



THE ECONOMIC & BUSINESS CASE FOR DEVELOPING A QQI SYSTEM FOR OWNER- MANAGERS OF IRISH SME COMPANIES

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[Abstract](#)

The Irish economy has significant concentration risk due to its dependence on a small number of very large firms. It is essential that the SME sector is professionalized and has the capability of driving the productivity of the Irish economy.

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EXECUTIVE SUMMARY

Ireland has a significant over-dependence on the multi-national sector in terms of high-paid employment, the massive corporation tax contribution of a small number of multi-national companies, and other tax revenues. This puts Ireland in a position of potential vulnerability. Given the inherent risks, posed by future tax developments, concentration risk and company-specific risk, it is essential that the Irish-owned component of the economy, and particularly the SME component, is developed and nurtured to the greatest extent possible.

There is a significant disparity between the hyper-productive foreign-owned sector and the domestic sector both in terms of their respective levels of labour productivity and the trends they have exhibited over time. This is due to the capital-intensive nature of activities by foreign-owned multinational enterprises (MNEs), which also impacts labour productivity at the total economy level. When comparing sectors in the Irish economy to their European equivalents, Ireland stands out as highly productive for foreign-dominated sectors but is only slightly above average for many of its domestic sectors.

Ireland's overall productivity performance is strong, but it is totally skewed by large multi-national companies. There is a significant issue with low levels of productivity, and investment in research, development and innovation. The NCPC and the Government's *Action Plan on Competitiveness and Productivity* has set out a clear vision on what is needed to grow and scale the SME sector. There is a strong focus on education and skills.

The NCPC believes that mobilising human capital is central to Ireland's long-term competitiveness and productivity performance. This requires not only high employment, but also productive workplaces that attract, retain and develop skilled workers while making effective use of their skills and experience. It suggests that greater emphasis could also be placed on building effective pathways between education, research and industry to accelerate the commercialisation of innovation and strengthen the responsiveness of the skills system to emerging economic opportunities.

In the agriculture sector the Green Cert was introduced as a qualification for farmers to professionalise the sector and ensure that it could deal with the competitive challenges that characterise the global agricultural industry. It equips farmers with technical and practical skills that are required to carry on productive farming, and it is now a requirement for farmers to get various grants and tax advantages.

The SME sector requires similar treatment. Ireland has a very strong multi-national base, that makes a very significant contribution to growth and productivity in the economy. However, SMEs dominate the economy in quantitative terms and in employment creation. However, a considerable body of research shows that the SME sector is struggling in many respects and is delivering a very poor productivity performance.

At the firm level, owner-managers need to develop practical and professional skills to survive and prosper and ensure that Irish-owned firms can grow and make a significantly

greater contribution to Ireland's economic future. This is particularly important in the context of the 'concentration risk' that currently characterises the Irish economic model.

From a regional economic perspective, SMEs make a very important contribution across a range of sectors and activities. This contribution can be expanded and would be totally consistent with Government's policy aim of promoting regional economic growth and development.

The key skills that would need to be developed and that could be provided through a QQI course would include:

- Business and commercial law
- The tax system
- Wages
- Technology absorption and software packages
- Engineering skills
- Marketing skills
- Treasury skills
- Research and Development capability
- Staff training
- Market research
- Intergenerational business transfer
- Exploiting the benefits of AI.

The development of such skills would upskill and educate owner-managers and help create a more dynamic and resilient SME sector. As is the case with the Green Cert, schemes, grants and tax treatment could be dependent on having the QQI qualification.

SECTION 1: CONCENTRATION RISK & IRELAND'S FDI MODEL

Gross Domestic Product (GDP) is the accepted international metric for measuring economic activity. The Irish economic performance over the past decade has been very strong, with the size of GDP expanding by 83.8% between 2015 and 2025. One of the features of the measurement of the Irish economy is the very significant and sometimes distortionary impact that foreign direct investment (FDI), the balance sheet activities of some foreign-owned multi-national companies, and aircraft leasing activities have on the overall reported economic performance. The CSO has devised a new metric that is more representative of what is really happening on the ground in the real economy. This metric is called Gross National Income* (GNI*).

GNI*strips out from GDP, net factor income from the rest of the world, which in Ireland's case is very significant due to profit repatriation by multi-national companies operating in Ireland; EU subsidies and taxes; the factor income of redomiciled companies; depreciation on R&D service imports; trade in Intellectual Property (IP) assets; and depreciation on aircraft leasing.

While GDP expanded by 83.8% between 2015 and 2025, GNI* expanded by 51.5% over the same period.

Despite the distortionary impact, FDI is a very important component of the Irish economic model. At the end of 2025, total employment in IDA supported companies reached 312,468, accounting for 11% of national employment. This is the highest level of employment ever achieved in the FDI sector and is a strong indication of the continued attractiveness of Ireland as a location for foreign direct investment and the success of the Industrial Development Authority (IDA) in attracting investment into the country.

