

Research and Library Services



Northern Ireland Assembly

Research Paper 79/08

June 2008

ECONOMIC DEVELOPMENT AGENCY PERFORMANCE – A COMPARISON

Research and Library Services

This paper provides comparative information on the performance of economic development agencies in the Great Britain, Northern Ireland, Scotland, and the Republic of Ireland.

Research Papers are compiled for the benefit of Members of The Assembly and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.

EXECUTIVE SUMMARY

This paper provides a comparison of economic development agency performance in the UK and the Republic of Ireland. Due to variation in the targets and measure of the agencies examined figures for business start-ups and job creation have, for the most part, been isolated and used to compare performance. The finding of this paper should be viewed from the perspective of each regions own economic context.

Regional profiles

London and the South East of England have the highest rates of total GVA. In terms of GVA per capita Northern Ireland's performance is broadly similar to the North East of England. The Republic of Ireland's GVA per capita is second only to London, suggesting high economic activity despite a small population.

Development Agency programme expenditure

Mean programme expenditure among the 12 regions for whom figures available was £674 per person in 2006/07. Invest NI, with a per capita programme expenditure of £69 exceeding this average by £5 per person. Two agencies exceeded this average substantially, driving up the mean figure. Highland's and Islands spent £286 per person in 2006/07, whilst One North East spent £102 per person in the same year. The results of these to agencies may be deemed to skew the final mean per capita figure. If they are removed from the calculations the new mean per capita figure becomes £40.5, placing Invest NI well of the average, with Scottish Enterprise, North West Regional Development Agency and Yorkshire Forward also achieving above average results.

INVEST NI & GB REGIONAL DEVELOPMENT AGENCY OUTPUTS 2006/07

Job creation; Mean job creation per capita for 2006/07 was 0.002, a figure matched by Invest NI's performance. The strongest performer of the year was One North East, creating 0.005 jobs per capita, the difference between the two agencies' performance is striking given each regions similar rate of GVA per capita.

Business start-ups; Invest NI assisted in the formation of the most business in terms of per capita start-ups and the second greatest number of actual business, 2006/07. This represents the continuation of a pattern started the previous year.

INVEST NI & SCOTTISH ENTERPRISE COMPARISONS

Business start-ups; The figures for total Business Start-ups show that Scottish Enterprise assisted three times as many start-ups as Invest NI. The same figures, presented in per capita amounts, show the two agencies to be performing on par with each other. The types of "start-ups" recorded by each agency differ. Scottish Enterprise records "start-ups" and "high-growth start-ups". Invest NI records local, external and global start-ups.

Business support; Invest NI's performance in the area of actual business support is closer to that of its contemporary than it is in the area of actual business start-ups. The same figures expressed as a per capita amount suggests Invest NI's performance is double that of Scottish Enterprise's. Business Support for Scottish Enterprise refers to raising sales of 'account managed businesses' by at least £800k and by £400k for 'client managed companies'. For Invest NI business support is defined as 'business improvement interventions'.

Knowledge transfer; Invest NI also appears to be falling behind its Scottish counterpart with regard to knowledge transfers, securing under a third of Scottish Enterprise's total for 2006/07. However, this appears to be the only measure Scottish Enterprise have employed to strengthen innovation and research. Invest NI's strategy in this area is by contrast more holistic.

Global activity; Invest NI appears to perform better than Scottish Enterprise in its global activities, exceeding the Scottish agency in both increasing international business and securing jobs from Foreign Direct Investment (FDI). Key to Invest NI strategy is increasing exports. Attracting jobs from FDI is a key priority for both development agencies. From both the actual and per capita figures it is apparent that Invest NI is more successful in drawing employers in. However, it should be noted that the figure for Scottish Enterprise includes high-value jobs only.

INVEST NI & ENTERPRISE IRELAND COMPARISONS

Indigenous business strategy; The contrast between Invest NI and Enterprise Ireland's strategies reflects the regional economic context each agency is working within. Enterprise Ireland's sales targets focus exclusively on exports; compared to corresponding Invest NI targets these appear more ambitious and developed, specifically quantifying the growth required and presenting this growth on a number of tiers.

Invest NI's targets for business start-ups exceed those of Enterprise Ireland. Enterprise Ireland focuses on high-value business formation.

Enterprise Ireland's R&D strategy is two tier, seeking to increase the number of companies spending €100,000 and €2m on 'meaningful' R&D. Invest NI's strategy is also separated into two tiers, with different targets for SMEs and larger companies. Invest NI's targets may not refer to indigenous companies alone.

