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Small Business in Ireland

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Preface

Over the past few years the CSO has been developing a series of thematic reports to make information more accessible to users and to facilitate the “evidence based policymaking” debate. In general, the thematic reports bring together a broad range of statistical and administrative data and, where possible, provide broadly comparable data for other countries. There has been very positive feedback on the value of these reports and the range is gradually being extended.

This is the first publication by the CSO of a thematic report focused specifically on the importance of small business in Ireland. In its report *“Small Business is Big Business”* published in May 2006, the Small Business Forum recommended that the Central Statistics Office should:

> "*Compile and publish an annual Small Business Release that presents up-to-date, robust data on a range of indicators relevant to the small business sector. The Release will enable emerging trends to be monitored and key business issues identified.*"

The CSO is happy to be able to respond positively to this recommendation which fits very well within our strategy of developing a range of thematic reports. In response to a specific request from industry representatives a chapter dedicated to an analysis of small, medium and large enterprises is included in this report. The lack of a unique business identifier in Ireland limits to a certain extent the amount of data that can be provided - but, following a Government decision, this is an issue that is being examined at present.

It is intended to compile and publish a similar report on an annual basis.

Donal Garvey
Director General

Contents

Chapter 1

Introduction

This report presents a comprehensive picture of the contribution of small business in Ireland. The information is sourced from statistics compiled by the Central Statistics Office (CSO) and from other producers of statistical data.

A small business is defined as an enterprise which employs less than 50 people. Corresponding data relating to medium and large enterprises (50 or more employees) is also presented for comparison purposes. The importance of small business in industry, services and construction is analysed and compared. In addition important aspects such as technology, innovation, labour costs, labour market and some international comparisons are included. The CSO is currently engaged in a major initiative to develop a more comprehensive register of all businesses in Ireland. This will make it possible to include statistics on business demography (e.g. the establishment of new businesses etc.) in future editions of this report.

The following are some key points presented in this report:

Industry

- In 2004 four out of every five industrial enterprises (82%) were small firms employing less than 50 people. Small firms in industry employed 53,000 people, just under a quarter of total industrial employment. *See Tables 2.1 and 2.2.*

- Larger enterprises (50 or more employees) employed over 182,000 people in 2004 and generated over 93% of the total turnover in Industry. *See Tables 2.2 and 2.3.*

- The vast majority of small industrial firms are Irish owned (95%) while over 40% of larger firms have foreign ownership. *See Tables 2.6 and 2.7.*

Services

- In the services sector almost all enterprises (98%) are small. Small businesses employed over 400,000 people in services in 2004, accounting for more than half of total employment in the sector. *See Tables 3.1 and 3.2.*

- Small firms accounted for more than half (52%) of the total turnover in the services sector, generating a total turnover of just under €74bn in 2004. *See Table 3.3.*

- There are over 83,000 small enterprises in the services sector, of which almost half are family owned (47%). The vast majority of these family businesses employ less than 10 people. *See Table 3.11.*

Construction

- According to the Quarterly National Household Survey there was a total of 227,400 people employed in the construction industry in the fourth quarter of 2004. Over 170,000 of these indicated that they worked in small workplaces (less than 50 employed), while 38,000 indicated that they worked in larger workplaces (50 or more persons employed). Another 19,000 did not state the size of their workplace. *See Tables 4.1 and 4.2.*

- More than half of all those employed in the construction sector are either self-employed or work for very small concerns employing less than ten people. *See Table 4.2.*

Sectoral Comparison

- While turnover and employment in industry is concentrated in medium and large enterprises, in the services sector small businesses contribute a greater share to total employment, total turnover and gross value added. *See Table 5.1 and Figures 5.1 and 5.2.*

- The average small industrial enterprise is more than twice the size of a small enterprise in the services sector. *See Table 5.2.*

Labour Costs

- The CSO conducted a labour costs survey in 2004 which collected details on labour costs for all businesses with 10 or more persons engaged. This showed that the total labour costs of small businesses amounted to €8.5bn. This translated into an average labour cost per employee of €35,340 per annum compared with an average cost for large business of €44,157 per annum. *See Tables 6.1 and 6.2.*

- The average wage or salary for employees in a small business was €30,280 in 2004. The average salary in larger enterprises was €37,181 per annum. *See Table 6.2.*

- Full time employees in small enterprises worked, on average, one hour more per week than their counterparts in larger enterprises. *See Tables 6.5 and 6.6.*

The Knowledge Economy

- Small enterprises generally make less use of more advanced Information and Communication Technologies than larger enterprises. *See Tables 7.1 to 7.5 and Figure 7.1.*

- Just under half of small enterprises had undertaken innovation activity (e.g. new products or processes) in 2004 compared with two thirds of larger enterprises. *See Table 7.6.*

- Small firms invested €267m in R&D and this represented a fifth of total business expenditure in this area. *See Table 7.7.*

Labour Market Profile

- Small workplaces (with less than 50 people employed) account for over 60% of the workforce (1,262,900 people). Of these, almost 940,000 are employees, 209,000 are self-employed and the remaining 104,600 were self-employed with employees. The figures include farming and the public sector, as well as business sectors. *See Tables 8.3 and 8.4.*

- Almost 61% of females employed in small workplaces are in low skilled or elementary occupations, compared with just 24% of males. *See Table 8.6.*

- Close to 200,000 non-Irish Nationals were in employment in the second quarter of 2006 and more than half of these (55%) worked in small enterprises. *See Table 8.7.*

Small, Medium and Large Enterprises

- Gross value added per employee is higher in foreign-owned than in Irish-owned enterprises. This applies in all size categories but the difference in productivity measured in this way, between foreign and Irish-owned enterprises, is most pronounced for small service enterprises and for large businesses in industry. *See Figure 9.1.*

- The average wage paid by small businesses in 2004 was €30,280. Medium sized enterprises (50-249 persons engaged) paid on average €33,008 per employee while large enterprises (250 or more persons engaged) paid an average of €39,594 per employee. *See Table 9.5.*

- The larger the size of the firm the more likely they are to be innovative and engage in a more sophisticated use of Information, Communication and Technologies. Large enterprises employing 250 or more persons were more than twice as likely as small enterprises (10-49 persons engaged) to use a dedicated ICT system to manage orders. Three quarters of large enterprises engage in innovation activities compared with less than half of small enterprises. *See Tables 9.6 and 9.7.*

International Comparisons

- Three quarters of manufacturing turnover in Ireland is generated by large enterprises while the EU average is just 60%. *See Figure 10.2.*

- In Ireland, small and medium sized enterprises contributed relatively higher shares of total turnover in the services sector than their EU counterparts. *See Figure 10.3.*

- Gross value added per person employed in the construction sector in Ireland was at least double the EU average for all employment size classes. *See Table 10.4.*

Chapter 2

Industry

Number of Enterprises

In 2004, 82% of all industrial enterprises in Ireland were small firms employing between 3 and 49 people. There were 3,835 small industrial enterprises and almost half of these (1,867) had less than 10 people engaged. There were 849 medium or large industrial enterprises (employing 50 or more people). *See Table 2.1.*

Table 2.1 Number of industrial enterprises by employment size class 2000-2004

		Small Business				Medium/Large	
		3 - 9	10 - 19	20 - 49	Total 3-49	50+	Total
Year	**Unit**						
2000	No.	1,780	1,039	1,060	**3,879**	995	**4,874**
2001	No.	1,843	971	1,063	**3,877**	993	**4,870**
2002	No.	1,962	1,023	1,059	**4,044**	952	**4,996**
2003	No.	1,987	1,084	1,010	**4,081**	913	**4,994**
2004	No.	1,867	1,026	942	**3,835**	849	**4,684**
Share of total enterprises 2004	%	39.9	21.9	20.1	**81.9**	18.1	**100.0**

Source: Census of Industrial Production

Number of Persons Engaged

There were over 235,000 people employed in industrial enterprises in 2004. Over three-quarters of these were employed in medium or large enterprises. Small industrial enterprises employed just over 53,000. Total employment in industry fell by more than 12% or 33,000 in the period 2000 to 2004. The vast majority of the decline in employment occurred in large enterprises where over 29,000 jobs were lost over the period. *See Table 2.2.*

Table 2.2 Total persons engaged in industrial enterprises by employment size class 2000-2004

		Small Business				Medium/Large	
		3 - 9	10 - 19	20 - 49	Total 3-49	50+	Total
Year	**Unit**						
2000	No.	9,889	14,294	33,076	**57,259**	211,375	**268,634**
2001	No.	9,563	13,522	33,176	**56,261**	207,938	**264,198**
2002	No.	10,636	14,224	32,800	**57,660**	196,183	**253,842**
2003	No.	10,458	14,889	31,348	**56,695**	187,536	**244,231**
2004	No.	9,845	14,095	29,256	**53,196**	182,293	**235,489**
Share of total persons engaged 2004	%	4.2	6.0	12.4	**22.6**	77.4	**100.0**

Source: Census of Industrial Production

Turnover

Over 90% of industrial turnover in 2004 was generated by medium or large enterprises. These enterprises had a total turnover of €106 billion in 2004 compared with under €93 billion in 2000. Small enterprises in industry had a total turnover of €7.7 billion in 2004. *See Table 2.3.*

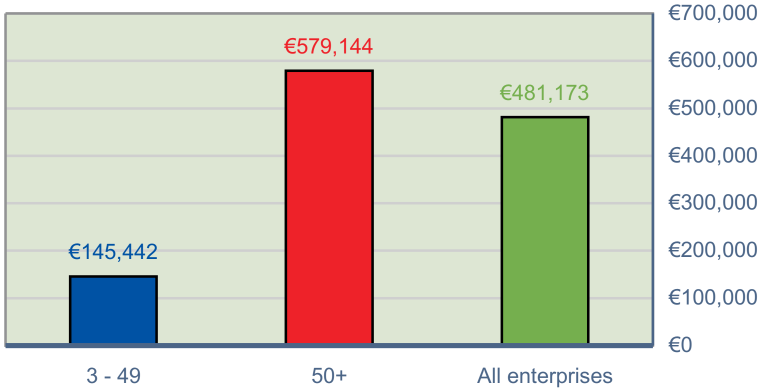
Table 2.3 Total turnover of industrial enterprises by employment size class 2000-2004

		Small Business				Medium/Large	
		3 - 9	10 - 19	20 - 49	Total 3-49	50+	Total
Year	**Unit**						
2000	€m	1,030	1,556	4,960	**7,546**	92,750	**100,296**
2001	€m	1,100	1,464	5,025	**7,588**	98,133	**105,720**
2002	€m	1,188	1,600	4,848	**7,637**	100,047	**107,683**
2003	€m	1,223	1,879	4,764	**7,867**	101,940	**109,806**
2004	€m	1,225	1,723	4,789	**7,737**	105,574	**113,311**
Share of total turnover 2004	%	1.1	1.5	4.2	**6.8**	93.2	**100.0**

Source: Census of Industrial Production

In 2004, the average turnover per person engaged was €145,400 in small enterprises, compared with €579,100 in medium and large enterprises. *See Figure 2.1.*

Figure 2.1 Average turnover per person engaged in industrial enterprises by employment size class 2004



Source: Census of Industrial Production

Gross Value Added

Gross value added (GVA) in the industrial sector amounted to €40 billion in 2004. Medium and large enterprises generated over 93% of this. The GVA of small industrial businesses amounted to €2.7 billion; those with between 20 and 49 persons engaged accounted for €1.55 billion of this. *See Table 2.4.*

Table 2.4 Total gross value added by industrial enterprises by employment size class 2000-2004

		Small Business				Medium/Large	
		3 - 9	10 - 19	20 - 49	Total 3-49	50+	Total
Year	Unit						
2000	€m	389	530	1,756	**2,676**	31,207	**33,883**
2001	€m	426	507	1,617	**2,551**	33,162	**35,713**
2002	€m	435	540	1,495	**2,470**	37,056	**39,526**
2003	€m	404	586	1,564	**2,554**	38,147	**40,700**
2004	€m	485	635	1,553	**2,672**	37,368	**40,041**
Share of total gross value added 2004	%	1.2	1.6	3.9	**6.7**	93.3	**100.0**

Source: Census of Industrial Production

Profile of Industrial Enterprises

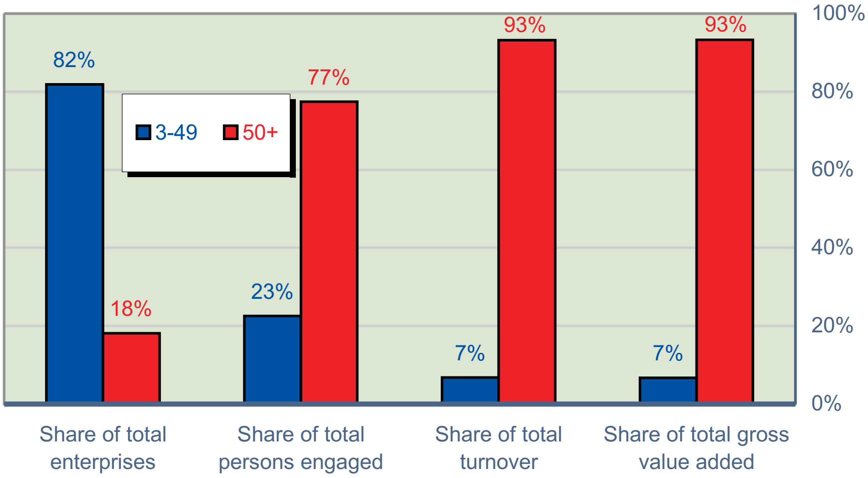
The average level of employment was 14 persons in small enterprises and 215 in medium and large businesses in industry. The average turnover for a small industrial enterprise was €2 million in 2004 compared with over €124 million for medium and large enterprises. *See Table 2.5.*

Table 2.5 Profile of industrial enterprises by employment size class 2004

	Unit	3 - 49	50+	All enterprises
Number of enterprises	No.	3,835	849	**4,684**
Average persons engaged	No.	14	215	**50**
Average turnover	€m	2.0	124.4	**24.2**
Average gross value added	€m	0.7	44.0	**8.5**

Source: Census of Industrial Production

Figure 2.2 Comparison of industrial enterprises by employment size class 2004



Source: Census of Industrial Production

Nationality of Ownership

The vast majority (95%) of small industrial enterprises are Irish owned, accounting for 91% of persons engaged and 85% of the turnover and GVA generated by small industrial enterprises.

Over 40% of medium and large industrial enterprises were foreign-owned. They employed 103,000 people and generated over 80% of total turnover and GVA in medium and large industrial enterprises. *See Tables 2.6 and 2.7.*

Table 2.6 Nationality of ownership by employment size class 2004

		Small Business				Medium/Large	
		3 - 9	10 - 19	20 - 49	Total 3-49	50+	Total
Irish owned	**Unit**						
Number of enterprises	No.	1,823	980	821	**3,624**	500	**4,124**
Total persons engaged	No.	9,566	13,431	25,133	**48,130**	79,720	**127,850**
Total turnover	€m	1,091	1,584	3,881	**6,556**	18,984	**25,540**
Gross value added	€m	437	591	1,254	**2,282**	6,990	**9,272**
Foreign owned							
Number of enterprises	No.	44	46	121	**211**	349	**560**
Total persons engaged	No.	279	664	4,123	**5,066**	102,573	**107,639**
Total turnover	€m	133	139	908	**1,181**	86,590	**87,771**
Gross value added	€m	48	44	299	**390**	30,379	**30,769**

Source: Census of Industrial Production

Table 2.7 Share of ownership by nationality and employment size class 2004

%

	3 - 49		50+	
	Irish owned	Foreign owned	Irish owned	Foreign owned
Number of enterprises	94.5	5.5	58.9	41.1
Total persons engaged	90.5	9.5	43.7	56.3
Total turnover	84.7	15.3	18.0	82.0
Gross value added	85.4	14.6	18.7	81.3

Source: Census of Industrial Production

Enterprises by Industrial Sector

Table 2.8 Industrial enterprises by economic sector[1] and employment size class 2004

		Small Business				Medium/ Large	
		3 - 9	10 - 19	20 - 49	Total 3-49	50+	Total
C (Mining and quarrying) & E (Electricity, gas and water supply)[2]	**Unit**						
Number of enterprises	No.	93	23	20	**136**	29	**165**
Total persons engaged	No.	258	315	680	**1,253**	14,337	**15,590**
Total turnover	€m	82	45	334	**462**	4,606	**5,068**
Gross value added	€m	42	14	100	**156**	3,154	**3,310**
D (Manufacturing)							
Number of enterprises	No.	1,774	1,003	922	**3,699**	820	**4,519**
Total persons engaged	No.	9,587	13,780	28,576	**51,943**	167,956	**219,899**
Total turnover	€m	1,142	1,678	4,455	**7,275**	100,968	**108,243**
Gross value added	€m	442	621	1,452	**2,516**	34,214	**36,730**

Source: Census of Industrial Production

[1] See Appendix Three

[2] Data for Sectors C and E has been combined for reasons of confidentiality

Exports

Medium and large industrial enterprises had gross exports of €78.7 billion in 2004. Over half of these exports went to the European Union (excluding the United Kingdom) while 16.4% was exported to the United Kingdom.

