

DISSERTATION

ENTREPRENEURSHIP AND THE MACRO ECONOMY

THE DRIVERS OF IRISH ENTREPRENEURSHIP

1970 - 2011

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ABSTRACT

Ireland is in the midst of one of the most difficult periods in its short economic history. Much is written about what needs to be done to stimulate the economy to economic recovery. There is much talk about nurturing home grown Irish businesses and how these businesses can contribute so much to our recovering economy.

The purpose of this paper is to examine the external macro-environmental forces as they have influenced a selected group of Irish entrepreneurs since they formed their respective businesses since the 1970's in Ireland.

I believe that in looking at the entrepreneurial sector, and evaluating what are its drivers and inhibitors and what are its dynamics, much can be learned about what resources this sector needs, and how effectively this sector can be assisted using existing resources.

What makes an Irish entrepreneur? What makes a person give up a regular income and in some instances risk personal savings up to and including the family home in the pursuit of being self employed. This paper seeks to look at the macro economic drivers of Irish entrepreneurial activities and establish the principal drivers for entrepreneurial activities for the past 30 years.

In my opinion it is vital to ascertain the factors at play in entrepreneurship in Ireland.

Much is said about our economic recovery being reliant on the growth of indigenous Irish industry, which can avail of export opportunities.

Entrepreneurship can be an area that is almost taken for granted, but I believe there is not enough understanding of Irish Entrepreneurship and its evolution. We must develop our understanding and knowledge of this area so that we can ascertain how best to target scarce resources to maximum effect and also this knowledge can also lead to a better understanding of why entrepreneurship occurs, and, is all entrepreneurship to be encouraged or does 'enforced entrepreneurship' exist. My understanding of this concept is that often people become self-employed because they simply have no other access to employment opportunities and income. I wanted to confirm if this was a major driver of Irish entrepreneurship, and if not, what was the over riding factor for individuals considering establishing their own businesses, and when I had established what the main drivers were to look at these drivers and to establish the future impact these businesses may have for the future recovery of our economy.

This dissertation does not include those engaged in the agricultural sector under any of its headings.

To my wonderful children, Nicole, Aaron and Dylan

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INTRODUCTION

What is an entrepreneur?

There are many definitions of the term entrepreneur. One definition by the OECD states that:

'The character traits that distinguish entrepreneurs are many and varied and have been the subject of detailed inquiry. Psychologists note less attractive features such as the need for control, mistrust of others and a desire for approval. No list of attributes is suitable in all cases and many of the characteristics mentioned are themselves multifaceted. Many of the behaviours associated with Entrepreneurship can be taught. Others may be difficult to emulate. The key consideration is that Entrepreneurship is scarce. Even if elements of entrepreneurial behaviour can be taught, not everyone will learn with the same proficiency. Nor, as yet, have many societies attempted to encourage Entrepreneurship systematically. As with other inputs to economic activity, the scarcity of entrepreneurial ability endows it with value.' (OECD 1998).

For the purpose of this essay I will define entrepreneurs as:

'People who develop and start new enterprises and who show characteristics of creativity and risk taking.'

'The Function of entrepreneurs is to search for, respond to and exploit change with new ideas, products and processes. Irish entrepreneurs are the most innovative in advanced economies; offering inventive and novel products and services to global consumers.'

Source: Global Entrepreneurship Monitor 2010 Report.

But why do I think it is necessary to look at entrepreneurship for the purpose of this dissertation?

Apart from the fact that I am interested in the area of entrepreneurship and enterprise, I also feel that it is an area that is almost taken for granted. It is an area that can divide opinion. Some believe that entrepreneurs are an important group who make valuable contributions to society, for others they are a group who take advantage of others in their employment for their own gain, either way I want to look at the drivers to entrepreneurship in Ireland and ascertain the existence or not of forced entrepreneurship in our society.

STUDY BACKGROUND

In order to look at the motivators for entrepreneurship in Ireland, I identified the following as being important factors:

Gender of entrepreneurs

Educational Attainment

Family background associated with entrepreneurship

Motivational factors for business startup

Attitude to money

Attitude to becoming self-employed

Sector Preferences and previous experience in those sectors

Societal attitudes to entrepreneurs

Attitudes to creating employment

Attitudes to exporting

AIM OF THE STUDY

The aim of this study was to identify the key driver for entrepreneurs to establish their own business and to identify the existence of personal barriers to business growth and expansion. The purpose is to look at the individual entrepreneur, those who take the initiative and in many cases the risk, to start a business.

This dissertation seeks to take the individual and to look at his/her macro environment and in particular:

The Entrepreneur the Person

Motivations for starting a business

The Macro Environment

Education

The Entrepreneur in Society.

CONTEXT OF STUDY

Ireland has completed its phenomenal economic growth experience of the ‘Celtic Tiger’ days 1994-2007, and now Ireland is in the midst of its worst economic period in history.

‘Ireland is a highly entrepreneurial society and established entrepreneurs make up 8.6% of its adult population. Ireland has a higher proportion of established entrepreneurs than the majority of its Euro zone counterparts as well as the UK (6.4%0, and the US(7.7%).’

Source: Global Entrepreneurship Monitor 2010 Report.

To look at the area of entrepreneurship, I believe it is necessary to look at how people are operating in their businesses. It is necessary to assess the realities of life today for the Irish Entrepreneur. What is going on in their mindset?, in their business environment and in their social surroundings.

This dissertation seeks to take initial research and take it further based on what is ‘real’ for Irish entrepreneurs today.

The study commences with a review of the existing literature from a level of what has been written from the early stages of study, on an International level, to what has been written specifically from an Irish perspective. As this is a relatively new area of study,

my aim is to contribute new thinking and to stimulate debate regarding this important area, which many times are taken for granted in Irish society.

This dissertation will combine, feedback from existing entrepreneurs through the means of a questionnaire, followed up through telephone interviews, and the information will be complimented with comparisons to existing statistical information, from CSO, and Eurostat.

When this information is disseminated and presented, my aim is to present the reader with the opportunity to consider my findings and ascertain the value of my study into Entrepreneurship.

REVIEW OF EXISTING LITERATURE

At the start of this paper it quickly became apparent that there were a vast number of articles written on the area of entrepreneurship. The term entrepreneurship itself covers everybody from the guy riding around on his bicycle offering to clean your windows and complete odd jobs, to the Richard Branson's and Michael O'Leary's of the world.

I realized that I wanted my research to be more focused on a group of people who were living in Ireland and whose business operated here. Therefore the field started to narrow and the progress of this narrowing down process is itemized below.

General Entrepreneurship

There are considerable numbers of publications and articles written on the area of 'Entrepreneurship'. Becoming an entrepreneur is starting a new business, buying out an existing company or inheriting the family business. Over the past twenty years the types of entrepreneurial activities have evolved. With influences from the macro economy, there has been a large increase in the number of small businesses and by definition a large increase in the number of entrepreneurs. The concept of the entrepreneur 'the person' has also change from the almost celebrity status of Richard Branson and Michael O'Leary and the idea that entrepreneurs somehow are the embodiment of different personality traits to 'the rest of us'.

Within the global economy there is a recognition of the ability of 'home grown' enterprises to generate wealth and employment across all sectors for individual economies. Therefore much research and literature has been produced internationally to gain a broader understanding of the 'types' of individuals who become entrepreneurs and the drivers for individuals to become entrepreneurs. Then progressing on from that the barriers experienced by entrepreneurs in their attempts to develop their businesses.

One publication of interest is by Alison Morrison who argues that in the study of the dynamics of entrepreneurship, one can look at entrepreneurs in the global context, however to fully understand the topic, it is necessary to see entrepreneurs in the context of the cultural and social society in which they are developed and operate.

In order to fully understand the processes involved in an Irish setting and in the absence of a comprehensive body of literature relating to entrepreneurship in Ireland, I am going to explore the international literature and then see how it is an accurate reflection of the Irish situation. This will highlight deficiencies or areas, which are uniquely Irish and also highlight the areas of commonality between entrepreneurs in Ireland and abroad.

THE DEVELOPMENT OF THE ENTREPRENEUR

An entrepreneur is when a new business is created, or a person inherits or buys an existing business. This is referred to as 'Entrepreneurial Awakening' and is referred to by Ducheneaut and Orhan. This awakening is as a result of the macro economic environment where the driver is economic. The need for income and the social and cultural influences are negligible.

Another school of thought by Alison Morrison, is the holistic approach, whereby, she argues that the entrepreneur cannot be taken in isolation from the macro economic environment, from the social and cultural environment in which he/she lives. In fact, all the above are an intrinsic part of the development of the entrepreneur and an understanding of these factors are key to understanding the individual entrepreneur within the environment in which he is working.

Another viewpoint, which is discussed in the literature, is the idea of the 'push and pull' factors for entrepreneurs. 'Push' factors are the reasons why people may be 'pushed' into becoming an entrepreneur, for example the need for an income, dissatisfaction with an existing job', etc. ' Pull factors are elements that encourage people to become entrepreneurs, such as the desire to be your own boss, desire (not need) for more money, (Buttner and Moore, 1997; Organ and Scott, 2001; Ducheneaut and Orhan 2000).