Performance comparisons; Given the different stages of economic growth experienced by the two regions and the resulting variance in strategic focus few comparable measures exist between the two regions. The sole comparator found in both Annual reports for 2006/07 is that of Business Start-ups. The significant difference in the figures is explained by Enterprise Ireland inclusion of only *'high-potential'* business start-ups

CONTENTS

1	Introduction	1
2	Regional profiles	2
3	Development Agency programme expenditure – regional variation	3
4	Invest NI and GB Regional Development Agency outputs 2006/07	5
5	Invest NI and Scottish Enterprise comparisons	8
6	Invest NI and Enterprise Ireland comparisons	11
	6.1 Indigenous business strategy	11
	6.2 Performance comparisons 2006/07	13

LIST OF TABLES

Table 1: Regional GVA and GVA per capita, 2006

Table 2: Programme expenditure 2006/07, regional variation

Table 3: Invest NI & Regional Development Agency outputs comparison, per capita 2006/07

Table 4: Invest NI & Regional Development Agency outputs comparison 2005/06

Table 5: Invest NI and Scottish Enterprise comparisons 2006/07

1 INTRODUCTION

Measuring Invest NI's performance in the context of other regional economic development agencies is problematic due to the different targets and measures of success employed by the agencies working in the UK and the Republic of Ireland. To overcome this difficulty it has been necessary to extract only those variables which are common to all agencies and examine these in a manner that accounts for regional variations in size.

For the most part, business set-up and job creation figures have been used throughout this paper as a measure of performance. These variables occur most frequently in the Annual Reports and Accounts examined. To aid comparison, figures are presented in both total and per capita amounts.

The paper begins by presenting a picture of each regions economic context, by examining regional variations in GVA and GVA per head. This economic picture is significant as it continually colours the analysis that follows. Regional programme expenditure is then compared, before moving on to comparisons of Invest NI with development agencies in England, Scotland, and the Republic of Ireland respectively. There has been some difficulty in gathering figures which will enable a comparison of the work of Invest NI and Enterprise Ireland. For this reason the section examining Enterprise Ireland scrutinises current indigenous business support strategy, with only a brief note on performance comparisons included.

Due to the restrictions placed upon this research by regional disparities certain of Invest NI's targets and achievements have not been touched upon. For this reason, a full breakdown of the agencies' performance measures for 2006/07 is contained in Annexe 1, with un-met targets highlighted.

2 REGIONAL PROFILES

Table 1 presents demographic and economic indicators for the 13 regional development agencies compared in this paper. The figures show each region's population size, Gross Value Added (GVA) and GVA per capita, based on data sets from 2006. GVA and GVA per capita figures for Enterprise Ireland have been converted from euros to pounds sterling based on a 2006 average conversion rate of £0.68 to €1.

As expected London and the South East of England, with more developed economies amongst the UK regions have the highest total GVA and GVA per capita rates. Northern Ireland's GVA per capita is approximately the same as that of the North East of England despite that region being much larger in terms of population. The Republic of Ireland has the second highest rate GVA per capita suggesting high economic performance despite a relatively small population.

TABLE 1: REGIONAL GVA AND GVA PER CAPITA, 2006

Development Agency	Population (m)¹	GVA (£bn)²	GVA Per Capita (£)
Invest NI	1.7	26.4	15,175
Advantage Mid West	5.4	89	16,500
East of England Development Agency	5.6	109.9	19,599
East Midlands Development Agency	4.4	74.1	16,982
London Development Agency	7.5	196.8	26,192
North West Regional Development Agency	6.9	111.3	16,234
One North East	2.6	38.8	15,177
South East of England Development Agency	8.2	177.2	21,514
South West of England Regional Development Agency	5.1	89.5	17,467
Yorkshire Forward	5.1	82.1	15,968
Scottish Enterprise	4.7	78	16,656
Highlands and Islands Enterprise	0.4	4.9	12,269
Enterprise Ireland ³	4.2	102.1	24,314

¹ <http://www.statistics.gov.uk/regionalsnapshot/>

² <http://www.statistics.gov.uk/regionalsnapshot/>

³ Figures converted to pounds sterling, based on a 2006 average conversion rate of €1 equals £0.68, <http://www.ecb.eu/stats/exchange/eurofxref/html/eurofxref-graph-gbp.en.html>

