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# **Support agencies and start-up businesses: the role of Udaras Na Gaeltachta.**

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This dissertation is submitted in partial fulfilment of the requirements for the Degree of MA in Accounting, Letterkenny Institute of Technology.

**DECLARATION**

Disclaimer 1

“I hereby certify that this material, submitted in partial fulfilment of the requirements of the Master of Arts in accounting programme is entirely my own work, unless cited and acknowledged within the text as the work of another.”

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“I hereby agree that this dissertation may be used by the Letterkenny Institute of Technology for teaching future Masters programmes.”

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## **Abstract**

*Small and Medium Enterprises (SME) are the cornerstone of our economy. They provide approximately two thirds of private sector employment and contribute vastly to our exchequer. This study examines the support agencies provided to SMEs in Ireland. Investigation is primarily focused on what is important to fledgling businesses and on the ability of support agencies to meet this expectation. Possible recommendation of improvements that could potentially further enhance the assistance currently provided by support agencies was also suggested. For the purpose of my investigation Udaras Na Gaeltachta was chosen as my research subject. The results based on a face to face interview with a representative from Udaras Na Gaeltachta along with a survey of thirty of their previous clients indicates that Udaras Na Gaeltachta is responsible for providing many benefits to the businesses it assists. The initial expectations associated with the majority of the supports it provides is above seventy percent. This indicates that it has established an excellent reputation in the Gaeltacht community and is capable of providing a high quality service. However the findings also indicate that Udaras Na Gaeltachta is currently underachieving in several support areas, suggesting that to date weaknesses exist within the organisation. Further research should be considered regarding other possible recommendations for increasing the effectiveness of the support services provided by Udaras Na Gaeltachta. In addition to this, the following research topics are of interest to the researcher and if carried out would add value to this study, 'the benefits received by the Gaeltacht community since the establishment of Udaras Na Gaeltachta', or 'the factors used by financial Institutes to determine which businesses qualify for funding would add value to this research'.*

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## **List of Abbreviations**

BES	Business Expansion Scheme
BL	Business Link
CSP	Capital Spending Plan
CEB	County and City Enterprise Boards
DETE	Department of Enterprise, Trade and Employment
EC	European Commission
EI	Enterprise Ireland
EU	European Union
HBAN	Halo Business Angel Network
ISME	Irish Small and Medium Enterprise Association
ISMF	Institutional and Sector Modernisation Facility
LSE	Large Scale Enterprises
OECD	Organisation of economic Co-operation and Development
SME	Small and Medium Enterprises
UKBI	United Kingdom Business Incubation
USP	Unique Selling Point

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## **Chapter one**

### **Introduction**

#### **1.1 Introduction**

Ninety-eight percent of all European businesses are Small and Medium Enterprises (SMEs). They are responsible for two thirds of employment within the private sector; hence they have a vital role in the recovery and sustainable growth of our economy (European Commission, 2002). SMEs tend to position themselves within their local community and exploit market segment's which have not been catered for by other firms (Allen and Rahman, 1985). They provide the community with new services and create local employment, which in turn generates wealth, promotes growth and provides opportunities for the community to connect with the global economy (Henderson, 2002). SMEs also play a key role in innovation along with research and development which in turn creates more job opportunities (European Commission, 2002).

Each year approximately 500,000 SMEs are established, of which 35-40 percent fail to survive beyond the first three years (Small Business Service, 2003). The rationale behind such a failure rate relates to the different obstacles and challenges that start-up SMEs must overcome. Such obstacles include (a) insufficient initial capital, (b) restriction of access to financial sources, (c) lack of business skills and technical know-how (d) failure to acquire the required intrinsic knowledge, (e) failure to access appropriate resources, (f) time management difficulties and (g) uncertainty of the business environment (European commission, 2008; Fielden et al, 2000; Mc Grath and O'Toole, 2010). Despite the fact that such challenges have always existed, the current economic climate has amplified them, which in turn has created more obstacles than ever for SMEs to overcome. Thus the necessity for support agencies is greater now than ever.

Public authorities throughout the world recognise the importance of SMEs as well as their fragility and accordingly developed support agencies (OECD, 2003). The focus and intentions of such agencies is to accelerate the formation, development and growth of new enterprises whilst also increasing their current survival rate (Abduh et al. 2007). Currently several support agencies exist in Ireland including Enterprise Ireland, Udaras Na Gaeltachta and Colabs, all of which provide: (1) access to grant aid in

several areas (2) access to appropriate training as well as knowledge, (3) access to resources such as premises and equipment and (4) access to experienced individuals in areas such as finance, management and marketing.

Although the majority of agencies provide similar services, they do not necessarily provide them as effectively and efficiently as each other. Each agency has its strengths and weaknesses in different areas. This is an important element that must be considered by potential future clients when determining which support agency to approach for assistance. Literature surrounding the satisfaction levels achieved by various support agencies throughout Ireland is very limited and therefore the researcher has decided to attempt to bridge this gap and conduct a study in this area.

## **1.2 Research aims and objectives**

The research question is:

*How effective are Irish support agencies at providing services to start-up businesses, with an emphasis on Udaras Na Gaeltachta.*

The research objectives are:

- 1. What role do indigenous start-ups have in the development of the Irish economy?*
- 2. What are the common challenges facing start-up businesses?*
- 3. What assistance and support is currently available for start-up businesses?*
- 4. Does the assistance and support provided by support agencies meet the expectations of clients?*
- 5. How can the value of this assistance be improved?*

## **1.3 Justification for the research**

In Ireland SMEs are responsible for the majority of job creation throughout the economy. They are continuously generating employment and are commonly referred to as the engine of economic growth (Brewster, 2006). SMEs account for ninety-seven percent of all Irish businesses and are seen as the backbone of the Irish economy (Forfas, 2006). However the failure rate associated with SMEs is relatively high, with approximately only sixty-five percent of businesses surviving beyond their first three years (Small Business Service, 2003). Support services have emerged, with the

intention of improving SMEs performance and reducing the failure rate of start up businesses. This is currently proving to be a difficult challenge, given the current economic climate; however it is vital that Ireland sustains and strengthens its SME business base during this period.

The topic of available support for SMEs was of interest to the researcher, particularly regarding the quality of services provided by support agencies to start-up SMEs. To the best of the author's knowledge, very few peer reviewed studies have been conducted in Ireland in this area, and therefore the researcher aims to address this shortcoming.

Initially the researcher had anticipated conducting research into three Irish support agencies, Enterprise Ireland, Udaras Na Gaeltachta and LYIT CoLab, however due to time and financial constraints, discussed in section 3.9, the researcher had to reduce the focus to one sole support agency. Udaras Na Gaeltachta was the support agency selected.

LYITs CoLab incubation centre was officially opened in September 2009, and is currently providing assistance to twelve start-up companies. Due to the short period of operation and the limited number of clients the researcher decided that this agency would not provide a true measure of support agency performance.

Enterprise Ireland is responsible for assisting businesses throughout Ireland, though they tend to focus their attention towards businesses in the export sector. Over the years Enterprise Ireland has performed several self review analyses in the area of client satisfaction. For this reason the researcher deemed Udaras Na Gaeltachta to be a more beneficial study topic.

Udaras Na Gaeltachta is required to assist businesses from all sectors if they are established in the Gaeltacht regions and have satisfied all the required criteria. They have a varied business assistance portfolio including cement services, ice cream shops and natural resource industries. In addition to this Udaras Na Gaeltachta (1) is a specialised support service that operates only within the Gaeltacht regions and to date has been subject to very little research; (2) focuses ultimately on promotion of the Irish culture by insisting that businesses which avail of its services endorse the Irish

language and symbolise the Irish culture through their products, (3) has an uncertain future and faces the possibility of extinction, as the Capital Spending Plan (CSP) which funds Udaras Na Gaeltachta was reduced by 60 per cent this year and is considering completely removing Udaras from its current role in enterprise (Irish times, 2011). The researcher believes that Udaras Na Gaeltachta is the most appropriate representation of Irish support agencies. By conducting research on Udaras Na Gaeltachta the researcher will hopefully determine if the level of satisfaction achieved meets the expectation levels of their clients. The findings from this study can then be compared with the findings of similar studies conducted in other countries around the world.

#### **1.4 Potential uses of this study**

This study aims to provide valuable feedback to several parties. It intends to inform Udaras Na Gaeltachta of the areas that their clients are satisfied with, as well as highlighting areas where improvements can be made. It will identify those services that the clients perceive to be crucial, whilst evaluating how capable Udaras is at delivering such services. In addition to this, each client that completed a questionnaire had the opportunity to offer suggestions of ways that all services can be improved. This study will also inform potential future clients of the various supports supplied by Udaras, as well as the satisfaction levels achieved.

#### **1.5 The research process**

The researcher had to consider a number of elements prior to determining the overall research process, including: (1) the research approach; (2) the research philosophy; (3) the research focus; (4) the research tools and (5) the instruments to be used for the data collection process. After considering the different options available, the researcher chose to adopt an inductive approach as seeking opinions and developing a theory is the goal of the study. An interpretive philosophy was deemed to be appropriate as research was conducted amongst individuals with the aim of gaining an understanding of opinions. The research focus was descriptive to an extent but mainly exploratory and the data collected was qualitative in nature. Semi-structured interviews and questionnaires were the instruments that the researcher used to collect primary data. A face to face interview was conducted with a representative from Udaras Na Gaeltachta, whilst thirty questionnaires were circulated via email to some of their past clients. A

detailed description of the different types of research methods that were considered, along with an explanation of the research methods adopted are provided in chapter three, research methodology.

### **1.6 Chapters outline**

Chapter two provides a review of literature that relates to SMEs and the different forms of support agencies that are available to them. It identifies the main difficulties that SMEs are faced with, whilst also providing results from previous studies conducted in different jurisdictions concerning satisfaction levels achieved by various support agencies. In addition to this, chapter two provides some answers to the research objectives. Chapter three identifies, explains and justifies the different methodologies applied throughout this research. Chapters four and five focus on the findings and analysis of the interview and questionnaires as well as making recommendations and providing an overall conclusion.

## Chapter Two

### Literature Review

#### 2.1 Introduction

This chapter outlines the current academic literature that exists with regards to SMEs, It identifies the challenges that SMEs must overcome as well as providing a description of the different forms of support available to SMEs. Furthermore it provides a summary of the results that were generated from previous research conducted in an area similar to this study.

#### 2.2 Definitions of Small and Medium Enterprises as well as Entrepreneur

SME is the abbreviation term used for small and medium enterprises. In 2005 the European Commission (EC) developed a definition which stipulates that an enterprise will qualify as micro, small or medium if they fulfil the criterion which is presented in the table below. In addition to the number of staff employed, an enterprise qualifies as an SME if it achieves either the turnover ceiling or the balance sheet ceiling; however it is not necessary to achieve both.

