Strengthening Irelands Very Small Enterprises (under 20 jobs) – A Central Pillar in Required Productivity Stepchange of Irelands Real Economy

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SUMMARY

- VERY SMALL ENTEPRISES ARE SELF-EMPLOYED, MICROS (1-10 JOBS) AND ENTERPRISES WITH 11-19 JOBS)
- KEY IS SUCH VERY SMALL ENTERPRISES ARE INDIVIDUAL-CENTRIC
- THESE BUSINESSES ARE OVER 95% OF ALL BUSINESSES IN BOTH ROI (375K) AND NI (75k)
- THEY ENGAGE 35% OF PEOPLE (780K) IN ROI PRIVATE SECTOR, AND 44% OF PEOPLE OUTSIDE OF DUBLIN
- THEY PROVIDE DIRECTLY/INDIRECTLY 6/10/20+% OF EXPORTS AND 20% OF IMPORTS
- ROI SMALL ENTEPRISE (10-19/20-49 JOBS) PRODUCTIVITY (NET TURNOVER PER PERSON) LEVELS ARE LOWER THAN ROI LARGE ENTERPRISES BUT HIGHER THAN THEIR EU COUNTERPARTS (EUROSTAT) –(BUT QUESTION OF GNI*/GDP/?!)
- THEY TEND TO BE OVER 20 YEARS OLD, FAMILY-OWNED WITH FOUNDER STILL ENGAGED (QUB/ERC)
- THEY ARE AMBITIOUS WITH 40% SEEKING TO RAPIDLY BUILD BUSINESS, 50% HAND ON BUSINESS AND 80% ACHIEVE INDEPENDENCE
- THEY TEND TO BE RELATIVELY CHALLENGED IN TERMS OF KEY BUSINESS FUNCTIONS (EG SMALL BUSINESSES DID 50% OF LARGE FIRM TRAINING 2020, LESS ACCESS TO HIGHER LEVEL BROADBAND ETC.)
- KEY FOCUS **QUB/ERC (MICROS): "PRODUCTIVITY AND GROWTH ARE BOTH GREATER, WHERE MICRO-ENTERPRISES UNDERTAKE INNOVATION…(AND IS) SUBSTANTIAL WHERE R+D IS PRESENT…ESPECIALLY ..IN LOW-TECH AND MANUFACTURING SECTORS**"
- STRENGTHENING SUCH VERY SMALL ENTERPRISES IS CENTRAL TO PIVOT (LIKE THE FINNS IN 90s) TO A MUCH DEEPER AND WIDER INNOVATIVE, COMPETITIVE AND INCLUSIVE ECONOMY
- VEHICLE FOR SOCIAL MOBILITY, FREEDOM, FLEXIBILITY AND DIVERSITY
- FOCUS ON SCALING UP RESPONSE AND SUPPORT IN *STRATEGY* (LEO/ETB INITITIAVE), *MARKETING* (FULTIME LEO MARKET ADVISORS IN EI UK/OTHER OVERSEAS OFFICES), INNOVATION (PILOT NEW DELIVERY OF INNOVATION VOUCHERS AND GRADSTART), SKILLS (PROGRESS NAO "ONE JOB PLUS", ETB VSE/LEO ENTERPRISE SUPPORT AND E-COLLEGE, AND CONNECTED HUBS NETWORKING) AND *FINANCE* (MORE INVOLVEMENT OF CREDIT UNIONS)
- CHALLENGES OF INFRASTRUCTURE AND ROI'S PRICE LEVELS RELATIVE TO EU (UP TO 20/40%) APPLY TO SUCH ENTERPRISES AS TO ALL ENTERPRISES! OTHER QUESTIONS OF SUCESSION, RELATIVE WAGES LEVELS, TAXATION ETC ETC ALSO PART OF VERY SMALL ENTERPRISE POLICY

Questions

- **WHAT IS PROFILE OF VERY SMALL INDIVIDUAL-CENTRIC ENTERPRISES?**
  - EMPLOYMENT IN COUNTIES, LDCS, REGIONS AND INTERNATIONALLY ?
  - EMPLOYMENT BY SECTOR ROI AND INTERNATIONALLY ?
  - PRODUCTIVITY ?
- **WHAT ARE RELATIVE STRENGTHS AND WEAKNESSES OF VSES GROWTH DRIVERS?**
  - WHAT ARE GROWTH DRIVERS?
  - STRATEGY/AMBITION, MARKETS/TRADE, PRODUCTION/IT, PEOPLE/TRAINING, INNOVATION/R+D, AND FINANCE?
- **SO WHAT IS VALUE AND CONTRIBUTION OF VERY SMALL INDIVIDUAL-CENTRIC ENTERPRISES?**
- **POLICY RESPONSE?**
  - NOW
  - FURTHER OPTIONS
- **SOME MORE QUESTIONS?**

References

- QUB/ERC Minh Luong, H. and Hewitt-Dundas N. (2018) Dr Hoang Minh Luong and Professor Nola Hewitt-Dundas Queen's Management School and UK Enterprise Research Centre "The interrelationship between R+D, Innovation and Productivity: Evidence for micro-enterprise" (2018)
- https://niopa.qub.ac.uk/bitstream/NIOPA/13392/1/interrelationship-rd-innovation-productivity-micro-enterprises.pdf
- McKinsey "A Microscope On Small Businesses – Spotting Opportunities To Boost Productivity" https://www.mckinsey.com/mgi/our-research/a-microscope-on-small-businesses-spotting-opportunities-to-boost-productivity
- CSO " Business in Ireland"
- EUROSTAT
- NISRA
- DEPARTMENT OF FINANCE (ROI) "Credit Demand Surveys 2018-2024"
- ESRI "SME Investment Report 2024" https://www.esri.ie/publications/sme-investment-report-2024-developments-between-2016-and-2023
- EGFSN "Leading the Way: Investing in Management Development for SME Productivity and Growth"
- OECD "SME and Entrepreneurship Policy in Ireland" (2019)
- LEO IMPACT REPORT 2018 (INCLD 5 YEARS OF MAKING IT HAPPEN)

Why Micros and Very Small Enterprises (1-19 engaged)?

- SELF-EMPLOYED
- MICROS – 1-9 EMPLOYED
- VERY SMALL ENTERPRISES 10-19 – EMPLOYED
- ALL INDIVIDUAL-CENTRIC !
- SMALL ENTERPRISES 10-49

Most of the businesses on most industrial estates and business parks across the island of Ireland are small enterprises!

Micros/smaller businesses as key driver of overall productivity and innovation?

	NWR (% Jobs)	RoI (% Jobs)
Under 10	34%	24%
10-19	47%	33%
20-49	65%	44%
50-249	85%	65%

Micros/small generally lowest in innovation, r+d etc.

Internationalisation – 6% of RoI SMES export – relatively very low

Micros have one of lowest Enterprise Birth Rates OECD

BUT big range of performance within all size categories!

DRIVER	LEVER
AMBITION – (nb Micros Survey for ROI and NI)	LEOS + (EI/LEOs and SOLAS/ETBs)
CAPABILITY	SOLAS/ETBs – 1 job extra/training offer;E-College; Universities; Gradstart; Joint ETB/LEO management learning
IDEAS (NB ERC/QUB – Micro innovation and R+d potential and impact!)	INNOVATION VOUCHER/SIMILAR is key – needs to scale, with support network Universities Gateways etc.
MARKETS	Access - see ITI, EI (UK)
FINANCE/RESOURCES	LEOS, MFI, Credit Unions, BANKS? CONNECTED HUBS
ENVIRONMENT	DEPARTMENTS –policies (VAT etc., schemes rules etc.) – LAs rates (direct and indirect) also mortgages etc.;

https://niopa.qub.ac.uk/bitstream/NIOPA/13392/1/interrelationship-rd-innovation-productivity-micro-enterprises.pdf
https://www.mckinsey.com/mgi/our-research/a-microscope-on-small-businesses-spotting-opportunities-to-boost-productivity

Questions

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  - STRATEGY/AMBITION, MARKETS/TRADE, PRODUCTION/IT, PEOPLE/TRAINING, INNOVATION/R+D, AND FINANCE?
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- POLICY RESPONSE?
  - NOW
  - FURTHER OPTIONS
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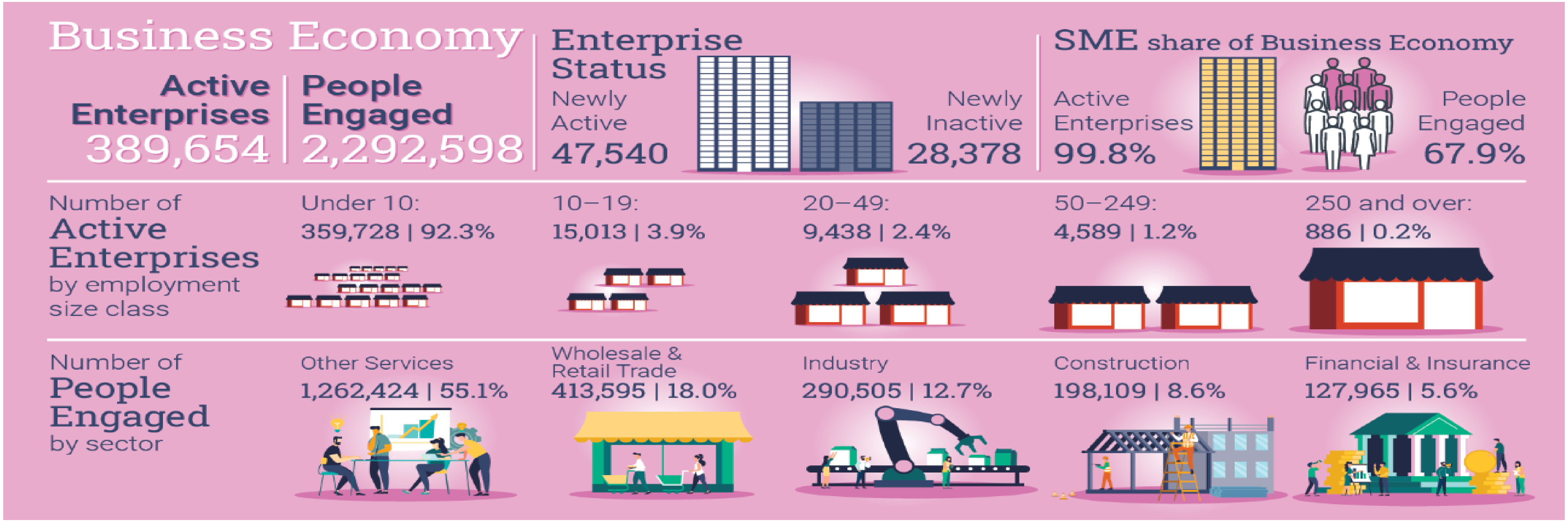
96% of ROI businesses (with 19 or less people) engage 35% of Business Economy Employment (44% outside of Dublin)

An Phríomh-Oifig Staidrimh
Central Statistics Office

Business in Ireland 2022 – Insights on the Lifecycle of Businesses



QUB/ERC Minh Luong, H. and Hewitt-Dundas N. (2018) "The interrelationship between R+D, Innovation and Productivity: Evidence for micro-enterprise" (2018)

Table 1: Profiling micro-enterprises across UK regions and comparator areas

	Employment (average)	Age of business (years)	% home based	% family owned	% founder still involved	Size of leadership team (no)
East of England	3.5	22.8	51.0	71.9	81.8	1.9
East Midlands	3.4	23.0	54.9	70.3	79.1	2.1
London	3.2	20.5	56.8	58.1	85.6	2.1
North East	3.5	21.4	52.4	66.4	82.1	1.8
North West	3.4	20.6	54.1	73.0	82.9	2.0
South East	3.4	22.8	54.7	69.6	82.6	2.0
South West	3.3	23.8	52.8	74.3	79.2	1.9
West Midlands	3.4	22.6	57.1	69.7	84.2	2.0
Yorks. & Humber	3.2	22.4	54.7	69.5	78.7	1.9
Scotland	3.2	25.4	51.0	74.0	81.0	1.9
Wales	3.3	26.5	50.1	76.2	82.4	1.9
Northern Ireland	3.3	28.7	48.8	78.1	80.2	1.9
UK	3.3	22.9	53.9	70.2	81.9	2.0
Ireland	3.1	24.7	47.3	76.6	84.9	1.8
USA	3.5	19.2	41.3	71.0	95.2	1.9

Source: Micro-business Britain Survey, observations are weighted to provide representative results for each area.