3 DEVELOPMENT AGENCY PROGRAMME EXPENDITURE – REGIONAL VARIATION

Table 2 presents regional programme expenditure across 12 regions in the form of total and per capita spend (figures for London Development Agency were not available), the figures for Enterprise Ireland have again been converted from euros to pounds sterling based on the rate outlined above. In terms of total spend Invest NI ranked third from bottom for the year, above Highlands and Islands Enterprise and Enterprise Ireland. The mean per capita spend for the year was £64 meaning Invest NI exceeded the average by £5 per person. Only two development agencies, Highlands and Islands Enterprise and One North East exceeded this average. Given the similarity of the North East of England and Northern Ireland, in terms of per capita GVA one might expect a closer correlation in per capita programme expenditure. The considerable difference between Highlands and Islands Enterprise and One North East's per-capita and that of the other agencies examined may be viewed as skewing the mean per capita figure. If these figures are removed the per capita mean becomes £40.5, placing Invest NI well of the average, with Scottish Enterprise, North West Regional Development Agency and Yorkshire Forward also achieving above average results.

TABLE 2: PROGRAMME EXPENDITURE 2006/07, REGIONAL VARIATION

	Programme Expend (£000s)	Per Capita Spend (£)⁴
Invest NI ⁵	116,897	69
Advantage Mid West ⁶	209,992	39
East of England Development Agency ⁷	129,575	23
East Midlands Development Agency ⁸	145,200	33
London Development Agency ⁹		0
North West Regional Development Agency ¹⁰	406,653	59
One North East ¹¹	265,259	102
South East of England Development Agency ¹²	157,440	19
South West of England Regional Development Agency ¹³	146,949	29
Yorkshire Forward ¹⁴	305,185	60
Scottish Enterprise ¹⁵	247,898	53
Highlands and Island Enterprise ¹⁶	114,400	286
Enterprise Ireland ¹⁷	89,702	21

⁴ <http://www.statistics.gov.uk/regionalsnapshot/> (retrieved 06/06/08)

⁵ http://www.investni.com/ini_annual_report_06-07.pdf (retrieved 06/06/08)

⁶ http://www.advantagewm.co.uk/Images/2006_2007%20report%20and%20accounts301007_tcm9-8071.pdf (retrieved 06/06/08)

⁷ http://www.eeda.org.uk/files/EEDA_Annual_Report_06_07.pdf (retrieved 06/06/08)

⁸ http://www.emda.org.uk/uploaddocuments/annreport07_tagged.pdf (retrieved 06/06/08)

⁹ http://www.lida.gov.uk/upload/pdf/Annual_Report_and_Accounts_2006_to_2007_page1-91.pdf

¹⁰ <http://www.nwda.co.uk/pdf/AnnualReport2007v2.pdf> (retrieved 06/06/08)

¹¹ <http://www.onenortheast.co.uk/lib/lireport/11894/ONE.07.Annual.pdf> (retrieved 06/06/08)

¹² http://www.seeda.co.uk/Publications/Annual_Reports/docs/12_SEEDA_Master_Annual_Report_2007.pdf (retrieved 06/06/08)

¹³ <http://www.southwestrda.org.uk/downloads/document.asp?lang=&documentid=1679&> (retrieved 06/06/08)

¹⁴ http://www.yorkshire-forward.com/asset_store/document/yf_r&a_161910.pdf (retrieved 06/06/08)

¹⁵ SCOTTISH ENTERPRISE, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.scottish-enterprise.com/publications/annual_accounts_06-07.pdf (retrieved 05/06/08)

¹⁶ <http://www.hie.co.uk/annual-report-accounts-06-07.html> (retrieved 07/06/08)

¹⁷ <http://www.enterprise-ireland.com/NR/rdonlyres/70887867-BAC9-4F9D-88A9-B669D658804F/0/EIStrategy0810English.pdf> (retrieved 07/06/08)

4 INVEST NI & GB REGIONAL DEVELOPMENT AGENCY OUTPUTS 2006/07

Table 2 presents a comparison of specific Invest NI outputs with those of similar development agencies in Great Britain for 2006/07. Development agencies in Great Britain formulate their targets along similar lines, which allows for comparisons across variables other than those presented here. Invest NI is somewhat unique in terms of measured outputs, which is why it has been necessary to isolate two particular outputs, jobs created and business start-ups, as these are common to all ten development agencies.

Again, it must be noted, that each development agency operates within its own unique economic context, and it should be assumed that a number of immeasurable factors will have affected their performance. To compensate for this variance, figures have been presented in both total and per capita form, which will negate regional disparities in size. The data in Table 2 (and in Table 3, which shows the same information for 2005/06) should be viewed with reference to those in table 1, as this will provide an indication of how performance equates to the size of each regional economy.

