Digital and Automation Skills of SMEs in Ireland

October 2022

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SFA
Small Firms Association

Skillnet
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Introduction

In 2020, Skillnet Ireland in partnership with the Small Firms Association (SFA) launched MentorsWork, a nationwide upskilling scheme to assist in boosting SME productivity.

Reports from the Department of Enterprise, Trade and Employment, the National Competitiveness Council, and the OECD and have expressed concern that productivity levels among Irish SMEs are stagnating. The aim of MentorsWork is to deliver a framework in which SMEs will access Government-subsidised training supports, to encourage and to assist SME owners and managers upskill so that productivity can be boosted.

There are several drivers which can be linked to productivity. These drivers include Finance & Growth skills, People skills, Digital & Automation skills as well as Business Processes skills. Based on these drivers, MentorsWork was developed as a structured 12-week business-support scheme, comprising an integrated approach of mentoring and targeted learning opportunities. The programme includes:

- **In-depth Online Competency Assessment focussed on the productivity drivers**

- **One-to-One Mentoring Sessions**

- **Peer-Focused Workshops and access to Expert-Led Masterclasses**

- **Access to a curated Online Learning Platform**

Methodology

■ 615 business owners were asked to self-assess their business's digitalisation and automation competencies by answering a range questions. Questions are grouped into 8 subcategories of Digitalisation and Automation competencies, namely: Digital Tools to Grow Your Business, Impact of Technology on Customers, Adoption and Implementation of Smart Automation, Technology for Smart Working, Understanding Tech Threats to Your Business, Awareness and Adoption of Emerging Technologies, Industry Awareness and Collaboration, SME Digital Best Practice.

■ Each business owner's responses were weighted to a score (out of 100) for each of these aspects, which were then averaged to get an overall Digital and Automation score.

■ To analyse the data, the average responses were compared between businesses, based on the following categories: Business Size, Business Age, and Sector.

■ In order to highlight the differences in mean scores between groups, indexed average comparisons were used. For each section, each group's average was compared against the overall mean for that section – and a percentage decrease or increase was detailed with respect to that overall mean.

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The overall digitalisation and automation competency is highest in businesses with nine employees or less, middle-aged businesses (21+ years), and businesses in the ICT sector. The manufacturing sector is noticeably lower than average.

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Predictors of overall digitalisation and automation competency