PERSONS EMPLOYED '000 (EUROSTAT: Enterprise statistics by size class and NACE Rev. 2 activity (from 2021 onwards))

		PERSONS EMPLOYED 000						
ENTERPRISE SIZE		0-9	10-'19	20-49	50-249	250+	TOTAL	TOTAL
EUROPEAN UNION		49849600	14121669	16144628	24474412	58438449	163028758	163028749
DENMARK		437383	210668	305972	477169	816481	2247673	2247673
GERMANY		7863724	3925396	4052807	6196400	16934568	38972895	38972895
ESTONIA		211317	48943	68634	106811	100541	536246	536246
IRELAND		608594	202792	283510	460248	751840	2306984	2306984
FRANCE		6070881	1454632	1632501	2351979	9308835	20818828	20818828
ITALY		7651530	1912263	1800604	2557829	4719526	18641752	18641752
POLAND		4,292,360	839278	984564	1605549	3843033	11,564,784	11564784
FINLAND		400646	154747	212942	349693	645143	1763171	1763170

PERSONS EMPLOYED % BY SIZE STRUCTURE

* ROI has broadly similar size structure to EU average and many other EU countries
* Compared to Finland, ROI has somewhat higher % of 0-9, same in middle and somewhat lower % of Large
* Italy, Estonia and Poland more skewed towards smaller enterprises overall

		PERSONS EMPLOYED %						
ENTERPRISE SIZE		0-9	10-'19	20-49	50-249	250+	TOTAL	TOTAL
EUROPEAN UNION		0.31	0.09	0.10	0.15	0.36	1.00	
DENMARK		0.19	0.09	0.14	0.21	0.36	1.00	
GERMANY		0.20	0.10	0.10	0.16	0.43	1.00	
ESTONIA		0.39	0.09	0.13	0.20	0.19	1.00	
IRELAND		0.26	0.09	0.12	0.20	0.33	1.00	
FRANCE		0.29	0.07	0.08	0.11	0.45	1.00	
ITALY		0.41	0.10	0.10	0.14	0.25	1.00	
POLAND		0.37	0.07	0.09	0.14	0.33	1.00	
FINLAND		0.23	0.09	0.12	0.20	0.37	1.00	

EUROSTAT: Enterprise statistics by size class and NACE Rev. 2 activity (from 2021 onwards)

Persons engaged by enterprise size 2022 (CSO TABLE BRA 30) Counties

*	Row Labels	All persons engaged size classes	Under 10	10 - 19	1-19'	20 - 49	50 - 249	250 and over	Under 10	10 - 19	1-19'	20 - 49	50 - 249	250 and over
	Co. Clare	40608	14947	4129	19076	4960	8713	7859	0.37	0.10	0.47	0.12	0.21	0.19
	Co. Cork	233377	67461	22690	90151	28940	47221	67065	0.29	0.10	0.39	0.12	0.20	0.29
	Co. Cavan	24128	8931	2894	11825	4087	5570	2646	0.37	0.12	0.49	0.17	0.23	0.11
	Co. Carlow	20110	6899		6899	3737	5349		0.34	0.00	0.34	0.19	0.27	0.00
	Co. Donegal	48659	19422	6978	26400	8852	10394	3013	0.40	0.14	0.54	0.18	0.21	0.06
	Co. Dublin	1055142	195879	65213	261092	102629	205082	486339	0.19	0.06	0.25	0.10	0.19	0.46
	Co. Galway	106873	32303	10388	42691	15016	22365	26801	0.30	0.10	0.40	0.14	0.21	0.25
	Co. Kildare	84260	25790	7798	33588	11290	15487	23895	0.31	0.09	0.40	0.13	0.18	0.28
	Co. Kilkenny	29196	10635	3494	14129	4270	6176	4621	0.36	0.12	0.48	0.15	0.21	0.16
	Co. Kerry	52547	19734	6230	25964	8224	10883	7476	0.38	0.12	0.49	0.16	0.21	0.14
	Co. Longford	12741	4499	1650	6149	1979	2017	2596	0.35	0.13	0.48	0.16	0.16	0.20
	Co. Louth	57102	15803	5948	21751	7225	9552	18574	0.28	0.10	0.38	0.13	0.17	0.33
	Co. Limerick	74895	21583	7844	29427	11545	16206	17717	0.29	0.10	0.39	0.15	0.22	0.24
	Co. Leitrim	8865	4266	1110	5376	1341	942	1206	0.48	0.13	0.61	0.15	0.11	0.14
	Co. Laois	19603	7856	2329	10185	3615	3177	2626	0.40	0.12	0.52	0.18	0.16	0.13
	Co. Meath	62242	23503	7357	30860	11249	11609	8524	0.38	0.12	0.50	0.18	0.19	0.14
	Co. Monaghan	22521	7787		7787	3846	6478		0.35	0.00	0.35	0.17	0.29	0.00
	Co. Mayo	45247	15878	5176	21054	6819	7787	9587	0.35	0.11	0.47	0.15	0.17	0.21
	Co. Offaly	20440	8043	2737	10780	3109	4381	2170	0.39	0.13	0.53	0.15	0.21	0.11
	Co. Roscommon	16957	6786	1959	8745	2801	3866	1545	0.40	0.12	0.52	0.17	0.23	0.09
	Co. Sligo	23689	7290	2444	9734	3217	4251	6487	0.31	0.10	0.41	0.14	0.18	0.27
	Co. Tipperary	46892	18529	6013	24542	7747	7764	6839	0.40	0.13	0.52	0.17	0.17	0.15
	Co. Waterford	43532	13016	4560	17576	6471	8934	10551	0.30	0.10	0.40	0.15	0.21	0.24
	Co. Wicklow	40972	18599	5629	24228	5836	7921	2987	0.45	0.14	0.59	0.14	0.19	0.07
	Co. Westmeath	30807	10870	3782	14652	4817	7563	3775	0.35	0.12	0.48	0.16	0.25	0.12
	Co. Wexford	50417	18763	6916	25679	7510	10541	6687	0.37	0.14	0.51	0.15	0.21	0.13
	Ireland known	2271822	605072	195268	800340	281132	450229	731586	0.27	0.09	0.35	0.12	0.20	0.32
	Ireland	2292598	616986	202593	819579	283712	453709	735598	0.27	0.09	0.36	0.12	0.20	0.32
	Unknown county	20776	11914	1853	13767	2580	3480	949	0.57	0.09	0.66	0.12	0.17	0.05
	X Dublin	1216680	409193	130055	539248	178503	245147	245247	0.34	0.11	0.44	0.15	0.20	0.20
	XD/Ireland known	0.536	0.676	0.666	0.674	0.635	0.544	0.335						

NB 250+ data not available for Cos Carlow and Monaghan

Northern Ireland Enterprise Size by LDC Numbers 2024 (NISRA)

Worksheet 3.4 Number of VAT and/or PAYE Registered Businesses Operating in Northern Ireland by District Council Area and Employee Size Band, 2024
Source NISRA

	Employee Size Band								
District Council Area	**0**	**1-9**	**10-19**	**20-49**	**50-99**	**100-199**	**200-249**	**250+**	**Total**
Antrim and Newtownabbey	935	2,760	320	140	75	30	5	25	4,290
Ards and North Down	870	3,425	280	170	40	20	10	20	4,835
Armagh City, Banbridge and Craigavon	2,785	5,660	425	295	80	45	5	35	9,330
Belfast	875	8,315	985	710	260	140	25	140	11,445
Causeway Coast and Glens	2,155	3,585	275	160	60	20	*	15	6,280
Derry City and Strabane	1,450	3,570	285	175	55	25	*	20	5,575
Fermanagh and Omagh	4,015	4,170	280	165	40	20	10	10	8,715
Lisburn and Castlereagh	955	3,535	335	200	65	30	5	30	5,155
Mid and East Antrim	1,605	3,095	235	155	50	10	*	15	5,165
Mid Ulster	3,660	5,260	395	240	90	40	*	25	9,715
Newry, Mourne and Down	2,835	5,910	430	235	65	35	10	20	9,540
Northern Ireland	**22,140**	**49,285**	**4,245**	**2,645**	**880**	**420**	**80**	**345**	**80,045**

Business Economy Sectors by Enterprise Size 2022 (CSO BRA31) – Shares of Very Small Enterprises (under 20 Jobs)

Sector Sector	Sector Share of Very Small Enterprises Total Jobs	Very Small Enterprises Share of Sector Total Jobs
Manufacturing	5%	16%
Construction	17%	69%
Retail	19%	35%
Transport	5%	39%
Accommodation and Food Services	10%	34%
Information and Communications	4%	23%
Finance	4%	23%
Real Estate	3%	70%
Professional Services	13%	47%
Administrative Support	5%	21%
Education	3%	38%
Health	7%	31%
Arts	3%	51%
Total Sectors (B-R)	100%	35%

Persons engaged 2022 ROI by Enterprise Size and NACE Sectors (CSO BRA 31)
Very Small Enterprises Share of Sector Employment

	Numbers							VSEs (0-19) % Total Sector						
	All persons engaged size classes	Under 10	10 - 19	0-19	20 - 49	50 - 249	250 and over	All size classes	Under 10	10 - 19	0-19	20 - 49	50 - 249	250 and over
Persons Engaged in Active Enterprises														
Mining and Quarrying (B)	3272	893	0	893	735	629	0	1.00	0.27	0.00	0.27	0.22	0.19	0.00
Manufacturing (C)	264220	30518	12223	42741	22893	64595	133991	1.00	0.12	0.05	0.16	0.09	0.24	0.51
Electricity, Gas, Steam and Air Conditioning Supply (D)	12169	1114	197	1311	163	380	10315	1.00	0.09	0.02	0.11	0.01	0.03	0.85
Construction (F)	198109	116207	20133	136340	22609	22522	16638	1.00	0.59	0.10	0.69	0.11	0.11	0.08
WholeSale and Retail Trade; Repair of Motor Vehicles and Motorcycles (G)	413595	94814	50190	145004	67755	77733	123103	1.00	0.23	0.12	0.35	0.16	0.19	0.30
Transportation and Storage (H)	108242	33317	8869	42186	13233	17165	35658	1.00	0.31	0.08	0.39	0.12	0.16	0.33
Accommodation and Food Service Activities (I)	232382	45416	33232	78648	43974	70829	38931	1.00	0.20	0.14	0.34	0.19	0.30	0.17
Information and Communication (J)	148253	27414	7642	35056	14679	33184	65334	1.00	0.18	0.05	0.24	0.10	0.22	0.44
Financial and Insurance Activities (K)	127965	23798	5534	29332	8754	18756	71123	1.00	0.19	0.04	0.23	0.07	0.15	0.56
Real Estate Activities (L)	38099	24174	2414	26588	2898	3901	4712	1.00	0.63	0.06	0.70	0.08	0.10	0.12
Professional, Scientific and Technical Activities (M)	209359	79488	18250	97738	22637	34692	54292	1.00	0.38	0.09	0.47	0.11	0.17	0.26
Administrative and Support Service Activities (N)	183138	29857	9081	38938	15197	36053	92950	1.00	0.16	0.05	0.21	0.08	0.20	0.51
Education (P)	67026	19826	5893	25719	6596	6138	28573	1.00	0.30	0.09	0.38	0.10	0.09	0.43
Human Health and Social Work Activities (Q)	186795	38616	18630	57246	31090	53564	44895	1.00	0.21	0.10	0.31	0.17	0.29	0.24
Arts, Entertainment and Recreation (R)	42889	17838	4227	22065	6049	7850	6925	1.00	0.42	0.10	0.51	0.14	0.18	0.16
Total Sectors (B-R)	2235513	583290	196515	779805	279262	447991	727440	1.00	0.26	0.09	0.35	0.12	0.20	0.33
Business Economy excluding Sector O and Activities of Membership Organisations (B to S-O-S94)	2292598	616986	202593	819579	283712	453709	735598	1.00	0.27	0.09	0.36	0.12	0.20	0.32
Service Economy excluding Sector O and Activities of Membership Organisations (G to S-O-S94)	1803984	466240	168736	634976	235906	361761	571341	1.00	0.26	0.09	0.35	0.13	0.20	0.32
Note: No data for Mining 10-19 and 250+														

Persons engaged 2022 by Enterprise Size and NACE Sectors (CSO BRA 31)
Very Small Enterprises Jobs by Sector

