THE ECONOMIC IMPACT OF SMALL BUSINESS IN IRELAND

Prepared by:

DKM Economic Consultants Ltd.

9th March 2006

DKM Economic Consultants Ltd.,
Davy House,
49 Dawson Street,
Dublin 2.
Telephone: 353 1 6797755
Fax: 353 1 6796379
E-mail: john.lawlor@davy.ie
www.dkmeconomics.ie

ACKNOWLEDGEMENTS

The Authors would like to record their appreciation of all those who assisted in the compilation of this report. Particularly worthy of mention are staff in the Central Statistics Office, the Revenue Commissioners and in IDS MediaGroup, who provided the bulk of the statistics used, much of which required their undertaking additional analysis. Thanks are also due to Forfás staff for their assistance, and to members of the Small Business Forum for their comments and insights on earlier drafts of this report. Any erroneous conclusions drawn from the statistics are the responsibility of the authors.

CONTENTS

Executive Summary

In July 2005 The Minister for Enterprise, Trade and Employment announced the establishment of the Small Business Forum. The over-arching task of the Forum is to consider the current environment for small businesses in Ireland and to advise on the adequacy and appropriateness of policy responses and interventions. On foot of this, the Forum commissioned research from DKM Economic Consultants on the economic activity and impact of small business in Ireland, the purpose of which was to establish the size, profile and contribution to the national economy of the sector, and how these have changed over time.

The study is primarily concerned with providing a statistical profile of the small business sector in Ireland, specifically the number of small businesses, and their:

- Employment Levels
- Sectoral Split
- Legal Form
- Regional Distribution
- Contribution to GDP (Total & per Worker)
- Contribution to Tax Revenue, and
- Level of Turnover & Exports.

The data are required for the latest available year, and five and ten years previously., and recommendations are made on future data requirements.

The consultants' findings are compiled in this Executive Summary. Their main recommendations are that:

- The CSO's Business Register, currently under development, should be brought to fruition within the planned timeframe (late 2006), with a view to providing definitive information on Irish businesses, and in particular on small businesses;
- An annual Small Businesses report should then be produced, drawn from the Register;
- A "Social Module" of the Quarterly National Household Survey analysing data on Small Businesses should be produced at the earliest opportunity.

Number of Small Businesses in Ireland

Data have been gathered from a range of sources, mainly the CSO and the Revenue Commissioners, on the number of small businesses in Ireland, but unfortunately there remains a degree of uncertainty (see Section 2.2.6 of the body of the report for discussion). Subject to this, DKM estimate that:

- There may be roughly 250,000 small businesses in Ireland as of 2005, though this could vary in either direction by 10-15%.

- The total number of small businesses in 2000 would have been roughly 220,000 and the total in 1995 would have been roughly 160,000, with a similar potential error range.

- Thus the number of small firms has grown by over 50% in the last ten years. Growth in numbers was stronger in the first five years (1995 to 2000), at 38% or 6.6% per annum; this fell to 14% or 2.6% per annum in 2000 to 2005.

- Small firms represent 97-98% of the total number of enterprises in Ireland.

Sectoral Profile of Small Businesses

The estimated sectoral profile of small businesses in 2005, 2000 and 1995 is presented in Table 1 and Figure 1, relying mainly on CSO data. A greater degree of certainty attaches to the more recent data.

Table 1: Estimation of Number of Small Enterprises by Sector ('000s) 2005, 2000 and 1995

NACE Classification	Number of Small Enterprises			Annual Avg Growth	
	2005	2000	1995	2000 -2005	1995-2000
C-E Industry	22	22	16	0.1%	6.3%
F Construction	63	53	27	3.4%	14.4%
G Wholesale and Retail	42	43	43	-0.2%	-0.1%
H Hospitality	15	16	16	-1.3%	0.4%
I Transport, Communication	27	19	12	7.6%	9.6%
J Financial Services	5	3	1	8.2%	32.5%
K Business Services	34	30	20	2.6%	7.7%
M Education	5	4	3	6.5%	6.0%
N Health	12	11	6	2.1%	11.2%
O Other Services	24	19	15	4.7%	4.4%
Total	**250**	**220**	**160**	**2.6%**	**6.6%**
Small Firms as %age of Total	**97.0%**	**97.5%**	**98.0%**		
Sectoral Split					
C-E Industry	9.0%	10.1%	10.2%		
F Construction	25.2%	24.2%	17.0%		
G Wholesale and Retail	17.0%	19.4%	26.8%		
H Hospitality	6.1%	7.4%	9.9%		
I Transport, Communication	10.9%	8.6%	7.4%		
J Financial Services	2.0%	1.6%	0.5%		
K Business Services	13.5%	13.5%	12.8%		
M Education	2.1%	1.7%	1.8%		
N Health	4.9%	5.0%	4.1%		
O Other Services	9.5%	8.6%	9.5%		
Total	**100.0%**	**100.0%**	**100.0%**		

Source: CSO, Financial Regulator, IDS MediaGroup, DKM estimates.

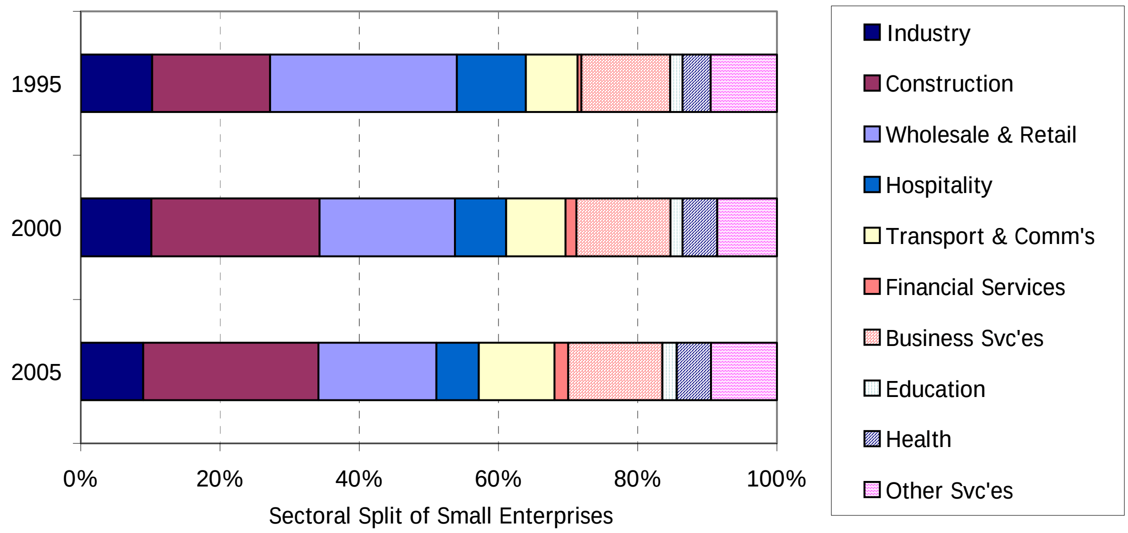
The main points are:

- Currently a quarter of all small enterprises are in Construction, the number of firms in this sector having more than doubled in ten years (growth was stronger pre-2000).

- The number of small firms in Wholesale & Retail has declined over the period. This perhaps reflects consolidation in the sector.

- The number of industrial firms grew strongly in 1995-2000, but has been static since.

Figure 1: Sectoral Split of Small Businesses, 2005, 2000 & 1995



Source: CSO, Financial Regulator, IDS MediaGroup, DKM estimates.

Numbers Engaged in Small Businesses

With numbers employed, there is the advantage that the QNHS gives the total employment in the State on a quarterly basis, so the data must reconcile with this. The estimates are based mainly on CSO data, as summarised in Table 2 and Figure 2 overleaf. Again, greater certainty attaches to the more recent data. The main points are:

- Some 777,000, or 54% of the total private sector non-agricultural workforce, are currently working in small enterprises. This compares with 435,000 in 1995, an increase of 79% in the ten years. As with enterprise numbers, the strongest growth was pre-2000.

- The proportion of the total private non-agricultural working in small enterprises is increasing gradually over time, from 49% in 1995 to 53% in 2005.

- Some 27% of those working in small enterprises are in Construction (the strongest growing sector over the past decade), 20% are in Wholesale & Retail, 14% are in Industry, and 12% are in Business Services.

- Employment in small industrial enterprises has been contracting since 2000.

Table 2: Estimation of Workforce in Small Enterprises by Sector, ('000s) 2005, 2000 and 1995

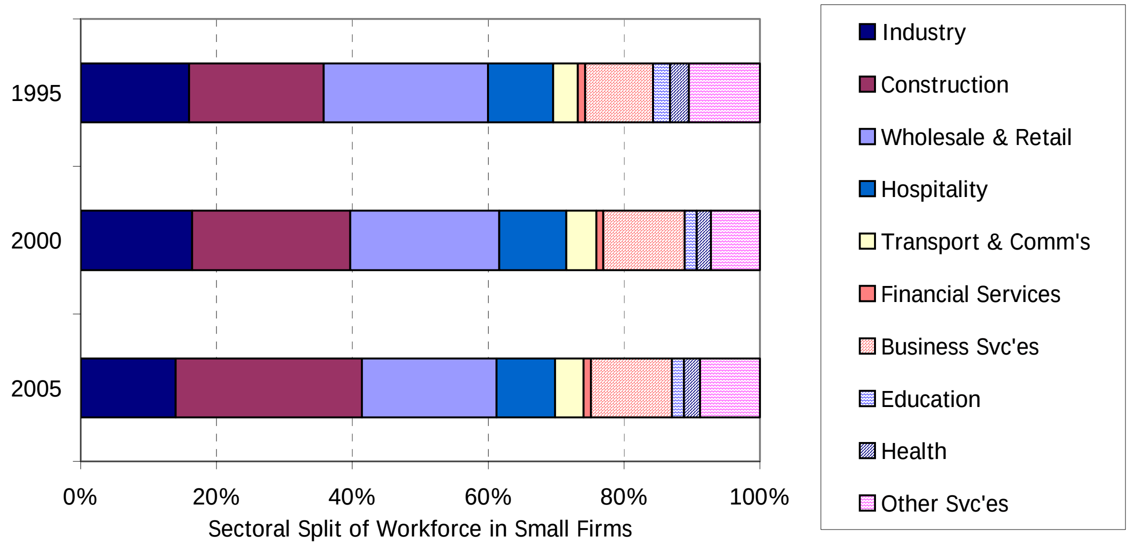
NACE Classification	Workforce in Small Enterprises			Annual Avg Growth	
	2005	**2000**	**1995**	**2000 -2005**	**1995-2000**
C-E Industry	108	109	69	-0.1%	9.4%
F Construction	213	154	86	6.7%	12.4%
G Wholesale and Retail	154	145	105	1.2%	6.7%
H Hospitality	67	65	42	0.4%	9.5%
I Transport, Communication	33	29	16	2.2%	13.2%
J Financial Services	9	7	5	4.3%	7.8%
K Business Services	92	80	43	3.1%	12.8%
M Education	14	12	11	3.5%	1.6%
N Health	18	14	12	6.1%	2.5%
O Other Services	68	48	45	7.4%	1.1%
Total	**777**	**664**	**435**	**3.2%**	**8.8%**
As %age of Total Private Non-Agricultural Workforce	**53.5%**	**51.5%**	**49.1%**		
Sectoral Split					
C-E Industry	14.0%	16.4%	16.0%		
F Construction	27.4%	23.3%	19.8%		
G Wholesale and Retail	19.8%	21.9%	24.2%		
H Hospitality	8.6%	9.9%	9.6%		
I Transport, Communication	4.2%	4.4%	3.6%		
J Financial Services	1.1%	1.0%	1.1%		
K Business Services	11.9%	12.0%	10.0%		
M Education	1.8%	1.7%	2.5%		
N Health	2.4%	2.1%	2.8%		
O Other Services	8.8%	7.2%	10.4%		
Total	**100.0%**	**100.0%**	**100.0%**		

Source: CSO, Financial Regulator, IDS MediaGroup, DKM estimates.

Legal Form

Data on legal form of businesses by size are limited, but we estimate that the split of small businesses in 2005 would be roughly 175,000 sole traders (70%), 44,000 limited companies (18%) and 31,000 partnerships (12%). Data for earlier years are not available.

Figure 2: Sectoral Split of Workforce in Small Enterprises by Sector, ('000s) 2005, 2000 and 1995



Source: CSO, Financial Regulator, IDS MediaGroup, DKM estimates.

Spatial Distribution

We have spatial data on small firms from the CSO (regional), and the Revenue Commissioners and IDS (by county). The CSO data for 2003 are summarised below (data for earlier years are very limited):

- Roughly 30% of industrial small firms and employment in them were in the BMW region, with the balance in the Southern & Eastern region. Almost 26% were in Dublin.

- Across all regions, roughly 80% of industrial firms were small.

- Overall, 25% of industrial employment was in small firms; this varied from 20% in the Mid-West to 31% in the Border region. In Dublin the figure was quite high at 28%.

- The overwhelming majority of Services firms in both the BMW and S&E regions were small.

- Small firms employed almost 70% of those engaged in Services in the BMW region, as opposed to just over 50% in the S&E region;

- Roughly 25% of small Services firms were in the BMW region, while 16% of medium and large firms were in the region;

- Likewise roughly 25% of those employed in small Services firms were in the BMW region, while 12.5% those employed in medium and large firms were in the region.

- On a per capita basis, there was a higher concentration of industrial firms in the Border, Midlands, Mid-West and South-East regions, and a lower concentration in Dublin and the Mid-East. This applied across almost all size ranges, including firms with more than 50 employed. In the cases of Dublin and the Mid-East however this may mask the locational pattern of the very largest firms, the number of which would be small.

- On a per capita basis, there were more Services firms in the S&E region than in the BMW region, and there was a pronounced weakness in the latter with regard to Transport & Communications, and Business Services, i.e. the Traded Services sectors.

In summary, the BMW region is more dependant on small firms than the S&E region, is relatively more dependant on Industry than on Services, and is weak in the Traded Services sectors.

Contribution to GDP

We have sectoral GVA data for 2003, 2000 and 1995 from the CSO, which is summarised in Table 3 (all figures are in money of the time, i.e. not adjusted for inflation). Note the data exclude GVA in small Financial Services enterprises, and industrial data refer to firms with at least three persons engaged. The main points are:

- GVA in small industrial firms was €2.4 billion in 2003, less than 6% of total industrial GVA of industrial firms, though this is likely distorted by transfer pricing practices of international firms. However, when we consider only the traditional sectors of Industry, where transfer pricing is likely to have a lesser effect, the contribution of small firms is 11%.

- Between 2000 and 2003 small industrial firms' total GVA and GVA per person both fell, whereas they both rose rapidly in 1995-2000. However, even in 1995-2000 growth in GVA was not as strong in small industrial firms as in larger firms, with the result that the percentage of total industrial GVA generated by small firms has fallen consistently since 1995.

- A somewhat different picture emerges when we consider the traditional industrial sectors: here the contribution of small firms to total industrial GVA rose between 1995 and 2000, but fell post-2000.

- In 1995 there was relatively little difference between the traditional sectors and Industry in total, in terms of the contribution by small firms to GVA, but the gap has grown considerably since. This indicates that industrial growth since 1995 has been concentrated in large firms operating in the modern sectors.

- GVA in small Services firms was €14.8 billion in 2003, 43% of total Services GVA. This has grown significantly since 2000. Data are not available for 1995.

Table 3: Summary of GVA Data for Small Firms

	Industry		Services	Construction
Aggregate GVA	€M		€M	€M
2003	2,403		14,787	7,222
2000	2,649		9,908	5,361
1995	1,622		na	2,292
As %age of Total Sectoral GVA (note 3)	**Total**	**Traditional**		
2003	5.7%	11.1%	43.6%	70.5%
2000	7.5%	15.5%	41.1%	74.9%
1995	10.4%	12.3%	na	89.8%
GVA per Person Engaged	€		€	€
2003	39,600		38,400	44,700
2000	46,200		34,100	34,700
1995	31,600		na	31,300

Notes:

1. Values are in nominal terms, i.e. not adjusted for inflation.
2. Industrial data relate only to firms with 3-49 persons engaged, and Services exclude Financial Services.
3. Traditional Industry excludes the four sub-sectors generally accepted to be dominated by high-tech multi-nationals, i.e. NACE codes 223 (software), 24 (chemicals/pharmaceuticals), and 30-33 (computers and electronics).

na .. Not available

Source: CSO various publications.

- On a per capita basis, GVA per person in small Services firms was €38,400 in 2003. The gap between per capita GVA in small industrial and Services firms is now not as wide as perhaps one would expect, and has narrowed considerably since 2000.

- GVA in small Construction firms was €7.2 billion, 70% of total Construction GVA in 2003. On a per capita basis, GVA in these firms was €44,700, higher than in Industry or Services. Growth in GVA in small Construction firms was particularly strong in 1995-2000.

- The contrast between the relative importance of small firms in Industry on the one hand and in Services and Construction on the other hand is clear, in terms of the proportion of total sectoral GVA accounted for by these firms (albeit we have been unable to identify GVA is industrial firms with fewer than three engaged).

The data in Table 3 are for 2003. Irish GDP grew by 6.8% (nominal) in 2004, and is expected to grow by roughly the same in 2005. While sectoral growth would vary (Construction has had continued strong growth while Industrial growth has apparently been subdued), aggregate Irish GVA should have grown by in the region of 14% between 2003 and 2005, in nominal terms.

Contribution to Exchequer Revenues

The data here are weak, and the following should be considered largely illustrative.

Based on Revenue Commissioners' data, small companies may have paid in the region of €520 million in Corporation Tax in 2002. The total Corporation Tax paid in 2002 was €4.8 billion, so small companies paid 11% of the total. However, total Corporation tax take is inflated by the transfer pricing practices of multi-nationals. No means was found to adjust for this.

Based on Revenue Commissioners' data, Income Tax payable by small sole trades/partnerships in 2002 may have amounted to roughly €1.72 billion. As for employees of small enterprises, Income Tax payable in 2002 would have been in the region of €1.58 billion, and PRSI (employers' and employees') would have been roughly €630 million. There would have been scope to reduce the actual tax paid by utilising the wide range of tax relief schemes available under the Irish income tax code. Total net receipts of income tax in 2002 were €9 billion, per the Revenue Commissioners Statistical Report 2003. So the implication is that small businesses and their employees accounted for 37% of total Income Tax receipts that year.

We have only been able to compile VAT data for Services firms. A net €8 billion was paid over to the Revenue Commissioners by Services firms in 2003, over half of this by the Retail & Wholesale sector. Just over 50% was paid by small firms. Much of this VAT would be deductible by the customers of these firms.

Estimates of Local Authority Rates paid by small firms are speculative, and based on numbers employed by small firms. Rates paid by these firms in 2003 might have been in the region of €440 million; on the same basis they might have been in the region of €300 million in 2000 and €200 million in 1995.

Turnover

Turnover data, based mainly on CSO sources, are summarised in Table 4 overleaf, which also covers exports (all values are in money of the time, i.e. not adjusted for inflation). Data for Financial Services are not included.

Turnover by industrial firms with at least 3 persons engaged in 2003 was €109.4 billion, of which €7.9 billion (7.2%) was by firms with fewer than 50 persons engaged. Average turnover in smaller industrial firms was €1.9 million; this compares to €111 million in firms with 50+ engaged. Comparison with data for 2000 and 1995 indicate that small firms have accounted for a decreasing share of total industrial turnover over time.

Indeed, average turnover per small industrial firm appears to have fallen between 2000 and 2003. Turnover among larger firms would be inflated by transfer pricing practices. We have been unable to differentiate between small firms in the traditional and modern sub-sectors as we did with GVA. However, the modern sub-sectors are dominated by large firms with high turnover, so this would be depressing the proportion of total turnover represented by small industrial firms.

Table 4: Turnover & Exports by Small Firms

	Industry	Services	Construction
Total Turnover by Small Firms	**€M**	**€M**	**€M**
2003	7,861	58,246	15,956
2000	7,546	44,657	12,554
1995	5,069	na	5,214
Turnover per Small Firm	**€'000**	**€'000**	**€'000**
2003	1,926	715	308
2000	1,946	738	262
1995	1,502	na	209
as a %age of Total Sectoral Turnover			
2003	7.2%	46.4%	67.0%
2000	7.4%	49.3%	71.4%
1995	10.7%	na	82.1%
Total Exports by Small Firms	**€M**	**€M**	**€M**
2003	2,183	276.7	na
2000	2,401	na	na
1995	1,723	na	na
Exports per Small Firm	**€'000**	**€'000**	**€'000**
2003	535	95	na
2000	619	na	na
1995	510	na	na
as a %age of Total Sectoral Exports			
2003	2.6%	4.0%	na
2000	3.2%	na	na
1995	5.9%	na	na

Notes:

1. Industrial data relate only to firms with 3-49 persons engaged.
2. All values are nominal, i.e. not adjusted for inflation.
3. Services data exclude Financial Services, and Services exports data relate to firms with 20-49 engaged.

na .. Not available

Source: CSO various publications

Total turnover in Services firms in 2003 was €125.6 billion, of which €58.2 billion (46%) was in small firms, confirming that small firms are relatively more prominent in the Services sector than in Industry. Average turnover in small firms was €715,000, as opposed to €38 million in firms with 50 or more engaged. Aggregate turnover in small Services firms increased in 2000-2003, but fell per firm and as a percentage of total Services turnover.

Turnover in small Construction firms has grown rapidly, particularly pre-2000, which is hardly surprising given the output and inflation growth in the sector over the last decade. Small firms are much more prominent in Construction than in the other sectors, although the proportion of total turnover accounted for by small firms has fallen considerably over the last decade.

Exports

Export data are only available for industrial firms, and for Services firms with 20+ engaged.

Industrial exports are dominated by firms with 50 or more persons engaged, and are becoming more so over time. These firms accounted for more than 97% of total industrial exports (among firms with 3+ engaged). In 1995 the figure was 89%. The contrast between exports levels in small and larger firms is stark: a high proportion of turnover (80%) in larger firms in 2003 was exported, while 28% of output in smaller firms was exported. As with turnover, average exports per small firm fell between 2000 and 2003. The same point regarding the traditional and modern sub-sectors as was made for turnover applies to exports.

Services exports are likewise concentrated in firms with 50 or more engaged, and specifically in Transport & Communication, and Business Services. Of firms with 20+ engaged, 96% of exports in 2003 were by firms with 50+ engaged, and 98% are in the two mentioned sectors. Although reliable data are not available for Services firms with fewer than 20 persons engaged, it is reasonable to assume that exports among most of these firms would not be significant. However, there are likely to be particular niches among these firms where exports are important. Services export data pre-2003 are not available.

Conclusions

Subject to uncertainties in the data, we can conclude that:

- In 2005 there were roughly 250,000 small businesses in Ireland, (97% of the total number of businesses), but this estimate carries an error range of 10-15% in either direction. It compares with 220,000 small businesses in 2000 and 160,000 in 1995, implying growth of over 50% in their numbers over the decade. Growth in numbers of small businesses has slowed appreciably since 2000.

- The strongest growth has been in Construction, which now accounts for a quarter of all small businesses. Wholesale & Retail account for 17% and Business Services for 14%. The number of small industrial enterprises has been static since 2000.

- In 2005 some 777,000, or 54% of the total private sector non-agricultural workforce, were working in small enterprises. This compares with 435,000 in 1995, an increase of 79% in the ten years. As with enterprise numbers, the strongest growth was pre-2000.

- Some 27% of those working in small enterprises are in Construction, 20% are in Wholesale & Retail, 14% are in Industry, and 12% are in Business Services. Employment in small industrial firms has fallen since 2000.

- We estimate that currently roughly 18% of small businesses are limited companies, 12% are partnerships and the remaining 70% are sole traders.

- The BMW region is more dependant on small firms than the S&E region, and is relatively more dependant on Industry than on Services. It appears to be particularly weak in Traded Services.

- In terms of contribution to GDP, small firms are more prominent in Services and Construction than in Industry. In 2003 small firms accounted for over 40% of GVA in Services (excluding Financial Services) and over 70% in Construction, compared with less than 6% in Industry.

- This is distorted by transfer pricing, but even after stripping out the modern sectors of Industry generally agreed to be most dominated by multi-nationals, small industrial firms accounted for 11% of industrial GVA. The distorting effect of transfer pricing has really arisen in the last ten years - it was much less apparent in 1995.

- GVA per worker in small industrial firms fell between 2000 and 2003, but rose considerably in Services and Construction, and the gap between Services and Industry by 2003 was small (€38,400 Vs €39,600).

- The above indicates that small firms are accounting for lower proportions of the main industrial indicators over time. However, it may simply be that the most successful small industrial firms are growing, amalgamating or being taken over by large firms over time, and thus falling out of the statistics. The available data are however not sufficient to address this issue.

- Analysis of contribution to Exchequer Revenues should be considered illustrative, but it is estimated that:

    - Small limited companies paid 11% of total Corporation Tax receipts in 2002, though this would have been distorted by transfer pricing among large companies.

    - Income tax payable by small sole traders and partnerships in 2002 might have amounted to €1.72 billion, while the employees of small businesses (including companies) might have paid in the region €1.58 billion in PAYE. Total income tax receipts in 2002 were €9 billion. So small businesses and their employees might have accounted for 37% of total income tax receipts that year.

    - The Total Local Authority Rates bill of small businesses in 2003 might have been in the region of €440 million, based on employment levels.

- The average turnover in small industrial firms in 2003 was €1.9 million, compared to €700,000 in small Services firms and €300,000 in small Construction firms. The proportion of total sectoral turnover represented by small firms matches closely the position with GVA, and is distorted by transfer pricing in the case of Industry.

- Reliable exports figures are only available for industrial firms: average exports per small industrial firm were €0.5 million in 2003, and they accounted for 2.6% of total industrial exports that year, again distorted by transfer pricing.

Recommendations

Having gone through various data sources to identify information on small businesses in Ireland, it is clear that there remain significant gaps in our knowledge of the area. The collation of data from different sources, for different time periods and collected for different purposes has resulted in a degree of incompatibility and uncertainty.

How can this situation be improved? There is no doubt that bringing to fruition the CSO's Business Register will aid the situation, as it will represent a "one stop shop" for data on businesses in Ireland, which should be internally consistent and comprehensive. It is expected that the Register will be in a usable format by late 2006. This is dependent on co-operation between the CSO and Revenue Commissioners, and needless to say keeping to the expected timeframe is important.

Once the Register is up and running, we believe that it would be valuable for the CSO to publish an annual "small businesses" release, which would cover the information categories addressed in this report. As the Register would hold data at an individual enterprise level, it could additionally provide information on business life-cycle and success and failure rates, which would be particularly useful for small businesses, and would point to the sectors where these are significant issues. The Register could also form the basis for surveys of small businesses, which would be useful for identifying problems and issues facing such businesses, motivation of entrepreneurs, etc.

An important attribute of the Business Register is that it should incorporate a unique individual business identifier, the equivalent of the PPSN number for individuals. The same identifier system should be used by both the CSO and the Revenue Commissioners. This should resolve differences in estimates of numbers of businesses per different data series held by the two organisations.

That said, the CSO currently collects a significant amount of data that would be relevant for small businesses, through the QNHS (see Table 4.1 in the main body of the report) though in most cases the data are not analysed on a regular basis. These could form the basis for addressing many of the issues raised by the terms of reference for this report. There are some limitations to this, however, including (1) the data are based on self-employed individuals, which might exclude some companies, and (2) being a survey, there could be concerns about statistical error and confidentiality.

The CSO regularly produces special "social modules" analysing data from the QNHS. Based on canvases of users, the National Statistics Board indicates priorities to the CSO for future modules. According to the March-May 2005 QNHS, additional modules have been scheduled up to the end of 2006. It would be worthwhile seeking the inclusion of a "small enterprises" module through the National Statistics Board at the earliest opportunity, subject to it not taking resources away from the development of the Business Register. The question of resources at the CSO arises with our other recommendations also.

A final point relates to the various CSO data series we have used in the course of this report, notably the QNHS, the various establishment inquiries and the National Income & Expenditure Accounts. These generate overlapping data in terms of sectoral employment and output levels, but they do not always agree with each other. The establishment inquiries (namely the Census of Industrial Production, the Annual Services Inquiry and the Census of Building & Construction) are published after both the QNHS and the National Income & Expenditure Accounts for the equivalent period, and it would be useful to address inconsistencies between them, even if they cannot be easily resolved.

Section 1: Introduction

In July 2005 The Minister for Enterprise, Trade and Employment announced the establishment of the Small Business Forum. The Forum has decided to commission research on the economic activity and impact of small business in Ireland (defined as enterprises employing fewer than 50 persons and whose annual turnover and/or annual balance sheet totals do not exceed €10 million). The purpose of this study is to establish the size, profile and contribution to the national economy of the small business sector in Ireland, and how these have changed over time.

The study is primarily concerned with gathering statistics on the small business sector in Ireland, and seeks to:

a) Identify the size of the sector, specifically:

- The number of small businesses,
- The level of employment in small businesses (including a breakdown by full- and part-time employment).

b) Describe the profile of the sector in terms of:

- The distribution of small businesses by sector of economic activity, using the most appropriate classification.
- Their legal form, e.g. incorporated companies, partnerships, sole traders, and the sectoral concentration of each.
- Their regional distribution.

c) Establish the role of the small business sector in the national economy with regard to:

- Contribution to GDP and GNP, i.e. Gross Value Added (GVA) by sector and per employee.
- Contribution to tax revenue, by taxation type (Corporation Tax, VAT, Income Tax and PRSI and Local Authority Rates).
- Level of exports.
- Level of turnover.

These indicators are compiled for three time periods: the most recent year for which data are available, and for the years five and ten years prior to this.

In addition, recommendations are to be made as to what information needs to be collected on small businesses, to improve policy formulation in the future.

A word of note is needed on the criteria for defining small firms. As stated above, these are firms employing fewer than 50 persons and whose annual turnover and/or annual balance sheet totals do not exceed €10 million. After discussions with Forfás, it has been agreed that:

1. The employment criterion is to include proprietors and theirs family members, i.e. persons engaged rather than persons employed.

2. The value criterion would concentrate only on turnover rather than balance sheet total, as the latter is more difficult to identify and its definition is less certain.

3. DKM would try to ascertain data for firms meeting both criteria, but the employment criterion would take precedence. There are some important reasons for this, including:

    (i) Number employed is a more constant measure of the size of an enterprise over time. For example, in the *Task Force on Small Business* report, published in March 1994, a turnover criterion of £3 million (€3.8 million) was used[1].

    (ii) Turnover is the sum of value-added by a firm and the value of its non-labour inputs; in some cases the latter will be very large, inflating the value of turnover. An example is house-building, where the value of land and materials would be very substantial.

    (iii) Profitability also impacts on turnover, and can vary from year to year and by sector. It can also be inflated by firms' transfer pricing practices.

In practise, it became clear in the course of this study that the only workable criterion for small firms that was consistent over time and across sectors, was that related to the number of person engaged.

The study analyses enterprises by sector based on the NACE Classification. At its broadest level, the NACE system classifies firms as per the table overleaf. Some of the sectoral describers are unwieldy, while others give an incomplete description of the activities included in the sectors. For example, Code

[1] Inflation measures can be used to express turnover in constant prices, but there are difficulties with this, including: (a) the appropriate inflation measure can vary widely by sector, for example inflation in housebuilding has been very strong in recent years, while in High-Tech sectors it has been much lower; (b) Identifying the appropriate inflation measure to use in Services sectors is difficult, and (c) published data tend to use turnover bands which remain fixed over time, and so don't reflect the impact of inflation.

H ("Hotels & Restaurants") covers all accommodation and catering, including pubs. So in some cases we use shortcut descriptions in the report, which are also given in the table. The Appendix to this report describes the NACE system in more detail.

Table 1.1: NACE Broad Classification

NACE Code	Official Description	"Shortcut" Description
A	Agriculture, Hunting, & Forestry	Agriculture
B	Fisheries	
C	Mining & Quarrying	Industry
D	Manufacturing	
E	Electricity, Gas & Water	
F	Construction	
G	Wholesale & Retail	
H	Hotels & Restaurants	Hospitality
I	Transport, Storage & Communication	Transport & Communication
J	Financial Intermediation	Financial Services
K	Real Estate, Renting & Business Activities	Business Services
L	Public Administration & Defence	
M	Education	
N	Health and Social Work	Health
O	Other community, Social and Personal Service Activities	Other Services
P	Household Activities	
Q	Extra-Territorial Organisations & Bodies	

The study excludes agriculture and fisheries (NACE codes A and B), as well as household activities and those engaged in extra-territorial organisations (NACE codes P and Q). It includes Irish branches of overseas firms that fit the criteria for small businesses.

Given the timeframe for the study, the data presented in the report comes from existing sources. The main sources of data that we have identified are the CSO, Revenue Commissioners, and Private business databases such as BusinessPro, Kompass Ireland and IDS. Other data sources would include Forfás and related agencies, Government Departments, County Enterprise Boards, the Companies' Registration Office, Business representative bodies such as ISME and SFA, and the Central Bank and the Financial Regulator.

As a final point, our study necessarily excludes activities in the "black" economy. By their nature, these do not tend to feature in official statistics (although Revenue Commissioners personnel have pointed out that the anonymised CSO surveys may be more likely to capture such activity than their own statistics). Estimates of the size of the black economy for recent years are around 5-6% of GDP; estimates made during the Nineties were significantly higher. Anecdotally, however, most relevant businesses and individuals appear to operate partly rather than wholly in the black economy, so they would be at least partly captured in the statistics.

The report is set out as follows:

Section 2 deals with the numbers of small businesses in Ireland, numbers engaged, and profiles them by economic sector, legal form and spatial distribution.

Section 3 analyses the role of small businesses to the Irish economy, in terms of contribution to GDP and Exchequer revenues, and sales and exports.

Section 4 draws together conclusions and recommendations with respect to collecting data on the small business sector in Ireland.

Section 2: Size of the Small Business Sector

2.1: Introduction

The most basic questions regarding small businesses in Ireland are: how many small businesses are there, and how many people work in them? While there are a number of sources of data on businesses in Ireland, the difficulty is that the very smallest businesses are often not fully accounted for. Indeed many sources specifically include a lower cut-off related to the numbers employed in the business.

This lack of information is likely to be particularly acute with sole traders. They may also be the least stable element of small businesses, as many appear to move in and out of self-employment, mixing self-employment with working for others as circumstances dictate. Anecdotally, this is particularly the case in Construction, but is likely to affect other areas where sub-contracting is common.

Before proceeding, it is worthwhile looking at previous estimates of the number of small businesses in Ireland. The first source is the *Task Force on Small Business* report, published in March 1994. Based on various data held by the Revenue Commissioners, it estimated that there were 160,000 businesses in Ireland in 1993, though it described this as a “broad guesstimate” . The report arrived at its estimate in effect by taking the median of three totals:

1. The number of individuals and companies issued with tax returns in the tax year 1992/93, adjusting for individuals not carrying on a trade (e.g. those with rental of investment incomes), those whose incomes were too low to be assessed, and farmers. The resultant estimate was 78,000 individuals and 67,000 companies, a total of 145,000, though this was felt to be potential an under-estimate, due to the fact that a proportion of individuals would operate more than one business.

2. The number of VAT registrations in 1992/93, grossing up for exempt and non-registered businesses; the estimated total was 177,000 businesses.

3. The number of registered employers, grossing up for businesses with no employees (taken to be two-thirds of the total). The estimated total was 174,000.

Of these, 98% were estimated to have had fewer than 50 persons engaged, and over 85% to have had fewer than 10 persons engaged. A sectoral breakdown of small business as such was not given, but the analysis of businesses registered for VAT indicated that roughly 19% were in Retail, 12.8% were in Construction, 6.7% were in Manufacturing, and a catch-all heading of Services contained 30.7%. The report also estimated that small businesses employed a little over one-third of the workforce (employees only).

Earlier this year, a re-estimation of the number of businesses, using a similar methodology to the 1994 report, was carried out by the Small Firms Association. The figures it derived were:

1. The Revenue Commissioners issued tax returns to 126,500 companies and 409,300 self-assessed individuals in 2004. In 2002, the Revenue Commissioners estimated that roughly 78% of the self-assessed carried on a trade or profession, thus the number of sole traders/partners would have been 409,300 x 78% = 319,200. From this could be deducted 100,0000 farmers, leaving 219,200 non-agricultural sole traders/partners. Adding the number of companies gives a total number of non-agricultural businesses of 219,200+126,500 = 345,700. This was felt to be a possible under-statement, due to the presence of individuals who operated more than one business.

2. The number of VAT registrations as at the end of 2003 was 224,100. It was assumed that this represented 75% of all businesses in the State, so the total would be 224,100 ÷ 0.75 = 298,800 businesses.

3. The Revenue Commissioners register of employers had 186,900 records in July 2004. Removing farmers and those without any actual employees brings this to 137,150. In other EU countries and the US, generally a half to two-thirds of businesses have no employees, using the former fraction, the total number of businesses in Ireland would thus be 137,150 x 2 = 274,300.

Taking the median of these values, the SFA concluded that there were in the region of 299,000 businesses in the country in 2004, though again this was described as a “broad guesstimate”.

The next sub-section sets out our analysis of the number of businesses in Ireland. The three main sources of data we have used are the CSO, the Revenue Commissioners and the IDS Mediagroup database. We then seek to reconcile the various sources. We also set out the data for five years and ten years ago, to the extent available.

2.2: Number of Small Businesses in Ireland, by Sector

2.2.1: CSO

The CSO maintains a broad range of statistics relevant to the number of businesses and employment in Ireland. Much of this data, as well as some additional analysis, is also available on the Eurostat website[2]. Two worthy of note as a starting point are the Business Register and the Quarterly National Household survey (QNHS).

The Business Register is designed to maintain data on all businesses in Ireland, but at the time of writing it is still under development, and is not expected to be fully usable for at least a year. Those working with the Register indicate that currently it contains in the region of 230,000 records (excluding farmers). They believe there are some gaps in the data, but also that a certain proportion of their records relate to businesses that have ceased trading, so on balance the total should be broadly accurate. However, they do not feel confident to release more detailed data from the Register at the moment.

The QNHS is a comprehensive household survey of occupation in Ireland. The March-May 2005 release indicates that the workforce at that point was 1.929 million, and their employment status was as follows:

Table 2.1: Workforce by Employment Status, Mar-May 2005

	'000
Self-employed with Paid Employees	110.2
Self-employed with no Paid Employees	211.0
Total Self-employed	**321.2**
Employees	1,594.2
Assisting Relatives	13.7
Total	**1,929.1**

Source: CSO QNHS Mar-May 2005

The implication of this is that there were 321,000 separate businesses in Ireland as of early 2005. Some 211,000 or 2/3's of these had no paid employees, i.e. they were "one man bands" or were assisted by their relatives. The data are also available by gender: 82% of self-employed with paid employees, and 84% of self-employed without paid employees, are male, evidence that entrepreneurship in Ireland suffers from a significant gender imbalance.

We also have a sectoral breakdown of the self-employed categories, as per Table 2.2 overleaf.

[2] http://epp.eurostat.cec.eu.int/portal/page?_pageid=1090,30070682,1090_30298591&_dad=portal&_schema=PORTAL , under the DATA tab.

Table 2.2: Sectoral Breakdown of Self-Employed ('000), May-Mar 2005

NACE Code & Description	With Paid Employees	No Paid Employees	Total	Sectoral Split excl Agric.
A-B Agriculture	8.1	79.5	87.6	
C-E Industry	10.7	10.4	21.1	9.0%
F Construction	27	30.7	57.7	24.7%
G Wholesale and Retail	22.5	16.4	38.9	16.7%
H Hospitality	9.1	5	14.1	6.0%
I Transport, Storage, Comm's	5.4	19.4	24.8	10.6%
J - K Financial & Business Services	15.5	23.8	39.3	16.9%
M Education	1.2	3.5	4.7	2.0%
N Health	4.5	6.6	11.1	4.8%
O-Q Other	6	15.5	21.5	9.2%
Total	**110**	**210.8**	**320.8**	
Net of Agriculture	**101.9**	**131.3**	**233.2**	**100.0%**

Source: CSO

Netting out agriculture brings us very close to the total per the Business Register. It also brings the proportion of businesses with no paid employees down to 56%. However, as an estimate of the total number of businesses it is potentially inaccurate for three reasons:

1. Large firms with no identifiable human "employer" are probably excluded. Revenue Commissioners data (see later) indicate that in 2002 there were 40,000 companies with 50 or fewer employees, and we estimate perhaps 7,000 companies currently with more than 50 employed . So the maximum level of over-statement is perhaps 50,000 (allowing for growth since 2002), though the actual level is likely to be considerably lower.

2. There would probably also be a number of cases where more than one person would claim to be self-employed in a particular business, partnerships being the obvious example. The Revenue Commissioners indicated to the SFA they had roughly 30,000 partnerships on their records in 2004. If the average number of partners per partnership was three, and they all considered themselves self-employed, then the number of businesses would be over-stated by 60,000.

3. Some self-employed individuals would own more than one business. Unfortunately we have no way of estimating this.

We are not in a position to indicate whether these three factors cancel out.

At a more detailed level the CSO generates three important establishment inquiries[3], namely:

[3] Establishment inquiries deal with firms or other organisations, as opposed to household inquiries which deal with private individuals.

a) The Census of Industrial Production (CIP), which covers all industrial firms with three or more persons engaged. This covers NACE Codes C, D and E (Mining & Quarrying, Manufacturing, and Electricity, Gas & Water).

b) The Annual Services Inquiry (ASI), which incorporates a census of firms with twenty or more engaged, and a survey of smaller firms, with no lower size cut-off. The Inquiry covers NACE Codes G, H, I, K and O (Wholesale & Retail, Hospitality, Transport, Storage & Communication, Business Services and Entertainment, Community & Personal Services). The ASI also distinguishes between part-time and full-time workers.

c) The Census of Building & Construction (CBC), covering all firms with 20 or more persons engaged (NACE code F).