**Table 2.1: Criteria relating to SMEs**

<b>Enterprise category</b>	<b>Headcount</b>	<b>Turnover</b>	<b>or</b>	<b>Balance sheet total</b>
<b>Medium-sized</b>	< 250	≤ € 50 million		≤ € 43 million
<b>Small</b>	< 50	≤ € 10 million		≤ € 10 million
<b>Micro</b>	< 10	≤ € 2 million		≤ € 2 million

(European Commission 2005)

Entrepreneurs tend to be strong minded independent individuals. They generally are self confident, open minded, innovative, creative and persistent individuals who possess the need for achievement and personal control (Mc Daniel, 2002). Over the years multiple descriptions have been used to define an entrepreneur. Carland et al. (1984, p. 358) defines an entrepreneur as:

*“An individual who establishes and manages a business for the principle purposes of profit and growth.”*

In 2008 the Organisation for Economic Co-operation and Development (OECD, p.8) developed the following definition:

*“Entrepreneurs are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets”.*

Due to the wide variety of definitions available, the researcher has determined that for the purpose of this study an entrepreneur is ‘an individual who develops and manages a business with the intention of expanding that business whilst generating a profit’.

### **2.3 The role of Small and Medium Enterprises in the modern business environment**

Approximately 19.3 million enterprises are trading in the European Union (EU). Within this figure, 98 percent account for SMEs. These are responsible for providing approximately sixty-five million jobs, representing two thirds of all employment. Micro enterprises provide 34 percent of employment with small enterprises creating 19 percent and medium enterprises creating 13 percent (ISMF, 2007).

From an Irish perspective, SMEs account for 97 percent of businesses. Micro and small enterprises represent two hundred and thirty thousand businesses, providing employment for over nine hundred thousand people and contributing more than ten billion euro to the exchequer annually (ISME, 2010). In Ireland the average SME provides employment to five individuals, which is higher than the EU average of four. By generating employment, SMEs are creating job opportunities for local people whilst increasing the amount of expenditure in the local economy. They are providing more accessible services for the community. In addition to this they create prospects for growth and expansion as well as opportunities for the community to connect with the global economy (Henderson, 2002).

### **2.4 Difficulties experienced by Small and Medium Enterprises**

It is widely recognised that SMEs are vulnerable and that many start-up businesses fail to survive beyond the first year (Audet and St-Jean, 2007). SMEs who wish to prosper must be capable of overcoming certain obstacles, including access to short and long term funding at reasonable rates, access to sufficient advice and mentoring as well as access to a skilled workforce. In 2008 the European commission (p.3) stated that:



*'The main challenges faced by SMEs in Europe include: a lack of skilled labour, problems of accessing finance and difficulties with new technology, organisation or regulations.'*

Research conducted by Fielden et al (2000) in North West England regarding the barriers that SME's must overcome throughout the start up stage supports such findings. His population consisted of individuals who were in the pre-start-up stage of forming a new business and those who were in the first year of the business operation process. The results that emerged from this research indicated that the main area of concern for all individuals related to finance. In addition to this, areas such as (a) access to relevant information; (b) procedures for recruitment and (c) time constraints also proved difficult.

From an Irish perspective, the above statement is also deemed appropriate, as a study conducted by Forfas, the National Competitiveness Council, Enterprise Ireland and the Department of Enterprise Trade and Employment (2002) identified three main factors that inhibited Irish entrepreneurs. These are lack of (a) access to finance; (b) access to skilled labour and (c) the ability to initially identify where and who to go for information, advice and support (Goodbody Economic Consultants, 2002).

The participants from both studies commented that the majority of financial institutions were risk adverse and failed to provide funding throughout the start-up phase. Instead they offered support for those businesses that were already established.

The United Nations Conference on Trade and Development (2005) suggests the following three reasons as to why banks are reluctant to invest in SMEs: (1) SMEs are regarded as high risk borrowers due to the lack of assets and capital that they possess, (2) assessing an SMEs potential credit worthiness is difficult and (3) the high costs associated with lending small amounts to SMEs generally results in an unprofitable transaction.

Private equity financing was also considered undesirable during the start up stage as it requires a large share of the business to be transferred to another party in order to accumulate the necessary funds. In addition to the amount of shares that a business

would have to forego, most venture capitalists in Ireland tend only to be interested in investments above €100,000 (Goodbody Economic Consultants, 2002).

In addition to the above challenges, start-up entrepreneurs also experience a lack of job security, long and unsociable working hours as well as the risk of a stronger business destroying their fragile entity. It is therefore vital that entrepreneurs prepare themselves appropriately and conduct thorough research into the market that they wish to enter. A realistic business plan should be developed, examining the business environment, regulatory framework and competition status of the intended market. Furthermore it is essential that the entrepreneur has the relevant skills and knowledge. Research conducted by Inishowen Development Partnership (IDP, 2011) concluded that 70 percent of self employed individuals fail to prepare themselves adequately, with almost 90 percent failing to study their market, resulting in a failure rate of approximately 50 percent of businesses throughout Europe within a five year period.

## **2.5 Current support available for Small and Medium Enterprises**

As stated, SMEs are largely responsible for job creation and therefore play a vital role in the recovery of our economy; however they are fragile and must overcome a variety of challenges if they wish to remain successful. External supports are an important element in turning innovative ideas into commercial businesses. In recent years the EU has invested a considerable amount of money in support of SMEs, providing financial assistance and subsidised advisory services in an attempt to ensure their continued survival (OECD, 2006). The following section provides a brief description of the types of financing and support that is currently available for SMEs and is subdivided into the following three categories, (1) Financing; (2) Private Investment and (3) Public support.

### **2.5.1 Financing**

Multiple sources of finance are available for SMEs, each of which is tailored to suit a particular circumstance. Banks are the main suppliers of external finance, providing both short and long term loans. Long term loans tend to require security and have a high fixed rate of interest, as all risk falls on the lender (Power et al. 2001). For businesses who wish to acquire assets, three approaches are available (1) leasing; (2) hire purchase or (3) sale and lease back contracts. These methods enable a company to

benefit from the asset and its operations without paying an initial lump sum. Trade credit is also available as a form of short term finance. This approach is described as free, as the business is not required to pay any charge or interest. It simply provides a business with an extended period to repay their creditors (Arnold, 2005). In addition to this, debt factoring is available, which enables the business to sell specific debts to a third party for a fee, in return for which the businesses can draw funds against the money owed to them (Watson and Head, 2009).

## **2.5.2 Private Investment**

### **2.5.2 .1 Business Angels**

Business angels tend to be wealthy experienced individuals, who provide capital in the region of ten to two hundred and fifty thousand euro in return for a share in the business. They generally invest in local enterprises, providing moral support and access to business contacts whilst sharing the knowledge and skills that they have gained. They enjoy having an active role within the business as it enables them to influence decisions, increasing their return whilst reducing their overall level of risk. Business angels are an important element in the economy as they bridge the gap between the equity that business owners are able to raise and the minimum level of investment that private equity firms are prepared to consider (ACCA, 2009).

The Halo Business Angel Network (HBAN) is responsible for the development of angel syndicates throughout Ireland. In 2009 HBAN provided four million euro to early stage Irish enterprises, whilst in 2010 four new investment groups were established who have an accumulated ten million to invest over the next three years. Such investments will mainly be in the area of early stage indigenous enterprises (HBAN, 2010).

### **2.5.2.2 Venture Capital**

Venture capitalists provide SMEs with professional expertise, management skills and unsecured financing, in exchange for a significant stake of a business (ACCA, 2010). They are attracted to high risk businesses that have good growth potential, as their main goal is to receive a high return. Venture capitalists tend to avoid funding start-ups, focussing their finance towards growing businesses. Although start ups are

important to the health of the economy, the risk factor associated with them is high, therefore investing in an existing business is a safer option.

The amount of venture capital investment in the US is three times higher than the EU; with Ireland ranking further again below this figure. Since 2001 Irish venture capitalists have invested €1.5 billion in Irish SMEs, with a further €1.5 billion being invested in Irish firms from international venture capitalists that wish to partner with local Irish businesses (Inter Trade Ireland). A report developed by PricewaterhouseCoopers stated that investments made by Irish venture capitalists fell 31 percent in 2001, and a study conducted by the University College Dublin (UCD) revealed that it is possible that venture capital funds will be exhausted from money by 2012 as a result of the current economic climate (Hennigan, 2011).

### **2.5.3 Public Support**

#### **2.5.3.1 Government assistance**

Throughout Europe, SMEs are strongly supported by the government, as they are deemed to be crucial if global recovery and sustainable growth is to occur. It is believed that SMEs contain the rejuvenation potential that is required for the revitalisation of the economy, and for that purpose the Government has engaged in a wide range of initiatives that focuses their attention on providing various supports for SMEs (OECD, 2006).

In Ireland, the proportion of state aid dedicated to SMEs is 16 percent, which is 5 percent higher than the EU average of 11 percent (European Commission, 2008). Ireland's enterprise policy provider is the Department of Enterprise, Trade and Employment (DETE). Its primary goal is to enhance Ireland's competitiveness and productivity by creating conditions where enterprises and innovation can flourish. Forfas, an operation that operates under DETE, is responsible for ensuring that all Irish business support agencies, including the County and City Enterprise Boards (CEBs), Enterprise Ireland, Fas, Failte Ireland and Udaras Na Gaeltachta adhere to all relevant policies (Forfas, 2011). Enterprise Ireland is the main agency responsible for supporting indigenous businesses, providing a total of €161 million to the Irish industry in 2005 (Mc Grath and O'Toole, 2011). County and City Enterprise Boards were allocated €3.3 million in 2010, from which €133,000 was granted to ten start-up

businesses who aim to create forty seven full time jobs, as well as five part time jobs within a twelve month period (Mulligan, 2010).

The government is also involved in (1) the Business Expansion Scheme (BES) which enables investors to obtain income tax relief; (2) the Seed Capital Scheme which enables employees, unemployed and redundant people to access additional funds to start their own business; and (3) the PRSI Exemption Scheme which exempts certain employers from paying PRSI for a twelve month period. The government also participated in the development of the Small Business Act (SBA) in 2008 which is designed to situate the needs and interests of SMEs at the centre of EU decision making (European Commission, 2011).

