.

The following are some of the key recommendations presented in the Report:

- Introduce a dedicated Junior Ministerial role for SMEs to develop SME policy that fully embraces the diversity of the SME population and the challenges and opportunities this brings, particularly in the context of international developments.
- Embed entrepreneurial education into the formal education system from primary school through to third-level. This should involve connections between employers and educational institutes to jointly create and deliver entrepreneurship-related streams that students can pursue to develop entrepreneurial skills.
- Establish a specific task force to create a detailed coordinated strategy for the creation and growth, through innovation, of SMEs in more traditional sectors.

- Develop a national tool that captures comprehensive and reliable existing talent data, as well as skills needs across the country.
- Develop an online portal of detailed information on professional and vocational training abroad that equates to the Irish education and training system, to assist Irish employers in hiring skilled foreign workers.
- Allow for different types of enterprises to co-exist for the benefit of local communities.
- Develop a national strategy on female entrepreneurship and aim to be a leader among EU countries in female entrepreneurship.
- Adopt a regional ecosystems approach to enterprise and innovation policy, whereby hubs of activity are identified based on existing capabilities, and further strengthened by addressing the local challenges and opportunities present. As part of this, regions should be identified as specialist areas for targeted cluster or hub-building. For example, technology clusters of activity in particular cities or heritage hubs in rural areas, and there should be a coordination of efforts among locally based agencies/community groups.
- Promote and encourage collaboration, cohesion and communication among the various organisations and bodies delivering supports and initiatives to SMEs.

Formulating an SME strategy is not simply a question of meeting the needs of the economy. As revealed in the following quotations from the public consultation process, Irish SMEs are the socio-economic fabric of a local area, supporting local community development, investing in people, and sustaining employment across regions:

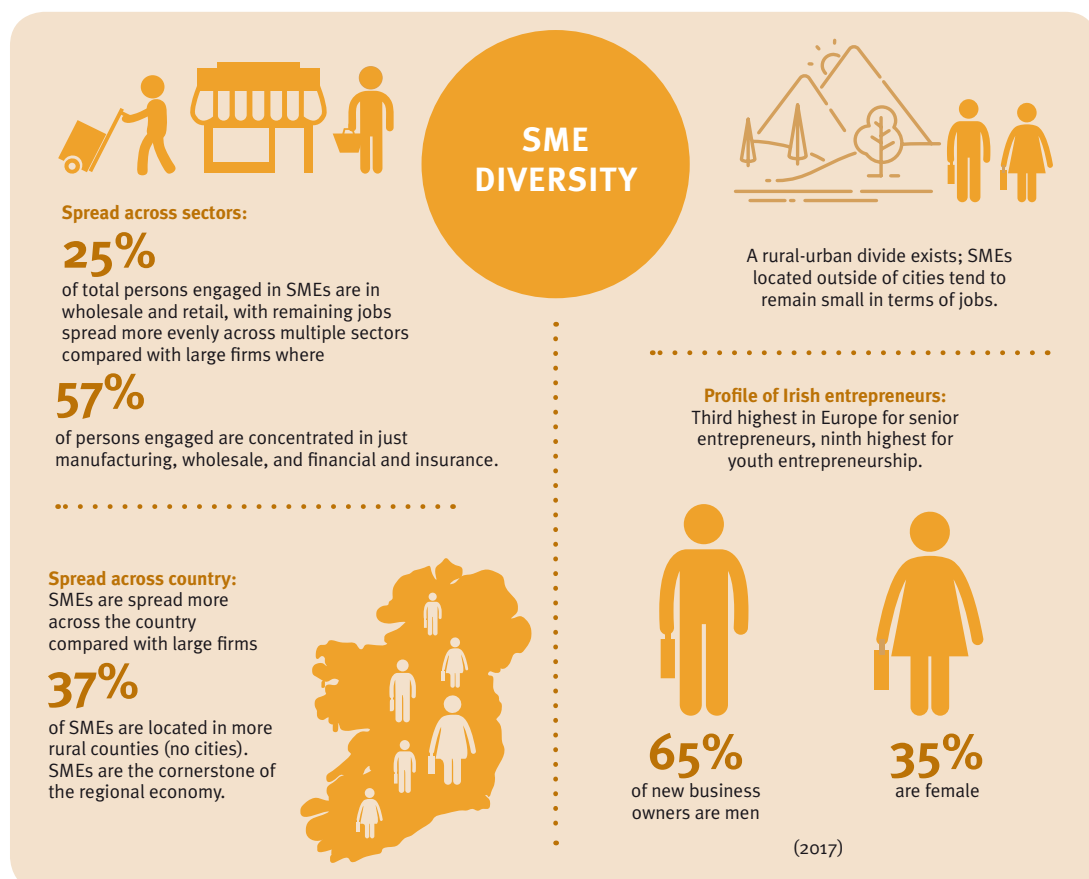
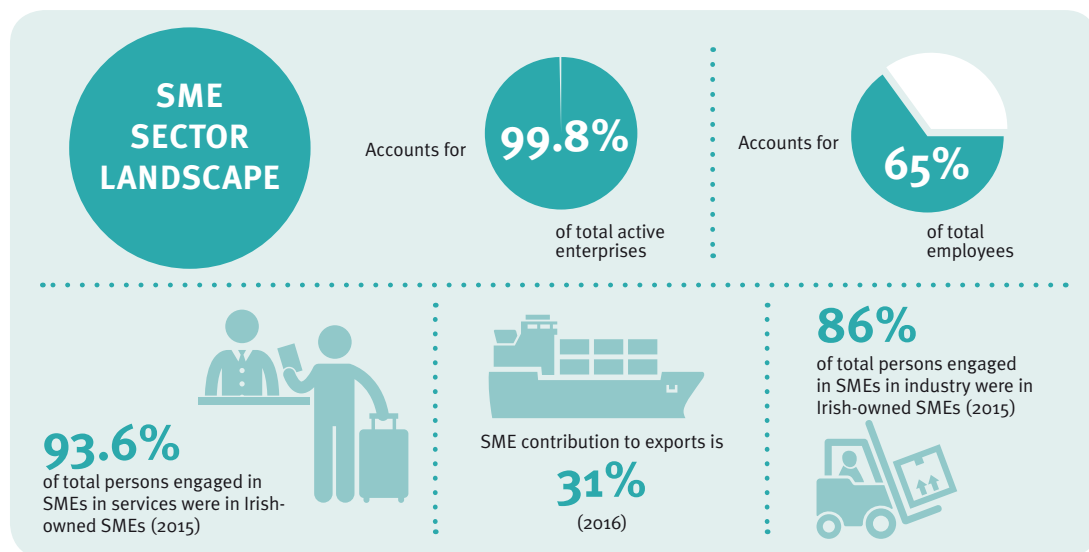
“The challenges that face SMEs are not only economic problems... they are the platform on which social life and communities can grow.”

(Tomás Ó Síocháin, Western Development Commission)

“Overall, we need a commitment at a larger level to people such as me [an entrepreneur] who are willing to put a stake in the ground, to try to create something special and to create their own security, which, if they are successful, will create security for many more.”

(Evelyn O’Toole, Complete Laboratory Solutions)

Overview of Irish SME Sector



KEY ISSUES IDENTIFIED BY SME STAKEHOLDERS

(submissions and presentations to the Seanad Public Consultation Committee)

Finance and funding:

SMEs accessing loans; relatively high capital gains tax; supporting diverse forms of enterprises – social, family, community-based.

Recruiting and retaining talent:

skills shortages and competing with large firms; access to talent in regional locations.

Broadband and mobile phone infrastructure:

poor connectivity in regional areas impacting eCommerce.

Innovation among SMEs:

SMEs lagging behind large firms; poor uptake by SMEs of R&D tax credit regime; focus on technology-led R&D in public supports.

Entrepreneurship culture, training and education:

poor perception of entrepreneurship as a career choice; access to entrepreneurial training outside of main cities; lack of entrepreneurship education at primary and post-primary level.

Focus of policy: export-oriented, high-technology enterprises and inward foreign direct investment (FDI).

SME Supports:

difficulty navigating the myriad of supports, associations and bodies focusing on SMEs.

BREXIT:

uncertainty and the non-economic issues make it challenging to anticipate and plan for.

SOME KEY RECOMMENDATIONS

Introduce a new dedicated Junior Ministerial role for SMEs

Develop a national strategy on female entrepreneurship and aim to be a leader among EU countries in female entrepreneurship.

Review and improve the capital gains tax entrepreneurs' relief by introducing a 12.5% rate with no lifetime cap (threshold) on gains.

Development of a national tool that captures comprehensive and reliable existing talent data as well as skills needs across the country.

Establish a Q-Mark for start-ups; a new national quality standard accreditation system to determine viability and long-term potential.

Entrepreneurial education embedded into the formal education system from primary school through to third level.

Prioritise and deliver the National Broadband Plan.

Evaluation of public SME supports annually to ascertain effectiveness, to consider if SME diversity is being represented and to consolidate where possible.

Create and showcase a national database of investor-ready accredited start-ups to help marry start-ups with investors.

Introduce SME-specific provisions to the R&D tax credit regime.

Review the capital gains tax rate with a view to reducing the 33% rate and bringing it in line with international standards in this regard.

A regional ecosystems approach to enterprise and innovation policy should be adopted whereby hubs of activity are identified based on existing capabilities.

4. Introduction: Background and Context

As the main source of jobs and enterprises, the significance of small and medium-sized enterprises (SMEs) in the Irish economy should not be understated. While susceptible to economic and political circumstances as well as external shocks, SMEs – due to their size – can be particularly agile in response to changing conditions through innovation, business remodelling or strategy adjustments. Combining this with the varied nature of the sector in terms of the diversity of activity, enterprise location and business-owner characteristics, SMEs are a source of opportunity for policymakers to help sustain growth in a dynamic environment. However, for this opportunity to be realised, the SME sector needs targeted attention to support and foster its continued development.

It has long been acknowledged in reports on the Irish economy that SMEs need specific attention. The *Telesis* and *Culliton Reports* of the 1980's and 1990's respectively, identified an over-reliance on foreign investment as a result of a very successful targeted strategy attracting predominantly large-scale investments in high-tech sectors, and a subsequent lack of attention given to an underdeveloped indigenous sector comprised mainly of smaller and medium-sized enterprises. Over time, significant advances have been made: policy has become much more focused on SMEs, the gaps between indigenous and foreign-owned activity have narrowed, and Ireland has established indigenous capabilities in high-tech production and development. However, the imbalance of a focus of attention on internationally-traded and technology-driven activity as a source of growth has persisted. In and of itself this is not undesirable, but it fails to capture the full potential that a diverse SME sector can provide to the economy, in terms of impacting a wide range of sectors, employees and employers. This Report seeks to address this issue by using a culmination of thought leadership from multiple stakeholders and research analysis to help to formulate a national strategy proposal to support the fostering, growth and sustainability of indigenous Irish SMEs.

Defining SMEs

Within this Report, SMEs are delineated into micro-sized, small-sized and medium-sized enterprises. In line with the European legal definition of an SME¹, each of these is defined in Table 1, in terms of the number of people employed and annual turnover (the amount of money taken in a particular period) and/or balance sheet totals (a statement of a company's assets and liabilities).

Table 1: Definition of SMEs

Size	Enterprise
Micro	Fewer than 10 employees and an annual turnover below €2 million.
Small	Fewer than 50 employees and has either an annual turnover and/or an annual balance sheet total not exceeding €10 million.
Medium	Between 50 and 249 employees and has either an annual turnover not exceeding €50 million or an annual balance sheet total not exceeding €43 million.

¹ European Union definition of an SME; Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (notified under document number C(2003) 1422) (OJ L 124, 20.5.2003, pp. 36–41) <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3An26026>

Research Methodology

Underpinning this Report is an extensive research exercise involving both primary and secondary data collection and analysis. A summary of the research exercise conducted is provided in Table 2.

Table 2: Primary and Desk Research

Research Approach	Method	Details	Total
Primary Research Public Consultation	Written submissions to Seanad Public Consultation Committee (21 June 2018 - 7 September 2018)	SME stakeholders.	31
	Interviews with/briefings to the Oireachtas by SME special interest organisations (February 2017 - September 2018)	Small Firms Association (SFA) The Irish SME Association (ISME) Irish Business and Employers Confederation (IBEC) Chambers Ireland Ernst & Young (EY) Fáilte Ireland Údaras Na Gaeltachta Enterprise Ireland Western Development Commission Department of Business, Enterprise and Innovation (DBEI) Irish Tax Institute Strategic Banking Corporation of Ireland (SBCI) Teagasc Hubs: The Mill Enterprise Hub (Drogheda); PorterShed Hub (Galway); Ludgate Hub (Cork); Business and Innovation Centre (BIC) Dublin; Dublin City University (DCU) Alpha, Dublin; Nexus Centre (Limerick); Galway-Mayo Institute of Technology (GMIT) Galway.	29
	SME-owner interviews (<i>Senator Pádraig Ó Céidigh</i>) (February 2017- September 2018)	5 owners of international-oriented SMEs ■ 2 female, 3 male ■ Sectors: information and communications technology (ICT), medical. 3 chief executive officers (CEOs)/chief technology officers (CTOs) of domestic-focused SMEs ■ 3 female ■ Sectors: training/education, marketing, sports.	8

Research Approach	Method	Details	Total
	Seanad public consultation day 13 November 2018 (Seanad Chamber)	Witnesses: <ul style="list-style-type: none"> ■ David Walsh, Netwatch ■ Evelyn O'Toole, Complete Laboratory Solutions ■ Minister of State Michael D'Arcy, & Ian Kavanagh, Department of Finance ■ Dominic Doherty and Tom Parlon, Construction Industry Federation (CIF) ■ Kevin Sherry and Mark Christal, Enterprise Ireland ■ Neil McDonnell, ISME ■ Professor Stephen Roper, European Research Centre, and Dr Jane Bourke, Senior Lecturer in Economics, UCC ■ Sven Spollen-Behrens, Small Firms Association, and Rebecca Harrison, Fishers of Newtownmountkenedy Ltd ■ Fergal O'Brien and Gerard Brady, IBEC ■ Dr. Tom Healy, Director of the Nevin Economic Research Institute ■ Tomás Ó Síocháin, CEO Western Development Commission ■ Micheál Ó hÉanaigh and Sinéad Ní Fhátharta, Údarás na Gaeltachta ■ Seamus Boland and Noel Kinahan, Irish Rural Link ■ Breannán Casey, The Mill Enterprise Hub ■ Eoghan Richardson, Wendy Gray and Ross Church, Department of Business, Enterprise and Innovation. 	25
		Total Number of Participants	93
Secondary Research	Desk-based searches	Main sources of information (see footnotes for full citations where appropriate): <ul style="list-style-type: none"> ■ Central Statistics Office (CSO) ■ Eurostat ■ Organisation for Economic Co-operation and Development (OECD) – SME division ■ Department of Business, Enterprise and Innovation, and Department of Finance ■ European Commission Small Business Act Factsheets ■ Global Entrepreneurship Monitor Reports ■ Oireachtas Library & Research Document. 	

A public consultation process forms the basis of the primary research, which consisted of an open call from the Seanad Public Consultation Committee for written submissions (see Appendix 1, page 91) from relevant and interested organisations and individuals. For credibility purposes, each submission included an account of the expertise, experience or background of the organisation or individual, with respect to SMEs. In addition to these written submissions, a total of 37 personal interviews were conducted by Senator Padraig Ó Céidigh between February 2017 and September 2018 with targeted organisations and individuals that were considered as key stakeholders in the Irish SME sector. To ensure representativeness of various SMEs, consideration was given to interviewing both male and female SME-owners, as well as internationally-traded and domestic-focused SMEs. Finally, the public consultation process as initiated by the Seanad Public Consultation Committee included a day of public hearings in the Seanad Chamber on 13 November, 2018, which heard presentations on the issues faced by Irish SMEs from 25 invited witnesses.

This was supplemented with secondary (desk-based) research, whereby relevant data, reports, bulletins and other documentation were sought from sources such as the CSO Statbank, Eurostat Data Explore, OECD SME and Entrepreneurship Papers, as well as from the Department of Business, Enterprise and Innovation, and the Department of Finance.

The remainder of this Report is divided into four Parts, as follows:

- Part I: The Irish SME Landscape – Setting the Scene.
- Part II: Irish SMEs: Successes and Challenges.
- Part III: Crafting an SME Strategy: Embracing Diversity.
- Part IV: Summary of Recommendations.

In each of these parts the Report exemplifies the breadth and depth of both successes and challenges within the Irish SME sector and throughout the Report recommendations are provided to address these. Following this introduction, Part I of the Report provides context by presenting an overview of the evolution of enterprise policy in Ireland, as well as key statistics that show the performance and characteristics of the sector. This gives an important context to the subsequent content of the Report. Part II focuses on the successes and challenges of SMEs across particular sectors, locations and types of business owners, as well as the issues that need to be addressed across a wide number of business environment conditions. The unique circumstances of Brexit are also given particular attention. This part draws heavily on the public consultation process discussed above and recommendations are provided throughout. Part III of the Report brings together the entire set of learnings and offers insights into the appropriate crafting of an SME strategy for Ireland, given the existing SME landscape, and the specific characteristics and issues being faced. Finally, an outline of the entire set of recommendations is provided in Part IV of the Report.

PART I: THE IRISH SME LANDSCAPE – SETTING THE SCENE

Key Messages

- The SME sector is the main source of jobs and enterprises in Ireland.
- *Diverse population of SMEs:* SMEs operate across a large range of sectors. They are varied in their performance, their participation in global value chains, and the profile of the entrepreneurs leading them. Furthermore, their geographical spread is wide.
- *Enterprise policy and strategy:* there has been an overarching focus around export-driven and innovation-driven development that may not be fully exploiting the diversity among SMEs and the potential which this brings.
- *A new strategy:* is needed that supports and fosters SMEs in a more targeted way, embracing the diversity of the sector.

5. Irish SME Policy Context

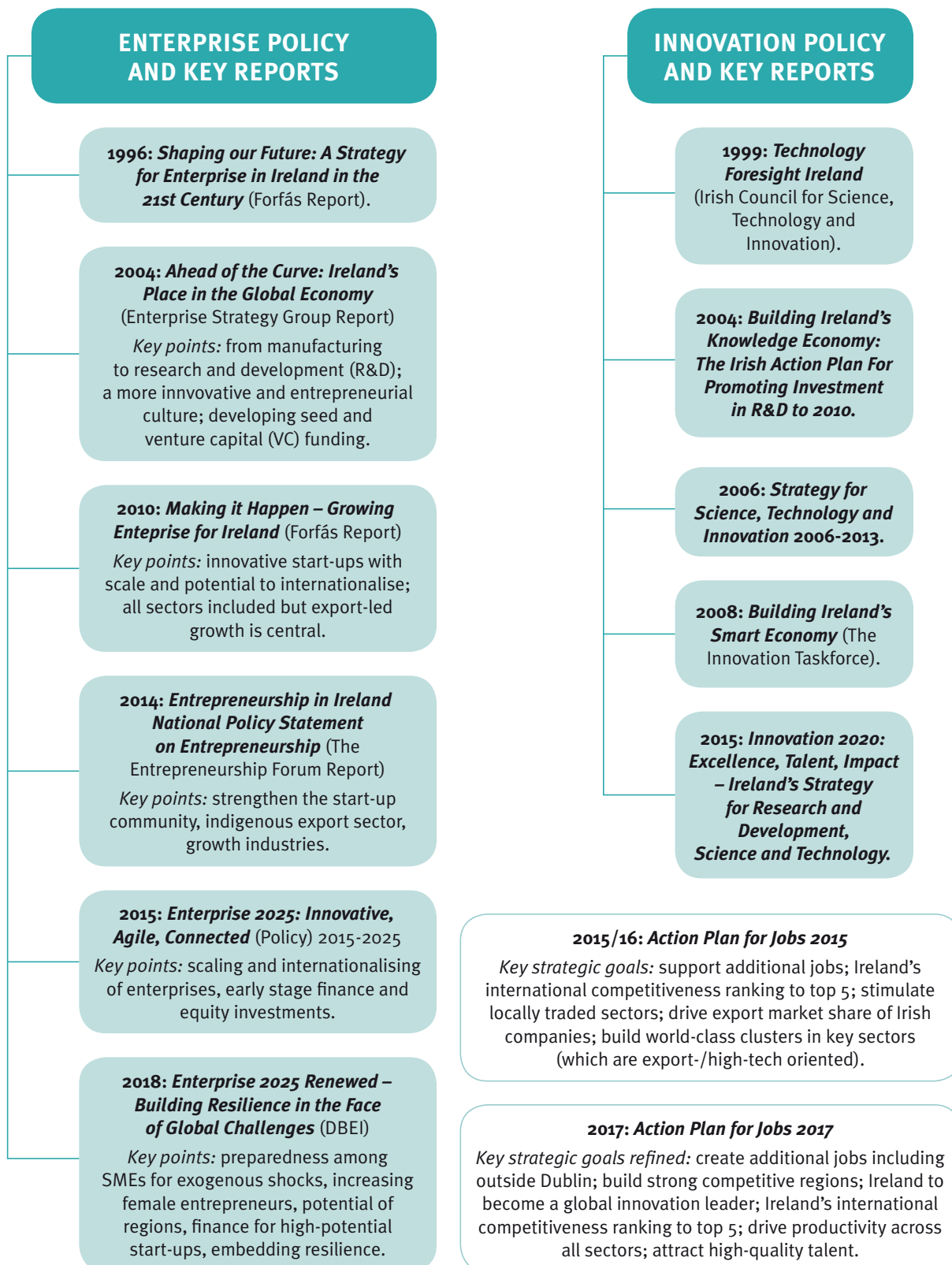
In 1993, the Irish Government established a Taskforce on Small Business. Set against the backdrop of a 30-year period of industrial policy in Ireland that focused predominantly on attracting inward foreign direct investment (FDI) targeting emerging sectors, the taskforce documented the significance of SMEs to the economy. This was important in terms of acknowledging the contribution of the SME sector, and while it can be argued that SMEs and the indigenous sector have still not gained a central focus in industrial policy, there has been more emphasis placed in relevant policy statements and initiatives on SMEs and entrepreneurship (see Figure 1, page 22).

The evolving enterprise policy has co-existed in parallel with innovation policy and the two are intrinsically connected (see Figure 1). Common goals have undoubtedly persisted as strong themes over the past two decades, which consist of:

- Promoting the innovative capabilities of enterprise.
- Driving exports of enterprises.
- Scaling enterprises.
- Targeting high-technology sectors as clusters of activity.

While these goals are laudable in their own right, and follow international policy trends, it can be argued that their over-emphasis has been to the cost of both capturing and supporting the diverse character of the SME sector. Very recently, and particularly as a response to the changing geopolitical environment (e.g. Brexit), Irish policy reports and action plans (e.g. *Action Plan for Jobs 2017*) have captured some of this diverse potential, for example, explicitly incorporating into the objectives regions outside Dublin and including productivity across all sectors – both high-tech and traditional. While acknowledging these more recent developments, there is a need for a more thorough understanding of the composition of SMEs, to build on the diversity that exists within the SME sector. This is examined in the following subsections.

Figure 1: Irish SME Policy Evolution: Overview of Main National Policy Statements, Strategies and Policy-informing Reports Significant to SMEs



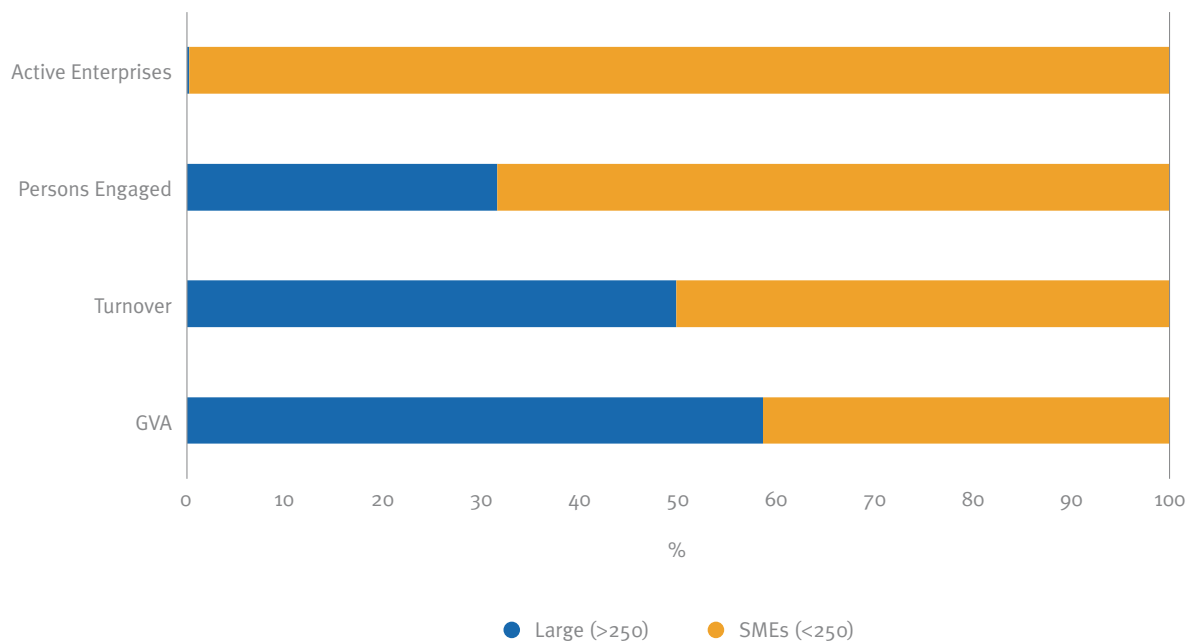
Source: Adapted from A. Maloney (2018) 'Focused Policy Assessment of Start-Up and Entrepreneurship', Enterprise Programmes and Policy Evaluations Unit, DBEI, Dublin [online], available at: <https://dbei.gov.ie/en/Publications/Publication-files/Focused-Policy-Assessment-of-Start-Up-and-Entrepreneurship-Expenditure.pdf>

6. Contribution of SMEs to the Irish Economy

Number of SMEs, Employment, Value Added and Trade

SMEs account for 99.8% of total (active) enterprises in Ireland and 65% of total employees, which increases to 68.4% when proprietors and family members engaged in the SME are included (see Figure 2). Therefore, SMEs are the main source of jobs in the Irish economy. On the other hand, large firms, while accounting for only 0.2% of total enterprises, employ 31.6% of all persons engaged (see Figure 2 below)². Furthermore, large firms generate a higher proportion of gross value added in the business economy (61%: large firms versus 39%: SMEs)³ and, as illustrated in Table 3 (page 24), the share of total Irish exports in 2016 among large firms is 67%, compared with the SME contribution of 31%.

Figure 2: SME versus Large Firms – Share of Enterprises, Persons Engaged, Turnover, Value Added, 2015



Source: CSO (2018) 'Business in Ireland 2016 – Small and Medium Enterprises', **Statistical Releases – Multisectoral** [online], available at: <https://www.cso.ie/en/releasesandpublications/ep/pbii/businessinireland2016/smallandmediumenterprises/>

² Persons engaged includes employees and working proprietors.

³ "Gross Value Added at factor cost is the gross income from operating activities after adjusting for operating subsidiaries and indirect taxes"
CSO (2018) 'Business in Ireland 2016', Statistical Releases – Multisectoral [online], available at: <https://www.cso.ie/en/releasesandpublications/ep/p-bii/businessinireland2016/appendices/>

Table 3: Share of Exports by Enterprise Size, 2016

Size of Enterprise	Value (€ million)	Percentage of Total Exports
Micro	6,917	6%
Small	7,507	6%
Medium	22,020	19%
SMEs	36,443	31%
Large	79,526	67%
Unknown	2,261	2%

Source: CSO (2018) 'Trade by Enterprise Characteristics 2016 – Exports by enterprise size 2016', **Statistical Releases – External Trade** [online], available at: <https://www.cso.ie/en/releasesandpublications/ep/p-tec/tec2016/ees/>

Statistics also reveal that in 2012, 67%⁴ of total persons engaged in SMEs are non-trading SMEs, i.e. these SMEs are neither exporting nor importing and are solely focused on the domestic market. While this statistic indicates a more limited participation of SMEs in global value chains, it does not take into account the indirect contribution to the value of exports, for example SMEs servicing or supplying exporting firms. A recent OECD report⁵ suggests that Irish SMEs, as suppliers to larger exporting firms, make a significant contribution to exports when measured in value added terms.

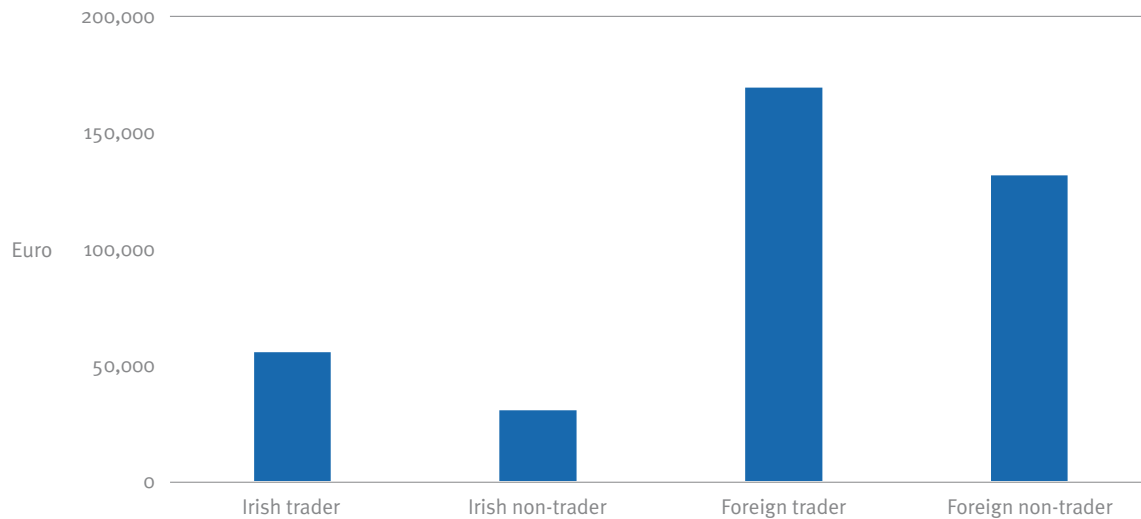
Irish-owned firms account for most of the employment in the SME sector in Ireland; 89%⁶ of total persons engaged in SMEs were in Irish-owned firms in 2012. This is a persistent trend across the broad sectors of the economy. In 2015, 93.6% of the total persons engaged in SMEs in the services sector were in Irish-owned SMEs, while 86% of the total persons engaged in SMEs in industry were in indigenous firms.⁷ However, relative to the number of persons engaged, foreign-owned SMEs contribute more to the total gross value added of SMEs than their Irish-owned counterparts, irrespective of whether they are internationally trading (i.e. exporting or importing) or solely focused on the domestic economy (see Figure 3, page 25).

4 Source: CSO (2018) 'Business in Ireland 2012', Statistical Releases – Multisectoral [online], available at: <https://www.cso.ie/en/media/csoie/releasespublications/documents/multisectoral/2012/businessinireland2012.pdf>

5 L. Cusmano, M. Koreen and L. Pissareva (2018) '2018 OECD Ministerial Conference on SMEs: Key Issues Paper', OECD SME and Entrepreneurship Papers, No. 7, OECD Publishing, Paris.

6 Source: CSO (2018) 'Business in Ireland 2012', Statistical Releases – Multisectoral [online], available at: <https://www.cso.ie/en/media/csoie/releasespublications/documents/multisectoral/2012/businessinireland2012.pdf>

7 CSO (2018) 'Business Sectors; Multisectoral – Structural Business Statistics', StatBank (CSO Main Data Dissemination Service) [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=IPA04&PLanguage=o>

Figure 3: Gross Value Added per Person Engaged in SMEs by Type of Enterprise, 2012

Source: CSO (2018) 'Business in Ireland 2012', **Statistical Releases – Multisectoral** [online], available at: <https://www.cso.ie/en/media/csoie/releasespublications/documents/multisectoral/2012/businessinireland2012.pdf>

In aggregate, statistics on the Irish business economy reveal a dual context:

- An SME sector that accounts for the vast majority of enterprises in the economy, accounts for a lower share of total exports relative to large enterprises, and is characterised by Irish-owned firms creating by far most of the employment in the sector.
- A large-enterprise sector that accounts for a very small number of enterprises in the economy, a higher share of total exports relative to SMEs, a higher share of value added compared with SMEs, and whose operations are mostly foreign-owned.

This is mainly due to a legacy of a policy that focused first and foremost – and for a significant period – almost exclusively on large-sized inward foreign firms. At the same time, it also highlights the potential of SME policy to substantially impact the real economy – jobs, entrepreneurs and employees – via the fostering and growth of SMEs.

The following subsection delves more deeply into the heterogeneous character of the SME sector, which is often overlooked in aggregated statistics.

A Diverse Population

Given that SMEs account for 99.8% of all enterprises in Ireland, it is informative for strategy development to dig deeper in terms of the characteristics of these SMEs. Data on sectoral activity, location across Ireland, and the profile of business owners demonstrates diversity within the SME population, particularly when compared with large firms.

Sectoral Activity, Compared to Large Firms

Compared with large firms, SMEs are involved in a more diverse range of business sectors. As shown in Table 4 below, 43% of persons engaged in large firms are operating in two main sectors: manufacturing and wholesale. The financial and insurance sector is ranked next, with 14% of persons engaged in large firms in this sector. In contrast, while a quarter of the persons engaged in SMEs are in the wholesale and retail trade, the remaining jobs are relatively more evenly spread across sectors, with accommodation and food service activities, construction, manufacturing, and professional, scientific and technical activities obtaining the next highest shares. It can be argued that certain sectors suit SME-sized firms as opposed to large firms. For example, the accommodation and food service sector naturally suits smaller-sized enterprises serving local markets, while the manufacturing sector or the financial and insurance activities sector are more likely to have large firms, due to the desire to achieve economies of scale in serving predominantly international markets. Overall, the data indicates potentially more diverse challenges faced by SMEs, depending on the sector, but also more opportunity for policymakers to impact across the economy through an SME strategy.

Table 4: Percentage Share of Total Persons Engaged in Each Size Category by Sector, 2016

NACE Rev. 2 (B to N) (European Industrial Activity Classification)	SMEs	Large
Mining and quarrying (B)	0.2	N/A
Manufacturing (C)	11.1	21.6
Electricity, gas, steam and air conditioning supply (D)	0.1	N/A
Water supply, sewerage, waste management and remediation activities (E)	0.6	0.5
Construction (F)	11.2	1.5
Wholesale and retail trade, and repair of motor vehicles and motorcycles (G)	25.5	21.0
Transportation and storage (H)	6.2	7.5
Accommodation and food service activities (I)	15.8	4.3
Information and communication (J)	5.6	8.3
Financial and insurance activities, excluding activities of holding companies (K-642)	3.3	14.1
Real estate activities (L)	2.2	0.7
Professional, scientific and technical activities (M)	11.0	5.2
Administrative and support service activities (N)	7.1	13.1

Source: CSO (2018) 'Business Demography', **StatBank (CSO Main Data Dissemination Service)** [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRA11&PLanguage=o>

The above percentages are calculated as a share of persons engaged in total business economy excluding activities of holding companies (B to N, -642). NACE Code 64.20 activities of holding companies is excluded from sector K. There are some missing values as some data has been suppressed by the CSO to protect the confidentiality of individual enterprises.

Location, Compared to Large Firms

Compared with larger firms, SMEs are more dispersed across the country geographically. While it should be noted that the data on the geographical location of enterprises is an approximation only (see note with Table 5 below), Table 5 indicates that if the counties with the five cities in Ireland are separated from the remaining counties (“all other counties”) in terms of SME location, a higher share of SMEs is located in the “all other counties” category, compared with the share of large enterprises in this category. This could mean that the challenges faced by the SME sector might be different, depending on location, but it might also provide more of an opportunity for policymakers to focus across the country: urban and rural environments.

Table 5: Percentage Share of Active Enterprises in Each Size Category by Location, 2016

	Counties: Dublin, Galway, Cork, Waterford and Limerick	All other counties
SME	52%	37%
Large	77%	22%

Source: CSO (2018) ‘Business Demography’, **StatBank (CSO Main Data Dissemination Service)** [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRao8&PLanguage=o>

Note, in respect of the above Table, observations are missing or fall under the limit of discretion/uncertainty as recorded by the CSO for some counties at some enterprise size categories: Carlow, Laois, Leitrim and Longford 10-19 employees are recorded as missing observations. Carlow, Laois, Leitrim and Longford with 250+ employees are recorded as missing observations. There are also enterprises where the county location is categorised as “Unknown” by the CSO and these enterprises generally have Revenue registered addresses outside of the Republic of Ireland. However, the employees registered with these addresses are working in the Republic of Ireland.

Figures are an approximation only of geographical breakdown. The data is based on where the enterprise is registered for revenue purposes, as opposed to where the enterprise actually operates from. Also, data is not separated here between city and county.

See also Table 7, page 42.

Business Owner Profiles

The profile of the people establishing SMEs reveals that they represent a diverse range of characteristics in many respects. The Global Entrepreneurship Monitor (GEM) Report collects data on entrepreneurs at the early stage of entrepreneurship, i.e. those at the very early stages of set-up (nascent entrepreneurs) and those who have set up in the past 3.5 years and are paying salaries. It can be assumed that many of these are owners of micro-sized businesses, which represent 96% of SMEs. The most recent *GEM Report* (for 2017)⁸ demonstrates an eclectic group of business owners in the following respects:

- Age profile: while the highest proportion of entrepreneurs are in the 30-39-year of age category (30%), all the other age categories are relatively equally represented (24% are 18-29 years; 25% are 40-49 years; 21% are 50-64 years of age). Ireland is third in Europe, in terms of senior entrepreneurship, and ninth in Europe for youth entrepreneurship.
- Motivations to start the business: “to increase income” is the strongest cited primary motivation (33%) and this is closely followed by “no better alternative” or “to maintain income” (27%); “to be independent” (21%); “multiple mixed motives” (20%).
- Place of birth: 1 in 4 entrepreneurs are born outside Ireland.
- Innovation: 40% have businesses considered to be innovative (relatively new product, few competitors, or using a new technology).
- Sectors: while most are in consumer services (42%), extractive and transformative sectors (34%) and business services sectors (24%) are also represented.

However, in other respects there are stark similarities across the business owners. For example, in terms of gender, 65% of new business owners are men. Understanding these characteristics of SME business owners can provide a basis for more targeted initiatives for maximum impact, for example around migrant entrepreneurs, female entrepreneurs, senior versus youth entrepreneurs, and the varied motivations of entrepreneurs.

8 P. Fitzsimons, and C. O’Gorman (2018) ‘Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report’ [online], available at: <https://www.gemconsortium.org/report>

PART II: IRISH SMEs: SUCCESSES AND CHALLENGES

Extracts from the consultation papers received:

“The scale and breath of the small business sector in Ireland is enormous. Its role in job creation, in particular regional job creation, cannot be understated ... There are many State supports for small firms, but from an owner-manager’s perspective, the environment is fragmented, confusing and inconsistent” (SFA).

“The establishment of a public consultation on the issues facing SMEs is both timely and long overdue ... While this is important for our cities, it is even more important for the long term survival of our rural communities ... It is difficult to persuade large multinational companies ... to establish in rural areas. However, successful Irish owned companies can grow to become substantial employers in their native counties” (David Walsh, CEO, Netwatch Group).

7. Planning for Change: Macro-Economic and Political Conditions

Global Economic Conditions

According to a recent outlook report by the International Monetary Fund (IMF)⁹, the global economic growth experienced since mid-2016 is likely to remain strong for 2019, but is thereafter threatened by variables such as changing financial conditions (reduced credit available, higher borrowing costs), potential intensifying trade wars between the world’s largest economies (US and China), a shift to trade protectionism, and the rise of populist governments. In Europe, more specifically, the uncertainty surrounding Brexit combined with any threat to the Eurozone, for example, as a result of the debt situation of Italy, leaves the international economy vulnerable to an economic downturn. The advice of the IMF is that governments around the world need to take the opportunity of the current growth to plan for potential future economic and trade turbulence.

The openness of the Irish economy means it is particularly susceptible to international developments. While economic growth projections for the Irish economy are favourable – based on recent years’ growth in employment, output, exports and consumer spending – the continued over-dependence on the foreign-owned sector places Ireland in a vulnerable position to external international changes. The over-dependence is exemplified not least by distortions in data that tend to inflate Ireland’s economic progress as a result of foreign-owned activity and makes it more challenging to determine the effects on Irish standards of living. For example, many commentaries (Economic and Social Research Institute (ESRI), Central Bank) have emphasised how the composition of Irish exports has changed in recent years. In particular, the proportion of total exports represented by “ownership goods” (“the exchange of goods outside of Ireland’s borders

⁹ IMF (2018) ‘World Economic Outlook – Challenges to Steady Growth’ October 2018 [online], available at: <https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018>

that fall under the Irish-resident firm ownership”)¹⁰ has risen sharply in the past three years. Such changes, due to globalisation, pose a challenge to appropriately measuring output in the national accounts. A case has been made for “satellite” accounts to be produced for Ireland that “separate out the activities of MNEs in each sector of the economy [to allow] policymakers to identify where growth is occurring in the economy and the contribution to growth that is coming from different sectors”. It is argued that satellite accounts are necessary to “show how changes in the economy affect the economic welfare of Irish residents”¹¹.

This demonstrates the degree to which Ireland is embedded in the process of globalisation and how the dependence on foreign-owned investment persists, despite increasing attention afforded to promoting entrepreneurship and innovation among indigenous SMEs in policy papers and initiatives over the past 25 years. Taking the advice of the IMF, Irish Central Bank, ESRI, Irish Fiscal Advisory Council, among others, the window of opportunity is now to plan for the future and put SMEs at the centre of industrial and enterprise policy.

Brexit

It is no surprise that Brexit was identified as the common cause of concern among the submissions read and heard by the Seanad Public Consultation Committee. The UK was the destination for 10% of total Irish goods exported in January 2019 and the rolling annual percentage has been falling month on month since March 2018.¹² At the same time, the share of total imports in goods that came from the UK was 27% in January 2019.¹² In terms of services trade, the share of total exports in services that went to the UK was 16.4% while the share of total imports in services that came from the UK was 9.3% in 2017.¹² Disaggregating further these economy-wide figures, Enterprise Ireland reports that over 1,400 of its client companies have a high level of sales into the UK and that these employ over 102,000 people.¹³ 350 client companies with approximately 25,000 employees are considered by Enterprise Ireland as being significantly exposed to Brexit.¹³ A recent report¹⁴ published by InterTradeIreland as part of an ESRI research programme examines the potential impact across different types of firms of a post-Brexit shock to demand or costs by performing risk assessments. The report places 44.6% of goods firms and 47.2% of services firms in Ireland in at-risk groups in terms of the capacity to absorb shock. Significantly, firms in the highest risk group category – that is, 7.4% of goods firms and 4.4% of service firms – are likely to be comprised disproportionately of smaller firms. This data demonstrates that smaller firms are potentially more vulnerable compared with large firms. The issues and associated risks are both economic and non-economic (see Box 1, page 31) for the issues and costs as noted by SME stakeholders. It can be argued¹⁵ that large firms have more resources to manage the costs that may be incurred (e.g. additional expertise and administrative resources) due to potential trade barriers arising, particularly non-tariff barriers. It follows that those small firms that sell relatively small quantities to the UK are at risk to costs that may be difficult to bear for such companies compared with large firms.¹⁵ Another potential impact of Brexit is the increasing challenges for small Irish firms becoming global players.¹⁵

10 K. McQuinn, C. O’Toole, P. Economides and T. Monteiro (2018) ‘ESRI Quarterly Economic Commentary – Spring 2018’ [online], available at: <https://www.esri.ie/system/files?file=media/file-uploads/2018-03/QEC2018SPR.pdf>, page 6.

11 J. Fitzgerald (2018) ‘National Accounts for a Global Economy: The Case of Ireland’, ESRI, <https://doi.org/10.26504/QEC2018SUMSAFitzgerald>, pages 1 and 36.

12 CSO (2019) ‘Brexit Indicators: Ireland and the UK in Numbers’ [online], available at: <https://www.cso.ie/en/interactivezone/visualisationtools/brexitindicators/#>

13 Enterprise Ireland, submission to the Oireachtas public consultation call.

14 InterTradeIreland (2019) ‘Shock Absorption Capacity of Firms in Ireland and Northern Ireland’ [online], available at: <https://intertradeireland.com/insights/publications/shock-absorption-capacity-of-firms-in-ireland-and-northern-ireland/>, 22nd March 2019.

15 Lawless, M. (2019) ‘Brexit and Trade on the Island of Ireland’, Keynote address at the Whitaker Institute Research Day, 10th April 2019, NUI Galway.

According to international business theory, internationalisation by a firm depends on the extent of the firm's networks or relationships, and psychic distance (difficulties in understanding foreign markets) plays a role in the internationalisation process.¹⁶ The UK may act as a market of short psychic distance for many Irish entrepreneurs to establish and develop deeper networks for entry into more distant markets. If Brexit makes the UK market less accessible, then Irish entrepreneurs may potentially face more challenges in their internationalisation process. Therefore, the non-economic issues and risks can be most challenging to anticipate and prepare for. However, the most pressing concern is the current uncertainty surrounding Brexit that impedes SMEs from determining the impacts and engaging in detailed contingency planning. Notwithstanding that there is currently an extension to the UK leaving the European Union at the time of writing this Report, the withdrawal agreement is still not ratified and the uncertainty remains significant.

Box 1: Issues and risks of Brexit to SMEs

The following – based on submissions to the Seanad Public Consultation Committee – gives an indication of the types of issues and risk factors noted by the SME stakeholders in the advent of Brexit.

Economic issues/risks:

- Fluctuating exchange rates, inflation, VAT and customs rises, tariff introductions.

Non-Economic issues/risks:

- Regulatory divergences:
 - Rules of Origin changes, sanitary and phytosanitary measures for food.
 - UK divergence from GDPR regulations impacting the delivery of services.
- Mutual recognition losses:
 - Driving licences.
 - Registration documents.
 - Certificates of professional competence for drivers.

A recent survey of SMEs (750) on the island of Ireland conducted by InterTradeIreland reveals that fewer than 20% of SMEs have produced plans for Brexit.¹⁷ At the same time, progress is being made, with Enterprise Ireland reporting that a survey of 2,500 clients shows that 85% are taking action with respect to Brexit.¹⁸ SMEs will need to diversify their offering to remain competitive, seek new geographical markets, and adjust their business models, which requires not just financial support but also mentorship and guidance. In Budget 2019, the Government introduced a number of measures to explicitly address the challenges of Brexit, including an additional €300 million in loans to SMEs through the Future Growth Scheme (an extension of the Brexit loan scheme), an additional €110 million to Government departments for Brexit-readiness, €300 million to human capital initiative to develop required labour skills, and €60 million targeting the farming sector to aid resilience. These developments are welcome. However, challenges and opportunities remain with respect to the implementation of supports and initiatives available, which includes issues around the uptake of supports (see Table 6 overleaf). The recommendations in this chapter aim to address these challenges.

¹⁶ Johanson, J. and Vahlne, J-E. (2009) 'The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership', *Journal of International Business*, 20, 1411-1431.

¹⁷ InterTradeIreland (2018) 'All Island Business Monitor Q2 2018' [online], available at: <https://intertradeireland.com/insights/business-monitor/>

¹⁸ Enterprise Ireland (2018) 'News & Media – Enterprise Brexit Survey' conducted in 2018 [online], available at: <https://www.enterprise-ireland.com/en/News/PressReleases/2018-Press-Releases/Export-sales-by-Enterprise-Ireland-client-companies-up-7-7-per-cent-in-2017-to-82-71bn-hitting-new-record.html>

Table 6: Supports and Initiatives for Enterprises in Preparation for Brexit

Organisation	Support/Initiative	Details	Uptake (as of October 2018) ¹⁹
Enterprise Ireland	Brexit: Act on Initiative	Tailored advice from a consultant on Brexit challenges specific to company needs	N/A
	Be Prepared Grant	To develop an action plan	137 grants approved
	Brexit SME Scorecard	First step towards preparing for Brexit – to help plan	3,000 scorecards completed
	Brexit Advisory Clinics	To provide practical information to companies on Brexit, nationwide	8 clinics delivered, with circa 590 people attending
	Agile Innovation Fund	Companies can access up to 50% in support of innovation projects with a total cost of up to €300,000	N/A
	Market Discovery Fund	Funding for market research to assess new market opportunities	113 projects approved
	Operational Excellence Offer	Internationally trading companies – access to financial support for capability-building and capital investment associated with innovation	N/A
Strategic Banking Corporation Initiative (SBCI)	Brexit Loan Scheme	Loan amounts of between €25,000 and €1.5 million to fund innovation	262 applications (224 (firms) eligible applications) 38 applications progressed to sanction at bank level to a value of €8.5 million (In July 2018: 10 SMEs secured funding)
InterTradeIreland	Brexit: Start to Plan Vouchers	100% financial support towards professional advice in relation to Brexit, to the value of €2,250	619 applications 514 approved 105 pending
	Brexit Events	Focused events on Brexit topics, with opportunity to meet specialists	N/A
Bord Bia	Brexit Barometer	Measures progress of companies in preparedness for Brexit in this sector, to tailor supports	N/A
Fáilte Ireland	Brexit-Readiness Check and Response Programme	Tool to assess readiness level and follow-up supports	N/A

¹⁹ Dáil Éireann Debate on Brexit supports, 18 October 2018 [online], available at: <https://www.oireachtas.ie/ga/debates/question/2018-10-18/2/>

RECOMMENDATIONS SPECIFIC TO PLANNING FOR CHANGE

- Introduce a dedicated Junior Ministerial role for SMEs to develop SME policy that fully embraces the diversity of the SME population and the challenges and opportunities this brings, particularly in the context of international developments.
- Create a one-stop online platform that provides ease of access to, and greater awareness of, the variety of supports currently available to SMEs for Brexit, by a multitude of organisations on the island and the EU. Enterprise Ireland has a useful website (<https://www.prepareforbrexit.com>), but this is limited to its own supports. A one-stop website should provide information on supports available to all types of SMEs, irrespective of the sector and membership of particular organisations, thus allowing SMEs to filter to the most suitable supports available, given their circumstances, as well as the eligibility requirements involved.
- Create and support a national Brexit mentorship and training programme open to all SMEs and implemented through an independent SME organisation, such as Chambers Ireland, ISME and/or SFA given the networks they have in place.
- Introduce dedicated diversification supports:
 - Targeted at marketing innovation and business model innovation in response to Brexit.
 - Targeted at companies seeking to engage in incremental innovation by retooling and reinvesting in plant and machinery to produce product lines for new markets in response to Brexit. This should take the form of pre-approved accelerated capital allowance scheme for projects that are deemed necessary under a clear Brexit contingency plan.
- Introduce trade support measures, including further export trade financing and export credit guarantees, to support the continued development of international export markets in response to Brexit.
- Introduce supply-chain supports to companies in non-tradeable sectors in response to Brexit and provide better information to relevant SMEs on the indirect impacts of Brexit on supply chains.
- Revenue should review VAT for the purpose of providing innovative solutions to assist SMEs in the context of Brexit. This should include a review of section 56 of the VAT regime, VAT-at-point-of-importation, and claiming VAT as an input credit. It should also declare liability to minimise cash flow needs.
- Outline a Brexit strategy specific to individual sectors across the Irish economy that is all inclusive and not limited to assisting exporting SMEs in sectors.

8. Promoting Diversity and Spread

This section reinforces the need to promote diversity and spread by focusing on the particularities of SMEs in a range of sectors, the spread of SME activity across the country, and the under-represented individuals in setting up businesses. The successes and challenges of SMEs, in particular types of contexts (sector, location, gender of founder), demonstrates the differences experienced by SMEs across the State. Unless otherwise stated, the successes and challenges identified in this section are based on inputs to the Seanad Public Consultation Committee from interest groups related to particular sectors.

Sectors

1.1.1 Construction

Key Successes	Key Challenges
<ul style="list-style-type: none"> ■ 120,341²⁰ persons were engaged in the sector (84,956 employees) in 2016, representing almost 6% of total Irish workforce. ■ 94%²⁰ of the total persons engaged in construction in 2016 were in SMEs. ■ The volume of output, on an annual basis, increased by 20.6% in Q1 2018, compared with Q4 2017.²¹ ■ Makes a significant indirect contribution to exports, key to attracting inward foreign direct investment. ■ In a strong recovery phase. ■ Recent years' growth was driven primarily by construction in the private sector (residential and non-residential). 	<ul style="list-style-type: none"> ■ Cyclical nature of industry: heavily influenced by the rate of growth in the economy. ■ Attracting skilled workers, as economy moves toward full employment. Labour-intensive sector and highly competitive. Declining number of graduates in construction-related courses. ■ Low profitability and low productivity. Increasing innovation and productivity in the sector – becoming more research-intensive. ■ Enhancing the delivery of infrastructural projects by the Government. ■ Maintaining the current expansionary phase of the residential construction sector. ■ Building inflation – rising building costs and tender price inflation. ■ Potential impact of Brexit: construction material imports.

20 CSO (2018) 'Enterprise Statistics on Construction', StatBank (CSO Main Data Dissemination Service) [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BAA13&PLanguage=o>

21 CSO (2018) 'Production in Building and Construction Index', Statistical Release [online], available at: <https://www.cso.ie/en/releasesandpublications/er/pbci/productioninbuildingandconstructionindexquarter12018/>

RECOMMENDATIONS SPECIFIC TO CONSTRUCTION

- Widen the R&D tax credit scope to incentivise SMEs in the construction sector, to increase innovation and productivity. The current parameters of the R&D tax credit make it more challenging for SMEs in traditional sectors (like construction) that engage in incremental innovation to avail of the tax credit, compared to enterprises in high-tech sectors.
- Examine ways to improve access to the Employment and Investment Incentive (EII) Scheme, given that access to funding can be challenging for SMEs in construction, as a result of the cyclical nature of the sector.
- Examine (through the higher education sector) the introduction of courses, particularly apprenticeships, to attract talent to this sector and address the skills needs.
- Examine (through the higher education sector and bodies such as Science Foundation Ireland) the establishment of a research hub addressing innovation and technology in the context of the construction sector, for example the future use of robotics, 3D printing and artificial intelligence (AI). This would attract more students and the research would have a spillover effect on innovation and productivity within the sector.
- Establish an authority for the construction sector (similar to Teagasc for the agri-food sector), to promote research, training and entrepreneurial activity in this sector.
- Reform of the Public Private Partnerships (PPP) model, to further open the PPP market to small contractors, including a move beyond a predominant focus on lowest price towards a better price-quality ratio emphasis.
- Examine ways to increase the commercial capacity of procuring bodies.
- Outline a Brexit strategy on assistance for SMEs in construction – not just exporting firms – on how to prepare for Brexit through innovation and realigning business models.

1.1.2 Retail

Key Successes	Key Challenges
<ul style="list-style-type: none"> ■ Employs 295,000 people (72% outside Dublin).²² ■ 46,595 enterprises in wholesale and retail.²² ■ 87% firms employ less than 10 people.²² ■ Biggest contributor to the Irish exchequer; 22% of tax receipts (this is 66% higher than the contribution of the financial services sector).²² ■ Tax revenue has grown by 34% since 2013.²² ■ In 2015: retail sector returned to growth (first time since 2008). 	<ul style="list-style-type: none"> ■ Retail sales are growing at a slower rate than the wider economy. ■ Employment growth rate since 2013 (5.1%)²² is slow, given the significant previous declines. ■ Cost of doing business is putting pressure on this sector – e.g. labour, rent, insurance costs. ■ Technology changes and changing consumer buying behaviour patterns: requires changes in labour skill needs and business models. ■ Potential impact of Brexit: consumers are sensitive to macro-economic changes; cross-border shopping; and currency volatility sterling/euro impact.

RECOMMENDATIONS SPECIFIC TO RETAIL

- Examine the introduction of an online investment support tax credit scheme, similar to the R&D tax credit scheme, but focused on online sales and marketing investment by SMEs, to help Irish retailers gain a greater share of online sales.
- Develop the Trading Online Voucher Scheme delivered through the Local Enterprise Offices, to include a dedicated element of the scheme for retailers, given the significant increased competition from online businesses and changing consumer buyer behaviour patterns. A broad funding programme, like the Trading Online Voucher Scheme does not effectively meet the needs of particular industries.
- Increase funding and support for the Retail Ireland Skillnet programme, to include the development of an apprenticeship programme and specialist training around current/future technologies that will impact the retail sector, such as social media marketing and AI. Training initiatives need to be decentralised and made available at regional and local levels.
- Encourage retail sector bodies to digitally upskill and to work with particular digital service providers to identify tools/applications relevant to the industry, so that they can provide expert guidance to their members. 27%²³ of SMEs refer to their personal or professional network for digital advice in particular.
- Increase collaboration between the retail sector, government, and HEIs through research centres, such as the ADAPT Science Foundation Ireland Centre, to allow for more spillover effects from research to the retail sector.
- Outline a Brexit strategy on assistance for SMEs in retail on how to prepare for Brexit through innovation and realigning business models, as well as examining the potential of introducing a strategic retail fund, given the pressures of Brexit on the retail sector.

²² Retail Ireland (2018) 'Submission to the Minister for Finance – Budget 2019: Viewing Retail through a New Lens' [online], available at: [https://www.retailireland.ie/Sectors/RI/RI.nsf/vPages/Media_and_Events~budget-2019-submission-23-08-2018/\\$file/Retail+Ireland+Pre-Budget+Submission+2019.pdf](https://www.retailireland.ie/Sectors/RI/RI.nsf/vPages/Media_and_Events~budget-2019-submission-23-08-2018/$file/Retail+Ireland+Pre-Budget+Submission+2019.pdf)

²³ IE Domain Registry (2018) 'SME Digital Health Index 2018' [online], available at: <https://www.iedr.ie/uploads/IE-Domain-Registry-SME-Digital-Health-Index-2018.pdf>

1.1.3 Hospitality and Tourism

Key Successes	Key Challenges
<ul style="list-style-type: none"> ■ The tourism industry employs 237,720 people and jobs are spread throughout the country; 68% of jobs are outside Dublin.²⁴ ■ 179,827²⁵ persons were engaged in active enterprises in the accommodation and food service sector in 2016; 89% of these persons were in SMEs. ■ Tourism, for some regions, is the most significant industry. ■ The tourism industry contributed €1.93 billion to the Irish exchequer in 2017.²⁴ 	<ul style="list-style-type: none"> ■ Currency volatility sterling/euro impact. ■ The over-use of Dublin as a tourism destination: Dublin City and County have experienced the most significant growth in tourism-related jobs, compared to the rest of the country. ■ Rising business costs – particularly fuel, energy and labour costs. ■ Technology changes and changing consumer buying behaviour patterns: changes in labour skill needs and business models are required. ■ A myriad of agencies and supports. ■ The potential impact of Brexit: it is estimated that a hard Brexit could adversely affect Irish tourism up to €260 million in 2019.²⁴

RECOMMENDATIONS SPECIFIC TO HOSPITALITY AND TOURISM

- Identify rural tourism as a niche product in marketing tourism, given the overuse of Dublin as a tourism destination, and the potential opportunity of, for example, the Chinese market with the establishment of new direct flights from China to Ireland.
- Increase support to relevant bodies, to unlock the potential of the Asian market for the hospitality and tourism sector, and to Irish SMEs (rural and urban), to ensure that they are ready to exploit this opportunity (e.g. further resources for agencies to implement strategies in this regard and further rolling out of programmes such as, the China Ready Training Programme).
- Identify and support heritage hubs throughout the country that give a collective voice to regions with specialised and diverse tourism products. This would be akin to the identification of high-tech industrial clusters or ecosystems in particular regions, such as Silicon Dock.
- Upskill business owners and staff in the tourism sector to capture the opportunities of a changing technological landscape. Ensuring access to training for SMEs in the tourism sector, particularly in rural areas, is vital. This means increased flexibility in the timing and mode of delivery of training courses offered by various State agencies.
- Examine chef training programmes and chef employment conditions, as there is a particular skill shortage in this area.
- Provide support for SMEs in hospitality and tourism to generate innovative ideas through attendance at networking events abroad for the exchange of ideas, for example tourism- and hospitality-related conferences and trade fairs.
- Outline a Brexit strategy on assistance for SMEs in hospitality and tourism, and in particular, increase investment for campaigns to encourage and reassure British tourists, as well as opportunities to participate in tourism trade missions outside the EU.

²⁴ ITIC (2018) 'Competitiveness and Investment – Preparing for Tourism's Future', Irish Tourism Confederation Pre-Budget 2019 Submission [online], available at: https://www.itic.ie/wp-content/uploads/2018/08/Tourism-Pre-Budget-Submission_ITIC_Sep2018.pdf

²⁵ CSO (2018) 'Business Demography, StatBank (CSO Main Data Dissemination Service) [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRA11&PLanguage=o>

1.1.4 Farming and Fisheries

Key Successes	Key Challenges
<ul style="list-style-type: none"> ■ Agri-food accounted for almost 10% of merchandise exports, 8.5% of national employment, and 7% of gross value added in 2016.²⁶ ■ 167,500 people were employed (in 2017) – 65% of whom were in agriculture, forestry and fishing, 30% in food, and the remaining in beverages and wood processing.²⁶ ■ Food and drink exports grew significantly in 2017 (11.6%).²⁶ ■ Agri-food firms source 74% of raw materials and services from indigenous suppliers.²⁶ 	<ul style="list-style-type: none"> ■ Currency volatility sterling/euro impact. ■ Lack of access to credit for farm investment and efficiency gains, compared with EU counterparts. ■ Income volatility due to extreme weather events, price and cost fluctuations. ■ Skills shortages – attracting and retaining staff is challenging, due to remote locations and a lack of a training culture in this area. ■ Potential impact of Brexit: more than half of all goods exported to Britain in 2015 were from 2 categories, one of which was “food and live animals” – (the other was chemicals and related products). 46% of the “food and live animals” goods exported in 2015 went to Great Britain or Northern Ireland.²⁷

RECOMMENDATIONS SPECIFIC TO FARMING AND FISHERIES

- Increase investment in targeted business training schemes delivered locally that develops business leadership skills for owners of enterprises in this sector, to allow them to scope out new market opportunities and strategically plan for income volatility due to external variables.
- Examine potential incentives to attract labour to this sector, given the challenges around working in remote locations and lack of access to training. One such initiative could be a dedicated apprenticeship scheme for this sector and associated tax incentives for employers who take on apprentices under the scheme.
- Increase support and development of initiatives that bring together enterprises with common interests to help strengthen market positions abroad (e.g. the China Seafood Council initiative of Bord Iascaigh Mhara).
- Commit to delivering the National Broadband Plan for rural Ireland to allow rural-based entrepreneurs and enterprises to capitalise on the growing entrepreneurial opportunity for agri-tech.
- Provide support for intergenerational transfer of family businesses – i.e. financial support for reinvestment and mentoring on the process of transfer, to ensure the long-term sustainability of enterprises in this sector.
- Clearly communicate to agricultural SMEs the costs and benefits of investment in renewable energy, to reduce GHG emissions.
- Outline a Brexit strategy on assistance for SMEs in farming and fisheries – on how to prepare for Brexit, through innovation and accessing new markets. Also, communicate the resources made available for same via relevant agencies.

²⁶ Teagasc (2018) 'Agriculture in Ireland' [online], available at:

<https://www.teagasc.ie/rural-economy/rural-economy/agri-food-business/agriculture-in-ireland/>

²⁷ CSO (2018) 'Brexit – Ireland and the UK in Numbers: Trade' [online], available at: <https://www.cso.ie/en/releasesandpublications/ep/p-biun/biun/trade/>

1.1.5 ICT

Key Successes	Key Challenges
<ul style="list-style-type: none"> ■ Second largest exporter of computer and ICT services in the world.²⁸ ■ Total number of persons engaged in ICT manufacturing and services enterprises combined was 105,837 in 2016.²⁹ ■ 51% of the 105,837 persons engaged in 2016 were in SMEs.²⁹ ■ Generates €50 billion in exports each year.²⁸ ■ 14% of GDP was ICT related in 2011, placing Ireland as the top OECD country in terms of ICT-related domestic value added.³⁰ ■ Ireland has become a global hub for ICT services.³⁰ ■ Software firms have generally reported favourable conditions with respect to the availability of funds.³¹ 	<ul style="list-style-type: none"> ■ Wage inflation: wages in the software sector have risen by 11% since Q4 2011.³¹ ■ Potential impact of Brexit: only one-third of software companies are preparing for this. ■ Availability of labour: only one-fifth of software firms have reported the availability of labour as being positive (good/very good).³¹

RECOMMENDATIONS SPECIFIC TO ICT

- Invest in developing innovation-driven skills in ICT entrepreneurs by leveraging local HEIs, private industry and local industry support agencies to work collaboratively in delivering entrepreneurial-related intensive education opportunities specific to the context of the ICT sector.
- Support the development of new apprenticeship programmes targeted at the ICT sector, such as the ICT Associate Professional Apprentice Programme.
- Increase investment in upskilling programmes such as Skillnet.
- Continue to support the Smart Futures initiative.
- Invest in sector-specific accelerator programmes (as opposed to incubators) for ICT across the country.
- Examine the capital gains tax entrepreneur's relief, to ensure that it encourages serial entrepreneurs.
- Encourage and target latent entrepreneurs currently employed in large multinational companies in ICT, by reducing their opportunity cost to pursue a business idea through initial salary-substitution grants and tax incentives
- Outline a Brexit strategy on assistance for SMEs in ICT and communicate effectively the resources available to assist ICT companies in preparing for Brexit.

²⁸ Enterprise Ireland (2018) 'ICT Sector Profile' [online], available at: <https://www.enterprise-ireland.com/en/Start-a-Business-in-Ireland/Startups-from-Outside-Ireland/Key-Sectors-and-Companies-in-Ireland/ICT-sector-profile.html>

²⁹ CSO (2018) 'Business Demography, StatBank (CSO Main Data Dissemination Service) [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRA11&PLanguage=0>

³⁰ OECD (2017) 'OECD Science Technology and Industry Scoreboard 2017: The Digital Transformation', OECD: Paris.

³¹ Enterprise Ireland (2018) 'Export Market Watch: The Software Sector' [online], available at: <https://www.enterprise-ireland.com/en/Publications/Reports-Published-Strategies/Export-Market-Watch/Export-Market-Watch-March-2018.pdf>

1.1.6 Life Sciences

Key Successes	Key Challenges
<ul style="list-style-type: none"> ■ The MedTech (medical technology) sector employs over 38,000 people and, per capita, Ireland is the second largest employer of MedTech professionals in Europe.³² ■ 27,623 persons were engaged in the chemicals and pharmaceuticals sector in 2016, with 28% being in SMEs.³³ ■ 52% of persons engaged in research and experimental development on biotechnology in 2016 were in SMEs.³⁴ ■ Key strengths lie in contract research and manufacturing.³⁵ ■ A recognised cluster globally of MedTech activity, particularly in the West.³⁶ ■ Multinationals have established centres of excellence that can create spillovers.³⁷ ■ Significant investment in public research centres in life sciences.³⁷ ■ Establishment of born-global firms by serial entrepreneurs.³⁸ 	<ul style="list-style-type: none"> ■ A need for more public investment in R&D and innovation at a higher technology-readiness level, i.e. closer to commercial deployment, is acknowledged.³⁹ ■ Dominated by large-scale foreign-owned affiliates.³⁶ ■ Lack of scale among indigenous enterprises.³⁸ ■ Lack of sales and marketing expertise for operating in a global marketplace.³⁸ ■ Potential impact of Brexit: imports of materials.

- 32 Irish MedTech Association (2018) 'About the MedTech Sector' [online], available at: https://www.irishmedtechassoc.ie/Sectors/IMDA/IMDA.nsf/vPages/Medtech_sector~about-the-medtech-sector!OpenDocument
- 33 CSO (2018) 'Business Demography, StatBank (CSO Main Data Dissemination Service) [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRA11&PLanguage=o>
- 34 CSO (2018) 'Business Demography, StatBank (CSO Main Data Dissemination Service) [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRA11&PLanguage=o>
- 35 Irish MedTech Association (2018) 'About the MedTech Sector' [online], available at: https://www.irishmedtechassoc.ie/Sectors/IMDA/IMDA.nsf/vPages/Medtech_sector~about-the-medtech-sector!OpenDocument
- 36 M. Giblin and P. Ryan (2012) 'Tight Clusters or Loose Networks? The Critical Role of Inward Foreign Direct Investment in Cluster Creation', *Regional Studies*, 46(2), 2012, pp. 245-258.
- 37 M. Giblin and P. Ryan (2015) 'Anchor, Incumbent and Late Entry MNEs as Propellants of Technology Cluster Evolution', *Industry and Innovation*, 22(7), pp. 553-574.
- 38 N. Evers and M. Giblin (2017) 'Born Globals and the Medical Technology Cluster in the West of Ireland'. In: I. Mandl and V. Patrini (eds), *European Born Globals: Job creation in Young International Businesses*. London: Routledge, pp. 105-127.
- 39 DBEI (2015) 'Innovation 2020', DBEI: Dublin.

RECOMMENDATIONS SPECIFIC TO LIFE SCIENCES

- Invest in dedicated programmes on scaling, including the development of intensive workshop- and mentorship-based training around scaling a business (e.g. the Scotland Can Do SCALE Programme) that addresses the specific needs of the life science sectors and provide support for enterprises to participate on such programmes.
- Invest in sector-specific accelerator programmes (as opposed to incubators) within life sciences across the country (e.g. BioExel in NUI Galway – a MedTech accelerator programme).
- Examine the capital gains tax entrepreneur's relief, to ensure that it encourages serial entrepreneurs.
- Support the development of regional high-tech ecosystems (e.g. MedTech in the West of Ireland) by developing bottom-up strategies specific to the particularities of these regional ecosystems.
- Continue to make increased public investment in innovation at a higher technology-readiness level – HEI-focused and firm-focused public investments that are more easily accessible to smaller-sized firms (firm grant-aid and R&D tax credits, e.g. reducing administrative burdens).
- Encourage and target latent entrepreneurs currently employed in large multinational companies in life sciences, by reducing their costs to pursue a business idea through initial salary-substitution grants and tax incentives.
- Outline a Brexit strategy on assistance for SMEs in life sciences.

Location

1.1.7 Regional Ecosystems: Calling for a Sub-National Approach

Enterprise demography data for Ireland reveals the following main points with respect to geography:

1. Large enterprises establish mainly in cities (see Table 5, page 27).
2. SMEs are the cornerstone of the regional economy: compared with large firms, they more often locate outside cities (see Table 5, page 27).
3. SMEs located outside Dublin, and the surrounding counties of Dublin and Cork remain particularly small, in terms of jobs. As demonstrated in Table 7, page 42, by far the largest proportion of total persons engaged in SMEs in the State are in Dublin, the surrounding counties of Dublin and Cork. Detailed data related to SMEs and the SME sector on a county-by-county basis can be found in Appendix 4, page 98.

Table 7: Persons Engaged in SMEs across Regions in Ireland, 2016

Region (Counties)	Persons Engaged	Percentage of Total Persons Engaged in SMEs in Ireland
West (Galway, Mayo, Roscommon)	87,289	9%
North-West (Donegal, Sligo, Leitrim, Cavan, Monaghan)	75,556	7%
Mid-West (Clare, Limerick, Tipperary)	86,415	9%
South-West (Cork, Kerry)	141,356	14%
Midlands (Laois, Longford, Offaly, Westmeath)	43,056	4%
South-East (Carlow, Kilkenny, Waterford, Wexford)	74,999	7%
Mid-East (Kildare, Louth, Meath, Wicklow)	123,439	12%
Dublin	365,078	36%

Source: CSO (2018) 'Business Demography', **StatBank (CSO Main Data Dissemination Service)** [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRao8&PLanguage=o>

Note, figures are an approximation only of geographical breakdown. The data is based on where the enterprise is registered for revenue purposes, as opposed to where the enterprise actually operates from. Also, data is not separated here between city and county. Observations are missing or fall under the limit of discretion/uncertainty as recorded by the CSO for some counties at some enterprise size categories – Carlow, Laois, Leitrim, and Longford 10-19 employees are recorded as missing observations. There are also enterprises where the county location is categorised as “Unknown” by the CSO and these enterprises generally have Revenue registered addresses outside of the Republic of Ireland. However, the employees registered with these addresses are working in the Republic of Ireland.

Added to this, interregional disparities exist in terms of economic performance. For example, the Western Region of Ireland has experienced the lowest national jobs growth compared to the rest of the country (the national jobs growth in 2017 Q2 was 6.2%, compared with 15.8% in Dublin).⁴⁰ The Western Region suffered a decline of 4.3% in the number of active enterprises between 2008 and 2016, when the rest of the State achieved a growth of 3.9%.⁴¹ At the same time, this region shows significant potential. Ireland's current country profile by the World Intellectual Property Organisation (WIPO) reveals that the top organisation in the State for patent filings (that can be used as a proxy for innovation) under the Patent Cooperation Treaty (PCT) is based in Tuam, Co. Galway. This is Connaught Electronics Limited (Valeo Vision Systems).⁴² Likewise, the West is noted for strong clusters of activity in the MedTech⁴³ and creative industry sectors.⁴⁴

40 Dr John Breslin, TechInnovate, NUI Galway (2018) Submission to the Seanad Public Consultation Committee on SMEs Committee (compiled using CSO Quarterly National Household Survey).

