

Chapter

6

The Role of the Enterprise Development Agencies

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The State's primary responsibility in relation to enterprise policy is to ensure that the broad environment and essential conditions for business are in place.

Enterprise Development Agencies should only intervene to address market failures. At this stage of Ireland's development, we believe that only the following interventions are appropriate:

- » Facilitating access to overseas markets
- » Encouraging R&D and technology application
- » Attracting foreign direct investment
- » Fostering entrepreneurship
- » Training for those in the labour market.

Recommendations in relation to the above have been set out in Chapters 4 and 5.

Historically state intervention has been undertaken primarily through the state development agencies. In future, we envisage a growing role for the private sector in driving initiatives through networks of companies with common interests. The development agencies will continue to have an important role in both enterprise development and in facilitating the emergence of enterprise-led networks.

This Chapter addresses the need for change in the development agencies to meet future enterprise needs and the skills required in these agencies. The Chapter has two sections:

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6.1 Meeting Future Needs

A continued focus on foreign direct investment will be an important part of Ireland's future success. Greater success in developing indigenous internationally-trading companies will also be critical.

Sustainable enterprise will be achieved by fostering strong collaboration between indigenous and foreign-owned businesses in key sectors, by networking, by assisting firms internationally with sales, outsourcing and alliance opportunities, by supporting demand-driven R&D, by identifying technology transfer opportunities to satisfy sectoral needs, and by fostering entrepreneurship and skills development in the labour force.

State intervention needs to adapt to support these future needs. This will necessitate:

- » Increasing collaboration between existing enterprise agencies to ensure the coordinated policy approach and focus necessary to develop and implement strategies and realise synergies across Irish and foreign-owned businesses
- » Bringing together in a more integrated way the development and support services provided at present on a separate basis by Enterprise Ireland, Shannon Development and the City and County Enterprise Boards.

The 35 City and County Enterprise Boards play a valuable role in fostering entrepreneurship and enhancing the business environment at local level. Improved co-ordination of their activities would facilitate widespread roll-out of best practice in client support, as well as synergies in the areas of training and information provision.¹²⁸ Plans for decentralisation, which envisage the relocation of the headquarters of Enterprise Ireland (with 300 staff) to Shannon, call into question the need for a separate development agency in the form of Shannon Development.

If we are to appropriately address the challenges facing enterprises, agency resources must be focused on building enterprise capability in markets and applied R&D. We need structures that have their own identities and budgets, with strong leadership, direction and energy to focus on core functions. As discussed in Chapter 4, a dedicated focus is required within Enterprise Ireland to promote market intelligence and exports ('Export Ireland'), and to build capability in applied research ('Technology Ireland').

Recommendations

The Boards of Forfás, IDA Ireland and Enterprise Ireland should have a number of directors in common, and in particular a common Chairperson.

The enterprise activities of Shannon Development should be brought within the remit of Enterprise Ireland and IDA Ireland.

The City and County Enterprise Boards (CEBs) should be integrated into the mainstream enterprise development system by establishing a Central Coordination Unit in Enterprise Ireland. This unit should provide central direction, technical support, shared services and quality assurance, to further enhance the effectiveness, efficiency and impact of the CEBs.

(Department of Enterprise, Trade and Employment)

¹²⁸ Fitzpatrick Associates, *Review of the Role of the County and City Enterprise Boards in the Development of Micro-Enterprises*, November 2003.

Ireland's future economic development will depend to a large degree on our ability to produce the changing skills required by enterprise over the coming decade. It is estimated that 80% of the global workforce of 2015 is already in the labour force.¹²⁹ As the quantity of people entering the labour force will decline in Ireland (as set out in Chapter 2), enhancing the skills of the existing labour force will grow in importance. This implies a need for continual training and re-training.

FÁS, as the national training body, should further prioritise activities aimed at training those in the labour force. The design and provision of FÁS training programmes should support the proposed national 'One Step Up' initiative as outlined in Chapter 4. FÁS should have a central role in the delivery of this initiative in consultation with other relevant agencies and necessary resources should be allocated accordingly. All training courses should be delivered to high quality standards to ensure that they are recognised and valued by industry. FÁS apprenticeship courses have been successful in this regard.

Recommendations

There should be an increased focus by FÁS on training for those in the labour force. Funding should be allocated to reflect this reorientation of FÁS's remit.

The Government should review its approach to the delivery of the community employment and training initiatives. These should not be a priority for FÁS.
(Government)

6.2 Skills Required in the Enterprise Development Agencies

The enterprise environment over the next decade will be particularly challenging and fundamentally different from that which obtained in the past. For the agencies to contribute as effectively to enterprise development in the future, staff within the agencies must have a strong and detailed understanding of existing and emerging sectoral opportunities. This will require a step-change in integrated cross-agency teamwork and in the depth, quality and consistency of expertise in the enterprise agencies, including:

- » In-depth knowledge of the sectors in which Ireland has or is developing a strong position
- » Specialist skills in the activities of sales and marketing, and applied technology development.

Delivering the state interventions effectively will require that staff in the agencies act as 'enterprise catalysts'. This implies a more active involvement with the companies than the provision of information and grants, but stops short of determining priorities and directions of development. The catalyst role requires the agencies to:

- » Stimulate firms and groups of firms to evaluate and adopt appropriate strategies
- » Provide support at both firm and sector level to companies in executing their strategies.

129 ILO, cited in *Towards a Strategic Plan*, Berglind Ásgeirsdóttir, Deputy Secretary General, OECD, 2003.

Achieving a detailed understanding of individual sectors or activities will require that staff in the agencies work consistently for a number of years with a range of firms engaged in the same sector or activity – ideally both in Ireland and in the overseas marketplace. It implies close co-operation between:

- » Staff within an agency who are assisting the same firms with different aspects of business
- » Staff in different agencies who are assisting firms in the same sector or activity.

This will maximise knowledge transfer, efficiencies and identification of new opportunities.

Recommendations

Develop sector expertise in the enterprise agencies by:

- » Organising operations in each agency around groups of clients with common interests, with these groupings as consistent as possible across the agencies
- » Recruiting specialist expertise from outside the agencies in order to drive the export sales and applied technology agendas across enterprise.
(Enterprise development agencies)