Overall digitalisation and automation score

71.53

Business size

0-9 Employees
71.71

10-49 Employees
70.83

50+ Employees
70.82

Business age

0-10 Years
71.29

11-20 Years
70.06

21+ Years
72.96

Business sector

Retail/hospitality
75.75

Manufacturing
68.89

Food/drink
75.88

ICT
79.40
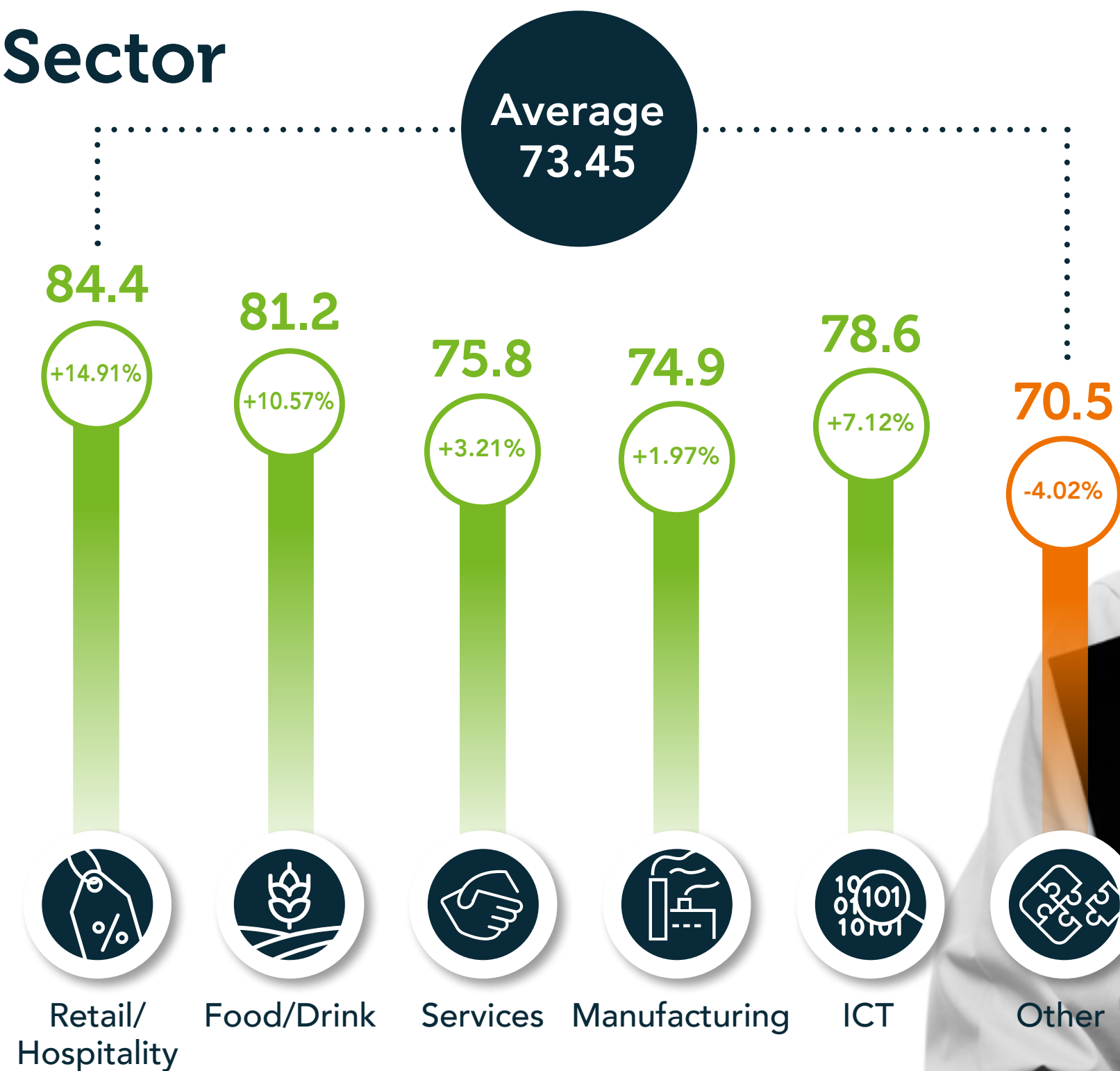
Services
74.69

Other
69.52

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Microbusinesses (businesses with nine employees or fewer) are the most proficient users of **digital tools** to grow their business. Most sectors perform well on this front, with retail and hospitality coming out on top. Businesses aged 11-20 years and businesses with 50+ employees are lower than average.
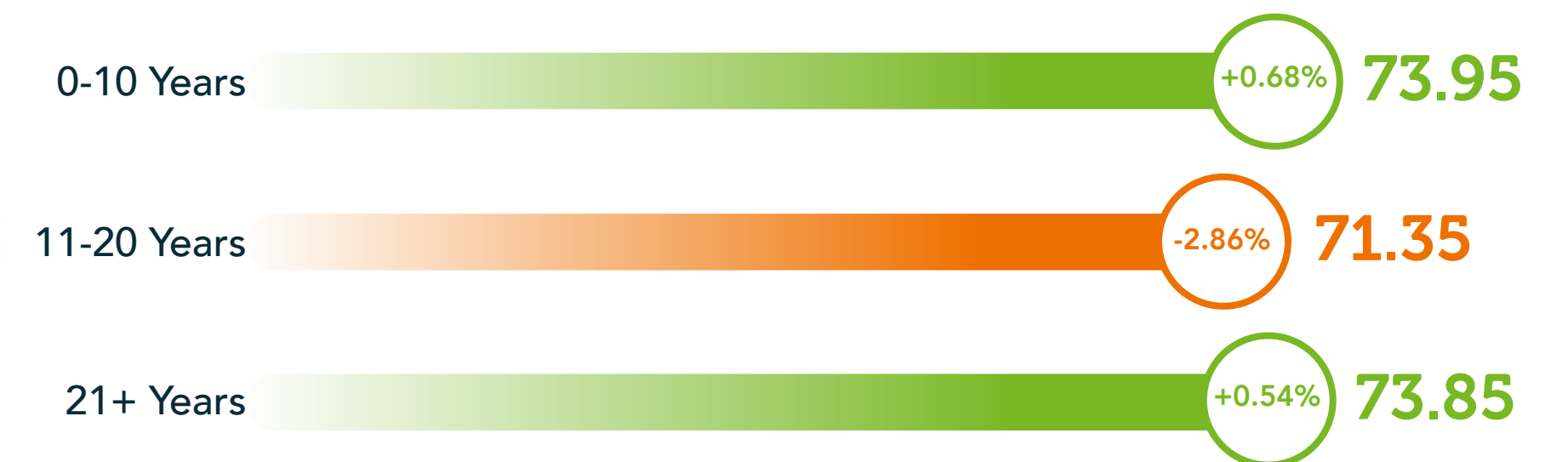
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Digital tools to grow your business

Choosing digital tools that add value and ensuring that the team understand the benefits of their use and are adequately trained to use them.
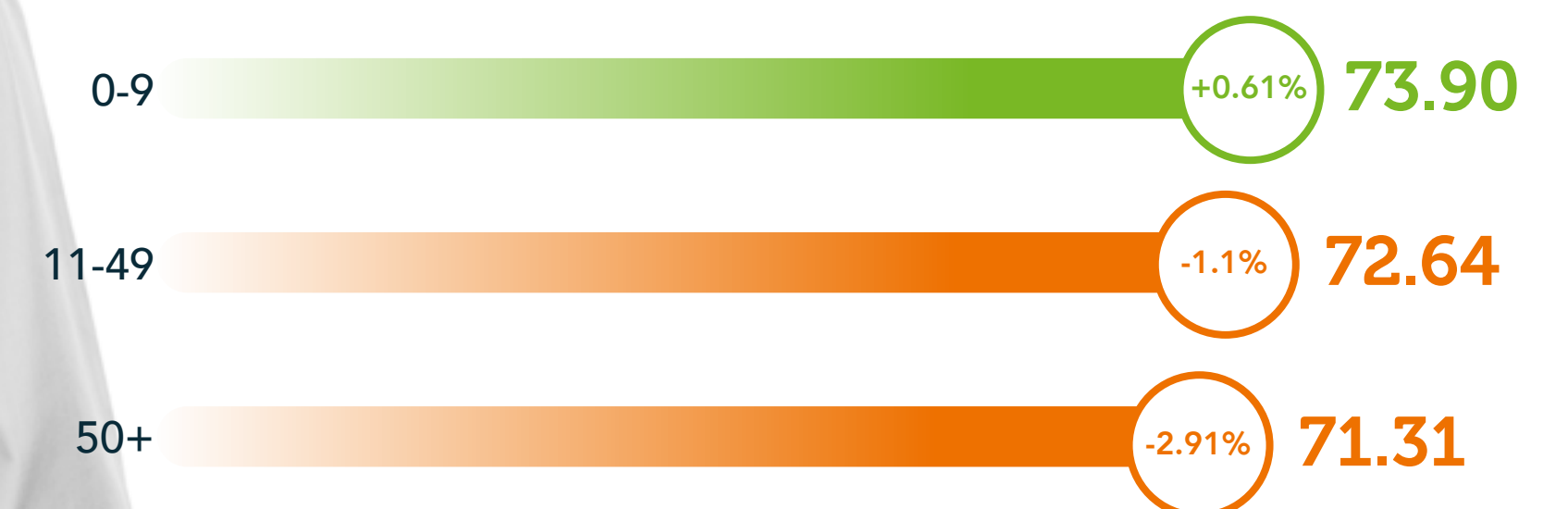
Sector