41 Western Development Commission (2018) Submission to the Seanad Public Consultation Committee on SMEs Committee.

42 WIPO (2018) 'Statistical Country Profiles – Ireland' [online], available at: http://www.wipo.int/ipstats/en/statistics/country_profile/profile.jsp?code=IE

43 M. Giblin and P. Ryan (2012) 'Tight Clusters or Loose Networks? The Critical Role of Inward Foreign Direct Investment in Cluster Creation', *Regional Studies*, 46(2), 2012, pp. 245-258.

44 P. Collins, M. Mahon and A. Murtagh (2018) 'Creative Industries and the Creative Economy of the West of Ireland: Evidence of Sustainable Change?', *Creative Industries Journal*, 11, pp. 70-86.

The rural-urban divide is also acute in Ireland, with 80% of all the enterprises that went out of business between 2006 and 2010 being located in rural areas.⁴⁵ Enterprises in rural Ireland are typically micro-sized and the common sectors to which these businesses belong are: construction; electricity supply; mining and quarrying; transportation; food (agri-food) accommodation (tourism); and farm products.

There are particular challenges⁴⁶ for enterprises in regional and rural economies, which include:

- Poor transport, broadband and mobile phone connectivity.
- Difficulties in attracting talent to regions, particularly managers and skilled technical people.
- Declining populations, with reduced activity in towns resulting in smaller markets, for example for retailers.
- Small local markets and distance from larger markets.
- Isolation, and lack of networking opportunities.
- More limited regional seed and early-stage funders, and access to finance. In 2018 (Q1 and Q2) it is reported⁴⁷ that 74% of all seed and VC investment is in Dublin. Only 7% of such investment has gone to companies in regions outside Dublin and Limerick.
- High financial risk.
- Lack of confidence to bring an idea to market.
- Lack of business skill and knowledge.
- Limited access to training locally, and tailored training to particular sectors and business locations.
- Lack of access to timely information.
- Lack of opportunity to generate/seek out new ideas.

These issues demonstrate that the challenges facing SMEs in Dublin city are not the same as those facing SMEs in the North-West coast of Ireland. A one-size fits all (i.e. national) approach by the Government neither takes account of nor capitalises on the potential opportunity of the diversity that exists across the regions in Ireland. The Netherlands is 60% the size of Ireland (geographically) and yet adopts a regional approach to entrepreneurial and innovation ecosystems (see the case of the “Pieken in de Delta” (Peaks in the Delta) strategy in Box 2, page 44).

To date, enterprise and innovation policy in Ireland (see Figure 1, page 22) focuses on the ecosystem at national level and from which initiatives are developed. Enterprise-related initiatives are subsequently implemented by a network of Local Enterprise Offices, Enterprise Ireland and IDA Ireland. At the same time, national level innovation-related initiatives – like Science Foundation Ireland – are implemented by and large through local research institutes. It is a case of central programmes designed on the basis of a review of the national ecosystem conditions and being delivered by national organisations through local networks.⁴⁸

This Report argues for a bottom-up approach to enterprise and innovation policy in Ireland that is driven by an understanding of the strengths, opportunities and challenges experienced locally; thereby accounting for the idiosyncrasies present at a regional level.

45 CEDRA (2014) ‘Commission for the Economic Development of Rural Areas Research Report’ [online], available at: <https://www.teagasc.ie/rural-economy/cedra/>

46 Unless otherwise stated, the challenges listed were identified based on research interviews conducted for the purposes of this report.

47 TechIreland (2018) ‘TechIreland H1 2018 Funding Review’ [online], available at: <https://www.techireland.org/content/H1-Funding-Report-2018.pdf>

48 Based on research interviews conducted for the purposes of this report.

Box 2: A Regional Approach to Innovation: The Netherlands

The *Pieken in de Delta (Peaks in the Delta)* 2004 policy document of the Netherlands represented a fundamental shift in regional innovation policy from focusing on the use of resources to target “lagging” regions to investing in and supporting local strengths – “peaks”.

Rather than viewing regions as playing catch-up, the Peaks in the Delta policy was a national strategy focused on six regional innovation ecosystems that identified strengths, opportunities and challenges specific to each regional system. This policy received positive evaluation in terms of effectiveness and efficiency. While it was replaced by a “top sectors” approach, regional and local authorities continued to play a significant role and a 2014 OECD review of innovation policy in The Netherlands advocated for a continued strong regional emphasis in policy.

RECOMMENDATIONS SPECIFIC TO BUILDING REGIONAL ENTERPRISE AND INNOVATION ECOSYSTEMS

- Adopt a regional ecosystems approach to enterprise and innovation policy, whereby hubs of activity are identified based on existing capabilities, and further strengthened by addressing the local challenges and opportunities present. As part of this, regions should be identified as specialist areas for targeted cluster or hub-building. For example, technology clusters of activity in particular cities or heritage hubs in rural areas, and there should be a coordination of efforts among locally based agencies/community groups.
- Address isolation needs through an assessment of the local conditions of each regional ecosystem. In particular, physical conditions such as improved telecommunications, and road and rail infrastructure, need to be developed. In addition, the more intangible linking of regions to larger networks needs to be addressed to create more knowledge pipelines to develop innovative capacity (relevant to the technology-driven and more traditional sectors).
- Foster a culture of entrepreneurship and innovation within regions, through initiatives that promote local capabilities, local success stories, and local role models.

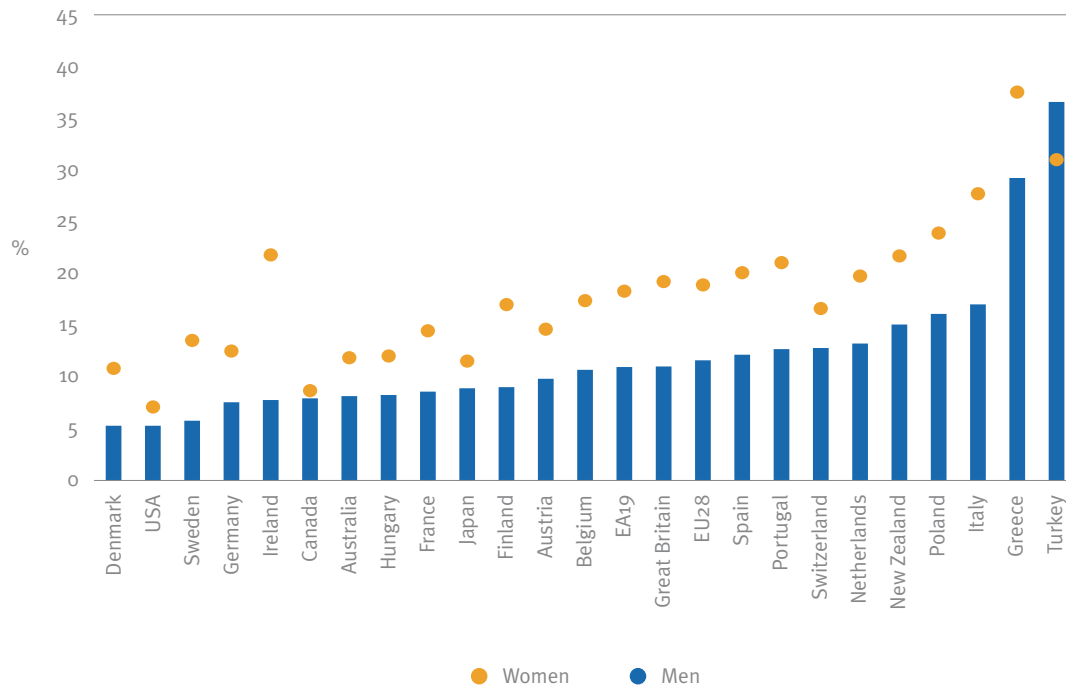
Underrepresented Group: Female Business Owners and Entrepreneurs

In Ireland, women are less likely to be entrepreneurs than men. The *GEM Report* for 2017 shows that just 35% of new business owners in Ireland were women.⁴⁹ Comparing Ireland’s place on the international stage with respect to the proportion of entrepreneurs who are female, it can be seen that the Irish State presents itself poorly. A joint OECD-European Commission report⁵⁰ revealed that Ireland and Malta, in 2015, had the largest gender gap across EU28 in the proportion of men and women who were self-employed (see also Figure 4, page 45). Also, the data for starting new businesses shows that men are twice as likely as women to be new business owners or nascent entrepreneurs, and this ratio places Ireland 14th out of 20 European countries.⁵¹ Previous *GEM Reports* for Ireland show that this 2:1 ratio has not significantly changed over the past decade.

49 P. Fitzsimons and C. O’Gorman (2018) ‘Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report’ [online], available at: <https://www.gemconsortium.org/report>

50 D. Halabisky (2018), ‘Policy Brief on Women’s Entrepreneurship’, OECD SME and Entrepreneurship Papers, No. 8, OECD Publishing, Paris [online], available at: <https://doi.org/10.1787/dd2d79e7-en>

51 P. Fitzsimons and C. O’Gorman (2018) ‘Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report’ [online], available at: <https://www.gemconsortium.org/report>

Figure 4: Share of self-employed people among the employed, by Gender, EU28, 2016

Source: Source: OECD (2019), Self-employment rate (indicator). doi: 10.1787/fb58715e-en (Accessed on 27 January 2019) Adapted from: D. Halabisky (2018), 'Policy Brief on Women's Entrepreneurship', OECD SME and Entrepreneurship Papers, No. 8, OECD Publishing, Paris [online], available at: <https://doi.org/10.1787/dd2d79e7-en>

Of particular concern, also, is the fact that men and women differ in terms of their attitudes and perceptions to entrepreneurship, as follows:⁵²

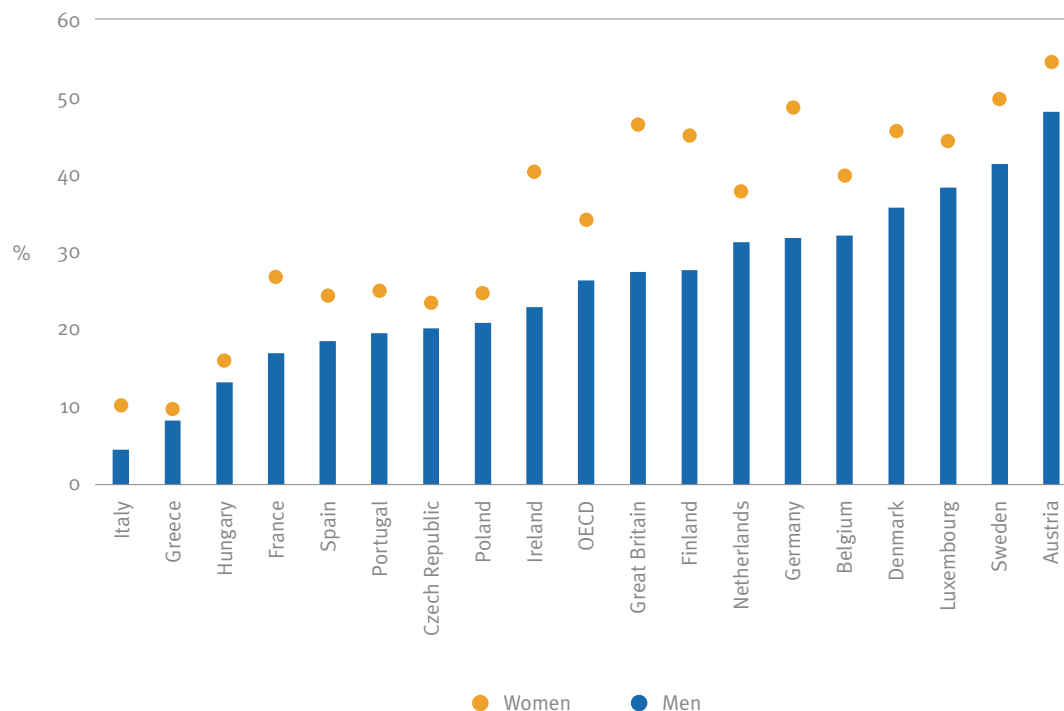
- A higher proportion of male adults in the total population (52%) believe they have skills and knowledge to start up a new enterprise, compared to female adults (33%). In 2013, a higher proportion of men than women reported that they believed they had access to training on how to start or grow a business.⁵³
- 43% of females cite a fear of failure as preventing them from starting a business, compared with 36% of men.
- 25% of females have a role model in terms of knowing a recent entrepreneur, compared with 35% of males.

Further research shows that Ireland has a particularly big disparity between the proportion of men and women in the population who declare they have access to money to start or grow a business (see Figure 5, page 46).

⁵² Unless otherwise stated, the data list is sourced from P. Fitzsimons and C. O'Gorman, C. (2018) 'Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report' [online], available at: <https://www.gemconsortium.org/report>

⁵³ D. Halabisky (2018), 'Policy Brief on Women's Entrepreneurship', OECD SME and Entrepreneurship Papers, No. 8, OECD Publishing, Paris [online], available at: <https://doi.org/10.1787/dd2d79e7-en>

Figure 5: Access to Finance – Percentage of Women and Men who Declare They Would Have Access to Money to Start or Grow a Business, 2013



Source: OECD (2019), *Starting a business* (indicator). doi: 10.1787/a22da914-en (Accessed on 27 January 2019) and Adapted from: D. Halabisky (2018), 'Policy Brief on Women's Entrepreneurship', *OECD SME and Entrepreneurship Papers*, No. 8, OECD Publishing, Paris [online], available at: <https://doi.org/10.1787/dd2d79e7-en>

However, the statistics are not all bleak with respect to gender. It was reported that in 2015, self-employed women were just as likely to have employees in their business as self-employed men (i.e. the proportion of self-employed women with employees was the same as the proportion of self-employed men with employees in Ireland, circa 31%).⁵⁴ Ireland and Romania were the only two countries in EU28 where a gender gap in this respect did not exist. The *GEM Report* from 2017 also reveals that female and male new business owners or nascent entrepreneurs have similar international orientation, i.e. the share of male early-stage entrepreneurs who expect to have a significant proportion of their revenue from international customers is 29%, while the share of female early stage entrepreneurs is 25%.⁵⁵

⁵⁴ D. Halabisky (2018), 'Policy Brief on Women's Entrepreneurship', *OECD SME and Entrepreneurship Papers*, No. 8, OECD Publishing, Paris [online], available at: <https://doi.org/10.1787/dd2d79e7-en>

⁵⁵ P. Fitzsimons and C. O'Gorman, C. (2018) 'Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report' [online], available at: <https://www.gemconsortium.org/report>

Key Challenges

The reasons for the entrepreneurship gender gaps outlined are not entirely clear. However, there are barriers and failures as follows⁵⁶:

- Culture and legitimacy of female entrepreneurs: given that entrepreneurship has been male dominated and has historically been viewed as a masculine activity, women entrepreneurs may face legitimacy issues.
- Access to finance: the male dominated characteristic of entrepreneurship means that it may be mostly men making the decision to fund entrepreneurs and their business ideas, which would be a barrier for women.
- Tax policies and schemes: which over the years in Ireland have focused on women entering the labour force as employees rather than entrepreneurs.
- Training, Skills and Confidence: self-efficacy among women is lower than for men in terms of entrepreneurship.

Recent Initiatives

- Enterprise Ireland Female Entrepreneurship Unit: established in response to an underrepresentation of women entrepreneurs in Ireland. According to this organisation's website, its purpose "is to support ambitious women entrepreneurs to launch and grow high potential start-ups, and to address the key challenges facing women in start-ups" (Enterprise Ireland).
- Competitive Start Fund for Female Entrepreneurs: supports high-growth, exported oriented and technology or innovation-led enterprises established by women.
- National Women's Enterprise Day: organised by the Local Enterprise Offices around the country.
- Programmes and Supports:⁵⁷
 - Going for Growth: funded by Enterprise Ireland and KPMG. It offers monthly meetings with experienced female lead entrepreneurs, who offer a round-table mentoring service to small groups of female business owners.
 - Acorns: programme for early-stage female entrepreneurs living in rural Ireland.
 - Female High Fliers: an accelerator programme for early-stage start-ups, specifically addressing the challenges facing female entrepreneurs.
 - Exxcel Female Entrepreneurship Programme STEM: allows female entrepreneurs to develop their idea and start a business. This flexible part-time programme runs over six months.
 - Women in Business Network: run by the Local Enterprise Offices and provides structured support networks around the country.
 - Network Ireland: helps businesswomen to network across the country.

⁵⁶ D. Halabisky, D. (2018), 'Policy Brief on Women's Entrepreneurship', *OECD SME and Entrepreneurship Papers*, No. 8, OECD Publishing, Paris [online], available at: <https://doi.org/10.1787/dd2d79e7-en>.

⁵⁷ ThinkBusiness.ie (2018) 'Guide: Funds and Supports for Female Startups' [online], available at: <https://www.thinkbusiness.ie/articles/grants-funds-supports-for-women-in-business-ireland/>

RECOMMENDATIONS SPECIFIC TO FOSTERING FEMALE ENTREPRENEURSHIP

- Track and publish data on gender with respect to all Government-led entrepreneurship programmes and initiatives. It is important for Government to have data to provide a deeper understanding of the reasons for the gender gap, to identify where progress has been made, and to help provide a more targeted approach.
- Roll out the Competitive Start Fund for Female Entrepreneurs (including the Competitive Feasibility Fund for Female Entrepreneurs), to target a broader type of enterprise beyond export- and technology-driven enterprises. Currently, Enterprise Ireland administers this fund and it is recommended that the Local Enterprise Offices should run a similar fund that is broader in scope, in terms of the nature of the enterprise, and focusing exclusively on female entrepreneurs.
- Undertake a review of existing entrepreneurship and leadership training programmes to ensure that the design is not restrictive for female participation. For example, offering local education and upskilling programmes may allow for increased participation of women with family commitments. Furthermore, programmes should be evaluated not just in terms of the funding made available, but also the soft skills being developed as part of the programme, to meet the challenges faced by female entrepreneurs.
- Establish and support a Residency for Entrepreneurs Programme, aimed at potential female entrepreneurs who are placed in companies to shadow and learn entrepreneurial skills.
- Develop a national strategy on female entrepreneurship and aim to be a leader among EU countries in female entrepreneurship. Ireland has a significant number of successful female entrepreneurs acting as role models, so there is significant opportunity for Ireland not just to catch up with other countries but to be a leader in female entrepreneurship in the EU.

9. Enhancing Business Ecosystem Conditions

This section focuses on the progress made, as well as the problems that exist, in business ecosystem conditions from the perspective of SMEs generally. It should be noted that while common issues are identified, the degree to which an SME is impacted, and the nature of the impact, depends on the particularities of the ecosystem to which the SME belongs. Part III of this Report explores how the Irish Government can craft a strategy to capture these particularities, while enhancing business conditions.

Finance and Funding

Progress

- New lending in general grew by 22% between 2015 and 2016, while loan approval continued to increase – 88% of applications were approved fully or partially.⁵⁸
- Between 2015 and 2016 there was a 70% increase in VC raised by SMEs.⁵⁸
- Bankruptcies continued to decrease by 21% between 2015 and 2016.⁵⁸
- Non-performing loans continued to decline. Ireland was one of the top countries in the OECD for a falling non-performing loan rate as a share of total business loans between 2015 and 2016.⁵⁸
- The Finance Act 2018 includes some changes to improve the efficiency and effectiveness of the EII and the Start-up Refunds for Entrepreneurs (SURE) Schemes, for example, a more simplified application process, clarity on the legislation, and how to claim reliefs.
- An extension to 2021, of the three-year start-up relief for SMEs under the Finance Act 2018, which provides corporate tax relief in the early life stages of an enterprise.
- Introduction of the start-up capital incentive under the Finance Act 2018, to support new ventures in raising funds from family and friends.

Supports and Initiatives

- EII and SURE Schemes.
- SME State Bodies Group.
- Supporting SMEs Online Tool.
- Strategic Banking Corporation.
- Credit Guarantee Scheme.
- Microenterprise Loan Fund.

⁵⁸ OECD (2018) 'Financing SMEs and Entrepreneurs 2018: An OECD Scoreboard', OECD: Paris.

- Credit Review Office.
- Innovation Fund Ireland – attracting international VCs.
- Future Growth Loan Scheme.
- Brexit Loan Scheme.
- Start-up Capital Incentive.
- Three-year Start-up Relief.

CHALLENGES

- SMEs have significant issues in accessing loans as a source of finance:
 - The share of total outstanding business loans to SMEs decreased between 2015 and 2016.⁵⁹
 - Irish SMEs have been categorised as having a “smaller share of a shrinking business loan stock”.⁶⁰
 - The SME loan rejection rate increased between 2015 and 2016 and there was a decline in SME loan applications in the same period (Ireland had the second highest decline of 8 out of 17 countries experiencing decline).⁵⁹
 - Large firms are charged lower average interest rates for credit than SMEs. While this is similar to most other OECD countries, and may reflect the increased risk attached to SMEs compared with larger firms, in Ireland the interest spread increased in 2016, which places the State in a minority of EU countries.⁵⁹
 - In Ireland, the SME interest rates were the second highest in the Eurozone (data from Germany, Lithuania, Malta or Cyprus is not included) in 2016.⁵⁹
 - SME lending as a percentage of GDP is falling.⁵⁹
 - There are perceptions among viable SMEs that they will be unsuccessful in local applications, and that the loan application process is difficult.⁶¹
 - Collateral requirements of banks often include the use of personal guarantees.⁶¹
 - Changing banking business models means lack of access to relationship managers.⁶¹
- As a result of these difficulties, the EII tax relief scheme for investors becomes a vital tool for SMEs. However, aspects of the EII scheme can act as barriers, such as restrictions as a result of General Block Extension Regulations (GBER), the investment limit, the connected party rules and the relief being split into two tranches.⁶²
- The SURE Scheme (an income tax refund scheme) is limited in its effectiveness, because it can only be claimed *after* an investment is made and therefore does not appreciate the difficulties of accessing cash in the early days of a new business. SURE also limits the extent of previously self-employed people using the scheme, which means it fails to recognise the significance of serial entrepreneurs in the economy.⁶²

⁵⁹ OECD (2018) ‘Financing SMEs and Entrepreneurs 2018: An OECD Scoreboard’, OECD: Paris

⁶⁰ OECD (2018) ‘Financing SMEs and Entrepreneurs 2018: An OECD Scoreboard’, pg. 32, OECD: Paris

⁶¹ Strategic Banking Corporation of Ireland Submission to Seanad Public Consultation Committee on SMEs.

⁶² Based on submissions to the Seanad Public Consultation Committee on SMEs and presentations by witnesses on the Seanad Consultation Day.

CHALLENGES (continued)

- The CGT rate of 33% is high, relative to other countries. Entrepreneurship is a journey taken by individuals and the environment should encourage people to take a leap of faith, which in addition to providing supports at the beginning of the journey, should not penalise entrepreneurs, who have taken on the risk, at the end of the journey. A relatively high rate of exiting may deter people from pursuing entrepreneurship as a career option.⁶³
 - Related to this, the CGT entrepreneur relief should encourage serial entrepreneurs in the economy by providing a tax relief on gains made from disposing business assets. However, the lifetime limit of €1 million and the rate of 10% is restrictive, in comparison with other countries.⁶³
- While SMEs have been raising an increasing amount of VC in recent years, this source of funding is typically provided at a later stage of SME development and mainly concentrates on high-tech sectors.⁶³
- It is argued that for sustainable and more resilient enterprises in the economy, more attention should be afforded in public debate fora to new forms of enterprises⁶⁴ and new forms of social credit (e.g. through a public banking model),⁶⁵ as a source of finance. A survey of family businesses in Ireland conducted by PricewaterhouseCoopers (PwC) and reported on in 2016,⁶⁶ showed that 73% of family businesses measure success beyond profit and growth to long-term commitment to communities and employees, compared with non-family businesses. This would indicate these businesses comprise a different form of enterprise model than is typically referred to in strategy or policy documents and targeted by State initiatives. Many of the contributors to the public hearings of the Seanad Public Consultation Committee on SMEs spoke about the contribution of SMEs to the social fabric of a community, their importance to sustaining communities through sustaining jobs – particularly in rural communities – and their potential role in environmental sustainability. However, there is a lack of supports around family businesses, cooperative models of enterprise and cooperative buyouts as succession models of businesses.

⁶³ Based on submissions to the Seanad Public Consultation Committee on SMEs and presentations by witnesses on the Seanad Consultation Day.

⁶⁴ T. Healy (2019) *An Ireland Worth Working for: Delivering the Democratic Programme a Century Later*, forthcoming book.

⁶⁵ Irish Rural Link submission to the Public Consultation Committee on SMEs.

⁶⁶ PwC (2016) *Irish Family Business Survey Report: The 'Missing Middle' – Bridging the Strategy Gap in Family Firms* [online], available at: <https://www.pwc.ie/publications/2016/family-business-survey.pdf>

RECOMMENDATIONS SPECIFIC TO FINANCE AND FUNDING

- Review and continue to improve the EII tax relief scheme with a view to removing barriers and increasing its attractiveness. This should include giving full relief upfront in the year of investment, continuing to improve processing times, increasing the investment limits, amending rules to recognise R&D as a qualifying trade, and reviewing the impact of the connected party rules (where a person has a connection to the company as defined by Revenue e.g. controls the company) on SMEs.
- Review and continue to improve SURE, with a view to reducing the restrictions. This should include extending the relief to new business founders who were previously self-employed, allowing for the refund to be claimed upfront, so it can be beneficial in the early days of the new business. A promotional campaign of SURE should be developed to increase awareness and thus uptake.
- Review the CGT rate, with a view to reducing the 33% rate and bringing it in line with international standards in this regard.
- Review and improve the CGT entrepreneurs' relief by introducing a 12.5% rate with no lifetime cap (threshold) on gains.
- Make illegal any requirement of banks to use personal guarantees as collateral.
- Create a national database of investor-ready, bona fide, accredited start-ups, to facilitate connecting investors with SMEs.
- Allow shared ownership models that permit the transfer of ownership of existing businesses to their employees and stakeholders. This is particularly important for rural SMEs: permitting the spread of equity ownership among a larger number of a community. All standard company types could be eligible. This is inspired by the Cooperativa Sociale model in Italy and the Löntagarfonderna plan in Sweden.
- Allow for different types of enterprises to co-exist for the benefit of local communities, for example, workers' cooperatives, civil society/social enterprises, municipal enterprises, and new enterprises established by local authorities.
- Identify whether new or existing policy measures and initiatives could better serve these different types of enterprises and encourage their development. This would assist in raising finance in the context of SMEs that typically find it challenging to do so.
- Continue to give support to researching and furthering the debate on evaluating the possible ways of implementing a local public banking concept in Ireland, in light of the findings of the *Joint Report on Local Public Banking in Ireland*, published by the Department of Finance and the Department of Rural and Community Development in 2018.

Cost of Doing Business

Progress

- In 2018, Ireland (based on evaluating Dublin) was ranked by the World Bank 17 out of 190 for “ease of doing business”,⁶⁷ which measures business regulation and provides an indicator of where it is easy for domestic SMEs to do business in a particular country.
- Ireland performs favourably, compared to the EU average in terms of the costs of starting a new business, the complexity of administrative procedures for doing business and the burden of regulation (among other administrative factors), according to the most recent “Small Business Act for Europe Factsheet” on Ireland.⁶⁸
- In 2017, the proportion of SMEs identifying costs as the most significant issue was 11%, which is below the EU28 and United Kingdom (UK) rate.⁶⁹
- Between the second half of 2016 and that of 2017, electricity prices for non-household consumers decreased in Ireland.⁷⁰
- In 2017 (Q2-Q3), Ireland was found to have the second lowest business mobile broadband costs, in comparison with five other EU countries.⁶⁹
- The price of motor insurance and health insurance declined between May 2017 and May 2018.⁷¹
- In 2014, Ireland was ranked fourth lowest among EU28 in terms of social security costs, as a percentage of personnel costs.⁷²
- Irish labour costs increased from 2014 to 2017, but cumulatively the increase was less than the EU and the UK.⁷³
- Ireland performs above the EU average in terms of the percentage of SMEs that have taken resource-efficiency measures, the percentage of SMEs that have benefited from public support measures for resource-efficiency, and the percentage of SMEs benefiting from measures to support the production of green products or services.⁶⁸

Supports and Initiatives

- National Competitiveness Council (monitoring and reporting on cost of doing business).
- Cost of Insurance Working Group.
- Land and Conveyancing Law Reform Act.
- Grant supports through Sustainable Energy Authority of Ireland.
- Establishment of the Cost of Insurance Working Group and Personal Injuries Commission.

67 World Bank (2018) ‘Doing Business 2018: Reforming to Create Jobs’ [online], available at: <http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2018-Full-Report.pdf>

68 European Commission (2018) ‘2018 SBA Factsheet – Ireland’ [online], available at: https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en

69 National Competitiveness Council (2018) ‘Cost of Doing Business 2018’ [online], available at: <http://www.competitiveness.ie/Publications/2018/Costs%20of%20Doing%20Business%202018%20Report.pdf>

70 Eurostat (2018) ‘Electricity Prices Components for Non-household Consumers’ Online Database: Energy Statistics’ [online], available at: <https://ec.europa.eu/eurostat/data/database>

71 CSO (2018) ‘Consumer Price Index May 2018’, Statistical Release [online], available at: <https://www.cso.ie/en/statistics/prices/consumerpriceindex/>

72 CSO (2018) ‘Business in Ireland 2015 – Business Costs in Ireland’, Statistical Releases – Multisectoral [online], available at: <https://www.cso.ie/en/releasesandpublications/ep/p-bii/bii2015/bci/>

73 ‘Eurostat Labour Cost Index 2017’, as cited by National Competitiveness Council (2018) ‘Cost of Doing Business 2018’ [online], available at: <http://www.competitiveness.ie/Publications/2018/Costs%20of%20Doing%20Business%202018%20Report.pdf>

CHALLENGES

- Annual growth rates of renting prime office units are much stronger compared to the UK for Q4 2017, particularly for Limerick and Galway.⁷⁴
- Prime rental units in retail increased on an annual basis in Q4 2017. Dublin city is by far the most expensive location. Rates in Galway, Limerick and Cork for 2017 compare well with locations in the UK but are increasing.⁷⁴
- The estimated cost of building a high-tech factory or lab in Dublin grew by 6% between 2013 and 2016. However, the cost was just below that of London in 2016.⁷⁴
- Dublin performs poorly in the rankings by the World Bank on the time and cost it takes to build business facilities. It takes 149.5 days to build a warehouse in Dublin, compared to 86 days in London.⁷⁵
- A recent (2018) report⁷⁶ reveals that 40% of Irish SMEs identify “taxes and rates” as a barrier to growth (survey of 250 SME owners/decision-makers).
- Despite falling insurance premiums being recorded in national statistics, insurance costs are still considered, according to SMEs, as threatening to the viability of their businesses:⁷⁷
 - Some SMEs (grocery stores and supermarkets in particular) report experiencing an increase in insurance premiums of between 30 and 70%.⁷⁷ Similarly, another recent survey of 850 SMEs conducted by ISME, shows that 83% are experiencing an increase in insurance premiums.⁷⁸
 - There are high costs associated with insuring certain aspects of a business (e.g. a night club in a hotel). Liability insurance for certain types of activity may be unavailable.⁷⁹
 - SMEs note that increases in insurance costs make it difficult to plan.⁷⁹
- The SFA, in their submission to the Seanad Public Consultation Committee, also reports that labour costs, insurance costs and local authority rates and charges, as well as commercial rents and energy costs, are of particular concern to SMEs.
- There are sectoral and firm-size level issues with respect to labour costs:
 - Labour costs per hour are highest in industry, at €32.9 for 2017, which is also considerably higher than the UK, at approximately €24 for 2017.⁸⁰
 - Over a five year period until the beginning of 2018, the percentage increase in average hourly total labour cost was highest in the financial, insurance and real estate sector, while the arts and entertainment sector experienced negative growth for the same period.⁸¹
 - The growth in average hourly total labour cost between the beginning of 2017 and the beginning of 2018 was highest for medium-sized businesses (at 4%, compared with 2% for large firms).⁸¹

74 National Competitiveness Council (2018) ‘Cost of Doing Business 2018’ [online], available at: <http://www.competitiveness.ie/Publications/2018/Costs%20of%20Doing%20Business%202018%20Report.pdf>

75 World Bank (2018) ‘Doing Business 2018: Reforming to Create Jobs’ [online], available at: <http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2018-Full-Report.pdf>

76 Vodafone (2018) ‘The Future of Business in Ireland: A Conversation with SMEs’ [online], available at: <https://h.vodafone.ie/business/smart-business.html>

77 Houses of the Oireachtas (2018) ‘Report on the Cost of Doing Business’, Joint Committee on Business, Enterprise and Innovation, July 2018, Dublin

78 ISME (2018) ‘Q2 2018 Trends’ [online], available at: <https://isme.ie/report/>

79 Based on submissions to the Seanad Public Consultation Committee on SMEs.

80 National Competitiveness Council (2018) ‘Cost of Doing Business 2018’ [online], available at: <http://www.competitiveness.ie/Publications/2018/Costs%20of%20Doing%20Business%202018%20Report.pdf>

81 National Competitiveness Council (2018) ‘Cost of Doing Business 2018’ [online], available at: <http://www.competitiveness.ie/Publications/2018/Costs%20of%20Doing%20Business%202018%20Report.pdf>

CHALLENGES (continued)

- Ireland still relies on imported energy products, despite the opportunity of using renewable energy in the State.⁸¹
- Ireland performs well below the EU average in terms of the “percentage of SMEs with a turnover share of more than 50% generated by green products/services” – (9% of Irish SMEs in 2017, compared with an EU average of 20%).⁸²

RECOMMENDATIONS SPECIFIC TO THE COST OF DOING BUSINESS

- Undertake a comprehensive analysis of labour costs at a sectoral level. The aim is to provide guidance to Government on the impacts of any new or existing labour-related legislation on SMEs in sectors that are most sensitive to labour costs changes, and consequently to develop measures to minimise or counteract the impact for SMEs in these sectors.
- Implement the recommendations provided by the Personal Injuries Commission, particularly in relation to exaggerated and fraudulent claims that increase insurance costs, and the Costs of Insurance Working Group.
- Arrange for an organisation representing a diverse range of SMEs, such as ISME or SFA, to be represented on the National Competitiveness Council.
- Review and revise the application procedures for sustainable energy grants by SMEs to ensure the burden is minimised for SMEs and that the application requirements do not make the grants inaccessible for SMEs.
- Undertake a review and analysis of the renewable energy sector in Ireland, from the perspective of identifying entrepreneurial opportunities and developing initiatives around the same, to encourage increased SME participation in this sector in terms of the production of green products and services. Ireland’s natural resources place it in a position to achieve significant advantages in the renewable energy sector that could be indigenously developed, once fully exploited.

82 European Commission (2018) ‘2018 SBA Factsheet – Ireland’ [online], available at: https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en

Infrastructure

Progress

- Between April 2012 and September 2017, there was a 114% increase in the number of premises with access to high-speed broadband (700,000 of all premises in 2012, compared to 1.5 million premises in 2017).⁸³
- Ratings based on a survey by the World Economic Forum (where 1 is extremely underdeveloped to 7 being extensive and efficient) placed Ireland above the EU average for the quality of air infrastructure for 2016-2017 (rating for Ireland for air infrastructure was 5.38 compared with EU average rating of 5.16).⁸⁴
- The significant investments in building motorways that occurred during the first decade of the century resulted in the average drive times to the nearest motorway junction being almost halved in Ireland, between 2002 and 2011.⁸⁵
- From 2016-2017, Ireland's ranking for port infrastructure quality was effectively on par with average EU ratings (Ireland's rating was 5.11 rating for port infrastructure compared with a 5.13 EU average rating).⁸⁶
- A recent (2018) survey of micro-businesses in Ireland, UK and the United States (US) shows that the proportion of such businesses in Ireland that have adopted various forms of digital technologies compares favourably with those in the other two countries. The survey reveals that 34% of Irish micro-businesses have adopted e-commerce compared with 22.8% of such businesses in the US and 30.3% in the UK.⁸⁷

Supports and Initiatives

- National Broadband Plan.
- Mobile Phone and Broadband Taskforce and the Taskforce Implementation Group.
- National Digital Strategy.
- National Planning Framework to 2040.
- National Development Plan 2018-2027.
- Project Ireland 2040 Delivery Board.
- Budget 2019 – additional funds to develop the capacity of Dublin airport (€320 million) and to improve the ports (€587 million) in Dublin, Cork and Shannon-Foynes.

83 Department of Communications, Climate Action & Environment (2018) 'National Broadband Plan Information [online], available at: https://www.dccae.gov.ie/documents/DCCAE%20Brochure%206pg%20DL%20NBP%20What%20Is_ONLINE.PDF

84 World Economic Forum Global Competitiveness Report as cited by Eurostat (2019) 'EU Transport Scorecard: Ireland – Investments and Infrastructure', [online] available at: https://ec.europa.eu/transport/facts-fundings/scoreboard/countries/ireland/investments-infrastructure_en

85 D. McCoy, S. Lyons, E. Morgenroth, D. Palcic, D. and L. Allen (2018) 'The Impact of Broadband and Other Infrastructure on the Location of New Business Establishments', *Journal of Regional Science*, 58, pp. 509-534.

86 World Economic Forum Global Competitiveness Report, as cited by Eurostat (2019) 'EU Transport Scoreboard – Ireland – Investments and Infrastructure' [online], available at: https://ec.europa.eu/transport/facts-fundings/scoreboard/countries/ireland/investments-infrastructure_en

87 S. Roper and J. Bourke (2018) 'A Briefing Report from the UK Enterprise Research Centre', Submitted to the Seanad Public Consultation on SMEs in Ireland, Enterprise Research Centre, Warwick Business School, University of Warwick.

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- A recent survey of Irish SMEs⁸⁸ shows that the majority of SMEs (72%) have websites and almost three quarters of these websites can be viewed on smartphones. However, only 30% of SMEs can take online sales orders, even though e-commerce is worth €12.3 billion to the Irish economy. In 2017, 43% of total sales by large enterprises were e-commerce sales, while this figure was just 22% for small enterprises.⁸⁹ Poor broadband connectivity is perpetuating this issue. Just 39% of SMEs in Connaught and Ulster rated their internet connection as excellent or very good. Similarly, 28%⁹⁰ of ISME members reported having broadband quality that is inadequate for business development.
- There have been continuous delays in the National Broadband Plan that particularly impact rural SMEs and their ability to operate a business online. The withdrawal of a number of contractors from the tendering process, and the reliance on a single bidder, is an issue of continued concern.
- Telecommunications providers in rural and regional locations have reported⁹¹ that the costs of accessing Metropolitan Area Networks (MANs), which are State-owned telecoms network infrastructures, are prohibitive. This is further limiting SMEs from accessing quality telecoms infrastructure.
- Poor mobile-phone coverage, particularly in rural areas, leads to dropped and missed calls, which puts SMEs in these areas at a competitive disadvantage and hinders their ability to generate and conduct business.
- 2008 to 2015: investment in road infrastructure fell year on year in absolute terms.⁹²
- The World Economic Forum Executive Opinion Survey, 2017 reveals “inadequate supply of infrastructure” as the most problematic factor (among 16 factors) for doing business in Ireland.⁹³ The survey also reveals a decrease in the quality of the Irish transport infrastructure overall each year, between 2014 and 2017. In terms of the quality of rail and road infrastructure, the ranking for Ireland is below the EU average.⁹⁴
- A rising property price index (8.6% between August 2017 and August 2018),⁹⁵ a shortage in the supply of houses, and increased rates of homelessness (in September 2018 the number of people in emergency accommodation Ireland reached almost 8,400), characterise the housing situation in Ireland. Businesses are impacted primarily in terms of attracting talent to certain areas, which is particularly challenging for SMEs that find it difficult to compete with salaries and benefits offered by large-sized companies. Also, the income limits for eligibility for social housing can result in potential employees being discouraged to take up employment, so as not to exceed local limits. Some companies are providing housing at below-market rents. There are also challenges to accommodating ex-patriates working here on short-term or long-term assignments. This impacts the ability of companies to operate effectively.⁹⁶

88 IE Domain Registry (2018) ‘SME Digital Health Index 2018’ [online], available at: <https://www.iedr.ie/uploads/IE-Domain-Registry-SME-Digital-Health-Index-2018.pdf>

89 CSO (2018) ‘Information Society Statistics – Enterprises’ [online], available at: <https://www.cso.ie/en/releasesandpublications/er/iss/informationstatistics-enterprises2017/>

90 ISME (2018) ‘Q2 2018 Trends’ [online], available at: <https://isme.ie/report/>

91 Western Development Commission submission to the Seanad as Part of the Public Consultation process.

92 OECD (2018) ‘OECD Infrastructure Investment Data’ [online], available at: <https://data.oecd.org/transport/infrastructure-investment.htm>

93 Schwab, K. (2017) ‘The Global Competitiveness Report 2017-2018, World Economic Forum [online], available at: <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>

94 World Economic Forum Global Competitiveness Report as cited by Eurostat (2018) ‘EU Transport Scoreboard – Ireland – Investments and Infrastructure’ [online], available at: https://ec.europa.eu/transport/facts-fundings/scoreboard/countries/ireland/investments-infrastructure_en

95 CSO (2018) ‘Residential Property Price Index – Statistics’ [online], available at: <https://www.cso.ie/en/releasesandpublications/ep/p-rppi/residentialpropertypriceindexaugust2018/>

96 Based on submissions to the Seanad Public Consultation Committee on SMEs.

RECOMMENDATIONS SPECIFIC TO INFRASTRUCTURE

- Prioritise and deliver the National Broadband Plan, with a view to completion by 2021. The procurement process needs a prompt conclusion, with the contract awarded to allow for the network roll-out to commence. It is important that the fibre roll-out as part of the NBP is extensive and far-reaching.
- Ensure, through the regulation of MANs, that the telecoms providers in rural and regional areas, in particular, can access this infrastructure.
- Deliver on the 40 actions provided by the Mobile Phone and Broadband Taskforce in its report. The continued work of the Taskforce Implementation Group to oversee the timely implementation of these actions is critical for minimising delays.

Recruiting and Retaining Talent

Progress

- In 2016, 42% of people in the State had a third-level education, compared with 13.6% in 1991.⁹⁷
- The total number of new entrants into HEIs increased by over 50% between the 2008/2009 academic year and the 2017/2018 academic year.⁹⁸
- Between 2006 and 2016, the number of people with a PhD in the State increased by 99.5%.⁹⁷
- In 2016, 1.0% of the population (28,759 people) had a PhD.⁹⁷
- Amendments made to the Key Employee Engagement Programme in the Finance Act 2018 include the easing of restrictions and increasing the total value of options granted to an employee. These amendments may encourage more uptake of the programme to help SMEs attract and retain talent through share options.

Supports and Initiatives

- Spotlight on Skills Workshops – National Programme.
- Key Employee Engagement Programme.
- National Skills Strategy.
- National Training Fund – Human Capital Initiative: Budget 2019 allocated €300 million to meet the future skills needs of enterprises.

⁹⁷ CSO (2017) 'Census of Population 2016 – Profile 10 Education, Skills and the Irish Language' [online], available at: <https://www.cso.ie/en/releasesandpublications/ep/p-cp10esil/p10esil/>

⁹⁸ Higher Education Authority (2018) 'Statistics Search –New entrants for given academic year' [online], available at: <http://hea.ie/statistics-archive/>

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- Recruitment of staff is competitive, which is particularly challenging for SMEs, as it is more difficult to match or exceed salaries paid by large enterprises. As an indicator of these challenges, in 2018 Q1 the average weekly earnings⁹⁹ were €573.59 in micro and small-sized firms across all sectors, €689.23 in medium-sized enterprises and €888.92 in large-sized enterprises. An EY Entrepreneur of the Year Alumni Survey revealed that 48%¹⁰⁰ of respondents found it difficult to compete for talent with large multinational enterprises. Furthermore, a survey conducted by ISME of its SME members reveals that 34% were not in a position to increase pay for their employees in 2018.¹⁰¹
- Access to talent is a key decider of where a business will locate. Recent research on new firm formation in Ireland (outside of Dublin) has shown that the benefit of providing broadband in an area (in terms of the establishment of new businesses) increases significantly if the area has also higher educational attainment levels.¹⁰² Broadband on its own may not have any impact on new firm formation without threshold levels of educational attainment being achieved in the area. This shows the significance of access to talent for an area in the context of new business formation. Furthermore, this research demonstrates that the availability of a diversity of skills in an area is more important than specialisation and locating close to third-level institutes is very significant for the majority of business types.¹⁰³ Added to this, investors need to know that the business will have access to suitable talent in an area. However, there is no single source providing talent data in sufficient quantity, reliability and consistency to be useful to companies, investors, and regional bodies alike, that would help to address recruitment issues.
- The availability of labour with relevant skills to aid the future growth of SMEs is a challenge. A report published in 2018, based on a survey of 250 Irish SMEs, states that 31% of SMEs reported a lack of talent as a barrier to growth (Brexit, taxes and lack of market opportunity were cited by a higher proportion of SMEs).¹⁰⁴ Employers are reporting difficulties in filling higher management roles and more skilled technical positions.¹⁰⁵ In 2015, the most important skills for the development of the enterprise reported by the highest proportion of SMEs were as follows:¹⁰⁶
 - Small enterprises: customer handling skills (53%), team working skills (46%), technical, practical or job-specific skills (43%), management skills (30%).
 - Medium-sized enterprises: technical, practical or job-specific skills (53%), management skills (52%), customer handling skills (51%), team working skills (41%).

99 CSO (2018) 'Earnings, Hours and Employment Costs Survey Quarterly' StatBank [online], available at: <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Defnr.asp?maintable=EHQ04&PLanguage=o>

100 EY Entrepreneur of the Year Submission to the Seanad Public Consultation Committee on SMEs.

101 ISME (2018) 'Q2 2018 Trends' [online], available at: <https://isme.ie/report/>

102 D. McCoy, S. Lyons, E. Morgenroth, D. Palcic, and L. Allen (2018) 'The Impact of Broadband and Other Infrastructure on the Location of New Business Establishments', *Journal of Regional Science*, 58, pp. 509-534.

103 The only business type for which proximity to third-level institutes was insignificant was low-tech foreign-owned firms.

104 Vodafone (2018) 'The Future of Business in Ireland: A Conversation with SMEs' [online], available at: <https://h.vodafone.ie/business/smart-business.html>

105 Western Development Commission Submission to the Seanad Public Consultation Committee on SMEs.

106 CSO (2018) 'Continuing Vocational Training', StatBank (CSO Main Data Dissemination Service) [online], available at: https://www.cso.ie/px/pxeirestat/Database/eirestat/Continuing%20Vocational%20Training/Continuing%20Vocational%20Training_statbank.asp?sp=Continuing%20Vocational%20Training&PLanguage=o&ProductID=DB_CVT

CHALLENGES (continued)

At the same time, the share of new entrants into technical courses in HEIs has remained constant, when comparing 2014 with 2017 (at 11% for natural sciences, maths and statistics, 11% for engineering, manufacturing and construction, and 6-7% for ICT).¹⁰⁷ Arts and humanities have continued to attract the highest proportion of student entrants, at 20-22%, during the same period, followed by business, administration and law, at 18% for 2014 and 19% for 2017.

- The uptake on the KEEP (Key Employee Engagement Programme) by SMEs has been low, due to restrictions attached to the programme.
- 52% of small-sized enterprises in 2015 reported providing staff training courses, compared with 74% of medium-sized enterprises and 89% of large enterprises.¹⁰⁸ “High workload and limited time available” and “high costs of training courses” are common reasons for not providing training to employees by SMEs (outside the following reasons: existing staff currently meeting needs, and having a strategy to recruit persons with the required skills).¹⁰⁸ The lack of staff training provided by smaller enterprises, compared with larger enterprises, may result in the former finding it more challenging to attract and retain talent.

RECOMMENDATIONS SPECIFIC TO RECRUITING AND RETAINING TALENT

- Develop a national tool that captures comprehensive and reliable existing talent data, as well as skills needs across the country. The Western Development Commission is developing a “Talent Tool” for the Western Region. Also, Enterprise Ireland, through the Regional Skills Fora, is developing an account of regional and national skills needs (under the skills audit tool initiative). Collaboration between such national and regional bodies, with the aim of developing a national and regional talent tool and skills-needs database, would be beneficial for identifying skills gaps, addressing the need for and means to attract additional talent to regions, and could be used as a means to attract new enterprises to particular regions.
- Give continued support to the Enterprise Ireland Skills Audit Tool and the extra supports initiative, to help SMEs, in particular, to meet skills needs.
- Introduce funding for a paid internship programme for PhD students, to give SMEs access to more talent that would enhance innovation.
- Establish a National Sales Training Academy. Sales and customer relationship training needs to be formalised in third-level institutes, particularly given that customer handling skills are key to SMEs for their future development.
- Develop an online portal of detailed information on professional and vocational training abroad that equates to the Irish education and training system, to assist Irish employers in hiring skilled foreign workers (see Table 8 (page 76) for a summary of a similar portal developed in Germany). There is an opportunity for Irish employers to access more skilled labour through the increased presence of foreign nationals in Ireland.
- Continue to review the effectiveness of the Key Employee Engagement Programme, with the aim of making necessary further amendments to improve the uptake by SMEs.

¹⁰⁷ Higher Education Authority Statistics (2018) ‘New Entrants by Institution, Gender and Field of Study’ [online], available at: <http://hea.ie/statistics-archive/>

¹⁰⁸ CSO (2018) ‘Continuing Vocational Training’, StatBank (CSO Main Data Dissemination Service) [online], available at: https://www.cso.ie/px/pxeirestat/Database/eirestat/Continuing%20Vocational%20Training/Continuing%20Vocational%20Training_statbank.asp?sp=Continuing%20Vocational%20Training&Language=o&ProductID=DB_CVT

Training for Entrepreneurs

Progress

- The Government now funds incubation centres in all universities and institutes of technology. By 2014, these incubation centres were supporting over 350 companies and 1,500 people.¹⁰⁹
- In 2017, Enterprise Ireland had 374 participants on entrepreneurship programmes.¹¹⁰
- By 2017, there were 36 incubator and accelerator programmes in Ireland fostering the start-up entrepreneurial community in Ireland.¹¹¹

Supports and Initiatives

- New Frontiers Programme (campus incubation).
- Accelerator Programmes, for example BioExel.
- Springboard initiatives on entrepreneurship and executive education programmes delivered by third-level institutes (e.g. TCD Innovation Academy).
- Enterprise Ireland Leadership development programmes (374 participants in 2017).
- Enterprise Ireland Leadership 4 Growth Programme.

CHALLENGES

- Just 42% of Irish adults surveyed believe they have the skills and knowledge to start up a new enterprise.¹¹² This places Ireland 12th out of 20 European countries. This rate has not changed to any great degree year on year.
- Many entrepreneurship-related training programmes focus on high-tech sectors and there are few that focus on particular niches, especially in traditional sectors.¹¹³
- There is a lack of research evaluating entrepreneur training programmes (e.g. accelerator programmes), especially the outcomes versus the inputs. More evaluation of such programmes would allow for better use of limited resources.¹¹³
- Rural SMEs find it difficult to access training programmes, since they are typically delivered in cities.¹¹³
- Those SME owners in many traditional sectors, for example agri-food, tend to be passionate about their product/service (e.g. producing quality food products) but lack expertise in business modelling, being finance-literate, and using technology for their business.¹¹³

¹⁰⁹ DBEI (2014) 'National Policy Statement on Entrepreneurship in Ireland 2014' [online], available at: <https://dbei.gov.ie/en/Publications/National-Policy-Statement-on-Entrepreneurship-in-Ireland-2014.html>

¹¹⁰ Enterprise Ireland (2017) 'Enterprise Ireland End of Year Statement 2017' [online], available at: <https://www.enterprise-ireland.com/en/Search/?cof=FORID%3A11&cx=000825887272978772436%3Anbqkywjjhyo&ie=UTF-8&q=end+of+year+statement>

¹¹¹ B. McCall (2017) 'The Start-up Island', *The Irish Times* [online], available at: <https://www.irishtimes.com/special-reports/business-ireland-magazine/the-start-up-island-1.3036423>

¹¹² P. Fitzsimons C. and O'Gorman (2018) 'Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report' [online], available at: <https://www.gemconsortium.org/report>

¹¹³ Based on submissions to the Seanad Public Consultation Committee on SMEs and presentations by witnesses on the Seanad Consultation Day.

RECOMMENDATIONS SPECIFIC TO TRAINING FOR ENTREPRENEURS

- Increase access to Enterprise Ireland skills programmes, through the further development of online platforms for the delivery of such programmes.
- Focus on the development of middle management capability in companies, through programmes such as Go Global and through continuous professional education.
- Establish a national entrepreneur apprenticeship programme.
- Review existing State-led training programmes, with the aim of making them more accessible to SMEs outside cities.
- Pilot an online system to marry mentors/business advisors and entrepreneurs.
- Create a national entrepreneurial education initiative similar to Scotland can do SCALE, to be delivered in various regions throughout the country. The initiative should bring together thought leadership in entrepreneurship from around the country.
- Create short focused business training sessions throughout the country to reach SMEs across diverse sectors, for example, financial literacy programmes, business modelling, fund raising, employment law, e-commerce.
- Increase interdisciplinary education on offer by HEIs in the entrepreneurship domain.

Procurement

Progress

- The procurement market in Ireland is substantial and is projected to be valued at €100 billion over the next five years.¹¹⁴
- The projected value of the Northern Ireland market over the next five years is €15 billion, which is an opportunity for Irish suppliers.¹¹⁴
- The Irish Government spends approximately €12 billion per year on goods, services and works.¹¹⁵
- The European Commission Single Market Scorecard 2017 identified Ireland as “average” overall compared to Member State in terms of public procurement.¹¹⁶ Public procurement is a cornerstone of the EU Single Market and it is important that Ireland performs positively in this respect.
- A European Commission report published in 2016 reveals that Ireland has a highly developed and centralised e-procurement system, a streamlined and centralised administrative set and uses procurement to achieve other public policy goals.¹¹⁷
- In 2015, total public procurement expenditure in Ireland was 7.2% of GDP or €18.3 billion.¹¹⁸

¹¹⁴ P. Brennan (2019) ‘How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses’, Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

¹¹⁵ Office of Government Procurement (2018) ‘Communications Strategy 2018-2020’ [online], available at: <https://ogp.gov.ie/what-we-do/>

¹¹⁶ European Commission (2018) ‘Single Market Scorecard 2017 – public procurement’, [online], available at: http://ec.europa.eu/internal_market/scoreboard/performance_per_policy_area/public_procurement/index_en.htm

¹¹⁷ European Commission (2016) ‘Public Procurement Indicators 2015’, DG Grow, as cited by P. Brennan (2019) ‘How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses’, Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

¹¹⁸ P. Brennan (2019) ‘How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses’, Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

- There has been an improvement in the procurement “leakage” rate for Ireland (contracts given to companies outside of the jurisdiction) – the rate was 11% for 2014 and 6% in 2016.¹¹⁹ However, it should be noted that this rate is based on data collected from just 77 of the 3,000 contracting authorities or buyers.
- A report¹²⁰ prepared in 2011 for the European Commission shows that Ireland was the fourth highest in the EU in terms of the average number of bids per competition (6.7 bids per competition), which indicates competition in the market place.
- The European Commission Single Market Scorecard 2017 reveals that “decision speed” in procurement (the time between the deadline for receiving offers and the date the contract is awarded) improved in Ireland between 2016 and 2017. In 2017, Ireland performed below the EU average at 109 days (the EU average for that year was 120 days).¹¹⁶
- SMEs must go to the High Court to pursue a contract awarded unfairly. This is costly and time consuming, which can act as a barrier to justice. According to the World Bank, Ireland ranks last in the EU in terms of time taken to reach a decision on public procurement appeals.

Supports and Initiatives

- National Public Procurement Policy Framework 2018, OGP (Office of Government Procurement).
- OGP Communications Strategy 2018-2020.
- TenderCon2 – event clarifying the procurement process for SMEs.
- Go-2-Tender Programme Workshops.
- Growth Through Procurement – Connecting Companies to Irish Public Sector Opportunities: Enterprise Ireland’s public procurement team raising awareness of the solutions of SMEs and how SMEs can deliver value to public sector contracts.
- Establishment of a High Level Group on SME Access to Public Procurement in 2013.
- Small Business Innovation Research (SBIR) initiative (using public procurement to find innovative solutions to public sector challenges. SBIR supports projects through feasibility and prototyping).
- Horizon 2020 – procurement supports and schemes.

¹¹⁹ Office of Government Procurement (2016), ‘Public Service Spend and Tendering Analysis Report, 2016’, Dublin as cited by P. Brennan (2019) ‘How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses’, Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

¹²⁰ European Commission (2013) ‘Public Procurement in Europe – Cost and Effectiveness: A study on the cost and effectiveness of Procurement Regulation. Prepared for the European Commission, March 2011’, as cited by: P. Brennan (2019) ‘How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses’, Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

CHALLENGES

- Bid (success) rates of SMEs versus large firms, and challenges for SMEs in being successful – particularly small and micro-sized enterprises as these enterprises are most applicable to Ireland:
 - Ireland falls below the EU average with respect to the percentage SMEs account for in the value of public procurement contracts awarded.¹²¹ Compared with other EU countries, Ireland's public sector market for procurement is highly centralised in that purchases happen at a national level rather than regional or local levels. This can make it more difficult for SMEs to participate in public procurement.
 - Ireland ranked 12th in Europe in 2017 in terms of the proportion of bids from SMEs.¹²²
 - Large companies dominate the value of contracts awarded in many categories. For example, a report published in 2015 revealed that 84% of total value of contracts awarded in commodities went to large firms, while 17% went to SMEs. In machinery, construction and business services categories, the share of total value of contracts awarded that went to large firms was approximately 75%, while 25% went to SMEs. Across all categories, the share of total value contracts awarded to micro-sized enterprises was between 3% and 6%.¹²³
 - It is perceived that the higher the contract value, the less likely it is for SMEs to win the contract. It is reported that the chances of SMEs winning a contract fall significantly with a contract value of above €60,000 and typically SMEs do not win contracts above the value of €300,000.¹²⁴
 - A survey¹²⁵ carried out in 2016 by *Bid Services* (procurement and tendering advisory company in Ireland) that consisted of 133 responses, of which 83% were small businesses revealed that: the public sector tendering success rate is less than one quarter for almost 87% of suppliers; less than 30% of suppliers bid collaboratively; 73% of suppliers do not understand the role of the OGP; 74% of suppliers do not believe that the OGP has improved the tendering system for their sector; and 62% reported that the OGP's guidance is not clear.
- Leakage:
 - Over the next five years it is estimated that Irish procurement contracts valued at €10 billion will go to companies outside the jurisdiction.¹²⁶ At the same time, however, some leakage is unavoidable e.g. non-contentious items like bloodstocks or items that have to be imported e.g. defence. Also, figures on leakage can be exacerbated. For example, MNCs whose headquarters based abroad may sign off on a contract but the bid may have been submitted in Ireland, and filled by Irish employees and an Irish supply chain.

121 European Commission (2018) 'SBA Fact Sheet – Ireland' [online], available at: https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en#sba-fact-sheets

122 European Commission (2018) 'Single Market Scorecard 2017 – public procurement', [online], available at: http://ec.europa.eu/internal_market/scoreboard/performance_per_policy_area/public_procurement/index_en.htm

123 Source: PwC 2015 as cited by P. Brennan (2019) 'How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses', Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

124 P. Brennan (2019) 'How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses', Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

125 As cited by: P. Brennan (2019) 'How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses', Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

126 P. Brennan (2019) 'How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses', Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

CHALLENGES (continued)

- Costs of bidding:
 - SMEs invest considerable time in bidding across all categories; many multiples of the time and investment by the public authorities. This has been examined and recognised by the European Commission and is one of the reasons the new directives focus on streamlining the process. Research conducted in 2011 reveals that works contracts are the most costly to procure – costing on average 58 person-days involved per tender competition of which 29 days are supplier days.¹²⁷ A comprehensive and current analysis of costs to procurement for suppliers is lacking.
 - Framework agreements (centralised procurement) are used for cost effectiveness for both buyers and suppliers. Such framework agreements have been used much less often in works contracts in Ireland compared with services and supplies.¹²⁶
- Lack of data available:
 - Challenges obtaining data on micro- and small-sized enterprises is problematic in general. Similarly, information on contracts won by such enterprises is difficult to access and analyse, which impacts the extent of guidance that can be provided to policymakers in tackling SMEs' engagement in the procurement market. Overcoming this challenge should continue to be addressed by the OGP.¹²⁶
 - Estimates of the value and volume of low value tenders (those under €25,000) are typically not reported. However, these tenders are a source of business for many SMEs.¹²⁶
 - The operation of framework agreements managed by the OGP is typically not fully addressed in spend analysis reports that allows for a comprehensive assessment of frameworks (for example, the extent to which framework members are bidding, how active frameworks are, the composition of businesses on each framework).¹²⁶ The issue of frameworks is significant. Companies can spend considerable time and money getting onto such frameworks and therefore an assessment of these frameworks in analysis reports is important for understanding, not least, how involvement in such frameworks impacts SME.
- Communication:
 - Findings from a survey¹²⁸ conducted in 2016 revealed that there is a communication deficit between buyers and suppliers. This survey revealed that the obstacles to tendering cited by most suppliers was the resistance of buyers to providing a de-briefing, and poorly defined technical specifications by buyers.
 - There are a lack of measures aimed at maximising pre-commercial procurement opportunities in terms of informing the marketplace what and how the public body buys. Such communication can range from participating in “meet-the-buyer” type of events to requiring all public bodies to have visible “doing business with us” on the homepages.

¹²⁷ European Commission (2013) 'Public Procurement in Europe – Cost and Effectiveness: A study on the cost and effectiveness of Procurement Regulation. Prepared for the European Commission, March 2011', as cited by: P. Brennan (2019) 'How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses', Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

¹²⁸ The survey was carried out by Bid Services – a procurement and advisory company in Ireland – as cited by: P. Brennan (2019) 'How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses', Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

CHALLENGES (continued)

- Public procurement and achieving wider public policy aims:
 - It is reported that there is limited evidence of buyers adopting Green Public Procurement (GPP) principles, thereby potentially missing the opportunity to influence the market in terms of environment-friendly production and consumption.¹²⁹
 - Similarly, it is argued that there is limited evidence of buyers adopting innovation-friendly procurement options which could stimulate innovation in the economy; despite Irish Government guidelines on this having previously been published.¹²⁹ Confusion can exist among buyers on buying innovatively (i.e. using new processes) versus buying new/innovative products.
 - If procurement is to be used as a mechanism in achieving wider public policy aims, then specific guidance and training on how to approach purchasing needs to be provided in the context of the intended policy aim, which is currently lacking.
- Awarding contracts: price versus value:
 - The Construction Industry Federation expressed concern around emphasis being placed on lowest price over value for money when awarding contracts to a tenderer.¹³⁰

RECOMMENDATIONS SPECIFIC TO PROCUREMENT

- All contracting authorities with a projected (non-pay) procurement spend over €10m on an annual basis should be required to prepare rolling three-year Corporate Procurement Plans. Plans should address tackling the administrative cost of the procurement process to achieve real savings and efficiencies.
- The threshold for publishing tenders on eTenders should be assessed on a sector-by-sector basis from the perspective of increasing SME engagement.
- All multi-party framework agreements should be divided into lots with the value of the lots to be as small as is practical. Procurement officials should adhere to the “comply or explain” principle in the use of “lots” i.e. they have to justify when “lots” are not being used. As a quid pro quo, buyers should not be required to provide de-briefings on low value tenders.
- All contracting authorities should be required to use the European Single Procurement Document; a re-usable self-declaration form saved in electronic format on the eTenders website and simple and effective training should be available for companies. The open procedure should become the default procurement process used. The Dynamic Purchasing System (DPS) – a low cost procurement process – should be used on a more systematic basis for all routine tenders for supplies and services below €50,000 in value as this will cut the cost of bidding to buyers and suppliers quite dramatically. Routine contracts under €50,000 should not be procured by the use of framework agreements. The coverage of procurements managed by SupplyGov should be expanded and then extended across the public sector; again, with the aim of reducing procurement transaction costs. Tenders priced abnormally low (as defined by OGP guidelines) should be investigated as part of the evaluation process and deemed non-complaint as appropriate. Guidance should be prepared on “abnormally low” tendering as this practice is to be addressed under the EU Directives and should be adopted here.

¹²⁹ P. Brennan (2019) ‘How Public Procurement Could Better Assist the Growth of Irish SMEs and Small Businesses’, Submission to the Seanad Public Consultation Committee on Fostering SMEs in Ireland.

¹³⁰ Statement by Dominic Doheny, Construction Industry Federation Chairperson, to the Seanad Public Consultation Committee hearing on 13 November 2018.

RECOMMENDATIONS SPECIFIC TO PROCUREMENT

- As the Tender Advisory Service is of limited use to suppliers given its mandate, the OGP should provide a HelpDesk service – with a broader remit – to small businesses during business hours. OGP should also set up an independent Mediation Service (or Procurement Ombudsman) to allow unsuccessful tenderers appeal contract award decisions without having to go to the High Court in the first instance.
- The OGP should develop new SME strategy including dedicated SME responsible people on category councils; contracts to be considered regionally not just centrally; reduced paperwork etc.
- A national SME public procurement statement/bill of rights should be developed, outlining the expectations a company can expect from the procurement process.
- Meet the Buyer events should be encouraged on a sectoral basis rather than a one-size-fits-all approach. They could take the form of regular briefings and engagement with the business community. These Meet the Buyer events should encourage “partnering” sessions where companies could identify opportunities to collectively bid for work.
- In consultation with construction professionals and the construction industry the current suite of guidance should be simplified; published online; and made more “fit for purpose”, especially for contracts below the EU value thresholds for works (€5,548,000). The Construction Works Management Framework should be fully compliant with the 2014 Public Contracts Directive. Contracting authorities should be instructed to use the Competitive Procedure with Negotiation for large scale works contracts to avoid cost overruns.
- Companies that win tenders and aim to leverage their success in export markets should be supported and funded in relation to their training needs by Enterprise Ireland or the Local Enterprise Offices as appropriate. It is important to recognise public procurement as an export market for driving SME growth.
- The OGP should spend 0.3 per cent of the annual value of procurement on certified procurement and tendering training and education for both suppliers and buyers. The OGP should also use some of the savings it will generate to co-fund academic research on procurement.
- More regular and comprehensive data with respect to micro- and small- businesses’ engagement in public procurement in particular should be published by the OGP, as well as data on the costs of bidding for SMEs.
- More training, monitoring and target-setting for buyers should be put in place with respect to adopting Green Public Procurement principles and providing innovation-friendly procurement options.
- The consultation on the merits of establishing a Procurement Ombudsman under the Programme for a Partnership Government should be given wider input with more involvement from various stakeholder representatives.
- Ensure the remedies and redress provision in Ireland functions efficiently, which is important for the timely delivery of priorities under the NDP 2018-2027 and Project Ireland 2040. Prioritise the establishment of a fast, cost effective and fair remedy body around procurement in Ireland in line with European Commission aims. The absence of an efficient review mechanism deters companies, particularly SMEs, from properly enforcing their rights or even from bidding in the first place.

Innovation and Collaboration

Progress

- Between 2014 and 2016, total expenditure on innovation activities by Irish businesses increased by 22%.¹³¹
- Compared with 30 other OECD countries, Ireland has the highest proportion of SMEs adopting innovation strategies in product, process, marketing or organisational innovation: 40.2% of SMEs undertake an innovation strategy, compared with 30.1% of SMEs in Finland and 26% of SMEs in the UK.¹³²
- Between 2012 and 2016, there was a slight increase in the proportion of small enterprises with innovation expenditure: 31% of small firms had innovation expenditure in 2012, compared with 33% in 2016. However 38% of small businesses had innovation expenditure in 2014.¹³¹
- A recent (2018) survey of micro-businesses in Ireland (1,500 enterprises surveyed) shows that the percentage of such businesses introducing new or improved products/services, new business models or new organisational forms since 2015 is higher than the proportion of micro-businesses in the UK or the USA. Almost 40% of Irish micro-businesses surveyed introduced a new product/service since 2015, compared with 23% UK micro-sized firms and 18% US micro-sized firms.¹³³
- In 2015, Ireland had the highest share of high-growth enterprises in the economy (growth in employment by 10% or more) among the EU Member States.¹³⁴
- The most recent (2018) European Commission's "Small Business Act Factsheet for Ireland"¹³⁵ notes that Ireland is "still the EU's top performer in skills & innovation and has improved constantly since 2008" (p. 14). Irish SMEs perform above the EU average on all indicators in relation to engaging in innovation and ecommerce, and ICT skills among employees generally.

Supports and Initiatives

- Agile Innovation Fund.
- R&D Tax Credit.
- Disruptive Technologies Innovation Fund.
- Innovation Vouchers Initiative.
- Innovation Partnerships Programme.
- Technology Gateway Programme.
- Science Foundation Ireland.
- Innovation Communications Campaign.
- The Global Ambition Project.
- Technology Centres Programme.

¹³¹ CSO (2018) 'Innovation in Irish Enterprises', April 2018 [online], available at: <https://www.cso.ie/en/releasesandpublications/er/ie/innovationinirishenterprises2016/>

¹³² OECD (2018) 'OECD STI Scoreboard 2017' (database) [online], available at: <http://dx.doi.org/10.1787/888933683706>

¹³³ Roper, S. and Bourke, J. (2018) 'A Briefing Report from the UK Enterprise Research Centre', Submission to the Seanad Public Consultation on SMEs in Ireland, Enterprise Research Centre, Warwick Business School, University of Warwick.

¹³⁴ Eurostat (2018) 'Business Demography Statistics' [online], available at: https://ec.europa.eu/eurostat/statistics-explained/index.php/Business_demography_statistics#Birth_rate

¹³⁵ European Commission (2018) "SBA Fact Sheet – Ireland" [online], available at: https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en#sba-fact-sheets

CHALLENGES

- In 2016, only 36% of SMEs reported expenditure on innovation, compared with 66% of large firms.¹³⁶
- Foreign-owned enterprises, which are typically large sized, accounted for 64% of total innovation expenditure by businesses in 2016 and this has stayed broadly the same since 2010.¹³⁶
- Large enterprises engaged much more in intellectual innovation than SMEs between 2014 and 2016 (e.g. 4.3% of small firms and 9.2% of medium-sized firms applied for a patent, compared with 18.2% of large enterprises).¹³⁷
- Despite a high proportion of SMEs adopting an innovation strategy, this is not translating into high levels of productivity.¹³⁸
- The amount of business expenditure on R&D funded by public funds between 2013 and 2015 decreased for small and medium-sized enterprises, while it increased for large enterprises (-10% for small firms, -44.5% for medium-sized enterprises, +15.8% for large firms).¹³⁹
- In terms of R&D intensity (R&D as a percentage of GDP), Ireland ranked 11th in EU28 in 2011, 9th in 2013, but dropped to 18th in 2016.¹⁴⁰
- The proportion of business expenditure on R&D in collaboration with HEIs is much higher for large firms than SMEs. In 2015, 15.7% of business expenditure on R&D by small enterprises was in collaboration with Irish HEIs, compared with 35.3% of R&D expenditure for large firms.¹³⁹
- State agencies and Government departments have tended to develop funding supports and initiatives (e.g. Disruptive Technologies Innovation Fund, Agile Innovation Fund) that focus on high growth and high potential SME's to fund more radical innovation projects and are attending less to the vast majority of SMEs.
- The SME owner who is typically also the CEO tends to focus primarily on operations and day-to-day running of the business. As a result, less time is available for developing innovation strategies.
- The R&D tax credit application process is perceived as onerous, complicated and lengthy for SMEs, which is a missed opportunity for them in funding R&D activities and providing cash flow. It is reported that 75% of R&D tax credit regime goes to large multinationals because they have the necessary supports to complete the application process.¹⁴¹
- The focus on R&D in various Government supports and instruments, and in data collection, is too restrictive:
 - The R&D tax credit scheme is restrictive, as the qualifying activities and eligible expenditure does not capture different forms of innovation (e.g. incremental innovation – repurposing existing machines).

¹³⁶ CSO (2018) 'Innovation in Irish Enterprises', April 2018 [online], available at: <https://www.cso.ie/en/releasesandpublications/er/ie/innovationinirishenterprises2016/>

¹³⁷ CSO (2018) 'Innovation in Irish Enterprises', April 2018 [online], available at: <https://www.cso.ie/en/releasesandpublications/er/ie/innovationinirishenterprises2016/>

¹³⁸ OECD (2018) 'OECD Economic Surveys Ireland: March 2018' [online], available at: <https://www.finance.gov.ie/wp-content/uploads/2018/03/OECD-survey.pdf>

¹³⁹ CSO (2018) 'Business Expenditure on Research and Development' (statistical database) [online], available at: https://www.cso.ie/px/pxeirestat/Database/eirestat/BERD%20Size%20of%20Enterprise/BERD%20Size%20of%20Enterprise_statbank.asp?sp=BERD%20Size%20of%20Enterprise&Planguage=0

¹⁴⁰ Eurostat (2017) Newsletter [online], available at: <https://ec.europa.eu/eurostat/documents/2995521/8493770/9-01122017-AP-EN.pdf/94cco3d5-693b-4c1d-b5ca-8d32703591e7>

¹⁴¹ D. Walsh (CEO and founder of Netwatch), contributor to the hearing of the Seanad Public Consultation Committee on SMEs.