	Numbers							Sector Size % Total Size						
	All persons engaged size classes	Under 10	10 - 19	0-19	20 - 49	50 - 249	250 and over	All size classes	Under 10	10 - 19	0-19	20 - 49	50 - 249	250 and over
Persons Engaged in Active Enterprises														
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Manufacturing (C)	264220	30518	12223	42741	22893	64595	133991	0.12	0.05	0.06	0.05	0.08	0.14	0.18
Electricity, Gas, Steam and Air Conditioning Supply (D)	12169	1114	197	1311	163	380	10315	0.01	0.00	0.00	0.00	0.00	0.00	0.01
Construction (F)	198109	116207	20133	136340	22609	22522	16638	0.09	0.20	0.10	0.17	0.08	0.05	0.02
WholeSale and Retail Trade; Repair of Motor Vehicles and Motorcycles (G)	413595	94814	50190	145004	67755	77733	123103	0.19	0.16	0.26	0.19	0.24	0.17	0.17
Transportation and Storage (H)	108242	33317	8869	42186	13233	17165	35658	0.05	0.06	0.05	0.05	0.05	0.04	0.05
Accommodation and Food Service Activities (I)	232382	45416	33232	78648	43974	70829	38931	0.10	0.08	0.17	0.10	0.16	0.16	0.05
Information and Communication (J)	148253	27414	7642	35056	14679	33184	65334	0.07	0.05	0.04	0.04	0.05	0.07	0.09
Financial and Insurance Activities (K)	127965	23798	5534	29332	8754	18756	71123	0.06	0.04	0.03	0.04	0.03	0.04	0.10
Real Estate Activities (L)	38099	24174	2414	26588	2898	3901	4712	0.02	0.04	0.01	0.03	0.01	0.01	0.01
Professional, Scientific and Technical Activities (M)	209359	79488	18250	97738	22637	34692	54292	0.09	0.14	0.09	0.13	0.08	0.08	0.07
Administrative and Support Service Activities (N)	183138	29857	9081	38938	15197	36053	92950	0.08	0.05	0.05	0.05	0.05	0.08	0.13
Education (P)	67026	19826	5893	25719	6596	6138	28573	0.03	0.03	0.03	0.03	0.02	0.01	0.04
Human Health and Social Work Activities (Q)	186795	38616	18630	57246	31090	53564	44895	0.08	0.07	0.09	0.07	0.11	0.12	0.06
Arts, Entertainment and Recreation (R)	42889	17838	4227	22065	6049	7850	6925	0.02	0.03	0.02	0.03	0.02	0.02	0.01
Total Sectors (B-R)	2235513	583290	196515	779805	279262	447991	727440	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Economy excluding Sector O and Activities of Membership Organisations (B to S-O-S94)	2292598	616986	202593	819579	283712	453709	735598	1.03	1.06	1.03	1.05	1.02	1.01	1.01
Service Economy excluding Sector O and Activities of Membership Organisations (G to S-O-S94)	1803984	466240	168736	634976	235906	361761	571341	0.81	0.80	0.86	0.81	0.84	0.81	0.79
Note: No data for Mining 10-19 and 250+														

Relative Net Turnover per Person, by Enterprise Size

* ROI All micro, small and medium enterprises are 31-41% of large enterprises
* EU and 3/7 countries are 36-40% 0-9 and then 53-61% 10-19, and then higher %
* 2/7 countries (Denmark and Finland) start off 58-63%0-49, and then rise 80-92% 50-249
* Germany is 36% to 46% 0-49 and then 59% 50-249 (lowest of 7 countries)
* Estonia is 75% 0-9, 87% 10-19, and 100/107% for 20-250+

	NET TURNOVER/PERSONS EMPLOYED			EURO MILLION			
ENTERPRISE SIZE	0-9	10-'19	20-49	50-249	250+	TOTAL	TOTAL
EUROPEAN UNION	0.38	0.51	0.63	0.80	1.00	0.70	0.70
DENMARK	0.63	0.57	0.69	0.92	1.00	0.83	0.83
GERMANY	0.36	0.37	0.46	0.59	1.00	0.69	0.69
ESTONIA	0.75	0.87	1.00	1.06	1.00	0.90	0.90
IRELAND	0.41	0.31	0.34	0.39	1.00	0.58	0.58
FRANCE	0.40	0.53	0.63	0.81	1.00	0.74	0.74
ITALY	0.38	0.61	0.75	0.95	1.00	0.67	0.67
POLAND	0.40	0.58	0.68	0.78	1.00	0.69	0.69
FINLAND	0.58	0.58	0.66	0.80	1.00	0.79	0.79

(EUROSTAT: Enterprise statistics by size class and NACE Rev. 2 activity (from 2021 onwards))

Net Turnover per Person by Enterprise Size

*** ROI small enterprise (10-19/20-49 jobs) and medium (50-249) productivity (net turnover per person) levels are lower than ROI large enterprises**
*** But higher than their EU counterparts (Eurostat)**
*** But question of gni*/gdp/?!) – see 0-9 result!**

	NET TURNOVER/PERSONS EMPLOYED			EURO MILLION			
ENTERPRISE SIZE	0-9	10-'19	20-49	50-249	250+	TOTAL	TOTAL
EUROPEAN UNION	1.00	1.00	1.00	1.00	1.00	1.00	
DENMARK	2.08	1.40	1.37	1.44	1.26	1.48	
GERMANY	1.10	0.84	0.85	0.86	1.16	1.14	
ESTONIA	1.18	1.02	0.94	0.79	0.60	0.77	
IRELAND	3.36	1.85	1.66	1.49	3.08	2.55	
FRANCE	1.13	1.12	1.08	1.09	1.08	1.14	
ITALY	1.00	1.18	1.17	1.18	0.99	0.95	
POLAND	0.74	0.80	0.75	0.69	0.70	0.69	
FINLAND	1.79	1.31	1.22	1.17	1.16	1.31	

EUROSTAT: Enterprise statistics by size class and NACE Rev. 2 activity (from 2021 onwards)
Note: Units are independent legal entities

Questions **What is profile of Very Small Individual-Centric Enterprises (Under 20 Jobs) ?**

- ROI: VSEs (under 20 jobs) are 96% of all enterprises, 35% of all Business Economy jobs
- ECR/QUB (micros 10k survey ROI/NI) average size 3.1/3.3, age 24.7/28.7, family-owned 77/78%, owner still involved 85/80%
- ROI/EU – employment share VSEs lower ROI 35% v EU 40%, greater ROI "20-249" size at 32% to EU 25%, and ROI large lower at 33% to EU 36% - is that significant? Similar spreads in other countries?
- ROI county share – lowest in Dublin 25% , **outside Dublin 44%,** most counties above 45% (Leitrim), "city-counties" below (Cork, Limerick, Waterford, Galway, Louth, Sligo, Carlow(?), Monaghan(?))
- NI county share – similar pattern, with Belfast lowest and Fermanagh/Omagh highest by number of businesses
- ROI Sectors – highest presence in construction(69%), transport(39%), real estate(70%), professionals etc (47%)and arts(51%); about average in retail (35%), accommodation(34%), education(38%) and health (31%); and lowest in manufacturing (16%), information (23%), finance (23%), administrative support (21%)
- BUT still significant at about 1 in 5 in such "low VSEs presence" sectors! Even pharma subsector at 12% (lowest!) is some presence!
- ROI Sectors – the biggest sectors making up 59% of VSEs jobs are Retail (19%), Construction (17%), Professional Services (13%) and Accommodation (10%); combined information and finance is 8%, health is 7%, manufacturing, transport, real estate, admin support, education and arts 3-5% each
- Net Turnover/person (with GDP measurement issue!!) has ROI micros at 3.4 EU average, smaller at 1.9 , small at 1.7, medium at 1.5, large at 3.1 and total at 2.6 – how close to reality?

Questions

- WHAT IS PROFILE OF VERY SMALL INDIVIDUAL-CENTRIC ENTERPRISES?
  - EMPLOYMENT IN COUNTIES, LDCS, REGIONS AND INTERNATIONALLY ?
  - EMPLOYMENT BY SECTOR ROI AND INTERNATIONALLY ?
  - PRODUCTIVITY ?
- **WHAT ARE RELATIVE STRENGTHS AND WEAKNESSES OF VSES GROWTH DRIVERS?**
  - WHAT ARE GROWTH DRIVERS?
  - STRATEGY/AMBITION, MARKETS/TRADE, PRODUCTION/IT, PEOPLE/TRAINING, INNOVATION/R+D, AND FINANCE?
- SO WHAT IS VALUE AND CONTRIBUTION OF VERY SMALL INDIVIDUAL-CENTRIC ENTERPRISES?
- POLICY RESPONSE?
  - NOW
  - FURTHER OPTIONS
- SOME MORE QUESTIONS?

BUSINESS GROWTH MODEL

DRIVER	LEVER
AMBITION (STRATEGY)	PEERS, MENTORING, LEADERSHIP PROGRAMMES
OPPPORTUNITES (MARKETING)	OVERSEAS NETWORKS , MARKET INTRODUCTIONS
IDEAS (INNOVATION)	HIGHER ED/OTHER NETWORKS, TECH TRANSFER
SKILLS (PRODUCTION, PEOPLE)	EDUCATION AND TRAINING
MONEY (FINANCE)	GRANTS, EQUITY, LOANS
ENVIRONMENT (RULES)	POLICY, RULES AND REGULATIONS

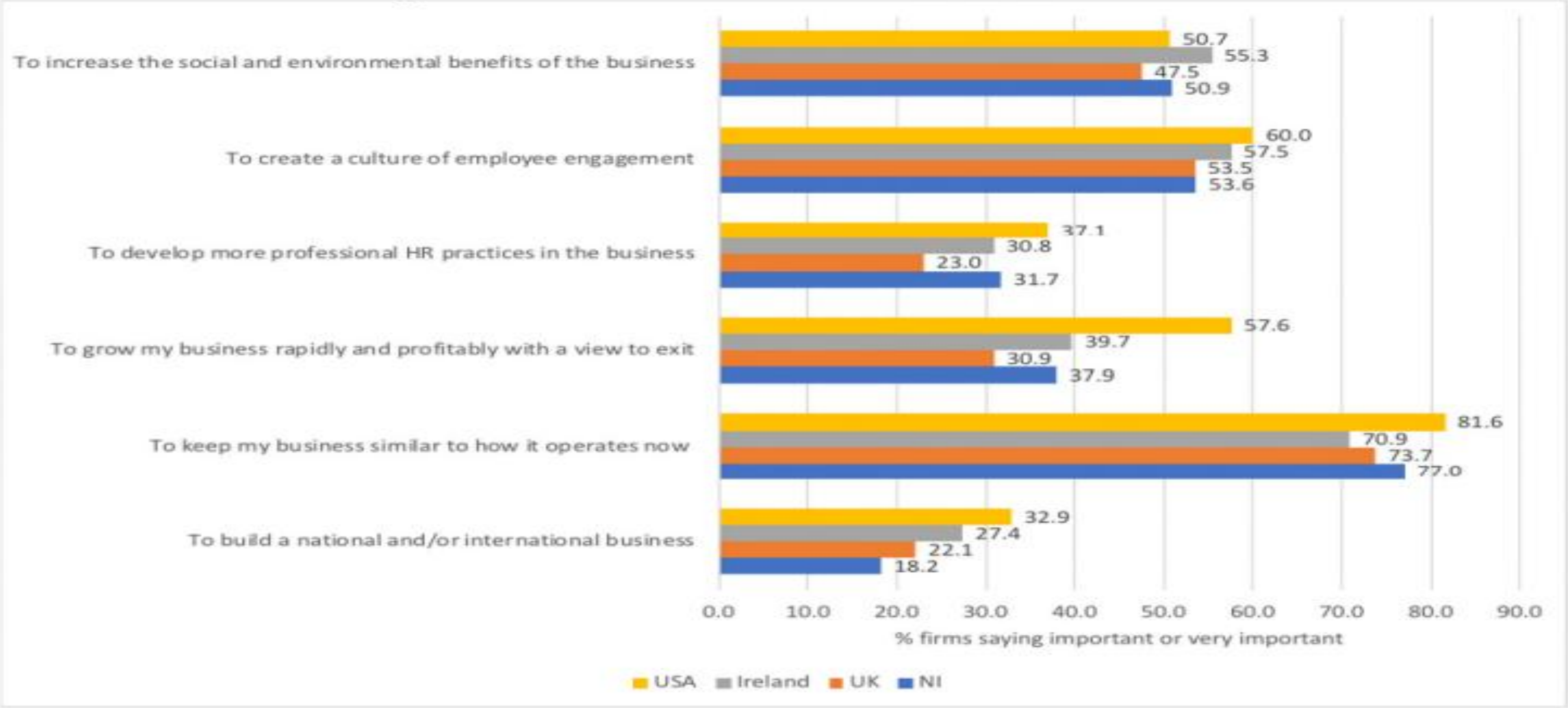
Strategy

STRATEGY

- ERC/QUB “Indicators of business ambition” (Nb USA highest in all categories)
  - *Growth “View to exit” ROI/NI 40%/38% (nb USA 58%) “Build ..business” ROI/NI 27%/18%(nb USA 33%)*
  - *Stability “Keep business similar ”ROI/NI 71%/77%*
  - *External /Human Capital “social … benefits* “ ROI/NI 55%/51%, “culture” ROI/NI 58%/ 54% “HR” ROI/NI 31%/32%
- ERC/QUB “Indicators of personal ambition”
  - *“Hand on business” ROI/NI 48%/54% (nb USA 45%)*
  - *“Build great wealth” ROI/NI 43%/37% (nb USA 63%)*
  - *“Freedom” ROI/NI 83%/82% (nb USA 88%)*
- CSO Brexit/Covid Crisis response (All SMEs Multiple responses) –
  - 39% no response,
  - 49% reduction/retrench responses
    - 24% payfreeze/reduce workforce,
    - 12% renegotiate rent/terms,
    - 13% less/no investment,
  - 29% progress/pivot response
    - 17% develop new products/new market,
    - 12% digitalisation