Job creation; In 2006/07, Invest NI's operations created 3,037 jobs, falling short of the target set for the year by over 500 jobs. Despite this shortfall, the figure represents a 58% increase on the previous year. The figure 2005/06 should be treated with caution, however, as it measures jobs created from inward investment only. No figure for actual jobs created from indigenous business is presented for the year.

Mean job creation per capita for 2006/07 was 0.002, a figure matched by Invest NI's performance. The strongest performer of the year was One North East, creating 0.005 jobs per capita, the difference between the two agencies' performance is striking in the context of Table 1, which shows the two regions to have broadly comparable rates of GVA per capita. The same might be said for the previous year, in which Invest NI's performance again matched the mean figure for per capita job creation and One North East's performance ranked highest by the same measure.

Business start-ups; The data relating to business start-ups presents a very different picture, with Invest NI assisting the formation of the most business in terms of per capita start-ups and the second greatest number of actual business. This represents the continuation of a pattern started the previous year. The comparably low per capita figures for the other regions must be considered within a regional perspective and in the context of stages of economic development, which may actually point to the existence of a strong entrepreneurial culture in these areas, where there is little need for development agencies to assist in the start-up of business because the impetus already exists.

**TABLE 3: INVEST NI & REGIONAL DEVELOPMENT AGENCY OUTPUTS
COMPARISON, PER CAPITA 2006/07**

Agency	Jobs Created	Jobs Created Per – Capita	Business Start-ups	Business Start-ups Per - Capita
Invest NI ¹⁸	3,037	0.002	2,559	0.002
Advantage Mid West ¹⁹	13,837	0.003	2,025	0.0003
East of England Development Agency ²⁰	4,270	0.0008	2,476	0.0004
East Midlands Development Agency ²¹	9,803	0.002	2,382	0.0005
London Development Agency ²²	20,031	0.003	1,683	0.0002
North West Regional Development Agency ²³	19,756	0.003	3,306	0.0005
One North East ²⁴	14,670	0.005	3,206	0.001
South East of England Development Agency ²⁵	7,329	0.0007	2,910	0.0004
South West of England Regional Development Agency ²⁶	5,549	0.001	271	0.00005
Yorkshire Forward ²⁷	22,254	0.004	1,067	0.0002

¹⁸ http://www.investni.com/ini_annual_report_06-07.pdf (retrieved 06/06/08)

¹⁹ http://www.advantagewm.co.uk/Images/2006_2007%20report%20and%20accounts301007_tcm9-8071.pdf (retrieved 06/06/08)

²⁰ http://www.eeda.org.uk/files/EEDA_Annual_Report_06_07.pdf (retrieved 06/06/08)

²¹ http://www.emda.org.uk/uploaddocuments/annreport07_tagged.pdf (retrieved 06/06/08)

²² http://www.lda.gov.uk/upload/pdf/Annual_Report_and_Accounts_2006_to_2007_page1-91.pdf (retrieved 06/06/08)

²³ <http://www.nwda.co.uk/pdf/AnnualReport2007v2.pdf> (retrieved 06/06/08)

²⁴ <http://www.onenortheast.co.uk/lib/lireport/11894/ONE.07.Annual.pdf> (retrieved 06/06/08)

²⁵ http://www.seeda.co.uk/Publications/Annual_Reports/docs/12_SEEDA_Master_Annual_Report_2007.pdf (retrieved 06/06/08)

²⁶ <http://www.southwestrda.org.uk/downloads/document.asp?lang=&documentid=1679&> (retrieved 06/06/08)

²⁷ http://www.yorkshire-forward.com/asset_store/document/yf_r&a_161910.pdf (retrieved 06/06/08)

**TABLE 4: INVEST NI & REGIONAL DEVELOPMENT AGENCY OUTPUTS
COMPARISON 2005/06**

Agency	Jobs Created	Jobs Created Per - Capita	Business Start-ups	Business Start-ups Per - Capita
Invest NI ²⁸	1,756	0.001	3,476	0.002
Advantage Mid West ²⁹	11,500	0.002	1,650	0.0003
East of England Development Agency ³⁰	4,299	0.0008	2,563	0.0005
East Midlands Development Agency ³¹	8,193	0.002	2,208	0.001
London Development Agency ³²	24,577	0.003	3,196	0.0004
North West Regional Development Agency ³³	15,738	0.002	2,770	0.0004
One North East ³⁴	16,004	0.006	3,406	0.001
South East of England Development Agency ³⁵	6,220	0.001	2,027	0.0002
South West of England Regional Development Agency ³⁶	6,301	0.001	198	0.00004
Yorkshire Forward ³⁷	23,810	0.004	871	0.0002