### **2.5.3.2 Business Incubation**

Over the past decades business incubation has emerged globally, becoming an increasingly important strategy for enterprise development. Business incubators provide their clients with a wide range of tangible and intangible support and assistance in an attempt to increase their survival rate. Such support includes access to premises, resources, independent advice, mentoring, networking and partnering. These enable entrepreneurs to ‘test the water’ free from the usual constraints associated with business start-ups. To date no formal legal definition exists regarding what a business incubator is, however the United Kingdom Business Incubation (UKBI, 2010, p.1) stated that:

*“Business incubation provides a nurturing, instructive and supportive environment for entrepreneurs during the critical stages of starting up and growing a new business.”*

Business start-up research has shown that the average success and survival rate achieved by businesses who have sought assistance from support agencies is greater than those who went it alone. Gavron et al. (1998) commented that 81 percent of assisted businesses were still in existence after a five year period, as opposed to 48 percent of unassisted businesses. Mackenzie supported this statement in 2005 stating that the average survival rate achieved by incubated businesses after five years is 70-80 percent compared to a mere 15 percent for non incubated businesses.

## **2.6 Government assisted Irish support agencies**

As specified in section 2.5.3.1, the government is currently focusing on creating various supports that will contribute to the successful growth of SMEs whilst minimising the amount of delays, frustrations and the overall failure rate. The development of adequate and appropriate support agencies is their primary goal. Support agencies which are currently funded by the government include Enterprise Ireland, the County and City Enterprise Board and Udaras Na Gaeltachta. Each agency operates within a specific sector, possessing unique traits that distinguish one from the other. The following subsections provide a description of these support agencies, with particular attention placed on Udaras, as it is the key focus of this study.

### **2.6.1 Enterprise Ireland**

Enterprise Ireland are responsible for helping businesses through the start-up stage whilst ensuring the development and growth of Irish enterprises in world markets. They work alongside Irish enterprises helping them to start, grow, innovate and achieve export sales within global markets. Their goal is for Irish businesses to achieve global success and therefore they focus on moulding businesses into global players, thus improving competitiveness whilst also creating new opportunities in emerging sectors and high growth economies (Mc Grath and O'Toole, 2011).

Enterprise Ireland recognises that job creation is essential if our economy is to recover and believes that strong, sustainable, innovative enterprises are critical to achieving this. They work alongside the City and County Enterprise Boards as well as Ireland's Universities and Institutes of technology, as these establishments play a crucial role in developing and fostering innovative companies (Enterprise Ireland, 2011).

The following funding and supports are available to companies who have an appropriate start-up plan:

*“Start-your-own-business training courses, market research information, business planning advice and templates, access to experienced business mentors, feasibility grants and co-investment for your plans” (Enterprise Ireland, 2011).*

If the business has the potential to develop an innovative product or service on international markets, with the potential of creating ten jobs and one million in export

sales within a three-four year period of starting up, they meet the required criteria to be eligible for High Potential start up (HPSU) assistance. This increases the support available for entrepreneurs and includes financial aid (Enterprise Ireland, 2011).

In 2010, businesses which Enterprise Ireland supported created 8,196 new jobs, resulting in them generating an accumulated total of 137,241 jobs over the years. Funding for a total of 1,070 companies was approved, eighty of which were innovative start-up enterprises who received €18.69 million. Another eighty-six client companies were approved for financial support in excess of one hundred thousand euro for research and development projects. By 2010 Enterprise Ireland had approved €84.5 million in financial support to 227 companies across all sectors (Enterprise Ireland, 2010). Recently they have provided funding for an incubation centre at the University College Cork. This has generated ninety jobs as well as providing a centre which has the capacity to support 15 start-ups at the same time (Roche, 2011).

### **2.6.2 County and City Enterprise Boards**

County and City Enterprise Boards (CEBs) were developed in 1993, aimed specifically at assisting micro enterprises at a local level. There are currently thirty-five in operation, situated within each city and council area. They comprise of community representatives who have background knowledge of the region and are aware of the track records of those applying for support. The priorities of each CEB differ based on local circumstances; however they all share a similar objective, focus on encouraging, promoting and stimulating local indigenous entrepreneurship as well as the expansion and growth of existing small businesses. They have a view of establishing local economies of strength and durability, thus increasing employment and wealth at a local level. The range of supports available to viable business start-up proposals and expansion projects include: (1) advice; (2) mentoring; (3) grants and (4) supports for training and growth (County and City Enterprise Board, 2011).

In 2006 CEBs were allocated a budget of €27 million (€777,000 per CEB), of which 70 percent was directly devoted to supporting enterprises. The remaining 30 percent was allocated towards staff, overheads and promotional activities. Annually CEBs financially assist approximately 1,200 micro enterprises, with the average assistance per project amounting to €11,000 (European Commission, 2005).

### **2.6.3 Udaras Na Gaeltachta**

Udaras Na Gaeltachta is the regional authority responsible for economic, social and cultural development of the Gaeltacht regions. It was created in 1980 with the objective of ensuring that Irish remains the main language of these regions. Currently more than twelve thousand people are employed by companies that have received assistance from Udaras Na Gaeltachta. Hopefully by enhancing the local community's skills and expertise this figure will continue to increase (Udaras Na Gaeltachta, 2011).

Udaras provides support for business start-ups that are capable of achieving specific criteria, with the requirement that all businesses who receive assistance promote and develop the use of Irish throughout their activities. They are able to assist clients through all stages of start-up, from providing business premises, to recruitment and training of staff, including management training in small businesses. Start up and legal advice is also available from experienced executives, as is the following financial support: (a) Feasibility study grants, (b) Research and development grants, (c) Capital grants, (d) Employment grants (e) Training grants and (f) Equity Investment. Udaras Na Gaeltachta liaises with community development companies within the Gaeltacht region and encourages voluntary organisations which provide advice, assistance and financial support for these community groups (Udaras Na Gaeltachta, 2011).

In 2010, Udaras created over seven hundred full time jobs, whilst also approving five hundred and thirty-five future posts. They have set a target of five hundred new posts this year; however this may prove difficult. The Capital Spending Plan (CSP) which funds Udaras Na Gaeltachta's operations has reduced the capital budget for Udaras by 60 per cent this year, from €15 million to €6 million and is considering removing Udaras from its current role (Irish times, 2011). This would have a major impact on potential employment within Gaeltacht communities and have a negative impact on the Irish language.

### **2.7 Results achieved from similar studies**

Several studies of a similar nature to this have been previously researched in different countries. The focus tends to relate to either (1) the support agencies ability to meet client expectations or (2) the different ways in which the support agencies benefit the business. The following is a summary of the results that these studies achieved.



In 2006, a survey was conducted on a business incubation facility situated in the University of Glamorgan, Wales. The main objective was to determine the various ways in which it benefited businesses. The results revealed that thirty-three percent of clients said that their business would have required a longer period of time to develop to the stage it is currently at had they not received assistance. A further thirty-three percent commented on how the professional image that is associated with the incubator increased their success rate, whilst seventeen percent stated that the information, intelligence and knowledge they gained was extremely beneficial. Only ten percent declared that no benefits were generated from the incubation. These results indicate that the majority of the population were satisfied with the service provided and benefited from the overall experience (Jones and Thomas, 2006).

Abduh et al. (2007) conducted research in Australia in the area of client satisfaction/dissatisfaction, focusing mainly on the ability of business incubators in meeting client's expectations. The results identified that clients looked favourably on the majority of the services provided and deemed them beneficial; however a gap did exist in specific areas between the client's expectations and the incubators actual performance, resulting in dissatisfaction.

A similar study was conducted in the same year in the University of Cambridge on Business Link (BL). This study attempted to determine the overall satisfaction level achieved by BL. The results revealed that 117 clients were very satisfied, 561 were satisfied, 124 were dissatisfied and 73 were very dissatisfied with the service provided. This indicates that 77.5 percent of clients were satisfied with the overall services provided (Bennett, 2007). However this study also sought to identify those clients whose expectations were fully met, the results of which indicated that not one support service was capable of achieving the expectations of more than fifty percent of clients, with a mean rate of forty percent being achieved. A breakdown of the statistics indicates that the weakest services provided related to product and service design, innovation and technology and sales and marketing advice (Bennett, 2007).

A further study was conducted in 2009 with the aim of identifying what the average satisfaction rate is between all BI incubators. The results suggested that on a scale of one-five the average rate of satisfaction achieved is two. This suggests that more than

fifty percent of clients are dissatisfied with the services provided, thus BI generally fail to successfully achieve the expectations of its clients (Schwartz and Gothner, 2009).

## **2.8 Conclusion**

Figures show that 99 percent of all Irish businesses are SMEs. Evidently they are a corner stone in our economy, never more so than at the present time. Indigenous entrepreneurs are the roots of growth and are essential in the recovery of our economy. New businesses must be encouraged, nurtured, strengthened and promoted to provide the growth and employment needed to kick start the economy. With this in mind it is necessary for support provided by relevant agencies to be of the uppermost quality.

The literature review answered the research objectives outlined in section 1.2 to a certain degree. It helped align the research focus and establish the appropriate methods to be used for the execution of this study.

## Chapter Three

### Methodology

#### 3.1 Introduction

This chapter identifies, explains and justifies the different methodologies applied throughout this research. It contains a detailed description of the researcher's aims and objectives, whilst also explaining the research process adopted, the data collection methods used and the data analysis methods used. In addition to this it informs readers of the limitations that were encountered throughout the research.

#### 3.2 Research Methodology

Remenyi et al. (1998, p. 28) defined research methodology as:

*'The procedural framework within which the research is conducted. It describes an approach to a problem that can be put into practice in a research programme'.*

It is difficult to obtain a recent definition, however, Saunders et al. (2007) suggests that research refers to the process by which individuals explore specific areas in an attempt to increase their knowledge. Colin and Hussey (2003) suggest that methodology is the approach adopted regarding the collection and analyses of data.

#### 3.3 Research Objectives

The research question is:

*How effective are Irish support agencies at providing services to start-up businesses, with an emphasis on Udaras Na Gaeltachta?*

The research objectives are:

- 1. What role do indigenous start-ups have in the development of the Irish economy?*
- 2. What are the common challenges facing start-up businesses?*
- 3. What assistance and support is currently available for start-up businesses?*
- 4. Does the assistance and support provided by support agencies meet the expectations of clients?*
- 5. How can the value of this assistance be improved?*

The above research objectives were answered by combining the information discovered through the literature review which is outlined in chapter two, with the views portrayed by both Udaras Na Gaeltachta and businesses which they have assisted throughout the years.

### **3.4 Research Design**

Research design has been described as the master plan, which specifies the methods and procedures to be used in the collection and analysis of required information. Hair et al. (2007) stated that research design was responsible for providing the overall basic directions or “recipe” for conducting a project. The researcher has subdivided the research design section into the following four categories: (1) the research approach; (2) the research philosophy; (3) the research focus and (4) the research tools used for the data collection process. These categories are described in more detail throughout the following subsections.