QUB/ERC Minh Luong, H. and Hewitt-Dundas N. (2018) “The interrelationship between R+D, Innovation and Productivity: Evidence for micro-enterprise” (2018)

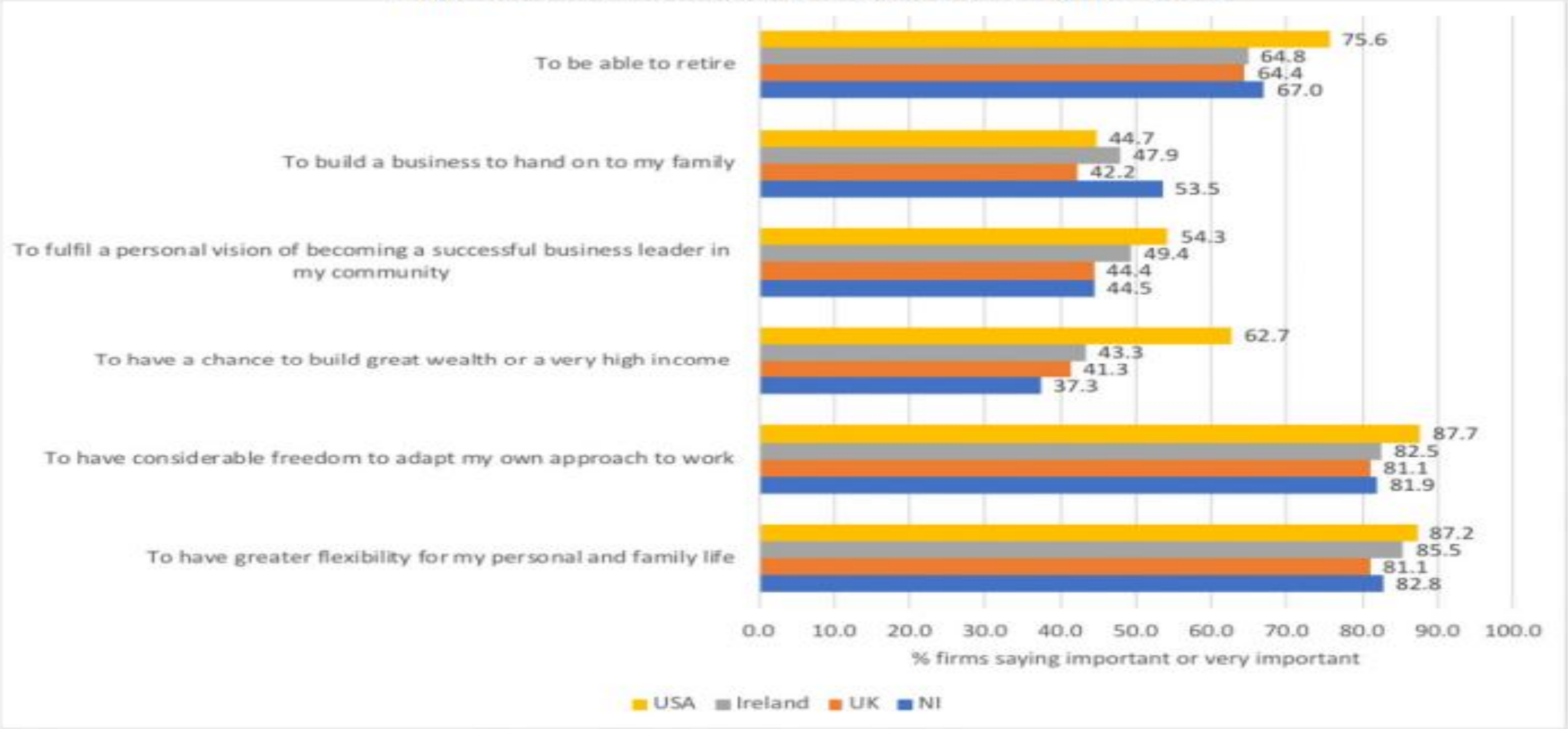
Figure 2.1: Indicators of business ambition



QUB/ERC Minh Luong, H. and Hewitt-Dundas N. (2018) “The interrelationship between R+D, Innovation and Productivity: Evidence for micro-enterprise” (2018)

Enterprise Research Centre

Figure 2.2: Indicators of personal ambition



CSO SMES RESPONSES TO CRISIS

Table 1 Steps taken by enterprises to mitigate COVID-19 and Brexit uncertainty

	%
Implement a pay freeze	13
Reduce work force	11
Renegotiate commercial rent	7
Renegotiate terms of supply chain	5
Pause or cancel investment	13
Develop new products	9
Increase digitisation	12
New markets	8
No steps	39
Other steps	3

MARKETING

Exports CSO Trade by Enterprise Characteristics 2017

Table 2.1 Exports by enterprise size 2017

Enterprise size	Value €million	% of total	Number of enterprises	% of total
Micro	7,506	6	5,081	59
Small	5,284	4	2,384	28
Medium	23,168	19	835	10
SMEs	**35,957**	**30**	**8,300**	**96**
Large	82,964	68	289	3
Unknown	2,838	2	25	0
Total	**121,759**	**100**	**8,614**	**100**

Micro (0-9 employees), Small (10-49 employees), Medium (50-249 employees), Large (over 250 employees).

CSO

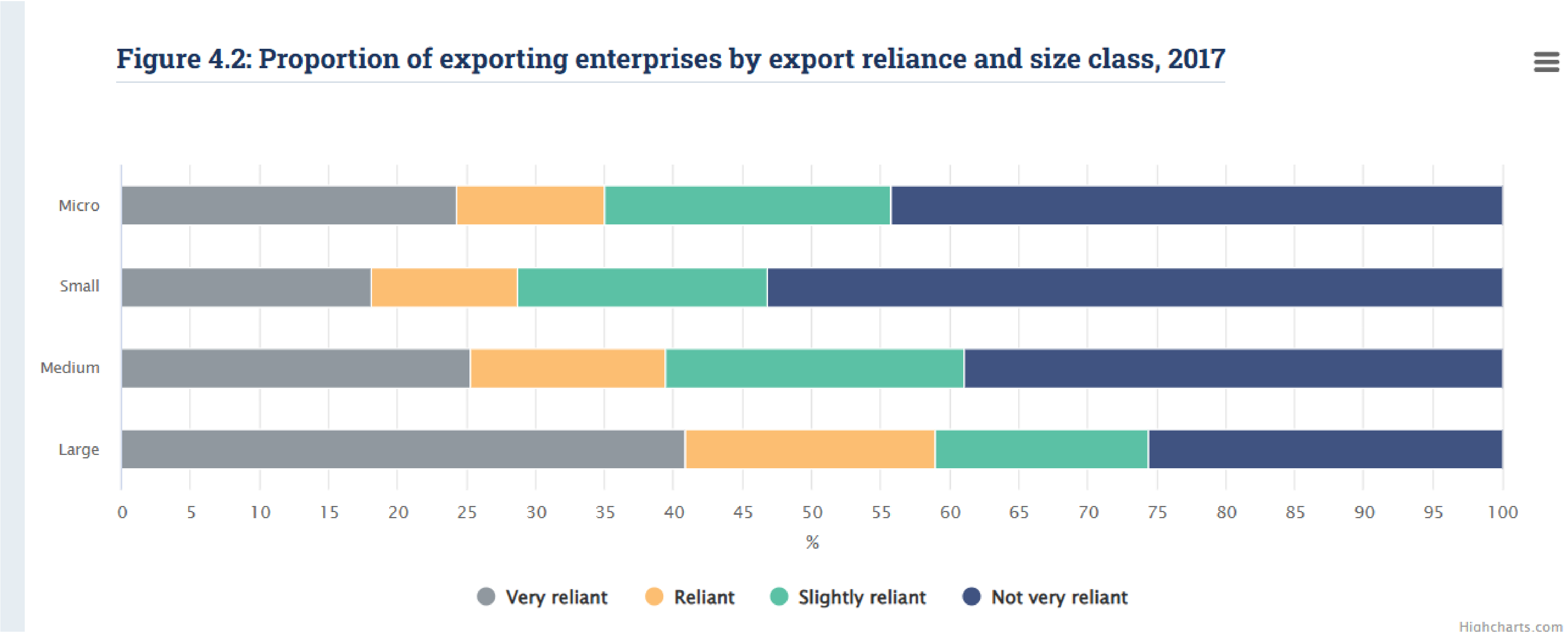


Figure 4.2: Proportion of exporting enterprises by export reliance and size class, 2017
Micro
Small
Medium
Large
0
5
10
15
20
25
30
35
40
45
50
55
60
65
70
75
80
85
90
95
100
%
Very reliant
Reliant
Slightly reliant
Not very reliant
Highcharts.com

Imports (CSO Exporting Enterprises in Ireland 2017)

Table 3.1 Imports by enterprise size 2017

	€million			
Enterprise size	**Value**	**% of total**	**Number of enterprises**	**% of total**
Micro	16,889	20	22,200	70
Small	13,557	16	7,030	22
Medium	23,125	28	1,817	6
SMEs	**53,571**	**65**	**31,047**	**98**
Large	27,110	33	538	2
Unknown	1,914	2	76	0
Total	**82,595**	**100**	**31,661**	**100**

Micro (0-9 employees), Small (10-49 employees), Medium (50-249 employees), Large (over 250 employees).

Exports CSO Trade by Enterprise Characteristics 2017

I	Source Appendix 1	Enterprise Trade Features									
	Exports	2017									
		Micro		Total		Micros% Total Sector		Sector% Total Micros		Sector% AllTotal	
		Value Eur Mill	Enterprises No	Value Euro Mill	Enterprises	Value	Nos	Value	Nos	Value	Nos
	Agrifood	615	335	17923	668	0.03	0.50	0.08	0.07	0.15	0.08
	Pharma	256	66	53166	199	0.00	0.33	0.03	0.01	0.44	0.02
	Man + Cons	548	1006	29430	2130	0.02	0.47	0.07	0.20	0.24	0.25
	Wholesale/Retail	2413	2496	8722	3776	0.28	0.66	0.32	0.49	0.07	0.44
	Services/Other	3674	1178	9681	1816	0.38	0.65	0.49	0.23	0.08	0.21
	Total	7506	5081	121769	8614	0.06	0.59	1.00	1.00	1.00	1.00
	Imports	2017									
		Micro		Total						Sector% AllTotal	
		Value Eur Mill	Enterprises No	Value Euro Mill	Enterprises					Value	Nos
	Agrifood	240	1206	3710	1689	0.06	0.71	0.01	0.05	0.04	0.05
	Pharma	319	98	10987	237	0.03	0.41	0.02	0.00	0.13	0.01
	Man + Cons	970	4714	13072	6984	0.07	0.67	0.06	0.21	0.16	0.22
	Wholesale/Retail	5716	11327	26845	15045	0.21	0.75	0.34	0.51	0.32	0.48
	Services/Other	9645	4855	26067	7630	0.37	0.64	0.57	0.22	0.31	0.24
	Total	16890	22200	82959	31661	0.20	0.70	1.00	1.00	1.00	1.00

- While overall a small share of all exports, Micro 5000 exporters represented 28% and 38% respectively of Wholesale/Retail and Services/Other (which represented 15% of all Export value).
- In 2017, micro-enterprise (1-10 jobs) imports totalled 16,890 euro mill. by 22200 enterprises, being 20% of Total imports, and 21% and 37% respectively of Wholesale/Retail and Services/Other (which represented 63% % of all Import value).