²⁸ http://www.investni.com/annual_report_2005_-_2006.pdf (retrieved 06/06/08)

²⁹ http://www.advantagewm.co.uk/Images/annual-report-and-accounts-2005-06_tcm9-5898.pdf (retrieved 06/06/08)

³⁰ http://www.eeda.org.uk/files/Core_pub/Annual_Report_2005-06.pdf (retrieved 06/06/08)

³¹ <http://www.emda.org.uk/uploaddocuments/EMDAAnnualReportforweb2006.pdf> (retrieved 06/06/08)

³² http://www.lda.gov.uk/upload/pdf/LDA_2005-6_Annual_Report.PDF (retrieved 06/06/08)

³³ http://www.nwda.co.uk/pdf/Annual_Report_2006.pdf (retrieved 06/06/08)

³⁴ <http://www.onenortheast.co.uk/lib/lireport/9660/One%20NorthEast%20Annual%20Report%20and%20Account%2005-06%20Final.pdf> (retrieved 06/06/08)

³⁵ http://www.seeda.co.uk/Publications/Annual_Reports/docs/SEEDA-AnnualReport-2005-06.pdf

³⁶ <http://download.southwestrda.org.uk/annual-review/general/SWRDA%20Annual%20Report%20and%20Financial%20Statements%202005%20-%202006.pdf> (retrieved 06/06/08)

³⁷ http://www.yorkshire-forward.com/asset_store/document/dti_performance_report_05_111712.doc (retrieved 06/06/08)

5 INVEST NI & SCOTTISH ENTERPRISE COMPARISONS

Regional Economic Development in Scotland is the responsibility of two separate agencies, Scottish Enterprise and Highlands and Islands Enterprise (HIE). As demonstrated in Table 1 HIE is the smaller of the two regions, both in terms of population size and GVA. Available figures for HIE are presented here for demonstrative purposes but are not subjected to analysis due to the significant differences in the size of the figures and also the economic and demographic context of the Highland region. It is, however, notable that HIE's performance appears mediocre when placed in the context of per capita spend for the year (£286, see table 2).

Throughout 2006/07 Invest NI and Scottish Enterprise worked to encourage economic growth in their respective regions. However, given the unique economic context of each area, the targets set by each agency, were marked by differences in focus.

While there are similarities in each agency's broad areas of focus, for example Scottish Enterprise's; "Growing Business, Skills and Learning and Global Connections", has some correlation with Invest NI's; "Being Entrepreneurial, Being Innovative, and Being International", the individual targets within these broad categories differ considerably. Table 5 outlines comparable targets for all three agencies; however, even within these there are notable differences in measurement and focus.

Business start-ups; The figures for total Business Start-ups show that Scottish Enterprise assisted three times as many start-ups as Invest NI. It is evident too that Invest NI fell short of its own target in this regard. However, if these figures are presented as per capita set-ups Scottish Enterprise and Invest NI are seen to be performing on par with each other. While it is relatively easy to quantify start-ups it is more problematic too qualify them. The Scottish figure is divided into "start-ups" and "high-growth start-ups", of which there were 9,334 and 14 respectively. The start-ups deemed high-growth are valued at over £7m and are forecast to be worth a combined £50-£80m to the Scottish economy by their third year of trading.³⁸ Invest NI separate assisted start-ups into local (2,954), external (68) and global (15); the agency places no value on these within the annual report.³⁹ Further indication of business start-up size is indicated in Invest NI's Corporate Plan 2008 – 2011, which sets the following criteria:

"To qualify as an Invest NI client, a business must be able to demonstrate that currently, or over the next three years, it will:

- *have total sales of over £100,000 per annum;*

³⁸ SCOTTISH ENTERPRISE, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.scottish-enterprise.com/publications/annual_accounts_06-07.pdf (retrieved 04/06/08)

³⁹ INVEST NI, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.investni.com/annual_report_2005_-_2006.pdf (retrieved 04/06/08)

- *have sales outside Northern Ireland greater than 25 per cent of turnover, or greater than £250,000 per annum; and*
- *be capable of, and willing to, work with Invest NI.*⁴⁰

