COUNTRY FICHE - IRELAND

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CONTENT

EXECUTIVE SUMMARY

PURPOSE OF THE STUDY

Creating an appropriate environment for businesses to flourish is a central element in public policy for promoting entrepreneurship in Europe. Dramatic changes have taken place in the nature and the provision of business support services since their recognition as an increasingly important feature of economic policy. In some Member States of the European Union this has led to a proliferation of services. The European Charter for small businesses adopted by Member States in Santa Maria da Feira on 19/20 June 2000 calls for the creation of top class small business support easy to access and to understand and relevant to small businesses' needs. In order to find out whether existing services answer the specific needs of the smallest businesses, DG Enterprise of the European Commission has contracted the Austrian Institute for Small Business Research (IfGH) to carry out the present study on *'Support Services for Micro, Small and Sole Proprietor's Businesses'*, in the period from December 2000 to June 2002 in co-operation with members of the European Network for SME Research (ENSR) and other partner institutions from all Member States of the European Union and Norway.

The purpose of this study is threefold:

- to provide a comprehensive, descriptive and analytical overview of existing national and local support services, or integrated systems of such services, tailored to the needs of micro, small and sole proprietor's businesses (supply side analysis);
- to analyse the needs of European micro, small and sole proprietor's businesses with regard to the organisation, promotion, content and delivery of support services (demand side analysis);
- to provide comprehensive elements for the improvement of the supply of support services available to micro, small and sole proprietor's businesses in the Member States of the European Union and Norway.

DEFINITION AND METHODOLOGY APPLIED

This study applies a purposely narrow definition of the term 'support services' for the analysis of the market for support services. To this regard a support service subject to analysis in the scope of this study has to fulfil the following criteria:

- it originates in a public policy initiative,
- it is targeted at micro, small or sole proprietor's businesses either by its explicit intention or by its practical use,
- it is offered at non-commercial conditions
- a substantial part of the service is of non-financial kind.

Based on this definition, 335 support services ranging from the provision of information, advice and consultancy to SME-specific training services, have been identified and analysed, which naturally only represent a fraction of all external support available to micro, small and sole proprietor's businesses in Europe. The information for the analysis of the *supply side* has been gathered by the co-operating research institutes in each of the Member States of the European Union and Norway according to a standardised guideline and has been compiled in an electronic database ('IfGH/ENSR Support Services Database').

Findings related to the *demand side* stem from an extensive literature review and an in-depth empirical analysis of the smallest enterprises' needs and experiences concerning the use of support services. In particular, a harmonised telephone survey on the basis of a standardised closed questionnaire was carried out in October 2001. The total sample includes more than 1,200 enterprises located in the European Union and in Norway, which allows for a detailed assessment of the needs of different types of enterprises concerning size class, sector and phase of development. At country-level, the findings are based on the statistical analysis of about 75 interviews with micro, small and sole proprietor's businesses in each country. Thus, variations from EU average values at country level have to be interpreted cautiously due to the comparatively lower sample size. However, given the methodologically profound and statistically reliable background of the analysis conducted at European level, results at country level should give a good indication of the situation in each country.

MAIN FINDINGS

Participation of small businesses in support services is low

The participation rate in support services among European micro, small and sole proprietor's businesses is quite low. Only 20 % of the smallest enterprises in the European Union and Norway have utilised support services during the past five years. This share further declines with decreasing size of an enterprise, ranging from a participation rate of 15 % for sole proprietors to 35 % for small enterprises (10 - 49 employees).

Women, highly educated and growth oriented entrepreneurs make the most use of support services

Participation of enterprises in support services differs according to specific characteristics of the owner or manager of an enterprise. Female entrepreneurs, for example, seem to be more willing to make use of support services than their male counterparts. Whereas 27 % of the enterprises owned by a woman have utilised support services within the last five years, this share of enterprises amounts to only 17 % where a man owns the enterprise. Also entrepreneurs with a secondary or university education use support services more often than entrepreneurs with elementary education. Furthermore, the decision of whether to use support services or not seems to be strongly correlated with employment growth as indicated by participation rates amounting to above 30 % among enterprises that have increased their number of employees by more than 10 % during the last three years.

There is a need for an outside view on small businesses' needs

The majority of micro, small and sole proprietor's businesses that have not utilised any support service within the past five years states that this was because they did not feel any need for external support. This seems to be particularly the case for sole proprietors, among which the share of enterprises not feeling any need for external help amounts to almost 60 %. This attitude might be explained by the experience that many small enterprises, because of their heavy involvement in day-to-day business, may lose the sense of perspective when assessing their own needs. This pattern seems to underline that an external identification of needs is a crucial element when offering support to small businesses.

There is a lack of awareness of support services among small businesses

More than three-quarters of enterprises lack information on the existence and availability of support for their respective enterprise. Thus, the relatively low participation in support services among European micro, small and sole proprietor's businesses might also be connected to the low level of information on support services offered. Creating awareness of the existence and availability of support services among entrepreneurs is therefore considered one of the major challenges of support policy in future.

Small businesses prefer direct contact with service providers

Entrepreneurs from small businesses would generally prefer being directly contacted by service providers or even personally visited. However, these (rather cost-intensive) promotional tools are hardly applied by providers. Support services are mainly promoted via the Internet (providers' web-pages) and in newspapers, journals and magazines or are presented at trade fairs, exhibitions and seminars.

Small enterprises may think global, but act local

Enterprises would prefer looking for support services either at local or at regional level. This effectively matches the way support services are currently organised in the European Union and Norway. Contact points of support services are decentralised and can be accessed either at regional or even at local level. However, it seems important that public authorities implement a more strategic approach to the support they provide and ensure that it is well co-ordinated with other service provision, particularly at the regional level. New stand-alone initiatives should be avoided, in order not to confuse the client and to facilitate the process of awareness creation.

The demand for specific types of services differs by the location of an enterprise

The need of enterprises for support services varies by different types of regions. The share of enterprises demanding different types of support services in Objective 1 regions, for instance, is higher than elsewhere. Whereas 75 % of the enterprises located in Objective 1 regions express a need for financial services, for example, this share amounts to only 52 % for enterprises not located in disadvantaged areas. Similarly, there is a clearly stronger demand for one-stop-shops in rural areas (with less than 50.000 inhabitants) than in urban areas. Therefore, public authorities need to ensure that enterprises can get convenient access to all the support services they need, irrespective of the geographical location of an enterprise.

Small businesses need more tailor-made support and more targeted services

The majority of enterprises express a strong demand for tailor-made support which takes account of their specific size class, phase of development or field of activity. Most of the support services offered to micro, small and sole proprietor's businesses in the Member States of the European Union and Norway, however, are targeted at SMEs in general and are hardly subject to a separate business support policy. Also services are usually targeted at all phases of the business life-cycle alike, with a particular focus only put on enterprises in the start-up and early phase of development.

Small businesses are not too satisfied with the level of understanding shown by service providers

Although the vast majority of micro, small and sole proprietor's businesses in the European Union and Norway that have made use of support services within the last five years seem quite satisfied with their latest experience, comparatively low levels of satisfaction are achieved with regard to the understanding of the business by the provider and the effect the service had on the enterprise. In this respect public authorities responsible for support service provision should ensure that support organisations have access to the necessary human and material resources they need to provide top class services. It is of high importance that organisations employ staff with the skills and competencies as well as with the practical experience needed to understand small businesses and to deliver the full range of services they need.

CONCLUSIONS

Creating awareness of support services is an important aim for support policy in future

A large proportion of micro, small and sole proprietor's businesses is deterred from participation in support services due to poor awareness of this kind of support. Consequently, creating awareness of support services among micro, small and sole proprietor's businesses seems to be the most important challenge for European support service providers in future. Consistent and effective promotion of support services needs to be undertaken among well-targeted audiences of enterprises and potential entrepreneurs in order to increase the take up by small businesses.

Support services should be specifically targeted at small enterprises needs

The majority of micro, small and sole proprietor's businesses would prefer to use support services that are specifically targeted at enterprises of their respective size and state of development. Thus, business support should take account of the differing needs of different types of small enterprises by providing distinct packages of services for the different target groups. Also, coherent support services need to be assured, so that enterprises can easily access a package of services covering all main management functions. In order to ensure that enterprises receive the support they need, service providers should develop procedures and terms of reference that determine which is the best advice available for the client.

Client-orientation has to be a fundamental principle of support service provision

Quality assurance systems need to be routinely implemented, with reference to formal definitions of service standards, where appropriate. Furthermore, regular evaluations of the effectiveness and efficiency of support services have to become an integral part of the culture of support service provision. Service providers and policy makers should continuously use evaluation tools in order to improve the quality, design and cost effectiveness of support services.

COUNTRY FICHE – IRELAND

1. INTRODUCTION

The following report is one of sixteen country fiches produced on behalf of the European Commission in the course of a research study on *'Support Services for Micro, Small and Sole Proprietor's Businesses'*. The purpose of the country fiches is to provide an in-depth analysis of both, the supply side of the (public) market for support services (see section 2) as well as of the needs of micro, small and sole proprietor's businesses with respect to external support (see section 3) for each member state of the European Union plus Norway. With respect to the information provided for Ireland the Austrian Institute for Small Business Research (IfGH) co-operated with the CIRCA Group Europe in Dublin.

The first part of each country fiche is dedicated to the analysis of the *supply side* of the market for support services targeted at micro, small and sole proprietor's businesses. In this regard, information on the organisational structure of the service providers and the main characteristics of the services offered to micro, small and sole proprietor's businesses has been gathered on a decentralised basis; i. e. co-operating research institutes in each of the Member States of the European Union plus Norway have thoroughly analysed the supply of support services in their respective countries according to a standardised guideline and reported their findings to the IfGH, which then compiled the resulting information for each of the sixteen countries in an electronic database ('IfGH Support Services Database'). The main findings for Ireland are presented in section 2 of this report both illustrated in Graphs (quantitative information) as well as enriched with extensive qualitative information.

The second part of each country fiche is dedicated to the analysis of the *demand side* of the market for support services targeted at micro, small and sole proprietor's businesses. About 75 enterprises in each country of the European Union plus Norway have been interviewed on their needs and experience with respect to support services and external support in general, resulting in a total sample of 1,200 enterprises. In particular, a harmonised telephone survey on the basis of a standardised closed questionnaire has been carried out in October 2001. For this purpose, stratified random samples of micro, small and sole proprietor's businesses have been drawn in each member state of the European Union and Norway and after survey completion, sample weighting to unify estimates was performed. Hence, findings presented in the report are based on data weighted by enterprises' size class and sector and are thus representing the structure of the whole population of micro, small and sole proprietor's businesses in each country. All in all enterprises of seven different sectors (namely manufacturing and construction, wholesale and retail trade, transport and communication, banking and finance, business services, repair and other services, and tourism) and three different size classes (namely small enterprises (10-49 employees), micro enterprises (1-9 employees) and sole proprietors) have been interviewed and accordingly weighted. The main findings for Ireland are presented in section 3 of this report.

The last part of each of the country fiches is finally dedicated to drawing the main conclusions from the research undertaken in the course of the project.

2. SUPPLY OF SUPPORT SERVICES

The Irish economy has experienced considerable growth in the 1990s and this helped to create a more favourable environment for small businesses but also for larger, international companies. With the creation of Enterprise Ireland in 1998 the Irish Department of Enterprise, Trade and Employment has made an important effort to establish a more tailored approach to assisting small businesses by putting special focus on the manufacturing and internationally traded services (e. g. call centres) sectors. Enterprise Ireland is a public body that combines the resources of the former Forbairt, Irish Trade Board and the in-company training division of the Training and Employment Authority ('Foras Áiseanna Saothair - FÁS').

The purpose of this section of the report is to systematically analyse the supply side of the market for support services targeted at *micro, small and sole proprietor's businesses* in Ireland, by presenting, among others, information on the organisational structure of the service providers, target groups of services offered, types of services offered, as well as information on the promotion, quality and the objectives of services provided to micro, small and sole proprietor's businesses.