Small firms exported €2.1 billion of their gross output in 2004. Of these exports, 42% was exported to the European Union (excluding the United Kingdom) while 40% was sent to the United Kingdom. *See Table 2.9 and Figure 2.3.*

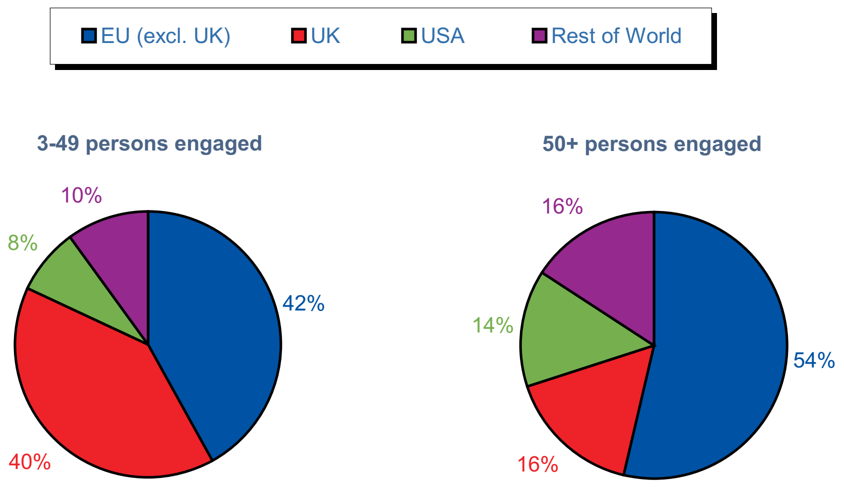
Table 2.9 Gross output exported by local manufacturing units by destination of exports and employment size class 2000-2004

€m

		Small Business				Medium/ Large	
		3 - 9	10 - 19	20 - 49	Total 3-49	50+	Total
Year							
2000	Gross output exported	184.5	300.1	2,191.1	**2,675.6**	69,049.8	**71,725.4**
of which:	*UK*	74.4	148.0	713.2	**935.5**	12,980.1	**13,915.7**
	USA	16.2	19.8	100.2	**136.2**	9,847.9	**9,984.1**
	Rest of EU	58.2	117.2	1,224.6	**1,400.0**	35,271.5	**36,671.4**
	Rest of world	35.6	15.1	153.2	**203.9**	10,950.3	**11,154.2**
2001	Gross output exported	205.4	397.1	2,424.6	**3,027.1**	73,856.6	**76,883.8**
of which:	*UK*	77.1	181.5	917.3	**1,175.9**	11,997.1	**13,173.0**
	USA	28.9	26.2	115.1	**170.3**	12,448.5	**12,618.8**
	Rest of EU	66.4	134.0	1,162.1	**1,362.4**	35,910.7	**37,273.1**
	Rest of world	33.0	55.3	230.2	**318.5**	13,500.4	**13,818.9**
2002	Gross output exported	281.0	450.3	2,060.5	**2,791.8**	76,688.2	**79,480.0**
of which:	*UK*	134.9	208.3	791.6	**1,134.8**	12,866.1	**14,000.9**
	USA	26.9	37.6	130.9	**195.5**	11,531.1	**11,726.6**
	Rest of EU	80.9	142.5	886.1	**1,109.5**	38,491.8	**39,601.3**
	Rest of world	38.3	61.9	251.9	**352.0**	13,799.1	**14,151.1**
2003	Gross output exported	303.5	588.7	1,654.2	**2,546.3**	75,289.8	**77,836.1**
of which:	*UK*	142.4	230.2	667.1	**1,039.7**	12,072.9	**13,112.6**
	USA	41.6	59.7	133.0	**234.3**	10,841.7	**11,076.0**
	Rest of EU	85.7	239.9	679.4	**1,005.1**	38,780.4	**39,785.4**
	Rest of world	33.8	58.8	174.6	**267.2**	13,594.8	**13,862.1**
2004	Gross output exported	292.4	417.3	1,411.6	**2,121.2**	78,657.9	**80,779.1**
of which:	*UK*	122.2	165.6	560.9	**848.6**	12,872.0	**13,720.6**
	USA	34.2	47.4	89.5	**171.2**	11,104.6	**11,275.8**
	Rest of EU	97.2	157.9	636.2	**891.2**	42,215.5	**43,106.8**
	Rest of world	38.8	46.4	125.0	**210.2**	12,465.8	**12,676.0**

Source: Census of Industrial Production

Figure 2.3 Gross output exported by destination and employment size class 2004



Gross output exported €2.1 billion

Gross output exported €78.7 billion

Source: Census of Industrial Production

Regional Analysis

In both the Border, Midland and Western (BMW) and the Southern and Eastern (SE) regions, 82% of industrial firms were small firms (i.e. up to 49 persons engaged). They generated 6% of the total gross output in industry in the SE region and 14% of gross output in industry in the BMW region. *See Tables 2.10 and 2.11.*

Table 2.10 Local manufacturing units by region and employment size class 2004

		Small Business				Medium/ Large	
		3 - 9	10 - 19	20 - 49	Total 3-49	50+	Total
Border, Midland and Western	**Unit**						
Number of local units	No.	521	304	306	**1,131**	254	**1,385**
Persons engaged	No.	2,788	4,179	9,516	**16,483**	43,134	**59,617**
Gross output	€m	285	452	1,272	**2,008**	12,203	**14,211**
Southern and Eastern							
Number of local units	No.	1,361	746	662	**2,769**	625	**3,394**
Persons engaged	No.	7,183	10,302	20,561	**38,046**	123,685	**161,731**
Gross output	€m	846	1,264	3,105	**5,214**	78,489	**83,703**
Total							
Number of local units	No.	1,882	1,050	968	**3,900**	879	**4,779**
Persons engaged	No.	9,971	14,481	30,077	**54,529**	166,819	**221,348**
Gross output	€m	1,130	1,716	4,376	**7,222**	90,692	**97,914**

Source: Census of Industrial Production

Table 2.11 Profile of local manufacturing units by region and employment size class 2004

		3 - 49		50+		All enterprises	
		BMW	SE	BMW	SE	BMW	SE
	Unit						
Average persons engaged	No.	15	14	170	198	43	48
Average gross output	€m	1.8	1.9	48.0	125.6	10.3	24.7

Source: Census of Industrial Production

Chapter 3

Services

Number of Enterprises

In the services sector the vast majority (98%) of businesses are small enterprises (less than 50 persons engaged). The number of small enterprises in the services sector grew from 60,500 in 2000 to 83,500 in 2004. In the same period the number of large service businesses grew from 1,200 to just under 1,800. *See Table 3.1.*

Table 3.1 Number of services enterprises by employment size class 2000-2004

		Small Business				Medium/Large	
		1 - 9	10 - 19	20 - 49	Total 1-49	50+	Total
Year	**Unit**						
2000	No.	55,639	2,653	2,204	**60,496**	1,205	**61,701**
2001	No.	61,885	3,082	2,555	**67,522**	1,437	**68,958**
2002	No.	67,026	4,662	3,053	**74,741**	1,572	**76,313**
2003	No.	72,077	6,531	2,898	**81,506**	1,771	**83,277**
2004	No.	73,215	7,175	3,108	**83,498**	1,786	**85,284**
Share of total enterprises 2004	%	85.8	8.4	3.6	**97.9**	2.1	**100.0**

Source: Annual Services Inquiry

Number of Persons Engaged

In 2004 there were 737,000 people employed in the services sector, as measured by the Annual Services Inquiry. Total employment in this sector increased by over 183,000 in the period 2000 to 2004. More than half of all employees (403,000) in the services sector worked in small enterprises in 2004. Employment in small enterprises increased by 112,000 since 2000. Employment in large enterprises also increased (by 71,000) over the period. *See Table 3.2.*

Table 3.2 Total persons engaged in services enterprises by employment size class 2000-2004

		Small Business				Medium/Large	
		1 - 9	10 - 19	20 - 49	Total 1-49	50+	Total
Year	**Unit**						
2000	No.	174,925	45,718	69,939	**290,582**	263,168	**553,751**
2001	No.	188,493	51,663	76,168	**316,324**	292,296	**608,621**
2002	No.	199,949	66,316	89,336	**355,601**	313,275	**668,876**
2003	No.	210,012	91,937	82,619	**384,568**	328,549	**713,117**
2004	No.	210,868	98,645	93,096	**402,609**	334,359	**736,969**
Share of total persons engaged 2004	%	28.6	13.4	12.6	**54.6**	45.4	**100.0**

Source: Annual Services Inquiry

Turnover

In 2004, small enterprises (employing between 1 and 49 persons) generated more than half of total turnover in the services sector. The turnover of small service enterprises increased by 65% over the 2000-2004 period to reach almost €74 billion in 2004. The turnover of medium/large enterprises was €69.5 billion in 2004. *See Table 3.3.*

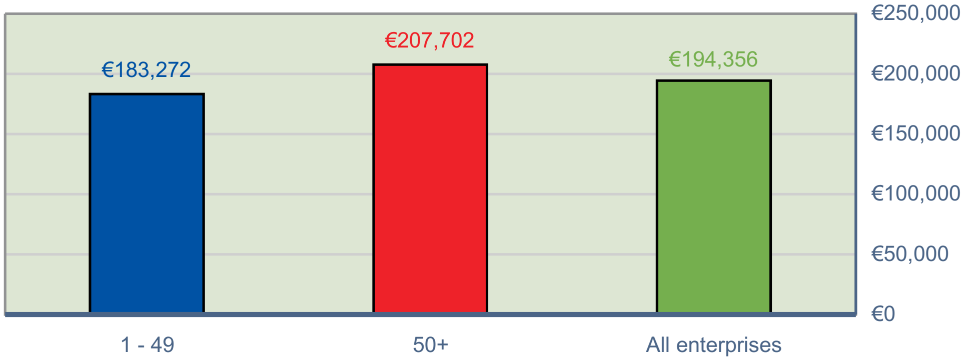
Table 3.3 Total turnover of services enterprises by employment size class 2000-2004

		Small Business				Medium/Large	
		1 - 9	10 - 19	20 - 49	Total 1-49	50+	Total
Year	**Unit**						
2000	€m	20,321	7,468	16,869	**44,658**	45,860	**90,517**
2001	€m	25,190	9,524	15,473	**50,187**	52,055	**102,242**
2002	€m	23,467	11,355	17,742	**52,564**	61,980	**114,544**
2003	€m	27,497	14,593	16,156	**58,246**	67,376	**125,622**
2004	€m	32,218	19,845	21,724	**73,787**	69,447	**143,234**
Share of total turnover 2004	%	22.5	13.9	15.2	**51.5**	48.5	**100.0**

Source: Annual Services Inquiry

Average turnover per person was €183,300 in small enterprises and €207,700 in medium/large enterprises in the services sector in 2004. *See Figure 3.1.*

Figure 3.1 Average turnover per person engaged in service enterprises by employment size class 2004



Source: Annual Services Inquiry

Gross Value Added

Much of the gross value added (GVA) in the services sector is generated by small enterprises, with GVA of €22.3 billion in 2004. This was more than twice the level of GVA in small service businesses in 2000. Larger enterprises generated €20 billion GVA in 2004, an increase of just 38% when compared with 2000. *See Table 3.4.*

Table 3.4 Total gross value added by services enterprises by employment size class 2000-2004

		Small Business				Medium/Large	
		1 - 9	10 - 19	20 - 49	Total 1-49	50+	Total
Year	**Unit**						
2000	€m	5,411	1,419	3,078	**9,908**	14,194	**24,101**
2001	€m	6,822	1,947	2,607	**11,376**	13,605	**24,981**
2002	€m	6,711	2,589	3,127	**12,427**	17,736	**30,163**
2003	€m	8,125	3,249	3,413	**14,787**	19,140	**33,927**
2004	€m	11,623	5,539	5,138	**22,300**	19,558	**41,858**
Share of total gross value added 2004	%	27.8	13.2	12.3	**53.3**	46.7	**100.0**

Source: Annual Services Inquiry

Profile of Service Enterprises

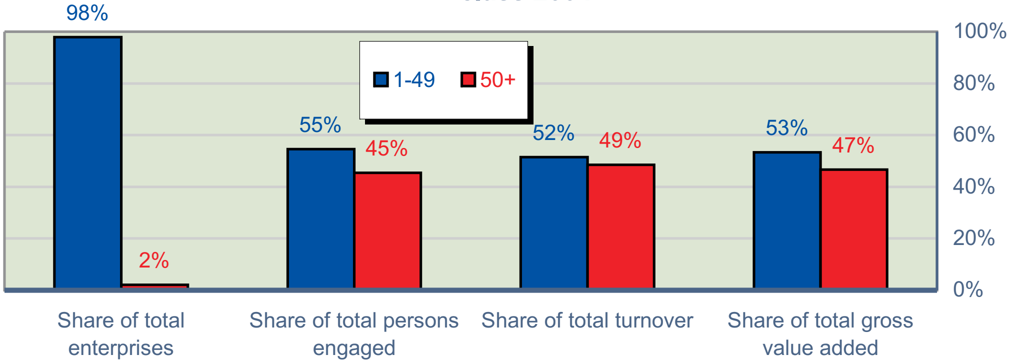
Small enterprises in the services sector employed an average of 5 people while medium/large enterprises employed 187 people. Average turnover for small enterprises in 2004 was just under €900,000 while the average turnover for a medium/large business in the services sector was almost €39 million. *See Table 3.5 and Figure 3.2.*

Table 3.5 Profile of services sector by employment size class 2004

	Unit	1 - 49	50+	All enterprises
Number of enterprises	No.	83,498	1,786	**85,284**
Average persons engaged	No.	5	187	**9**
Average turnover	€m	0.88	38.9	**1.7**
Average gross value added	€m	0.27	11.0	**0.5**

Source: Annual Services Inquiry

Figure 3.2 Comparison of service enterprises by employment size class 2004



Source: Annual Services Inquiry

Nationality of Ownership

Almost 93% of small services enterprises were Irish owned in 2004. These firms accounted for 92% of people engaged, 71% of turnover and 60% of GVA generated by small service enterprises. Just 7% of small firms were foreign owned, but these firms together accounted for 29% of turnover and 40% of GVA in respect of small firms in the services sector.

Four out of five larger firms were also Irish owned. Foreign owned enterprises employed a quarter of those working in large enterprises in the services sector. *See Tables 3.6 and 3.7.*

Table 3.6 Nationality of ownership by employment size class 2004

		20 - 49	50+	Total
Irish owned	**Unit**			
Number of enterprises	No.	2,881	1,451	**4,332**
Total persons engaged	No.	85,653	249,649	**335,302**
Total turnover	€m	15,406	42,887	**58,293**
Gross value added	€m	3,105	12,709	**15,814**
Foreign owned				
Number of enterprises	No.	227	334	**561**
Total persons engaged	No.	7,444	84,710	**92,154**
Total turnover	€m	6,319	26,560	**32,879**
Gross value added	€m	2,033	6,849	**8,882**

Source: Annual Services Inquiry

Table 3.7 Share of ownership by nationality and employment size class 2004

%

	20 - 49		50+	
	Irish owned	Foreign owned	Irish owned	Foreign owned
Number of enterprises	92.7	7.3	81.3	18.7
Total persons engaged	92.0	8.0	74.7	25.3
Total turnover	70.9	29.1	61.8	38.2
Gross value added	60.4	39.6	65.0	35.0

Source: Annual Services Inquiry

Services Enterprises by Sector

Small firms account for the vast majority of enterprises across a wide range of service sectors. In general small firms account for between 96% and 99% of service firms in these sectors. They also account for the greater share of employment, turnover and gross value added, except in the Transport, storage and communications sector. *See Table 3.8.*

Table 3.8 Services enterprises by economic sector[1] and employment size class 2004

		Small Business				Medium/Large	
		1 - 9	10 - 19	20 - 49	Total 1-49	50+	Total
G Wholesale and retail distribution	**Unit**						
Number of enterprises	No.	26,127	2,718	1,342	**30,187**	628	**30,815**
Total persons engaged	No.	83,132	38,047	41,611	**162,790**	116,822	**279,612**
Total turnover	€m	15,510	13,454	13,860	**42,824**	41,493	**84,318**
Gross value added	€m	2,822	2,758	1,902	**7,482**	6,770	**14,252**
H Hotels and restaurants							
Number of enterprises	No.	8,371	1,778	694	**10,843**	445	**11,288**
Total persons engaged	No.	32,944	24,541	20,546	**78,031**	55,344	**133,374**
Total turnover	€m	2,727	1,333	1,097	**5,157**	2,785	**7,942**
Gross value added	€m	717	458	415	**1,590**	1,249	**2,838**
I Transport, storage and communications							
Number of enterprises	No.	5,997	540	240	**6,777**	149	**6,925**
Total persons engaged	No.	14,183	7,087	6,570	**27,840**	64,058	**91,898**
Total turnover	€m	2,843	1,387	3,909	**8,139**	13,108	**21,247**
Gross value added	€m	1,470	427	1,408	**3,305**	6,517	**9,822**
K Real estate renting and business services							
Number of enterprises	No.	26,956	1,630	616	**29,202**	457	**29,659**
Total persons engaged	No.	63,872	22,227	18,043	**104,142**	81,694	**185,835**
Total turnover	€m	10,422	3,335	2,474	**16,231**	10,758	**26,989**
Gross value added	€m	6,277	1,721	1,231	**9,229**	4,225	**13,454**
O Other community, social and personal service activitities							
Number of enterprises	No.	5,765	509	216	**6,490**	106	**6,596**
Total persons engaged	No.	16,737	6,744	6,328	**29,809**	16,442	**46,250**
Total turnover	€m	715	336	384	**1,435**	1,303	**2,738**
Gross value added	€m	337	175	182	**694**	797	**1,491**

Source: Annual Services Inquiry

[1] See Appendix Three

Regional Analysis

There were just under 20,400 service enterprises in the Border, Midland and Western (BMW) region employing less than 50 people in 2004, and 63,100 such enterprises in the Southern and Eastern (SE) region. Small firms accounted for 69% of total employment in the services sector in the BMW region and for 51% in the SE region. In both regions, the average number engaged in a small business was 5 persons. Average turnover in small enterprises was €1.0 million in the SE region and €600,000 in the BMW region.

Larger services enterprises in the SE region employed, on average, 198 people, compared with 138 in the BMW region. Average turnover in medium and large service enterprises was €41.1 million in the SE region and €28.6 million in the BMW region. *See Tables 3.9 and 3.10.*

Table 3.9 Services enterprises by region and employment size class 2004

		Small Business				Medium/Large	
		1 - 9	10 - 19	20 - 49	Total 1-49	50+	Total
Border, Midland and Western	**Unit**						
Number of enterprises	No.	17,953	1,732	676	**20,361**	315	**20,676**
Persons engaged	No.	52,919	23,706	21,154	**97,779**	43,431	**141,209**
Total turnover	€m	6,323	3,345	3,290	**12,958**	9,017	**21,975**
Gross value added	€m	1,442	752	649	**2,843**	2,091	**4,933**
Southern and Eastern							
Number of enterprises	No.	55,262	5,443	2,432	**63,137**	1,471	**64,608**
Persons engaged	No.	157,949	74,939	71,943	**304,831**	290,928	**595,760**
Total turnover	€m	25,895	16,500	18,434	**60,829**	60,429	**121,259**
Gross value added	€m	10,181	4,787	4,490	**19,458**	17,467	**36,925**

Source: Annual Services Inquiry

Table 3.10 Profile of services enterprises by region and employment size class 2004

		1 - 49		50+		All enterprises	
		BMW	SE	BMW	SE	BMW	SE
	Unit						
Average persons engaged	No.	5	5	138	198	**7**	**9**
Average turnover	€m	0.6	1.0	28.6	41.1	**1.1**	**1.9**

Source: Annual Services Inquiry

Family Ownership

In 2004, almost half of all small service enterprises were family-owned business. These enterprises employed almost 200,000 people and generated turnover in excess of €27 billion. More than one third (36.8%) of large enterprises were also family owned. These enterprises employed more than one in four (27.1%) people working for large firms in the service sector and generated turnover of over €13 billion. *See Table 3.11.*

Table 3.11 Family ownership in services enterprises by employment size class 2004

		Small Business				Medium/Large	
		1 - 9	10 - 19	20 - 49	Total 1-49	50+	Total
Family ownership	**Unit**						
Number of enterprises	No.	34,527	3,528	1,403	**39,458**	657	40,115
Persons engaged	No.	108,592	48,449	41,425	**198,466**	90,633	289,098
Turnover	€m	13,443	6,497	7,413	**27,353**	13,423	40,776
Share of variables in family ownership							
Number of enterprises	%	47.2	49.2	45.1	**47.3**	36.8	47.0
Persons engaged	%	51.5	49.1	44.5	**49.3**	27.1	39.2
Turnover	%	41.7	32.7	34.1	**37.1**	19.3	28.5

Source: Annual Services Inquiry

Chapter 4

Construction

The Census of Building and Construction covers building and construction firms with 20 or more people engaged. The survey showed that in mid-September 2004 there were just over 65,000 people working in such firms.