#### **3.4.1 Research Approach**

Deductive and Inductive are the two most commonly used approaches to research. Both techniques involve the utilisation of theory. According to Hussey and Hussey (1997), the deductive approach is the dominant approach used and involves the development of a theory that is subject to rigorous testing. Engal and Schutt (2005, p. 59) state that the deductive approach requires:

*“Proceeds from general ideas, deducts specific expectations from these ideas, and then tests the ideas with empirical data”.*

The inductive approach concentrates on the development, building and understanding of a theory from a new or unknown phenomenon. It involves the collection of data and the examination of that data to develop theories that will subsequently relate to the literature (Saunders et al., 2009).

The researcher determined that the inductive approach was the most suitable approach to be adopted. The research strategy focuses on seeking the opinions of those individuals who have availed of support from Udaras Na Gaeltachta. The data gathered throughout this research will add to existing research, as it will provide an Irish perspective of the effectiveness and satisfaction levels achieved by Irish support

agencies. The findings from this study can then be compared with the findings of similar studies conducted in other countries around the world.

### **3.4.2 Research Philosophy**

A research philosophy depends on the way the researcher thinks about the development of knowledge and thus affects the researchers approach to the study. The main two research paradigms used are positivism and interpretivism. Collis and Hussey (2003, p.46) define paradigm as:

*'The process of scientific practice based on people's philosophies and assumptions about the world and the nature of knowledge...about how research should be conducted.'*

Researchers who adopt a positivism approach believe that they are independent and the objective of the study is unaffected by the research activities (Collis and Hussey, 2003). Saunders et al (2009) commented that a positivist researcher adopts an approach which enables them to collect and analyse data both independently and objectively, thus suggesting that a positivism approach requires the researcher to remain independent of the survey sample chosen.

Interpretivism is based on the theory that there can be more than one truth on a particular subject matter and is overall a more informal philosophy compared to positivism (Remenyi et al., 1998). It requires the individual to enter the:

*"Social world of our research and understand their world from their point of view"* (Saunders et al., 2009).

As the main objective of this study is to determine the opinions of others as to how effective the support services of Udaras Na Gaeltachta are, the researcher decided that an interpretive approach should be adopted.

### **3.4.3 Research Focus**

Research can be classified under the following headings: (1) exploratory; (2) descriptive or (3) explanatory. It is possible to choose multiple research methods to suit different areas of investigation.

Exploratory research has been described as a flexible method that allows a researcher to adapt to change and therefore alter the direction of their research if new data emerges (Saunders et al., 2009). This method is used in circumstances where little information is known about a specific topic.

Hair et al. (2007) suggested that descriptive research is designed to obtain data that expresses the characteristics of the research topic. This was supported by Saunders, et al. (2009) who similarly states that the purpose of descriptive research is to address the 'who, what, where, when, why and how' questions of the research topic. He also suggests that the best approach to discover such information is with the aid of questionnaires and interviews.

Explanatory research focuses on a specific problem or situation with the aim of gaining an understanding of the relationship that exists between key variables (Saunders et al., 2009).

The researcher is focusing on both exploratory and descriptive research methods throughout this research. The exploratory research is required when attempting to discover the level of satisfaction that is achieved by businesses which have availed of support from Udaras Na Gaeltachta. Descriptive research is necessary for identifying the main challenges that start-up SMEs must overcome as well as outlining the support that is currently available to them.

#### **3.4.4 Research Tools and Methods**

Data can be obtained from both primary and secondary sources. The method selected by the researcher will vary, depending on the nature of the study and the type of data that is required in order to achieve the aims and objectives of the study.

Primary data can be collected using a wide variety of methods. Examples include case studies; questionnaires and interviews (Patton, 2002). Each method has its own benefits and limitations and therefore it is essential that all methods are considered prior to selecting a final suitable method. The researcher has decided that interviews and questionnaires are the most appropriate methods to adopt for this study.

Secondary data refers to data that has been gathered previously for a specific purpose, which is relevant to subsequent research studies (Saunders et al, 2009). It involves a

detailed examination of literature from academic books; academic journals; peer reviewed articles and publications. The researcher identified a number of peer reviewed articles and publications that were relevant to this study. This method was used to discover the challenges that SMEs must overcome, as well as identify the support structures that are available to SMEs.

To the best of the author's knowledge, no previous studies have been conducted regarding the level of satisfaction achieved by Udaras Na Gaeltachta, nor to establish if the assistance provided met the expectations of their clients. The researcher aims to address this shortcoming by collecting the relevant data via primary sources.

#### **3.4.4.1 Primary data collection methods**

##### **3.4.4.1.1 Case studies**

Robinson (2002, p. 370) defines case study analyses as:

*“a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using sources of evidence”.*

A case study researcher is inclined to observe the characteristics of an individual phenomenon, with the aim of determining generalisations about the wider population to which the unit belongs (Blaxter et al., 2006). This research will require a case study analyses as it specifically relates to Udaras Na Gaeltachta, and therefore refers to an area where the existence of theory and measurements regarding customer satisfaction is scarce.

##### **3.4.4.1.2 Questionnaires**

Questionnaires are a useful tool for acquiring descriptive data. They can be distributed via the web, by post or in person. Hair et al. (2007) states that web-hosted surveys are cost effective, flexible and have an increased response rate. The anonymity factor associated with questionnaires enables respondents to answer honestly and free from pressure (Brennan, 1998).

### **3.4.4.1.3 Interviews**

An interview is a useful approach to obtain valid and reliable data as it allows the researcher to speak directly to the respondent. Hair et al. (2007) suggests that interviews are a helpful method for gathering complex or sensitive data, enabling the researcher to obtain feedback and increase participation. Interviews can be structured, unstructured or semi structured.

Structured interviews are based on a predetermined, standardised or identical set of questions. This method requires little interaction between the researcher and the participant as the interviewer reads out the question and then records the response on a standardised schedule, usually with pre-coded answers (Saunders et al. 2009).

Unstructured Interviews do not require a defined set of questions, however a clear emphasis is placed on the researchers thoughts and intended area of exploration. The researcher is responsible for introducing a theme or topic and allowing the interviewee to develop his or her ideas and pursue their train of thought (Denscombe, 2005). Care must be taken to avoid discussing matters that are irrelevant to the research (Saunders et al. 2009).

Semi structured interviews evolve and adapt with the interview as it progresses. The researcher will have a list of predetermined questions and themes which they wish to cover; however there is no format or particular order in which the questions must be asked. It is possible for the researcher to ask additional questions that suit specific issues that arise in the course of the interview (Smith, 2003). The main advantage of this approach is the flexibility it can offer as certain questions can be omitted from, or new questions added to, depending on the flow of the conversation (Saunders et al. 2009).

### **3.4.4.1.4 Research Tools Adopted and Justification**

After reviewing the different research tools available, the researcher decided to use a mixed method approach involving both semi-structured interviews and questionnaires in order to achieve the research objectives outlined in section 1.2. A specific subset of methods was deemed appropriate for this research in order to meet the required in-depth analysis necessary for the chosen sample. A face to face interview with a representative from Udaras Na Gaeltachta was deemed to be the best approach to



determine the type of support provided to start-up SMEs. A letter will be sent prior to the interview occurring explaining the purpose of the study. A replica of the cover letter is provide in appendix one. In addition to this the interview aims to gauge the level of satisfaction that Udaras Na Gaeltachta believes they deliver to their clients. Face to face interviews are an invaluable tool for research as they provide the researcher with an opportunity to probe additional information, if the initial response is brief. They enable the researcher to clarify any ambiguities or misunderstandings and provide clarity of the attitude adopted by the interviewee (Ray, 2008). When constructing the interview questions, the researcher tried to ensure that the questions were of a quality that maintained interest whilst provoking an informative response.

The researcher also distributed semi-structured questionnaires to businesses which availed of support from Udaras Na Gaeltachta. The majority of the questions were presented using a Likert scale format, which compared the quality of assistance received with the expectations of the client. Furthermore open end questions provided participants with the opportunity to make recommendations on how services could be improved. The data collected from the Likert scale can be analysed quickly with the aid of a developed framework. Data collected via the open ended question will be grouped together based on shared opinions.

The questions for both the interviews and questionnaires were developed based on the review of the literature presented in chapter two. Prior to conducting the interview and distributing the questionnaires, the questions were firstly appraised by the researcher's supervisor. This pilot test was advantageous as any problems regarding formatting, comprehensibility or structure were identified prior to delivering the questionnaire. Subsequently any problematic areas were deleted or revised.

It is essential to ensure that the questions, instructions and layout for both the interview and the questionnaire are presented in a format that is clear and comprehensible.

### **3.5 Data required**

The research procedure of any study can involve either a quantitative or a qualitative approach. According to Collis and Hussey (2003), quantitative research is objective in nature, involves the collection and analyses of numerical data, applies statistical tests and concentrates on measuring phenomena. According to Malhotra (2007), qualitative

research refers to interpreting and examining meaningful patterns and themes that emerge from the data.

The researcher has determined that a qualitative approach is required for the purpose of this research. The drawback with this method is that it tends to be biased to a certain degree as it involves relying on the individual's interpretation of events rather than focusing on facts and evidence.

### **3.6 Population**

The support agency 'Udaras Na Gaeltachta' was selected as the main focus of this study. Udaras operates throughout the Gaeltacht region providing support to those businesses which operate under the influence of the Irish culture. This support agency is small in comparison to Enterprise Ireland and to date has been subject to very little research. For these reasons, the researcher has selected Udaras Na Gaeltachta as their primary focus.

The researcher analysed the responses from SMEs which have sought assistance from Udaras Na Gaeltachta over the last four years. An interview was conducted with a representative from Udaras Na Gaeltachta; whilst questionnaires were distributed to relevant SMEs.

### **3.7 Data analyses**

The data was stored on the researcher's memory card, which was kept in a secured premise. Data was analysed using Microsoft Excel® where all responses were altered to represent meaningful results. As the majority of the questions were in the form of a Likert scale, they already were categorised to a certain degree. In total ten questionnaires were returned, which represents a response rate of 33 percent. This was deemed acceptable as response rates of fifteen to twenty-three percent are considered adequate to make scientifically sound judgements (Berger et al, 2005; Dilliman, 2000; cited by Kramer et al, 2008). The responses generated from the interview were categorised around the research objectives outlined in section 1.2.

### **3.8 Ethical Consideration**

Good ethical practice requires that all research is conducted on the basis of respect for and adherence to regulatory guidelines and internationally accepted ethical norms

focusing on the welfare of the study participants (LYIT ethics form, 2011). The research undertaken was approved and governed by the LYIT School Research Ethics Committee.

### **3.9 Limitations of the Research**

Various limitations restricted the implementation of this research including:

*Time constraints:* Conducting this research, whilst also studying full time, restricted the number of Irish support agencies that could be analysed within this study. Initially the researcher had planned for three support agencies as participants; Enterprise Ireland, Udaras Na Gaeltachta and LYIT Colab. However time constraints resulted in Udaras Na Gaeltachta being the sole focus. The reason for selecting Udaras opposed to the other support agencies is outlined in section 1.1.