Following on from the Push and Pull factors, it became widely accepted that it is not push or pull factors alone which are the drivers towards entrepreneurship but rather a combination of both of these factors which describe the motivations towards becoming an entrepreneur.

But I question this on the basis, of quite simply, nobody can say that they became an entrepreneur simply because of the 'push/pull' factors in isolation. Each individual is a product of the society in which they were reared and educated. Therefore I conclude that the drivers for the individual entrepreneur are a combination of the three schools of thought listed above, i.e. macro economic, push and pull and in addition the social and cultural environment, after all which successful business person can claim to be oblivious to the social adulation of their success in their enterprises.

Personality Traits

There is a wide body of literature concerning the personality traits of entrepreneurs. Writers such as Delmar comments that it is widely accepted that to be a successful entrepreneur, it is because of the personal abilities and characteristics, rather than the macro environmental factors being favourable.

Early research into entrepreneurship started by trying to profile a 'typical' entrepreneur. The personality trait was seen at the time to be more important than the concept of entrepreneurial activity.

Because this approach failed to fully explain entrepreneurial activity, the next step was to look at cognitive motivation models.

The reason this became an important step was that this established the link between the accepted personality traits and their macro environment. This occurred around 1998 with writers such as (Taylor 1998 and Delmar, 2000). So in terms of development of theory this is all pretty recent stuff.

The end result of this research is the acceptance that the personality traits of the successful entrepreneur are only activated when they are 'exposed to a favourable socialization process, where entrepreneurial career is seen as a viable possibility among others'. In other words that each individual will make an assessment of their own situation, and weigh up their options and in some cases stimulate entrepreneurial activity.

Nurturing Entrepreneurs

Another large area of research is in the area of cultivation of entrepreneurs. Many economies invest a lot of money in funding support agencies to encourage entrepreneurial activity.

The literature addresses and critiques the types of supports available. In many cases it is easy to start a Company, but it is in the early stages where it is most vulnerable.

Deakens and Whittam (2000) argue that it is counter-productive to invest Government supports in startup ventures, when the support (i.e. money) would be better invested and of more benefit to Companies with a more proven track record.

The issue for me with the existing literature is that the current economic situation in Ireland is a very difficult one, which is impacting on all businesses. The newer businesses may be most at risk of failure but the older businesses are by no means immune. According to the Irish Business Barometer, 849 Irish Companies were dissolved in June 2011. 71% were made up of Companies less than 10 years old. And of the 29% left, 18% were 10-19.9 years old, 6% were 20-29.9 years and the remainder were 30+ years old.

It is clear from the above figures that the vulnerable time for companies is in the first 20 years of trading. But 20 years is a long time, and businesses deserve support and assistance if it is available to them. I don't believe we can look at businesses just on length of time incorporated alone, again I believe each business should be weighed upon its own merits and assessed accordingly.

Apart from financial supports by State Agencies, many Agencies offer Mentoring services. These services are in essence a support structure in the form of an individual with experience and knowledge of relevance to the entrepreneur. Although given that the relationship between mentor and entrepreneur can sometimes be misunderstood in that it can be unclear whether the mentor is a consultant separate to the Government Agency or an employee of that agency.

Evaluating Growth and Development

A recent trend in the research into entrepreneurship has been in the area of growth and development of businesses. There has been an attempt to view businesses as entities and to try to label stages and events as being typical of the growth and development cycle and to apply these observations to all businesses. This is called the 'Organisational approach'. (Smallbone and Wyer) This approach fails to address the issue satisfactorily as, apart from the fact that it treats all business as being the same, it also ignores the influences of the macro economic and cultural environments on individual companies.

Another approach has been to attribute the personality traits of the entrepreneur as being the central factor to explain the growth and development of the Company. (Smallbone and Wyer) This is called the 'Personality-dominated approach'. Personally I think this

approach is also flawed, in that in a one-man show this approach would be of major importance, as the success or failure of the business is of course centered on one individual. However, when larger Companies are considered, one individual is still operating as part of a larger team and network, and whilst the entrepreneurial is important, it cannot explain the growth and development of the Company when they are just a part of the story where others also play their part.

Following on from the above two approaches, the 'Business Management' approach was developed. This advocates the importance of 'business skills and the role of functional management, planning, control and formal strategic orientations' (Smallbone and Wyer). This approach, whilst providing a more developed viewpoint than the previous two approaches, assumes that businesses are able to exert some control on their external environments. As witnessed in Ireland's current economic crisis, this is not always possible for large companies, never mind small Companies.

Female Entrepreneurship

Research into Female Entrepreneurship roughly started in the 1980's. I believe that the development of research into women's issues and the return to the workforce of women in large numbers in the major economies, triggered the growth of women not only in the workforce but also engaging in entrepreneurial activities.

Moore and Buttner note that

‘although the backgrounds, motivations, and previous experiences of male and female entrepreneurs are generally thought to be uniform, only recently have investigations of female entrepreneurship moved beyond studies of entrepreneurship and self-employment that were all male’ (Moore and Buttner, 1997).

The development of the research and subsequent literature has been similar to the research and literature into entrepreneurship in general. Initially research focused on characteristics, then followed on the cultural, social and macro environmental influences. Again the influences of ‘push/pull’ factors are deemed to be important and Buttner and Moore 1997, Orhan and Scott 2001 and Ducheneaut and Orhan, all are the same as with general entrepreneurship, however the influences of combining work and family come into play more so for the female entrepreneur than for her male counterpart. But similarly the conclusion is that it is the combination factor of the ‘push/pull influences are central to the formulation of the business.

The development of research into the obstacles faced by women when starting their businesses looks at the area of obtaining finance as being a key factor for women, more so than their male counterparts, other obstacles include family commitments. Societal perceptions of the female entrepreneur, indicate that the female entrepreneur is deemed to have less credibility than her male counterpart.

The role of support agencies in their dealings with women, were deemed to be less than satisfactory, however, currently it is obvious that great steps have been taken to remedy this situation, with the establishment of women in business networks, and development of specific schemes to encourage women into business. Initial criticisms in the literature regarding these networks and their potential for effectiveness due to the lack of successful women entrepreneurs, this will be remedied by time and women, this also proves that the research into these areas can and does focus funding resources from Government interventions in a channeled and meaningful way.

Differences between male and female entrepreneurs.

Research on female entrepreneurship has been studied and has identified a number of differences in the characteristics of male and female entrepreneurs. This research has also managed to highlight similarities in traits, such as the reasons for becoming entrepreneurs, family backgrounds.

This body of research highlights the following differences:

*Age – Women in Ireland start their businesses later in their lives than their male counterparts.

*Type of Business – Women in Ireland are more likely to start a ‘service’ type company ‘crèche, coffee shop etc.

*Education. Overall more males have reached masters level (M 23% F 18%) whilst more women have PhD’s (M 7% F 18.2%)

* Men are more likely to start their own businesses through being made redundant (30.2% M v 4.8% F)

* Women have less access to finance

*Women often form businesses with their husbands/partners rather than starting their own businesses.

Irish society has made great advances, in the area of gender equality issues and traditionally women have been perceived as having a supportive role rather than a leadership role. In many ways ‘gender conditioning’ factors are additional obstacles for the female entrepreneur and they may not be actively encouraged to consider entrepreneurship as a valid career choice. When women would come into contact with others who have also been influenced by this social conditioning these would install barriers to females to which would not be present for their male counterparts.

In addition many women continue to carry the larger share of responsibility for family matters such as childcare, care of elderly relatives and responsibilities in the home.

Women are often expected to balance these responsibilities alongside the commitment and demands of establishing a new business venture. These additional strains can add to the obstacles for women considering establishing businesses as a career choice.

This body of literature has looked at the development of entrepreneurial activities, from the 1980's from a basic personality trait theory, the combination of personality and socio-cultural influences, influences of networks and support agencies and Gender issues for entrepreneurs. In short there is no single agreed standardized definition of the entrepreneur, nor is it easy to stereotype the entrepreneur.

Irish Experiences

Taking the body of literature above and acknowledging that it is based on international findings, I have located however some Irish statistics, which I find interesting, and as a background to this dissertation I will include these as follows:

Kinsella and Mulvenna (1993) 73% of entrepreneurs had managerial experience before opening their own businesses. Having overseas experience has been proven to be an important factor in the success of new businesses in Ireland as the owner has a tendency to look to exports as a way of growing their businesses. These entrepreneurs tend to look at the global economy rather than just the local market.

O'Farrell found that 22% of manufacturing entrepreneurs had a degree at a time when only 9% of males in high population density areas had degrees. The GEM report (2004) noted that entrepreneurial activity is higher among those who are post-leaving certificate with some form of third level qualification.

In Ireland, having self-employed parents increases the likelihood of a person becoming self-employed. O'Farrell's 1986 study showed that 46% of new firms were started by people who had fathers who were self employed.

O'Farrell looked at the motivators for Irish people to choose self-employment and the results were as follows:

1. 70% Desire for independence
2. 30% exploit a gap in the market.
3. Frustration, money and redundancy were listed as reasons but not of major significance.

The Global Entrepreneurship Monitor (GEM) 2004 Study found that the total entrepreneurial activity index (TEA) for Ireland is 7.7%. This means that about one in every thirteen adults is involved in entrepreneurial activities.