The Quarterly National Household Survey (QNHS) estimated that in the fourth quarter of 2004 more than 227,000 people were working in the construction industry as a whole. Of those, almost 146,000 indicated that they were working in small workplaces with less than 20 people employed (i.e. outside the scope of the Census of Building and Construction). However, some care is needed when comparing these two data sources, based on household and enterprise data respectively. *See Tables 4.1 and 4.2.*

Table 4.1 Employment in construction 2000-2004 (Qtr 4)

	Unit	2000	2001	2002	2003	2004
Total employment	No.	1,712,600	1,759,900	1,782,300	1,828,900	1,894,100
Construction employment	No.	178,100	185,400	191,300	200,600	227,400
Construction share of total employment	%	10.4	10.5	10.7	11.0	12.0

Source: Quarterly National Household Survey

Table 4.2 Total persons engaged in construction by employment size class 2004 (Qtr 4)

	Unit	Small Business 1 - 9	10 - 19	20 - 49	Total 1-49	Medium/ Large 50+	Not stated	Total
Construction employment	No.	122,100	23,700	24,400	**170,200**	38,000	19,100	**227,400**
Share of persons in employment	%	53.7	10.4	10.7	**74.8**	16.7	8.4	**100.0**

Source: Quarterly National Household Survey

Number of Enterprises

In 2004 the Census of Building and Construction indicated that there were 736 firms in the sector employing 20 or more people. Almost 70% of these firms employed between 20 and 49 people. *See Table 4.3.*

Table 4.3 Number of construction enterprises by employment size class 2000-2004

Year	Unit	20 - 49	50+	Total
2000	No.	355	169	**524**
2001	No.	367	179	**546**
2002	No.	439	207	**646**
2003	No.	488	194	**682**
2004	No.	512	224	**736**
Share of total enterprises 2004	%	69.6	30.4	**100.0**

Source: Census of Building and Construction

Number of Persons Engaged

In 2004 almost 49,000 people were engaged in medium or large construction firms (employing 50 or more people). This was 39% higher than in 2000. Employment in small construction firms (20-49 persons) grew by 63% over the same period. *See Table 4.4.*

Table 4.4 Total persons engaged in construction enterprises by employment size class 2000-2004

Year	Unit	20 - 49	50+	Total
2000	No.	9,950	35,015	**44,965**
2001	No.	9,840	36,531	**46,371**
2002	No.	10,780	40,958	**51,738**
2003	No.	11,124	45,432	**56,556**
2004	No.	16,254	48,770	**65,024**
Share of total persons engaged 2004	%	25.0	75.0	**100.0**

Source: Census of Building and Construction

Turnover

Medium and large construction enterprises had total turnover valued at almost €9.6 billion in 2004. These firms accounted for 78% of the construction turnover recorded in the Census of Building and Construction. Their total turnover (€9.6 billion) was almost twice as much as in 2000. Small construction enterprises (20-49 persons) had total turnover of €2.8 billion in 2004, compared with €1.8 billion in 2000. *See Table 4.5.*

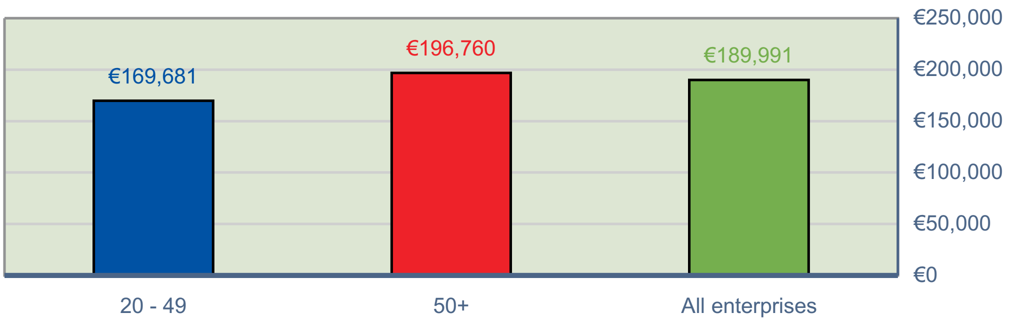
Table 4.5 Total turnover of construction enterprises by employment size class 2000-2004

Year	Unit	20 - 49	50+	Total
2000	€m	1,769	5,047	**6,816**
2001	€m	1,719	5,893	**7,612**
2002	€m	2,140	6,709	**8,849**
2003	€m	2,445	7,863	**10,308**
2004	€m	2,758	9,596	**12,354**
Share of total turnover 2004	%	22.3	77.7	**100.0**

Source: Census of Building and Construction

Small construction businesses (20-49 persons) had an average turnover of €169,700 per person engaged, compared with €196,800 for medium and large businesses. *See Figure 4.1.*

Figure 4.1 Average turnover per person engaged in construction enterprises by employment size class 2004



Source: Census of Building and Construction

Gross Value Added

Three quarters of gross value added (GVA), as recorded in the 2004 Census of Building and Construction was generated by enterprises employing 50 or more people. These medium and large enterprises had total GVA of €4.1 billion, compared with €1.3 billion for enterprises with between 20 and 49 persons engaged. *See Table 4.6.*

Table 4.6 Total gross value added of construction enterprises by employment size class 2000-2004

Year	Unit	20 - 49	50+	Total
2000	€m	722	1,802	**2,524**
2001	€m	766	2,296	**3,062**
2002	€m	858	2,287	**3,145**
2003	€m	1,166	2,928	**4,094**
2004	€m	1,263	4,142	**5,405**
Share of total gross value added 2004	%	23.4	76.6	**100.0**

Source: Census of Building and Construction

Profile of Construction Enterprises

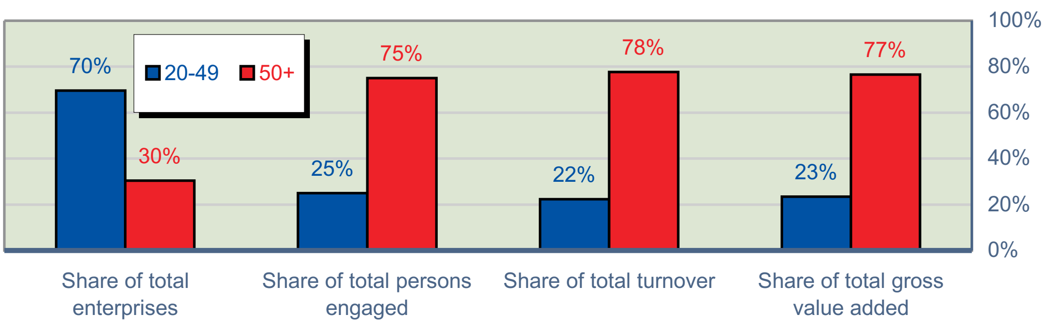
Small construction firms on average employed 32 people, compared with an average of 218 for medium and large firms. Similarly, the turnover of construction firms employing 50 or more people was about eight times as high as in firms employing between 20 and 49. *See Table 4.7 and Figure 4.2.*

Table 4.7 Profile of construction enterprises by employment size class 2004

	Unit	20 - 49	50+	All enterprises
Average persons engaged	No.	32	218	**88**
Average turnover	€m	5.4	42.8	**16.8**
Average gross value added	€m	2.5	18.5	**7.3**

Source: Census of Building and Construction

Figure 4.2 Comparison of construction enterprises by employment size class 2004



Source: Census of Building and Construction

Nationality of Ownership

The vast majority of firms in the building and construction sector in Ireland are Irish-owned. They account for over 90% of employment, turnover and gross value added. A broadly similar pattern applies for small enterprises and for enterprises in the medium/large size category. *See Tables 4.8 and 4.9.*

Table 4.8 Nationality of ownership by employment size class 2004

		20 - 49	50+	Total
Irish owned	**Unit**			
Number of enterprises	No.	502	213	**715**
Total persons engaged	No.	15,699	44,574	**60,273**
Total turnover	€m	2,614	9,218	**11,832**
Gross value added	€m	1,233	3,995	**5,228**
Foreign owned				
Number of enterprises	No.	10	11	**21**
Total persons engaged	No.	555	4,196	**4,751**
Total turnover	€m	144	378	**522**
Gross value added	€m	30	147	**177**

Source: Census of Building and Construction

Table 4.9 Share of ownership by nationality and employment size class 2004

%

	20 - 49		50+	
	Irish owned	Foreign owned	Irish owned	Foreign owned
Number of enterprises	98.0	2.0	95.1	4.9
Total persons engaged	96.6	3.4	91.4	8.6
Total turnover	94.8	5.2	96.1	3.9
Gross value added	97.6	2.4	96.5	3.5

Source: Census of Building and Construction

Chapter 5

Sectoral Comparison

Profile of Enterprises, Employment, Turnover and Gross Value Added

The services sector has the highest concentration of small enterprises, the vast majority of which employ less than 20 people. More than half the people working in the services sector are employed in small firms. In contrast, over three-quarters of those working in industry are employed by medium or large enterprises. Industrial firms employing 50 or more account for over 93% of total turnover in industry. In the services sector, small businesses account for slightly over half of employment, turnover and gross value added. *See Table 5.1, Figures 5.1 and 5.2.*

Table 5.1 Sectoral analysis of key characteristics by employment size class 2004

%

	Small Business			Medium/Large	
	< 20	20 - 49	Total < 50	50+	Total
Share of enterprises					
Industry[1, 4]	61.8	20.1	**81.9**	18.1	**100.0**
Services[2]	94.3	3.6	**97.9**	2.1	**100.0**
Construction[3, 5]	:	69.6	**69.6**	30.4	**100.0**
Share of employment					
Industry[1, 4]	10.2	12.4	**22.6**	77.4	**100.0**
Services[2]	42.0	12.6	**54.6**	45.4	**100.0**
Construction[3, 5]	:	25.0	**25.0**	75.0	**100.0**
Share of turnover					
Industry[1, 4]	2.6	4.2	**6.8**	93.2	**100.0**
Services[2]	36.3	15.2	**51.5**	48.5	**100.0**
Construction[3, 5]	:	22.3	**22.3**	77.7	**100.0**
Share of gross value added					
Industry[1, 4]	2.8	3.9	**6.7**	93.3	**100.0**
Services[2]	41.0	12.3	**53.3**	46.7	**100.0**
Construction[3, 5]	:	23.4	**23.4**	76.6	**100.0**

Source: [1] Census of Industrial Production 2004

Source: [2] Annual Services Inquiry 2004

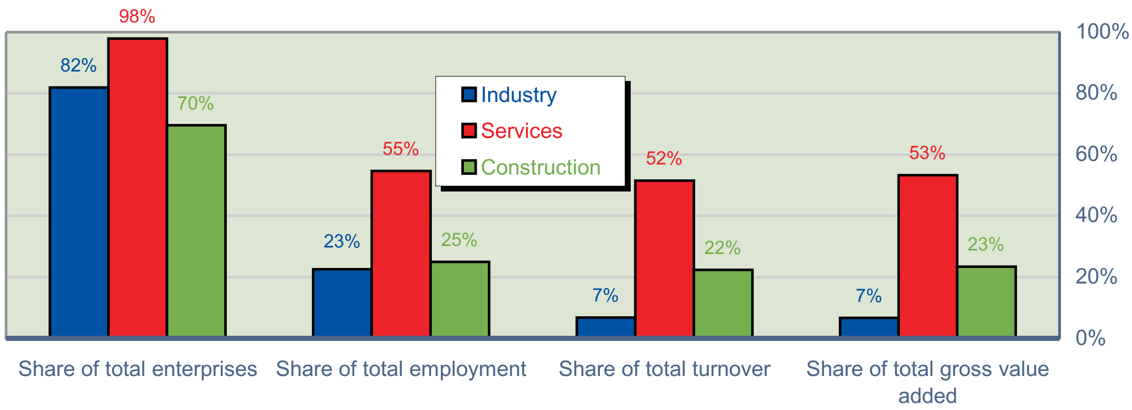
Source: [3] Census of Building and Construction 2004

[4] Only includes enterprises with 3 or more persons engaged

[5] Only includes enterprises with 20 or more persons engaged

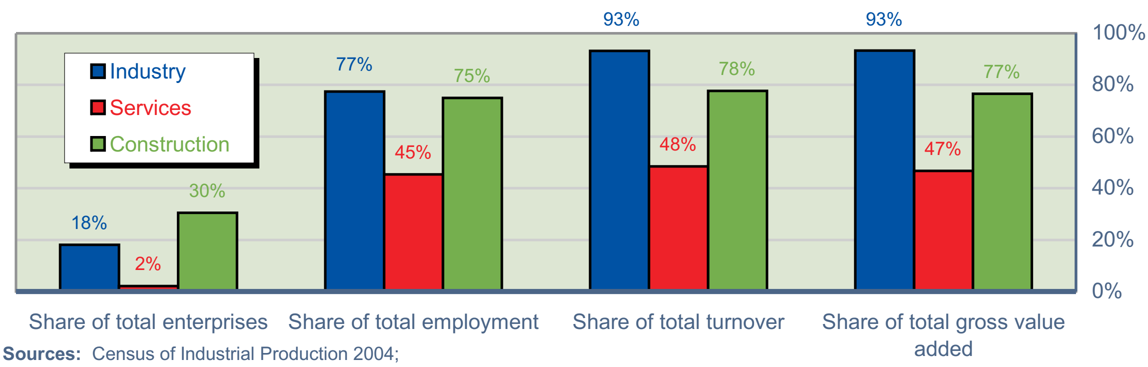
: Data not available

Figure 5.1 Percentage share represented by small business 2004



Sources: Census of Industrial Production 2004;
Annual Services Inquiry 2004;
Census of Building and Construction 2004

Figure 5.2 Percentage share represented by medium/large business 2004



Sources: Census of Industrial Production 2004;
Annual Services Inquiry 2004;
Census of Building and Construction 2004

Figures 5.1 and 5.2 show that 98% of service sector enterprises are small businesses. This is reflected in the average levels of activity. Service businesses employ an average of 9 people and have average turnover of €1.7 million, compared with 50 persons and €24.2 million in industry.

The average small business in the services sector employs 5 people and has turnover of €900,000. In industry, the average small business employs 14 people and has turnover of €2 million. *See Table 5.2.*

Table 5.2 Profile of industrial, service and construction enterprises by employment size class 2004

		Small Business			Medium/Large	
		< 20	20 - 49	Total < 50	50+	All enterprises
Average persons engaged	**Unit**					
Industry[1, 4]	No.	8	31	**14**	215	**50**
Services[2]	No.	4	30	**5**	187	**9**
Construction[3, 5]	No.	:	32	**32**	218	**88**
Average turnover						
Industry[1, 4]	€m	1.0	5.1	**2.0**	124.4	**24.2**
Services[2]	€m	0.6	7.0	**0.9**	38.9	**1.7**
Construction[3, 5]	€m	:	5.4	**5.4**	42.8	**16.8**
Average gross value added						
Industry[1, 4]	€m	0.4	1.6	**0.7**	44.0	**8.5**
Services[2]	€m	0.2	1.7	**0.3**	11.0	**0.5**
Construction[3, 5]	€m	:	2.5	**2.5**	18.5	**7.3**

Source: [1] Census of Industrial Production 2004
Source: [2] Annual Services Inquiry 2004
Source: [3] Census of Building and Construction 2004

[4] Only includes enterprises with 3 or more persons engaged
[5] Only includes enterprises with 20 or more persons engaged
: Data not available

Average turnover per employee is higher in small service enterprises (€183,300) than in small industrial business (€145,400). *See Table 5.3 and Figure 5.3.*

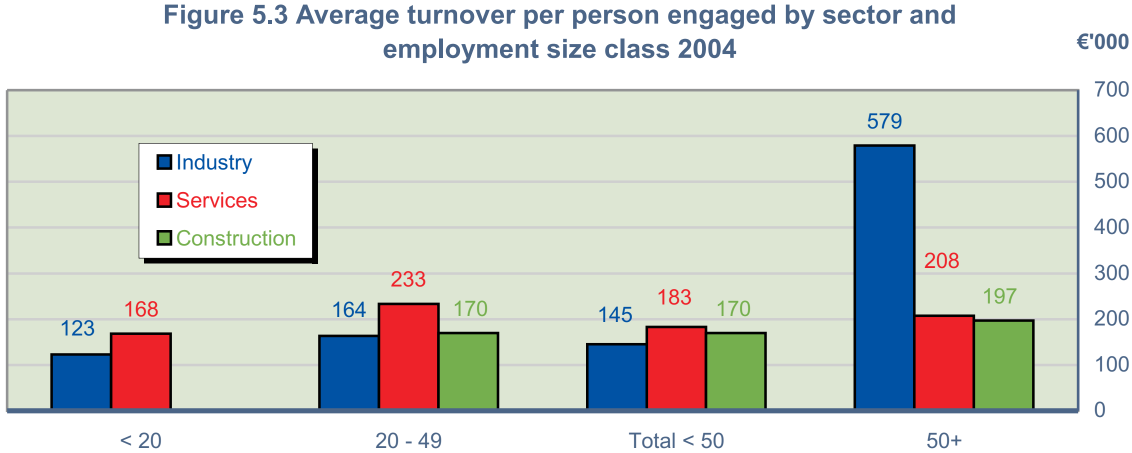
Table 5.3 Output per employee in industrial, service and construction enterprises by employment size class 2004

€

	Small Business			Medium/Large	
	< 20	20 - 49	Total < 50	50+	All enterprises
Turnover per employee					
Industry[1, 4]	123,135	163,696	**145,442**	579,144	**481,173**
Services[2]	168,209	233,351	**183,272**	207,702	**194,356**
Construction[3, 5]	:	169,681	**169,681**	196,760	**189,991**
Gross value added per employee					
Industry[1, 4]	46,778	53,067	**50,236**	204,990	**170,032**
Services[2]	55,448	55,190	**55,389**	58,494	**56,798**
Construction[3, 5]	:	77,704	**77,704**	84,929	**83,123**

Source: [1] Census of Industrial Production 2004
Source: [2] Annual Services Inquiry 2004
Source: [3] Census of Building and Construction 2004
[4] Only includes enterprises with 3 or more persons engaged
[5] Only includes enterprises with 20 or more persons engaged
: Data not available

Figure 5.3 Average turnover per person engaged by sector and employment size class 2004



Sources: Census of Industrial Production 2004;
Annual Services Inquiry 2004;
Census of Building and Construction 2004 (20+ persons engaged only)

Nationality of Ownership

The vast majority of small businesses are Irish-owned. Looking at businesses with between 20 and 49 persons engaged, 98% of construction firms were Irish-owned, compared with 92.7% of service sector firms and 87.2% in industry. Over 40% of medium and large industrial enterprises are foreign-owned. *See Table 5.4.*

Table 5.4 Share of ownership by nationality (enterprises with 20 or more persons engaged) 2004

%

	20 - 49		50+		All enterprises	
	Irish owned	Foreign owned	Irish owned	Foreign owned	Irish owned	Foreign owned
Number of enterprises						
Industry[1, 4]	87.2	12.8	58.9	41.1	**88.0**	**12.0**
Services[2]	92.7	7.3	81.3	18.7	**88.5**	**11.5**
Construction[3, 5]	98.0	2.0	95.1	4.9	**97.1**	**2.9**
Total persons engaged						
Industry[1, 4]	85.9	14.1	43.7	56.3	**54.3**	**45.7**
Services[2]	92.0	8.0	74.7	25.3	**78.4**	**21.6**
Construction[3, 5]	96.6	3.4	91.4	8.6	**92.7**	**7.3**
Total turnover						
Industry[1, 4]	81.0	19.0	18.0	82.0	**22.5**	**77.5**
Services[2]	70.9	29.1	61.8	38.2	**63.9**	**36.1**
Construction[3, 5]	94.8	5.2	96.1	3.9	**95.8**	**4.2**
Gross value added						
Industry[1, 4]	80.8	19.2	18.7	81.3	**23.2**	**76.8**
Services[2]	60.4	39.6	65.0	35.0	**64.0**	**36.0**
Construction[3, 5]	97.6	2.4	96.5	3.5	**96.7**	**3.3**

Source: [1] Census of Industrial Production 2004

Source: [2] Annual Services Inquiry 2004

Source: [3] Census of Building and Construction 2004

Chapter 6

Labour Costs

Annual Labour Costs

The Labour Costs Survey, conducted by the CSO in 2004, provides data on businesses with 10 or more people employed. In 2004, the total labour costs of small businesses (10-49 persons) amounted to €8.5 billion. Labour costs for medium/large businesses amounted to over €21.8 billion. Wages, holiday pay, sick pay and redundancy payments accounted for approximately 85% of the total labour costs for all enterprises. *See Table 6.1.*