Average
73.45

Sector	Value	Change
Retail/Hospitality	84.4	+14.91%
Food/Drink	81.2	+10.57%
Services	75.8	+3.21%
Manufacturing	74.9	+1.97%
ICT	78.6	+7.12%
Other	70.5	-4.02%

Business Age

	Change	Value
0-10 Years	+0.68%	73.95
11-20 Years	-2.86%	71.35
21+ Years	+0.54%	73.85

Business Size

	Change	Value
0-9	+0.61%	73.90
11-49	-1.1%	72.64
50+	-2.91%	71.31

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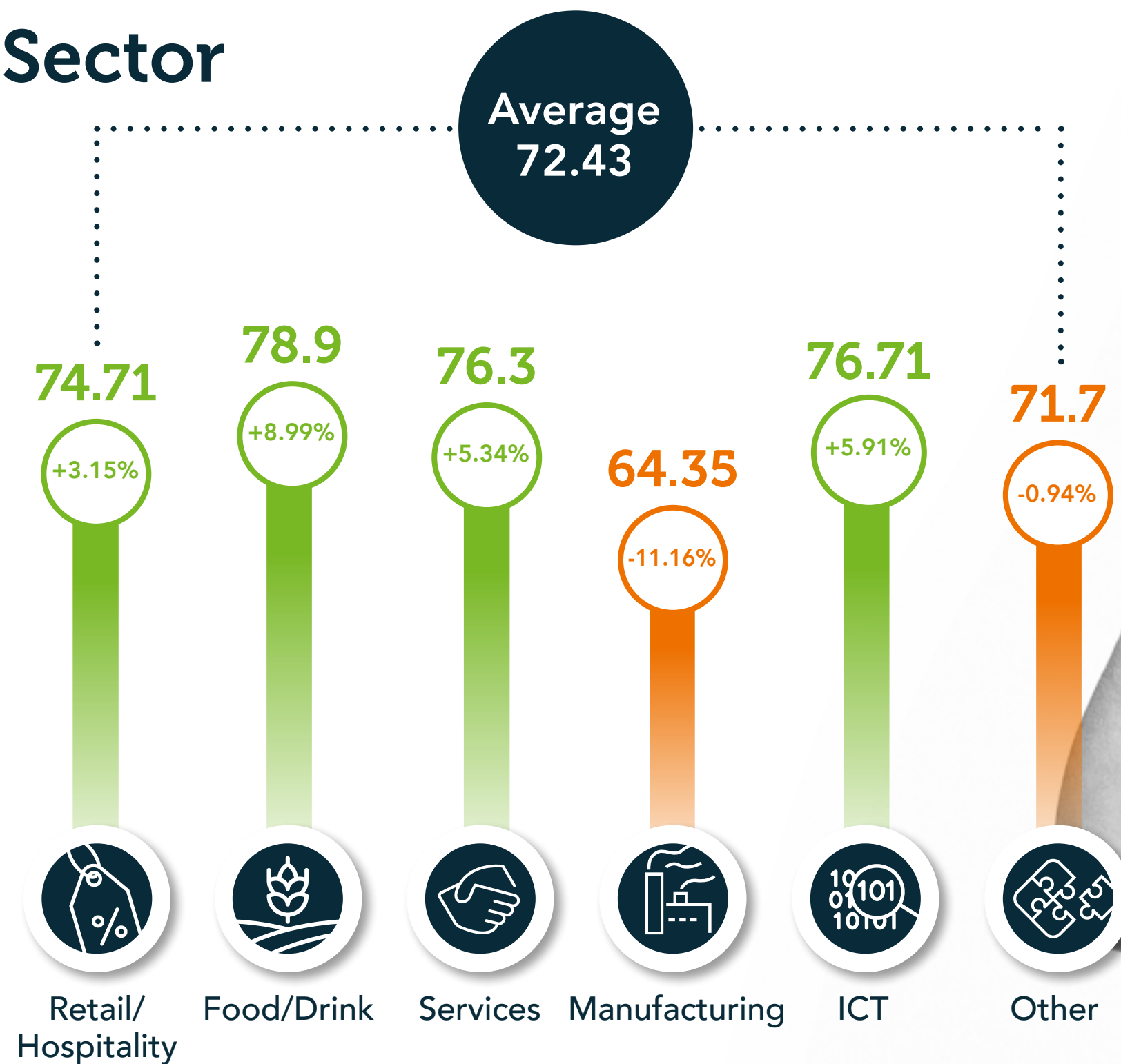
Businesses with nine employees or fewer come out on top for ensuring that the chosen technology adds value to the customers' journey and experience. Top performing is the food and drink sector. Manufacturing is lagging behind, as are businesses with 50+ employees.
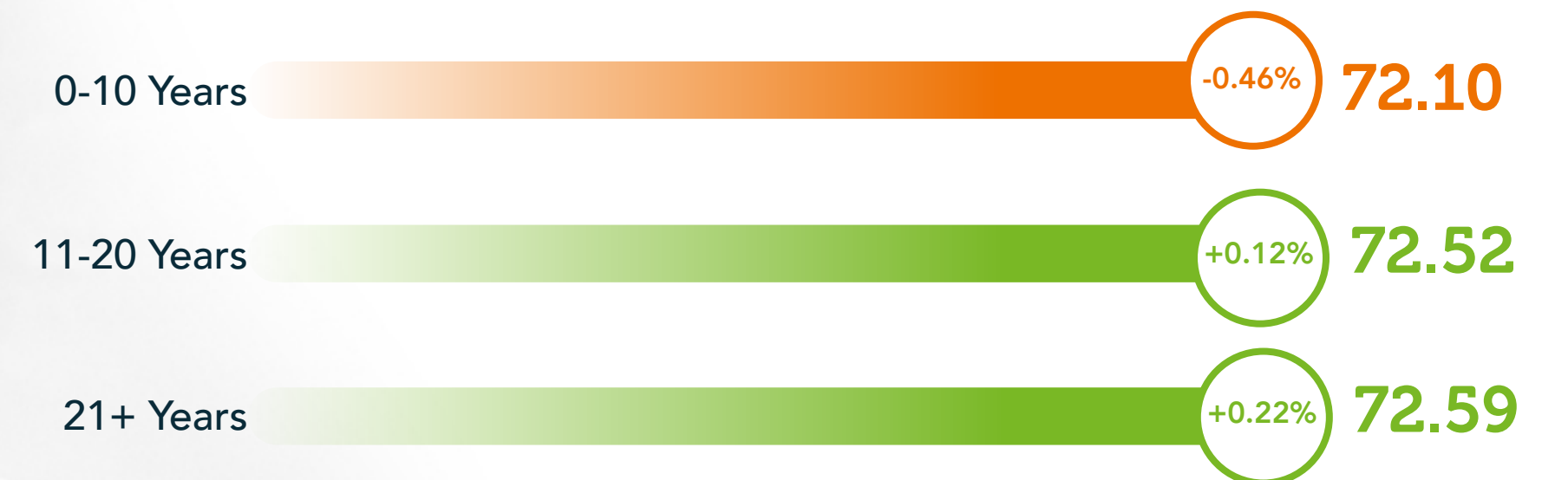
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Impact of technology on customers