RESEARCH QUESTION

I feel that there has been a growing trend over the past 20 years for individuals who maybe have experienced redundancy, or frustration in their current employments, to feel that due to alternative employment prospects they have no other option than to become self-employed. This is an area I call ‘enforced entrepreneurship’.

Therefore my research question is as follows:

The Evolution of Irish Entrepreneurship

What are the key drivers of Irish entrepreneurial activity 1970-2011 and what are the implications of these factors for Irish economic recovery?

This body of literature is broad and wide ranging and as my thesis attempts to address the issues faced by Irish entrepreneurs, it helps focus to issues specifically pertaining to the Irish entrepreneur.

The basis for this study is the macro economic factors, which become motivators for entrepreneurial activities in Ireland.

After spending a considerable amount of time considering what I would wish to research for my dissertation, I have been considering ideas regarding entrepreneurship in Ireland. It is an area often publicised as having a substantial amount to contribute to Ireland's future economic recovery, but given the existing body of literature, it would appear that there is no real understanding of the dynamics of Irish entrepreneurship, and what effects Irish National Policies are having in this area.

However after going through the process of looking at my chosen area (entrepreneurship in Ireland) I have narrowed down my area of interest to whether or not enforced entrepreneurship exists in Ireland.

What do I mean by this? I have been self-employed for the past 11 years. I come from a family where my parents were self-employed, and I grew up in an environment of the 'family business'. You could say I was nurtured to be an entrepreneur. Gender was not an issue in my household and in my wider family circle most people are self-employed.

During the course of my adult years, through my dealings with others who are self employed, I began to notice that not all people who had their own businesses really wanted to be self employed at all. This was new to me as I just accepted that being self-employed was something you really wanted and was a career choice. What became apparent to me, particularly with my dealings with those in the construction industry was

that what emerged from the '80's onwards was that the traditional 'trades' jobs had been reduced dramatically and that whereas in the past construction firms would employ tradesmen as employees of the firm, and pay employers prsi and insurances etc, it became a cost saving exercise to employ trades people as sub-contractors who were stand alone entities responsible for their own tax affairs.

This practice spread to other areas and there are sub-contracted workers in most work categories today.

In fact, currently the subject of sub-contracts is in the media, with the liquidation of many of the large construction companies leaving this body of suppliers unpaid, and because they are self-employed they have no entitlement to social welfare payments.

I have had conversations with many who would swap being self-employed for a permanent job, and had the choice been available to them would never have become entrepreneurs in the first place.

Therefore I contend that most of the body of literature (with exception of Berger, 1991 though not in his entirety) discuss the stereotypical entrepreneur and do discuss gender issues and differences between male/female entrepreneurs, there is little discussion on 'enforcement of entrepreneurship' and a further consideration could be, the sustainability of business growth on the 'reluctant' entrepreneur'.

The idea of enforced entrepreneurship is one which may be used to address the ‘glass ceiling’ effect on SME’s as with most things in life, if entrepreneurship is a career choice which positive response to any given situation it is more likely to have positive effects than is entrepreneurship which is driven by necessity and a lack of choice (GEM, 2004).

The research evidence to date suggests that relative to the average person, Irish entrepreneurs are educated to a higher level, often to degree level and are more likely to be the eldest member of a family whose parents are self-employed. A desire for independence is a key driver for start-ups for Irish entrepreneurs.

In order for this dissertation to be complete, I believe that I need to assess the entrepreneur as a complete entity. What were the drivers to start the business, (personal and macro-environmental), what effect is the current banking crisis having on their business and how do the entrepreneurs perceive themselves.

HYPOTHESIS TESTED IN THIS DISSERTATION

1. The desire to become an Entrepreneur / self employed is driven by a number of factors –
Background and macro environmental factors are key components of this.
2. There is a two-tiered system in operation between the entrepreneur and self-employed.
3. The current banking crisis is having a serious effect on the day-to-day operation of small businesses in Ireland.
4. There are more significant barriers to accessing state resources if you are self-employed, than if you are considered to be an entrepreneur.

METHODOLOGY

This dissertation used a number of methodologies to examine the hypothesis listed above.

Initially the literature was reviewed, firstly on an international basis, then the next step was to contextualise the international literature in an Irish setting. The purpose of this was to understand the motivating factors for entrepreneurship in Ireland from over the past number of years and to discover/establish the existence or not of enforced entrepreneurship.

'Entrepreneurs starting businesses as a percentage of the population is 4.3pc in Ireland compared to just 2.7pc across the EU and 2.9pc in the UK. The rate of established entrepreneurs at 9pc is one of the highest across the OECD.'

Ireland is a highly entrepreneurial society and established entrepreneurs make up 8.6% of its adult population. Ireland has a higher proportion of established entrepreneurs than the majority of its Euro zone counterparts as well as the UK(6.4), the US (7.7%).

Source: Global Entrepreneurship Monitor 2010 Report.

Central to this study was to gather the views of entrepreneurs on the elements being addressed by this dissertation.

A list of entrepreneurs was identified. These became my unit for analysis and my primary source of data. These entrepreneurs had established their businesses in the period 1970-2010. I availed of entrepreneurs from my own contact list, which would have been biased towards the construction industry, so I felt it was necessary to broaden the area of study. I contacted the Dublin City Chamber of Commerce, who readily agreed to assist me. They agreed to distribute my questionnaire to their participants at their monthly Plato Group meetings.

Plato is a course run by Dublin Chamber facilitated by sponsor companies (i.e. IBM), topics covered on the course is determined by the needs identified by the participants in the Groups in conjunction with the facilitators. This programme is specifically designed to meet the training needs of those who are running their own businesses. It is part funded by the participants themselves, and part funded through Government/European Funding.

A questionnaire was drafted. The aim of this questionnaire was to identify, family backgrounds, educational background, working background, reasons why they established their businesses and a number of questions to give indications of their attitudes towards entrepreneurship.

The questionnaire was issued to 30 people. The number, which responded, was 23.

To compliment the questionnaire, I selected a group of 10 people who had raised issues in the completed questionnaire, and who had indicated that they were favorable to being contacted regarding being interviewed.

These interviews were carried out over the telephone and the results of these telephone interviews are indicated in this study.

Using the above research, a number of conclusions and recommendations were reached which are aimed at clarifying the perceptions of entrepreneurship in Ireland.

These results are then put into context with existing statistical information, from Central Statistics Office and Eurostat, which became my secondary source of data.

This enables us to assess if the entrepreneurs experiences are borne out on a broader level.

The results will be contextualised. If I can show that in a time of recession, 1980's, the number of new businesses registered showed an increase, through to the 90's which was the start of our Celtic Tiger period, which in theory should be a time where enforced entrepreneurship would decline as there should be a plentiful supply of jobs, through to the end of the boom time into our current recession.

If my opinion is correct, there should be a continuous stability or increase in the numbers of people registering as being self employed or numbers of businesses registering for VAT. There should be no marked drop in the numbers during the past 30 years.

This combination of both primary and secondary data should enable me to see in a broad context, the drivers of entrepreneurial activity in Ireland over the past 30 years.

It is also very important to see the broader picture. In my opinion, it is the combination of the view of the entrepreneurs themselves, taken into context with current statistical information and then put into the perspective of the current macro economic environment will give a clear indication at the end of this dissertation of what entrepreneurship means in an Irish setting, what it means to the economic recovery of the Country, what it means to the individual entrepreneurs themselves, and what it means in our macro economic and social environments.

THE RESULTS FROM THE QUESTIONNAIRE SURVEY FROM ENTREPRENEURS

Introduction

This section of my dissertation present the results from questionnaires completed by the entrepreneurs that were surveyed. The objective of this questionnaire was to ascertain the personal and business background of the entrepreneurs and to explore their personal attitudes to entrepreneurship.

To achieve this the questionnaire covered the following areas:

Personal information

Gender

Age

Educational Attainments

Family history of self-employment;

Work history

This gave a background of the individuals work history, which was to establish whether or not the individual had experience in the same area as his or her own venture

Work experience abroad – this could give an understanding regarding the likelihood or not of the individual exporting their products.

Personal Characteristics

This was to ascertain the personal outlook of the individuals who took part in my survey to ascertain similarities between them.

Motivational Factors

This section was one of the most important sections to me as it enabled me to ascertain the drivers for the individuals taking part in my survey – their personal reasons and motivators for starting their own business. Here the question of enforced entrepreneurship would come clearly into focus on an individual level.

Attitudes to Entrepreneurs and Self Employed persons

It was important to me to ascertain if the individuals taking part in my survey viewed themselves as being entrepreneurs or being self-employed. Did the individuals consider an entrepreneur as being different to being self-employed.

Irish people are known for being self-deprecating, is our culture having an impact on the way entrepreneurs see themselves? Are there different classifications of entrepreneurial activity determined by how the entrepreneur views himself or herself within society? Could this personal view of entrepreneurs by themselves be an inhibiting growth factor in their business? These are questions I hope to address in the course of this dissertation.

A total of 30 questionnaires were issued. A total of 23 were returned, and were assessed to being valid responses.

Personal Profile

Gender of Respondents

Male 21

Female 2

Age Group of Respondents

Table 1: Age Group of Respondents

Age Group	Female%	Male%
31-40		52%
41-50	50%	14%
50-60	50%	24.5%
60+		9.5%

91% of the people who took my survey are male. 9.5% are female. Interestingly most male entrepreneurs fall into the age group of 31-40 years of age. The next largest group is between 50 and 60 years of age.