Apart from the overall employment provided by multi-national companies, the indirect employment supported, the strong regional contribution of the employment, and the numerous other economic contributions are very important attributes of the sector. The IDA estimates that for every job created in the FDI sector, 0.8 of a job is supported elsewhere in the economy. Many of these indirect jobs are in the indigenous SME sector. At the end of 2025, this translates into total direct and indirect employment of 562,440. This accounts for 19.9% of total employment in the economy.

The strong contribution of FDI does pose some risks for the economy. At the end of 2025, the Department of Finance published a report¹ outlining Ireland's fiscal vulnerabilities. In 2024:

- 88% of tax revenues flowed from VAT, Income Tax and Corporation Tax.
- 57% of corporation tax derived from 10 multinationals.
- Manufacturing accounted for one third of corporation tax and is 97.6% multinational.

¹ 'Fiscal Vulnerabilities', Department of Finance, December 2025.

- ICT accounted for one fifth of corporation tax and is 99.7% multinational.
- Finance accounted for one seventh of corporation tax and is 84.2% multinational.
- The top 10% of income earners contributed 40% of income tax and 60% of USC.

The Irish Fiscal Advisory Council (IFAC)ⁱ has also pointed out that foreign-owned multinationals in Ireland pay the bulk of Ireland's corporation tax receipts: in 2025, they paid 87% of the total.

But Ireland's reliance on these firms extends far beyond corporation tax. These companies also contribute to the Exchequer in other ways. As major employers, they provide high paying jobs, which result in substantial payroll taxes and social contributions. Their spending on goods and services also generates sizable VAT receipts.

The IFAC analysis points out that in 2024, foreign-owned multi-nationals in manufacturing, tech, and financial services paid over €19 billion in corporation tax. The 3 sectors accounted for almost 70% of total corporation tax. These firms also contributed over €13 billion in payroll taxes and VAT, which is more than the Government spent on housing and transport combined.

IFAC is not suggesting that these firms are likely to significantly scale back activities in Ireland in the short term. But it believes the long-term downside risks are clear - multinationals could restructure their activities and gradually reduce their footprint in Ireland. In addition, artificial intelligence could displace some high-paying jobs

The obvious vulnerability created by this 'concentration risk' is that if any of those companies or their sectors experienced a shock, then the Irish economic model could be quickly and cruelly exposed.

A further risk exists due to the international attention increasing focused on Ireland's corporation tax model. The Irish tax model is coming under increasing international scrutiny in recent years and will come under increasing pressure from global corporation tax developments, the growth of economic nationalism, and fiscal problems in many countries who believe that more tax should be paid in their own countries, rather than in Ireland.

Many developed countries are dealing with ageing populations that have very negative consequences for expenditure on healthcare and pension provision. With upward pressure on government expenditure, the imperative to maximise tax revenues will intensify, and those countries perceived to be engaging in unfair corporation tax activities will come under increasing scrutiny.

In numerical terms, Ireland has a preponderance of Small and Medium Enterprises (SMEs) spread across Industry, Services & Distribution, and Building & Construction. An SME is defined by the Central Statistics Office (CSO) as an enterprise employing 250 employees or less. CSO data show that in 2023, there were 401,359 business enterprises operating in Ireland. Of these 99.8% are classified as SME. SMEs account for 66.9% of business employment.

SMEs account for 66.9% of total business employment in the economy. These companies are spread throughout the country and encompass every sector of the economy. It is essential that these businesses survive and are sustainable. Having the skill base to deal with a very challenging operating environment is essential.

It goes without saying that the Irish corporation tax model could come under increasing pressure and scrutiny and this poses a considerable risk to the future prosperity of the Irish economy in general and the public finances in particular.

Given the significant over-dependence on the multi-national sector and the inherent risks, posed by future tax developments, concentration risk and company-specific risk, it is essential that the Irish-owned component of the economy, and particularly the SME component, is developed and nurtured to the greatest extent possible.

SECTION 2: QUANTIFYING THE SME SECTOR IN IRELAND

In numerical terms, Ireland has a preponderance of Small and Medium Enterprises (SMEs) spread across Industry, Services & Distribution, and Building & Construction. An SME is defined by the Central Statistics Office (CSO) as an enterprise employing 250 employees or less. A large enterprise is one employing more than 250 employees.

TOTAL BUSINESS ENTERPRISES

SMEs dominate the business landscape in Ireland. CSO data show that in 2023, there were 401,359 business enterprises operating in Ireland.

- 99.8% of businesses are classified as SME (employing less than 250 people). SMEs account for 66.9% of business employment.
- 92.6% of businesses are classified as micro-enterprises (employing less than 10 people). These businesses accounted for 26.9% of business employment.
- 6% of businesses are classified as small-enterprises, employing between 10-49 people. These businesses accounted for 20.6% of business employment.
- 1.2% of businesses are classified as medium-enterprises, employing between 50-249 people. These businesses accounted for 19.4% of business employment.
- 0.2% of businesses are classified as large-enterprises, employing over 250 people. These businesses accounted for 33.1% of business employment.

SMEs account for 66.9% of total business employment in the economy. These companies are spread throughout the country and encompass every sector of the economy. It is essential that these businesses survive and are sustainable. Having the skill base to deal with a very challenging operating environment is essential.