Table 6.1 Total annual labour costs in enterprises by employment size class 2004

€m

	10 - 49	50+	Total
Wages and salaries			
Regular earnings	6,482.5	15,688.6	22,171.1
Irregular earnings	106.6	642.8	749.4
Total earnings for days worked	*6,589.1*	*16,331.4*	*22,920.5*
Holiday pay	602.0	1,555.9	2,158.0
Sick pay	37.1	171.4	208.5
Redundancy	40.8	330.7	371.5
Total for days not worked	*679.9*	*2,058.1*	*2,737.9*
Total	**7,269.0**	**18,389.5**	**25,658.5**
Social security payments			
Statutory	655.0	1,681.0	2,336.0
Superannuation	224.7	1,051.2	1,275.9
Other payments	124.3	151.6	275.9
Total	**1,004.0**	**2,883.9**	**3,887.8**
Other costs			
Training costs	123.4	315.5	438.9
Other labour costs	92.9	285.6	378.5
Employment subsidies	-5.6	-34.9	-40.5
Total	**210.7**	**566.2**	**776.8**
Total labour costs	**8,483.6**	**21,839.6**	**30,323.2**

Source: Labour Costs Survey 2004

The average wage or salary for days worked for employees in a small business was €30,280 in 2004. The corresponding average in medium/large businesses was 23% higher, at €37,181 per employee. Firms with 50 or more employees spent more than twice as much as small businesses, per employee, on superannuation costs. *See Table 6.2 and Figure 6.1.*

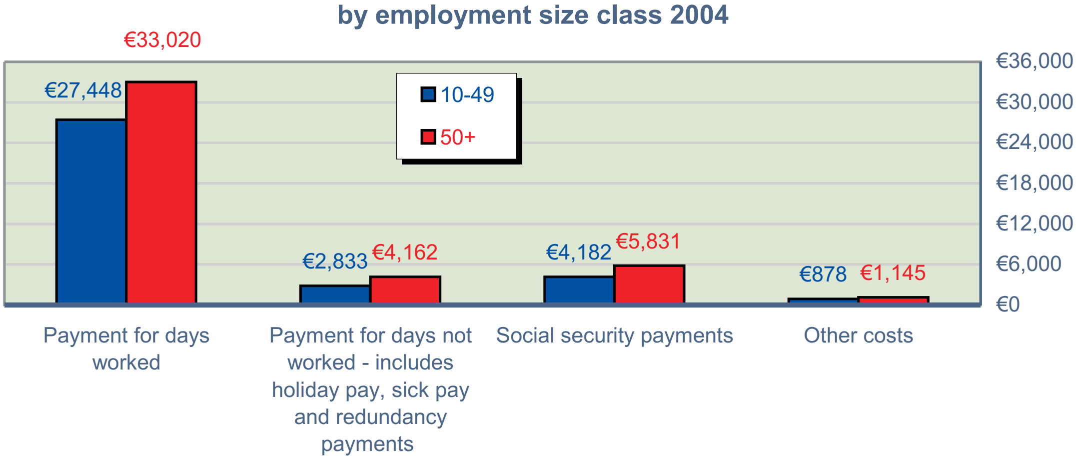
Table 6.2 Average annual labour costs per person engaged in enterprises by employment size class 2004

€

	10 - 49	50+	All enterprises
Wages and salaries			
Regular earnings	27,004	31,720	**30,179**
Irregular earnings	444	1,300	**1,020**
Total earnings for days worked	*27,448*	*33,020*	***31,199***
Holiday pay	2,508	3,146	**2,937**
Sick pay	155	347	**284**
Redundancy	170	669	**506**
Total for days not worked	*2,833*	*4,162*	***3,727***
Total	**30,280**	**37,181**	**34,926**
Social security payments			
Statutory	2,728	3,399	**3,180**
Superannuation	936	2,125	**1,737**
Other payments	518	306	**376**
Total	**4,182**	**5,831**	**5,292**
Other costs			
Training costs	514	638	**597**
Other labour costs	387	578	**515**
Employment subsidies	-23	-71	**-55**
Total	**878**	**1,145**	**1,057**
All enterprises	**35,340**	**44,157**	**41,275**

Source: Labour Costs Survey 2004

Figure 6.1 Average labour costs per person engaged in enterprises by employment size class 2004



Source: Labour Costs Survery 2004

Annual Labour Costs by Sector

Small businesses in Wholesale and retail distribution had total labour costs of €2,193 million in 2004. Labour costs for small enterprises in Business services amounted to €1,764 million; in Manufacturing, the corresponding costs were €1,454 million; and in Construction €1,244 million. *See Table 6.3.*

Table 6.3 Total annual labour costs by economic sector[1] and employment size class 2004

€m

	10 - 49	50+	Total
Economic sector			
C Mining and quarrying	39.1	267.1	**306.3**
D Manufacturing	1,454.4	6,742.9	**8,197.4**
E Electricity, gas and water supply	2.7	712.8	**715.5**
F Construction	1,244.3	1,388.0	**2,632.3**
G Wholesale and retail distribution	2,193.0	2,695.7	**4,888.6**
H Hotels and restaurants	826.4	856.5	**1,682.9**
I Transport, storage and communication	419.5	2,598.0	**3,017.5**
J Financial intermediation	145.8	3,507.2	**3,653.0**
K Business services	1,763.6	2,474.5	**4,238.1**
O Other services	394.7	596.9	**991.6**
Total labour costs	**8,483.6**	**21,839.6**	**30,323.2**

Source: Labour Costs Survey 2004

[1] See Appendix Three

Average annual labour costs per employee were €35,340 for small businesses (10-49 persons) and €44,157 for medium and large businesses. In all sectors except Business services, annual labour costs were lower for small business. In Business services, small firms had average labour costs of €47,217 per year, compared with an average of €42,954 for medium and large businesses in the sector, which includes a range of professional and business services.

The lowest average labour costs faced by small businesses were in Hotels and restaurants (€22,518 per annum). The highest were in Financial intermediation (€51,778 per annum). *See Table 6.4.*

Table 6.4 Average annual labour costs per person engaged by economic sector[1] and employment size class 2004

€

	10 - 49	50+	All enterprises
Economic sector			
C Mining and quarrying	42,623	53,317	**51,661**
D Manufacturing	33,978	43,999	**41,811**
E Electricity, gas and water supply	28,328	74,290	**73,834**
F Construction	44,270	53,522	**48,710**
G Wholesale and retail distribution	32,480	35,091	**33,870**
H Hotels and restaurants	22,518	24,225	**23,356**
I Transport, storage and communication	40,387	48,497	**47,179**
J Financial intermediation	51,778	56,603	**56,393**
K Business services	47,217	42,954	**44,631**
O Other services	29,542	38,538	**34,371**
All enterprises	**35,340**	**44,157**	**41,275**

Source: Labour Costs Survey 2004

[1] See Appendix Three

Hours Worked

Full-time employees in small firms worked an average of 1,834 hours per year, compared with 1,777 hours in medium and large enterprises. Part-time employees in medium/large enterprises worked longer hours than those working in smaller enterprises. *See Tables 6.5 and 6.6.*

Table 6.5 Average annual hours worked in enterprises by employment size class 2004

Hours

	10 - 49			50+		
	Full-time	Part-time	All employees	Full-time	Part-time	All employees
Average annual hours worked	1,834	831	**1,597**	1,777	895	**1,595**

Source: Labour Costs Survey 2004

Table 6.6 Average annual hours worked by economic sector[1] and employment size class 2004

Hours

	10 - 49			50+		
	Full-time	Part-time	All employees	Full-time	Part-time	All employees
Economic sector						
C Mining and quarrying	1,816	1,176	**1,781**	1,866	832	**1,816**
D Manufacturing	1,833	867	**1,764**	1,768	990	**1,739**
E Electricity, gas and water supply	1,975	c	**1,975**	1,701	840	**1,626**
F Construction	1,911	506	**1,864**	1,859	1,137	**1,843**
G Wholesale and retail distribution	1,814	842	**1,513**	1,863	867	**1,389**
H Hotels and restaurants	1,803	835	**1,379**	1,737	921	**1,381**
I Transport, storage and communication	1,925	821	**1,837**	1,822	944	**1,725**
J Financial intermediation	1,652	777	**1,499**	1,640	1,119	**1,580**
K Business services	1,825	887	**1,674**	1,802	832	**1,541**
O Other services	1,805	750	**1,400**	1,801	800	**1,467**
All employees	**1,834**	**831**	**1,597**	**1,777**	**895**	**1,595**

Source: Labour Costs Survey 2004

[1] See Appendix Three

c Confidential

Chapter 7

The Knowledge Economy

Introduction

This chapter presents information on the usage of Information and Communication Technology (ICT) and levels of innovation and research and development (R&D) activity undertaken by small businesses in Ireland. The data on the usage of ICT is obtained from the enterprise survey of e-commerce and ICT usage, conducted annually by the CSO. Information on innovation and R&D activities have been provided by Forfás from their biennial Community Innovation Survey and Business Expenditure on Research and Development Survey. These surveys generally cover enterprises with ten or more persons employed.

e-commerce and ICT usage

General information about ICT usage

The results from the 2006 survey on e-commerce and ICT usage show that small businesses in Ireland tend to have a lower and less sophisticated usage of ICT than larger enterprises. In March 2006, 59% of small businesses (between 10 and 49 persons), had a website or homepage. This compares with 80% of businesses with 50 or more employees. Small businesses are less likely to adopt e-business, with 41% indicating that they had dedicated ICT systems for managing purchases or orders, compared with 59% of larger businesses. Just one in seven small businesses indicated that they had a written ICT strategy compared with 38% of enterprises with fifty or more employees. *See Table 7.1.*

Table 7.1 General information about ICT systems by employment size class March 2006

	Unit	10 - 49	50+	All enterprises
Enterprises with 10 or more persons engaged	**No.**	**9,601**	**2,618**	**12,219**
Using the internet	%	93	99	**94**
Having website or homepage	%	59	80	**64**
Have a written ICT strategy	%	14	38	**19**
Using dedicated ICT systems for managing orders	%	41	59	**45**

Source: e-commerce and ICT survey March 2006

Connecting to the internet

Almost all enterprises, both small and large, were connected to the internet. Small businesses, however, are less likely to use a broadband connection than larger enterprises. Just 57% of small businesses used broadband compared to three quarters of all medium and large businesses. Small and larger businesses report broadly similar levels of use of the traditional dial-up or ISDN connections. *See Tables 7.1 and 7.2.*

Table 7.2 Type of connection to the internet by employment size class March 2006

	Unit	10 - 49	50+	All enterprises
Enterprises with 10 or more persons engaged	**No.**	9,601	**2,618**	**12,219**
Type of connection[1]				
Modem	%	26	23	**25**
ISDN	%	30	32	**31**
Broadband	%	57	75	**61**
Wireless connection	%	12	22	**14**
Broadband connection type as % of all enterprises[1]				
DSL <2Mb/sec	%	13	19	**14**
DSL >=2Mb/sec	%	23	36	**26**
Other broadband connection	%	26	35	**28**

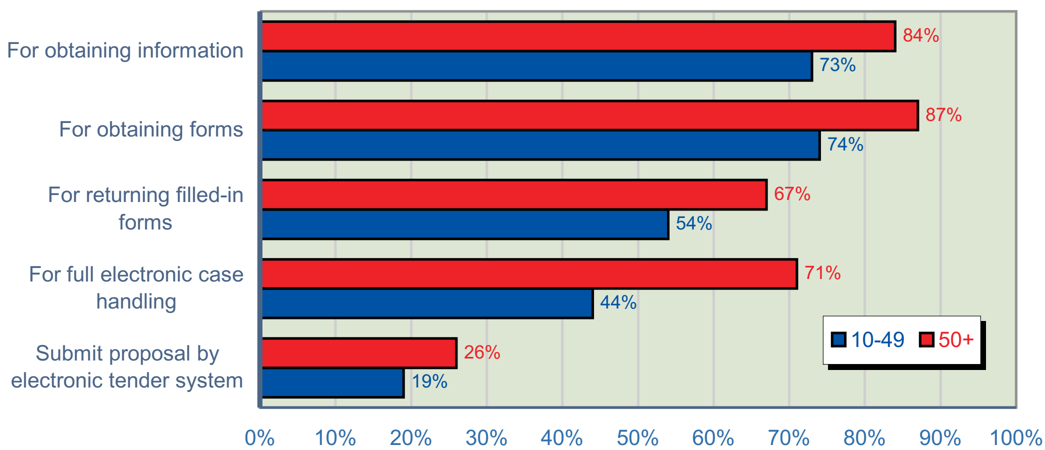
Source: e-commerce and ICT survey March 2006

[1] Enterprises may have more than one internet connection. Similarly, those with broadband may use more than one type of connection.

Interaction with public authorities via the internet

Small businesses show high levels of interaction with public authorities over the internet, with almost three quarters of them obtaining information online from public authorities. Over half of small businesses reported completing and returning forms online to public authorities. Medium and large sized enterprises showed greater levels of e-government activity. *See Figure 7.1.*

Figure 7.1 Interaction with public authorities via the internet by employment size class March 2006



Source: e-commerce and ICT survey, March 2006

e-commerce

In 2006, 57% of small businesses indicated that they purchased via the internet or EDI (Electronic Data Interchange) in the previous year. However, the total value of purchases conducted through these channels was quite low. Just 8% of total purchases by small firms was conducted via internet or EDI. Two thirds of larger enterprises reported e-commerce purchases in the same period but again the percentage of total purchases via internet or EDI was quite low.

A quarter of small businesses had sales via e-commerce in 2006 and electronic sales represented 9% of the value of total sales. This compares with 38% of larger businesses who sold via the internet or EDI, and who had 18% of their total turnover conducted electronically. The use of EDI was reported by one in ten larger businesses but by only one in a hundred small businesses. *See Tables 7.3 and 7.4.*

Table 7.3 Purchases via e-commerce by employment size class March 2006

	Unit	10 - 49	50+	All enterprises
Enterprises with 10 or more persons engaged[1]	**No.**	**9,601**	**2,618**	**12,219**
Use of e-commerce for purchases				
Internet (as a % of total enteprises)	%	54	64	**56**
EDI	%	8	15	**9**
Internet or EDI	%	57	67	**59**
Total value of purchases	**€m**	**29,190**	**127,251**	**156,441**
Percentage of purchases by e-commerce				
Internet (as a % of total purchases)	%	5	4	**4**
EDI	%	3	6	**5**
Internet or EDI	%	8	10	**10**

Source: e-commerce and ICT survey March 2006

[1] Results for the construction sector cover only private firms with 20 or more persons engaged

Table 7.4 Sales via e-commerce by employment size class March 2006

	Unit	10 - 49	50+	All enterprises
Enterprises with 10 or more persons engaged[1]	**No.**	**9,601**	**2,618**	**12,219**
Use of e-commerce for sales				
Internet (as a % of total enteprises)	%	22	29	**23**
EDI	%	6	16	**8**
Internet or EDI	%	26	38	**28**
Total value of turnover	**€m**	**41,916**	**197,971**	**239,887**
Percentage of sales by e-commerce				
Internet (as a % of total purchases)	%	8	9	**9**
EDI	%	1	10	**8**
Internet or EDI	%	9	18	**17**

Source: e-commerce and ICT survey March 2006

[1] Results for the construction sector cover only private firms with 20 or more persons engaged

Security measures used

Small businesses reported much lower levels of usage of IT security measures than larger enterprises. Most small businesses primarily use virus checking or protection software. Three out of four small businesses have firewalls installed, while over half of them reported the use of secure servers. Just 42% of small businesses indicated that they stored backup data in an offsite location. *See Table 7.5.*

Table 7.5 Information technology security measures used in enterprises by employment size class March 2006

	Unit	10 - 49	50+	All enterprises
Enterprises with 10 or more persons engaged	**No.**	**9,601**	**2,618**	**12,219**
Virus checking or protection software	%	90	97	**91**
Firewalls	%	75	91	**79**
Secure servers	%	54	77	**59**
Offsite data backup	%	42	60	**46**

Source: e-commerce and ICT survey March 2006

Innovation

Innovation activity

Large businesses tend to be more involved in innovation activities than smaller enterprises. Just under half of small businesses, employing between 10 and 49 persons, reported innovation activity over the period 2002 – 2004. This compares to two thirds of medium and large enterprises reporting innovation activity over the same period.

One in three small firms indicated that they had introduced a new good or service, or significantly enhanced a good or service with respect to its capabilities. Just 18% of small businesses introduced products that were new to the market, while 27% introduced products that were new to the firm but not the market. One in two large enterprises introduced new products over the same period.

Almost two in every five small enterprises introduced a new or significantly improved production process, distribution method, or support activity for goods or services. The corresponding level of process innovation for larger businesses was 57%. *See Table 7.6.*

Table 7.6 Innovation activity of enterprises as a percentage of all enterprises by enterprise size class 2004

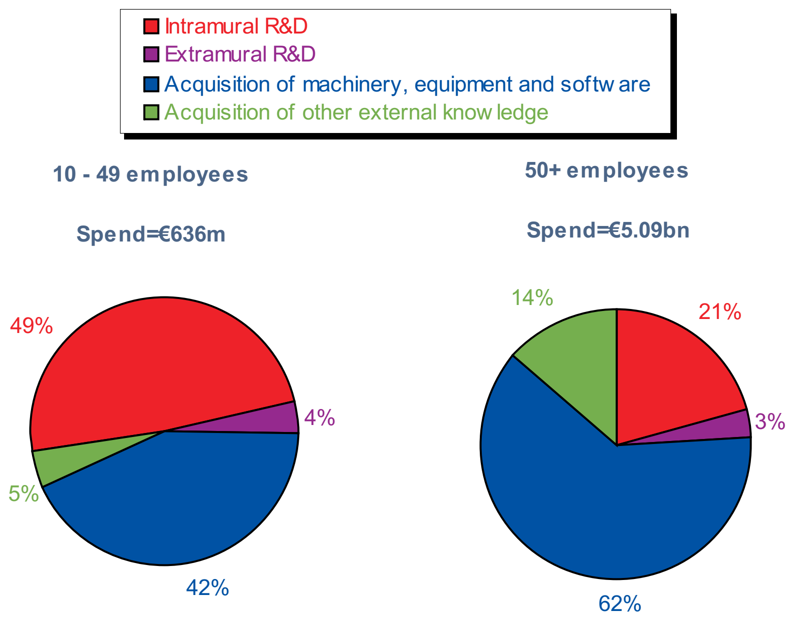
	Unit	10 - 49	50+	All enterprises
Enterprises with 10 or more persons engaged	**No.**	4,638	**1,539**	**6,177**
Enteprises with innovation activities	%	47	67	**52**
Type of innovation				
Product innovation	%	**33**	**51**	**38**
- new to firm	%	27	37	**30**
- new to market	%	18	39	**23**
Process innovation	%	**38**	**57**	**43**
- manufacturing	%	27	45	**31**
- logistics	%	16	27	**19**
- support	%	16	34	**21**

Source: Forfás Community Innovation Survey 2004

Innovation expenditure

Small firms accounted for 11% of the total innovation spend of €5.7bn by all businesses in 2004. The average expenditure by small firms on innovation was €137,000. On average, larger firms spent €3.3m on innovation activities. The largest element of innovation expenditure by small firms was research and development carried out in-house, followed by acquisition of machinery, equipment and software for innovation purposes. In contrast, larger firms had a higher share of expenditure on acquisition of machinery, equipment and software, followed by in-house research and development. *See Figure 7.2.*

Figure 7.2 Share of innovation expenditure by type and employment size class 2004

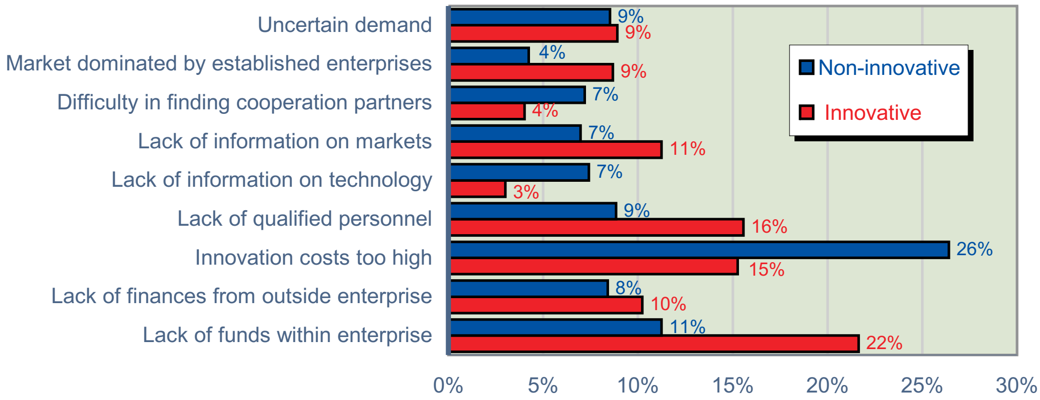


Source: Forfás Community Innovation Survey 2004

Barriers to innovation

Figure 7.3 shows the perceived barriers to innovation which were identified by small firms. Small firms which did not innovate highlighted high costs and lack of available funds within the enterprise as the primary obstacles to innovation. The lack of funds was perceived as the main barrier for small firms which engaged in innovation activity followed by the lack of qualified personnel. High innovation costs were seen as a bigger obstacle by non-innovating firms than by firms who had innovation activity. In contrast, the lack of available funds was seen as a larger obstacle by innovating firms than by non-innovative enterprises. *See Figure 7.3.*

Figure 7.3 Barriers to innovation for small businesses 2004



Source: Forfás Community Innovation Survey 2004

Business Expenditure on Research and Development (R&D)

R&D activity and expenditure

The OECD and Eurostat defines R&D activity as *"Creative work undertaken on a systematic basis in order to create new or improved products, services or other applications"*.