Educational Qualifications

Table 2: Educational Qualifications of Respondents

Educational Achievements	Male%	Female%	Total%
3rd level (39%)	33.5%	100%	17.4%
Trade qualification	19%		8.6%
Leaving certificate	9.5%		13%
Junior/intermediate certificate	14%		22%
Primary school	24%		-
Other	-	-	-
No Formal Education Qualification	-	-	-
Total	100%	100%	100%

39% of people (male and female) who took part in my survey have completed third level qualifications. Females have 100% in third level qualification attained. The highest being at PhD Level.

Interestingly 24% have only primary certificate education, and unusually one of these is in the age group 31-40 where at that time most people would have expected to attend into second level education as the legal age for leaving school was 15.

Family History

Table 3: Family History

	Male%	Female%
Father Self Employed	95%	100%
Mother Self Employed	4.7%	0%
Siblings Self Employed	52%	100%
No family history of Self Employment	4.7%	0%

The findings above are very clear and are in agreement with the findings of current research identified in the literature review. The influence of a father figure who is self employed increases the likelihood of children of that relationship also establishing their own businesses. In particular with females. Who according to the literature, were likely to be eldest children and separated or divorced. As this was not relevant to my dissertation I did not pursue the ‘marital status’ question.

Work History

Table 4: Work History of respondents

	Male - Yes	Male - No	Female- Yes	Female- No
Have you work experience prior to establishing your business?		100%		100%
If yes was it in the same sector of your business?	76%	24%		100%
If yes at what level were you employed?				
Operative	31%			
Trade	6%			
Managerial	31%		100%	
Have you worked overseas?	43%	57%	50%	50%

As you can see from above, all of those who completed my survey had work experience prior to starting their own businesses. The females had previously worked in the same sector as their businesses at a managerial level. The males varied in this regard but it is fair to say that the males had a variety of experiences to draw upon from the operative level through to managerial levels. The male/female split evenly when asked had they overseas experience. I had asked this question, to evaluate the link if any between the likelihood of the entrepreneurs to export.

Business Idea

Table 5: What was the source of your business idea?

	Males %	Females %
Family history	14.2%	0%
Existing business takeover	14.2%	0%
Previous employment experiences	14.2%	100%
Educational experience	9.5%	0%
Business contacts	33%	0%
Other	14.2%	0%

In this section, the 'other' referred to a respondent who indicated that, he identified a gap in the market and had his own idea and saw the opportunity to develop his own business. It is also interesting to note that the female respondents had previous employment history in the area where they are now self-employed. This would back up previous research findings which show that apart from being highly educated, female entrepreneurs tend to have previous employment experience in their chosen field.

Numbers of People Employed

In this section the question was: Apart from yourself, how many people are employed in your Company?

The idea behind this question was to ascertain, the number of entrepreneurs who were ‘one man’ operations and at what level the others were operating.

Table 6: Numbers of people employed

Number of people employed	Males %	Females %
0	28.5%	0%
1	14%	50%
2	4.7%	50%
3	4.7%	0%
5	4.7%	0%
6	4.7%	0%
12	19%	0%
14	9.5%	0%
23	11%	0%
Total	100%	100%

Although all of the above Companies would be classed as Micro/SME's , the level of commitment to jump from an operation where the owner is the sole employee to a Company with 23 people employed, takes a considerable amount of commitment and risk taking qualities.

Do you export?

Table 7: Export Details

Do you export?	Males %	Females %
Yes	9.5%	0%
No	90.5%	100%
Total	100%	100%

In the international research it is shown that the likelihood of those entrepreneurs who have worked abroad to export within their business increases. In my survey approx 40% of males had worked overseas whilst 50% of the females had overseas experience.

Therefore although the research points to the fact that exports are more likely from this grouping, these findings are not borne out in my survey.

Length of time in business

Table 8: Length of time in business

	Males %	Females %
0-10 years	4.7%	100%
10-20 years	71%	0%
20-40 years	9.5%	0%
40+ years	14.8%	0%
Total	100%	100%

Perceptions of Entrepreneurs

This next section looks at the attitudes of the entrepreneurs themselves to entrepreneurship. I asked the entrepreneurs themselves to evaluate a list of statements and to state if they agreed or disagreed with the statements. Respondents could strongly agree with more than one answer as they were not asked to rank their choices. The reason for this was to ascertain their personal viewpoints and attitudes towards entrepreneurs.

Table 8: Entrepreneurial Perceptions

Entrepreneurs are:

	Males %	Females
Highly motivated	81%	100%
Unique individuals	33%	100%
Innovative	50%	100%
Determined	66%	50%
Strong Willed	50%	0%
Aggressive	14%	0%
Individualistic	28%	100%
Risk Takers	66%	0%
Born not Made	14%	0%
Well Educated	0%	0%
Respected in the Community	9%	0%
Independent	38%	100%

The highest-ranking answers in this section indicated that the entrepreneurs themselves felt that the personality traits and characteristics of entrepreneurs were positive.

Consensus between the sexes was unanimous in the area of education, with both sexes indicating that education was not a factor in being a successful entrepreneur. It is worth noting from my questionnaire, that perhaps the most successful entrepreneur within the group questioned, has no formal educational qualifications. Also of interest here is the fact individuals felt that within their own communities, entrepreneurs were perhaps not looked upon as well respected as maybe other professionals.

Motives for starting your own business

Table 9: Entrepreneurial Motivations

	Male %	Female %
Desire for independence	48%	100%
To make money	43%	50%
Identified gap in the market	14%	0%
Redundancy	28%	0%
Lack of job opportunities	14%	0%
Frustration in current job	14%	0%
Frustration at lack of a job	14%	0%
To create jobs	9.5%	0%
No other option available	9.5%	0%
Other	0%	0%

This section was of particular interest to this dissertation as it gave the respondents a chance to select from the predefined list, the primary motivations for starting their own businesses.

If it were, that enforced entrepreneurship existed, it was going to show up here. In short it didn't. Overwhelmingly, the main two reasons identified by males and female participants were, a Desire for Independence and secondly, To make Money.

In the literature review, (Buttner and Moore, 1997; Organ and Scott, 2001; Ducheneaut and Orhan 2000). make reference to the fact that males in particular, having a particular desire 'to make money' as a particular interest, but not for females. Interesting the females positioned 'identification of a gap in the market' alongside 'the desire to make money'.

General Information

In this section I wanted to find out in general terms, what supports (if any) my participants had received from Government bodies, and if this was their first attempt at being self employed. The literature review had indicated that many entrepreneurs had not always succeeded at their first attempt, and if this was the case with any of my respondents, I wanted to identify this trend, note it, and see if these other businesses were still in existence.

Table 10: Funding and background information of respondents

	Male- No	Male –Yes	Female – No	Female – Yes
Have you received government sponsored funding for your business?	5%	95%	0%	100%
Is this your first attempt at starting your own business?	90%	10%	0%	50%
Do these other businesses still exist?	100%	0%	100%	0%

These factors bear out the information in the literature review, where it is most likely, that the successful entrepreneur will diversify into other businesses, which may or may not be directly related to the primary operation.

Also interestingly, it is going against the accepted norm for females to be operating more than one business. This practice is more prevalent in male entrepreneurs than female entrepreneurs.

Finally, I asked the question of my respondents, Would you recommend self-employment to family/friends? I wanted to ascertain did the respondents still feel given their combined experiences of entrepreneurship and self-employment would they still have a positive outlook towards self-employment or would they feel they have been ‘burned’ by the process.

Table 11: Personal Recommendations of Respondents

	Male - Yes	Male –No	Female -Yes	Female –No
Would you recommend self-employment to family/ friends?	76%	24%	0%	100%

Over three quarters of those surveyed indicated that they would recommend self-employment to family and friends. This would indicate that at some level, their needs have been met by the process and that their particular goals are being fulfilled.

Having said that, if the literature is to be believed and we go back to an earlier part of this survey, children of those who are self-employed are most likely to start their own businesses in their own right.

SUMMARY OF KEY FINDINGS OF QUESTIONNAIRE

Personal Profile of Respondents shows that:

- * 91% of respondents are Male.
- * 9% of respondents are Female.
- * Half of the males surveyed are between 31-40 years of age with the largest of the balance aged between 50-60 years of age
- * Half of the females surveyed are between 41-50 and the other half are in the 50 to 60-age bracket

- * Over one third of males surveyed had some form of third level qualification and 100% of females had a third level qualification.

- * 24% or approximately one quarter of the male respondents stated that they had just primary schooling. This is unusual as the respondent in question identifies himself within the age bracket 31-40 years, which at that time the legal school leaving age was 15 years.

- 95% of males and 100% of females had a father who had been self-employed.
52% of males and 100% of females also had siblings who were self employed.

Employment History of Respondents

The employment history amongst those who completed my survey was wide ranging. All of my respondents had worked prior to establishing their businesses. 76% of males had worked in the same sector as their businesses, whilst the remaining 24% had not. 31% of males had worked at operative level and the same percentage again had worked at managerial level.

For the females, the existing research results had been borne out in that 100% had worked in the same sector as their existing businesses, with again 100% being employed at managerial level.