In order to provide for a detailed and comprehensive assessment of the specific characteristics of the services offered, a comparatively strict definition has been applied to the term 'support services' in this part of the analysis: A support service that qualified for being selected for further assessment had to fulfil the following criteria:

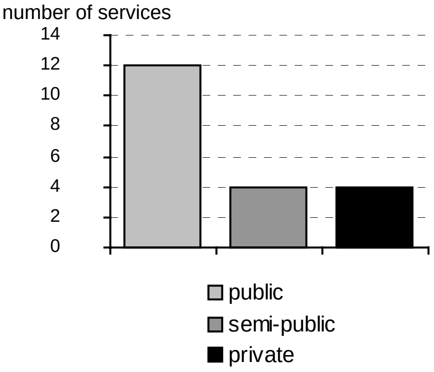
- The service originates in a public policy initiative and the provider of the service is public or, if private, is acting in line with agreed public policies (provider based criteria).
- The service is targeted at micro, small and sole proprietor's businesses either by its explicit intention or by its practical use and is targeted directly at enterprises and entrepreneurs (user based criteria).
- The service is offered at non-commercial conditions. It involves the provision of information, advice or training, or includes business services that are provided on a non-commercial basis. A substantial part of the service is of non-financial kind (content based criteria).

In Ireland 20 support services have been identified according to the above criteria.([1]) However, it has to be noted that due to the comparatively strict definition, the selected services represent only a fraction of all external support available to micro, small and sole proprietor's businesses in Ireland. Particularly, services that mainly offer financial support, such as loans, guarantees, or all kinds of subsidies as well as tax relief for small businesses are excluded from the analysis. Nevertheless, a considerable emphasis is put on providing the smallest businesses with finance in Ireland, many of the support services analysed in the following incorporate a financial side-part. This is basically the case for many of the services that are provided through one of the two most important public providers in Ireland, namely Enterprise Ireland and the 'City and County Enterprise Boards'.

[1] A list of support services considered in section 2 is given in the appendix.

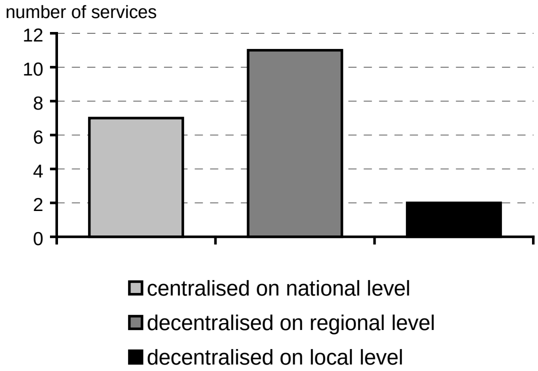
2.1 ORGANISATION OF SUPPORT SERVICES IDENTIFIED

Graph 1: Status of the leading organisations of services identified



Source: IfGH/ENSR Support Services Database, 2001

Graph 2: Organisation of the contact points of services identified



Source: IfGH/ENSR Support Services Database, 2001

As can be seen from Graph 1, public providers of support services dominate the market in Ireland, whereas semi-public and private providers of support services for micro, small and sole proprietor's businesses hold smaller but equal shares. The services offered by private leading organisations acting in line with agreed public policies are those initiated at European level, i. e. the 'European Business Angels Network (EBAN)' and the initiative 'Young Enterprise Europe'. At national level, there are two more privately operated services: 'The Powerhouse', led by the Bolton Trust, and the 'Microelectronics Application Centre', financially supported by Shannon Development and others. One reason for the lack of private suppliers in Ireland lies in the strong role of state agencies in all areas of support policy for businesses and entrepreneurs. Many support services for micro, small and sole proprietor's businesses provided in Ireland are supplied or supported by public agencies such as Enterprise Ireland, FÁS (the Training and Employment Authority) or Shannon Development. These state-sponsored agencies are under the responsibility of the Department of Enterprise, Trade and Development. Among the semi-public providers are, for example, the University of Limerick, or the Project Development Centre/Dublin Institute of Technology. These organisations receive public funding but can act more autonomously than their public counterparts.

Enterprise Ireland is the most important deliverer of support services, especially focusing on indigenous small businesses. Established in 1998, it offers under one roof a comprehensive development package for marketing, technology, enterprise development, business training, science and innovation. Enterprise Ireland also provides its clients with a one-stop-shop service, where support and advice is available directly related to the key strategic functions of firms. Enterprise Ireland covers companies employing more than 10 people.

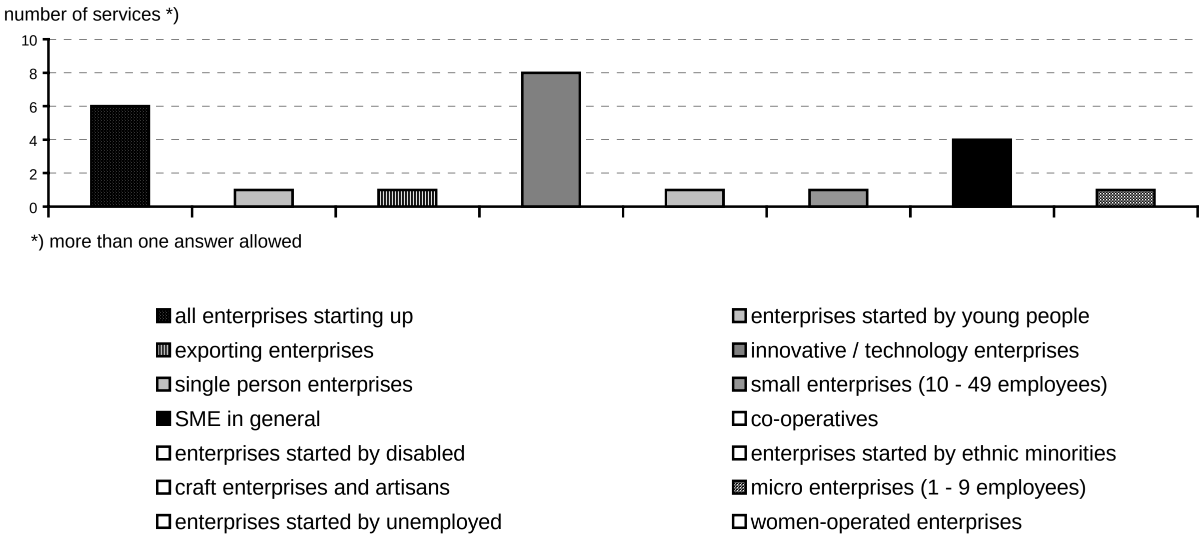
The organisation of the contact points of support services for micro, small and sole proprietor's businesses is mostly decentralised at regional level, some even at local level. Many programmes are financially supported by the Department of Enterprise, Trade and Development, that initiated the 35 'City and County Enterprise Boards (CCEB)' in 1993. Moreover, the CCEBs receive funding from the European Commission. The CCEBs have been installed to provide a new source of support for small/micro businesses with 10 or less employees at regional and local level. Although they basically deal with the provision of financial support, they also serve as first points of information on other services. CCEBs also provide management, training, mentoring and consultancy services in a holistic way to enable enterprises to survive and grow. The programmes led or supported by Enterprise Ireland are mostly offered centralised at national level.

Apart from the support services especially offered by Údaras na Gaeltachta in the Gaeltacht areas, the support services for micro, small and sole proprietor's businesses analysed in the course of this study in Ireland usually apply within the whole country of Ireland.

2.2 TARGET GROUPS OF SUPPORT SERVICES IDENTIFIED

As stated above, this report only deals with support services targeted at micro, small or sole proprietor's businesses. Although Ireland has made special efforts to focus on micro and small businesses, sometimes these businesses are considered a sub-group of small and medium sized enterprises (SMEs) and are hardly subject to a separate business support policy. Therefore, those services that, in practice, are mainly utilised by micro, small or sole proprietor's businesses are included in the analysis, although they may not explicitly be mentioned as a target group by the respective service provider.

Graph 3: Target population of the services identified



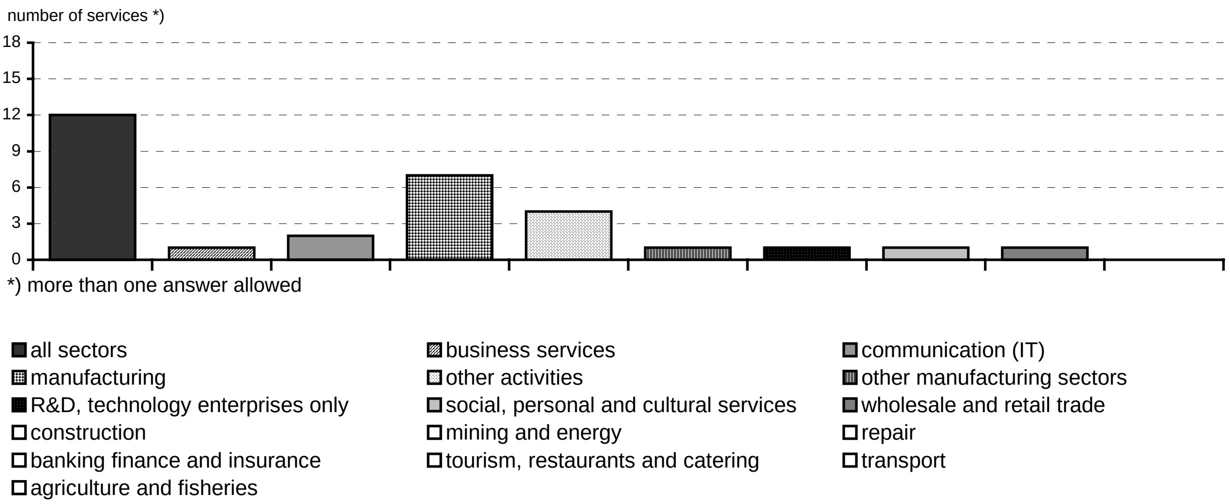
Source: IfGH/ENSR Support Services Database, 2001

The majority of support services in Ireland address innovative/technology enterprises or all kinds of entrepreneurs starting up an enterprise (Graph 3). The comparatively strong focus on innovation and/or technology oriented enterprises is due to support initiatives initiated by the European Commission, like 'Linking Innovation, Finance and Technology (LIFT)' or the 'Innovation Relay Centres (IRC)', but there are also national programmes, such as the 'Digitech Business Development Programme', which is a rather new programme, started by Shannon Development in 1998. The programme lasts for 3 years and is carried out in the National Technological Park in Limerick. Since its inception in 1984, Ireland's first digitally-networked Science and Technology Park has become home to a growing and influential nucleus of high-technology and knowledge-based companies. The 'Digitech Business Development Programme' addresses potential entrepreneurs and aims at encouraging, facilitating and supporting the development of technology and knowledge-intensive manufacturing and services businesses. The programme stimulates aspects of a start-up business in its planning stage, it provides external advice and consultancy in various fields as well as incubation units, companies can benefit from the infrastructure of the Science and Technology Park.

The 'Fast Growth Programme' is exclusively targeted at small enterprises. It is led by the Project Development Centre of the Dublin Institute of Technology and aims at assisting enterprises in their fast growing phase to overcome barriers to expansion, by focussing on the very specific needs of Ireland's small, growing businesses. The programme lasts for 1 year and comprises 3 complimentary elements: interactive workshops, individual strategic business counselling and intensive banking and investment counselling. Like the Digitech Business Development programme it addresses the manufacturing and services sector (especially internationally traded services and services to industry).

The 'City and County Enterprise Boards' aim at promoting indigenous potential and at stimulating economic activity at local level, primarily through the provision of technical and financial support for the development of enterprises with 10 or less employees, i. e. they are basically addressing micro enterprises. There are 35 Boards in Ireland, acting as one-stop-shops for micro enterprises and eventually referring their clients to the appropriate agency. Although the 'City and County Enterprise Boards' are public bodies, they are supported by private partnerships, and some of the support services they provide are delegated to private bodies. Among the tasks of each Board are: 1) preparing a County Enterprise Plan with pro-active strategies for local enterprises and identifying local economic resources and potential; 2) assessing of applications for support and deciding on the most appropriate form and level of assistance, promoting the access of businesses to advice, counselling, management and development; 3) helping to co-ordinate the actions of the different local public and private actors, as well as helping to co-ordinate local community efforts by carrying out assessments and analyses.