MARKETING

- **Exporting micros represented 2% of all Micros (360k), and importing micros 6%.**
- CSO: In 2017, micro-enterprise (0-9 employed) exports totalled 7506 m euro from **5000 enterprises,** being **6% of Total exports (or adjusting X 0.6 for GNI*/GDP) ie 10%)**.
- Also **sub-supply to exporters** (double? -> 20% + of ROI real exports ???)

- While overall a small share of all exports, it represented 28% and 38% respectively of Wholesale/Retail and Services/Other (which represented 15% of all Export value (121,769 mill euro)).
- CSO: In 2017, micro-enterprise (1-10 jobs) imports totalled 16,890 euro mill. by **22200 enterprises**, being **20% of Total imports,** and 21% and 37% respectively of Wholesale/Retail and Services/Other (which represented 63% % of all Import value 82,595 mill euro).
- CSO: 2017 **Exporting micros in their reliance on exports are similar to SMES overall and dissimilar to Large Enterprises**, with 65% not very or slightly reliant (<50%) v large only 42%; and 24% of micro exporters being very reliant (v 41% of Large exporters).
- Of exporting micros, their export intensity (exports/sales) was 61% in 2017, similar to all SMEs, whereas of exporting large enterprises, their exporting intensity was 85%.

PRODUCTION

PRODUCTION

- E-Commerce (CSO ICA 231) Small (10-49) were lower users than medium or large, for sales by internet (38% v 54% Large), with web sales (34% v 42% Large) and with EDI sales (9% v 26%)
- Purpose for AI 2024 CS0 ICA 238 % of Enterprises using AI **Lowest across all types of AI proposes** for Small (10-40) at 12%,v Medium 25%, Large at 51% and Average at 15% (up from 8% in 2023)
- CSO 2024 CSO ICA 230 Small Business had similar access to broadband speeds up to 500 Mbps, but less access to 500 Mbps or more (30% Small v 47% Medium V 57% Large Enterprises)

E-Commerce 2024 CSO ICA 231

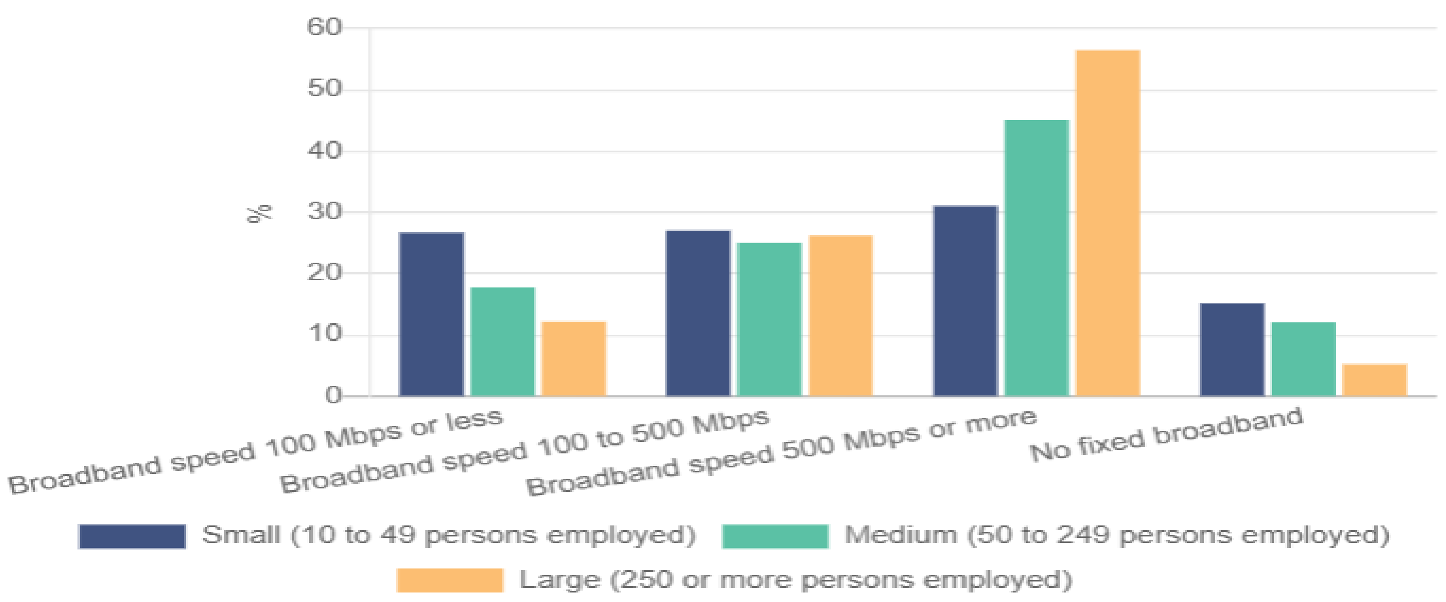
Row Labels	All Enterprises	Small (10 to 49)	Medium (50 to 249)	Large (250 or more)
Enterprises with sales by internet				
2024	40.4	37.9	51.3	53.7
Enterprises with web sales				
2024	35.9	34.2	43.9	42.4
Enterprises with EDI sales				
2024	10.8	9	16.3	25.9

Purpose for Artificial Intelligence 2024 CSO ICA 238 (*Overall, 15% of all enterprises used Artificial Intelligence (AI) in 2024, compared with 8% in 2023. The most common types of AI used were for natural language generation (7%) and data mining (7%).*

Row Labels	All Enterprises	Small (10 to 49)	Medium (50 to 249)	Large (250 or more)
Enterprises using Artificial Intelligence				
2024	15.2	12	25.1	51.2
Enterprises using Artificial Intelligence for marketing or sales				
2024	5.7	4.7	8.6	18.7
Enterprises using Artificial Intelligence for production processes				
2024	3.8	2.9	5	20.7
Enterprises using Artificial Intelligence for business administrative processes				
2024	5.7	4.2	10.1	24.1
Enterprises using Artificial Intelligence for logistics				
2024	1.6	1.2	1.9	8.7
Enterprises using Artificial Intelligence for ICT services				
2024	4	3.1	3.7	29.1
Enterprises using Artificial Intelligence for accounting, controlling, or financial management				
2024	3.5	2.4	7.1	15.4
Enterprises using Artificial Intelligence for R&D or innovation activity				
2024	4	3.2	6	17.4

Broadband Speed 2024 CSO ICA 230 (not by region)

Figure 1.1: Broadband speed of enterprise by size class, 2024



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PEOPLE

- **SKILLS**
- **COSTS**

CSO – CVT – Training Hours by Firm Size – Small Businesses at 50% of Large Businesses 2020

Year	Statistic	Unit	Small (10 to 49)	Medium (50 to 249)	Large (250 or more)	All sizes
2015	Internal Training courses	Hours	12.9	8.9	12.0	11.5
2015	External Training courses	Hours	4.9	3.2	3.9	4.0
2015	Not stated Internal/ External	Hours	2.6	3.5	4.7	3.8
2015	Total Training courses	Hours	20.4	15.6	20.7	19.4
2015	Health and Safety at work	Hours	7.8	4.3	5.5	5.9
2015	Percentage of total hours spent on Health and Safety courses at work	%	38.2	27.6	26.6	30.4
2020	Internal Training courses	Hours	4.5	5.2	12.0	7.7
2020	External Training courses	Hours	3.0	..	..	4.0
2020	Not stated Internal/ External	Hours	0.1	..	..	0.1
2020	Total Training courses	Hours	7.6	12.6	14.8	11.9
2020	Health and Safety at work	Hours	2.7	3.6	4.1	3.5
2020	Percentage of total hours spent on Health and Safety courses at work	%	35.4	29.0	27.9	29.8

SKILLS

- CSO CVT 2020 Training hours per period Small (10-49) **lower** at 60% of medium, 51% of large, 64% of average;
- CSO CVT 2020 Of VSEs high presence sectors , 3 of 4 were below average (Construction (9.9), Retail (6.2), Accommodation (5.6) , and one above (Profession, Admin etc. (12.9)) with Total Average 11.9);
- EGFSN 2020 SMEs with 3+Formal Training Types were micros (22%), small (37%) and medium (58%) with similar CSO results for range of types of courses etc.
- “Firms of all sizes are impacted by sickness absence, however, smaller firms can lack access to Occupational Health (OH), Human Resources (HR), finance to access consulting services, time to manage sickness and knowledge of relevant guidance therefore small firms are more vulnerable to negative effects” (Black and Frost, 2011) (UUEPC (2023) Martin, G.)

Labour Costs, Competitiveness and Living Wage debate – government decision to postpone living wage increases, sick days extensions etc

- ISME

- ICTU

Average Labour Costs by Enterprise Size and Sector (CSO EHQ04)

Average Hourly Total Labour Costs	EURO				% LARGE				% ALL	NACE	
2024Q4	Under 50	50-249	250+		Under 50	50-249	250+		Under 50	50-249	250+
All NACE economic sectors	29.4	31.98	39.78		0.74	0.80	1.00		1.00	1.00	1.00
Industry (B to E)	30.13	29.69	40.15		0.75	0.74	1.00		1.02	0.93	1.01
Construction (F)	29.44	33.73	38.02		0.77	0.89	1.00		1.00	1.05	0.96
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	27.6	28.93	27.92		0.99	1.04	1.00		0.94	0.90	0.70
Transportation and storage (H)	28.6	27.36	31.61		0.90	0.87	1.00		0.97	0.86	0.79
Accommodation and food service activities (I)	18.58	18.87	18.49		1.00	1.02	1.00		0.63	0.59	0.46
Information and communication (J)	44.28	48.8	69.95		0.63	0.70	1.00		1.51	1.53	1.76
Professional, scientific and technical activities (M)	36.06	44.45	45.92		0.79	0.97	1.00		1.23	1.39	1.15
Administrative and support service activities (N)	33.44	31.37	25.2		1.33	1.24	1.00		1.14	0.98	0.63
Public administration and defence; compulsory social security (O)	38.84	43.37	35.28		1.10	1.23	1.00		1.32	1.36	0.89
Education (P)	28.13	38.7	54.53		0.52	0.71	1.00		0.96	1.21	1.37
Human health and social work activities (Q)	24.4	23.51	35.72		0.68	0.66	1.00		0.83	0.74	0.90
Financial, insurance and real estate activities (K,L)	51.7	46.83	48.19		1.07	0.97	1.00		1.76	1.46	1.21
Arts, entertainment, recreation and other service activities (R,S)	24.31	30.96	28.92		0.84	1.07	1.00		0.83	0.97	0.73
Average Weekly Earnings (Seasonally Adjusted)											
2024Q4											
	778.62	895.71	1133.59		0.69	0.79	1.00		1.00	1.00	1.00
Average Weekly Paid Hours (Seasonally Adjusted)											
2024Q4											
All NACE economic sectors	30.7	32.7	33.4		0.92	0.98	1.00		1.00	1.00	1.00
Ratio of Average Hourly Earnings to Average Hourly Total Labour Costs											
2024Q4											
All NACE economic sectors	0.87	0.85	0.84								

Labour Costs - Sectors or Size?