*Financial constraints:* This study was privately funded, which meant that any costs were incurred by the researcher. This forced the study to focus solely on one support agency. As only one interview would be required the associated costs with travelling would be minimised. In addition to this, the researcher decided to deliver questionnaires via email thus eliminating the cost of postage.

*Interview constraints:* The face to face interview required the researcher to travel a significant distance. This was both time consuming and costly for the researcher and resulted in all other primary research being conducted via questionnaires. The interviewee also informed the researcher that they had been absent from the relevant department for a substantial period of time and therefore they were unable to answer all of the questions with certainty and accuracy.

*Questionnaire constraints:* There are several constraints associated with questionnaires. Firstly it is difficult for the researcher to determine if the intended participant completed the questionnaire, opposed to an employee, nor can they be sure that the respondent was not frivolous when answering. In addition to this the researcher is unable to expand or rephrase specific questions in an attempt to generate more information. Additional comment boxes were included in each questionnaire allowing each respondent to expand on their opinions. However, not one participant

provided any form of feedback which restricted the researcher's ability to achieve their final objective.

### **3.10 Conclusion**

This research was carried out in an attempt to ascertain whether clients of Udaras Na Gaeltachta are satisfied with the service provided and to establish whether or not the services met their expectations. The study took the form of interpretive research using the inductive approach. Research was descriptive to an extent but mainly exploratory and the data collected was qualitative in nature. The process consisted of the circulation of thirty questionnaires to clients of Udaras Na Gaeltachta along with an interview with a representative of Udaras Na Gaeltachta. This chapter has outlined the reasons for the approach taken, based on knowledge of best practise. The findings from this study are discussed in chapter four.

## **Chapter Four**

### **Research Findings**

#### **4.1 Introduction**

This chapter presents the findings discovered after conducting research on Udaras Na Gaeltachta. A semi-structured interview was carried out with a representative from Udaras Na Gaeltachta in order to identify: (1) their perception as to the need of SMEs (2) the criteria required by a business prior to receiving support, (3) the different forms of support they provide, (4) the number of businesses that they are currently assisting and (5) their view towards the main cause of business failure.. Furthermore a questionnaire was distributed to several businesses which Udaras Na Gaeltachta assisted throughout the years, in an attempt to determine if Udaras Na Gaeltachta satisfied the initial expectations of their clients.

#### **4.2 Brief overview of Udaras Na Gaeltachta**

Udaras Na Gaeltachta is a support agency that operates within the Gaeltacht regions of Ireland. Its core objective is to:

*‘Support the Gaeltacht communities in developing their natural and human resources, language and culture so as to strengthen the local economy, enhance the social life and standard of living of the community and to strengthen the Irish language as the main language of the community’ (Udaras Na Gaeltachta, p.3, 2011).*

In addition to being a support agency, Udaras Na Gaeltachta also operates as a venture capitalist, providing capital in return for a shareholding to businesses that are unable to obtain a grant. Not only does this provide the SME with finance, it also provides Udaras Na Gaeltachta with an extra source of Income. Furthermore Udaras Na Gaeltachta has expanded its resources to include incubation facilities, providing office space, resources and mentoring facilities to all clients. The remainder of this chapter is divided up into subsections, focusing on the results generated from the questions raised throughout the interview and questionnaire. A list of the questions that were used as a guideline for the interview, along with a copy of the questionnaire can be found in appendix one and two respectively.

## **4.3 Interview Findings**

### **4.3.1 The criteria required to be eligible for Udaras Na Gaeltachta assistance**

Specific conditions must be achieved before Udaras Na Gaeltachta can provide any form of assistance to a client. A 'language and cultural plan' must be entered into. This requires the potential business to be based within the Gaeltacht region and focus on promoting and developing the use of Irish through their activities. It is not essential that the business is conducted through the Irish language, however it is encouraged.

In addition to this, any potential client seeking financial aid must present a detailed business plan to Udaras Na Gaeltachta. This plan should contain an explanation of the goods and services that they will be producing, the production and development process required, the market that they wish to enter, the projected sales figure they wish to achieve and a financial plan of how they intend to generate funding. Details regarding management and the estimated number of employees should also be provided. Such information enables Udaras Na Gaeltachta to assess the suitability of the proposed project.

Certain circumstances prevent Udaras Na Gaeltachta from providing assistance, regardless if the client meets the specified criteria. For instance, it is not possible for them to displace sensitive industries which are already in existence. Additionally, Udaras Na Gaeltachta is not responsible for providing assistance to potential services. However, if the service is linked with the agriculture or fishery sector, culture or tourism sector or towards farming, they generally supply support. After all it is in the interest of our economy as employment opportunities will be created.

### **4.3.2 Assistance provided by Udaras Na Gaeltachta**

Advice, premises and grant aid are the main areas of assistance provided to SMEs throughout the start-up phase. Advice on many topic areas is available directly from Udaras Na Gaeltachta; however they also provide access to external consultants who specify in particular fields including accounting, marketing and management. Udaras Na Gaeltachta assists with the recruitment process for larger SMEs, providing a database containing the names, qualifications, skills, and experience of individuals seeking employment. Micro businesses tend not to rely on such information as generally they employ family and local community members.

Premises are available in various sizes, aimed at suiting the requirements of different SMEs. The client pays an economic rent which is determined based on the square meter of the building. Udaras Na Gaeltachta operates through a reducing scale system, enabling the client to lease the building at a rate that increases incrementally over the lifetime of the lease. For example, over a five year period, the client would pay nothing in year one, 25 percent in year two, 50 percent in year three, 75 percent in year four and pay the full rate in the final year of the lease.

The selection of grants available to SMEs include the (a) feasibility grant; (b) research and development grant; (c) capital investment grant; (d) employment grant and (e) training grant.

*The feasibility grant* enables a client to assess the viability of a business idea, facilitating them in conducting market research, developing a prototype and promoting the product. It provides funding to cover the costs directly incurred as a result of the feasibility study, to a maximum of €10,000.

*The research and development grant* is available to both start-up SMEs and those businesses that are already in existence. It provides assistance for SMEs, enabling them to develop innovative products whilst enhancing their performance within a competitive market. It is possible for more than one R&D grant to be allocated to the same business, provided it is used on developing a new product.

*Training grants* are beneficial to businesses that require new skills to be developed. Udaras Na Gaeltachta is capable of providing such aid; however they must adhere to the training agency guidelines (TAGS) that were developed by the European Union. The ultimate grant aid figure varies depending on whether general or specific training is required. General training refers to developing skills that can be transferred from business to business, whilst specific focuses on training an individual for a specified product. Over all, general training tends to be the dominant approach.

*Employment grants* are distributed to businesses as a method of promoting job creation. The final grant or subsidy figure is determined based on the number and quality of jobs that the business is capable of creating. It is paid in two instalments,

half being received on the commencement of the employment, with the remainder paid after a six month period, providing the job still exists.

*Capital Investment grants* refer to the acquisition of tangible or intangible assets. This grant aid tends to be sought during the start-up stage so that the business is able to operate. However it is also available in circumstances where a business wishes to expand. Funding for such assets is provided to the client once the asset is purchased, installed and proven to be in working order.

Udaras Na Gaeltachta operates under a three way system when providing the majority of financial aid. This requires the client to provide at least a third of the requested funds with the second amount being paid by some form of financial source. Udaras Na Gaeltachta will then provide the remainder.

#### **4.3.3 Companies currently being assisted by Udaras Na Gaeltachta**

Currently thirty businesses are seeking assistance from Udaras Na Gaeltachta, ten of which are at the start-up stage, with the remainder either at the feasibility stage or waiting upon approval.

Over the past two years the amount of support provided by Udaras Na Gaeltachta has reduced, as a result of the decrease in funding from the capital budget. Although they still received capital, it was insufficient to enable them to fulfil their current liabilities whilst assist new emerging businesses. Their main responsibility was to ensure that they had adequate funding to support those businesses which they had contracts with. As a result of this, numerous individuals who sought financial assistance were refused and overtime this generated a lack of interest from the public towards Udaras Na Gaeltachta.

#### **4.3.4 The success rate of Udaras Na Gaeltachta**

To date Udaras Na Gaeltachta estimates that 75-80 percent of the businesses which they have assisted have been successful. When asked to justify the calculations of this figure, they provided the following response:

*'There are a number of methods available to determine the success of a business. Each step taken and each challenge overcome is an achievement, however we consider a business to be success once they have accomplished the following four steps:*



*(1) Business set up and trade commencement, (2) Initial employment targets reached, (3) Business put on a sustainable footing and (4) employment levels achieved.'*

#### **4.3.5 Udaras Na Gaeltachta's opinion as to why businesses fail**

Udaras Na Gaeltachta's believe that the main contributors to business failure are a lack of market research, a failure to obtain a unique selling point (USP) and insufficient funding due to over optimistic revenue projections. To overcome such obstacles, Udaras Na Gaeltachta tries to spend a substantive amount of time with their clients, assessing all possible elements of their business plan. However they fail to encompass the resources required to provide timely advice to all potential clients, forcing them to select those who appear most prominent. For those individuals who fail to have a substantial business plan, Udaras Na Gaeltachta recommends which areas require further research and provides a list of available consultants.

#### **4.3.6 Udaras Na Gaeltachta alongside other support agencies**

The supports provided by support agencies are very similar in nature, the main thing which differentiates them are the conditions that the potential client must satisfy, in order to be deemed eligible. For instance, Udaras Na Gaeltachta specifies that the business is based within a Gaeltacht region, focusing on promoting the Irish language, whilst Enterprise Ireland does not require such conditions to be met, but does tend to focus mainly on businesses which specify in exporting goods. The majority of Irish support services operate coherently together, sharing resources whilst also informing clients of other agencies which might be more beneficial to them. The representative of Udaras Na Gaeltachta stated that:

*'Udaras Na Gaeltachta is currently linked well with Enterprise Ireland, and operates alongside Letterkenny Institute of Technology (LYIT) CAIM development programme for graduates.'*

They advise certain individuals about the service available within LYIT, stating that resources, space and advice are all available free of charge.

#### **4.3.7 Udaras Na Gaeltachta's primary strength**

Udaras Na Gaeltachta is adamant that their strongest feature is their adaptability. In the 1970's they moved from a predominantly fishing and agricultural based society to one

which focused on manufacturing and from this adapted and entered into a smart, knowledge based economy. They are also proud of the bond they have with the community in which they operate as they are capable of responding to the community's demands.