On the source of their business idea one third of male respondents cited 'business contacts' as the source of their business idea, whilst 100% of female respondents used their previous employment history as a source for their business idea.

Business Characteristics of Respondents

When asked the length of time in business, all of the female respondents had founded their businesses within the last ten years, whilst 71% of male respondents had founded their businesses between 10-20 years ago. Interestingly the next highest group of males (14.8%) had founded their businesses 40+ years ago.

Numbers employed

There was a distinct split in the numbers employed category. 42% of males and 50% of female respondents employed between 1-2 people. Then the next largest category was up to 43 people where 39.5% of males had achieved this employment level. The intervening numbers were negligible, but the large jump in the numbers employed is worthy of note.

Export Potential

The Irish Government has clearly indicated the economic recovery will be based upon the encouragement of the indigenous small business sector and its ability to generate exports of Irish produced goods.

It is worthy of note that 43% of males and 50% of females had worked overseas, which according to the literature, would leave them more open to the possibility of exporting their products/services. However 95% of males and 100% of females had not received any government sponsored funding for their businesses and 90.5% of males and 100% of female respondents indicate that they do not export. Only 9.5% of the male group indicated that they engage in exporting their goods or services. This survey made no attempt to gauge to what extent exports were taking place.

Motivations for starting Business

The main motivation given for wanting to start up a business is the 'desire for Independence'. Male and female respondents both agree on this being the main reason for setting up your own business. Males seemed to place greater emphasis on being independent and making more money than they were earning before. By way of contrast 100% of female respondents agreed that a desire for independence was the primary reason for starting their own businesses, whilst 50% cited 'to make money' as the second highest motivational factor, the remaining 50% cited that they 'saw a gap in the market' which motivated them to take the opportunity and establish their businesses. The males cited 'redundancy' as a factor in them establishing their ventures.

I would have thought that this section would have indicated the existence of enforced entrepreneurship. Whilst redundancy was a factor for male respondents in particular, it is

worthy of note that even though one may think that individuals would have established businesses in response to being made redundant and the lack of other job opportunities, whilst this may have been the case, the individual entrepreneurs view things differently. The approach of the respondents in this survey is a positive response. A list of circumstances existed, but my respondents viewed these as opportunities, and saw this as an opportunity to become more independent which could be argued that they felt vulnerable following redundancy, and viewed being self-employed almost as being master of ones own destiny. Either way, the respondents, all responded positively to this question and viewed the opportunities or motivational factors as a positive one for establishing their own businesses.

Perceptions of Entrepreneurs

Male and female respondents both agreed that entrepreneurs were:

Highly Motivated

Innovative

Determined

Strong Willed

Risk taking

Independent

Interestingly both also agreed that they felt that entrepreneurs were not amongst the most well respected people in the community. Whilst as individual respondents, they felt the individual personality characteristics were positive and inherently good qualities for any individual to possess yet to the wider community they as a group were not well respected. Is this an attitude of Irish society to entrepreneurs in general – where there may be some jealousy factor to a group who establish businesses and who make money, compared to a lack of sympathy if the business fails.

Still our entrepreneurs have a positive approach to starting their businesses and when questioned 76% of males and 100% of females indicated that they would recommend self-employment to friends and family.

INTERVIEWS WITH RESPONDENTS

In the conclusion of my questionnaire, I felt it would be important for me to gauge the perceptions of the respondents themselves to the area of 'Entrepreneurs' and 'Self-Employment'.

I asked the respondents to give their opinions on the following questions.

- What is your understanding of the term 'Entrepreneur'?
- What is your understanding of the term 'Self-Employed'?
- Do you believe that self-employed people are entrepreneurs?

The reason for asking these questions was very simply to ascertain what significance the 'terminology' had for the respondents themselves.

In doing so, were the respondents putting labels on themselves? More importantly were they putting self-imposed restrictions on themselves? Could this be a factor in the 'glass ceiling phenomenon' of the SME's in Ireland.

The answers that came back were significant in that they clearly showed that the group of respondents fell into two categories, those that saw themselves as entrepreneurs and those that saw themselves as being self employed.

The common definition of someone who was self employed was that it was somebody who worked alone, with little cash investment and took few risks. It was a role in which the person worked independently and with the responsibilities of a small business, dealing with all areas, and rarely moved outside his/her chosen area of expertise.

The term 'Entrepreneur' from my self employed respondents generally discussed how the entrepreneur was somebody who could think outside the box, could operate successfully in more than one area, could create businesses from nothing, could have access to substantial cash reserves, always striving to the next goal, driven to turn ideas into realities, successful, willing to take risks, willing to take a loss, whilst also willing to reap the rewards.

When asked were self-employed people entrepreneurs, 84% of those questioned contended that not all self-employed people were entrepreneurs. It was generally felt that entrepreneurs operated on a different level to self-employed people. The group of respondents felt that some self employed people showed entrepreneurial ability, but that the distinguishing factor appeared to be the ability to access cash reserves, have more than one business functioning at a time and to be successful at balancing all factors at the same time. By definition our successful entrepreneur operates as part of a team, and

therefore the responsibilities are shared amongst the team, leaving the entrepreneur free to develop new business ideas and opportunities.

The definition of the self employed person from those questioned indicates that to be self employed does not require a large cash outlay, does not require any huge sense of drive or determination and the self employed person carries the responsibility for the entire operation and therefore the role is stressful and difficult and sometimes fraught with money worries.

This feedback was worth of discussion with a select number from the respondents.

I chose to telephone interview 10 people.

These people were chosen because they were had businesses, which ranged from the one-man show to one who had 24 employed.

The purpose of the telephone interviews was to ascertain and understand the drivers for the entrepreneurs themselves. Had the drivers changed from when they initially started their businesses until now. What were the difficulties they had faced along their way. How has the current macro economic situation effected them and what is the outlook for the future. Have they any recommendations to make regarding how future entrepreneurs could be assisted.

KEY FINDINGS OF INTERVIEWS

Financial

There was a consensus amongst all of those interviewed, regarding the lack of small amounts of start-up funding being made available to those wishing to start up their businesses. None of my respondents had been unemployed before starting their businesses so would not qualify for retention of unemployed benefits. All of my respondents had to start their own businesses using their own reserves, which in some cases meant that opportunities had been lost as they did not have the financial reserves necessary to avail of opportunities that came their way.

Banking Crisis

All of those interviewed had come under pressure by the Irish banking crisis. All of my respondents had had their Company over draft facilities revoked. All had been subjected to reviewed account operating procedures (cleared funds, overdrafts converted to term loans), which made it difficult to operate, as their debtors were also in the same position which meant that the respondents weren't receiving payments in a timely manner which resulted in poor cash flow. All responded that if the banks were to increase the flow of cash within the SME sector, this would greatly improve the situation with SME's and allow business to carry on. All respondents were in agreement that their efforts to keep their Companies afloat were being hindered by stringent conditions by the banking sector.

All respondents were free in recounting tales of people they knew who also had businesses who were hindered in one way or another by the banks.

All respondents also commented on the lack of knowledge within the banking sector of the realities facing the SME's and also the lack of 'quality staff' that could provide good advice to banking customers. The main priority of the banking sector was the protection of the banks. The staff on the ground hands were being tied by instructions issued from on high and services were very much streamlined. In other words the banks were closed for business.

Revenue Commissioners

When I brought up the issue of the Revenue Commissioners, I was pleasantly surprised to hear that although most of the respondents had had difficulties with the Revenue Commissioners in the past, they universally felt that it appeared to be a current policy within the Revenue Commissioners to work with those who were experiencing difficulties meeting payments, and provided Companies were willing to work with the Revenue and to honor agreements made, the Revenue Commissioners were prepared to meet them half way to sort out difficulties and not to put unnecessary obstacles in their way.

All respondents generally felt that the amount of paper work necessary to complete for filing returns on time, etc, whilst arduous and generating difficulties for those who may

not have an administrative background, understood that it was a necessary part of the job, and most engaged the services of someone on a fulltime or part-time basis who could do the job.

All complained about the cost of accountants fees, which they felt were un-necessary. It was felt that it should not be necessary for accountants to file returns for Companies, which operated at a very low level.

All expressed concerns that if in the current economic climate the government were to increase taxation levels, that this would place a detrimental burden on the SME sector.

Differences between being Self Employed and being an Entrepreneur

All of those interviewed expressed very animated opinions in this area. The older respondents in the group, felt strongly, that in today's age, education is a very important factor for the would be entrepreneur. They felt that the Self employed person tended to be a one man show, mostly trade or service based and would probably never grow beyond that point. Traditionally this person would have had a job in their chosen field, but because the way employment practices had changed over the years, these people now found that if they wanted to provide an income, they would be employed as self-employed contractors. This according to those interviewed was the reality for most trade persons in the construction industry today.

If a person is an entrepreneur. They would be viewed as somebody with vision, a great idea and access to funding. All those interviewed felt that in today's world this person would also be highly educated, with ability to handle financial affairs, marketing, technical ability and possess a knowledge of a foreign language for export.

The respondents themselves were very insistent that there were marked differences between someone who was an entrepreneur and somebody who was self employed.