RECOMMENDATIONS SPECIFIC TO INNOVATION AND COLLABORATION

- Commit to introducing SME-specific provisions to the R&D tax credit regime, with the aim of simplifying the application procedure for SMEs and making it more accessible to SMEs.
- Develop and launch a “GradStart” placement programme for graduates, for SMEs to increase companies’ capacity to innovate and collaborate with others.
- Continue to extend companies’ innovation reach by driving engagement between Irish based SMEs and academia in particular. Industry-academic engagement initiatives should include specific targets around the extent of SME-academic engagement.
- Encourage more linkages between employees and the company’s customers. Customers are the main source of ideas for innovation and there are latent entrepreneurs currently working in large firms as employees. An R&D tax credit that includes a clause to ensure that employees collaborate with customers will expose them to potential entrepreneurial opportunities, which may result in new start-ups and spin-offs.
- Design a suite of measures around employee participation in innovation, in exchange for equity holdings to encourage more innovation.
- Introduce a scheme to encourage entrepreneurial employee activity. The opportunity cost for current employees to engage in entrepreneurial activity can very often be substantial. The perceived value of the entrepreneurial idea must be greater than the cost of what the individual has to give up (e.g. current salary) before an opportunity is exploited. A scheme that incentivises an employee to engage in entrepreneurial opportunity scoping, while remaining in employment, would encourage corporate entrepreneurship that could lead onto potential new spin-off enterprises.
- Design innovation tax credits, in addition to the R&D tax credits, that capture multiple forms of innovation, including process improvements, business model innovation, and incremental innovation.
- Target 90 new high potential start-up (HPSU) approvals at seed funding stage, with a clear focus on increasing the projects that can achieve €1 million in sales and 10 employees within 3 years of seed investment.
- Establish a specific task force to create a detailed coordinated strategy for the creation and growth of SME’s in more traditional sectors.
- Develop a suite of innovation schemes designed specifically for SMEs in more traditional sectors (e.g. agri-food, tourism). One scheme should provide grants for international visits to give exposure to new ideas.
- Identify SMEs that could be innovation-driven and help them to further develop their skills to realise their innovation potential.

Culture of Innovation and Entrepreneurship

Progress

- Ireland is reported as being ranked first out of 20 European countries for people’s high regard for successful entrepreneurs. 82% of the Irish adult population surveyed as part of Global Entrepreneurship Monitor held successful entrepreneurs in high regard (this compares with 75% in the US).¹⁴²
- Ireland is reported as being ranked first out of 20 European countries for adults who believe that there are many stories in the media about successful entrepreneurs. 73% of the Irish adult population surveyed as part of the Global Entrepreneurship Monitor confirmed this belief.¹⁴²

¹⁴² P. Fitzsimons and C. O’Gorman (2018) ‘Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report’ [online], available at: <https://www.gemconsortium.org/report>

- Ireland has a comparatively low firm exit rate: in 2015, it had the lowest rate of firm closures as a percentage of total number of firms.¹⁴³
- A recent (2018) survey of micro-businesses in Ireland (1,500 enterprises surveyed)¹⁴⁴ reveals that having “considerable freedom” and “greater flexibility” is found to be important or very important in terms of individuals’ personal ambitions in micro-businesses. This indicates the significance of non-financial as well as financial benefits for Irish entrepreneurs and those working in smaller-sized enterprises.
- A report published in 2018, based on a survey of 250 Irish SMEs states that 87% of SMEs predict growth over the next three years.¹⁴⁵

Supports and Initiatives

- Inclusion of a module on entrepreneurship on the Junior Cycle; the Student Enterprise Programme and New Junior Cycle Business Studies.
- Bankruptcy law changes.
- Primary-level entrepreneurship education: Junior Entrepreneur Programme, BizWorld Ireland, Junior Achievement Ireland.
- Second-level entrepreneurship education: Student Enterprise Programme, Foróige Youth Entrepreneurship Programme, the Junior Entrepreneur Programme, Get Up and Go Mini Project, BT Young Scientist Business Bootcamp.

CHALLENGES

- Firm entry rates are low in Ireland, compared with other countries. Ireland had the 6th lowest start-up birth rate in the EU, at 7.3% in 2015, which was well below the EU average of 10% for that year.¹⁴⁶ The State was also placed 18th out of 23 OECD countries in 2015, in terms of firm births as a percentage of total firms.¹⁴⁷ New firm entrants and young firms encourage more innovation in an economy.
- Ireland is ranked 16th out of 20 European countries for the proportion of the national population who perceive entrepreneurship as a good career choice: just over half of those surveyed in 2017 perceived it to be so.¹⁴⁸ Similarly, another source shows that Ireland performed below the EU average in 2017, in terms of the percentage of people who believe that entrepreneurship is a desirable career choice.¹⁴⁹

¹⁴³ OECD (2018) ‘OECD Economic Surveys Ireland: March 2018’ [online], available at: <https://www.finance.gov.ie/wp-content/uploads/2018/03/OECD-survey.pdf>

¹⁴⁴ S. Roper and J. Bourke (2018) ‘A Briefing Report from the UK Enterprise Research Centre’, Submission to the Seanad Public Consultation on SMEs in Ireland, Enterprise Research Centre, Warwick Business School, University of Warwick.

¹⁴⁵ Vodafone (2018); *The Future of Business in Ireland: A Conversation with SMEs* [online], available at: <https://h.vodafone.ie/business/smart-business.html>

¹⁴⁶ Eurostat (2018) ‘Structural Business Statistics – Entrepreneurship – Business Demography’ [online], available at: <https://ec.europa.eu/eurostat/web/structural-business-statistics/entrepreneurship/business-demography>

¹⁴⁷ OECD (2018) ‘OECD Economic Surveys Ireland: March 2018’ [online], available at: <https://www.finance.gov.ie/wp-content/uploads/2018/03/OECD-survey.pdf>

¹⁴⁸ P. Fitzsimons and C. O’Gorman (2018) ‘Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report’ [online], available at: <https://www.gemconsortium.org/report>

¹⁴⁹ European Commission (2018) ‘SBA Fact Sheet – Ireland’ [online], available at: https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en#sba-fact-sheets

CHALLENGES

- Just 3 out of every 10 Irish adults reported having a role model in entrepreneurship (defined in terms of knowing a recent entrepreneur).¹⁴⁸ This places Ireland 17th out of 20 European countries.
- In a recent (2018) survey of micro-businesses, 71% ranked the business of ambition of keeping “[their] business similar to how it operates now” as important or very important, compared with just 27%, who ranked building “a national and/or international business” as an important or very important current aim.¹⁵⁰
- Almost 4 out of every 10 adults in Ireland cite fear of failure as preventing them from starting a business.¹⁵¹
- Business confidence among SMEs decreased by 5% in Q2 of 2018, according to a survey of SMEs undertaken by ISME.¹⁵²
- Even though Ireland’s firm exit rate is low, compared with other countries, in 2017 12,748 companies were dissolved.¹⁵³ This, combined with almost 40%¹⁵¹ of adults reporting fear of failure as a reason preventing them from establishing a business, adversely affects Ireland in terms of fully embracing entrepreneurship.
- Ireland performs below the EU average in terms of entrepreneurship education at basic school and post-secondary levels (measured by the extent to which training on managing or creating SMEs is incorporated into the system).¹⁵⁴

RECOMMENDATIONS SPECIFIC TO CULTURE OF INNOVATION AND ENTREPRENEURSHIP

- Set up a Q-Mark for start-ups: a new national quality standard accreditation system to determine viability and long-term potential. This would send a signal around recognition of start-ups in the economy and also facilitate the fairer allocation of funds through various schemes.
- Create and showcase a national database of investor-ready accredited start-ups to help marry start-ups with investors.
- Set ambitious goals of doubling the number of successful new businesses by 2028.
- Establish a national annual entrepreneurship competition aimed at identifying and supporting new innovative start-ups in Ireland, akin to Scottish Edge in Scotland.
- Embed entrepreneurial education into the formal education system from primary school through to third-level. This should involve connections between employers and educational institutes to jointly create and deliver entrepreneurship-related streams that students can pursue to develop entrepreneurial skills.

¹⁵⁰ S. Roper and J. Bourke (2018) ‘A Briefing Report from the UK Enterprise Research Centre’, Submission to the Seanad Public Consultation on SMEs in Ireland, Enterprise Research Centre, Warwick Business School, University of Warwick.

¹⁵¹ P. Fitzsimons and C. O’Gorman (2018) ‘Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report’ [online], available at: <https://www.gemconsortium.org/report>

¹⁵² ISME (2018) ‘Q2 2018 Trends’ [online], available at: <https://isme.ie/report/>

¹⁵³ CRO (2018) ‘Companies Registration Office Annual Report 2017’ [online], available at: <https://www.cro.ie/Portals/0/Corporate%20Publications/Companies%20Registration%20Office/2017%20CRO%20Annual%20Report%20english.pdf>

¹⁵⁴ European Commission (2018) ‘SBA Fact Sheet – Ireland’ [online], available at: https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en#sba-fact-sheets

Supports and Networks

Progress

- A survey of experts and entrepreneurs on the Irish entrepreneurial ecosystem, as part of the Global Entrepreneurship Monitor report,¹⁵⁵ reveals that these informants are generally very positive about Government programmes and supports available to entrepreneurs and SMEs. Ireland was placed in the “high score” category of countries for Government programmes for entrepreneurs.
- As part of the public consultation process, many SME stakeholders noted positively on the extent of supports available to SMEs and entrepreneurs. For example, David Walsh (CEO and Founder of Netwatch) stated that it is a “very good system” of supports and that “Irish entrepreneurs have never been in a better position than now to cross international waters to explore opportunities, exploit those opportunities, bring the spoils back to Ireland”.¹⁵⁶

Supports and Initiatives

- Ireland has an abundance of supports and initiatives available to SMEs. Appendix 3, page 96, lists more than 50 of the numerous grants and initiatives provided and/or funded by Enterprise Ireland.
- Innovation, internationalisation and Brexit are particularly strong themes running through the supports provided by Enterprise Ireland.

CHALLENGES

- There is a myriad of associations and bodies providing a significant number of initiatives and programmes. As a result, it may be difficult for SMEs to navigate. In their submission to the public consultation on fostering SMEs, the SFA reports that the environment is “fragmented, confusing and inconsistent”.
- The supports available may not be fully capturing the diversity among SMEs.
- The balance of initiatives and funding is in favour of export-led SMEs. While not undesirable, at the same time SMEs currently not internationalising may receive less support.
- Some SMEs may fall between the remit of multiple supporting organisations. For example, those SMEs with more than 10 employees and that are not export oriented may find it difficult to be supported by Enterprise Ireland or the Local Enterprise Offices.
- There is a plethora of supports/schemes around innovation that focus on new technology, product or process. However, there are fewer supports for organisational innovation or feasibility.
- Ireland offers a policy and programme mix in terms of supporting SMEs. However, it is unclear if the policy mix offered is appropriately targeted and effective. Research has shown that the effectiveness of policy mixes for business innovation, in particular, can vary.¹⁵⁷ This research concludes that data capturing detailed and up-to-date information on instruments and measures to support business innovation, in particular, is necessary to conduct robust evaluations and to offer more concrete guidance on implementing the most effective policy mix.

¹⁵⁵ P. Fitzsimons and C. O’Gorman (2018) ‘Entrepreneurship in Ireland 2017 – Global Entrepreneurship Monitor Report’ [online], available at: <https://www.gemconsortium.org/report>

¹⁵⁶ D. Walsh, Public Hearing of the Seanad Public Consultation Committee on Small and Medium-sized Enterprises, SMEs, in Ireland, Houses of the Oireachtas, Dublin, 13 November 2018.

¹⁵⁷ H. Lenihan and K. Mulligan (2018) ‘The Role of Policy Mix in Driving Business Innovation’, State of the Art Review, Enterprise Research Centre [online], available at: [https://www.enterpriseresearch.ac.uk/wp-content/uploads/2018/11/No10-SOTA-The-role-of-pol\[online\]](https://www.enterpriseresearch.ac.uk/wp-content/uploads/2018/11/No10-SOTA-The-role-of-pol[online]), available at: [icy-mix-in-driving-business-innovation-H.Lenihan-Final.pdf](#)

RECOMMENDATIONS SPECIFIC TO SUPPORTS AND NETWORKS

- Compile a detailed and regularly updated database capturing the supports that SMEs have received, the source and type of such supports, the nature of the SME, and measures of the outcomes and outputs as a result of the supports received.
- Carry out an evaluation of supports and funding on an annual basis, to ascertain effectiveness, to consider if the diversity of SMEs is being represented, and to consolidate supports where appropriate.
- Promote and encourage collaboration, cohesion and communication (see below) among the various organisations and bodies delivering supports and initiatives to SMEs.

Collaboration: rather than the existing top-down approach of implementing initiatives, a more bottom-up approach should be employed, where local bodies that understand local issues can develop bespoke initiatives, in line with the characteristics of the regional ecosystem to which they belong. As stated by Údarás na Gaeltachta during the consultation process; “State aid dictates who we help and who we can’t”. This indicates the challenge for bodies to meet the needs of local SMEs in the current system, and calls for the implementation of a more collaborative system between the various bodies.

Cohesion: in a system of collaboration, the agencies should act in harmony with each other, to meet the challenges of a diverse population of SMEs.

Communication: there needs to be clearer communication of the varied supports available. The development of an online portal should be established, providing SMEs with clear direction about the type of support that best suits their current needs.

PART III: CRAFTING AN SME STRATEGY: EMBRACING DIVERSITY

Extracts from the submissions received:

“Some notable successes aside, there is a strong argument that we have not done enough over the past 60 years to fulfil the promise of the First Programme for Economic Expansion to ‘foster in every way’ the development of Irish indigenous business. If we are to follow through on the economic promise of the last six decades, then it is evident we must go further than industrialisation by invitation and develop our indigenous enterprise base.” (IBEC).

“It is clear that the small business sector is not performing at its optimal level in many areas ... this amounts not only to a RISK (heavy reliance on FDI in an uncertain global environment), but to a major MISSED OPPORTUNITY for Ireland. Small business is not fulfilling its potential.” [emphasis in the original] (SFA).

“Ireland’s industrial policy is almost exclusively invested in foreign MNCs [multinational corporations] We need to pivot industrial policy towards indigenous enterprise as a matter of urgency.” (ISME).

10. Fundamentals of an SME Strategy

To assist in formulating an SME strategy, there are broad lessons that can be learned from international cases of SME sector development. The next subsection provides one such case example.

International Case Example of SME Strategies: Germany

A summary case of the SME sector in Germany is presented in Table 8 overleaf and indicates how a different path of development can emerge in an economy. The German SME sector is an interesting case relative to Ireland as it emphasises the focus on family-owned businesses compared with Ireland’s tendency to focus more on new high-growth start-up enterprises. The long-term orientation of family businesses and the focus on supplying niche products globally, may place the German SME sector in a relatively strong position to deal with changing international geo-political conditions.

Development trajectories are moulded by the strategies and initiatives pursued by governments, as well as the unique socio-cultural context and economic conditions of the nation-states. A one-size-fits-all approach does not exist in the context of an SME strategy, nor is it appropriate to replicate a strategy from one nation to another. However, there are learning points for Ireland that can be elicited from the German SME sector case as presented in Table 8, such as:

- the importance of balancing the provision of supports to different types of SMEs in an economy, to avoid creating detached groups of enterprises (e.g. large versus small enterprises, indigenous versus foreign-owned enterprises, traditional versus high-tech enterprises).
- the benefits that may come from recognising and supporting minority groups (e.g. family enterprises, youth, female entrepreneurs, immigrants, refugees).
- the significance of striking a balance between long-term sustainability and high growth/high risk in an economy, through understanding and recognising the potential, and challenges, of various types of SMEs.

Combining these learning points with the data and analysis of preceding sections allows for the development of recommendations around the formulation of an SME strategy for Ireland, as presented in the next subsection.

Table 8: The SME Sector in Germany – Characteristics, Challenges and Initiatives

Germany: A Case of Long-term Orientation	Characteristics
	<ul style="list-style-type: none"> ■ SMEs accounted for 99.5% of enterprises and 63.2% of employment in 2017.¹⁵⁸ ■ SMEs are more distinctive in Germany than the rest of the EU: the average German SME is larger than the European average (7.5 people are employed in the average German SME, compared with the EU average of 3.9).¹⁵⁸ ■ Between 2013 and 2017, employment in SMEs grew by 11.2%.¹⁵⁸ ■ In the context of SMEs, Germany performs above the EU average in terms of skills and innovation (e.g. SMEs introducing product/process innovations, SMEs selling online, providing ICT skills training), environment (e.g. SMEs providing green products/services, taking resource-efficiency measures), “second chance” (e.g. strength of insolvency framework, time to resolve insolvency), and internationalisation (e.g. SMEs exporting outside the EU).¹⁵⁸ ■ The well-known Mittlestand (SMEs) accounts for 90% of apprenticeships.¹⁵⁹ ■ Family-owned businesses are reported to account for most of the Mittlestand population, generating one-third of corporate revenues.¹⁶⁰ ■ A recent <i>Financial Times</i> article reported that the Mittlestand is “well positioned to face challenges such as Brexit or a trade war”, because family businesses have a longer-term outlook and act in a sustainable way. In addition, it is reported that German SMEs have strong market shares in niche products (e.g. pressure control systems for passenger jets) that places them in a strong position internationally.¹⁵⁹
	Challenges
Germany: A Case of Long-term Orientation	<ul style="list-style-type: none"> ■ Relatively poor ranking in terms of new entrepreneurship activity. The total early stage entrepreneurial rate was 5.3% in 2017, ranking Germany 48th out of 54 countries.¹⁶¹ ■ Germany ranks poorly in terms of the percentage of the adult population that: perceives entrepreneurial opportunities exist (32nd out of 54 countries); believes they have the capabilities to start a business (47th out of 54 countries); and intend to start a business in the next three years (49th out of 54 countries).¹⁶¹ ■ Managing a generational shift among SMEs may be a point of concern, as it is reported in a recent article that an estimated 100,000 entrepreneurs wishing to retire in the next two years have yet to find a successor.¹⁶⁰
	Noteworthy Initiatives
Germany: A Case of Long-term Orientation	<ul style="list-style-type: none"> ■ Recognition of Foreign Professional Qualifications (“Recognition Act”), 2012, established a portal to assist companies in recruiting skilled foreign workers, by providing detailed information on professional and vocational training abroad equating to Germany’s training and education system. ■ Initiatives to improve public administration: establishment of a Bureaucracy Cost Index and initiatives to digitalise administrative procedures. ■ Established a Centre for Excellence for Innovative Procurement in 2013 and a Competence Centre for Sustainable Procurement in 2011. ■ Go Digital involves a collaboration with IT consultants that offers specialised support to SMEs around digitalisation. ■ Merchant in E-commerce: this is a recognised profession in online activity. Apprentices receive specialised training in training companies and in vocational schools. ■ Entrepreneurship initiatives for specific target groups: Godparenthood for Founders is a programme whereby experienced entrepreneurs offer mentorship to refugees who wish to become entrepreneurs in Germany.

¹⁵⁸ European Commission (2018) ‘2018 SBA Factsheet: Germany’ [online], available at: https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en#sba-fact-sheets

¹⁵⁹ O. Storbeck (2018) ‘Germany’s Mittlestand Puts Happy Workers over Profits’, *Financial Times*, 16 October 2018.

¹⁶⁰ O. Storbeck (2018) ‘German Mittlestand Faces Generational Crisis’, *Financial Times*, 21 March 2018.

¹⁶¹ Global Entrepreneurship Monitor (2018) ‘GEM 2017/2018 Global Report’ [online], available at: <https://www.gemconsortium.org/report>

Formulating an Irish SME Strategy

SME strategy in Ireland thus far has been piecemeal, primarily as a result of foreign-owned investment taking central position in industrial policy and, as a result, shaping of the economy. Initiatives that have been brought into place over the past quarter of a century in relation to SMEs and indigenous activity have centred on high-growth, export-oriented and technology-driven enterprises; are designed mostly on an analysis of national-level business conditions; and are implemented mainly through national and local semi-State organisations. As previously outlined in this Report, this approach fails to capture the opportunity that can be gained from a diverse SME population. In the absence of a comprehensive SME strategy, the Government is overlooking this opportunity. Also, the need for a comprehensive SME strategy is further solidified by potential impacts of international geopolitical and economic developments. For example, since smaller companies as well as more traditional sectors (like agri-food) are potentially more vulnerable to Brexit, and SMEs are more dispersed across the country in terms of location, there may be regional disparities with respect to the impact of Brexit across Ireland. For example, the Dublin region may be potentially less affected compared with other more rural communities. Therefore, an SME strategy is needed to both plan for potential future impacts and build on existing opportunities.

In devising an SME strategy, two fundamental points should underlie its design to address diversity. First, having cognisance of the varied nature of business ventures that exist and the different degrees and forms of innovation underpinning them. As illustrated in Figure 6, page 78, there are different types of enterprises. On one end of the continuum are salary-substitute enterprises – “small firms that yield a level of income for their owner or owners that is similar to what they would earn when working for an employer”¹⁶². These firms tend to focus on a local or regional market, are generally solo or family run and involve a relatively small degree of innovation, in terms of value offer, delivery and capture in the marketplace. On the other end of the continuum are innovation-driven enterprises that tend to be team-run, have a global reach, are higher risk, with a higher degree of innovation in the value offered, as well as in the delivery and capture of that value. These enterprises tend to be buyable or scalable. The distinction between the enterprises at either end of the continuum is not necessarily determined by the sector to which they belong (e.g. traditional sectors like hospitality have been disrupted by innovative business models, such as that implemented by Airbnb). Rather, it is the degree of innovation involved that acts as the differentiator between the different forms of enterprises. To achieve competitive advantage and survival, it can be argued that all enterprises need to innovate in some respect, but the degree and form of innovation will vary considerably, depending on where the enterprise sits on the continuum. While an SME strategy should aspire to move many enterprises along the continuum, it needs to be acknowledged that at any particular point in time the economy comprises enterprises at all points on the continuum, and each one plays an important – albeit varying – role in the economy. A healthy enterprise economy has a mix of family-owned businesses, craft and artisan enterprises, retailers, self-employed, high-tech born globals, and large global players, among other types. As the SFA stated in its submission to the Seanad Public Consultation Committee, as part of the public consultation process, “[s]trategy should support all small business – there is no “right” sector to be in”.

¹⁶² Barringer, B. R., and Ireland, D. (2016) *Entrepreneurship: Successfully Launching New Ventures, Global Edition, 5th edition, England: Pearson Education Limited.*

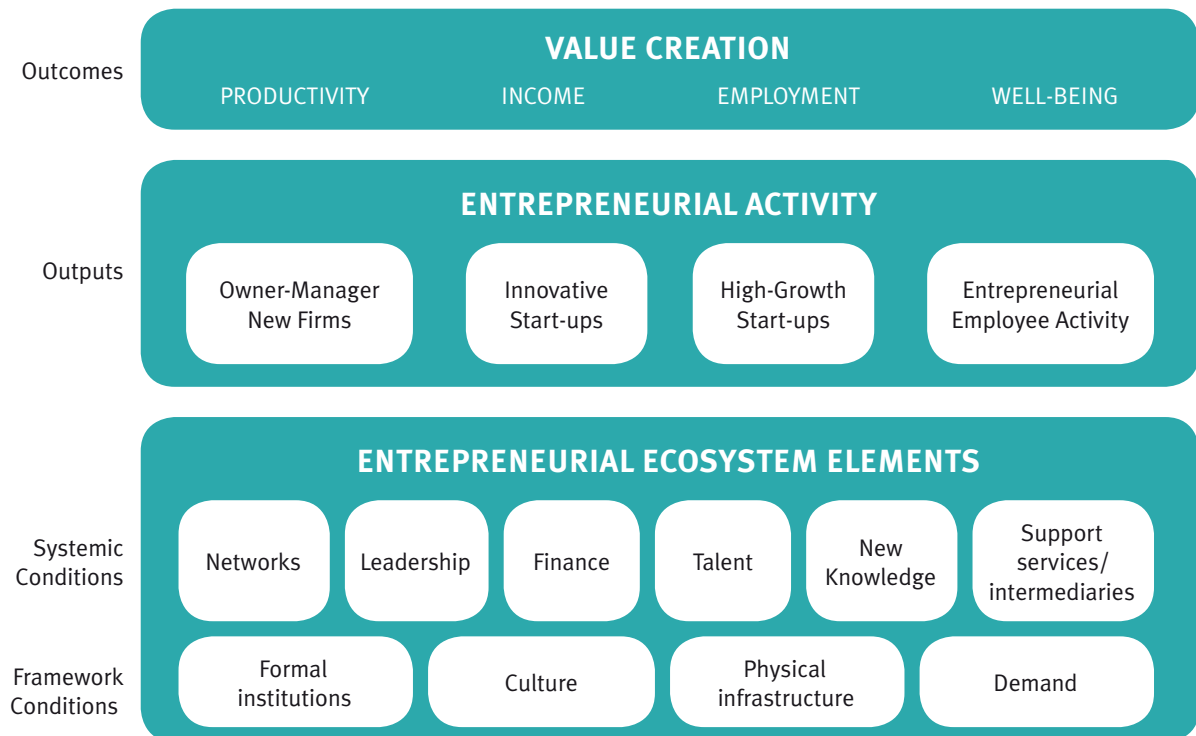
Figure 6: The Varied Nature of Entrepreneurship and Types of Business Ventures

Source: Adapted from B. Aulet (2013) *Disciplined Entrepreneurship*, Wiley: New Jersey

The second fundamental point in designing an SME strategy that embraces diversity is the recognition of distinct entrepreneurial ecosystems at a subnational level and of the opportunity they present as a means of fostering SME growth throughout the country. Previous studies¹⁶³ have identified the emergence of regional concentrations of industrial activity in Ireland, such as MedTech in the West, biopharmaceuticals in the South-East, financial services in Dublin, and livestock processing in the Mid-East. These concentrations may be a manifestation of particular entrepreneurial ecosystems that have evolved from unique origins (e.g. a trigger event such as the closure or establishment of a foreign-owned corporation, or a long tradition of tacit knowledge embedded locally). Such ecosystems typically have a local network of entrepreneurs/business owners, may be led by influential local serial entrepreneurs or a particular organisation, and have their own success and failure stories, their own choking points, a pool of skilled labour, and specific supporting organisations. Identifying these ecosystems and understanding their particular composition and characteristics allows for policymakers to develop more targeted initiatives with desired impact.

Acknowledging the significance of concentrations of industry activity across the country is not new. For example, the *Culliton Report* of 1992 spoke to the importance of building industry clusters. However, a predominantly national-level approach to the design of policy and associated initiatives has persisted. An SME strategy should identify key subnational entrepreneurial ecosystems across the country and allow for a bottom-up approach to the design of initiatives that support the evolution of such ecosystems as a means to foster SME growth. While there will always be national conditions that impact all SMEs (e.g. national laws and regulations), subnational entrepreneurial ecosystems may have particular conditions (e.g. local networks) and their own forms of entrepreneurial activity (e.g. high-growth start-ups, corporate entrepreneurs, locally-focused owner-managers) that can be used as an opportunity to promote further SME development. A useful framework is illustrated in Figure 7, page 79, which can be employed to identify the characteristics of particular entrepreneurial ecosystems and assess their strengths and challenges.

¹⁶³ For example S. O'Connor, E. Doyle and S. Brosan (2017) 'Clustering in Ireland: Development Cycles Considerations', *Regional Studies, Regional Science*, 4(1), pp. 263-283 [online], available at: <https://doi.org/10.1080/21681376.2017.1402361>

Figure 7: Key Elements, Outputs and Outcomes of an Entrepreneurial Ecosystem

Source: Adapted from: Stam, E. (2014) *The Dutch Entrepreneurial Ecosystem*, [online], available at <http://dx.doi.org/10.2139/ssrn.2473475>

RECOMMENDATIONS FOR FORMULATING AN IRISH SME STRATEGY

- Undertake a review of industrial, enterprise and innovation policy that includes a full evaluation of existing instruments and initiatives, to understand the impact on the diverse population of SMEs.
- Apply the “SME test”, which is being developed by the Department of Business, Enterprise and Innovation to ease any burden of legislation for Irish SMEs, to existing and new legislation, as noted by the European Commission in the 2018 “SBA Fact Sheet”.
- Identify and conduct research on potential entrepreneurial ecosystems that may exist in the economy, to understand their characteristics with the aim of informing the formulation of an SME strategy.
- Design a comprehensive SME strategy (action programme) that addresses the diverse nature of the SME population, particularly in terms of attending to the needs of various types of enterprises with varying degrees and forms of innovation and allowing for a bottom-up approach to the development of policy initiatives to support specific entrepreneurial ecosystems. Based on the research carried out for compiling this Report, the six pillars upon which an SME strategy should be developed are as follows:
 - Pillar 1: Boosting innovation for all SMEs (traditional and high-tech SMEs).
 - Pillar 2: Financing SMEs.
 - Pillar 3: Reducing costs and regulatory burdens.
 - Pillar 4: Managing the risks of changing external conditions.
 - Pillar 5: Strengthening regional entrepreneurial ecosystems across the country.
 - Pillar 6: Seizing the spillovers from FDI.

PART IV: SUMMARY OF RECOMMENDATIONS

11. Summary of Recommendations

The following is a summary of the key recommendations arising from this Report, to be considered in fostering SME growth.

Macro-economic and Political Conditions – Planning for Change

Recommendations: Planning for Change

1. Introduce a dedicated Junior Ministerial role for SMEs to develop SME policy that fully embraces the diversity of the SME population and the challenges and opportunities this brings, particularly in the context of international developments.
2. Create a one-stop online platform that provides ease of access to, and greater awareness of, the variety of supports currently available to SMEs for Brexit, by a multitude of organisations on the island and the EU. Enterprise Ireland has a useful website (<https://www.prepareforbrexit.com>), but this is limited to its own supports. A one-stop website should provide information on supports available to all types of SMEs, irrespective of the sector and membership of particular organisations, thus allowing SMEs to filter to the most suitable supports available, given their circumstances, as well as the eligibility requirements involved.
3. Create and support a national Brexit mentorship and training programme open to all SMEs and implemented through an independent SME organisation, such as Chambers Ireland, ISME and/or SFA given the networks they have in place.
4. Introduce dedicated diversification supports:
 - Targeted at marketing innovation and business model innovation in response to Brexit.
 - Targeted at companies seeking to engage in incremental innovation by retooling and reinvesting in plant and machinery to produce product lines for new markets in response to Brexit. This should take the form of pre-approved accelerated capital allowance scheme for projects that are deemed necessary under a clear Brexit contingency plan.
5. Introduce trade support measures, including further export trade financing and export credit guarantees, to support the continued development of international export markets in response to Brexit.
6. Introduce supply-chain supports to companies in non-tradeable sectors in response to Brexit and provide better information to relevant SMEs on the indirect impacts of Brexit on supply chains.
7. Revenue should review VAT for the purpose of providing innovative solutions to assist SMEs in the context of Brexit. This should include a review of section 56 of the VAT regime, VAT-at-point-of-importation, and claiming VAT as an input credit. It should also declare liability to minimise cash flow needs.
8. Outline a Brexit strategy specific to individual sectors across the Irish economy that is all inclusive and not limited to assisting exporting SMEs in sectors.

Formulating an Irish SME Strategy

Recommendations for formulating an Irish SME Strategy

9. Undertake a review of industrial, enterprise and innovation policy that includes a full evaluation of existing instruments and initiatives, to understand the impact on the diverse population of SMEs.
10. Apply the “SME test”, which is being developed by the Department of Business, Enterprise and Innovation to ease any burden of legislation for Irish SMEs, to existing and new legislation, as noted by the European Commission in the 2018 ‘SBA Fact Sheet’.
11. Identify and conduct research on potential entrepreneurial ecosystems that may exist in the economy, to understand their characteristics with the aim of informing the formulation of an SME strategy.
12. Design a comprehensive SME strategy (action programme) that addresses the diverse nature of the SME population, particularly in terms of attending to the needs of various types of enterprises with varying degrees and forms of innovation and allowing for a bottom-up approach to the development of policy initiatives to support specific entrepreneurial ecosystems. Based on the research carried out for compiling this Report, the six pillars upon which an SME strategy should be developed are as follows:
 - Pillar 1: Boosting innovation for all SMEs (traditional and high-tech SMEs).
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 - Pillar 4: Managing the risks of changing external conditions.
 - Pillar 5: Strengthening regional entrepreneurial ecosystems across the country.
 - Pillar 6: Seizing the spillovers from FDI.

Sector-Specific: Construction; Retail; Hospitality and Tourism; Farming and Fisheries; ICT; Lifesciences

Recommendations: Construction

13. Widen the R&D tax credit scope to incentivise SMEs in the construction sector, to increase innovation and productivity. The current parameters of the R&D tax credit make it more challenging for SMEs in traditional sectors (like construction) that engage in incremental innovation to avail of the tax credit, compared to enterprises in high-tech sectors.
14. Examine ways to improve access to the Employment and Investment Incentive (EII) Scheme, given that access to funding can be challenging for SMEs in construction, as a result of the cyclical nature of the sector.
15. Examine (through the higher education sector) the introduction of courses, particularly apprenticeships, to attract talent to this sector and address the skills needs.
16. Examine (through the higher education sector and bodies such as Science Foundation Ireland) the establishment of a research hub addressing innovation and technology in the context of the construction sector, for example the future use of robotics, 3D printing and artificial intelligence (AI). This would attract more students and the research would have a spillover effect on innovation and productivity within the sector.
17. Establish an authority for the construction sector (similar to Teagasc for the agri-food sector), to promote research, training and entrepreneurial activity in this sector.

18. Reform of the Public Private Partnerships (PPP) model, to further open the PPP market to small contractors, including a move beyond a predominant focus on lowest price towards a better price-quality ratio emphasis.
19. Examine ways to increase the commercial capacity of procuring bodies.
20. Outline a Brexit strategy on assistance for SMEs in construction – not just exporting firms – on how to prepare for Brexit through innovation and realigning business models.

Recommendations: Retail

21. Examine the introduction of an online investment support tax credit scheme, similar to the R&D tax credit scheme, but focused on online sales and marketing investment by SMEs, to help Irish retailers gain a greater share of online sales.
22. Develop the Trading Online Voucher Scheme delivered through the Local Enterprise Offices, to include a dedicated element of the scheme for retailers, given the significant increased competition from online businesses and changing consumer buyer behaviour patterns. A broad funding programme, like the Trading Online Voucher Scheme does not effectively meet the needs of particular industries.
23. Increase funding and support for the Retail Ireland Skillnet programme, to include the development of an apprenticeship programme and specialist training around current/future technologies that will impact the retail sector, such as social media marketing and AI. Training initiatives need to be decentralised and made available at regional and local levels.
24. Encourage retail sector bodies to digitally upskill and to work with particular digital service providers to identify tools/applications relevant to the industry, so that they can provide expert guidance to their members. 27% of SMEs refer to their personal or professional network for digital advice in particular.
25. Increase collaboration between the retail sector, government, and HEIs through research centres, such as the ADAPT Science Foundation Ireland Centre, to allow for more spillover effects from research to the retail sector.
26. Outline a Brexit strategy on assistance for SMEs in retail on how to prepare for Brexit through innovation and realigning business models, as well as examining the potential of introducing a strategic retail fund, given the pressures of Brexit on the retail sector.

Recommendations: Hospitality and Tourism

27. Identify rural tourism as a niche product in marketing tourism, given the overuse of Dublin as a tourism destination, and the potential opportunity of, for example, the Chinese market with the establishment of new direct flights from China to Ireland.
28. Increase support to relevant bodies, to unlock the potential of the Asian market for the hospitality and tourism sector, and to Irish SMEs (rural and urban), to ensure that they are ready to exploit this opportunity (e.g. further resources for agencies to implement strategies in this regard and further rolling out of programmes such as, the China Ready Training Programme).
29. Identify and support heritage hubs throughout the country that give a collective voice to regions with specialised and diverse tourism products. This would be akin to the identification of high-tech industrial clusters or ecosystems in particular regions, such as Silicon Dock.

30. Upskill business owners and staff in the tourism sector to capture the opportunities of a changing technological landscape. Ensuring access to training for SMEs in the tourism sector, particularly in rural areas, is vital. This means increased flexibility in the timing and mode of delivery of training courses offered by various State agencies.
31. Examine chef training programmes and chef employment conditions, as there is a particular skill shortage in this area.
32. Provide support for SMEs in hospitality and tourism to generate innovative ideas through attendance at networking events abroad for the exchange of ideas, for example tourism- and hospitality-related conferences and trade fairs.
33. Outline a Brexit strategy on assistance for SMEs in hospitality and tourism, and in particular, increase investment for campaigns to encourage and reassure British tourists, as well as opportunities to participate in tourism trade missions outside the EU.

Recommendations: Farming and Fisheries

34. Increase investment in targeted business training schemes delivered locally that develops business leadership skills for owners of enterprises in this sector, to allow them to scope out new market opportunities and strategically plan for income volatility due to external variables.
35. Examine potential incentives to attract labour to this sector, given the challenges around working in remote locations and lack of access to training. One such initiative could be a dedicated apprenticeship scheme for this sector and associated tax incentives for employers who take on apprentices under the scheme.
36. Increase support and development of initiatives that bring together enterprises with common interests to help strengthen market positions abroad (e.g. the China Seafood Council initiative of Bord Iascaigh Mhara).
37. Commit to delivering the National Broadband Plan for rural Ireland, in order to allow rural-based entrepreneurs and enterprises to capitalise on the growing entrepreneurial opportunity for agritech.
38. Provide support for intergenerational transfer of family businesses – i.e. financial support for reinvestment and mentoring on the process of transfer, to ensure the long-term sustainability of enterprises in this sector.
39. Clearly communicate to agricultural SMEs the costs and benefits of investment in renewable energy, to reduce GHG emissions.
40. Outline a Brexit strategy on assistance for SMEs in farming and fisheries – on how to prepare for Brexit, through innovation and accessing new markets. Also, communicate the resources made available for same via relevant agencies.

Recommendations: ICT

41. Invest in developing innovation-driven skills in ICT entrepreneurs by leveraging local HEIs, private industry and local industry support agencies to work collaboratively in delivering entrepreneurial-related intensive education opportunities specific to the context of the ICT sector.
42. Support the development of new apprenticeship programmes targeted at the ICT sector, such as the ICT Associate Professional Apprentice Programme.
43. Increase investment in upskilling programmes such as Skillnet.
44. Continue to support the Smart Futures initiative.
45. Invest in sector-specific accelerator programmes (as opposed to incubators) for ICT across the country.

46. Examine the capital gains tax entrepreneur's relief, to ensure that it encourages serial entrepreneurs.
47. Encourage and target latent entrepreneurs currently employed in large multinational companies in ICT, by reducing their opportunity cost to pursue a business idea through initial salary-substitution grants and tax incentives.
48. Outline a Brexit strategy on assistance for SMEs in ICT and communicate effectively the resources available to assist ICT companies in preparing for Brexit.

Recommendations: Life Sciences

49. Invest in dedicated programmes on scaling, including the development of intensive workshop- and mentorship-based training around scaling a business (e.g. the Scotland Can Do SCALE Programme) that addresses the specific needs of the life science sectors and provide support for enterprises to participate on such programmes.
50. Invest in sector-specific accelerator programmes (as opposed to incubators) within life sciences across the country (e.g. BioExel in NUI Galway – a MedTech accelerator programme).
51. Examine the capital gains tax entrepreneur's relief, to ensure that it encourages serial entrepreneurs.
52. Support the development of regional high-tech ecosystems (e.g. MedTech in the West of Ireland) by developing bottom-up strategies specific to the particularities of these regional ecosystems.
53. Continue to make increased public investment in innovation at a higher technology-readiness level – HEI-focused and firm-focused public investments that are more easily accessible to smaller-sized firms (firm grant-aid and R&D tax credits, e.g. reducing administrative burdens).
54. Encourage and target latent entrepreneurs currently employed in large multinational companies in life sciences, by reducing their costs to pursue a business idea through initial salary-substitution grants and tax incentives.
55. Outline a Brexit strategy on assistance for SMEs in life sciences.

From National to Regional Ecosystems Approach

Recommendations: Building Regional Enterprise and Innovation Ecosystems

56. Adopt a regional ecosystems approach to enterprise and innovation policy, whereby hubs of activity are identified based on existing capabilities, and further strengthened by addressing the local challenges and opportunities present. As part of this, regions should be identified as specialist areas for targeted cluster or hub-building. For example, technology clusters of activity in particular cities or heritage hubs in rural areas, and there should be a coordination of efforts among locally based agencies/community groups.
57. Address isolation needs through an assessment of the local conditions of each regional ecosystem. In particular, physical conditions such as improved telecommunications, and road and rail infrastructure, need to be developed. In addition, the more intangible linking of regions to larger networks needs to be addressed to create more knowledge pipelines to develop innovative capacity (relevant to the technology-driven and more traditional sectors).
58. Foster a culture of entrepreneurship and innovation within regions, through initiatives that promote local capabilities, local success stories, and local role models.

Female Entrepreneurship

Recommendations: Fostering Female Entrepreneurship

59. Track and publish data on gender with respect to all Government-led entrepreneurship programmes and initiatives. It is important for Government to have data to provide a deeper understanding of the reasons for the gender gap, to identify where progress has been made, and to help provide a more targeted approach.
60. Roll out the Competitive Start Fund for Female Entrepreneurs (including the Competitive Feasibility Fund for Female Entrepreneurs), to target a broader type of enterprise beyond export- and technology-driven enterprises. Currently, Enterprise Ireland administers this fund and it is recommended that the Local Enterprise Offices should run a similar fund that is broader in scope, in terms of the nature of the enterprise, and focusing exclusively on female entrepreneurs.
61. Undertake a review of existing entrepreneurship and leadership training programmes to ensure that the design is not restrictive for female participation. For example, offering local education and upskilling programmes may allow for increased participation of women with family commitments. Furthermore, programmes should be evaluated not just in terms of the funding made available, but also the soft skills being developed as part of the programme, to meet the challenges faced by female entrepreneurs.
62. Establish and support a Residency for Entrepreneurs Programme, aimed at potential female entrepreneurs who are placed in companies to shadow and learn entrepreneurial skills.
63. Develop a national strategy on female entrepreneurship and aim to be a leader among EU countries in female entrepreneurship. Ireland has a significant number of successful female entrepreneurs acting as role models, so there is significant opportunity for Ireland not just to catch up with other countries but to be a leader in female entrepreneurship in the EU.

Business Ecosystem Conditions

Recommendations: Finance and Funding

64. Review and continue to improve the EII tax relief scheme with a view to removing barriers and increasing its attractiveness. This should include giving full relief upfront in the year of investment, continuing to improve processing times, increasing the investment limits, amending rules to recognise R&D as a qualifying trade, and reviewing the impact of the connected party rules (where a person has a connection to the company as defined by Revenue e.g. controls the company) on SMEs.
65. Review and continue to improve SURE, with a view to reducing the restrictions. This should include extending the relief to new business founders who were previously self-employed, allowing for the refund to be claimed upfront, so it can be beneficial in the early days of the new business. A promotional campaign of SURE should be developed to increase awareness and thus uptake.
66. Review the CGT rate, with a view to reducing the 33% rate and bringing it in line with international standards in this regard.
67. Review and improve the CGT entrepreneurs' relief by introducing a 12.5% rate with no lifetime cap (threshold) on gains.
68. Make illegal any requirement of banks to use personal guarantees as collateral.
69. Create a national database of investor-ready, bona fide, accredited start-ups, to facilitate connecting investors with SMEs.

70. Allow shared ownership models that permit the transfer of ownership of existing businesses to their employees and stakeholders. This is particularly important for rural SMEs: permitting the spread of equity ownership among a larger number of a community. All standard company types could be eligible. This is inspired by the Cooperativa Sociale model in Italy and the Löntagarfonderna plan in Sweden.
71. Allow for different types of enterprises to co-exist for the benefit of local communities, for example, workers' cooperatives, civil society/social enterprises, municipal enterprises, and new enterprises established by local authorities.
72. Identify whether new or existing policy measures and initiatives could better serve these different types of enterprises and encourage their development. This would assist in raising finance in the context of SMEs that typically find it challenging to do so.
73. Continue to give support to researching and furthering the debate on evaluating the possible ways of implementing a local public banking concept in Ireland, in light of the findings of the *Joint Report on Local Public Banking in Ireland*, published by the Department of Finance and the Department of Rural and Community Development in 2018.

Recommendations: Cost of Doing Business

74. Undertake a comprehensive analysis of labour costs at a sectoral level. The aim is to provide guidance to Government on the impacts of any new or existing labour-related legislation on SMEs in sectors that are most sensitive to labour costs changes, and consequently to develop measures to minimise or counteract the impact for SMEs in these sectors.
75. Implement the recommendations provided by the Personal Injuries Commission, particularly in relation to exaggerated and fraudulent claims that increase insurance costs, and the Costs of Insurance Working Group.
76. Arrange for an organisation representing a diverse range of SMEs, such as ISME or SFA, to be represented on the National Competitiveness Council.
77. Review and revise the application procedures for sustainable energy grants by SMEs to ensure the burden is minimised for SMEs and that the application requirements do not make the grants inaccessible for SMEs.
78. Undertake a review and analysis of the renewable energy sector in Ireland, from the perspective of identifying entrepreneurial opportunities and developing initiatives around the same, to encourage increased SME participation in this sector in terms of the production of green products and services. Ireland's natural resources place it in a position to achieve significant advantages in the renewable energy sector that could be indigenously developed, once fully exploited.

Recommendations: Infrastructure

79. Prioritise and deliver the National Broadband Plan, with a view to completion by 2021. The procurement process needs a prompt conclusion, with the contract awarded to allow for the network roll-out to commence. It is important that the fibre roll-out as part of the NBP is extensive and far-reaching.
80. Ensure, through the regulation of MANs, that the telecoms providers in rural and regional areas, in particular, can access this infrastructure.
81. Deliver on the 40 actions provided by the Mobile Phone and Broadband Taskforce in its report. The continued work of the Taskforce Implementation Group to oversee the timely implementation of these actions is critical for minimising delays.

Recommendations: Recruiting and Retaining Talent

82. Develop a national tool that captures comprehensive and reliable existing talent data, as well as skills needs across the country. The Western Development Commission is developing a “Talent Tool” for the Western Region. Also, Enterprise Ireland, through the Regional Skills Fora, is developing an account of regional and national skills needs (under the skills audit tool initiative). Collaboration between such national and regional bodies, with the aim of developing a national and regional talent tool and skills-needs database, would be beneficial for identifying skills gaps, addressing the need for and means to attract additional talent to regions, and could be used as a means to attract new enterprises to particular regions.
83. Give continued support to the Enterprise Ireland Skills Audit Tool and the extra supports initiative, to help SMEs, in particular, to meet skills needs.
84. Introduce funding for a paid internship programme for PhD students, to give SMEs access to more talent that would enhance innovation.
85. Establish a National Sales Training Academy. Sales and customer relationship training needs to be formalised in third-level institutes, particularly given that customer handling skills are key to SMEs for their future development.
86. Develop an online portal of detailed information on professional and vocational training abroad that equates to the Irish education and training system, to assist Irish employers in hiring skilled foreign workers (see Table 8 (page 76) for a summary of a similar portal developed in Germany). There is an opportunity for Irish employers to access more skilled labour through the increased presence of foreign nationals in Ireland.
87. Continue to review the effectiveness of the Key Employee Engagement Programme, with the aim of making necessary further amendments to improve the uptake by SMEs.

Recommendations: Training for Entrepreneurs

88. Increase access to Enterprise Ireland skills programmes, through the further development of online platforms for the delivery of such programmes.
89. Focus on the development of middle management capability in companies, through programmes such as Go Global and through continuous professional education.
90. Establish a national entrepreneur apprenticeship programme.
91. Review existing State-led training programmes, with the aim of making them more accessible to SMEs outside cities.
92. Pilot an online system to marry mentors/business advisors and entrepreneurs.
93. Create a national entrepreneurial education initiative similar to Scotland can do SCALE, to be delivered in various regions throughout the country. The initiative should bring together thought leadership in entrepreneurship from around the country.
94. Create short focused business training sessions throughout the country to reach SMEs across diverse sectors, for example, financial literacy programmes, business modelling, fund raising, employment law, e-commerce.
95. Increase interdisciplinary education on offer by HEIs in the entrepreneurship domain.

Recommendations: Procurement

96. All contracting authorities with a projected (non-pay) procurement spend over €10m on an annual basis should be required to prepare rolling three-year Corporate Procurement Plans. Plans should address tackling the administrative cost of the procurement process to achieve real savings and efficiencies.
97. The threshold for publishing tenders on eTenders should be assessed on a sector-by-sector basis from the perspective of increasing SME engagement.
98. All multi-party framework agreements should be divided into lots with the value of the lots to be as small as is practical. Procurement officials should adhere to the “comply or explain” principle in the use of “lots” i.e. they have to justify when “lots” are not being used. As a quid pro quo, buyers should not be required to provide de-briefings on low value tenders.
99. All contracting authorities should be required to use the European Single Procurement Document; a re-usable self-declaration form saved in electronic format on the eTenders website and simple and effective training should be available for companies. The open procedure should become the default procurement process used. The Dynamic Purchasing System (DPS) – a low cost procurement process – should be used on a more systematic basis for all routine tenders for supplies and services below €50,000 in value as this will cut the cost of bidding to buyers and suppliers quite dramatically. Routine contracts under €50,000 should not be procured by the use of framework agreements. The coverage of procurements managed by SupplyGov should be expanded and then extended across the public sector; again, with the aim of reducing procurement transaction costs. Tenders priced abnormally low (as defined by OGP guidelines) should be investigated as part of the evaluation process and deemed non-complaint as appropriate. Guidance should be prepared on ‘abnormally low’ tendering as this practice is to be addressed under the EU Directives and should be adopted here.
100. As the Tender Advisory Service is of limited use to suppliers given its mandate, the OGP should provide a HelpDesk service – with a broader remit – to small businesses during business hours. OGP should also set up an independent Mediation Service (or Procurement Ombudsman) to allow unsuccessful tenderers appeal contract award decisions without having to go to the High Court in the first instance.
101. The OGP should develop new SME strategy including dedicated SME responsible people on category councils; contracts to be considered regionally not just centrally; reduced paperwork etc.
102. A national SME public procurement statement/bill of rights should be developed, outlining the expectations a company can expect from the procurement process.
103. Meet the Buyer events should be encouraged on a sectoral basis rather than a one-size-fits-all approach. They could take the form of regular briefings and engagement with the business community. These Meet the Buyer events should encourage ‘partnering’ sessions where companies could identify opportunities to collectively bid for work.
104. In consultation with construction professionals and the construction industry the current suite of guidance should be simplified; published online; and made more “fit for purpose”, especially for contracts below the EU value thresholds for works (€5,548,000). The Construction Works Management Framework should be fully compliant with the 2014 Public Contracts Directive. Contracting authorities should be instructed to use the Competitive Procedure with Negotiation for large scale works contracts to avoid cost overruns.
105. Companies that win tenders and aim to leverage their success in export markets should be supported and funded in relation to their training needs by Enterprise Ireland or the Local Enterprise Offices as appropriate. It is important to recognise public procurement as an export market for driving SME growth.

106. The OGP should spend 0.3 per cent of the annual value of procurement on certified procurement and tendering training and education for both suppliers and buyers. The OGP should also use some of the savings it will generate to co-fund academic research on procurement.
107. More regular and comprehensive data with respect to micro- and small- businesses' engagement in public procurement in particular should be published by the OGP, as well as data on the costs of bidding for SMEs.
108. More training, monitoring and target-setting for buyers should be put in place with respect to adopting Green Public Procurement principles and providing innovation-friendly procurement options.
109. The consultation on the merits of establishing a Procurement Ombudsman under the Programme for a Partnership Government should be given wider input with more involvement from various stakeholder representatives.
110. Ensure the remedies and redress provision in Ireland functions efficiently, which is important for the timely delivery of priorities under the NDP 2018-2027 and Project Ireland 2040. Prioritise the establishment of a fast, cost effective and fair remedy body around procurement in Ireland in line with European Commission aims. The absence of an efficient review mechanism deters companies, particularly SMEs, from properly enforcing their rights or even from bidding in the first place.

Recommendations: Innovation and Collaboration

111. Commit to introducing SME-specific provisions to the R&D tax credit regime, with the aim of simplifying the application procedure for SMEs and making it more accessible to SMEs.
112. Develop and launch a "GradStart" placement programme for graduates, for SMEs to increase companies' capacity to innovate and collaborate with others.
113. Continue to extend companies' innovation reach by driving engagement between Irish based SMEs and academia in particular. Industry-academic engagement initiatives should include specific targets around the extent of SME-academic engagement.
114. Encourage more linkages between employees and the company's customers. Customers are the main source of ideas for innovation and there are latent entrepreneurs currently working in large firms as employees. An R&D tax credit that includes a clause to ensure that employees collaborate with customers will expose them to potential entrepreneurial opportunities, which may result in new start-ups and spin-offs.
115. Design a suite of measures around employee participation in innovation, in exchange for equity holdings to encourage more innovation.
116. Introduce a scheme to encourage entrepreneurial employee activity. The opportunity cost for current employees to engage in entrepreneurial activity can very often be substantial. The perceived value of the entrepreneurial idea must be greater than the cost of what the individual has to give up (e.g. current salary) before an opportunity is exploited. A scheme that incentivises an employee to engage in entrepreneurial opportunity scoping, while remaining in employment, would encourage corporate entrepreneurship that could lead onto potential new spin-off enterprises.
117. Design innovation tax credits, in addition to the R&D tax credits, that capture multiple forms of innovation, including process improvements, business model innovation, and incremental innovation.
118. Target 90 new high potential start-up (HPSU) approvals at seed funding stage, with a clear focus on increasing the projects that can achieve €1 million in sales and 10 employees within 3 years of seed investment.

119. Establish a specific task force to create a detailed coordinated strategy for the creation and growth of SME's in more traditional sectors.
120. Develop a suite of innovation schemes designed specifically for SMEs in more traditional sectors (e.g. agri-food, tourism). One scheme should provide grants for international visits to give exposure to new ideas.
121. Identify SMEs that could be innovation-driven and help them to further develop their skills to realise their innovation potential.

Recommendations: Culture of Innovation and Entrepreneurship

122. Set up a Q-Mark for start-ups: a new national quality standard accreditation system to determine viability and long-term potential. This would send a signal around recognition of start-ups in the economy and also facilitate the fairer allocation of funds through various schemes.
123. Create and showcase a national database of investor-ready accredited start-ups to help marry start-ups with investors.
124. Set ambitious goals of doubling the number of successful new businesses by 2028.
125. Establish a national annual entrepreneurship competition aimed at identifying and supporting new innovative start-ups in Ireland, akin to Scottish Edge in Scotland.
126. Embed entrepreneurial education into the formal education system from primary school through to third-level. This should involve connections between employers and educational institutes to jointly create and deliver entrepreneurship-related streams that students can pursue to develop entrepreneurial skills.

Recommendations: Supports and Networks

127. Compile a detailed and regularly updated database capturing the supports that SMEs have received, the source and type of such supports, the nature of the SME, and measures of the outcomes and outputs as a result of the supports received.
128. Carry out an evaluation of supports and funding on an annual basis, to ascertain effectiveness, to consider if the diversity of SMEs is being represented, and to consolidate supports where appropriate.
129. Promote and encourage collaboration, cohesion and communication (see below) among the various organisations and bodies delivering supports and initiatives to SMEs.

Collaboration: rather than the existing top-down approach of implementing initiatives, a more bottom-up approach should be employed, where local bodies that understand local issues can develop bespoke initiatives, in line with the characteristics of the regional ecosystem to which they belong. As stated by Údarás na Gaeltachta during the consultation process; “State aid dictates who we help and who we can’t”. This indicates the challenge for bodies to meet the needs of local SMEs in the current system, and calls for the implementation of a more collaborative system between the various bodies.

Cohesion: in a system of collaboration, the agencies should act in harmony with each other, to meet the challenges of a diverse population of SMEs.

Communication: there needs to be clearer communication of the varied supports available. The development of an online portal should be established, providing SMEs with clear direction about the type of support that best suits their current needs.

Appendix 1: Seanad Public Consultation Committee – Invitation to Submit

SEANAD PUBLIC CONSULTATION COMMITTEE SMALL AND MEDIUM SIZED BUSINESSSES IN IRELAND Public Consultation Notice

Committee's Purpose:

The Seanad Public Consultation Committee hopes that, through this public consultation process, it can create an integrated national strategy proposal document supporting the fostering, growth and sustainability of indigenous Irish SMEs in becoming a key foundation block for the long-term success of the Irish economy.

Committee's Objectives:

The Committee hopes that, through its public consultation, it can –

- Identify and evaluate the key challenges for SMEs, such as:
 - Access to finance
 - Recruitment of suitably qualified staff and ongoing training/skills development challenges (including mentoring)
 - Retaining staff
 - Building strong routes to market
 - Broadband and connectivity (including transport)
 - Cost of doing business in Ireland (ie rates etc)
 - Macro-economic and political challenges and volatility
 - Start up support for entrepreneurs – low risk tolerance/culture – planning permission issues etc
 - Challenges in selling on, or transferring a business to family members
 - Poor integration and communication perception of State agencies
 - Other relevant challenges to be identified
- Review existing business environment in Ireland, including:
 - Their roles and effectiveness in terms of the Committee's purpose of developing an integrated national strategy for SMEs
 - Overall integration and focus
- Clarity as to results obtained together with a “gap analysis”
 - State Agencies
 - Government Policy
 - EU policy for SMEs
 - Finance and Banking

- Educational institutions
- Other supporting bodies
- Research relevant successful SME national policies in other countries, such as
 - Germany – German Centre for Research and Innovation
 - Denmark – Danish Growth Fund
 - US – SBA loans (State guaranteed loans)
 - UK – Enterprise Finance Guarantees

Background and context:

What is an SME?

There are three classifications that comprise the SME sector:

- A Micro Enterprise is an enterprise that has fewer than 10 employees and has either an annual turnover and/or annual balance sheet not exceeding €2 million.
- A Small Enterprise is an enterprise that has fewer than 50 employees and has either an annual turnover and/or an annual balance sheet total not exceeding €10 million.
- A Medium Enterprise has fewer than 250 employees and annual turnover below €50 million or balance sheet below €43 million.

How many SMEs are there in Ireland?

- According to the latest figures from the Central Statistics Office (CSO), there are 248,344 Small Medium & Enterprises active in Ireland. This represents 99.7% of all Irish businesses which is in line with EU statistics.
- There were 35,000 new business owners in 2016. 70% will be an employer within 3.5 years of starting.

How many people are employed by SMEs?

- The latest CSO Business Demography results from 2015 show that 968,881 people are employed by SMEs representing over 70% of the workforce and generates just over half of the Country's annual turnover.

Characteristics of SMEs:

- Despite Ireland's reputation as one of the world's most globalised economies, 64% of private sector workers are employed by indigenous non-exporting firms, with 56% working for indigenous, non-exporting SMEs. These numbers highlight the importance of domestic demand for sustaining and generating employment, and suggest that an export orientated growth policy may not have as large an impact on number of people employed as might be expected.
- SMEs are particularly responsive to changes in domestic and EU policy. In view of the high proportion of people employed by SMEs in Ireland they are especially relevant to addressing the country's unemployment concerns and in creating sustainable wealth throughout the country and across all sectors of the economy.
- SMEs have fared particularly badly when viewed against larger enterprises i.e. those above 250 employees, as a result of the poor economic climate over the last few years. Since larger companies and multinationals have access to funding from international sources, domestic financial sector difficulties which have resulted in tighter lending policies have greater implications for SMEs.

The Process:

Interested organisations and individuals are invited to send written submissions to it on this issue. The Committee will review all submissions which meet the requirements set out below and will invite a number of the contributors to participate in a meeting with the Committee. The meeting will be held in the Seanad Chamber at Leinster House.

The Committee is particularly interested in hearing the views and/or experiences of –

- IBEC – ISME – SFA
- EOY Entrepreneurs Alumni
- Industry clusters associations (medical, pharma, retail, export, manufacturing, tourism, farming and food, professional bodies such as engineers etc)
- Chambers of Commerce of Ireland
- State Bodies engaged in enterprise development
- Academic bodies

The Committee will draft and publish a report in which it will make findings and recommendations. When its report has been published, the Committee will seek a debate with the Minister in the Seanad.

Submissions

Submissions should not exceed five pages and should contain the following information:

1. The name, postal address, e-mail address and telephone number of the organisation or person making the submission;
2. A brief introduction indicating any experience, expertise or background you may have in this area;
3. Factual information, observations or opinions that you believe will assist the Committee in drawing conclusions;
4. Public policy recommendations.

Submissions will be circulated to all members of the Committee and may be published, in whole or in part, in the Committee's report and/or on the Committee's webpage. If you prefer not to have your submission published in the report or on the Committee's website, please indicate this clearly on your submission.

The Committee's Terms of Reference contain a number of conditions, set out below, which govern the content of submissions. Contributors are asked to bear these in mind:

"A submission is admissible unless it –

- (a) requests the Seanad to do anything other than the Seanad has power to do;*
- (b) does not comply with Standing Orders or is otherwise not in proper form;*
- (c) contains any matter which is sub judice within the meaning of Standing Order 47;*
- (d) comments on, criticises or makes charges against a person outside the House or an official, either by name or in such a way as to make him or her identifiable;*
- (e) contains language which is offensive or defamatory;*
- (f) is the same as, or in substantially similar terms to, a submission made by or on behalf of the same person or body during the lifetime of the Committee."*

Submissions must be received by the Clerk to the Committee not later than 4 p.m. on Wednesday, 5th September, 2018.

Receipt of submissions by e-mail, and in Microsoft Word format, is preferred. The e-mail address for submissions is: seanadpublicconsult@oireachtas.ie

Submissions may also be sent by post to:

Bridget Doody,
Clerk to the Seanad Public Consultation Committee,
Seanad Office,
Leinster House,
Kildare Street,
Dublin 2.

The Clerk to the Committee may be contacted by telephone at 01 6183225.

Members of the Committee:

Senator Paul Coghlan, Leas-Chathaoirleach of Seanad Éireann, is Chairman of the Seanad Public Consultation Committee.

The other members are Senators Catherine Ardagh, Jerry Buttimer, Maria Byrne, Martin Conway, Mark Daly, Máire Devine, Joan Freeman, Colette Kelleher and Pádraig Ó Céidigh.

Senator Pádraig Ó Céidigh has been appointed as Rapporteur for the purpose of the Report.

Appendix 2: Terms of Reference of the Seanad Public Consultation Committee

That, in accordance with the recommendation of the Committee on Procedure and Privileges pursuant to Standing Order 98(1)(a) –

- (1) A select committee, which shall be called the Seanad Public Consultation Committee (“the Committee”), shall be appointed to facilitate direct engagement and consultation between members of the public and Seanad Éireann on specific issues related to the legislative powers of the Seanad or an issue of public policy.
- (2) The Committee shall consist of 11 members including the Leas-Chathaoirleach who, ex officio, shall be Chairman of the Committee and the quorum of the Committee shall be five.
- (3) The Committee –
 - (a) shall identify for examination specific issues related to the legislative powers of the Seanad or an issue of public policy;
 - (b) shall, for the purposes of sub-paragraph (a), have the powers defined in Standing Order 72(1) and (2);
 - (c) shall, in respect of any issue it identifies for examination in accordance with sub-paragraph (a), exercise its power under Standing Order 72(2) by public notice which shall specify the issue on which written submissions are invited and the date by which they must be received by the Committee: provided that the Committee may also invite written submissions directly from interested persons or bodies;
 - (d) shall review submissions received by it, determine whether or not such submissions are admissible in accordance with the criteria set out in paragraph (8) of this Standing Order, reject any submissions which it rules to be inadmissible and consider what action, if any, to take in relation to submissions which it judges to be admissible; and
 - (e) shall, for the purposes of sub-paragraphs (a) and (d) of this paragraph, meet in private.
- (4) The Committee may meet in public in the Seanad Chamber for the purpose of taking oral evidence.
- (5) Paragraphs (2) to (6) inclusive of Standing Order 77 shall not apply to the Committee.
- (6) In addition to its obligation under Standing Order 77(1) to lay every report made by it before the Seanad, the Committee may refer any report made by it to the relevant joint committee.
- (7) Written submissions to the Committee shall clearly indicate the name of the person or body making the submission and a postal or e-mail address.
- (8) A submission is admissible unless it –
 - (a) requests the Seanad to do anything other than the Seanad has power to do;
 - (b) does not comply with Standing Orders or is otherwise not in proper form;
 - (c) it contains any matter which is sub judice within the meaning of Standing Order 47;
 - (d) comments on, criticises or makes charges against a person outside the House or an official, either by name or in such a way as to make him or her identifiable;
 - (e) contains language which is offensive or defamatory;
 - (f) is the same as, or in substantially similar terms to, a submission made by or on behalf of the same person or body during the lifetime of the Committee.

Appendix 3: Sample of Enterprise Ireland SME Supports

Sample of grants, programmes and initiatives provided and/or funded by Enterprise Ireland (source: Enterprise Ireland website, accessed November 2018 and Enterprise Ireland's Statement to the Seanad Public Consultation Committee):

1. Acumen Programme (Acumen Key Manager, Acumen Consultancy, Acumen Prospector)
2. Agile Innovation Fund
3. Be Prepared
4. Brexit: Act on Initiative/Programme
5. Brexit Advisory Clinic
6. Brexit SME Scorecard
7. Building Information Modelling (BIM)
8. Business Innovation Initiative
9. Business Links Grant
10. Business Process Improvement (BPI) Grant (these forms apply to LeanPlus Assignments, Environmental Improvement Assignments and E-Marketing Improvement Assignments).
11. Capital Investment Initiative
12. Community Enterprise Centre
13. Community Enterprise Initiative (CEI)
14. Company Expansions/Development
15. Competitive Start Fund
16. Competitive Start Fund for Female Entrepreneurs
17. Competitive Start Fund for Graduates
18. Excel Series Workshops
19. Exploring Innovation
20. Going Global Fund
21. GradStart Employment Grant
22. Graduates 4 International Growth (G4IG)
23. Graduate Business Growth Initiative
24. GreenStart
25. HPSU Feasibility Grant (also used for HPSU Horizon 20:20 & Competitive Feasibility Grants)
26. Incubation Centres
27. Internationalisation Grant

28. IP Plus
29. IP Start
30. Job Expansion Fund
31. Key Manager
32. Lean Business Offer
33. LeanStart
34. Lean Transform
35. Market Access Grant
36. Market Discovery Grant
37. Meat Technology Ireland
38. Mentor Grant/Mentor Network Overview
39. New Geographic Market Research Grant
40. New Frontiers Development Programme
41. Operational Excellence Offer
42. Pilot Clustering Programme Phase 1 and Phase 2
43. R&D Fund
44. Regional Enterprise Development Fund (REDF)
45. Skills Voucher (Software Development)
46. Spotlight on Sills Workshop
47. Strategic Consultancy
48. Strategic Marketing Review Grant
49. Technical Feasibility Study Grant (also used for Horizon 2020 Technical Feasibility Study grants)
50. Technology Gateways
51. The International Selling Programme

Appendix 4: County-by-County Profiles

Census 2016 – Principal Economic Status

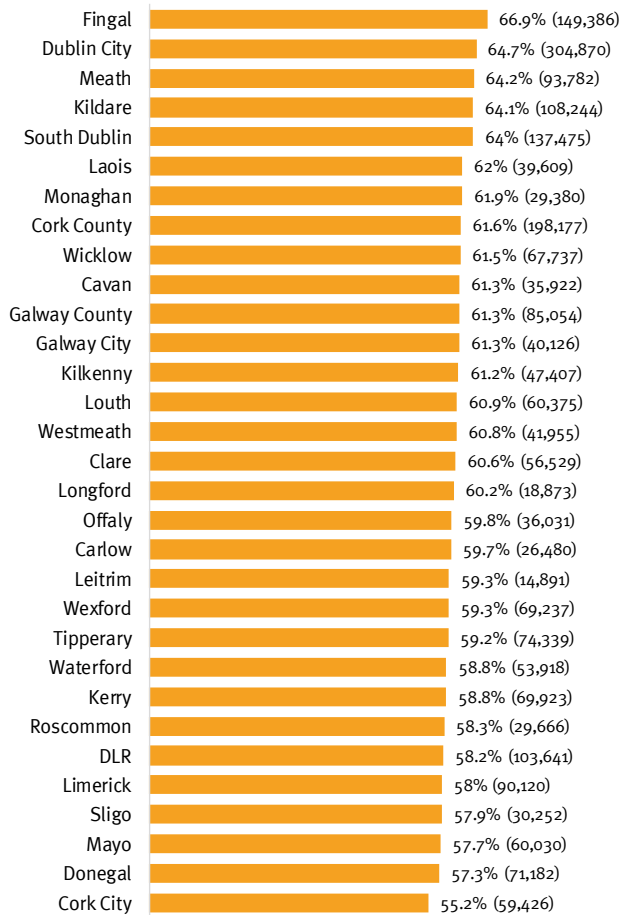
Labour Force Participation Rate

Labour Force At Work

Labour Force Unemployed

Census 2016 – Principal Economic Status (Population aged 15+): Labour Force Participation Rate

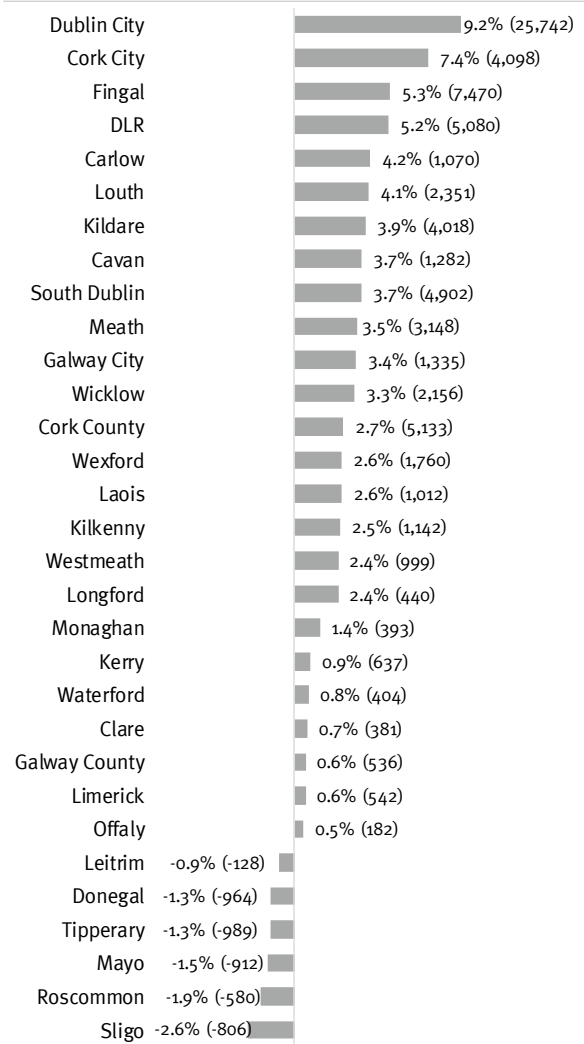
Labour Force Participation Rate (labour force as a percentage of the total aged 15 years and over)



This graphic presents:

The above graphic shows the labour force participations rate (labour force (i.e. those at work, looking for first regular job and unemployed) as a percentage of the total aged 15 years and over)

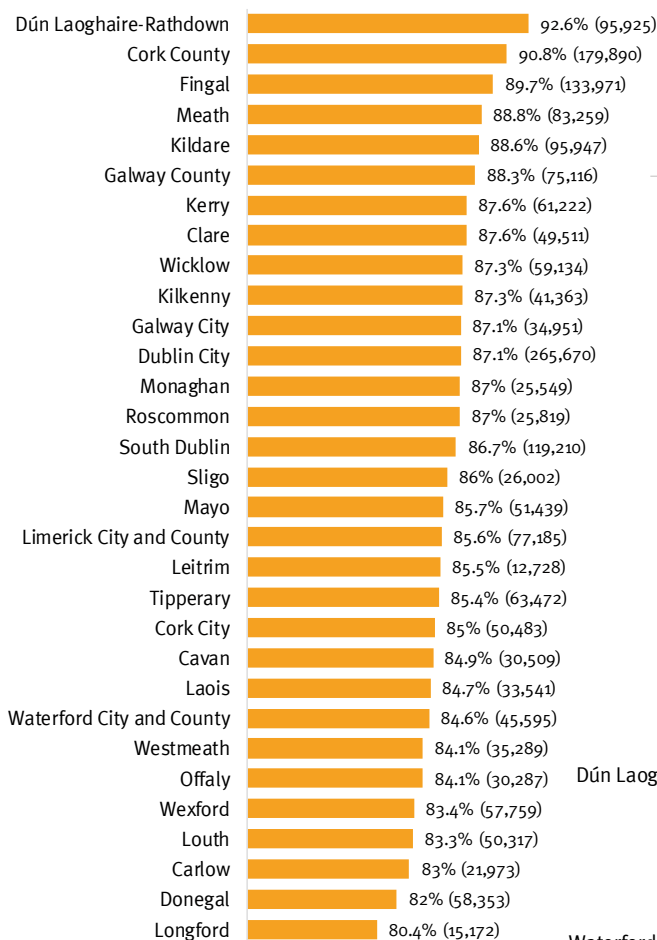
Percentage (%) change Labour Force, 2011 to 2016



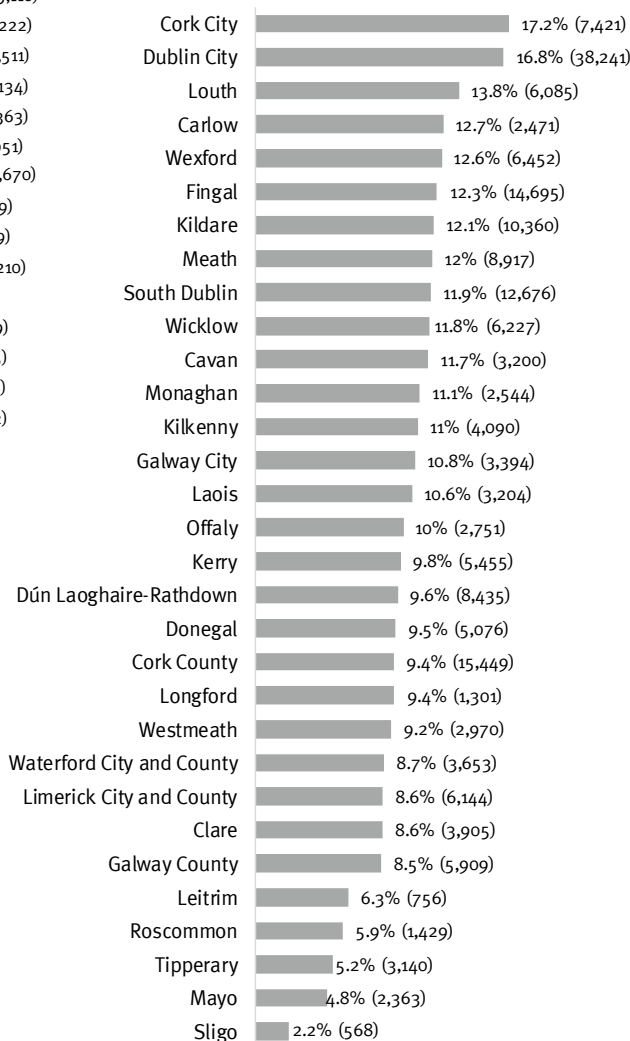
Source: CSO Census, 2016

Census 2016 – Principal Economic Status (Population aged 15+): Labour Force At Work

Percentage (%) of Labour Force at Work



Percentage (%) change Labour Force at Work, 2011 to 2016



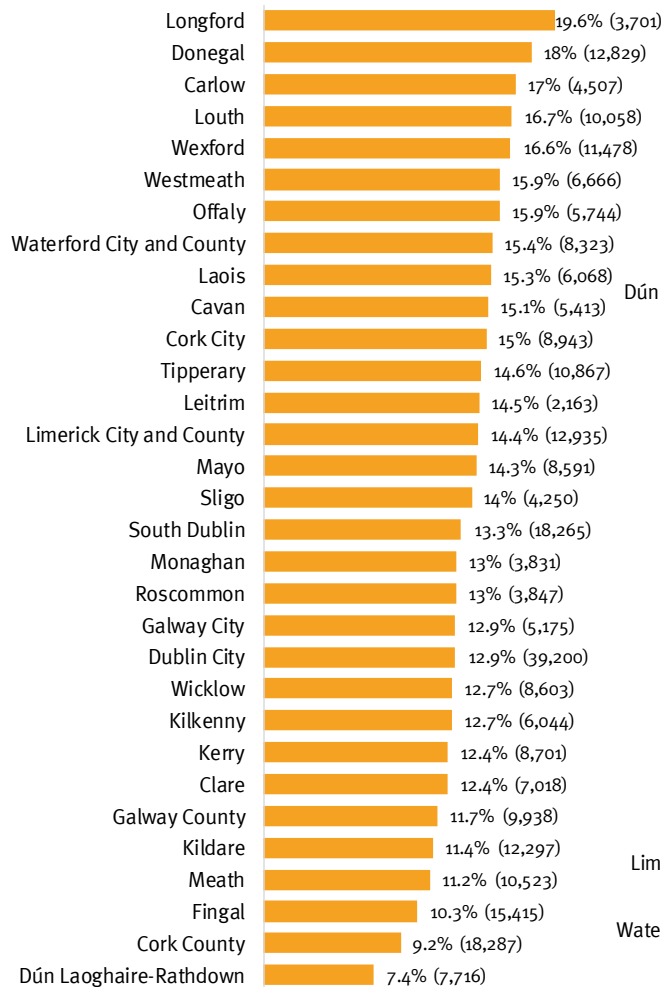
This graphic presents:

The above graphic shows the % of the labour force who are at work. The labour force is all those at work, looking for first regular job and unemployed.