Between them they cover most business sectors in the economy. The gaps are:

- Industrial firms with fewer than three persons engaged.
- Construction firms with fewer than 20 persons engaged.
- Financial Services (NACE Code J).
- Education and Health (NACE codes M and N). These are for the most part public sector activities, but they also include enterprises such as driving and language schools, and medical, dental and veterinary practices.

The latest data from these sources relate to September 2003, which is somewhat older than ideal. They can be compared with the QNHS for September-November 2003 (Table 2.3). This indicates there were 220,000 non-farm self-employed individuals at the time, compared with 233,000 in May-March 2005, implying an annual growth rate in enterprise numbers of 3.6% per annum.

Table 2.3: Sectoral Breakdown of Self-Employed, ('000s) Sept-Nov 2003

NACE Code & Description	With Paid Employees	No Paid Employees	Total	Sectoral Split excl. A, B, P, Q
A-B Agriculture	9	83	92	
C Mining & Quarrying	0.5	0.5	1	0.5%
D Manufacturing	11	12	23	10.5%
E Electricity, Gas & Water	0.5	0.5	1	0.5%
F Construction	24	28	52	23.6%
G Wholesale & Retail	23	17	40	18.2%
H Hospitality	10	5	15	6.8%
I Transport & Communication	4	15	19	8.6%
J Financial Services	2	3	5	2.3%
K Business Services	11	17	28	12.7%
M Education	0	4	4	1.8%
N Health	5	5	10	4.5%
O Other Services	6	14	20	9.1%
P Household	0	0.5	0.5	
Q Extra-territorial	0	0.5	0.5	
Unclassified	0	2	2	0.9%
Total	**106**	**207**	**313**	
Net of NACE Codes A, B, P, Q	**97**	**123**	**220**	**100.0%**

Source: CSO via Eurostat website.

Census of Industrial Production 2003 (CIP)

The CIP 2003 indicates that there were 4,994 industrial enterprises in Ireland with at least three persons engaged, in 2003 (Table 2.4)[4]. Of these, 4,081 had fewer than 50 persons engaged, 82% of the total.

Table 2.4: Number of Industrial Enterprises by # Persons Engaged, 2003

# Engaged Band	# Enterprises	%age Breakdown
3-9	1,988	39.8%
10-19	1,084	21.7%
20-49	1,009	20.2%
Sub-total 3-49	**4,081**	**81.7%**
50+	913	18.3%
Grand Total	**4,994**	**100.0%**

Source: CSO Census of Industrial Production 2003.

[4] The CIP also analyses firms by turnover, but has a category of €5-15 million, which does not match the categories for this study.

This leaves a gap for industrial firms with fewer than three persons. While we have no official data on this, we can make estimates based on the QNHS data in Table 2.3. The table points to 23,000 industrial enterprises in Ireland in late 2003, of which 12,000 had no paid employees. Assuming the 23,000 equates with the total number of industrial enterprises, the implication is that there were 18,000 (78%) industrial enterprises with fewer than three engaged in late 2003.

Another approach to measuring the total number of industrial firms is to compare total industrial employment per the CIP with the QNHS. The CIP indicates that there were in total 244,400 persons employed in the firms it covered in September 2003 (see Section 2.3). The QNHS for September-November 2003 indicated that there were 297,300 persons employed in Industry at that time, a difference of 52,900. By implication, these should be in firms with fewer than three persons employed. Assuming the average number employed in these firms is 1.5, this implies 35,300 firms in this category.

However, we are reluctant to use this number. There has tended to be a gap in recent years between employment levels per establishment-based surveys such as the CIP and per household-based surveys such as the QNHS, with the latter being higher. This may partly reflect differences in the methodologies for the different surveys. Notably, the QNHS lists respondents as being employed if they worked at least one hour for payment in the last week. Some of these would clearly be only marginally attached to the workforce, and they might not be recorded as employees by firms responding to the CIP and other CSO surveys. Hence we feel more confident in using the estimate based on self-employed persons per the QNHS for total industrial firms.

The CIP sectoral analysis is by local industrial unit rather than by enterprise (see Table 2.5 overleaf). There were 5,471 units with 3-49 persons engaged in 2003, 10% more than the number of enterprises, and 81% of these had fewer than 50 persons. We have no data on the sectors in which firms with fewer than three persons operate (and there could in addition be many local units with fewer than three persons engaged). So this is less than ideal, but we can utilise the percentage sectoral breakdown and assume this applies to the entire population of industrial enterprises.

In sectoral terms, 12% of small local industrial units in the CIP were in Food Processing, 14% were in Metals Processing, and 12% were in Publishing, Printing and Reproduction of Recorded Media (which includes software). It is clear that small firms are somewhat under-represented in the “modern” sectors.

Table 2.5: Local Industrial Units by # Persons Engaged, 2003

NACE Code & Description	# Engaged Band						Sectoral Split of Small Firms
	3-9	10-19	20-49	3-49	50+	Total	
Mining & Quarrying (NACE Code C)	**68**	**57**	**30**	**155**	**21**	**176**	**3.5%**
Food Processing	213	147	158	**518**	203	**721**	11.7%
Beverages & Tobacco	19	6	9	**34**	26	**60**	0.8%
Textiles & Leather	154	68	55	**277**	36	**313**	6.2%
Wood Products	154	70	65	**289**	28	**317**	6.5%
Pulp & Paper	31	25	34	**90**	30	**120**	2.0%
Publish, Print, Reproduction Recorded Media	264	133	114	**511**	66	**577**	11.5%
Chemicals & Manmade Fibres	60	32	53	**145**	90	**235**	3.3%
Rubber & Plastic	80	71	75	**226**	53	**279**	5.1%
Non-Metallic Minerals	184	70	78	**332**	47	**379**	7.5%
Basic Metals & Fabricated Metals	321	178	131	**630**	64	**694**	14.2%
Machinery & Equipment	121	76	71	**268**	57	**325**	6.0%
Computers & Office Machinery	17	11	12	**40**	28	**68**	0.9%
Electrical Machinery	50	43	35	**128**	53	**181**	2.9%
Communications Equipment	13	8	8	**29**	27	**56**	0.7%
Medical Instruments	24	19	26	**69**	62	**131**	1.6%
Other Manufacturing	394	155	113	**662**	76	**738**	14.9%
Total NACE Code D	**2,099**	**1,112**	**1,037**	**4,248**	**946**	**5,194**	**95.8%**
Electric, Gas, Water (NACE Code E)				**33**	**68**	**101**	**0.7%**
Total NACE Codes C, D & E	**2,192**	**1,162**	**1,082**	**4,436**	**1,035**	**5,471**	**100.0%**
Breakdown by Size							
Mining & Quarrying (NACE Code C)	**38.6%**	**32.4%**	**17.0%**	**88.1%**	**11.9%**	**100.0%**	
Food Processing	29.5%	20.4%	21.9%	71.8%	28.2%	100.0%	
Beverages & Tobacco	31.7%	10.0%	15.0%	56.7%	43.3%	100.0%	
Textiles & Leather	49.2%	21.7%	17.6%	88.5%	11.5%	100.0%	
Wood Products	48.6%	22.1%	20.5%	91.2%	8.8%	100.0%	
Pulp & Paper	25.8%	20.8%	28.3%	75.0%	25.0%	100.0%	
Publish, Print, Reproduction Recorded Media	45.8%	23.1%	19.8%	88.6%	11.4%	100.0%	
Chemicals & Manmade Fibres	25.5%	13.6%	22.6%	61.7%	38.3%	100.0%	
Rubber & Plastic	28.7%	25.4%	26.9%	81.0%	19.0%	100.0%	
Non-Metallic Minerals	48.5%	18.5%	20.6%	87.6%	12.4%	100.0%	
Basic Metals & Fabricated Metals	46.3%	25.6%	18.9%	90.8%	9.2%	100.0%	
Machinery & Equipment	37.2%	23.4%	21.8%	82.5%	17.5%	100.0%	
Computers & Office Machinery	25.0%	16.2%	17.6%	58.8%	41.2%	100.0%	
Electrical Machinery	27.6%	23.8%	19.3%	70.7%	29.3%	100.0%	
Communications Equipment	23.2%	14.3%	14.3%	51.8%	48.2%	100.0%	
Medical Instruments	18.3%	14.5%	19.8%	52.7%	47.3%	100.0%	
Other Manufacturing	53.4%	21.0%	15.3%	89.7%	10.3%	100.0%	
Total NACE Code D	**40.4%**	**21.4%**	**20.0%**	**81.8%**	**18.2%**	**100.0%**	
Electric, Gas, Water (NACE Code E)				**32.7%**	**67.3%**	**100.0%**	
Total NACE Codes C, D & E	**40.1%**	**21.2%**	**19.8%**	**81.1%**	**18.9%**	**100.0%**	

Source: CSO Census of Industrial Production, 2003.

Annual Services Inquiry 2003 (ASI)

The Inquiry indicates that there were over 83,000 Services firms in Ireland in 2003, as follows:

Table 2.6: Number of Services Enterprises by Numbers Engaged, 2003

# Engaged	# Enterprises	%age Breakdown
1-9	72,077	86.6%
10-19	6,531	7.8%
20-49	2,898	3.5%
Sub-total 1-49	**81,506**	**97.9%**
50+	1,771	2.1%
Grand Total	**83,277**	**100.0%**

Source: CSO Annual services Inquiry 2003

Some 98% or 81,500 had fewer than 50 persons engaged. Indeed, the vast bulk (86.6%) had fewer than 10 persons engaged. The ASI also distinguishes firms by turnover, however, it only publishes data on firms with turnover of €5 million plus.

The sectoral breakdown of Services firms is as per Table 2.8 overleaf. Business Services accounted for 23.4% of firms, followed by Retail (16.4%) and the Hospitality sector (10.6%). Across all sectors small firms dominate: over 96% of firms had fewer than 50 persons engaged, and at least 77% had fewer than ten persons engaged, regardless of sector.

In theory these data should tie up closely with the total number of self-employed per the QNHS (Table 2.3). Comparing the totals per NACE codes gives the following:

Table 2.7: Total Services Firms per QNHS and ASI September 2003

NACE Code & Description	QNHS '000	ASI '000	Difference '000
G Wholesale and Retail Trade	40	31	9
H Hospitality	15	12	3
I Transport and Communication	19	7	12
K Business Services	28	27	1
O Other Services	20	6	14
Unclassified	10		10
Total	**132**	**83**	**49**

Source: CSO, Eurostat website.

There is clearly a significant difference between the two sources. Given that the ASI is designed as a census of firms with 20+ engaged, presumably the gap relates to firms with fewer than 20 engaged.

Table 2.8: Service Enterprises by Size and Sector, 2003

NACE Code & Description	# Engaged Band 1-9	10-19	20-49	1-49	50+	Total	Sectoral Split of Small Firms
Retail	16,558	1,216	547	18,321	302	18,623	22.5%
Wholesale	5,249	781	435	6,465	225	6,690	7.9%
Motor Trade	4,847	604	254	5,705	63	5,768	7.0%
Total NACE Code G	**26,654**	**2,601**	**1,236**	**30,491**	**590**	**31,081**	37.4%
Hospitality (NACE Code H)	**9,493**	**1,752**	**620**	**11,865**	**436**	**12,301**	14.6%
Land Transport	3,725	191	154	4,070	78	4,148	5.0%
Sea & Air Transport	984	194	94	1,272	71	1,343	1.6%
Post & Telecoms	1,149	55	19	1,223	32	1,255	1.5%
Total NACE Code I	**5,858**	**440**	**267**	**6,565**	**181**	**6,746**	8.1%
Real Estate, Renting	6,225	73	74	6,372	40	6,412	7.8%
Computers	3,007	215	116	3,338	95	3,433	4.1%
R&D & Other Bus. Services	15,169	927	400	16,496	324	16,820	20.2%
Total NACE Code K	**24,401**	**1,215**	**590**	**26,206**	**459**	**26,665**	32.2%
Recreational, Cultural, Sport	1,311	276	127	1,714	70	1,784	2.1%
Other Services	4,358	248	57	4,663	34	4,697	5.7%
Total NACE Code O	**5,669**	**524**	**184**	**6,377**	**104**	**6,481**	7.8%
Grand Total	**72,075**	**6,532**	**2,897**	**81,504**	**1,770**	**83,274**	100.0%
Percentage Breakdown by size							
Retail	88.9%	6.5%	2.9%	98.4%	1.6%	**100.0%**	
Wholesale	78.5%	11.7%	6.5%	96.6%	3.4%	**100.0%**	
Motor Trade	84.0%	10.5%	4.4%	98.9%	1.1%	**100.0%**	
Total NACE Code G	**85.8%**	**8.4%**	**4.0%**	**98.1%**	**1.9%**	**100.0%**	
Hospitality (NACE Code H)	**77.2%**	**14.2%**	**5.0%**	**96.5%**	**3.5%**	**100.0%**	
Land Transport	89.8%	4.6%	3.7%	98.1%	1.9%	**100.0%**	
Sea & Air Transport	73.3%	14.4%	7.0%	94.7%	5.3%	**100.0%**	
Post & Telecoms	91.6%	4.4%	1.5%	97.5%	2.5%	**100.0%**	
Total NACE Code I	**86.8%**	**6.5%**	**4.0%**	**97.3%**	**2.7%**	**100.0%**	
Real Estate, Renting	97.1%	1.1%	1.2%	99.4%	0.6%	**100.0%**	
Computers	87.6%	6.3%	3.4%	97.2%	2.8%	**100.0%**	
R&D & Other Bus. Services	90.2%	5.5%	2.4%	98.1%	1.9%	**100.0%**	
Total NACE Code K	**91.5%**	**4.6%**	**2.2%**	**98.3%**	**1.7%**	**100.0%**	
Recreational, Cultural, Sport	73.5%	15.5%	7.1%	96.1%	3.9%	**100.0%**	
Other Services	92.8%	5.3%	1.2%	99.3%	0.7%	**100.0%**	
Total NACE Code O	**87.5%**	**8.1%**	**2.8%**	**98.4%**	**1.6%**	**100.0%**	
Grand Total	**86.6%**	**7.8%**	**3.5%**	**97.9%**	**2.1%**	**100.0%**	

Source: CSO Annual services Inquiry 2003

Census of Building & Construction (CBC)

The CBC indicates that in total there were 682 Construction firms with 20 or more persons engaged, in mid-September 2003. Of these, 488 firms had between 20 and 49 persons engaged, and 386 had between 20 and 49 persons engaged *and* turnover of €10 million or less. We believe however that turnover is not a very meaningful criterion for firm size in the Construction sector, given the importance of land and materials prices in determining turnover.

The Census clearly covers a small fraction of the total number of Construction firms, by reference to the QNHS self-employed total (Table 2.3). This indicates there were 52,000 Construction enterprises, of which 28,000 had no paid employees.

We can also compare the two sources by looking at total numbers engaged. Total persons engaged in the firms covered by the CIP was 42,324[5], while the QNHS for September-November 2003 indicates that total numbers engaged in Construction at the time was 200,600. This implies that 158,300 people were engaged in Construction firms with fewer than 20 persons.

We suspect that the majority of Construction firms would have five or fewer persons engaged[6]. The average persons engaged by those outside the CBC would have to be 158,300 ÷ (52,000 – 700) = 3.1 in order to tie up with the total number of firms implied by the QNHS self-employed data.

Central Bank/Financial Regulator

As stated, NACE Code J is not covered by the CSO establishment data[7]. The Financial Regulator maintains records on credit institutions and other financial intermediaries, which indicate that:

(i) There are currently 49 registered banks and building societies in Ireland; none of them fit the criteria for small businesses;

(ii) There are 438 registered Credit Unions in Ireland currently, some of these may meet our criteria;

---

[5] The CBC includes labour only sub-contractors in the numbers engaged, whereas we treat them as being engaged by separate enterprises. Total numbers engaged per the CBC was 56,556, of which 14,232 were labour only sub-contractors.

[6] Comparison of employment growth per the monthly *Construction Employment Index* (a survey of firms with five or more persons engaged) with the QNHS indicates that the bulk of growth in Construction employment is in firms with fewer than five persons engaged.

[7] There is a quarterly *Banking, Insurance and Building Societies: Employment and Earnings* release, but this only covers the three activities mentioned, and does not analyse by firm size.

(iii) There are roughly 3,050 other registered financial intermediaries in Ireland currently. There are no data on their size. They include roughly 1,900 multi-agency intermediaries, 100 solicitors, 430 authorised advisors, 570 certified persons (effectively accountants in public practice) and a small number under other headings. The multi-agency intermediaries are likely to be large firms, and the solicitors and accountants are captured under NACE code K (Business Services), leaving the authorised advisors. By inspection of the firms' names, the majority appear to be smaller operations, and probably meet our criteria.

(iv) Per the *Insurance Statistical Review 2004*, there were 803 firms writing insurance business in Ireland at the end of 2004. A small number (less than fifty) insurance companies would meet the small firm balance sheet criterion. Most if not all of these would be included in the number of multi-agency intermediaries above.

(v) The IFSC website (www.ifsconline.ie) indicates that "more than 430 international operations are approved to trade in the IFSC, while a further 700 managed entities are approved to carry on business under the IFSC programme". Some of these firms would also feature under the other headings above. We assume that none of them meet the criteria for small businesses.

The above indicates that there are roughly 500 small financial firms (the authorised advisors, some credit unions and some insurance companies), and roughly 3,500 larger firms (the banks, multi-agency intermediaries, most credit unions, insurance companies and IFSC firms, allowing for overlap).

However, the QNHS self-employed data (Table 2.3) imply significantly more enterprises in this sector, including 3,000 listed with no employees. Perhaps some are not registered with the Financial Regulator, or are accountants or other professions that we are excluding from our estimation above. We use the QNHS figures as the basis for estimating the number of small Financial Services enterprises, and the figure of 3,500 per the Financial Regulator as an estimate of large firms.

Summary of CSO Data

We have overall data from the CSO regarding the number of businesses in Ireland in 2005, as well as more detailed establishment data from 2003. The former indicate that there were roughly 230,000 non-farm enterprises in Ireland in 2005, of which roughly 130,000 had no paid employees. In order to obtain a more complete picture of businesses by size, we have extrapolated from the more detailed 2003 establishment data. Where there were gaps, in the sense that the establishment data appeared to have missed a certain number of firms, we have put the balancing number into the smallest available category ("2-9 persons engaged" – the category "one person engaged" is taken directly from the QNHS). Data from the Financial Regulator have also been used, for the Financial Services sector.

Our estimation is summarised in Table 2.9 overleaf.

Table 2.9: Estimation of Number of Enterprises by Sector and Size, Based on CSO Data, March-May 2005 ('000s)

NACE Code & Description	# Engaged Band							Sectoral Split
	1	2-9	10-19	20-49	1-49	50+	Total	of Small Firms
C-E Industry	10.4	7.9	1.0	0.9	**20.3**	0.8	**21.1**	9.0%
F Construction	30.7	25.7		0.5	**56.9**	0.8	**57.7**	25.2%
G Wholesale and Retail	16.4	18.2	2.5	1.2	**38.3**	0.6	**38.9**	17.0%
H Hospitality	5.0	6.5	1.6	0.6	**13.7**	0.4	**14.1**	6.1%
I Transport, Storage, Communication	19.4	4.2	0.6	0.3	**24.6**	0.2	**24.8**	10.9%
J Financial Services	3.6		1.0		**4.6**	3.5	**8.1**	2.0%
K Business Services	20.2	10.2	0.1	0.0	**30.5**	0.7	**31.2**	13.5%
M Education (note 1)	3.5	1.1	0.1	0.0	**4.7**	0.0	**4.7**	2.1%
N Health (note 2)	6.6	4.3	0.1	0.0	**11.1**	0.0	**11.1**	4.9%
O Other Services	15.5	5.6	0.3	0.1	**21.5**	0.0	**21.5**	9.5%
Total	**131.3**	**84.8**	**6.3**	**3.7**	**226.1**	**7.1**	**233.2**	**100.0%**
Split by Size								
C-E Industry	49.3%	37.6%	4.7%	4.4%	**96.0%**	4.0%	**100.0%**	
F Construction	53.2%	44.5%		0.9%	**98.7%**	1.3%	**100.0%**	
G Wholesale and Retail	42.2%	46.8%	6.5%	3.1%	**98.5%**	1.5%	**100.0%**	
H Hospitality	35.5%	45.8%	11.7%	4.1%	**97.1%**	2.9%	**100.0%**	
I Transport, Storage, Communication	78.2%	17.1%	2.3%	1.4%	**99.0%**	1.0%	**100.0%**	
J Financial Services	44.3%		12.4%		**56.6%**	43.4%	**100.0%**	
K Business Services	64.8%	32.7%	0.2%	0.1%	**97.8%**	2.2%	**100.0%**	
M Education	74.5%	22.8%	1.9%	0.4%	**99.5%**	0.5%	**100.0%**	
N Health	59.5%	38.9%	1.1%	0.2%	**99.7%**	0.3%	**100.0%**	
O Other Services	72.1%	26.2%	1.2%	0.3%	**99.8%**	0.2%	**100.0%**	
Total	**56.3%**	**36.4%**	**2.7%**	**1.6%**	**97.0%**	**3.0%**	**100.0%**	

Notes: 1. Driving schools, language schools, etc.

2. Doctors', dentists', vets' practices, private clinics, etc.

Source: CSO, Financial Regulator, IDS MediaGroup, DKM estimates.

It indicates that:

- 97% of non-farm enterprises in Ireland are small, and this applies to almost all sectors, with the exception of Financial Services, where somewhat over half of firms are small.

- 93% of firms have fewer than ten persons engaged; apart from Financial Services, the sector with the lowest proportion in this category is Hospitality (81%) while the highest are Health and Other Services (98%).

25% of small firms are in Construction, 17% are in Retail & Wholesale, 15% are in Business Services, 11% are in Transport and Communication, and 10% are in Other Services and 9% are in Industry.

2.2.2: Revenue Commissioners

The Revenue Commissioners would in theory have information on every business in the country, via their tax records. They can provide aggregate estimates of business numbers, based on registered employers, VAT registrations and tax returns, which were used in the Small Firms Association analysis referred to earlier. However, they also maintain a more detailed database of the number of firms, taxable profits, legal form (limited companies Vs sole traders/partnerships), wage, and location by county, which relates to 2002.

A point worth noting is that the data are presented for businesses with 50 or fewer employees (not persons engaged)[8]. The latter point is not relevant for limited companies, where all those engaged are generally employees, but is for sole traders/partners, a proportion of which would have no employees. To get around this, the Revenues Commissioners also provided a data run for all sole traders/partners, the difference between the two runs would then represent those with either no employees or those with more than 50 employees. On the basis that very few sole traders/partnerships would fall into the latter category, adding the total number of sole traders/partnerships to the number of companies in the first run should bring us up to the required total number of enterprises and numbers engaged, with a small overstatement.

Table 2.10 overleaf sets out the Revenue Commissioners' data. It indicates that there were just over 280,000 small non-agricultural enterprises in the State in 2002. In terms of sectoral breakdown, 74,000 or 28% of those classified were in NACE codes L-Q. This is a wide range, including all private medical practices, as well as sporting, cultural, entertainment and personal services such as hairdressing. Almost 22% or 57,000 were in Business Services. Some 17% were in Construction, and almost 14% were in Retail & Wholesale. Given a growth rate in business numbers of roughly 3% per annum, the Revenue Commissioners data imply that there would be in the region of 310,000 small businesses in 2005.

This total is significantly higher than the figure per the CSO. However, it is lower than the SFA estimates, which were based on Revenue Commissioners data, albeit for later years.

Two interesting observations about the data are:

[8] Our criterion is strictly speaking firms with fewer than 50 persons engaged, so the above overstates slightly the position.

1. A very high proportion (76%) of small businesses have no employees, and for sole traders/partnerships the figure rises to 88%. This is at the higher end of most estimates of the proportion of total businesses with no employees. One of the main source of data is the issue of self-assessed tax returns, but these would be issued to everyone who potentially had income other than that subject to PAYE. A proportion of these would derive their non-PAYE income from investments, though we understand the Revenue Commissioners would have excluded these. However, a proportion would be issued to those who no longer operated businesses (perhaps having closed down or retired recently), so there is potential for over-statement here.

2. Only 40,000 companies are listed as being employers of 50 or fewer. This is less than a third of the total number of companies that were issued with tax returns in 2004. One would expect the vast bulk of companies with employees to employ 50 or fewer.

Table 2.10: Small Businesses per Revenue Commissioners ('000) 2002

NACE Code & Description	Sole Traders & Partnerships with no employees	Sole Traders & Partnerships with 1-50 employees	Companies with 50 or Fewer Employees	Estimated Total Small Businesses	%age Sectoral Split
C Mining & Quarrying	0.1	0.0	0.1	0	0.1%
D Manufacturing	5.9	1.1	5.0	12	4.5%
E Electricity, Gas & Water	0.0	0.0	0.0	0	0.0%
F Construction	29.2	8.5	7.0	45	16.9%
G Wholesale & Retail	20.9	5.5	10.2	37	13.8%
H Hospitality	9.6	3.1	2.9	16	5.9%
I Transport & Communication	17.4	1.6	2.2	21	8.0%
J Financial Services	1.8	0.1	1.1	3	1.2%
K Business Services	45.8	3.5	8.1	57	21.7%
L-Q Public Admin & Defence, Educ., Health, Other Services	66.7	4.3	2.7	74	27.8%
Unclassified	17.1	0.3	0.4	18	
Total	**214.7**	**28.1**	**39.8**	**282.6**	

Notes:

4. The Heading "Sole Traders & Partnerships with no employees" actually also includes sole traders and partnerships with more than 50 employees, but these should be rare and therefore there should be limited scope for over-statement.
5. NACE code L-Q would include some public sector bodies, to the extent that they were limited companies with fewer than 50 employees, but these should be few.
6. The sectoral breakdown is with respect to classified enterprises only.

Source: Revenue Commissioners

2.2.3: IDS Mediagroup

A number of commercial organisations maintain databases of businesses in Ireland, including IDS Media Group, BusinessPro and Kompass. While all these sources charge for their information on an individual business basis, IDS maintains a free section on their website[9] which provides detailed data on an aggregate basis. As of early October 2005, their Republic of Ireland database had 267,600 records across all sizes, including the public sector and non-commercial organisations such as trade unions and clubs, but excluding farmers. The database represents the position as at Autumn 2005.

We can use these data to estimate the number of firms with fewer than fifty people engaged, as per Table 2.11 overleaf. Excluding non-commercial organisations and the public sector, the IDS database indicates that there are 235,000 businesses in Ireland, ranging from sole traders to the largest companies. Of these, just over 230,000 or 98% have fewer than 50 persons engaged, and over 180,000 or 77% have one or two persons engaged (including the owner-operator)[10]. These numbers are very close to the CSO's Business register, but lower than the numbers per the Revenue Commissioners.

The table presents the data sectorally, albeit roughly 20% of businesses are unclassified. Of those classified, 16% of businesses are in Retail, 10.6% are in Construction, another 10.6% are in Business Services, 9.5% are in Manufacturing, and 7.8% are in Restaurants & Pubs. In all but one sector the percentage of firms with fewer than 50 persons engaged is greater than 90%, the exception being Food, Beverage & Tobacco (87%). In most sectors, the large majority of enterprises have fewer than three persons engaged.

The IDS database also splits firms by turnover. Table 2.12 sets out the position by turnover band. Again the vast bulk of firms, in this case over 99%, have a turnover of less than €10 million per annum. Some 80% of businesses have turnover of less than €250,000, which intuitively matches with the 77% of business with one or two persons engaged[11].

[9] http://www.idsmediagroup.com/companyinfo/main.htm

[10] This is considerably greater than per the BusinessPro database, which has roughly 135,000 business with fewer than 50 persons engaged and less than €10 million turnover. Our understanding however is that the IDS database is more comprehensive, particularly for the very smallest businesses. The Kompass database is less comprehensive than either the IDS or BusinessPro databases.

[11] IDS inform us that, due to the difficulty in obtaining turnover numbers for private businesses, some of these turnover data are based on "profiles" of the businesses in question, derived from actual data available from their Irish database, but also data from their UK databases.

Table 2.11: Number of Firms by Numbers Engaged per IDS Database ('000s), 2005

NACE Code & Description	# Engaged Band								
	0-2	3-5	6-9	10-24	25-49	0-49	50+	Total	Sectoral Split of Small Firms
C Mining & Quarrying	**0.2**	**0.1**	**0.0**	**0.0**	**0.0**	**0.3**	**0.0**	**0.3**	**0.2%**
Food Beverages, Tobacco	0.8	0.1	0.2	0.2	0.1	**1.4**	0.2	**1.6**	0.8%
Textiles & Leather	0.8	0.1	0.1	0.1	0.0	**1.3**	0.1	**1.3**	0.7%
Wood Products	0.5	0.1	0.1	0.1	0.0	**0.8**	0.0	**0.9**	0.5%
Paper, Publishing & printing	1.5	0.3	0.3	0.3	0.1	**2.5**	0.2	**2.6**	1.3%
Chemicals, Rubber, Metal, Minerals	1.6	0.3	0.2	0.3	0.1	**2.4**	0.2	**2.7**	1.3%
Machinery, Electronics	5.2	1.1	0.8	1.0	0.3	**8.4**	0.4	**8.9**	4.6%
Total NACE Code D	**10.5**	**2.1**	**1.7**	**2.0**	**0.6**	**16.9**	**1.1**	**18.0**	**9.1%**
E Electricity, Gas & Water	**0.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.4**	**0.0**	**0.5**	**0.2%**
F Construction	**13.8**	**3.5**	**1.4**	**0.8**	**0.2**	**19.8**	**0.2**	**20.0**	**10.7%**
Motor Trade	5.8	2.1	0.8	0.6	0.1	**9.4**	0.1	**9.5**	5.1%
Wholesale	6.2	1.2	1.0	1.3	0.3	**9.9**	0.4	**10.4**	5.4%
Retail	23.0	4.1	1.3	1.9	0.3	**30.6**	0.5	**31.1**	16.6%
Total NACE Code G	**35.0**	**7.3**	**3.1**	**3.8**	**0.7**	**49.9**	**1.1**	**50.9**	**27.0%**
Hotels, Accommodation	5.2	0.2	0.5	0.2	0.2	**6.3**	0.4	**6.7**	3.4%
Restaurants, Licensed Trade	12.0	1.3	0.5	0.7	0.1	**14.6**	0.1	**14.7**	7.9%
Total NACE Code H	**17.2**	**1.6**	**1.0**	**0.8**	**0.3**	**20.9**	**0.5**	**21.4**	**11.3%**
Land Transport	3.8	1.0	0.2	0.2	0.1	**5.3**	0.1	**5.4**	2.9%
Sea & Air Transport	2.1	0.6	0.3	0.3	0.1	**3.4**	0.1	**3.5**	1.8%
Post & Telecoms	2.6	0.7	0.1	0.2	0.1	**3.6**	0.1	**3.6**	1.9%
Total NACE Code I	**8.5**	**2.3**	**0.5**	**0.7**	**0.2**	**12.2**	**0.3**	**12.5**	**6.6%**
J Financial Services	**2.8**	**1.1**	**0.8**	**1.1**	**0.2**	**6.0**	**0.3**	**6.3**	**3.2%**
Real Estate	1.1	0.3	0.1	0.1	0.0	**1.5**	0.0	**1.6**	0.8%
Rental Businesses	2.0	0.7	0.1	0.2	0.0	**3.0**	0.0	**3.1**	1.6%
Computers & Related Activities	1.5	0.3	0.2	0.3	0.1	**2.4**	0.2	**2.6**	1.3%
R&D	0.1	0.0	0.0	0.0	0.0	**0.1**	0.0	**0.1**	0.1%
Business Services	13.7	3.1	1.1	1.4	0.3	**19.5**	0.4	**20.0**	10.6%
Total NACE Code K	**18.3**	**4.4**	**1.5**	**2.0**	**0.4**	**26.6**	**0.7**	**27.3**	**14.4%**
M Driving Schools & Other Educ.	1.4	0.2	0.1	0.1	0.0	**1.9**	0.0	**1.9**	1.0%
N Private Medical & Veterinary	9.5	0.4	0.1	0.1	0.0	**10.1**	0.0	**10.2**	5.5%
Recreational, Cultural, Sport	10.8	0.6	0.2	0.2	0.1	**11.9**	0.1	**12.0**	6.4%
Other Services	7.0	0.4	0.1	0.1	0.0	**7.7**	0.0	**7.7**	4.1%
Total NACE Code O	**17.8**	**0.9**	**0.3**	**0.4**	**0.1**	**19.5**	**0.1**	**19.7**	**10.6%**
Unclassified	46.0	0.0	0.0	0.0	0.0	**46.1**	0.0	**46.1**	
Total	**181**	**24**	**11**	**12**	**3**	**230.6**	**4.4**	**235.0**	
Percentage by Size	77.2%	10.2%	4.5%	5.1%	1.2%	98.1%	1.9%	100.0%	

Note: The sectoral split is with respect to classified enterprises only, i.e. unclassified enterprises are excluded.

Source: IDS Media Group Database, October 2005

Table 2.12: Businesses by Turnover, per IDS Database, 2005

Annual Turnover Band	# of Firms ('000s)	%age Breakdown
<50,000	76.4	32.6%
50,000 to less than 100,000	62.3	26.5%
100,000 to less than 250,000	50.0	21.3%
250,000 to less than 500,000	19.5	8.3%
500,000 to less than 1 million	12.3	5.2%
1 million to less than 5 million	11.1	4.7%
5 million to less than 10 million	1.6	0.7%
10 million +	1.6	0.7%
TOTALS	**234.8**	**100.0%**
Businesses with < €10 million	233.2	99.3%

Note: the total number of businesses differs marginally between this table and Table 2.2.

Source: IDS Media Group Database, October 2005

2.2.4: Five Years Ago

Data for 2000 are available from the various CSO publications and from IDS.

CSO

An estimate of total businesses in 2000 is not available from the Business Register. The starting point is thus employment status per the QNHS. The position in September-November 2000 was as follows:

Table 2.13: Workforce by Employment Status, Sept-Nov 2000

	'000
Self employed with paid employees	103.2
Self-employed with no paid employees	192.9
Total Self-employed	**296.1**
Employees	1,397.7
Assisting Relatives	18.8
Total	**1,712.6**

Source: CSO QNHS Sept-Nov 2000 as revised for 2002 Census of Population.

The implication is that there were 296,000 businesses in Ireland in 2000, of which 193,000 (65%) had no employees. The data are also available by gender: 81% of self-employed with paid employees, and 85% of self-employed without paid employees, are male. We have a sectoral breakdown of the self-employed categories, as follows:

This implies that the number of non-farm enterprises in Ireland was 201,000. Compared with 233,000 in 2005, this implies a growth of roughly 16% in the total number of firms in the country in the five years, or 3% per annum.

Table 2.14: Sectoral Breakdown of Self-Employed ('000), Sept-Nov 2000

NACE Code & Description	With Paid Employees	No Paid Employees	Total	Sectoral Split, excl A, B, P, Q
A-B Agriculture	10	83	93	
C Mining & Quarrying	0	0	0	0.0%
D Manufacturing	11	10	21	10.4%
E Electricity, Gas & Water	0	0	0	0.0%
F Construction	22	26	48	23.9%
G Wholesale and Retail	22	17	39	19.4%
H Hospitality	10	5	15	7.5%
I Transport & Communication	4	13	17	8.5%
J Financial Services	2	2	4	2.0%
K Business Services	12	15	27	13.4%
M Education	0	3	3	1.5%
N Health	5	5	10	5.0%
O Other Services	5	12	17	8.5%
P Household	0	1	1	
Q Extra-territorial	0	1	1	
Total	**103**	**193**	**296**	
Net of NACE Codes A, B, P, Q	**93**	**108**	**201**	**100.0%**

Source: CSO, via Eurostat website.

The **CIP 2000** indicates that there were 3,878 industrial enterprises in Ireland with between three and 49 persons engaged (see Table 2.15). This represented 80% of industrial firms with at least three persons engaged. Comparing the CIP 2003 with 2000, the number of industrial firms with at least three persons engaged grew by 2.5% in the three years. All the growth is in small firms, whose numbers grew by 5%; the number of firms with 50+ engaged fell by 8% in the period, according to the Census.

Table 2.15: Number of Industrial Enterprises by # Persons Engaged, 2000

# Engaged Band	# Enterprises	%age Breakdown
3-9	1,779	36.5%
10-19	1,039	21.3%
20-49	1,060	21.7%
Sub-Total 3-49	**3,878**	**79.6%**
50+	996	20.4%
Grand Total	**4,874**	**100.0%**

Source: CSO Census of Industrial Production, 2000.

As before, we can make an estimate of industrial firms with fewer than three persons engaged, from the QNHS. Table 2.14 indicates that there were 21,000 industrial enterprises, of which 11,000 (52%) had no paid employees. Given that roughly 5,000 had 3+ persons engaged per the CIP, the implication is that 21,000 – 11,000 - 5,000 = 5,000 or 24% had 2 persons engaged.

The CIP indicates that there were in total 269,300 persons engaged in the firms it covered, in September 2000 (see Section 2.3). The QNHS for September-November 2000[12] indicated that there were 320,900 persons engaged in Industry at that time, a difference of 51,600. By definition, these should be in firms with fewer than three persons engaged. Assuming the average numbers engaged is 1.5, this implies 34,400 firms with fewer than three engaged, considerably more than the self-employed based estimate. For reasons discussed earlier, we believe that the latter estimate is more reasonable.

The sectoral analysis in the CIP is by local industrial unit rather than by enterprise (see Table 2.16). There were 4,177 units with 3-49 persons engaged in 2003, 8% more than the number of enterprises. Some 79% of local units recorded engage fewer than 50 persons.

In sectoral terms, 12% of small local units included in the CIP were in Food Processing, 14% were in Metals Processing, and 11% were in Publishing, Printing & Reproduction of Recorded Media (which includes software). Small firms appear to be under-represented in the “modern” sectors.

The **ASI 2000** indicates that there were 61,700 enterprises in the NACE codes G, H, I, K and O in 2000, of which 60,500 (98%) had fewer than 50 persons engaged (see Table 2.18 overleaf). This percentage is consistent across the various sectors, and at least 80% of enterprises in each sector had fewer than 10 persons engaged. Some 37% of enterprises covered were in Retail, another 27% were in Real Estate, Renting and Business Services, while 15% were in Hospitality & Other Services. Total Services firms in 2003 per the ASI was 83,300, implying that the number of such firms grew by 35% in the three years. This seems implausibly large, and perhaps indicates that the ASI 2000 under-recorded the number of firms.

[12] Revised for the 2002 Census of Population.

Table 2.16: Local Industrial Units by # Persons Engaged, 2000

NACE Code & Description	# Engaged Band 3-9	10-19	20-49	3-49	50+	Total	Sectoral Split of Small Firms
Mining & Quarrying (NACE Code C)	**70**	**47**	**24**	**141**	**20**	**161**	**3.4%**
Food Processing	192	155	173	**520**	200	**720**	12.4%
Beverages & Tobacco	18	11	7	**36**	34	**70**	0.9%
Textiles & Leather	133	74	76	**283**	55	**338**	6.8%
Wood Products	131	75	57	**263**	26	**289**	6.3%
Pulp & Paper	27	26	33	**86**	31	**117**	2.1%
Publish, Print, Reproduction Recorded Media	210	122	106	**438**	67	**505**	10.5%
Chemicals & Manmade Fibres	51	37	61	**149**	95	**244**	3.6%
Rubber & Plastic	77	71	79	**227**	56	**283**	5.4%
Non-Metallic Minerals	141	65	75	**281**	55	**336**	6.7%
Basic Metals & Fabricated Metals	292	155	140	**587**	76	**663**	14.1%
Machinery & Equipment	127	94	92	**313**	66	**379**	7.5%
Computers & Office Machinery	11	10	14	**35**	37	**72**	0.8%
Electrical Machinery	48	37	43	**128**	61	**189**	3.1%
Communications Equipment	9	10	9	**28**	37	**65**	0.7%
Medical Instruments	25	21	28	**74**	65	**139**	1.8%
Other Manufacturing	318	120	123	**561**	74	**635**	13.4%
Total NACE Code D	**1,810**	**1,083**	**1,116**	**4,009**	**1,035**	**5,044**	**96.0%**
Electricity, Gas, Water (NACE Code E)				**27**	**63**	**90**	**0.6%**
Total NACE Codes C, D & E	**1,901**	**1,119**	**1,157**	**4,177**	**1,118**	**5,295**	**100.0%**
Breakdown by Size							
Mining & Quarrying (NACE Code C)	**43.5%**	**29.2%**	**14.9%**	**87.6%**	**12.4%**	**100.0%**	
Food Processing	26.7%	21.5%	24.0%	72.2%	27.8%	100.0%	
Beverages & Tobacco	25.7%	15.7%	10.0%	51.4%	48.6%	100.0%	
Textiles & Leather	39.3%	21.9%	22.5%	83.7%	16.3%	100.0%	
Wood Products	45.3%	26.0%	19.7%	91.0%	9.0%	100.0%	
Pulp & Paper	23.1%	22.2%	28.2%	73.5%	26.5%	100.0%	
Publish, Print, Reproduction Recorded Media	41.6%	24.2%	21.0%	86.7%	13.3%	100.0%	
Chemicals & Manmade Fibres	20.9%	15.2%	25.0%	61.1%	38.9%	100.0%	
Rubber & Plastic	27.2%	25.1%	27.9%	80.2%	19.8%	100.0%	
Non-Metallic Minerals	42.0%	19.3%	22.3%	83.6%	16.4%	100.0%	
Basic Metals & Fabricated Metals	44.0%	23.4%	21.1%	88.5%	11.5%	100.0%	
Machinery & Equipment	33.5%	24.8%	24.3%	82.6%	17.4%	100.0%	
Computers & Office Machinery	15.3%	13.9%	19.4%	48.6%	51.4%	100.0%	
Electrical Machinery	25.4%	19.6%	22.8%	67.7%	32.3%	100.0%	
Communications Equipment	13.8%	15.4%	13.8%	43.1%	56.9%	100.0%	
Medical Instruments	18.0%	15.1%	20.1%	53.2%	46.8%	100.0%	
Other Manufacturing	50.1%	18.9%	19.4%	88.3%	11.7%	100.0%	
Total NACE Code D	**35.9%**	**21.5%**	**22.1%**	**79.5%**	**20.5%**	**100.0%**	
Electricity, Gas, Water (NACE Code E)				**30.0%**	**70.0%**	**100.0%**	
Total NACE Codes C, D & E	**35.9%**	**21.1%**	**21.9%**	**78.9%**	**21.1%**	**100.0%**	

Source: CSO Census of Industrial Production 2000.