Business support; Invest NI's performance in the area of total business support is closer to that of its contemporary than it is in the area of total business start-ups. The same figures, expressed as a per capita amounts, suggest Invest NI's performance to be double that of Scottish Enterprise's. Again, it is necessary to qualify this by examining each agency's definition of business support. Scottish Enterprise specifically targets business support aimed at raising sales of 'account managed businesses' by at least £800k and by £400k for 'client managed companies'.⁴¹ Invest NI define business support less acutely, referring to 'business improvement interventions'. However, it is evident that the agency paid out £3.68m in business support grants in 2006/07, down 13% on the previous year (£4.24m).⁴²

Knowledge transfer; Invest NI also appears to be falling behind its Scottish counterpart with regard to knowledge transfers, securing under a third of Scottish Enterprise's total for 2006/07. This figure may obscure the fact that strengthening the innovation and research culture plays a more integral role in Invest NI's overall strategy than it does in Scottish Enterprise's who focus on the development skills at an occupational training and career planning level, as much they do on securing more commercially successful innovation. The result being, while Scottish Enterprise centralise their innovation strategy on knowledge transfers, Invest NI adopt a more holistic approach, which includes: stimulating investment in innovation and R&D; establishing university spin-outs; assisting knowledge transfer; enhancing R&D support infrastructure; promoting use of industrial design; and providing technical support and promoting use of new technology.

Global activity; Invest NI appears to perform better than Scottish Enterprise in its global activities, exceeding the Scottish agency in both increasing international business and securing jobs from Foreign Direct Investment (FDI). For Scottish Enterprise the internationalisation of business equates to increasing the number of businesses, in priority areas, conducting business internationally⁴³. 'Being International', for Invest NI, from the perspective of indigenous businesses, is more rigorously defined than it is by its Scottish contemporary. Key to Invest NI strategy is increasing exports. The figure of 1,012, in table 3, includes 150 new first time exporters, 300 existing exporters entering

⁴⁰ http://www.investni.com/index/about/what_invest_ni_does/corporateplan08.htm

⁴¹ SCOTTISH ENTERPRISE, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.scottish-enterprise.com/publications/annual_accounts_06-07.pdf (retrieved 04/06/08)

⁴² INVEST NI, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.investni.com/annual_report_2005_-_2006.pdf (retrieved 04/06/08)

⁴³ SCOTTISH ENTERPRISE, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.scottish-enterprise.com/publications/annual_accounts_06-07.pdf (retrieved 05/06/08)

new markets, 75 companies exploring new overseas business alliances and 250 key sales personnel improving their sales and marketing schemes⁴⁴.

Attracting jobs from FDI is a key priority for both development agencies. From both the actual and per capita figures it is apparent that Invest NI is more successful in drawing employers in. However, it should be noted that the figure for Scottish Enterprise includes high-value jobs only.⁴⁵ Invest NI do not draw such a distinction, including all jobs secured through FDI.⁴⁶

TABLE 5: INVEST NI & SCOTTISH ENTERPRISE COMPARISONS 2006/07

		Business Start-ups	Business Support	Knowledge Transfer support	Increasing Exports	Jobs from FDI
Invest NI⁴⁷	Target Range 06/07	3,583	1,000	48	775	2,400
	Actual 06/07	3,037	1,076	37	1,012	2,559
	Per Capita	0.002	0.0006	-	-	0.0015
Scottish Enterprise⁴⁸	Target Range 06/07	9,000 – 1,0000	1,000 – 1,200	120 - 160	500 - 600	1,200 – 1,500
	Actual 06/07	9,348	1,684	152	625	1,775
	Per Capita	0.002	0.0003	-	-	0.0003
Highlands & Islands Enterprise⁴⁹	Target Range 06/07	550	300	-	-	-
	Actual 06/07	560	306	-	-	-
	Per Capita	0.0001	0.0001	-	-	-

⁴⁴ INVEST NI, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.investni.com/annual_report_2005_-_2006.pdf (retrieved 05/06/08)

⁴⁵ SCOTTISH ENTERPRISE, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.scottish-enterprise.com/publications/annual_accounts_06-07.pdf (retrieved 05/06/08)

⁴⁶ INVEST NI, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.investni.com/annual_report_2005_-_2006.pdf (retrieved 05/06/08)

⁴⁷ INVEST NI, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.investni.com/annual_report_2005_-_2006.pdf (retrieved 07/6/08)

⁴⁸ SCOTTISH ENTERPRISE, ANNUAL REPORT AND ACCOUNTS, 2006/07 http://www.scottish-enterprise.com/publications/annual_accounts_06-07.pdf (retrieved 07/06/08)

⁴⁹ <http://www.hie.co.uk/annual-report-accounts-06-07.html> (retrieved 07/06/08)

6 INVEST NI & ENTERPRISE IRELAND COMPARISONS

6.1 indigenous business strategy

The remit of Invest NI differs considerably from that of Enterprise Ireland. Invest NI are responsible for developing indigenous business and attracting Foreign Direct Investment, whereas Enterprise Ireland are responsible with stimulating the growth of indigenous business. Responsibility for management of foreign input into the economy of the Republic of Ireland falls on the Irish Development Agency, except in Gaeltacht, where responsibility lies with Údarás Na Gaeltachta.