Source: CSO Census, 2016

Census 2016 – Principal Economic Status (Population aged 15+): Labour Force Unemployed

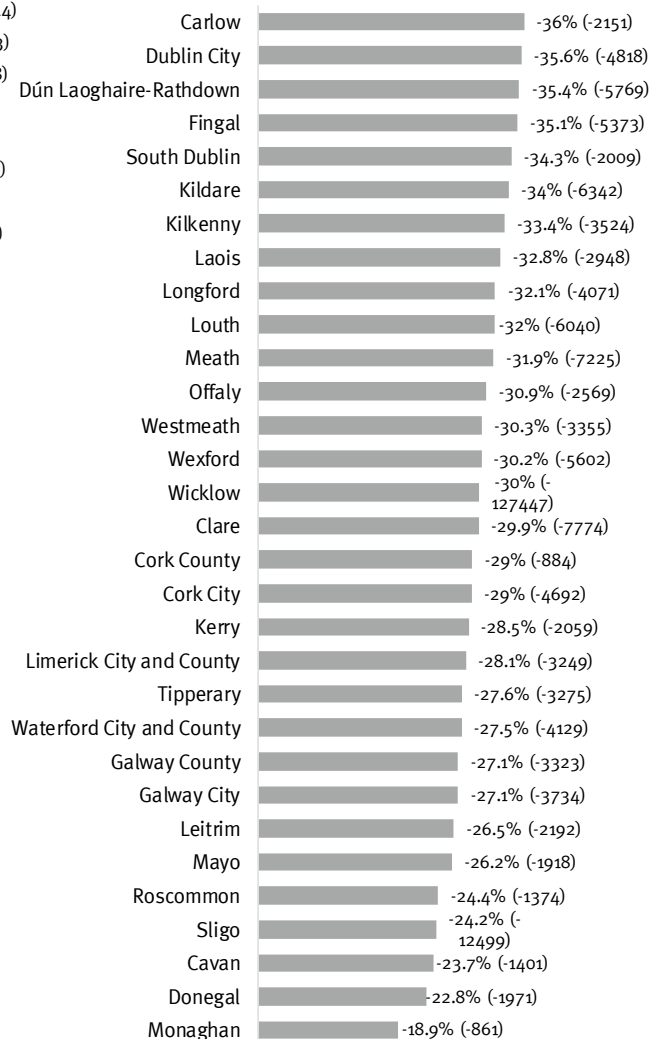
Percentage (%) of Labour Force Unemployed



This graphic presents:

The above graphic shows the % of the labour force who are unemployed or looking for their first job. The labour force is all those at work, looking for first regular job and unemployed.

Percentage (%) change in Unemployed 2011 to 2016



Source: CSO Census, 2016

Business Demography 2016 – Enterprise Size

Active Enterprise by Size – Micro Enterprise (<10 Persons Engaged)*

*Persons Engaged in Micro Enterprise (<10)**

Active Enterprise by Size – Small Enterprise (10-49 Persons Engaged)

*Persons Engaged in Small Enterprise (10-49)**

Active Enterprise by Size – Medium Enterprise (50-249 Persons Engaged)

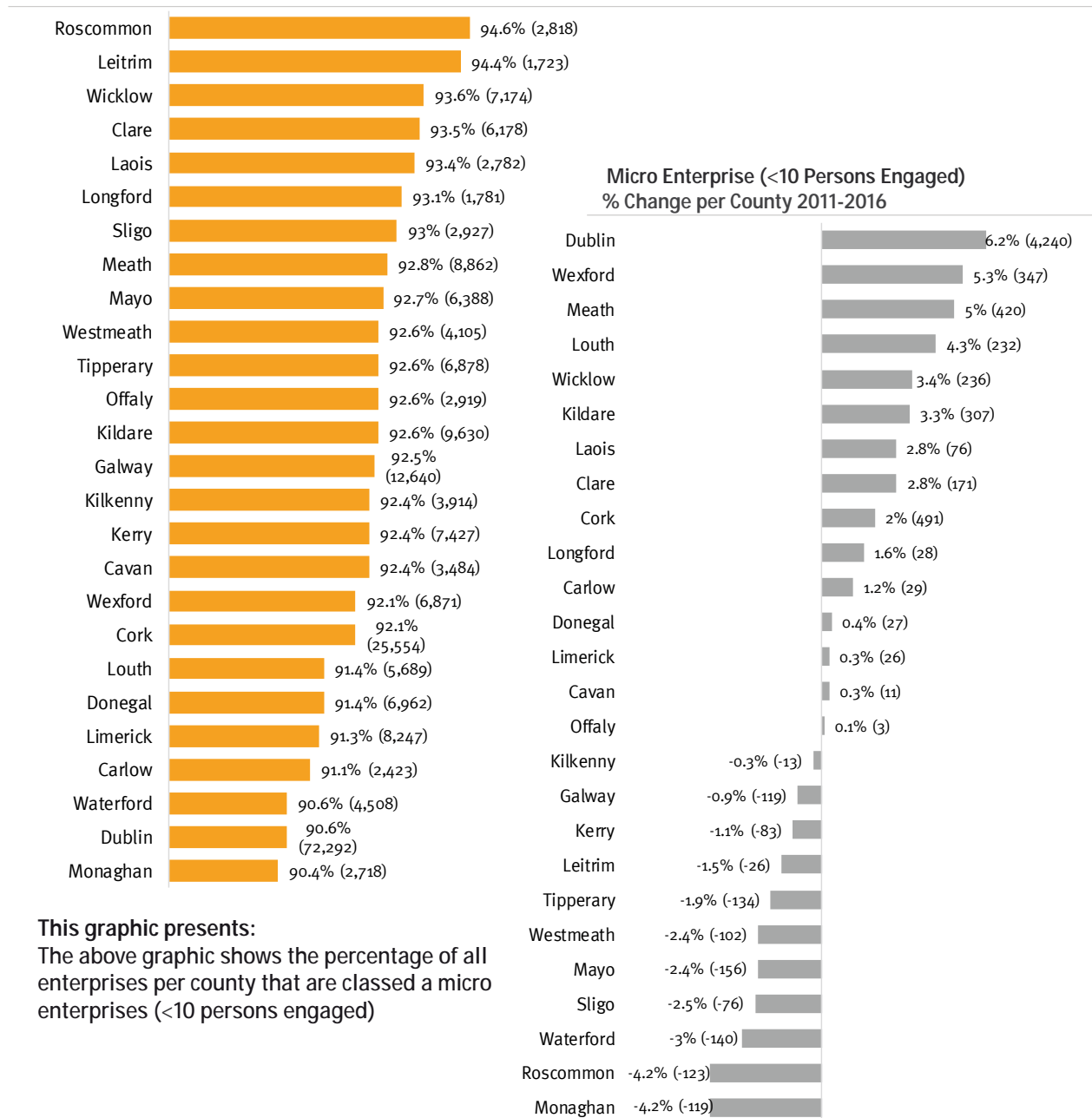
*Persons Engaged in Medium Enterprise (50-249)**

Active Enterprise by Size – Large Enterprise (>250+ Persons Engaged)

Persons Engaged in Large Enterprise (250+)

Business Demography: Active Enterprise by Size – Micro Enterprise (<10* Persons Engaged)

% of Enterprises per County - Micro Enterprises (<10 persons engaged), 2016



This graphic presents:

The above graphic shows the percentage of all enterprises per county that are classed a micro enterprises (<10 persons engaged)

Source: CSO Business Demography, 2016

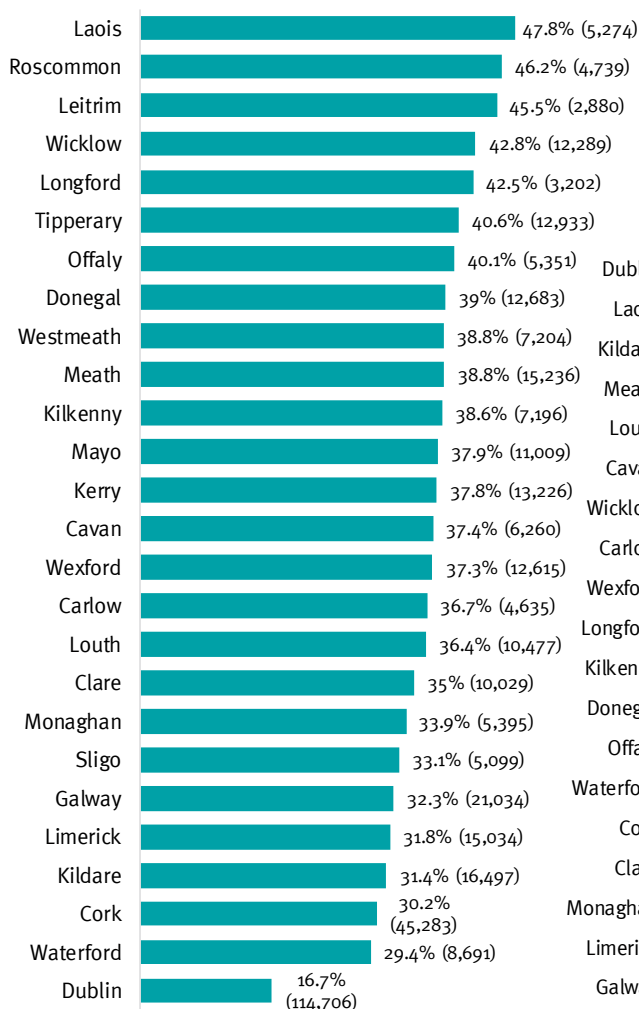
* Note: **Micro Enterprises** are defined as enterprises with less than 10 persons engaged.

Persons engaged include employees, proprietors and family members. Persons engaged are the sum of Employees plus Working Proprietors. Employees are persons who are paid a fixed wage or salary. Employees are calculated using an annual employment return received from Revenue. This return contains all registered employers and the number of employees they have paid a wage or salary to for a reference year. The file can contain individuals paid a wage by an employer as well as self-employed individuals who pay themselves a working wage. An individual may be counted more than once for a reference year they work multiple jobs in that reference year. The annual employment return from Revenue contains persons at work or temporarily absent because of illness, holidays, strike etc. If an individual is paid a wage for any segment of a reference year they are included in the overall figures.

Working Proprietors (Proprietors and family members); included here are those proprietors, partners, etc and members of their families who work regularly in the firm and are not paid a definite wage or salary. Working Proprietors is not a full count of self-employed individuals as some self-employed receive a wage and are returned via annual employment returns and are included in the Employees calculation.

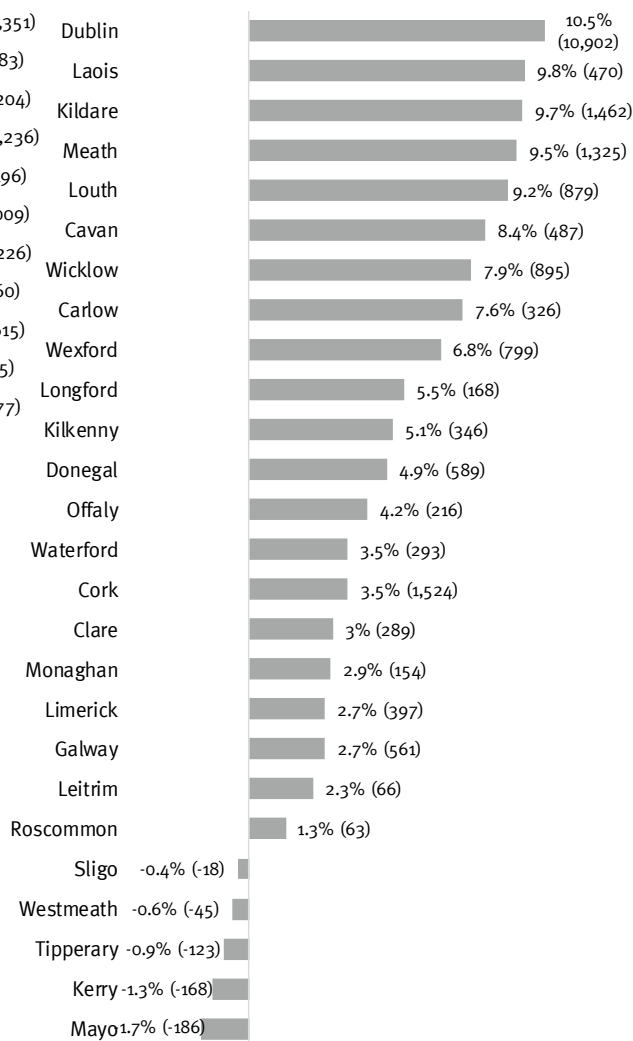
Business Demography: Persons Engaged in Micro Enterprise (<10)*

% of Persons Engaged in Micro Enterprises (<10)*



This graphic presents:

The above graphic shows the percentage of all persons engaged who are engaged in micro enterprises (<10)*

Persons Engaged in Micro Enterprise (<10)*
% Change per County 2011-2016

Source: CSO Business Demography, 2016

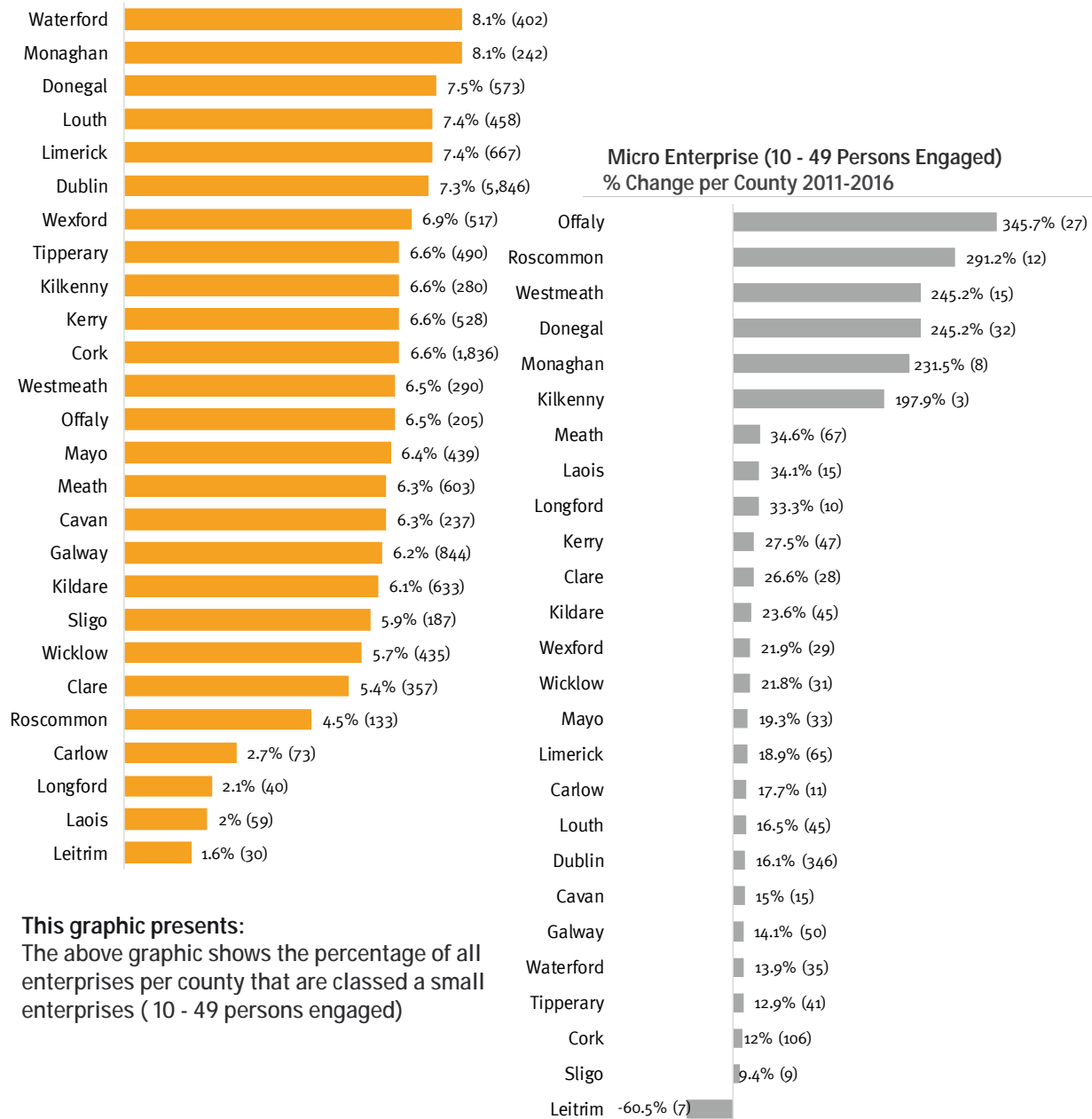
* Note: **Micro Enterprises** are defined as enterprises with less than 10 persons engaged.

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Business Demography: Active Enterprise by Size – Small Enterprise (10-49* Persons Engaged)

% of Enterprises per County - Small Enterprises (10 - 49 persons engaged), 2016



This graphic presents:

The above graphic shows the percentage of all enterprises per county that are classed a small enterprises (10 - 49 persons engaged)

Source: CSO Business Demography, 2016

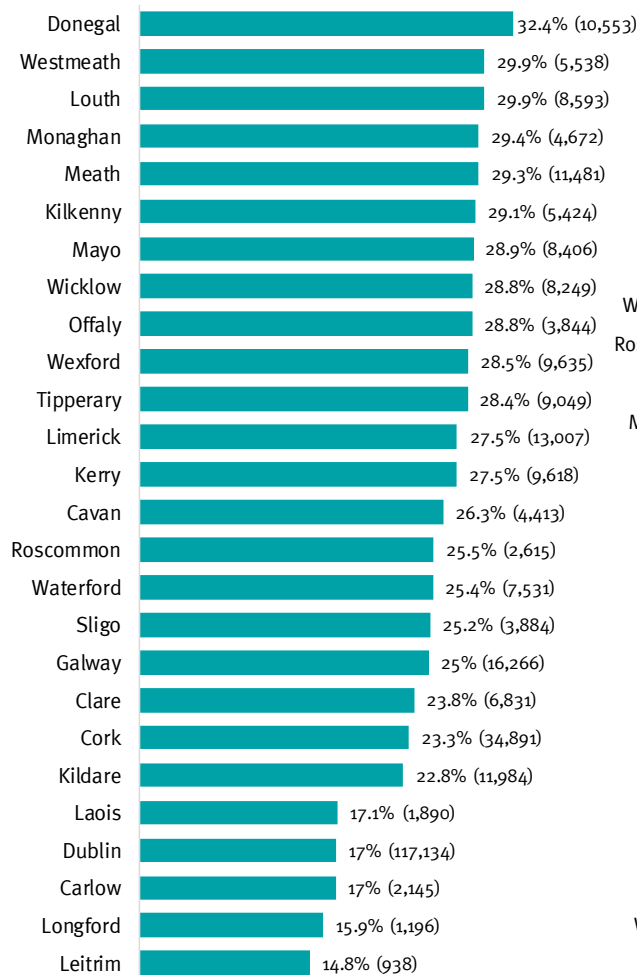
* Note: **Small Enterprises** are defined as enterprises with 10 to 49 persons engaged.

Persons engaged include employees, proprietors and family members. Persons engaged are the sum of Employees plus Working Proprietors. Employees are persons who are paid a fixed wage or salary. Employees are calculated using an annual employment return received from Revenue. This return contains all registered employers and the number of employees they have paid a wage or salary to for a reference year. The file can contain individuals paid a wage by an employer as well as self-employed individuals who pay themselves a working wage. An individual may be counted more than once for a reference year they work multiple jobs in that reference year. The annual employment return from Revenue contains persons at work or temporarily absent because of illness, holidays, strike etc. If an individual is paid a wage for any segment of a reference year they are included in the overall figures.

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Business Demography: Persons Engaged in Small Enterprise (10-49*)

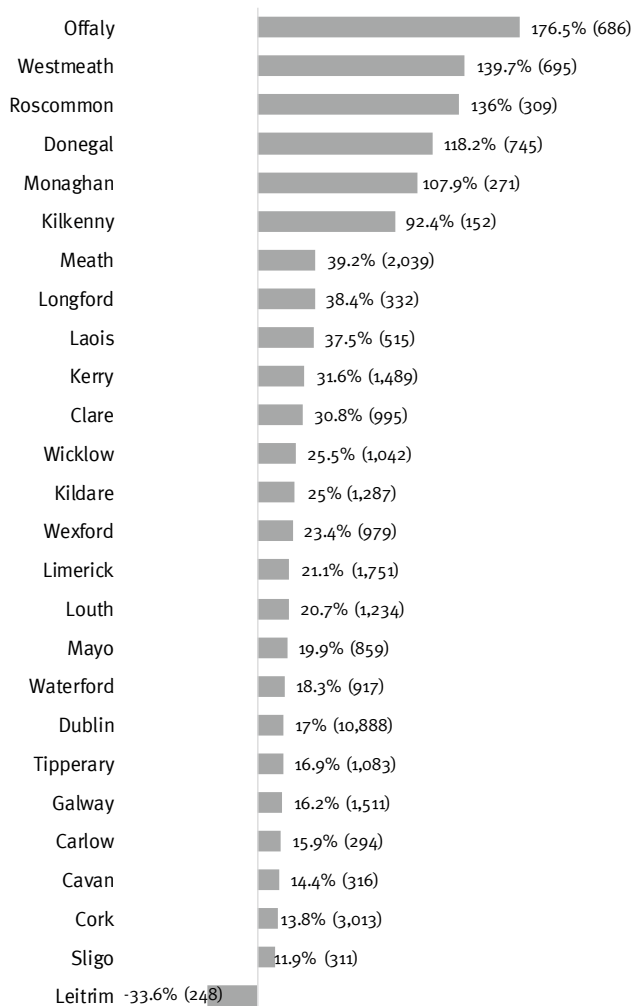
% of Persons Engaged in Small Enterprises (10-49)*



This graphic presents:

The above graphic shows the percentage of all persons engaged who are engaged in small enterprises (10 - 49)*

Persons Engaged in Small Enterprise (10-49)* % Change per County 2011-2016



Source: CSO Business Demography, 2016

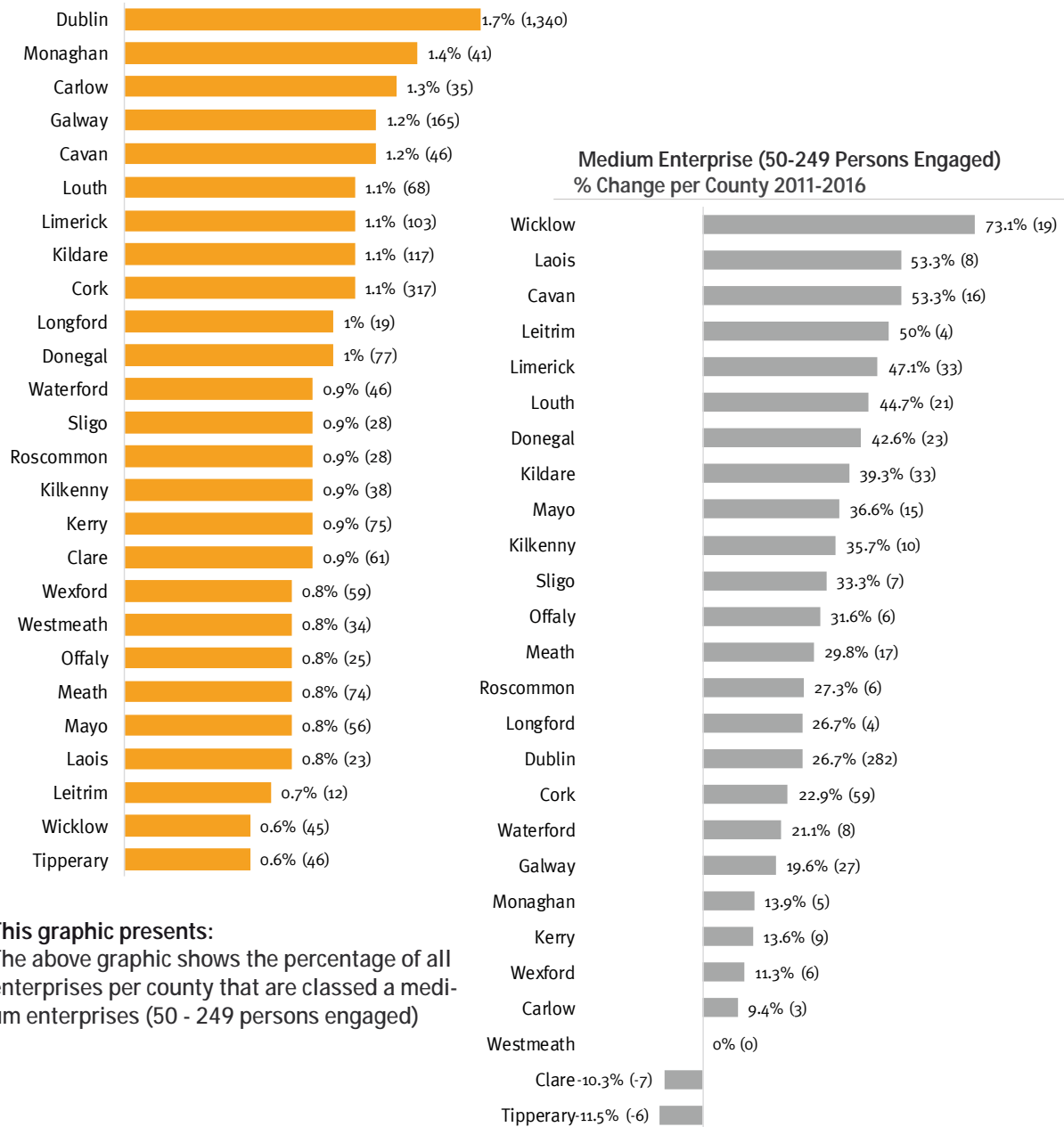
* Note: **Small Enterprises** are defined as enterprises with 10 to 49 persons engaged.

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Business Demography: Active Enterprise by Size – Medium Enterprise (50-249* Persons Engaged)

% of Enterprises per County - Medium Enterprises (50 - 249 persons engaged), 2016



This graphic presents:

The above graphic shows the percentage of all enterprises per county that are classed a medium enterprises (50 - 249 persons engaged)

Source: CSO Business Demography, 2016

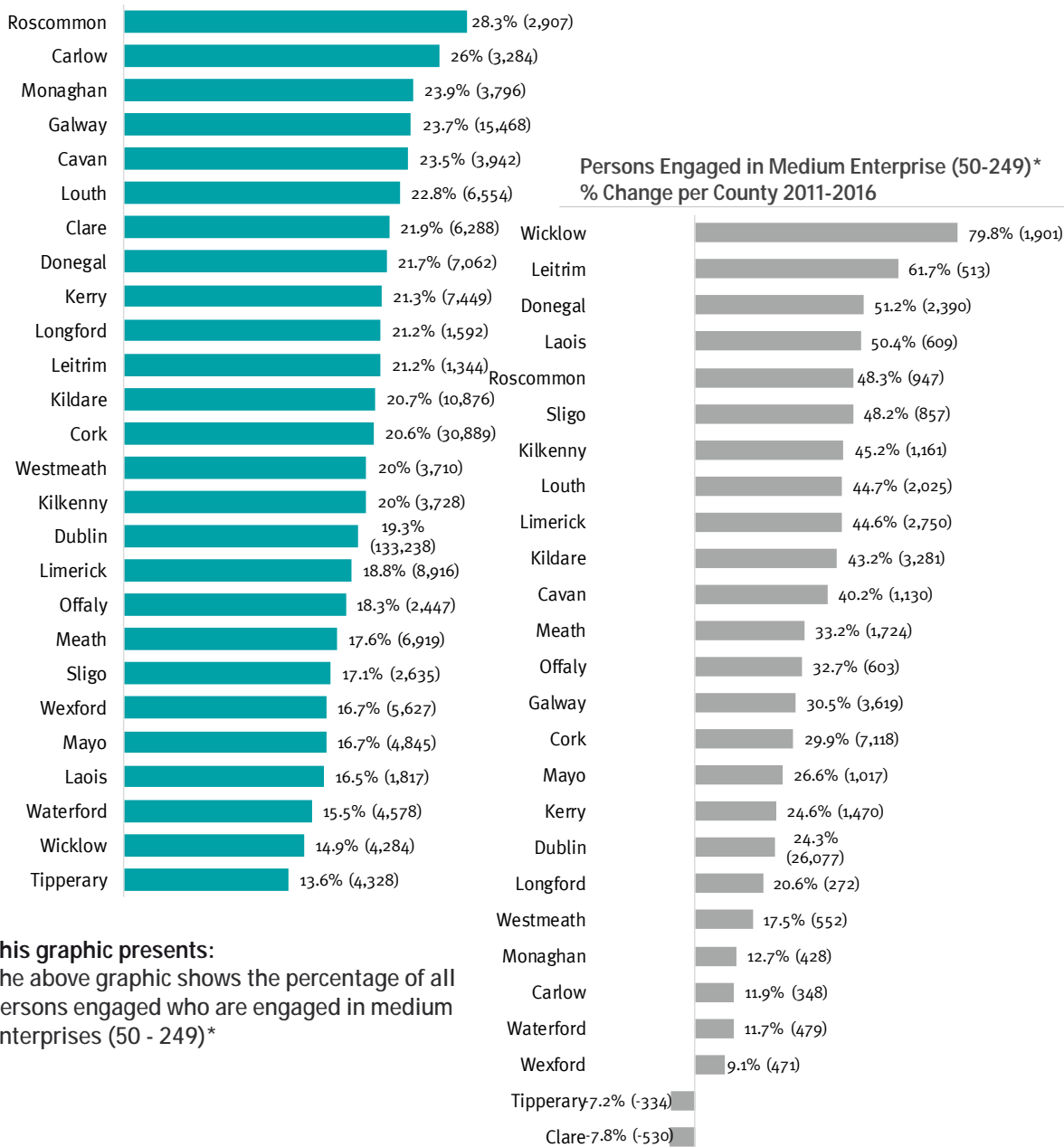
* Note: **Medium Enterprises** are defined as enterprises with between 50 and 249 persons engaged.

Persons engaged include employees, proprietors and family members. Persons engaged are the sum of Employees plus Working Proprietors. Employees are persons who are paid a fixed wage or salary. Employees are calculated using an annual employment return received from Revenue. This return contains all registered employers and the number of employees they have paid a wage or salary to for a reference year. The file can contain individuals paid a wage by an employer as well as self-employed individuals who pay themselves a working wage. An individual may be counted more than once for a reference year they work multiple jobs in that reference year. The annual employment return from Revenue contains persons at work or temporarily absent because of illness, holidays, strike etc. If an individual is paid a wage for any segment of a reference year they are included in the overall figures.

Working Proprietors (Proprietors and family members); included here are those proprietors, partners, etc and members of their families who work regularly in the firm and are not paid a definite wage or salary. Working Proprietors is not a full count of self-employed individuals as some self-employed receive a wage and are returned via annual employment returns and are included in the Employees calculation.

Business Demography: Persons Engaged in Medium Enterprise (50-249)*

% of Persons Engaged in Medium Enterprises (50-249)*



This graphic presents:

The above graphic shows the percentage of all persons engaged who are engaged in medium enterprises (50 - 249)*

Source: CSO Business Demography, 2016

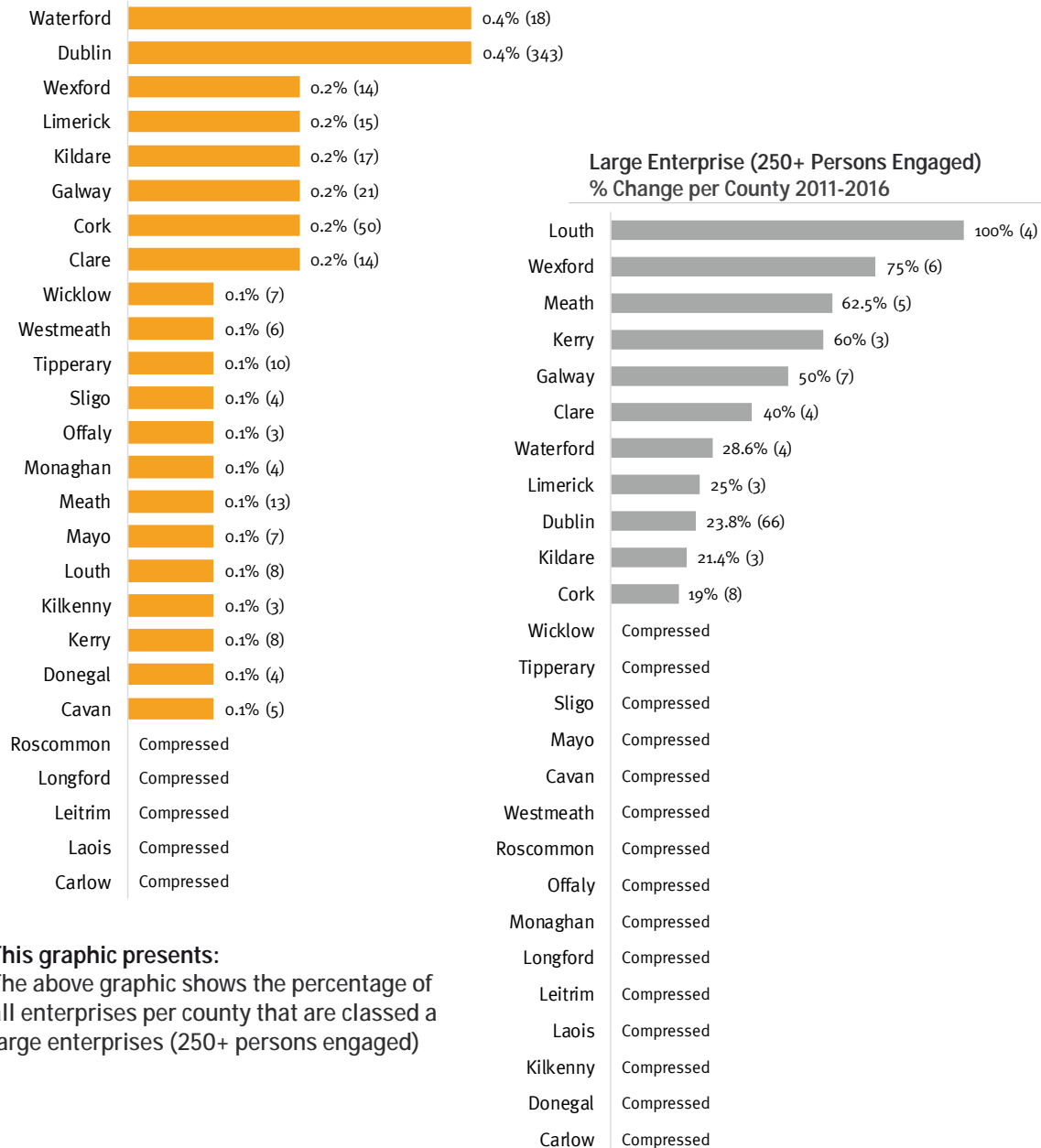
* Note: **Medium Enterprises** are defined as enterprises with between 50 and 249 persons engaged.

Persons engaged include employees, proprietors and family members. Persons engaged are the sum of Employees plus Working Proprietors. Employees are persons who are paid a fixed wage or salary. Employees are calculated using an annual employment return received from Revenue. This return contains all registered employers and the number of employees they have paid a wage or salary to for a reference year. The file can contain individuals paid a wage by an employer as well as self-employed individuals who pay themselves a working wage. An individual may be counted more than once for a reference year they work multiple jobs in that reference year. The annual employment return from Revenue contains persons at work or temporarily absent because of illness, holidays, strike etc. If an individual is paid a wage for any segment of a reference year they are included in the overall figures.

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Business Demography: Active Enterprise by Size – Large Enterprise (250+ Persons Engaged)

% of Enterprises per County - Large Enterprises (250+ persons engaged), 2016



This graphic presents:

The above graphic shows the percentage of all enterprises per county that are classed a large enterprises (250+ persons engaged)

Source: CSO Business Demography, 2016

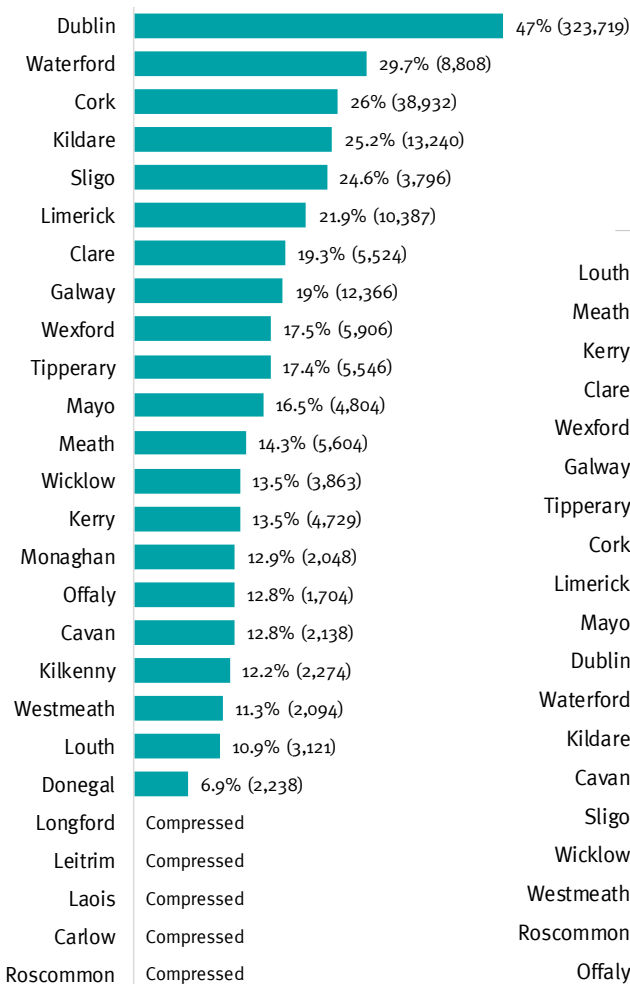
* Note: **Large Enterprises** are defined as enterprises with more than 250 persons engaged.

Persons engaged include employees, proprietors and family members. Persons engaged are the sum of Employees plus Working Proprietors. Employees are persons who are paid a fixed wage or salary. Employees are calculated using an annual employment return received from Revenue. This return contains all registered employers and the number of employees they have paid a wage or salary to for a reference year. The file can contain individuals paid a wage by an employer as well as self-employed individuals who pay themselves a working wage. An individual may be counted more than once for a reference year they work multiple jobs in that reference year. The annual employment return from Revenue contains persons at work or temporarily absent because of illness, holidays, strike etc. If an individual is paid a wage for any segment of a reference year they are included in the overall figures.

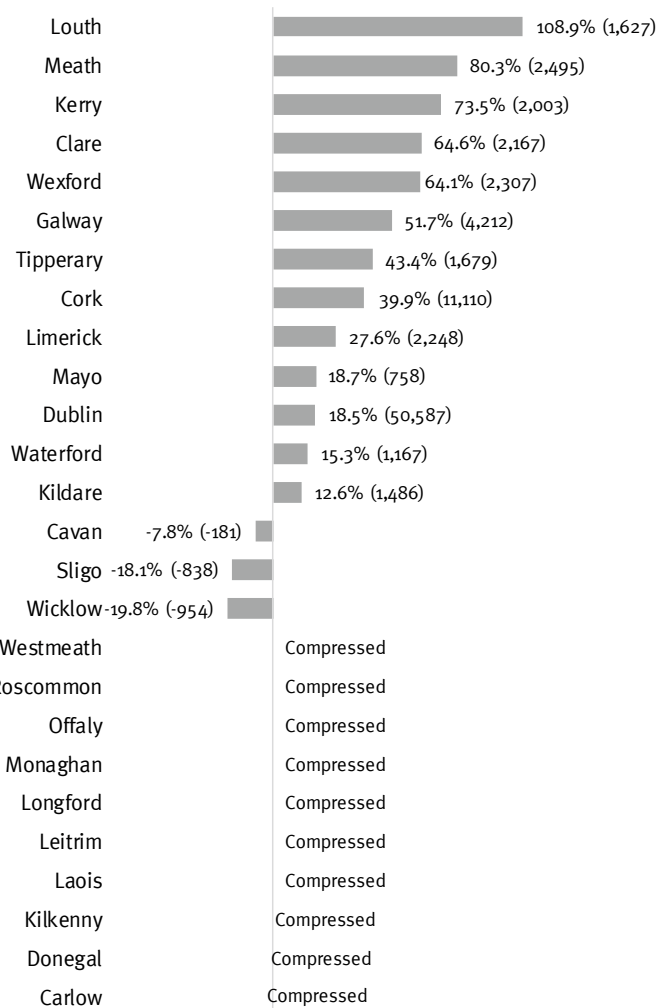
Working Proprietors (Proprietors and family members); included here are those proprietors, partners, etc and members of their families who work regularly in the firm and are not paid a definite wage or salary. Working Proprietors is not a full count of self-employed individuals as some self-employed receive a wage and are returned via annual employment returns and are included in the Employees calculation.

Business Demography: Persons Engaged in Large Enterprise (250+)*

% of Persons Engaged in Large Enterprises (250+)*



Persons Engaged in Large Enterprise (250+)*
% Change per County 2011-2016



This graphic presents:

The above graphic shows the percentage of all persons engaged who are engaged in large enterprises (250+)*

Source: CSO Business Demography, 2016

* Note: **Large Enterprises** are defined as enterprises with more than 250 persons engaged.

Persons engaged include employees, proprietors and family members. Persons engaged are the sum of Employees plus Working Proprietors. Employees are persons who are paid a fixed wage or salary. Employees are calculated using an annual employment return received from Revenue. This return contains all registered employers and the number of employees they have paid a wage or salary to for a reference year. The file can contain individuals paid a wage by an employer as well as self-employed individuals who pay themselves a working wage. An individual may be counted more than once for a reference year they work multiple jobs in that reference year. The annual employment return from Revenue contains persons at work or temporarily absent because of illness, holidays, strike etc. If an individual is paid a wage for any segment of a reference year they are included in the overall figures.

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Business Demography 2016, NACE Industrial Classification

Summary Table – Top 4 Industries by County, % Persons Engaged

Mining and quarrying (B)

Manufacturing (C)

Electricity, gas, steam and air conditioning supply (D)

Water supply, sewerage, waste management and remediation activities (E)

Construction (F)

Wholesale and retail trade, repair of motor vehicles and motorcycles (G)

Transportation and storage (H)

Accommodation and food service activities (I)

Information and communication (J)

Financial and insurance activities excluding activities of holding companies (K-642)

Real estate activities (L)

Professional, scientific and technical activities (M)

Administrative and support service activities (N)

Education (P)

Human Health and Social Work Activities (Q)

Arts, Entertainment and Recreation (R)

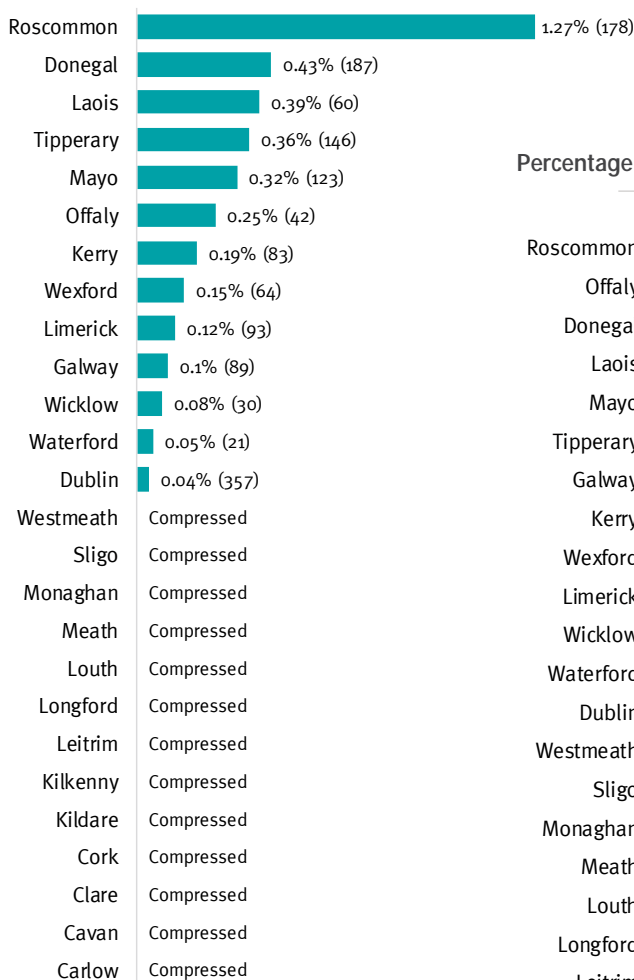
Business Demography – Summary of Top 4 Industries by County%: Persons Engaged by Industry, 2016

	1st Industry	2nd Industry	3rd Industry	4th industry
Carlow	Manufacturing (C) (18.8%)	Wholesale and retail trade (G) (17.5%)	Human Health and Social Work (Q) (11.1%)	Education (P) (10.7%)
Cavan	Manufacturing (C) (21.6%)	Wholesale and retail trade (G) (20.4%)	Construction (F) (12.2%)	Accommodation and food (I) (11.9%)
Clare	Manufacturing (C) (18.5%)	Wholesale and retail trade (G) (14.9%)	Accommodation and food (I) (12%)	Administrative and support (N) (10.3%)
Cork	Manufacturing (C) (17.3%)	Wholesale and retail trade (G) (16.3%)	Human Health and Social Work (Q) (9.1%)	Accommodation and food (I) (8.9%)
Donegal	Wholesale and retail trade (G) (19.1%)	Accommodation and food (I) (15.3%)	Manufacturing (C) (12.8%)	Human Health and Social Work (Q) (9.8%)
Dublin	Wholesale and retail trade (G) (17.6%)	Human Health and Social Work (Q) (11.1%)	Financial and insurance activities (K) (9.1%)	Administrative and support (N) (8.1%)
Galway	Wholesale and retail trade (G) (17.1%)	Manufacturing (C) (15.3%)	Accommodation and food (I) (12.7%)	Human Health and Social Work (Q) (10.7%)
Kerry	Wholesale and retail trade (G) (20.1%)	Accommodation and food (I) (19%)	Manufacturing (C) (13.4%)	Human Health and Social Work (Q) (9.7%)
Kildare	Wholesale and retail trade (G) (19.6%)	Manufacturing (C) (12.8%)	Human Health and Social Work (Q) (10.4%)	Construction (F) (9.5%)
Kilkenny	Manufacturing (C) (17.5%)	Wholesale and retail trade (G) (16.7%)	Human Health and Social Work (Q) (14.8%)	Accommodation and food (I) (12.9%)
Laois	Wholesale and retail trade (G) (24%)	Education (P) (12.4%)	Construction (F) (11.4%)	Accommodation and food (I) (9.6%)
Leitrim	Wholesale and retail trade (G) (18.6%)	Manufacturing (C) (15%)	Accommodation and food (I) (14%)	Human Health and Social Work (Q) (10.6%)
Limerick	Human Health and Social Work (Q) (20.6%)	Wholesale and retail trade (G) (14.1%)	Manufacturing (C) (13.2%)	Accommodation and food (I) (8.6%)
Longford	Manufacturing (C) (19.4%)	Wholesale and retail trade (G) (18.3%)	Human Health and Social Work (Q) (12.5%)	Construction (F) (11.5%)
Louth	Wholesale and retail trade (G) (21.5%)	Manufacturing (C) (16.2%)	Accommodation and food (I) (9.5%)	Human Health and Social Work (Q) (8.6%)
Mayo	Wholesale and retail trade (G) (22.5%)	Manufacturing (C) (16.2%)	Accommodation and food (I) (12.5%)	Human Health and Social Work (Q) (11.4%)

	1st Industry	2nd Industry	3rd Industry	4th industry
Meath	Wholesale and retail trade (G) (17.6%)	Manufacturing (C) (14.9%)	Construction (F) (12.2%)	Human Health and Social Work (Q) (8.9%)
Monaghan	Manufacturing (C) (23%)	Wholesale and retail trade (G) (20.9%)	Human Health and Social Work (Q) (10.8%)	Construction (F) (8.9%)
Offaly	Manufacturing (C) (24.3%)	Wholesale and retail trade (G) (19.1%)	Accommodation and food (I) (11.2%)	Construction (F) (9.9%)
Roscommon	Wholesale and retail trade (G) (21.7%)	Human Health and Social Work (Q) (17.1%)	Accommodation and food (I) (12.1%)	Manufacturing (C) (10.9%)
Sligo	Manufacturing (C) (28%)	Wholesale and retail trade (G) (14.1%)	Accommodation and food (I) (12.5%)	Human Health and Social Work (Q) (11.3%)
Tipperary	Wholesale and retail trade (G) (20.8%)	Manufacturing (C) (20.2%)	Human Health and Social Work (Q) (10%)	Construction (F) (9.1%)
Waterford	Manufacturing (C) (19.9%)	Wholesale and retail trade (G) (14.5%)	Accommodation and food (I) (9.4%)	Administrative and support (N) (8.8%)
Westmeath	Manufacturing (C) (22.5%)	Wholesale and retail trade (G) (21.6%)	Accommodation and food (I) (12.8%)	Construction (F) (11.6%)
Wexford	Wholesale and retail trade (G) (20.7%)	Manufacturing (C) (15.7%)	Accommodation and food (I) (13.7%)	Construction (F) (11.3%)
Wicklow	Manufacturing (C) (17%)	Wholesale and retail trade (G) (16.5%)	Human Health and Social Work (Q) (11.1%)	Accommodation and food (I) (10.6%)

Business Demography – NACE* Industrial Classification: Mining and quarrying (B)

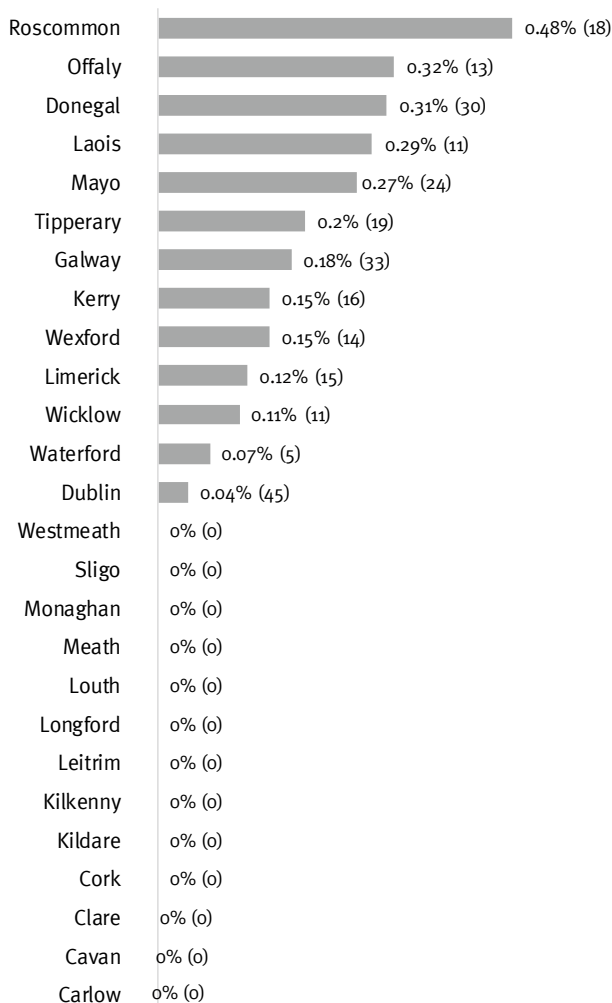
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Mining and quarrying (B)

Percentage (%) of Active Enterprise in this Sector by County, 2016



Source: CSO Business Demography, 2016

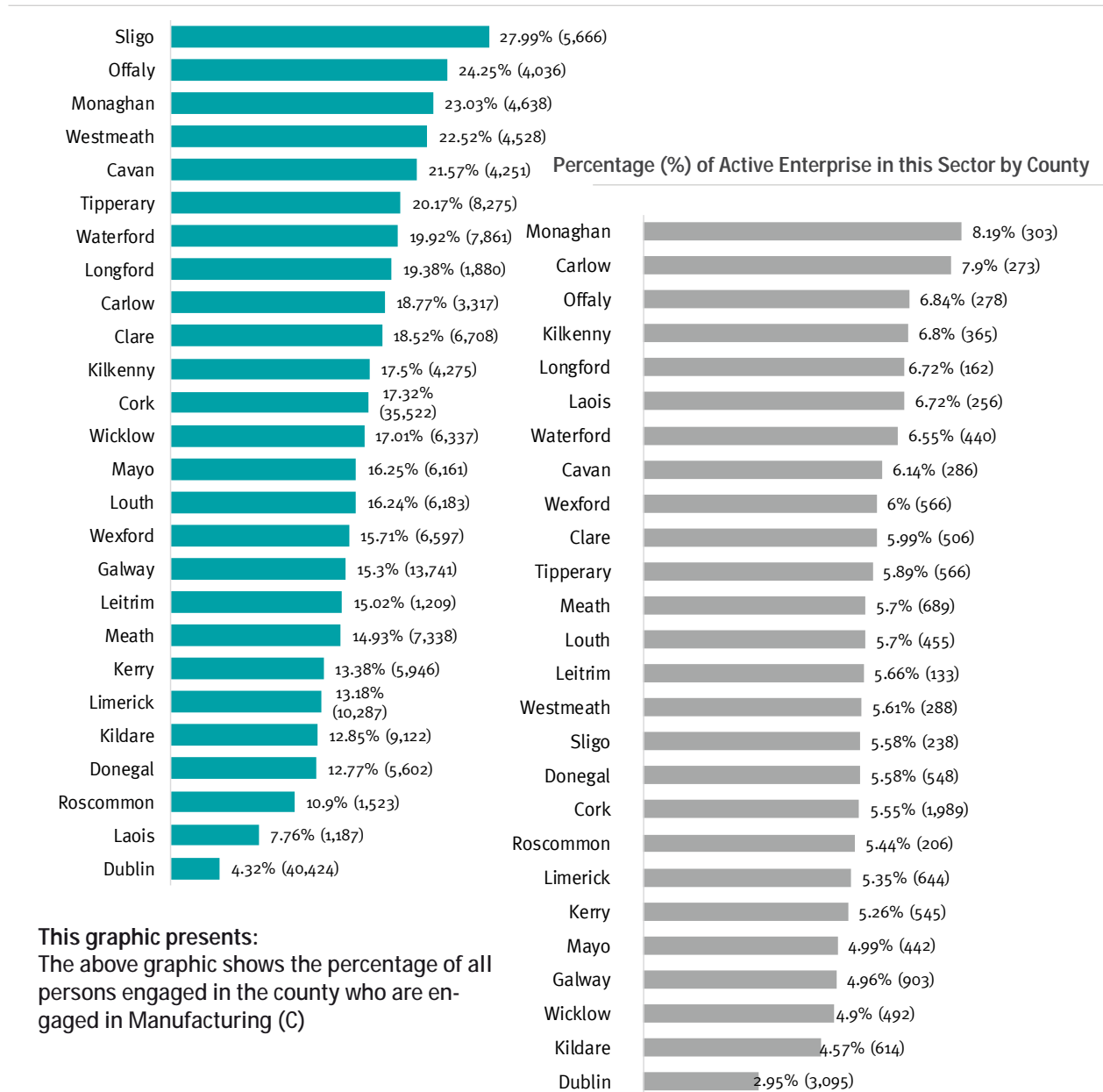
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/lu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Manufacturing (C)

Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:
The above graphic shows the percentage of all persons engaged in the county who are engaged in Manufacturing (C)

Source: CSO Business Demography, 2016

* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/pxu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Electricity, gas, steam and air conditioning supply (D)

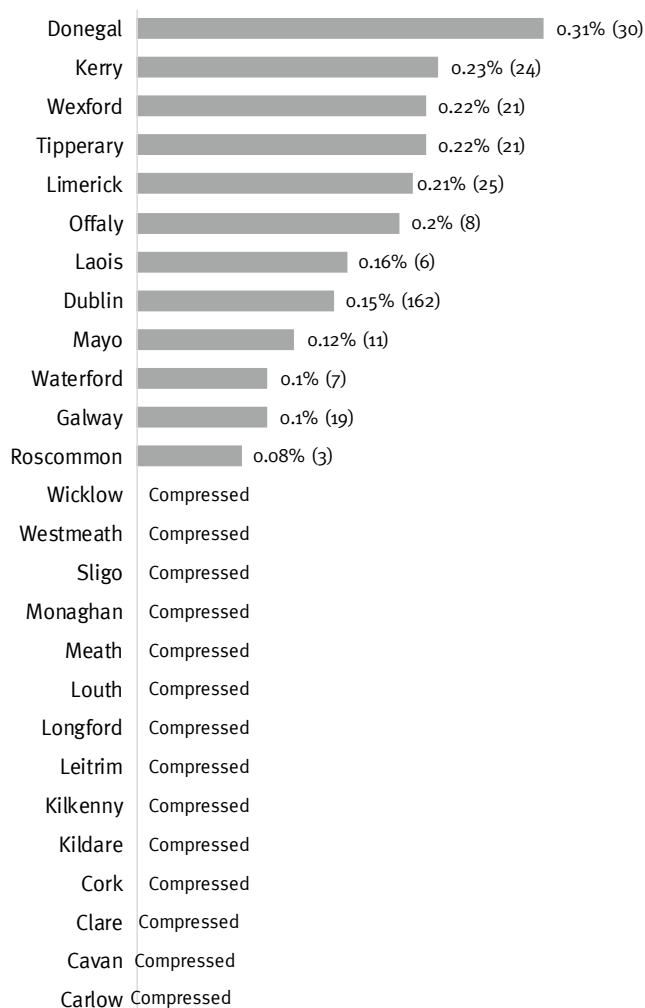
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Electricity, gas, steam and air conditioning supply (D)

Percentage (%) of Active Enterprise in this Sector by County, 2016



Source: CSO Business Demography, 2016

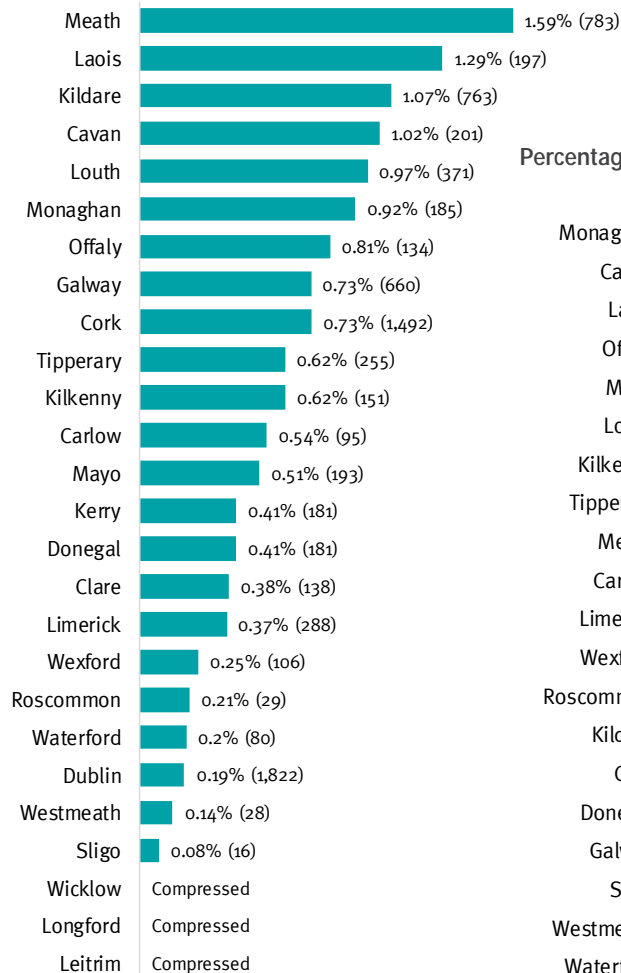
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/u/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Water supply, sewerage, waste management and remediation activities (E)

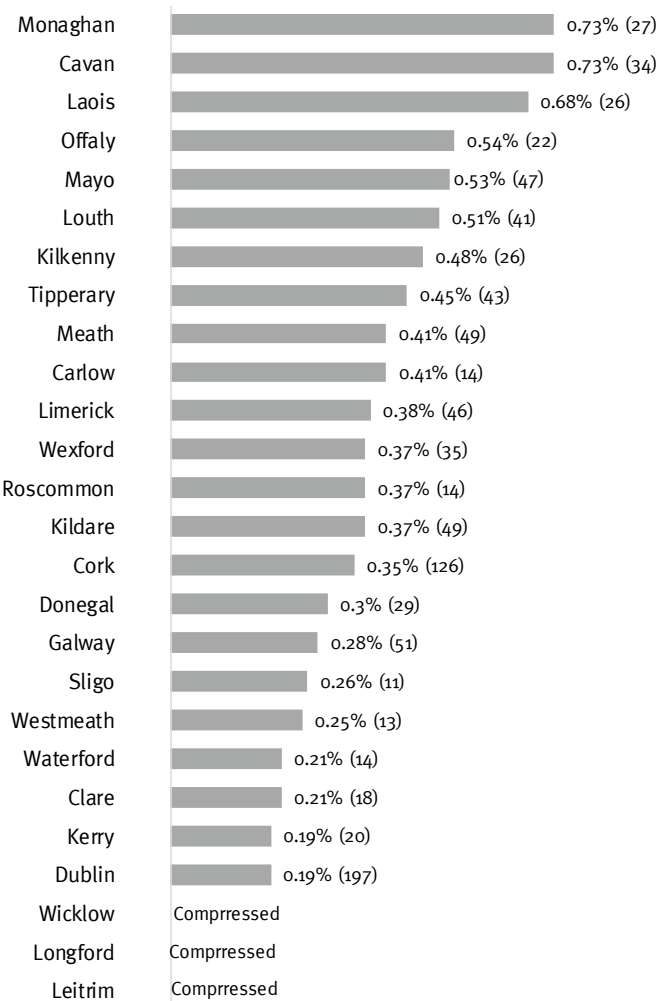
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Water supply, sewerage, waste management and remediation activities (E)

Percentage (%) of Active Enterprise in this Sector by County, 2016



Source: CSO Business Demography, 2016

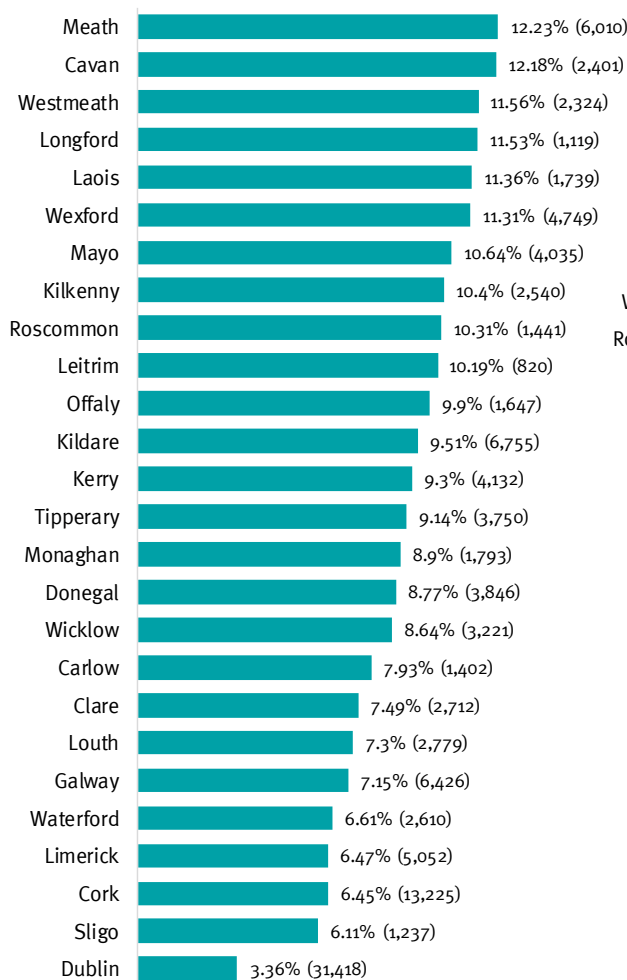
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/lu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Construction (F)

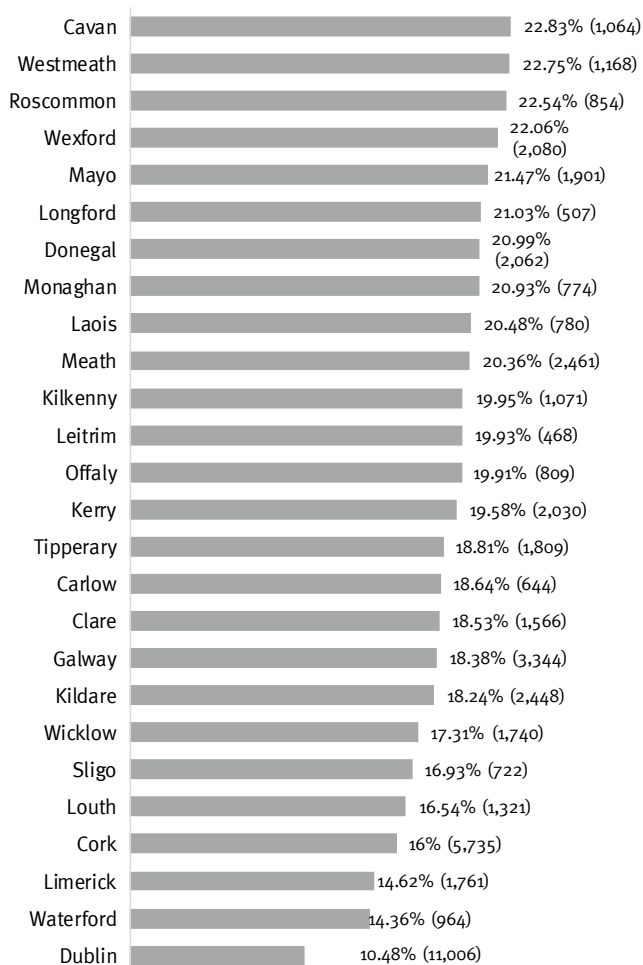
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Construction (F)

Percentage (%) of Active Enterprise in this Sector by County



Source: CSO Business Demography, 2016

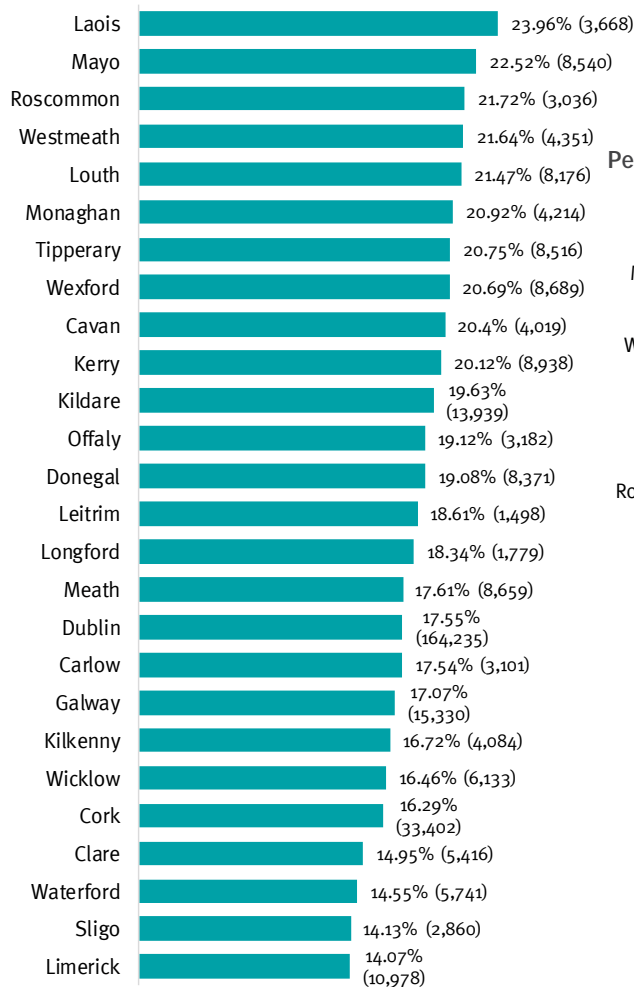
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/lu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Wholesale and retail trade, repair of motor vehicles and motorcycles (G)