Table 1: The SME Sector Quantified

	No. of Enterprises	% of Total	No. of Employees	% Business Employment
Micro (<10 persons employed)	371,480	92.6%	629,956	26.9%
Small (10-49 persons employed)	24,282	6.0%	482,259	20.6%
Medium (50-249 persons employed)	4,662	1.2%	455,795	19.4%
All SMEs (<250 persons employed)	400,424	99.8%	1,568,010	66.9%
Large (250+ persons employed)	935	0.2%	777,447	33.1%
All sizes	401,359	100.0%	2,345,457	100.0%

Source: CSO PxStat

Table 2 provides a breakdown of active enterprises by sector and size class.

- In the micro-enterprise sector 5.2% of businesses are in industry; 21.1% are in construction; 11.4% are in wholesale & retail trade; 4.7% are in financial and insurance activities; and 57% are in other services, which include Transportation & Storage and Accommodation & Food services.
- In the small-enterprise sector 7.7% of businesses are in industry; 9.8% are in construction; 24.7% are in the wholesale & retail trade; 2.8% are in financial and insurance activities; and 55% are in other services.
- In the medium-enterprise sector 14.1% of businesses are in industry; 5.8% are in construction; 18.7% are in the wholesale & retail trade; 4.1% are in financial and insurance activities; and 57.4% are in other services.
- In the large enterprise sector 22.5% of businesses are in industry; 3.2% are in construction; 13.2% are in the wholesale & retail trade; 8.2% are in financial and insurance activities; and 52.9% are in other services.

Table 2: Distribution of Active Enterprises by Sector & Size Class (%)

	Micro (<10)	Small (10-49)	Medium (50-249)	Large (250+)
Industry	5.2%	7.7%	14.1%	22.5%
Construction	21.1%	9.8%	5.8%	3.2%
Wholesale & Retail Trade	11.4%	24.7%	18.7%	13.2%
Financial & insurance Activities	4.7%	2.8%	4.1%	8.2%
Other Services	57.6%	55.0%	57.4%	52.9%

Source: CSO PxStat

Table 3 shows the breakdown of enterprises by sector and class size in 2023.

The CSO estimated that in 2023:

- There were 22,054 Industrial enterprises.ⁱⁱ Of this total, 21,844 or 99% were categorised as SME.
- There were 81,061 enterprises in the Construction sector. Of this total, 81,031 or 99.9% were categorised as SME.
- There were 49,341 enterprises in the Wholesale & Retail Trade. Of this total, 49,218 or 99.7% were categorised as SME.
- There were 18,406 enterprises in the Financial & Insurance sector. Of this total, 18,329 or 99.6% were categorised as SME.
- There were 230,497 enterprises in the Other Services sector. Of this total, 230,002 or 99.8% were categorised as SME.

Table 3: Number of Enterprises by Sector & Size Class (2023)

	Micro (<10)	Small (10-49)	Medium (50-249)	Large (250+)	Total
Industry	19,318	1,870	656	210	22,054
Construction	78,382	2,380	269	30	81,061
Wholesale & Retail Trade	42,349	5,998	871	123	49,341
Financial & insurance Activities	17,459	679	191	77	18,406
Other Services	213,972	13,355	2,675	495	230,497
Total	371,480	24,282	4,662	935	401,359

Source: CSO PxStat

There is more detail available on enterprise characteristics for 2022.ⁱⁱⁱ This is summarised in Table 4.

OVERALL SME SECTOR.

- In 2022, there were 388,768 SME enterprises, accounting for 99.8% of total enterprises.
- SMEs accounted for 67.9% of total persons engaged in business, or 1.56 million people.
- SMEs generated turnover of €555.7 billion, accounting for 43.1% of total business turnover in the economy.
- SMEs contributed €172.2 billion in Gross Valued Added (GVA), accounting for 40.6% of total GVA.

INDUSTRY

- There were 21,250 SMEs in Industry, accounting for 99.1% of enterprises in Industry.
- These enterprises employed 142,886 or 49.2% of total persons engaged in Industry.
- SMEs in Industry generated €76.3 billion in turnover, accounting for 17.8% of total industrial turnover.
- SMEs in Industry accounted for £28.7 billion or 15.9% of total gross value added in Industry.

CONSTRUCTION

- There were 77,648 SMEs in Construction, accounting for 99.9% of enterprises in Construction.
- These enterprises employed 181,471 or 91.6% of total persons engaged in Construction.
- SMEs in Construction generated €38.5 billion in turnover, accounting for 83.8% of total Construction turnover.
- SMEs in Construction accounted for £11 billion or 89.4% of total gross value added in Construction.

DISTRIBUTION

- There were 49,135 SMEs in Distribution, accounting for 99.8% of enterprises in Distribution.
- These enterprises employed 290,492 or 70.2% of total persons engaged in Distribution.
- SMEs in Distribution generated €161.8 billion in turnover, accounting for 75.7% of total Distribution turnover.
- SMEs in Distribution accounted for £20.6 billion or 65.3% of total gross value added in Distribution.