Graph 4: Sectors addressed by services identified



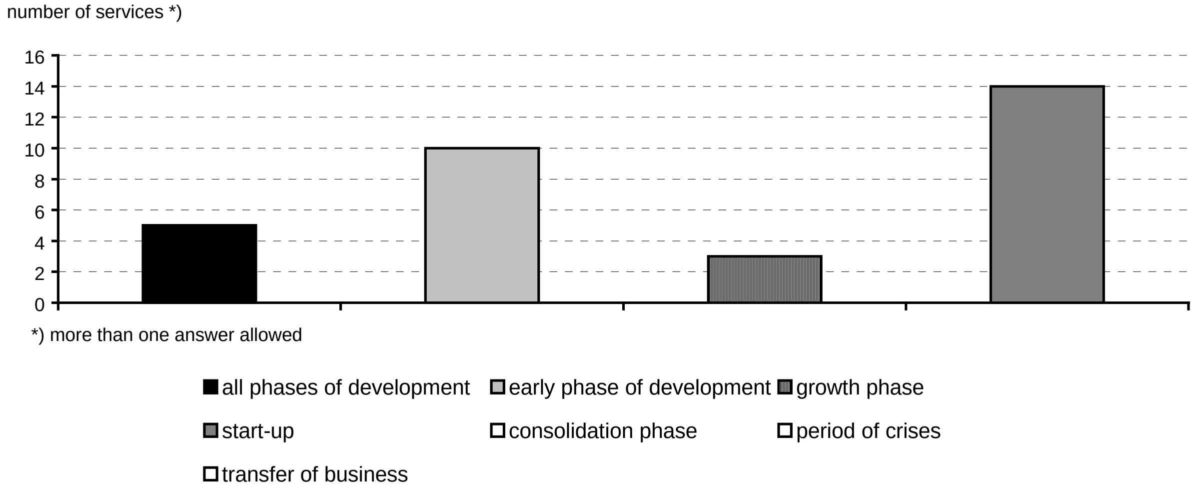
Source: IfGH/ENSR Support Services Database, 2001

Furthermore, many support services for micro, small or sole proprietor's businesses identified in Ireland are not sector-specific but normally address all kinds of sectors. Nevertheless, as can be seen from Graph 4, the manufacturing sector plays an important role. Besides the 'Digitech Business Development Programme' and the 'Fast Growth Programme', that have already been described above, the 'Lands and Buildings Programme' and the 'Powerhouse' are targeted at the manufacturing sector.

The 'Lands and Buildings Programme' provides premises for entrepreneurs in underdeveloped Gaeltacht areas. It is run by Údaras na Gaeltachta, a public body that combines an economic development role (that of creating sustainable jobs and attracting investment to the Gaeltacht regions) with community, cultural and language-development activities, working in partnership with local communities and organisations. The Gaeltacht covers extensive parts of the counties Donegal, Mayo, Galway and Kerry, all of which are on the western seaboard, together with parts of the counties Cork, Meath and Waterford. The term 'Gaeltacht' describes those areas where the Irish language is the community language.

'The Powerouse' has been initiated in 1999 by the Bolton Trust, a private organisation that is supported by the Dublin Institute of Technology. This support service provides facilities and management advice to start-up enterprises in the manufacturing sector and in 'other activities'. Most of the activities summarised in the sector 'other activities' in Graph 4 address internationally traded services and services to the industry, as in the 'Fast Growth Programme' that has been described above. It is due to the Services Sector Strategy of the Irish Department of Enterprise, Trade and Employment, that some support services for the 'internationally traded services'-sector have been introduced in the last years.

Graph 5: Enterprise phase of development targeted by services identified



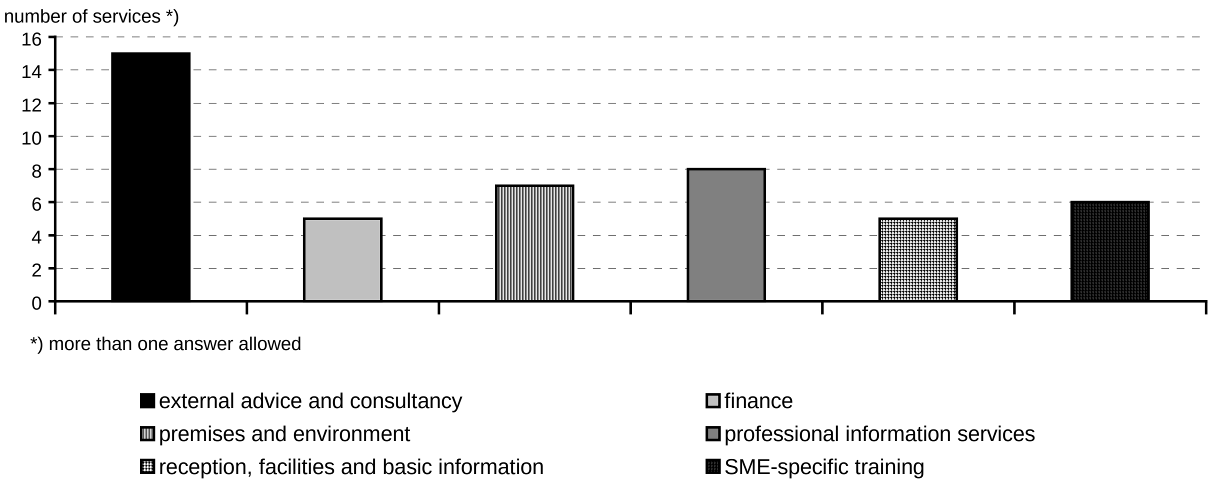
Source: IfGH/ENSR Support Services Database, 2001

A significant part of support services for micro, small and sole proprietor's businesses addresses enterprises in the start-up phase or in the early phase of development (see Graph 5). Some of those services have already been described above. There is also a small number of programmes that is targeted at the growth phase, among those the 'Fast Growth Programme', is the only one exclusively addressing this phase of development. The 'Product Development' by the Microelectronics Application Centre (MAC) and the 'Intellectual Property Assistance Scheme' also put some focus on the growth phase. The latter is an old established programme, it is in existence since 1961 and is now run by Enterprise Ireland. It basically provides advice on the protection, development and commercialisation of patentable technology. This service has evolved in a situation when most users were still private inventors whose projects rarely justified significant patenting expenditure. Today, more projects are coming from existing small enterprises. With its 'Product Development'-Programme, the MAC (a private body receiving funding from a public-private partnership) develops new and improved electronic, software, telematics and information society products for start-up and growing, small enterprises at a special price.

2.3 TYPES OF SUPPORT SERVICES IDENTIFIED

When analysing the types of support services offered to micro, small and sole proprietor's businesses in Ireland it seems necessary to recall the definition applied in this part of the assessment. As to this regard, particularly, all kind of purely financial support, such as loans, guarantees, or all kinds of subsidies or tax relief for small businesses are excluded from the analysis. Thus, it is not surprising that hardly any service has been identified with focus on 'finance'.

Graph 6: Types of services identified



Source: IfGH/ENSR Support Services Database, 2001

Support services for micro, small and sole proprietor's businesses in Ireland mainly offer external advice and consultancy, nevertheless, professional information services as well as the provision of premises and environment also play an important role. The provision of external advice and consultancy basically refers to guidance in the areas of business planing and strategy, to advice on financial matters as well as to mentoring. Business planning and strategy is being offered in virtually all services that address start-ups and also is part of most of the services already described so far.

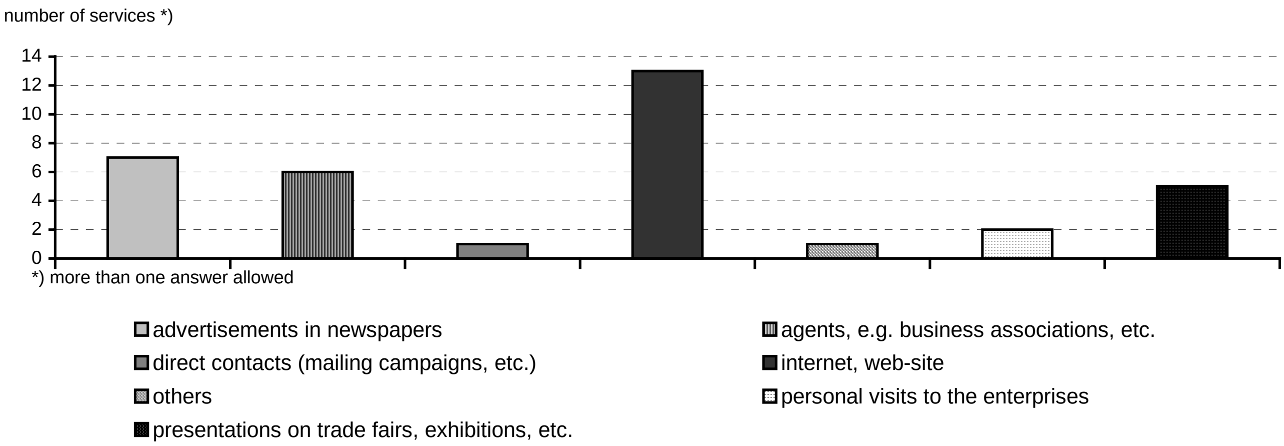
The 'Mentor Network' has been initiated by 'Enterprise Ireland', its basic intention is to link small businesses with experienced business people who are willing to assist a business in identifying and overcoming the problems and obstacles that limit its abilities to grow. Small enterprises receive 'Mentor Network'-support primarily by referral by their Enterprise Ireland Development Adviser, Shannon Development or County Enterprise Board. The mentor receives expenses only to cover basic expenses but does not get a consultant's fee. A panel of over 300 experienced mentors, with strong experience in the respective industry, has been assembled and a specific mentor is assigned to work with the chief executive of a particular small company. The mentor is made available to the company for about 8 to 10 days per annum free of charge.

The above described 'Intellectual Property Assistance Scheme' and 'MAC - Product Development' are examples for services that provide professional information in specific areas. A wide range of professional information in different areas (including legislation and market information) can in contrast be obtained from Enterprise Ireland's 'Information Centre'.

The Company Development 'Cluster' Programme' offered by FÁS serves a good example for small enterprise-specific training, it is targeted at companies in the early years of their development. Training of a focused nature is provided by clustering 10 companies in each region and by making available to them the services of a panel of trainers covering finance, marketing, production and quality control.

2.4 PROMOTION OF SUPPORT SERVICES IDENTIFIED

Graph 7: Promotion of services identified



Source: IfGH/ENSR Support Services Database, 2001

The majority of support service providers identified in Ireland use the Internet for communicational purposes, as can be seen from Graph 7. Furthermore, services are promoted via advertisements in newspapers and periodicals (often special interest magazines). An essential instrument for the communication of the services is also their presentation at trade fairs and seminars. Also, agents play an important role. Personal visits to the enterprises and direct contacting of enterprises and potential entrepreneurs are, as in many other countries of the European Union, not very common in Ireland.

2.5 QUALITY AND PRICES OF SUPPORT SERVICES IDENTIFIED

Existence of quality mechanisms

Many of the support services targeted at micro, small and sole proprietor's businesses have established mechanisms to assure the quality of the support provided, but this process has not been finished, yet. In 1998 enterprise policy decided to end the multiplicity of agency schemes, which led to the establishment of Enterprise Ireland. Another issue was the provision of more customised, integrated services and to deliver this services in a more 'client driven' fashion. Due to this policy, many providers started to apply mechanisms for quality control.

Types of quality assurance mechanisms

Concerning the types of mechanisms applied for assuring the quality of services provided, most of the service providers apply self-developped quality standards that are specific to the service provided. For example, lectors or trainers have to be fully qualified and to occupy no lesser position than chief executive in their job to be allowed to teach in the 'Digitech Business Development Programme'. Regular follow-ups with the clients are another method applied by support service providers in Ireland. Also, a combination of several mechanisms for assuring the quality of the service is applied, such as self-developped standards and regular evaluations.