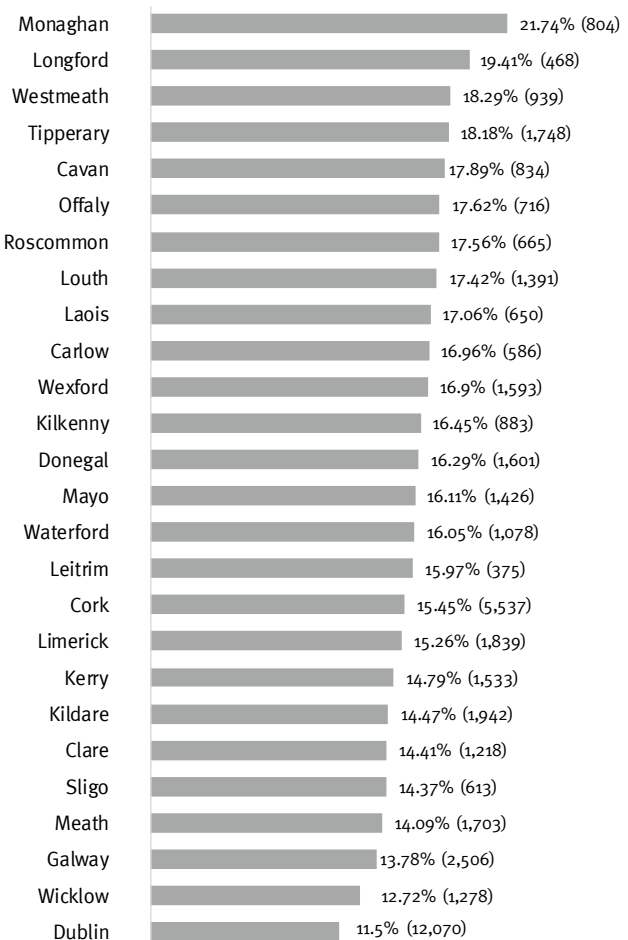
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Wholesale and retail trade, repair of motor vehicles and motorcycles (G)

Percentage (%) of Active Enterprise in this Sector by County



Source: CSO Business Demography, 2016

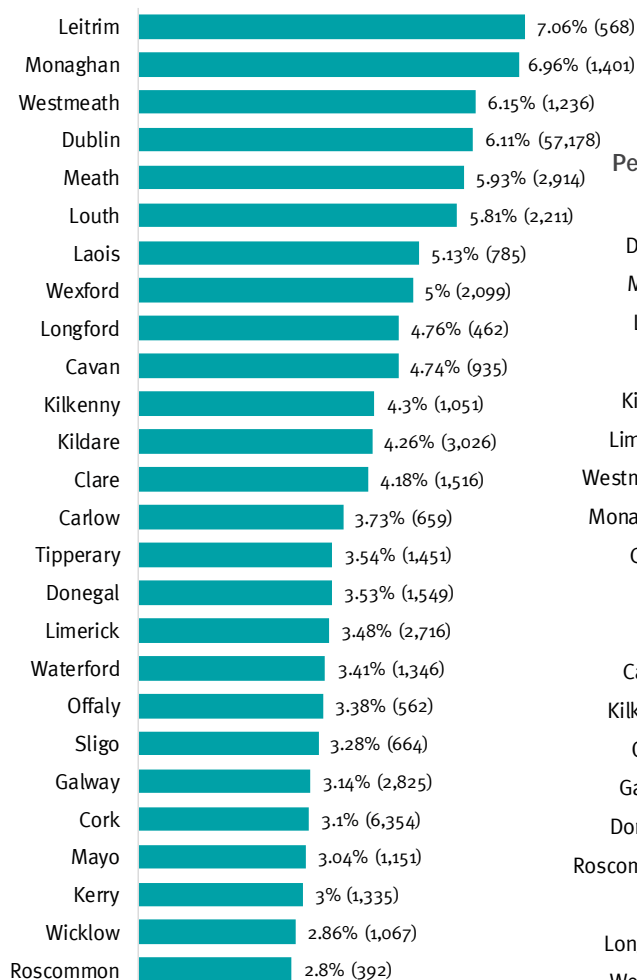
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Business Demography – NACE* Industrial Classification: Transportation and storage (H)

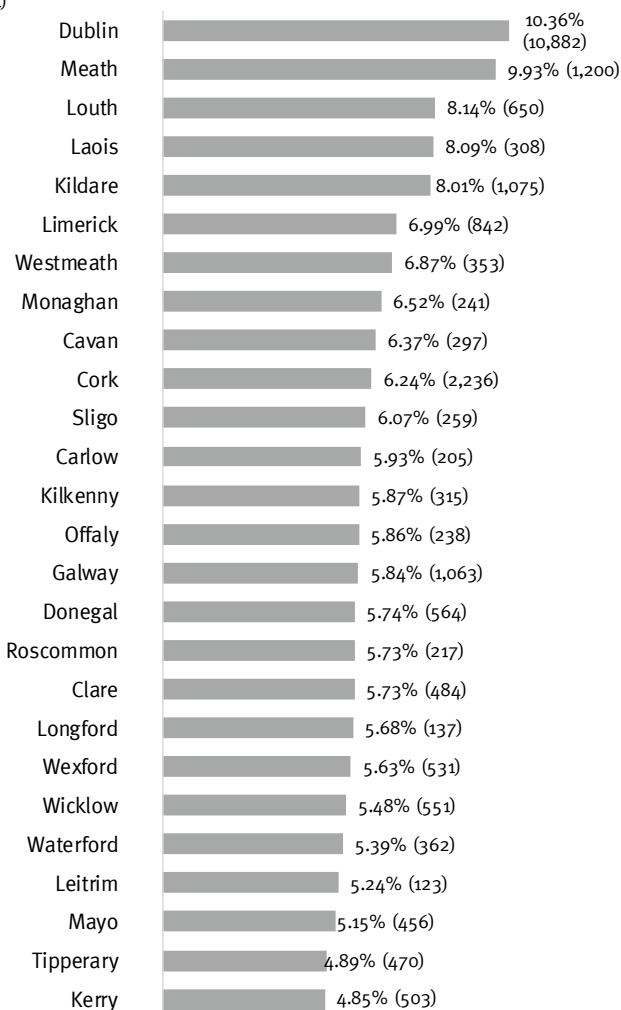
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Transportation and storage (H)

Percentage (%) of Active Enterprise in this Sector by County

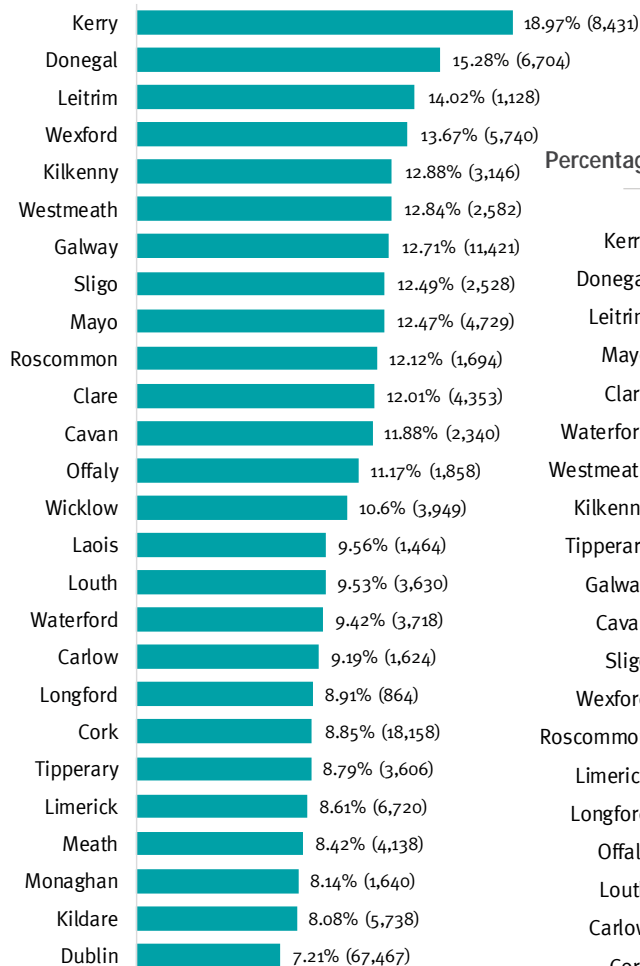


Source: CSO Business Demography, 2016

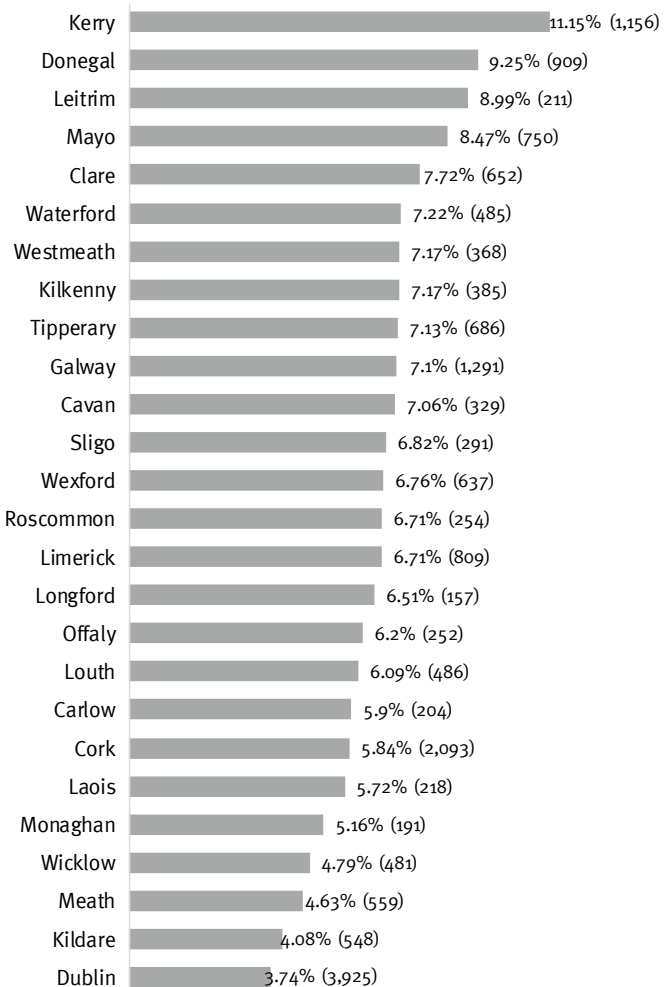
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/lu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Accommodation and food service activities (I)**Percentage (%) of Persons Engaged in this Sector by County, 2016****This graphic presents:**

The above graphic shows the percentage of all persons engaged in the county who are engaged in Accommodation and food service activities (I)

Percentage (%) of Active Enterprise in this Sector by County, 2016

Source: CSO Business Demography, 2016

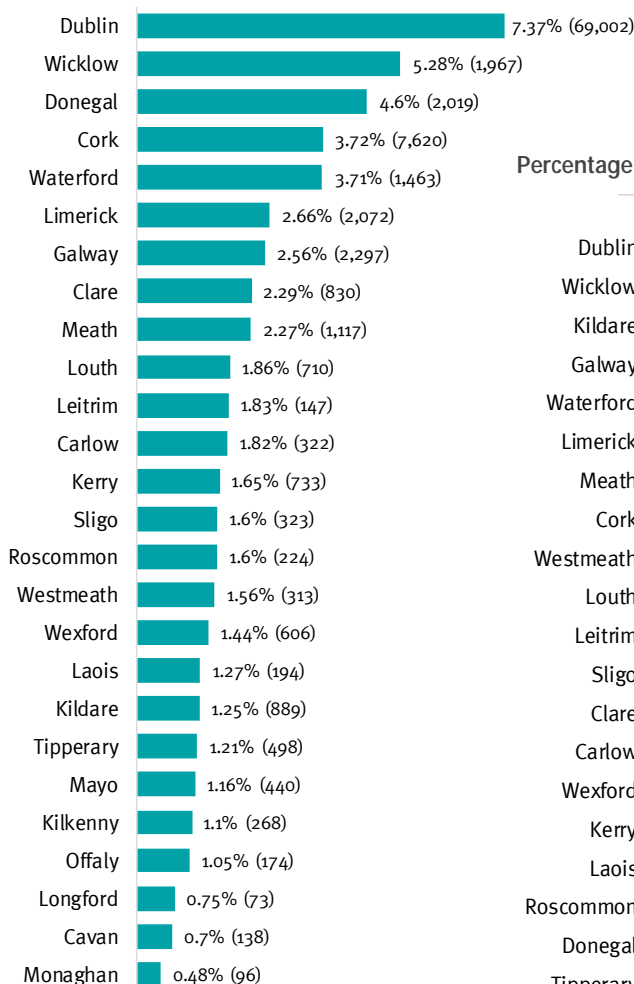
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/lu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Information and communication (J)

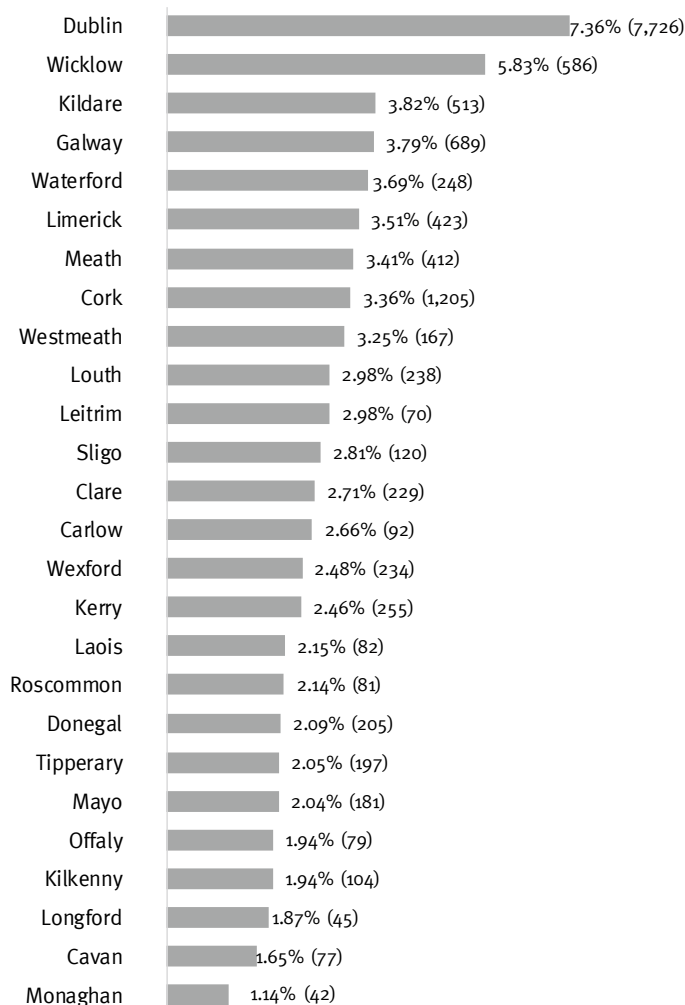
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Information and communication (J)

Percentage (%) of Active Enterprise in this Sector by County, 2016



Source: CSO Business Demography, 2016

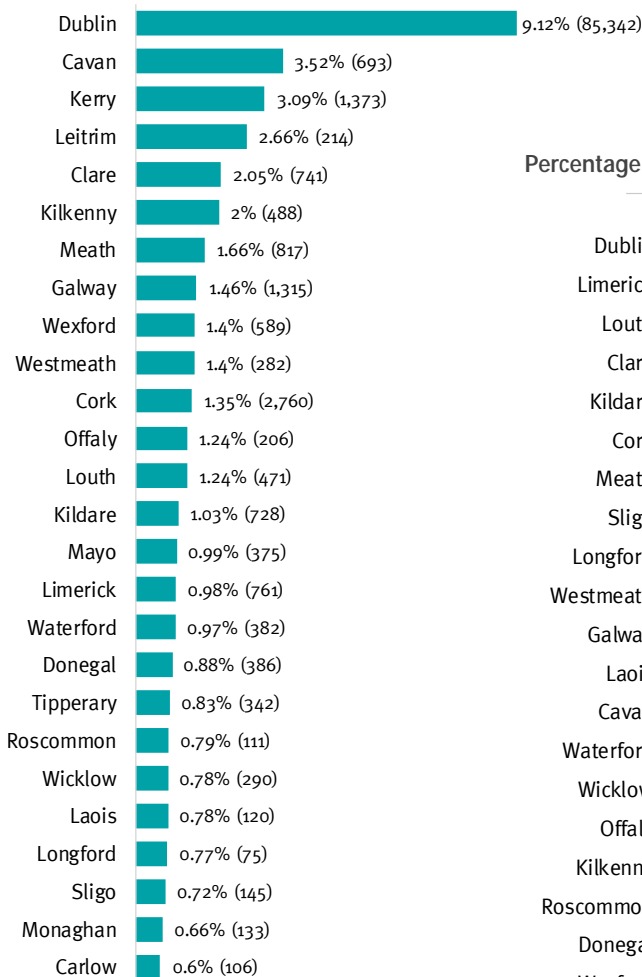
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/ufu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Financial and insurance activities excluding activities of holding companies

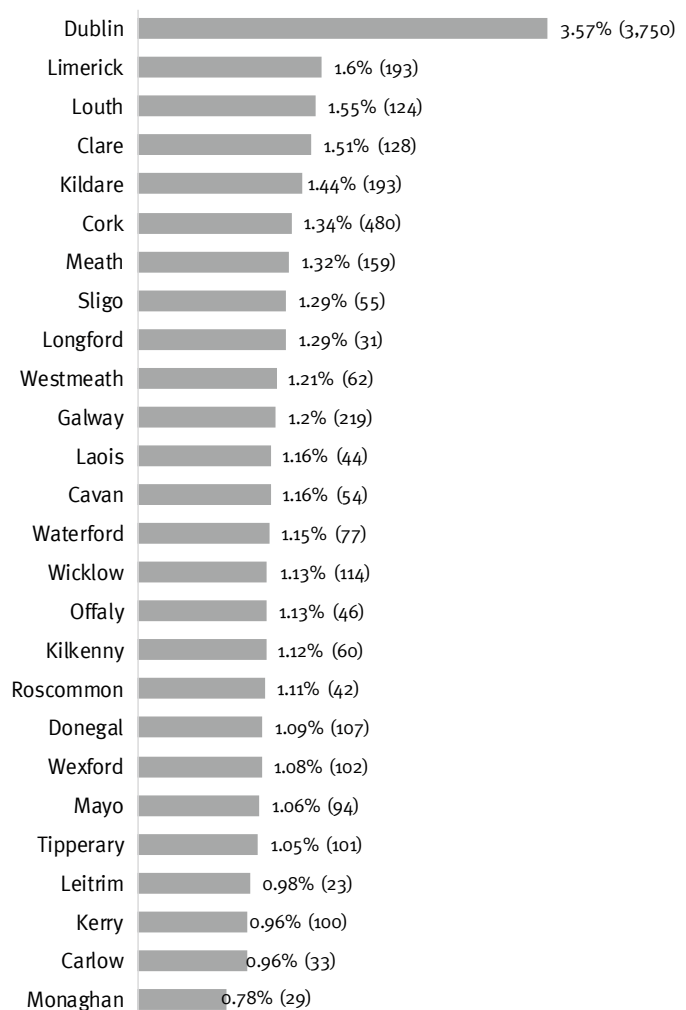
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Financial and insurance activities excluding activities of holding companies

Percentage (%) of Active Enterprise in this Sector by County, 2016



Source: CSO Business Demography, 2016

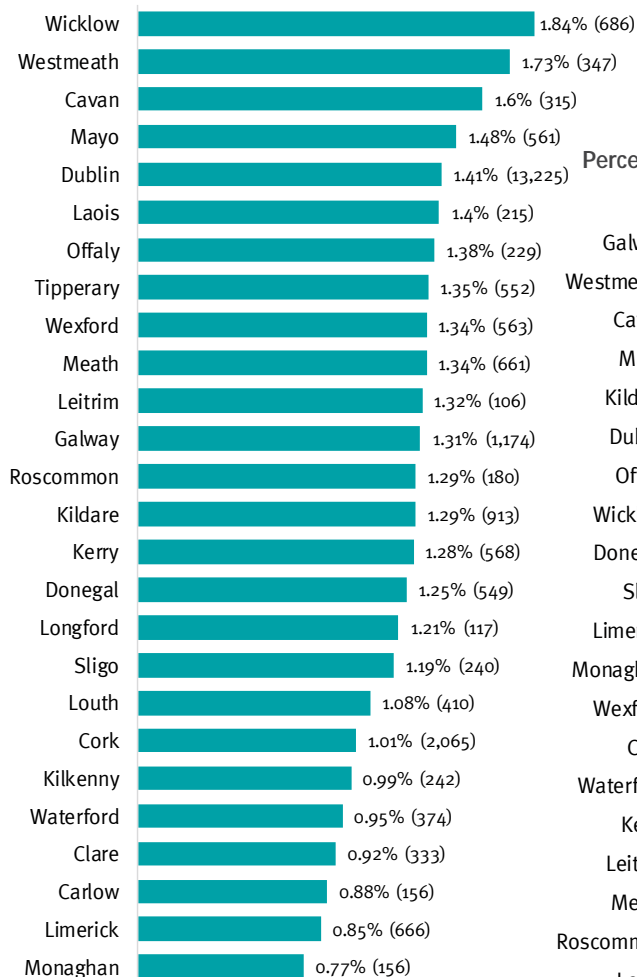
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/lu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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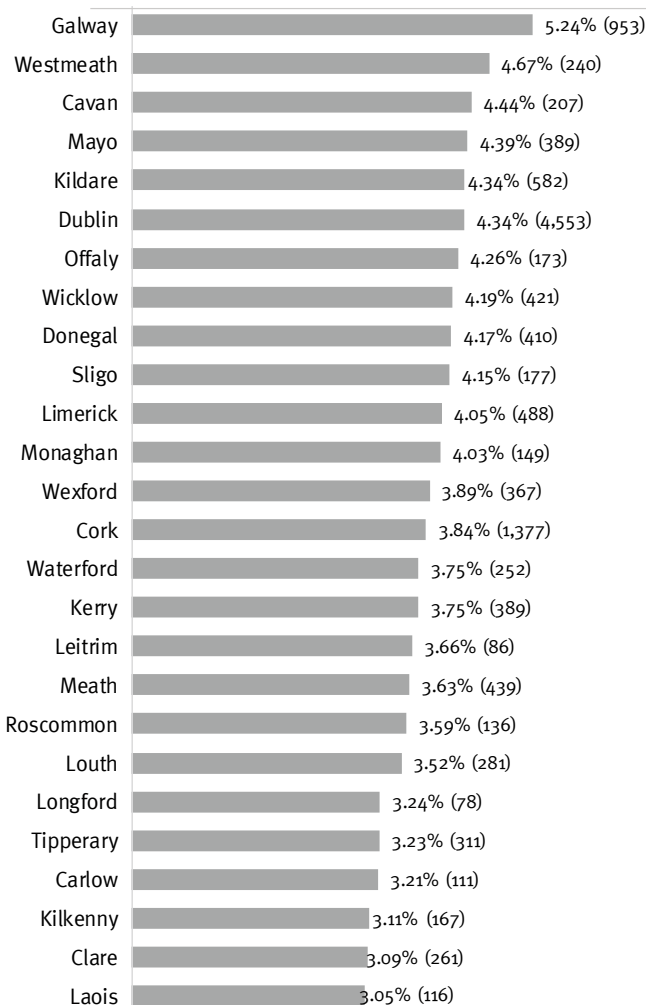
Business Demography – NACE* Industrial Classification: Real estate activities (L)

Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:
The above graphic shows the percentage of all persons engaged in the county who are engaged in Real estate activities (L)

Percentage (%) of Active Enterprise in this Sector by County



Source: CSO Business Demography, 2016

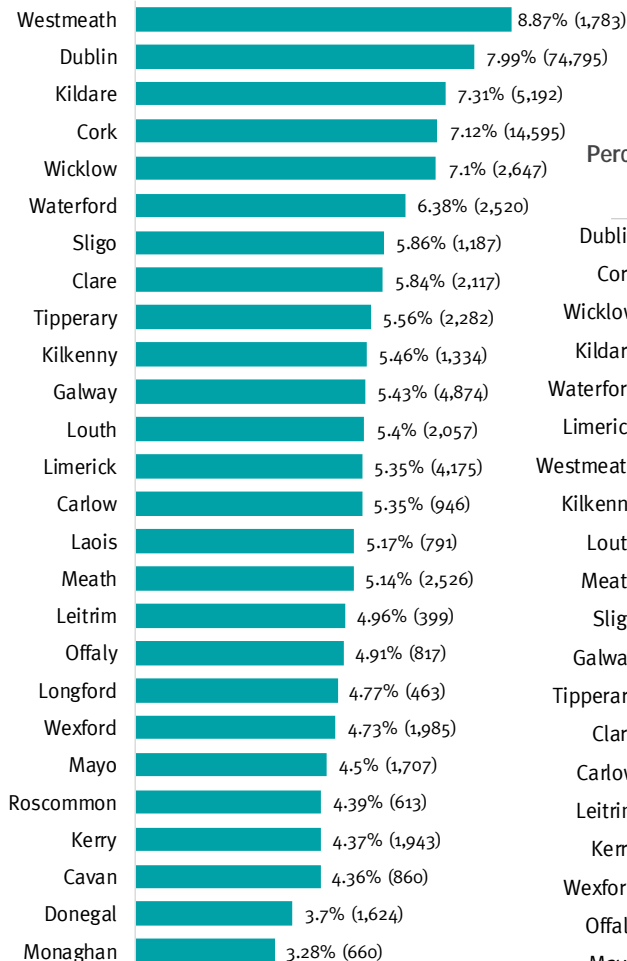
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/pxu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Professional, scientific and technical activities (M)

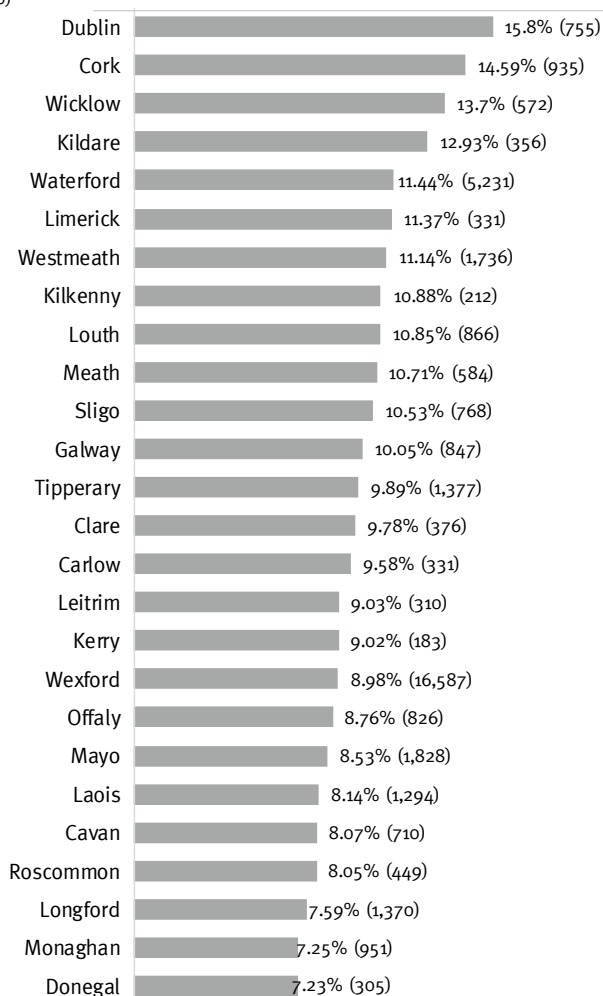
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Professional, scientific and technical activities (M)

Percentage (%) of Active Enterprise in this Sector by County



Source: CSO Business Demography, 2016

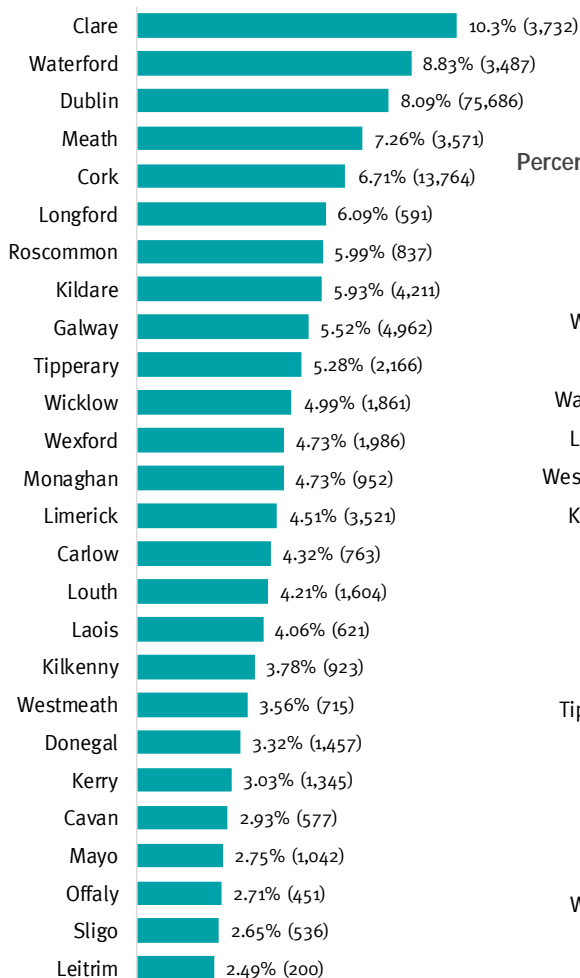
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/u/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Administrative and support service activities (N)

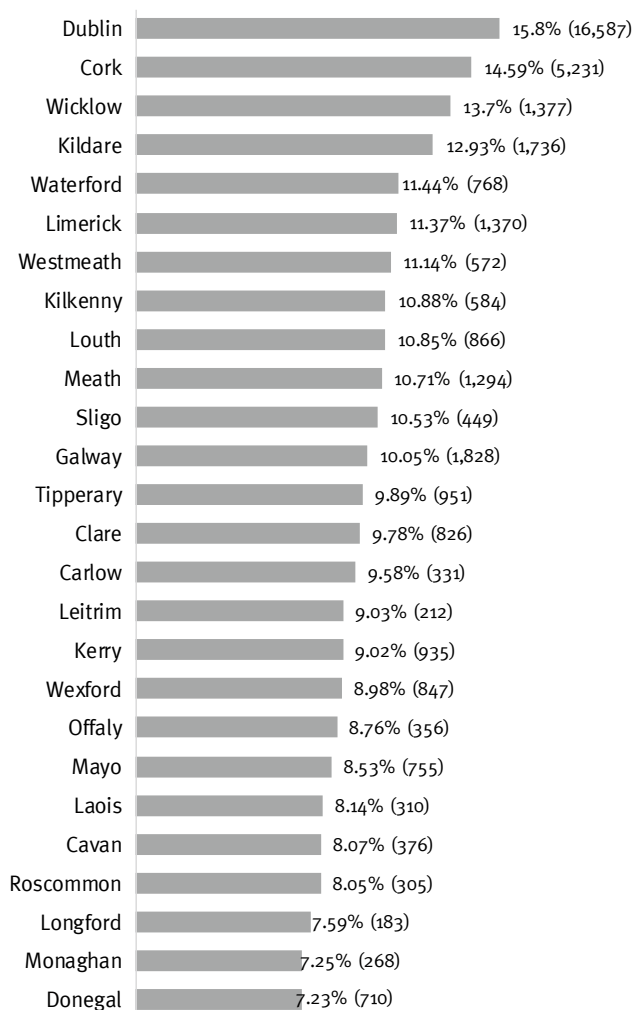
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Administrative and support service activities (N)

Percentage (%) of Active Enterprise in this Sector by County, 2016



Source: CSO Business Demography, 2016

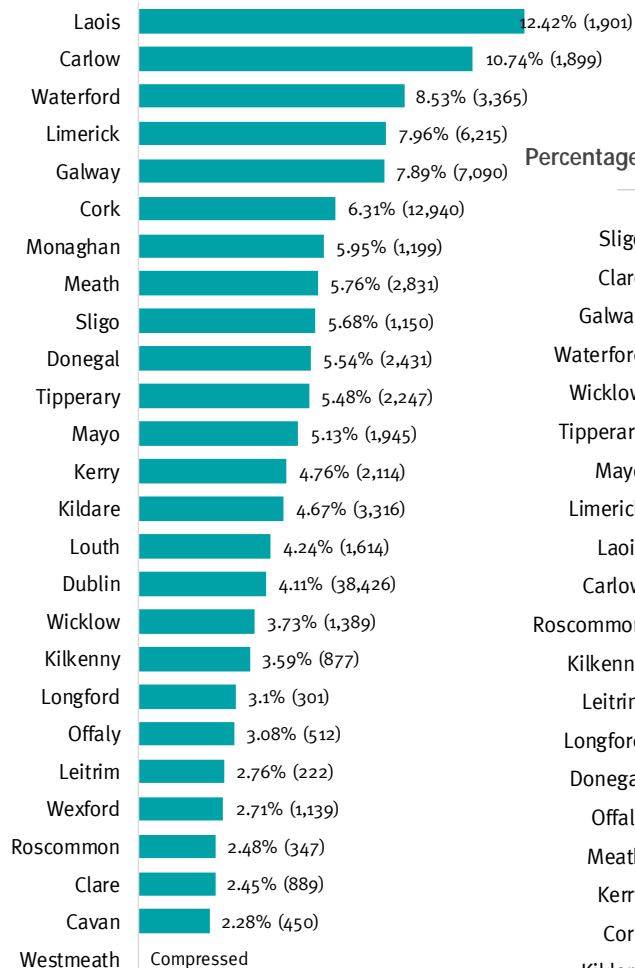
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/u/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Education (P)

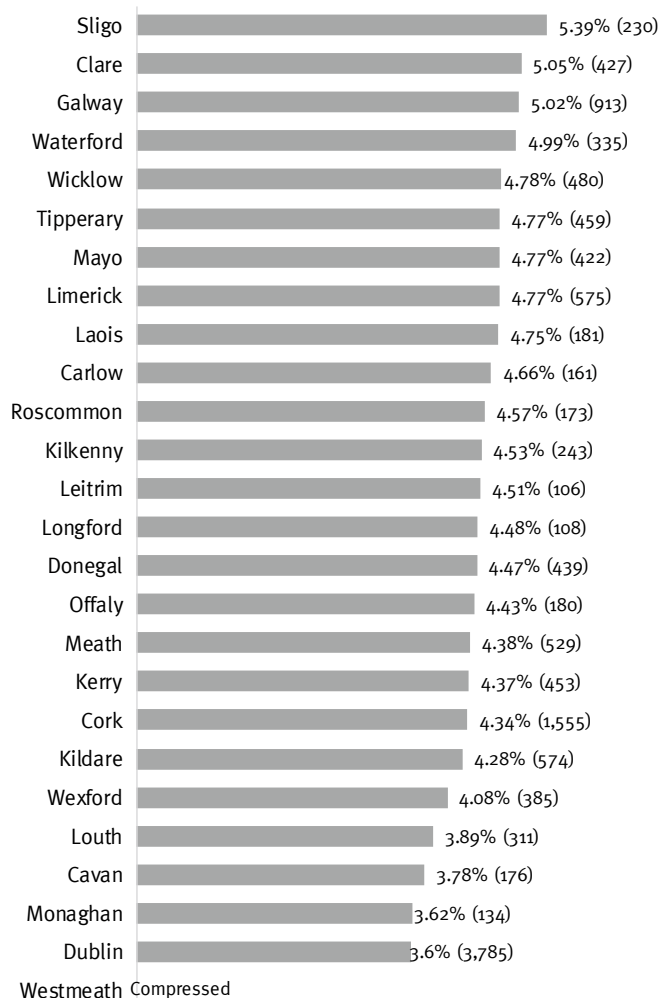
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Education (P)

Percentage (%) of Active Enterprise in this Sector by County, 2016



Source: CSO Business Demography, 2016

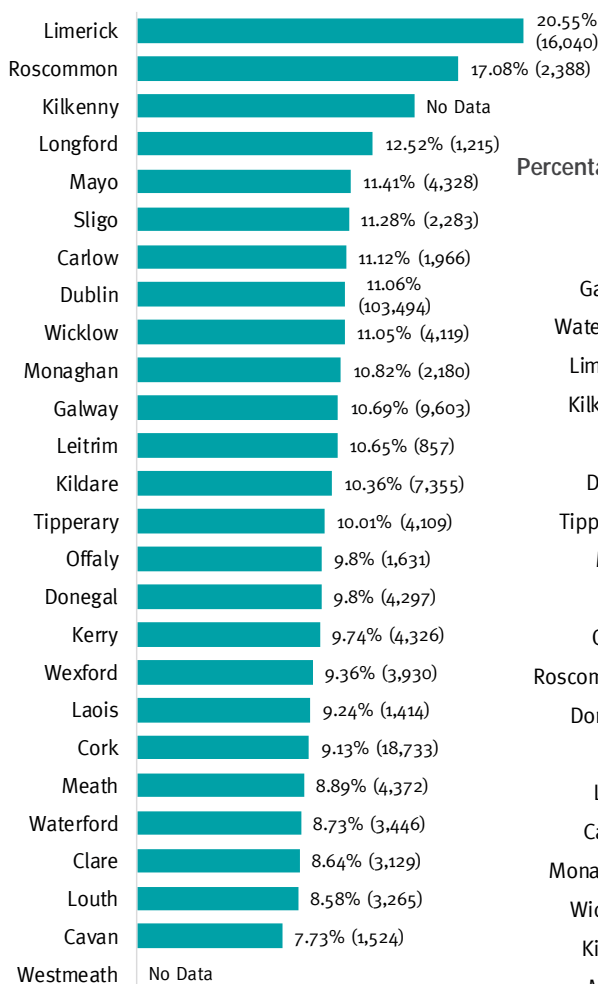
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/lu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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Business Demography – NACE* Industrial Classification: Human Health and Social Work Activities (Q)

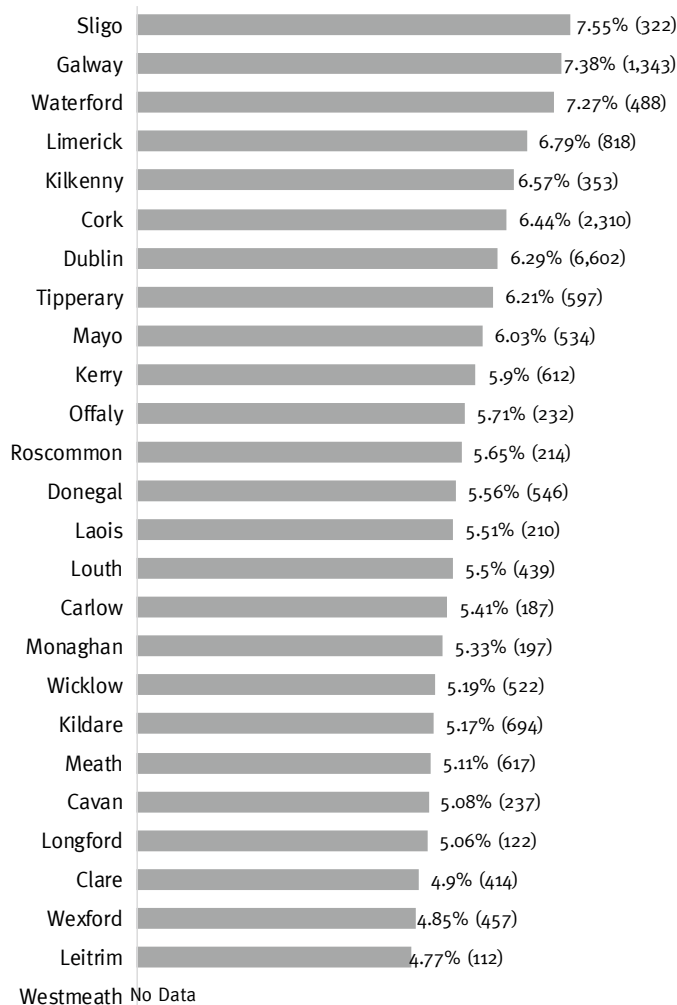
Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:

The above graphic shows the percentage of all persons engaged in the county who are engaged in Human Health and Social Work Activities (Q)

Percentage (%) of Active Enterprise in this Sector by County, 2016



Source: CSO Business Demography, 2016

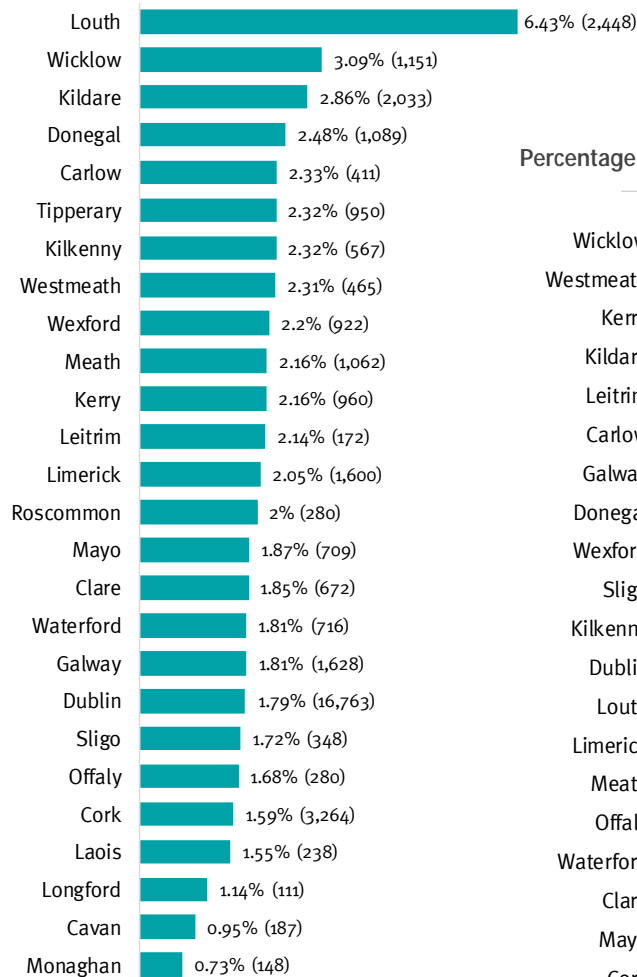
* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/pxu/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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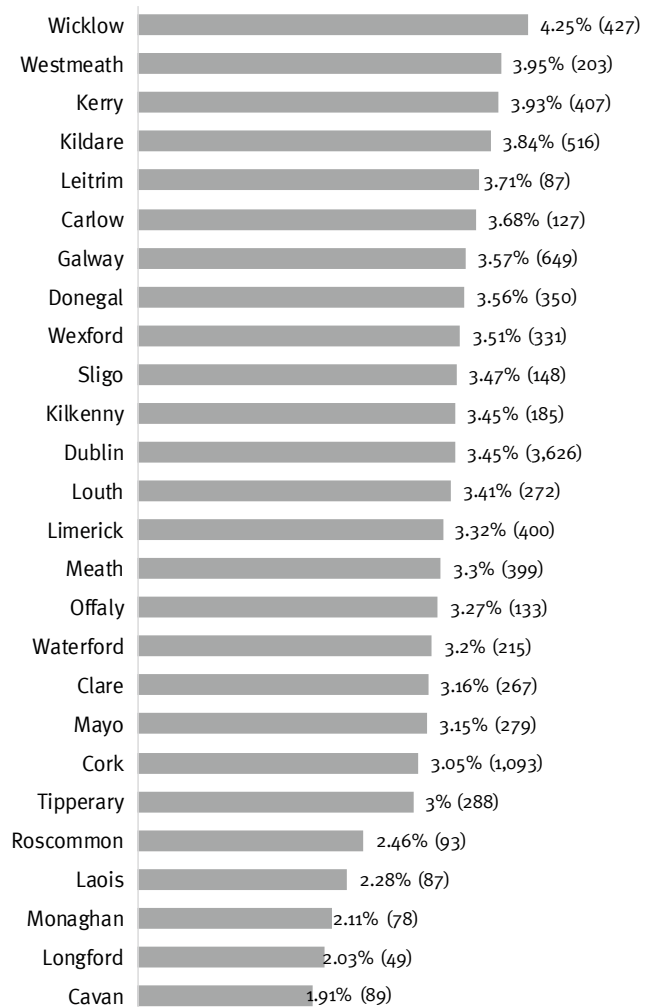
Business Demography – NACE* Industrial Classification: Arts, Entertainment and Recreation (R)

Percentage (%) of Persons Engaged in this Sector by County, 2016



This graphic presents:
The above graphic shows the percentage of all persons engaged in the county who are engaged in Arts, Entertainment and Recreation (R)

Percentage (%) of Active Enterprise in this Sector by County, 2016



Source: CSO Business Demography, 2016

* Note: For more information on NACE business classifications see: <https://www.cso.ie/px/u/NACECoder/NACEItems/searchnace.asp> or <https://www.cso.ie/en/methods/surveybackgroundnotes/businessdemography/>

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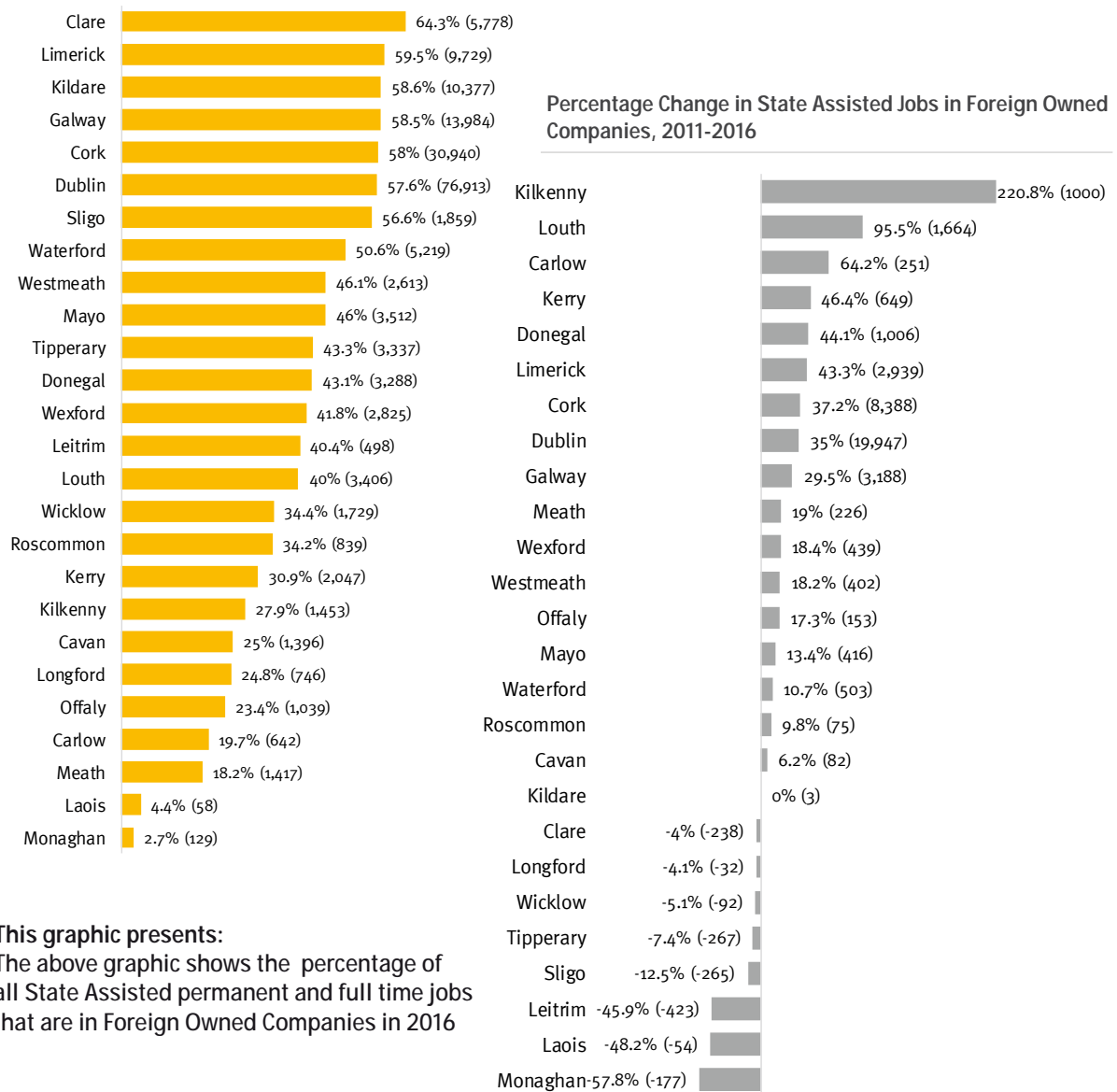
Working Proprietors (Proprietors and family members); included here are those proprietors, partners, etc and members of their families who work regularly in the firm and are not paid a definite wage or salary. Working Proprietors is not a full count of self-employed individuals as some self-employed receive a wage and are returned via annual employment returns and are included in the Employees calculation.

State Assisted Employment

FDI Permanent and Full time Jobs with State Assisted Companies, 2016
Indigenous Permanent and Full time Jobs with State Assisted Companies, 2016
FDI Permanent and Full time Jobs as a percentage of all Jobs, 2016

State Assisted Employment – Dept of Business, Enterprise and Innovation, Employment Survey* – Permanent and Full time Jobs – in Foreign Owned Companies, 2016

Percentage (%) of all State Assisted Jobs in Foreign Owned Companies, 2016

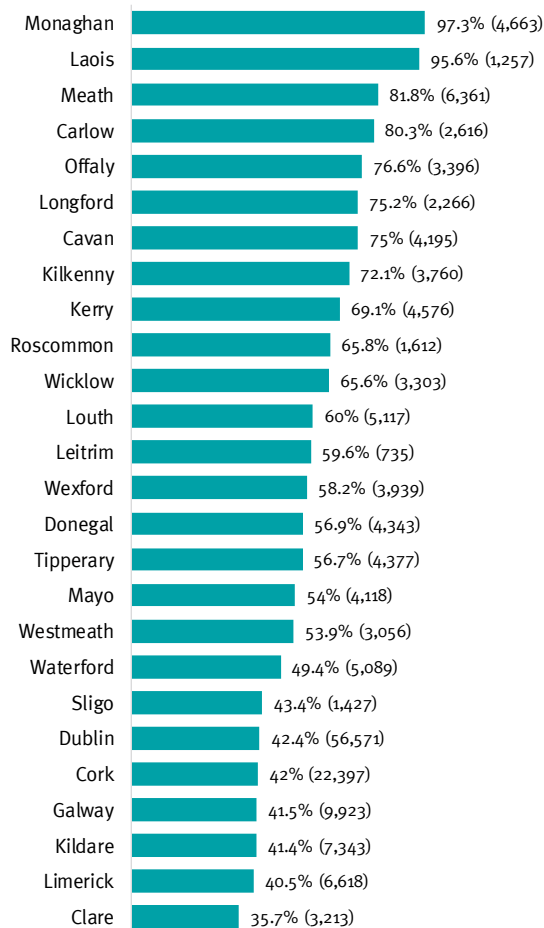


Source: Dept of Jobs and Enterprise, 2016

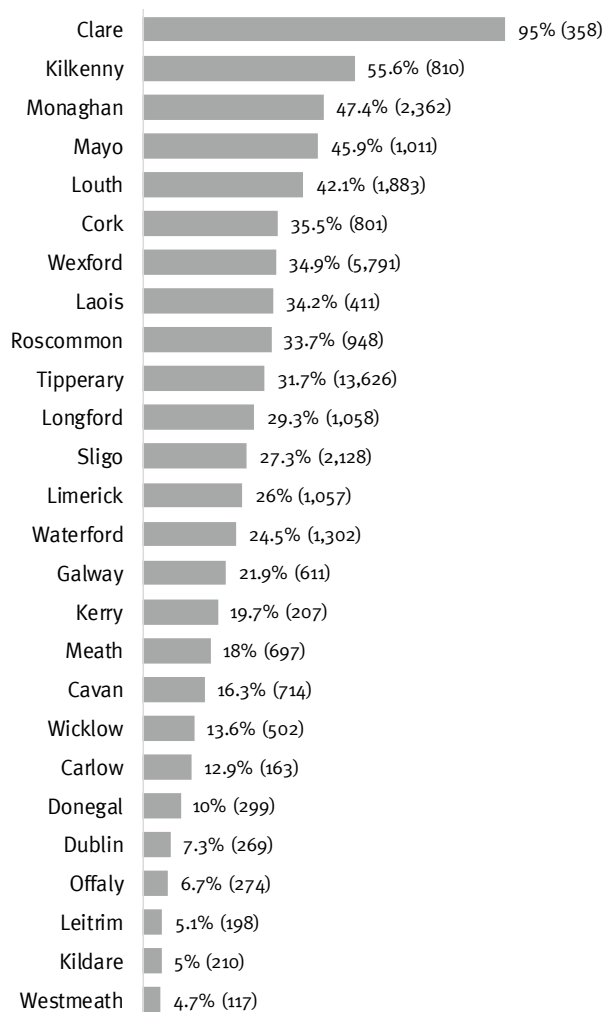
* The Annual Employment Survey provides an analysis of employment levels in Industrial (including Primary Production) and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

State Assisted Employment – Dept of Business, Enterprise and Innovation, Employment Survey* – Indigenous Permanent and Full time Jobs – (Irish Owned Companies), 2016

Percentage (%) of all State Assisted Jobs in Irish Owned Companies, 2016



Percentage Change in State Assisted Jobs in Irish Owned Companies, 2011-2016



This graphic presents:

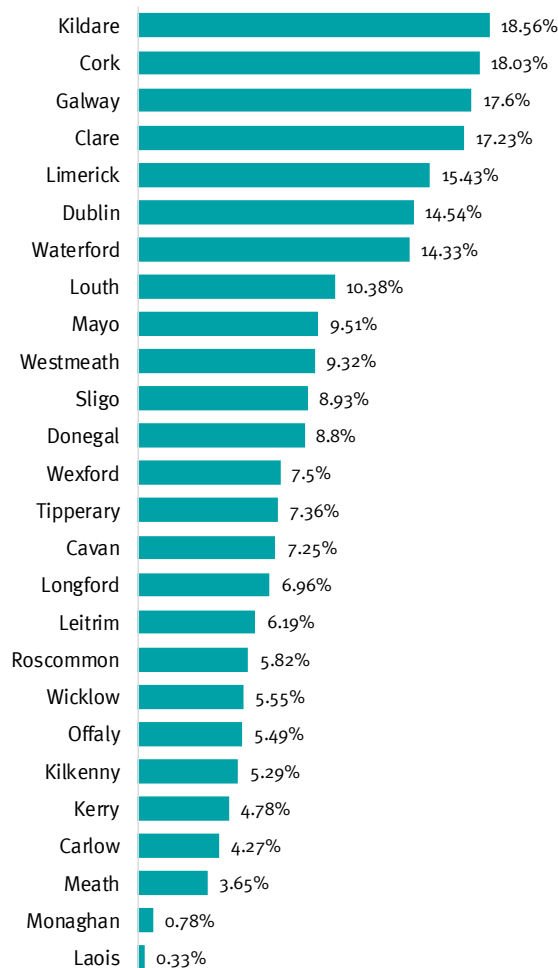
The above graphic shows the percentage of all State Assisted permanent and full time jobs that are in Irish Owned Companies in 2016

Source: Dept of Jobs and Enterprise, 2016

* Note: The Annual Employment Survey provides an analysis of employment levels in Industrial (including Primary Production) and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

State Assisted Employment – Dept of Business, Enterprise and Innovation, Employment Survey* – State Assisted Permanent and Full time Jobs in Foreign Owned Companies as a % of all Jobs*, 2016

Percentage (%) of State Assisted Jobs in Foreign Owned Companies as a % of all Jobs*, 2016



This graphic presents:

The above graphic shows the percentage (%) of State Assisted Jobs in Foreign Owned Companies as a % of all Jobs* by County, 2016

Source: Dept of Jobs and Enterprise, 2016

* Note: The Annual Employment Survey provides an analysis of employment levels in Industrial (including Primary Production) and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

** CSO POWCAR 2016 figures provide the total number of jobs per county.

County Profiles (x 26)

Profiles Include

CSO Census 2016 – Labour Profile (labour force, at work and unemployed)

CSO Business Demography – Enterprise by Size

CSO Business Demography – Enterprise by Industrial Classification (NACE)

CSO Business time series profile – Enterprise and Persons Engaged 2008-2016

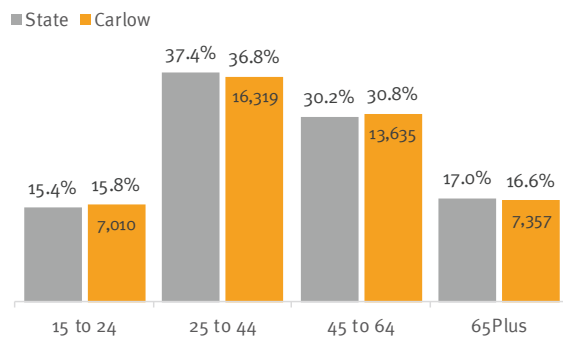
State Assisted Employment (Department of Business, Enterprise and Innovation (DBEI))

County Employment and Enterprise Profile, 2016

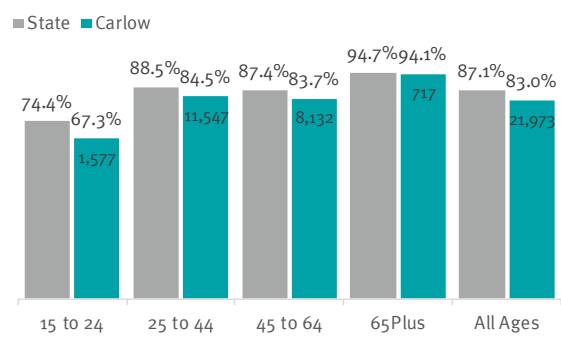
CARLOW Population: 56,932 Working Age Pop (15+): 44,321 Unemployment: 4,507

Labour Force and Employment by Age, Census 2016

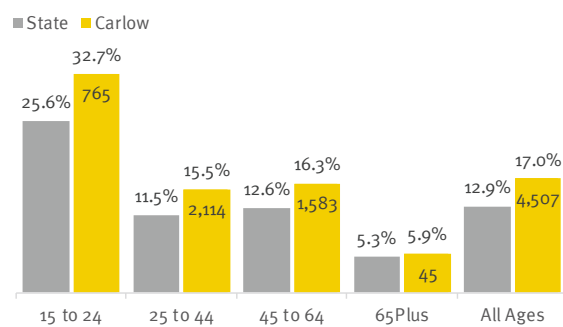
% Working Age by Age Cohort



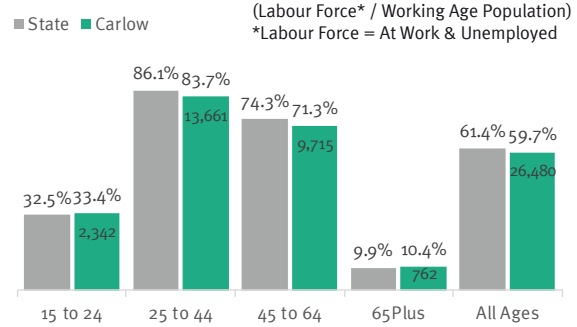
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

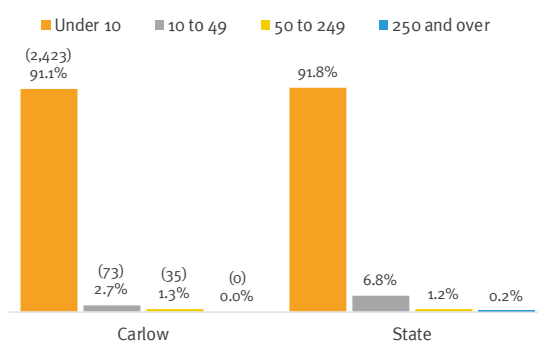


Labour Force Participation Rate

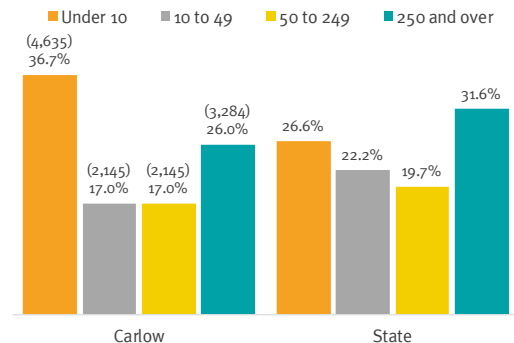


CSO Business Demography, 2016

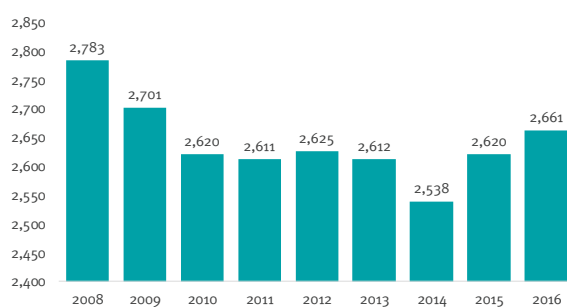
% Active Enterprises by Enterprise Size, 2016



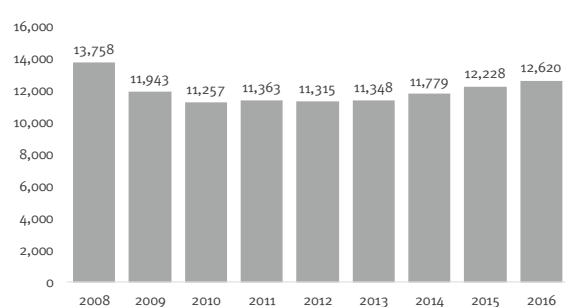
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Carlow, 2008 to 2016



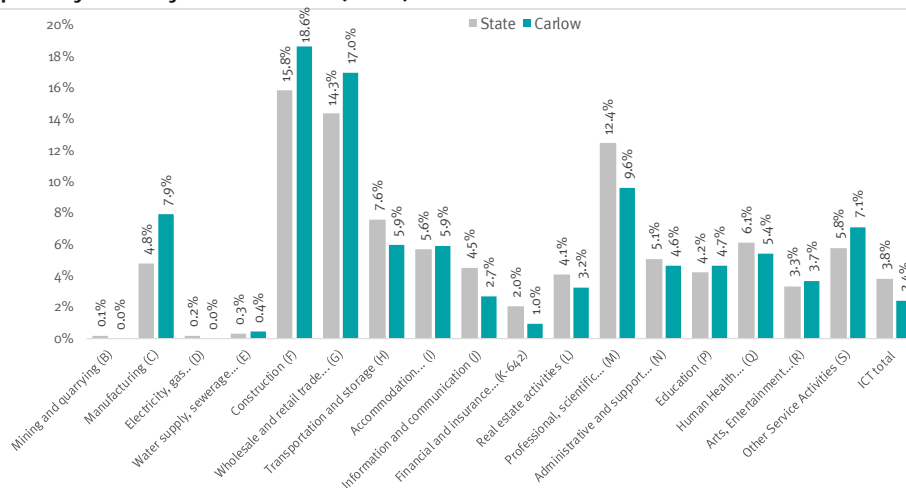
Persons Engaged in Carlow Enterprises, 2008 to 2016



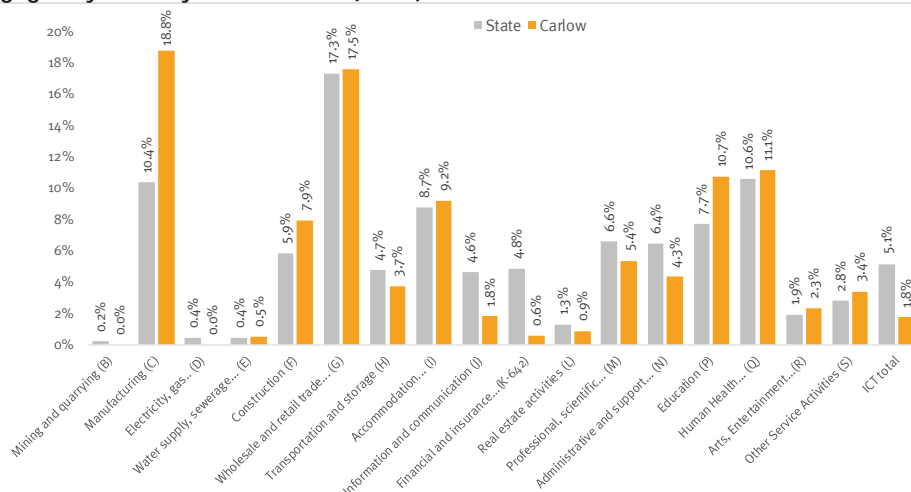
County Employment and Enterprise Profile, 2016

CARLOW CSO Business Demography, 2016 (cont..)

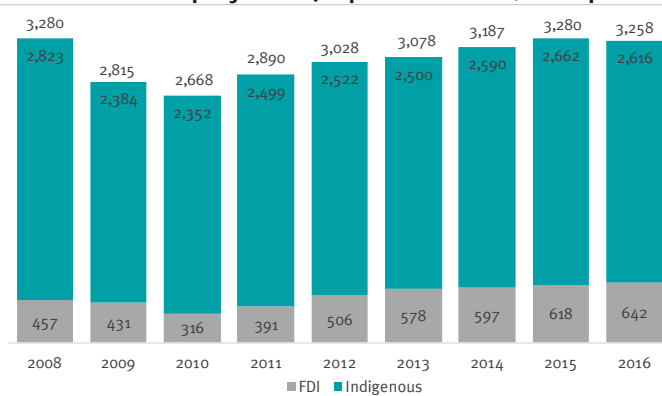
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **4.27%** of all jobs in the county.

State Average: **11.8%**

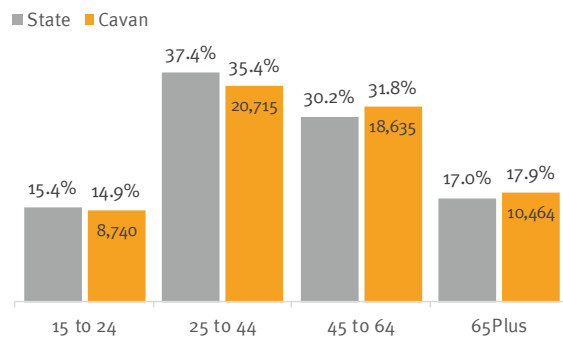
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

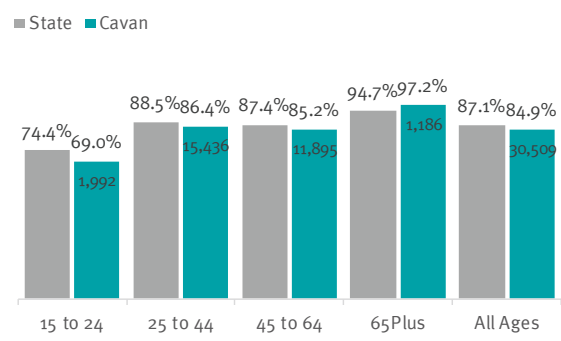
CAVAN Population: 76,176 Working Age Pop (15+): 58,554 Unemployment: 5,413

Labour Force and Employment by Age, Census 2016

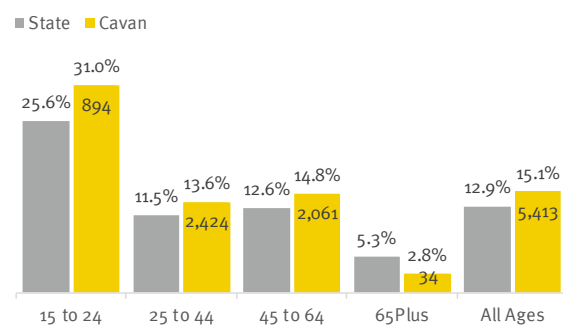
% Working Age by Age Cohort



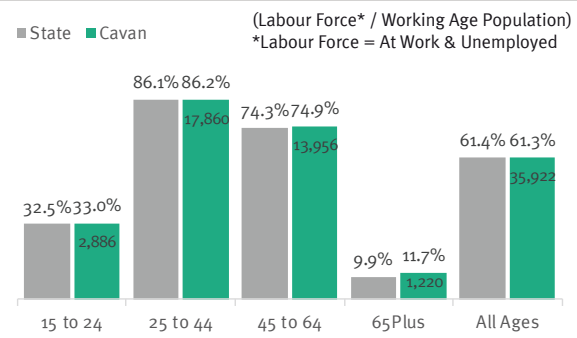
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

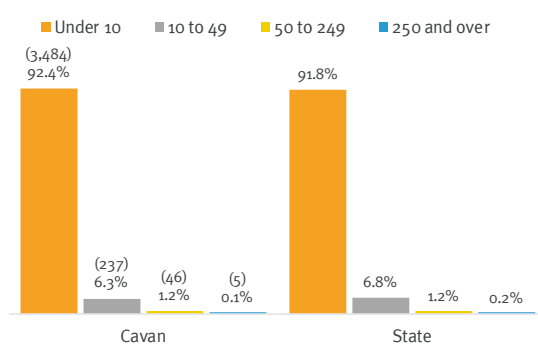


Labour Force Participation Rate

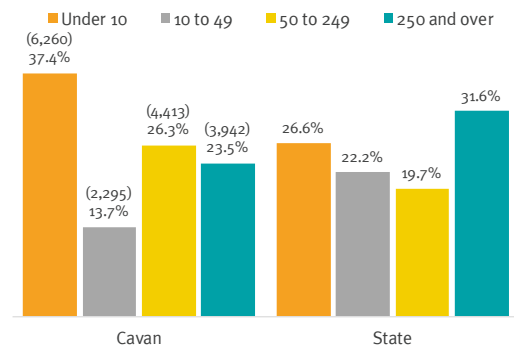


CSO Business Demography, 2016

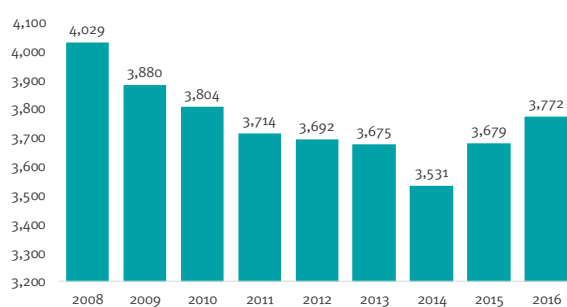
% Active Enterprises by Enterprise Size, 2016



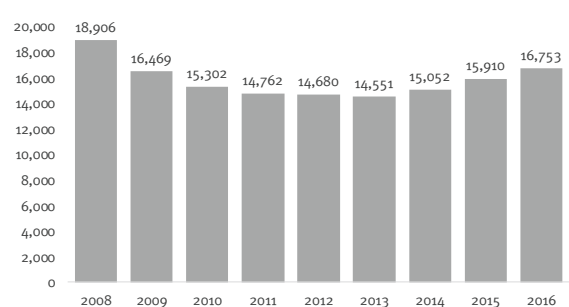
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Cavan, 2008 to 2016



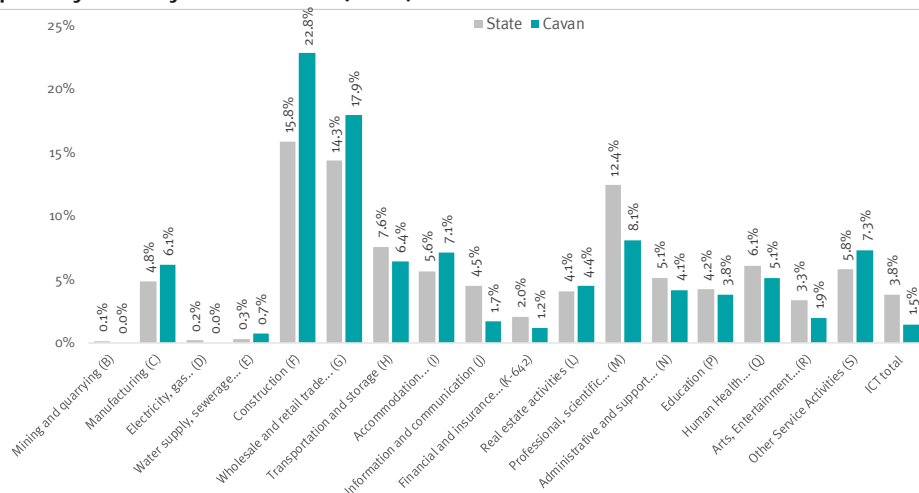
Persons Engaged in Cavan Enterprises, 2008 to 2016



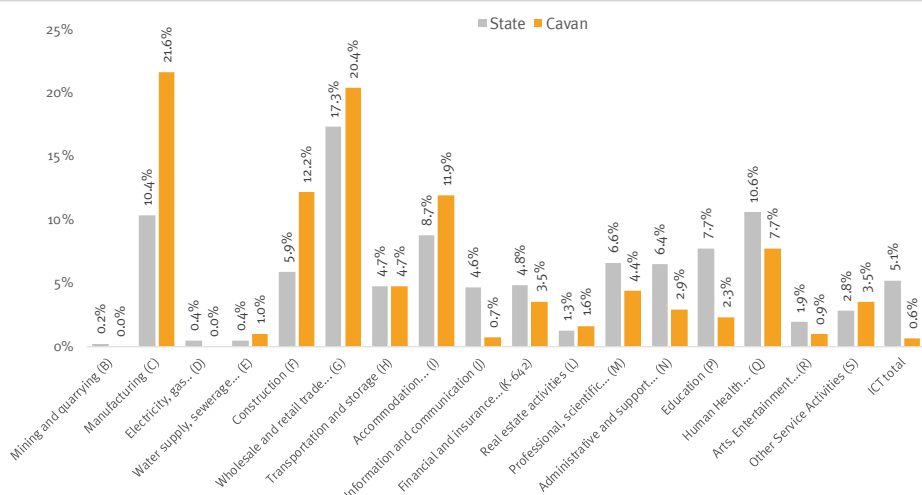
County Employment and Enterprise Profile, 2016

CAVAN CSO Business Demography, 2016 (cont..)