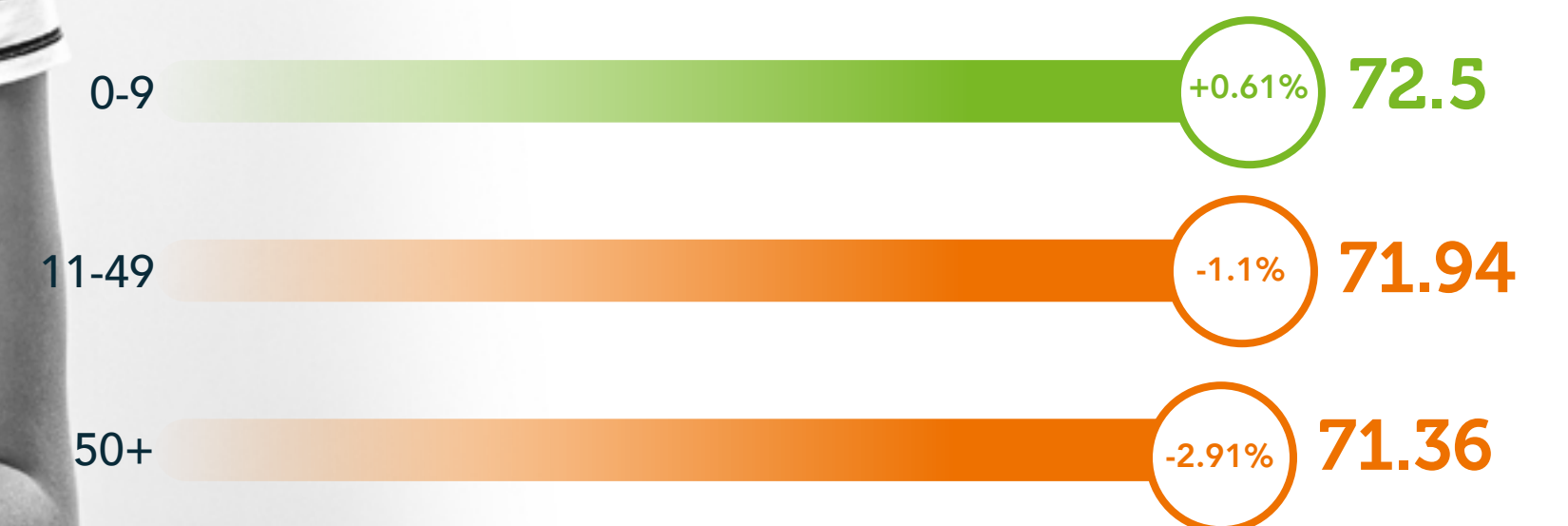Ensuring that the chosen technology adds value to the customers' journey and experience.

Sector

Average 72.43

Retail/Hospitality	Food/Drink	Services	Manufacturing	ICT	Other
74.71	78.9	76.3	64.35	76.71	71.7
+3.15%	+8.99%	+5.34%	-11.16%	+5.91%	-0.94%