Again, we can compare this data with the self-employed data in the QNHS, as follows:

Table 2.17: Total Services Firms QNHS and ASI September 2000

NACE classification	QNHS '000	ASI '000	Difference '000
G Wholesale and Retail Trade	39	31	8
H, O Hospitality & Other Services	32	9	23
I Transport, and Communication	17	4	13
K Business Services	27	17	10
Total	**115**	**62**	**53**

Source: CSO, Eurostat website

Clearly there is a large gap between the two sources, which adds to the likelihood that the ASI under-recorded the total number of service firms in 2000.

The **CBC 2000** indicates that there were 524 Construction enterprises with 20 or more persons engaged in September 2000. The CSO informs us that there were 355 enterprises with between 20 and 49 persons employed. This points to very rapid growth in the number of Construction firms of the size covered by the CBC between 2000 and 2003: from 524 to 682 (+30%) for all firms, and from 355 to 488 (+37%) for firms with 20-49 persons engaged.

These firms represent a small fraction of the total number of Construction firms. Table 2.14 indicates a total number of 48,000 in 2000, of which 26,000 had no paid employees. This total compares with 52,000 in 2003, so growth in the total number of Construction firms has been 8%.

Total persons engaged in the firms covered by the CBC were 33,486 (excluding labour-only sub-contractors), while the QNHS for September-November 2000 indicates total numbers engaged in Construction of 178,100. This implies that almost 145,000 people were engaged in Construction firms with fewer than 20 persons. We suspect that the majority of Construction firms would have five or fewer persons engaged. For the total number of persons in these firms to tie up with our estimate of the number of firms, the average persons engaged per firm would have to be three.

Table 2.18: Service Enterprises by Size and Sector, 2000

NACE Code & Description	# Engaged Band						Sectoral Split
	1-9	10-19	20-49	1-49	50+	Total	of Small Firms
Retail	20,710	858	609	22,177	270	22,447	36.7%
Wholesale	3,369	282	355	4,006	184	4,190	6.6%
Motor Trade	4,008	247	248	4,503	70	4,573	7.4%
Total NACE Code G	**28,087**	**1,387**	**1,212**	**30,686**	**524**	**31,210**	**50.7%**
Hospitality, Other Services (NACE Code H, O)	**8,148**	**635**	**375**	**9,158**	**271**	**9,429**	**15.1%**
Transport & Communication (NACE Code I)	**3,855**	**156**	**156**	**4,167**	**77**	**4,244**	**6.9%**
Real Estate, Renting, Computers, Technical	7,875	185	201	8,261	136	8,397	13.7%
Other Business Services	7,673	291	261	8,225	197	8,422	13.6%
Total NACE Code K	**15,548**	**476**	**462**	**16,486**	**333**	**16,819**	**27.3%**
Grand Total	**55,638**	**2,654**	**2,205**	**60,497**	**1,011**	**61,702**	**100.0%**
Percentage Breakdown by size							
	1-9	**10-19**	**20-49**	**1-49**	**50+**	**Total**	
Retail	92.3%	3.8%	2.7%	98.8%	1.2%	100.0%	
Wholesale	80.4%	6.7%	8.5%	95.6%	4.4%	100.0%	
Motor Trade	87.6%	5.4%	5.4%	98.5%	1.5%	100.0%	
Total NACE Code G	**90.0%**	**4.4%**	**3.9%**	**98.3%**	**1.7%**	**100.0%**	
Hospitality, Other Services (NACE Code H, O)	**86.4%**	**6.7%**	**4.0%**	**97.1%**	**2.9%**	**100.0%**	
Transport & Communication (NACE Code I)	**90.8%**	**3.7%**	**3.7%**	**98.2%**	**1.8%**	**100.0%**	
Real Estate, Renting, Computers, Technical	93.8%	2.2%	2.4%	98.4%	1.6%	100.0%	
Other Business Services	91.1%	3.5%	3.1%	97.7%	2.3%	100.0%	
Total NACE Code K	**92.4%**	**2.8%**	**2.7%**	**98.0%**	**2.0%**	**100.0%**	
Grand Total	**90.2%**	**4.3%**	**3.6%**	**98.0%**	**1.6%**	**100.0%**	

Source: CSO Annual Services Inquiry 2000.

In **summary**, taking the same approach as before, we can present the figures for 2000, based primarily on CSO sources, as per Table 2.19 overleaf. Of a total of 203,000 businesses, it indicates that 198,000 (98%) were small. Roughly 24% of small firms were in Construction, 19% were in Retail & Wholesale, 14% were in Real Estate, Renting & Business Services, and 10% were in Industry.

IDS MediaGroup

We obtained a copy of the IDS database as of mid-2000. At that point it had 189,100 records, compared to 268,600 in 2005. Stripping out non-commercial activities, agriculture and the public sector brings the total down to 157,000, compared to 235,000 in 2005. On the face of it, these data imply that the number of businesses has grown by 50% in the five years, which is much stronger than recorded in the QNHS self-employed data (+15%). It is in line with the growth recorded in the ASI, but we suspect that the latter was incomplete in 2000. We understand that the IDS database in 2000 was not as comprehensive as it is now.

Table 2.20 overleaf summarises the IDS data. In line with other sources, the IDS data indicate that 98% of firms were small, and 90% had fewer than 10 persons engaged. Some 15% of firms were in manufacturing, 13% were in the Hospitality sector, 10% were in Business Services, and 9% were in Construction. We urge caution in interpreting the data, given their apparent incompleteness.

2.2.5: Ten Years Ago

Less data are available for 1995 than for later years. The CSO's Labour Force Survey (LFS), predecessor of the QNHS, provides data on self-employment and total employment, as well as the CIP and CBC. Although an ASI was carried out in 1995, the CSO inform us that the results were unreliable. We do not have data from the Revenue Commissioners or IDS for 1995.

The LFS was an annual survey (carried out in April/May), and generated more detailed data than the quarterly QNHS. Employment status is analysed by economic sector, as per Table 2.21 overleaf (data are taken from the Eurostat website, which gives greater detail than the published LFS).

Table 2.19: Small Businesses by Sector, Based on CSO Data, 2000 ('000s)

NACE Code & Description	# Engaged Band							Sectoral Split
	1	2-9	10-19	20-49	1-49	50+	Total	of Small Firms
C-E Industry	10.0	7.9	1.0	1.1	**20.0**	1.0	**21.0**	10.1%
F Construction	26.0	21.5		0.4	**47.8**	0.2	**48.0**	24.2%
G Wholesale and Retail	17.0	18.9	1.4	1.2	**38.5**	0.5	**39.0**	19.4%
H Hospitality	5.0	7.2	1.8	0.6	**14.6**	0.4	**15.0**	7.4%
I Transport & Communication	13.0	3.6	0.2	0.2	**16.9**	0.1	**17.0**	8.6%
J Financial Services	2.4		0.7		**3.1**	2.4	**5.4**	1.6%
K Business Services	15.0	10.7	0.5	0.5	**26.7**	0.3	**27.0**	13.5%
M Education	3.0	0.2	0.2	0.0	**3.4**	0.0	**3.4**	1.7%
N Health	5.0	4.5	0.4	0.1	**9.9**	0.1	**10.0**	5.0%
O Other Services	12.0	4.7	0.2	0.0	**17.0**	0.0	**17.0**	8.6%
Total	**108.4**	**79.8**	**5.6**	**4.0**	**197.8**	**5.0**	**202.8**	**100.0%**
Split by Size								
C-E Industry	47.6%	37.6%	4.9%	5.0%	**95.3%**	4.7%	**100.0%**	
F Construction	54.2%	44.7%		0.7%	**99.6%**	0.4%	**100.0%**	
G Wholesale and Retail	43.6%	48.4%	3.6%	3.1%	**98.7%**	1.3%	**100.0%**	
H Hospitality	33.3%	47.9%	11.7%	4.1%	**97.1%**	2.9%	**100.0%**	
I Transport & Communication	76.5%	21.2%	0.9%	0.9%	**99.5%**	0.5%	**100.0%**	
J Financial Services	44.3%		12.4%		**56.6%**	43.4%	**100.0%**	
K Business Services	55.6%	39.7%	1.8%	1.7%	**98.8%**	1.2%	**100.0%**	
M Education	88.2%	5.9%	5.9%	0.0%	**100.0%**	0.0%	**100.0%**	
N Health	50.0%	44.6%	4.2%	0.5%	**99.3%**	0.7%	**100.0%**	
O Other Services	70.6%	27.7%	1.2%	0.3%	**99.8%**	0.2%	**100.0%**	
Total	**53.4%**	**39.4%**	**2.8%**	**2.0%**	**97.5%**	**2.5%**	**100.0%**	

Source: CSO, Financial Regulator, IDS MediaGroup, DKM estimates.

Table 2.20: Number of Firms by Persons Engaged per IDS Database ('000), 2000

	# Engaged Band								Sectoral
NACE Code & Description	**0-2**	**3-5**	**6-9**	**10-24**	**25-49**	**0-49**	**50+**	**Total**	**Split of Small Firms**
C Mining & Quarrying	**0.3**	**0.1**	**0.0**	**0.0**	**0.0**	**0.5**	**0.0**	**0.5**	**0.3%**
Food Beverages, Tobacco	1.1	0.2	0.1	0.2	0.1	**1.7**	0.2	**1.9**	1.1%
Textiles & Leather	1.8	0.3	0.1	0.1	0.1	**2.4**	0.1	**2.5**	1.6%
Wood Products	0.8	0.1	0.1	0.1	0.0	**1.1**	0.0	**1.1**	0.7%
Paper, Publishing & Printing	1.2	0.4	0.2	0.3	0.1	**2.2**	0.1	**2.3**	1.4%
Chemicals, Rubber, Metal, Minerals	3.1	0.6	0.3	0.4	0.2	**4.6**	0.2	**4.8**	3.0%
Machinery, Electronics	7.3	1.5	0.8	1.0	0.4	**10.9**	0.5	**11.4**	7.1%
D Manufacturing	**15.2**	**3.1**	**1.7**	**2.0**	**0.9**	**22.8**	**1.1**	**24.0**	**14.9%**
E Electricity, Gas & Water	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.2**	**0.0**	**0.2**	**0.1%**
F Construction	**5.5**	**5.7**	**1.3**	**0.4**	**0.1**	**13.0**	**0.1**	**13.1**	**8.5%**
Motor Trade	3.1	2.4	0.3	0.6	0.1	**6.5**	0.1	**6.6**	4.3%
Wholesale	5.4	0.9	0.4	0.7	0.3	**7.8**	0.3	**8.1**	5.1%
Retail	18.5	2.6	0.5	0.9	0.1	**22.6**	0.2	**22.9**	14.8%
G Wholesale & Retail	**27.0**	**6.0**	**1.2**	**2.2**	**0.5**	**36.9**	**0.6**	**37.6**	**24.2%**
Hotels, Accommodation	2.9	2.3	0.1	0.3	0.2	**5.7**	0.3	**6.0**	3.8%
Restaurants, Licensed Trade	6.3	5.8	0.6	0.6	0.1	**13.4**	0.1	**13.5**	8.8%
H Hospitality	**9.1**	**8.1**	**0.7**	**0.9**	**0.4**	**19.1**	**0.3**	**19.5**	**12.5%**
Land Transport	1.6	1.7	0.1	0.1	0.0	**3.5**	0.0	**3.5**	2.3%
Sea & Air Transport	0.9	0.7	0.2	0.2	0.1	**2.0**	0.1	**2.1**	1.3%
Post & Telecoms	1.7	1.5	0.1	0.1	0.1	**3.5**	0.1	**3.5**	2.3%
I Transport & Communication	**4.2**	**3.9**	**0.3**	**0.5**	**0.2**	**9.0**	**0.2**	**9.2**	**5.9%**
J Financial Services	**1.5**	**1.3**	**0.5**	**1.3**	**0.1**	**4.7**	**0.2**	**4.9**	**3.1%**
Real Estate	0.8	0.8	0.1	0.1	0.0	**1.7**	0.0	**1.7**	1.1%
Rental Businesses	1.7	1.7	0.1	0.1	0.0	**3.6**	0.0	**3.7**	2.4%
Computers & Related Activities	1.0	0.4	0.2	0.4	0.1	**2.3**	0.2	**2.4**	1.5%
R&D	0.1	0.0	0.0	0.0	0.0	**0.2**	0.0	**0.2**	0.1%
Business Services	7.8	4.9	0.8	0.9	0.2	**14.5**	0.2	**14.8**	9.5%
K Business Services	**11.4**	**7.8**	**1.2**	**1.5**	**0.4**	**22.3**	**0.5**	**22.7**	**14.6%**
M Educational	**0.8**	**0.2**	**0.1**	**0.1**	**0.0**	**1.1**	**0.0**	**1.1**	**0.7%**
N Medical & Veterinary	**8.6**	**0.7**	**0.1**	**0.4**	**0.1**	**9.9**	**0.1**	**10.0**	**6.5%**
Recreational, Cultural, Sport	5.1	0.3	0.1	0.2	0.1	**5.8**	0.0	**5.8**	3.8%
Other Services	5.7	1.6	0.1	0.1	0.0	**7.5**	0.0	**7.5**	4.9%
O Other Services	**10.8**	**1.9**	**0.3**	**0.3**	**0.1**	**13.3**	**0.1**	**13.3**	**8.7%**
Unclassified	1.0	0.1	0.0	0.0	-	**1.1**	-	**1.1**	
Total	**95.4**	**38.8**	**7.3**	**9.6**	**2.7**	**153.9**	**3.2**	**157.1**	
Percentage by Size	60.8%	24.7%	4.6%	6.1%	1.7%	98.0%	2.0%	100.0%	

Note: The sectoral split is with respect to classified enterprises only, i.e. unclassified enterprises are excluded.

Source: IDS MediaGroup Database, October 2005

Table 2.21: Sectoral Analysis of Self-Employed ('000), 1995

NACE Code & Description	With Paid Employees	No Paid Employees	Total	Sectoral Split, excl A, B, P, Q
A-B Ag, Forestry & Fishing	12	99	111	
C Mining & Quarrying	0	0	0	0.0%
D Manufacturing	8	8	16	10.7%
E Electricity, Gas & Water	0	0	0	0.0%
F Construction	9	16	25	16.7%
G Wholesale & Retail	17	23	40	26.7%
H Hospitality	8	7	15	10.0%
I Transport, & Communication	2	9	11	7.3%
J Financial Services	1	0	1	0.7%
K Business Services	8	11	19	12.7%
M Education	1	2	3	2.0%
N Health	3	3	6	4.0%
O Other Services	4	10	14	9.3%
P Household	0	0.5	0.5	
Q Extra-territorial	0	0.5	0.5	
Total	**73**	**189**	**262**	
Net of NACE Codes A, B, P, Q	**61**	**89**	**150**	**100.0%**

Source: CSO, via Eurostat website.

The data imply that, excluding agriculture, there were 150,000 businesses with identifiable employers in Ireland in 1995, of which 59% (89,000) had no paid employees. Roughly 80% of self-employed persons were males.

The **CIP 1995** represents data on industrial firms with three or more persons engaged, which we summarise in Table 2.22. The census covered 4,351 industrial firms, two-thirds of which had fewer than 50 persons engaged.

Table 2.22: Number of Industrial Enterprises by # Persons Engaged, 1995

# Engaged Band	# Enterprises	%age Breakdown
3-9	1,448	29.0%
10-19	942	18.9%
20-49	986	19.7%
Sub-total 3-49	**3,376**	**67.6%**
50+	975	19.5%
Grand Total	**4,351**	**87.1%**

Source: CSO Census of Industrial Production, 1995.

This leaves a gap for industrial firms with fewer than three persons, but an estimate can be made of these based on the LFS. Table 2.21 indicates that there were 16,000 industrial enterprises, of which half had no paid employees. Given that 4,400 firms had 3+ persons engaged per the CIP, then the implication is that 16,000 – 8,000 – 4,400 = 3,600 had two persons engaged.

Alternatively, the CIP 1995 (as updated per data in the Eurostat website) indicates that there were in total 238,000 persons engaged in the firms it covered, in September 1995 (see Section 2.3). This covers NACE codes C, D and E. The LFS 1995 indicates that there were 254,000 persons employed in Industry at that time, a difference of 16,000. By implication, these should be in firms with fewer than three persons engaged. If the average numbers engaged in such firms was 1.5, then there should be 10,700 of them. However, for reasons discussed earlier, we feel that the estimate based on self-employed figures is more reasonable.

Sectoral analysis in the CIP is by local industrial units rather than by firm. Table 2.23 overleaf summarises. There were 4,817 units with 3-49 persons engaged in 2003, 11% more than the number of enterprises. Some 77% of local units employed fewer than 50 persons. To this could be added our estimate of firms with fewer than 3 persons engaged. It is reasonable to assume that these firms would only comprise one local unit. There could be many local units with fewer than three persons engaged, but we have no way of identifying these.

In sectoral terms, 15% of small local units included in the CIP were in Food Processing, 13% were in Metals Processing, 10% were in Publishing, Printing & Reproduction of Recorded Media (which includes software), and 8% were in Textiles & Leather. Small firms appear again to be under-represented in the “modern” sectors.

Table 2.23: Local Industrial Units by # Persons Engaged, 1995

NACE Code & Description	# Engaged Band						Sectoral Split
	3-9	10-19	20-49	3-49	50+	Total	of Small Firms
Mining & Quarrying (NACE Code C)	**30**	**28**	**31**	**89**	**28**	**117**	**2.4%**
Food Processing	198	164	178	**540**	225	**765**	14.6%
Beverages & Tobacco	19	13	13	**45**	26	**71**	1.2%
Textiles & Leather	119	88	106	**313**	109	**422**	8.4%
Wood Products	93	56	0	**149**	59	**208**	4.0%
Pulp & Paper	20	23	27	**70**	32	**102**	1.9%
Publish, Print, Reproduction Recorded Media	175	114	90	**379**	64	**443**	10.2%
Chemicals & Manmade Fibres	54	35	65	**154**	89	**243**	4.2%
Rubber & Plastic	63	53	66	**182**	49	**231**	4.9%
Non-Metallic Minerals	105	60	69	**234**	49	**283**	6.3%
Basic Metals & Fabricated Metals	221	149	107	**477**	59	**536**	12.9%
Machinery & Equipment	115	73	95	**283**	54	**337**	7.6%
Computers & Office Machinery	13	9	10	**32**	39	**71**	0.9%
Electrical Machinery	32	25	37	**94**	61	**155**	2.5%
Communications Equipment	6	6	13	**25**	28	**53**	0.7%
Medical & Precision Instruments	35	23	27	**85**	50	**135**	2.3%
Other Manufacturing	261	112	108	**481**	68	**549**	13.0%
Total NACE Code D	**1,529**	**1,003**	**1,011**	**3,543**	**1,061**	**4,604**	**95.5%**
Electric, Gas, Water(NACE Code E)				**78**	**18**	**96**	**2.1%**
Total NACE Codes C, D & E	**1,581**	**1,038**	**1,091**	**3,710**	**1,107**	**4,817**	**100.0%**
Breakdown by Size							
Mining & Quarrying (NACE Code C)	**25.6%**	**23.9%**	**26.5%**	**76.1%**	**23.9%**	**100.0%**	
Food Processing	25.9%	21.4%	23.3%	70.6%	29.4%	100.0%	
Beverages & Tobacco	26.8%	18.3%	18.3%	63.4%	36.6%	100.0%	
Textiles & Leather	28.2%	20.9%	25.1%	74.2%	25.8%	100.0%	
Wood Products	44.7%	26.9%	0.0%	71.6%	28.4%	100.0%	
Pulp & Paper	19.6%	22.5%	26.5%	68.6%	31.4%	100.0%	
Publish, Print, Reproduction Recorded Media	39.5%	25.7%	20.3%	85.6%	14.4%	100.0%	
Chemicals & Manmade Fibres	22.2%	14.4%	26.7%	63.4%	36.6%	100.0%	
Rubber & Plastic	27.3%	22.9%	28.6%	78.8%	21.2%	100.0%	
Non-Metallic Minerals	37.1%	21.2%	24.4%	82.7%	17.3%	100.0%	
Basic Metals & Fabricated Metals	41.2%	27.8%	20.0%	89.0%	11.0%	100.0%	
Machinery & Equipment	34.1%	21.7%	28.2%	84.0%	16.0%	100.0%	
Computers & Office Machinery	18.3%	12.7%	14.1%	45.1%	54.9%	100.0%	
Electrical Machinery	20.6%	16.1%	23.9%	60.6%	39.4%	100.0%	
Communications Equipment	11.3%	11.3%	24.5%	47.2%	52.8%	100.0%	
Medical & Precision Instruments	25.9%	17.0%	20.0%	63.0%	37.0%	100.0%	
Other Manufacturing	47.5%	20.4%	19.7%	87.6%	12.4%	100.0%	
Total NACE Code D	**33.2%**	**21.8%**	**22.0%**	**77.0%**	**23.0%**	**100.0%**	
Electric, Gas, Water (NACE Code E)				**81.3%**	**18.8%**	**100.0%**	
Total NACE Codes C, D & E	**32.8%**	**21.5%**	**22.6%**	**77.0%**	**23.0%**	**100.0%**	

Source: CSO Census of Industrial Production 1995.

The **CBC 1995** indicates that there were 297 Construction firms with 20+ engaged in Ireland in 1995. Some 219 of these had fewer than 50 engaged. The firms covered in the CBC had 17,729 persons engaged, of whom 2,967 were labour only sub-contractors. The 1995 LFS indicates that the total number engaged in Construction was 82,100. This implies that some 82,100 – (17,700 - 3,000) = 67,400 were engaged in firms with fewer than 20 persons (assuming all labour-only sub-contractors are in this category).

Table 2.21 indicates that there were 25,000 Construction firms with identifiable employers in 1995, of whom 16,000 had no paid employees. Given that almost 300 Construction firms had 20+ engaged, this implies that there were 25,000 – 300 – 16,000 = 8,700 firms with 2-19 persons engaged. The numbers engaged in these firms was 67,400 – 16,000 = 51,400, which implies that the average number engaged in these firms was 51,400 ÷ 8,700 = 5.9. The average number of persons in all Construction firms with less than 20 engaged was
67,400 ÷ 24,700 = 2.7, which compares with 3 in the year 2000 and 3.1 in 2003.

In **summary**, we can present our estimate of the total number of small firms by sector in 1995, as per Table 2.24 overleaf, based primarily on CSO sources. Due to lack of data for 1995, we are forced to split the Services sectors by size *pro rata* with the position in 2000, and this needs to be kept in mind when interpreting the table.

2.2.6: Reconciliation of the Numbers

Having compiled and analysed the various data sources, we are left with a wide variation of estimates of the number of businesses in Ireland, as summarised in Table 2.25 overleaf (latest estimate from each source). There does appear to be general agreement that the vast bulk of businesses (roughly 97%) are small, i.e. they have fewer than 50 persons engaged.

The estimates fall into two broad camps: on the one hand are the CSO and IDS figures, in the region of 230,000. On the other hand are the estimates that derive directly or indirectly from the Revenue Commissioners, which vary from 274,000 (registered employers plus an estimate of non-employers) to 346,000 (tax returns issued to individuals and companies).

None of the figures is definitive, and most have gaps that have had to be estimated, using more or less scientific methods. The CSO's Business Register is designed to be a database of all businesses, but is still under development and so may be incomplete. The IDS database is also designed to be comprehensive, but is privately maintained, and thus does not have the advantage of direct access to official sources. The QNHS self-employed data exclude large businesses with no identifiable employer, may count partnerships more than once and exclude second and subsequent businesses owned by the same individual.

Table 2.24: Small Business by Sector, Based on CSO Data, 1995 ('000s)

NACE Code & Description	# Engaged Band							Sectoral Split
	1	2-9	10-19	20-49	1-49	50+	Total	of Small firms
C-E Industry	8.0	5.1	0.9	1.0	**15.0**	1.0	**16.0**	10.2%
F Construction	16.0	8.7		0.2	**24.9**	0.1	**25.0**	17.0%
G Wholesale and Retail	23.0	13.8	1.4	1.2	**39.5**	0.5	**40.0**	26.8%
H Hospitality	7.0	5.2	1.8	0.6	**14.6**	0.4	**15.0**	9.9%
I Transport &Communication	9.0	1.7	0.1	0.1	**11.0**	0.0	**11.0**	7.4%
J Financial Services	0.6		0.2		**0.8**	0.6	**1.4**	0.5%
K Business Services	11.0	7.1	0.3	0.3	**18.8**	0.2	**19.0**	12.8%
M Education	2.0	0.4	0.2	0.0	**2.6**	0.0	**2.6**	1.8%
N Health	3.0	2.7	0.3	0.0	**6.0**	0.0	**6.0**	4.1%
O Other Services	10.0	3.8	0.2	0.0	**14.0**	0.0	**14.0**	9.5%
Total	**89.6**	**48.7**	**5.2**	**3.6**	**147.0**	**3.0**	**150.0**	**100.0%**
Split by Size								
C-E Industry	50.0%	31.9%	5.9%	6.2%	**93.9%**	6.1%	**100.0%**	
F Construction	64.0%	34.8%		0.9%	**99.7%**	0.3%	**100.0%**	
G Wholesale and Retail	57.5%	34.5%	3.6%	3.1%	**98.7%**	1.3%	**100.0%**	
H Hospitality	46.7%	34.6%	11.7%	4.1%	**97.1%**	2.9%	**100.0%**	
I Transport & Communication	81.8%	15.9%	0.9%	0.9%	**99.5%**	0.5%	**100.0%**	
J Financial Services	44.3%		12.4%		**56.6%**	43.4%	**100.0%**	
K Business Services	57.9%	37.4%	1.8%	1.7%	**98.8%**	1.2%	**100.0%**	
M Education	76.9%	15.4%	7.7%	0.0%	**100.0%**	0.0%	**100.0%**	
N Health	50.0%	44.6%	4.2%	0.5%	**99.3%**	0.7%	**100.0%**	
O Other Services	71.4%	26.9%	1.2%	0.3%	**99.8%**	0.2%	**100.0%**	
Total	**59.8%**	**32.4%**	**3.5%**	**2.4%**	**98.0%**	**2.0%**	**100.0%**	

Source: CSO, Eurostat website, DKM estimates.

Table 2.25: Estimates of Number of Non-Agricultural Businesses in Ireland

Source	Description	Date	# of Businesses Total '000	Small '000
CSO Business Register	Business Register	October 2005	230	*223*
CSO QNHS	Self-employed Individuals	Mar-May 2005	229	*222*
IDS MediaGroup (1)	Businesses with Fewer than 50 Engaged	Autumn 2005	235	230
Revenue Commissioners	Businesses with 50 or fewer employees	2002	-	283
SFA/Rev. Commissioners (2)	Tax Returns Issued to Self-Assessed Individuals and Companies	2004	346	*335*
SFA/Rev. Commissioners (2)	VAT Registrations Grossed Up for Non-registered Businesses	2003	299	*290*
SFA/Rev. Commissioners (2)	Registered Employers, Grossed up for Businesses with no Employees	July 2004	274	*266*

Notes:

1. Figures in italics are estimates, based on 97% of all businesses being small.
2. SFA chose the VAT registration figure as their median estimate.
3. Growth in the number of businesses appears to be in the region of 3% per annum in the current decade.

The Revenue Commissioners' database of small businesses should also be reasonably comprehensive. Analysis of this source indicates 283,000 small businesses in Ireland in 2002. Given a growth rate in business numbers of roughly 3% per annum, the implication is that there are in the region of 310,000 small businesses in 2005. However, we have pointed out earlier that this estimate is partly based on the number of self-assessed tax returns issued, which could include individuals no longer operating businesses, and also that the implied proportion of businesses with no employees per this source is very high, so we believe there is some overstatement in this estimate.

Turning to the SFA/Revenue Commissioners estimates, these are problematic on a number of counts, and are described by the SFA itself as "broad guesstimates". Specifically:

Tax Returns Basis

The estimate based on tax returns issued is the highest at 346,000 for 2004. Correction is made for self-assessed individuals not in business and for farmers, but there remain two difficulties:

1. The number of partnerships is taken to be 30,000. On the basis that each partnership has two partners, each self-assessed, the SFA reduces the total estimate of businesses by 30,000 x ½ = 15,000. They should actually reduce the total by 30,000 (their methodology implies that there are 30,000 partners, not 30,000 partnerships - the same error was made in the 1994 report). In fact, the average number of partners per partnership would be greater than two, so reducing by 30,000 is conservative.

2. Some 126,500 companies are included. The Revenue Commissioners' own estimate of companies employing 50 or fewer persons in 2002 was 40,000. It is reasonable to assume that any company operating a separate business would have employees, so the figure of 126,500 would appear to be a serious over-statement. We estimate that perhaps 7,000 businesses in Ireland employ more than 50 persons engaged, the bulk of which would probably be companies, and allowing for growth in numbers between 2002 and 2004, it appears to us that including all companies to which tax returns were issued overstates the number of businesses by 126,500 – [(40,000 + 6%) + 7,000] = 79,000.

Thus, the more correct estimate of businesses in 2004, using this methodology, would be 346,000 – 15,000 - 79,000 = 252,000. The equivalent figure for 2005 would be 260,000 (+3%). We also suspect that there may be some over-statement due to discontinued businesses continuing to receive tax return forms after cessation, as well as the conservative deduction for partnerships. On the other hand the SFA highlight the scope for understatement due to individuals owning more than one business.

VAT Registrations

This estimation takes the total VAT registrations at end 2003 (224,100) and assumes that (i) 75% of all businesses are registered for VAT and (ii) businesses would not have more than one registration, which grosses the total up to 299,000. The basis for these two assumptions is unclear, although *prima facie* they appear reasonable. However, the 224,1000 includes 11,400 businesses in Agriculture, Forestry and Fishing, sectors excluded from our study. Excluding them brings the total estimate down to (224,100 – 11,400) ÷ 0.75 = 283,600.

Subsequent to the SFA's work the Revenue Commissioners' Statistical report for 2004 became available. This indicates total VAT registrations of 236,000 at end 2004. Excluding Agriculture and grossing up by 75% gives an estimate of total businesses in 2004 of
(236,000 – 11,800) ÷ 0.75 = 299,000. Adding 3% for growth to 2005 would bring this up to 308,000.

However, the number of VAT registrations has been growing rapidly in recent years, by an average of almost 6% per annum over the five years to 2004. This is significantly faster than the annual growth rate in total businesses according to the CSO (3%), and suggests there may be some lag in the deregistration of discontinued businesses. Discussions with Revenue Commissioners personnel confirm a lag in removing businesses from registers, to avoid having to re-register those that are prematurely de-registered. This points to a potential over-estimation, the extent of which depends on how long discontinued businesses' VAT registrations remain on the list. Unfortunately, as at the time of writing we have been unable to obtain an estimate of this.

Registered Employers

This is based on 137,000 non-farm registered employers who actually had employees in mid-2004. It was assumed that a similar number would have had no employees, bringing the total up to 274,000. Adding 3% for growth up to 2005 brings the total to 282,000. This proportion of roughly 50% of non-farm businesses having no employees is close to the proportion indicated by the QNHS self-employed data (Table 2.2), so on the face of it, this estimate is perhaps most likely to be accurate. However, the total of registered employers also includes public sector and non-commercial employers, so these would have to be excluded. Unfortunately, as at the time of writing we have been unable to obtain an estimate of this.

Conclusion

While the above analysis has bridged the gap between estimates of business numbers to some extent, it has not closed it completely. Apart from the CSO/IDS figures of roughly 230,000, our estimates of the total number of businesses in 2005 vary from 260,000 based on tax returns, to 282,000 based on registered employers, to roughly 310,000 per VAT registrations and the Revenue Commissioners' database of small businesses. All of these figures are problematic, however, and we believe some overstatement remains in them.

That said, the fact that all the Revenue Commissioners-based estimates are greater than the CSO/IDS estimates, suggest that the latter may be under-stated. It is also reasonable to assume that all of this under-statement relates to small businesses, that is, the CSO's estimates of the number of larger businesses are accurate.

Let us say that there are in the region of 250,000 small businesses in Ireland as of 2005, which would imply just short of 260,000 businesses in total (maintaining a ratio of 97% for small businesses). Given the range of estimates discussed above, this could vary in either direction by 10-15%.

The above however raises issues regarding: (i) what is the sectoral split of small firms, and (ii) how many small firms were there in 2000 and 1995? We have based our analysis of these on CSO data, but have concluded above that the CSO may be under-estimating the total number of businesses. What are the sectoral characteristics of the underestimation, and might there also be an underestimation in earlier years? We have no scientific basis upon which to address these questions, and are forced to assume that:

(i) The CSO-based data (Table 2.9) gives an accurate sectoral breakdown of businesses in 2005, and

(ii) The CSO-based data for 2000 and 1995 (Tables 2.19 and 2.24) under-estimate the total number of small businesses in a similar proportion as in 2005, i.e. by roughly 10%[13]. On this basis the total number of small businesses in 2000 would have been 298,000 + 10% ≈ 220,000 and the total in 1995 would have been 147,000 + 10% ≈ 160,000. We also assume that these estimates carry a similar error range to the 2005 estimate.

2.3: Numbers Engaged in Small Businesses, by Sector

Data on persons engaged by small businesses are available from the CSO, the Revenue Commissioners and IDS. We have the considerable advantage of a control check for these numbers, since the QNHS gives information on the total workforce, and we can tie this up with the figures from the various sources. The QNHS for March-May 2005 indicates as per Table 2.26 overleaf.

The analysis of firms by numbers engaged also gives some guidance regarding the number of persons engaged in these firms.

[13] (250,000 ÷ 226,000) – 1 = 10.6%.

Table 2.26: Persons Engaged in the Irish Economy, Mar-May 2005

NACE Code & Description	Workforce ('000s)	%age Breakdown
A-B Agriculture	113.7	5.9%
C-E Industry	294.2	15.2%
F Construction	242.4	12.6%
G Wholesale & Retail	266.9	13.8%
H Hospitality	111.0	5.8%
I Transport & Communication	118.2	6.1%
J-K Financial & Business Services	257.1	13.3%
L Public Administration & Defence	98.2	5.1%
M Education	123.1	6.4%
N Health	188.0	9.7%
O-Q Other Services	116.4	6.0%
Total	**1,929.2**	**100.0%**
Net of NACE codes A, B, L, M, N, P, Q	1,426.0	

Source: CSO QNHS.

2.3.1: CSO

As before, the latest detailed information from the CSO on employment by size of firm is from the 2003 establishment data. We analyse this first, and then attempt to assess the more up-to-date position.

Census of Industrial production 2003 (CIP)

The CIP 2003 indicates that 56,700 persons were engaged in industrial firms with between three and 49 persons engaged (see Table 2.27). Although this category represented over 80% of industrial firms with at least three persons engaged, it only represented 23% of employment in them. Industrial employment is concentrated in the 20% of firms with 50 or more persons employed.

Table 2.27: Persons Engaged in Industrial Enterprises by Size, 2003

# Engaged Band	# Engaged	%age Breakdown
3-9	10,458	4.3%
10-19	14,889	6.1%
20-49	31,320	12.8%
Sub-total 3-49	**56,667**	**23.2%**
50+	187,732	76.8%
Grand Total	**244,399**	**100.0%**

Source: CSO Census of Industrial Production, 2003

As discussed earlier, there is a gap of 52,900 in industrial employment between the CIP and the QNHS, and these are presumably employed in firms with fewer than three persons employed, although differences in methodology between the CIP and QNHS indicate that caution should be used in interpreting these figures.

Sectoral analysis of employment in the CIP is on the basis of local units rather than firms as such. Over 80% of local units engaged fewer than 50 persons. Table 2.28 overleaf sets out employment in these units by sector. As can be seen, roughly 7% more persons are engaged in local industrial units of less than 50 persons than are engaged in firms with fewer than 50 persons: 60,800 Vs 56,700.

In sectoral terms, 14% of workers in small local units included in the CIP were in Metals Processing, 13% were in Food Processing, and 11% were in Publishing, Printing & Reproduction of Recorded Media (which includes software). While on an overall basis 25% of employment was in firms with fewer than 50 persons, this varies from 4.5% in Communications Equipment to 54% in Wood Products. In general, small firms are under-represented in the "modern" sectors.

Annual Services Inquiry 2003 (ASI)

Table 2.29 overleaf sets out the numbers engaged in service enterprises in 2003 per the ASI. It indicates that 384,600 persons were engaged in small firms, in September 2003. Overall, 54% of those employed in the Services sector are in firms with fewer than 50 persons employed. By contrast, 98% of Services firms are in this size category.

The ASI is the only source of data we have identified that distinguishes between full- and part-time staff by firm size. It indicates that of those engaged in small firms in the services sector, 62% were full-time employees, 26% were part-time employees, and 12% were proprietors, family members, etc., whether full- or part-time. The larger firms appear to have a higher proportion of part-time employees. Unsurprisingly, the smallest enterprises have a very high proportion of proprietors and family members engaged.

Table 2.28: Persons Engaged in Local Industrial Units by Size, 2003

	# Engaged Band						Sectoral Split of Small Firms
	3-9	**10-19**	**20-49**	**3-49**	**50+**	**Total**	
Mining & Quarrying (NACE Code C)	**292**	**787**	**925**	**2,004**	**3,922**	**5,926**	**3.3%**
Food Processing	1,043	2,067	5,056	**8,166**	35,325	**43,491**	13.4%
Beverages & Tobacco	75	87	246	**408**	5,131	**5,539**	0.7%
Textiles & Leather	829	936	1,880	**3,645**	3,920	**7,565**	6.0%
Wood Products	801	924	1,972	**3,697**	3,173	**6,870**	6.1%
Pulp & Paper	179	364	1,181	**1,724**	3,207	**4,931**	2.8%
Publish, Print, Reproduction Recorded Media	1,415	1,815	3,223	**6,453**	9,636	**16,089**	10.6%
Chemicals & Manmade Fibres	308	442	1,751	**2,501**	21,168	**23,669**	4.1%
Rubber & Plastic	485	946	2,314	**3,745**	5,791	**9,536**	6.2%
Non-Metallic Minerals	872	966	2,370	**4,208**	4,971	**9,179**	6.9%
Basic Metals & Fabricated Metals	1,724	2,447	4,022	**8,193**	6,754	**14,947**	13.5%
Machinery & Equipment	704	1,048	2,148	**3,900**	7,799	**11,699**	6.4%
Computers & Office Machinery	101	158	405	**664**	12,915	**13,579**	1.1%
Electrical Machinery	255	597	1,098	**1,950**	8,434	**10,384**	3.2%
Communications Equipment	60	110	254	**424**	8,989	**9,413**	0.7%
Medical & Precision Instruments	137	287	835	**1,259**	18,368	**19,627**	2.1%
Other Manufacturing	1,989	2,087	3,454	**7,530**	13,254	**20,784**	12.4%
Total NACE Code D	**10,977**	**15,281**	**32,209**	**58,467**	**168,835**	**227,302**	**96.2%**
Electricity, Gas, Water (NACE Code E)				**296**	**11,366**	**11,662**	**0.5%**
Total NACE Codes C, D & E	**11,283**	**15,958**	**33,526**	**60,767**	**184,123**	**244,890**	**100.0%**
Breakdown by Size							
Mining & Quarrying (NACE Code C)	**4.9%**	**13.3%**	**15.6%**	**33.8%**	**66.2%**	**100.0%**	
Food Processing	2.4%	4.8%	11.6%	18.8%	81.2%	100.0%	
Beverages & Tobacco	1.4%	1.6%	4.4%	7.4%	92.6%	100.0%	
Textiles & Leather	11.0%	12.4%	24.9%	48.2%	51.8%	100.0%	
Wood Products	11.7%	13.4%	28.7%	53.8%	46.2%	100.0%	
Pulp & Paper	3.6%	7.4%	24.0%	35.0%	65.0%	100.0%	
Publish, Print, Reproduction Recorded Media	8.8%	11.3%	20.0%	40.1%	59.9%	100.0%	
Chemicals & Manmade Fibres	1.3%	1.9%	7.4%	10.6%	89.4%	100.0%	
Rubber & Plastic	5.1%	9.9%	24.3%	39.3%	60.7%	100.0%	
Non-Metallic Minerals	9.5%	10.5%	25.8%	45.8%	54.2%	100.0%	
Basic Metals & Fabricated Metals	11.5%	16.4%	26.9%	54.8%	45.2%	100.0%	
Machinery & Equipment	6.0%	9.0%	18.4%	33.3%	66.7%	100.0%	
Computers & Office Machinery	0.7%	1.2%	3.0%	4.9%	95.1%	100.0%	
Electrical Machinery	2.5%	5.7%	10.6%	18.8%	81.2%	100.0%	
Communications Equipment	0.6%	1.2%	2.7%	4.5%	95.5%	100.0%	
Medical & Precision Instruments	0.7%	1.5%	4.3%	6.4%	93.6%	100.0%	
Other Manufacturing	9.6%	10.0%	16.6%	36.2%	63.8%	100.0%	
Total NACE Code D	**4.8%**	**6.7%**	**14.2%**	**25.7%**	**74.3%**	**100.0%**	
Electricity, Gas, Water (NACE Code E)	**0.1%**	**-0.9%**	**3.4%**	**2.5%**	**97.5%**	**100.0%**	
Total NACE Codes C, D & E	**4.6%**	**6.5%**	**13.7%**	**24.8%**	**75.2%**	**100.0%**	

Source: CSO Census of Industrial Production, 2003.