The Self-Employed person, was somebody with limited access to funding, generally trade/services based, generating an income but not significant wealth. Many felt that self-employed entrepreneurs with a good business idea, would not make progress due to lack of access to funding, lack of backup and no business plan. This person would need to make contact with venture capitalists, and perhaps sell his/her idea to a larger corporation in order to succeed.

The self-employed person would operate a business, which would not grow beyond a certain point. The business would be restrained by the mindset of the person operating it. As the self employed person carries all the risks and responsibilities, they tend to reach a level of operation that they can manage and are comfortable with and will not grow and develop the business further.

Entrepreneur

According to those I interviewed, the characteristics of an entrepreneur are, somebody who is a high achiever, somebody who takes risks, somebody who adopts a can-do positive mentality, somebody who will only work for themselves as they might not be a great team player, somebody who has a lot of drive and determination, somebody who is constantly thinking about and looking for the next business opportunity.

According to the participants in the interview process, this person has the ability to think outside the box and would be highly educated, be able to motivate the team he/she has picked to work with them, be a hard task master, but be able to draw the best from the team and empower the team he/she works with to achieve. They would work hard and see the value of keeping the 'team' onside.

Some people expressed the view that successful entrepreneurs have a 'lucky streak' that they tend to have the Midas touch when it came to their businesses. When I discussed this thought with others, they felt that it was not luck, but rather having a good team around them at being able to take advantage of opportunities at the right time.

Attitudes to Entrepreneurship in Ireland

During the Celtic Tiger years (1994-2007) Irish attitudes to entrepreneurship were generally held to be positive. Everybody was making money, therefore if you were self employed this did not matter. However as the economy is constricting and there are plenty of businesses failing, often the entrepreneur is personally seen as being a 'failure' as opposed to just the business failing. In many cases the business can fail for reasons totally outside the control of the owner, but the individual carries the 'shame'. In addition, the interviewees felt that current media portray Irelands former poster boys of business success as somewhat 'less than honest' in their dealings with the general public and the Government. Most of those interviewed felt that all self employed people were being 'tarred with the same brush' and felt that as a result the image of an 'entrepreneur' or self employed person was not very positive.

Women expressed the view that it was harder for women to start up businesses. The 'easy' option for women was to start a business in traditional areas such as 'childcare services, food sector, cleaning etc.

Access to funding was perceived to be an issue, even when times were good. It was felt that greater understanding from society was necessary to encourage more women into self-employment. A great deal of work is being done, but the person I interviewed strongly believed that there is a great deal more to do.

Future Actions Required at National Level

The Government has made a lot of comments regarding the future of the Irish economy and the need to encourage new enterprises and to encourage exports.

When asked, those whom I interviewed expressed the following opinions:

1. At Government level, there needs to be an integrated approach taken to :
 - Identify Government Policy regarding entrepreneurship
 - Identify and amalgamate agencies dealing with resources to encourage Small business start-ups and developments,
 - Provide educational assistance to existing entrepreneurs who identify areas where additional qualifications/skills would assist their growth
 - Provide a panel of accountants who would work at reduced rates on a centralised basis for SME's.
 - Ensure entrepreneurs/self-employed people whose business fail have access to state social welfare benefits
 - Review of Commercial Rents and Rates systems are urgent
 - Review of Banking System – Urgent
 - Review of Planning and County Development Plans are urgent

The use of partnerships between MNC's and SME's to encourage indigenous industry growth.

Provide support and encourage a 'nationwide' understanding of the stress on those who are self employed in these economic times.

SECONDARY DATA ANALYSIS

Now that we have completed our primary data analysis, it is important to see how the statistical information compares to my findings.

Eurostat has charted statistical analysis of the trends in self employment/entrepreneurship.

Eurostat, information makes notes of differences between self employed people employing 1 person and self employed persons employing greater numbers. Eurostat information excludes self-employment in the Agricultural sector which is of important to note to draw accurate comparisons with my primary data, as none of those surveyed were engaged in the agricultural sector.

Table 12: Number of self-employed outside agriculture, Ireland

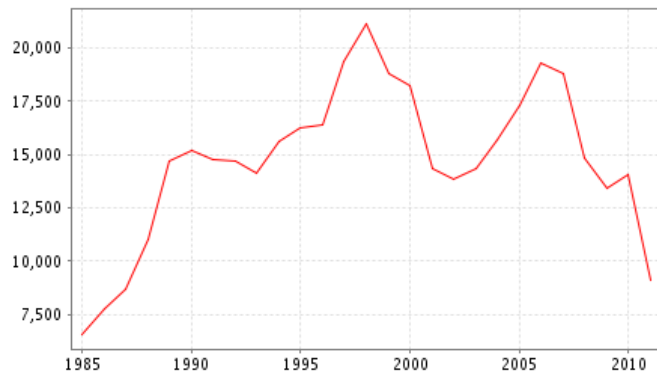
Year	Ireland
1975	86,000
1985	106,000
1986	102,140
1987	111,930
1988	120,190
1989	118,400
1990	128,710
1991	126,300
1992	135,820
1993	140,620
1994	143,540
1995	150,680
1996	149,970
1997	158,940

Source, Eurostat.

When looking at these figures, they show a steady increase up to 1988, followed by an uncertain period up to 1992. At this point the figures show a steady increase in self-employment.

Looking at these figures in the context of the macro and social environments, raises the question of what was happening in the macro environment, which may account for these figures.

Table 13: Number of Companies Formed in Ireland 1985 to 2010



Source: CSO – Vision-net.ie

Looking at the figures for the 1980's, overall the trend in self-employment was upwards, whilst I cannot categorically prove any one factor being the absolute reason why, it is necessary I believe to set the back ground, which may go some way to explaining the trend.

In the 1930's following the foundation of the Irish Republic, the state attempted to build the economy through exploiting the agricultural sector. In the 1950's the emphasis shifted towards inwards investment from foreign owned companies to manufacture goods in Ireland. This Government policy was successful until the 1970's when long-term unemployment emerged as an underlying problem facing the Irish Government.

The Government introduced two new policies. The first intervention was established by the Department of Social Welfare, which enabled unemployed people to retain benefits whilst they undertook to start their own businesses. The second was the establishment of various European funded, establishment of enterprise boards etc to encourage self-employment as a viable option to unemployment.

When you look at the figures, in the 1980's when unemployment was high, when Ireland was in the midst of a recession, the Government needed to reduce the unemployment level in the Country and provide a support structure to the long term unemployed in the hope that these indigenous Companies would grow and assist in economic recovery. Therefore in the absence of employment I contend that 'enforced entrepreneurship' became a factor in Irish life, whereby people became self-employed in the absence of any realistic alternative employment.

In the 1990's one would expect when our economy was booming that there would be a fall in the numbers of self-employed in Ireland. Allowing for the fact that there will always be those who choose to become self-employed regardless of the economy booming or not. However, what we find here is that the numbers consider to rise, and when you consider that this was a time where during our building boom, employment policies of our large construction companies changed, so that they no longer provided the 'secure' job to trades people, instead the practice of employing sub-contractor trades people/service providers to complete contracts became widespread, thus 'enforcing' a

large amount of trades/service type micro companies to be formed with little thought or forward thinking about adequately resourcing this newly developing area of the economy.

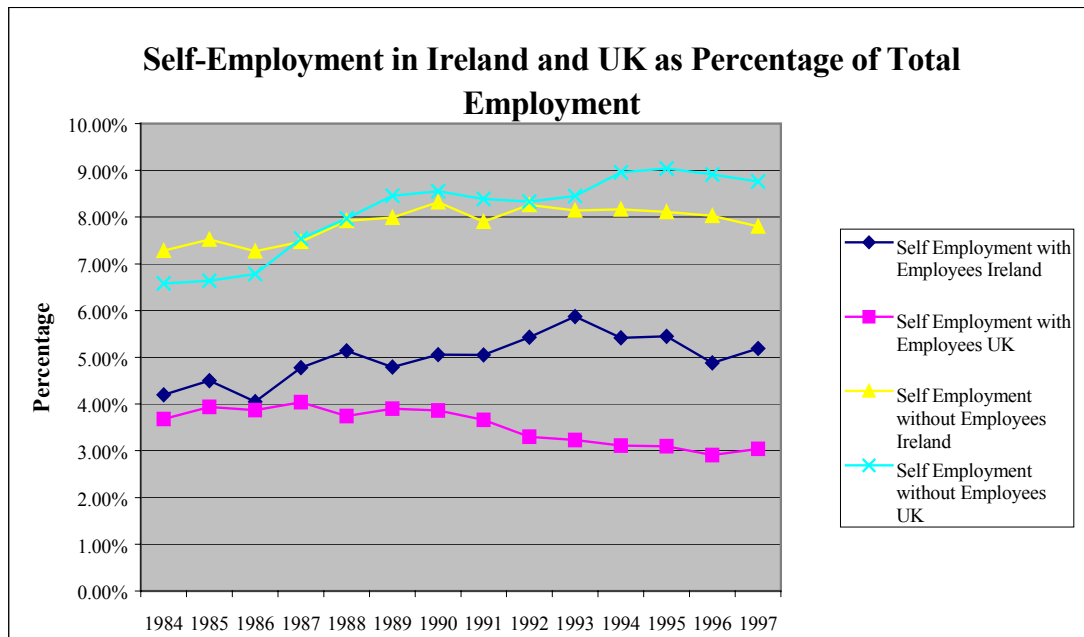
In the aftermath of our Celtic Tiger days, there has been a massive fallout from the lack of provision for this sector of Irish business.

