



DISCLAIMER: Please note that SME Fact Sheets are not standalone instruments, do not constitute a comprehensive assessment of Member States' policies and should be regarded as a supplement to, and not a substitute for, available national publications. **Please refer to the methodological note before reading this SME Fact Sheet.**

1. SMEs in Ireland – a brief fact check:

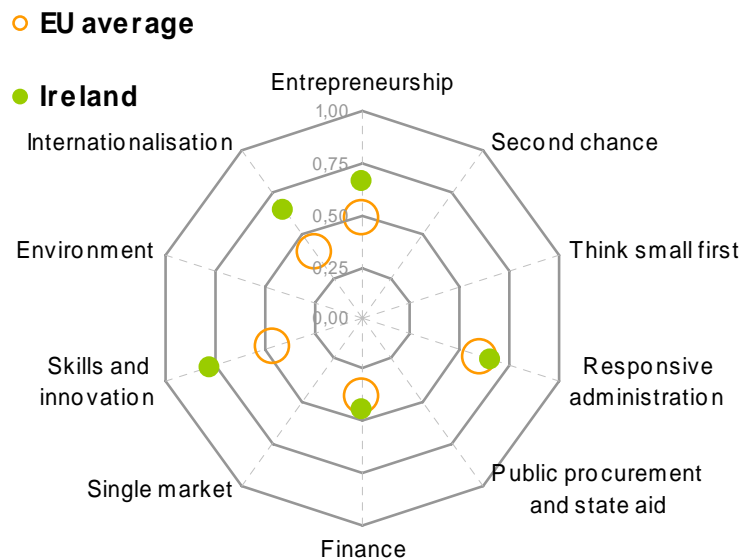
There are approximately 20 SMEs per 1000 inhabitants in Ireland, which corresponds to only half of the EU average. However, since this is mainly due to a smaller overall number of businesses, the SME share in total employment and in value added, the Irish situation is very similar to that of the EU average. On the other hand, the micro enterprises sector seems to have less relative weight in Ireland than among EU peers, with a corresponding larger importance of the small and medium-sized enterprises.

	Number of enterprises			Number of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	72.340	85,3%	91,8%	208.312	22,4%	29,6%	17.219	19,6%	21,1%
Small	9.853	11,6%	6,9%	200.199	21,5%	20,6%	12.787	14,6%	19,0%
Medium	2.219	2,6%	1,1%	211.482	22,7%	16,8%	18.854	21,5%	17,8%
SMEs	84.412	99,5%	99,8%	619.993	66,5%	67,1%	48.860	55,6%	57,9%
Large	402	0,5%	0,2%	311.926	33,5%	32,9%	39.005	44,4%	42,1%

Source: Eurostat SBS data base, 2004 and 2005 data.

2. Ireland's SBA profile¹

The SBA policy radar for Ireland yields a remarkably positive picture, in comparison with the other EU Member States: Ireland is above the average (markedly in 3 cases) in all five SBA sections with sufficient data for averages to be calculated ("Entrepreneurship", "Responsive administration", "Finance", "Skills and innovation" and "Internationalisation:"). Also, in the remaining four sections where no category-average could be calculated the existing indicators are generally positive.



¹ It should be noted that the different dimensions of the radar correspond to the set of 10 principles foreseen in the European Commission's Small Business Act.



I. Entrepreneurship: Ireland's performance in this category outpaces that of the EU average. 85% Irish citizens agree that persons growing a successful new business receive high status in Ireland, compared to a 69% EU average. Irish people also seem more likely to consider that school education helps to develop an entrepreneurial attitude and 68% tend to see entrepreneurship as an opportunity (which is 10 percentage points higher than the EU average). The share of female entrepreneurs in Ireland is very high: more than 11% compared to ca 7% on average in the EU.

II. Second chance: For the single available indicator for this section – degree of support for allowing a second chance, Irish citizens are more supportive than the average EU citizen, with 87% expressing such support (compared to 80% on the European level).