Table 2.29: Full- and Part-Time Numbers Engaged in Services Enterprises by Size, 2003

# Engaged Band	Full-time Employees	Part-time Employees	Proprietors, Family, etc	Total # Engaged	%age Split
1-9	93,054	40,273	76,685	210,012	29.4%
10-19	62,281	24,315	5,341	91,937	12.9%
20-49	59,994	20,769	1,856	82,619	11.6%
Sub-total 1-49	**215,329**	**85,357**	**83,882**	**384,568**	**53.9%**
50+	228,398	98,704	1,447	328,549	46.1%
Grand total	**443,727**	**184,061**	**85,329**	**713,117**	**100.0%**
Percentage Breakdown by Nature of Employment					
1-9	44.3%	19.2%	36.5%	100.0%	
10-19	67.7%	26.4%	5.8%	100.0%	
20-49	72.6%	25.1%	2.2%	100.0%	
Sub-total 1-49	**56.0%**	**22.2%**	**21.8%**	**100.0%**	
50+	69.5%	30.0%	0.4%	100.0%	
Grand Total	**62.2%**	**25.8%**	**12.0%**	**100.0%**	

Source: CSO Annual services Inquiry 2003

In terms of sectoral breakdown, Table 2.30 overleaf sets out the position. Of the 384,600 persons engaged in small firms, over 24% are in Business Services. 23% are in Retail, and 21% are in the Hospitality sector. The percentage of total persons engaged in small firms varies quite significantly by sector. Over 80% of those in the Motor Trade are in small firms, compared with 28% in the Transport & Communication sector. For the other sectors the range is 50-60%.

Census of Building and Construction (CBC)

The CSO indicates that 18,132 persons were engaged in Construction firms with 20-49 persons engaged, in September 2003. As indicated already, total employment in firms with more than 20 persons engaged was 42,324, out of a total of 200,600, implying that 158,300 were employed in firms with fewer than 20 persons. Thus we can conclude that 158,300 + 18,100 = 176,400 people were employed in small Construction firms in 2003.

Table 2.30: Persons Engaged in Service Enterprises by Size, 2003

	# Engaged Band						Sectoral Split of Small Firms
	1-9	**10-19**	**20-49**	**1-49**	**50+**	**Total**	
Retail	53,560	17,785	16,529	87,874	74,139	162,013	22.8%
Wholesale	16,168	10,360	13,187	39,715	33,984	73,699	10.3%
Motor Trade	14,008	8,614	7,624	30,246	7,127	37,373	7.9%
Total NACE Code G	**83,736**	**36,759**	**37,340**	**157,835**	**115,250**	**273,085**	**41.0%**
Hospitality (NACE Code H)	**36,495**	**25,173**	**18,784**	**80,452**	**53,095**	**133,547**	**20.9%**
Land Transport	7,857	2,330	2,925	13,112	15,903	29,015	3.4%
Sea & Air Transport	2,881	2,767	2,364	8,012	20,908	28,920	2.1%
Post & Telecoms	2,565	723	423	3,711	27,952	31,663	1.0%
Total NACE Code I	**13,303**	**5,820**	**5,712**	**24,835**	**64,763**	**89,598**	**6.5%**
Real Estate, Renting	15,435	1,053	2,499	18,987	5,693	24,680	4.9%
Computers	6,623	2,792	2,441	11,856	12,175	24,031	3.1%
R&D & Other Business Svc'es	38,090	13,474	10,880	62,444	61,087	123,531	16.2%
Total NACE Code K	**60,148**	**17,319**	**15,820**	**93,287**	**78,955**	**172,242**	**24.3%**
Recreational, Cultural, Sport	4,384	3,764	3,671	11,819	9,001	20,820	3.1%
Other Services	11,946	3,103	1,293	16,342	7,484	23,826	4.2%
Total NACE Code O	**16,330**	**6,867**	**4,964**	**28,161**	**16,485**	**44,646**	**7.3%**
Grand Total	**210,012**	**91,938**	**82,620**	**384,570**	**328,548**	**713,118**	**100.0%**
Percentage Breakdown by size							
Retail	33.1%	11.0%	10.2%	54.2%	45.8%	100.0%	
Wholesale	21.9%	14.1%	17.9%	53.9%	46.1%	100.0%	
Motor Trade	37.5%	23.0%	20.4%	80.9%	19.1%	100.0%	
Total NACE Code G	30.7%	13.5%	13.7%	57.8%	42.2%	100.0%	
Hospitality (NACE Code H)	27.3%	18.8%	14.1%	60.2%	39.8%	100.0%	
Land Transport	27.1%	8.0%	10.1%	45.2%	54.8%	100.0%	
Sea & Air Transport	10.0%	9.6%	8.2%	27.7%	72.3%	100.0%	
Post & Telecoms	8.1%	2.3%	1.3%	11.7%	88.3%	100.0%	
Total NACE Code I	14.8%	6.5%	6.4%	27.7%	72.3%	100.0%	
Real Estate, Renting	62.5%	4.3%	10.1%	76.9%	23.1%	100.0%	
Computers	27.6%	11.6%	10.2%	49.3%	50.7%	100.0%	
R&D & Other Business Svc'es	30.8%	10.9%	8.8%	50.5%	49.5%	100.0%	
Total NACE Code K	34.9%	10.1%	9.2%	54.2%	45.8%	100.0%	
Recreational, Cultural, Sport	21.1%	18.1%	17.6%	56.8%	43.2%	100.0%	
Other Services	50.1%	13.0%	5.4%	68.6%	31.4%	100.0%	
Total NACE Code O	36.6%	15.4%	11.1%	63.1%	36.9%	100.0%	
Grand Total	29.4%	12.9%	11.6%	53.9%	46.1%	100.0%	

Source: CSO Annual Services Inquiry 2003.

Summary of CSO Data

We can summarise the CSO employment data for 2003 as we did for numbers of firms, as per Table 2.33 overleaf. The table indicates total numbers engaged in the Private Sector excluding Agriculture at 1.3 million. This can be checked against the QNHS for September-November 2003, as per Table 2.31.

Table 2.31: Numbers Engaged in Irish Economy, Sept-Nov 2003

NACE Code & Description	Workforce ('000)	Sectoral Split
A-B Agriculture, Forestry and Fishing	123.4	6.7%
C-E Other Production Industries	297.3	16.3%
F Construction	200.6	11.0%
G Wholesale and Retail Trade	256.5	14.0%
H Hospitality	115.4	6.3%
I Transport & Comm's	114.6	6.3%
J-K Financial and Business Services	231.3	12.6%
L Public Administration and Defence	90.6	5.0%
M Education	118.1	6.5%
N Health	175.8	9.6%
O Other Services	89.2	4.9%
P, Q Household and Extra-territorial	16.1	0.9%
All Economic Sectors	**1828.9**	**100.0%**
Net of NACE codes A, B, L, M, N, P, Q	1,305.0	

Source: CSO QNHS

Deducting NACE codes A, B, L, M, N, P and Q from both gives 1.305 million per the QNHS and 1.27 million per Table 2.33, a difference of 35,000, made up as follows:

Table 2.32: Comparison of Workforce by Sector in Sept 2003 per QNHS and Table 2.33

NACE Code & Description	QNHS	Table 2.32	Difference
C-E Other Production Industries	297	297	-
F Construction	201	201	-
G Wholesale and Retail Trade	257	273	17
H Hospitality	115	134	18
I Transport & Comm's	115	90	-25
J-K Financial and Business Services	231	231	-
O Other Services	89	45	-45
Total	**1,305**	**1,270**	**-35**

Sources: CSO QNHS, CIP, ASI, CBC, DKM estimates.

Table 2.33: Numbers Engaged in Small Business by Sector, Based on CSO Data, 2003 ('000s)

NACE Code & Description	# Engaged Band						Sectoral Split
	1-9	10-19	20-49	1-49	50+	Total	of Employment in Small Firms
C Mining & Quarrying	0.3	0.7	0.9	**1.9**	4.0	**5.9**	0.3%
D Manufacturing	61.5	12.6	27.5	**101.6**	167.2	**268.8**	14.3%
E Electricity, Gas & Water	1.6	1.5	3.0	**6.1**	16.5	**22.6**	0.9%
F Construction	158.3		18.1	**176.4**	24.2	**200.6**	24.8%
G Wholesale and Retail Trade	83.7	36.8	37.3	**157.8**	115.3	**273.1**	22.2%
H Hospitality	36.5	25.2	18.8	**80.5**	53.1	**133.5**	11.3%
I Transport & Communication	13.3	5.8	5.7	**24.8**	64.8	**89.6**	3.5%
J Financial Services	9.0			**9.0**	50.1	**59.1**	1.3%
K Business Services	60.1	17.3	15.8	**93.3**	79.0	**172.2**	13.1%
M Education	5.9	2.5	5.4	**13.8**	12.0	**25.8**	1.9%
N Health	15.6	1.3	1.5	**18.5**	9.2	**27.7**	2.6%
O Other Services	16.3	6.9	5.0	**28.2**	16.5	**44.6**	4.0%
Total	**462.2**	**110.7**	**138.9**	**711.8**	**611.7**	**1,323.5**	**100.0%**
%age split by Size	**34.9%**	**8.4%**	**10.5%**	**53.8%**	**46.2%**	**100.0%**	

Source: CSO, Financial Regulator, IDS MediaGroup, DKM estimates.

Codes C-E, F and J-K tie up exactly because we effectively used the QNHS as a source for these data. Overall the remaining gap between the two sets of data is not excessive, but the gap for NACE code O does stand out, with twice as many engaged per the QNHS as per Table 2.33.

In order to estimate total employment by firm size in 2005, to agree with the QNHS, we gross up the 2003 estimates by the sectoral growth in overall employment per the QNHS. We also take into account self-employed data analysed earlier. This is set out in Table 2.35 overleaf.

2.3.2: Revenue Commissioners

As discussed in Section 2.2.2, the Revenue Commissioners have provided data on firms with 50 or fewer persons employed (not engaged), in 2002. Adding the number of sole traders who either have no employees or have more than 50 employees gives an estimate of the number of persons engaged (on the basis that sole traders with more than 50 employees would be rare). Table 2.34 summarises:

Table 2.34: Employment in Small Businesses per Revenue Commissioners 2002

NACE Code & Description	Sole Traders & Partnerships with No Employees	Sole Traders & Partnerships with 1-50 Employees	Companies with 50 or Fewer Employees	Estimated Total Small Businesses	Sectoral Split
C Mining & Quarrying	118	45	1,107	1,270	0.2%
D Manufacturing	5,887	2,624	45,039	53,550	9.7%
E Electricity, Gas & Water	31	3	278	312	0.1%
F Construction	29,189	20,989	45,186	95,364	17.2%
G Wholesale & Retail	20,923	19,043	68,594	108,560	19.6%
H Hospitality	9,575	12,287	28,872	50,734	9.2%
I Transport & Communication	17,441	3,642	15,048	36,131	6.5%
J Financial Services	1,849	282	6,804	8,935	1.6%
K Business Services	45,839	10,571	45,619	102,029	18.4%
L-Q Public Admin & Defence, Educ., Health, Other Services	66,685	10,279	20,449	97,413	17.6%
Unclassified	17,114	809	2,254	20,177	
Total	**214,651**	**80,574**	**279,250**	**574,475**	

Notes:

4. The Heading "Sole Traders & Partnerships with no employees" actually includes sole traders and partnerships with more than 50 employees, but these should be rare and hence there is a limited scope for over-statement.
5. The sectoral breakdown is with respect to classified enterprises only.

Source: Revenue Commissioners.

Table 2.35: Numbers Engaged by Sector and Size of Firm, Based on CSO Data, March-May 2005 ('000s)

NACE Code & Description	# Engaged Band							Sectoral Split of
	1	2-9	10-19	20-49	1-49	50+	Total	Small firms
C-E Industry	10.4	52.3	14.7	31.0	**108.4**	185.8	**294.2**	14.0%
F Construction	30.7	160.6		21.9	**213.2**	29.2	**242.4**	27.4%
G Wholesale and Retail	16.4	65.4	35.9	36.5	**154.3**	112.6	**266.9**	19.8%
H Hospitality	5.0	25.3	20.9	15.6	**66.9**	44.1	**111.0**	8.6%
I Transport, Communication	19.4	13.4			**32.8**	85.4	**118.2**	4.2%
J Financial Services	3.6	5.0	0.0	0.0	**8.6**	77.8	**86.4**	1.1%
K Business Services	20.2	39.4	17.2	15.7	**92.5**	78.3	**170.7**	11.9%
M Education	3.5	2.4	3.9	4.0	**13.8**	12.0	**25.8**	1.8%
N Health	6.6	9.0	2.1	0.8	**18.5**	9.2	**27.7**	2.4%
O Other Services	15.5	24.2	16.7	12.1	**68.4**	40.1	**108.5**	8.8%
Total	**131.3**	**397.0**	**111.4**	**137.5**	**777.2**	**674.5**	**1,451.7**	**100.0%**
Split by Size								
C-E Industry	3.5%	17.8%	5.0%	10.5%	**36.9%**	63.1%	**100.0%**	
F Construction	12.7%	66.2%	0.0%	9.0%	**87.9%**	12.1%	**100.0%**	
G Wholesale and Retail	6.1%	24.5%	13.5%	13.7%	**57.8%**	42.2%	**100.0%**	
H Hospitality	4.5%	22.8%	18.8%	14.1%	**60.2%**	39.8%	**100.0%**	
I Transport, Communication	16.4%	11.3%	0.0%	0.0%	**27.7%**	72.3%	**100.0%**	
J Financial Services	4.1%	5.8%	0.0%	0.0%	**9.9%**	90.1%	**100.0%**	
K Business Services	11.8%	23.1%	10.1%	9.2%	**54.2%**	45.8%	**100.0%**	
M Education	13.6%	9.4%	15.2%	15.4%	**53.5%**	46.5%	**100.0%**	
N Health	23.9%	32.7%	7.5%	2.8%	**66.9%**	33.1%	**100.0%**	
O Other Services	14.3%	22.3%	15.4%	11.1%	**63.1%**	36.9%	**100.0%**	
Total	**9.0%**	**27.3%**	**7.7%**	**9.5%**	**53.5%**	**46.5%**	**100.0%**	

Source: CSO, Financial Regulator, IDS Mediagroup, DKM estimates.

The Revenue Commissioners data indicate that there were 574,000 persons engaged in small enterprises in Ireland in 2002. Of these, 20% were in Wholesale & Retail, 18% were in Business Services, while 18% were in NACE codes L-Q. Some 17% were in Construction and 10% were in Manufacturing.

Although the Revenue Commissioners data indicate more small businesses than the CSO they indicate fewer persons engaged in small businesses. The CSO figure for 2003 is 685,000, a difference of 111,000, albeit for a year later. If we consider the QNHS in Sept-November 2002 Vs 2003, the workforce grew from 1.782 million to 1.829 million, an increase of 3.6% or 47,000. Growth in small companies would likely be less than this, so this cannot explain the gap between the two sources.

A point worth noting regarding this Revenue Commissioners data is that some businesses have more than one payroll, usually for senior management or proprietors. The Revenue Commissioners data only include one payroll for each firm, so there would be an understatement in their data as regards numbers of persons engaged, which partly explains the difference discussed above.

2.3.3: IDS

As Table 2.2 indicates, the IDS database categorises firms by employment bands, from which we can estimate the total number of persons engaged. The first step is to make sure that the total IDS employment data tie up with the QNHS. The latest QNHS data relate to March-May 2005, and indicate that there were 1.929 million persons in the workforce, as per Table 2.25.

The IDS database by contrast records 2.165 million persons in total engaged in the economy, and this excludes farmers, so there is clearly a large difference between the two sources. The category “Farm Owners and Farm Managers” in the QNHS amounted to 92,100 in Mar-May 2005, so net of this the QNHS total is 1.837 million.

In discussion with IDS, they pointed to one source of the difference – persons having more than one job. As theirs is an establishment-based database, and they do not distinguish between full-and part-time employment, those with more than one job would be counted more than once in the database. In a very rough sense this would imply that (2.165-1.837)/1.837 = 18% of the workforce holds more than one job (assuming no one holds more than two jobs).

Official data on those holding more than one job are incomplete. The CSO inform us that 15,600 persons who identified themselves as employees in the Mar-May 2005 QNHS held more than one job. This excludes the self-employed, and notably farmers. The Teagasc National farm Survey 2004 indicated that 36.2% of farmers held off-farm jobs, up from 34.1% in 2003, so the figure in 2005 could be expected to be at least as high. Thus this would represent another 92,100 x 36.2% = 33,000 with second jobs, leaving a substantial gap between the two sources. Table 2.36 sets out the IDS data, but we cannot attach confidence to its accuracy, given the gap between it and the QNHS.

Table 2.36: Numbers Engaged in Firms by Size & Sector per IDS Database ('000), 2005

NACE Code & Description	# Engaged Band							Sectoral Split of Small Firms
	0-5	6-9	10-24	25-49	0-49	50+	Total	
C Mining & Quarrying	**0.5**	**0.2**	**0.7**	**0.5**	**1.9**	**6.6**	**8.5**	**0.3%**
Food Beverages, Tobacco	2.6	2.4	5.7	4.1	**14.8**	72.6	**87.4**	2.1%
Textiles & Leather	0.6	0.4	0.8	0.7	**2.5**	4.0	**6.5**	0.4%
Wood Products	1.1	1.0	1.2	0.9	**4.1**	3.9	**8.0**	0.6%
Paper, Publishing & Printing	5.1	2.6	4.9	4.2	**16.8**	68.0	**84.7**	2.4%
Chemicals, Rubber, Metal, Minerals	7.9	5.0	11.1	7.7	**31.6**	68.2	**99.8**	4.5%
Machinery, Electronics	8.3	5.0	11.6	7.7	**32.6**	79.4	**111.9**	4.6%
Total NACE code D	**25.6**	**16.3**	**35.2**	**25.2**	**102.3**	**296.0**	**398.4**	**14.4%**
Electricity, Gas & Water	0.8	0.1	0.5	0.1	**1.5**	13.7	**15.2**	0.2%
Construction	22.2	19.4	14.5	8.5	**64.7**	45.1	**109.8**	9.1%
Motor Trade	9.1	7.3	10.2	5.0	**31.5**	15.0	**46.5**	4.5%
Wholesale	13.8	9.9	22.4	11.1	**57.1**	73.1	**130.3**	8.1%
Retail	52.5	13.7	33.8	12.6	**112.6**	97.9	**210.5**	15.9%
Total NACE code G	**75.3**	**31.0**	**66.3**	**28.6**	**201.3**	**186.0**	**387.3**	**28.4%**
H Hospitality	**32.9**	**10.1**	**16.5**	**13.3**	**72.8**	**48.0**	**120.8**	**10.3%**
Land Transport	9.0	3.0	4.4	2.4	**18.8**	22.1	**40.9**	2.7%
Sea & Air Transport	5.0	3.6	4.7	3.1	**16.4**	33.9	**50.3**	2.3%
Post & Telecoms	6.3	1.2	3.0	2.2	**12.7**	34.6	**47.3**	1.8%
Total NACE code I	**20.3**	**7.8**	**12.0**	**7.7**	**47.9**	**90.7**	**138.6**	**6.8%**
J Financial Services	**7.0**	**7.6**	**18.9**	**6.2**	**39.8**	**149.6**	**189.4**	**5.6%**
Real Estate	1.9	1.1	1.4	0.4	**4.8**	1.9	**6.7**	0.7%
Rental Businesses	4.0	1.1	2.9	1.6	**9.6**	4.5	**14.1**	1.4%
Computers & Related Activities	3.2	1.9	5.2	3.1	**13.3**	45.4	**58.7**	1.9%
R&D	0.2	0.0	0.0	0.0	**0.3**	-	**0.3**	0.0%
Business Services	32.0	13.0	22.7	9.2	**76.8**	90.9	**167.7**	10.8%
Total NACE code K	**41.3**	**17.1**	**32.1**	**14.4**	**104.9**	**142.6**	**247.5**	**14.8%**
M Driving schools, etc..	**3.3**	**2.6**	**3.9**	**4.0**	**13.8**	**12.0**	**25.8**	**1.9%**
N Private Medical & Veterinary	**14.8**	**0.9**	**2.1**	**0.8**	**18.5**	**9.2**	**27.7**	**2.6%**
O Other Services	**25.0**	**4.8**	**5.9**	**3.7**	**39.4**	**17.5**	**56.9**	**5.6%**
Unclassified	46.3	0.2	0.2	0.2	**46.9**	2.2	**49.0**	
Total	**315.3**	**118.1**	**208.9**	**113.3**	**755.6**	**1,019.1**	**1,774.7**	
Percentage by Size	**17.8%**	**6.7%**	**11.8%**	**6.4%**	**42.6%**	**57.4%**	**100.0%**	

Note: the sectoral split is with respect to classified enterprises only, i.e. unclassified enterprises are excluded.

Source: IDS Media Group Database, October 2005.

2.3.4: Five Years Ago

Data for five years ago (i.e. 2000) are available from the various CSO publications and from IDS. However, after reviewing the IDS data, we found a number of inconsistencies compared with other sources and with the IDS 2005 data. We understand that the 2000 IDS data are incomplete, and hence do not present them here, and concentrate on data from the CSO.

CSO

The starting point is the QNHS:

Table 2.37: Numbers Engaged in Irish Economy, QNHS Sept-Nov 2000 ('000)

NACE Code & Description	# Engaged	Sectoral Split
A-B Agriculture, Forestry and Fishing	125.3	7.3%
C-E Industry	320.9	18.7%
F Construction	178.1	10.4%
G Wholesale and Retail Trade	241.9	14.1%
H Hospitality	108.6	6.3%
I Transport and Communication	106	6.2%
J-K Financial and Business Services	214.7	12.5%
L Public Administration and Defence	79.5	4.6%
M Education	103.6	6.0%
N Health	140.1	8.2%
O- Other Services	76.1	4.4%
P, Q Household and extra-territorial	18	1.1%
All Economic Sectors	**1712.8**	**100.0%**
Net of NACE codes A, B, L, M, N, P, Q	1,246.3	

Source: CSO revised QNHS data

The **CIP 2000** indicates that just over 57,000 persons were employed in industrial firms with between three and 49 persons engaged (see Table 2.38 overleaf)[14]. Although this category represented 80% of industrial firms with at least three persons engaged, it only represented 21% of employment in them. In other words, industrial employment is concentrated in the 20% of firms that have 50 or more persons engaged.

Table 2.38 also sets out industrial employment by sector. Some 14% of employment in small firms was in Metal Processing, and a further 14% were in Food, Drink and Tobacco. Another 14% were in Publishing, Paper and Printing (including software), and 9% were in Machinery & Equipment.

[14] The data in the table are as per the Eurostat website, and differ slightly from what was published in the CIP 2000. Total employment in industrial firms per the latter was 273,221, as opposed to 270,204 per the former.

Table 2.38: Persons Engaged in Industrial Enterprises by Size, 2000

NACE Code & Description	# Engaged Band						Sectoral
	3-9	10-19	20-49	1-49	50+	Total	Split of Small Firms
Food, Beverages & Tobacco	3,004		4,867	**7,871**	41,110	**48,981**	13.7%
Textiles & Leather	813	914	2,236	**3,963**	8,098	**12,061**	6.9%
Wood Products	723	993	1,787	**3,503**	2,698	**6,201**	6.1%
Paper, Publishing & Printing	1,305	1,982	4,272	**7,559**	16,129	**23,688**	13.2%
Chemicals & Manmade fibres	602		537	**1,139**	21,988	**23,127**	2.0%
Rubber & Plastic	482	930	2,424	**3,836**	6,998	**10,834**	6.7%
Non-Metallic Minerals	610	778	1,806	**3,194**	7,868	**11,062**	5.6%
Basic Metals & Fabricated Metals	1,618	2,114	4,157	**7,889**	8,463	**16,352**	13.8%
Machinery & Equipment	729	1,267	2,888	**4,884**	9,505	**14,389**	8.5%
Computers & Office Machinery	75	147	425	**647**	19,844	**20,491**	1.1%
Electrical Machinery	230	487	1,292	**2,009**	13,244	**15,253**	3.5%
Communications Equipment	48	137	316	**501**	14,512	**15,013**	0.9%
Medical Instruments	61	61	287	**409**	12,529	**12,938**	0.7%
Other Precision Instruments	82	201	588	**871**	4,464	**5,335**	1.5%
Other Manufacturing	3,392		4,889	**8,281**	11,068	**19,349**	14.4%
Total NACE Code D	**9,668**	**14,117**	**32,771**	**56,556**	**198,518**	**255,074**	**98.6%**
Mining, Quarrying Electric, Gas, Water (NACE Code C, E)	**221**	**175**	**396**	**792**	**14,338**	**15,130**	**1.4%**
Total NACE Codes C, D & E	**9,889**	**14,292**	**33,167**	**57,348**	**212,856**	**270,204**	**100.0%**
Breakdown by Size							
Food, Beverages & Tobacco	6.1%	0.0%	9.9%	**16.1%**	83.9%	**100.0%**	
Textiles & Leather	6.7%	7.6%	18.5%	**32.9%**	67.1%	**100.0%**	
Wood Products	11.7%	16.0%	28.8%	**56.5%**	43.5%	**100.0%**	
Paper, Publishing & Printing	5.5%	8.4%	18.0%	**31.9%**	68.1%	**100.0%**	
Chemicals & Manmade fibres	2.6%	0.0%	2.3%	**4.9%**	95.1%	**100.0%**	
Rubber & Plastic	4.4%	8.6%	22.4%	**35.4%**	64.6%	**100.0%**	
Non-Metallic Minerals	5.5%	7.0%	16.3%	**28.9%**	71.1%	**100.0%**	
Basic Metals & Fabricated Metals	9.9%	12.9%	25.4%	**48.2%**	51.8%	**100.0%**	
Machinery & Equipment	5.1%	8.8%	20.1%	**33.9%**	66.1%	**100.0%**	
Computers & Office Machinery	0.4%	0.7%	2.1%	**3.2%**	96.8%	**100.0%**	
Electrical Machinery	1.5%	3.2%	8.5%	**13.2%**	86.8%	**100.0%**	
Communications Equipment	0.3%	0.9%	2.1%	**3.3%**	96.7%	**100.0%**	
Medical Instruments	0.5%	0.5%	2.2%	**3.2%**	96.8%	**100.0%**	
Other Precision Instruments	1.5%	3.8%	11.0%	**16.3%**	83.7%	**100.0%**	
Other Manufacturing	17.5%	0.0%	25.3%	**42.8%**	57.2%	**100.0%**	
Total NACE Code D	**3.8%**	**5.5%**	**12.8%**	**22.2%**	**77.8%**	**100.0%**	
Mining, Quarrying Electric., Gas, Water (NACE Code C, E)	**1.5%**	**1.2%**	**2.6%**	**5.2%**	**94.8%**	**100.0%**	
Total NACE Codes C, D & E	**3.7%**	**5.3%**	**12.3%**	**21.2%**	**78.8%**	**100.0%**	

Source: CSO CIP 2000, Eurostat website.

The following table sets out the numbers engaged in Services enterprises, per the **ASI 2000**. It indicates that 290,600 persons were engaged in firms of less than 50 persons engaged, in September 2000. Of these, 51% were full-time employees, 22% were part-time employees, and 27% were proprietors, family members, etc., whether full- or part-time. The larger firms appear to have a higher proportion of part-time employees. Unsurprisingly, the smallest enterprises have a very high proportion of proprietors and family members engaged. Some 52.5% of those engaged in the services sector are in firms with fewer than 50 persons employed. By contrast, 98% of services enterprises are in this category.

Table 2.39: Numbers engaged in Services Enterprises by Size, 2000

# Engaged Band	Full-time Employees	Part-time Employees	Proprietors, Family Members, etc	Total # Engaged
1-9	67,862	35,071	71,993	174,926
10-19	29,923	12,225	3,571	45,719
20-49	49,408	17,930	2,602	69,940
Sub-total 1-49	**147,193**	**65,226**	**78,166**	**290,585**
50+	181,601	80,275	1,293	263,169
Grand Total	**328,794**	**145,501**	**79,459**	**553,754**
Percentage Breakdown by Nature of Employment				
1-9	38.8%	20.0%	41.2%	100.0%
10-19	65.4%	26.7%	7.8%	100.0%
20-49	70.6%	25.6%	3.7%	100.0%
Sub-total 1-49	**50.7%**	**22.4%**	**26.9%**	**100.0%**
50+	69.0%	30.5%	0.5%	100.0%
Grand Total	**59.4%**	**26.3%**	**14.3%**	**100.0%**

Source: CSO Annual Services Inquiry 2000

We can also consider the sectoral breakdown of employment per the ASI 2000 (see Table 2.40 overleaf). This indicates that 35% of employment in small Services enterprises was in Retail; 22% was in Business Services, and 18% were in Hospitality & Other Services. Some 61% of those in Retail are in small firms. At the other end of the scale, 26% of those in Transport & Communication are in small firms.

Table 2.40: Persons Engaged in Service Enterprises by Size, 2000

	# Engaged Band						Sectoral split of
	1-9	10-19	20-49	1-49	50+	Total	Small Firms
Retail	68,604	14,141	18,766	101,511	64,188	165,699	34.9%
Wholesale	12,247	5,174	11,256	28,677	25,843	54,520	9.9%
Motor Trade	12,508	4,244	6,541	23,293	6,374	29,667	8.0%
Total NACE Code G	**93,359**	**23,559**	**36,563**	**153,481**	**96,405**	**249,886**	**52.8%**
Hospitality, Other services (NACE Code H, O)	**28,977**	**10,392**	**14,241**	**53,610**	**45,509**	**99,119**	**18.4%**
Transport & Communication (NACE Code I)	**11,697**	**2,949**	**5,309**	**19,955**	**56,095**	**76,050**	**6.9%**
Real Estate, Renting, Computers, Technical	18,697	3,537	6,117	28,351	20,909	49,260	9.8%
Other Business services	22,196	5,282	7,710	35,188	44,251	79,439	12.1%
Total NACE Code K	**40,893**	**8,819**	**13,827**	**63,539**	**65,160**	**128,699**	**21.9%**
Grand Total	**174,926**	**45,719**	**69,940**	**290,585**	**273,755**	**553,754**	**100.0%**
Percentage Breakdown by size							
Retail	41.4%	8.5%	11.3%	61.3%	38.7%	100.0%	
Wholesale	22.5%	9.5%	20.6%	52.6%	47.4%	100.0%	
Motor Trade	42.2%	14.3%	22.0%	78.5%	21.5%	100.0%	
Total NACE Code G	**37.4%**	**9.4%**	**14.6%**	**61.4%**	**38.6%**	**100.0%**	
Hospitality, Other services (NACE Code H, O)	**29.2%**	**10.5%**	**14.4%**	**54.1%**	**45.9%**	**100.0%**	
Transport & Communication (NACE Code I)	**15.4%**	**3.9%**	**7.0%**	**26.2%**	**73.8%**	**100.0%**	
Real Estate, Renting, Computers, Technical	38.0%	7.2%	12.4%	57.6%	42.4%	100.0%	
Other Business Services	27.9%	6.6%	9.7%	44.3%	55.7%	100.0%	
Total NACE Code K	**31.8%**	**6.9%**	**10.7%**	**49.4%**	**50.6%**	**100.0%**	
Grand Total	**31.6%**	**8.3%**	**12.6%**	**52.5%**	**49.4%**	**100.0%**	

Source: CSO Annual Services Inquiry 2000.

Data from the **CBC 2000** indicate that 44,910 persons were engaged in Construction firms with 20+ persons engaged, in September 2000. This includes labour-only sub-contractors of 11,424, so the net figure is 33,486. The number engaged in firms with 20-49 persons engaged (excluding labour only sub-contractors) was 9,955.

The QNHS indicates that total persons engaged in Construction in Sept-Nov 2000 was 178,100, implying that 178,100-33,500 = 144,600 were engaged in firms with fewer than 20 persons[15]. Thus we can conclude that 144,600 + 10,000 = 154,600 people were engaged in small Construction firms in 2000.

We can thus summarise the employment position in 2000 per the various CSO sources. The first step is to compare total per the establishment data against the QNHS (keeping in mind that we have already used the QNHS as a balancing figure for Industry, Construction and Financial & Business Services) as follows:

Table 2.41: Comparison of Private Sector Employment in Sept 2000 per CSO QNHS and Establishment Data

	QNHS	Establishment Data	Difference
C-E Industry	321	321	-
F Construction	178	178	-
G Wholesale and Retail Trade	242	250	8
H, O Hospitality, Other Services	185	99	-86
I Transport and Communication	106	76	-30
J-K Financial and Business Services	215	215	-
Total	**1,246**	**1,139**	**-108**

Note: Sectors M and N (education and health) are not included above as they are primarily public sector activities and the QNHS does not distinguish between private and public sector employment).

Sources: CSO QNHS, CIP, ASI, CBC, DKM estimates.

As can be seen, there is a significant gap in the Hospitality & Other Services sector, with the QNHS indicating almost twice as many persons engaged in these sectors as the establishment data. Taking this into account, we summarise our estimate as per Table 2.42 overleaf. Total employment per this table is 1.289 million; deducting the Health and Education estimates from this gives 1.246 million, which ties in with the total per Table 2.41.

[15] This assumes that all labour only sub-contractors are in small firms.

Table 2.42: Numbers Engaged by Sector and Size of Firm, Based on CSO Data, Sept-Nov 2000 ('000s)

NACE Code & Description	# Engaged Band							Sectoral Split of
	1	2-9	10-19	20-49	1-49	50+	Total	Small Firms
C-E Industry	10.0	51.5	14.3	33.1	**108.9**	212.0	**320.9**	16.4%
F Construction	26.0	118.5		10.0	**154.5**	23.6	**178.1**	23.3%
G Wholesale and Retail	17.0	68.4	23.6	36.6	**145.5**	96.4	**241.9**	21.9%
H Hospitality	5.0	24.7	20.5	15.3	**65.4**	43.2	**108.6**	9.9%
I Transport, Communication	13.0		16.4		**29.4**	76.6	**106.0**	4.4%
J Financial Services	2.4		4.5		**6.9**	63.1	**70.0**	1.0%
K Business Services	15.0	41.9	8.8	13.8	**79.5**	65.2	**144.7**	12.0%
M Education	3.0	2.0	3.3	3.3	**11.6**	10.1	**21.7**	1.7%
N Health	5.0	6.7	1.5	0.6	**13.8**	6.8	**20.6**	2.1%
O Other Services	12.0	15.8	11.7	8.5	**48.0**	28.1	**76.1**	7.2%
Total	**108.4**	**350.4**	**83.7**	**121.1**	**663.5**	**625.1**	**1,288.6**	**100.0%**
Split by Size								
C-E Industry	3.1%	16.1%	4.5%	10.3%	**33.9%**	66.1%	**100.0%**	
F Construction	14.6%	66.5%		5.6%	**86.7%**	13.3%	**100.0%**	
G Wholesale and Retail	7.0%	28.3%	9.7%	15.1%	**60.1%**	39.9%	**100.0%**	
H Hospitality	4.6%	22.7%	18.8%	14.1%	**60.2%**	39.8%	**100.0%**	
I Transport, Communication	12.3%		15.5%		**27.7%**	72.3%	**100.0%**	
J Financial Services	3.4%		6.5%		**9.9%**	90.1%	**100.0%**	
K Business Services	10.4%	29.0%	6.1%	9.6%	**55.0%**	45.0%	**100.0%**	
M Education	13.8%	9.1%	15.2%	15.4%	**53.5%**	46.5%	**100.0%**	
N Health	24.3%	32.3%	7.5%	2.8%	**66.9%**	33.1%	**100.0%**	
O Other Services	15.8%	20.8%	15.4%	11.1%	**63.1%**	36.9%	**100.0%**	
Total	**8.4%**	**27.2%**	**6.5%**	**9.4%**	**51.5%**	**48.5%**	**100.0%**	

Source: CSO, Financial Regulator, IDS Mediagroup, DKM estimates.

2.3.5: Ten Years Ago

As indicated already the available data from ten years ago is limited. The starting point is the LFS 1995 (per Eurostat website), which sets out total employment in the economy by sector, as follows:

Table 2.43: Numbers Engaged in Irish economy, LFS 1995

NACE Code & Description	'000	Sectoral Split
A-B Agriculture, Forestry and Fishing	151	12.0%
C-E Other Production Industries	254	20.1%
F Construction	95	7.5%
G Wholesale and Retail Trade	175	13.9%
H Hospitality	69	5.5%
I Transport and Communication	57	4.5%
J Financial Services	48	3.8%
K Business Services	79	6.3%
L Public Administration and Defence	70	5.5%
M Education	86	6.8%
N Health	101	8.0%
O Other Services	72	5.7%
P, Q Household and extra-territorial	1	0.1%
Unclassified	4	0.3%
All Economic Sectors	**1,262**	**100.0%**
Net of NACE codes A, B, L, M, N, P, Q	853	

Source: CSO via Eurostat website.

The other available sources are the CIP and the CBC 1995.

The **CIP 1995** (as reported by Eurostat website) indicates that industrial firms with 3+ persons engaged employed just over 238,000 in 1995, of which just over 51,000 (22%) were in firms with fewer than 50 persons (Table 2.44 overleaf)[16].

[16] The numbers per the Eurostat website were slightly different from those originally reported in the CIP. For example, the latter reported the total industrial employment at 236,000, compared with 238,244 per the former.

Table 2.44: Persons Engaged in Industrial Enterprises by Size, 1995

	# Engaged Band						Sectoral
	3-9	**10-19**	**20-49**	**3-49**	**50+**	**Total**	**Split of Small Firms**
Food, Beverages & Tobacco	1,019	2,070	4,860	**7,949**	39,328	**47,277**	15.5%
Textiles & Leather	706	1,099	1,582	**3,387**	18,890	**22,277**	6.6%
Wood Products	390	730	1,157	**2,277**	2,196	**4,473**	4.4%
Pulp & Paper	109	304	865	**1,278**	3,101	**4,379**	2.5%
Publish, Print, Reproduction Recorded Media	919	1,443	2,743	**5,105**	10,488	**15,593**	9.9%
Chemicals & Manmade Fibres	243	387	1,817	**2,447**	15,702	**18,149**	4.8%
Rubber & Plastic	340	707	2,077	**3,124**	6,470	**9,594**	6.1%
Non-Metallic Minerals	402	658	515	**1,575**	7,403	**8,978**	3.1%
Basic Metals & Fabricated Metals	1,277	2,016	3,188	**6,481**	6,339	**12,820**	12.6%
Machinery & Equipment	684	988	2,819	**4,491**	9,834	**14,325**	8.7%
Computers & Office Machinery	79	126	*400*	**605**	13,816	**14,421**	1.2%
Electrical Machinery	172	292	674	**1,138**	10,864	**12,002**	2.2%
Communications Equipment	28	82	360	**470**	7,227	**7,697**	0.9%
Medical Instruments	45	79	355	**479**	7,146	**7,625**	0.9%
Other Precision Instruments	186	210	437	**833**	3,440	**4,273**	1.6%
Other Manufacturing	1,358	1,561	6,204	**9,123**	8,742	**17,865**	17.8%
Total NACE Code D	**7,957**	**12,752**	**30,053**	**50,762**	**170,986**	**221,748**	**98.8%**
Mining, Quarrying, Electric, Gas, Water (NACE Code C, E)	**80**	**155**	**388**	**623**	**15,873**	**16,496**	**1.2%**
Total NACE Codes C, D & E	**8,037**	**12,907**	**30,441**	**51,385**	**186,859**	**238,244**	**100.0%**
Split by Size							
Food, Beverages & Tobacco	2.2%	4.4%	10.3%	**16.8%**	83.2%	**100.0%**	
Textiles & Leather	3.2%	4.9%	7.1%	**15.2%**	84.8%	**100.0%**	
Wood Products	8.7%	16.3%	25.9%	**50.9%**	49.1%	**100.0%**	
Pulp & Paper	2.5%	6.9%	19.8%	**29.2%**	70.8%	**100.0%**	
Publish, Print, Reproduction Recorded Media	5.9%	9.3%	17.6%	**32.7%**	67.3%	**100.0%**	
Chemicals & Manmade Fibres	1.3%	2.1%	10.0%	**13.5%**	86.5%	**100.0%**	
Rubber & Plastic	3.5%	7.4%	21.6%	**32.6%**	67.4%	**100.0%**	
Non-Metallic Minerals	4.5%	7.3%	5.7%	**17.5%**	82.5%	**100.0%**	
Basic Metals & Fabricated Metals	10.0%	15.7%	24.9%	**50.6%**	49.4%	**100.0%**	
Machinery & Equipment	4.8%	6.9%	19.7%	**31.4%**	68.6%	**100.0%**	
Computers & Office Machinery	0.5%	0.9%	2.8%	**4.2%**	95.8%	**100.0%**	
Electrical Machinery	1.4%	2.4%	5.6%	**9.5%**	90.5%	**100.0%**	
Communications Equipment	0.4%	1.1%	4.7%	**6.1%**	93.9%	**100.0%**	
Medical Instruments	0.6%	1.0%	4.7%	**6.3%**	93.7%	**100.0%**	
Other Precision Instruments	4.4%	4.9%	10.2%	**19.5%**	80.5%	**100.0%**	
Other Manufacturing	7.6%	8.7%	34.7%	**51.1%**	48.9%	**100.0%**	
Total NACE Code D	**3.6%**	**5.8%**	**13.6%**	**22.9%**	**77.1%**	**100.0%**	
Mining, Quarrying, Electric, Gas, Water (NACE Code C, E)	**0.5%**	**0.9%**	**2.4%**	**3.8%**	**96.2%**	**100.0%**	
Total NACE Codes C, D & E	**3.4%**	**5.4%**	**12.8%**	**21.6%**	**78.4%**	**100.0%**	

Source: CSO CIP 1995, Eurostat website.

In sectoral terms, 16% of employment in small industrial firms was in Food, Drink and Tobacco, 13% was in Metal Processing. Another 10% was in Publishing, Paper and Printing (including software), and 9% were in Machinery & Equipment.

Data from the **CBC 1995** indicate that 17,729 persons were engaged in Construction firms with 20+ persons engaged, in 1995. This includes 2,967 labour-only sub-contractors, so net of this figure is 14,762. The CSO informs us that the number engaged in firms with 20-49 persons engaged (excluding labour only sub-contractors) was 5,960.