SERVICES

- There were 240,735 SMEs in Services, accounting for 99.8% of enterprises in Services.
- These enterprises employed 942,151 or 67.8% of total persons engaged in Services.
- SMEs in Services generated €279.1 billion in turnover, accounting for 46.6% of total Services turnover.
- SMEs in Services accounted for £111.9 billion or 55.9% of total gross value added in Services.

Table 4: Structural Business Statistics by Sector (2022)

		Industry	Construction	Distribution	Services	Total ²
Enterprises	No.	21,451	77,676	49,253	241,274	389,654
<i>of which: SMEs (<250 employed)</i>	No.	21,250	77,648	49,135	240,735	388,768
Large (250+ employed)	No.	201	28	118	539	886
Persons Engaged	No.	290,505	198,109	413,595	1,390,389	2,292,598
<i>of which: SMEs (<250 employed)</i>	No.	142,886	181,471	290,492	942,151	1,557,000
Large (250+ employed)	No.	147,619	16,638	123,103	448,238	735,598
Turnover	€m	430,088	45,908	213,790	598,943	1,288,729
<i>of which: SMEs (<250 employed)</i>	€m	76,344	38,487	161,758	279,131	555,720
Large (250+ employed)	€m	353,743	7,421	52,032	319,812	733,009
Gross Value Added	€m	180,024	12,296	31,523	200,340	424,183
<i>of which: SMEs (<250 employed)</i>	€m	28,682	10,998	20,582	111,902	172,163
Large (250+ employed)	€m	151,341	1,298	10,941	88,438	252,019

Sources: CSO, Structural Business Statistics by Sector, (2022).

SECTION 3: PRODUCTIVITY IN THE IRISH ECONOMY

Economic progress depends on productivity. Productivity is the ratio of output to input, or in other words the efficiency with which goods and services are produced. Productivity is a vital source of growth in living standards. It means that more value is added in production, which in turns means that more income is available to be distributed amongst the factors of production. Putting the conditions in place to deliver strong productivity growth is essential for economic prosperity.

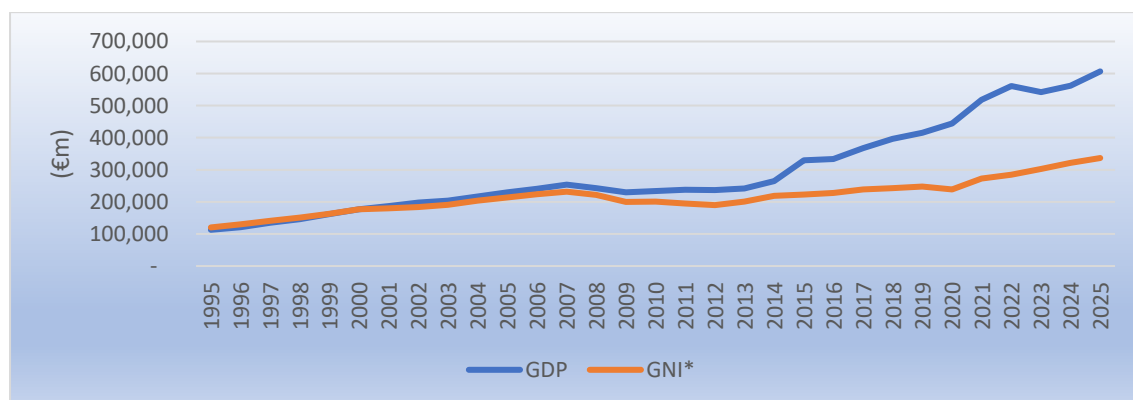
The key environmental factors need to drive productivity include sensible regulation; the promotion of healthy competition; the extent to which technology is embedded in a business or an economy; the physical infrastructure; and the skills/education levels of the workforce. Going forward, AI will offer significant potential to boost productivity, but it is essential that workers have the skills to utilise and fully exploit the powers of AI, while at the same time understanding the inherent risks involved in this latest and dramatic technological leap forward.

GDP & GNI* PER CAPITA

GDP per capita is widely regarded as the best single measure of economic well-being. That measure is simply labour productivity, as in the quantity of goods and services a given number of workers can produce, multiplied by the proportion of the population that works. GDP per capita is grossly exaggerated for Ireland and suggests that the productivity performance is much stronger than is really the case.

Irish growth data are exaggerated by the contribution of a small number of multi-national companies and balance sheet transactions involving Intellectual Property and some other activities, such as aircraft leasing. The CSO has developed a new national economic indicator called modified Gross National Income (GNI) or GNI*. This is defined as GNI less the impact of re-domiciled companies and the depreciation attributable to relocated capital assets. In effect, the new indicator seeks to exclude the globalisation effects that disproportionately affect the measurement of the size of the Irish economy. GNI* is a more accurate reflection of what is happening on the ground in the real economy.