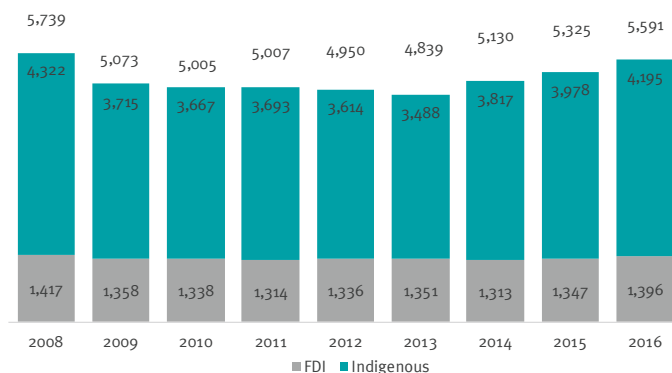
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **7.25%** of all Jobs in the county.
State Average: **11.8%**

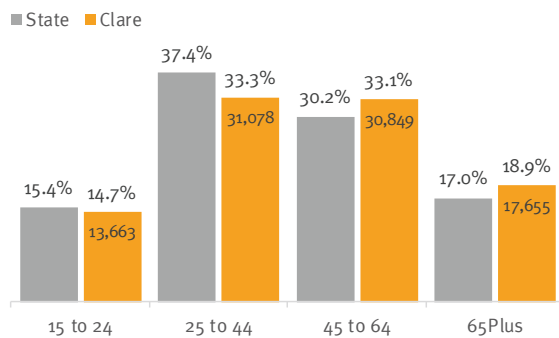
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

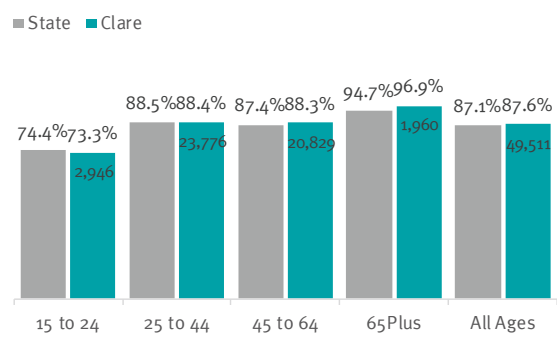
CLARE Population: 118,817 Working Age Pop (15+): 93,245 Unemployment: 7,018

Labour Force and Employment by Age, Census 2016

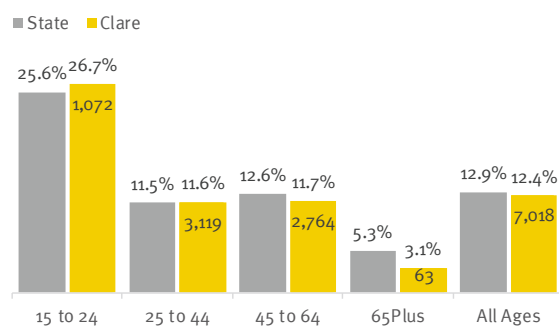
% Working Age by Age Cohort



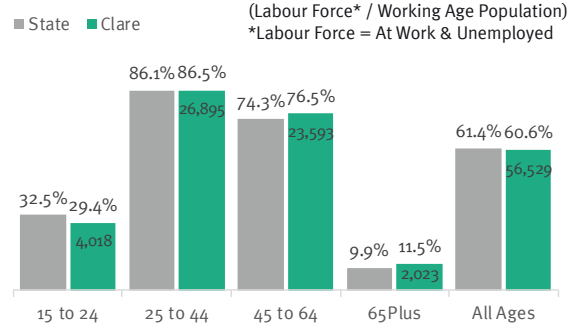
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

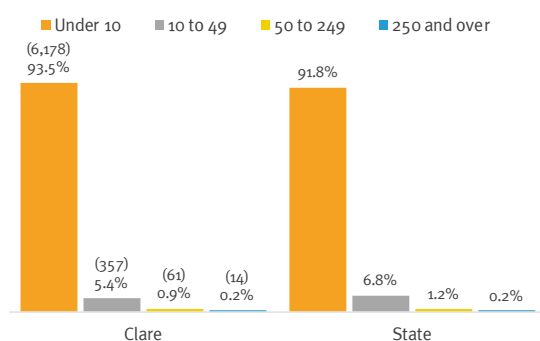


Labour Force Participation Rate

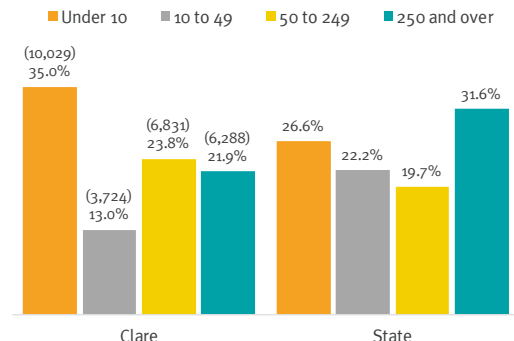


CSO Business Demography, 2016

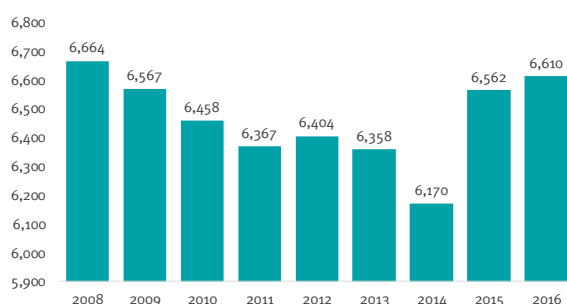
% Active Enterprises by Enterprise Size, 2016



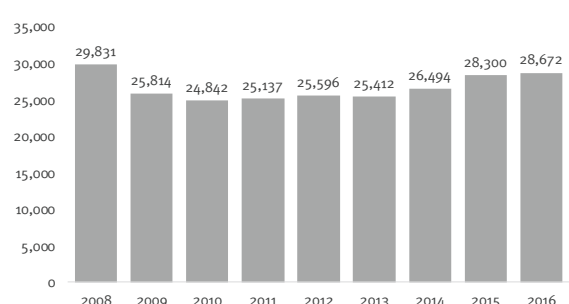
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Clare, 2008 to 2016



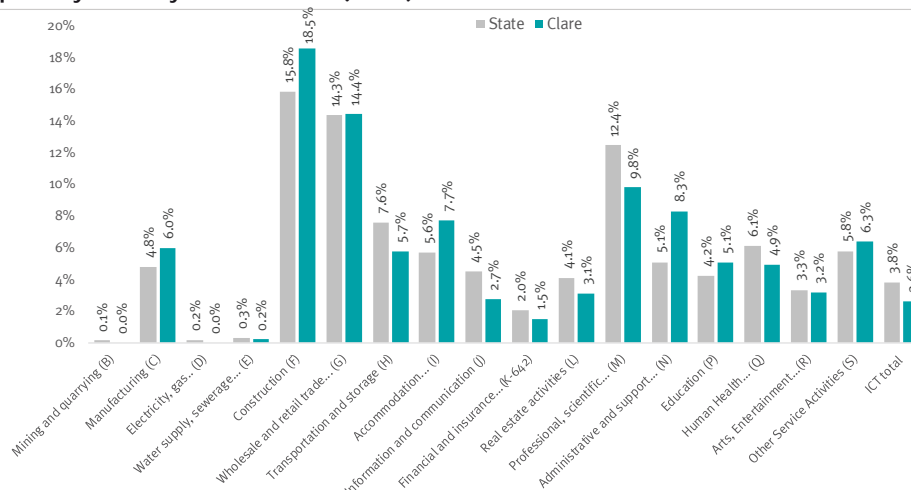
Persons Engaged in Clare Enterprises, 2008 to 2016



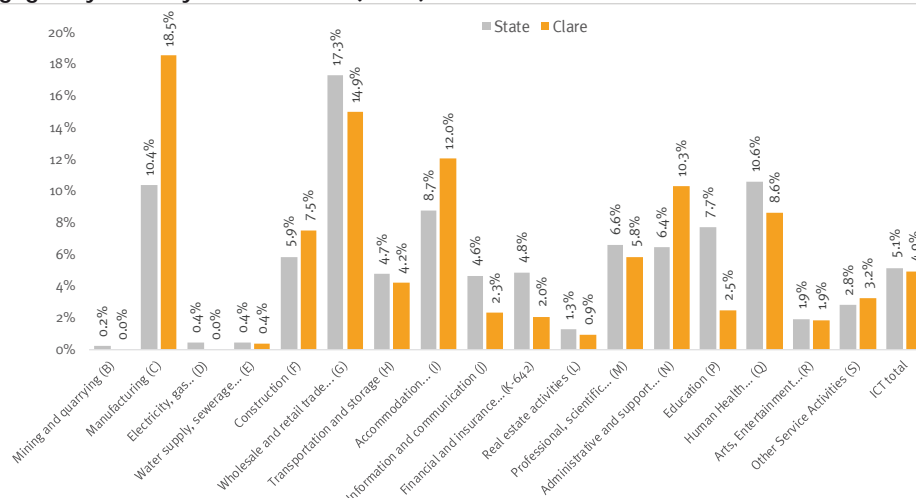
County Employment and Enterprise Profile, 2016

CLARE CSO Business Demography, 2016 (cont..)

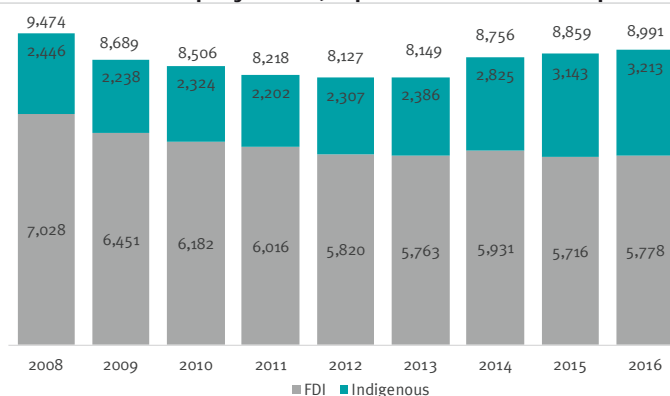
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **17.2%** of all Jobs in the county.
State Average: **11.8%**

* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

CORK CITY & COUNTY

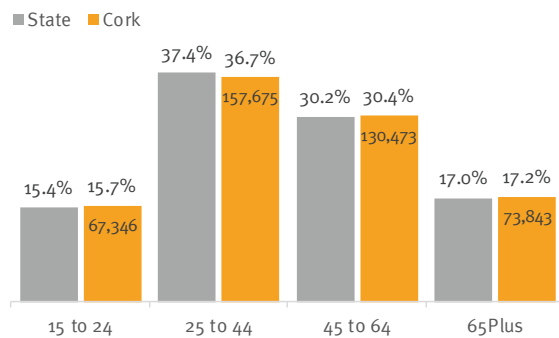
Population: 542,868

Working Age Pop (15+): 429,337

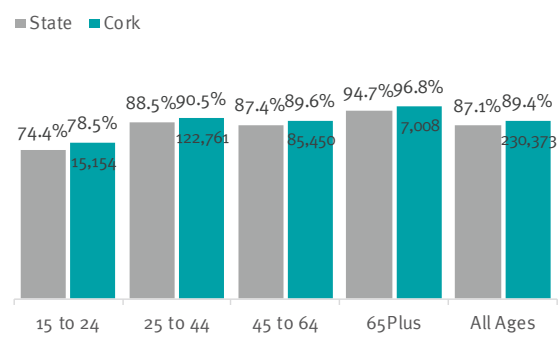
Unemployment: 27,230

Labour Force and Employment by Age, Census 2016

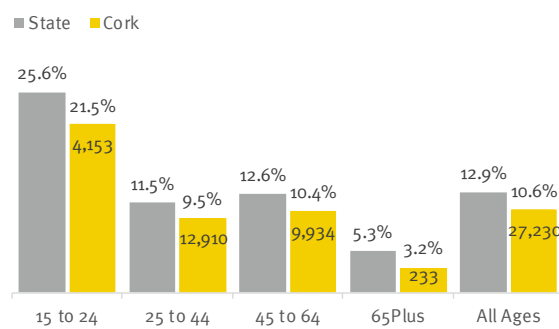
% Working Age by Age Cohort



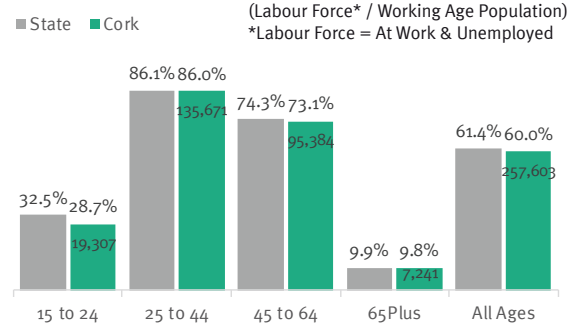
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

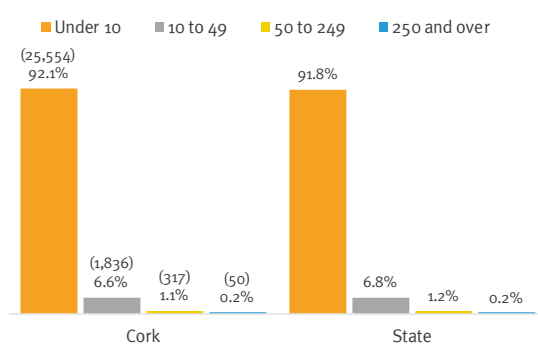


Labour Force Participation Rate

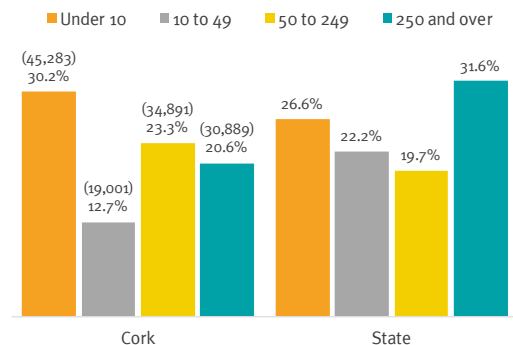


CSO Business Demography, 2016

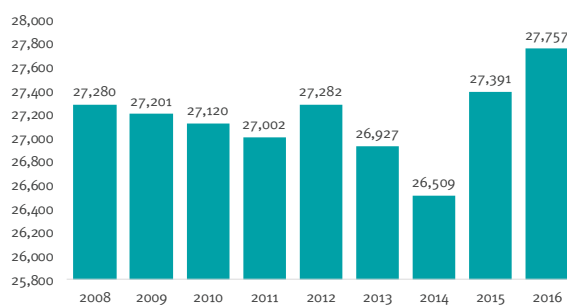
% Active Enterprises by Enterprise Size, 2016



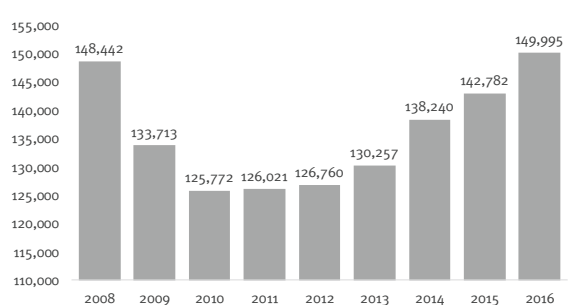
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Cork, 2008 to 2016



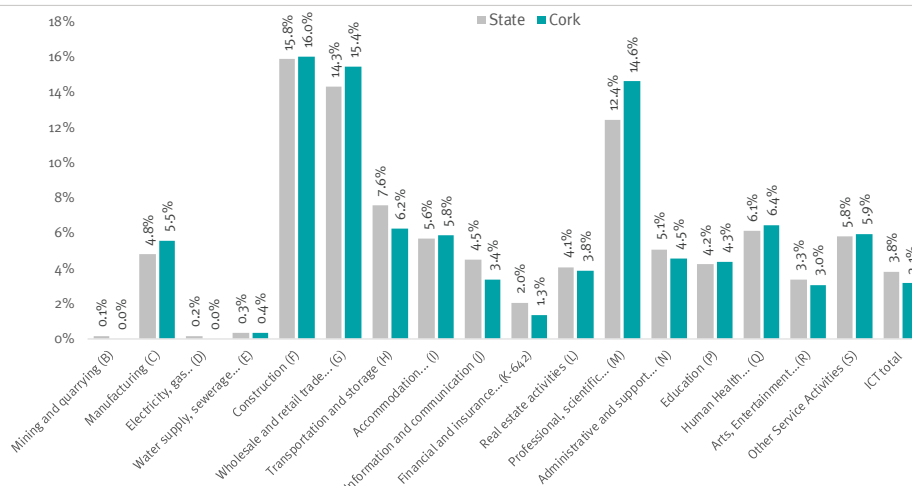
Persons Engaged in Cork Enterprises, 2008 to 2016



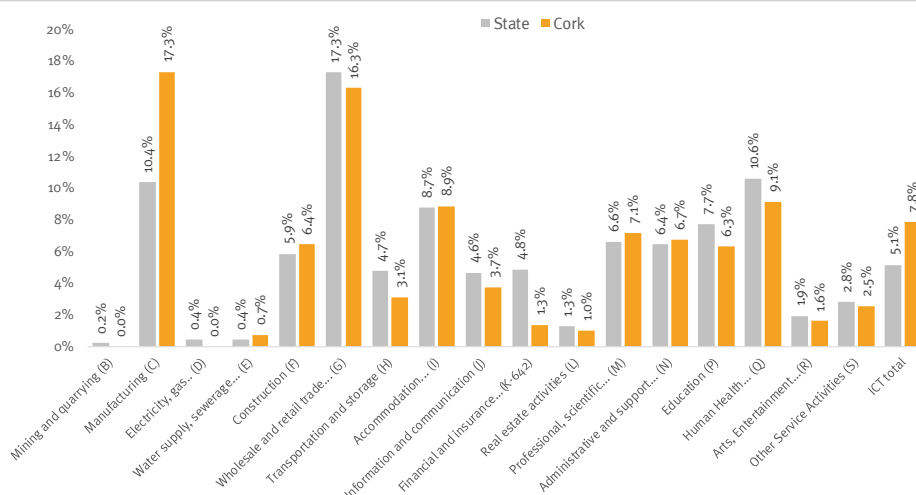
County Employment and Enterprise Profile, 2016

CORK CITY & COUNTY CSO Business Demography, 2016 (cont..)

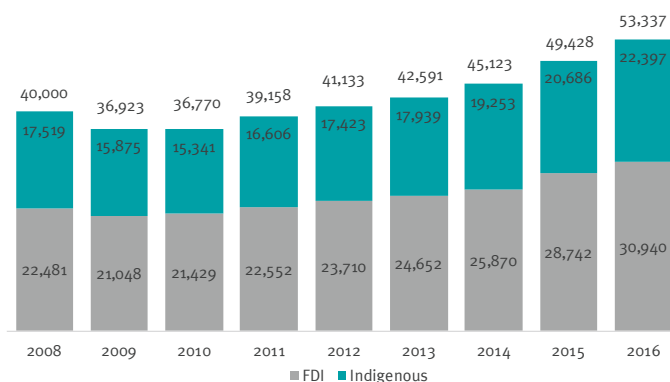
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **18.03%** of all Jobs in the county.
State Average: **11.8%**

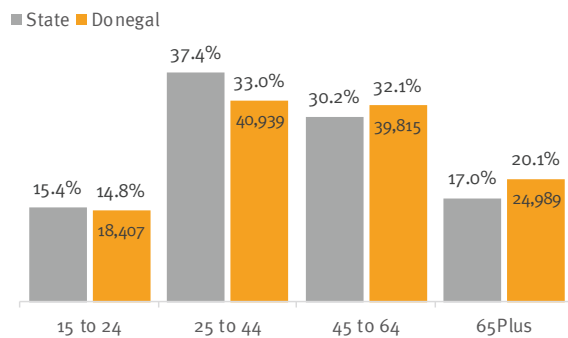
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

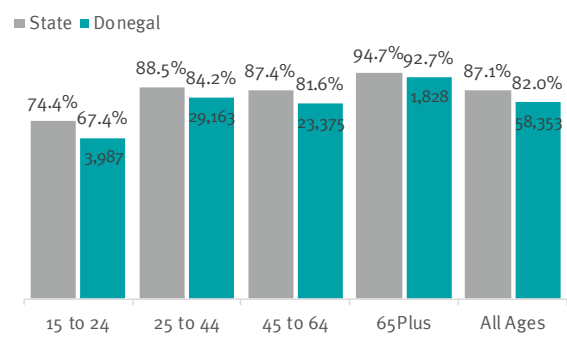
DONEGAL *Population: 159,192* *Working Age Pop (15+): 124,150* *Unemployment: 12,829*

Labour Force and Employment by Age, Census 2016

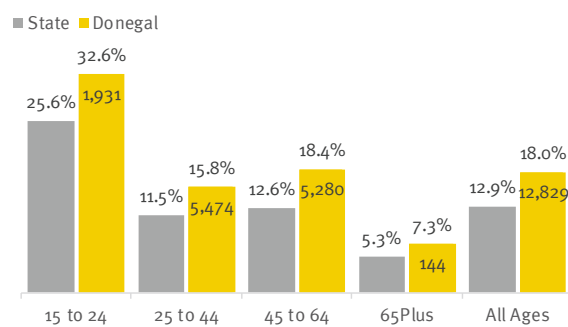
% Working Age by Age Cohort



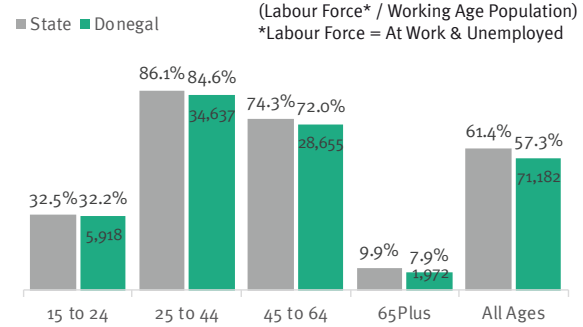
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

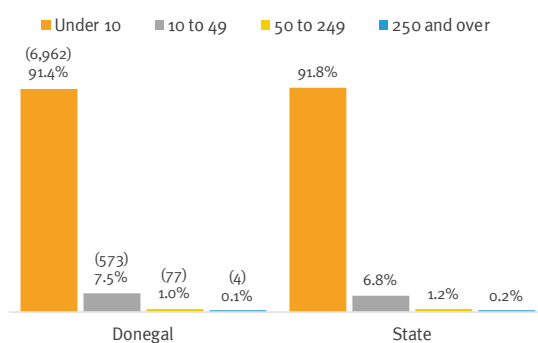


Labour Force Participation Rate

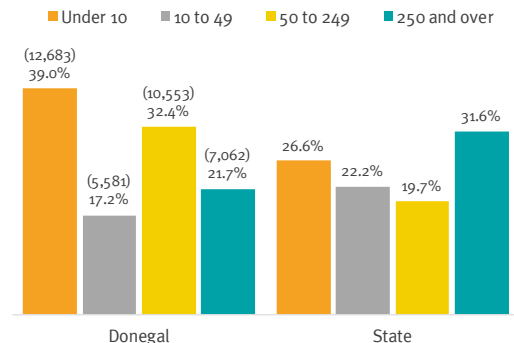


CSO Business Demography, 2016

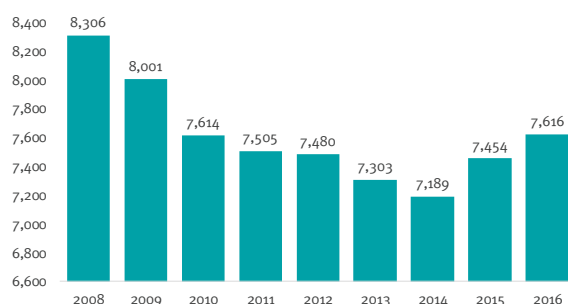
% Active Enterprises by Enterprise Size, 2016



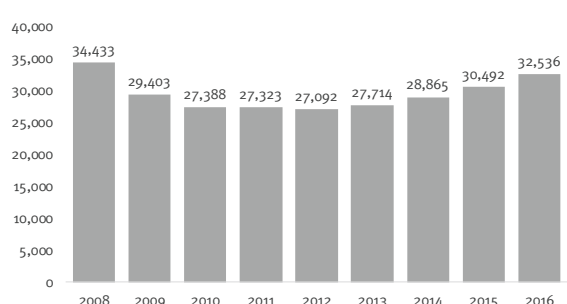
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Donegal, 2008 to 2016



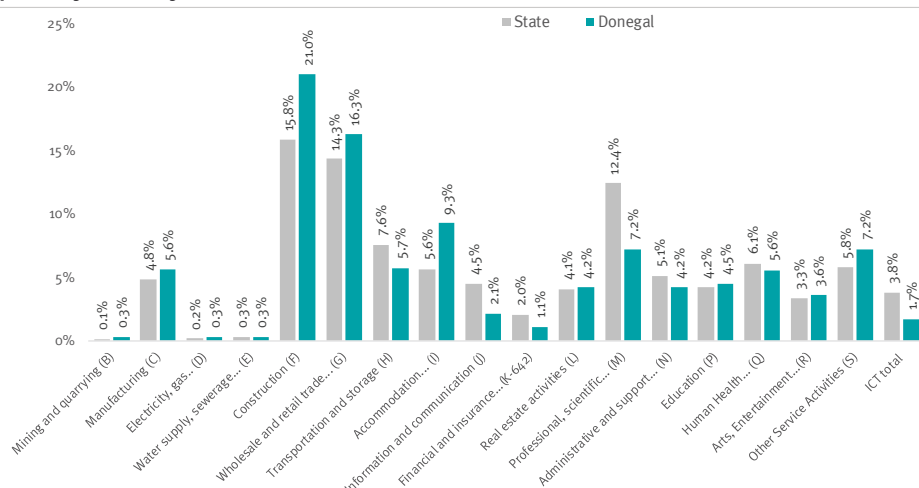
Persons Engaged in Donegal Enterprises, 2008 to 2016



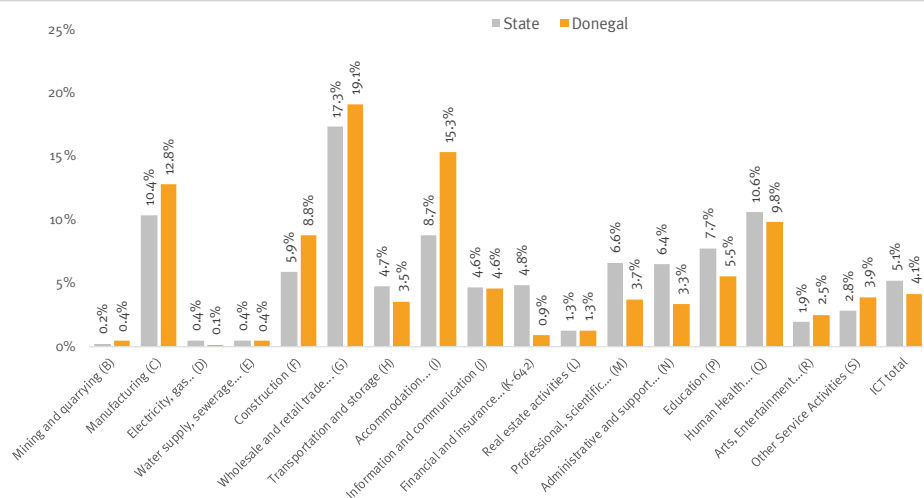
County Employment and Enterprise Profile, 2016

DONEGAL CSO Business Demography, 2016 (cont..)

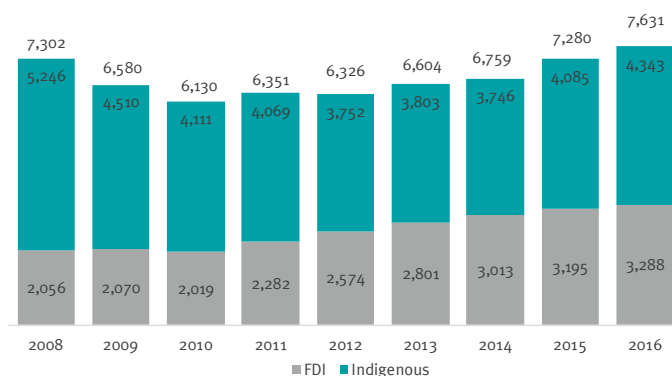
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **8.8%** of all Jobs in the county.

State Average: **11.8%**

* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

DUBLIN CITY & COUNTY

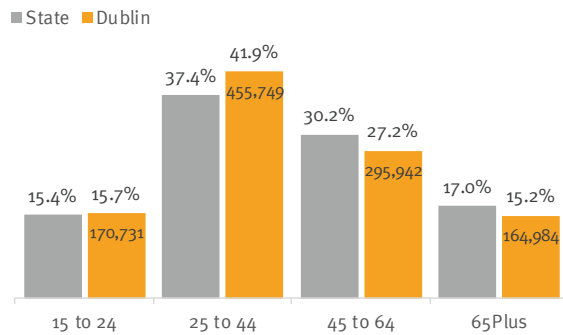
Population: 1,347,359

Working Age Pop (15+): 1,087,406

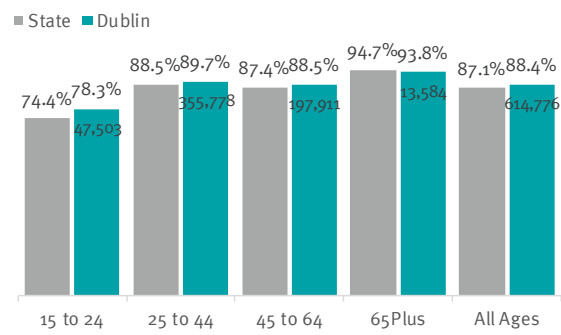
Unemployment: 80,596

Labour Force and Employment by Age, Census 2016

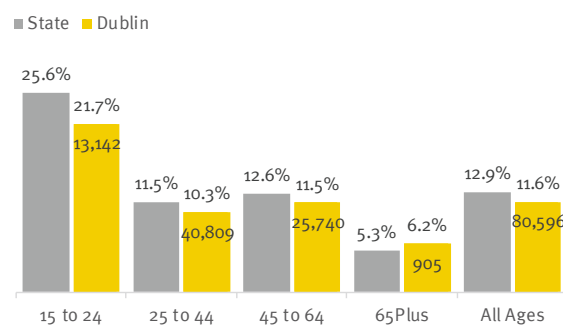
% Working Age by Age Cohort



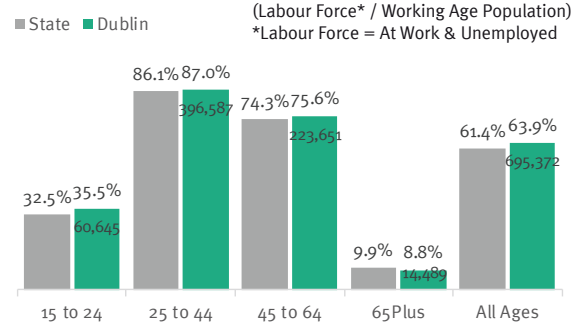
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

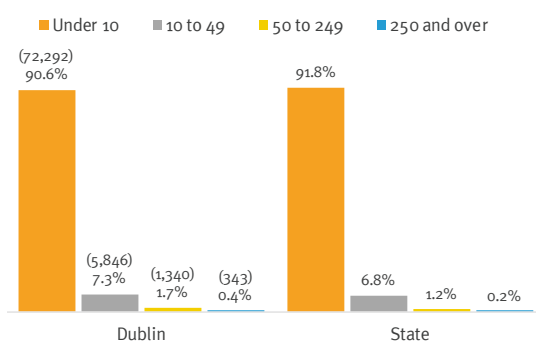


Labour Force Participation Rate

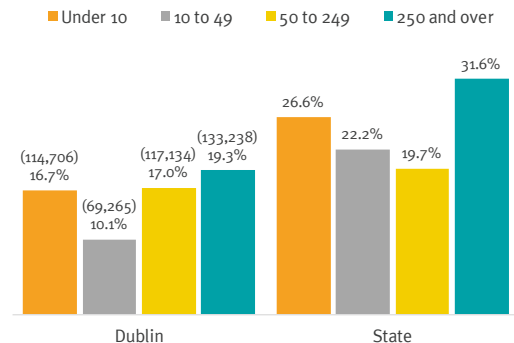


CSO Business Demography, 2016

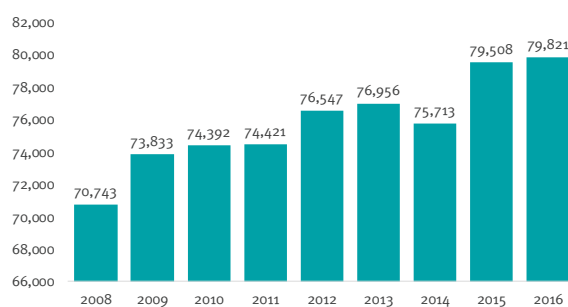
% Active Enterprises by Enterprise Size, 2016



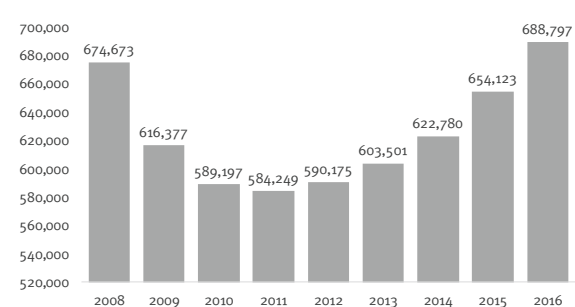
% Persons Engaged by Enterprise Size, 2016



No. of Active Enterprises in Galway City, 2008 to 2016



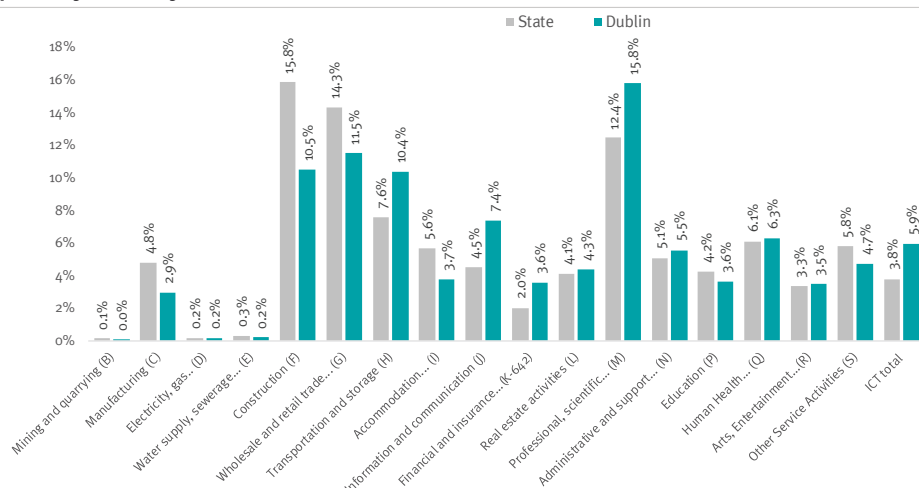
Persons Engaged in Galway City Enterprises, 2008-2016



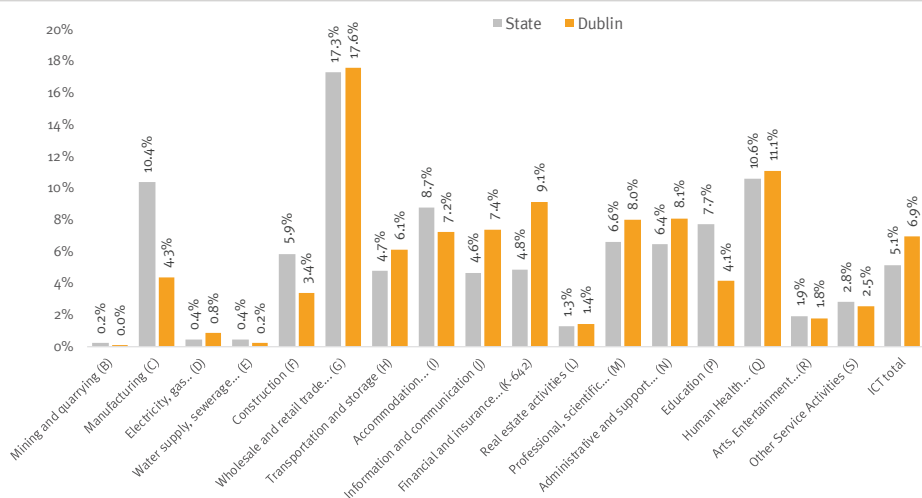
County Employment and Enterprise Profile, 2016

DUBLIN CITY & COUNTY CSO Business Demography, 2016 (cont..)

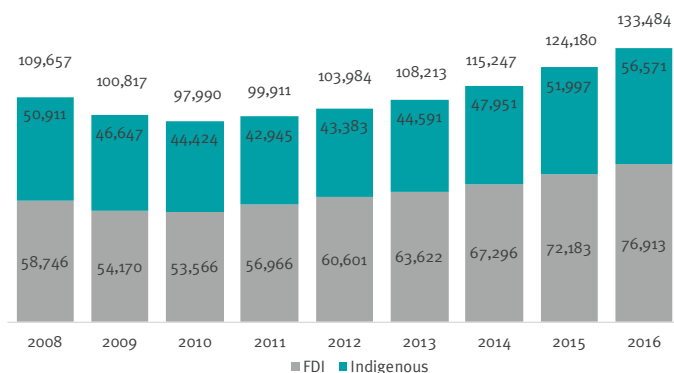
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **14.5%** of all Jobs in the county.
State Average: **11.8%**

* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

GALWAY CITY & COUNTY

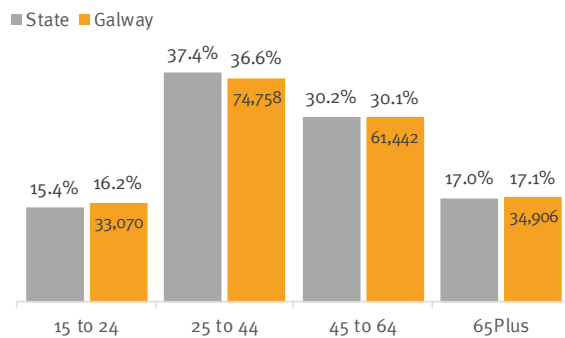
Population: 258,058

Working Age Pop (15+): 204,176

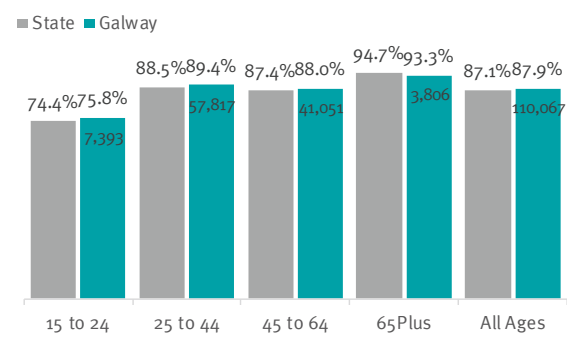
Unemployment: 15,113

Labour Force and Employment by Age, Census 2016

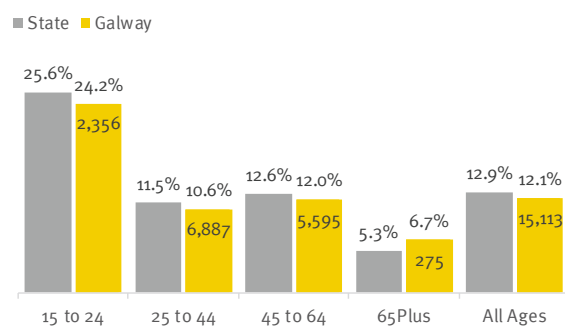
% Working Age by Age Cohort



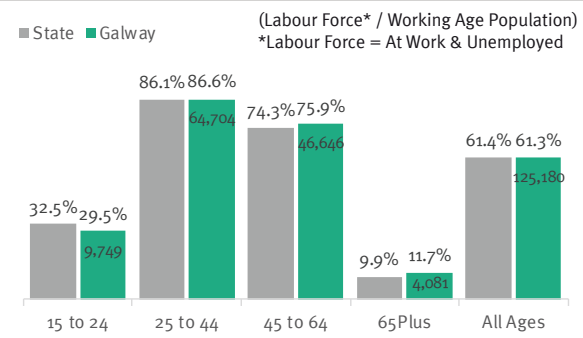
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

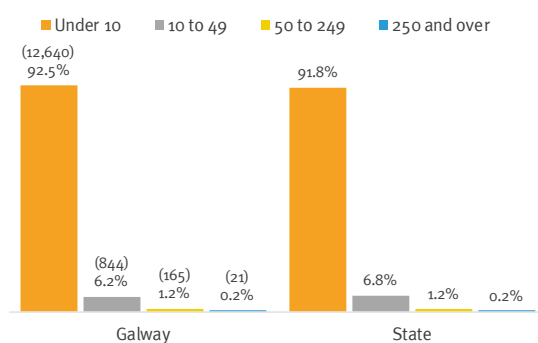


Labour Force Participation Rate

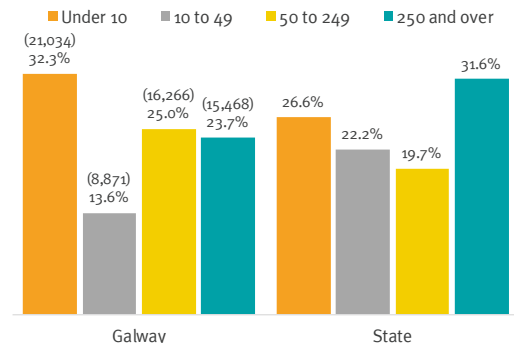


CSO Business Demography, 2016

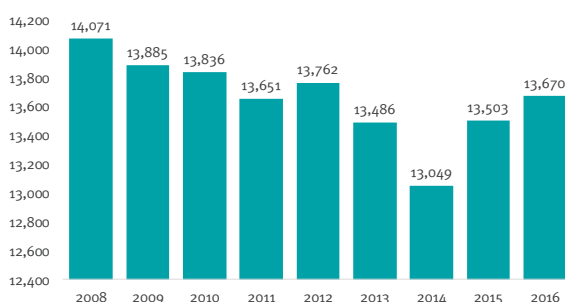
% Active Enterprises by Enterprise Size, 2016



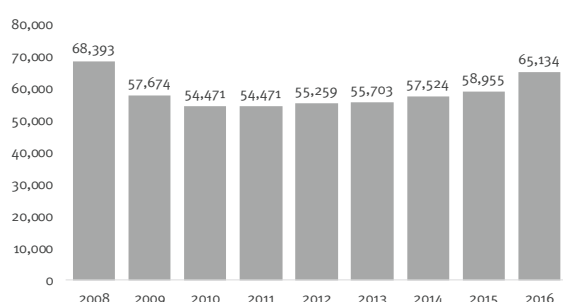
% Persons Engaged by Enterprise Size, 2016



No. of Active Enterprises in Galway City, 2008 to 2016



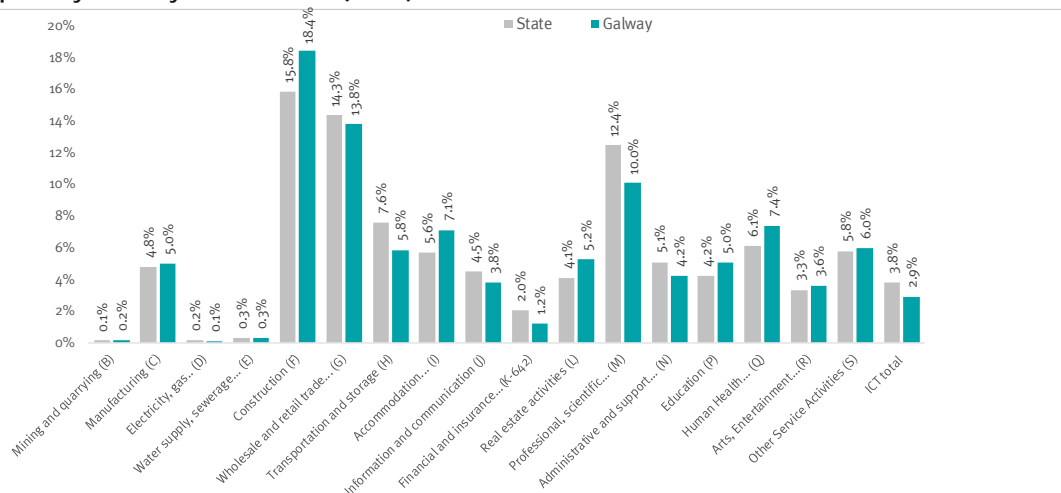
Persons Engaged in Galway City Enterprises, 2008-2016



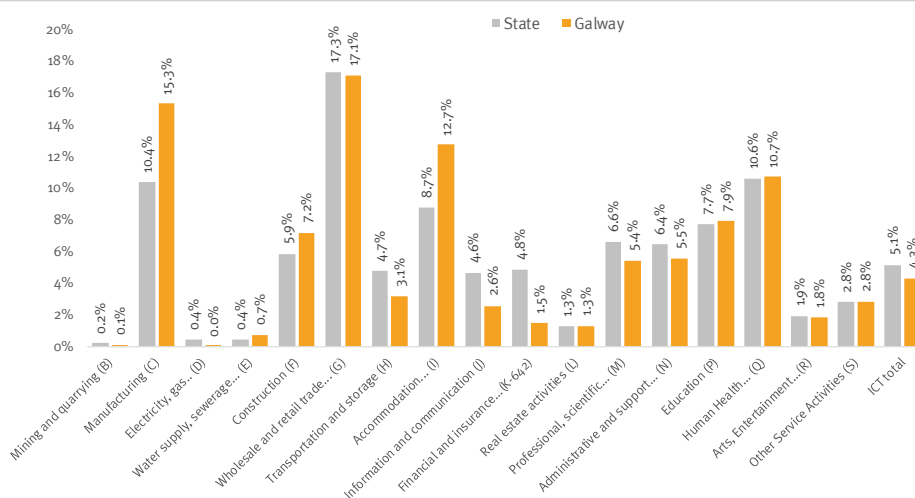
County Employment and Enterprise Profile, 2016

GALWAY CITY & COUNTY CSO Business Demography, 2016 (cont..)

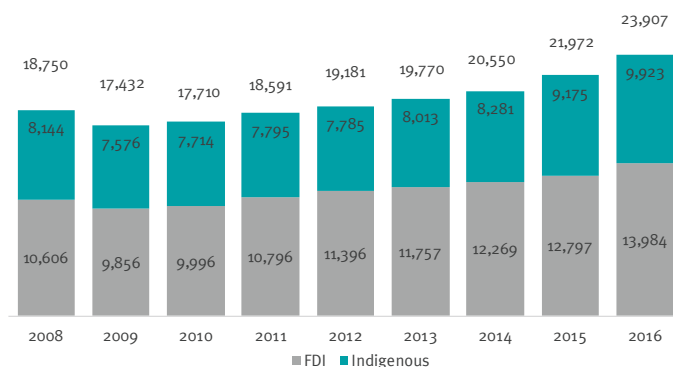
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **17.6%** of all Jobs in the county.

State Average: **11.8%**

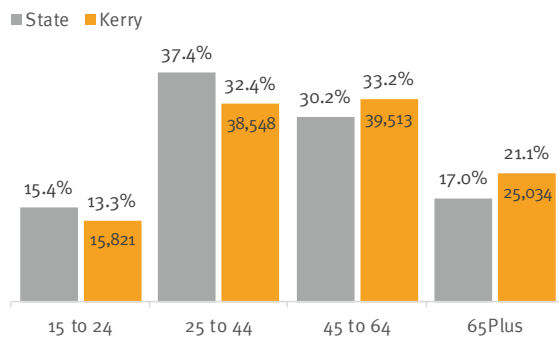
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

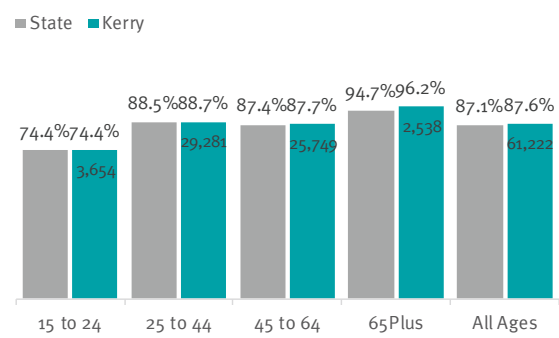
KERRY Population: 147,707 Working Age Pop (15+): 118,916 Unemployment: 8,701

Labour Force and Employment by Age, Census 2016

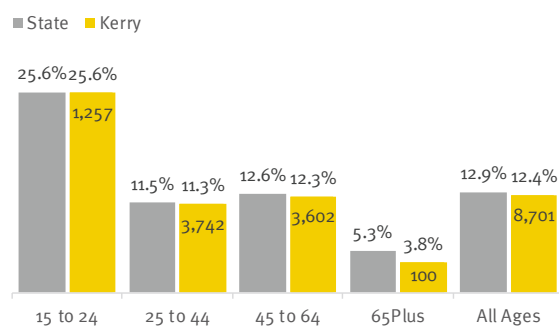
% Working Age by Age Cohort



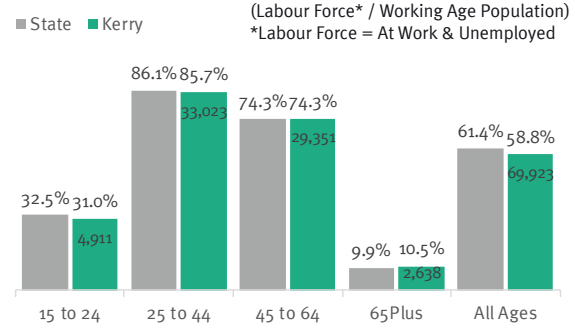
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

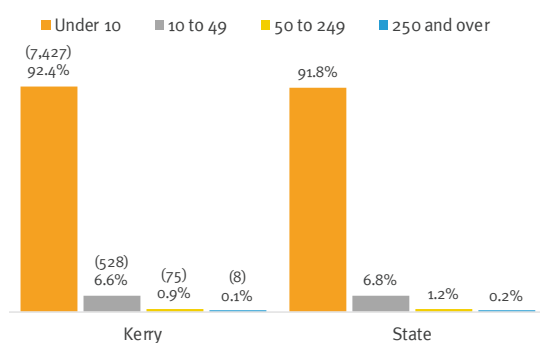


Labour Force Participation Rate

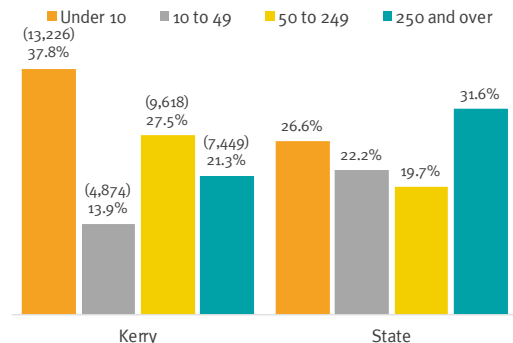


CSO Business Demography, 2016

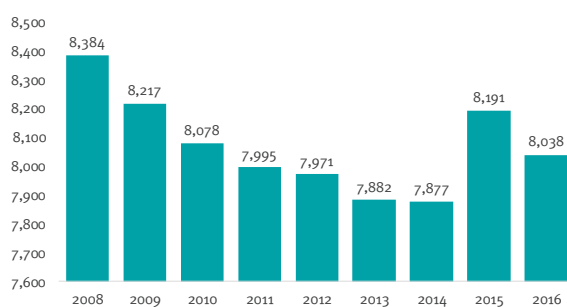
% Active Enterprises by Enterprise Size, 2016



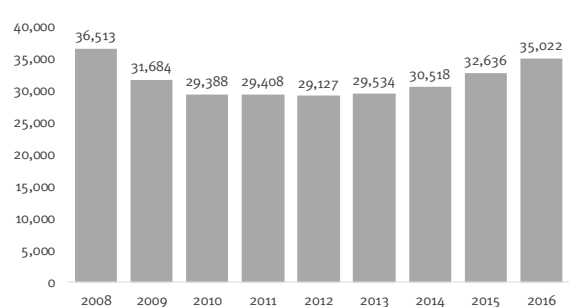
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Kerry, 2008 to 2016



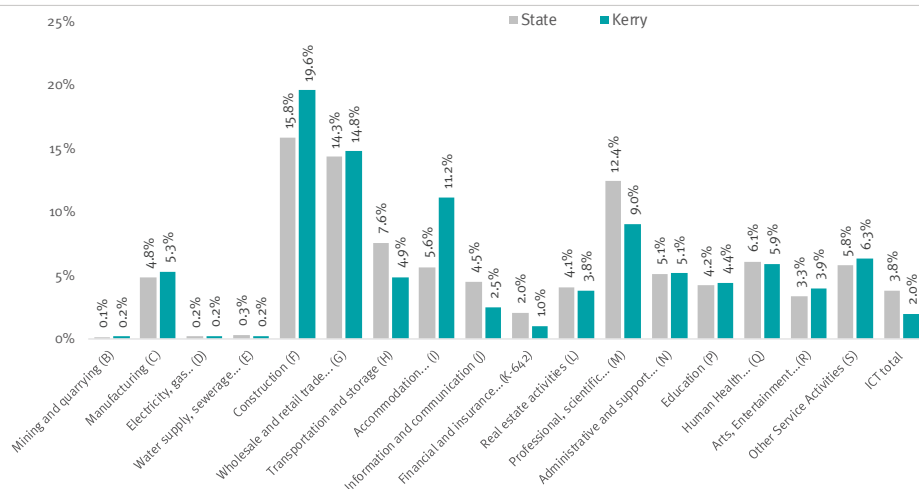
Persons Engaged in Kerry Enterprises, 2008 to 2016



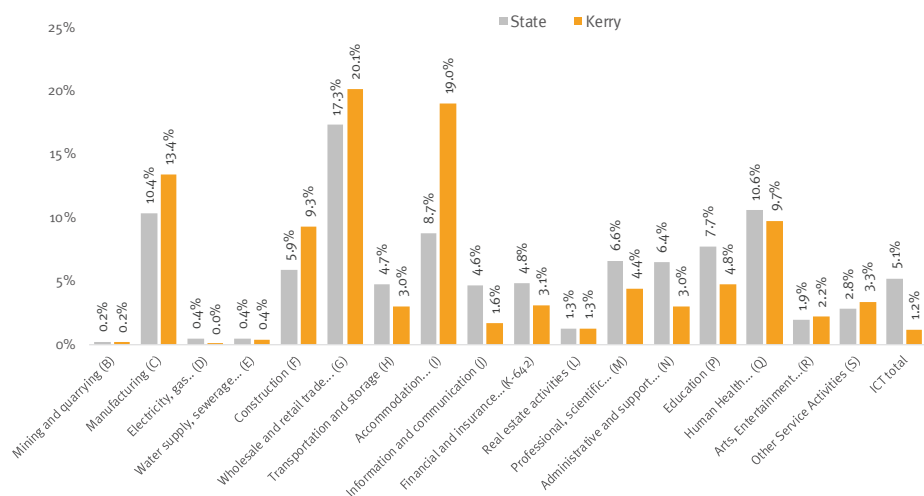
County Employment and Enterprise Profile, 2016

KERRY CSO Business Demography, 2016 (cont..)

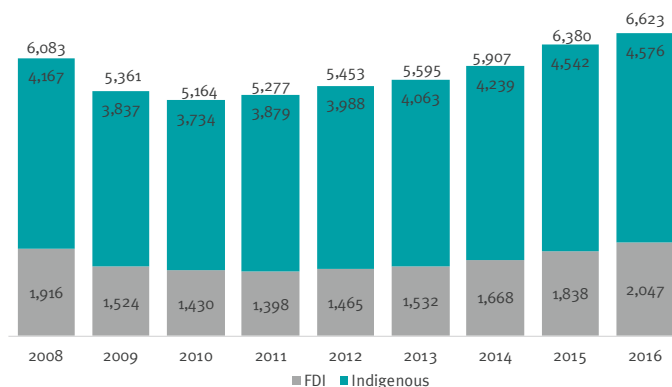
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **4.8%** of all Jobs in the county.
State Average: **11.8%**

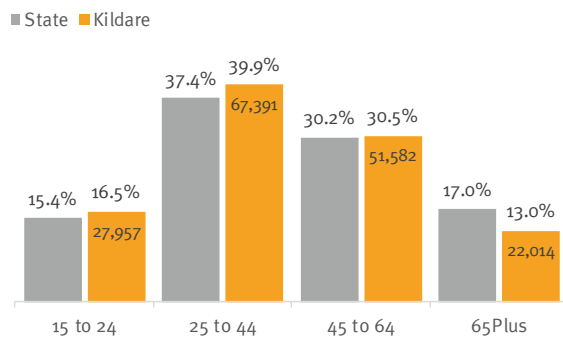
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

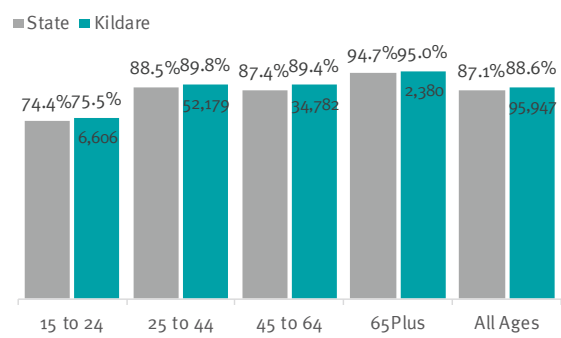
KILDARE Population: 222,504 Working Age Pop (15+): 168,944 Unemployment: 12,297

Labour Force and Employment by Age, Census 2016

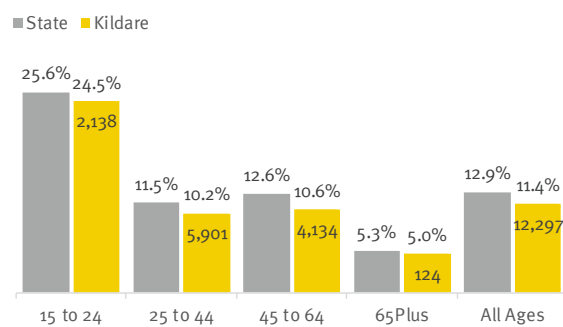
% Working Age by Age Cohort



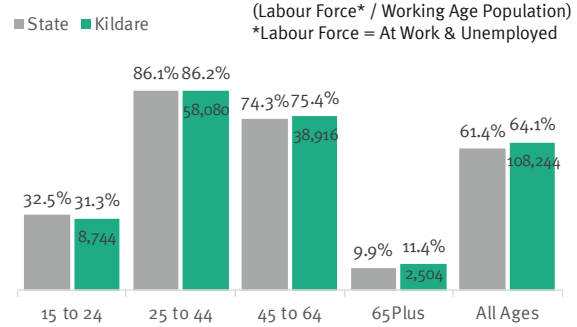
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

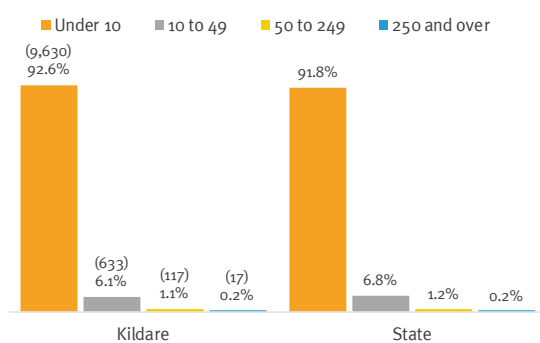


Labour Force Participation Rate

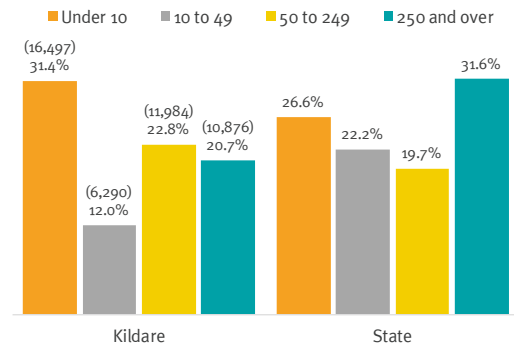


CSO Business Demography, 2016

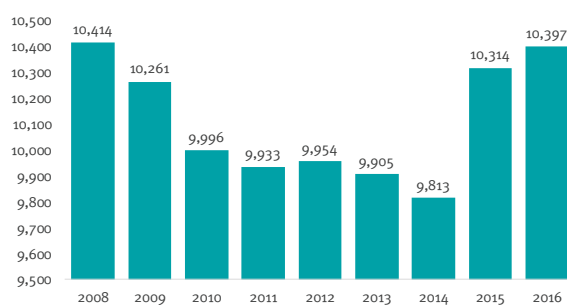
% Active Enterprises by Enterprise Size, 2016



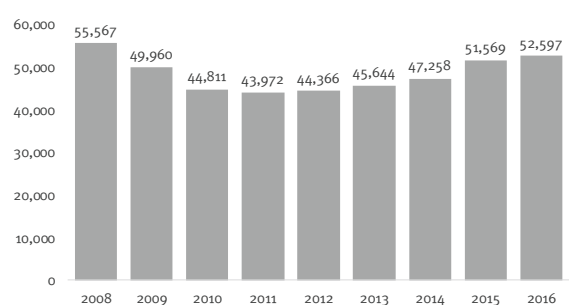
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Kildare, 2008 to 2016



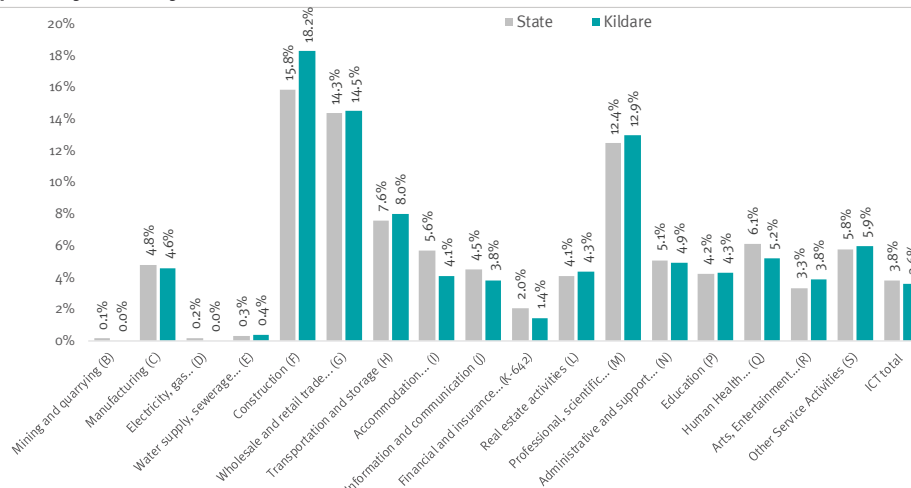
Persons Engaged in Kildare Enterprises, 2008 to 2016



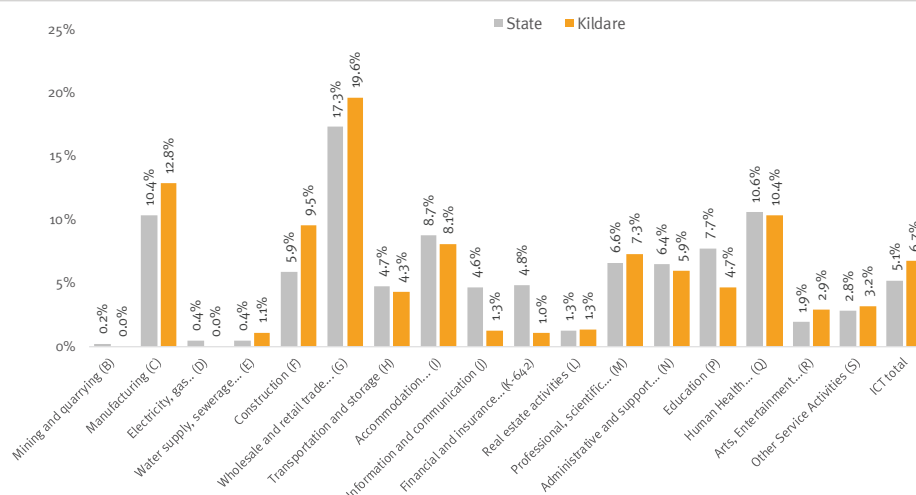
County Employment and Enterprise Profile, 2016

KILDARE CSO Business Demography, 2016 (cont..)

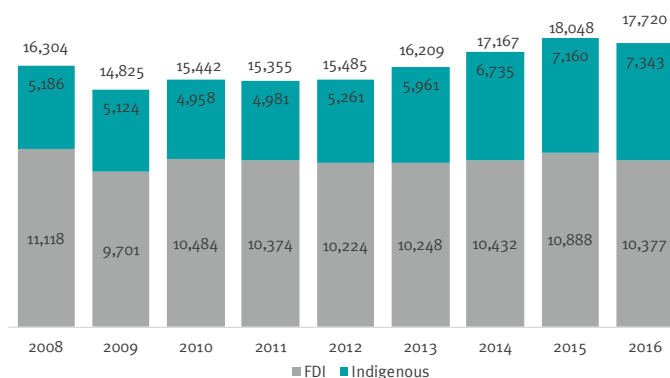
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **18.56%** of all Jobs in the county.
State Average: **11.8%**

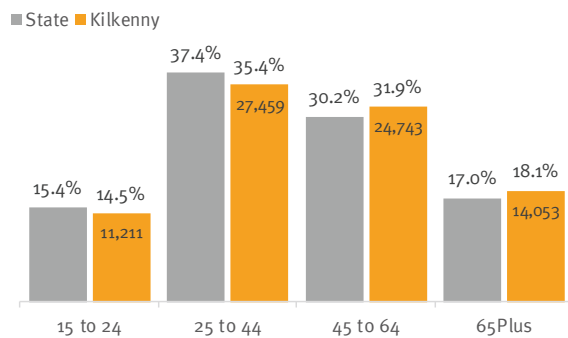
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

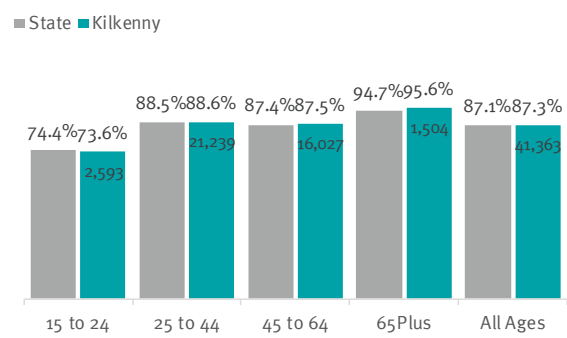
KILKENNY Population: 99,232 Working Age Pop (15+): 77,466 Unemployment: 6,044

Labour Force and Employment by Age, Census 2016

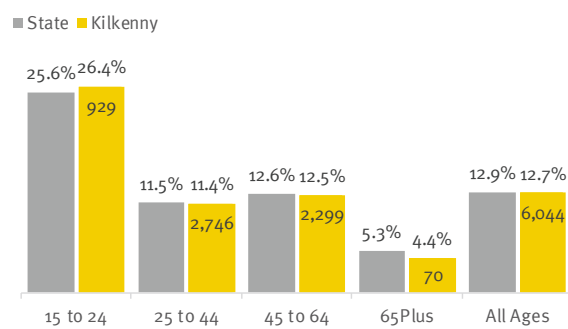
% Working Age by Age Cohort



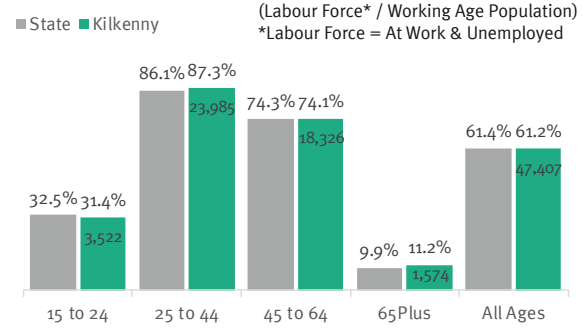
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

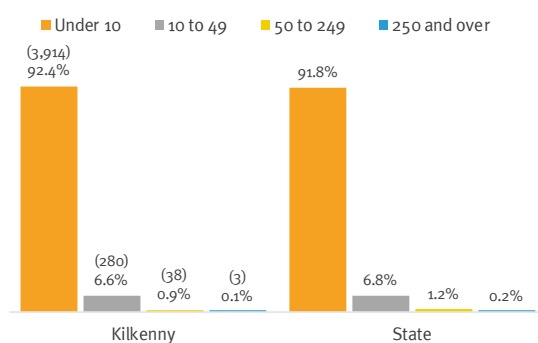


Labour Force Participation Rate

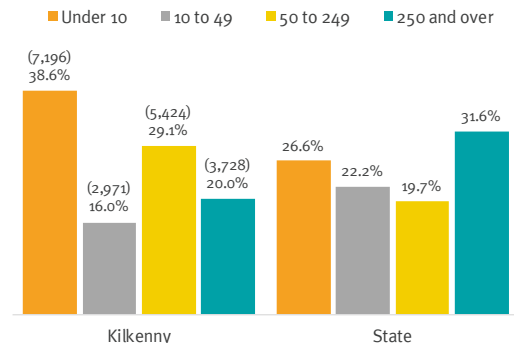


CSO Business Demography, 2016

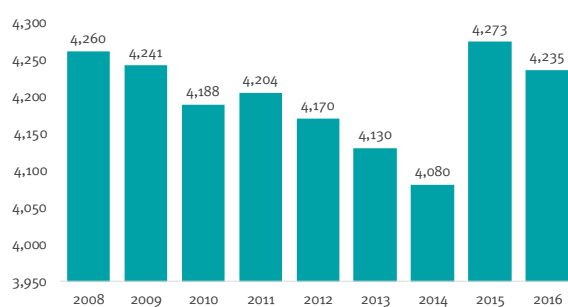
% Active Enterprises by Enterprise Size, 2016



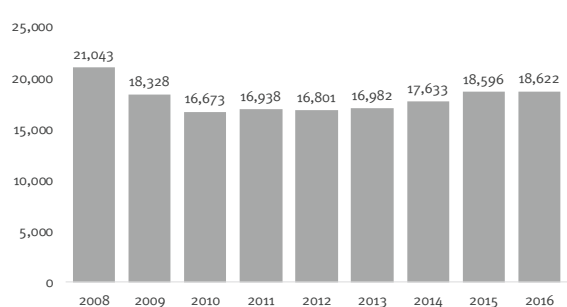
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Kilkenny, 2008 to 2016



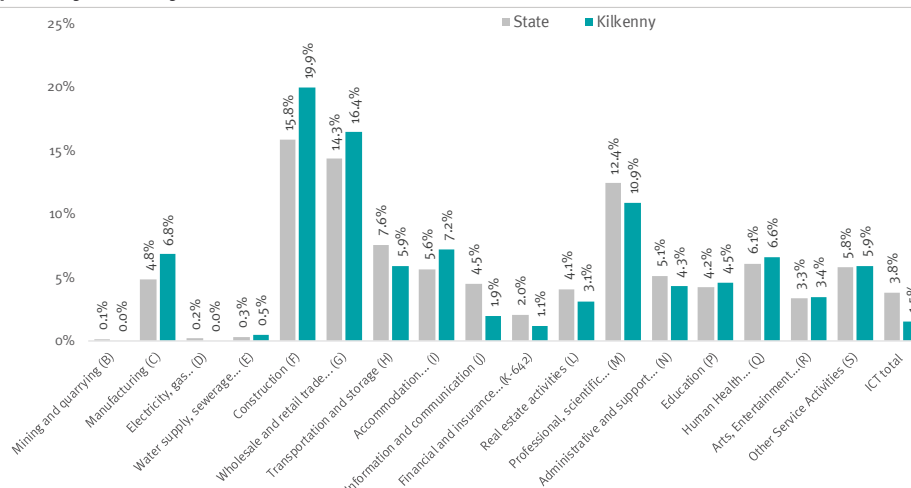
Persons Engaged in Kilkenny Enterprises, 2008 to 2016



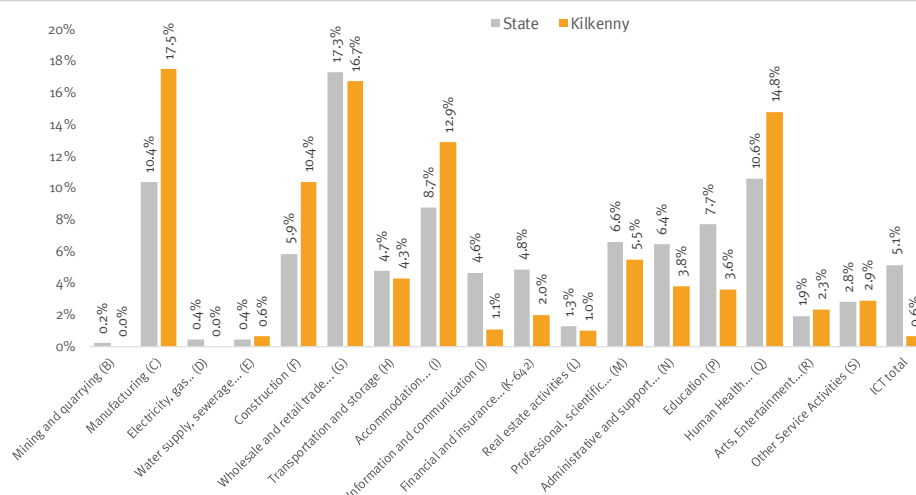
County Employment and Enterprise Profile, 2016

KILKENNY CSO Business Demography, 2016 (cont..)