Business Age

0-10 Years	-0.46%	72.10
11-20 Years	+0.12%	72.52
21+ Years	+0.22%	72.59

Business Size

0-9	+0.61%	72.5
11-49	-1.1%	71.94
50+	-2.91%	71.36

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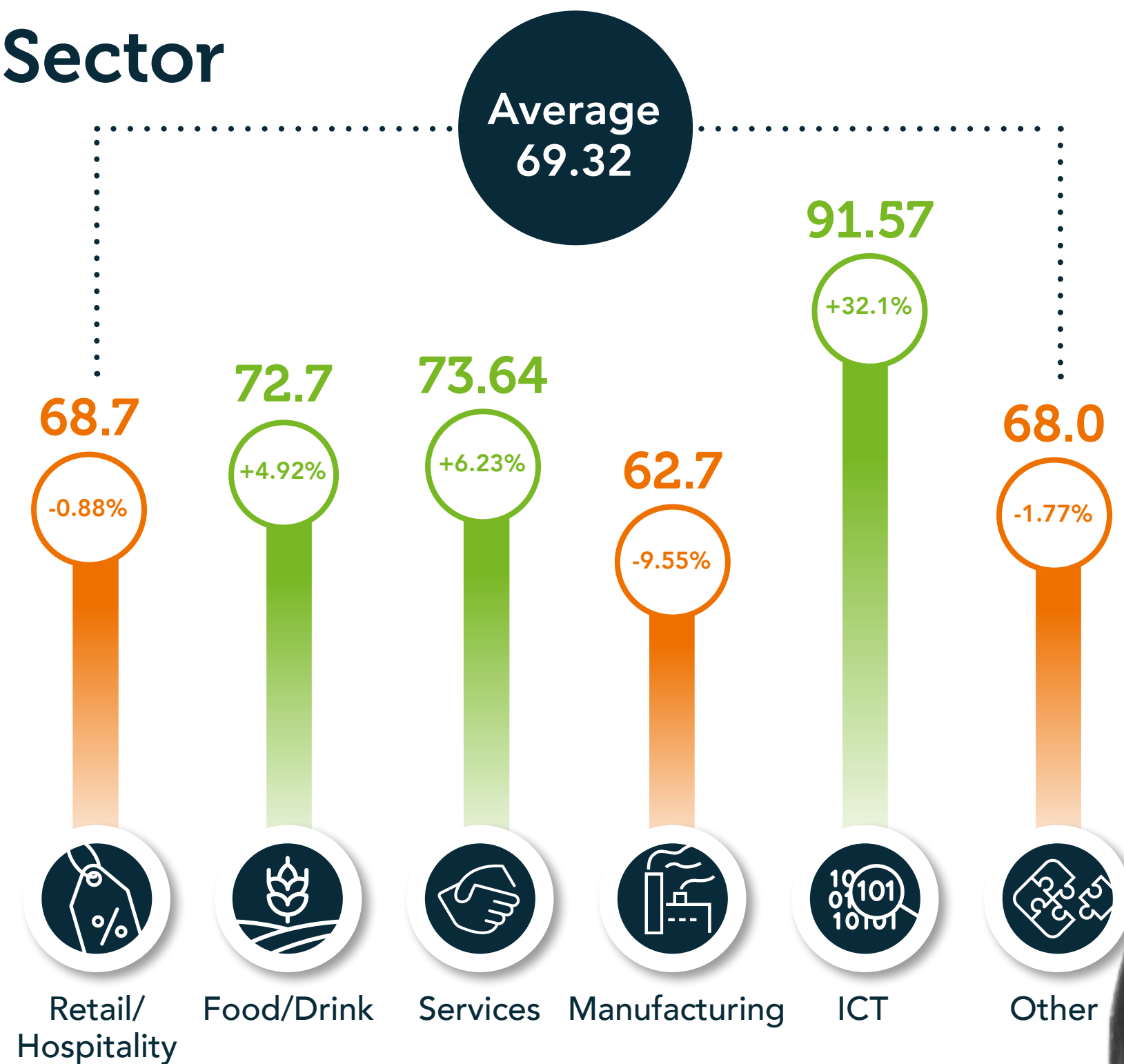
The ICT sector is head and shoulders above the rest for **understanding tech threats** to their business. Older and bigger (50+ employees) businesses also perform well above average. The manufacturing sector is lowest as are younger businesses and microbusinesses.
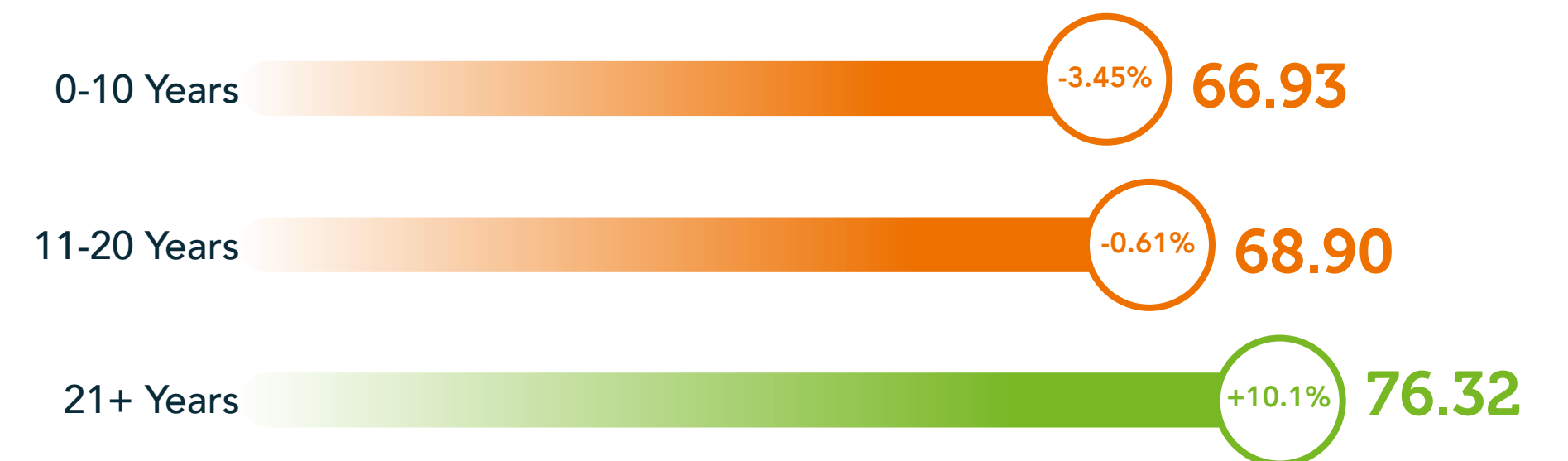
Understanding tech threats to your business