Figure 1: GDP & GNI*

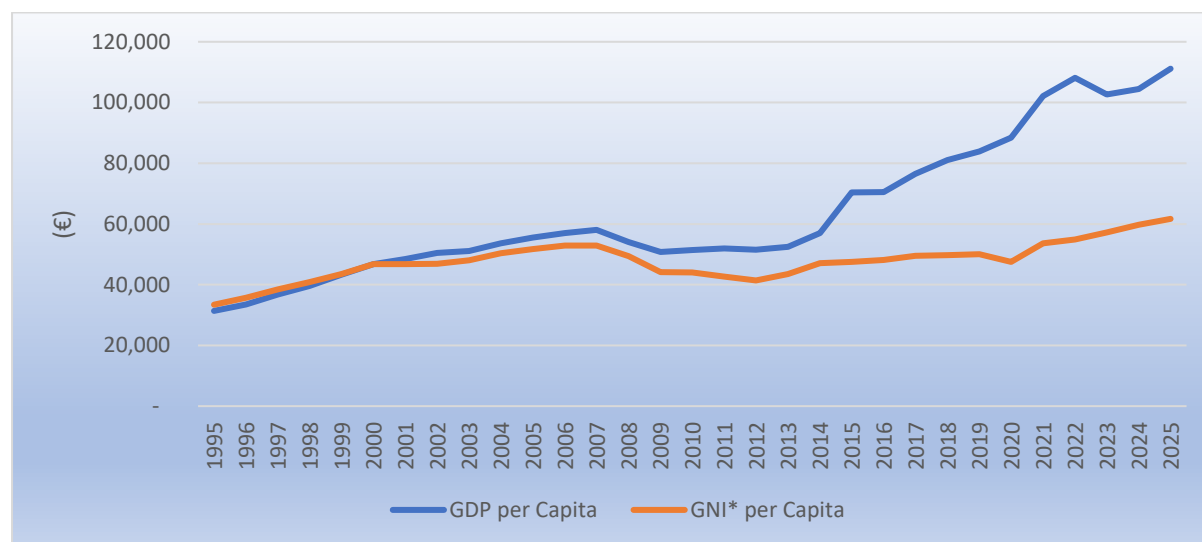


Source: CSO PxStat

In 2024, GNI* is estimated to be 40.7% lower than GDP; and in 2025 it is estimated to be 44.5 per cent lower. In assessing the productivity performance of the Irish economy, these factors need to be considered and they do provide a somewhat less positive assessment of the overall productivity performance of the economy.

Figure 2 shows the evolution of GDP and GNI* per head of population between 1995 and 2025. In 2025, GDP per capita is estimated at €111,151 and GNI* is estimated at €61,676 per capita.

Figure 2: GDP & GNI* per Capita



Source: CSO PxStat

IRELAND'S PRODUCTIVITY

Economic progress depends on increasing productivity. The income level and prosperity of a country is determined, above all else, by the productivity of its largest industries and how competition spurs companies to find new ways to produce more output for less input. The surplus earned by the more innovative and thus more productive companies helps them to expand and take market share from less productive ones. These latter companies must also become more efficient or they will fail. The imperative is for workers and firms in an economy to use their knowledge and skills to make products and provide services that people want to buy.

In the NCPC framework, the Council is guided by its Competitiveness & Productivity Framework, which depicts productivity and competitiveness as two mutually reinforcing concepts. On the productivity spectrum, infrastructure, technology & innovation, and education and skills are the key influential drivers.

Labour productivity is a key indicator for the Irish economy and it is the main measure of the efficiency of the labour force. Labour productivity is measured as output per hour worked, where output is measured as Gross Value Added (GVA) in constant prices. If a particular sector has higher labour productivity than another sector, it implies that the sector may be using its labour force more efficiently to produce output, for example by utilising capital.

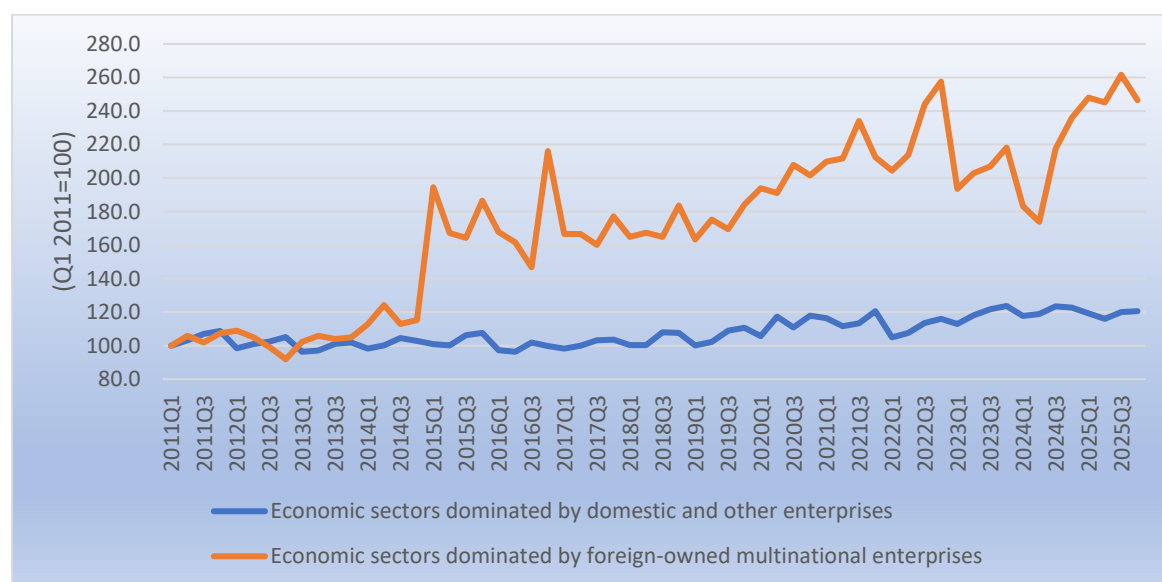
In Ireland, there is a significant disparity between the highly productive foreign sector and the Domestic sector both in terms of their respective levels of labour productivity and the trends they exhibit over time. This is due to the capital-intensive nature of activities by foreign-owned multinational enterprises (MNEs), which also impacts labour productivity at the total economy level. When comparing sectors in the Irish economy to their European equivalents, Ireland stands out as highly productive for foreign-dominated sectors but is only slightly above average for many of its domestic sectors.