III. Think small first: The two available indicators for this section – the degree of support among SMEs for current regulations and the time it takes to comply with administrative obligations – place Ireland above the EU average. 56% are in support of the existing administrative rules (compared to only 29% on the EU level) and only 4% of total SME working time is required to comply with the administrative procedures, (compared to 8% in the EU on average).

IV. Responsive administration: In this category Ireland almost consistently performs better than the EU average. In terms of specific indicators, data suggest comparatively straightforward and cheap start-up procedures. It takes approximately two weeks to start a business in Ireland, compared to average 20 days in EU countries. It should be noted that these findings, based on World Bank data, differ from corresponding figures obtained directly from the Member States (through the Lisbon process), according to which it only takes 2-5 days (corresponding EU average is 9 days). The cost of setting up a business is also limited to only 0,3% of per capita income, compared to almost 7% on average, which actually makes Ireland a top performer in this domain. As concerns the labour market, Ireland seems to be characterised by comparatively easy procedures for hiring and laying off staff.

V. Public procurement and State aid: The two available indicators for this section imply an above-average performance. The share of SMEs in public procurement contracts amounts to 65%, as compared to the EU average of 42%. Also, the

proportion of state aid devoted to SMEs is higher (16% as compared with 11% EU average).

VI. Finance: Ireland's results for this category are also above the EU average. The Irish interest rate spread for loans up to, and above, EUR 1 million has been the smallest in the EU, thus making access to finance less costly for smaller entrepreneurs. Ireland is also characterised by comparatively strong legal rights in the financial domain and by better than average payment conditions: the average payment delay is ca 45% of the average number of contract days compared to 50% on the EU level and the share of lost payments is also lower than the EU average (1,86% compared to 2,41%). On the other hand, Ireland's figures regarding venture capital availability are less favourable than the EU average, both at the early and at the expansion stage. The share of its Structural Funds allocations for the period 2007-2013 towards stimulating entrepreneurship and SMEs is smaller than the EU average.

VII. Single market: The three available indicators for this section (all related to the implementation and transposition of EU directives linked to the Single Market), suggest a very positive performance, with Ireland actually being at the top of the list in terms of the number of directives overdue for more than two years (0 directives compared to 2,2 on average).

VIII: Skills and innovation: Ireland's performance in this area is very strong, outperforming the EU average by a considerable margin. This result holds true for both policy areas covered in this segment, but is particularly pronounced for the innovation indicators. Although Ireland consistently surpasses the average, a few indicators are worth a special mentioning: Irish SMEs seem to be more active in Internet-based trade than their EU peers and they also report having a higher share of products or income from new products than the average (72% compared to 63%).

IX: Environment: Two indicators are available for Ireland for this section. The share of Irish SMEs having comprehensive systems for energy savings slightly trails the EU average, with only 3% claiming to have introduced such solutions. On the other hand, the Irish share of SMEs applying simple measures to save energy (41%) is above the average of 29%.



X: Internationalisation: Ireland performs significantly above the EU average in this section, although it has a lower share of turnover from export than many other EU countries (4,2% compared to an average of 4,6%). Despite that, Irish SMEs are, internationally more active than

their EU peers on the level of gaining income from subsidiaries and/or joint ventures abroad (10% compared to ca 5%) and on the level of purchasing inputs abroad (35% compared to 12%).

Example for a good practice in SME policy

To illustrate the efforts of the Government to promote SMEs, the statistical information of the fact sheet is enriched by an example of a good practice in SME policy - as singled out in the European Commission's Communication on "Think small first – A Small Business Act for Europe":

Title of the Project: National e-business strategy

The objective of the project is to reinforce the use of e-procurement and e-invoicing among SMEs. To improve the availability of e-business solutions for SMEs and micro-enterprises a sectoral policy approach to promote the uptake of ICT by SMEs.

The national eBusiness strategy contains a series of recommendations to help overcome obstacles to more effective usage of ICTs by SMEs and to stimulate optimum ICT usage by SMEs. Business organisations and SMEs were involved in the drafting of the strategy. A working group has been established to oversee implementation of the recommendations of the strategy with various subgroups working on individual recommendations.

For further information: www.entemp.ie