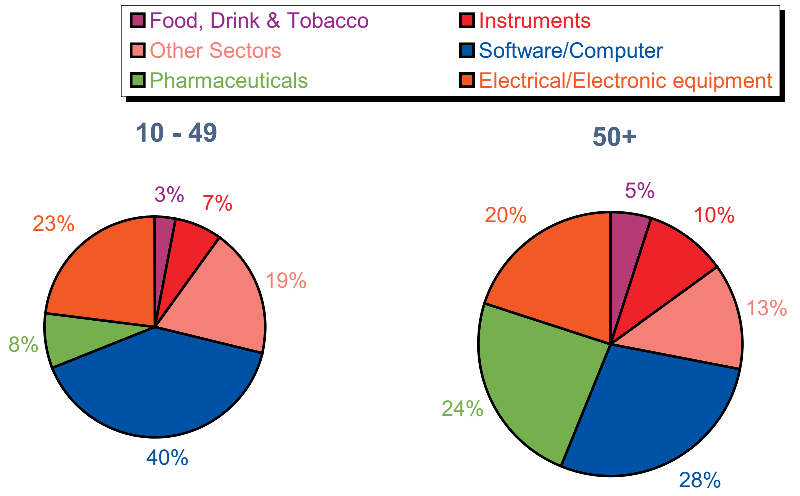
R&D spending by small firms was just over €267m in 2005. Irish-owned small businesses, representing 85% of all small businesses involved in R&D, contributed just 37% of the total expenditure on R&D by small businesses. Overall, Ireland's R&D spending has been dominated by medium and large businesses which accounted for more than three quarters of the total. Foreign-owned firms contributed 80% of the total expenditure by medium and large sized businesses. The highest share of R&D spending was reported by small businesses in the *Software/computer related* sector which represented 40% of the total expenditure by small businesses. This sector also had the highest share of spending among medium and large sized enterprises. R&D spending by small pharmaceutical firms accounted for just 8% of the total R&D expenditure by small businesses. The comparable figure for large and medium sized businesses was 24%. *See Table 7.7 and Figure 7.4.*

Table 7.7 Research and development activity in the business sector by employment size class 2005

	Unit	1 - 49	50+	All enterprises
Number of R&D active enterprises	**No.**	**957**	**412**	**1,369**
Irish owned	No.	818	208	**1,026**
Foreign owned	No.	139	204	**343**
Total spend on R&D	**€m**	**267**	**1,062**	**1,329**
Irish owned	€m	100	210	**310**
Foreign owned	€m	167	852	**1,019**

Source: Forfás - Research & Development Performance in the Business Sector Ireland 2005/6

Figure 7.4 Sectoral share of business R&D spending by employment size class 2005



Source: Forfás - Research & Development Performance in the Business Sector Ireland 2005/6

Chapter 8

Labour Market Profile

Introduction

The Quarterly National Household Survey (QNHS) is a large-scale, nationwide survey of households in Ireland. It provides data on employment, unemployment and the labour force. The QNHS collects a broad range of information including details in relation to the number of people working at the respondent's place of work.

This chapter presents data on those in employment in workplaces of less than 50 persons. Some comparisons with medium and large sized workplaces are also provided. These household survey tables are not directly comparable with the data from business surveys.

There are a number of issues that should be noted in interpreting the results presented in this chapter:

1 The QNHS includes all sectors of the economy whereas the business survey results presented elsewhere in this report do not include certain sectors – e.g. farming and the public sector.

2 In the QNHS, "size of the workplace" is the answer given by persons in employment, as distinct from the more objective information on the size of the enterprise recorded in direct surveys of business.

3 The QNHS is a sample survey, which is subject to sampling and other errors, which are greater in respect of smaller values or estimates of change.

4 QNHS figures on nationality of the labour force are currently regarded as tentative estimates. The measurement of migration flows presents a significant challenge in a general household survey. The main concern, drawing also on international experience, is whether the survey can representatively measure the extent of minority communities. The current results are subject to revision in the light of the results of the 2006 Census of Population. Initial analysis suggests the figures will be revised upward by about 20% to 25%.

Number of Persons Employed

In the second quarter of 2006, there were over 1.26 million persons in employment at workplaces with less than 50 persons. This accounted for almost 63% of the total number of persons in employment in the State. The numbers employed in small workplaces increased by over 184,000 or 17% between the second quarters of 2003 and 2006. In contrast, there was a decline of 23% in the numbers employed in workplaces with five hundred or more persons, over the same period. *See Table 8.1.*

Table 8.1 Persons in employment classified by size of workplace 2003 - 2006 (Qtr 2)

000

Year	1 - 49[1]	50 - 99	100 - 499	500+	Not Stated	Total
2003	1,078.6	157.7	287.0	172.9	97.2	**1,793.4**
2004	1,135.1	159.4	297.2	177.2	67.3	**1,836.2**
2005	1,179.2	167.5	305.8	209.0	67.8	**1,929.2**
2006	1,262.9	184.6	350.3	132.8	86.4	**2,017.0**

Source: Quarterly National Household Survey

[1] Includes self-employed persons

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

Regional Analysis

Almost one in four persons working in small workplaces in Ireland were located in Dublin in the second quarter of 2006, with the South-West accounting for a further 15%.

The Border region had the highest share of persons in employment in small workplaces, with 72% of all persons working in small concerns.

The Midlands, South-East and West regions also recorded high shares of employment in small workplaces with just under 70% of persons in employment working in these concerns. In contrast, Dublin had the lowest share of employment in small workplaces, with just over half of its employment in this size category. *See Table 8.2.*

Table 8.2 Persons in employment classified by region and size of workplace 2006 (Qtr 2)

000

Region	1 - 49[1]	50 - 99	100 - 499	500+	Not stated	Total
Border	146.9	16.7	26.9	7.0	7.7	**205.2**
Midlands	80.6	10.5	15.9	2.7	5.4	**115.2**
West	134.7	12.8	22.8	14.9	10.3	**195.5**
Dublin	301.8	70.4	133.6	57.1	32.4	**595.4**
Mid-East	144.0	22.0	39.4	15.5	4.8	**225.6**
Mid-West	111.7	12.8	29.9	8.9	10.8	**174.2**
South-East	147.9	16.3	34.2	8.2	6.9	**213.6**
South-West	195.3	23.0	47.6	18.4	8.0	**292.3**
Total	**1,262.9**	**184.6**	**350.3**	**132.8**	**86.4**	**2,017.0**

Source: Quarterly National Household Survey

[1] Includes self-employed persons

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

Occupations

Three out of four persons in *Craft and Related* occupations work in small workplaces. A significantly high percentage of *Managers and Administrators* (70%) and *Sales* staff (70%) also work in small concerns. This contrasts with *Associate Professional and Technical* staff and *Plant and Machine Operatives* where approximately half are employed in small workplaces.

Managers and Administrators and *Craft and Related* occupations each accounted for 17% of the total number of persons employed in small workplaces. Around one in ten persons employed in small workplaces worked in sales. Similar figures were recorded for both *Professional* and *Clerical and Secretarial* jobs. *See Table 8.3.*

Table 8.3 Persons in employment classifed by occupation and size of workplace 2006 (Qtr 2)

000

	1 - 49[1]	50 - 99	100 - 499	500+	Not Stated	Total
Occupation						
1 Managers and Administrators	219.8	24.4	45.6	16.9	6.4	**313.0**
2 Professional	139.8	25.9	42.1	20.7	7.6	**236.1**
3 Associate Professional and Technical	79.0	14.9	48.5	22.9	5.9	**171.1**
4 Clerical and Secretarial	133.4	28.2	55.8	22.3	8.2	**248.0**
5 Craft and Related	212.1	16.3	28.8	9.3	19.8	**286.3**
6 Personal and Protective Service	148.1	19.2	32.4	9.7	8.9	**218.2**
7 Sales	124.4	20.1	24.3	4.6	5.0	**178.4**
8 Plant and Machine Operatives	87.1	18.1	40.0	13.6	8.7	**167.7**
9 Other	119.1	17.5	32.7	12.7	15.9	**198.1**
Total	**1,262.9**	**184.6**	**350.3**	**132.8**	**86.4**	**2,017.0**

Source: Quarterly National Household Survey

[1] Includes self-employed persons

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

Employment Status

In the second quarter of 2006, three quarters of all persons in employment in small workplaces were classified as employees. Just over 8% were classified as self employed with paid employees, while nearly 17% were self employed without any paid employees. Assisting relatives accounted for under 1% of persons in employment in small workplaces. *See Table 8.4.*

Table 8.4 Persons in employment classifed by employment status for workplaces with 1-49[1] persons 2003 - 2006 (Qtr 2)

000

	Self employed (with paid employees)	Self employed (without paid employees)	Employee (incl schemes)	Assisting relatives	Total
Year					
2003	96.7	195.7	769.5	16.8	**1,078.6**
2004	100.5	209.5	812.2	12.9	**1,135.1**
2005	105.2	211.0	850.1	12.9	**1,179.2**
2006	104.6	208.9	938.5	11.0	**1,262.9**

Source: Quarterly National Household Survey

[1] Includes self-employed persons

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

Economic Sector

Employment *in Wholesale and retail trade, Construction* and *Financial and other business services* accounted for over 44% of the total number of persons employed in small workplaces in the second quarter of 2006. Excluding *Agriculture, forestry and fishing*, the sectors with the highest concentration of persons working in small workplaces include *Other services* (78%), *Construction* (76%), *Hotels and restaurants* (75%) and *Wholesale and retail trade* (73%). *See Table 8.5.*

Table 8.5 Persons in employment classified by economic sector[1] and size of workplace 2006 (Qtr 2)

000

	1 - 49[2]	50 - 99	100 - 499	500+	Not stated	Total
Economic sector						
A-B Agriculture, forestry and fishing	110.1	*	1.0	*	2.7	**114.5**
C-E Other production industries	116.4	35.5	91.2	36.9	8.4	**288.5**
F Construction	199.6	16.0	18.6	2.9	25.6	**262.7**
G Wholesale and retail distribution	206.8	31.2	33.8	4.3	8.4	**284.4**
H Hotels and restaurants	87.7	13.1	10.8	*	3.9	**116.3**
I Transport, storage and communication	69.7	9.3	24.7	11.9	5.1	**120.7**
J-K Financial and other business services	153.7	25.8	56.0	20.3	11.4	**267.3**
L Public administration and defence	32.5	13.2	40.0	16.8	2.6	**105.1**
M Education	90.6	18.1	13.8	9.3	3.8	**135.6**
N Health	102.2	14.5	50.8	26.5	7.3	**201.2**
O-Q Other services	93.6	7.5	9.6	2.7	7.2	**120.6**
Total	**1,262.9**	**184.6**	**350.3**	**132.8**	**86.4**	**2,017.0**

Source: Quarterly National Household Survey

[1] See Appendix Three

[2] Includes self-employed persons

* Sample occurance too small for estimation

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

Table 8.6 shows that the same proportion (37%) of males and females employed in small workplaces are classified as highly skilled non-manual. Almost 61% of females in employment in small workplaces are classified as working in low skilled or elementary occupations compared to just 24% of males.

Table 8.6 Persons in employment classified by sex, broad occupation[1] and size of workplace 2006 (Qtr 2)

000

	1 - 49[2]	50 - 99	100 - 499	500+	Not stated	Total
Total male	**746.3**	**99.6**	**185.5**	**64.7**	**59.5**	**1,155.6**
Highly skilled non-manual	278.0	37.8	72.5	29.6	12.9	**430.9**
Low skilled non-manual	102.3	20.8	39.7	11.7	7.5	**182.0**
Skilled manual	291.0	29.7	55.1	16.9	28.1	**420.7**
Elementary occupations	75.0	11.3	18.2	6.5	11.0	**122.0**
Total female	**516.0**	**84.4**	**161.5**	**65.8**	**26.8**	**854.5**
Highly skilled non-manual	190.8	31.5	71.8	33.4	9.2	**336.7**
Low skilled non-manual	275.9	42.9	65.8	22.5	12.3	**419.4**
Skilled manual	12.6	4.0	12.3	5.4	*	**35.1**
Elementary occupations	36.7	6.0	11.6	4.5	4.5	**63.3**

Source: Quarterly National Household Survey

[1] Broad groups of occupation based on ISCO-88(COM) classification, excludes those employed in the armed forces.

[2] Includes self-employed persons

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

Nationality

In the second quarter of 2003, there were over 111,000 non-Irish nationals at work in the state. The accession of ten new countries into the EU in May 2004 led to a considerable increase in the numbers of non-Irish nationals at work with just under 200,000 being recorded in the second quarter of 2006. More than half (55%) of these non-Irish nationals were working in places of employment with less than 50 persons engaged. *See Table 8.7.*

Table 8.7 Persons in employment classified by nationality[1] and size of workplace 2003 - 2006 (Qtr 2)

000

	1 - 49[2]	50+	Not stated	Total
Irish				
2003	1,018.1	573.5	90.6	**1,682.3**
2004	1,070.6	589.3	62.1	**1,722.0**
2005	1,098.0	621.0	60.0	**1,779.0**
2006	1,154.2	591.5	73.2	**1,818.9**
Other nationality				
2003	60.5	44.1	6.5	**111.1**
2004	64.5	44.5	5.2	**114.2**
2005	81.2	61.2	7.8	**150.2**
2006	108.7	76.1	13.2	**198.1**

Source: Quarterly National Household Survey

[1] See introductory text

[2] Includes self-employed persons

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

The results for the second quarter of 2006 show that 26% of non-Irish nationals in employment in small workplaces were in highly skilled non-manual occupations compared with 35% of those in employment in medium and large sized workplaces. In the period from 2003 to 2006, the number of non-Irish nationals employed in small workplaces has grown by over 48,000, of which more than half (56%) were employed in low-skilled occupations (non-manual or elementary occupations). *See Table 8.8.*

Table 8.8 Non-Irish nationals[1] classified by broad occupation[2] and size of workplace 2003 - 2006 (Qtr 2)

000

	Highly skilled non-manual	Low skilled non-manual	Skilled manual	Elementary occupations	Total
1 - 49[3]					
2003	22.5	21.9	11.2	4.9	**60.5**
2004	24.9	21.4	10.8	7.3	**64.5**
2005	22.2	25.6	21.0	12.4	**81.2**
2006	28.7	36.5	26.1	17.4	**108.7**
50+					
2003	19.6	12.5	8.1	3.9	**44.1**
2004	20.5	10.5	9.4	3.9	**44.5**
2005	22.6	16.0	13.2	9.2	**61.2**
2006	26.3	21.1	18.0	10.7	**76.1**
Not stated					
2003	1.8	2.0	1.9	*	**6.5**
2004	1.3	1.3	1.2	1.4	**5.2**
2005	1.5	1.7	2.2	2.4	**7.8**
2006	1.8	2.4	4.5	4.6	**13.2**

Source: Quarterly National Household Survey

[1] See introductory text

[2] Broad groups of occupation based on ISCO-88(COM) classification, excludes those employed in the armed forces

[3] Includes self-employed persons

[*] Sample occurance too small for estimation

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

In the second quarter of 2006, four out of five non-Irish nationals were in employment in the Southern and Eastern region. Just over 22% of non-Irish nationals who were in employment in small workplaces were based in the Border, Midlands and Western region. The comparable figure for medium and large sized places of work was 14%. *See Table 8.9.*

Table 8.9 Non-Irish nationals[1] classified by region and size of workplace 2003 - 2006 (Qtr 2)

000

	1 - 49[2]	50+	Not stated	Total
Border, Midlands and Western				
2003	12.8	6.3	1.4	**20.5**
2004	14.6	8.0	1.4	**24.0**
2005	18.8	9.4	1.9	**29.9**
2006	24.3	10.7	2.9	**38.0**
Southern and Eastern				
2003	47.7	37.8	5.0	**90.6**
2004	49.9	36.5	3.7	**90.1**
2005	62.5	51.9	6.0	**120.3**
2006	84.4	65.4	10.3	**160.1**

Source: Quarterly National Household Survey

[1] See introductory text

[2] Includes self-employed persons

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

In the second quarter of 2006 the number of non-Irish nationals in employment in the services sector reached almost 130,000. Just over 57% of these, or 74,000 persons, were in employment in small workplaces. The construction sector saw a fourfold increase in the number of non-Irish nationals in employment in the sector between the second quarter of 2003 and the second quarter of 2006. *See Table 8.10.*

Table 8.10 Non-Irish nationals[1] classified by sector and size of workplace 2003 - 2006 (Qtr 2)

000

	Agriculture	Industry	Construction	Services	Total
1 - 49[2]					
2003	2.7	7.3	5.4	45.2	**60.5**
2004	2.2	6.8	6.3	49.2	**64.5**
2005	3.6	9.3	14.4	53.9	**81.2**
2006	3.6	10.2	20.9	74.0	**108.7**
50+					
2003	*	12.3	1.6	30.2	**44.1**
2004	*	12.9	2.2	29.1	**44.5**
2005	*	14.9	5.1	40.3	**61.2**
2006	*	20.4	6.3	49.1	**76.1**
Not stated					
2003	*	1.0	1.0	4.5	**6.5**
2004	*	*	1.6	3.1	**5.2**
2005	*	1.0	2.2	4.2	**7.8**
2006	*	1.5	5.2	6.0	**13.2**

Source: Quarterly National Household Survey

[1] See introductory text

[2] Includes self-employed persons

* Sample occurance too small for estimation

Note: Data are subject to sampling and other survey errors, which are relatively greater in respect of smaller values

Chapter 9

Small, Medium and Large Enterprises

Introduction

This chapter presents comparisons of key characteristics for small, medium and large enterprises. A small business is defined as an enterprise which employs less than 50 people. Enterprises which employ between 50 and 250 are classified as medium while those employing 250 or more are considered large enterprises.