Ensuring the business is protected from tech threats – protecting customer's data, preventing ransomware attacks and other cybersecurity breaches.
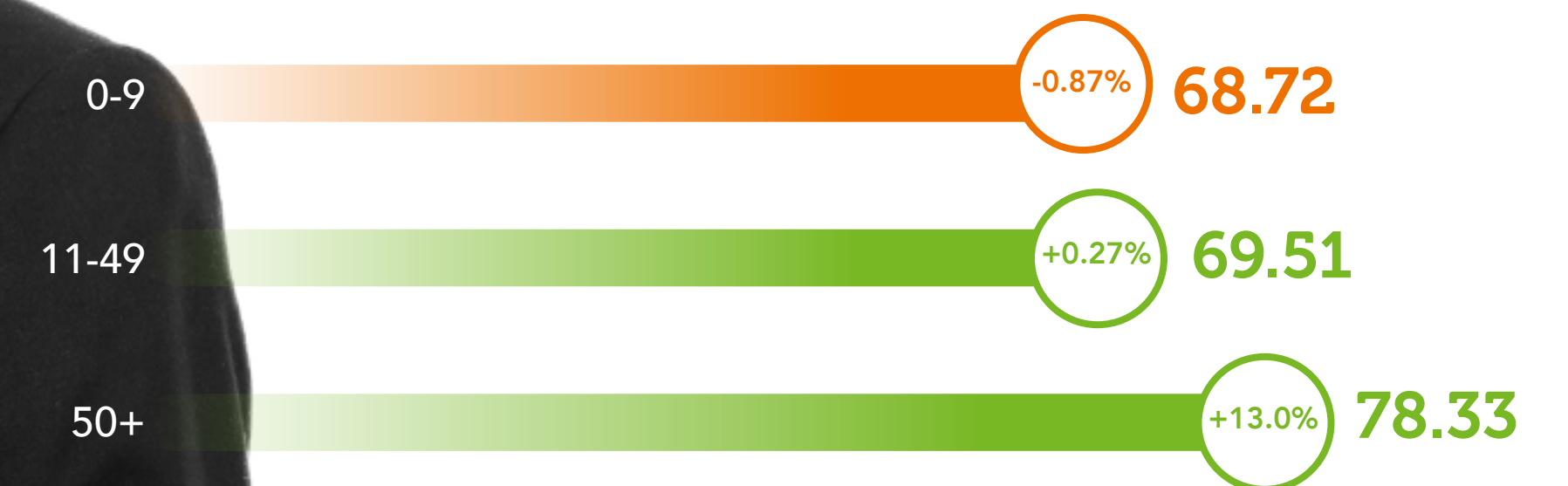
Sector

Average 69.32

68.7	72.7	73.64	62.7	91.57	68.0
-0.88%	+4.92%	+6.23%	-9.55%	+32.1%	-1.77%
Retail/ Hospitality	Food/Drink	Services	Manufacturing	ICT	Other

Business Age

0-10 Years	-3.45%	66.93
11-20 Years	-0.61%	68.90
21+ Years	+10.1%	76.32

Business Size

0-9	-0.87%	68.72
11-49	+0.27%	69.51
50+	+13.0%	78.33

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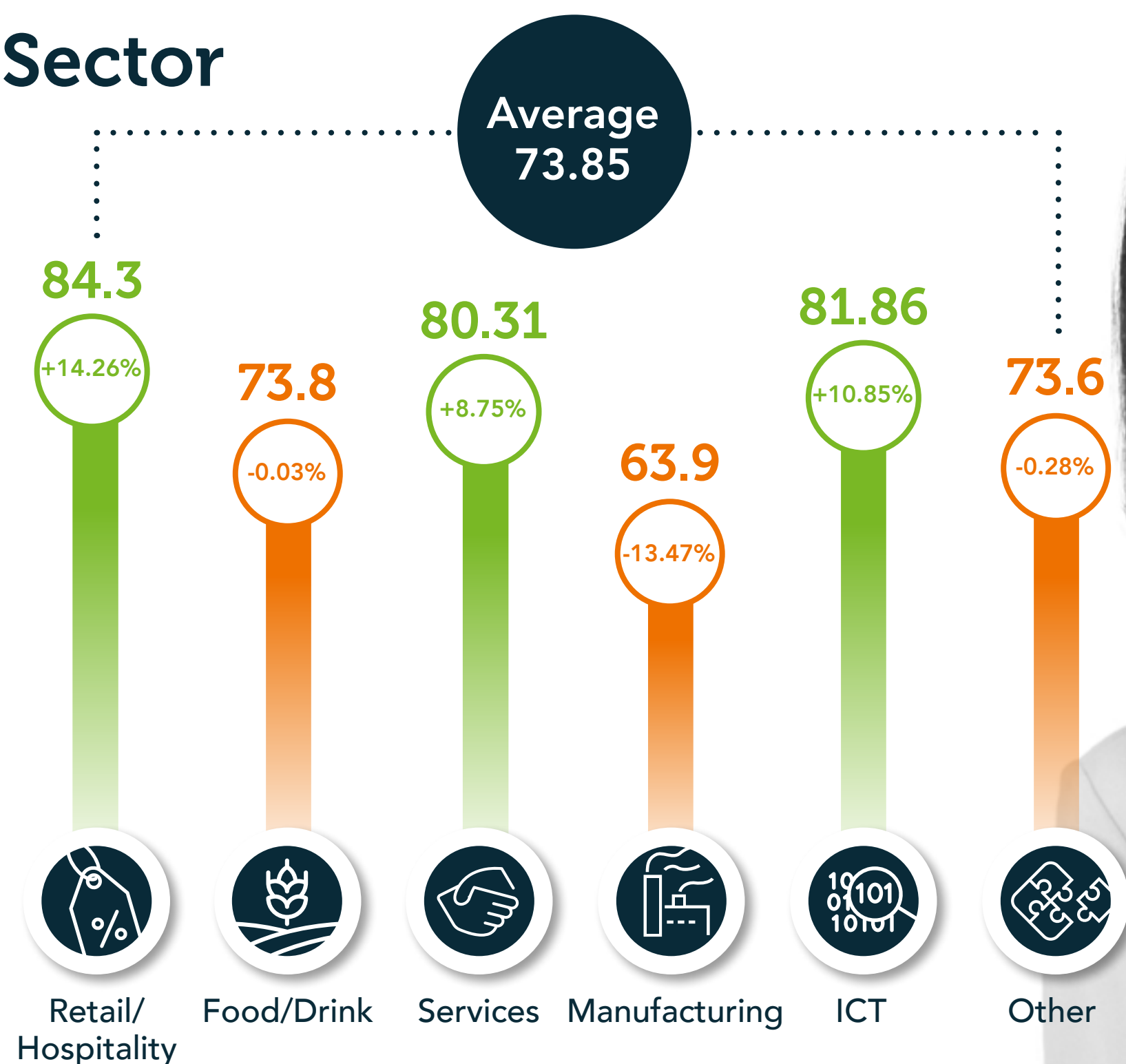**Digital and Automation Skills of SMEs in Ireland | October 2022**