- Average Hourly Total Labour Costs 2024 Q4 over all NACE economic sectors in Small (under 50) enterprises were 74% of large enterprises levels, and in Medium Enterprises (50-249) were 80% of Large Enterprises
- 8/13 sectors broadly follow this pattern (Industry, Construction, Transport, Information/Comms, Professional etc., Education, Health and Arts)
- 3/13 sectors have little difference between enterprise size (Retail/Wholesale, Accommodation/Food Service,, and Finance)
- 2/13 sectors show SMEs having higher labour costs than larger enterprises (Administrative Services and Public Administration)
- **41% of VSE (under 20 jobs) employment are in Sectors where VSE average labour costs are equal to or more than those of Large Enterprises**
- The 5/13 sectors where Small Enterprises (SE) pay above average Small Enterprise hourly costs are Information, Professional etc. Administrative Services, Public Admin, and Finance ,
- The 4/13 sectors where they pay broadly the same as the average SE labour costs are Industry, Construction, Transport and Education,
- The 4/13 sectors where they pay less than the average SE labour costs are Retail/Wholesale, Accommodation etc., Health, and Arts.
- (NB The top 4 sectors for Very Small Enterprises (under 20s) are Retail/Wholesale, Construction, Accommodation and Professional etc.)

Innovation

R+D Staff by enterprise size 2015 and 2021 (CS0 BSA 12)(NERI 24)

	PhD+ researchers			Other researchers			Technicians			Support staff			Total R+D Staff		
	2015	2021	15/21	2015	2021	15/21	2015	2021	15/21	2015	2021	15/21	2015	2021	15/21
Small (10-49)	799	1096	+ 297	3328	3653	+ 325	2078	2644	+ 566	1573	1946	+ 373	7778	9,338	+ 1560
Medium (50-249)	523	489	- 34	3380	3468	+ 88	2484	3078	+ 594	1166	1624	+ 458	7553	8,659	+ 1106
Large (250+)	840	907	+ 67	5303	7127	+ 1824	2380	2968	+ 588	2482	3962	+ 1480	11005	14,964	+ 3959
Total	2162	2491	+ 329	12011	14248	+ 2237	6942	8690	+ 1748	5221	7532	+ 2311	26336	32,961	+ 6,625

- **In 2021, Large enterprises had 45%, Medium 27% and Small 28%, of all R+D Staff.**
- PhD researchers comprise 8% of all R+D Staff, other researchers 43%, technicians 26% and support staff 23%.
- There were higher intensities of PhD researchers in Small Enterprises (12%), Other researchers in Large enterprises (48%), Technicians in medium enterprises (35%) and Support staff in large enterprises (26%).
- Overall, R+D Staff increased by 6,625 over 2015/21, of which PhD researchers were 5%, Other Researchers 34%, Technicians 26% and Support staff were 35% (hence its share increased from 20% to 23% over 2015/21)
- Large enterprises added + 3,959 (60%), mostly other researchers and support staff
- Medium enterprises added + 1106 (17%), mostly technicians and support staff
- **Small enterprises added + 1560 (23%) , spread broadly equally across the four categories, and had 90% of net increase in PhD researchers and about a third of the Technicians increase**

Hampering Factor for Innovation Activities (High Importance) % Reporting of Total Enterprises 2020 (Source: Community Innovation Survey)(NERI24)

Hampering Factor for Innovation Activities (High Importance)	DK	ROI	FRANCE
Lack of internal finance Total	8.1	6.4	20.1
10-49	9.4	7.5	21.3
50-249	3.1	5.3	16.3
250+	7.8	4.7	11.9
Lack of external finance Total	5.6	3.0	15.9
10-49	6.8	4.0	17.4
50-249	1.8	2.0	10.7
250+	1.5	1.2	7.5
High costs Total	8.6	6.1	20.7
10-49	9.8	6.5	21.9
50-249	4.1	5.5	16.5
250+	6.8	5.4	13.6
Lack of qualified employees Total	7.4	7.3	19.6
10-49	8.5	7.4	20.6
50-249	3.8	7.2	16.4
250+	5.3	7.4	14.2
Lack of collaboration partners Total	1.4	1.5	9.6
10-49	1.6	1.6	10.6
50-249	0.7	1.6	6.1
250+	0.8	1.1	5.0
Difficulties in accessing public grants/subsidies Total	4.7	4.6	17.4
10-49	5.6	5.7	18.3
50-249	1.7	3.2	15.0
250+	2.0	3.4	10.5
Uncertain market demand Total	5.3	4.2	17.1
10-49	5.1	3.6	17.8
50-249	5.6	4.7	14.7
250+	6.8	5.9	13.8
High competition Total	6.4	3.4	12.6
10-49	6.6	3.6	13.8
50-249	5.9	3.0	7.9
250+	6.8	3.3	8.0
Lack of access to external knowledge Total	1.6	1.8	8.3
10-49	1.8	2.1	8.9
50-249	0.5	1.6	6.0
250+	1.3	1.3	4.7
Different priorities within the organisation Total	9.8	10.4	24.7
10-49	10.3	8.6	25.5
50-249	7.6	12.3	21.9
250+	11.5	13.7	21.8

* Eurostat Obstacles to doing R+D were highest for Small (10-49) enterprises, with 8 highest rankings of 10 obstacle scores amongst Small, Medium and Large. As with all Enterprises, different organisational priorities, lack of internal finance, lack of qualified staff, and high costs were amongst the biggest obstacles.

ERC/QUB(Micros): “Productivity and growth are both greater, where micro-enterprises undertake innovation…(and is) substantial where R+D is present…especially ..in low-tech and manufacturing sectors”

ERC
Enterprise Research Centre

The interrelationship between R&D, Innovation and Productivity: Evidence for micro-enterprises

Dr Hoang Minh Luong and Professor Nola Hewitt-Dundas
Queen’s Management School and UK Enterprise Research Centre

ERC/QUB(Micros): “Productivity and growth are both greater, where micro-enterprises undertake innovation…(and is) substantial where R+D is present…especially ..in low-tech and manufacturing sectors

Recommendation 1: Productivity and growth are both greater, where micro-enterprises undertake innovation. The effect of innovation remains small in the absence of R&D but is substantial where R&D is present. This suggests that policy efforts may be warranted in encouraging micro-enterprises to undertake innovation and that investing in R&D should be integral to this innovation. This will result in significantly higher productivity and turnover growth performance.

Recommendation 2: Promoting innovation and specifically, innovation with R&D, will have a greater effect on productivity performance for micro-enterprises in low-tech and manufacturing sectors.

Recommendation 3: While it could be argued that due to resource constraints (human, financial, managerial etc.), micro-enterprises should try to acquire R&D from outside their own firm, in reality, introducing product innovations is heavily dependent on the enterprise conducting R&D internally. For process innovation this is less important, with R&D conducted internally and externally both important. Policy efforts to stimulate R&D and innovation activity in micro-enterprises should therefore account for whether the desired outcome is product or process innovation and ensure that this is supported by appropriate R&D efforts.

Recommendation 4: Policy efforts directed towards building capability (specifically R&D capability) are likely to be more impactful on growth and productivity than efforts to increase access to finance.

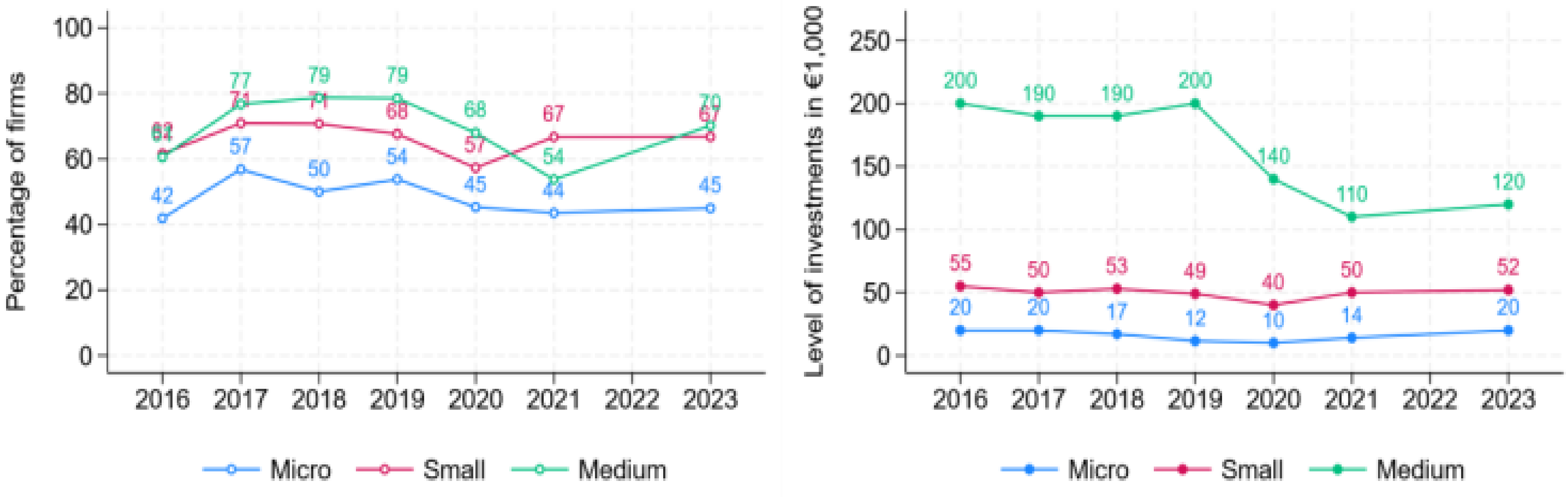
INNOVATION

- CSO R+D While in 2021 small (10-49) enterprises had 28% of all research staff, and so a **less research/total staff ratio** than average and large enterprise, its share of PhDs was 37% and 90% of the net increase in phds over 2015/21 (probably due to minority fast growth scaling start-ups)
- Eurostat Obstacles to doing R+D were highest for Small (10-49) enterprises, with 8 highest rankings of 10 obstacle scores amongst Small, Medium and Large.
- As with all Enterprises, different organisational priorities, lack of internal finance, lack of qualified staff, and high costs were amongst the biggest obstacles.
- ERC/QUB(Micros): ***"Productivity and growth are both greater, where micro-enterprises undertake innovation…(and is) substantial where R+D is present…especially ..in low-tech and manufacturing sectors"***

FINANCE

FIGURE 2.3 MEDIAN INVESTMENT BY FIRM TYPE, PERCENTAGE AND LEVEL (IN NOMINAL €) OF INVESTORS ONLY

A. Firm size



FINANCE DofF SME Credit Demand Surveys2018-2024

- Willing to borrow to invest to fund expansion (Strongly disagree/Disagree) Micro 32% v Small 37% v 41% Medium) 2024
- Uncertainty is a barrier to Investment (Strongly agree/Agree) Micro 61% v Small 54% v 54% Medium) 2024
- Access to External Finance is a barrier to Investment (Strongly agree/Agree) Micro 44% v Small 26% v 25% Medium) 2024
- Investments by firm size 2023 £k – Digital (Mic 2 v Sm 10v Med 30), Green ((Mic 8 v Sm 20v Med 40),
- % of firms saying it is too expensive to borrow (Mic 8% v Sm 4%v Med 6%)
- Firms happy with current level of assets 2024 (Mic 70% v Sm 76%v Med 80%)

Question: What are relative strengths and weaknesses of VSEs Growth Drivers?

- **STRATEGY** ERC/QUB Micro-enterprises "Indicators of personal ambition"

  "Hand on business" ROI/NI 48%/54% (nb USA 45% CHECK)

  "Build great wealth" ROI/NI 43%/37% (nb USA 63%)

  "Freedom" ROI/NI 83%/82% (nb USA 88%)

  NOT JUST "LIFESTYLE" OR "PASSIVE TAKERS" -> MUCH AMBITION AND PROACTIVE

- **MARKETING**

  CSO: Exporting micros represented 2% of all Micros (360k), and importing micros 6%.

  CSO: In 2017, micro-enterprise (0-9 employed) exports totalled 7506 m euro from 7500 enterprises, being **6% of Total exports (or adjusting X 0.6 for GDP/GNI*) X10%)**. ..

  Also **sub-supply to exporters** (double? -> 20% + of ROI real exports ???)

  CSO: In 2017, micro-enterprise (1-10 jobs) imports totalled 16,890 euro mill. by 22200 enterprises, being **20% of Total imports,**

- **OPERATIONS**

  Purpose for AI 2024 (CS0 ICA 238) % of Enterprises using AI **Lowest across all types of AI proposes** for Small (10-40) at 12%,v Medium 25%, Large at 51% and Average at 15% (up from 8% in 2023)

  CSO 2024 CSO ICA 230 Small Business had similar access to broadband speeds up to 500 Mbps, but **less access to 500 Mbps or more** (30% Small v 47% Medium V 57% Large Enterprises)

- **PEOPLE**

  CSO CVT 2020 Training hours per week Small (10-49) **lower** at 60% of medium and 51% of large, and so 64% of average;

  Average Hourly Total **Labour Costs** 2024 Q4 over all NACE economic sectors in Small (under 50) enterprises **were 74% of large enterprises levels,** and in Medium Enterprises (50-249) were 80% of Large Enterprises

Question: What are relative strengths and weaknesses of VSEs Growth Drivers(2)?