#### 4.4 Questionnaire Findings

##### 4.4.1 Satisfaction level verses expectation level

The researcher relied upon the mathematical calculation which is referred to as 'arithmetic mean' in an attempt to generate comprehensible results. This was employed to determine the initial expectation level of clients prior to receiving assistance and the actual satisfaction level achieved by Udaras Na Gaeltachta. The mean is the average of all the figures within a data set. It is calculated by adding all the figures from the data set together and then dividing by the total population of the data set (Hayes, 2008). The results are then converted into a percentage for ease of evaluation and comparison. The following calculation was used to determine the expectation levels and the satisfaction levels achieved regarding initial access to a representative from Udaras Na Gaeltachta.

**Figure 4.1: A sample from the questionnaire**

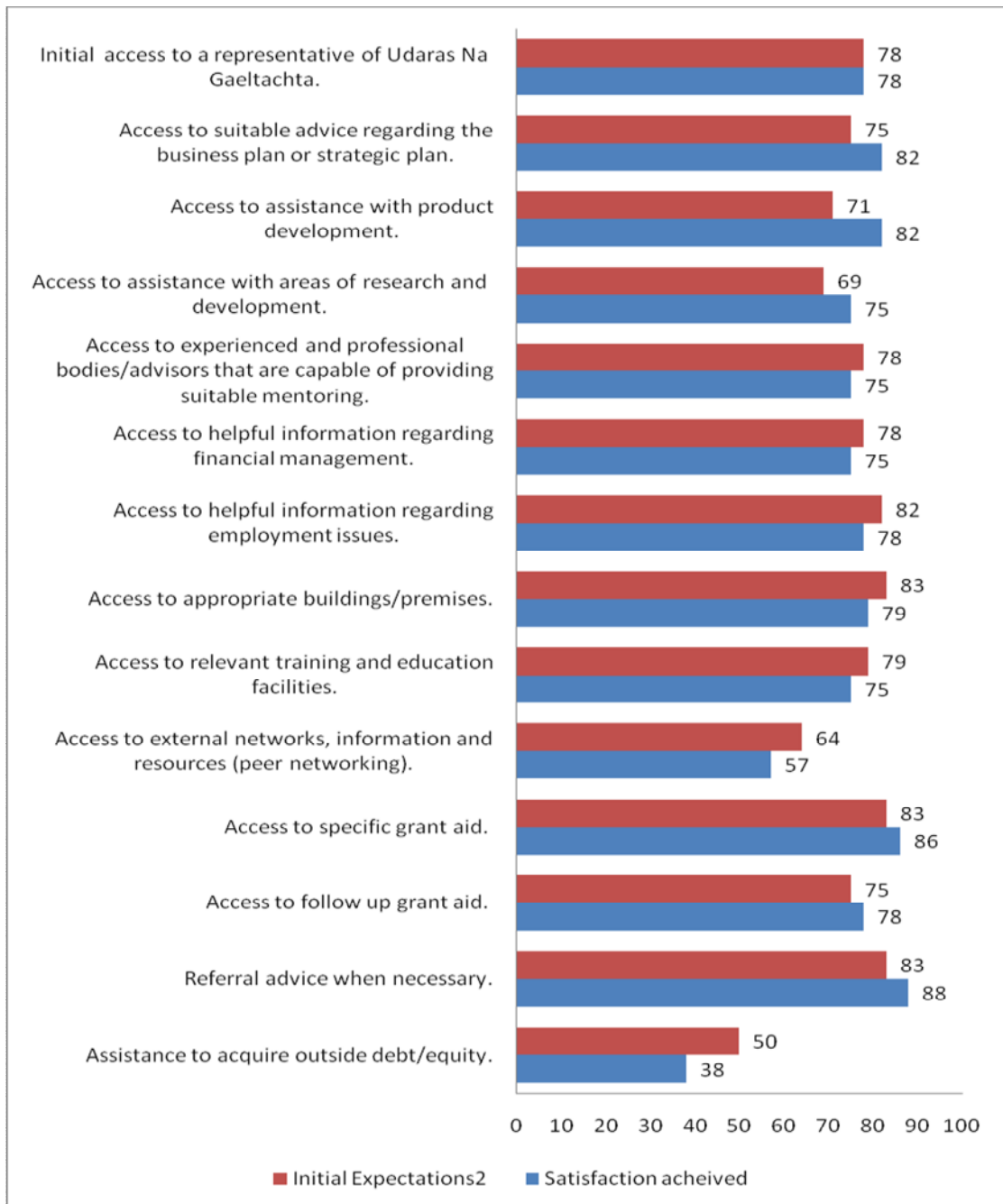
	Importance/Expectation				Performance/Satisfaction			
	1	2	3	4	1	2	3	4
Initial access to a representative of Udaras Na Gaeltachta.	1	2	2	5	2	1	1	6

Expectation Level  $\frac{1+2+2+3+3+4+4+4+4+4}{10} = \frac{31}{10} = 3.1 = 77.5 \text{ percent}$   
 10 (no of participants)                      10                      4 (max possible score)

Satisfaction Level  $\frac{1+1+2+3+4+4+4+4+4+4}{10} = \frac{31}{10} = 3.1 = 77.5 \text{ percent}$   
 10 (no of participants)                      10                      4 (max possible score)

The following diagram presents the results that were achieved from the questionnaire, highlighting how well Udaras Na Gaeltachta’s performance measured up to their clients expectations.

**Figure 4.2 Expectations versus Performance**

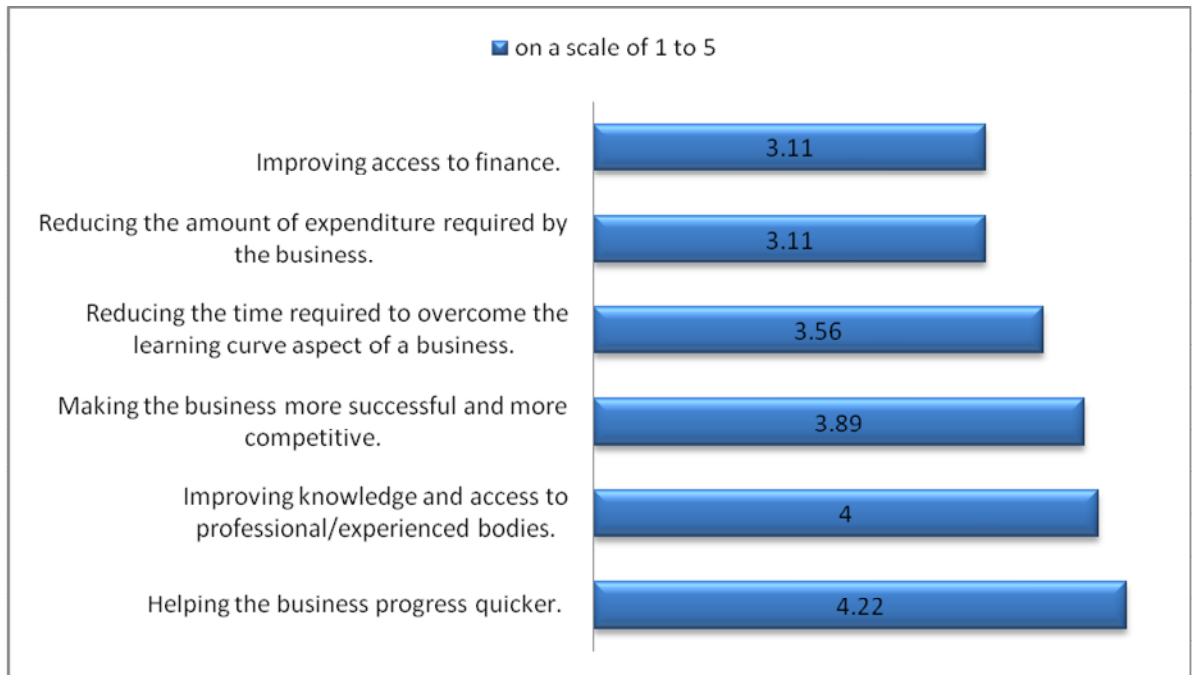


(Source: Analysis of Questionnaire Data)

#### 4.4.2 Business benefits gained from Udaras Na Gaeltachta's assistance.

In addition to the results above, the participants rated several ways in which Udaras Na Gaeltachta benefited their business, based on a scale of one to five, one representing no impact and five representing significant impact. The following illustrates the results of the participant's perceptions of each of the benefits they received.

**Figure 4.3: Benefits provided by Udaras Na Gaeltachta**



(Source: Analysis of Questionnaire Data)

#### 4.4.3 Suggestions for improvements

The questionnaires provided the participants with opportunities to make recommendations on how best certain services could be improved. The researcher provided this opportunity as a means of gathering valuable feedback for Udaras Na Gaeltachta based on previous client's experiences. Unfortunately not one participant took advantage of such an opportunity, leaving each recommendation space blank. This has restricted the researcher's ability to achieve their final objective. The only other method available requires the researcher to review the recommendation suggested in studies conducted of a similar nature. Therefore the research objective, *'How can the value of this assistance be improved'* will be discussed in section 5.6.

## **4.5 Conclusion**

This chapter presents the findings achieved from the primary research carried out by the researcher. Chapter five will analyse the findings from both primary research and secondary research. It will combine the information and examine whether the aims and objectives of this study have been achieved. In addition to this it will provide recommendations of ways in which support services can improve their services and present suggestions of additional areas where research could be conducted

## Chapter Five

### Discussion, Conclusion and Recommendations

#### 5.1 Introduction

The research question is:

*How effective are Irish support agencies at providing services to start-up businesses, with an emphasis on Udaras Na Gaeltachta.*

The research objectives are:

1. *What role do indigenous start-ups have in the development of the Irish economy?*
2. *What are the common challenges facing start-up businesses?*
3. *What assistance and support is currently available for start-up businesses?*
4. *Does the assistance and support provided by support agencies meet the expectations of clients?*
5. *How can the value of this assistance be improved?*

This chapter combines and analysis the information gathered from both primary and secondary research. It merges together previous literature of this topic, questionnaires from recent clients and a face to face interview with a representative from Udaras Na Gaeltachta. The raw data is combined and interpreted to produce current concise information. This allows the researcher to identify the key roles of the support agency from both Udaras Na Gaeltachta and their client's viewpoints. Strengths and weaknesses are identified, which allows the researcher to commend certain aspects of the service provided, while making practical recommendations in other sectors. From the findings, the researcher has provided suggestions of areas with scope for further research.

#### 5.2 The need for Small and Medium Enterprises

The review of literature identifies that SMEs account for ninety- seven percent of Irish businesses. They are responsible for providing the majority of jobs at a local level throughout communities, encouraging growth while providing opportunities for the community to connect with the global economy (Henderson, 2002).

The representative from Udaras Na Gaeltachta stated that '*our future depends on the creation and survival of SMEs*' and commented that micro businesses are as crucial to the economy as medium sized or large businesses. This statement is supported by research conducted in 2007

by the Institutional and Sector Modernisation Facility (ISMF). Their findings indicated that SMEs are responsible for providing approximately two thirds of all employment throughout the EU, with micro enterprises providing 34 percent of employment, small enterprises creating 19 percent and medium enterprises creating 13 percent.