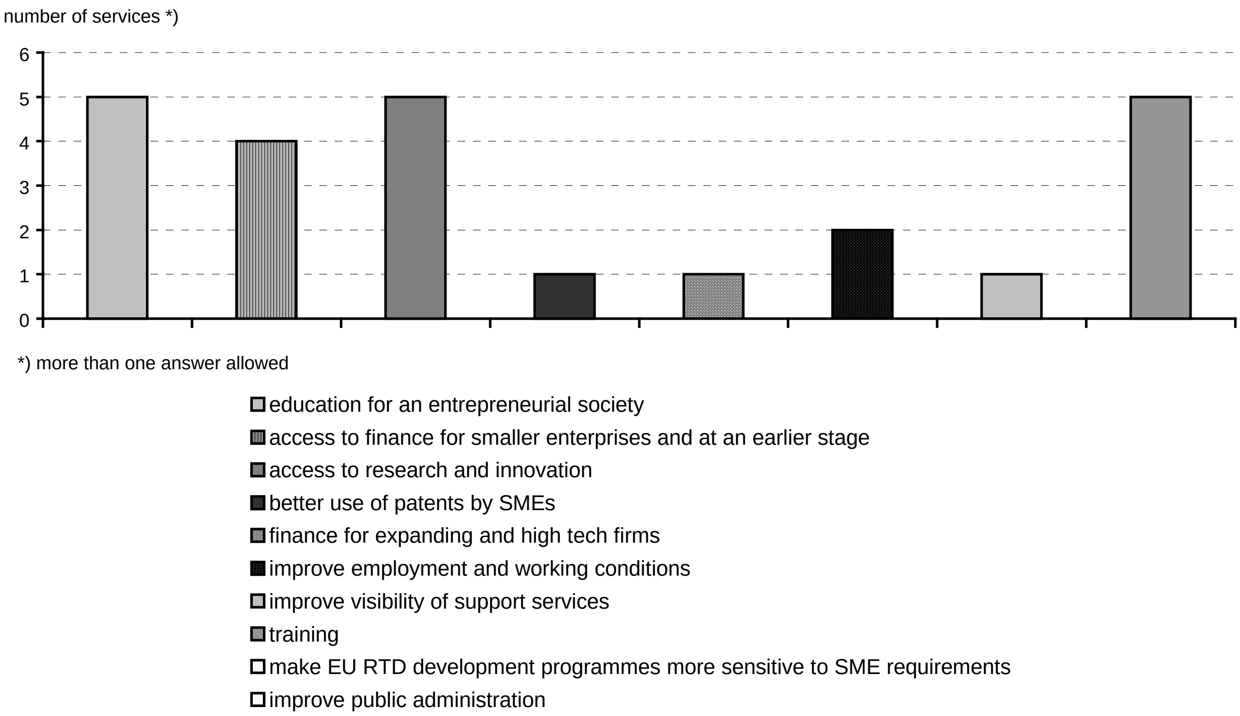
Determination of prices of services identified

The pricing policy of service providers in Ireland seems to be rather non-transparent, as the decision on the price of a support service often seems to depend on the judgement of the specific situation the micro, small or sole proprietor's business is in. Common modes used for setting and communicating prices of support services are price lists for different types of services or agreed lump sums. Some providers also have elaborated a rather tricky pricing policy, where the client is informed that (part of) the support service is free of charge only after registering to it. Nevertheless, it appears that most support services for micro, small and sole proprietor's businesses are provided free of charge in Ireland.

2.6 OBJECTIVES OF SUPPORT SERVICES IDENTIFIED

Public support for micro, small and sole proprietor's businesses is founded on the conviction that economic growth is strongly linked to the development of these enterprises. The objectives of the various forms of support offered are complex and aim at different scopes of business life. Many services offer practical advice and consultancy with special emphasis on sectors or different phases of development. Depending on the main focus of the service, objectives are, for example, to provide information on support services, to strengthen the readiness for enterprise start-ups and prepare potential entrepreneurs, to improve SMEs' competitiveness and innovation capacity or to secure jobs. The achievement of these aims should lead to higher and sustainable economic growth and welfare. By means of an *Action Plan to Promote Entrepreneurship and Competitiveness* the European Commission (1999a) has set out a number of priority aims which are most important for promoting entrepreneurship and creating a business environment that encourages the creation and growth of new businesses in order to improve the competitiveness of Europe's economy (see Graph 8). The classification of national support measures according to these 'action plan objectives' shall help to present a well structured and systematic overview on the aims of the various support services available to micro, small and sole proprietor's businesses in Ireland.

Graph 8: Action plan objectives addressed by services identified



Source: IfGH/ENSR Support Services Database, 2001

Many of the services in Ireland aim at supporting entrepreneurship and encouraging people to become independent. There has been a strong focus of the economic policy on increasing the rate of self-employed persons and therefore the number of services targeted at micro, small and sole proprietor's businesses has been extended during the past years. Together, this policy and the impressive economic upswing that started in the early the 1990s, have proven effectual instruments for tackling unemployment and promoting economic growth. As a consequence of this success and to keep pace with the economic developments, the focus has only recently moved from start-ups towards growing enterprises. Besides the 'education for an entrepreneural society', 'access to research and innovation' and 'training' are actually important in Ireland. It is believed that these two are crucial to boost growth of businesses.

3. DEMAND FOR SUPPORT SERVICES

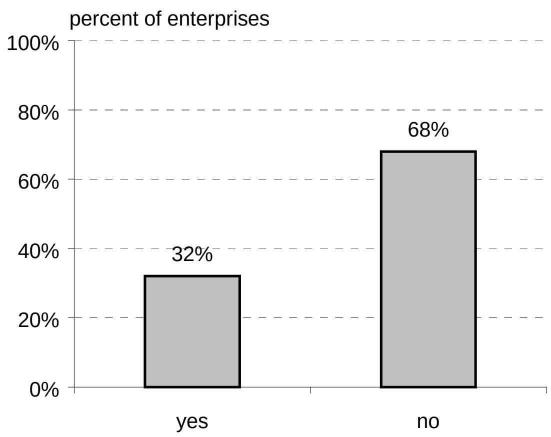
The purpose of this section of the report is to systematically analyse the demand side of the market for support services targeted at *micro, small and sole proprietor's businesses* in Ireland, by examining the participation of enterprises in support services, their awareness of the availability of support services, their needs with respect to the content, conditions and design of support services as well as on issues such as the general attitude of entrepreneurs toward support services.

The definition of the term support services applied to this part of the research study contains all types of services, such as the provision of information, advice, training, or other business services that are offered at non-market conditions and are of non-financial kind. The findings provided in the following, however, are not directly related to those services mentioned in section 2 of the report. Furthermore, results presented are based on 75 telephone interviews conducted in Ireland, but, due to respective data weighting, relate to the whole population of micro, small and sole proprietor's businesses in Ireland (see section 1). Nevertheless, because of a relatively low number of observations with regard to specific issues at country level, results might show high sample errors and thus have to be interpreted cautiously.

3.1 PARTICIPATION IN SUPPORT SERVICES

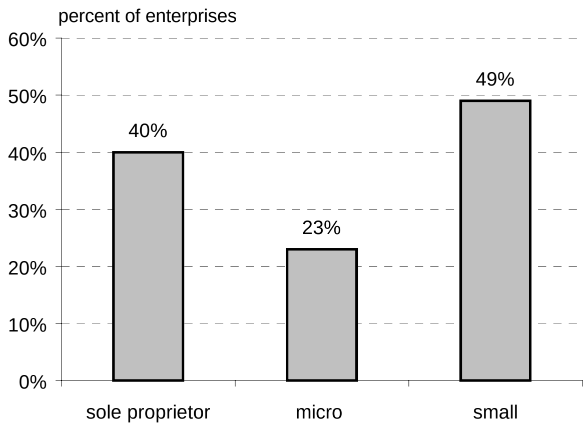
To improve the access of small enterprises to top-class business support is one of the major policy objectives of the European Commission expressed in various Commission documents, such as the *Action Plan to Promote Entrepreneurship and Competitiveness* (European Commission, 1999a) and the *Feira European Charter for Small Enterprises* (European Commission, 2000a), for example. In order to stay competitive and contribute to economic growth and employment in Europe, small enterprises need the best possible environment as well as information and business support systems that are easy to access and understand and relevant to the needs of small businesses. A lot of efforts have been undertaken in Ireland as to this regard, already. Fortunately, the Irish economy has experienced considerable growth in the last decade. The creation of Enterprise Ireland led to a more tailored supply of support services especially focussing at small businesses (see section 2). Also, micro, small and sole proprietor's businesses in Ireland seem to commonly use the services offered, as compared to other European countries.

Graph 9: Participation rate of enterprises



Source: IfGH/ENSR Small Business Survey, 2001

Graph 10: Participation rate of enterprises, by size class



Source: IfGH/ENSR Small Business Survey, 2001

As can be seen from Graph 9, the participation rate (i. e. the share of enterprises having made use of support services during the last five years) amongst Irish micro, small and sole proprietor's businesses is more than 30 %. Nevertheless, approximately two thirds of the enterprises have not utilised any support scheme within the last five years.

It has to be noted that the participation in Ireland varies with the size of the enterprise: Whereas almost half of the small enterprises (10 to 49 employees) and 40 % of the sole proprietor's businesses have made use of support services, it is less than a quarter of the micro enterprises (less than 10 employees) that have utilised any kind of support service during the last five years (see Graph 10).

Compared to other European countries, the Irish participation rate is amongst the highest. This might well be due to the economic boom in recent years and the higher attitude of enterprises to search for external help in phases of changes. As can be seen from Table 1, it is only the Netherlands where more micro, small and sole proprietor's businesses have participated in support services during the last five years. In the Netherlands the utilisation of support services seems to have a more long-standing tradition. The comparably lowest participation rates are found in Norway and Greece.

On average 20 % of all micro, small and sole proprietor's businesses in the European Union Member States and Norway have participated in support services within the last five years. Variations from this value at country level have to be interpreted cautiously as sample errors may be up to +/- 10 %. However, it can be concluded from Table 1 that compared to other European countries the Irish participation rate is above average and only topped by the Netherlands, while in Sweden, Greece and Norway relatively less micro, small and sole proprietor's businesses have utilised any support service within the last five years.

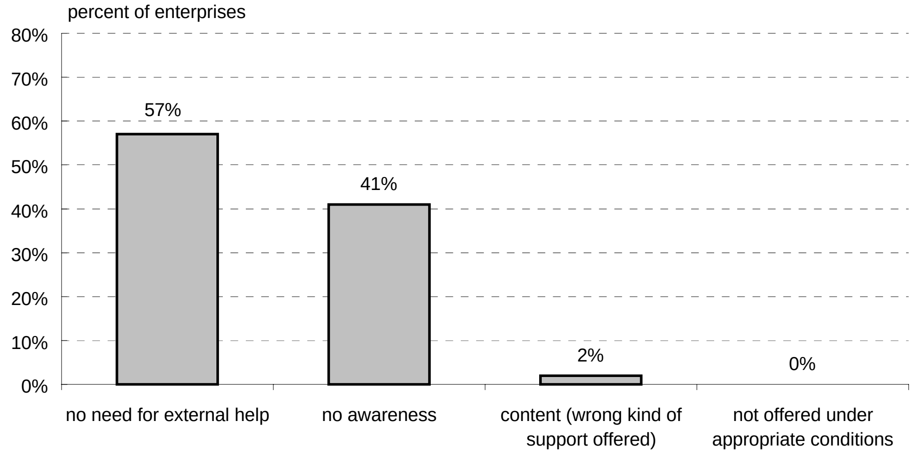
Table 1: Participation rate of enterprises, by country

country		**participation rate*)**
Netherlands		34 %
Ireland	*significantly*	**32 %**
Denmark	*above average*	28 %
United Kingdom		27 %
Finland		25 %
France		22 %
EU (15) and Norway		***20 %***
Germany	*on average*	20 %
Portugal		20 %
Belgium		20 %
Spain		19 %
Austria		16 %
Italy		16 %
Sweden	*significantly*	10 %
Greece	*below average*	6 %
Norway		3 %
Luxembourg		**)

*) share of enterprises having made use of support services within the last five years, maximum sample error at country level: +/- 10 %
**) no reliable data available
Source: IfGH/ENSR Small Business Survey, 2001

Still, there may be various reasons why enterprises are not making use of support service offered in their respective country. However, most of these reasons can be categorised into four groups: a) enterprises believe that they do not have any need for external help, b) enterprises are not aware of the existence and availability of support services, c) the content of support services offered does not match the needs of enterprises, and d) the respective support services are not offered under appropriate conditions. The most dominant reasons for Irish micro, small and sole proprietor's businesses for non-utilisation of support services are illustrated in the following Graph 11.