1. No unemployment provision
2. No access to Financial supports to support falling income (FIS)
3. Pension Provision is minimal.

What becomes apparent at this point therefore is the emergence of Self-employment as being the title attributed to those who may have availed of government subsidy to start their businesses with little capital outlay, and possibly depending on the assistance of some unpaid family members to assist in the development of the business, is self-employment a means to diffuse the long term unemployment figures and whilst it may bolster the economy during a period of recovery and growth, in a downturn this sector is vulnerable as there was no social welfare provision made for those who were self employed contractors.

The table below from Eurostat, shows a comparison of the numbers self employed with and without employees and comparison is drawn with our neighbour the UK, it is clear from this graphic that the numbers in self employment rose during this time and most employments were sole traders.

Table 14: Self-employment in Ireland and UK as a percentage of Total Employment



Source: Eurostat

The combination of the primary and secondary data in this dissertation would seem to indicate that those who are self-employed see themselves not as entrepreneurs, but rather almost at the lower end of the pecking order in business terms. Whilst this dissertation also shows that those who have started their own businesses tend to have done so from a combination of ‘push and pull’ factors, the overall factor from a personal perspective was to fulfill a desire for independence. The driver from the personal perspective was a positive experience, whereas there exists at National Policy Level, as an alternative to unemployment, the incentive, for those facing not having an income, to avail of the opportunity to become self-employed and develop their own businesses.

Also thereafter in the period of unprecedented economic growth and stability, an inherent change in employment policies in the Country where those who were traditionally employed as trades people in the construction industry, suddenly found that the rules had changed and that to avail of employment opportunities, it became necessary to register themselves as businesses and become self-employed trades people.

A profile of the businesses established under the Government backed Back to Work Allowance scheme is detailed on Table 1a in the Appendices section of this study, however the main conclusions are that:

- The majority of businesses are sole traders, with no employees
- Businesses are ‘home based’ and continue to operate on that basis
- Some start up capital is required, with most coming from personal sources
- Most operate in their local environment
- Most operations have low turnover – they provide an income and not much more

Therefore I conclude that ‘enforced entrepreneurship’ does indeed exist in Ireland, it is part of the institution of Ireland Inc, and whilst those who are following this career path do not necessarily view it negatively, it can have negative consequences for those involved during a period of recession.

It’s existence facilitates the Government to encourage long term unemployed to move into self employment through the use of government backed social welfare initiatives,

and it can aid the economy as the trend has been for these contractors to engage maybe one or two additional people, to complete projects. The long term prospects for these jobs are low, as these jobs would be vulnerable to fluctuations within the macro economy, and in a restrictive macro environment these jobs become the first to be lost and remaining work is carried on by the self-employed contractor who just works longer hours to keep the Company going. The net result is that it facilitates national policies at a given moment in time, the results are easily measured, but long term will not have a major long term impact for financial recovery.

The next hypothesis for discussion under our secondary data is the existence of the two-tiered system, which operates between being self-employed and being an entrepreneur.

The first part of this secondary data section showed how a number of self employed persons are 'enforced' through the social welfare inducements to establish their own businesses, again to re-iterate, I don't believe that this is necessarily a negative thing from the perspective of the individual, and there are benefits to the person, and macro environment and the social environment from this Government Policy, however the question is how can these scarce Government resources be channeled to effect more beneficial long term value to the macro economy?

It must be viewed that the existence of such high numbers of self employed persons largely centered in the trades/service provider sections largely indicates a failure for provision of the traditional employments in these areas and therefore the existence of

enforced entrepreneurship, and pushing things a little further, a choice which may not have been made if a 'traditional' job had been a real choice.

Therefore we have in existence, those entrepreneurs who are sole traders, and who view themselves as being content being able to struggle on each day, even in these harsh economic times for business, who will not risk their very existence and survival as a company, to grow their companies as they stand to lose everything.

Then we also have another group, who are entrepreneurs, who are self-employed businesses persons who have a team of others working with them, the risks are shared, their access to finance is 'easier' (current banking crisis aside) and they may operate more than one business at a time.

Access to Financial supports

The state supports themselves are divided into those that can avail of the funding and those who cannot. Moreover, self-employed persons can avail of the social-welfare backed Back to Work Allowance Scheme, but accessing other funding through Enterprise Ireland etc would be restrictive.

When we compare the findings from our primary data and then compare to the secondary data available from the agencies equipped to deal with funding/assisting and developing

enterprise in Ireland, it becomes clear that enterprises themselves are separated or segregated into what resources are channeled where and for what purpose.

Therefore to be an entrepreneur, you must have a viable idea, business plan, seed capital, educational background and a team to work with you. Where as the self-employed person is limited to very basic funding at initial set up, but only if the person involved meets certain criteria from the Department of Social Welfare, which not all in this category do.

Current Banking Crisis

According to a recent report commissioned by the OECD, on the international banking crisis and its effects on SME's, it is noted that economic survival of economies depend on the survival of the SME sector. This sector has defined difficulties in surviving in times of a constricting economy and these are listed as:

- Difficulty in downsizing as they are already small
- Unable to diversify
- Low capitalization
- Low/No credit rating
- Dependent upon credit
- Few financing options.

Difficulties reported by the OECD report, show that this sector is experiencing difficulty in being paid on time, a growth in the number of bad debts, and reduced or withdrawn credit facilities with their banking institutions.

The banking crisis was of particular importance to my interviewees as it had a day to day impact on the running of their businesses. This can be viewed from the tables, which show the top lenders in the country in the past number of years compared to this year. These tables are shown as Table 2a and Table 3a in the appendices, but it is startling to see how funding has all but essentially dried up, and with our self-employed and our entrepreneurs located at the most vulnerable end of the scale, it is most evident where these effects will be mostly felt, and where resources should be channeled to assist those who are really struggling.

The combination of the primary and secondary data in this report again goes to show the very real difficulties being faced by all businesses and indeed individuals, in Ireland today. However from earlier information in this study, the self-employed person with perhaps one or two people employed are very much the most vulnerable section of this study, and a deeper study and understanding of the real needs of this particular group of people as their indebtedness grows and their Social Welfare support options are extremely limited.

LEARNING OUTCOMES

The combination of the primary and secondary data in comparison to the literature review, would show the transition being made from early studies noted in the literature regarding entrepreneurship in general terms and the studies that followed internationally and in Ireland, all the results from the literature review are borne out in feedback from my respondents and also from the statistics available and presented in the secondary data.

The emergent theory, I believe, is the existence of policy driven enforced entrepreneurship and the existence of a two-tier entrepreneurship system, which operates in the macro economy in Ireland today.

Taking this into account, looking at the needs of our economy to develop indigenous business, which can grow and increase employment, what are the growth obstacles for Irish businesses within the two tier system.

My personal belief given the statistics, that the self-employed service provider will grow the business in line with demand and constrict when the macro economy demands. This is the most vulnerable section of the 'entrepreneurial' section and it's numbers employed and size of the business will rise and fall according to the demands of the economy.

The entrepreneurial SME's who are according to the secondary data, the sector who can mostly benefit from state resources and interventions are also subject to the effects of a

deteriorating economy and face their own issues, but generally what can we ascertain from this sector? And what can we do to channel resources to maximum effect?

- From the secondary data it again is clear the effect the banking crisis is having on the macro economy, therefore interventions from Government level, now that the banking sector is generally under state ownership, to ensure that the indigenous industries can survive and that the banking sector, whilst understandably want to improve their own balance sheets, should be seen to be more understanding to the plight of the owner/manager.
- Retention of our current corporation tax rates
- More employment initiatives in regard to employer PRSI rate drops for all not just the long-term unemployed
- Encourage partnerships between MNC's and local SME's.

The glass ceiling phenomenon for Irish entrepreneurs I believe can be divided into two specific areas:

1. The macro environmental influences of financing and administrative obstacles to establishing and growing businesses.

2. The personal obstacles of self believe and awareness. The perception that being self-employed is different to being an entrepreneur and that a self-employed individual operates at a lower level than an entrepreneur.

CONCLUSIONS

In this section of my dissertation I will present my conclusions based upon my hypothesis tested.

1. The desire to become an entrepreneur/self employed is driven by a number of factors – background and macro environmental factors are key components of this.

This study's findings show that it is a combination of personal, macro environmental, and wider society elements which all combine to nurture entrepreneurship. From the literature we can identify the 'push and pull' factors which work to combine at a given moment in an individuals circumstances to stimulate entrepreneurial activity.

Does, 'enforced entrepreneurship exist?', yes it does, from a national policy perspective in the attempt to address other issues such as long term unemployment or indeed growing unemployment figures, the Government, through various 'back to work' type schemes do actively encourage people in receipt of social welfare payments to consider self employment as a viable alternative whilst having the support of retention of social welfare benefits for a given period.

Also the fundamental change in employment conditions for a large number of construction workers and service providers, meant that in order to gain employment they

were 'forced' to become self employed sub contractors, giving rise to a new group of entrepreneurs who if they had been given the alternative, may or may not have chosen the self employed route as a means to making an income.