Ireland's productivity performance is strong on the surface, but the trends within are of concern. Productivity growth in the economy is being driven by the professional, manufacturing and ICT sectors, but there are negative contributions from construction, the wholesale and retail trade, and the accommodation and food services sectors. The overall productivity performance is disproportionately affected by the influence of a small number of multi-national dominated sectors, and within those sectors by a small cohort of high performing firms. In many firms, particularly in the SME sector, productivity growth is weak.

Figure 3 tracks Ireland's productivity performance since 2011, broken down by foreign-owned and domestically owned categories. While the overall productivity performance has been strong, the domestic sector has performed poorly and the foreign-owned component has performed very strongly.

Between the first quarter of 2011 and the fourth quarter of 2025, output per hour in the domestic component of the economy increased by 20.6%, while output per hour in the foreign-owned component of the economy increased by 146.5%.

Figure 3: Ireland – Productivity Performance



Source: CSO

There is a considerable body of research highlighting the dichotomy in Ireland's productivity performance. The NCPC does point out that *'when referring to the productivity of foreign (or domestic) dominated sectors, there will also be activity by some domestic (or foreign)*

enterprises captured in the underlying data. This also means that, when comparing “foreign-dominated sectors” to “domestic-dominated sectors”, great caution is needed. This involves a comparison between enterprises that are engaged in fundamentally very different activities (and, in the case of foreign-dominated sectors, where there is the presence of a significant amount of intangible capital assets).^{iv}

THE NATIONAL COMPETITIVENESS & PRODUCTIVITY COUNCIL (NCPC)

The National Competitiveness and Productivity Council (NCPC) has pointed out (July 2026)^v that the cost of doing business in Ireland continues to present significant competitiveness challenges, despite overall economic resilience. The report from the NCPC pointed out that *‘Irish firms continue to face significant cost-of-doing business challenges, including rising labour costs, elevated energy prices, inefficiencies in the legal, planning and insurance systems, and the cost of accessing finance, particularly for domestic SMEs.’* Specifically, it highlighted several issues of concern:

- Labour costs in Ireland have risen sharply in recent years and are projected to continue increasing due to wage growth and public policy choices to improve working conditions (in recognition of the importance of good-quality employment).
- Ireland’s energy competitiveness is constrained by high electricity costs, continued dependence on imported fossil fuels and growing pressure on electricity infrastructure. The consequence is that *‘business electricity costs remain amongst the highest in the EU, with SME’s particularly affected due to their more limited capacity to absorb higher energy costs.’* These elevated costs pose a significant competitiveness challenge for firms.
- Insurance costs are a significant cost burden for businesses. Litigation remains very slow and expensive, with legal fees often equalling or exceeding compensation.

The NCPC makes 19 recommendations across six priority areas: strengthening economic resilience; enhancing energy security; reducing the cost of doing business; modernising public services and improving infrastructure delivery; accelerating AI adoption, innovation and skills development; and advancing Ireland's competitiveness priorities during its EU Presidency. Together, these recommendations are intended to improve Ireland's capacity to compete successfully in an increasingly complex global economy while supporting productivity growth and higher living standards.

The NCPC argued (July 2026) that sustained productivity growth is essential to maintaining competitiveness, particularly as labour costs continue to rise and wage growth outpaces productivity in many domestically focused sectors. It points out that high labour costs do not necessarily reduce competitiveness, provided they are matched by productivity gains. However, productivity performance differs markedly between multinational and domestically oriented sectors of the economy.

Ireland's enterprise base is characterised by a dual economic structure, comprising a globally integrated, highly productive multinational sector alongside a predominantly domestic enterprise sector. The importance of productivity growth is particularly evident in domestically focused sectors, where labour accounts for more than 50% of GVA. By contrast, labour represented just 10.2% of gross value added in the foreign sector in 2023, reflecting the highly capital-intensive nature of multinational activity and helping to explain the large productivity gap between the two parts of the economy

The NCPC examined unit labour costs (ULCs) separately for domestic- and foreign-dominated sectors, which provides a clearer picture. In domestically dominated sectors, nominal ULCs have increased steadily over the past decade, reflecting labour cost growth that has outpaced productivity growth. This points to a gradual erosion in the cost competitiveness of many domestic firms, particularly those operating in labour-intensive sectors. By contrast, ULCs in foreign-dominated sectors have remained low and broadly stable over the same period. The NCPC points out that while this reflects the exceptionally high measured productivity of many multinational firms, it is also influenced by well-documented statistical distortions arising from the recording of intellectual property and other intangible assets in the national accounts. Nevertheless, the divergence between the two sectors highlights the very different productivity dynamics across the Irish economy.