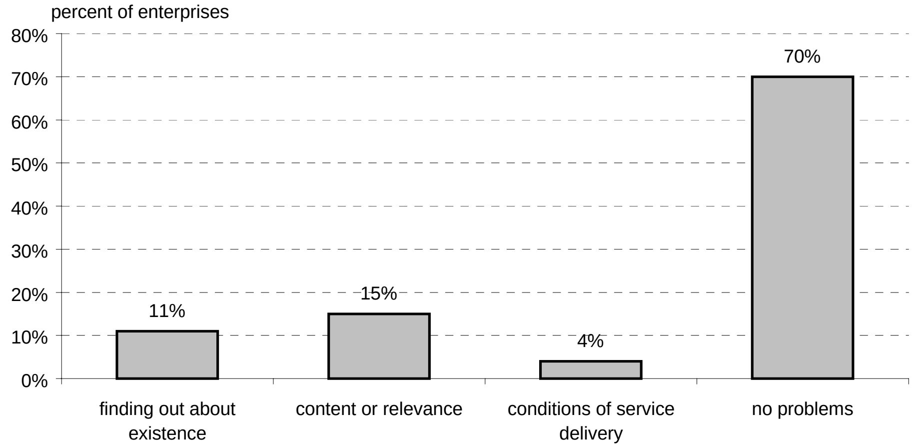
Graph 11: Main reason for not using support services*)



*) only enterprises that have not made use of support services within the last five years
Source: IfGH/ENSR Small Business Survey, 2001

Irish enterprises basically do not make use of support services as they do not see any need for external help, 57 % of the non-users quote this as a reason. This is especially true for micro enterprises. The second strongest reason not to participate in support services is that enterprises often lack information on their existence and availability, even in case they would in principle have a need for external support. Mostly sole proprietor's state to lack awareness. In contrast, very few enterprises are displeased with the types of support service offered; the delivery conditions do not seem to prevent enterprises from using support. The already high participation rate among Irish enterprises might therefore be raised further by increasing the awareness on support services (see also section 4). An improved promotion of the merits support services can provide may also sensitise the large proportion of the enterprises that do not make use of support services because they do not feel a need for external help.

Graph 12: Main difficulty when using support services*)



*) only enterprises that have made use of support services within the last five years
Source: IfGH/ENSR Small Business Survey, 2001

The vast majority (70 %) of Irish enterprises that have utilised support services within the last five years do not see any problems when using support services. Only 15 % of micro, small and sole proprietor's businesses seem to face a difficulty with the content/relevance of the support services used. Another 11 % find it difficult to find out about the existence of the services in the first place (11 %). The conditions of service delivery do not seem to be a serious problem in Ireland, as also indicated by the non-users.

In the following sections, it is sought to deepen the investigation on the main reasons for not using support services by micro, small and sole proprietor's businesses in Ireland: Beginning with the problem related to a *lack of awareness*, an illustration of the rate of information on the existence and availability of support services in Ireland is provided followed by a cross-national comparison of *'information rates'* (i. e. the share of enterprises well informed on the existence and availability of support services). An attempt is made to detect mismatches between enterprises' needs with respect to how they want to be informed on support services and how providers actually promote the services they offer. This is done in *section 3.2*.

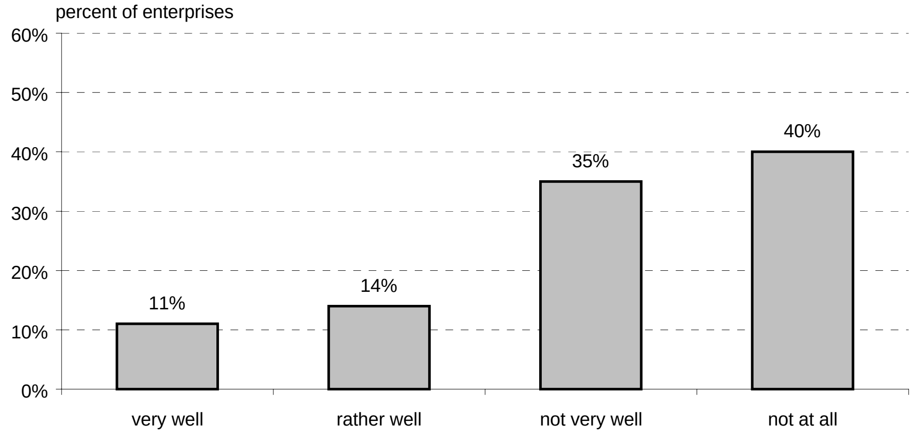
The problems related to the *content of support services* are analysed by comparing the supply side of the market for support services (see section 2) to the needs of micro, small and sole proprietor's businesses. Attempts are made to detect prevailing mismatches between enterprises' need for external help and what is actually available on the market for support services. This is presented in *section 3.3* of this report.

Finally, the *conditions of delivery* and the respective problems are investigated by considering on the issue of satisfaction with the use of support services. An illustration of how satisfied enterprises are with the utilisation of support services is followed by a cross-national comparison of *'satisfaction rates'* (i. e. the share of enterprises satisfied with the use of support services). This is presented in *section 3.4*.

3.2 AWARENESS OF SUPPORT SERVICES

The counterpart of a potential 'lack of awareness' on the demand side might be a 'lack of visibility' of support services on the supply side. Creating awareness of the existence and availability of support services among entrepreneurs is considered one of the major challenges in support policy for small and medium sized enterprises and in particular for micro, small and sole proprietor's businesses. Several previous empirical studies have identified this issue as being one of the major constraints for the utilisation of support services by small enterprises (see, for example, the *European Observatory for SMEs*, European Commission, 2000b). As can be seen from Graph 11, more than 40 % of the smallest enterprises in Ireland have not yet used any support service as they are not aware of the existence of any support for their enterprise. It is the aim of this section to further elaborate on the issue of awareness by providing data at the information rate of enterprises with respect to the availability of support services for their respective business and by identifying a potential mismatch between enterprises' needs with respect to how they want to be informed on support services and how providers actually promote the services they offer.

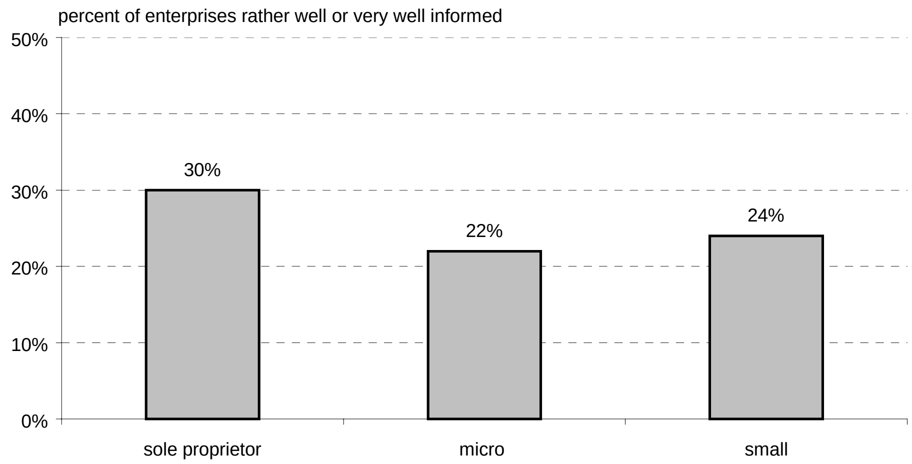
Graph 13: Information rate of enterprises



Source: IfGH/ENSR Small Business Survey, 2001

As can be seen from Graph 13, Irish micro, small and sole proprietor's businesses are poorly informed on the existence and availability of support services offered for their respective enterprise: Only 11 % of enterprises indicate to be 'very well' informed, another 14 % feel 'rather well' informed. Thus, in total, 75 % of enterprises in Ireland lack information on the availability of support services for their business.

Graph 14: Information rate of enterprises with respect to support services, by size class



Source: IfGH/ENSR Small Business Survey, 2001

The information rate of enterprises on the existence and availability of support services only slightly varies by enterprise size, as can be seen from Graph 14. Whereas among micro (1 to 9 employees) and small enterprises (10 to 49 employees) 22 % respectively 24 % indicate to be 'very well' or at least 'rather well' informed, 30 % of the sole proprietors are sufficiently informed. In the same time, many Irish sole proprietors do not make use of support services due to lacking awareness. This stresses the difficulty for the smallest businesses to keep informed – sole proprietors in Ireland appear to be either interested in the subject and well informed or they completely lack time and resources to inform themselves.

The average information rate of micro, small and sole proprietor's businesses in the European Union Member States and Norway lies at 24 %. Again, variations from this value at country level have to be interpreted cautiously as sample errors may be up to +/- 10 %. However, it can be concluded from Table 2 that compared to other European countries the information rate of Irish enterprises is around average. Information rates clearly above average are found in Belgium and the Netherlands, while in France, Portugal and Greece, the amount of micro, small and sole proprietor's businesses being informed on the existence and availability of support services offered for their respective enterprise is far below the EU average.

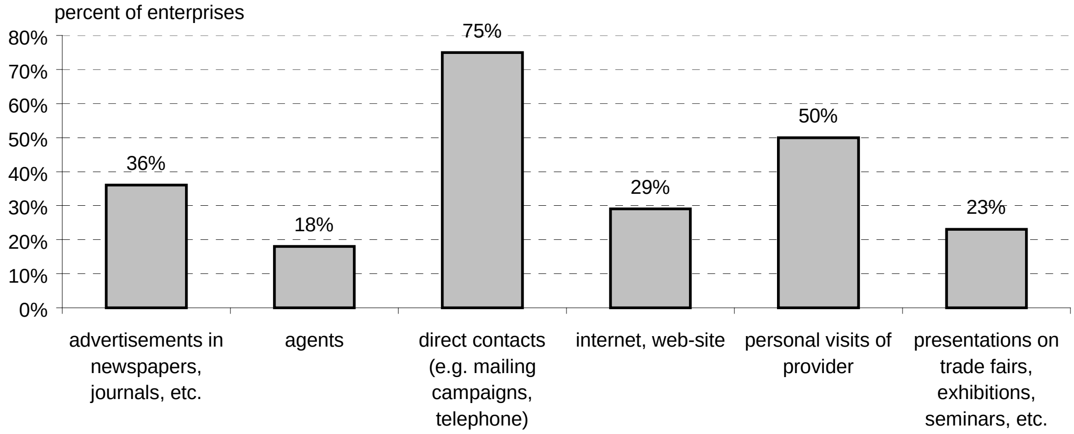
Table 2: Information rate of enterprises with respect to support services, by country

country		information rate*)
Belgium		45 %
Netherlands		43 %
Austria	*significantly*	36 %
Sweden	*above average*	36 %
Finland		34 %
Italy		31 %
Denmark		30 %
Spain		29 %
Norway	*on average*	27 %
Ireland		**25 %**
EU (15) and Norway		***24 %***
Germany		22 %
United Kingdom		18 %
France	*significantly*	15 %
Portugal	*below average*	11 %
Greece		6 %
Luxembourg		**)

*) enterprises rather well or very well informed on support services, maximum sample error at country level: +/- 10 %
**) no reliable data available
Source: IfGH/ENSR Small Business Survey, 2001

Problems related to a lack of information respectively awareness on the side of enterprises in the European Union Member States and Norway may be related to the effectiveness of promotional activities applied by support service providers in order to attract or to reach as many potential users as possible. As shown in section 2.4, in Ireland, providers use a variety of different instruments to promote their services. However, an analysis of the preferences of micro, small and sole proprietor's businesses with regard to the means for information provision shows that additional measures might need to be put in place in order to increase awareness of support services in Ireland.