Therefore I conclude that given all the evidence in this study, my findings reflect the findings in the body of existing literature, that it is a combination of factors, which drive entrepreneurial activity.

2. There is a two-tiered system in existence between entrepreneur and self employed persons.
3. There are more significant barriers to accessing state resources if you are self employed than if you are considered to be an entrepreneur.

The evidence from my respondents, was that they themselves considered that there was a difference between someone who was self employed and someone who was an entrepreneur.

The main differences were that they considered the entrepreneur to have more than one business, to have a team working with them, to have access to money and somebody who is not burdened by the day to day trials of running a business, but who was 'free' to be innovative and think of new opportunities to make money.

My respondents, perception of their own activities was at the 'lower end' of the scale where most of them operated small businesses and were ultimately responsible for its success or demise. Given their position in the current macro environment, the difficulties they face would certainly not be for the faint hearted, which were reflected in some of the answers received. Nonetheless, their own survival is of paramount importance to them and even if they have had to reduce staff numbers, they will work longer hours if necessary to protect their income.

Therefore I conclude the existence of the two tier system.

At one level you have businesses which meet certain criteria, who can avail of government interventions through the various agencies assigned to allocate resources, and then the other level who may have obtained social welfare allowances to start their own businesses as an alternative to unemployment, or indeed those who may have not availed of these as they were never long-term unemployed or met the criteria, but either way, these businesses, because of the types of businesses which they are, do not qualify for any further subsidies or payments, they literally sink or swim, with no social welfare provision for those self employed persons who find themselves out of work. The pressure of that reality for those faced with really difficult decisions in these tough financial times cannot be understated.

Although Ireland is amongst the world's highest producer of entrepreneurs, the number of people employed in such businesses is lower in Ireland than the EU average. Therefore leading to the question of should there be a re-evaluation of the way national resources are targeted at entrepreneurs.

Would there be any correlation between the 'fear of failure' and the associated risks involved as there are no social welfare supports in place for self employed persons at present in Ireland despite an acknowledgement from the Government of the need to introduce some type of payment for the growing number of self employed persons having no income.

In addition, when the above is factored in with the ability to raise capital, the self employed person again would be at a major disadvantage. The statistics have shown that most self employed persons are engaged in the construction/service provider industries and operate sole trader, operations or maybe 1 or 2 others employed. The business centers in a localized environment and access to funding would be through the issuing of security to banks, which in most cases would be a family home.

As legislation has been introduced to protect the family home, the need to raise capital can be extremely difficult and sometimes impossible.

Recommendation: As some of the people in this category would have come from the back to work allowance scheme, further research needs to be undertaken to assess the resources needed to underpin the long term continuation of the businesses formed under these schemes. Most existing supports evaporate after the period on the scheme expires.

4. The current Banking Crisis is having a serious effect on the day-today operation of small businesses in Ireland.

The main response from the interviews conducted with my respondents was that the current banking crisis was the single most important factor for them in the day to day running of their business.

The banking crisis has affected all aspects of Irish life over the last number of years and much has been written on the subject, but in looking at the statistics provided in this essay, it becomes so obvious that the lending function of our major banks has basically stopped. When you compare the figures for the past number of years to the highest lenders in Ireland in 2011, the banking sector is notably absent from the top of the chart.

In addition, apart from the lending function, the removal of overdraft facilities, the slowing down of payments from customers and the increase in bad debts and insolvencies has lead to a more difficult environment for our SME's to operate within.

It is difficult to make a recommendation here, which may improve the situation for SME's, but from the interview feedback, it would be appreciated from the entrepreneurs/self employed persons if the banking sector did show a 'genuine' understanding for the difficulties felt by the SME sector. It is understandable that the banking sector will try to improve their balance sheets, however, the future of the Irish economy depends on all sectors improving and it may be a slower improvement overall, but if it is more of a co-coordinated approach between all sectors of society, surely this would have greater long term benefits.

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APPENDICES

State Resources/Support Agencies Available to SMEs/Entrepreneurs

In the course of my dissertation, I have made reference to the various Government sponsored supports available to SME's. I think it would be useful at this stage to list the various supports and who to whom they are targeted.

Enterprise Ireland

Enterprise Ireland deals with Irish manufacturing and internationally traded services companies with ten or more people employed. They also deal with new start-ups that employ less than ten people provided they can show significant potential to develop their business. These Companies should be financed and run by experienced managers/graduates, be in a niche area, have a business plan that would show credible sales potential in exports within a 3 year period

Enterprise Ireland provides services in the following areas:

Business Planning

R&D

Production

Marketing

Business Development

Finance

Companies located in the Mid-West or Gaeltacht areas come under the Udaras na Gaeltachta or Shannon Development. Their local City or County Enterprise Board deals with firms employing less than ten people.

County and City Enterprise Boards

County and City Enterprise Boards were specifically formed to support small businesses in Ireland. Their role is to – promote an enterprise culture, be a source of business advice, support and mentoring, provision of training programmes, grant aid and financial supports.

County and City Enterprise Boards are generally a first step for persons who wish to start their own business. They are restricted to assisting Companies with less than 10 employees. Priorities are set on an area-by-area basis in accordance with the local enterprise plan.

Table 1a: A Profile of the businesses established under the Back to Work Allowance Scheme

Sector	Ireland	
	With Employees	Without Employees
Mining and Quarrying	270.15	123.09
Manufacturing	6370.93	8605.13
Energy, water supply	25.7	64.87
Construction	10434.08	19,682.22
Distributive Trades, Hotel and Catering, repairs	26.876.38	26,698.13
Transport, storage and communication	2.643.91	10,857.37
Banking, business renting	8.256.56	10,967.79
Other services	8.544.54	18,169.91
Missing data	29.89	291.47

Source: Eurostat

Table 2A: Top Financial Lenders 2000-2010

LENDER	HOW MANY
Allied Irish Banks Plc	35,632
The Governor & Co Of The Bank Of Ireland	27,282
Industrial Credit Corporation Plc	12,030
Ulster Bank Limited	9,326
Ulster Bank Ireland Limited	8,581
Anglo Irish Bank Corporation Plc	8,550
The Governor And Company Of The Bank Of Ireland	6,314
Icc Bank Plc	4,865
Bank Of Scotland (Ireland) Limited	4,670
National Irish Bank Limited	3,582
Acc Bank Plc	3,204
Allied Irish Finance Company Limited	2,257
Deutsche Trustee Company Limited	2,024
Northern Bank Limited	1,994
Lombard & Ulster Banking Ireland Limited	1,888
Bank Of Scotland (Ireland) Limited,	1,798
Lombard & Ulster Banking Limited	1,490
Bank Of Ireland Finance Limited	1,462
Irish Intercontinental Bank Limited	1,230
Ulster Investment Bank Limited	1,195
The Agricultural Credit Corporation Plc	1,141
Aib Finance Limited	1,140
Irish Nationwide Building Society	1,109
Barclays Bank Plc	1,093
Allied Irish Investment Bank Plc	1,057
Foir Teoranta	1,031
Permanent Tsb Finance Limited	969
Northern Bank Finance Corporation Ltd.	953
Iib Bank Limited	947
Hsbc Trustee (C.I.) Limited	891
Citicorp Trustee Company Limited	879
Deutsche Bank Trust Company Americas	855
The Investment Bank Of Ireland Limited	838
National Bank Of Ireland	819
Bny Corporate Trustee Services Limited	790
Aib Commercial Services Limited	786
Equity Bank Limited	779
Hill Samuel And Co. (Ireland) Ltd.	734
The Governor & Company Of The Bank Of Ireland	697
Banque Nationale De Paris (Ireland) Ltd.	669
A.C.C. Bank Plc	659
Iib Bank Plc	633
Allied Irish Bank Plc	630
International Factors (Ireland) Limited	623
Irish Permanent Building Society	549

Source: CSO/Vision-net.ie

Table 3A: Top financial lenders 2011

TOTAL OF LOANS	NUMBER OF LOANS	AVERAGE LOAN	LENDER
€2,500,000	1	€2,500,000	South Dublin County Council
€1,331,000	3	€443,666	Kilkenny County Council
€1,140,991	3	€380,330	Meath County Council
€1,117,800	2	€558,900	Laois County Council
€1,087,795	2	€543,897	Dublin City Council
€959,458	1	€959,458	Monaghan County Council
€835,494	2	€417,747	Dieselworx S.R.O.
€820,677	2	€410,338	Carlow County Council
€495,000	11	€45,000	Acc Bank Plc
€275,547	2	€137,773	Drogheda Borough Council
€266,000	76	€3,500	The Governor And Company Of The Bank Of Ireland
€250,000	1	€250,000	Conor O'Mahony & Associates
€246,700	2	€123,350	Athlone Town Council
€204,606	1	€204,606	Fingal County Council
€192,000	1	€192,000	Technical & General Guarantee Company Sa
€192,000	1	€192,000	Technical & General Guaranttee Company Sa
€125,000	1	€125,000	Shane O'Connor
€120,000	1	€120,000	Denis Treacy Senior
€5,618	1	€5,618	Gerard Flynn Trading As Flynn Tiling

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where the governments of 30 democracies work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies. The OECD member countries are: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The Commission of the European Communities takes part in the work of the OECD.

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SOURCE: OECD 2011