The Retail and Hospitality is the top performer when it comes to **technology for smart working**. Businesses with 0-9 employees and businesses 10 years or younger are also performing well. The Manufacturing sector, older businesses (aged 21+ years) and those with 50+ employees are below average.
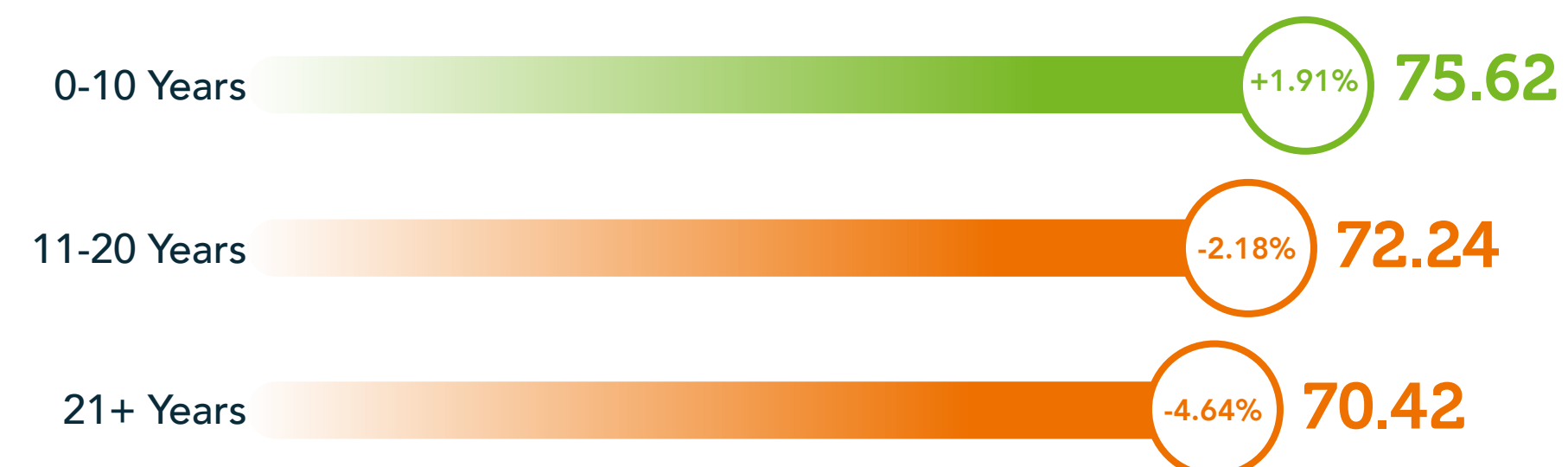
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Technology for smart working

Investing adequate time and resources in training and upskilling on how to select, implement and optimise chosen digital tools/ technology.
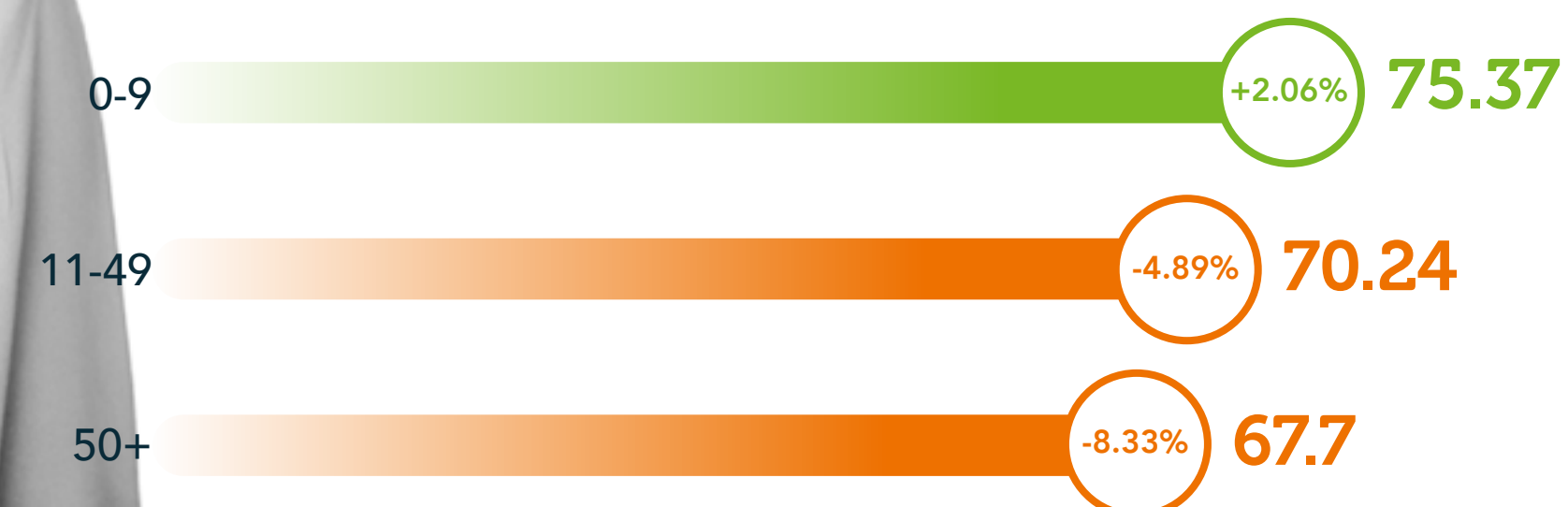
Sector