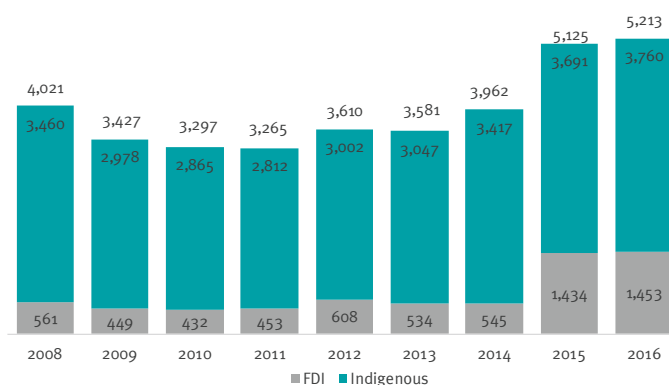
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **5.29%** of all jobs in the county.
State Average: **11.8%**

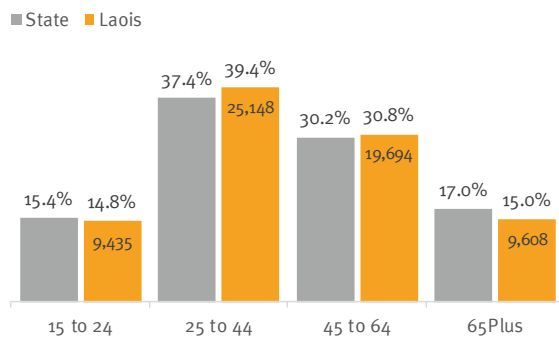
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

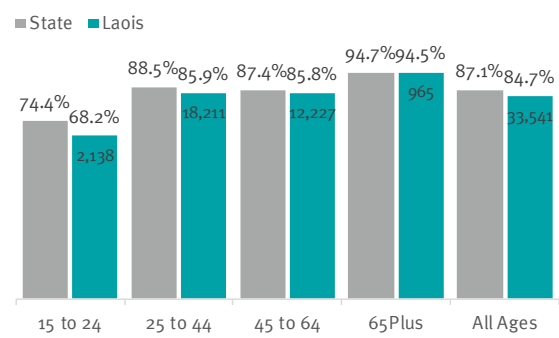
LAOIS Population: 84,697 Working Age Pop (15+): 63,885 Unemployment: 6,068

Labour Force and Employment by Age, Census 2016

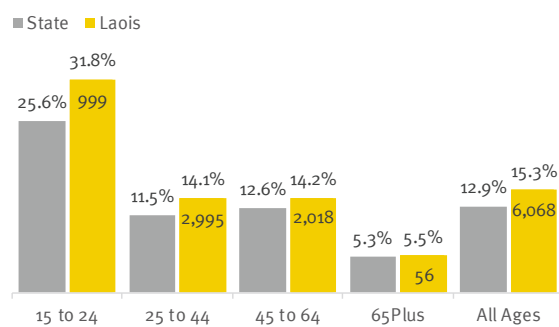
% Working Age by Age Cohort



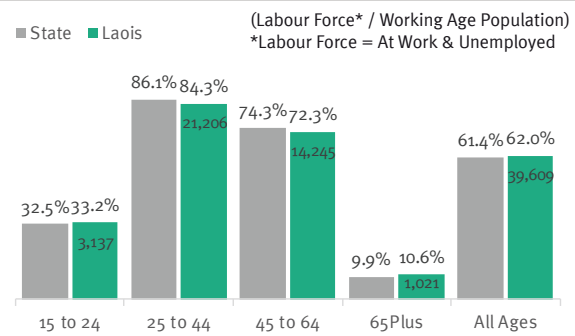
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

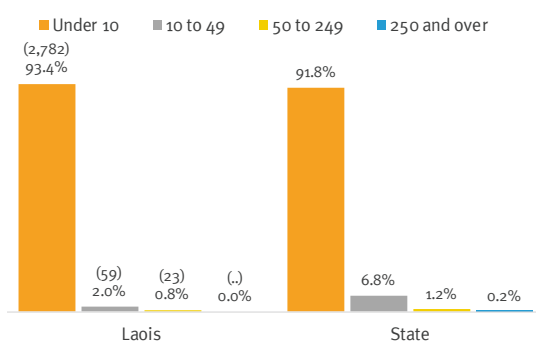


Labour Force Participation Rate

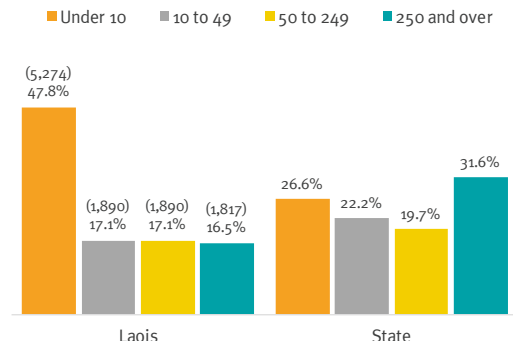


CSO Business Demography, 2016

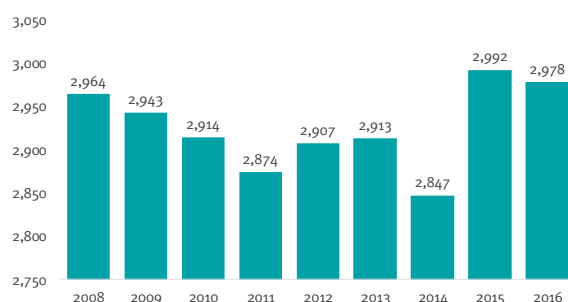
% Active Enterprises by Enterprise Size, 2016



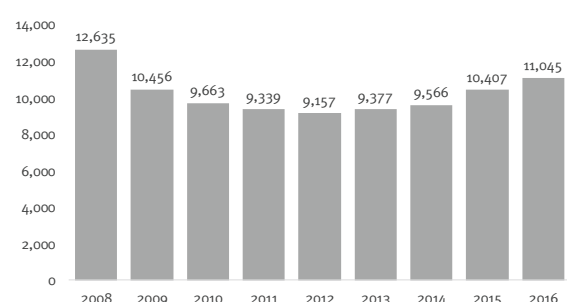
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Laois, 2008 to 2016



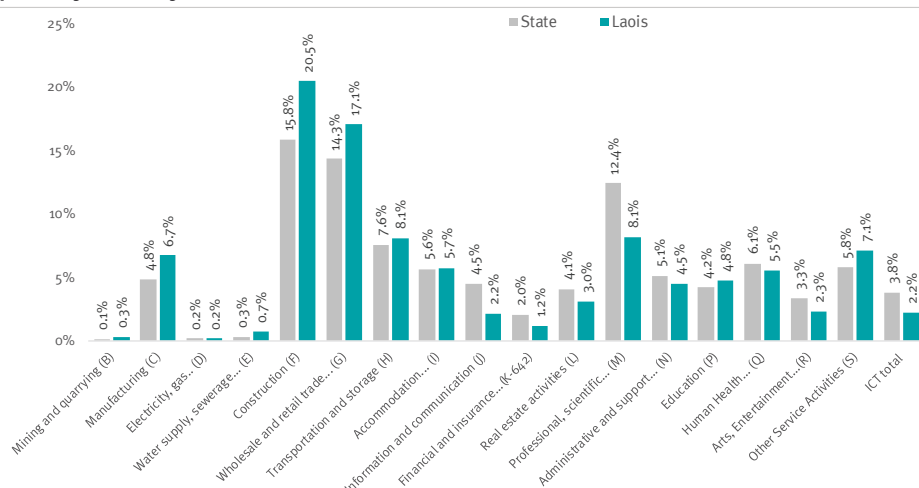
Persons Engaged in Laois Enterprises, 2008 to 2016



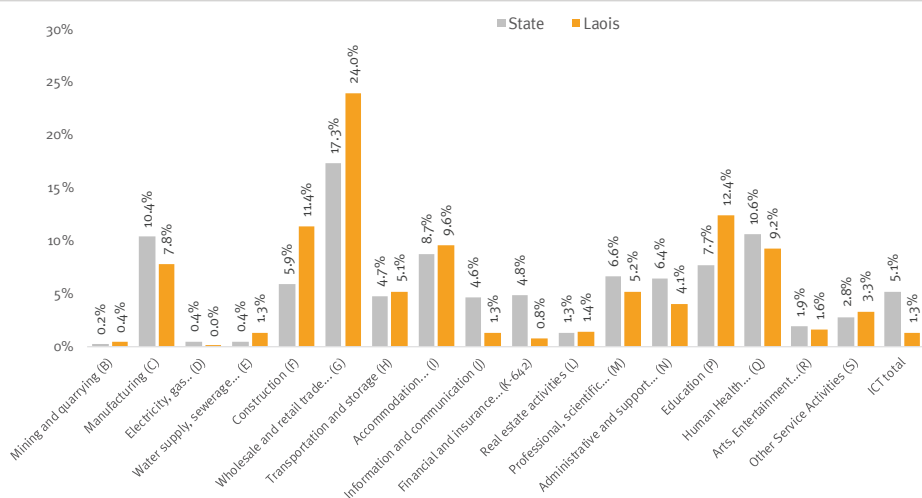
County Employment and Enterprise Profile, 2016

LAOIS CSO Business Demography, 2016 (cont..)

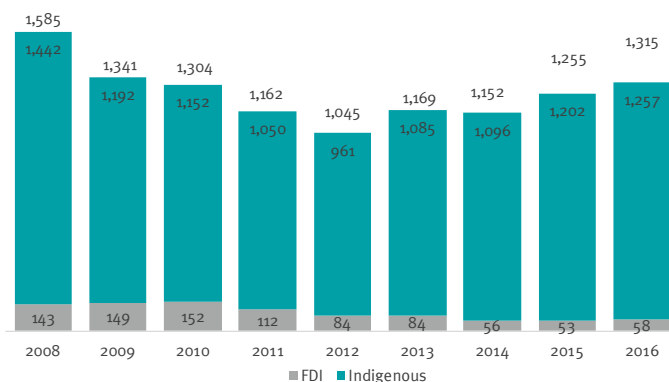
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **0.33%** of all jobs in the county.
State Average: **11.8%**

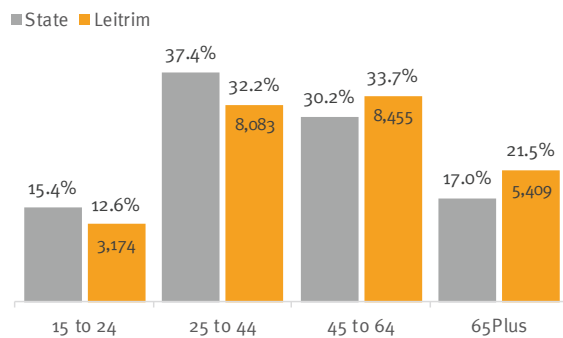
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

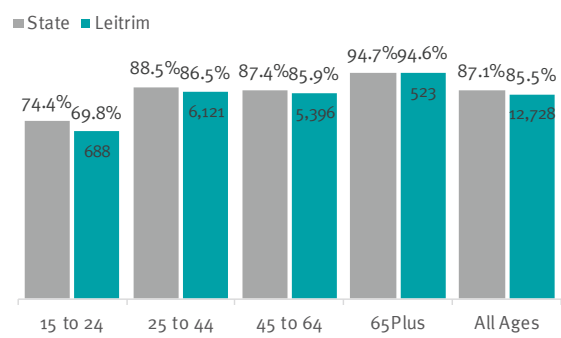
LEITRIM Population: 32,044 Working Age Pop (15+): 25,121 Unemployment: 2,163

Labour Force and Employment by Age, Census 2016

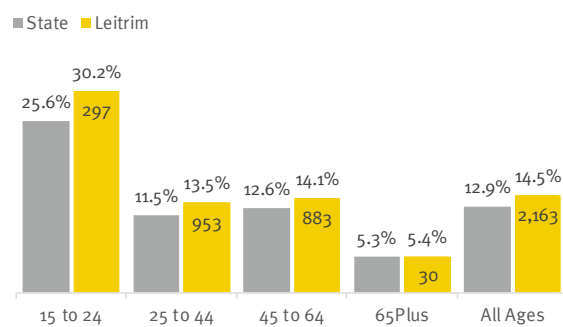
% Working Age by Age Cohort



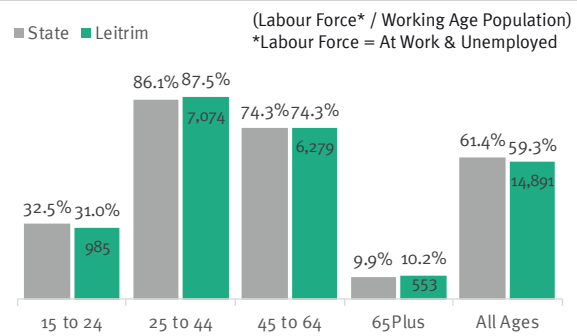
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

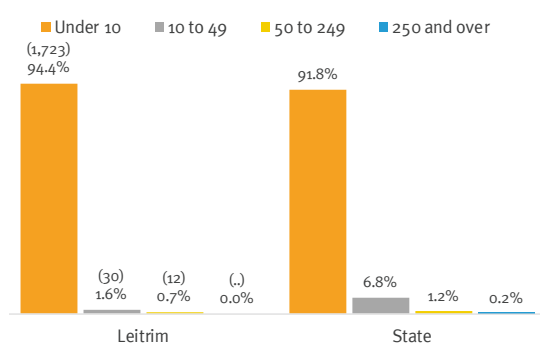


Labour Force Participation Rate

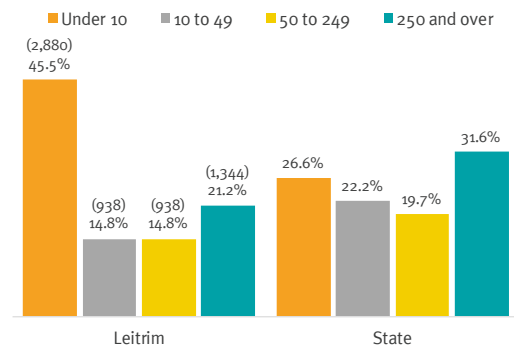


CSO Business Demography, 2016

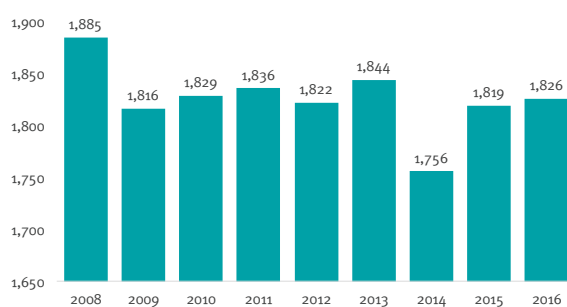
% Active Enterprises by Enterprise Size, 2016



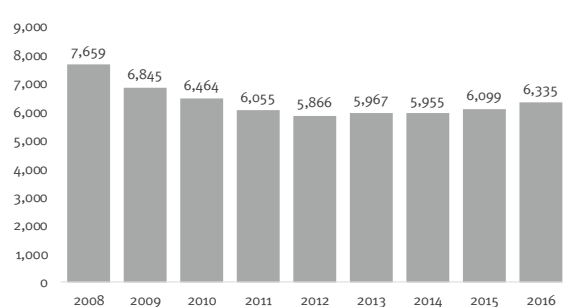
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Leitrim, 2008 to 2016



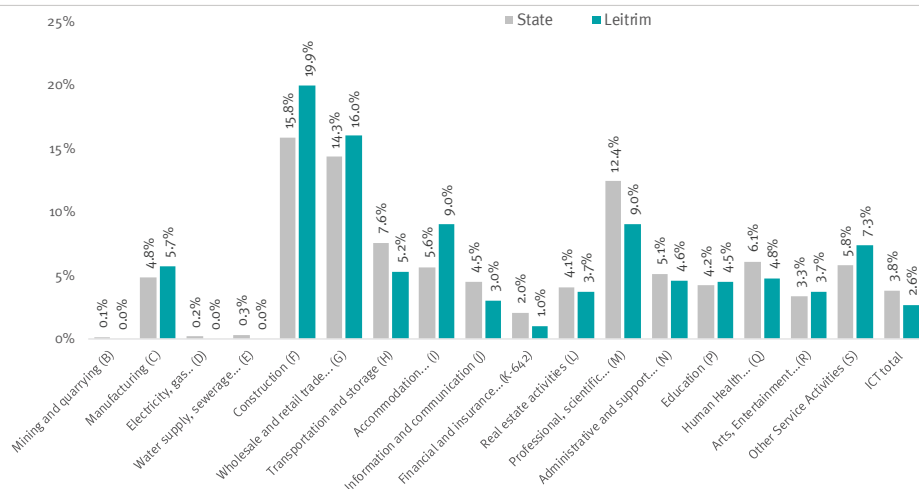
Persons Engaged in Leitrim Enterprises, 2008 to 2016



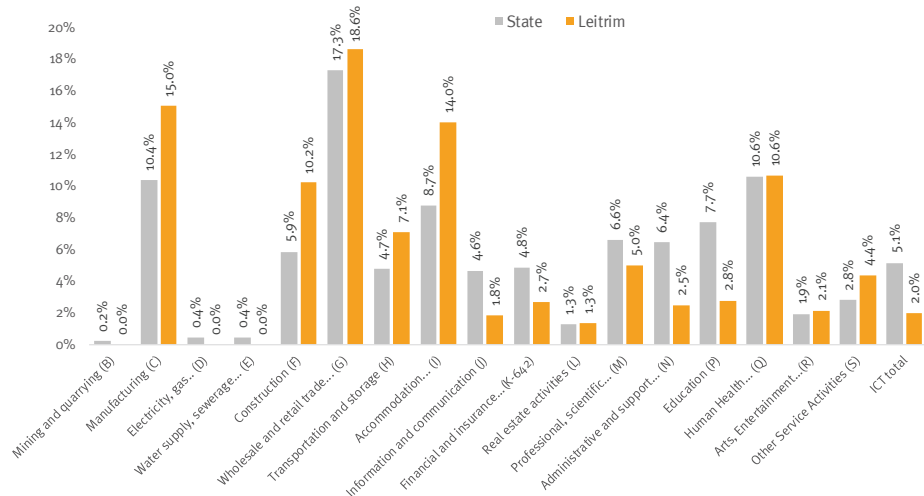
County Employment and Enterprise Profile, 2016

LEITRIM CSO Business Demography, 2016 (cont..)

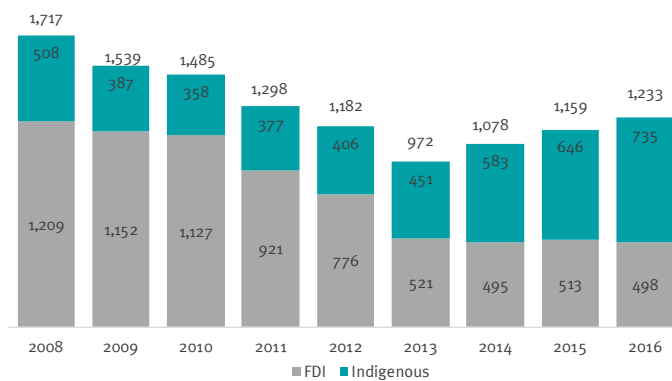
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **6.19%** of all jobs in the county.
State Average: **11.8%**

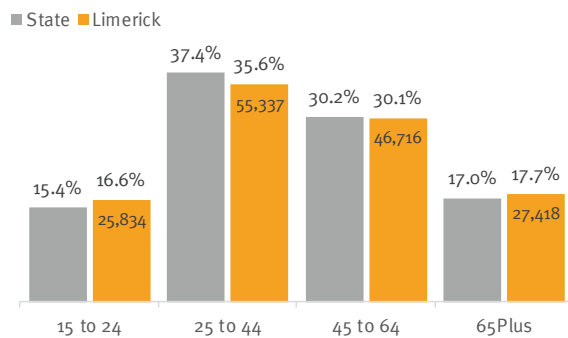
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

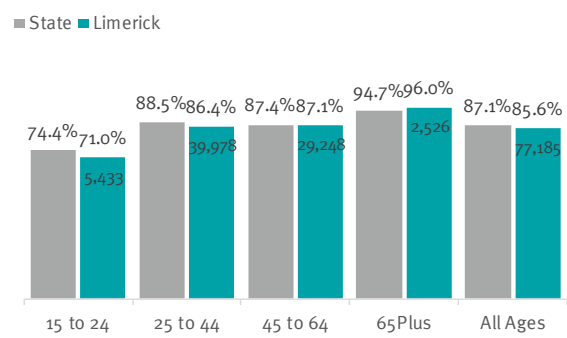
LIMERICK **Population: 194,899** **Working Age Pop (15+): 155,305** **Unemployment: 12,935**

Labour Force and Employment by Age, Census 2016

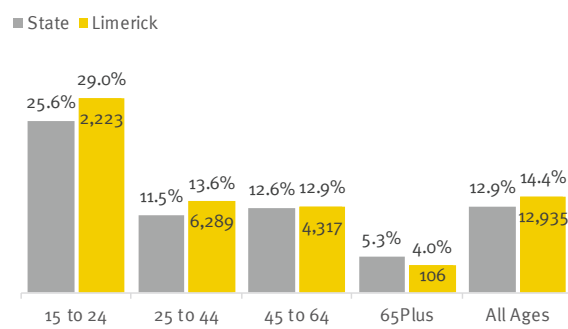
% Working Age by Age Cohort



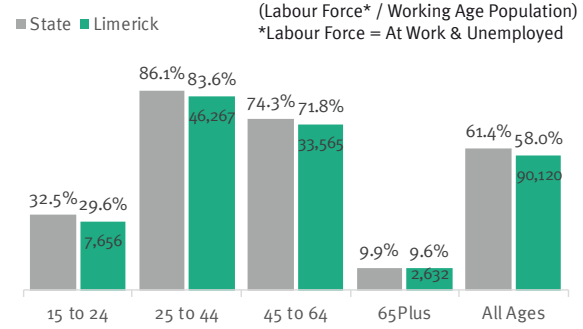
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

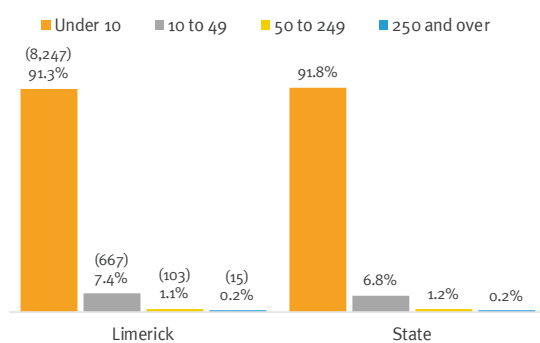


Labour Force Participation Rate

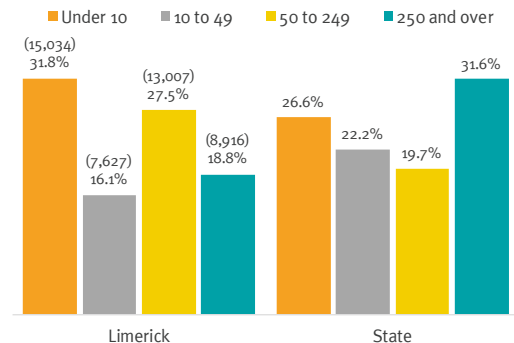


CSO Business Demography, 2016

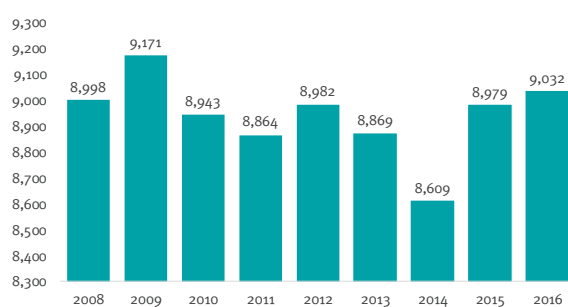
% Active Enterprises by Enterprise Size, 2016



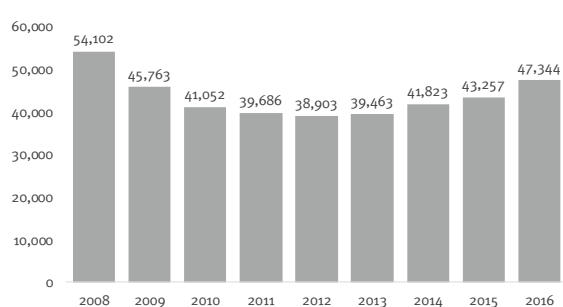
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Limerick, 2008 to 2016



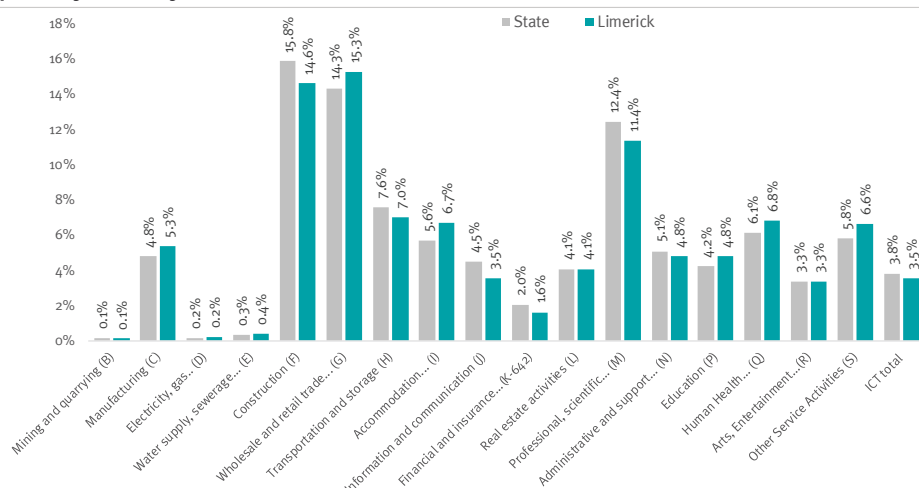
Persons Engaged in Limerick Enterprises, 2008 to 2016



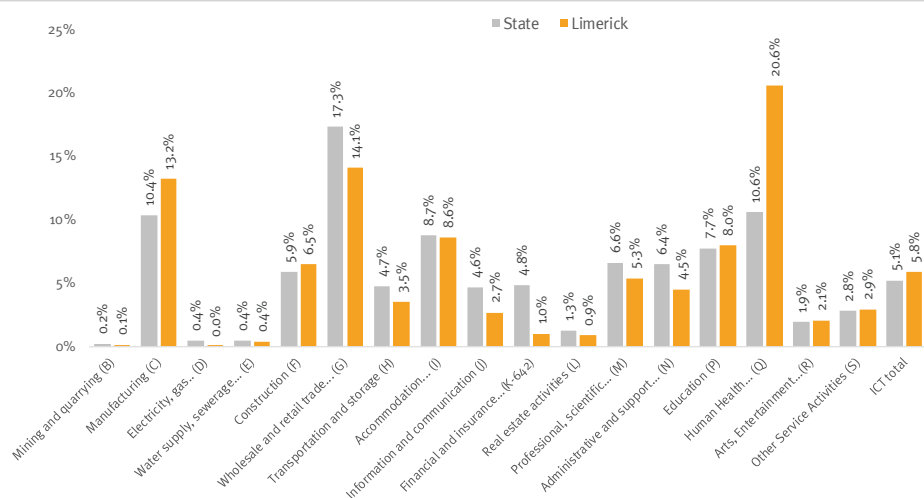
County Employment and Enterprise Profile, 2016

LIMERICK CSO Business Demography, 2016 (cont..)

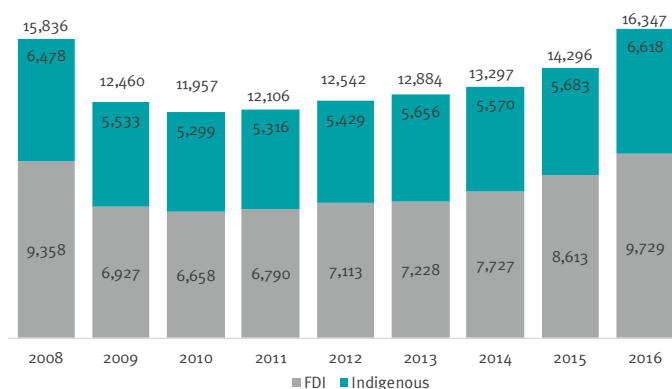
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **15.43%** of all Jobs in the county.
State Average: **11.8%**

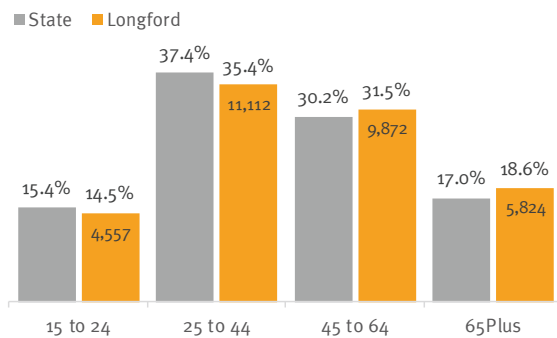
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

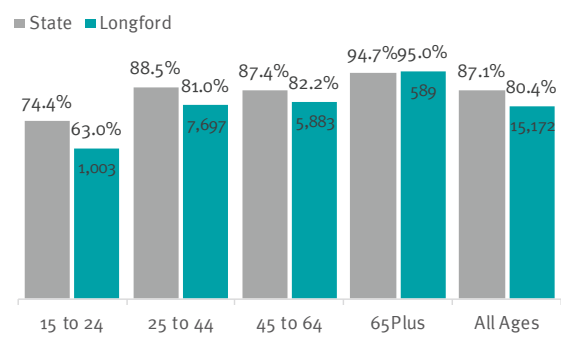
LONGFORD Population: 40,873 Working Age Pop (15+): 31,365 Unemployment: 3,701

Labour Force and Employment by Age, Census 2016

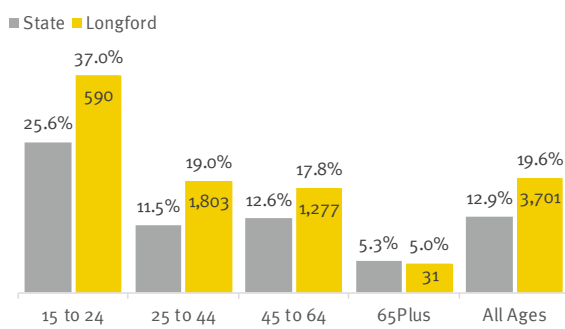
% Working Age by Age Cohort



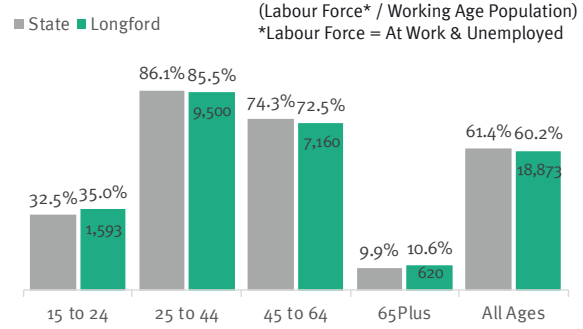
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

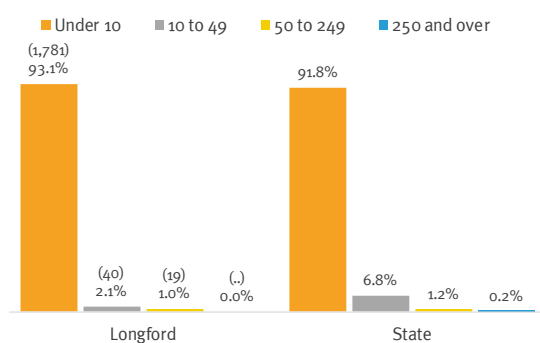


Labour Force Participation Rate

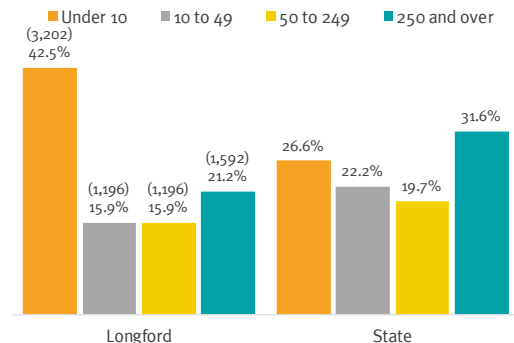


CSO Business Demography, 2016

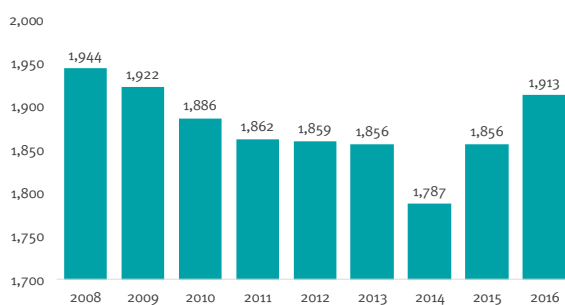
% Active Enterprises by Enterprise Size, 2016



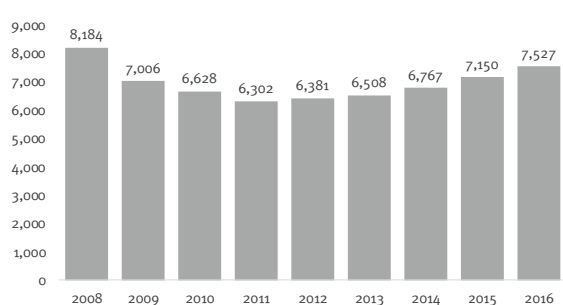
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Longford, 2008 to 2016



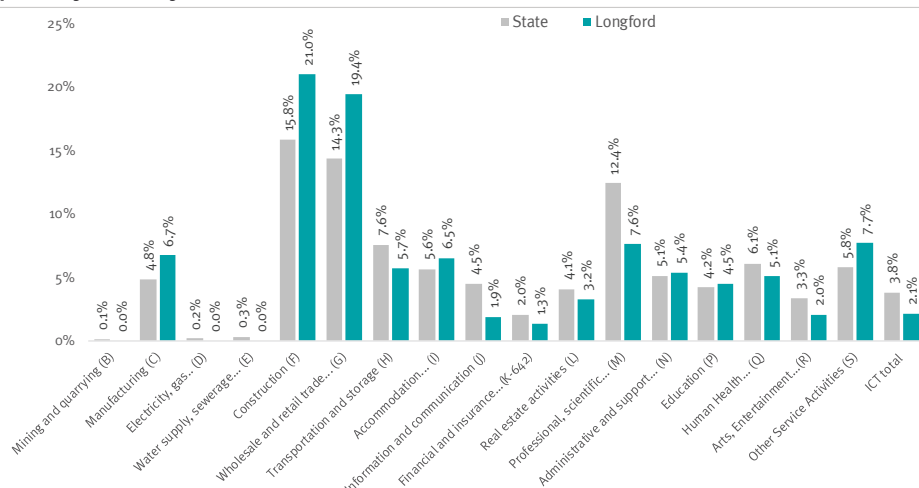
Persons Engaged in Longford Enterprises, 2008 to 2016



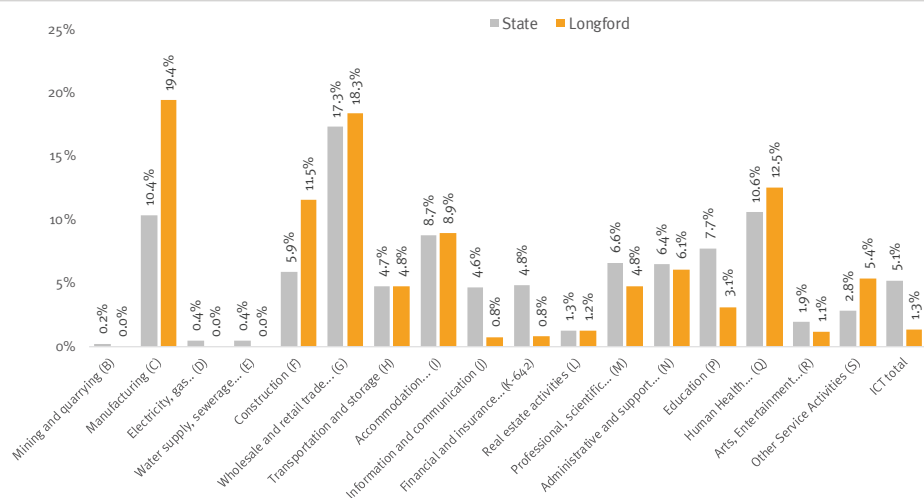
County Employment and Enterprise Profile, 2016

LONGFORD CSO Business Demography, 2016 (cont..)

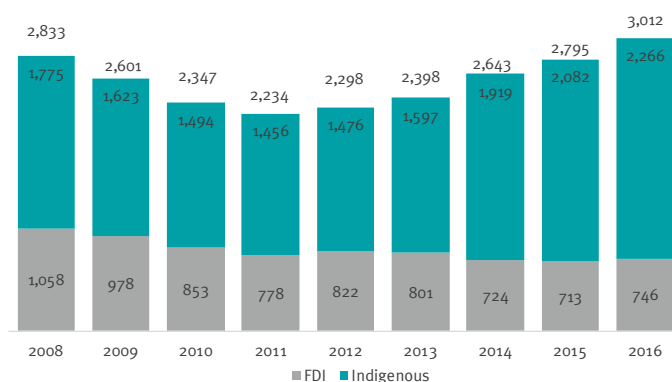
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **6.96%** of all jobs in the county.
State Average: **11.8%**

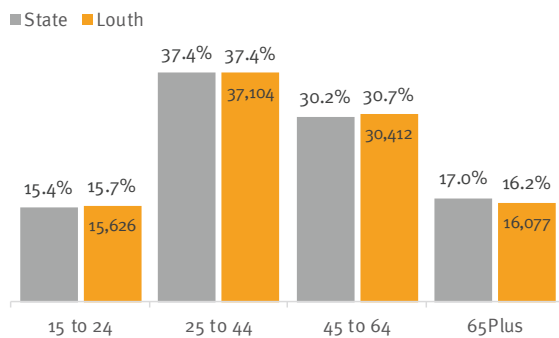
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

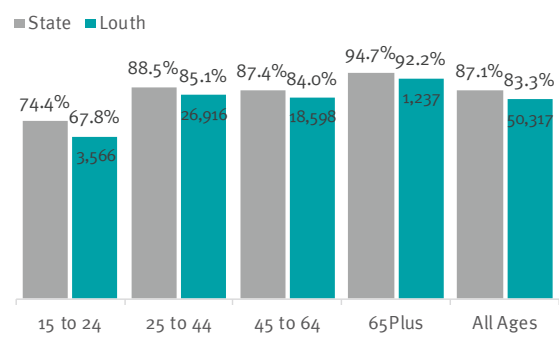
LOUTH **Population: 128,884** **Working Age Pop (15+): 99,219** **Unemployment: 10,058**

Labour Force and Employment by Age, Census 2016

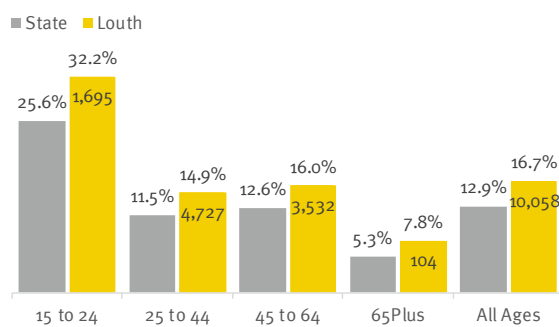
% Working Age by Age Cohort



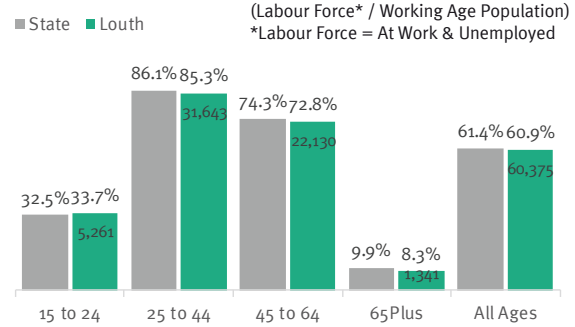
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

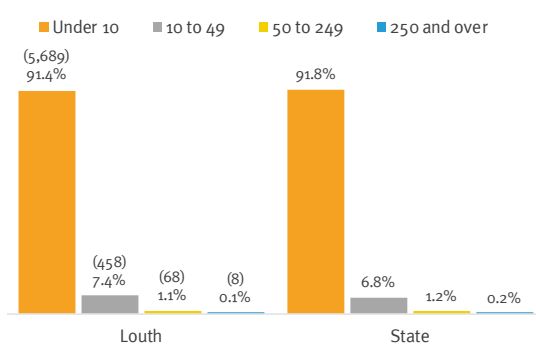


Labour Force Participation Rate

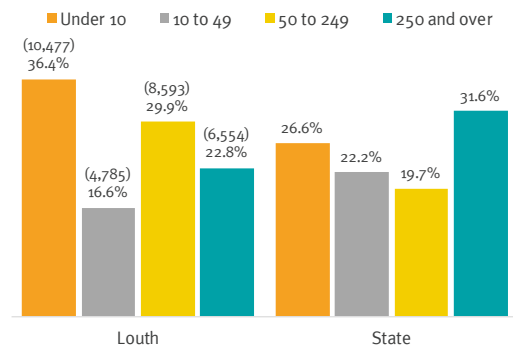


CSO Business Demography, 2016

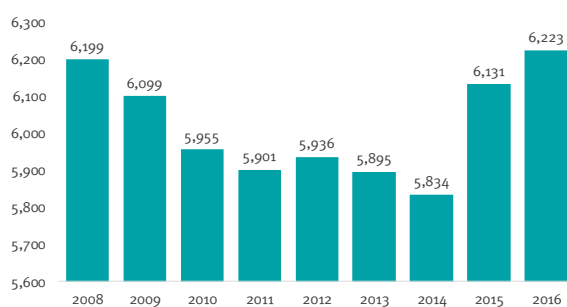
% Active Enterprises by Enterprise Size, 2016



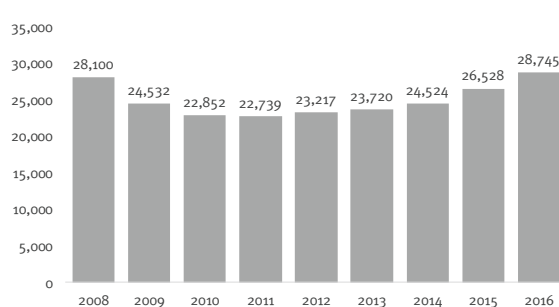
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Louth, 2008 to 2016



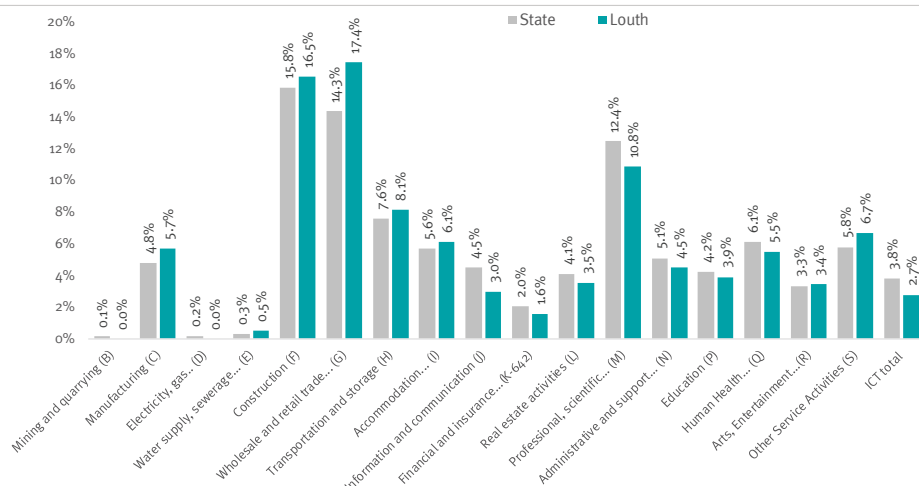
Persons Engaged in Louth Enterprises, 2008 to 2016



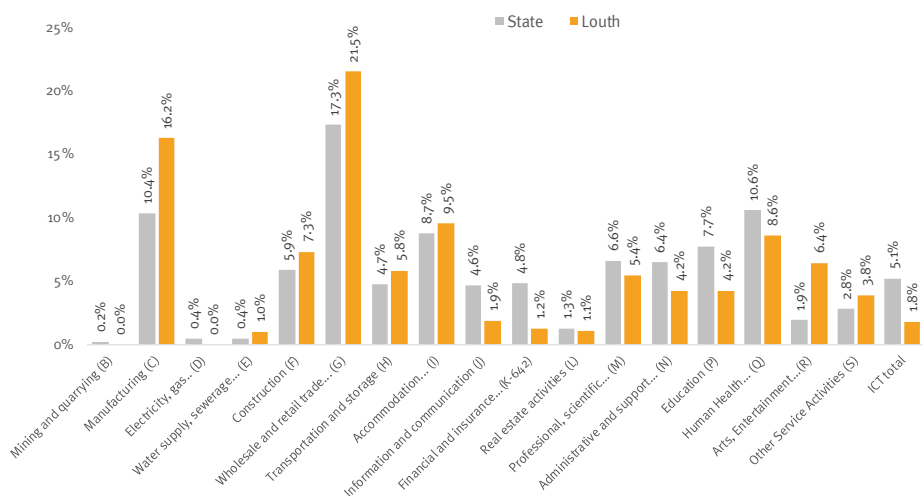
County Employment and Enterprise Profile, 2016

LOUTH CSO Business Demography, 2016 (cont..)

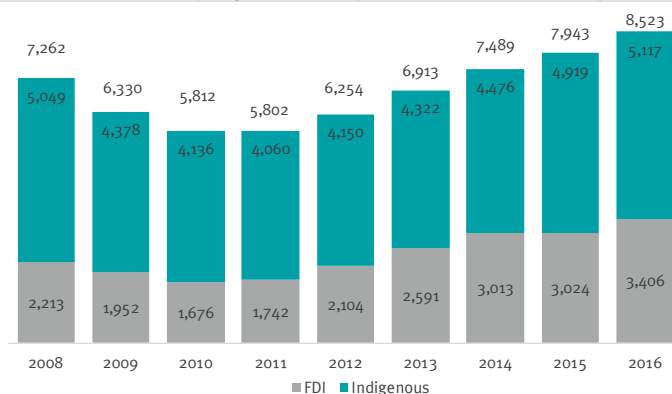
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **10.38%** of all Jobs in the county.
State Average: **11.8%**

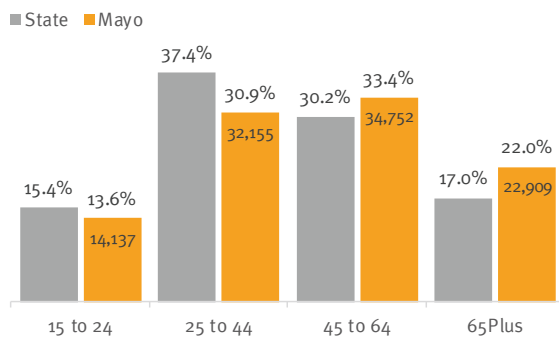
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

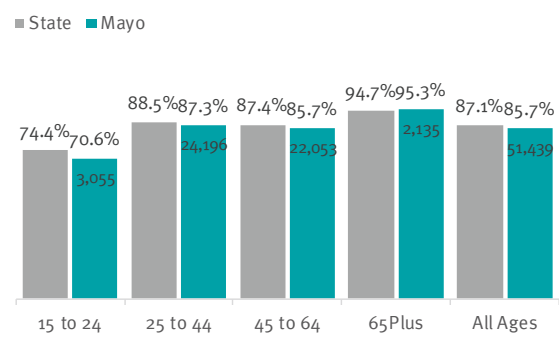
MAYO Population: 130,507 Working Age Pop (15+): 103,953 Unemployment: 8,591

Labour Force and Employment by Age, Census 2016

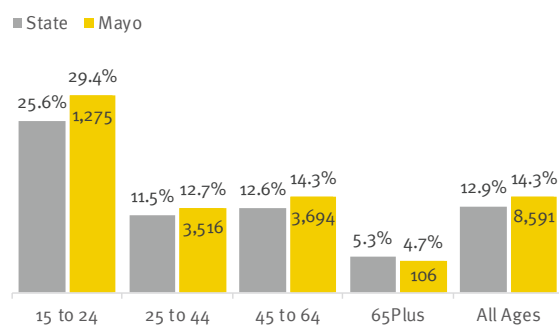
% Working Age by Age Cohort



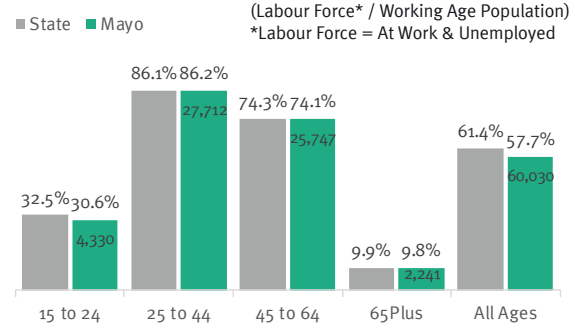
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

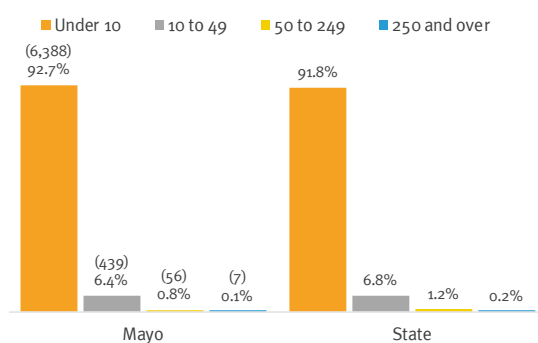


Labour Force Participation Rate

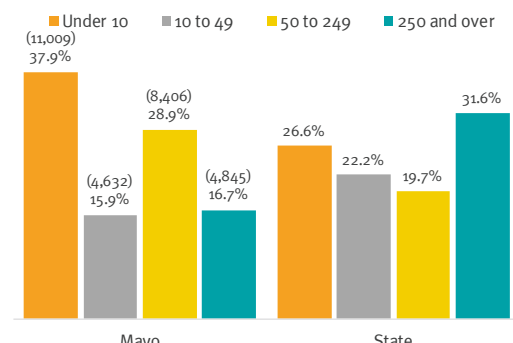


CSO Business Demography, 2016

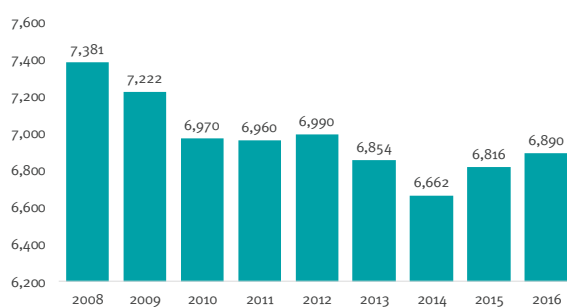
% Active Enterprises by Enterprise Size, 2016



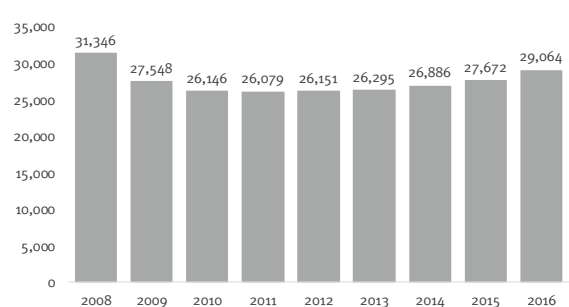
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Mayo, 2008 to 2016



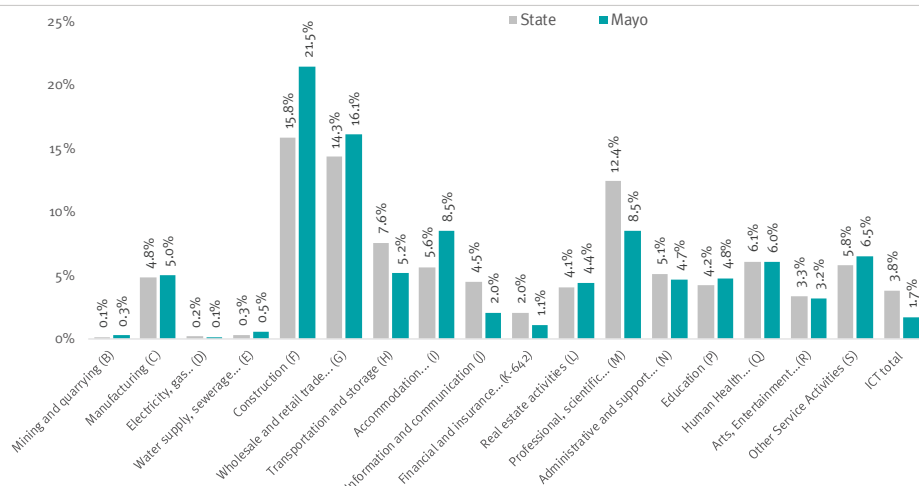
Persons Engaged in Mayo Enterprises, 2008 to 2016



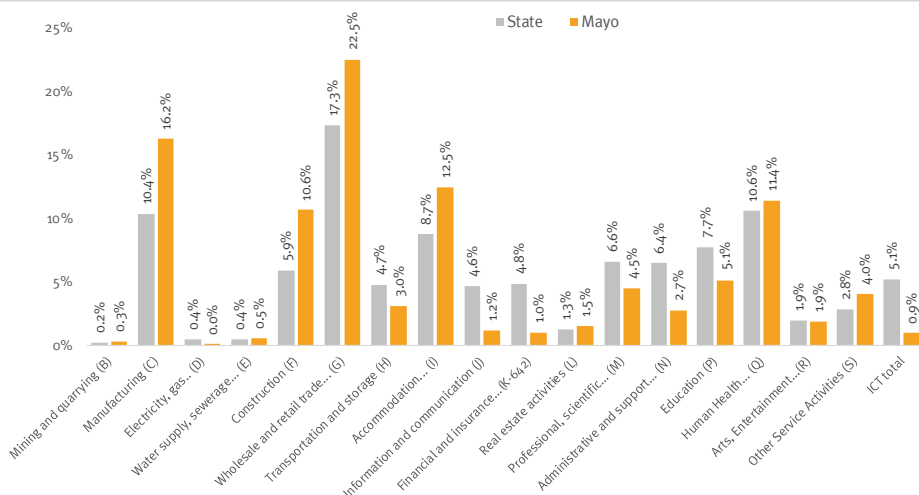
County Employment and Enterprise Profile, 2016

MAYO CSO Business Demography, 2016 (cont..)

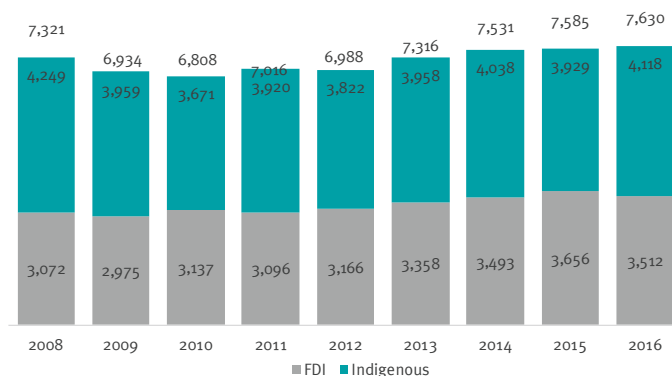
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **9.51%** of all Jobs in the county.
State Average: **11.8%**

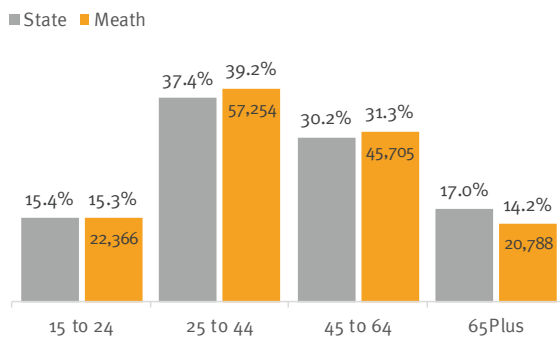
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

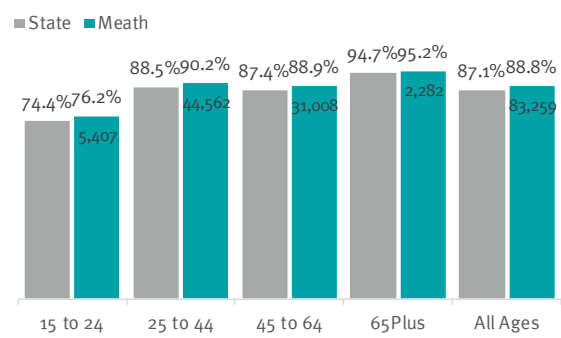
MEATH Population: 195,044 Working Age Pop (15+): 146,113 Unemployment: 10,523

Labour Force and Employment by Age, Census 2016

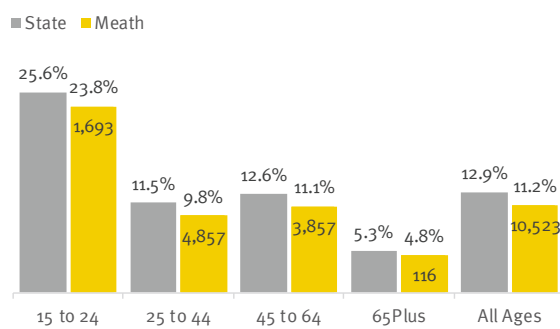
% Working Age by Age Cohort



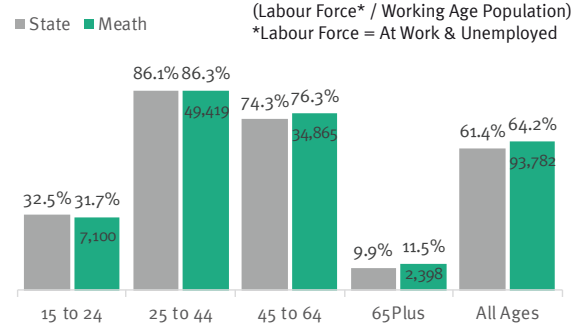
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

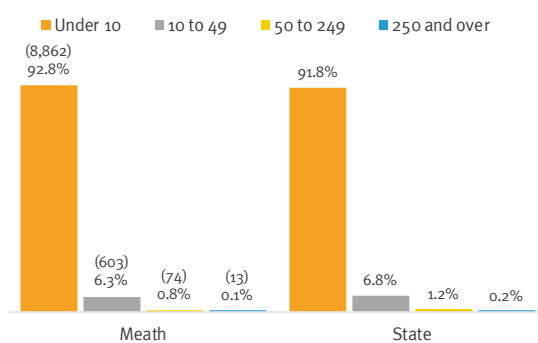


Labour Force Participation Rate

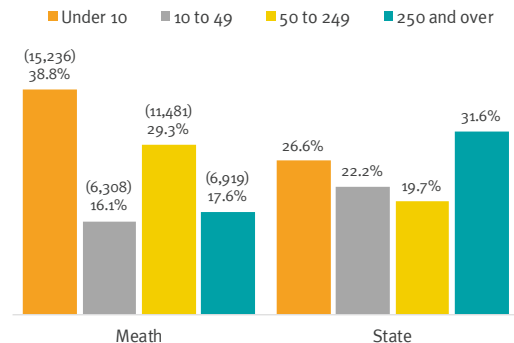


CSO Business Demography, 2016

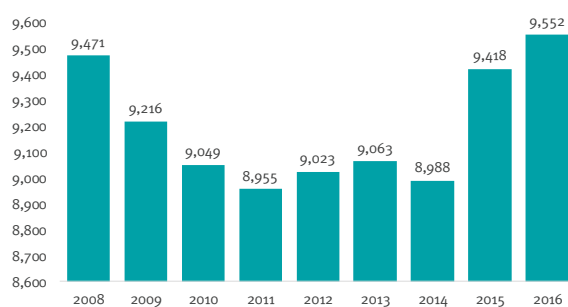
% Active Enterprises by Enterprise Size, 2016



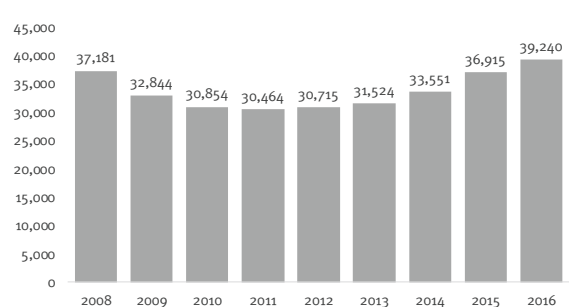
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Meath, 2008 to 2016



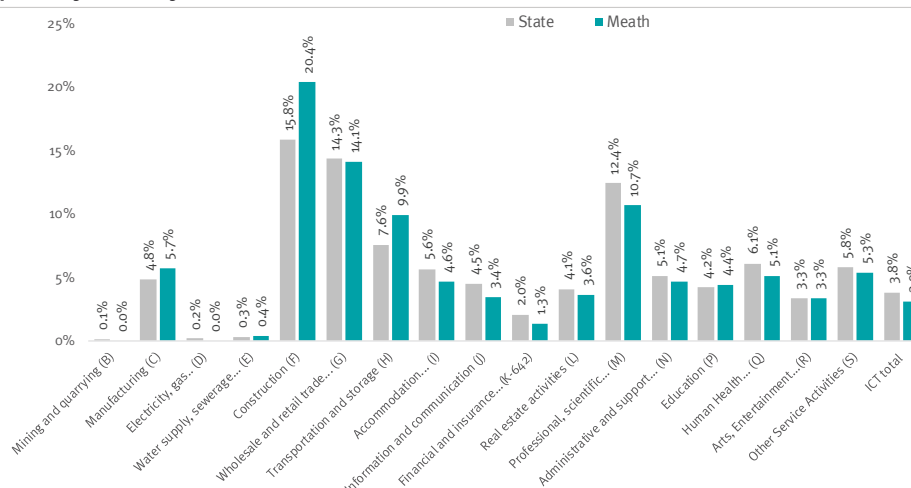
Persons Engaged in Meath Enterprises, 2008 to 2016



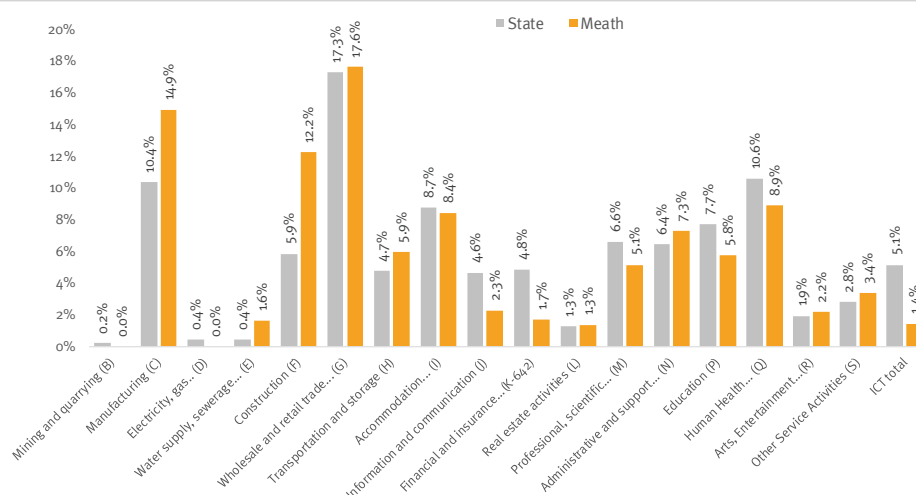
County Employment and Enterprise Profile, 2016

MEATH CSO Business Demography, 2016 (cont..)

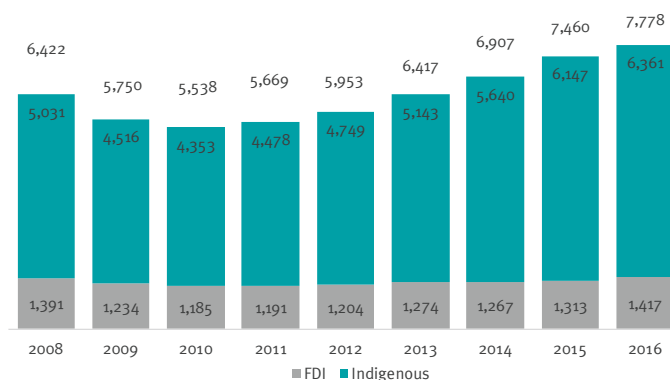
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **3.65%** of all Jobs in the county.
State Average: **11.8%**

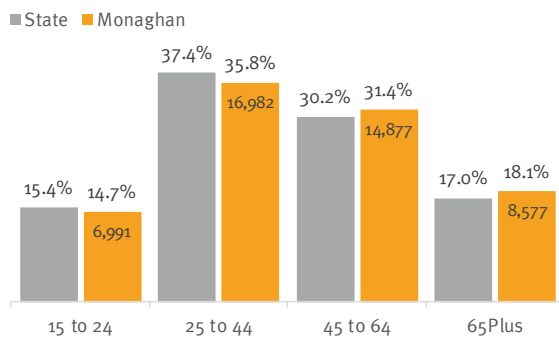
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

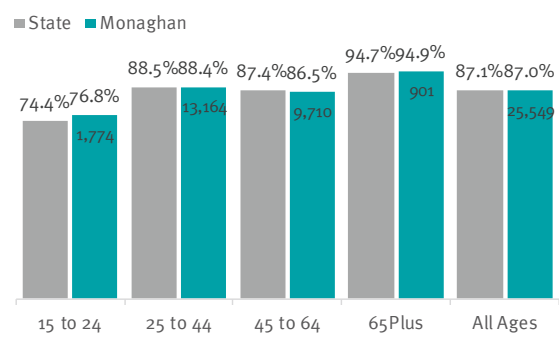
MONAGHAN Population: 61,386 Working Age Pop (15+): 47,427 Unemployment: 3,831

Labour Force and Employment by Age, Census 2016

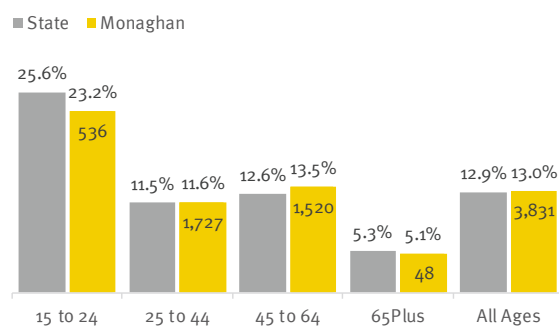
% Working Age by Age Cohort



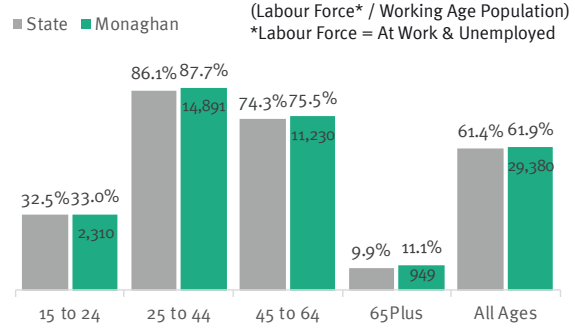
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

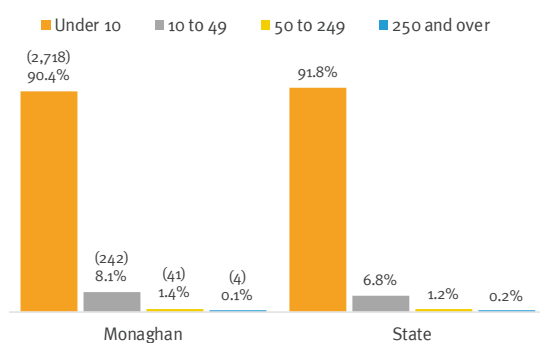


Labour Force Participation Rate

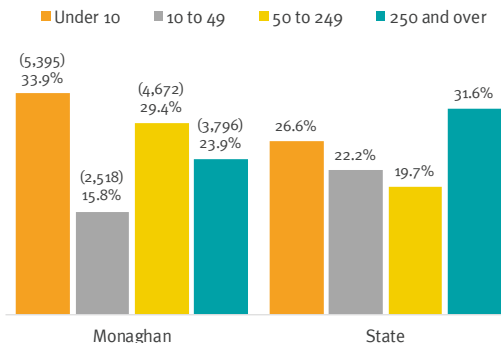


CSO Business Demography, 2016

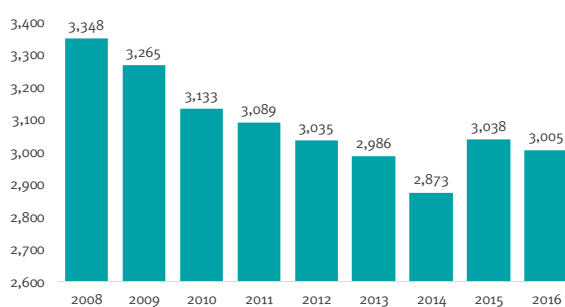
% Active Enterprises by Enterprise Size, 2016



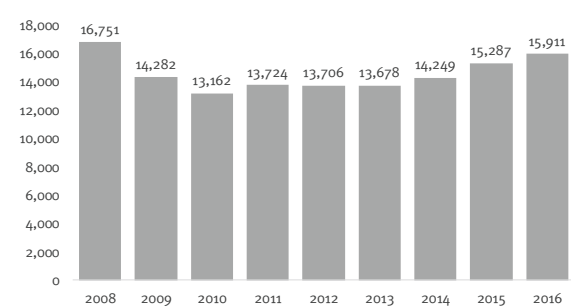
% Persons Engaged by Enterprise Size, 2016



No. Active Enterprises in Monaghan, 2008 to 2016



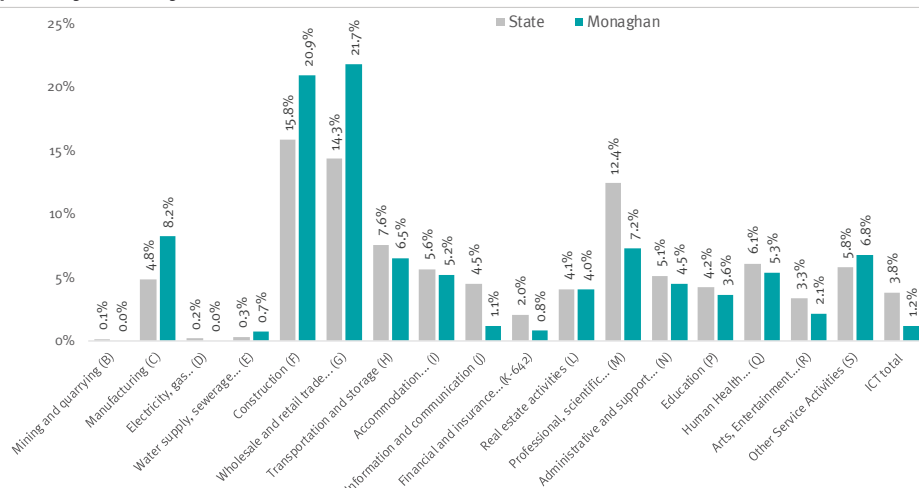
Persons Engaged in Monaghan Enterprises, 2008-2016



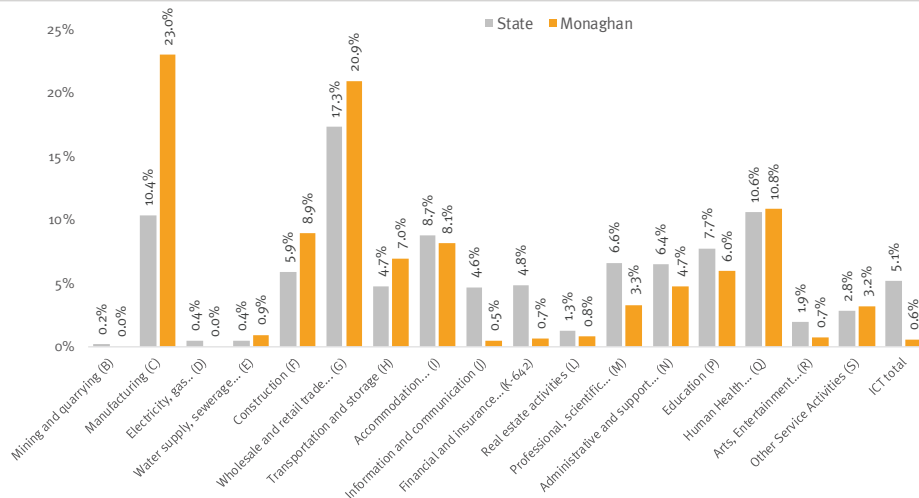
County Employment and Enterprise Profile, 2016

MONAGHAN CSO Business Demography, 2016 (cont..)