Udaras Na Gaeltachta also mentioned that micro businesses are the most sustainable form of SME. They are inclined to remain within their local community, thus within their country. This factor was previously commented on by Allen and Rahman (1985) who stated that SMEs tend to position themselves within their local community, exploiting market segment's which to date have failed to receive interest.

It is apparent that SMEs vastly contribute to job creation and are therefore essential to the recovery and growth of the Irish economy. Approximately two hundred and thirty thousand companies in Ireland employ less than fifty people, provide employment for over nine hundred thousand people and contribute annually more than ten billion euro to the Exchequer (ISME, 2010). With this in mind, it is vital that the government focus on creating methods to improve and promote SMEs, particularly regarding micro businesses.

### **5.3 The challenges that Small and Medium Enterprises must overcome**

Previous studies inform the researcher that the main challenges that SMES are presented with relate to a lack of access to: (a) finance, capital or grant aid; (b) relevant information and advice and (c) information regarding training and recruitment (Forfas, 2003 and Fielden *et al.*, 2000).

The representative from Udaras Na Gaeltachta stated that

*'The main obstacle that start-up SMEs face, in our view is cash-flow, particularly in the current climate as banks are very reluctant to lend, possibly due to not having the capacity to lend. Businesses need a good flow of cash to survive their initial stage of development until their trade develops and reaches commercial levels.'*

In addition to this, the representative noted that SMEs must be capable of conducting adequate market research and determining a unique selling point (USP) if they wish to be successful.

The results generated from the questionnaire, which can be seen in figure 4.2 identify that referral advice, access to grant aid and access to premises are the forms of support that have

the highest expectation rate associated with them, thus suggesting that these areas pose most difficulty for the majority of SMEs. Similar results have been generated by research of a comparable nature, including a study conducted in Australia and England in 2007 (Bennett, 2007., and Abduh et al. 2007)

#### **5.4 Assistance available to SMEs throughout the start-up stage.**

As found in the literature, external supports are an important element in turning innovative ideas into commercial businesses (OECD, 2006). If a business opportunity presents itself, and the individual fails to encompass all the relevant skills and resources, assistance can be sought from various sources. The support sources selected will vary depending on the type of assistance required and the overall circumstances of the business. Section 2.5 provides a summary of the forms of support available for SMEs; with the remainder of this section concentrating on the assistance provided by support agencies.

To date the assistance provided by support agencies is very similar in nature. The representative of Udaras Na Gaeltachta commented that the majority of Irish support services operate coherently together, sharing resources whilst also informing clients of agencies which might be more beneficial to them.

To date the three key areas of support that are sought from support agencies are (1) access to sufficient grant aid, (2) access to reliable and relevant advice and (3) access to resources including training and premises facilities (Fielden et al, 2000., Goodbody Economic Consultants, 2002. and The European Commission, 2008).

Several forms of grant aid are available for businesses which meet specific criteria. Examples of grants that are accessible include: feasibility grants, research and development grants, capital investment grants, employment grants and training grants. In addition to this, support agencies tend to provide a share capital investment scheme for businesses who fail to satisfy the relevant grant criteria as well as providing business incubation units with relevant premises, space, resources and contacts

In relation to advice, if the support agency is unable to provide adequate and sufficient advice, they tend to refer the entrepreneur to a qualified professional who has expertise in that particular field.



To date Udaras Na Gaeltachta is known for its passion and willingness to provide assistance to all businesses regardless of their sector. Their representative stated that ‘ we have been criticised as the organisation that says ‘YES’ too many times, but people need a chance sometimes and our ethos here is say yes’.

### 5.5 Initial expectation level of clients versus actual satisfaction level achieved.

The following table presents the initial expectation and satisfaction levels of previous clients of Udaras Na Gaeltachta. The researcher has assumed that the client’s expectation level also represents the perceived importance level of the individual services provided.

**Table 5.1: Initial expectations and achieved satisfaction of participants**

Type of service	Perceived importance level	Satisfaction level achieved	Difference
Referral advice when necessary.	83%	88%	↑ 5%
Access to specific grant aid.	83%	86%	↑ 3%
Access to appropriate buildings/premises.	83%	79%	↓ 4%
Access to helpful information regarding employment issues.	82%	78%	↓ 4%
Access to relevant training and education facilities.	79%	75%	↓ 4%
Initial access to a representative of Udaras Na Gaeltachta.	78%	78%	0
Access to experienced and professional bodies/advisors that are capable of providing suitable mentoring.	78%	75%	↓ 3%
Access to helpful information regarding financial management.	78%	75%	↓ 3%
Access to suitable advice regarding the business plan or strategic plan.	75%	82%	↑ 7%
Access to assistance with product development.	71%	82%	↑ 11%
Access to assistance with areas of research and development.	68%	75%	↑ 7%

Access to external networks, information and resources (peer networking).	64%	57%	↓ 7%
Assistance to acquire outside debt/equity.	50%	38%	↓ 12%

**(Source: Analysis of Questionnaire Data)**

The initial inspection of data convinced the researcher that Udaras Na Gaeltachta is a well run organisation that is respected by many people and to date has an excellent reputation in these communities. The expectation levels established by previous clients range between fifty and eighty-three percent. Within this, ten of thirteen supports received expectation levels above seventy percent. This indicates that potential clients perceive Udaras Na Gaeltachta to be capable of providing a high quality service prior to receiving any form of assistance.

Referral advice, access to grant aid and access to premises were perceived as the main supports required by clients, each receiving expectation levels of eighty-three percent. This was closely followed by access to recruitment information and appropriate training and education facilities. Such results correspond with the literature review findings. In 2002 a study conducted in Ireland specified that the main areas of difficulty experienced by SMEs are accessing appropriate information, advice, training facilities and finance (Goodbody Economic Consultant, 2002). Furthermore a study conducted by Abduh. et al (2007) received similar results indicating that the main supports sought by entrepreneurs related to accessing grant aid, buildings and advice.

The level of satisfaction achieved in all areas of support bar two was above seventy-five percent. This creates the impression that Udaras Na Gaeltachta is a successful operation that provides more than adequate services. The two areas of support failing to exceed seventy-five percent are ‘access to external networks, information and resources’ and ‘assistance to access outside debt’. These areas were ranked lowest on the expectation scale of clients receiving sixty-four percent and fifty percent respectively.

Udaras Na Gaeltachta may have failed to promote the area of ‘external networking’; however they achieved high levels of satisfaction in the areas of referral advice and access to suitable mentors. This leads the researcher to believe that they are capable of providing the necessary services on a local scale, having established relationship with local networks. However they lack to possess appropriate and necessary access to external networks from further afield.

A comparable study conducted in Australia achieved a similar result to Udaras Na Gaeltachta regarding ‘assistance to require outside debt’ (Abdue et al). In both cases, this area received the lowest expectation level. This creates the impression that this area is of little importance to entrepreneurs when seeking assistance. Udaras Na Gaeltachta provides a variety of grant aid for SMEs along with a share capital investment option for those that fail to qualify for grant aid. This tends to be the approach adopted by other support agencies and for this reason the researcher believes that access to external debt is not frequently sought nor an essential aspect of this study. Udaras Na Gaeltachta failed to obtain the expectation level recognised by clients, achieving thirty-eight percent (twelve percent under), as did the Australian study. It is important to realise at this point that this area was not initially of major importance to clients and therefore they were not relying heavily on this form of support.

‘Initial access to a representative of Udaras Na Gaeltachta’ achieved the exact level of satisfaction expected by clients, suggesting that this area is functioning efficiently. The researcher believes that this is a crucial element that all support agencies must achieve if they wish for their organisation to be successful.

The two areas of support that Udaras Na Gaeltachta excelled at were remarkably the same areas of support deemed most important by their clients. Udaras Na Gaeltachta achieved satisfaction levels of eighty-eight percent and eighty-six percent regarding ‘access to referral advice, and ‘access to grant aid’. This was five percent and three percent respectively in excess of their client’s initial expectations. This informs the researcher that Udaras Na Gaeltachta is aware of the core support required by SMEs during the start-up period and are capable of achieving it.

Although 85 percent of all supports received a satisfaction rating of above seventy five percent, Udaras Na Gaeltachta fell short of achieving the expectation levels of seven of the thirteen areas. Instinctively this creates the impression of a poor performing organisation; however it is crucial to consider all the facts and figures. The respondents of the questionnaire were asked to share their views regarding ways in which Udaras Na Gaeltachta benefited their business. The results presented in table 4.3 indicate that the clients perceived the main benefit to be that it enabled their business to grow quicker. This was followed closely by improving knowledge and access to experienced bodies, making the business more successful and more competitive and reducing the time required to overcome the business learning curve. The two areas that received the lowest rating were reducing the amount of

business expenditure and access to finance. All in all, these figures were indisputably positive, indicating that Udaras Na Gaeltachta is a very beneficial assistant to businesses. Recommendation of areas and ways to improve lesser performing supports are provided in section 5.6.

### **5.6 Recommendations of how the value of assistance can be improved**

Management of Udaras Na Gaeltachta should focus their attention on resolving each area of support that failed to meet the perceived expectation level. The questionnaire participants stated that Udaras Na Gaeltachta provided several benefits to their businesses; however they also identified areas where improvements could be made. The questionnaire contained a section, seeking recommendations from each participant on possible ways for Udaras Na Gaeltachta to improve their support services, however participants failed to utilise this opportunity, leaving all provided spaces blank. For this reason the researcher is providing their own recommendation based on the knowledge that they have gained from this study.

As mentioned in section 5.5, ‘assistance to require outside debt’ is not an essential aspect of this study. To date it fails to be a frequently sought support by start up SMEs. If however Udaras Na Gaeltachta was to build a network system between current and previous clients from their organisation along with clients from other support agencies it may benefit this area of support. It will enable clients to contact each other, providing valuable advice about areas of interest. Another advantage gained by establishing a fostering network system between clients, is that it might reduce the amount of enquiries sought from Udaras Na Gaeltachta themselves. This in turn will enable them to spend their time and resources on more valuable areas. This approach would also help Udaras Na Gaeltachta overcome the support which was categorized as their second highest downfall (seven percent below expectations), ‘access to external networks, information and resources’.

Management should also prioritise their resources on the areas of support which have the highest expectation rate associated with them. Their main goal should be to successfully achieve these supports prior to focusing on less essential supports. To date Udaras Na Gaeltachta are achieving two of the top three supports required by SMEs, with a shortfall of between three and four percent occurring with those supports that follow. This suggests that they need to provide more time and attention to such supports.