Graph 15: Type of promotion activities preferred by enterprises*)



*) more than one answer allowed
Source: IfGH/ENSR Small Business Survey, 2001

With respect to how enterprises want to be informed on support services, it can be concluded from Graph 15 that in Ireland micro, small and sole proprietor's businesses have a preference for information transfer based on direct contacts (75 %). Personal visits by the provider (50 %) are also highly valued, followed by advertisements in newspapers or journals, etc. (36 %) and information placed on the Internet or on web-sites (29 %). Presentations at trade fairs or exhibitions as well as agents seem, on the contrary, to be less suitable for smaller enterprises.

These results are in line with those of a research study on suppliers and consumers of management consulting services that has been carried out by Enterprise Ireland (Enterprise Ireland, 2000) on behalf of the European Commission. This empirical survey has been conducted in 1999 among the most important service providers in Ireland and those SMEs that have utilised their respective services. It has been found that only half of the enterprises actively search for service providers themselves. The identification of a suitable service provider is one of the major problems SMEs have with external support services. Firms 'do not know, where to find them' and therefore the selection of management consulting services by SMEs is basically based on word-of-mouth, references, and direct contacts.

When compared to how support services are actually promoted in Ireland (see section 2.4), it is found that there is a lot of information available on the Internet (web-sites of providers) and support services are also commonly promoted through advertisements in newspapers or via agents. Unfortunately, only very few providers apply those tools valued highest by the enterprises. Whereas three quarters of the Irish enterprises would welcome being directly contacted (e. g. by telephone or mailing campaigns) by the service provider, this kind of promotion activity - which of course is amongst the most costly ones - is hardly ever applied. The same holds for personal visits: Half of the Irish micro, small and sole proprietor's businesses would welcome being visited personally by the provider, but Irish providers of support services rarely do so, as can be seen from Graph 7.

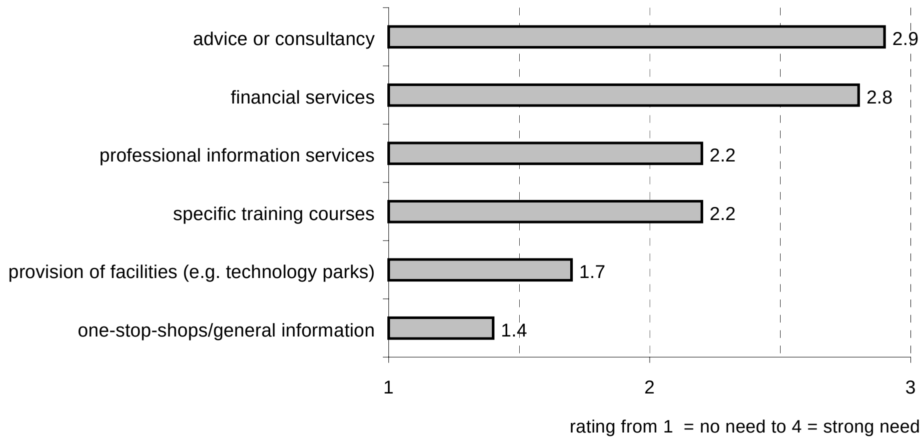
Generally, businesses seem to clearly prefer looking for support services either at local or regional level. Nevertheless, more than 40 % of the enterprises would consider visiting contact points at national level, but only 10 % of the enterprises would look for information on available support services at European level. When compared to the actual organisation of support services in Ireland (mainly decentralised at regional level but also centralised at national level, as can be seen from Graph 2), it may be assumed that in this respect the supply side effectively meets the needs of the enterprises.

However, there seems to be some mismatch in the field of promotion and information provision on support services offered in Ireland. The awareness of support available to micro, small and sole proprietor's businesses might be increased by providers directly contacting the businesses, i. e. via mailing campaigns, telephone contacts, etc. as well as by personally visiting enterprises, rather than by only presenting services on the Internet, at trade fairs or through agents, for example, which seem to be among the types of promotion activities least preferred by micro, small and sole proprietor's businesses. It should also be noticed that most firms ask for help especially to face emergencies and unexpected events – in such situations small businesses usually rely on information quickly available and stemming from resources they personally have been in contact with before.

3.3 CONTENT OF SUPPORT SERVICES

Once the problem of lacking awareness has been overcome by enterprises, it still remains difficult to identify the type of support that is considered relevant for the development of one's enterprise. As outlined in section 3.1, the content of available support (i. e. the types of support offered, the targeting of support services, etc.) is no major reason for Irish micro, small and sole proprietor's businesses not to make use of support services. The vast majority of Irish enterprises indicate not to face problems when using support services, nevertheless, most of those who have difficulties see them in relation to the content (see Graph 12): 15 % of the enterprises claim this aspect of support services to be a major difficulty when participating in or using support services. Moreover, although the participation in support services generally seems to be comparatively high in Ireland, there are some types of services that seem to be more important to enterprises than others. Thus, it is the aim of this section to detect prevailing mismatches between enterprises' need for external help and what is actually available on the market for support services.

Graph 16: Need for different types of support services

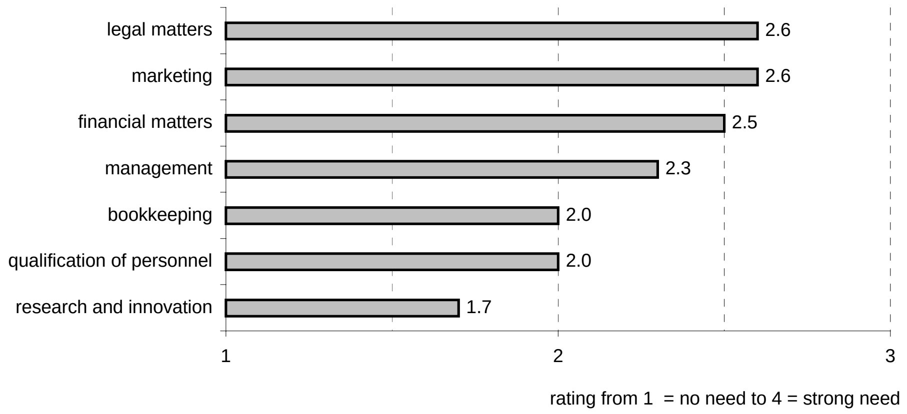


Source: IfGH/ENSR Small Business Survey, 2001

Although a comparatively high part of Irish micro, small and sole proprietor's businesses participates in support services (see Table 1), they generally express a low need for support services (on a scale from 1 - no need to 4 - strong need on average 2.2). However, when differentiating between various types of services one can see that the demand for advice or consultancy and financial services is clearly higher than the one for provision of facilities or one-stop-shops/general information (see Graph 16). Professional information services and specific training courses receive average attention. The training expenditure in Irish businesses has traditionally been rather low. Nevertheless, owner managers and other small enterprises are now compelled to adjust management and human resource practices due to the dramatic and rapid changes in the Irish economy. By now, almost all small enterprises are aware that training is very important for the success of the firm, but the vast majority of the businesses seem to face financial constraints. The Irish small businesses state that they would raise training expenditure if more (financial) support was available (Irish Small and Medium Enterprises Association, ISME, 2001).

A comparison of the demand with the supply side of the market for support services in Ireland shows that they match quite well concerning the content of support services: advice/consultancy is offered by far most often; professional information services and SME-specific training are also commonly provided (see Graph 6).

Graph 17: Need for external support, by business areas



Source: IfGH/ENSR Small Business Survey, 2001

With respect to the need of Irish enterprises for external support in specific business areas, it is mainly legal matters, marketing, financial matters as well as management, enterprises seem to need help with, as may be concluded from Graph 17. By contrast, there seems to be less demand for help with bookkeeping, qualification of personnel or research and innovation matters. These results are in line with those of Enterprise Ireland (Enterprise Ireland, 2000). According to the authors, the services mostly demanded by SMEs in Ireland are those that are perceived as vital for the firms (and often are compulsory). They are related to the financial and legal area, but also to marketing and the opening up of export markets, which has especially become important in Ireland in the boom of the recent years.

Virtually all Irish micro, small and sole proprietor's businesses (100 %) consider it important that business support services are specifically targeted at the current *phase of development* an enterprise is in; half of the enterprises even indicate that it is 'very important' for them to be offered support tailored to their specific phase of development. Particularly, it is believed that it is the start-up phase, the early phase of development and the phases of crisis in which enterprises need most external support.

When compared to the supply side of support services (see Graph 5) it might be concluded that there is indeed a wide range of support offered to enterprises either starting-up or developing in Ireland. However, it has to be noted, that although 37 % of all enterprises believe that businesses in crisis are among those needing most external help, no support provider seems to exclusively concentrate on enterprises in this particular phase. This might, however, also be due to a lack of transparency of services.

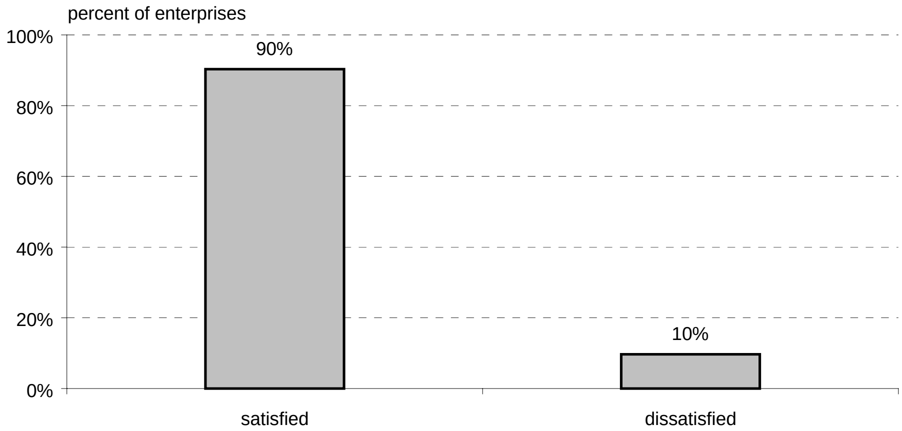
The vast majority of Irish micro, small and sole proprietor's businesses (82 %) consider it also important that support services are specifically targeted at the respective *size class* of their enterprise. Especially sole proprietors desire a size class orientation of support services.

Finally, still the majority of micro, small and sole proprietor's businesses (67 %) in Ireland would prefer to use support services that are specifically targeted at their *sector*. When compared to the supply side of support services (see Graph 4), however, it can be assumed that the demand for sector-specific support services is in line with their actual supply: Although many of the support services offered in Ireland may basically be utilised by enterprises of all sectors, they often include a special focus on specific sectors, as well.

3.4 CONDITIONS AND DELIVERY OF SUPPORT SERVICES

In order to increase the take-up of support services by micro, small and sole proprietor's businesses, creating awareness of the availability of support and offering suitable or relevant types of services might not be sufficient if enterprises are not convinced of their real value and quality. It is often the conditions of service delivery that poses the main difficulty when using support services. This credibility gap needs to be overcome in order not to lose potential participants who are generally convinced of the usefulness of external help and are likely to use support services regularly if these are offered under appropriate conditions. In contrast to most other European countries, this does not seem to represent a major issue for Irish enterprises as the conditions of service delivery are hardly mentioned as a problem by enterprises (see section 3.1). Still, it is the aim of this section to further elaborate on the issue of delivery of support services by providing data on the satisfaction rates of enterprises with support services offered and by identifying a potential mismatch between enterprises' preferences for specific forms of communication, payment, etc. and the way, support services are actually delivered.

Graph 18: Satisfaction rate of enterprises*)



*) only enterprises that have made use of support services within the last five years
Source: IfGH/ENSR Small Business Survey, 2001

Generally, a very high share of 90 % of Irish micro, small and sole proprietor's businesses that have made use of support services within the last five years indicates satisfaction with their latest experience, as can be seen from Graph 18. This is quite in line with the low share of Irish micro, small and sole proprietor's businesses that face a problem with the conditions of service delivery when using support services (see Graph 12).