Sectoral Analysis

Industry

In 2004, small businesses accounted for almost 82% of all industrial enterprises. One in seven industrial enterprises were in the medium size category and they accounted for 30% of industrial employment. Large enterprises accounted for almost half of industrial employment and three-quarters of turnover and gross value added. *See Table 9.1.*

Table 9.1 Share of activities in industrial enterprises by employment size class 2004

%

	3 - 49	50 - 249	250+	Total
Enterprises	81.9	14.4	3.7	**100.0**
Persons engaged	22.6	30.0	47.4	**100.0**
Turnover	6.8	18.5	74.6	**100.0**
Gross value added	6.7	15.9	77.4	**100.0**

Source: Census of Industrial Production 2004

Services

Almost 98% of all businesses in the services sector in 2004 employed less than 50 persons. Small businesses accounted for more than half of the employment, turnover and gross value added in the services sector. Medium sized enterprises accounted for about a sixth of employment and a quarter of turnover in services. Large enterprises accounted for over a quarter of employment and turnover. *See Table 9.2.*

Table 9.2 Share of activities in service enterprises by employment size class 2004

%

	1 - 49	50-249	250+	Total
Enterprises	97.9	1.8	0.3	**100.0**
Persons engaged	54.6	17.9	27.4	**100.0**
Turnover	51.5	23.0	25.5	**100.0**
Gross value added	53.3	17.9	28.8	**100.0**

Source: Annual Services Inquiry 2004

Construction

In 2004, small businesses accounted for almost 70% of enterprises in the construction sector (with 20 or more employees). Over a quarter of enterprises in the sector were medium sized firms while just 4% of enterprises employed 250 or more persons. In very broad terms, about a quarter of construction activity (employment, turnover and gross value added) occurred in small enterprises; about 40% in medium sized businesses and about a third in large enterprises. *See Table 9.3.*

Table 9.3 Share of activities in construction enterprises by employment size class 2004

%

	20 - 49	50-249	250+	Total
Enterprises	69.6	26.2	4.2	**100.0**
Employment	25.0	42.5	32.5	**100.0**
Turnover	22.3	39.9	37.7	**100.0**
Gross value added	23.4	40.6	36.1	**100.0**

Source: Census of Building and Construction 2004

Nationality of ownership

In 2004, most small enterprises in the industrial, services and construction sectors were Irish owned. Medium sized enterprises also show high levels of Irish ownership, 65% in industry and 85% in the services sector. Almost two thirds of large industrial enterprises are foreign owned. They accounted for two-thirds of employment in large industrial businesses but for 88% of the turnover generated in the sector. Irish-owned large businesses accounted for one third of employment and 12% of turnover in large industry. *See Table 9.4.*

Table 9.4 Nationality of ownership in each sector by employment size class 2004

%

	Enterprises		Employment		Turnover	
	Irish owned	Foreign owned	Irish owned	Foreign owned	Irish owned	Foreign owned
< 50						
Industry[1, 4]	94.5	5.5	90.5	9.5	84.7	15.3
Services[2]	92.7	7.3	92.0	8.0	70.9	29.1
Construction[3, 5]	98.0	2.0	96.6	3.4	94.8	5.2
50 - 249						
Industry[1, 4]	64.7	35.3	60.7	39.3	41.9	58.1
Services[2]	84.6	15.4	81.7	18.3	60.3	39.7
Construction[3, 5]	c	c	c	c	c	c
250+						
Industry[1, 4]	36.2	63.8	33.0	67.0	12.0	88.0
Services[2]	60.5	39.5	70.1	29.9	63.0	37.0
Construction[3, 5]	c	c	c	c	c	c

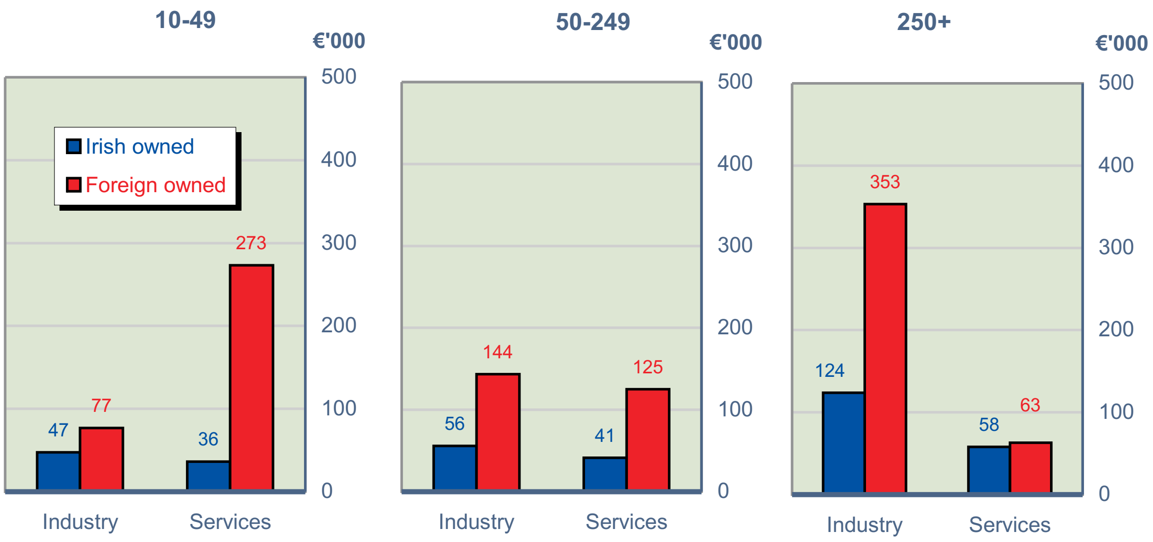
Source: [1] Census of Industrial Production 2004
Source: [2] Annual Services Inquiry 2004
Source: [3] Census of Building and Construction 2004

[4] Only includes enterprises with 3 or more persons engaged
[5] Only includes enterprises with 20 or more persons engaged
c Confidential

Productivity

Figure 9.1 shows gross value added per employee (a measure of productivity) for industry and services in 2004. In both sectors and in all employment size classes, foreign-owned firms have higher value added per employee, on average, than Irish-owned firms. These differences probably reflect a range of factors, including the differences in sectoral composition between indigenous and foreign-owned businesses. *See Figure 9.1.*

Figure 9.1 Gross value added per employee in industry and services by employment size class 2004



Source: Census of Industrial Production 2004
Annual Services Inquiry 2004

Note: Comparable data for the construction sector not available

Labour costs

In 2004, wages and salary costs per employee were, on average, €30,280 in small businesses. The annual wage and salary cost in medium sized businesses was €33,008 per employee and in large businesses was €39,594 per employee. Total labour costs were €35,340 per employee in small businesses, €39,133 in medium-sized businesses and €47,061 in large businesses.

Large enterprises spent considerably more on pension contributions; €2,476 per employee compared with €1,519 in medium sized enterprises and €936 in small businesses. Large enterprises also spent more on training, €729 per employee, compared with €480 per employee in medium enterprises and €514 in small enterprises. *See Table 9.5.*

Table 9.5 Average annual labour costs per person engaged in enterprises by employment size class 2004

€

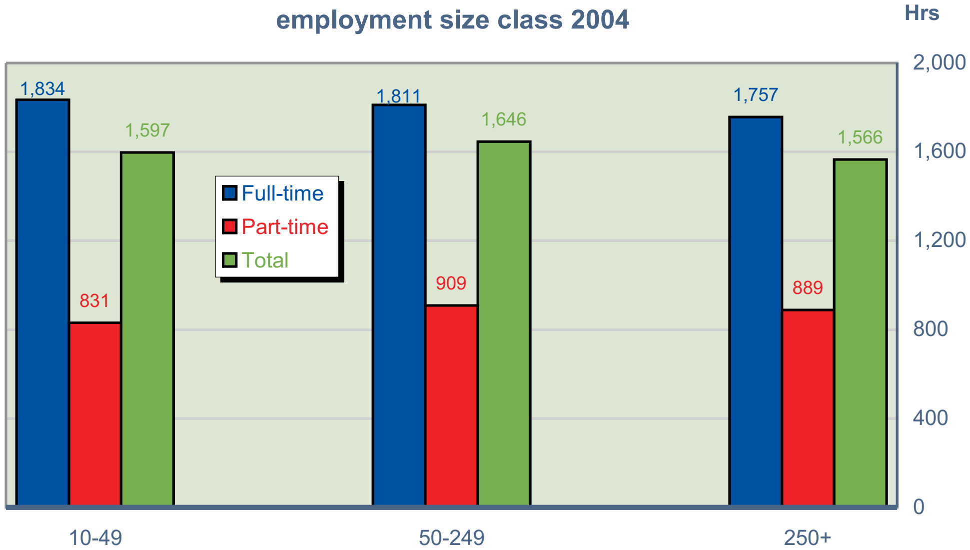
	10 - 49	50 - 249	250+	All enterprises
Wages and salaries				
Regular earnings	27,004	28,992	33,297	**30,179**
Irregular earnings	444	751	1,617	**1,020**
Total earnings for days worked	*27,448*	*29,743*	*34,914*	***31,199***
Holiday pay	2,508	2,691	3,409	**2,937**
Sick pay	155	215	423	**284**
Redundancy	170	358	848	**506**
Total for days not worked	*2,833*	*3,264*	*4,680*	***3,727***
Total	**30,280**	**33,008**	**39,594**	**34,926**
Social security payments				
Statutory	2,728	3,169	3,532	**3,180**
Superannuation	936	1,519	2,476	**1,737**
Other payments	518	433	233	**376**
Total	**4,182**	**5,121**	**6,241**	**5,292**
Other costs				
Training costs	514	480	729	**597**
Other labour costs	387	572	581	**515**
Employment subsidies	-23	-48	-84	**-55**
Total	878	1,004	1,226	**1,057**
Total labour costs	**35,340**	**39,133**	**47,061**	**41,275**

Source: Labour Costs Survey 2004

Hours Worked

Full-time workers in small and medium enterprises worked for more than 1,800 hours per year in 2004, compared with average annual hours of 1,757 in large businesses. Those in small businesses had the greatest number of hours of work (1,834). Part-time workers in small business worked fewer hours (831) than those in medium or large enterprises (909 and 889 respectively). *See Figure 9.2.*

Figure 9.2 Average annual hours worked in businesses by employment size class 2004



Source: Labour Costs Survey 2004

e-commerce and ICT usage

General information about ICT usage

The larger the enterprise the more likely it is to adopt ICT and e-business. Just 59% of small businesses had a website in 2006. This compares with 78% of medium sized enterprises and 92% of large enterprises. Broadband uptake is highest among large enterprises at 90%, followed by medium sized enterprises where 72% use broadband and small businesses where only 57% use broadband.

Adoption of e-business follows a similar trend with 84% of large enterprises indicating that they have dedicated ICT systems for managing purchases or orders. Medium and small businesses reported lower levels of use of such ICT systems for managing purchases and orders, at 55% and 41% respectively. Similarly, a higher percentage of large enterprises are using e-commerce for purchases and sales than their counterparts in small and medium businesses. Just over 43% of large enterprises reported selling via EDI and internet compared to 38% of medium sized businesses and 26% of small businesses. *See Table 9.6.*

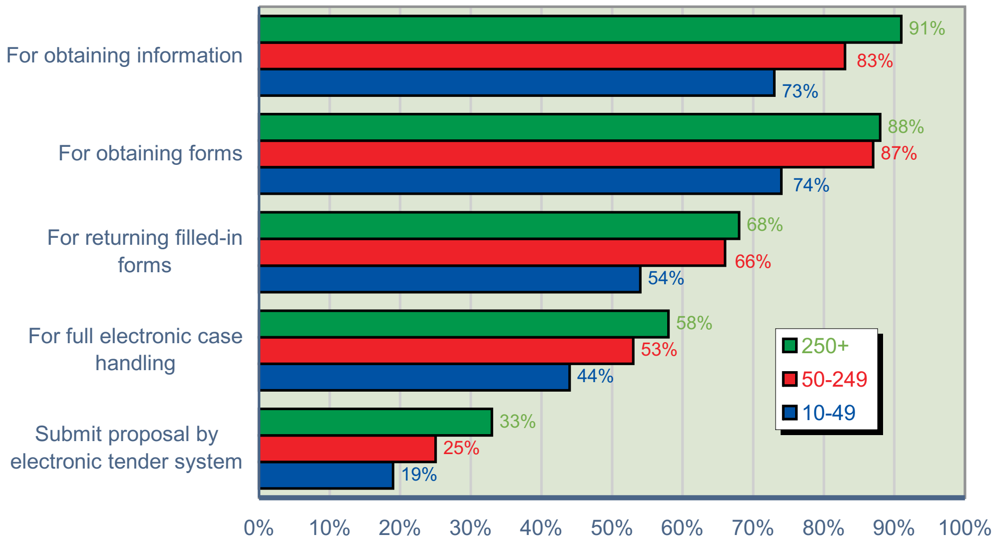
Table 9.6 General information about ICT systems by employment size class March 2006

	Unit	10 - 49	50 - 249	250+	Total
Number of enterprises in population	**No.**	9,601	**2,201**	**417**	**12,219**
Using the internet	%	93	99	99	**94**
of which:					
Broadband	%	57	72	90	**61**
Having website or homepage	%	59	78	92	**64**
Have a written ICT strategy	%	14	33	64	**19**
Using dedicated ICT systems for managing orders	%	41	55	84	**45**
Use of e-commerce for purchases (by internet or EDI)	%	57	65	80	**59**
Use of e-commerce for sales (by internet or EDI)	%	26	38	43	**28**

Source: e-commerce and ICT survey March 2006

Figure 9.3 shows that the level of interaction with public authorities by internet is higher for medium and large sized enterprises than those in small business. Around two thirds of medium and large enterprises indicated that they returned completed forms online to public authorities. The corresponding figure for small businesses was 54%. *See Figure 9.3.*

Figure 9.3 Interaction of enterprises with public authorities via the internet by employment size class March 2006



Source: e-Commerce and ICT Survey March 2006

Innovation

Just under half of small businesses reported innovation activity over the period 2002 – 2004. This compares to two thirds of medium sized enterprises and three quarters of large firms. One third of small firms were involved in product innovation, while 49% of medium and 57% of large firms undertook some product innovation over the same period. There was a similar pattern for process innovation, with 38% of small firms, 53% of medium firms and 70% of large businesses reporting improvements in production processes, distribution methods or support activities for goods and services.

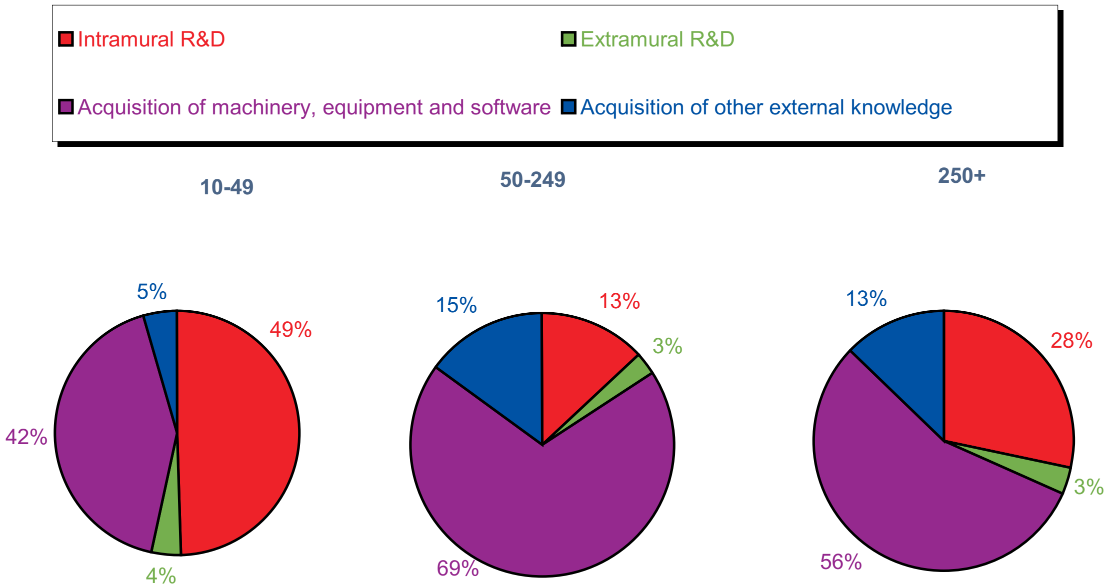
Small firms accounted for 11% of the total expenditure on innovation. Medium sized businesses accounted for 42% and large businesses for 47%. Small businesses spent a higher proportion of their innovation spending on in-house research and development than did medium and large enterprises. Medium size businesses allocated the highest proportion of their innovation expenditure to acquisition of machinery, equipment and software. *See Table 9.7 and Figure 9.4.*

Table 9.7 Innovation activity of enterprises as a percentage of all enterprises by employment size class 2004

	Unit	10 - 49	50 - 249	250+	All enterprises
Number of enterprises	**No.**	**4,638**	**1,238**	**301**	**6,177**
Enteprises with innovation activities	%	47	65	75	**52**
Type of innovation					
Product innovation	%	33	49	57	**38**
Process innovation	%	38	53	70	**43**
Expenditure					
Intramural R&D	€'000	313,558	315,319	751,371	**1,380,248**
Extramural R&D	€'000	25,284	70,861	89,477	**186,162**
Acquisition of machinery, equipment and software	€'000	267,846	1,677,120	1,483,227	**3,428,193**
Acquisition of other external knowledge	€'000	28,616	362,016	337,256	**727,889**
Total innovation expenditure	**€'000**	**635,836**	**2,425,321**	**2,661,329**	**5,722,486**

Source: Forfás Community Innovation Survey 2004

Figure 9.4 Innovation expenditure activity as a percentage of total innovation spending by employment size class 2004



Source: Forfás Community Innovation Survey 2004

Research and Development

Looking at nationality of ownership, almost 1,000 Irish-owned small and medium enterprises engaged in R&D expenditure, compared with about 250 foreign-owned enterprises. However, the average amount invested in R&D was much higher for foreign-owned small and medium enterprises. Total R&D expenditure by the Irish-owned small and medium enterprises was €240 million compared with almost €390 million for the foreign-owned enterprises.

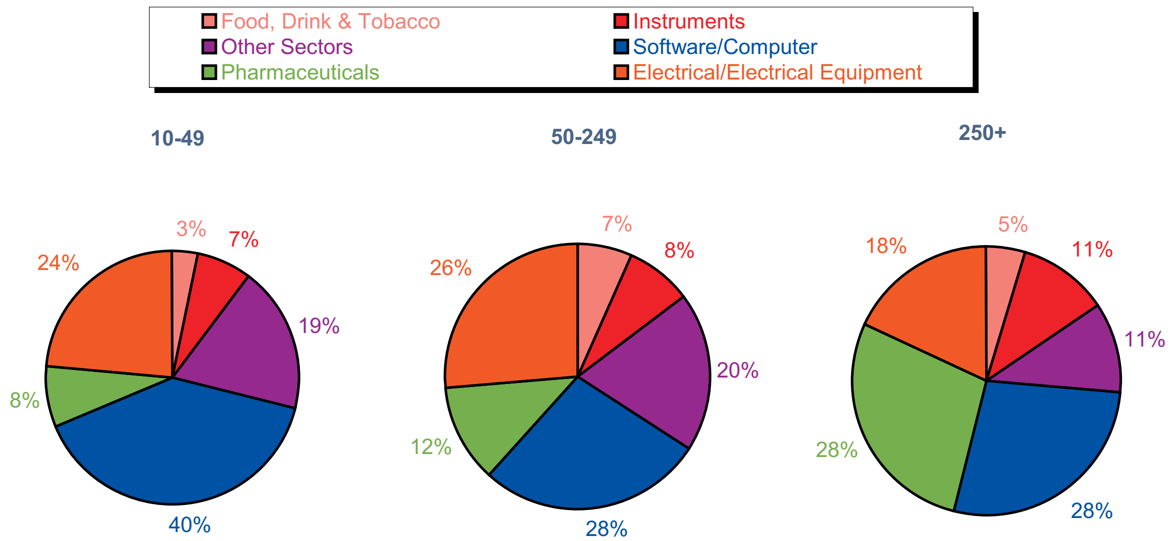
Over half of total R&D spending was attributed to large enterprises and about 90% of this (€632 million) was R&D expenditure by foreign-owned large enterprises. Much of this spending was in the pharmaceutical and software sectors. *See Table 9.8 and Figure 9.5.*

Table 9.8 Research and development performance in the business sector by size class 2005

	Unit	1 - 49	50 - 249	250+	Total
Number of R&D active enterprises	**No.**	**957**	**281**	**131**	**1,369**
Irish owned	No.	818	167	41	**1,026**
Foreign owned	No.	139	114	90	**343**
Total expenditure of R&D	**€m**	**267**	**360**	**702**	**1,329**
Irish owned	€m	100	140	70	**310**
Foreign owned	€m	167	220	632	**1,019**

Source: Forfas - Research & Development Performance in the Business Sector Ireland 2005/6

Figure 9.5 Sectoral share of business R&D expenditure by employment size class 2005



Source: Forfas - Research & Development Performance in the Business Sector Ireland 2005/6

Chapter 10

International Comparisons

Introduction

This chapter presents some international comparisons of the key characteristics of small businesses. Comparable data for medium and large enterprises is also presented.