### **5.7 Recommendations to improve this study**

The researcher recommends that this research should be repeated and expanded to include several Irish Support agencies, as opposed to solely focusing on Udaras Na Gaeltachta. This will strengthen the overall results and add clarity to the overall research question '*How effective are Irish support agencies at providing services to start-up businesses*'. Also, the researcher would recommend that a longer timescale be adopted, to reduce the limitations, mentioned in section 3.9 of this study.

### **5.8 Recommendations for further research**

The researcher believes that the topic of 'benefits brought to Gaeltacht communities since the establishment of Udaras Na Gaeltachta' would merit further investigation. This subject could prove to be of most importance to the survival of Udaras Na Gaeltachta. Government cutbacks are currently threatening their existence. I believe that such research could positively sway this decision.

In addition to this, further research could be conducted in the area of 'how financial institutes decide which start-up businesses to fund'. At the moment, difficulty in securing cash flow is the main stumbling block to new businesses. Without sufficient funding, an innovative idea, no matter how good, struggles to prosper.

This research failed to successfully determine 'possible recommendations for increasing the effectiveness of the assistance provided by support agencies', providing an opportunity for further research to be conducted surrounding this.

At the present time, 'EU interference on the assistance provided by support agencies since the economic bailout' is a controversial subject matter. Udaras Na Gaeltachta has had its budget slashed and even faces extinction. What impact are such cutbacks likely to have on future enterprise?

### **5.9 Conclusion**

SMEs are a major contributor to the economy. They are responsible for the majority of job creation and are therefore an indispensable tool that must be nourished and encouraged to grow. SMEs promote development and innovation, providing opportunities for local communities to expand and connect with the global economy.

Access to finance and valuable advice are the two perpetual challenges that SMEs must overcome. In recent years, such challenges have amplified as a result of the economic climate. Banks as well as venture capitalists are reluctant to provide capital for start-up SMEs, the sole reason being the high risk factor that is associated with them.

The government is focusing on creating various supports that will contribute to the successful growth of SMEs whilst minimising the amount of delays, frustrations and the overall failure rate. The researcher believes that support agencies are capable of achieving this. After analysing the findings from this study it is apparent that support agencies enhance SMEs overall performance by encouraging, promoting and assisting them throughout the start-up stage. Although Udaras Na Gaeltachta did not satisfy all of the client's expectations, they managed to achieve satisfaction levels between seventy-five and eighty-eight percent in eleven out of thirteen supports. This is an exceptional result to achieve. Furthermore, each and every participant indicated that their business benefited in various ways from the overall assistance provided by Udaras Na Gaeltachta. It is important to realise that the initial expectation level placed on the majority of supports exceeded seventy percent, indicating that potential clients perceive them as capable of providing a high quality service. It is the researcher's opinion that Udaras Na Gaeltachta is a well run organisation, which provides valuable assistance to many start-up businesses. To date, Udaras Na Gaeltachta estimates that seventy-five to eighty percent of its clients have succeeded in business. This indicates that they are providing extremely effective assistance to start-up businesses and are satisfying the Government's objectives 'reducing the failure rate of SMEs'. Overall this study has addressed the research question and provided a clear overview of the opinions of the author.

## Appendices

### Appendix 1 - Interview Letter

This is a representation of the letter that the researcher sent to Udaras Na Gaeltachta, asking for their participation with this study.



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Leitir Ceanainn

Letterkenny  
Institute  
of Technology

To whom it concerns,

My name is Fiona Mc Laughlin and I am a researcher at the School of Business in Letterkenny Institute of Technology. I am currently conducting a research project which aims to first, identify the main challenges that start-up SMEs must overcome and second, identify the support that is currently available for SMEs. I also wish to discover the level of satisfaction that is achieved by businesses which avail of support services, and establish if the assistance provided by support agencies meets the expectations of the client.

I would be extremely grateful if someone with knowledge in this area would agree to assist me and my research project by participating in an interview. My main goal is to discover the various supports you provide for start-up SMEs as well as provide valuable feedback to you in relation to the level of satisfaction achieved by previous clients.

The findings from this research will be used to aid the writing of a dissertation. Your responses from the interview will be anonymised to ensure your privacy. All the data will be kept in electronic form on a password enabled computer. Only my supervisor and I will have access to this data. Upon completion of my dissertation, all data will be destroyed.

I would be extremely grateful if you could participant in this study. Please contact me with your response.

Kind regards,

Fiona Mc Laughlin.

## Appendix 2 - Draft Interview Questions

This list of questions was not rigidly followed, meaning that the interviewer could adapt his technique depending on the interviewee's initial responses.

1. What form of support/assistance do you provide for start-up SMEs?
  - a) What criterion is required by a business who wishes to avail of your support?
  - b) What are the main areas of advice required/sought by SMEs?
  - c) What assistance is provided relating to recruitment, training, premises, contacts, legal requirements, etc?
  - d) What financial supports are available for SMEs in the start up phase and what conditions must a company meet in order to be eligible for financial support?
  - e) What differentiates the support and assistance that you provide from other support services such as Udaras Na Gaeltachta?
  
2. How many companies are currently seeking guidance and assistance from you?
  - a) How many of these companies are at the start-up stage?
  - b) Have companies that sought your assistance at the start-up stage continued to seek assistance throughout their lifecycle?
  - c) To date, what is the success rate of companies which you have assisted throughout the start-up stage? Can you give an example of a company which has been a real success?
  - d) How do you determine if a company which you have assisted is successful? Is it determined based on whether or not they achieve their goals, a specific profit amount or if they are currently operating, etc?
  - e) In your opinion what is the main obstacle that start-up companies are faced with?
  - f) Why in your opinion do certain companies fail? Can you provide an example of a company which you assisted that failed?
  - g) What role do indigenous start-ups have in the development of the Irish economy?
  
3. Would you regard Enterprise Irelands as a form of a business incubator? Explain your answer.



4. How successful do you believe Enterprise Irelands is? Do you believe that previous client's expectations have been achieved and that they are satisfied with the service provided?
  
5. Can you provide a contact list of previous clients that have sought assistance from you? The purpose of receiving such information is to conduct further research into the area of client satisfaction in relation to the support services provided by you. The results from such research will hopefully provide valuable feedback, informing you of the areas that clients are extremely satisfied with, as well as highlighting areas where improvements could be made.
  
6. What do you believe the future holds for Enterprise Irelands?

### Appendix 3 - Questionnaire

This is a representation of the questionnaire that was distributed via email to thirty clients of Udaras Na Gaeltachta. The representative included a paragraph, informing the participants that Udaras Na Gaeltachta supported this study.



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Letterkenny  
Institute  
of Technology

*To whom it concerns,*

*My name is Fiona Mc Laughlin and I am a Masters in accounting student in LYIT. I am currently conducting a research project which aims to discover the level of satisfaction that is achieved by support services, and determine if the assistance provided by support services meets the expectations of the client.*

*The following questionnaire has been compiled solely for the purposes of this research and all information gathered will be confidential and used only for the purposes of this research project.*

*The results from this research will hopefully provide valuable feedback to Udaras Na Gaeltachta regarding the areas that clients are extremely satisfied with, as well as highlighting the areas where improvements could be made.*

*I would be extremely grateful if you would take ten minutes to complete the attached questionnaire. If you download the attachment, save your answers and return the attachment to me, I would greatly appreciate it.*

*Kind Regards,*

*Fiona Mc Laughlin.*

*A chara,*

*Tá Fiona Nic Lochlainn i mbun togra taighde, ar SME's, faoi láthair do Mhaistreacht atá a dhéanamh aici san LYIT i Leitir Ceanainn. Tuigeann muid go bhfuil tú iontach gnóthach ach bheadh muid an bhuíoch duit da bhféadfa cuidiú leí tríd an ceistneoir atá istigh le seo a líonadh amach.*

*Tá beannachtaí an Údarás aici agus beidh an taighde a dhéanfaidh sí an chabhrúil dúinn.*

*Go raibh maith agaibh.*

\*\*\*\*\*

*Fiona Mc Laughlin is conducting a research project on SME's at present as part of a Masters Degree at LYIT, Letterkenny. We would encourage you to assist her as much as you can by completing the questionnaire she has enclosed.*

*She has our support and the results will be most helpful to us as a development organisation.*

*Go raibh maith gáibh*

*Le dea ghuí,*

---

*Alan Ó Baoid*

*Feidhmeannach Oiliúna agus Forbartha*

1. In what year did you initially seek assistance from Udaras Na Gaeltachta?

\_\_\_\_\_.

2. What stage was your business at when you first sought assistance from Udaras Na Gaeltachta?

\_\_\_\_\_.

3. Have you sought assistance from Udaras Na Gaeltachta on more than one occasion? If yes please specify the year and reason that you sought further assistance.

\_\_\_\_\_.

4. Is your business still operating successfully?

YES

NO

On a scale of 1 to 4, one representing very low expectations and four representing very high expectations, highlight the number which best suits the expectation level that you initially had regarding the following areas of support.

On a scale of 1 to 4, one representing very dissatisfied and four representing very satisfied, highlight the number which represents the level of satisfaction you believe was achieved by the following areas of support provided.

In the comment section please provide reasons for your answer including specific examples where possible. It would be greatly appreciated if you would provide suggestions on how specific areas could be improved. Answer in as much detail as you wish.

	Expectation/Importance				Satisfaction/Performance			
	1	2	3	4	1	2	3	4
5. Initial access to a representative of Udaras Na Gaeltachta.								
<b>Comment</b>								
6. Access to suitable advice regarding the business plan or strategic plan.								

<b>Comment</b>								
7. Access to assistance with product development.								
<b>Comment</b>								
8. Access to assistance with areas of research and development.								
<b>Comment</b>								
9. Access to experienced and professional bodies/advisors that are capable of providing suitable mentoring.								
<b>Comment</b>								
10. Access to helpful information regarding financial management.								
<b>Comment</b>								
11. Access to helpful information regarding employment issues.								
<b>Comment</b>								
12. Access to appropriate buildings/premises.								
<b>Comment</b>								
13. Access to relevant training and education facilities.								
<b>Comment</b>								

14. Access to external networks, information and resources (peer networking).								
<b>Comment</b>								
15. Access to specific grant aid.								
<b>Comment</b>								
16. Referral advice when necessary.								
<b>Comment</b>								
17. Assistance to acquire outside debt/equity.								
<b>Comment</b>								

On a scale of one to five, one representing very little impact and five representing significant impact, please specify the effect that Udaras Na Gaeltachta had on you and your business in all of the following areas?

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Helping the business progress quicker.					
Making the business more successful and more competitive.					
Reducing the time required to overcome the learning curve aspect of a business.					
Reducing the amount of expenditure required by the business.					
Improving access to finance.					
Improving knowledge and access to professional/experienced bodies.					

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