The average satisfaction rate with respect to support services used by micro, small and sole proprietor's businesses in the European Union Member States and Norway during the last five years lies at 80 %. It is hardly possible to interpret variations from this value at country level due to comparatively high sample errors amounting up to +/- 15 %. Still, it might be assumed that Ireland together with Portugal is at the upper end while Luxembourg and Denmark are at the lower end of satisfaction with respect to support services used.

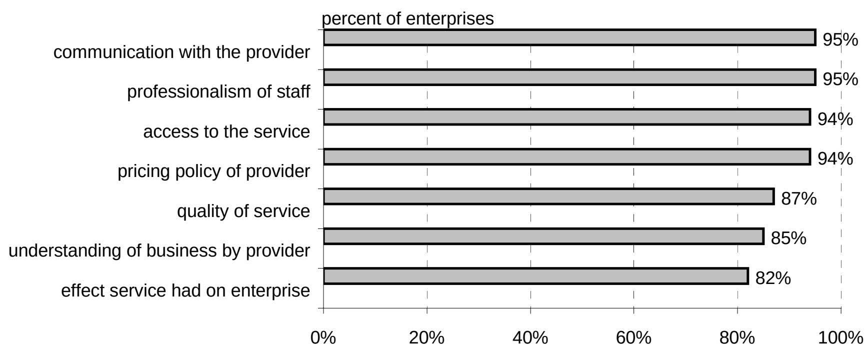
Table 3: Satisfaction rate of enterprises, by country

country		satisfaction rate*)
Ireland		**90 %**
Portugal		90 %
Spain		85 %
Belgium		82 %
United Kingdom		81 %
EU (15) and Norway	*on average*	***80 %***
Finland		80 %
France		79 %
Netherlands		76 %
Germany		76 %
Luxembourg		69 %
Denmark		67 %
Austria		51 %**)
Greece		68 %**)
Italy		82 %**)
Norway		64 %**)
Sweden		22 %**)

*) enterprises very or rather satisfied with the latest use of support services, maximum sample error at country level: +/- 15 %
**) due to small number of observations sample error may amount up to +/- 25 %
Source: IfGH/ENSR Small Business Survey, 2001

While Graph 18 presents the satisfaction rate of micro, small and sole proprietor's businesses in Ireland with the support services used in rather general terms, the following Graph 19 illustrates the degree of satisfaction differentiated by specific issues related to the delivery of support services.

Graph 19: Satisfaction with the use of support services, by different aspects*)

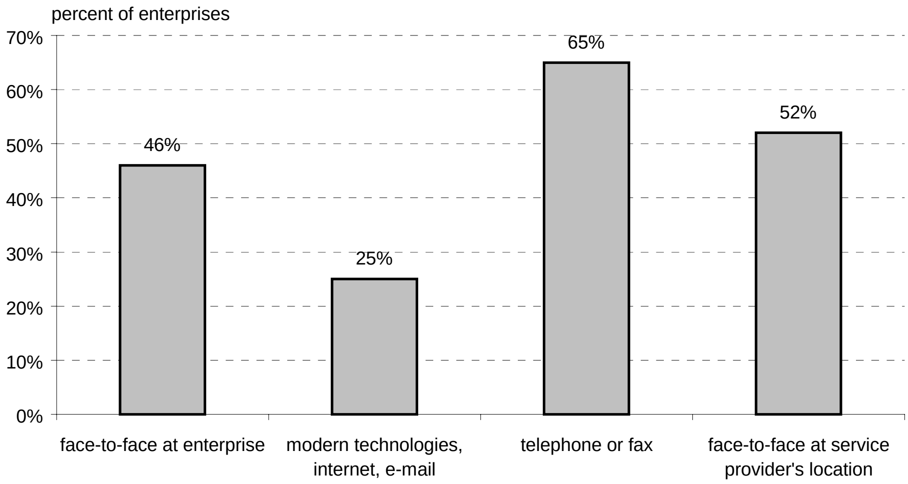


*) only enterprises that have made use of support services within the last five years
Source: IfGH/ENSR Small Business Survey, 2001

As can be seen from Graph 19, those micro, small and sole proprietor's businesses in Ireland that have used support services during the last five years are most satisfied with the communication with the provider (95 %), the professionalism of the staff (95 %), the access to the service (94 %) and the pricing policy of the provider (94 %). Comparatively lower satisfaction is expressed with respect to the quality of the service (87 %), the understanding of the business by the provider (85 %) as well as the effect the service had on the enterprise (82 %). Nevertheless, the satisfaction rate in all these aspects is remarkably high in Ireland.

In the following, it is intended to investigate three different facets of service delivery: the form of communication with the provider, the form of payment, and quality assurance mechanisms. The attempt is to analyse the preferences of Irish micro, small and sole proprietor's businesses regarding these aspects and furthermore to compare the findings with the supply side of the Irish support services market.

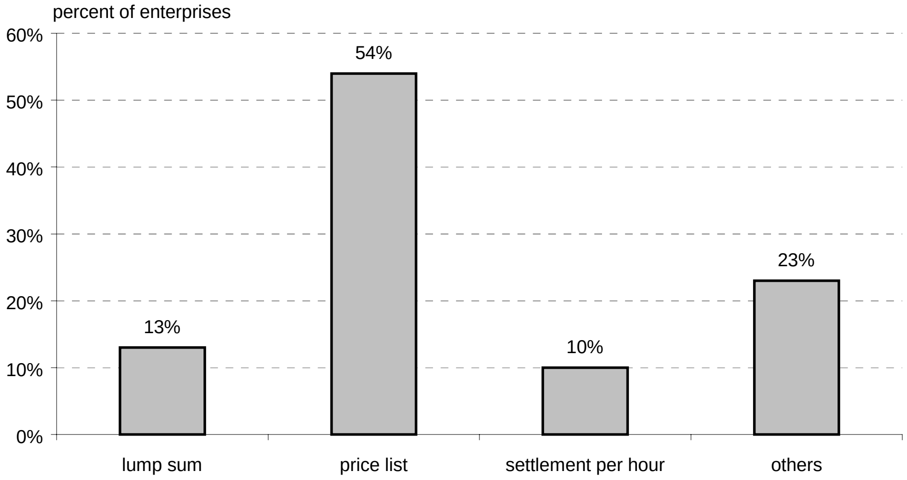
Graph 20: Form of communication with the service provider preferred by enterprises*)



*) more than one answer allowed
Source: IfGH/ENSR Small Business Survey, 2001

Micro, small and sole proprietor's businesses in Ireland prefer interaction by telephone or fax (65 %) and communication face-to-face with the support service provider at the provider's location (52 %) when using support services. Almost half of the enterprises appreciate the possibility to speak face-to-face at their enterprise (46 %), whereas only 25 % would like to use modern technologies (mainly Internet) to communicate with the provider, as can be seen from Graph 20.

Graph 21: Form of payment preferred by enterprises

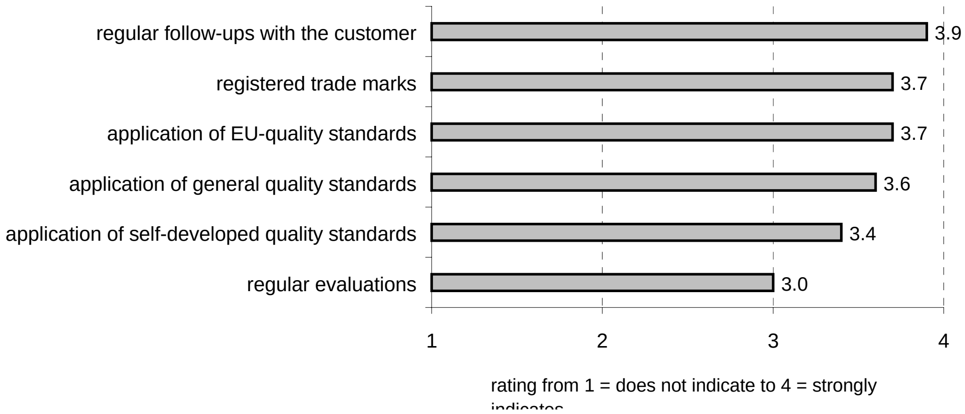


Source: IfGH/ENSR Small Business Survey, 2001

As far as the pricing policy of service providers is concerned, Irish micro, small and sole proprietor's businesses clearly prefer paying according to given price lists (54 %) to other modes of payment (see Graph 21). Paying lump sums (13 %) for support services or settlements per hour (10 %) are only favoured by few Irish enterprises. Although the pricing policy of Irish service providers seems to be rather non-transparent, price lists appear to be commonly used. Besides, as in many other countries of the European Union and Norway, many support services seem to be offered free of charge in Ireland.

The quality of services is usually difficult for enterprises to asses before actually utilising them. However, in order to increase enterprises' trust in the reliability of the respective providers it is advisable to apply quality assurance measures, that are, besides being indispensable in order to guarantee high quality service provision, also highly visible and recognised by the enterprises. Applying quality standards or offering regular follow-ups with the customer, for instance, is vital to successfully promote support services. Choosing the right measures as to this regard - the ones enterprises trust most - and making them visible to the enterprises might be crucial in order to strengthen enterprises' belief in the usefulness of support services and by that their demand for support of this kind. Thus, the question of how high quality of services offered might be communicated to enterprises respectively which criteria enterprises apply to judge the quality of a service is also dealt with in the scope of this study. The findings for Ireland as to this regard are presented in Graph 22, below.

Graph 22: Criteria that indicate high quality to enterprises



Source: IfGH/ENSR Small Business Survey, 2001

Irish enterprises in general express high trustfulness in the various criteria indicating the quality of support services. Nevertheless, when micro, small or sole proprietor's businesses in Ireland try to assess the quality of a service provider, they believe most in regular follow-ups with the customer. Registered trademarks and the application of EU- or general quality standards are also valued highly, whereas the application of self-developed standards or regular evaluations seem to be less suitable to indicate high quality to the enterprises, as can be seen from Graph 22. The empirical survey carried out by Enterprise Ireland (Enterprise Ireland, 2000) confirms these results. Among others, SMEs have been questioned about the usefulness of European quality standards for service providers and a very high percentage of Irish SMEs indicated that such standards would be desirable.

Nevertheless, when compared to the quality assurance mechanisms actually deployed by providers in Ireland, it seems that most service providers rely on self-developed standards or regular evaluations, which are valued less as indicators for high quality by the enterprises. By applying self-developed standards that are specific to the services offered, Irish support service providers seem to successfully manage to ensure the services' quality, but this does not seem to be a transparent indicator for high quality to potential clients.

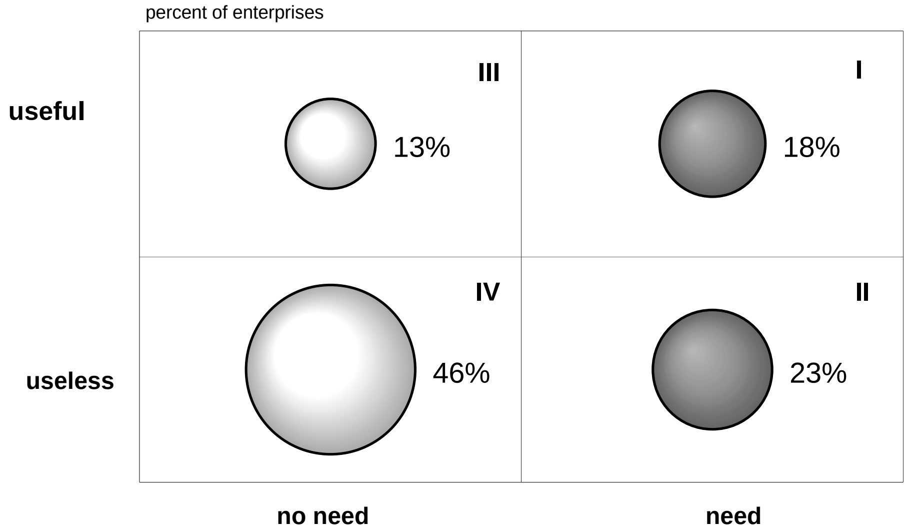
3.5 FUTURE POTENTIAL OF THE MARKET FOR SUPPORT SERVICES

The following matrix gives an overview on the future potential of the market for support services in Ireland by different types of enterprises, together with the respective strategy to be applied in order to increase the take-up and utilisation of support services. For this purpose, the attitude of enterprises towards support services has been segmented according to two characteristics:

a) enterprises' subjective rating of the general *usefulness* of support services and
b) enterprises' indication of the *need for support services* with respect to the own enterprise.