The LFS indicates that total persons engaged in Construction in 1995 was 82,100, implying that 82,100-14,800 = 67,300 were engaged in firms with fewer than 20 persons[17]. Thus we can conclude that 67,300 + 6,000 = 73,300 people were engaged in small Construction firms in 1995. Comparison with data for later years highlights the growth in Construction employment over the last decade.

We can summarise our employment position in 1995 by firm size, in Table 2.45 overleaf, using the above analysis of Industry and Construction, and assuming that the allocation of employment in Services is in the same proportion as in 2000. This is of course less than ideal, and the results should be treated with a degree of caution as a result.

2.4: Legal Form

The only sets of data for which we have legal form are the CSO's ASI (for services enterprises) for 2003, and the Revenue Commissioners for 2002.

2.4.1: CSO

The CSO have provided us with data on legal form of Services firms with fewer than 50 persons engaged, as per Table 2.46 overleaf. Confidentiality requirements mean that certain sectors are aggregated.

[17] This assumes that all labour only sub-contractors are small firms.

Table 2.45: Numbers Engaged by Sector and Size of Firm, Based on CSO Data, 1995 ('000s)

NACE Code & Description	# Engaged Band							Sectoral Split of
	1	2-9	10-19	20-49	1-49	50+	Total	Small Firms
C-E Industry	8.0	18.0	12.9	30.5	**69.4**	184.6	**254.0**	16.0%
F Construction	16.0	64.2		6.0	**86.2**	8.8	**95.0**	19.8%
G Wholesale and Retail	23.0	38.8	17.0	26.5	**105.3**	69.7	**175.0**	24.2%
H Hospitality	7.0	11.9	13.0	9.7	**41.6**	27.4	**69.0**	9.6%
I Transport, Communication	9.0		6.8		**15.8**	41.2	**57.0**	3.6%
J Financial Services	0.6		4.2		**4.8**	43.2	**48.0**	1.1%
K Business Services	11.0	20.2	4.8	7.5	**43.5**	35.5	**79.0**	10.0%
M Education	2.0	2.9	2.9	2.9	**10.7**	8.4	**19.1**	2.5%
N Health	3.0	7.4	1.3	0.5	**12.2**	4.9	**17.1**	2.8%
O Other Services	10.0	20.9	8.4	6.1	**45.4**	26.6	**72.0**	10.4%
Total	**89.6**	**195.2**	**60.3**	**89.6**	**434.8**	**450.4**	**885.2**	**100.0%**
Split by Size								
C-E Industry	3.1%	7.1%	5.1%	12.0%	**27.3%**	72.7%	**100.0%**	
F Construction	16.8%	67.6%		6.3%	**90.7%**	9.3%	**100.0%**	
G Wholesale and Retail	13.1%	22.1%	9.7%	15.1%	**60.1%**	39.9%	**100.0%**	
H Hospitality	10.1%	17.2%	18.8%	14.1%	**60.2%**	39.8%	**100.0%**	
I Transport, Communication	15.8%		11.9%		**27.7%**	72.3%	**100.0%**	
J Financial Services	1.3%		8.7%		**9.9%**	90.1%	**100.0%**	
K Business Services	13.9%	25.5%	6.1%	9.5%	**55.1%**	44.9%	**100.0%**	
M Education	10.5%	15.1%	15.2%	15.4%	**56.1%**	43.9%	**100.0%**	
N Health	17.5%	43.4%	7.5%	2.8%	**71.2%**	28.8%	**100.0%**	
O Other Services	13.9%	29.0%	11.7%	8.5%	**63.1%**	36.9%	**100.0%**	
Total	**10.1%**	**22.1%**	**6.8%**	**10.1%**	**49.1%**	**50.9%**	**100.0%**	

Source: CSO, DKM estimates.

Table 2.46: Legal Form of Services Enterprises with < 50 Engaged, 2003

	Sole Traders	Partner-ship	Public Ltd Company	Private Ltd Company	Other	Total
Retail	10,563	1,267	185	6,044	262	**18,321**
Wholesale & Motor Trade	4,919	473	149	6,366	262	**12,169**
Total NACE Code G	15,482	1,740	334	12,410	524	**30,490**
Hospitality (NACE Code H)	7,041	1,051	124	3,486	164	**11,866**
Transport, Communication, Business Services (NACE Codes I & K)	15,227	3,119	360	13,440	626	**32,772**
Recreational, Cultural, Sport & Other Services (NACE Code O)	3,893	508	150	1,472	356	**6,379**
Grand Total	**41,643**	**6,418**	**968**	**30,808**	**1,670**	**81,507**
Percentage Breakdown						
Retail	57.7%	6.9%	1.0%	33.0%	1.4%	**100.0%**
Wholesale & Motor Trade	40.4%	3.9%	1.2%	52.3%	2.2%	**100.0%**
Total NACE Code G	50.8%	5.7%	1.1%	40.7%	1.7%	**100.0%**
Hospitality (NACE Code H)	59.3%	8.9%	1.0%	29.4%	1.4%	**100.0%**
Transport, Communication, Business Services (NACE Codes I & K)	46.5%	9.5%	1.1%	41.0%	1.9%	**100.0%**
Recreational, Cultural, Sport & Other Services (NACE Code O)	61.0%	8.0%	2.4%	23.1%	5.6%	**100.0%**
Grand Total	**51.1%**	**7.9%**	**1.2%**	**37.8%**	**2.0%**	**100.0%**

Source: CSO ASI 2003 unpublished data.

As can be seen, sole traders are the largest grouping, accounting for just over 50% overall. Private limited companies account for almost 40% overall, and partnerships make up most of the rest. Sole traders feature especially strongly with Recreational, Cultural, Sport & Other Services, Retail and the Hospitality sector, where they account for roughly 60% of the total. Wholesale and the Motor Trade is the only sector where the number of limited companies exceeds the number of sole traders.

2.4.2: Revenue Commissioners

The Revenue Commissioners' data provided to us distinguish between sole traders and partnerships on the one hand, and limited companies on the other. Table 2.5 sets out the position; in 2002 there were roughly 243,000 sole traders and partnerships, and 40,000 limited companies, with 50 or fewer employees. SFA data sourced from the Revenue Commissioners indicate that there were roughly 30,000 partnerships in Ireland in 2004; it is likely that the majority of these engaged fewer than 50 persons. On the basis of these numbers, roughly 14% of small businesses are limited companies, perhaps 10% are partnerships and the remaining 76% are sole traders.

2.4.3: Conclusions

The Revenue Commissioners indicate a much lower proportion of limited companies than the ASI does, although they also indicate a much higher overall number of enterprises, and a higher overall number of companies. We suspect that the Revenue Commissioners over-estimates the number of smallest enterprises or/and that the ASI underestimates them.

Assuming that the estimate of small limited companies in 2002 (40,000) and the estimate of the number of partnerships in 2004 (30,000) are correct, then given our estimate of total small businesses of 250,000 (see Section 2.2.6), and growth of 3% per annum across all business types, then the percentage split by legal form in 2005 would be 175,000 sole traders (70%), 44,000 limited companies (18%) and 31,000 partnerships (12%).

2.5: Spatial Distribution

Data are available from the CSO, for industrial firms on a Regional Authority basis, and for Services firms split between the S&E and BMW regions. Data on a county basis are available from the Revenue Commissioners, and from IDS Mediagroup, though these are not analysed by sector. One would expect that the number of small enterprises per region should vary with population size, so it is useful to test this hypothesis by analysing the data on a per capita basis.

2.5.1: CSO

The CIP analyses industrial local units and number engaged in them by Regional Authority and size, in 2003. The data are summarised in Table 2.47 and 2.48 overleaf.

The tables indicate that, of the small firms covered by the CIP, 71% were in the S&E region, while 29% were in the BMW region. Some 25.7% were in Dublin, 13.7% were in the South-West, and 13.4% were in the Border region. The regional spread of employment is very similar, for these firms. The overall percentage of firms with 3-49 persons engaged was 81.4%, and the range across the country is quite narrow, from 77.7% in the South-West to 84.5% in the Midlands.

Table 2.49 analyses the number of enterprises by population. It shows some unexpected patterns: the number of industrial firms per thousand population is higher than the State average in the Border, Midland, Mid-West and South-East region, across almost all size ranges, including firms with more than 50 employed. Notably, Dublin and the Mid-East are below the State averages, even for these larger firms, although this may mask the locational pattern of the very largest firms, whose numbers would be very small.

The CIP only covers enterprises with at least three persons engaged. Unfortunately we have found no reliable means of estimating the regional spreads of smaller firms.

The **ASI 2003** provides data at a more aggregated level than the CIP, distinguishing only between the BMW and S&E regions. Table 2.50 overleaf summarises firms numbers and Table 2.51 sets out the number of firms per thousand population. It is clear that small firms have a relatively more prominent position in the BMW region:

- While the overwhelming majority of services firms in both regions are small, the proportion is slightly higher in the BMW region;

- Small firms employ almost 70% of those engaged in Services in the BMW region, as opposed to just over 50% in the S&E region;

- Roughly 25% of Irish small services firms are in the BMW region, while 16% of medium and large firms are in the region;

Likewise roughly 25% of those employed in Irish small services firms are in the BMW region, while 12.5% those employed in medium and large firms are in the region.

On a per capita basis, unlike industrial firms, there are more Services firms in the S&E region than in the BMW region. Since Services firms outnumber industrial firms by a considerable margin, the overall number of spatial split of firms should reflect the position with Services. The relative weakness of the BMW region in Transport & Communications and Business Services, for both large and small firms, is clear.

Table 2.47: Spatial Distribution of Industrial Local Units, 2003

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid-East	Mid-West	South-East	South-west	S&E	Non-Attrib	State Total
3-9	266	158	188	**612**	563	237	193	291	296	**1,580**		**2,192**
10-19	178	68	103	**349**	301	113	102	139	158	**813**		**1,162**
20-49	150	73	102	**325**	275	107	98	124	153	**757**		**1,082**
Sub-total 3-49	**594**	**299**	**393**	**1,286**	**1,139**	**457**	**393**	**554**	**607**	**3,150**	**0**	**4,436**
50+	138	55	94	**287**	232	97	104	117	174	**724**	**24**	**1,011**
Grand total	**732**	**354**	**487**	**1,573**	**1,371**	**554**	**497**	**671**	**781**	**3,874**	**24**	**5,447**
% Split of Small Firms	**13.4%**	**6.7%**	**8.9%**	**29.0%**	**25.7%**	**10.3%**	**8.9%**	**12.5%**	**13.7%**	**71.0%**		**100.0%**
Percentage Breakdown size												
3-9	36.3%	44.6%	38.6%	**38.9%**	41.1%	42.8%	38.8%	43.4%	37.9%	**40.8%**	0.0%	**40.2%**
10-19	24.3%	19.2%	21.1%	**22.2%**	22.0%	20.4%	20.5%	20.7%	20.2%	**21.0%**	0.0%	**21.3%**
20-49	20.5%	20.6%	20.9%	**20.7%**	20.1%	19.3%	19.7%	18.5%	19.6%	**19.5%**	0.0%	**19.9%**
Sub-total 3-49	**81.1%**	**84.5%**	**80.7%**	**81.8%**	**83.1%**	**82.5%**	**79.1%**	**82.6%**	**77.7%**	**81.3%**	**0.0%**	**81.4%**
50+	18.9%	15.5%	19.3%	**18.2%**	16.9%	17.5%	20.9%	17.4%	22.3%	**18.7%**	100.0%	**18.6%**
Grand Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note; the spatial percentage breakdown excludes non-attributable units.

Source: CSO Census of Industrial Production, 2003.

Table 2.48: Spatial Distribution of Numbers Engaged in Industrial Local Units, 2003

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid -East	Mid -West	South -East	South-west	S&E	Non-Attribut.	State Total
3-9	1,354	808	964	**3,126**	3,020	1,159	1,004	1,451	1,524	**8,158**		**11,284**
10-19	2,414	917	1,394	**4,725**	4,083	1,568	1,419	1,924	2,239	**11,233**		**15,958**
20-49	4,608	2,306	3,141	**10,055**	8,293	3,559	2,904	3,921	4,794	**23,471**		**33,526**
Sub-total 3-49	**8,376**	**4,031**	**5,499**	**17,906**	**15,396**	**6,286**	**5,327**	**7,296**	**8,557**	**42,862**	**0**	**60,768**
50+	19,057	10,085	16,768	**45,910**	39,459	20,414	22,052	18,862	28,863	**129,650**	**8,564**	**184,124**
Grand total	**27,433**	**14,116**	**22,267**	**63,816**	**54,855**	**26,700**	**27,379**	**26,158**	**37,420**	**172,512**	**8,564**	**244,892**
% Breakdown of firms with < 50 engaged by sector	**13.8%**	**6.6%**	**9.0%**	**29.5%**	**25.3%**	**10.3%**	**8.8%**	**12.0%**	**14.1%**	**70.5%**		
Percentage Breakdown size												
3-9	4.9%	5.7%	4.3%	4.9%	5.5%	4.3%	3.7%	5.5%	4.1%	4.7%	0.0%	4.6%
10-19	8.8%	6.5%	6.3%	7.4%	7.4%	5.9%	5.2%	7.4%	6.0%	6.5%	0.0%	6.5%
20-49	16.8%	16.3%	14.1%	15.8%	15.1%	13.3%	10.6%	15.0%	12.8%	13.6%	0.0%	13.7%
Sub-total 3-49	**30.5%**	**28.6%**	**24.7%**	**28.1%**	**28.1%**	**23.5%**	**19.5%**	**27.9%**	**22.9%**	**24.8%**	**0.0%**	**24.8%**
50+	69.5%	71.4%	75.3%	71.9%	71.9%	76.5%	80.5%	72.1%	77.1%	75.2%	100.0%	75.2%
Grand total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note; the spatial percentage breakdown excludes non-attributable units.

Source: CSO Census of Industrial Production, 2003.

Table 2.49: Industrial Local Units Regional per '000 Population, 2003

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid-East	Mid-West	South-East	South-west	S&E	State Total
3-9	0.61	0.69	0.48	0.58	0.50	0.56	0.56	0.67	0.50	0.54	0.55
10-19	0.41	0.30	0.27	0.33	0.27	0.27	0.30	0.32	0.27	0.28	0.29
20-49	0.34	0.32	0.26	0.31	0.24	0.25	0.29	0.29	0.26	0.26	0.27
Sub-Total 1-49	**1.35**	**1.30**	**1.01**	**1.22**	**1.00**	**1.08**	**1.15**	**1.28**	**1.03**	**1.08**	**1.11**
50+	0.31	0.24	0.24	0.27	0.20	0.23	0.30	0.27	0.30	0.25	0.26
Grand Total	**1.67**	**1.54**	**1.25**	**1.49**	**1.21**	**1.30**	**1.45**	**1.55**	**1.33**	**1.33**	**1.38**
Comparison With State Average											
3-9	110%	125%	88%	105%	90%	101%	102%	122%	91%	98%	100%
10-19	139%	101%	91%	113%	91%	91%	102%	110%	92%	95%	100%
20-49	126%	117%	97%	113%	89%	93%	105%	106%	96%	95%	100%
Sub-Total 1-49	121%	116%	91%	109%	90%	96%	103%	115%	93%	97%	100%
50+	121%	92%	93%	104%	79%	88%	117%	104%	114%	95%	100%
Grand Total	121%	112%	91%	108%	88%	95%	106%	113%	97%	96%	100%

Source: CSO, Census of industrial Production, 2003, Estimation of Population & Migration, 2005.

Table 2.50: Spatial Distribution of Service Enterprises by Size, 2003

	BMW				S&E				Small Firms
	< 50	50+	Total	%age Small Firms	< 50	50+	Total	%age Small Firms	in BMW as % of State Total
Motor Trade	1,728	10	1,738	99.4%	3,977	52	4,029	98.7%	30.3%
Wholesale	1,386	27	1,413	98.1%	5,079	197	5,276	96.3%	21.4%
Retail	5,393	70	5,463	98.7%	12,927	233	13,160	98.2%	29.4%
Total NACE Code G	**8,507**	**107**	**8,614**	**98.8%**	**21,983**	**482**	**22,465**	**97.9%**	**27.9%**
Hospitality (NACE Code H)	**3,842**	**120**	**3,962**	**97.0%**	**8,024**	**316**	**8,340**	**96.2%**	**32.4%**
Transport	1,372	13	1,385	99.1%	3,971	136	4,107	96.7%	25.7%
Post & Telecoms	173	1	174	99.4%	1,050	30	1,080	97.2%	14.1%
Total NACE Code I	**1,545**	**14**	**1,559**	**99.1%**	**5,021**	**166**	**5,187**	**96.8%**	**23.5%**
Real Estate	920	0	920	100.0%	3,693	17	3,710	99.5%	19.9%
Renting	522	1	523	99.8%	1,238	22	1,260	98.3%	29.7%
Computer & Related Activities	383	9	392	97.7%	2,956	85	3,041	97.2%	11.5%
R&D & Other Business Services	2,476	28	2,504	98.9%	14,020	296	14,316	97.9%	15.0%
Total NACE Code K	**4,301**	**38**	**4,339**	**99.1%**	**21,907**	**420**	**22,327**	**98.1%**	**16.4%**
Recreational, Cultural, Sporting	404	6	410	98.5%	1,310	65	1,375	95.3%	23.6%
Other Services	1,251	3	1254	99.8%	3,413	31	3,444	99.1%	26.8%
Other Services (NACE Code O)	**1,655**	**9**	**1,664**	**99.5%**	**4,723**	**96**	**4,819**	**98.0%**	**25.9%**
Total	**19,850**	**288**	**20,138**	**98.6%**	**61,658**	**1,480**	**63,138**	**97.7%**	**24.4%**
# Engaged									
Motor trade	8,945	885	9,830	91.0%	21,301	6,243	27,544	77.3%	29.6%
Wholesale	7,809	3,824	11,633	67.1%	31,906	30,160	62,066	51.4%	19.7%
Retail	25,863	14,098	39,961	64.7%	62,011	60,041	122,052	50.8%	29.4%
Total NACE Code G	**42,617**	**18,807**	**61,424**	**69.4%**	**115,218**	**96,444**	**211,662**	**54.4%**	**27.0%**
Hospitality (NACE Code H)	22,405	**10,759**	**33,164**	**67.6%**	58,048	**42,336**	**100,384**	**57.8%**	**27.8%**
Transport	5,308	2,716	8,024	66.2%	15,816	34,096	49,912	31.7%	25.1%
Post & Telecoms	623	2,897	3,520	17.7%	3,088	25,054	28,142	11.0%	16.8%
Total NACE code I	**5,931**	**5,613**	**11,544**	**51.4%**	**18,904**	**59,150**	**78,054**	**24.2%**	**23.9%**
Real Estate	2,400	23	2,423	99.1%	10,488	1,985	12,473	84.1%	18.6%
Renting	1,721	339	2,060	83.5%	4,378	3,346	7,724	56.7%	28.2%
Computer & Related Activities	1,185	935	2,120	55.9%	10,670	11,240	21,910	48.7%	10.0%
R&D & Other Business Services	10,292	2,517	12,809	80.3%	52,152	58,569	110,721	47.1%	16.5%
Total NACE Code K	**15,598**	**3,814**	**19,412**	**80.4%**	**77,688**	**75,140**	**152,828**	**50.8%**	**16.7%**
Recreational, Cultural, Sporting	2,604	908	3,512	74.1%	9,214	8,094	17,308	53.2%	22.0%
Other Services	3,922	1,247	5,169	75.9%	12,419	6,238	18,657	66.6%	24.0%
Other Services (NACE Code O)	**6,526**	**2,155**	**8,681**	**75.2%**	**21,633**	**14,332**	**35,965**	**60.2%**	**23.2%**
Total	**93,077**	**41,148**	**134,225**	**69.3%**	**291,491**	**287,402**	**578,893**	**50.4%**	**24.2%**

Source: CSO Annual Services Inquiry 2003.

Table 2.51: Spatial Distribution of Service Enterprises per '000 Population, 2003

	BMW			S&E			State Average		
	< 50	50+	Total	< 50	50+	Total	< 50	50+	Total
Motor trade	1.63	0.01	1.64	1.36	0.02	1.38	1.43	0.02	1.45
Wholesale	1.31	0.03	1.34	1.74	0.07	1.81	1.62	0.06	1.68
Retail	5.10	0.07	5.17	4.42	0.08	4.50	4.60	0.08	4.68
Total NACE code G	8.05	0.10	8.15	7.52	0.16	7.69	7.66	0.15	7.81
Hospitality (NACE Code H)	3.63	0.11	3.75	2.75	0.11	2.85	2.98	0.11	3.09
Transport	1.30	0.01	1.31	1.36	0.05	1.41	1.34	0.04	1.38
Post & Telecoms	0.16	0.00	0.16	0.36	0.01	0.37	0.31	0.01	0.32
Total NACE code I	1.46	0.01	1.47	1.72	0.06	1.78	1.65	0.05	1.70
Real estate activities	0.87	0.00	0.87	1.26	0.01	1.27	1.16	0.00	1.16
Renting	0.49	0.00	0.49	0.42	0.01	0.43	0.44	0.01	0.45
Computer and related activities	0.36	0.01	0.37	1.01	0.03	1.04	0.84	0.02	0.86
R&D and Other Business Services	2.34	0.03	2.37	4.80	0.10	4.90	4.15	0.08	4.23
Total NACE code K	4.07	0.04	4.10	7.50	0.14	7.64	6.59	0.12	6.70
Recreational, cultural and sporting activities	0.38	0.01	0.39	0.45	0.02	0.47	0.43	0.02	0.45
Other Services	1.18	0.00	1.19	1.17	0.01	1.18	1.17	0.01	1.18
Other Services (NACE Code O)	1.57	0.01	1.57	1.62	0.03	1.65	1.60	0.03	1.63
Total	18.77	0.27	19.04	21.11	0.51	21.61	20.49	0.44	20.93
As Percentage of State Average									
Motor trade	114%	61%	113%	95%	114%	95%			
Wholesale	81%	45%	79%	107%	120%	107%			
Retail	111%	87%	110%	96%	105%	96%			
Total NACE code G	105%	68%	104%	98%	111%	98%			
Hospitality (NACE Code H)	122%	104%	121%	92%	99%	92%			
Transport	97%	33%	95%	101%	124%	102%			
Post & Telecoms	53%	12%	52%	117%	132%	117%			
Total NACE code I	89%	29%	87%	104%	126%	105%			
Real estate activities	75%	0%	75%	109%	136%	109%			
Renting	112%	16%	110%	96%	130%	96%			
Computer and related activities	43%	36%	43%	121%	123%	121%			
R&D and Other Business Services	56%	33%	56%	116%	124%	116%			
Total NACE code K	62%	31%	61%	114%	125%	114%			
Recreational, cultural and sporting activities	89%	32%	86%	104%	125%	105%			
Other Services	101%	33%	100%	100%	124%	100%			
Other Services (NACE Code O)	98%	32%	97%	101%	125%	101%			
Total	**92%**	**61%**	**91%**	**103%**	**114%**	**103%**			

Source: CSO Annual Services Inquiry 2003, Estimation of Population & Migration, 2005.

2.5.2: Revenue Commissioners

The Revenue Commissioners provide data by county, as summarised in Table 2.52 overleaf, for 2002. As can be seen, over 75% of small firms were in the S&E region, with 25% in the BMW region. Almost 30% were in Dublin, with a further 12% in Cork. The next largest county was Galway at 5%. On a per capita basis, there are in general more firms in the counties of the S&E region than in the BMW region. This is in agreement with the CSO data, which relate to 2003.

2.5.3: IDS

The IDS Media Group database provides data down to the level of town, but we present it here by county (Table 2.53). This table presents all the records in the IDS database, which includes non-commercial and public sector organisations. The actual number of commercial firms per the IDS database is 235,000 (Table 2.11), roughly 33,000 or 12% fewer than the entire number of records in the database. This needs to be kept in mind when interpreting the data.

However, the percentages in the two right hand columns of the table should be reasonably accurate. It can be seen that between 97% and 99% of all records relate to organisations with fewer than fifty persons engaged, throughout the country. The variation is narrow: Dublin has the lowest percentage of small firms, at 97.1%, while Meath and Roscommon have the highest, at 99%. Roughly 27% of all organisations with fewer than fifty persons engaged are located in the BMW region, with 73% in the S&E region. Some 28.5% are in Dublin, and a further 12% are based in Cork. The rest are spread around the country roughly as one would expect in proportion to population.

Table 2.54 presents the IDS data on a per capita basis, and indicates 65 enterprises per thousand population in Ireland as a whole. This compares to 72 per thousand according to the Revenue Commissioners, in 2002, reflecting that the latter source has more records than the former. The two sources exhibit some differences on a county basis, in terms of comparison with the State average. For instance, IDS indicates that there are 106% of the State average number organisations per thousand population in Donegal, while the Revenue Commissioners indicate 88% of the State average for the county. Given the differences in the base data from the two sources, it is difficult to reconcile the figures, but this indicates that caution should be used in interpreting either source.

Table 2.52: Spatial Distribution of Small Businesses per Revenue Commissioners 2002

	Total Small firms	%age Spatial Split	Per '000 Population	Compared with State Average
Cavan	4,022	1.4%	71.1	98.6%
Donegal	8,688	3.1%	63.2	87.5%
Leitrim	1,801	0.6%	69.8	96.8%
Louth	6,976	2.5%	68.5	95.0%
Monaghan	3,554	1.3%	67.6	93.7%
Sligo	3,801	1.3%	65.3	90.5%
Border	**28,842**	**10.2%**	**66.7**	**92.4%**
Laois	3,308	1.2%	56.3	78.0%
Longford	2,105	0.7%	67.8	93.9%
Offaly	3,753	1.3%	59.0	81.7%
Westmeath	5,243	1.9%	73.0	101.1%
Midland	**14,409**	**5.1%**	**63.9**	**88.6%**
Galway	14,257	5.0%	68.2	94.5%
Mayo	7,648	2.7%	65.1	90.3%
Roscommon	3,060	1.1%	56.9	78.9%
West	**24,965**	**8.8%**	**65.6**	**91.0%**
BMW	**68,216**	**24.1%**	**65.7**	**91.1%**
Dublin	**83,719**	**29.6%**	**74.6**	**103.4%**
Kildare	10,788	3.8%	65.8	91.2%
Meath	9,530	3.4%	71.1	98.6%
Wicklow	8,876	3.1%	77.4	107.3%
Mid-East	**29,194**	**10.3%**	**70.8**	**98.1%**
Clare	7,513	2.7%	72.7	100.8%
Limerick	11,701	4.1%	66.7	92.5%
Tipperary North Riding	4664	1.7%	76.4	106.0%
Mid-West	**23,878**	**8.4%**	**70.3**	**97.5%**
Carlow	3,312	1.2%	72.0	99.8%
Kilkenny	5,641	2.0%	70.2	97.3%
Tipperary South	4664	1.7%	58.9	81.7%
Waterford	6,684	2.4%	65.8	91.2%
Wexford	9,852	3.5%	84.5	117.1%
South-East	**30,153**	**10.7%**	**71.2**	**98.7%**
Cork	34,532	12.2%	77.1	106.9%
Kerry	9,719	3.4%	73.3	101.7%
South-West	**44,251**	**15.7%**	**76.2**	**105.7%**
Southern & Eastern	**211,195**	**74.7%**	**73.4**	**101.7%**
Foreign	3,181	1.1%		
State	**282,592**	**100.0%**	**72.1**	**100.0%**

Source: Revenue Commissioners.

Table 2.53: Spatial Distribution of Organisations by # Persons Engaged, per IDS 2005 ('000)

County	<5	5 to 9	10 to 24	25 to 49	< 50	50+	Total	%age of Small Firms in Each Co.	Spatial Spread of Small Firms
Cavan	3.3	0.3	0.2	0.0	3.7	0.1	3.8	98.7%	1.4%
Donegal	8.1	1.0	0.6	0.2	9.8	0.1	9.9	98.6%	3.7%
Leitrim	1.5	0.1	0.1	0.0	1.8	0.0	1.8	98.9%	0.7%
Louth	6.0	0.5	0.4	0.1	7.0	0.1	7.1	98.3%	2.7%
Monaghan	3.6	0.2	0.2	0.1	4.0	0.0	4.1	98.9%	1.5%
Sligo	3.7	0.3	0.2	0.1	4.2	0.0	4.3	98.9%	1.6%
Border	**26.1**	**2.4**	**1.6**	**0.4**	**30.5**	**0.4**	**31.0**	**98.6%**	**11.6%**
Laois	3.1	0.3	0.2	0.0	3.7	0.0	3.7	98.9%	1.4%
Longford	2.0	0.1	0.1	0.0	2.2	0.0	2.3	98.8%	0.8%
Offaly	3.4	0.3	0.2	0.0	4.0	0.1	4.0	98.6%	1.5%
Westmeath	5.2	0.4	0.3	0.1	5.9	0.1	6.0	98.7%	2.3%
Midland	**13.8**	**1.1**	**0.8**	**0.2**	**15.8**	**0.2**	**16.0**	**98.7%**	**6.0%**
Galway	10.6	1.3	0.9	0.2	13.0	0.2	13.2	98.3%	4.9%
Mayo	6.3	0.8	0.5	0.1	7.7	0.1	7.8	98.9%	2.9%
Roscommon	2.3	0.3	0.2	0.0	2.8	0.0	2.8	99.0%	1.1%
West	**19.2**	**2.4**	**1.6**	**0.3**	**23.4**	**0.3**	**23.8**	**98.6%**	**8.9%**
BMW	**59.0**	**5.9**	**3.9**	**0.9**	**69.8**	**1.0**	**70.7**	**98.6%**	**26.6%**
Dublin	**64.9**	**4.7**	**4.0**	**1.3**	**74.9**	**2.3**	**77.1**	**97.1%**	**28.5%**
Kildare	9.1	0.7	0.4	0.1	10.4	0.1	10.5	98.8%	3.9%
Meath	7.2	0.5	0.3	0.1	8.1	0.1	8.2	99.0%	3.1%
Wicklow	6.2	0.4	0.3	0.1	7.0	0.1	7.1	98.7%	2.7%
Mid-East	**22.6**	**1.6**	**1.0**	**0.3**	**25.5**	**0.3**	**25.8**	**98.8%**	**9.7%**
Clare	5.4	0.6	0.4	0.1	6.4	0.1	6.5	98.2%	2.4%
Limerick	9.5	1.0	0.7	0.2	11.4	0.2	11.6	98.3%	4.3%
Tipperary North	4.2	0.5	0.3	0.0	5.0	0.1	5.1	98.6%	1.9%
Mid-West	**19.0**	**2.1**	**1.4**	**0.3**	**22.8**	**0.4**	**23.1**	**98.4%**	**8.7%**
Carlow	2.7	0.3	0.2	0.0	3.2	0.1	3.3	98.1%	1.2%
Kilkenny	4.1	0.4	0.2	0.0	4.8	0.1	4.9	98.6%	1.8%
Tipperary South	4.2	0.5	0.3	0.0	5.0	0.1	5.1	98.6%	1.9%
Waterford	6.1	0.6	0.4	0.1	7.2	0.1	7.4	98.3%	2.8%
Wexford	6.8	0.7	0.4	0.1	8.1	0.1	8.2	98.5%	3.1%
South-East	**24.0**	**2.4**	**1.6**	**0.3**	**28.3**	**0.4**	**28.7**	**98.5%**	**10.8%**
Cork	26.8	2.6	1.8	0.4	31.6	0.5	32.1	98.5%	12.0%
Kerry	8.1	0.8	0.6	0.1	9.6	0.1	9.7	98.8%	3.7%
South-West	**35.0**	**3.4**	**2.3**	**0.5**	**41.2**	**0.6**	**41.8**	**98.6%**	**15.7%**
S & E	**165.5**	**14.1**	**10.3**	**2.7**	**192.6**	**4.0**	**196.6**	**98.0%**	**73.4%**
State	**224.5**	**20.0**	**14.2**	**3.6**	**262.3**	**5.0**	**267.3**	**98.1%**	**100.0%**

Source: IDS MediaGroup

Table 2.54: Spatial Distribution of Organisations by Size, per '000 Population, IDS 2005

County	<5	5 to 9	10 to 24	25 to 49	< 50	50+	Total	Comparison with State Average
Cavan	55.0	4.4	2.6	0.7	62.7	0.9	63.5	98.2%
Donegal	55.8	6.6	4.1	1.1	67.7	0.9	68.6	106.1%
Leitrim	55.3	5.5	3.2	0.7	64.7	0.7	65.4	101.1%
Louth	56.0	4.6	3.3	1.0	65.0	1.2	66.2	102.3%
Monaghan	64.2	4.2	3.3	0.9	72.6	0.8	73.4	113.4%
Sligo	59.8	5.6	3.0	0.9	69.2	0.8	70.0	108.2%
Border	**57.3**	**5.4**	**3.4**	**1.0**	**67.0**	**0.9**	**68.0**	**105.0%**
Laois	49.4	4.6	3.0	0.7	57.6	0.7	58.3	90.1%
Longford	59.3	3.6	2.9	0.7	66.6	0.8	67.4	104.1%
Offaly	49.8	4.4	2.8	0.7	57.7	0.8	58.5	90.5%
Westmeath	67.8	4.7	3.5	0.7	76.6	1.0	77.7	120.1%
Midland	**56.7**	**4.4**	**3.1**	**0.7**	**65.0**	**0.8**	**65.8**	**101.7%**
Galway	47.4	5.8	3.9	0.9	58.0	1.0	59.1	91.3%
Mayo	50.1	6.7	3.8	0.8	61.4	0.7	62.0	95.9%
Roscommon	40.0	4.7	3.6	0.4	48.8	0.5	49.3	76.1%
West	**47.2**	**5.9**	**3.8**	**0.8**	**57.8**	**0.8**	**58.6**	**90.5%**
BMW	**53.5**	**5.4**	**3.5**	**0.8**	**63.2**	**0.9**	**64.0**	**99.0%**
Dublin	**55.9**	**4.0**	**3.4**	**1.1**	**64.5**	**1.9**	**66.5**	**102.7%**
Kildare	50.8	3.9	2.3	0.6	57.6	0.7	58.4	90.2%
Meath	48.9	3.4	2.2	0.5	55.0	0.6	55.6	85.9%
Wicklow	49.6	3.4	2.3	0.8	56.1	0.7	56.8	87.8%
Mid-East	**49.9**	**3.6**	**2.3**	**0.6**	**56.3**	**0.7**	**57.0**	**88.1%**
Clare	50.1	5.3	3.6	0.7	59.7	1.1	60.8	93.9%
Limerick	52.0	5.6	4.0	0.9	62.5	1.1	63.5	98.1%
Tipperary North	66.6	7.3	4.4	0.7	79.1	1.1	80.2	123.9%
Mid-West	**54.1**	**5.8**	**3.9**	**0.8**	**64.6**	**1.1**	**65.7**	**101.5%**
Carlow	54.9	5.5	3.9	0.8	65.0	1.2	66.3	102.4%
Kilkenny	47.9	4.6	2.7	0.6	55.8	0.8	56.6	87.4%
Tipperary South	50.0	5.5	3.3	0.6	59.3	0.8	60.1	92.9%
Waterford	56.6	5.2	4.1	0.9	66.8	1.1	67.9	105.0%
Wexford	55.0	5.8	3.4	0.8	65.0	1.0	66.0	101.9%
South-East	**53.1**	**5.3**	**3.5**	**0.7**	**62.6**	**1.0**	**63.6**	**98.3%**
Cork	57.1	5.5	3.8	0.8	67.2	1.0	68.2	105.4%
Kerry	58.4	5.4	4.1	0.8	68.8	0.8	69.6	107.6%
South-West	**57.4**	**5.5**	**3.9**	**0.8**	**67.5**	**1.0**	**68.5**	**105.9%**
S&E	**54.7**	**4.7**	**3.4**	**0.9**	**63.6**	**1.3**	**65.0**	**100.4%**
State	**54.3**	**4.9**	**3.4**	**0.9**	**63.5**	**1.2**	**64.7**	**100.0%**

Source: IDS Mediagroup, CSO Estimate of Population & Migration, 2005, DKM estimates.

2.5.4: Five Years Ago

Spatial data are available for 2000 from the CSO (CIP and ASI), and from IDS Mediagroup. However, the latter data are less than comprehensive, and are not presented here.

The **CIP 2000** analyses industrial local units and number engaged in them by Regional Authority and size, as summarised in Table 2.55 and 2.56 overleaf. Table 2.57 gives the data on a per thousand population basis.

The tables indicate that, of the small firms covered by the CIP, 71% were in the S&E region, while 29% were in the BMW region, the same breakdown as in 2003. Some 26.6% were in Dublin, 14% were in the South-West, and 14% were in the Border region. The regional spread of employment is very similar, for these firms. The overall percentage of firms with 3-49 persons engaged was 79%, and the range across the country is quite narrow, from 76% in the South-West to 81.5% in the Border region.

Table 2.56 shows some similar patterns to 2003: the number of industrial firms per thousand population is higher than the State average in the Border, Midland and South-East regions, across almost all size ranges, while Dublin and the Mid-East are below the State average.

The CIP only covers enterprises with at least three persons engaged. Unfortunately we have found no reliable means of estimating the regional spreads of smaller firms.

Table 2.55: Spatial Distribution of Industrial Local Units, 2000

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid-East	Mid-West	South-East	South-West	S&E	Non-Attrib.	State Total
3-9	239	127	173	**539**	504	186	167	250	255	**1,362**		**1,901**
10-19	170	63	88	**321**	311	92	93	137	165	**798**		**1,119**
20-49	178	70	106	**354**	296	123	87	126	171	**803**		**1,157**
Sub-total 3-49	**587**	**260**	**367**	**1,214**	**1,111**	**401**	**347**	**513**	**591**	**2,963**	**0**	**4,177**
50+	133	64	103	**300**	265	99	117	127	186	**794**	**24**	**1,118**
Grand Total	**720**	**324**	**470**	**1,514**	**1,376**	**500**	**464**	**640**	**777**	**3,757**	**24**	**5,295**
Sectoral Split of Small Firms	**14.1%**	**6.2%**	**8.8%**	**29.1%**	**26.6%**	**9.6%**	**8.3%**	**12.3%**	**14.1%**	**70.9%**		**100.0%**
Percentage Breakdown by Size												
3-9	33.2%	39.2%	36.8%	35.6%	36.6%	37.2%	36.0%	39.1%	32.8%	36.3%	0.0%	35.9%
10-19	23.6%	19.4%	18.7%	21.2%	22.6%	18.4%	20.0%	21.4%	21.2%	21.2%	0.0%	21.1%
20-49	24.7%	21.6%	22.6%	23.4%	21.5%	24.6%	18.8%	19.7%	22.0%	21.4%	0.0%	21.9%
Sub-total 3-49	**81.5%**	**80.2%**	**78.1%**	**80.2%**	**80.7%**	**80.2%**	**74.8%**	**80.2%**	**76.1%**	**78.9%**	**0.0%**	**78.9%**
50+	18.5%	19.8%	21.9%	19.8%	19.3%	19.8%	25.2%	19.8%	23.9%	21.1%	100.0%	21.1%
Grand Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note: the spatial percentage breakdown excludes non-attributable units.

Source: CSO Census of Industrial Production, 2000.

Table 2.56: Spatial Distribution of Numbers Engaged in Industrial Local Units, 2000

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid-East	Mid-West	South-East	South-West	S&E	Non-Attrib.	State Total
3-9	1,277	710	934	**2,921**	2,846	1,049	922	1,316	1,397	**7,530**		**10,451**
10-19	2,352	851	1,234	**4,437**	4,273	1,253	1,316	1,869	2,268	**10,979**		**15,416**
20-49	5,370	2,177	3,375	**10,922**	9,124	3,871	2,680	4,077	5,369	**25,121**		**36,043**
Sub-total 3-49	**8,999**	**3,738**	**5,543**	**18,280**	**16,243**	**6,173**	**4,918**	**7,262**	**9,034**	**43,630**	**0**	**61,910**
50+	21,454	11,270	19,007	**51,731**	50,946	20,888	25,291	22,552	30,663	**150,340**	**9,240**	**113,369**
Grand Total	**30,453**	**15,008**	**24,550**	**70,011**	**67,189**	**27,061**	**30,209**	**29,814**	**39,697**	**193,970**	**9,240**	**211,322**
Sectoral Split of Small Firms	**14.5%**	**6.0%**	**9.0%**	**29.5%**	**26.2%**	**10.0%**	**7.9%**	**11.7%**	**14.6%**	**70.5%**		**100.0%**
Percentage Breakdown by Size												
3-9	4.2%	4.7%	3.8%	4.2%	4.2%	3.9%	3.1%	4.4%	3.5%	3.9%	0.0%	4.9%
10-19	7.7%	5.7%	5.0%	6.3%	6.4%	4.6%	4.4%	6.3%	5.7%	5.7%	0.0%	7.3%
20-49	17.6%	14.5%	13.7%	15.6%	13.6%	14.3%	8.9%	13.7%	13.5%	13.0%	0.0%	17.1%
Sub-total 3-49	**29.6%**	**24.9%**	**22.6%**	**26.1%**	**24.2%**	**22.8%**	**16.3%**	**24.4%**	**22.8%**	**22.5%**	**0.0%**	**29.3%**
50+	70.4%	75.1%	77.4%	73.9%	75.8%	77.2%	83.7%	75.6%	77.2%	77.5%	100.0%	53.6%
Grand Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note: the spatial percentage breakdown excludes non-attributable units.

Source: CSO Census of Industrial Production, 2000.

