

Small Business Forum

Supplementary Submission from the BMW Regional Assembly

1. Introduction

The enterprise environment of the BMW Region differs to that of the S&E Region (in particular the Greater Dublin Area) in a number of ways. The BMW regional economy is in a state of transition, with a marked change from a reliance on agriculture sectors to a greater role for the high-tech and services sectors. In comparison to the S&E region however, there is still a much greater reliance on the forestry, fishing and agriculture sectors. Overall there is a greater reliance on small businesses and a lower prevalence of foreign-owned high value ICT and pharmachem companies

There is widespread variation in the costs associated with doing business, in productivity and performance and in business start-up and growth rates across Ireland.

There are due to many factors such as:

- Peripherality (distance from the market)
- Inadequate transport infrastructure – poor quality road and public transport services
- Energy costs (unavailability of natural gas to most businesses)
- Connectivity – unavailability and/or high costs of broadband
- Slower market growth and smaller market size in provincial locations

The economic environment for small businesses is therefore less supportive in rural and regional locations. Boosting entrepreneurship in the BMW region to the national level would be of enormous benefit to the region and to the performance of the national economy. At the same time, many small businesses in the Greater Dublin Area have to incur costs associated with congestion.

As a broad objective, the small business forum should support the case for a better spatial distribution of public investment and economic activity in Ireland. This would benefit both Dublin-based and region-based small businesses.

All public agencies should use the National Spatial Strategy as a basis for their policies/strategies taking into account the needs of smaller and rural firms and the specific needs of firms according to their geographic location. (e.g. employment creation is still a major issue for the North West).

Economic and enterprise support strategies should have clear regional targets.

2. Addressing Cost Issues

To overcome cost issues, it is essential that the Irish Government makes optimal use of state aids through selective grant aid and loan/venture capital schemes

Tax incentive schemes should continue to play an important role in supporting selective area-based and sectoral development programmes. For example, the Upper Shannon Rural Renewal Scheme has had a very positive impact on its area.

The costs and constraints facing small businesses in regional locations would be greatly reduced if there was a better spatial distribution of public investment and economic activity in Ireland.

3. Productivity and Performance

With 27% of the population, the BMW region produces just 19% of national output, signifying a wide productivity gap. RTDI is weak in the BMW Region, partly due to low expenditure of research funding in the region, relatively poor absorption capacity and the lack of 3rd level institutes active in research.

An Audit of Innovation in the BMW region, published in 2004 found that on a number of indicators, innovation in the region is relatively low and suggests a number of building blocks, which should be developed for the region, including venture capital, cluster development, entrepreneurship and SME support systems, third level commitment to economic development and human resource development

There is a need for greater technology transfer between research/teaching institutions and companies and between companies. It should also be more local client focused. This can be achieved through programmes such as Technology Transfer and the Applied Research Enhancement Schemes.

4. Entrepreneurship and Growth

The rate of business start-up is only 50% of the national average in the BMW region.

There is an apparent gap in the support system whereby many small businesses out-grow the supports available from County Enterprise Boards, but do not yet qualify for Enterprise Ireland supports. This issue may be addressed in the context of the new role of EI on relation to the CEBs.

The BMW Regional Assembly supports the recommendations made in the Rural Enterprise Review (2004) that a greater role should be given to the County Enterprise Boards as the first port of call, more soft supports to be made available to tourism

providers and more specialist sectoral support of national agencies to be made available to rural enterprises.

Earlier intervention is required for the retraining of workers e.g. the One Step Up Programme currently being delivered by FÁS

Industrial policy is often too focused on High Potential Start Up category, which means that small businesses are often not able to benefit

There is a need to promote entrepreneurship among all groups, but particularly young people. More enterprise education should be incorporated into the second and enterprise development should be available as an optional or add-on module for all undergraduate programmes. 3rd level outreach and adult education require further resources.

Programmes supporting women in business should be enhanced. Some of the County Enterprise Boards have been very successful in this regard.

Entrepreneurship should continue to be supported through a comprehensive mentoring programme that would bring experienced business people into wider contact with the general population, notably young people.

Enterprise development programmes, incubation, On-Campus Company programmes etc. should receive greater support in both the Institutes of Technology and Universities

Enterprise Development Programmes (e.g., the international EDP programme developed by Lónra the Regional Higher Education Network for the BMW Region) should be rolled out.

5. Conclusion

The small business sector requires particular supports, which are not always catered for in general enterprise policy and many of the current supports focus on export-oriented and High Potential Start Ups (HPSUs), which does not suit the needs of all small firms. Business support programmes require flexibility and need to operate in a co-ordinated and integrated manner, with the involvement of other partners where necessary, such as third-level institutions (for research and training).

Themes such as innovation, accessibility and entrepreneurship have been prioritised by the EU Commission for the 2007-2013 round of EU Structural Funds. This presents an important opportunity to re-orient enterprise policy and particularly policy to support small firms towards the needs of firms in different geographic locations (taking into consideration employment pool, distance to markets, relevant infrastructure, links with third level institutions etc.) and particular supports are also required for rural enterprises as recommended in the Rural Enterprise Review.