The NCPC points out that the persistence of this productivity gap reinforces the importance of policies that strengthen productivity growth in the domestic enterprise sector through investment in skills, innovation, digitalisation and capital formation. Without stronger productivity growth, continued increases in labour costs are likely to place increasing pressure on the competitiveness of domestically focused firms.

It recommends policies that facilitate closer economic interactions between SMEs and MNEs in areas such as trade linkages, research collaborations and labour mobility could help raise the productivity levels of SMEs and should be at the core of sectoral and enterprise strategy.

The NCPC believes that mobilising human capital is central to Ireland's long-term competitiveness and productivity performance. This requires not only high employment, but also productive workplaces that attract, retain and develop skilled workers while making effective use of their skills and experience. It suggests that greater emphasis could also be placed on building effective pathways between education, research and industry to accelerate the commercialisation of innovation and strengthen the responsiveness of the skills system to emerging economic opportunities.

ACTION PLAN ON COMPETITIVENESS AND PRODUCTIVITY

In September 2025, the Government published the '*Action Plan on Competitiveness and Productivity*.' This plan is intended to be a strategic response to the challenges Ireland is facing. The aim is to build a more resilient, agile, and future-ready economy, that can withstand external shocks and continue to deliver sustainable growth, public capital investment and rising living standards.

There are 6 key themes in the Plan:

1. Productivity – embracing research, innovation, and skills.
2. International – boosting FDI, exports, and influencing at EU level.
3. SMEs – creating and scaling more SMEs.
4. Competition – regulating for growth and controlling costs.
5. Infrastructure – increasing the State’s capacity to deliver infrastructure.
6. Sustainability – growing sustainable Irish businesses and boosting regional development.

The Plan points out that a persistent challenge within Ireland’s innovation landscape is the significant investment gap between multi-nationals and SMEs in research, development and innovation (RD&I). This concentration of RD&I in a small number of large, foreign-owned firms, alongside significant underinvestment in RD&I by SMEs in Ireland, and by Government, raises questions about resilience and sustainability, particularly if global investment patterns shift. The Plan believes that strengthening the domestic RD&I base is therefore critical to building a more balanced and shock-resistant innovation system, which is underpinned by a skilled workforce capable of generating, adapting, and applying new knowledge across sectors and regions.

In relation to SMEs, the Plan sets out a belief that enhancing the SME sector in offers an opportunity not only to grow the economy but also to increase the resilience to exogenous international shocks and better balance the economy between the indigenous and multinational sectors.

CONCLUSIONS

Ireland’s overall productivity performance is strong, but it is totally skewed by large multi-national companies. There is a significant issue with low levels of productivity, and investment in research, development and innovation. The NCPC and the Government’s *Action Plan on Competitiveness and Productivity*’ has set out a clear vision on what is needed to grow and scale the SME sector. There is a strong focus on education and skills.

SECTION 4: TRAINING AND EDUCATION IN THE AGRICULTURAL SECTOR

The Agriculture and Food Development Authority, Teagasc, runs the Green Cert. This is a QQ1 Level 6 Specific Purpose Certificate in Farm Administration. The Green Cert is a list of land-based courses, which qualifies a person as a 'trained farmer'. These could be in horticulture, agriculture, forestry or equine studies.

On completion of the Green Cert course, students meet the requirements of a qualified farmer for the purposes of all Revenue and Department of Agriculture (DAFM) schemes. The benefits of having the Green Cert include:

- Education – the Green Cert is a FETAC Level 6 Specific Purpose Certificate. The modules covered include Beef, Sheep and grass Production, Farm Business, Pesticide Use, Farm Safety and Maintenance of farm buildings as well as comprehensive training in Beef, Sheep and Grass Management Skills;
- Stamp Duty Exemption – a qualified farmer under the age of 35 is exempt from Stamp Duty payment on the transfer of land;
- Capital Acquisition Tax (CAT) – both Inheritance Tax and Gift Tax come under the CAT category. Once the holding exceeds a value of €320,000, either of these taxes will apply at a rate of 33%. A qualified farmer can avail of Agricultural Relief if they can also pass the 80:20 asset rule; and
- DAFM grants – a qualified farmer can avail of a 60% TAMS grant and is also eligible for the Young Farmers Scheme and the National Reserve.

There are a number of options available for students to complete the Green Cert.

(1) The Distance Course

This course is only available to students who have a FETAC Major Level 6 or higher qualification in a non-Agricultural area. It is delivered over an 18-month period, and students will have to attend college for a total of 25 days during this period.

(2) The Part-Time Course

Students have to attend one day and one evening per week for two academic years.