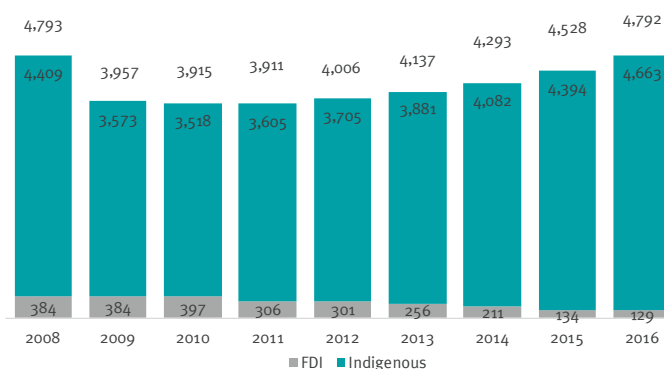
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **0.78%** of all jobs in the county.
State Average: **11.8%**

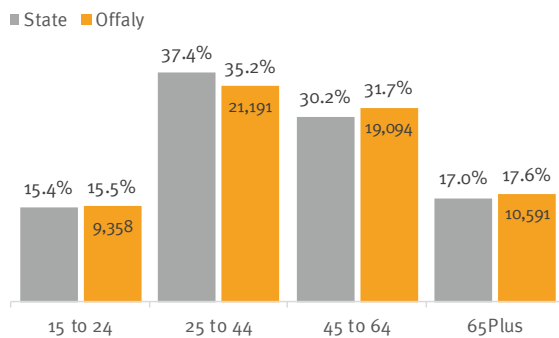
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

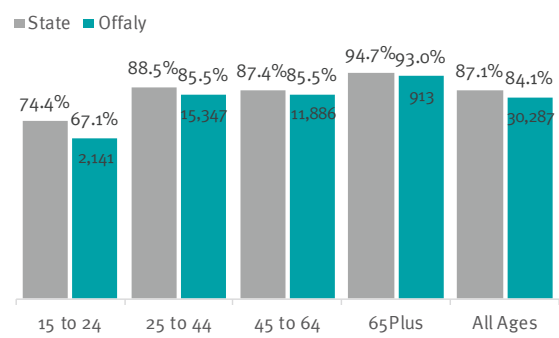
OFFALY Population: 77,691 Working Age Pop (15+): 60,234 Unemployment: 5,744

Labour Force and Employment by Age, Census 2016

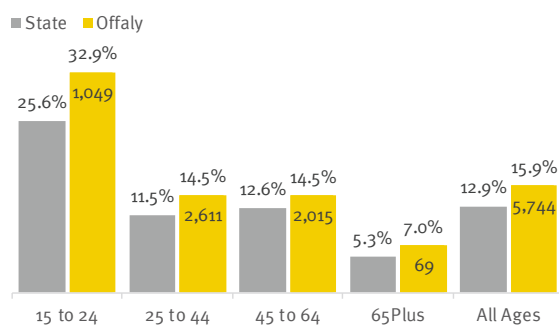
% Working Age by Age Cohort



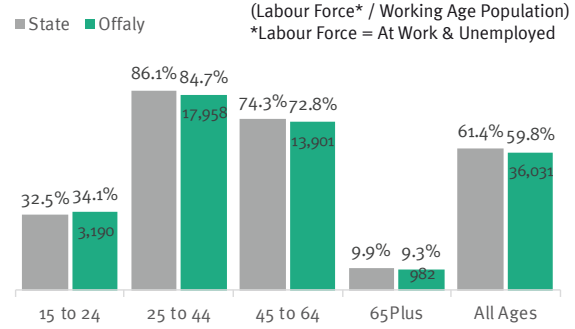
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

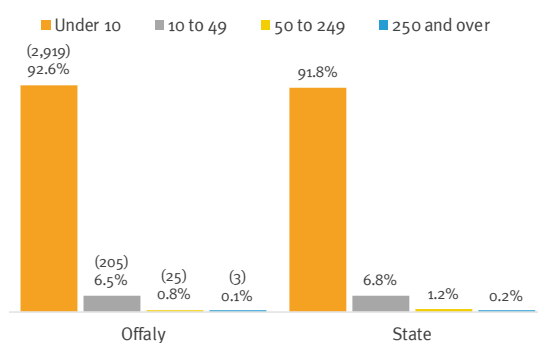


Labour Force Participation Rate

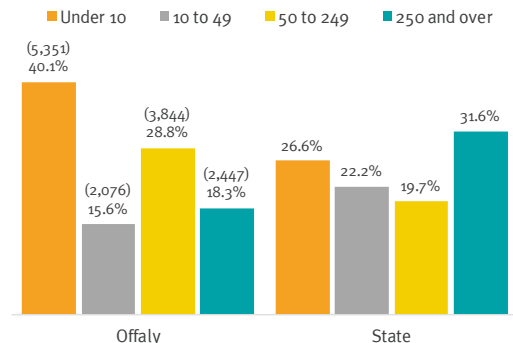


CSO Business Demography, 2016

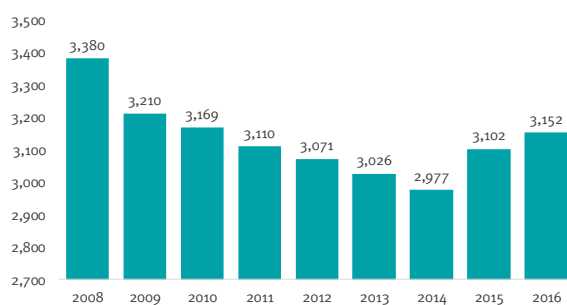
% Active Enterprises by Enterprise Size, 2016



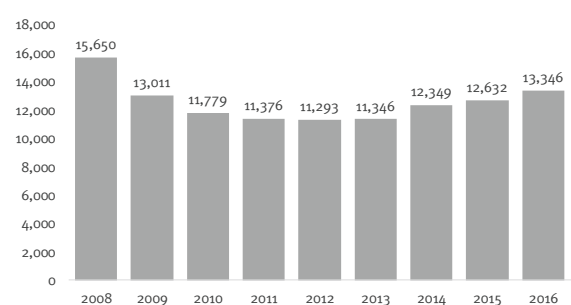
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Offaly, 2008 to 2016



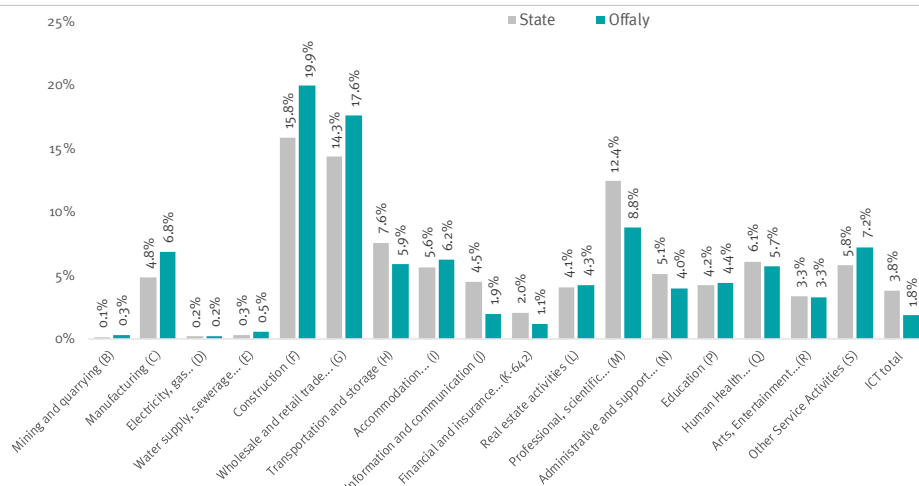
Persons Engaged in Offaly Enterprises, 2008 to 2016



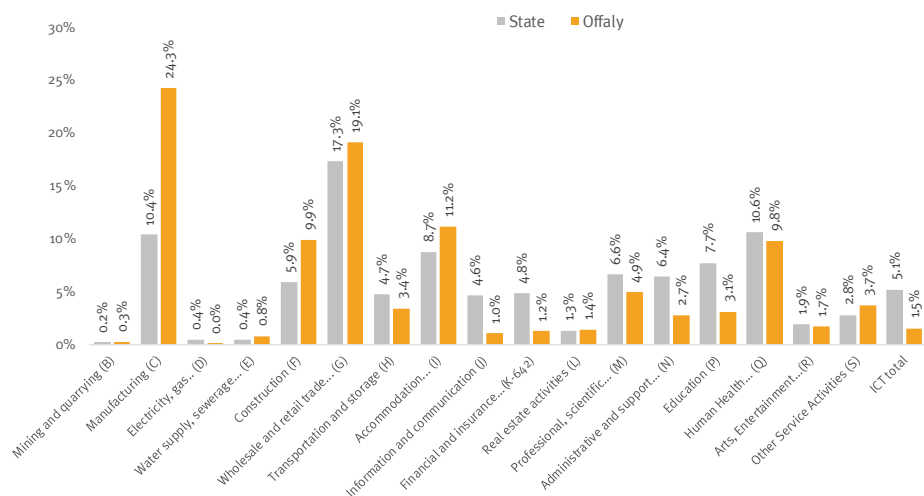
County Employment and Enterprise Profile, 2016

OFFALY CSO Business Demography, 2016 (cont..)

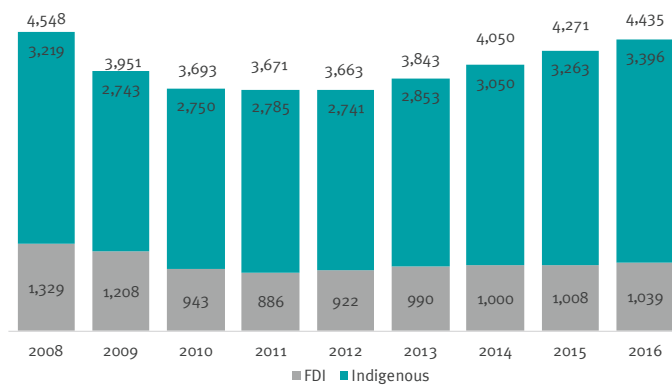
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **5.49%** of all Jobs in the county.
State Average: **11.8%**

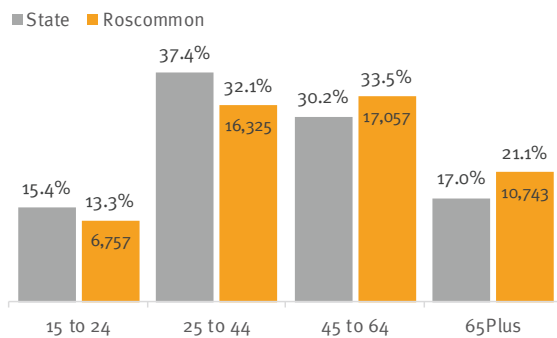
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

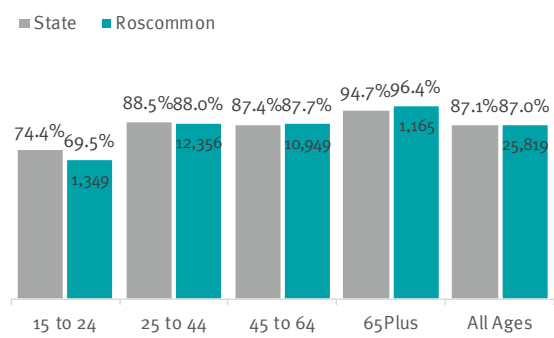
ROSCOMMON Population: 64,544 Working Age Pop (15+): 58,882 Unemployment: 3,847

Labour Force and Employment by Age, Census 2016

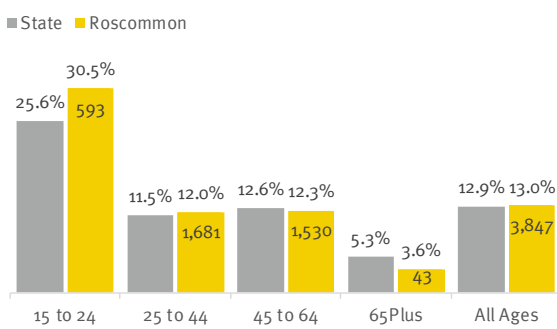
% Working Age by Age Cohort



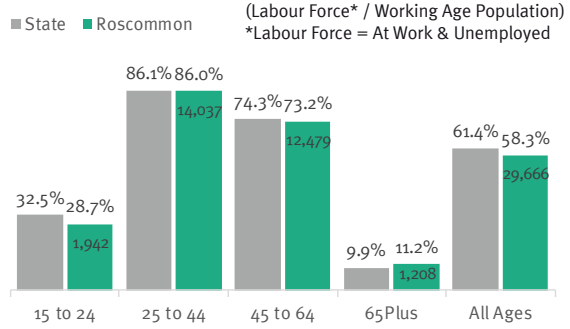
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

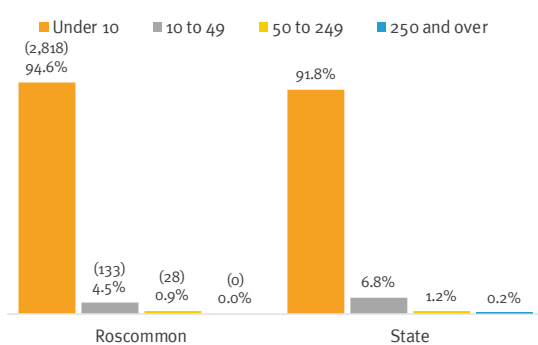


Labour Force Participation Rate

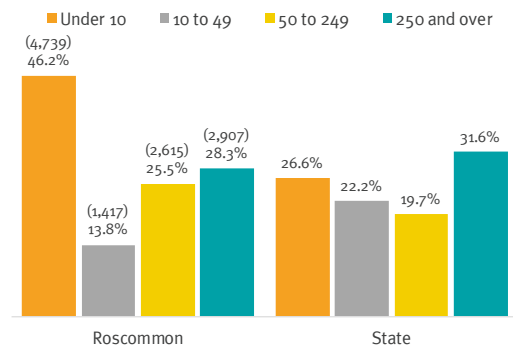


CSO Business Demography, 2016

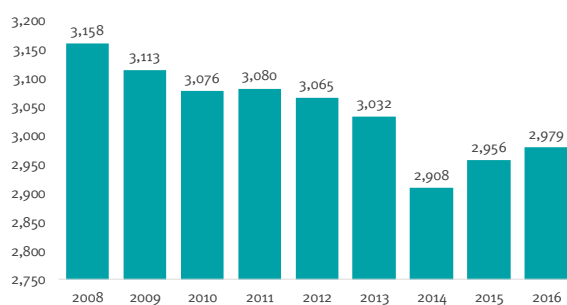
% Active Enterprises by Enterprise Size, 2016



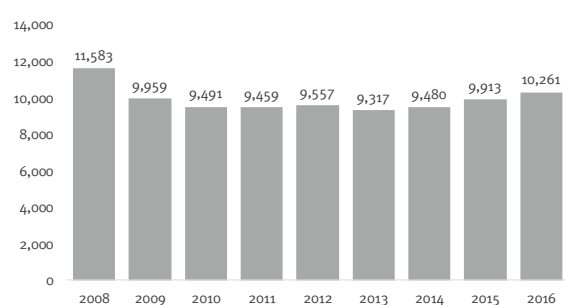
% Persons Engaged by Enterprise Size, 2016



No. of Active Enterprises in Roscommon, 2008 to 2016



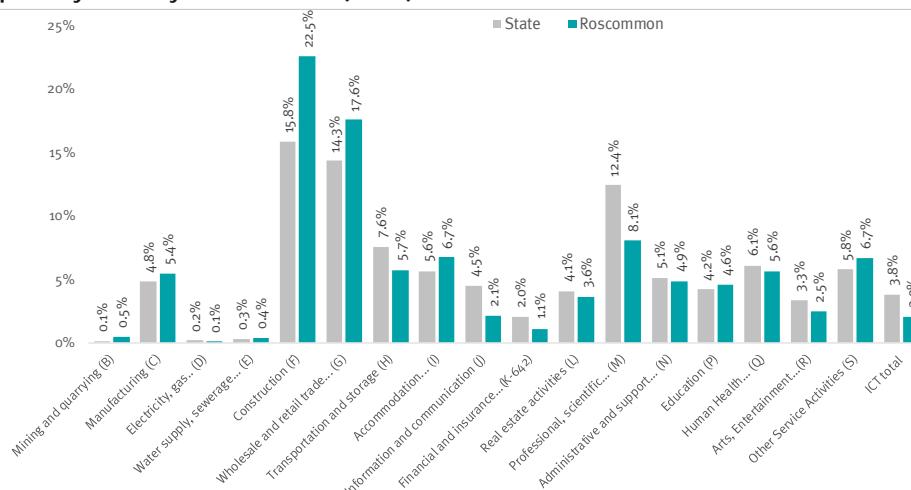
Persons Engaged in Roscommon Enterprises, 2008-2016



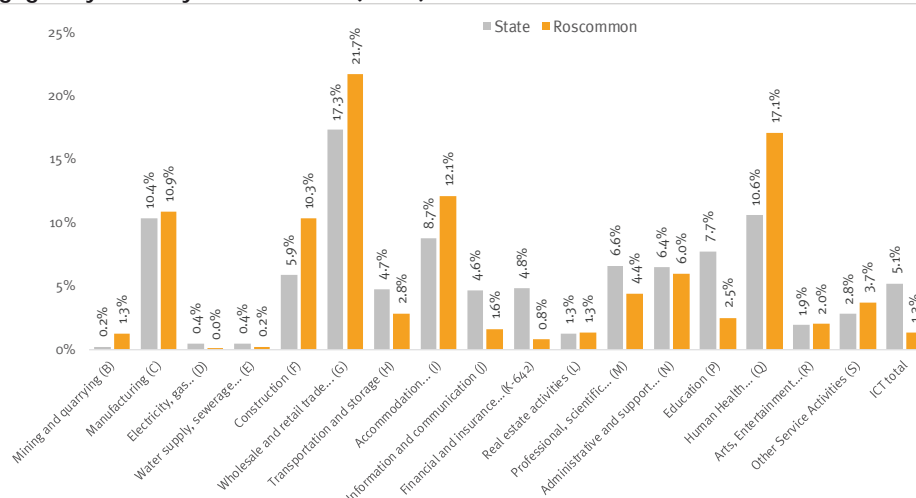
County Employment and Enterprise Profile, 2016

ROSCOMMON CSO Business Demography, 2016 (cont..)

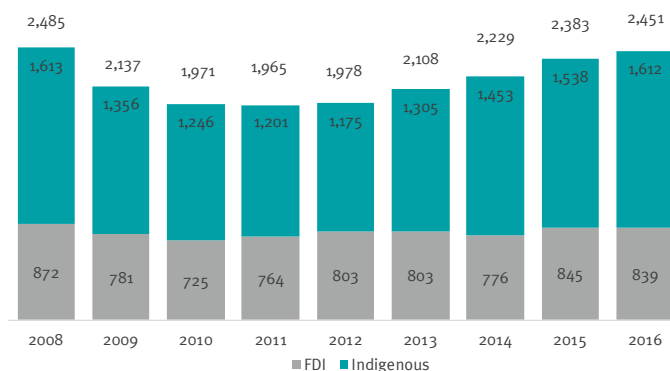
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **5.82%** of all jobs in the county.
State Average: **11.8%**

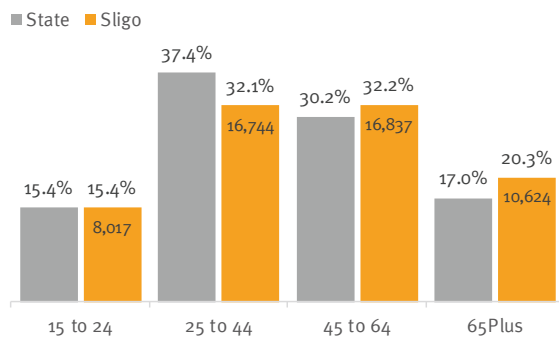
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

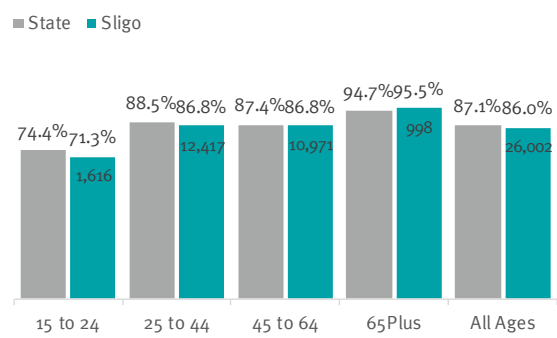
SLIGO **Population: 65,535** **Working Age Pop (15+): 52,222** **Unemployment: 4,250**

Labour Force and Employment by Age, Census 2016

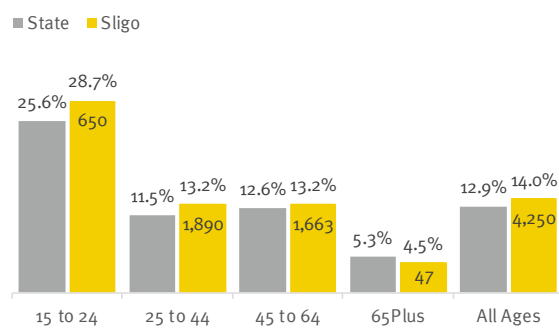
% Working Age by Age Cohort



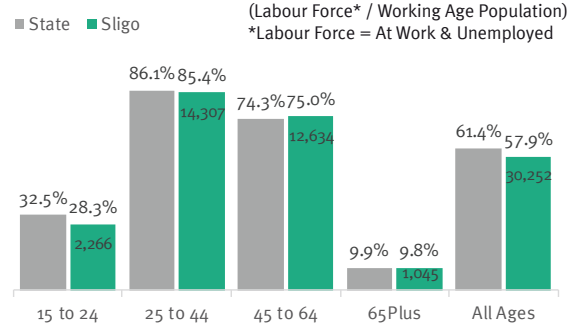
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

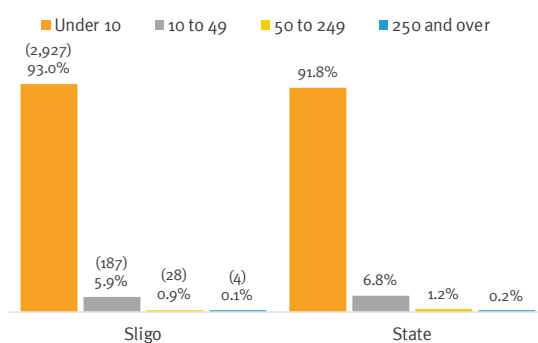


Labour Force Participation Rate

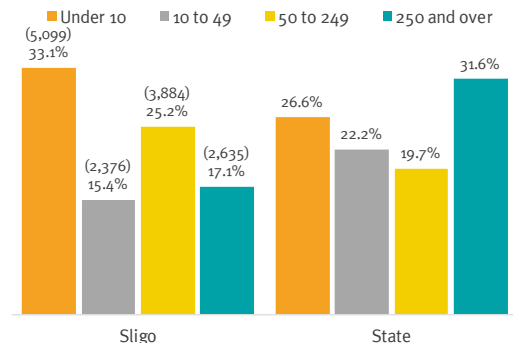


CSO Business Demography, 2016

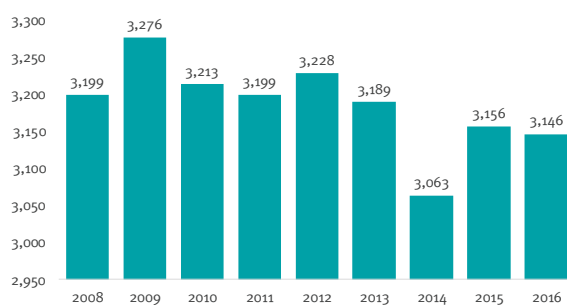
% Active Enterprises by Enterprise Size, 2016



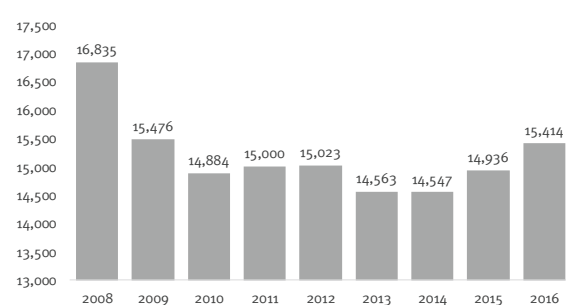
% Persons Engaged by Enterprise Size, 2016



Number of Active Enterprises in Sligo, 2008 to 2016



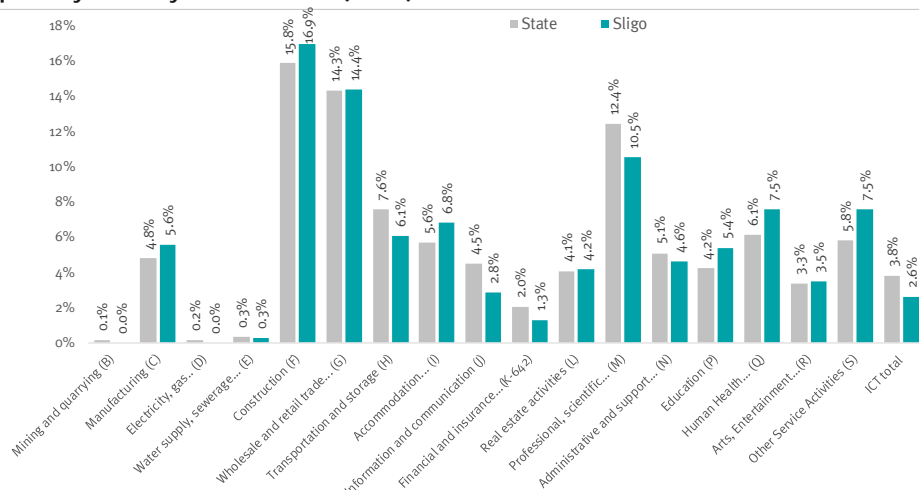
Persons Engaged in Sligo Enterprises, 2008 to 2016



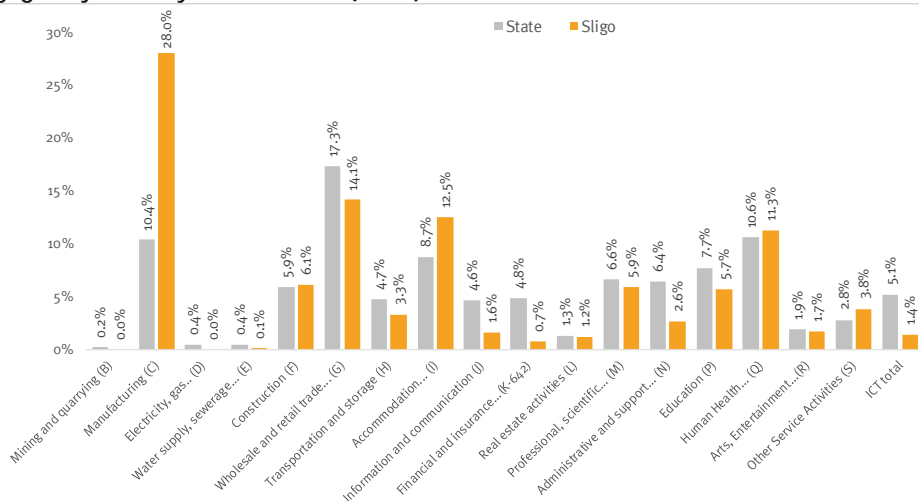
County Employment and Enterprise Profile, 2016

SLIGO CSO Business Demography, 2016 (cont..)

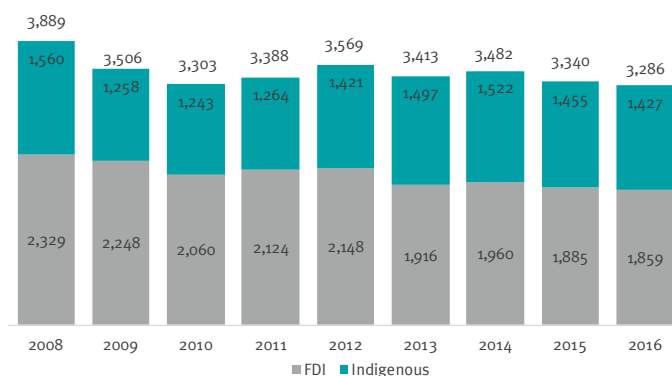
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **8.93%** of all jobs in the county.

State Average: **11.8%**

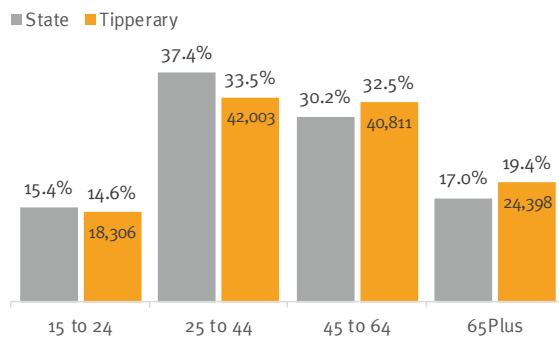
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

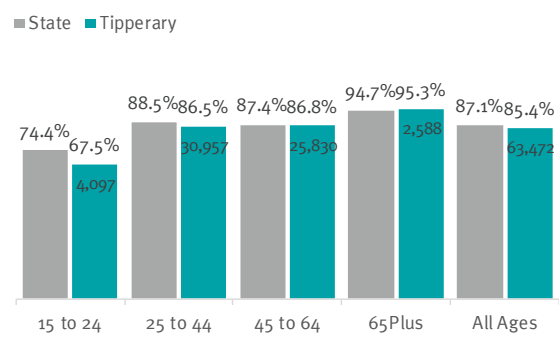
TIPPERARY Population: 159,553 Working Age Pop (15+): 125,518 Unemployment: 10,867

Labour Force and Employment by Age, Census 2016

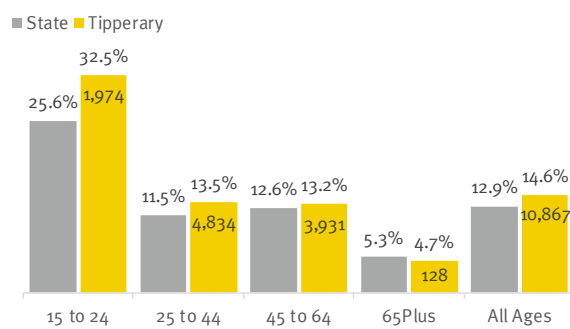
% Working Age by Age Cohort



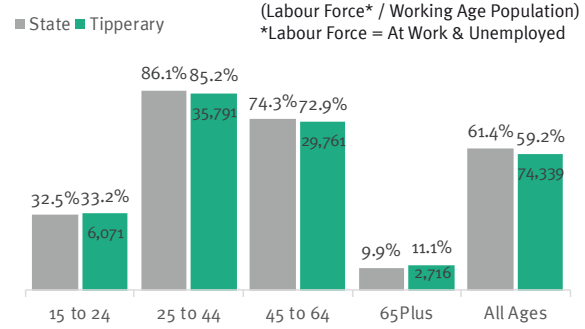
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

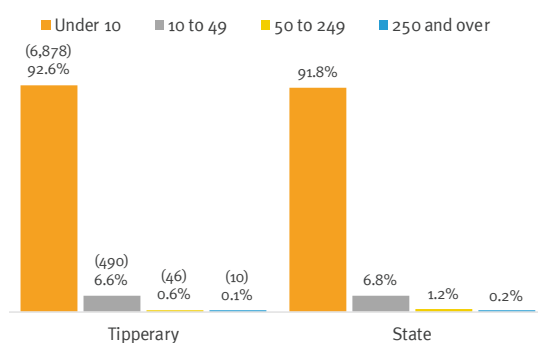


Labour Force Participation Rate

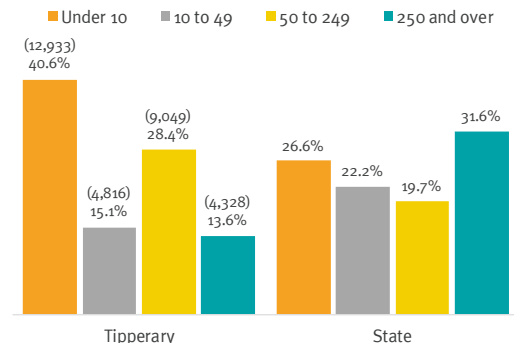


CSO Business Demography, 2016

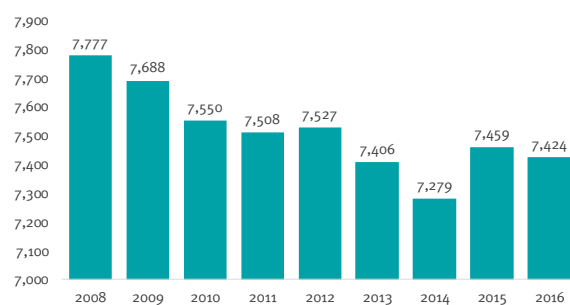
% Active Enterprises by Enterprise Size, 2016



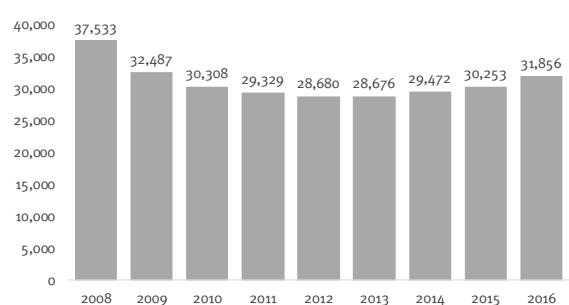
% Persons Engaged by Enterprise Size, 2016



No. of Active Enterprises in Tipperary, 2008 to 2016



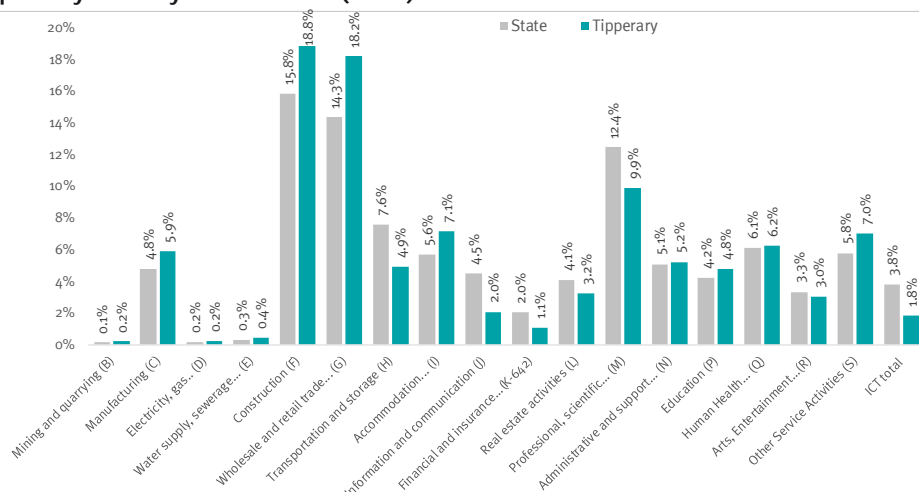
Persons Engaged in Tipperary Enterprises, 2008-2016



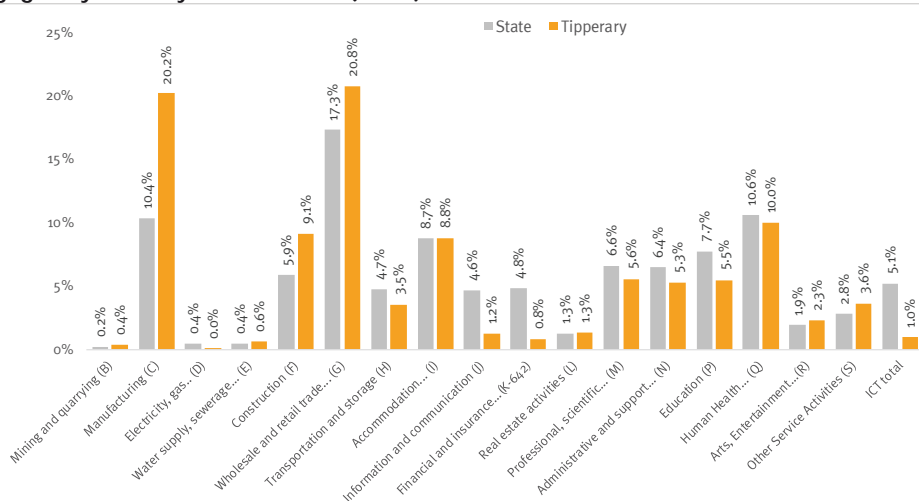
County Employment and Enterprise Profile, 2016

TIPPERARY CSO Business Demography, 2016 (cont..)

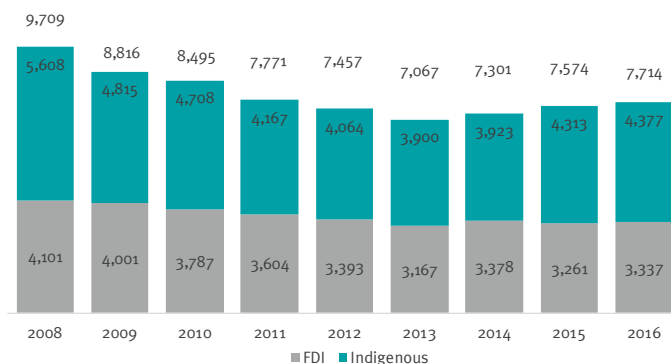
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **7.36%** of all Jobs in the county.
State Average: **11.8%**

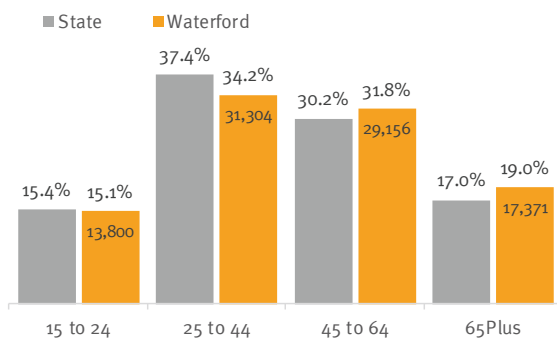
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

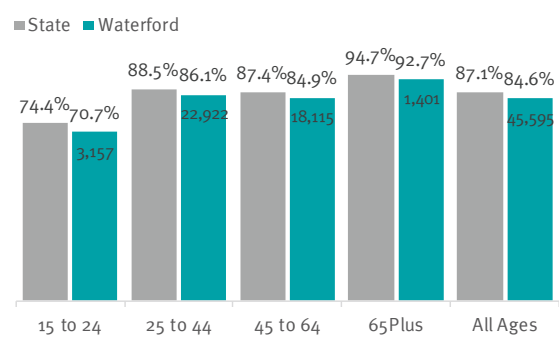
WATERFORD *Population: 116,176* *Working Age Pop (15+): 91,631* *Unemployment: 8,323*

Labour Force and Employment by Age, Census 2016

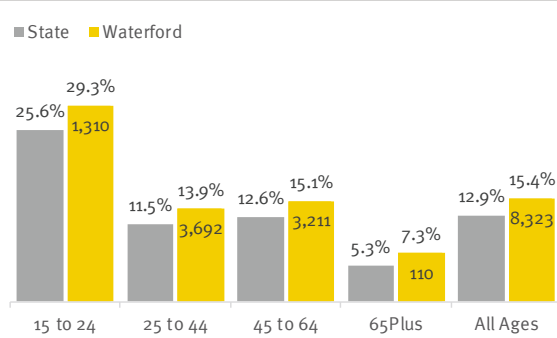
% Working Age by Age Cohort



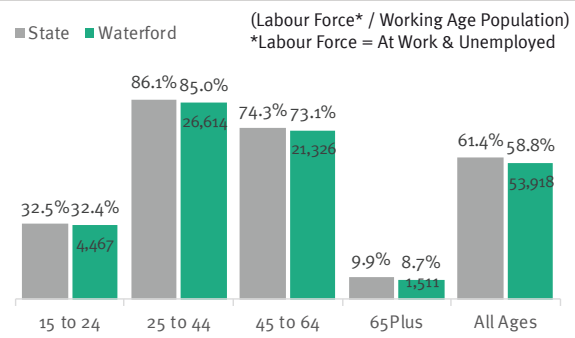
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

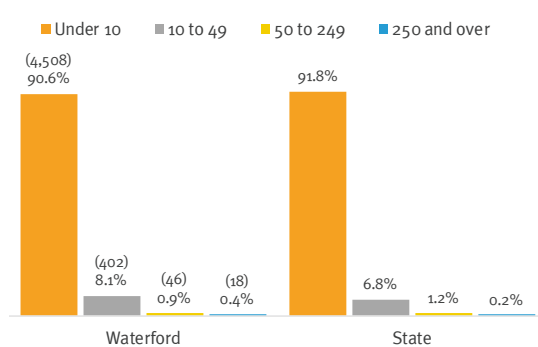


Labour Force Participation Rate

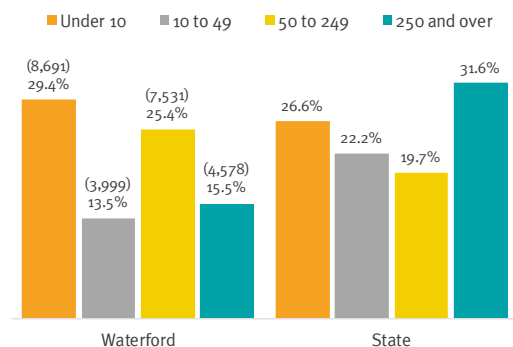


CSO Business Demography, 2016

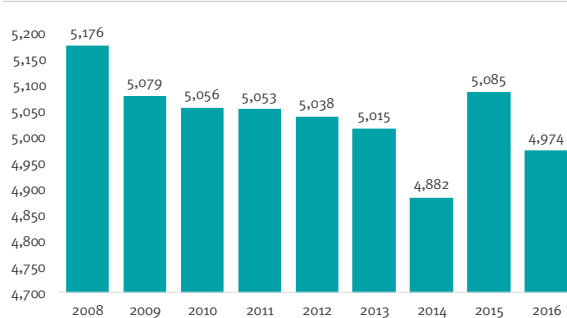
% Active Enterprises by Enterprise Size, 2016



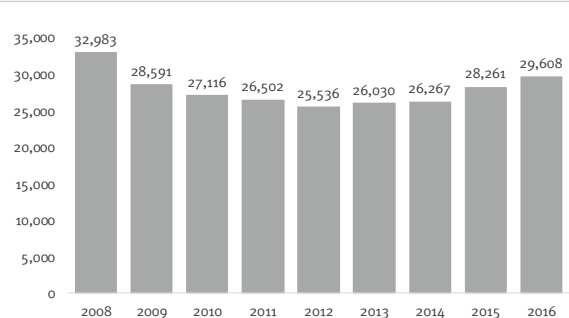
% Persons Engaged by Enterprise Size, 2016



No. of Active Enterprises in Waterford, 2008 to 2016



Persons Engaged in Waterford Enterprises, 2008-2016



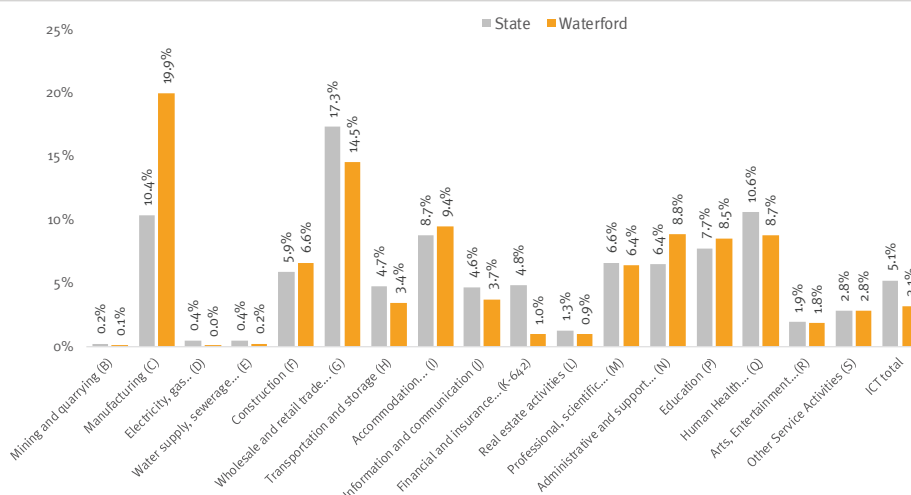
County Employment and Enterprise Profile, 2016

WATERFORD CSO Business Demography, 2016 (cont..)

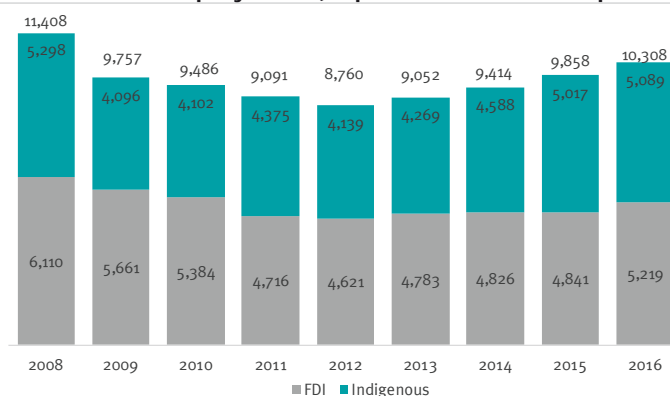
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **14.33%** of all Jobs in the county.
State Average: **11.8%**

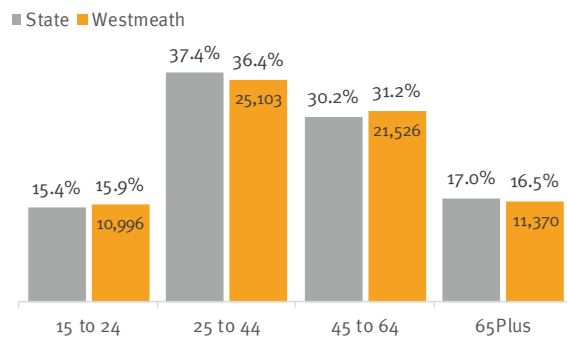
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

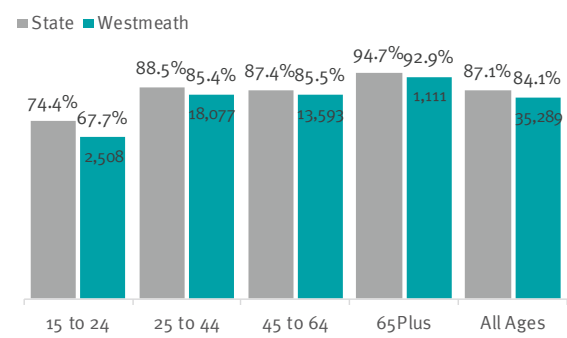
WESTMEATH **Population: 88,770** **Working Age Pop (15+): 68,995** **Unemployment: 6,666**

Labour Force and Employment by Age, Census 2016

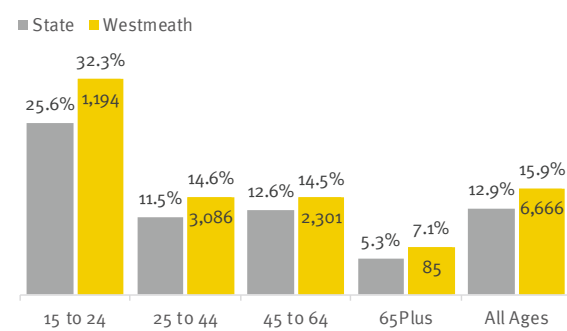
% Working Age by Age Cohort



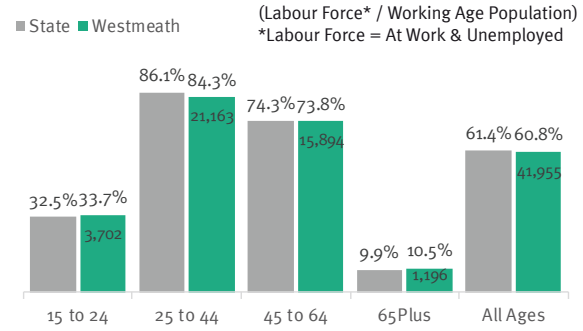
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

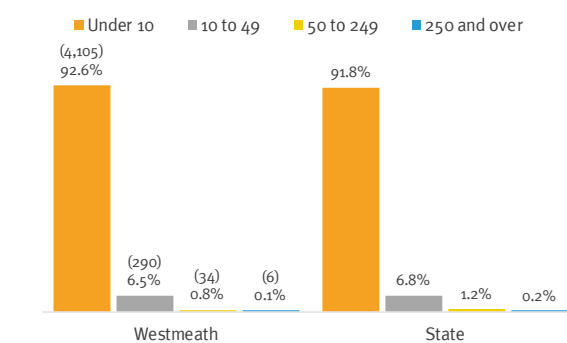


Labour Force Participation Rate

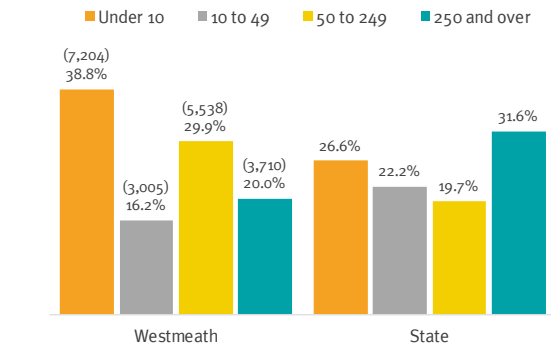


CSO Business Demography, 2016

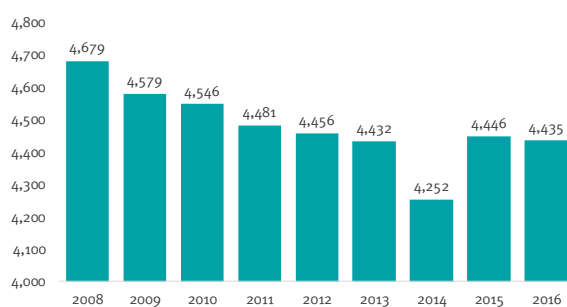
% Active Enterprises by Enterprise Size, 2016



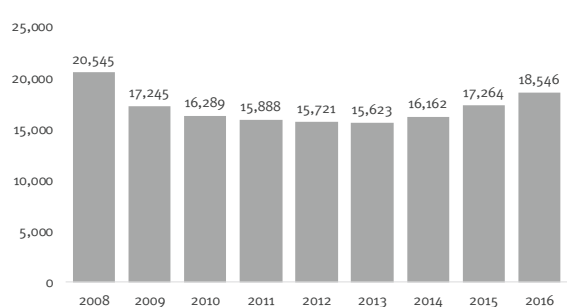
% Persons Engaged by Enterprise Size, 2016



No. of Active Enterprises in Westmeath, 2008 to 2016



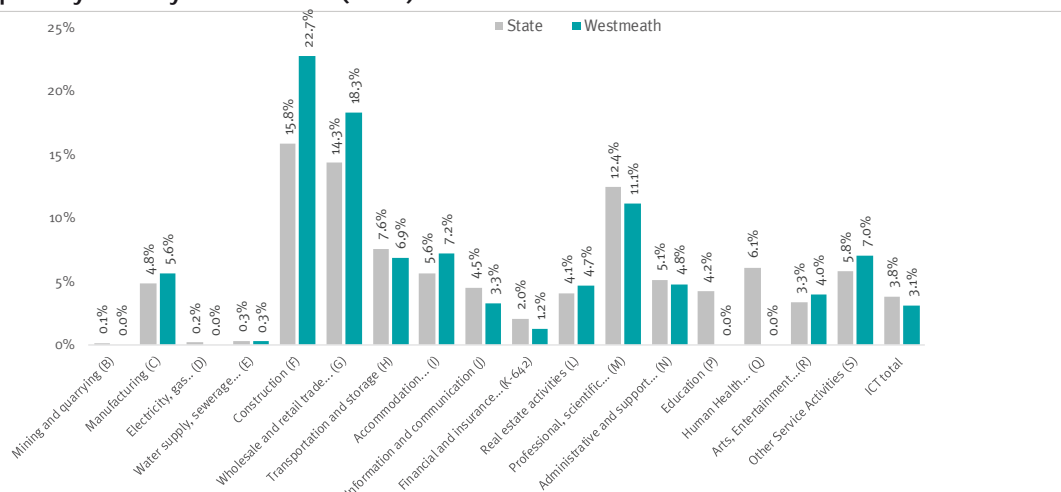
Persons Engaged in Westmeath Enterprises, 2008-2016



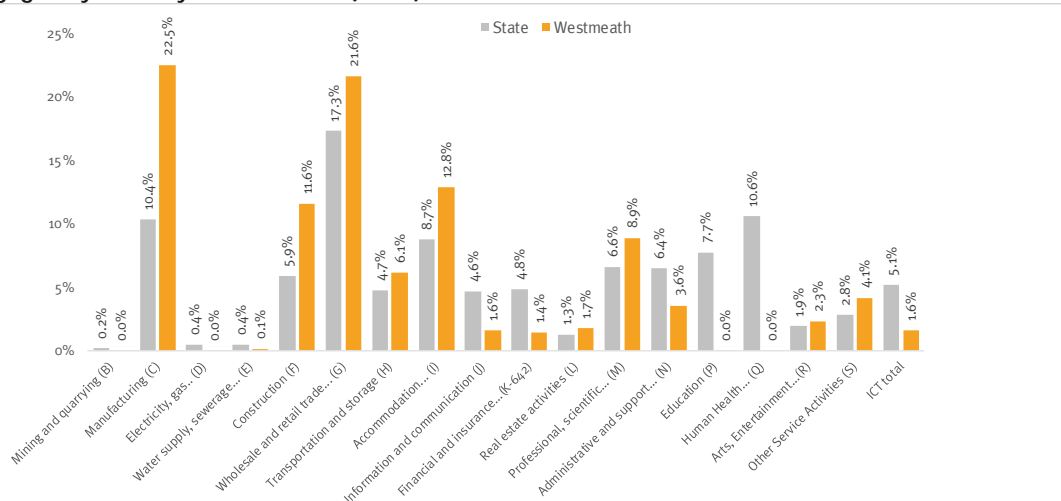
County Employment and Enterprise Profile, 2016

WESTMEATH CSO Business Demography, 2016 (cont..)

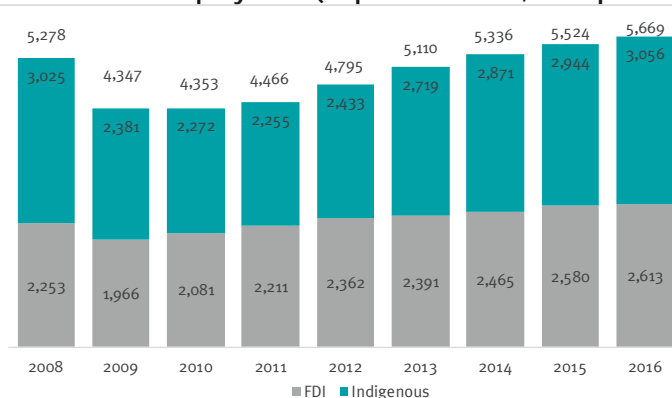
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **9.32%** of all jobs in the county.
State Average: **11.8%**

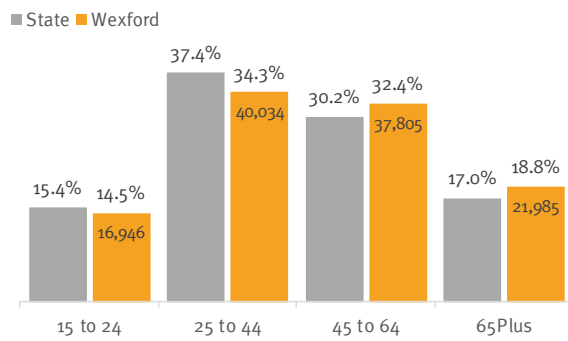
* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

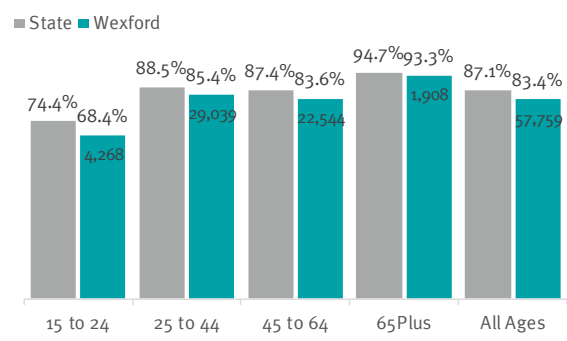
WEXFORD Population: 149,722 Working Age Pop (15+): 116,770 Unemployment: 11,478

Labour Force and Employment by Age, Census 2016

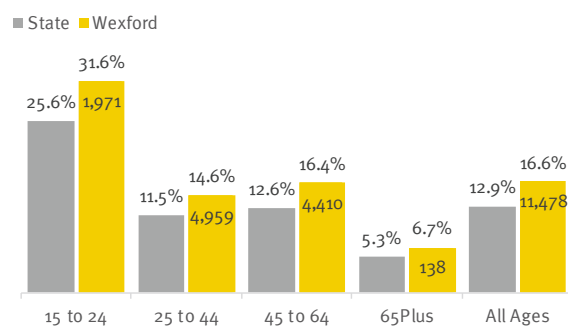
% Working Age by Age Cohort



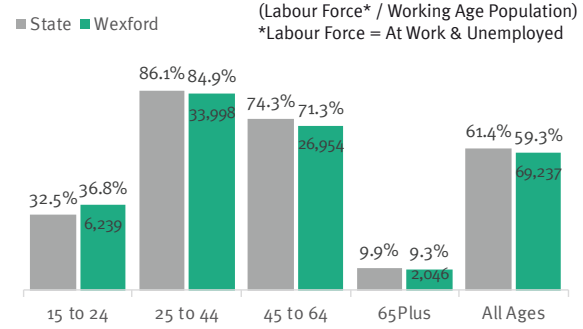
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

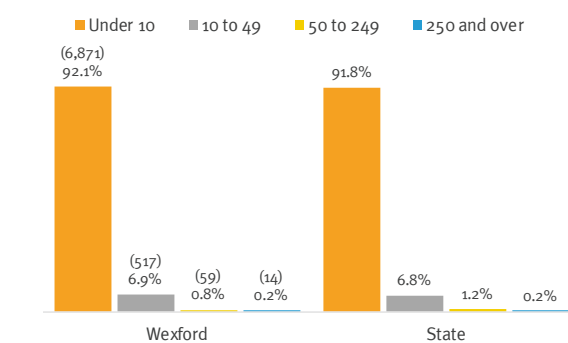


Labour Force Participation Rate

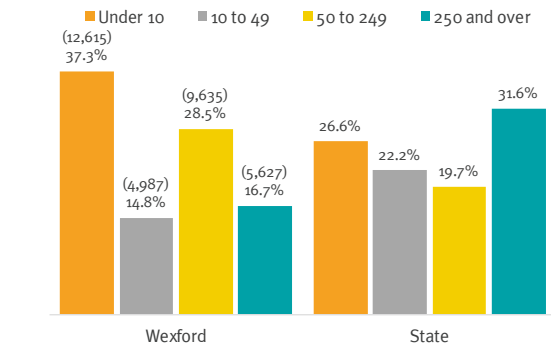


CSO Business Demography, 2016

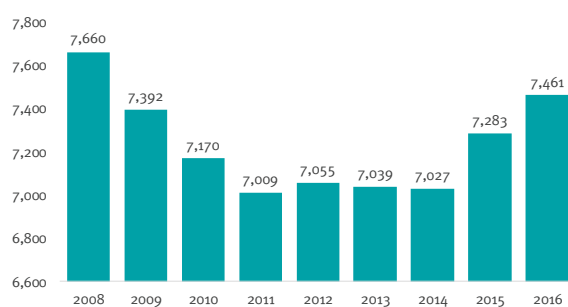
% Active Enterprises by Enterprise Size, 2016



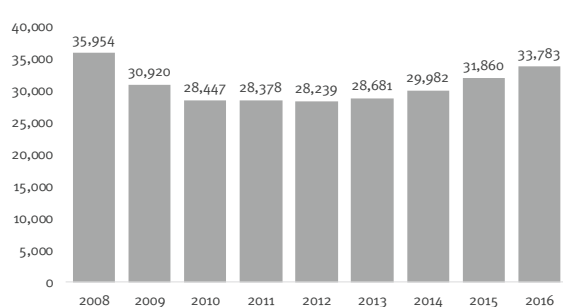
% Persons Engaged by Enterprise Size, 2016



No. of Active Enterprises in Wexford, 2008 to 2016



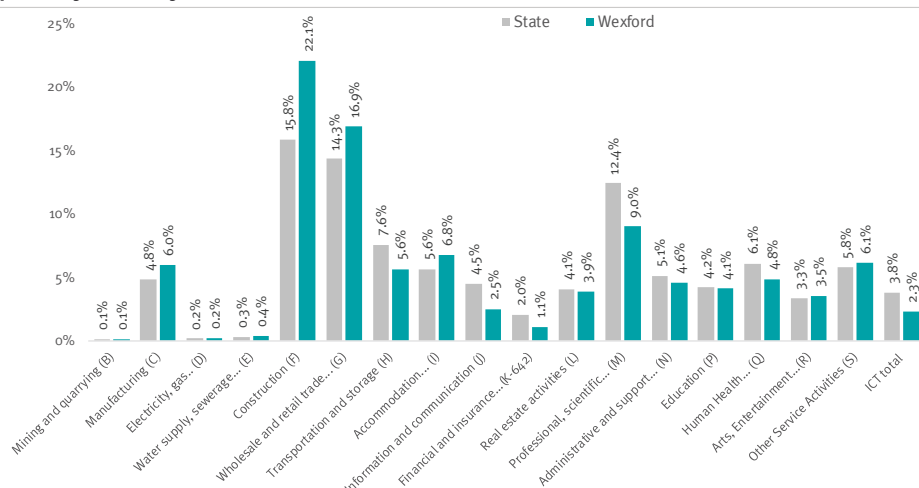
Persons Engaged in Wexford Enterprises, 2008-2016



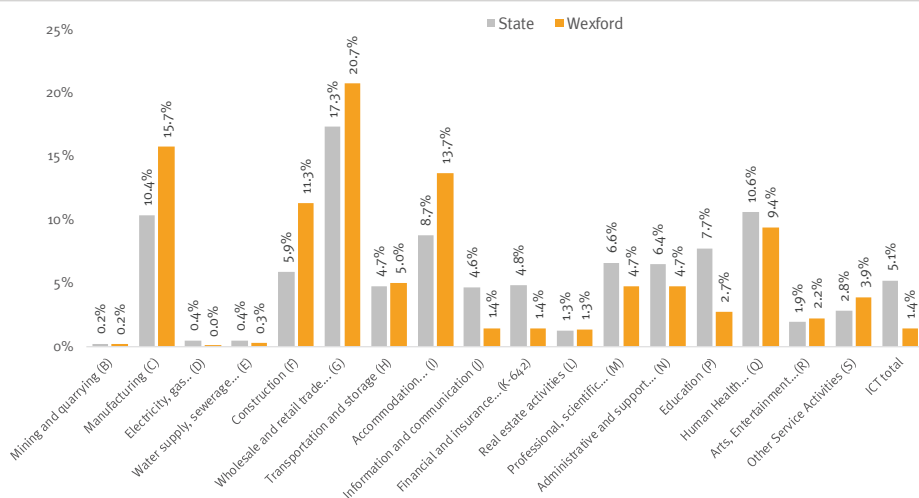
County Employment and Enterprise Profile, 2016

WEXFORD CSO Business Demography, 2016 (cont.)

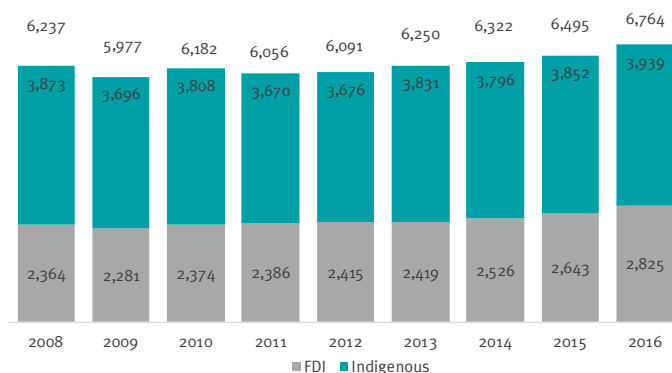
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **7.5%** of all jobs in the county.

State Average: **11.8%**

* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

County Employment and Enterprise Profile, 2016

WICKLOW

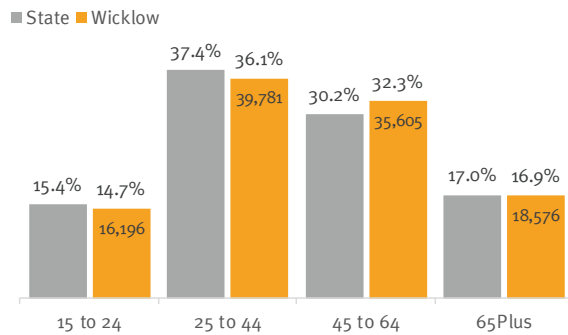
Population: 142,425

Working Age Pop (15+): 110,158

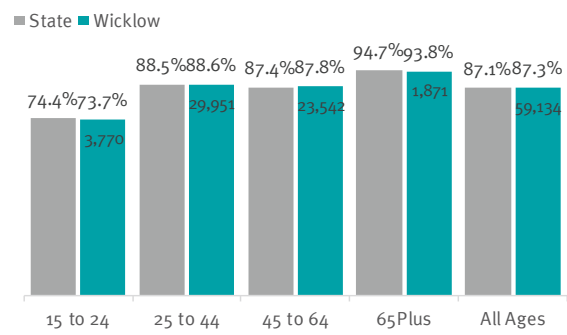
Unemployment: 8,603

Labour Force and Employment by Age, Census 2016

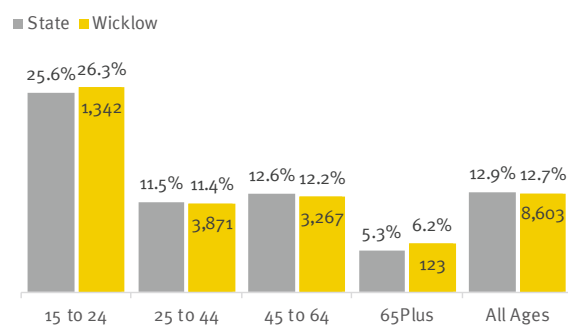
% Working Age by Age Cohort



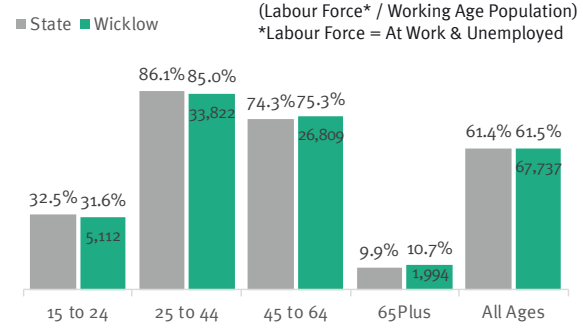
% of Labour Force 'At Work'



% of Labour Force 'Unemployed'

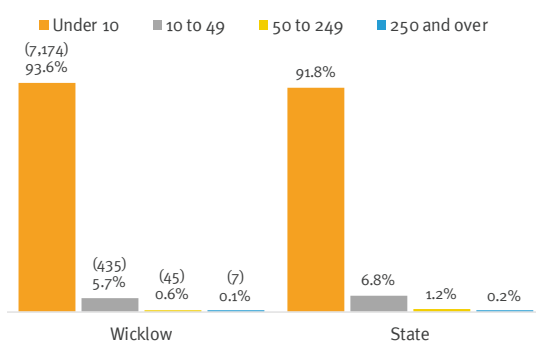


Labour Force Participation Rate

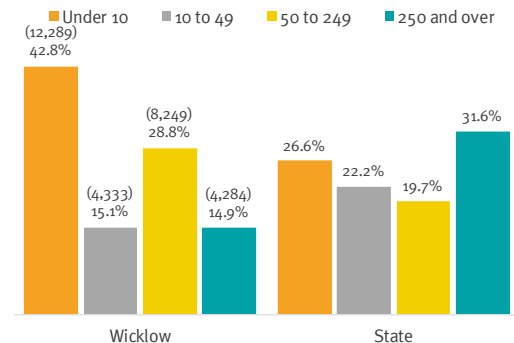


CSO Business Demography, 2016

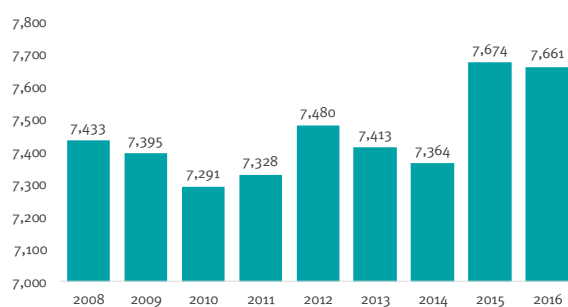
% Active Enterprises by Enterprise Size, 2016



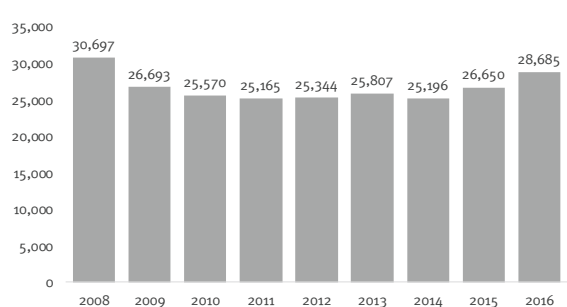
% Persons Engaged by Enterprise Size, 2016



No. of Active Enterprises in Wicklow, 2008 to 2016



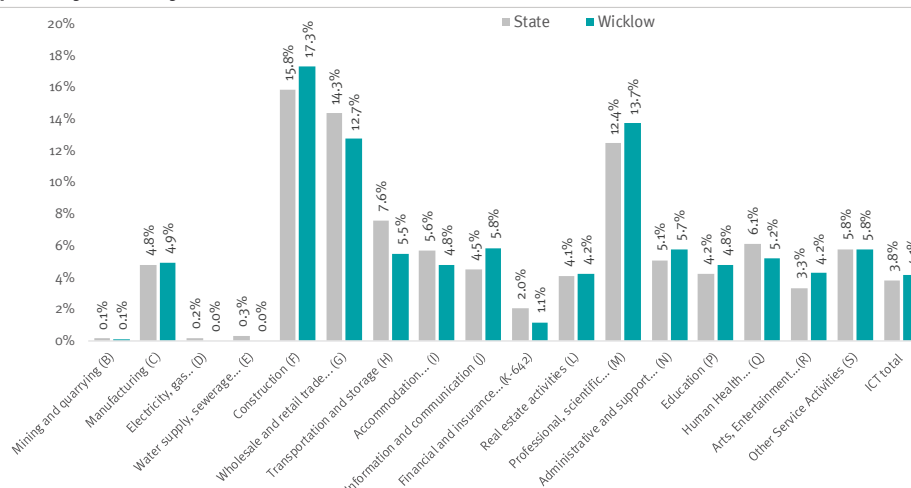
Persons Engaged in Wicklow Enterprises, 2008-2016



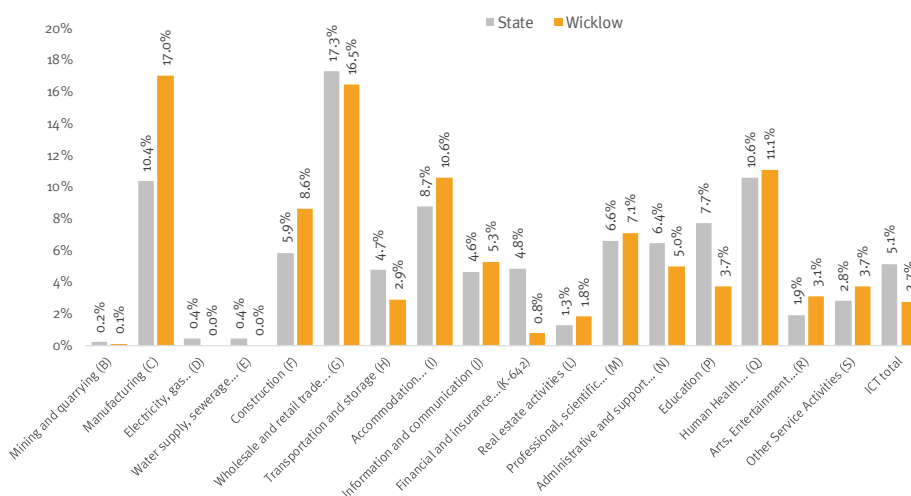
County Employment and Enterprise Profile, 2016

WICKLOW CSO Business Demography, 2016 (cont..)

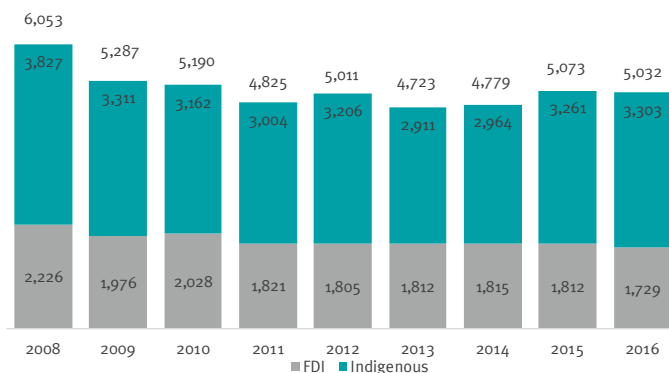
Active Enterprise by Industry Classification (NACE)



Persons Engaged by Industry Classification (NACE)



State Assisted* Employment (Dept of Business, Enterprise and Innovation (DBEI))



State Assisted* FDI jobs account for **5.55%** of all jobs in the county.

State Average: **11.8%**

* State Assisted: Companies Include Industrial and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta.

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