Enterprise Ireland's current strategy is outlined in the document *Transforming Irish Industry 2008 – 2010*. The strategy is geared toward driving '*Irish industry to a new level of international performance and profile*' and is formed around the slogan '*Lead, Innovate, Grow*'. On the surface, this is similar to Invest NI's mantra '*being entrepreneurial, innovative and international*'. The emphasis on leadership by former agency might perhaps suggest a more ambitious outlook, fostered by sustained economic growth.

Enterprise Ireland's '*vision for success*' includes⁵⁰:

- A growing number of Irish companies with consolidated positions in existing key geographic markets;
- A cohort of Irish companies with established positions in emerging high growth economies;
- An increased number of Irish businesses achieving significant annual global sales within both existing and emerging sectors;
- A stronger commitment to R&D within Irish industry, as evidenced by a continued increase in company R&D expenditure;
- Higher levels of commercialisation of research spend in Ireland, resulting in a higher number of technology licences and third-level spin-outs.
- A growing Irish presence in a number of niche Services sectors, positioning Services as a major export growth platform;
- A greater number of companies adding a service component to their business model;

⁵⁰ <http://www.enterprise-ireland.com/NR/rdonlyres/70887867-BAC9-4F9D-88A9-B669D658804F/0/EIStrategy0810English.pdf> (retrieved 06/06/08)

- An increased cadre of Irish companies with the leadership required to develop scaled, innovative companies capable of sustained international growth;
- A strong entrepreneurial economy across Ireland, with an increased number of innovative high potential start-ups (HPSUs) in regional locations.

To achieve the above the agency has set the following Strategic Objectives, to be achieved by 2010⁵¹:

- New export sales of €4bn;
- Increase the number of companies engaged in meaningful R&D (€100,000 spend annually) to 800 (1050 by 2013);
- Increase the number of companies engaged in significant R&D (€2 million spend annually) to 55 (100 by 2013);
- 200 new high potential start-ups (with 50% in regions outside Dublin);
- Increase the number of clients achieving annual global sales of €5 million to 635 (+15%);
- Increase the number of clients achieving annual global sales of €20 million to 225 (+20%).

Invest NI's targets for the corresponding period, found in the Invest NI Corporate Plan 2008-2011, include⁵² (italicised targets do not specifically refer to indigenous companies but are expected to include them);

- Increasing external sales per employee of Invest NI tradable-services clients by an average of 4 per cent per annum;
- Increasing by 3 percentage points export sales as a percentage of total sales by Invest NI client companies, excluding the top 25 exporting companies;
- *Increase by 8 per cent the average annual growth in BERD expenditure in Invest NI client companies with fewer than 250 employees;*
- *Increase by 5 per cent the average annual growth in BERD expenditure in Invest NI client companies with 250 employees or above;*

⁵¹ <http://www.enterprise-ireland.com/NR/rdonlyres/70887867-BAC9-4F9D-88A9-B669D658804F/0/EIStrategy0810English.pdf> (retrieved 06/06/08)

⁵² http://www.investni.com/invest_northern_ireland_draft_corporate_plan_2008-2011.pdf (retrieved 06/06/08)

- Support 45 new start-ups selling outside the United Kingdom;
- Support 300 start-ups selling to Great Britain.

The contrast between the two sets of targets reflects the economic context each agency is working within (see Table 1). Enterprise Ireland's sales targets focus exclusively on exports; compared to corresponding Invest NI targets these appear more ambitious and developed, specifically quantifying the growth required and presenting this growth on a number of tiers.