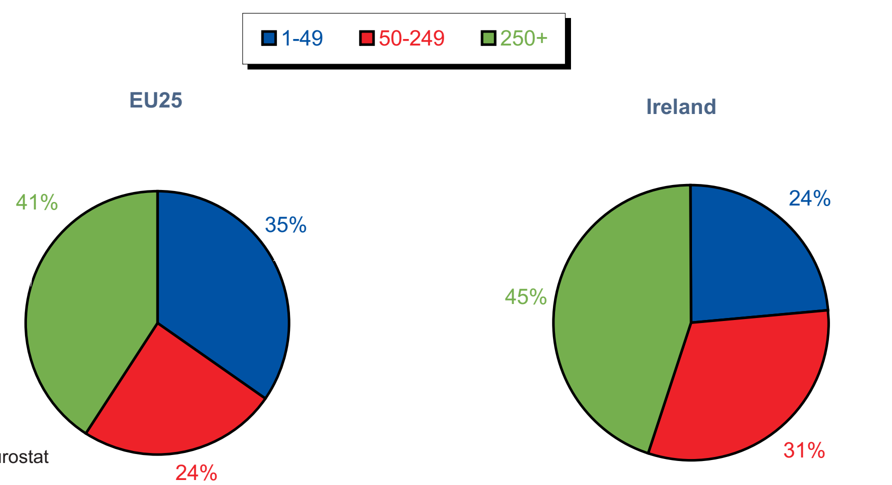
Sectoral Analysis

Manufacturing

Employment

In 2004, small businesses (1-49 employees) in the manufacturing sector accounted for 35% of total manufacturing employment in the EU25. In Ireland, the corresponding figure was 24%. The percentage employed in medium and large enterprises was higher in Ireland than in the EU25. Over 31% of Irish manufacturing employees worked in medium sized businesses while 45% were employed in large firms. In the EU25, one in four persons employed in manufacturing worked in medium sized firms, while almost 41% worked in large businesses. *See Figure 10.1.*

Figure 10.1 Share of persons employed in the manufacturing sector by employment size class 2004



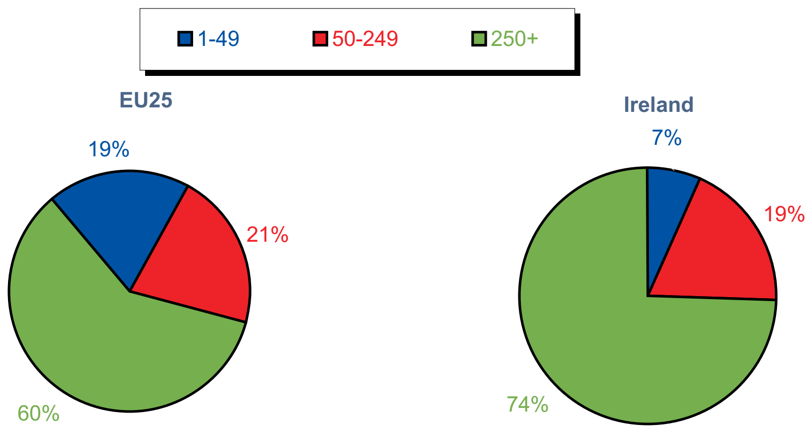
Source: Eurostat

Manufacturing

Turnover

In 2004, small businesses in the manufacturing sector contributed 19% of total manufacturing turnover in the EU25, compared with 7% in Ireland. In the EU as a whole, large businesses generated 60% of total manufacturing turnover. In contrast, large business in Ireland generated three quarters of total manufacturing turnover. This proportionately high share of total turnover for large businesses is explained by the presence in Ireland of large multinational enterprises in the pharmaceutical and ICT sectors. *See Figure 10.2.*

Figure 10.2 Share of total turnover in the manufacturing sector by employment size class, 2004



Source: Eurostat

Manufacturing

Gross value added (GVA) per person employed

In 2004, Ireland had among the highest levels of GVA per person employed in the EU25. In manufacturing enterprises, Irish GVA per person employed was €161,400. This was more than double that of the next highest member state (Belgium) and more than three times the EU average. Irish medium sized manufacturing businesses also recorded the highest GVA per person employed at €79,700. The EU average for medium-sized manufacturing businesses was €44,200. In the 20-49 employment size class, Irish GVA per person employed, at €49,200, was 29% greater than the EU25 average of €38,200. Belgium (€54,200), the Netherlands (€53,900) and Denmark (€52,200) were the only EU25 countries to record a higher GVA per person employed in small businesses than Ireland. *See Table 10.1.*

Table 10.1 Gross value added per person employed in the manufacturing sector by employment size class 2004

€000

	Small Business		Medium	Large	
	1 - 19	20 - 49	50 - 249	250+	Total
EU 25	**:**	**38.2**	**44.2**	**65.8**	**48.6**
Belgium	39.7	54.2	69.0	97.2	**74.5**
Czech Republic	9.1	12.0	14.0	20.3	**15.5**
Denmark	49.4	52.2	56.8	69.8	**61.1**
Germany	32.0	43.9	52.9	71.5	**59.0**
Estonia	7.0	9.3	12.6	11.0	**10.7**
Ireland	43.3	49.2	79.7	278.1	**161.4**
Greece	:	:	:	:	**:**
Spain	26.2	35.9	47.3	74.5	**45.6**
France	33.7	44.7	47.9	67.2	**54.0**
Italy	29.0	43.5	53.7	64.8	**44.4**
Cyprus	20.8	29.9	35.8	28.6	**26.4**
Latvia	3.7	6.6	8.0	10.8	**8.0**
Lithuania	3.6	5.2	6.9	13.1	**8.5**
Luxembourg	:	:	:	:	**:**
Hungary	6.9	10.7	13.6	27.4	**18.0**
Malta	:	:	:	:	**:**
Netherlands	38.9	53.9	67.7	105.5	**72.0**
Austria	40.0	47.4	60.1	79.1	**63.4**
Poland	5.9	10.1	13.5	28.7	**17.1**
Portugal	12.4	17.1	22.8	41.7	**21.9**
Slovenia	18.9	21.9	22.1	28.0	**24.3**
Slovakia	10.1	10.0	10.0	15.5	**13.3**
Finland	47.5	49.0	57.7	91.0	**72.7**
Sweden	34.1	48.3	55.0	81.0	**63.0**
United Kingdom	47.2	49.1	54.5	78.9	**63.3**
Bulgaria	*2.0*	*2.7*	*4.0*	*6.1*	***4.2***
Romania	*2.9*	*3.4*	*3.8*	*5.7*	***4.6***
Norway	*47.3*	*58.0*	*67.7*	*84.9*	***68.6***

Source: Eurostat

: Data not available

Services

Numbers of persons employed

In 2004, there were over 29 million people employed in the wholesale and retail sectors in the EU25. Slightly over 40% of all employment in this sector was in very small firms with less than 10 employees. Of the 280,000 people employed in the wholesale and retail sectors in Ireland, 30% were in firms with less than 10 employees. One in four worked in large enterprises. At EU25 level, 27% of persons working in wholesaling and retailing were in large enterprises.

Around 8.4 million people worked in the hotels and restaurants sector in the EU. Just under half (46%) of these worked in very small enterprises with less than 10 employees. The comparable figure for Ireland was 27%.

One in three persons employed in the transport, storage and communication sector at EU level were in small businesses (less than 50 employees). The pattern for Ireland was similar. Close to 60% of all employees in this sector in Ireland worked in large businesses.

Around half of all persons employed in real estate, renting and business activities at EU level worked in enterprises with less than 50 employees. One in six worked in medium sized businesses. In Ireland, 56% in this sector were in small businesses and 17% in medium-sized businesses. *See Table 10.2.*

Table 10.2 Number of persons employed in selected service sectors by employment size

Number

	Small Business				Medium	Large	
	1	2 - 9	10 - 19	20 - 49	50 - 249	250+	Total
G - Wholesale and retail distribution							
EU25	2,983,700	8,793,900	*c*	*c*	*c*	7,916,300	**29,242,500**
Ireland	8,341	74,792	38,063	40,956	48,745	68,732	**279,629**
H - Hotels and restaurants							
EU25	581,800	3,261,000	1,248,600	*c*	*c*	1,508,600	**8,441,300**
Ireland	3,708	34,874	25,321	20,981	36,809	19,296	**140,989**
I - Transport, storage and communications							
EU25	714,100	1,350,900	697,300	945,100	1,401,500	5,999,200	**11,108,100**
Ireland	3,260	11,606	7,088	6,742	9,049	54,513	**92,258**
K - Real estate, renting and business activities							
EU25	2,868,400	4,723,300	1,743,300	2,084,300	3,711,200	7,301,500	**22,433,800**
Ireland	12,120	51,953	22,226	18,067	31,283	50,881	**186,530**

Source: Eurostat

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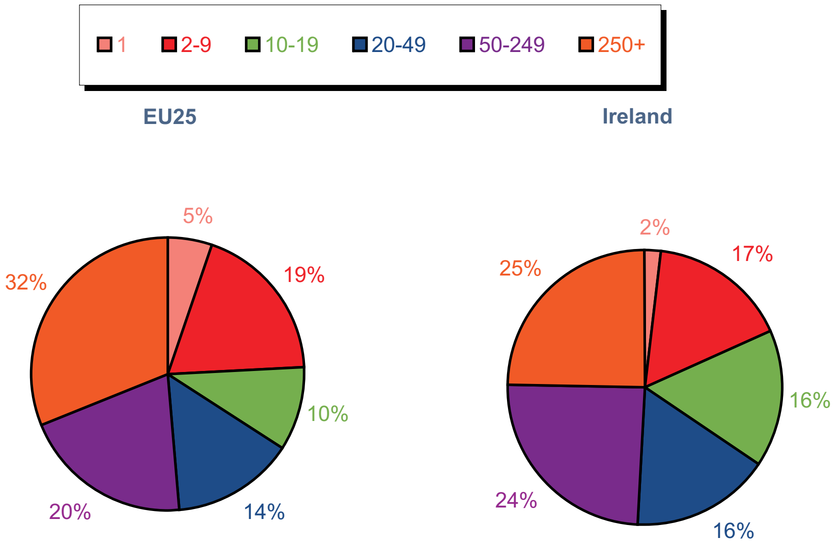
Services

Turnover

In Ireland, small businesses accounted for over half of total turnover in the services sectors listed in Table 10.2. This was slightly higher than the corresponding EU average of 48%. Medium sized businesses also accounted for a higher share of total turnover in Ireland than in the EU25 overall. Almost a third of total EU turnover in these services sectors was generated by large enterprises, while in Ireland a quarter of total turnover was generated by large enterprises. *See Figure 10.3.*

Figure 10.3 Share of total turnover in selected service sectors by employment size class, 2004



Source: Eurostat

Distributive services

Gross value added per person employed

This analysis of gross value added per person employed is confined to the distributive services sector covering *Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods*. This is a large sub-sector of services and comparable EU data on distributive services is available.

It should be noted that the employment data for Ireland, relates to the numbers of persons in employment in a particular week in September 2004. The use of part time staff and the effects of seasonality poses difficulties in using this as a measure of apparent labour productivity. The situation differs across EU member states, where average employment levels may be used in some cases.

In 2004, Ireland recorded a GVA per person employed of €43,500 in distributive services. This was above the EU25 average of €33,900 per person employed. Irish GVA per person employed in large enterprises in this sector was €56,800. Belgium was the only EU member state to record a higher GVA per person employed in this size class.

Similarly, small Irish firms in this sector had high GVA per person employed compared with other EU countries. In particular, small businesses in Ireland with between 10 and 19 persons employed had the highest GVA per person employed (€72,500) in this size class in the EU25. In contrast, Irish medium sized businesses in this sector had GVA per person employed of €16,500. *See Table 10.3.*

Table 10.3 Gross value added per person employed in distributive services by employment size class 2004

€000

	Small Business				Medium	Large	
	1	2 - 9	10 - 19	20 - 49	50 - 249	250+	Total
EU25	**17.90**	**25.40**	**:**	**:**	**:**	**37.80**	**33.90**
Belgium	26.80	34.40	51.40	58.60	79.80	59.30	**49.30**
Czech Republic	6.70	9.30	12.00	18.90	22.40	14.10	**12.60**
Denmark	55.20	44.80	44.10	52.60	52.50	40.30	**46.60**
Germany	37.70	29.50	39.90	50.70	59.30	39.60	**41.50**
Estonia	8.60	11.30	12.60	15.20	15.00	9.80	**12.40**
Ireland	31.60	34.20	72.50	45.80	16.50	56.80	**43.50**
Greece	16.70	18.60	31.80	44.70	72.30	35.20	**26.60**
Spain	15.80	22.60	30.00	36.60	43.10	39.40	**29.10**
France	37.30	39.30	44.00	47.40	46.30	46.40	**44.00**
Italy	19.00	26.70	42.00	49.20	54.10	37.20	**30.90**
Cyprus	17.80	24.30	27.20	32.80	34.20	23.80	**26.80**
Latvia	1.20	6.30	9.00	14.30	13.40	7.10	**9.30**
Lithuania	2.80	4.20	6.50	9.70	9.10	7.90	**7.10**
Luxembourg	:	:	:	:	:	:	**:**
Hungary	3.10	6.70	12.10	16.80	18.50	22.60	**10.30**
Malta	:	:	:	:	:	:	**:**
Netherlands	10.10	41.40	49.20	53.90	58.20	35.90	**40.10**
Austria	30.90	30.70	39.20	48.80	56.40	39.70	**40.70**
Poland	4.80	5.80	14.10	15.10	18.40	16.20	**9.60**
Portugal	7.60	15.10	19.20	26.70	36.40	32.50	**19.40**
Slovenia	10.20	21.30	c	c	c	26.00	**25.00**
Slovakia	15.00	14.90	15.00	18.20	13.40	10.80	**13.80**
Finland	41.10	47.70	50.80	53.90	68.60	43.90	**49.50**
Sweden	27.80	37.20	47.40	51.80	55.70	56.20	**47.20**
United Kingdom	45.20	33.90	45.20	54.10	61.70	35.80	**40.30**
Bulgaria	*1.20*	*1.90*	*3.90*	*4.40*	*5.40*	*8.80*	***3.00***
Romania	*1.90*	*3.40*	*2.80*	*5.40*	*7.20*	*8.20*	***4.50***
Norway	*28.50*	*39.70*	*45.50*	*54.10*	*63.30*	*50.80*	***47.80***

Source: Eurostat

: Data not available

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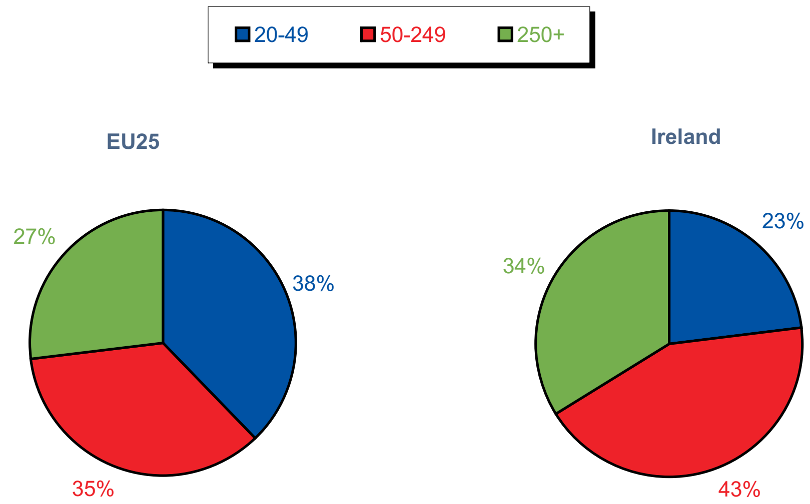
Construction

This section examines the principal characteristics of enterprises in the construction sector which employs 20 or more persons. It should be noted that this limited coverage excludes a large share of employment in the construction sector in Ireland.

Numbers of persons employed

In 2004, Ireland recorded a lower proportion of persons employed in firms in the 20-49 employment size class than is the case for our EU counterparts. In Ireland, almost one in four worked in firms with 20-49 employees. This compares with almost 38% at EU25 level. *See Table 10.4.*

Figure 10.4 Share of persons employed in the construction sector by employment size class 2004



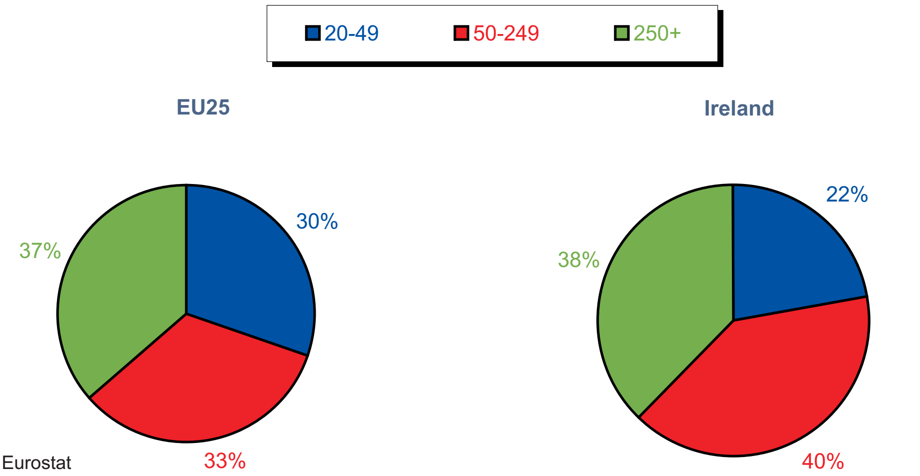
Source: Eurostat

Construction

Turnover

Just over a fifth of total construction turnover in Ireland was accounted for by small firms employing between 20 and 49 persons. Medium sized businesses generated 40% of total turnover and large businesses 38%. In the EU the situation was different with a roughly even distribution of the total turnover across the three enterprise size classes. *See Figure 10.5.*

Figure 10.5 Proportion of total turnover in construction by employment size class 2004



Source: Eurostat

Construction

Gross value added per person employed

Across all enterprise size groups, Irish construction firms had the highest gross value added per person employed in the EU25. In the small enterprise size class (20-49 workers) Ireland's GVA per person employed of €111,900 was three times the EU average of €37,600. Similarly, GVA per person employed for medium (€104,700) and large (€117,700) sized construction firms in Ireland were more than double the corresponding EU figures. *See Table 10.4.*

Table 10.4 GVA per person employed in the construction sector by employment size class 2004