Table 2.57: Spatial Distribution of Industrial Local Units per '000 Population, 2000

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid-East	Mid-West	South-East	South-west	S&E	State Total
3-9	0.57	0.59	0.48	0.54	0.46	0.48	0.51	0.61	0.45	0.49	0.50
10-19	0.40	0.29	0.24	0.32	0.28	0.24	0.28	0.34	0.29	0.29	0.30
20-49	0.42	0.32	0.29	0.35	0.27	0.32	0.26	0.31	0.30	0.29	0.31
Sub-total 1-49	**1.40**	**1.20**	**1.01**	**1.21**	**1.01**	**1.03**	**1.05**	**1.26**	**1.05**	**1.06**	**1.10**
50+	0.32	0.30	0.28	0.30	0.24	0.25	0.35	0.31	0.33	0.28	0.30
Grand total	**1.71**	**1.50**	**1.30**	**1.51**	**1.25**	**1.29**	**1.41**	**1.57**	**1.38**	**1.35**	**1.40**
Comparison With State Average											
3-9	113%	117%	95%	107%	92%	95%	101%	122%	90%	97%	100%
10-19	137%	99%	82%	109%	96%	80%	95%	114%	99%	97%	100%
20-49	139%	106%	96%	116%	88%	104%	86%	101%	99%	94%	100%
Sub-total 1-49	**127%**	**109%**	**92%**	**110%**	**92%**	**94%**	**95%**	**114%**	**95%**	**96%**	**100%**
50+	107%	100%	96%	102%	82%	86%	120%	105%	112%	96%	100%
Grand total	**123%**	**107%**	**93%**	**108%**	**90%**	**92%**	**101%**	**112%**	**98%**	**96%**	**100%**

Note: the spatial percentage breakdown excludes non-attributable units.

Source: CSO, Census of Industrial Production, 2005, Estimation of Population & Migration, 2005.

The **ASI 2000** provides data at more aggregated level than the CIP, distinguishing only between the BMW and S&E regions, as summarised in Table 2.58. Table 2.59 presents the data per thousand population.

Table 2.58: Spatial Distribution of Service Enterprises by Size, 2000

	BMW				S&E				Small Firms in BMW as % of State Total
	< 50	50+	Total	%age Small Firms	< 50	50+	Total	%age Small Firms	
Motor Trade	1,342	13	1,355	99.0%	3,162	56	3,218	98.3%	29.8%
Wholesale	752	20	772	97.4%	3,253	165	3,418	95.2%	18.8%
Retail	4,743	37	4,780	99.2%	11,724	184	11,908	98.5%	28.8%
Total NACE code G	**6,837**	**70**	**6,907**	**99.0%**	**18,139**	**405**	**18,544**	**97.8%**	**27.4%**
Hospitality (NACE Code H)	**2,998**	**75**	**3,073**	**97.6%**	**6,239**	**212**	**6,451**	**96.7%**	**32.5%**
Land Transport	824	2	826	99.8%	2,170	14	2,184	99.4%	27.5%
Air, Sea T'port, Post & Telecoms	140	3	143	97.9%	1,033	58	1,091	94.7%	11.9%
Total NACE code I	**964**	**5**	**969**	**99.5%**	**3,203**	**72**	**3,275**	**97.8%**	**23.1%**
Real Estate Activities	533	2	535	99.6%	2,247	11	2,258	99.5%	19.2%
Renting	328	3	331	99.1%	805	12	817	98.5%	28.9%
Computer & Related Activities	193	4	197	98.0%	1,767	63	1,830	96.6%	9.8%
R&D & Other Business Svc'es	1,491	15	1,506	99.0%	9,122	223	9,345	97.6%	14.0%
Total NACE code K	**2,545**	**24**	**2,569**	**99.1%**	**13,941**	**309**	**14,250**	**97.8%**	**15.4%**
Other Services (NACE Code O)	**1,448**	**4**	**1,452**	**99.7%**	**4,183**	**28**	**4,211**	**99.3%**	**25.7%**
Total	**14,792**	**178**	**14,970**	**98.8%**	**45,705**	**1,026**	**46,731**	**97.8%**	**24.5%**
# Engaged									
Motor trade	6,901	1,140	8,041	85.8%	16,392	5,234	21,626	75.8%	29.6%
Wholesale	5,315	2,795	8,110	65.5%	23,361	23,047	46,408	50.3%	18.5%
Retail	20,262	9,304	29,566	68.5%	50,830	50,468	101,298	50.2%	28.5%
Total NACE code G	**32,478**	**13,239**	**45,717**	**71.0%**	**90,583**	**78,749**	**169,332**	**53.5%**	**26.4%**
Hospitality (NACE Code H)	**16,188**	**8,794**	**24,982**	**64.8%**	**44,876**	**35,427**	**80,303**	**55.9%**	**26.5%**
Land Transport	3,323	1,711	5,034	66.0%	8,737	11,821	20,558	42.5%	27.6%
Air, Sea T'port, Post & Telecoms	1,179	5,298	6,477	18.2%	6,716	37,265	43,981	15.3%	14.9%
Total NACE code I	**4,502**	**7,009**	**11,511**	**39.1%**	**15,453**	**49,086**	**64,539**	**23.9%**	**22.6%**
Real Estate Activities	1,465	103	1,568	93.4%	6,453	1,431	7,884	81.8%	18.5%
Renting	1,256	286	1,542	81.5%	3,300	2,044	5,344	61.8%	27.6%
Computer & Related Activities	831	279	1,110	74.9%	6,046	11,623	17,669	34.2%	12.1%
R&D & Other Business Svc'es	7,265	2,086	9,351	77.7%	36,924	47,305	84,229	43.8%	16.4%
Total NACE code K	**10,817**	**2,754**	**13,571**	**79.7%**	**52,723**	**62,403**	**115,126**	**45.8%**	**17.0%**
Other Services (NACE Code O)	**5,129**	**593**	**5,722**	**89.6%**	**17,836**	**5,109**	**22,945**	**77.7%**	**22.3%**
Total	**69,114**	**32,389**	**101,503**	**68.1%**	**221,471**	**230,774**	**452,245**	**49.0%**	**23.8%**

Source: CSO Annual Services Inquiry 2000.

Table 2.59: Spatial Distribution of Service Enterprises per '000 Population, 2003

NACE Classification	BMW			S&E			State Average		
	< 50	50+	Total	< 50	50+	Total	< 50	50+	Total
Motor trade	1.34	0.01	1.36	1.13	0.02	1.15	1.19	0.02	1.21
Wholesale	0.75	0.02	0.77	1.17	0.06	1.23	1.06	0.05	1.11
Retail	4.75	0.04	4.78	4.20	0.07	4.27	4.35	0.06	4.40
Total NACE code G	**6.84**	**0.07**	**6.91**	**6.50**	**0.15**	**6.65**	**6.59**	**0.13**	**6.72**
Hospitality (NACE Code H)	**3.00**	**0.08**	**3.07**	**2.24**	**0.08**	**2.31**	**2.44**	**0.08**	**2.51**
land transport	0.82	0.00	0.83	0.78	0.01	0.78	0.79	0.00	0.79
Air & sea transport, and Post & Telecoms	0.14	0.00	0.14	0.37	0.02	0.39	0.31	0.02	0.33
Total NACE code I	**0.96**	**0.01**	**0.97**	**1.15**	**0.03**	**1.17**	**1.10**	**0.02**	**1.12**
Real estate activities	0.53	0.00	0.54	0.81	0.00	0.81	0.73	0.00	0.74
Renting	0.33	0.00	0.33	0.29	0.00	0.29	0.30	0.00	0.30
Computer and related activities	0.19	0.00	0.20	0.63	0.02	0.66	0.52	0.02	0.53
R&D and Other Business Services	1.49	0.02	1.51	3.27	0.08	3.35	2.80	0.06	2.86
Total NACE code K	**2.55**	**0.02**	**2.57**	**5.00**	**0.11**	**5.11**	**4.35**	**0.09**	**4.44**
Other Services (NACE Code O)	**1.45**	**0.00**	**1.45**	**1.50**	**0.01**	**1.51**	**1.49**	**0.01**	**1.49**
Total	**14.80**	**0.18**	**14.98**	**16.38**	**0.37**	**16.75**	**15.96**	**0.32**	**16.28**
As Percentage of State Average									
Motor trade	113%	71%	112%	95%	110%	96%			
Wholesale	71%	41%	70%	110%	121%	111%			
Retail	109%	63%	109%	97%	113%	97%			
Total NACE code G	**104%**	**56%**	**103%**	**99%**	**116%**	**99%**			
Hospitality (NACE Code H)	**123%**	**99%**	**122%**	**92%**	**100%**	**92%**			
land transport	104%	47%	104%	98%	119%	99%			
Air & sea transport, and Post & Telecoms	45%	19%	44%	120%	129%	120%			
Total NACE code I	**88%**	**25%**	**87%**	**104%**	**127%**	**105%**			
Real estate activities	73%	58%	73%	110%	115%	110%			
Renting	110%	76%	109%	97%	109%	97%			
Computer and related activities	37%	23%	37%	122%	128%	123%			
R&D and Other Business Services	53%	24%	53%	117%	127%	117%			
Total NACE code K	**59%**	**27%**	**58%**	**115%**	**126%**	**115%**			
Other Services (NACE Code O)	**97%**	**47%**	**97%**	**101%**	**119%**	**101%**			
Total	**93%**	**56%**	**92%**	**103%**	**116%**	**103%**			

Source: CSO Annual services Inquiry 2000, Estimation of Population & Migration, 2005.

It can be seen that the vast bulk of Services firms in both regions, regardless of sector, were small, although the proportion is slightly larger in the BMW region. The employment data indicate however that small businesses are a significantly more prominent source of employment in the BMW regions than in the S&E region. Over 68% of Services employment in the BMW region was in small firms, as opposed to 49% in the S&E region.

On a per capita basis, as in 2003, there were more Services firms in the S&E region than in the BMW region. The relative weakness of the BMW region in Transport & Communications and Business Services is again clear.

2.5.5: Ten Years Ago

There are very limited spatial data by size of enterprise available for 1995. The only source we are aware of is the **CIP 1995**. Tables 2.60, 2.61 and 2.62 overleaf summarise the position.

The tables indicate that, of the small firms covered by the CIP, 72% were in the S&E region, while 28% were in the BMW region, very similar to the breakdown in 2000. Some 28% were in Dublin, 15% were in the South-West, and 14% were in the Border region. The regional spread of employment is very similar, for these firms. The overall percentage of firms with 3-49 persons engaged was 77%, and the range across the country is quite narrow, from 74% in the Mid-West to 80% in the Mid-east region.

Table 2.62 (enterprises per thousand population) shows some similar patterns to the later years: the number of industrial firms per thousand population is higher than the State average in the Border, Midlands, Mid-West and South-East regions, while Dublin and the Mid-East are below the State average. It is noteworthy that the number of industrial enterprises per capita in Dublin fell as a percentage of the State average from 96% in 1995 to 88% in 2003.

The CIP only covers enterprises with at least three persons engaged. Unfortunately we have found no reliable means of estimating the regional spreads of smaller firms.

Table 2.60: Spatial Distribution of Industrial Local Units, 1995

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid-East	Mid-West	South-East	South-West	S&E	Non-Attrib	Total
3-9	203	93	121	**417**	435	150	148	183	248	**1,164**		**1,581**
10-19	151	54	84	**289**	298	86	88	122	164	**758**		**1,047**
20-49	161	63	103	**327**	299	113	90	113	149	**764**		**1,091**
Sub-total 3-49	**515**	**210**	**308**	**1,033**	**1,032**	**349**	**326**	**418**	**561**	**2,686**	**0**	**3,719**
50+	141	59	86	**286**	271	90	116	114	163	**754**	**58**	**1,098**
Grand Total	**656**	**269**	**394**	**1,319**	**1,303**	**439**	**442**	**532**	**724**	**3,440**	**58**	**4,817**
Sectoral Split of Small Firms	**13.8%**	**5.6%**	**8.3%**	**27.8%**	**27.7%**	**9.4%**	**8.8%**	**11.2%**	**15.1%**	**72.2%**		**100.0%**
Percentage Breakdown by Size												
3-9	30.9%	34.6%	30.7%	31.6%	33.4%	34.2%	33.5%	34.4%	34.3%	33.8%	0.0%	32.8%
10-19	23.0%	20.1%	21.3%	21.9%	22.9%	19.6%	19.9%	22.9%	22.7%	22.0%	0.0%	21.7%
20-49	24.5%	23.4%	26.1%	24.8%	22.9%	25.7%	20.4%	21.2%	20.6%	22.2%	0.0%	22.6%
Sub-total 3-49	**78.5%**	**78.1%**	**78.2%**	**78.3%**	**79.2%**	**79.5%**	**73.8%**	**78.6%**	**77.5%**	**78.1%**	**0.0%**	**77.2%**
50+	21.5%	21.9%	21.8%	21.7%	20.8%	20.5%	26.2%	21.4%	22.5%	21.9%	100.0%	22.8%
Grand Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note: The spatial percentage breakdown excludes non-attributable units.

Source: CSO Census of Industrial Production, 1995.

Table 2.61: Spatial Distribution of Numbers Engaged in Industrial Local Units, 1995

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid-East	Mid-West	South-East	South-West	S&E	Non-Attrib	State Total
3-9	1,112	502	655	**2,269**	2,411	840	786	1,066	1,311	**6,414**		**8,683**
10-19	2,042	746	1,174	**3,962**	4,013	1,209	1,257	1,632	2,284	**10,395**		**14,357**
20-49	4,903	1,914	3,150	**9,967**	9,258	3,449	2,834	3,726	4,633	**23,900**		**33,867**
Sub-total 3-49	**8,057**	**3,162**	**4,979**	**16,198**	**15,682**	**5,498**	**4,877**	**6,424**	**8,228**	**40,709**	**0**	**56,907**
50+	23,505	9,080	13,625	**46,210**	43,449	15,936	19,467	18,981	25,369	**123,202**	**12,574**	**181,986**
Grand Total	**31,562**	**12,242**	**18,604**	**62,408**	**59,131**	**21,434**	**24,344**	**25,405**	**33,597**	**163,911**	**12,574**	**238,893**
Sectoral Split of Small Firms	**14.2%**	**5.6%**	**8.7%**	**28.5%**	**27.6%**	**9.7%**	**8.6%**	**11.3%**	**14.5%**	**71.5%**		**100.0%**
Percentage Breakdown by Size												
3-9	3.5%	4.1%	3.5%	3.6%	4.1%	3.9%	3.2%	4.2%	3.9%	3.9%	0.0%	3.6%
10-19	6.5%	6.1%	6.3%	6.3%	6.8%	5.6%	5.2%	6.4%	6.8%	6.3%	0.0%	6.0%
20-49	15.5%	15.6%	16.9%	16.0%	15.7%	16.1%	11.6%	14.7%	13.8%	14.6%	0.0%	14.2%
Sub-total 3-49	**25.5%**	**25.8%**	**26.8%**	**26.0%**	**26.5%**	**25.7%**	**20.0%**	**25.3%**	**24.5%**	**24.8%**	**0.0%**	**23.8%**
50+	74.5%	74.2%	73.2%	74.0%	73.5%	74.3%	80.0%	74.7%	75.5%	75.2%	100.0%	76.2%
Grand Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note: The spatial percentage breakdown excludes non-attributable units.

Source: CSO Census of Industrial Production, 1995.

Table 2.62: spatial Distribution of Industrial Local Units per '000 Population, 1995

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid-East	Mid-West	South-East	South-west	S&E	State Total
3-9	0.50	0.45	0.35	0.43	0.41	0.44	0.47	0.47	0.46	0.44	0.44
10-19	0.37	0.26	0.24	0.30	0.28	0.25	0.28	0.31	0.30	0.29	0.29
20-49	0.40	0.31	0.29	0.34	0.28	0.33	0.28	0.29	0.27	0.29	0.30
Sub-total 1-49	**1.27**	**1.02**	**0.88**	**1.07**	**0.98**	**1.02**	**1.03**	**1.07**	**1.03**	**1.02**	**1.03**
50+	0.35	0.29	0.25	0.30	0.26	0.26	0.37	0.29	0.30	0.29	0.30
Grand total	**1.61**	**1.31**	**1.12**	**1.37**	**1.24**	**1.28**	**1.40**	**1.36**	**1.33**	**1.30**	**1.34**
Comparison With State Average											
3-9	114%	103%	79%	99%	94%	100%	107%	107%	104%	100%	100%
10-19	128%	91%	83%	103%	98%	86%	96%	108%	104%	99%	100%
20-49	131%	102%	97%	112%	94%	109%	94%	96%	91%	95%	100%
Sub-total 1-49	**123%**	**99%**	**85%**	**104%**	**95%**	**99%**	**100%**	**104%**	**100%**	**98%**	**100%**
50+	114%	94%	81%	98%	85%	86%	121%	96%	98%	94%	100%
Grand Total	**121%**	**98%**	**84%**	**103%**	**93%**	**96%**	**105%**	**102%**	**100%**	**97%**	**100%**

Source: CSO, Census of Industrial Production, 1995, Estimation of Population & Migration, 2005.

In terms of a comparison of spatial data going back to 1995, this is only possible for industrial local units. Table 2.63 overleaf summarises the position in 2003, 2000 and 1995. the main points are:

- The number of firms has been increasing at roughly 2% per annum over the period, with some slowdown post-2000.
- The BMW region saw stronger growth pre-2000, but post 2000 the S&E region has seen slightly stronger growth.
- Notable is the slowdown in growth in the Border region post-2000. Dublin also saw a slowdown, and growth in firm numbers has been weak in the South-West throughout.

2.6 Summary

In this section we have sought to estimate the number of small firms, the numbers working in them, their economic sectors, legal form and spatial distribution, for the current year, 2000 and 1995. Our results are summarised here.

2.6.1: Number of Small Businesses in Ireland

We have analysed data from a range of sources, mainly the CSO and the Revenue Commissioners, on the number of small businesses in Ireland, but unfortunately there remains a degree of uncertainty (see Section 2.2.6 for discussion). We estimate that:

- There may be roughly 250,000 small businesses in Ireland as of 2005, though this could vary in either direction by 10-15%.
- The total number of small businesses in 2000 would have been roughly 220,000 and the total in 1995 would have been roughly 160,000, with a similar potential error range.
- The number of small firms has grown by over 50% in the last ten years from 160,000 to 250,000. Small firms dominate, representing 97-98% of the total number of enterprises.
- Growth in numbers was stronger in the first five years of the period (1995 to 2000), at 38% or 6.6% per annum; this fell to 14% or 2.6% per annum since 2000.

Table 2.63: Spatial Distribution of Industrial Local Units with 3-49 Engaged, 2003, 2000 and 1995

# Engaged Band	Border	Midland	West	BMW	Dublin	Mid-East	Mid-West	South-East	South-West	S&E	Total
2003	594	299	393	**1,286**	1,139	457	393	554	607	**3,150**	**4,436**
2000	587	260	367	**1,214**	1,111	401	347	513	591	**2,963**	**4,177**
1995	515	210	308	**1,033**	1,032	349	326	418	561	**2,686**	**3,719**
Spatial Distribution											
2003	13.4%	6.7%	8.9%	**29.0%**	25.7%	10.3%	8.9%	12.5%	13.7%	**71.0%**	**100.0%**
2000	14.1%	6.2%	8.8%	**29.1%**	26.6%	9.6%	8.3%	12.3%	14.1%	**70.9%**	**100.0%**
1995	13.8%	5.6%	8.3%	**27.8%**	27.7%	9.4%	8.8%	11.2%	15.1%	**72.2%**	**100.0%**
Annual Average Growth Rate											
2003 Vs 2000	0.4%	4.8%	2.3%	**1.9%**	0.8%	4.5%	4.2%	2.6%	0.9%	**2.1%**	**2.0%**
2000 Vs 1995	2.7%	4.4%	3.6%	**3.3%**	1.5%	2.8%	1.3%	4.2%	1.0%	**2.0%**	**2.3%**

Source: CSO Census of Industrial Production, various years.

2.6.2: Sectoral Profile of Small Businesses

We have sectoral data on small businesses from a number of sources, and again there is a degree of variance between them. We have based our sectoral split mainly on CSO data, but grossed up to match our estimate of the total number of small businesses, as set out in Table 2.64. The main points are:

- Currently a quarter of all small enterprises are in Construction, this sector having more than doubled in ten years (most of the growth was pre-2000).
- The numbers of small firms in Wholesale & Retail have been in decline over the period. This perhaps reflects consolidation in the sector, notwithstanding the apparent large increase in the number of retail outlets over the last decade.
- The number of industrial firms grew strongly in 1995-2000, but has been static since.

Table 2.64: Estimation of Number of Small Enterprises by Sector, 2005, 2000 and 1995

NACE Code & Description	Number of Small Enterprises ('000s)			Annual Average Growth Rate	
	2005	2000	1995	2005 Vs 2000	2000 Vs 1995
C-E Industry	22	22	16	0.1%	6.3%
F Construction	63	53	27	3.4%	14.4%
G Wholesale and Retail	42	43	43	-0.2%	-0.1%
H Hospitality	15	16	16	-1.3%	0.4%
I Transport, Communication	27	19	12	7.6%	9.6%
J Financial Services	5	3	1	8.2%	32.5%
K Business Services	34	30	20	2.6%	7.7%
M Education	5	4	3	6.5%	6.0%
N Health	12	11	6	2.1%	11.2%
O Other Services	24	19	15	4.7%	4.4%
Total	**250**	**220**	**160**	**2.6%**	**6.6%**
Small Firms as %age of Total Firms	**97.0%**	**97.5%**	**98.0%**		
Sectoral split					
C-E Industry	9.0%	10.1%	10.2%		
F Construction	25.2%	24.2%	17.0%		
G Wholesale and Retail	17.0%	19.4%	26.8%		
H Hospitality	6.1%	7.4%	9.9%		
I Transport, Communication	10.9%	8.6%	7.4%		
J Financial Services	2.0%	1.6%	0.5%		
K Business Services	13.5%	13.5%	12.8%		
M Education	2.1%	1.7%	1.8%		
N Health	4.9%	5.0%	4.1%		
O Other Services	9.5%	8.6%	9.5%		
Total	**100.0%**	**100.0%**	**100.0%**		

Source: CSO, Financial Regulator, IDS MediaGroup, DKM estimates

2.6.3: Numbers Engaged in Small Businesses by Sector

With numbers employed, we have the advantage that the QNHS gives the total employment in the State on a quarterly basis, so the data must reconcile with this. Our three sources are the CSO establishment data, the Revenue Commissioners, and IDS.

There are large differences between the various sources. We cannot tie the Revenue Commissioners data with the QNHS, as we do not have total employment from that source, and the IDS estimate of total employment data is very different from the QNHS. Thus we are left with the CSO data as the best estimate of the numbers engaged in small firms (see Table 2.65).

Table 2.65: Estimation of Workforce in Small Enterprises by Sector, ('000s) 2005, 2000 and 1995

NACE Code & Description	Workforce in Small Enterprises			Annual Avg Growth Rate	
	2005	2000	1995	2005 Vs 2000	2000 Vs 1995
C-E Industry	108	109	69	-0.1%	9.4%
F Construction	213	154	86	6.7%	12.4%
G Wholesale and Retail	154	145	105	1.2%	6.7%
H Hospitality	67	65	42	0.4%	9.5%
I Transport, Communication	33	29	16	2.2%	13.2%
J Financial Services	9	7	5	4.3%	7.8%
K Business Services	92	80	43	3.1%	12.8%
M Education	14	12	11	3.5%	1.6%
N Health	18	14	12	6.1%	2.5%
O Other Services	68	48	45	7.4%	1.1%
Total	**777**	**664**	**435**	**3.2%**	**8.8%**
Workforce in Small Firms as %age of Total private Non-Agric. Workforce	**53.5%**	**51.5%**	**49.1%**		
Sectoral Split					
C-E Industry	14.0%	16.4%	16.0%		
F Construction	27.4%	23.3%	19.8%		
G Wholesale and Retail	19.8%	21.9%	24.2%		
H Hospitality	8.6%	9.9%	9.6%		
I Transport, Communication	4.2%	4.4%	3.6%		
J Financial Services	1.1%	1.0%	1.1%		
K Business Services	11.9%	12.0%	10.0%		
M Education	1.8%	1.7%	2.5%		
N Health	2.4%	2.1%	2.8%		
O Other Services	8.8%	7.2%	10.4%		
Total	**100.0%**	**100.0%**	**100.0%**		

Source: CSO (CIP, ASI, CBC, QNHS), Financial Regulator, IDS Mediagroup, DKM estimates.

The main points are:

- Some 777,000 (54% of the total private non-agricultural workforce) are currently working in small enterprises. The proportion working in small enterprises is increasing over time.

- Some 27% are in Construction, 20% are in Wholesale & Retail, 14% are in Industry, and 12% are in Business Services.

- Strongest growth has been in Construction, Financial Services and Health.

- Industry has seen contraction since 2000.

- As with enterprise numbers, the strongest growth was pre-2000. However, we have reconciled the total employment with the QNHS and LFS, so there is less scope for inaccuracy than with firm numbers.

The above indicates that small firms are accounting for lower proportions of the main industrial indicators over time. However, it may simply be that the most successful small industrial firms are growing, amalgamating or being taken over by large firms over time, and thus falling out of the statistics. The available data are however not sufficient to address this issue.

2.6.4: Legal Form

Our data on legal form are limited but we estimate that as of 2005 the split of small businesses was 175,000 sole traders (70%), 44,000 limited companies (18%) and 31,000 partnerships (12%).

2.6.5: Spatial Distribution

We have spatial data on small firms from the CSO, the Revenue Commissioners and IDS. The CSO data indicate that in 2003:

- Roughly 30% of industrial small firms and employment in them were in the BMW region, with the balance in the Southern & Eastern region. Almost 26% were in Dublin.

- Across all regions, roughly 80% of industrial firms were small.

- Overall, 25% of industrial employment was in small firms; this varies from 20% in the Mid-West to 31% in the Border region. In Dublin the figure was quite high, at 28%.

- On a per capita basis, there was a higher concentration of industrial firms in the Border, Midlands, Mid-West and South-East regions, and a lower concentration in Dublin and the Mid-East. This applied across almost all size ranges, including firms with more than 50 employed. In the cases of Dublin and the Mid-East however this may mask the locational pattern of the very largest firms, the number of which numbers would be very small.

- The overwhelming majority of services firms in both the BMW and S&E regions are small.
- Small firms employ almost 70% of those engaged in Services in the BMW region, as opposed to just over 50% in the S&E region.
- Roughly 25% of Irish small services firms are in the BMW region, while 16% of medium and large firms are in the region;
- Likewise roughly 25% of those employed in Irish small services firms are in the BMW region, while 12.5% those employed in medium and large firms are in the region.
- On a per capita basis, there were more Services firms in the S&E region than in the BMW region, and there was a pronounced weakness in the latter with regard to Transport & Communications, and Business Services.

The Revenue Commissioners data indicate that in 2002 over 75% of small firms were in the S&E region, with 25% in the BMW region. Almost 30% were in Dublin, with a further 12% in Cork. The next largest county was Galway at 5%. On a per capita basis, there were more firms in the S&E region than in the BMW region, which matches the CSO data, but number of firms per capita varies considerably by county. The spatial split per IDS for 2005 matches the Revenue Commissioners data in general terms, but on a per capital basis it varies considerably from county to county.

Spatial data for earlier years are incomplete, except for the industrial sector. Comparing the position in 2003, 2000 and 1995, the main points are:

- The number of firms has been increasing at roughly 2% per annum over the period, with some slowdown post-2000.
- The BMW region saw stronger growth pre-2000, but post 2000 the S&E region has seen slightly stronger growth.
- Notable is the slowdown in growth in the Border region post-2000. Dublin also saw a slowdown, and growth in firm numbers has been weak in the South-West throughout.

Section 3: Economic Role of Small Businesses

3.1: Contribution to GDP

We are concerned here with the Gross Value Added (GVA) of small businesses, which is their contribution to GDP[18]. GVA equals personnel costs plus profits[19], i.e. the return to the owners and staff of the firms, for the economic value they add. We also analyse GVA by sector and per person engaged, which sheds light on productivity levels[20].

The sources of GVA data for small firms are from the CSO, i.e. the Census of Industrial Production (CIP), the Annual Services Inquiry (ASI) and the Census of Building and Construction (CBC). As such, the latest year we can provide data for is 2003. We are unable to assess GVA in small Financial Services enterprises.

The National Income & Expenditure accounts from the CSO also provide overall GVA data, which can act as a check against the other sources. They indicate that in 2003 total GVA at current factor cost was €124,185 million[21]. The CSO inform us that they do cross check GVA in the various surveys with the National Income & Expenditure figures in a general sense, but they are derived from different sources so they do not tie up exactly.

[18] GVA at factor cost plus product and non-product taxes and subsidies equals GDP at market prices. The main such taxes are excise duty and VAT. GDP is the value of output generated in Ireland, whereas GNP is the value of output that accrues to Irish residents. The difference is the profits of foreign-owned firms in Ireland (which belong to non-Irish residents) and the profits of Irish-owned firms overseas.

[19] Before deduction of depreciation. GVA less depreciation equals Net Value Added (NVA).

[20] It is worth keeping in mind that a high GVA per person engaged does not of itself imply higher efficiency or productivity. GVA is a function not only of staff employed but also of physical capital employed. Some sectors are highly capital intensive while others are more labour-intensive. All else equal, the former will record a higher GVA per person engaged than the latter. The true measure of productivity is total factor productivity, i.e. the level of output for all inputs, not just labour.

[21] These are revised figures as published by the CSO in July 2005. GDP at current market prices in 2003 was €139,097 million and GNP at current market prices was €116,374 million.

3.1.1: CIP

The CSO website indicates that GVA in industrial firms with 3+ persons engaged was €42.3 billion[22] in 2003. This figure includes excise duty but excludes VAT. Table 3.1 overleaf summarises the position at sectoral level. As can be seen, the vast bulk (94%) of industrial GVA is generated in firms with 50 or more persons engaged.

Table 3.1 also sets out industrial GVA data per person engaged. It is clear that GVA per person is generally higher in larger firms. Average GVA per person in small firms was €40,000, compared with €217,000 in firms with 50+ persons engaged.

The vast bulk (94%) of industrial GVA was generated in firms with 50 or more persons engaged. This varied greatly by sector, however: small firms generated as much as 45% of total GVA in the Metals sector. The table demonstrates however that small firms are particularly under-represented in sectors such as Chemicals (which includes pharmaceuticals), IT and Medical Instruments. Transfer pricing is likely to be inflating the GVA in large multinational firms in these sectors.

Certain sectors generate very high GVA per person, which likely reflects transfer pricing practices. The CSO in its *Industrial Production & Turnover* release, differentiates between the "modern" and "traditional" sectors of Industry. The former consists of four sub-sectors that are generally recognised as being dominated by high-tech multi-nationals, namely[23]:

- Reproduction of Recorded Media (software) – NACE code 223;
- Chemicals – NACE Code 24;
- Computer & Instrument Engineering – NACE code 30 & 33;
- Electrical Machinery & Equipment – NACE code 31 & 32.

Using the same approach as the CSO, we can differentiate our data between the "traditional" and "modern" sectors. Unfortunately we cannot isolate NACE code 223, so are forced to strip out the entire NACE code 22 (Publishing, Printing, Reproduction of Recorded Media). The results are summarised in Table 3.2 overleaf. As can be seen, even among the "traditional" sectors, larger firms are dominant, though not to the same extent as in the "modern" sectors. Of course, there would be many overseas firms operating in the "traditional" sectors, and there would also be many Irish firms with overseas operations, which could also avail of transfer pricing.

[22] This figure differs slightly from the figure actually published in the CIP 2003 (€42.092 billion). The CSO informs us that the figure above is a more up-to-date estimate. The bulk of the difference relates to the "Medical Instruments" sub-sector.

[23] These sectors were also highlighted in Tansey, P., *Productivity: Ireland's Economic Imperative*, 2005, commissioned by Microsoft.

Table 3.1: GVA of Industrial Enterprises by Size, (€M) 2003

	# Engaged Band						Small Firms
	3-9	10-19	20-49	3-49	50+	Total	as % of
	€M	€M	€M	€M	€M	€M	Total
Food, Beverages & Tobacco	30.6	60.8	280.1	**371.5**	8,739.5	**9,111.0**	4.1%
Textiles & Leather	11.6	20.6	38.0	**70.3**	176.7	**247.0**	28.4%
Wood Products	28.1	23.6	78.0	**129.7**	204.3	**334.0**	38.8%
Pulp & Paper		15.0	62.7	**77.6**	270.1	**347.8**	22.3%
Publish, Print, Reproduct. Recorded Media	56.9	66.2	187.7	**310.8**	3,568.1	**3,878.8**	8.0%
Chemicals & Manmade Fibres	20.8	24.6	117.5	**162.9**	15,825.1	**15,988.0**	1.0%
Rubber & Plastic	15.5	32.7	117.9	**166.1**	294.9	**461.0**	36.0%
Non-Metallic Minerals	23.3	36.3	110.0	**169.6**	624.4	**794.0**	21.4%
Basic Metals & Fabricated Metals	59.4	96.2	140.2	**295.7**	367.3	**663.0**	44.6%
Machinery & Equipment	25.3	36.7	92.0	**154.0**	559.0	**713.0**	21.6%
Computers & Office Machinery		13.4	18.4	**31.8**	1,150.2	**1,182.0**	2.7%
Electrical Machinery	9.4	26.6	42.3	**78.2**	1,417.3	**1,495.5**	5.2%
Communications Equipment				**21.7**	1,452.0	**1,473.7**	1.5%
Medical Instruments	1.9	2.6	13.5	**18.0**	2,089.7	**2,107.7**	0.9%
Other Precision Instruments	4.8	9.8	37.3	**51.8**	597.1	**648.9**	8.0%
Other Manufacturing	70.8	60.4	115.0	**246.3**	691.1	**937.3**	26.3%
Total NACE Code D	**358.3**	**525.4**	**1,450.5**	**2,334.2**	**38,026.7**	**40,360.9**	5.8%
Mining, Quarrying Energy, Water (NACE Code C, E)	**18.0**	**17.8**	**33.5**	**69.3**	**1,870.3**	**1,939.6**	3.6%
Total NACE Codes C, D & E	**376.3**	**543.1**	**1,484.0**	**2,403.4**	**39,897.1**	**42,300.5**	5.7%
GVA per Person Engaged	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	
Food, Beverages & Tobacco	27.4	28.2	52.8	43.3	216.0	185.8	
Textiles & Leather	13.9	22.1	20.2	19.3	45.1	32.7	
Wood Products	35.1	25.5	39.6	35.1	64.4	48.6	
Pulp & Paper		41.1	53.1	45.0	84.2	70.5	
Publish, Print, Reproduct. Recorded Media	40.2	36.5	58.2	48.2	370.3	241.1	
Chemicals & Manmade Fibres	67.6	55.6	67.1	65.1	747.6	675.5	
Rubber & Plastic	31.9	34.5	51.0	44.3	50.9	48.3	
Non-Metallic Minerals	26.7	37.5	46.4	40.3	125.6	86.5	
Basic Metals & Fabricated Metals	34.4	39.3	34.9	36.1	54.4	44.4	
Machinery & Equipment	36.0	35.0	42.8	39.5	71.7	60.9	
Computers & Office Machinery		84.7	45.4	47.8	89.1	87.0	
Electrical Machinery	36.7	44.5	38.5	40.1	168.0	144.0	
Communications Equipment				51.3	161.5	156.6	
Medical & Other Precision Instruments	48.9	43.0	60.8	55.4	146.3	140.4	
Other Manufacturing	35.6	29.0	33.3	32.7	52.1	45.1	
Total NACE Code D	32.6	34.4	45.0	39.9	225.2	177.6	
Mining, Quarrying Energy, Water (NACE Code C, E)	58.8	26.2	25.4	30.1	122.3	110.3	
Total NACE Codes C, D & E	33.3	34.0	44.3	39.6	216.7	172.7	

Note: GVA per person engaged is GVA by enterprise divided by numbers engaged by local industrial unit, which is not strictly correct, but should be a close approximation.

Source: CSO website, Census of Industrial Production, 2003, personal communication.

Table 3.2: GVA of Traditional and Modern Industrial Enterprises by Size, (€M) 2003

	# Engaged Band						Small Firms
	3-9	10-19	20-49	3-49	50+	Total	as % of
Total GVA	€M	€M	€M	€M	€M	€M	Total
Traditional Sectors	283	400	1,067	1,728	13,798	15,526	11.1%
Modern Sectors	94	143	417	675	26,099	26,775	2.5%
Total	**376**	**543**	**1,484**	**2,403**	**39,897**	**42,300**	**5.7%**
Traditional as %age of Total	**75.1%**	**73.7%**	**71.9%**	**71.9%**	**34.6%**	**36.7%**	
GVA per Person Engaged	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	
Traditional Sectors	31.4	31.9	41.1	36.4	131.9	102.06	35.6%
Modern Sectors	41.2	42.0	55.1	51.0	328.3	288.64	17.7%
Total	**33.3**	**34.0**	**44.3**	**39.6**	**216.7**	**172.73**	**22.9%**
Traditional as %age of Total	**94.1%**	**93.7%**	**92.9%**	**92.0%**	**60.9%**	**59.1%**	

Notes:
1. Modern sectors consist of NACE codes, 22, 24, 30, 31, 32 and 33.
2. GVA per person engaged is GVA by enterprise divided by numbers engaged by local industrial unit, which is not strictly correct, but should be a close approximation.

Source: CSO website, Census of Industrial Production, 2003, personal communication.

What about firms with fewer than three persons engaged? The 2003 National Accounts indicate that total GVA at factor cost for Industry and Construction combined was €47 billion[24]. Construction GVA in 2003 was €10.25 billion, leaving €36.8 billion for Industry. This is less than the figure per the CIP, but the latter includes excise duty on output, which affects the Food, Beverages and Tobacco sector. Per the Revenue Commissioners, excise raised on alcohol and tobacco in 2003 amounted to €2.15 billion. The CSO also inform us of two other differences:

(i) Treatment of Cost of Sales in some large pharmaceutical firms, which result in GVA per the CIP being roughly €2 billion higher.

(ii) The treatment of distribution activities by some firms in the food processing Industry were included as part of industrial GVA in the CIP, but under Services in the National Accounts. The amount involved was roughly €1.9 billion.

To make the GVA figure per the CIP comparable with the national Accounts, we have to adjust for all these, as follows:

42.09 – 2.15 – 2 – 1.9 = €36.04 billion.

This compares with GVA of €36.76 billion per the National Accounts, leaving a gap of €710 million. This in theory should be the GVA relating to firms with one or two persons engaged. We have estimated earlier that the number of people engaged in such firms was 52,900, implying GVA per person of 710,000,000 ÷ 52,900 = €13,400. By comparison with Table 3.2, this appears too low to be accurate. Given the means of calculation used, we do not feel confident using this estimate.

[24] CSO, *National Income & Expenditure Annual Results for 2004*, July 2005.

3.1.2: ASI

Table 3.3 overleaf sets out the sectoral split of GVA in the Services sector in 2003. As can be seen, total Services GVA was €33.9 billion, of which €14.8 billion or 43.6% was generated in small firms. This compares with total Services GVA of €63.8 billion per the 2003 National Accounts, but the latter includes Financial Services, Public Services and services provided by non-commercial organisations.

In sectoral terms, 23.4% of small firms' GVA was generated in R&D & Other Business Services (a catch-all category), followed by 15.3% in Wholesale, almost 14% in Retail and 12.4% in Real Estate & Renting.

The proportion of GVA in each sector generated by small firms varies greatly, from 3.6% in Posts & Telecoms, a sector particularly dominated by large firms, 24% in Air and Sea Travel and 33% in Computers & Related Activities, to 86.5% in Real Estate & Renting.

We can also present the GVA per person engaged, in Table 3.4. It indicates:

1. The overall average GVA per persons engaged in services in 2003 was €47,600 overall and €38,400 in small firms, which is much lower than in Industry overall, but only marginally lower than for small industrial firms.

2. In general, larger firms have higher GVA per person, although GVA in the 1-9 persons engaged band is greater than in the 10-19 band. This may reflect the greater weighting for owner-operators in the former band.

3. GVA per person varies greatly across sector. The Hospitality sector has the lowest, followed by Sport & Recreational, and Retail. At the other end of the scale are Posts & Telecoms and Computers.

Table 3.3: Gross Value Added (€ Million) in Service Enterprises by Size and Sector, 2003

NACE Classification	# Engaged Band						% Breakdown of
	1-9	10-19	20-49	1-49	50+	Total	Small Firms' GVA by sector
Retail	1,244.3	423.9	393.9	2,062.1	2,964.4	5,026.5	13.9%
Wholesale	806.1	607.9	849.1	2,263.0	2,667.7	4,930.8	15.3%
Motor Trade	350.1	298.4	247.0	895.5	449.7	1,345.3	6.1%
Total NACE Code G	**2,400.5**	**1,330.2**	**1,490.0**	**5,220.7**	**6,081.9**	**11,302.6**	**35.3%**
Hospitality (NACE Code H)	**751.5**	**442.7**	**362.7**	**1,556.9**	**1,135.2**	**2,692.1**	**10.5%**
land Transport	303.1	70.6	109.7	483.3	567.4	1,050.8	3.3%
Sea & Air Transport	144.0	259.8	97.6	501.3	1,588.9	2,090.2	3.4%
Post & Telecoms	111.4	42.8	21.6	175.7	4,714.1	4,889.8	1.2%
Total NACE Code I	**558.4**	**373.1**	**228.9**	**1,160.4**	**6,870.4**	**8,030.8**	**7.8%**
Real Estate, Renting	1,443.2	112.5	284.0	1,839.6	288.0	2,127.6	12.4%
Computers & Related Activities	369.7	138.6	270.0	778.3	1,582.3	2,360.6	5.3%
R&D & Other Business services	2,102.8	706.3	654.7	3,463.8	2,538.2	6,002.0	23.4%
Total NACE Code K	**3,915.7**	**957.3**	**1,208.7**	**6,081.7**	**4,408.5**	**10,490.3**	**41.1%**
Recreational, Cultural, Sport	97.5	83.3	96.6	277.4	486.7	764.1	1.9%
Other Services	401.6	61.8	25.9	489.3	157.4	646.8	3.3%
Total NACE Code O	**499.1**	**145.1**	**122.5**	**766.7**	**644.1**	**1,410.8**	**5.2%**
Grand Total	**8,125.2**	**3,248.5**	**3,412.8**	**14,786.5**	**19,140.1**	**33,926.6**	**100.0%**
Percentage Breakdown by Size							
Retail	24.8%	8.4%	7.8%	**41.0%**	59.0%	**100.0%**	
Wholesale	16.3%	12.3%	17.2%	**45.9%**	54.1%	**100.0%**	
Motor Trade	26.0%	22.2%	18.4%	**66.6%**	33.4%	**100.0%**	
Total NACE Code G	**21.2%**	**11.8%**	**13.2%**	**46.2%**	**53.8%**	**100.0%**	
Hospitality (NACE Code H)	**27.9%**	**16.4%**	**13.5%**	**57.8%**	**42.2%**	**100.0%**	
land Transport	28.8%	6.7%	10.4%	**46.0%**	54.0%	**100.0%**	
Sea & Air Transport	6.9%	12.4%	4.7%	**24.0%**	76.0%	**100.0%**	
Post & Telecoms	2.3%	0.9%	0.4%	**3.6%**	96.4%	**100.0%**	
Total NACE Code I	**7.0%**	**4.6%**	**2.8%**	**14.4%**	**85.6%**	**100.0%**	
Real Estate, Renting	67.8%	5.3%	13.3%	**86.5%**	13.5%	**100.0%**	
Computers & Related Activities	15.7%	5.9%	11.4%	**33.0%**	67.0%	**100.0%**	
R&D & Other Bus. services	35.0%	11.8%	10.9%	**57.7%**	42.3%	**100.0%**	
Total NACE Code K	**37.3%**	**9.1%**	**11.5%**	**58.0%**	**42.0%**	**100.0%**	
Recreational, Cultural, Sport	12.8%	10.9%	12.6%	**36.3%**	63.7%	**100.0%**	
Other Services	62.1%	9.6%	4.0%	**75.7%**	24.3%	**100.0%**	
Total NACE Code O	**35.4%**	**10.3%**	**8.7%**	**54.3%**	**45.7%**	**100.0%**	
Grand Total	**23.9%**	**9.6%**	**10.1%**	**43.6%**	**56.4%**	**100.0%**	

Source: CSO Annual Services Inquiry, 2003.