<u>INNOVATION</u>

ERC/QUB(Micros): “Productivity and growth are both greater, where micro-enterprises undertake innovation…(and is) substantial where R+D is present…especially ..in low-tech and manufacturing sectors”

<u>FINANCE</u> DofF SME Credit Demand Surveys

Willing to borrow to invest to fund expansion (Strongly disagree/Disagree) Micro 32% v Small 37% v 41% Medium) 2024

Access to External Finance is a barrier to Investment (Strongly agree/Agree) Micro 44% v Small 26% v 25% Medium) 2024

<u>OVERALL CONCLUSION</u>

Variety of ambitions including strong growth ambitions amongst micro-enterprise owners

Generally, Micros (less than 10) or/and Small (10-49) in surveys **show less capability and resources** than VSES 10-19s, Small, Medium or Large (250+) .

A questions might be is that **due to sector mix** of VSEs (Construction, Retail, Accommodation and Professionals are largest VSEs Sectors)

Also if brought VSEs capability levels closer to average or large enterprise levels, would that **increase scale overall**?

Scale matters, in “virtuous circle” of access to resources and capability, yet VSEs performance can be improved with focused strategy and investment ?

Questions

- WHAT IS PROFILE OF VERY SMALL INDIVIDUAL-CENTRIC ENTERPRISES?
  - EMPLOYMENT IN COUNTIES, LDCS, REGIONS AND INTERNATIONALLY ?
  - EMPLOYMENT BY SECTOR ROI AND INTERNATIONALLY ?
  - PRODUCTIVITY ?
- WHAT ARE RELATIVE STRENGTHS AND WEAKNESSES OF VSES GROWTH DRIVERS?
  - WHAT ARE GROWTH DRIVERS?
  - STRATEGY/AMBITION, MARKETS/TRADE, PRODUCTION/IT, PEOPLE/TRAINING, INNOVATION/R+D, AND FINANCE?
- **SO WHAT IS VALUE AND CONTRIBUTION OF VERY SMALL INDIVIDUAL-CENTRIC ENTERPRISES?**
- POLICY RESPONSE?
  - NOW
  - FURTHER OPTIONS
- SOME MORE QUESTIONS?

VALUE OF VERY SMALL INDIVIDUAL-CENTRIC ENTERPRISES?

- **CONTRIBUTION**
  - JOBS ONE THIRD ROI PRIVATE SECTOR
  - REGIONAL NEARLY HALF OUTSIDE OF DUBLIN
  - 6-10%- 20% + (?) OF EXPORTS AND 20% OF IMPORTS
  - INCOMES AND TAXES
  - SOURCE OF NEW IDEAS AND INNOVATION
  - MORE DIVERSE, RESILENT AND ENTREPRENEURAL ECONOMY
  - VEHICLE FOR SOCIAL MOBILITY, FREEDOM, FLEXIBILITY AND DIVERSITY
- **POTENTIAL** – ***"PART OF T2 RESPONSE, PIVOT LIKE THE FINNS IN 90s, FOR HIGHER INNOVATION, PRODUCTIVITY, VALUE ADD, SURPLUS AND TAXES "***
  - HIGHER INNOVATION AND R+D
  - HARNESS AMBITION FOR GROWTH (MANY BUT NOT ALL "LIFESTYLE")
  - RISING PRODUCTIVITY, VALUE-ADD, WAGES, PROFITS AND SURPLUSES
  - AND SO PART OF SOLUTION TO HIGH MARKET INCOME INEQUALITY
  - MORE DECENTRALISED, INITIATING AND CONNECTING RESILIENT SOCIETY
  - MORE PARTICIPATION WITHIN STRONGER ENTERPRISE AND COMMUNITY, AND MORE COMPETITVE AND INCLUSIVE SOCIETY

HOW CAN WE ACCELERATE GROWTH AND DEVELOPMENT ACROSS ALL REGIONS ON THE ISLAND OF IRELAND, SO THAT WE *PIVOT, LIKE THE FINNS IN 90s, TO STEPCHANGE HIGHER INNOVATION, PRODUCTIVITY, VALUE ADD, SURPLUS AND TAXES?*

1) TARGETING SELECTED SECTORS AS "SECTOR MIX DRIVES REGIONAL GROWTH "(NESC) AND DRIVING THEIR GROWTH THROUGH SMART SECTOR SPECIALISATION AND CLUSTERING

2) DEVELOPING THE ECONOMY'S RANGE OF INDIVIDUAL BUSINESSES WITH TAILORED DEVELOPMENT PACKAGES FOR LARGE IRISH-ORIGIN BUSINESSES,FOREIGN DIRECT INVESTMENT (FDI), ESTABLISHED SMES,BORN-GLOBAL SCALING START-UPS (HPSUS) AND SELF-EMPLOYED/MICROS/SMALLER (UNDER 20 JOBS).

3) ENSURING A COMPETITIVE BUSINESS ENVIRONMENT INCLUDING EFFECTIVE INFRASTRUCTURE, RAPID DECARBONISATION AND COMPETITION BASED

4) BUILDING EACH REGION SO THAT THEY ARE IN THE TOP 10% OF EUROPEAN REGIONS

5) ENCOURAGING AND INVESTING IN LOCAL INNOVATION ECO-SYSTEMS

6) PRIORITISING INNOVATION, R+D AND TECHNOLOGY DIFFUSION AND PRODUCT DEVELOPMENT

7) PROGRESSING TO OECD BEST IN CLASS LIFELONG LEARNING AND NURTURING SYSTEM

8) MOVING TO A MUCH MORE DECENTRALISED AND DEVOLVED GOVERNANCE AND CULTURE

TEN ALL-ISLAND SECTORAL DEVELOPMENT/CLUSTERING CURRENT AND NEAR GLOBAL OPPORTUNITIES

- LIFESCIENCES (MEDTECH DEVICES, DIAGNOSTICS, BIO-PHARMA AND DIGITAL HEALTH)
- ENGINEERING (PRECISION ENGINEERING, SEMI-CONDUCTORS, ENGINEERING SERVICES)
- AGRIFOOD
- CONSTRUCTION
- RENEWABLES
- AI-DRIVEN SOFTWARE SOLUTIONS
- FINANCIAL SERVICES (INCLD AVIATION LEASING AND RELATED SERVICES) AND REGTECH/FINTECH
- DIGITAL BUSINESS SERVICES
- CREATIVE INDUSTRIES
- TOURISM

Questions

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Current ROI Supports for established Micros/VSEs

BUSINESS DRIVER	POLICY LEVERS SUPPORTS
STRATEGY	LEOS (ADVICE, MENTORING (41k over 2014/18), LEADERSHIP PRGS,LEO/ETB Leadership Pilots (Cork, Cavan/Monaghan), NETWORKS(EG FOOD ACADEMY), NATIONAL ENTERPRISE HUB
MARKETING	ACCESS TO EI UK OFFICES, INTERTRADE IRELAND, LEO TAME GRANTS (752 over 2014/18)
INNOVATION	INNOVATION VOUCHERS (C 500 PA OVERALL), TECHNOLOLOGY GATEWAYS, LEO M1 RDI GRANTS (9 in 2018)
PRODUCTION	LEO CAPABILITY GRANTS ETC. (over 400 Lean for Micro 2014/18)
SKILLS	LEO GROUP PROGRAMMES (145k in Leo-run training courses 2014/18), ETB PROGRAMMES, EI GRAD-START GRANTS,
FINANCE	LEO GRANTS (5k projects over 2014/18) , MICRO FINANCE IRELAND (MFI) INCREASED COSTS OF BUSINESS (ICOB) 244m for 75K Businesses and POWER UP 170m (Retail, hospitality and Beauty businesses)
ENVIRONMENT	CONNECTED HUBS, INCOME TAX AND RELATED STATE AIDS LEGAL SYSTEM ACCESS TO INFRASTRUCTURE (SEE ISME AND SFA)

Current NI Supports for established Micros/VSEs

BUSINESS DRIVER	POLICY LEVERS SUPPORTS
STRATEGY	27 LOCAL ENTERPRISE AGENCIES (LOCAL ENTERPRISE AGENCY)WITH PROFESSIONAL ADVISORS SUPPORT FOR BUSINESS GROWTH AND DEVELOPMENT INDUSTRIAL AND OFFICE SPACE (ENTERPRISE NORTHERN IRELAND) NORTHERN IRELAND BUSINESS SUPPORT FINDER
MARKETING	ACCESS TO UK OVERSEAS OFFICES, INTERTRADE IRELAND
INNOVATION	INI INNOVATION VOUCHERS
PRODUCTION	LEA SUPPORT FOR SMALL BUSINESSES THAT ARE ACQUIRING NEW INFORMATION TECHNOLOGIES
SKILLS	ACCESS TO FEC/FET
FINANCE	LEA LOW-COST LOANS, GRANT AID AND OTHER FINANCE; INDUSTRIAL AND OFFICE SPACE
ENVIRONMENT	(SEE FEDERATION OF SMALL BUSINESSES) INCOME TAX AND RELATED (EG INHERTANCE TAX) STATE AIDS (UK DECENTRALISED SYSTEM) LEGAL SYSTEM ACCESS TO INFRASTRUCTURE

Possible Development of ROI Micros/VSEs Supports

BUSINESS DRIVER	POLICY LEVERS SUPPORTS
STRATEGY	Roll-out organically LEO/ETBs Joint Leadership Programme (incld online version) Scaled up online "Office Hours for Micro Pluses <20 jobs)", through National Enterprise Hub (NEH) or/and Connected Hubs Put in place more regional sector peer networks for Sector Growth Clusters (under REPs) Bring together(via REPs) Leo, ETB, Connected Hubs, Chambers and Credit Unions for local co-operation/annual workshop to focus on Very Small Enterprises (under 20s)
MARKETING	Fultime Marketing Advisors for LEO clients/Micro-enterprises+(under 20s) in Near Markets (Enterprise Ireland offices London, Manchester, Glasgow, Paris and Frankfort) Put in place Small Business Allocation for Public Procurement (as in USA) Consider Basic Export Credit Insurance Scheme for Micros Plus
INNOVATION	Pilot models to scale up innovation/R+D supports for Micros Plus Innovation (Nb ERC/QUB research!!) EG explore scale-up of Innovation Vouchers (with specific HEI /TU Micro + Brokers and Contract Teams in key themes), Use LEOs to promote more combined IVs and Gradstart etc., as well as Gradstart variants Pilot online Innovation Mentors/Office Hours with panel of Innovation Mentors; Embed Explicit micro+ reach-out objective in regional technology clusters; Promote at scale Gradstarts to build capacity and linkages (both PG, PhD and General) Develop and promote simpler r+d and Innovation grants to LEO clients

Possible Development of ROI Micros/VSEs Supports

BUSINESS DRIVER	POLICY LEVERS SUPPORTS
SKILLS /PRODUCTION	Promote much greater use of Gradstart, other grants to smaller enterprises for capacity+ HEI bridge More support for providing apprenticeships and traineeships (build on NAO Plus One) Development and supports for building in-company smaller enterprise training capability (with E-College, ETBS etc supports) Priority to training of front-line supervisors and managers in all SMEs Mental and physical health support programme aimed at micros/plus for less sick days, staff well-being Promote VSEs access to Digital Enterprises Activation Initiaves (eg Google, Microsoft etc.) and Digitalisation support such as Data2Sustain and AIM through Connected Hubs Significant investment in Connected Hubs for networking, training, local catalyst role, “office hours”, booking, support and learning facilities tailored to their innovation, enterprise, remote working, community etc roles
FINANCE	Involve Credit Unions in more strategic and systematic business finance for Micros/VSEs role? Scaled loan guarantees scheme? Revised credit insurance scheme for Micros Plus;
VIRONMENT	Action on insurance costs, “petty” crime, and defamations Consider underwrite mortgages for self-employed/similar “insecure” contracts Continue to simplfy red tape in schemes, as being progressed by DETE campaign Lower /eliminate local rates for VSES <20s; review rates conditionality on support schemes Target VSES < 20s as part of over 500 mbs broadband roll-out, through Connected Hubs etc. Benchmark/review state aids de minimus as to proportionality?