€000

	20 - 49	50 - 249	250+	Average 20+ GVA
EU 25	**37.6**	**40.7**	**53.5**	**43.0**
Belgium	43.5	49.0	61.2	**49.2**
Czech Republic	10.9	13.1	19.9	**14.2**
Denmark	43.7	47.6	55.8	**48.1**
Germany	39.1	43.7	48.6	**42.5**
Estonia	9.3	14.0	19.0	**13.2**
Ireland	111.9	104.7	117.7	**110.8**
Greece	34.4	41.9	67.3	**46.8**
Spain	32.0	36.3	58.7	**38.0**
France	40.7	42.3	46.9	**43.0**
Italy	42.4	45.3	59.1	**45.8**
Cyprus	26.7	31.5	34.2	**31.3**
Latvia	5.7	7.9	10.8	**7.8**
Lithuania	6.1	7.2	9.7	**7.5**
Luxembourg	:	:	:	**:**
Hungary	10.1	12.7	27.5	**14.0**
Malta	:	:	:	**:**
Netherlands	53.8	58.1	61.9	**58.1**
Austria	43.0	48.4	59.3	**49.7**
Poland	11.0	11.8	16.2	**12.9**
Portugal	19.2	26.3	37.2	**26.0**
Slovenia	16.9	19.4	23.1	**20.1**
Slovakia	9.2	9.0	10.9	**9.6**
Finland	:	:	:	**:**
Sweden	44.4	45.1	49.5	**47.1**
United Kingdom	64.1	74.5	73.1	**71.3**
Bulgaria	*3.1*	*3.8*	*4.4*	***3.8***
Romania	*3.9*	*4.5*	*1.3*	***3.1***
Norway	*56.7*	*61.0*	*61.6*	***59.9***

Source: Eurostat

: Data not available

ICT usage

In 2006, the percentages of Irish enterprises who reported having a website or homepage, were very similar to the corresponding EU levels across all the employment size classes. Almost six out of ten small Irish businesses (10-49 persons engaged) had a website. This compared favourably to the southern and eastern EU member states but was lower than other northern EU member states. High percentages of medium and large enterprises across the EU reported having a website or homepage. *See Table 10.5.*

Table 10.5 Percentage of enterprises having a web site or a homepage by employment size class 2006

%

	10 - 49	50 - 249	250+	Total
EU 25	**60**	**81**	**90**	**64**
Belgium	65	83	90	**69**
Czech Republic	66	83	91	**70**
Denmark	81	93	98	**83**
Germany	69	89	91	**73**
Estonia	54	75	85	**58**
Ireland	59	78	92	**64**
Greece	57	75	88	**60**
Spain	43	67	82	**47**
France	58	77	92	**61**
Italy	54	77	88	**57**
Cyprus	37	73	94	**43**
Latvia	30	52	69	**34**
Lithuania	35	62	80	**42**
Luxembourg	57	72	90	**60**
Hungary	39	55	66	**42**
Malta	:	:	:	**:**
Netherlands	77	89	94	**79**
Austria	75	91	97	**78**
Poland	47	76	87	**53**
Portugal	31	57	84	**35**
Slovenia	57	76	95	**62**
Slovakia	58	72	80	**61**
Finland	77	92	90	**80**
Sweden	85	94	98	**86**
United Kingdom	71	91	95	**75**
Bulgaria	29	46	66	**33**
Romania	:	:	:	**:**
Norway	69	87	91	**72**
Iceland	71	91	100	**75**

Source: Eurostat

: Data not available

Innovation

Just under half of small Irish businesses reported innovation activity over the period 2002 – 2004. This compares quite favourably with the other EU25 member states. Small businesses in Germany (60%) reported the highest level of innovation activity of all member states. Ireland showed similar levels of innovation activity by small businesses to Belgium, Denmark, Estonia, Luxembourg, Austria and Sweden. Some 65% of Irish medium sized enterprises reported innovation activity. This was among the highest in the EU, with only Germany, Sweden and Belgium reporting higher levels of innovation by medium sized enterprises. Three quarters of large Irish firms indicated that they had innovation activity. This compares well across the EU25 and shows a similar level to Denmark, France, Luxembourg, Portugal, Finland and Sweden. *See Table 10.6.*

Table 10.6 Enterprises with innovation activities as a percentage of the total number of enterprises by employment size class 2004

%

	10 - 49	50 - 249	250+	Total
EU 25	:	:	:	**:**
Belgium	47	66	83	**51**
Czech Republic	32	50	70	**38**
Denmark	49	59	78	**52**
Germany	60	74	89	**65**
Estonia	45	58	80	**49**
Ireland	47	65	75	**52**
Greece	34	43	67	**36**
Spain	32	44	66	**35**
France	27	51	73	**33**
Italy	33	53	69	**36**
Cyprus	43	61	81	**46**
Latvia	14	27	53	**18**
Lithuania	22	42	64	**29**
Luxembourg	47	63	79	**52**
Hungary	17	30	52	**21**
Malta	17	29	67	**21**
Netherlands	30	48	71	**34**
Austria	48	64	82	**52**
Poland	18	39	64	**25**
Portugal	36	60	72	**41**
Slovenia	19	41	70	**27**
Slovakia	16	34	58	**23**
Finland	37	60	76	**43**
Sweden	45	67	78	**50**
United Kingdom	40	53	63	**43**
Bulgaria	13	23	33	**16**
Romania	16	24	42	**20**
Norway	32	53	63	**37**
Iceland	50	59	63	**52**

Source: Eurostat

: Data not available

Research and Development (R&D)

The latest year for which comparable EU data on R&D expenditure is available is 2003. The results show that large firms accounted for half of the total R&D spend in Ireland. Small firms were responsible for just under a quarter of the total spend on R&D while medium firms contributed slightly over a quarter of the total spend. A different pattern is observed in other EU member states where the bulk of spending on R&D is done by large businesses – Germany (92%), Sweden (88%), UK (87%), Finland (79%). Accordingly, Ireland's proportionate spend on R&D by small business is one of the highest in the EU. Expenditure on R&D by medium size firms in Ireland is also high relative to its EU counterparts. *See Table 10.7.*

Table 10.7 Business enterprise R&D expenditure (BERD) by employment size class 2003

€m

	Small Business		Medium	Large		
	1 - 9	10 - 49	50 - 249	250 - 499	500+	Total
EU25	:	:	:	:	:	**120,991.1**
Belgium	136.5	440.6	793.6	380.5	1,856.7	**3,607.9**
Czech Republic	10.9	47.7	168.3	48.8	341.9	**617.6**
Denmark	147.8	356.7	517.7	413.2	1,919.4	**3,354.8**
Germany	70.0	668.0	2,448.0	1,705.0	33,139.0	**38,029.0**
Estonia	2.8	2.6	8.5	1.8	6.9	**22.7**
Ireland[1]	32.9	211.1	299.6	171.0	390.4	**1,105.0**
Greece	4.3	55.7	105.0	23.6	125.0	**313.5**
Spain	62.1	751.5	1,074.9	656.5	1,898.5	**4,443.4**
France	:	:	:	:	:	**21,646.2**
Italy	:	:	:	:	:	**6,979.0**
Cyprus	1.8	1.1	1.7	0.5	3.8	**8.8**
Latvia	1.4	4.7	3.4	0.1	3.3	**13.0**
Lithuania	1.4	1.1	12.9	1.9	6.0	**23.2**
Luxembourg	:	:	:	:	:	**379.4**
Hungary	13.2	17.0	24.6	30.4	169.3	**254.6**
Malta	:	:	:	:	:	**3.5**
Netherlands	0.0	388.0	898.0	c	c	**4,804.0**
Austria	:	:	:	:	:	**:**
Poland	3.8	15.3	100.6	56.6	107.7	**284.0**
Portugal	13.8	52.5	69.4	68.9	133.5	**338.0**
Slovenia	7.3	8.2	34.8	17.4	:	**209.4**
Slovakia	2.9	11.0	28.7	22.7	28.0	**93.4**
Finland	68.4	240.5	432.7	301.7	2,484.7	**3,527.9**
Sweden	:	:	964.4	455.3	6,466.3	**7,886.0**
United Kingdom	323.2	825.6	2,729.3	1,932.9	13,967.4	**18,319.4**
Bulgaria	*1.1*	*1.8*	*3.3*	*1.9*	*9.5*	***17.7***
Romania	*11.8*	*5.9*	*22.2*	*24.4*	*53.8*	***118.1***
Norway	*:*	*459.2*	*645.5*	*139.9*	*:*	***1,959.9***
Iceland	*:*	*:*	*:*	*:*	*:*	***141.7***

Source: Eurostat

[1] More up to date information on R&D expenditure is presented in Chapter 9. The 2003 data was used for comparison purposes only.

: Data not available

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Appendix 1

Definitions

Enterprise

An enterprise is defined as the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision making, especially for the allocation of its current resources (e.g. company, partnership, individual proprietorship, etc.). An enterprise may be a sole legal unit.

Enterprise Size

For the purpose of this report the following definitions apply:

Small Enterprise: A small enterprise is defined as an enterprise which has fewer than 50 persons engaged.

Medium Enterprise: A medium enterprise is defined as an enterprise which has at least 50 but fewer than 250 persons engaged.

Large Enterprise: A large enterprise is defined as an enterprise which has at least 250 persons engaged.

Persons Engaged

All persons who worked (full or part-time) in an enterprise. This includes proprietors, partners, directors and family members working in the enterprise. Persons temporarily absent because of illness, holidays or strike (with or without pay) are also included as are temporary, casual and seasonal employees. In 2004, the Census of Industrial Production, the Annual Services Inquiry and the Census of Building and Construction measured persons engaged during the pay week ended September 10th.

Turnover

Turnover comprises the net selling value of goods manufactured by the enterprise, of services provided by the enterprise for others, of goods sold without further processing and the value of miscellaneous items of turnover (such as rents, licence fees, royalties etc.). Turnover includes all duties and taxes on the goods or services invoiced by the enterprise with the exception of VAT. Operation subsidies received from public authorities or the institutions of the European Union are excluded.

Gross Value Added (GVA)

Gross value added is the difference between output and intermediate consumption for any given sector/industry. It is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

Nationality of Ownership

Nationality of ownership is specified according to where the ultimate beneficial owner (i.e. the top company in the corporate structure) is located.

Gross Output

Gross output represents the net selling value of all goods manufactured in the year, whether sold or not, including work done and capital assets manufactured for own use. Operating subsidies related to the production or sales of the output are included in the value of gross output; excise duty and VAT are excluded.

NACE

NACE Rev. 1.1 is the statistical classification of economic activities in the European Community. *See Appendix 3 for further details.*

NUTS Regions

The regional classifications in this publication are based on the NUTS (Nomenclature of Territorial Units) classification used by Eurostat. *See Appendix 3 for further details.*

Family Owned Business

An enterprise is defined as a family owned business if it meets one or more of the following conditions:

- An enterprise where one family holds more than 50% of the voting shares
- A family supplies a significant proportion of the enterprises senior management and is effectively controlling the business
- An enterprise where there is evidence of more than one generation working in the business
- An enterprise that is influenced by a family or a family relationship and that perceives itself to be a family business.

Labour Costs

Total labour costs include wages and salaries, employers' contributions to social security, training costs and other labour costs. Employment subsidies are deducted in deriving aggregate labour costs.

Hours Worked

Part-time Employees: Part-time employees are defined as those who normally work less than 30 hours per week. This includes persons who work for some whole days per week as well as those who work for part days.

Full-time Equivalent Employees: Full-time equivalent employees are converted to wholetime equivalents, on the basis of hours worked at enterprise level.

DSL (Digital Subscriber Line)

DSL technologies are designed to increase bandwidth available over standard copper telephone wires. Includes IDSL, HDSL, SDSL, ADSL, RADSL, VDSL, DSL-Lite and xDSL.

EDI (Electronic Data Interchange)

Electronic exchange of forms, such as for orders, between geographically dispersed locations.

ISDN (Integrated Services Digital Network)

ISDN involves the digitisation of the telephone network, which permits voice, data, text, graphics, music, video, and other source material to be transmitted over existing telephone wires.

Appendix 2

Data Sources

Census of Industrial Production

This Census is conducted annually by the Central Statistics Office and covers all enterprises which are wholly or primarily engaged in industrial production and which have three or more persons engaged. The results cover NACE Rev. 1.1 sections C, D and E; i.e. mining, quarrying, manufacturing, electricity, gas and water supply. The information collected includes details of turnover, inputs, stocks, capital assets and employment.

Annual Services Inquiry

The Annual Services Inquiry is an enterprise survey. The survey covers all enterprises in the retail, wholesale, real estate, renting and business services and other selected sectors (NACE Rev. 1.1 sections G, H, I, K and O). The Annual Services Inquiry primarily covers balance sheet information: turnover, purchases, stocks, personnel costs etc.

Census of Building and Construction

This is an annual inquiry to firms in the private (i.e. non-State) sector with twenty or more persons engaged whose main activity is building, construction or civil engineering, i.e. firms classified to section F of the NACE Industrial Classification of Economic Activity in the European Communities (NACE Rev. 1.1).

Labour Costs Survey

The Labour Costs Survey results relate to enterprises with ten or more employees in 2004. A sample of enterprises with ten to nineteen employees was surveyed together with all enterprises with twenty or more employees. The sample was representative of each NACE sector except for agriculture, forestry and fishing, which were not included in the survey. Data was collected at the enterprise level. Only enterprises trading throughout the year 2004 are included and any enterprises that commenced or ceased trading during 2004 are not included.

Enterprise Survey of e-commerce and ICT

This survey was first conducted by the CSO in October 2002 and since then has been conducted in March of each year. The survey measures the extent to which Irish businesses use e-commerce and ICT. The results presented in this report are for the March 2006 survey. The survey covered manufacturing enterprises with 3 or more employees, construction enterprises with 20 or more employees and enterprises with 10 or more employees in a range of service sectors.

Quarterly National Household Survey (QNHS)

This is a continuous survey in which 3,000 households are interviewed each week to give a total sample of 39,000 households each quarter. The survey asks demographic and labour force questions, which are the basis for the CSO's quarterly labour force figures. The survey also includes modules on social and other topics from time to time. The grossing procedure aligns the distribution of persons covered in the sample with independently determined population estimates at the level of sex, age group and region. The results are subject to sampling and other survey errors. Sampling errors have a relatively larger effect on smaller estimates and on the interpretation of some year-on-year trends. The reference quarters for survey results are: Q1 - December to February, Q2- March to May, Q3 - June to August and Q4 - September to November.

Business Expenditure on Research and Development Survey (BERD)

The BERD is a biennial survey undertaken by Forfás to measure R&D activities by businesses across Ireland. The Economic and Social Research Institute (ESRI) was commissioned by Forfás to undertake the fieldwork for the 2005 BERD survey. The population to be surveyed consisted of all firms undertaking R&D activities in Ireland identified from various sources including the Forfás database of R&D active firms. The survey design and methodology were determined by Forfás, following the international rules and guidelines set down in the EU and OECD's Frascati Manual which governs the gathering of international R&D statistics.

For further information please see:
http://www.forfas.ie/publications/forfas070325_berd_report/forfas070325_berd_report.pdf

Forfas Community Innovation Survey 2004 (CIS4)

The Community Innovation Survey 2004 undertaken by Forfás measures innovation activity in businesses across Ireland. The survey covers innovation activity in the period 2002-2004. It has been carried out under the agreed set of international rules as laid out in the OECD Oslo Manual. The survey covers enterprises with 10 or more employees in the industrial and selected service sectors.

For further information please see:
http://www.forfas.ie/publications/forfas060920/forfas060920_innovation_survey_webopt.pdf

International Comparisons

The international comparisons in Chapter 10 are based on information from Eurostat.

Appendix 3

Classifications

NACE Rev 1.1 Classifications

NACE Rev. 1.1 is the statistical classification of economic activities. NACE is an acronym for 'Nomenclature Générale des Activités Économiques dans les Communautés Européennes' (General Industrial Classification of Economic Activities within the European Communities). It should be noted that a new version is under development and this new version (NACE Rev. 2) will incorporate major changes to the current classification.

Section A	Agriculture, hunting and forestry
Section B	Fishing
Section C	Mining and quarrying
Section D	Manufacturing
Section E	Electricity, gas and water supply
Section F	Construction
Section G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
Section H	Hotels and restaurants
Section I	Transport, storage and communications
Section J	Financial intermediation
Section K	Real estate, renting and business activities
Section L	Public administration and defence; compulsory social security
Section M	Education
Section N	Health and social work
Section O	Other community, social and personal service activities
Section P	Activities of households
Section Q	Extra-territorial organisations and bodies

The information presented in this report covers the industry, services and construction sectors. The following highlights the composition of these sectors in this report:

Industry	Section C	Mining and quarrying
	Section D	Manufacturing
	Section E	Electricity, gas and water supply
Construction	Section F	Construction
Services	Section G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
	Section H	Hotels and restaurants
	Section I	Transport, storage and communications
	Section K	Real estate, renting and business activities
	Section O	Other community, social and personal service activities

Occupations

The classification system for occupational data in the QNHS is based on the UK Standard Occupational Classification (SOC) with some modifications to reflect the Irish labour market. This national classification is mapped to the International Standard Classification of Occupations - ISCO-88 (Com) to produce comparable estimates at international level. Chapter 8 presents some occupational data classified according to broad occupation groups. These broad occupation groups, displayed below, are based on the ISCO 88 (COM) classification.

Broad occupation[1] groups based on ISCO-88 (COM)

Highly skilled non-manual

1 Legislators, senior officials and managers
2 Professionals
3 Technicians and associate professionals

Low skilled non-manual

4 Clerks
5 Service workers and shop and market sales workers

Skilled manual

6 Skilled agricultural and fishery workers
7 Craft and related workers
8 Plant and machine operators and assemblers

Elementary occupations

9 Elementary occupations

[1]Excludes armed forces

NUTS Regional Classification for Ireland

The regional classifications used in this report are based on the NUTS (Nomenclature of Territorial Units) classification used by Eurostat. The eight Regional Authorities (NUTS 3 regions) were established under the Local Government Act, 1991 (Regional Authorities) (Establishment) Order, 1993 which came into operation on 1 January 1994. The NUTS 2 regions, which were proposed by Government and agreed by Eurostat in 1999, are groupings of the Regional Authorities. The composition of the regions is set out below.

NUTS 2 Regions	Regional Authorities (NUTS 3 Regions)	Constituent counties (NUTS 4 Regions)	Type of area
Border, Midland and Western			
	Border	Cavan	Administrative county
		Donegal	Administrative county
		Leitrim	Administrative county
		Louth	Administrative county
		Monaghan	Administrative county
		Sligo	Administrative county
	Midland	Laoighis	Administrative county
		Longford	Administrative county
		Offaly	Administrative county
		Westmeath	Administrative county
	West	Galway	County Borough
		Galway	Administrative county
		Mayo	Administrative county
		Roscommon	Administrative county
Southern and Eastern			
	Dublin	Dublin	County Borough
		Dun Laoghaire - Rathdown	Administrative county
		Fingal	Administrative county
		South Dublin	Administrative county
	Mid-East	Kildare	Administrative county
		Meath	Administrative county
		Wicklow	Administrative county
	Mid-West	Clare	Administrative county
		Limerick	County Borough
		Limerick	Administrative county
		Tipperary North Riding	Administrative county
	South-East	Carlow	Administrative county
		Kilkenny	Administrative county
		Tipperary South Riding	Administrative county
		Waterford	County Borough
		Waterford	Administrative county
		Wexford	Administrative county
	South-West	Cork	County Borough
		Cork	Administrative county
		Kerry	Administrative county

Appendix 4

CSO Thematic Publications

The Central Statistics Office publishes a number of broad thematic publications which are available for purchase from the Central Statistics Office, Information Section, Skehard Road, Cork; from the Government Publications Sales Office, Sun Alliance House, Molesworth Street, Dublin 2; or through any bookseller. In addition all Central Statistics Office publications are available for download free of charge from www.cso.ie.

Current publications include:

Measuring Ireland's Progress

Women and Men in Ireland

Information Society and Telecommunications

Construction and Housing in Ireland

Other topics will include:

Equality

Ageing

Children

Quality of Life