These characteristics are assumed to significantly influence the readiness of enterprises to participate in support services in the future. The combination of these two characteristics in a matrix results in four different types of enterprises and allows one to judge the potential of the market for support services as well as to derive specific strategies for mobilising this potential. The matrix shown in Graph 23 distributes those micro, small and sole proprietor's businesses in Ireland that have not participated in any type of support service during the last five years, according to their attitude towards support services.

Graph 23: Strategic matrix on the potential of the market for support services in Ireland*)



*) only enterprises that have not made use of support services within the last five years
Source: IfGH/ENSR Small Business Survey, 2001

I. Quadrant: The first quadrant describes the share of enterprises that have indicated a need for external support and that are convinced of the usefulness of support services. These enterprises are basically willing to participate in support services, but seem to lack information on their availability and on how to access them. This group of enterprises is probably very sensitive to any type of *awareness-raising measures and promotional activities* applied by support service providers. Enterprises located in this quadrant are the ones that are most likely to use support services in the future. Their share in all enterprises not having used support services in the last five years in Ireland amounts to 18 %. They might best be mobilised by improving and reinforcing marketing and promotional activities of existing support services, by focussing on mailing/telephone campaigns or by personal visits of the provider, for example.

II. Quadrant: Enterprises in this quadrant have indicated a general need for support services, but doubt their usefulness. This might be due to a certain discontentment with the existing offer of support services. These enterprises might be most sensitive to strategies aiming at the improvement of the *content and conditions of delivery* of services, such as a better target group orientation of services offered or an improvement of communication strategies and the understanding of the businesses' needs, for example. The enterprises in this quadrant (23 % of those not having used support services in the last five years in Ireland) are rather critical towards support services but may well be mobilised by improving the content and delivery mechanisms of support services.

III. Quadrant: This quadrant contains the share of enterprises that generally consider support services to be useful, but do not see any need for their own enterprise as to this regard. It is usually more difficult to mobilise enterprises that indicate no need for external support than enterprises not utilising support services for other reasons, such as a lack of information or dissatisfaction with the offer, for example. However, as these enterprises believe in the general usefulness of support services they might be sensitive to strategies aiming at the *proliferation of information on the merits of support services* by the dissemination of 'good practices' or the demonstration of success rates of enterprises using support services, for example. In Ireland, 13 % of micro, small and sole proprietor's businesses that have not made use of support services in the last five years seem to be sensitive to this kind of strategies. However, the attitude of this group of enterprises is also often related to a general difficulty in identifying needs or facing economic or operational problems of their daily business, which needs to be overcome.

IV. Quadrant: Finally, quadrant IV describes the share of enterprises that neither indicate any need for support services nor believe in their usefulness. This attitude, particularly of smaller enterprises, is in line with results from a previous research study on SMEs in the European Union (Alten, W. / Weiß, R., 2000), where it has been found that many small enterprises do not have the competency to judge their own needs correctly and to derive a specific demand from these needs. The lack of knowledge of their own needs in consequence may lead to a low acceptance of support services offered to the market, which is often associated with a general suspiciousness against 'externals' and a lacking readiness to give external support service providers insight into the economic and operational matters of one's enterprise. This group of enterprises will most probably stay insensitive to any traditional promotional or awareness creation measures and is thus not very likely to use support services in the future; their share unfortunately amounts to as much as 46 % in Ireland and therewith is much higher than the EU-average (26 %).

4. SUMMARY AND CONCLUSIONS

The Irish economy has experienced enormous growth in the last decade, which also helped to create a more favourable environment for small businesses, especially in the manufacturing and services sector. An important effort has been made to establish a more tailored and focussed approach for assisting small businesses and providing support services in a more integrated and client driven way. Generally, public providers of support services dominate the market, whereas semi-public and private providers hold smaller shares. Contact points of the support services are mostly established decentralised at regional level, nevertheless, some services are centrally offered at national level and very few decentralised at local level. Only few services are specifically targeted at micro, small or sole proprietor's businesses – the majority address innovative/technology enterprises or all enterprises starting up. Nevertheless, the quantity of the services offered should not be taken as an indicator, as integrated systems are also included. Although most support services in Ireland are not sector-specific, a certain focus is put on the manufacturing sector. A significant number of support services addresses enterprises in the start-up or early phase or development.

Support services for small enterprises in Ireland mainly offer external advice and consultancy, but professional information services or services offering premises and environment are also commonly found on the market. To communicate their offers, Irish support service providers clearly rely on the Internet; nevertheless, advertisements in newspapers, agents or presentations at trade fairs are also prevalently used. The application of mechanisms for quality control has also been promoted in the last years and they appear to be commonly used by Irish support service providers, by now. The pricing policy of service providers still appears to be rather non-transparent, although most of the services offered seem to be free of charge. Generally, support services offered in Ireland aim at supporting entrepreneurship and at providing access to research and innovation as well as to training.

As far as the demand side is concerned, a high rate of micro, small and sole proprietor's businesses in Ireland makes use of support services. Compared to other European countries, the Irish participation rate (32 %) is amongst the highest, only excelled by the one of the Netherlands. The main reason for Irish enterprises not to make use of support services is that they do not see any need for external help, respectively that they lack awareness on the existence and availability of appropriate external support. On average, the information rate of Irish enterprises is rather low but still above EU-average with 25 % considering themselves being well informed on the existence and availability of support services. The awareness of support available to smaller enterprises might best be increased in Ireland by directly contacting the enterprises (e. g. by mailing campaigns or by telephone) or by personally visiting enterprises. Both types of promotion activities are hardly focused by service providers, yet, but might be very effective with regard to increasing the information rate of enterprises.

Irish micro, small and sole proprietor's businesses generally express a rather low need for support services with the demand for advice/consultancy and financial services ranking comparatively highest. Regarding specific business areas it is mainly legal matters, marketing, financial matters, and management the smallest enterprises seem to need help with. This demand seems to be comparatively well met by the support services offered in Ireland.

Generally, 90 % of the micro, small and sole proprietor's businesses in Ireland that have made use of support services within the last five years are quite satisfied with the services received. Apart from Portugal, there is hardly any other country in the European Union plus Norway where the satisfaction rate is that high. Irish enterprises are particularly content with the communication with the service provider and the professionalism of the staff. As far as communication with the service provider is concerned, enterprises prefer communicating with the provider by telephone or fax rather than via modern technologies, such as Internet.

The supply and the demand side of the Irish market for support services seem to match best concerning the delivery of support services. A mismatch occurs in the field of visibility/awareness of support services. Providers may better promote the merits of the services they offer to their potential clients, i. e. to the smallest enterprises. In Ireland, it seem especially important that the promotion of support services is not only targeted at creating awareness, but also at communicating the usefulness of external support.

APPENDIX

List of support services considered.

original name/English name	organisation	contact person and address	telephone/fax	e-mail/web-page
Business Angels		Monica Reino Avenue des Arts 12, Bte 7 1210 Bruxelles	Tel.: 353/2/2184313 Fax: 353/2/2184583	Info@eban.org www.eban.org
Business Innovation Centres (BIC)		Ben Butters Avenue de Tervuren 168, Bte 25 1150 Bruxelles	Tel.: 353/2/7611085 Fax: 353/2/7729574	Bbu@ebn.be www.ebn.be
Euro Info Centres	Euro Info Centres Network			Info-eic@fcis.cec.eu.int http://europa.eu.int/comm/enterprise/networks/eic/eic.html
Innovation Relay Centre (IRC)		George Barton 2, Rue Pletzer 8080 Helfent-Bertrange	Tel.: 352/441012/2200 Fax: 352/441012/2055	Info@ircnet.lu www.cordis.lu/irc
Intellectual Property Assistance Scheme/ Intellectual Property Assistance Scheme	Enterprise Ireland	Dr. Michael Sharp Glasnevin 9 Dublin	Tel.: 353/1/8082220 Fax: 353/1/8082296	michael.sharp@enterprise-ireland.com www.enterprise-ireland.com
Company Development “Cluster” Programme	FÁS	Secretary Gerard Pyke 27-33 Upper Baggot Street 4 Dublin	Tel.: 353/1/6070500 Fax: 353/1/6070618	gerrypyke@FAS.ie (or: info@fas.ie) www.fas.ie
High Technology Entrepreneurship Program	University of Limerick	Liam Donovan National Technological Park Limerick	Tel.: 353/61/333644 Fax: 353/61/338171	
Fast Growth Programme	Project Development Centre/Dublin Institute of Technology	Lisa Callanan 17 Herbert Street 2 Dublin	Tel.: 353/1/6611910 Fax: 353/1/6611973	lcalanan@pdc.ie www.pdc.ie

original name/English name	organisation	contact person and address	telephone/fax	e-mail/web-page
Land and Buildings Programme	Údaras na Gaeltachta	Planning Manager Noel Bolger Na Forbacha Gallimh	Tel.: 353/91/503100 Fax: 353/91503/101	eolas@udaras.ie www.udaras.ie
Mentor Network	Enterprise Ireland	Ms Mary Halpin Merrion Hall, Strand Road, Sandymount 4 Dublin	Tel.: 353/1/2066366 Fax: 353/1/2066225	mentor@enterprise-ireland.com www.enterprise.ireland.com
Fast Track Start Up Companies	Enterprise Ireland/The Client Service Unit	Wilton Park House, Wilton Place 2 Dublin	Tel.: 353/1/8082000 Fax: 353/1/6605019	client.service@irish-trade.ie www.enterprise.ireland.com
Enterprise Development Programme	Project Development Centre/Dublin Institute of Technology	Marketing Executive Bernadette O'Reilly 17 Herbert Street 2 Dublin	Tel.: 353/1/6611910 Fax: 353/1/6611973	boreilly@pdc.ie www.pdc.ie
City and County Enterprise Boards	Department of Enterprise, Trade and Employment	National Co-ordinator Fergus McCafferty Davitt House, Adelaide Road 2 Dublin	Tel.: 353/1/6614444 Fax: 353/1/6769047	paul_cullen@entemp.ie www.entemp.ie
Enterprise Platform Programme	Enterprise Ireland	Ms Noelita Barry Technology House, Glasnevin 9 Dublin	Tel.: 353/1/8082010 Fax: 353/1/8370172	noelita.barry@enterprise-ireland.com www.enterprise.ireland.com
The Powerhouse	The Bolton Trust	Mr Rea O'Neill The Bolton Trust, Pigeon Harbour 4 Dublin	Tel.: 353/1/6687155 Fax: 353/1/6687945	
The Digitech Business Development Programme	Shannon Development	The Innovation Centre, National Technological Park Limerick	Tel.: 353/61/338177 Fax: 353/61/338065	corcoranj@shannon-dev.ie www.shannon-dev.ie
Market Information Services/ The Information Centre	Enterprise Ireland	Wilton Park House, Wilton Place 2 Dublin	Tel.: 353/1/8082000 Fax: 353/1/6605019	infocentre@enterprise-ireland.com www.enterprise-ireland.com

original name/English name	**organisation**	**contact person and address**	**telephone/fax**	**e-mail/web-page**
Microelectronics Applications Centre – Product Development	Microelectronics Applications Centre	Managing Director John O'Flaherty UL Building, The National Technological Park Limerick	Tel.: 353/61/334699 Fax: 353/61/338500	info@mac.ie www.mac.ie
Linking Innovation, Finance and Technology (LIFT)	European Commission	Steve Glange 11, Rue de Bitbourg 1273 Luxembourg	Tel.: 352/428001 Fax: 352/428003	Info@lift.lu www.lift.lu
Young Enterprise		Gretl Hallwood 58 Ballard Chase Abingdon OX14 1XQ	Tel.: 44/1235/555 156 Fax: 44/1235/555156	Yeeops@btinternet.com www.young-enterprise-europe.com