(3) Full Time Course

This is a full-time course, where students have to attend class from Monday to Friday from September to May for a duration of two academic years.

SECTION 5: WHAT IS REQUIRED FOR SME OWNER MANAGERS?

In the agriculture sector the Green Cert was introduced as a qualification for farmers to professionalise the sector and ensure that it could deal with the competitive challenges that characterise the global agricultural industry. It equips farmers with technical and practical skills that are required to carry on productive farming, and it is now a requirement for farmers to get various grants and tax advantages.

The SME sector requires similar treatment. Ireland has a very strong multi-national base, that makes a very significant contribution to growth and productivity in the economy. However, SMEs dominate the economy in quantitative terms and in employment creation. However, a considerable body of research shows that the SME sector is struggling in many respects and is delivering a very poor productivity performance.

One obvious risk factor for the Irish economic model and its domination by a small number of large multi-nationals is the attention that is now being devoted to the Irish corporate tax model and the growing scrutiny of that model. Over the coming years against a background of ageing populations in the developed world and the consequences for public expenditure, governments everywhere will be increasingly striving to maximise their tax base and increased pressure will be exerted on Ireland's corporate tax model.

The overall vulnerability for Ireland is that if any of those companies or their sectors experience a shock, then the Irish economic model could be quickly and cruelly exposed. Just as in the world of investment, having a diversified portfolio is crucial, in an economic context, having a broad-based and diversified economic model is very important.

Given the aforementioned vulnerabilities and risk concentration in the Irish economy, it is vital that a strong indigenous sector is developed and nurtured and that SMEs in particular can play an increasingly important role in the future sustainability of the Irish economy.

It would be important to conduct intensive research on the Irish SME sector to identify characteristics such as dependence on the domestic market; export performance; export characteristics; technical capabilities such as financial management, IT capability, marketing capability, innovation; staffing levels and qualifications; risk identification and management; research capability; dealing with AI, both as a threat and as an opportunity, and strategic planning.

These skills would need to be developed along with a clear understanding of how economic developments such as growing protectionism, migration, interest rates and exchange rates, geo-political uncertainty; volatile commodity prices; and macro-economic developments impact on business performance.

A QQI scheme for owner-managers of SMEs would be highly desirable and beneficial, not just for the businesses themselves, but also for the future resilience of the economy.

The key aims of the proposed training would be to achieve a number of broad macro objectives. These include:

- Creating an SME sector that is dynamic and innovative;
- Broadening the enterprise and export base to ensure that the economy is resilient, diversified and adaptable;
- Supporting the internationalisation and market diversification of Irish enterprise in order to make the economy more resilient to external market shocks, such as Brexit;
- Grow the capacity of local firms to absorb and implement new technologies;
- Improve management quality and training in smaller enterprises in order to foster innovation in order to evolve into new products, new markets and new sectors.

At the firm level, owner-managers need to develop practical and professional skills to survive and prosper, and ensure that Irish-owned firms can grow and make a significantly greater contribution to Ireland's economic future. This is particularly important in the context of the 'concentration risk' that currently characterises the Irish economic model.

From a regional economic perspective, SMEs make a very important contribution across a range of sectors and activities. This contribution can be expanded and would be totally consistent with Government's policy aim of promoting regional economic growth and development.

The key skills that would need to be developed and that could be provided through a QQI course would include:

- Business and commercial law
- The tax system
- Wages
- Technology absorption and software packages
- Engineering skills
- Marketing skills
- Treasury skills
- Research and Development capability
- Staff training
- Market research
- Intergenerational business transfer
- Exploiting the benefits of AI.
- Talent attraction and retention – the ability to attract and retain high quality staff is probably the most important attribute of any business, but it is a challenge for many business owners.

The development of such skills would upskill and educate owner-managers and help create a more dynamic and resilient SME sector. As is the case with the Green Cert, schemes, grants and tax treatment could be dependent on having the QQI qualification.

Ireland has failed to develop a Mittelstand component to its economy. In Germany, Mittelstands employ two thirds of German workers and form the exporting backbone of the German economy. They are mainly family-owned and family-run businesses, who adopt a very paternal attitude towards their workforce. The German education system from high-

school onwards is heavily focused on developing the Mittelstand model, with a large number of apprenticeships on offer every year. Once employed in a Mittelstand company, the focus on education and training does not end and is a consistent feature of the working life of a Mittelstand employee.

The Mittelstand is a key driver of the success of the German economy, and would provide a valuable template for Irish policy making and business development.

The National Competitiveness Council believes that Ireland has significant potential to increase productivity and that supporting an uplift in productivity performance at firm level, particularly amongst Irish-owned firms represents a significant competitiveness challenge. The development of a QQI training scheme would be an important step in this direction.

REFERENCES

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ⁱⁱ CSO, Structural Business Statistics 2023.

ⁱⁱⁱ CSO, Structural Business Statistics by sector, 2022.

^{iv} National Competitiveness and Productivity Council Bulletin 25-1 Developments in Ireland's National Productivity Statistics

^v Ireland's Competitiveness Challenge 2026, NCPC, July 2026