Table 3.4: Average Gross Value Added per Person Engaged (€) in Service Enterprises by Size and Sector, 2003

NACE Classification	# Engaged Band					
	1-9	10-19	20-49	1-49	50+	All
Retail	23,200	23,800	23,800	**23,500**	40,000	**31,000**
Wholesale	49,900	58,700	64,400	**57,000**	78,500	**66,900**
Motor Trade	25,000	34,600	32,400	**29,600**	63,100	**36,000**
Total NACE Code G	28,700	36,200	39,900	**33,100**	52,800	**41,400**
Hospitality (NACE Code H)	20,600	17,600	19,300	**19,400**	21,400	**20,200**
land Transport	38,600	30,300	37,500	**36,900**	35,700	**36,200**
Sea & Air Transport	50,000	93,900	41,300	**62,600**	76,000	**72,300**
Post & Telecoms	43,400	59,200	51,000	**47,400**	168,600	**154,400**
Total NACE Code I	42,000	64,100	40,100	**46,700**	106,100	**89,600**
Real Estate, Renting	93,500	106,800	113,600	**96,900**	50,600	**86,200**
Computers	55,800	49,700	110,600	**65,600**	130,000	**98,200**
R&D & Other Business services	55,200	52,400	60,200	**55,500**	41,600	**48,600**
Total NACE Code K	65,100	55,300	76,400	**65,200**	55,800	**60,900**
Recreational, Cultural, Sport	22,200	22,100	26,300	**23,500**	54,100	**36,700**
Other Services	33,600	19,900	20,100	**29,900**	21,000	**27,100**
Total NACE Code O	30,600	21,100	24,700	**27,200**	39,100	**31,600**
All sectors	**38,700**	**35,300**	**41,300**	**38,400**	**58,300**	**47,600**
Comparison with Average for Size Band						
Retail	59.9%	67.4%	57.6%	**61.2%**	68.6%	**65.1%**
Wholesale	128.9%	166.3%	155.9%	**148.4%**	134.6%	**140.5%**
Motor Trade	64.6%	98.0%	78.5%	**77.1%**	108.2%	**75.6%**
Total NACE Code G	**74.2%**	**102.5%**	**96.6%**	**86.2%**	**90.6%**	**87.0%**
Hospitality (NACE Code H)	**53.2%**	**49.9%**	**46.7%**	**50.5%**	**36.7%**	**42.4%**
land Transport	99.7%	85.8%	90.8%	**96.1%**	61.2%	**76.1%**
Sea & Air Transport	129.2%	266.0%	100.0%	**163.0%**	130.4%	**151.9%**
Post & Telecoms	112.1%	167.7%	123.5%	**123.4%**	289.2%	**324.4%**
Total NACE Code I	**108.5%**	**181.6%**	**97.1%**	**121.6%**	**182.0%**	**188.2%**
Real Estate, Renting	241.6%	302.5%	275.1%	**252.3%**	86.8%	**181.1%**
Computers	144.2%	140.8%	267.8%	**170.8%**	223.0%	**206.3%**
R&D & Other Bus services	142.6%	148.4%	145.8%	**144.5%**	71.4%	**102.1%**
Total NACE Code K	**168.2%**	**156.7%**	**185.0%**	**169.8%**	**95.7%**	**127.9%**
Recreational, Cultural, Sport	57.4%	62.6%	63.7%	**61.2%**	92.8%	**77.1%**
Other Services	86.8%	56.4%	48.7%	**77.9%**	36.0%	**56.9%**
Total NACE Code O	**79.1%**	**59.8%**	**59.8%**	**70.8%**	**67.1%**	**66.4%**
Average	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: CSO Annual Services Inquiry, 2003.

3.1.3: CBC

The CBC indicates that Construction firms with 20 or more persons engaged generated GVA of €4.09 billion in 2003. The National Income & Expenditure Accounts for 2003 indicate a GVA for the entire Construction sector of €10.25 billion. This implies that firms with fewer than 20 persons engaged generated a GVA of €6.16 billion in 2003.

Data from the CSO isolating firms with 20-49 persons engaged indicate that GVA in these firms was €1.066 billion in 2003. We can thus summarise the position as follows:

Table 3.5: Estimate of GVA in Construction by Size of Firm, 2003

# Engaged Band	GVA € Million	# Engaged	GVA per Person €
<20	6,156	143,600	42,900
20-49	1,066	18,100	58,900
Small firms	**7,222**	**161,700**	**44,700**
50+	3,028	38,400	78,900
All firms	**10,250**	**200,100**	**51,200**

Sources: CSO, Census of Building & Construction 2003, National Income & Expenditure 2003 (revised), QNHS Sept-Nov 2003 (revised).

Again, larger firms tend to have higher GVA per person. This may reflect that larger firms are more engaged in civil engineering work, which is less labour intensive than say house-building. The same point as before applies regarding labour-intensive versus capital-intensive activities.

3.1.4: Five years Ago

The same sources of GVA, i.e. the CIP, the ASI and the CBC, are available for 2000 as for 2003. National Income & Expenditure data indicate that in 2000 total GVA at current factor cost was €92.4 billion. Expressed in 2003 prices this was €104.3 billion, so GVA grew by 19% in real terms in the three years to 2003.

CIP 2000

GVA at sectoral level by size of enterprise is available via the Eurostat website, and is summarised in Table 3.6 overleaf.

Table 3.6: GVA and GVA per Person Engaged in Industrial Firms by Size, 2000 (€M)

	# Engaged Band						Small Firms
Aggregate GVA	**3-9**	**10-19**	**20-49**	**3-49**	**50+**	**Total**	**as % of**
	€M	**€M**	**€M**	**€M**	**€M**	**€M**	**Total**
Food, Beverages & Tobacco	140.8		198.0	**338.8**	4,292.7	**4,631.5**	7.3%
Textiles & Leather	21.1	23.7	58.5	**103.3**	254.4	**357.7**	28.9%
Wood Products	20.1	29.0	64.0	**113.1**	130.6	**243.7**	46.4%
Paper, Publishing & Printing	54.2	78.7	483.8	**616.7**	3,370.6	**3,987.3**	15.5%
Chemicals & manmade fibres	19.1		92.8	**111.9**	12,212.7	**12,324.6**	0.9%
Rubber & Plastic	16.0	30.3	109.4	**155.7**	327.3	**483.0**	32.2%
Non-Metallic Minerals	25.4	31.9	86.1	**143.4**	622.8	**766.2**	18.7%
Basic Metals & Fabricated Metals	57.1	79.4	170.5	**307.0**	423.4	**730.4**	42.0%
Machinery & Equipment	24.6	42.7	101.7	**169.0**	531.1	**700.1**	24.1%
Computers & office Machinery	3.1	5.9	22.2	**31.2**	2,551.0	**2,582.2**	1.2%
electrical Machinery	8.6	15.6	50.2	**74.4**	1,038.1	**1,112.5**	6.7%
communications equipment	3.4	5.7	38.9	**48.0**	2,832.5	**2,880.5**	1.7%
Medical Instruments	3.7	4.2	11.8	**19.7**	1,316.6	**1,336.3**	1.5%
Other Precision Instruments	18.5	7.2	48.0	**73.7**	427.1	**500.8**	14.7%
Other Manufacturing	95.2		182.6	**277.8**	882.6	**1,160.4**	23.9%
Total Manufacturing (NACE Code D)	**364.5**	**500.7**	**1,718.5**	**2,583.7**	**31,213.5**	**33,797.2**	**7.6%**
Mining, Quarrying Energy, Water (NACE Code C, E)	**17.9**	**23.7**	**23.6**	**65.2**	**1,653.3**	**1,718.5**	3.8%
Total NACE Codes C, D & E	**382.4**	**524.4**	**1,742.1**	**2,648.9**	**32,866.8**	**35,515.7**	7.5%
GVA per Person Engaged	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	
Food, Beverages & Tobacco	46.9		40.7	**43.0**	104.4	**94.6**	45.5%
Textiles & Leather	26.0	25.9	26.2	**26.1**	31.4	**29.7**	87.9%
Wood Products	27.8	29.2	35.8	**32.3**	48.4	**39.3**	82.2%
Paper, Publishing & Printing	41.5	39.7	113.2	**81.6**	209.0	**168.3**	48.5%
Chemicals & manmade fibres	31.7		172.8	**98.2**	555.4	**532.9**	18.4%
Rubber & Plastic	33.2	32.6	45.1	**40.6**	46.8	**44.6**	91.0%
Non-Metallic Minerals	41.6	41.0	47.7	**44.9**	79.2	**69.3**	64.8%
Basic Metals & Fabricated Metals	35.3	37.6	41.0	**38.9**	50.0	**44.7**	87.1%
Machinery & Equipment	33.7	33.7	35.2	**34.6**	55.9	**48.7**	71.1%
Computers & office Machinery	41.3	40.1	52.2	**48.2**	128.6	**126.0**	38.3%
electrical Machinery	37.4	32.0	38.9	**37.0**	78.4	**72.9**	50.8%
communications equipment	70.8	41.6	123.1	**95.8**	195.2	**191.9**	49.9%
Medical Instruments	60.7	68.9	41.1	**48.2**	105.1	**103.3**	46.6%
Other Precision Instruments	225.6	35.8	81.6	**84.6**	95.7	**93.9**	90.1%
Other Manufacturing	28.1		37.3	**33.5**	79.7	**60.0**	55.9%
Total Manufacturing (NACE Code D)	**37.7**	**35.5**	**52.4**	**45.7**	**157.2**	**132.5**	34.5%
Mining, Quarrying Energy, Water (NACE Code C, E)	**81.0**	**135.4**	**59.7**	**82.3**	**115.3**	**113.6**	72.4%
Total NACE Codes C, D & E	**38.7**	**36.7**	**52.5**	**46.2**	**154.4**	**131.4**	**35.1%**

Source: CSO Census of Industrial Production, 2000, Eurostat website.

The vast bulk (92%) of industrial GVA was generated in firms with 50 or more persons engaged. This varied greatly by sector, however: small firms generated as much as 46% of total GVA in the Wood Products sector. As in 2003, small firms are poorly represented in the modern sectors. Transfer pricing is likely to be inflating the GVA in large firms in these sectors.

As in 2003, we can strip out the four sectors that appear to be particularly dominated by modern firms, as set out in Table 3.7.

Table 3.7: GVA of Traditional and Modern Industrial Enterprises by Size, (€M) 2000

	# Engaged Band						Small Firms
	3-9	**10-19**	**20-49**	**3-49**	**50+**	**Total**	**as % of**
Total GVA	**€M**	**€M**	**€M**	**€M**	**€M**	**€M**	**Total**
Traditional Sectors	272	407	994	1,673	9,118	10,791	15.5%
Modern Sectors	111	117	748	976	23,749	24,724	3.9%
Total	**382**	**524**	**1,742**	**2,649**	**32,867**	**35,516**	**7.5%**
Traditional as %age of Total	**71.1%**	**77.6%**	**57.1%**	**63.2%**	**27.7%**	**30.4%**	
GVA per Person Engaged	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	
Traditional Sectors	36.3	36.1	39.1	37.8	82.8	69.9	54.1%
Modern Sectors	46.0	38.9	96.9	74.3	231.2	213.4	34.8%
Total	**38.7**	**36.7**	**52.5**	**46.2**	**154.4**	**131.4**	**35.1%**
Traditional as %age of Total	**93.9%**	**98.4%**	**74.4%**	**81.9%**	**53.6%**	**53.2%**	

Note: Modern sectors consist of NACE codes, 22, 24, 30, 31, 32 and 33.

Source: CSO Census of Industrial Production, 2000, Eurostat website.

It is clear that large firms dominate to a far greater extent in the modern sectors than in the traditional sectors. Compared to 2003, however, small firms were considerably more prominent in 2000.

GVA in the firms covered in the CIP in 2003 was €35.5 billion[25]. What about firms with fewer than three persons engaged? The 2000 National Accounts indicate that total GVA for Industry and Construction combined was €39.35 billion[26]. Construction GVA in 2000 was €7.16 billion, leaving €32.19 billion for Industry. As in 2003, this is less than the figure per the CIP. Given the difficulties with reconciling the CIP and National Accounts figures for 2003, we have not proceeded with attempting to reconcile the figures for 2000, and are thus unable to estimate GVA for industrial firms with fewer than three persons engaged.

Tables 3.6 and 3.7 also set out the industrial GVA data per person engaged. GVA per person was appreciably higher in firms with 50 or more engaged, doubtless inflated by multi-national transfer pricing. However, firms with 3-9 engaged generated a higher GVA than firms with 10-19 engaged. Table 3.7 highlights a clear difference between the modern and traditional sectors.

---

[25] Per the Eurostat website; the published CIP reported total GVA of €36.89 billion. Discussions with CSO personnel indicate that the Eurostat figure is more up-to-date.

[26] CSO, *National Income & Expenditure Annual Results for 2004*.

ASI 2000

Table 3.8 overleaf set out the sectoral split of GVA in the Services sector in 2000. The sectoral breakdown is less detailed than in the 2003 ASI. As can be seen, total Services GVA was €24.1 billion, of which €9.9 billion or 41% was generated by small firms. This compares with €43.1 billion per the National Accounts, but the latter includes services provided by the Public Sector, by non-commercial organisations and by Financial Services, not covered in the ASI.

In sectoral terms, 23% of small firms' GVA was generated in Retail, followed by 18% in Wholesale, 18% in Other Business Services (a catch-all category) and 15% in Real estate, Renting and Computers.

We also present the GVA per person engaged, in Table 3.9. It indicates that

(1) Average GVA per persons engaged in services in 2000 was €43,500 overall and €34,100 in small firms, somewhat lower than in Industry.

(2) In general, larger firms had higher GVA per person.

(3) GVA per person in small firms varied greatly across sector. Hospitality & Other Services had the lowest, while wholesale had the highest.

CBC 2000

The CBC indicates that Construction firms with 20 or more persons engaged generated GVA of €2.52 billion in 2000. The National Income & Expenditure Accounts for 2000 indicate a GVA for the entire Construction sector of €7.16 billion. This implies that firms with fewer than 20 persons engaged generated a GVA of €4.6 billion in 2000.

Data from the CSO isolating firms with 20-49 persons engaged indicate that GVA in these firms was €722 million in 2000. We can thus summarise the position, as in Table 3.10 overleaf.

Again, larger firms tend to have higher GVA per person. This may reflect that larger firms are more engaged in civil engineering work, which is less labour intensive than say house-building.

Table 3.8: Gross Value Added (€ Million) in Service Enterprises by Size and Sector, 2000

	# Engaged Band						Sectoral Split of Small Firms
	1-9	10-19	20-49	1-49	50+	Total	
Retail	1,493.2	326.5	446.4	2,266.1	1,864.7	4,130.7	22.9%
Wholesale	650.3	284.4	864.2	1,798.9	1,982.1	3,781.0	18.2%
Motor Trade	243.2	191.0	269.9	704.2	405.8	1,110.0	7.1%
Total NACE Code G	**2,386.7**	**802.0**	**1,580.5**	**4,769.2**	**4,252.6**	**9,021.8**	**48.1%**
Hospitality, Other services (NACE Code H, O)	**425.9**	**163.6**	**285.9**	**875.4**	**1,130.8**	**2,006.2**	**8.8%**
Transport & Comm's (NACE Code I)	**663.1**	**-0.2**	**332.9**	**995.7**	**4,631.1**	**5,626.9**	**10.1%**
Real Estate, Renting, Computers, Technical	939.5	181.8	358.1	1,479.4	2,730.7	4,210.1	14.9%
Other Business services	995.5	271.5	520.9	1,787.9	1,448.3	3,236.2	18.0%
Total NACE Code K	**1,935.1**	**453.3**	**878.9**	**3,267.3**	**4,179.1**	**7,446.4**	**33.0%**
Grand Total	**5,410.7**	**1,418.6**	**3,078.3**	**9,907.6**	**14,193.7**	**24,101.2**	**100.0%**
Percentage Breakdown by size							
Retail	36.1%	7.9%	10.8%	54.9%	45.1%	100.0%	
Wholesale	17.2%	7.5%	22.9%	47.6%	52.4%	100.0%	
Motor Trade	21.9%	17.2%	24.3%	63.4%	36.6%	100.0%	
Total NACE Code G	**26.5%**	**8.9%**	**17.5%**	**52.9%**	**47.1%**	**100.0%**	
Hospitality, Other services (NACE Code H, O)	**21.2%**	**8.2%**	**14.2%**	**43.6%**	**56.4%**	**100.0%**	
Transport & comm.'s (NACE Code I)	**11.8%**	**0.0%**	**5.9%**	**17.7%**	**82.3%**	**100.0%**	
Real Estate, Renting, Computers, Technical	22.3%	4.3%	8.5%	35.1%	64.9%	100.0%	
Other Business services	30.8%	8.4%	16.1%	55.2%	44.8%	100.0%	
Total NACE Code K	**26.0%**	**6.1%**	**11.8%**	**43.9%**	**56.1%**	**100.0%**	
Grand Total	**22.4%**	**5.9%**	**12.8%**	**41.1%**	**58.9%**	**100.0%**	

Source: CSO Annual Services Inquiry, 2000.

Table 3.9: Gross Value Added per Person Engaged (€) in Service Enterprises by Size and Sector, 2000

	# Engaged Band					
	1-9	**10-19**	**20-49**	**1-49**	**50+**	**Total**
Retail	21,800	23,100	23,800	22,300	29,100	**24,900**
Wholesale	53,100	55,000	76,800	62,700	76,700	**69,400**
Motor Trade	19,400	45,000	41,300	30,200	63,700	**37,400**
Total NACE Code G	**25,600**	**34,000**	**43,200**	**31,100**	**44,100**	**36,100**
Hospitality, Other services (NACE Code H, O)	**14,700**	**15,700**	**20,100**	**16,300**	**24,800**	**20,200**
Transport & Comm's (NACE Code I)	**56,700**	**-100**	**62,700**	**49,900**	**82,600**	**74,000**
Real Estate, Renting, Computers, Technical	50,300	51,400	58,500	52,200	130,600	**85,500**
Other Business services	44,900	51,400	67,600	50,800	32,700	**40,700**
Total NACE Code K	**47,300**	**51,400**	**63,600**	**51,400**	**64,100**	**57,900**
All sectors	**30,900**	**31,000**	**44,000**	**34,100**	**51,800**	**43,500**
Comparison with Average for Size Band						
Retail	70.6%	74.5%	54.1%	65.4%	56.2%	**57.2%**
Wholesale	171.8%	177.4%	174.5%	183.9%	148.1%	**159.5%**
Motor Trade	62.8%	145.2%	93.9%	88.6%	123.0%	**86.0%**
Total NACE Code G	**82.8%**	**109.7%**	**98.2%**	**91.2%**	**85.1%**	**83.0%**
Hospitality, Other services (NACE Code H, O)	**47.6%**	**50.6%**	**45.7%**	**47.8%**	**47.9%**	**46.4%**
Transport & Comm's (NACE Code I)	**183.5%**	**-0.3%**	**142.5%**	**146.3%**	**159.5%**	**170.1%**
Real Estate, Renting, Computers, Technical	162.8%	165.8%	133.0%	153.1%	252.1%	**196.6%**
Other Business services	145.3%	165.8%	153.6%	149.0%	63.1%	**93.6%**
Total NACE Code K	**153.1%**	**165.8%**	**144.5%**	**150.7%**	**123.7%**	**133.1%**
Grand Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: CSO Annual Services Inquiry, 2000.

Table 3.10: Estimate of GVA in Construction, by Size of Firm and per Person, 2000

# Engaged Band	GVA € million	# Engaged	GVA per Person €
<20	4,639	144,614	32,100
20-49	722	9,955	72,500
Small Firms	**5,361**	**154,569**	**34,700**
50+	1,800	23,531	76,500
All Firms	**7,161**	**178,100**	**40,200**

Sources: CSO, Census of Building & Construction 2000, National Income & Expenditure 2003 revised data, QNHS Sept-Nov 2000 (revised).

3.1.5: Ten Years Ago

For 1995 data are more limited than for later years. In particular, we have no data on GVA in small Services firms, leaving only Industry and Construction.

CIP 1995

GVA in the firms covered in the CIP in 1995 was €15.55 billion[27] (Table 3.11). As in later years, the vast bulk (90%) of industrial GVA was generated in firms with 50 or more persons engaged, though this varied considerably by sector, being as high as 42% in Basic Metals and 38% in Wood products.

The proportion in the Modern sectors is particularly low, though not quite as low as recorded in later years. The table also gives GVA per person engaged, and the level almost invariably increases with firm size.

Table 3.12 differentiates between the modern and traditional sectors, as has been done for 2003 and 2000. This confirms that the domination of the modern sectors was not as pronounced in 1995 as in later years. In particular, the traditional sectors were responsible for the majority of GVA generated, even among large firms.

[27] Per the Eurostat website. The figure published in the 1995 CIP was €16.98 billion (£13.37 billion).

Table 3.11: GVA and GVA per Person Engaged in Industrial Firms by Size, 1995 (€M)

	# Engaged Band						Small
GVA	**3-9**	**10-19**	**20-49**	**1-49**	**50+**	**Total**	**Firms as**
	€M	**€M**	**€M**	**€M**	**€M**	**€M**	**% of Total**
Food, Beverages & Tobacco	29.6	81.6	177.5	**288.7**	2,863.1	**3,151.8**	9.2%
Textiles & Leather	8.1	20.5	28.8	**57.4**	329.9	**387.3**	14.8%
Wood Products	6.4	12.4	26.4	**45.2**	73.0	**118.2**	38.2%
Pulp & Paper	3.1	10.6	32.5	**46.2**	183.4	**229.6**	20.1%
Publishing, Printing, Reproduction of Recorded Media	24.5	42.2	145.5	**212.2**	925.2	**1,137.4**	18.7%
Chemicals & Manmade Fibres	8.0	31.7	207.3	**247.0**	3,332.5	**3,579.5**	6.9%
Rubber & Plastic	8.0	20.2	69.4	**97.6**	268.1	**365.7**	26.7%
Non-Metallic Minerals	8.4	15.6	12.1	**36.1**	248.1	**284.2**	12.7%
Basic Metals & Fabricated Metals	27.9	48.2	84.1	**160.2**	224.7	**384.9**	41.6%
Machinery & Equipment	17.2	26.3	74.5	**118.0**	426.0	**544.0**	21.7%
Computers & Office Machinery	2.8	12.7	20.9	**36.4**	805.1	**841.5**	4.3%
Electrical Machinery	3.8	5.7	17.8	**27.3**	455.2	**482.5**	5.7%
Communications Equipment	0.8	1.2	6.2	**8.2**	345.4	**353.6**	2.3%
Medical Instruments	1.3	-0.1	7.6	**8.8**	426.3	**435.1**	2.0%
Other Precision Instruments	5.4	5.5	27.8	**38.7**	193.6	**232.3**	16.7%
Other Manufacturing	20.9	30.5	125.7	**177.1**	1,655.3	**1,832.4**	9.7%
Total NACE Code D	**176.2**	**364.8**	**1,064.1**	**1,605.1**	**12,754.9**	**14,360.0**	**11.2%**
Mining, Quarrying Elect., Water (NACE Code C, E)	**2.8**	**4.2**	**9.9**	**16.9**	**1,171.1**	**1,188.0**	**1.4%**
Total NACE Codes C, D & E	**179.0**	**369.0**	**1,074.0**	**1,622.0**	**13,926.0**	**15,548.0**	**10.4%**
GVA per Person Engaged	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	
Food, Beverages & Tobacco	29.0	39.4	36.5	36.3	72.8	66.7	54.5%
Textiles & Leather	11.5	18.7	18.2	16.9	17.5	17.4	97.5%
Wood Products	16.4	17.0	22.8	19.9	33.2	26.4	75.1%
Pulp & Paper	28.4	34.9	37.6	36.2	59.1	52.4	68.9%
Publishing, Printing, Reproduction of Recorded Media	26.7	29.2	53.0	41.6	88.2	72.9	57.0%
Chemicals & Manmade Fibres	32.9	81.9	114.1	100.9	212.2	197.2	51.2%
Rubber & Plastic	23.5	28.6	33.4	31.2	41.4	38.1	82.0%
Non-Metallic Minerals	20.9	23.7	23.5	22.9	33.5	31.7	72.4%
Basic Metals & Fabricated Metals	21.8	23.9	26.4	24.7	35.4	30.0	82.3%
Machinery & Equipment	25.1	26.6	26.4	26.3	43.3	38.0	69.2%
Computers & Office Machinery	35.4	100.8	52.3	60.2	58.3	58.4	103.1%
Electrical Machinery	22.1	19.5	26.4	24.0	41.9	40.2	59.7%
Communications Equipment	28.6	14.6	17.2	17.4	47.8	45.9	38.0%
Medical Instruments	28.9	-1.3	21.4	18.4	59.7	57.1	32.2%
Other Precision Instruments	29.0	26.2	63.6	46.5	56.3	54.4	85.5%
Other Manufacturing	15.4	19.5	20.3	19.4	189.4	102.6	18.9%
Total NACE Code D	**22.1**	**28.6**	**35.4**	**31.6**	**74.6**	**64.8**	**48.8%**
Mining, Quarrying Elect., Water (NACE Code C, E)	**35.0**	**27.1**	**25.5**	**27.1**	**73.8**	**72.0**	**37.7%**
Total NACE Codes C, D & E	**22.3**	**28.6**	**35.3**	**31.6**	**74.5**	**65.3**	**48.4%**

Source: CSO Census of Industrial Production, 1995, Eurostat website.

Table 3.12: GVA of Traditional and Modern Industrial Enterprises by Size, (€M) 1995

	# Engaged Band						
Total GVA	**3-9 €M**	**10-19 €M**	**20-49 €M**	**3-49 €M**	**50+ €M**	**Total €M**	**Small Firms as % of Total**
Traditional Sectors	132	270	641	1,043	7,443	8,486	12.3%
Modern Sectors	47	99	433	579	6,483	7,062	8.2%
Total	**179**	**369**	**1,074**	**1,622**	**13,926**	**15,548**	**10.4%**
Traditional as %age of Total	**74.0%**	**73.2%**	**59.7%**	**64.3%**	**53.4%**	**54.6%**	
GVA per Person Engaged	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	
Traditional Sectors	20.8	26.3	27.1	25.9	63.0	53.5	48.3%
Modern Sectors	27.9	37.8	63.8	52.2	94.4	88.5	59.0%
Total	**22.3**	**28.6**	**35.3**	**31.6**	**74.5**	**65.3**	**48.4%**
Traditional as %age of Total	**93.4%**	**91.8%**	**76.8%**	**82.0%**	**84.5%**	**82.0%**	

Note: Modern sectors consist of NACE codes, 22, 24, 30, 31, 32 and 33.
Source: CSO Census of Industrial Production, 1995, Eurostat website.

What about firms with fewer than three persons engaged? The 1995 National Accounts indicate that total GVA for Industry and Construction combined was €17.89 billion. Construction GVA in 1995 was €2.55 billion, leaving €15.34 billion for Industry. As in later years, this is less than the figure per the CIP. Given the difficulties with reconciling the CIP and National Accounts figures for 2003, we have not proceeded with attempting to reconcile the figures for 1995, and are thus unable to estimate GVA for industrial firms with fewer than three persons engaged.

CBC 1995

The CBC indicates that Construction firms with 20 or more persons engaged generated GVA of €513.5 billion in 1995[28]. The CSO inform us that GVA for the entire Construction sector in 1995 was €2.55 billion, implying that firms with fewer than 20 persons engaged generated a GVA of €2.04 billion.

Data from the CSO isolating firms with 20-49 persons engaged indicate that GVA in these firms was €253 million in 1995. We can thus summarise the position as in Table 3.13. Unlike later periods, these data indicate that larger firms tend to have a lower GVA per person, which is counter-intuitive, although it might reflect pre-"Celtic Tiger" conditions in the Construction sector.

[28] Equivalent of IR£404.3 million. The CBC includes payments to labour-only sub-contractors in GVA, which are excluded here. The original figures per the CBC are £461.63 million for GVA and £57.3 million for labour-only sub-contractors.

Table 3.13: Estimate of GVA in Construction, by Size of Firm and per Person, 1995

# Engaged Band	GVA € million	# Engaged	GVA per Person
<20	2,039	67,338	30,300
20-49	253	5,960	42,500
Small firms	**2,292**	**73,298**	**31,300**
50+	260	8,802	29,600
All firms	**2,552**	**82,100**	**31,100**

Sources: CSO, Census of Building & Construction 1995, National Income & Expenditure 1995, LFS 1995.

3.2: Contribution to Exchequer Revenues

This is the area where our data are perhaps weakest. The only actual data on taxes from small firms comes from the ASI, where VAT on turnover and inputs is available[29]. The other main taxes are Corporation Tax, Income Tax/PAYE and PRSI, Excise Duties and Local Authority Rates.

Based on taxable income data from the Revenue Commissioners, and the known tax rates, it is possible to make rough estimates of tax payable by the relevant firms and their employees. However, these taxes are complex, and have many allowances and credits, so there is scope for considerable inaccuracy in our estimates.

Excise duties and VRT are levied on the output of firms in the alcohol, tobacco, and motor Industry, most of which would be very large. They would in large part be passed onto the consumers of these products.

In other sections of this report we have provided estimates for the latest year available, as well as five and ten years ago. Given the lack of data here, we do not attempt to estimate figures for earlier years, (except illustratively for Commercial Rates).

3.2.1: VAT

As stated, the only sector we have actual data on VAT is Services. Table 3.14 sets out the position in 2003. In all, a net €8 billion was paid over to the Revenue Commissioners by Services firms in 2003, over half of this by the Retail & Wholesale sector. Just over 50% was paid by small firms. Of course, much of this VAT would be deductible by the customers of these firms, depending on the sector. Most of the VAT paid over by Business Services and Wholesale firms would be deductible by their customers. On the other hand, one would expect most of the VAT paid by Retail, Hospitality and Other Services firms not to be deductible by their customers. The net VAT paid figure by Retail firms (included in NACE code

[29] This does not cover all the net VAT paid by the firms in question. VAT paid on private cars and petrol is not deductible, and is not included in the above numbers.

G) was €1.4 billion, of which €663 million (47%) was paid by small firms. These figures are for 2003, and one would expect them to be roughly 10% higher for 2005.

Table 3.14: VAT Paid by Services Firms (€M), 2003

	NACE Code						
VAT on Turnover	**G**	**H**	**I**	**K**	**O**	**Total**	**Split by Firm Size**
# Engaged Band	**Retail & Wholesale**	**Hospitality**	**Transport & Comm's**	**Business Services**	**Other Services**		
1 - 9	1,914	453	281	969	63	**3,680**	25.2%
10-19	1,209	212	124	258	30	**1,834**	12.6%
20-49	1,629	159	63	295	25	**2,171**	14.9%
Small Firms	**4,753**	**825**	**467**	**1,522**	**118**	**7,685**	52.6%
50+	4,848	414	905	695	63	**6,925**	47.4%
All Firms	**9,601**	**1,239**	**1,372**	**2,216**	**181**	**14,609**	100.0%
VAT on Purchases							
1 - 9	1,157	204	82	165	27	**1,634**	24.9%
10-19	607	47	29	47	7	**737**	11.2%
20-49	941	68	47	127	10	**1,192**	18.2%
Small Firms	**2,705**	**319**	**157**	**339**	**43**	**3,564**	54.3%
50+	2,386	165	234	207	12	**3,003**	45.7%
All Firms	**5,091**	**484**	**391**	**546**	**55**	**6,567**	100.0%
Net VAT Paid							
1 - 9	757	250	198	805	36	**2,046**	25.4%
10-19	602	165	95	210	23	**1,096**	13.6%
20-49	688	91	16	168	15	**979**	12.2%
Small Firms	**2,047**	**506**	**310**	**1,183**	**75**	**4,121**	51.2%
50+	2,462	249	671	488	51	**3,922**	48.8%
All Firms	**4,510**	**755**	**981**	**1,671**	**126**	**8,043**	100.0%
Sectoral split of Net VAT Paid by Small Firms	**49.7%**	**12.3%**	**7.5%**	**28.7%**	**1.8%**	**100.0%**	

Source: CSO, ASI 2003 and unpublished data.

It would be very difficult to estimate the amount of VAT paid by industrial firms, but in any event, the bulk of this would be deductible by the firms' customers, or in the case of exports to countries outside the EU, would carry no VAT.

As for Construction, VAT on most output in this sector is at 13.5%. VAT on most housing is not deductible by house-buyers, and the same is the case on public infrastructure, as most Public Sector bodies cannot recover VAT. VAT on commercial buildings sold to the private sector would in general be deductible. We have no means of splitting this VAT between small and large firms.

3.2.2: Corporation Tax

The Revenue Commissioners' numbers specify the taxable income declared by companies with 50 or fewer persons employed, in 2002. In 2002, the standard rate of Corporation Tax was 20%, but there was a reduced rate of 12.5% for products less than €254,000, with marginal relief applying up to €317,500. However, 10% tax applied to manufacturing and some traded services, and 25% applied to minerals, petroleum and some land developments, while 20% applied to dealings in residential development land.

The following table sets out the taxable income earned by limited companies by sector, as well as the *prima facie* most likely applicable tax rate and the estimated tax payable. Note this only relates to companies that declared a positive taxable income. Some companies will have suffered trading losses and would earn credits against other or future income, but this is not reflected in the table.

Table 3.15: Estimate of Corporation Tax Payable by Companies with 50 or Fewer Employees, 2002

	Declared income € Million	# of Companies	Average Income €'000	Applicable Tax Rate %	Estimated Tax Payable € Million
C Mining & Quarrying	51.67	130	397.44	25.0%	12.92
D Manufacturing	187.98	4,954	37.95	10.0%	18.80
E Electricity, Gas & Water	3.42	38	90.10	12.5%	0.43
F Construction	559.26	7,028	79.58	12.5%	69.91
G Wholesale & Retail	1,099.55	10,150	108.33	12.5%	137.44
H Hospitality	133.06	2,944	45.20	12.5%	16.63
I Transport & Communication	169.58	2,242	75.64	12.5%	21.20
J Financial Services	727.74	1,134	641.75	20.0%	145.55
K Business Services	652.66	8,113	80.45	12.5%	81.58
L-Q Public Admin & Defence, Educ., Health, Other Services	134.82	2,705	49.84	12.5%	16.85
Unclassified	20.60	377	54.65	12.5%	2.58
Total	**3,740**	**39,815**	**93.94**		**523.88**

Sources: Revenue Commissioners, DKM estimates.

Small companies per our estimates paid €524 million in Corporation tax in 2002. The total Corporation Tax paid in 2002 was €4.804 billion, implying that small companies paid 11% of the total. However, Ireland's total Corporation tax take is inflated by the transfer pricing practices of multi-nationals.

3.2.3: Income Tax

In the current context income tax falls into two categories – that paid on trading income by the proprietors of businesses, and PAYE paid by employees of sole traders, partnerships and limited companies. Again, the Revenue Commissioners' data provides information to estimate this for 2002. Income tax rates in 2002 were a standard rate of 20% and a higher rate of 42%, but there were a number of credits and allowances. The average effective rate of income tax in 2002 was 15.4%[30]. Applying this rate to incomes declared by sole traders and partnerships gives an estimate of income tax payable.

Employers' PRSI was chargeable at 12% up to end February 2002 and at 10.75% thereafter, and average rate of 11.375% for 2002. Employees' PRSI plus Health Levy was 6% on income in excess of €127 pre week to a total of €38,740 and 2% (i.e. Health Levy only) thereafter. Employees earning less than €287 per week paid no PRSI and those earning less than €356 per week paid no Health Levy.

We take the simplistic approach of applying these rules to the average wage level per sector, and grossing up by the number of employees in that sector. Table 3.16 and 3.17 overleaf set out our estimates. The tables indicate that:

- Declared incomes vary greatly across sectors, but on average, small sole traders/partners earn almost two-and-a-half times as much as employees of small businesses (€57,000 Vs €23,000). These data do not differentiate between full- and part-time employees.

- Income Tax payable by sole trades/partnerships in 2002 amounted to €2.13 billion on declared income of €13.82 billion, an average of €8,800 per individual.

- Income Tax payable by employees in 2002 was €1.17 billion and PRSI (employers' and employees') with respect to employees was €387 million, on declared income of €7.6 billion, an average of €3,500 per individual.

- Thus small businesses were responsible for Income Tax payments totalling €3.3 billion in 2002.

Of course, there would have been scope to reduce the actual tax paid by utilising the wide range of tax relief schemes available under the Irish income tax code.

However, these numbers imply that income tax paid by the self-employed is much greater than that paid by employees, which is counter-intuitive, notwithstanding that the self-employed earn on average considerably more than employees. This arises because the Revenue Commissioners data indicate considerably more self-employed and fewer employees than we believe to be the case, as estimated in Section 2.3.

We estimate that there were in the region of 777,000 persons engaged in small businesses in 2005, of whom perhaps 240,000[31] (roughly 30%) were self-employed. The Revenue Commissioners data per Tables 3.16 and 3.17 by contrast imply
243,000 ÷ (243,000 + 332,000) ≈ 40% self-employed, in 2002.

[30] Revenue Commissioners personal communication.

[31] All the sole trader plus twice the number of partnerships, per Section 2.4.

If we were to take the average individual tax payments per the Revenue Commissioners data, and apply them to the numbers of self-employed and employees in small businesses per our estimates, then the split of total payments would be 52% self-employed and 48% employees. Applying this split to the total estimate of Income Tax payable by small businesses in 2002, implies €1.72 billion payable by sole traders and partners, and €1.58 billion payable by employees. On a similar basis the total employers' and Employees PRSI would have amounted to in the region of €630 billion. There is very considerable scope for error in these estimates, given the approach to estimation.

Total net receipts of income tax in 2002 were €8.98 billion, per the Revenue Commissioners Statistical Report 2003, implying that small businesses and their employees accounted for 37% of total income tax receipts that year.

3.2.4: Local Authority Rates

Local Authority Rates levied on small firms are not readily assessable, as they are not based on any centrally recorded economic criteria, but rather local rateable valuations and rates struck.

In 2003 the total Rates income of the local authorities was €836 million. This compares with €587 million in 2000 and €407 million in 1995 (per the National Income & Expenditure Accounts 2004). This represents a 44% increase in the five years to 2000 and a 42% increase in the three years to 2003. Net of CPI inflation, these figures are 27% and 25% respectively. Part of the increase would be due to the increase in the number of businesses subject to Rates over time.

Another way of looking at this is that Rates are a property-based tax, and the closest piece of information we have that would relate to property (albeit very loosely) is employment, in the sense that workers need to be accommodated by firms. Employment in small businesses in 2003 was 53.1% of total employment, per our estimates (Section 2). Applying this to the total Commercial Rates bill that year gives 836 x 53.1% = €444 million. The same exercise for 2000 gives a figure of €301 million, while for 1995 the figure is €201 million.

Given the methodology used these figures are subject to a large degree of inaccuracy, and should be considered illustrative only.

Table 3.16: Estimate of Income Tax Payable by Sole Traders/Partnerships, 2002

NACE Classification	Declared Income € Million	# of Sole Traders/ Partners	Average Income €'000	Estimated Tax Payable € Million
C Mining & Quarrying	7.1	125	56.48	1.1
D Manufacturing	257.2	6,999	36.75	39.6
E Electricity, Gas & Water	0.9	32	28.26	0.1
F Construction	1,400.1	37,708	37.13	215.6
G Wholesale and Retail Trade	1,149.6	26,398	43.55	177.0
H Hospitality	642.6	12,704	50.58	99.0
I Transport & Comm's	594.1	19,062	31.17	91.5
J Financial Services	129.1	1,986	65.03	19.9
K Business Services	4,075.5	49,350	82.58	627.6
L-Q Public Admin & Defence, Educ., Health, Other Services	4,639.1	71,018	65.32	714.4
Unclassified	921.5	17,395	52.98	141.9
Total	**13,816.9**	**242,777**	**56.91**	**2,127.8**

Sources: Revenue Commissioners, DKM estimates.

3.3 Turnover & Exports

Turnover data are available from the CSO sources and from IDS Mediagroup, while export data are only available from the CSO.