Invest NI's targets for business start-ups exceed those of Enterprise Ireland. The nature of these start-ups is divided into those selling to Great Britain and those selling outside the UK, no indication of size, value or industry sector are provided in the Annual Report. Enterprise Ireland by comparison exclusively targets high-value business formation. This is again likely to be due to the different regional economic context each agency is working within (see Table 1). As outlined above, some indication of business start-up size is indicated in Invest NI's corporate plan 2008 – 2011, in the statement:

“To qualify as an Invest NI client, a business must be able to demonstrate that currently, or over the next three years, it will:

- *have total sales of over £100,000 per annum;*
- *have sales outside Northern Ireland greater than 25 per cent of turnover, or greater than £250,000 per annum; and*
- *be capable of, and willing to, work with Invest NI.”*⁵³

Enterprise Ireland's R&D strategy is two tier, seeking to increase the number of companies spending €100,000 and €2m on 'meaningful' R&D. Invest NI's strategy is also separated into two tiers, with different targets for SMEs and larger companies. Invest NI's targets may not refer to indigenous companies alone.

6.2 PERFORMANCE COMPARISONS 2006/07

Given the different stages of economic growth experienced by the two regions and the resulting variance in strategic focus (as outlined above), few comparable measures exist between the two agencies. The sole comparator found in both Annual reports for 2006/07 is that of Business Start-ups. However, this too is dissimilar; during 2006/07 Invest NI supported 3,037 business set-ups⁵⁴, while Enterprise Ireland supported 76⁵⁵.

⁵³ http://www.investni.com/index/about/what_invest_ni_does/corporateplan08.htm (retrieved 06/06/08)

⁵⁴ http://www.investni.com/ini_annual_report_06-07.pdf (retrieved 06/06/08)

The significant difference in the figures is explained by Enterprise Ireland inclusion of only '*high-potential*' business start-ups, in contrast to Invest NI's inclusion of start-ups of all types.

⁵⁵ <http://www.enterprise-ireland.com/NR/rdonlyres/896B3759-596F-4428-BAB8-C3E404DEF889/0/EIAR06EnglishFull.pdf> (retrieved 06/06/08)

ANNEXE 1**BEING ENTREPRENEURIAL**

Activity	2006–07 Operating target	Year End achievement
Stimulating growth and capability development projects in locally owned and externally owned companies	£129.2 million indigenous investment	£155.3 million
	£64.9 million annual salaries (indigenous)	£52.6 million
	£156 million external investment	£175.8 million
	£65.2 million annual salaries (external)	£70.6 million
Improving management and workforce capability	1,000 Business Improvement Interventions	1,076
	75 BiTP projects	76
Encouraging collaboration between companies	10 supplier and supply chain projects	15
	40 'Business to Business Bridge' projects	21
	3 Collaborative projects	9
Assisting business start-ups	3,500 Local start-ups	2,954
	70 External starts	68
	13 Global starts	15
'Go for It' campaign	1 Enterprise Show	1
	1,000 attendees	382
Female entrepreneurship	4,000 participants in women's networks	4,195
	47 per cent of start-ups to be female	44 per cent
Youth entrepreneurship	7,000 young people to be given advice through LiveWIRE	11,161
	4,500 registrations	4,608
	200 young entrepreneurs to be supported through Prince's Trust	201
Entrepreneurship in Education	70,000 students to participate in entrepreneurship programmes	55,000
Social entrepreneurship	40 start-ups	16

BEING INNOVATIVE

Activity	2006–07 Operating target	Year End achievement
Stimulating investment in innovation and R&D	£25 million private sector investment	£26.5 million
	90 new companies to engage in R&D	94
	2 NITech projects	4
	4 Proof of Concept projects	Launch of new scheme delayed until 2007–08
Establish university spin-outs	Establish 6 university-derived businesses	Establishment delayed due to difficulties with technology transfer structures
Assisting knowledge transfer	30 Knowledge Transfer Partnerships	31
	2 technology missions	2
	16 technology opportunities studies	14
Enhancing R&D support infrastructure	Complement of 400 additional researchers to be maintained in established R&D centres	400
	Establish 1 new Centre of Research Excellence	1
Promoting use of industrial design	35 participants on Design Development programme	35
Providing technical support and promoting use of new technology	400 technical assistance requests	665
	2,400 business information enquiries	2,562
	350 intellectual property searches for companies	418
	550 companies to improve their use of ICT	592

BEING INTERNATIONAL

Activity	2006–07 Operating target	Year End achievement
Attracting new inward investments	2,400 visits to companies	2,728
	130 inward visits	143
	15 new inward investment projects	17
	2,400 new jobs	2,559
	£36 million additional annual wages	£48.4m
Increasing exports	250 key sales personnel to improve sales and marketing skills	256
	150 new first time exporters	221
	300 existing exporters to enter new markets	442
	75 companies to explore overseas business alliances	93
Supporting tourism accommodation	16 projects	17 (includes 10 MIS)