Questions

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Lower ROI Micro-enterprise Churn (NERI 2023 LMC) – Implications?

- Enterprise Churn Rate is Enterprise Births Rate Plus Enterprise Deaths Rate
- OECD (2019) assesses Enterprise Churn in RoI as relatively low.
- Examination of Eurostat data 2009/22 for seven economies shows that yes, ROI total business economy birth rates and death rates and so churn rates are indeed low
- For enterprises sized 10 or over, however, ROI birth-rates, death rates and so churn rates are middle ranking of the seven economies
- **So ROIs relatively low enterprise churn rate is an issue of MICRO-ENTERPRISE**
- Northern Ireland tends to have higher Enterprise Birth rates, death rates and churn rates than the ROI, even though the region tends to be lowest within the UK.
- **"a more limited resource reallocation from less productive firms to young SMEs"(OECD 2019 on RoI) within sectors, leading to lower productivity**
- Assumes higher churn in low or/and declining productivity sectors (e.g. food production, retail, accommodation, legal and accounting) will increase intrasectoral (not inter-sectoral) flows of skills and finance to more productive firms (not just young SMES?)?

OECD 2019 ROI SMES REVIEW identified ROI issue of low enterprise churn as "a more limited resource reallocation from less productive firms to young SMEs" within sectors, leading to lower productivity

What does the sectoral and size profiles mean for labour income/costs, and implied living income levels and/or competitiveness? To achieve both, and the implied productivity/surplus/taxes growth, do we need to encourage

a) a shift of resources and labour from low income sectors and/or enterprise sizes? OR

b) a intra-sector or intra – size increase in productivity OR

c) A rise in prices/reduction in VAT that enables enterprises to increase and share surplus? But how can that improve competiveness?

SOME MORE QUESTIONS?

- ROI’s relative high price levels over EU average (20-40%?) is a problem for all enterprises – as much (arguably more?) for very small enterprises ? Especially exporters?
- Also related infrastructure issues eg construction and energy – again a problem for all enterprises - as much (arguably more?) for very small enterprises? (Not just an FDI/MNC issue!).
- Comparisons with ROI Large Enterprises productivity and trade are misleading, **BUT Size still matters (with Increasing Returns to Scale)**, but some constraints can be relatively addressed and VSEs become more productive and contributor to jobs, incomes, surpluses and taxes?
- Also **how is digital technology revolution impacting on organisations potential Return to Scale? Can it make enterprise size less relevant to performance?**
- Also what are implications of concentration and use of monopoly and rentier barriers to competition and churn ? (Nb 30% of ROI public procurement are single bidder)
- Is there an evolving enterprise size structure and if so can or/and should we boost <u>relatively</u> one size category , with what impact and implications for accelerating balanced growth?

SOME MORE QUESTIONS?

- **What are benefits and costs** both static (past-driven) and dynamic (potential –orientated) of VSE policy supports?
- For individual-centric enterprises (with self-employed and many employees on “insecure contracts”), what is **overlap with personal finances** eg access to morgages, pensions, social welfare support etc, and if/how underwrite and align better?
- How **use Corporate and indirect taxation** to incentivise and signal ? Eg VAT in key sectors eg food services at half VAT rates for small enterprises (less 50 jobs) (State Aids unlikely, as not export, size category etc.) Eg CPT at 12.5% a state level decision post OECD – for small enterprises below 50, half to 5%? Consider pros and cons of at least keeping minimum (or move to no?) inheritance tax on transfer of productive capital, with tax focus on distribution of capital gains or/and income streams
- **How streamline rules and access**, with DETE review etc. Proportionality at key decision points eg taking on first employees? De minimus ROI application benchmark ?
- **How scale supports** to access high % of 350k enterprises, 95% are less than 20 jobs, with little time to engage and reflect? How use digital/AI key? How evolve systems more to encourage and derisk adaption and innovation?
- **How VSEs compete for staff and skills** – what are attractions or negatives – role of wages, conditions, proximity, initial jobs, training, flexibility, owner role/style, opportunity and other factors?
- Is focus on VSEs/SMEs just on owner-managers, or/and also **focus on all those engaged/employed in VSEs/SMEs?** For widespread productivity gains and/or social well-being, also do staff need direct access to information, training and advice?
- As lifelong or longterm commitment for many owner/managers, family members, key staff, others etc. (70%+) , whats opportunity to improve the education/training/recognition for such a **vocation**?
- If/how realise any **on-going business value** after 15/40+ year of Very Small Enterprises (under 20 jobs) through sale, rent/fee, offer package copyright/patent, franchise, etc.? How do succession (family, key manager(s), staff/team, MBO/I, open trade sale (create specialised market?), other etc? Transfer, inheritance tax, capital gains tax issues??

A need for deeper understanding of wider enterprise sector system, structure and dynamism?

OVERSEAS MNCS (All Sizes)
RoI IFDI c 8,000 (IDA 1600) Cos
460k (29% +) (IDA 300) jobs + Finance
NI 2000 Cos *, 75k Jobs (10%)

ISLAND OF IRELAND ORIGIN MNCS
RoI OFDI 1.2m Jobs
NI – OFDI x jobs

250+ LARGE
RoI 613 (< 1%) Cos (505k- 32% Jobs)
NI 175 (< 1%) Cos (122k -22% jobs)

Emerging O/s MNC

50-249 MEDIUM
RoI 3.1k (< 1%) Cos (301k – 19% Jobs)
NI 965 (< 1%) Cos (96k – 17% Jobs)

10+
RoI ('17) BR 0.8% 165 cos 3500 jobs (21 av
DR 1% 213 Cos 5200 jobs (24 av)
NI n/a

SCALING
RoI ('14)
(@10% pa gr)
2247 Cos 12.6% **
jobs 182k (19%)
(also agencies Ff 4.5%
Cos and 33% jobs)
NI ('20)
(@ 20% pa gr)
285 ('20) Cos 4%
(if @ 10% pa gr, then
10%+ and ? 832 Cos)

Innovative SMEs
Steady SMEs
Downsizing SMEs
Challenged SMEs

10-49 SMALL
RoI 17.7k Cos (6%) (343k - 21% Jobs)
NI 5.9k Cos (4.9%) (117k – 22% Jobs)

Total
RoI ('20) BR 7% 19k Cos 28k jobs
DR 2% (7%('17)) 17k Cos 28k jobs
SR5y 68%
NI BR 10% 7k Cos x jobs
DR 2 (7) 5k Cos x jobs
SR5y 47%

Global High Potential Start-ups (HPSUs)
(RoI c 120 pa)

6% of SMEs export (RoI)

DRAFT

< 10 MICROS (incld Self-employed)
RoI 270k Cos (92%) (449k 28%)
NI 122k Cos (95%) (216k 39% Jobs)

RoI– Total ('20) 291k Cos 1,598k Jobs
NI – Total ('22) 128k k Cos, 552k jobs

Sources: RoI 2020 CSO ;NI DBEIS UK Business Pop. Estimates 22
(Question : Is like for like being compared? It seems so but needs checking with those who are familiar with respective databases)

* 890 GB+, 210 EU,230 USA (385 RoI)

** % of 10+ cos

Micros/smaller businesses as key driver of overall productivity and innovation?

	NWR (% Jobs)	RoI (% Jobs)
Under 10	34%	24%
10-19	47%	33%
20-49	65%	44%
50-249	85%	65%

Micros/small generally lowest in innovation, r+d etc.

Internationalisation – 6% of RoI SMES export – relatively very low

Micros have one of lowest Enterprise Birth Rates OECD

BUT big range of performance within all size categories!

DRIVER	LEVER
AMBITION – (nb Micros Survey for ROI and NI)	LEOS + (EI/LEOs and SOLAS/ETBs)
CAPABILITY	SOLAS/ETBs – 1 job extra/training offer;E-College; Universities; Gradstart; Joint ETB/LEO management learning
IDEAS Nb ERC/QUB research on Micros innovation and R+D potential and impact	INNOVATION VOUCHERS/similar key – need to scale, with support network Universities Gateways etc.
MARKETS	Access - see ITI, EI (UK)
FINANCE/RESOURCES	LEOS, MFI, Credit Unions, BANKS? CONNECTED HUBS
ENVIRONMENT	DEPARTMENTS –policies (VAT etc., schemes rules etc.) – LAs rates (direct and indirect) also mortgages etc.;

https://niopa.qub.ac.uk/bitstream/NIOPA/13392/1/interrelationship-rd-innovation-productivity-micro-enterprises.pdf
https://www.mckinsey.com/mgi/our-research/a-microscope-on-small-businesses-spotting-opportunities-to-boost-productivity

SUMMARY

- VERY SMALL ENTEPRISES ARE SELF-EMPLOYED, MICROS (1-10 JOBS) AND ENTERPRISES WITH 11-19 JOBS)
- KEY IS SUCH VERY SMALL ENTERPRISES ARE INDIVIDUAL-CENTRIC
- THESE BUSINESSES ARE OVER 95% OF ALL BUSINESSES IN BOTH ROI (375K) AND NI (75k)
- THEY ENGAGE 35% OF PEOPLE (780K) IN ROI PRIVATE SECTOR, AND 44% OF PEOPLE OUTSIDE OF DUBLIN
- THEY PROVIDE DIRECTLY/INDIRECTLY 6/10/20+% OF EXPORTS AND 20% OF IMPORTS
- ROI SMALL ENTEPRISE (10-19/20-49 JOBS) PRODUCTIVITY (NET TURNOVER PER PERSON) LEVELS ARE LOWER THAN ROI LARGE ENTERPRISES BUT HIGHER THAN THEIR EU COUNTERPARTS (EUROSTAT) –(BUT QUESTION OF GNI*/GDP/?!)
- THEY TEND TO BE OVER 20 YEARS OLD, FAMILY-OWNED WITH FOUNDER STILL ENGAGED (QUB/ERC)
- THEY ARE AMBITIOUS WITH 40% SEEKING TO RAPIDLY BUILD BUSINESS, 50% HAND ON BUSINESS AND 80% ACHIEVE INDEPENDENCE
- THEY TEND TO BE RELATIVELY CHALLENGED IN TERMS OF KEY BUSINESS FUNCTIONS (EG SMALL BUSINESSES DID 50% OF LARGE FIRM TRAINING 2020, LESS ACCESS TO HIGHER LEVEL BROADBAND ETC.)
- KEY FOCUS **QUB/ERC (MICROS): “PRODUCTIVITY AND GROWTH ARE BOTH GREATER, WHERE MICRO-ENTERPRISES UNDERTAKE INNOVATION…(AND IS) SUBSTANTIAL WHERE R+D IS PRESENT…ESPECIALLY ..IN LOW-TECH AND MANUFACTURING SECTORS**”
- STRENGTHENING SUCH VERY SMALL ENTERPRISES IS CENTRAL TO PIVOT (LIKE THE FINNS IN 90s) TO A MUCH DEEPER AND WIDER INNOVATIVE, COMPETITIVE AND INCLUSIVE ECONOMY
- VEHICLE FOR SOCIAL MOBILITY, FREEDOM, FLEXIBILITY AND DIVERSITY
- FOCUS ON SCALING UP RESPONSE AND SUPPORT IN *STRATEGY* (LEO/ETB INITITIAVE), *MARKETING* (FULTIME LEO MARKET ADVISORS IN EI UK/OTHER OVERSEAS OFFICES), INNOVATION (PILOT NEW DELIVERY OF INNOVATION VOUCHERS AND GRADSTART), SKILLS (PROGRESS NAO “ONE JOB PLUS”, ETB VSE/LEO ENTERPRISE SUPPORT AND E-COLLEGE, CONNECTED HUBS NETWORKING) AND *FINANCE* (MORE INVOLVEMENT OF CREDIT UNIONS)
- CHALLENGES OF INFRASTRUCTURE AND ROI’S PRICE LEVELS RELATIVE TO EU (UP TO 20/40%) APPLY TO SUCH ENTERPRISES AS TO ALL ENTERPRISES! OTHER QUESTIONS OF SUCESSION, RELATIVE WAGES LEVELS, TAXATION ETC ETC ALSO PART OF VERY SMALL ENTERPRISE POLICY

QUESTIONS AND ANSWERS

- THANKYOU VERY MUCH
- GRMA
- MUCKLE THANKS