3.3.1: CSO

CIP 2003

The CIP 2003 lists the turnover and exports value of industrial enterprises, by number of persons engaged, as per Table 3.18 overleaf.

Table 3.17: Estimate of Income Tax Payable by Employees of Small Firms

NACE Classification	Declared Income of Employees of - Sole Traders /Partnerships € Million	Companies € Million	Total € Million	Total # of Employees	Avg. Incomes €'000	Estimated PAYE Payable € Million	Estimated PRSI Payable € Million
C Mining & Quarrying	0.85	29.36	30.21	1,145	26.39	4.7	1.7
D Manufacturing	36.25	1,069.94	1,106.18	46,551	23.76	170.4	60.2
E Electricity, Gas & Water	0.06	11.07	11.13	280	39.75	1.7	0.6
F Construction	307.75	1,098.77	1,406.52	57,656	24.40	216.6	76.8
G Wholesale and Retail Trade	203.39	1,507.98	1,711.37	82,162	20.83	263.6	91.8
H Hospitality	116.55	365.70	482.25	38,030	12.68	74.3	-
I Transport & Communication	59.65	367.90	427.56	17,069	25.05	65.8	23.4
J Financial Services	5.04	288.98	294.02	6,949	42.31	45.3	15.7
K Business Services	185.85	1,390.13	1,575.97	52,679	29.92	242.7	87.6
L-Q Public Admin & Defence, Educ., Health, Other Services	127.92	364.21	492.12	26,395	18.64	75.8	26.0
Unclassified	8.92	48.78	57.70	2,782	20.74	8.9	3.1
Total	**1,052.24**	**6,542.81**	**7,595.05**	**331,698**	**22.90**	**1,169.6**	**387.0**

Sources: Revenue Commissioners, DKM estimates.

Table 3.18: Turnover & Exports by Industrial Enterprises by # Persons Engaged, 2003

# Engaged Band	# of Firms	Turnover €M	Exports €M	Average Turnover €'000	Average Exports €'000	Exports as % of Turnover
3-9	1,988	1,223	272	615	137	22.3%
10-19	1,084	1,873	420	1,728	388	22.4%
20-49	1,009	4,764.	1,490	4,722	1,477	31.3%
Sub-Total 3-49	**4,081**	**7,861**	**2,183**	**1,926**	**535**	**27.8%**
50+	913	101,524	80,978	111,198	88,694	79.8%
Grand Total	**4,994**	**109,385**	**83,161**	**21,903**	**16,652**	**76.0%**
Small Firms as % of Total	**81.7%**	**7.2%**	**2.6%**			

Source: CSO Census of Industrial Production, 2003.

As one would expect, industrial turnover is dominated by firms with 50 or more persons engaged. They accounted for more than 90% of turnover and over 97% of exports in 2003. The contrast between exports levels in small and larger firms is stark: a high proportion of industrial turnover (80%) in larger firms was exported, compared to 28% of turnover in small firms.

As with GVA, we can differentiate between the modern and traditional sectors. Unfortunately the data are not available for size of firm, although we know these sectors are dominated by large firms. The results are summarised in Table 3.19. The higher average level of turnover and exports in the modern sectors is clear.

Table 3.19: Turnover & Exports in Modern and Traditional Industrial Enterprises, 2003

# Engaged Band	# of Firms	Turnover €M	Exports €M	Average Turnover €'000	Average Exports €'000	Exports as % of Turnover
Traditional Sectors	4,339	42,370	19,790	9,765	4,561	46.7%
Modern Sectors	655	67,015	63,370	102,313	96,749	94.6%
Total	4,994	109,385	83,161	21,903	16,652	76.0%
Traditional as % of Total	87%	39%	24%	45%	27%	

Source: CSO Census of Industrial Production, 2003.

The above covers only those firms with at least three person engaged. We have no data on exports or turnover in firms smaller than this.

ASI 2003

The ASI publishes detailed turnover data for all firms by sector, and export data for firms with 20+ employees. We requested export data for smaller firms, but were informed that the data for these firms were unreliable. We were however able to isolate data for firms with 20-49 persons engaged.

Table 3.21 overleaf sets out the turnover data. Total turnover in the Services sector per the ASI 2003 was €125.6 billion. Retail, Wholesale and the Motor Trade between them accounted for 62% of the total. Some 46% of total turnover is in small firms. Average turnover in small firms varies greatly by sector however, from €170,000 in Other Services to €1.9 million in Sea & Air Transport.

Table 3.20 sets out export data, for Services firms with at least 20 persons engaged in 2003. Not surprisingly, exports were concentrated in the Transport & Communication, and Business Services sectors, and in firms with 50 or more engaged. Of firms with 20+ engaged, 96% of exports are by firms with 50+ engaged, and 98% are in the two mentioned sectors. Although reliable data are not available for Services firms with fewer than 20 persons engaged, it is reasonable to assume that exports among most of these firms would not be significant. However, there are likely to be particular niches among these firms where exports are important.

Table 3.20: Exports in Service Enterprises with 20+ Persons Engaged (€ Million), 2003

	# Engaged Band			firms 20-49 as
	20-49	**50+**	**Total**	**%age of 20+**
Retail	0.3	1.7	2.0	13.5%
Wholesale & Motor Trade	12.5	66.0	78.5	15.9%
Total NACE Code G	**12.7**	**67.8**	**80.5**	15.8%
Hospitality (NACE Code H)	0.0	15.1	15.1	0.0%
Transport & Comm's (NACE Code I)	81.6	4,894.4	4,976.1	1.6%
Business Services (NACE Code K)	180.9	1,633.0	1,813.9	10.0%
Other Services (NACE Code O)	1.5	48.2	49.6	2.9%
Total	**276.7**	**6,658.5**	**6,935.2**	4.0%
Average Exports per firm (€'000)				
Retail	0.5	5.7	2.4	
Wholesale & Motor Trade	18.1	229.3	80.3	
Total NACE Code G	65.1	114.8	44.1	
Hospitality (NACE Code H) note	0.0	34.7	14.3	
Transport & Comm's (NACE Code I)	305.7	27,041.2	11,107.3	
Business Services (NACE Code K)	306.6	3,557.8	1,729.2	
Other Services (NACE Code O)	7.9	463.2	172.3	

Note: Expenditure by overseas tourists in the Hospitality and other sectors is *de facto* exports, though for the most part it would not be recorded as such.
Source: CSO Annual Services Inquiry 2003, unpublished data.

Table 3.21: Turnover in Service Enterprises by Size (€ Million), 2003

	Total Turnover by # Engaged Band						Sectoral Split of Turnover in Small Firms
	1-9	10-19	20-49	1-49	50+	Total	
Retail	6,591	2,222	1,964	10,777	11,960	22,736	18.5%
Wholesale	5,044	5,200	5,979	16,223	20,628	36,851	27.9%
Motor Trade	2,888	2,489	3,591	8,967	5,700	14,667	15.4%
Total NACE Code G	**14,522**	**9,911**	**11,534**	**35,967**	**38,288**	**74,255**	**61.8%**
Hospitality (NACE Code H)	**2,604**	**1,272**	**952**	**4,828**	**2,699**	**7,527**	**8.3%**
Land Transport	784	320	312	1,415	1,375	2,790	2.4%
Sea & Air Transport	762	946	651	2,358	4,380	6,738	4.0%
Post & Telecoms	624	157	45	826	8,935	9,762	1.4%
Total NACE Code I	**2,170**	**1,423**	**1,007**	**4,600**	**14,690**	**19,289**	**7.9%**
Real Estate, Renting	2,672	193	466	3,331	634	3,965	5.7%
Computers	624	330	624	1,578	4,633	6,211	2.7%
R&D & Other Business Svc	4,014	1,151	1,286	6,452	5,232	11,684	11.1%
Total NACE Code K	**7,310**	**1,674**	**2,376**	**11,361**	**10,499**	**21,860**	**19.5%**
Recreational, Cultural, Sport	275	207	215	698	909	1,607	1.2%
Other Services	616	105	71	793	292	1,084	1.4%
Total NACE Code O	**891**	**313**	**287**	**1,490**	**1,201**	**2,691**	**2.6%**
Grand Total	**27,497**	**14,593**	**16,156**	**58,246**	**67,376**	**125,622**	**100.0%**
Breakdown of Aggregate Turnover by size	**21.9%**	**11.6%**	**12.9%**	**46.4%**	**53.6%**	**100.0%**	
Average Turnover by Size (€'000)							
Retail	398	1,827	3,590	588	39,602	1,221	
Wholesale	961	6,659	13,746	2,509	91,680	5,508	
Motor Trade	596	4,120	14,136	1,572	90,482	2,543	
Total NACE Code G	545	3,810	9,332	1,180	64,895	2,389	
Hospitality (NACE Code H)	274	726	1,536	407	6,190	612	
Land Transport	210	1,675	2,023	348	17,622	673	
Sea & Air Transport	774	4,874	6,925	1,854	61,690	5,017	
Post & Telecoms	543	2,860	2,364	676	279,223	7,778	
Total NACE Code I	370	3,234	3,773	701	81,158	2,859	
Real Estate, Renting	429	2,647	6,303	523	15,851	618	
Computers	208	1,535	5,375	473	48,766	1,809	
R&D & Other Business Svc	265	1,242	3,216	391	16,147	695	
Total NACE Code K	300	1,378	4,028	434	22,873	820	
Recreational, Cultural, Sport	210	750	1,696	407	12,990	901	
Other Services	141	425	1,254	170	8,580	231	
Total NACE Code O	157	596	1,559	234	11,548	415	
Overall Average	382	2,234	5,577	715	38,066	1,509	

Source: CSO Annual Services Inquiry, 2003.

CBC 2003

The CBC provides data on turnover for those Construction firms with 20 or more persons engaged. In 2003, total turnover in these firms amounted to €10.308 billion, an average of €9.6 million per firm. The CSO informs us that turnover in those firms with 20-49 persons engaged was €2.444 billion, an average of €5 million per firm. Thus for firms with 50+ engaged, aggregate turnover was €7.684 billion, an average of €40.5 million per firm.

The vast majority of Construction firms have fewer than 20 persons engaged, and we have no official turnover data on these. The closest we have is total Construction output for the entire sector, which includes Construction for own use and not sold. In 2003 this amounted to €23.82 billion[32]; the CBC indicates that the equivalent figure ("production value") for firms with 20 or more engaged amounted to €10.701 billion, leaving €13.119 billion for firms with fewer than 20 engaged. In Section 2 we estimated that the total number of such firms was roughly 51,300, implying an average turnover per such firm of
€13,119,000,000 ÷ 51,300 = €256,000.

We can thus estimate average turnover in all Construction firms with fewer than 50 engaged, as follows:
(€23,820,000,000 – €7684,000) ÷ (52,000 – 200) = €308,000.

There are no official statistics on exports in the Construction sector.

3.3.2: IDS MediaGroup

The IDS database lists total turnover by sector, but only distinguishes by size in relation to bands of turnover (see Table 2.7). From these data we can estimate the level of turnover by sector, as set out in Table 3.22 overleaf. This indicates that turnover in firms with less than €10 million turnover per annum amounts to €57.7 billion. The average turnover per small firm is just under €250,000, but varies greatly by sector.

[32] Per DKM *Review of the Construction Industry 2004 and Outlook 2005-2007*, p.11.

Table 3.22: Number of Firms by Turnover per IDS Database, 2005

NACE Classification	# of Firms by Turnover < €10M	€10M+	Total	Turnover in Small Firms Total €M	Average €'000	Sectoral Split of Turnover in Small Firms
C Mining & Quarrying	**335**	**8**	**343**	**117**	**349.1**	**0.2%**
Food Beverages, Tobacco	1,550	92	1,642	1,164	751.0	2.0%
Textiles & Leather	1,287	18	1,305	457	355.2	0.8%
Wood Products	849	12	861	404	475.3	0.7%
Paper, Publishing & Printing	2,582	49	2,631	1,440	557.6	2.5%
Chemicals, Rubber, Metal, Minerals	2,571	81	2,652	1,534	596.5	2.7%
Machinery, Electronics	8,640	237	8,877	4,594	531.7	8.0%
Total NACE code D	**17,479**	**489**	**17,968**	**9,592**	**548.8**	**16.6%**
E Electricity, Gas & Water	**452**	**4**	**456**	**128**	**284.0**	**0.2%**
F Construction	**19,907**	**86**	**19,993**	**5,227**	**262.6**	**9.1%**
Motor Trade	9,416	57	9,473	4,119	437.4	7.1%
Wholesale	10,155	219	10,374	6,045	595.3	10.5%
Retail	30,855	189	31,044	10,186	330.1	17.7%
Total NACE code G	**50,426**	**465**	**50,891**	**20,350**	**403.6**	**35.3%**
Hotels, Accommodation	6,597	85	6,682	917	138.9	1.6%
Restaurants, Licensed Trade, Catering	14,693	21	14,714	2,198	149.6	3.8%
Total NACE code H	**21,290**	**106**	**21,396**	**3,115**	**146.3**	**5.4%**
Land Transport	5,327	34	5,361	1,319	247.6	2.3%
Sea & Air Transport	3,452	49	3,501	1,456	421.6	2.5%
Post & Telecoms	3,599	30	3,629	979	271.9	1.7%
Total NACE code I	**12,378**	**113**	**12,491**	**3,753**	**303.2**	**6.5%**
J Financial Services	**6,165**	**115**	**6,280**	**2,545**	**412.8**	**4.4%**
Real Estate	1,556	10	1,566	421	270.6	0.7%
Rental Businesses	3,042	7	3,049	805	264.7	1.4%
Computers & Related Activities	2,511	46	2,557	1,539	613.1	2.7%
R&D	116	1	117	7	56.5	0.0%
Business Services	19,817	148	19,965	4,941	249.3	8.6%
Total NACE code K	**27,042**	**212**	**27,254**	**7,713**	**285.2**	**13.4%**
M Driving Schools, Language Schools	**1,934**	**-**	**1,934**	**296**	**152.9**	**0.5%**
N Private medical & Veterinary	**10,139**	**12**	**10,151**	**586**	**57.8**	**1.0%**
Recreational, Cultural, Sport	11,975	15	11,990	1,497	125.0	2.6%
Other Services	7,665	10	7,675	1,610	210.1	2.8%
Total NACE code O	**19,640**	**25**	**19,665**	**3,107**	**158.2**	**5.4%**
Unclassified	46,020	2	46,022	1,176	25.6	2.0%
Total	**233,207**	**1,637**	**234,844**	**57,706**	**247.4**	**100.0%**

Source: IDS MediaGroup Database, October 2005

3.3.3: Five years Ago

More or less the same data are available for 2000 as for 2003, with the exception of exports data for the Services sector and the IDS data for turnover.

The **CIP 2000** lists the turnover and exports value of industrial enterprises, by number of persons engaged, as follows:

Table 3.23: Turnover & Exports by Industrial Enterprises by # Persons Engaged, 2000

# Engaged Band	# of Firms	Turnover €M	Exports €M	Average Turnover €'000	Average Exports €'000	Exports as % of Turnover
3-9	1,779	1,031	186	579	105	18.1%
10-19	1,039	1,556	297	1,497	286	19.1%
20-49	1,060	4,960	1,918	4,679	1,809	38.7%
Sub-Total 3-49	**3,878**	**7,546**	**2,401**	**1,946**	**619**	**31.8%**
50+	996	94,223	73,236	94,601	73,530	77.7%
Grand Total	**4,874**	**101,768**	**75,637**	**20,880**	**15,519**	**74.3%**
Small Firms as % of Total	**79.6%**	**7.4%**	**3.2%**			

Source: CSO Census of Industrial Production, 2000.

As in 2003, industrial turnover in 2000 in Ireland was dominated by larger firms. They accounted for more than 90% of turnover and 97% of exports. The contrast in exports levels between small and larger firms is stark: a high proportion of industrial turnover (78%) in larger firms was exported, while 32% of output in smaller firms was exported. We can also present the data split between the traditional and modern sectors, as before:

Table 3.24: Turnover & Exports in Modern and Traditional Industrial Enterprises, 2000

# Engaged Band	# of Firms	Turnover €M	Exports €M	Average Turnover €'000	Average Exports €'000	Exports as % of Turnover
Traditional Sectors	4,179	36,539	15,367	8,743	3,677	42.1%
Modern Sectors	695	65,230	60,270	93,856	86,719	92.4%
Total	4,874	101,768	75,637	20,880	15,519	74.3%
Traditional as %age of Total	**86%**	**36%**	**20%**	**42%**	**24%**	

Source: CSO Census of Industrial Production, 2000.

The general pattern is very similar to the position in 2003. We have no data on exports or turnover in industrial firms with fewer than three persons engaged.

The **ASI 2000** published detailed turnover data for all firms by sector (Table 3.25), but no export data. The headings are also not as detailed as in the 2003 ASI. Total turnover in the Services sector per the ASI 2000 was €90.52 billion, of which €52.1 billion (58%) was in small firms. Retail, Wholesale and the Motor Trade between them accounted for 71% of the total in small firms. Average turnover in small firms varied greatly by sector, from €226,000 in Hospitality & Other Services to €3.1 million in Wholesale. The overall average of €738,000 is actually slightly higher than it was in 2003. This is at variance with other data such as GVA, which grew strongly between 2000 and 2003.

Table 3.25: Turnover in Service Enterprises by Size (€ Million), 2000

	# Engaged Band						
Total Turnover (€M)	**1-9**	**10-19**	**20-49**	**1-49**	**50+**	**Total**	**Sectoral Split of Turnover in Small Firms**
Retail	7,145	1,370	1,857	10,371	8,584	18,955	23.2%
Wholesale	4,208	1,789	6,519	12,516	14,742	27,258	28.0%
Motor Trade	2,770	2,292	3,588	8,650	4,294	12,944	19.4%
Total NACE Code G	**14,122**	**5,451**	**11,964**	**31,537**	**27,620**	**59,157**	**70.6%**
Hospitality, Other Services (NACE Code H, O)	**1,044**	**394**	**636**	**2,074**	**2,222**	**4,296**	**4.6%**
Transport & Comm (NACE Code I)	**1,633**	**784**	**1,525**	**3,942**	**8,452**	**12,395**	**8.8%**
Real Estate, Renting, Computers, Technical	1,851	373	949	3,174	5,199	8,373	7.1%
Other Business services	1,671	465	1,794	3,930	2,367	6,297	8.8%
Total NACE Code K	**3,522**	**839**	**2,743**	**7,104**	**7,566**	**14,670**	**15.9%**
Grand Total	**20,321**	**7,468**	**16,869**	**44,657**	**52,091**	**90,517**	**100.0%**
Average Turnover by Size (€'000)							
Retail	345	1,596	3,049	468	31,792	844	
Wholesale	1,249	6,344	18,363	3,124	80,120	6,505	
Motor Trade	691	9,279	14,468	1,921	61,339	2,831	
Total NACE Code G	503	3,930	9,871	1,028	52,709	1,895	
Hospitality, Other Services (NACE Code H, O)	128	621	1,696	226	8,199	456	
Transport & Comm (NACE Code I)	424	5,028	9,779	946	109,770	2,921	
Real Estate, Renting, Computers, Technical	235	2,019	4,724	384	38,230	997	
Other Business services	218	1,598	6,873	478	12,015	748	
Total NACE Code K	227	1,762	5,938	431	22,721	872	
Overall Average	365	2,814	7,650	738	51,524	1,467	

Source: CSO Annual Services Inquiry 2000.

The **CBC 2000** provides data on turnover for Construction firms with 20 or more person engaged. In 2000, turnover in these firms amounted to €6.8 billion, an average of €13 million per firm. The CSO informs us that turnover in firms with 20-49 persons engaged was €1.77 billion, an average of €5 million per firm. Thus for firms with 50+ engaged, aggregate turnover was €5.036 billion, an average of €29.8 million per firm.

The vast majority of Construction firms have fewer than 20 persons engaged, and we have no official turnover data on these. The closest we have is total output for the entire Construction Industry, which includes Construction for own use and not sold. In 2000 this amounted to €17.59 billion[33]; the CBC indicates that the equivalent figure ("production value") for firms with 20 or more engaged amounted to €7.17 billion, leaving €10.42 billion for firms with fewer than 20 engaged. We have estimated in section 2 that there were roughly 47,500 such firms in 2000, implying average turnover of
€10,420,000,000 ÷ 47,500 = €219,000.

We can thus estimate average turnover in all Construction firms with fewer than 50 engaged, as follows:
(€17,590,000,000 - €5,036,000,000) ÷ (48,000 – 200) = €262,000.

3.3.4: Ten Years Ago

For 1995 we only have data from the CIP for Industry and the CBC for Construction.

The **CIP 1995** lists the turnover and exports value of industrial enterprises, by number of persons engaged, as follows:

Table 3.26: Turnover & Exports by Industrial Enterprises by Size, 1995

# Engaged Band	# of Firms	Turnover €M	Exports €M	Average Turnover €'000	Average Exports €'000	Exports as % of Turnover
3-9	1,448	579	75	400	52	12.9%
10-19	942	1,191	365	1,264	387	30.6%
20-49	986	3,299	1,283	3,346	1,302	38.9%
Sub-Total 3-49	**3,376**	**5,069**	**1,723**	**1,502**	**510**	**34.0%**
50+	975	42,409	27,587	43,497	28,294	65.0%
Grand Total	**4,351**	**47,479**	**29,310**	**10,912**	**6,736**	**61.7%**
Small Firms as % of Total	**77.6%**	**10.7%**	**5.9%**			

Source: CSO Census of Industrial Production, 1995.

Industrial output in 1995, as in later years, was dominated by larger firms. They accounted for almost 90% of turnover and 94% of exports. The contrast between exports levels in small and larger firms is stark: a high proportion of industrial turnover (65%) in larger firms was

[33] Per DKM *Review of the Construction Industry 2004 and Outlook 2005-2007*, p.11.

exported, while 34% of output in smaller firms was exported. We have no data on exports or turnover in industrial firms with fewer than three persons engaged.

We can also present the data split between the traditional and modern sectors, as before:

Table 3.27: Turnover & Exports in National-National and Traditional Industrial Enterprises, 1995

# Engaged Band	# of Firms	Turnover €M	Exports €M	Average Turnover €'000	Average Exports €'000	Exports as % of Turnover
Traditional Sectors	3,693	30,898	14,886	8,367	4,031	48.2%
Modern Sectors	658	16,580	14,423	25,198	21,920	87.0%
Total	**4,351**	**47,479**	**29,310**	**10,912**	**6,736**	**61.7%**
Traditional as %age of Total	**85%**	**65%**	**51%**	**77%**	**60%**	

Source: CSO Census of Industrial Production, 1995.

The general pattern is similar to the position in later years, but the modern sectors were clearly less dominant in 1995. In 2000 average turnover in the traditional sectors was 42%, and the equivalent for exports was 24%. Likewise the degree of polarisation between small and large firms was slightly less.

The **CBC 1995** provides data on turnover for those firms with 20 or more person engaged. In 1995, turnover in these firms amounted to €2.02 billion (IR£1.59 billion), an average of €7 million per firm. The CSO informs us that turnover in those firms with 20-49 persons engaged was €884 million (IR£696 million), an average of €4 million per firm. Thus for firms with 50+ engaged, aggregate turnover was €1,136 billion, an average of €14.6 million per firm.

The vast majority of Construction firms have fewer than 20 persons engaged, and we have no official turnover data on these. The closest we have is total output for the entire Construction Industry, which includes Construction for own use and not sold. In 1995 this amounted to €6.35 billion[34]; the CBC indicates that the equivalent figure ("production value") for firms with 20 or more engaged amounted to €2.06 billion, leaving €4.29 billion for firms with fewer than 20 engaged. We have estimated in section 2 that there were roughly 24,700 such firms in 1995, implying average turnover of
€4,290,000,000 ÷ 24,700 = €174,000.

We can thus estimate average turnover in all Construction firms with fewer than 50 engaged, as follows:
(€6,350,000,000 - €1,136,000,000) ÷ (25,000 – 100) = €209,000.

[34] Per DKM *Review of the Construction Industry 2004 and Outlook 2005-2007*, p.11.

3.4 Summary

In this sector we have assessed small firms' contribution to GDP, Exchequer Revenues, Turnover and Exports. Our findings are summarised below.

3.4.1: Contribution to GDP

We have sectoral GVA data for 2003, 2000 and 1995, which is summarised in Table 3.28 overleaf (all values are in money of the time, i.e. not adjusted for inflation). Note we were unable to assess GVA in small Financial Services enterprises. The main points are:

- GVA in industrial firms with 3-49 persons engaged was €2.4 billion in 2003, less than 6% of GVA of industrial firms with at least three person engaged, though this is distorted by transfer pricing practices of international firms. When we consider the "traditional" sub-sectors of Industry[35], the percentage is 11%.

- The percentage of GVA generated by small industrial firms fell between 2000 and 2003, as did total GVA and GVA per worker in small firms. GVA in small industrial firms grew rapidly in 1995-2000, though their proportion of total industrial GVA still fell (10.4% to 7.5%). However, for traditional sectors of Industry their proportion of total GVA grew over this period (12.3% to 15.5%).

- In 1995 there was relatively little difference between the traditional sectors and overall Industry, in terms of the importance of small firms, indicating that industrial growth since has been concentrated in large firms in the "modern" sectors.

- GVA in small Services firms was €14.8 billion, 43% of total Services GVA. This was significantly higher than in 2000.

- On a per capita basis, GVA per person in Services small firms was €38,400 in 2003. The gap between per capita GVA in industrial and Services small firms is perhaps not as wide as one would expect, and has narrowed considerably since 2000.

- GVA in small Construction firms was €7.2 billion, 70% of total Construction GVA in 2003. On a per capita basis, GVA in these firms was €44,700, higher than in Industry or Services. Growth in GVA in small Construction firms was particularly strong in 1995-2000.

- The contrast between the relative importance of small firms in Industry on the one hand and in Services and Construction on the other hand is clear, in terms of the proportion of total sectoral GVA accounted for by these firms (albeit we have been unable to identify GVA is industrial firms with fewer than three engaged).

---

[35] Excluding the four sub-sectors generally accepted to be dominated by large multi-nationals, i.e. NACE codes 223 (software), 24 (chemicals), and 30-33 (computers and electronics).

- The point has already been made that small firms are accounting for lower proportions of the main industrial indicators over time. However, it may simply be that the most successful small industrial firms are growing, amalgamating or being taken over by large firms over time, and thus falling out of the statistics. The available data are however not sufficient to address this issue.

Table 3.28: Summary of GVA Data for Small Firms

	Industry		Services	Construction
Aggregate GVA	€M		€M	€M
2003	2,403		14,787	7,222
2000	2,649		9,908	5,361
1995	1,622		na	2,292
As %age of Total Sectoral GVA				
	Total	**Traditional**		
2003	5.7%	11.1%	43.6%	70.5%
2000	7.5%	15.5%	41.1%	74.9%
1995	10.4%	12.3%	na	89.8%
GVA per Person Engaged	€		€	€
2003	39,600		38,400	44,700
2000	46,200		34,100	34,700
1995	31,600		na	31,300

Notes:

1. Values are in nominal terms, i.e. not adjusted for inflation.
2. Industrial data relate only to firms with 3-49 persons engaged.
3. Traditional Industry excludes the four sub-sectors generally accepted to be dominated by high-tech multi-nationals, i.e. NACE codes 223 (software), 24 (chemicals/pharmaceuticals), and 30-33 (computers and electronics).
4. Services exclude Financial Services.

na .. Not available

Source: CSO various publications.

Irish GDP grew by 6.8% (nominal) in 2004, and is expected to grow by roughly the same in 2005, so the above figures could be expected to have grown overall by 14% between 2003 and 2005, in nominal terms (subject to a degree of sectoral variation).

3.4.2: Contribution to Exchequer Revenues

Our data here are weak, and we depend on estimates based on income data from the Revenue Commissioners (for 2002) and known tax rates. The results should thus be considered illustrative.

Small companies per our estimates paid €523 million in Corporation tax in 2002. The total corporation Tax paid in 2002 was €4.804 billion, implying that small companies paid 11% of the total. However, Ireland's total Corporation tax take is inflated by the transfer pricing practices of multi-nationals.

We estimate that income tax payable by sole trades/partnerships in 2002 might have amounted to roughly €1.72 billion. As for employees, we estimate that income tax payable in 2002 might have amounted to €1.58 billion, and PRSI (employers' and employees') €630 million. There would have been scope to reduce the actual tax paid by utilising the wide range of tax relief schemes available under the Irish income tax code. Total net receipts of Income Tax in 2002 were €9 billion, per the Revenue Commissioners Statistical Report 2003, so it appears that small businesses might have accounted for 37% of the total.

We have only been able to compile VAT data for Services firms. A net €8 billion was paid over by Services firms to the Revenue Commissioners in 2003, over half of this by the Retail & Wholesale sector. Just over 50% was paid by small firms. Much of this VAT would be deductible by the customers of these firms.

Based on numbers employed in small firms, Local Authority Rates paid by these firms in 2003 might have been in the region of €440 million; on the same basis they might have been roughly €300 million in 2000 and €200 million in 1995.

3.4.3: Turnover

Turnover data are summarised in Table 3.29 overleaf, which also covers exports (all values are in money of the time, i.e. not adjusted for inflation).

Turnover by industrial firms with at least 3 persons engaged in 2003 was €109.4 billion, of which €7.9 billion (7.2%) was by firms with fewer than 50 persons engaged. Average turnover in smaller firms was €1.9 million, compared to €111 million in firms with 50+ engaged. Comparison with data for 2000 and 1995 indicate that smaller firms have become relatively less significant over the last decade. Indeed, average turnover per small industrial firm fell between 2000 and 2003. Turnover among larger firms would be inflated by transfer pricing practices. We have been unable to differentiate between small firms in the traditional and modern sub-sectors, as we did with GVA.

Total turnover in Services firms in 2003 was €125.6 billion, of which €58.2 billion (46%) was in small firms, indicating that these are relatively more prominent in the Services sector than in Industry. Average turnover in small firms was €715,000, as opposed to €38 million in firms with 50 or more engaged. Aggregate turnover in small Services firms increased in 2000-2003, but fell per firm and as a percentage of total Services turnover, which is at variance with the GVA data over the same period. No data are available for 1995.

Table 3.29: Turnover & Exports by Small Firms

	Industry	Services	Construction
Total Turnover by Small Firms	**€M**	**€M**	**€M**
2003	7,861	58,246	15,956
2000	7,546	44,657	12,554
1995	5,069	na	5,214
Turnover per Small Firm	**€'000**	**€'000**	**€'000**
2003	1,926	715	308
2000	1,946	738	262
1995	1,502	na	209
as a %age of Total Sectoral Turnover			
2003	7.2%	46.4%	67.0%
2000	7.4%	49.3%	71.4%
1995	10.7%	na	82.1%
Total Exports by Small Firms	**€M**	**€M**	**€M**
2003	2,183	276.7	na
2000	2,401	na	na
1995	1,723	na	na
Exports per Small Firm	**€'000**	**€'000**	**€'000**
2003	535	95	na
2000	619	na	na
1995	510	na	na
as a %age of Total Sectoral Exports			
2003	2.6%	4.0%	na
2000	3.2%	na	na
1995	5.9%	na	na

Notes:

1. Industrial data relate only to firms with 3-49 persons engaged.
2. Services data exclude Financial Services, and Services exports data related to firms with 20-49 engaged.

na .. Not available

Source: CSO various publications.

Turnover in small Construction firms has been growing rapidly, particularly pre-2000, which is hardly surprising given the increased output and inflation in the sector over the last decade. Small firms are much more prominent in Construction than in the other sectors, although the proportion of turnover accounted for by small firms has fallen considerably over the last decade.

3.4.4: Exports

We only have export data for industrial firms, and for Services firms with 20+ engaged.

Industrial exports are dominated by firms with 50 or more persons engaged, and are becoming more so over time. They accounted for more than 97% of total industrial exports (among firms with 3+ engaged) in 2003; in 1995 the figure was 89%. The contrast between exports levels in small and larger firms is stark: a high proportion of industrial turnover (80%) in larger firms in 2003 was exported, while 28% of output in smaller firms was exported. As with turnover, average exports per small firm fell between 2000 and 2003. The same point regarding the traditional and modern sub-sectors as was made for turnover applies to exports also.

Services exports are likewise concentrated in firms with 50 or more engaged, and specifically in the Transport & Communication, and Business Services sectors. Of firms with 20+ engaged, 96% of exports in 2003 were by firms with 50+ engaged, and 98% were in the two sectors mentioned. Although reliable data are not available for Services firms with fewer than 20 persons engaged, it is reasonable to assume that exports among most of these firms would not be significant. However, there are likely to be particular niches among these firms where exports are important.

Section 4: Conclusions & Recommendations

4.1: Conclusions

The conclusions of our analysis are that:

- In 2005 there were roughly 250,000 small businesses in Ireland, (97% of the total), but this is subject to an error range of 10-15% in either direction. This compares with 220,000 small businesses in 2000 and 160,000 in 1995, implying growth of over 50% in their numbers over the decade. Growth in numbers of small businesses has slowed appreciably since 2000.

- Strongest growth has been in Construction, which now accounts for a quarter of all small businesses. Wholesale & Retail account for 17% and Business Services for 14%. The number of small industrial enterprises has been static since 2000.

- In 2005 some 777,000, or 54% of the total private sector non-agricultural workforce, were working in small enterprises. This compares with 435,000 in 1995, an increase of 79% in the ten years. As with enterprise numbers, the strongest growth was pre-2000.

- Some 27% of those working in small enterprises are in Construction, 20% are in Wholesale & Retail, 14% are in Industry, and 12% are in Business Services. Industrial employment has seen contraction since 2000.

- We estimate that currently roughly 18% of small businesses are limited companies, 12% are partnerships and the remaining 70% are sole traders.

- The BMW region is more dependant on small firms than the S&E region, and is relatively more dependant on Industry than on Services.

- In terms of contribution to GDP, small firms are more prominent in Services and Construction than in Industry. In 2003 small firms accounted for over 40% of GVA in Services (excluding financial Services) and over 70% in Construction, compared with less than 6% in Industry.

- This is distorted by transfer pricing, but even after stripping out the modern sectors of Industry generally agreed to be most dominated by multi-nationals, small industrial firms accounted for 11% of industrial GVA. The distorting effect of transfer pricing has really arisen in the last ten years - it was much less apparent in 1995.

- GVA per worker in small industrial firms fell between 2000 and 2003, but rose considerably in Services and Construction, and the gap between Services and Industry by 2003 was modest (€38,400 Vs €39,600).

- The above indicates that small firms are accounting for lower proportions of the main industrial indicators over time. However, it may simply be that the most successful small industrial firms are growing, amalgamating or being taken over by large firms over time, and thus falling out of the statistics. The available data are however not sufficient to address this issue.

- Our analysis of contribution to Exchequer Revenues should be considered illustrative, but we estimate that:

  - Small limited companies paid 11% of total Corporation Tax receipts in 2002, though this would have been distorted by transfer pricing among large companies.

  - Income tax payable by small sole traders and partnerships in 2002 might have amounted to €1.72 billion, while the employees of small businesses (including companies) might have paid in the region €1.58 billion in PAYE. Total income tax receipts in 2002 were €9 billion. So small businesses and their employees accounted for 37% of total income tax receipts that year.

  - The Total Local Authority Rates bill of small businesses in 2003 might have been in the region of €440 million, based on employment levels.

- The average turnover in small industrial firms in 2003 was €1.9 million, compared to €700,000 in small Services firms and €300,000 in small Construction firms. The proportion of total sectoral turnover represented by small firms matches closely the position with GVA, and is distorted by transfer pricing in the case of Industry.

- Reliable exports figures are only available for industrial firms: average exports per small industrial firm were €0.5 million in 2003, and they accounted for 2.6% of total industrial exports that year, again distorted by transfer pricing.

4.2: Recommendations

Having gone through various data sources to identify information on small businesses in Ireland, it is clear that there remain significant gaps in our knowledge of the area. The collation of data from different sources, for different time periods and collected for different purposes has meant that there has been a high degree of incompatibility within the data.

How can this situation be improved? There is no doubt that the bringing to fruition of the CSO's Business Register will aid the situation, as it will represent a "one stop shop" for data on businesses in Ireland, which should be internally consistent and comprehensive. It is expected that the Register will be in a format to be used by late 2006. This is dependent on co-operation between the CSO and Revenue Commissioners, and needless to say keeping to the timeframe is important.

Once the Register is up and running, it would be worthwhile generating an annual "small businesses" release, which would cover the information categories set out in the brief for this report. Being at an individual enterprise level, the Register could additionally provide information on business life-cycle and success and failure rates, which would be particularly useful for small businesses, and would point to the sectors where these are significant issues. The Register could also be used as a basis for surveys of small businesses, which would be very useful for identifying problems and issues facing such businesses, the motivations of entrepreneurs, etc.

An important attribute of the Business Register is that it should incorporate a unique individual business identifier, the equivalent of the PPSN number for individuals[36]. The same identifier system should be used by both the CSO and the Revenue Commissioners, subject to the former's confidentiality requirements. This should resolve differences in estimates of numbers of businesses per different data series held by the two organisations.

That said, the CSO currently collects a significant amount of data that would be relevant for small businesses, through the QNHS, though in most cases the data are not analysed on a regular basis. Notably, the QNHS asks the questions listed in Table 4.1 overleaf. Cross-analysis of the various questions with economic sector, would address many of the issues raise by the brief for this report.

There would be some limitations to the use of the QNHS, however, including:

1. The data would not be comprehensive, since they would only cover businesses where someone considered themselves to be self-employed, and this would potentially exclude limited companies where all personnel would be employees. However, in most small limited companies, we suspect the proprietary directors would consider themselves self-employed.

2. The QNHS is a survey, and if sub-sets of data become too disaggregated there would be concerns about statistical error and confidentiality. It is unlikely that all the data one would ideally wish for could be made available.

The CSO regularly produces special "social modules" of analysis of data from the QNHS. Based on canvases of users, the National Statistics Board indicates priorities to the CSO for future modules. According to the March-May 2005 QNHS, additional modules have been scheduled up to the end of 2006. It would be worthwhile seeking the inclusion of a "small enterprises" module through the National Statistics Board at the earliest opportunity, subject to it not taking resources away from the development of the Business Register.

[36] Although we understand that there are issues with the uniqueness of the PPSN system.

Table 4.1: Selected Questions Asked in QNHS		
VARNO	***VARNAME***	***STEM (On screen text)***
56	**JOBSTAT1**	In this job/work are (were) you self-employed or an employee? 1. Self-employed 2. Employee 3. Assisting relative/family worker 4. On state-sponsored employment scheme (NOT Community Employment Scheme)
57	**JOBSTAT2**	Do (did) you have paid employees?
58	**JOBSTAT3**	Interviewer: You have indicated that you are (were) self-employed, but I need to check the formal status of your business – specifically, Is (was) it set up as an incorporated company from which a regular wage or salary is (was) drawn by you as an employ
60	**JOBYREE**	In what year did you begin working continuously as self-employed?
70	**FULLPART**	Thinking now about the hours of work in the job, would you describe it as full-time or part-time?
VARNO	***VARNAME***	***STEM (On screen text)***
86	**INDUSTRY**	What is (was) the main activity of the business/organisation (at your place of work)? (What does (did) the business mainly make or do ?)
87	**OCCUP**	What is (was) your occupation in this job? (what do (did) you mainly do in the business/organisation ?)
88	**LOCUNIT**	In total, how many people work in your place of employment? 1. 1 – 10 people 2. 11 – 19 people 3. 20 – 49 people 4. 50 – 99 people 5. 100 – 500 people 6. 500 people or more 7. Not sure but probably less than 11 8. Don't know 9. Not applicable
89	**PLACEW**	Is your place of work in the Republic of Ireland?
90	**PLACECT**	In which county?

A final point relates to the various CSO data series we have used in the course of this report, notably the QNHS, the various establishment inquiries and the National Income and Expenditure Accounts. These generate overlapping data in terms of sectoral employment and output levels, but the data do not always agree with each other. The establishment inquiries (namely the Census of industrial production, the Annual Services Inquiry and the Census of Building & Construction) are published after both the QNHS and the National Income & Expenditure Accounts for the equivalent period, and it would be useful to address inconsistencies between them, even if they cannot be easily resolved.

With all these suggestions, the issue of resources at the CSO to generate and analyse the data, not a trivial matter, would have to be addressed.

Appendix: NACE Classification System

The NACE classification is the system used to classify business activities in the European Union. The latest version is Revision 1.1, finalised in 2002. The broad classifications are as follows:

Code	Detailed Code	Sector	Comment
A	1-2	Agriculture, hunting, & forestry	Includes farming, excludes food processing
B	5	Fisheries	
C	10-14	Mining & quarrying	
D	15-37	Manufacturing	Includes food processing and the petroleum industry
E	40-41	Electricity, gas & water	
F	45	Construction	Includes repairs and maintenance of buildings (including private households)
G	50-52	Wholesale & retail	Includes sale and repair of motor vehicles and household goods, excludes licensed trade and restaurants
H	55	Hotels & restaurants	Includes all accommodation, catering and the licensed trade
I	60-64	Transport, storage & communication	Includes land, sea and air transport, and postal services
J	65-67	Financial intermediation	Includes lending institutions, insurance, pensions
K	71-74	Real estate, renting and business activities	Includes letting of own property, car rental, accountants, legal profession, marketing, PR, IT, maintenance of office equipment, call centres
L	75	Public administration & defence	
M	80	education	Includes driving schools and language schools
N	85	Health and social work	Includes medical, dental, veterinary practices, and private hospitals and clinics
O	90-93	Other community, social and personal service activities	Includes religious organisations, clubs, trade unions, sporting, cultural and leisure activities, waste disposal, services such as hair-dressing, funeral undertakers, dry-cleaners, and “physical well-being” activities
P	95-97	Household activities	Includes domestic staff
Q	99	Extra-territorial organisations & bodies	Includes embassies, trade missions

A full breakdown of the classifications, as well as the equivalent in the ISIC (International Standard Industrial Classification of all Economic Activities) classification is available at: http://www.fifoost.org/database/nace/nace-en_2002c.php