Average 73.85

Sector	Value	Change
Retail/ Hospitality	84.3	+14.26%
Food/Drink	73.8	-0.03%
Services	80.31	+8.75%
Manufacturing	63.9	-13.47%
ICT	81.86	+10.85%
Other	73.6	-0.28%

Business Age

	Value	Change
0-10 Years	75.62	+1.91%
11-20 Years	72.24	-2.18%
21+ Years	70.42	-4.64%

Business Size

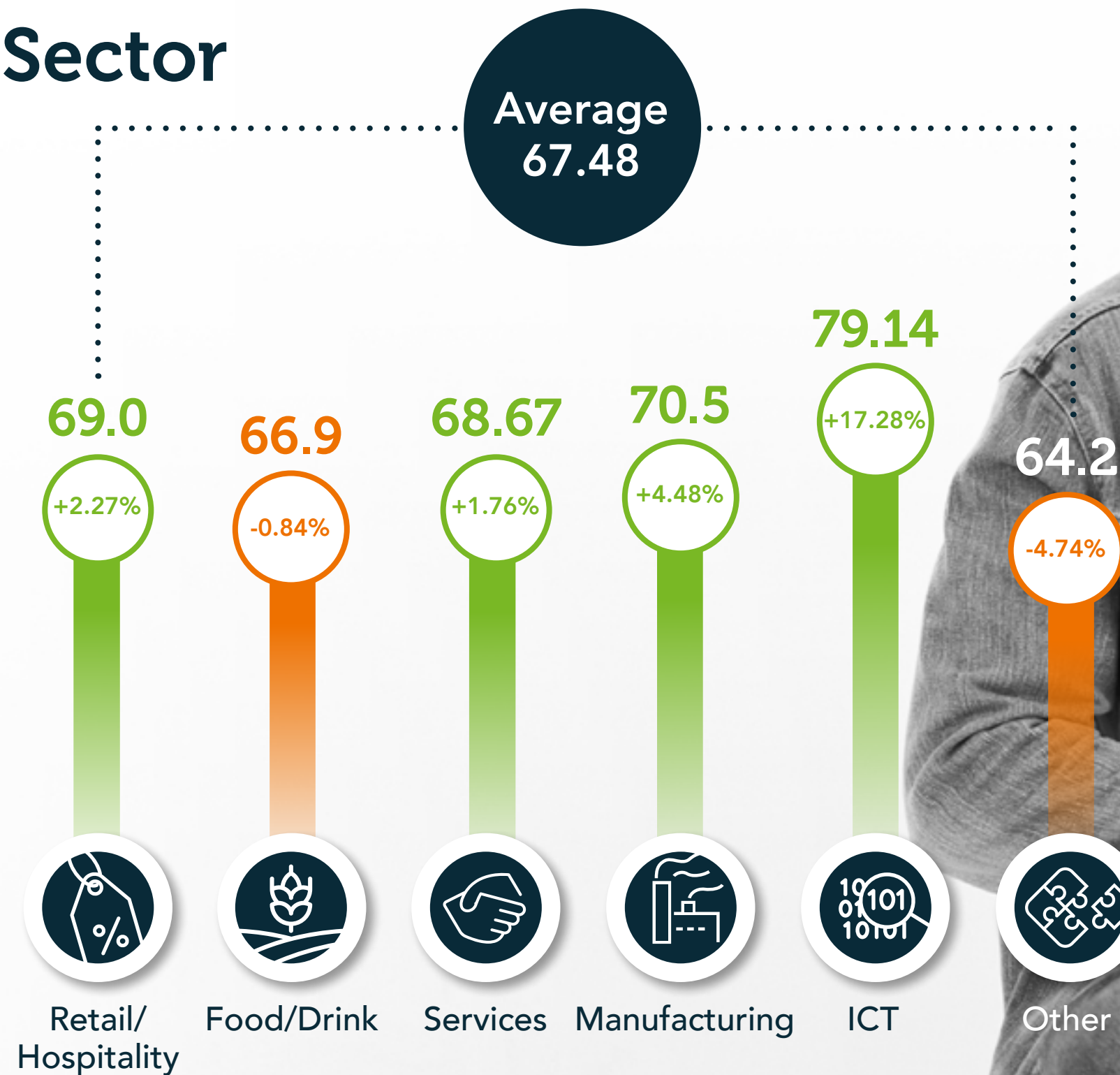|	Value	Change
0-9	75.37	+2.06%
11-49	70.24	-4.89%
50+	67.7	-8.33%

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The ICT sector is best in class for **awareness and adoption of emerging technologies**, as are businesses older than 20 years. 'Other' businesses are lowest for this competency along with businesses aged between 11-20 years.
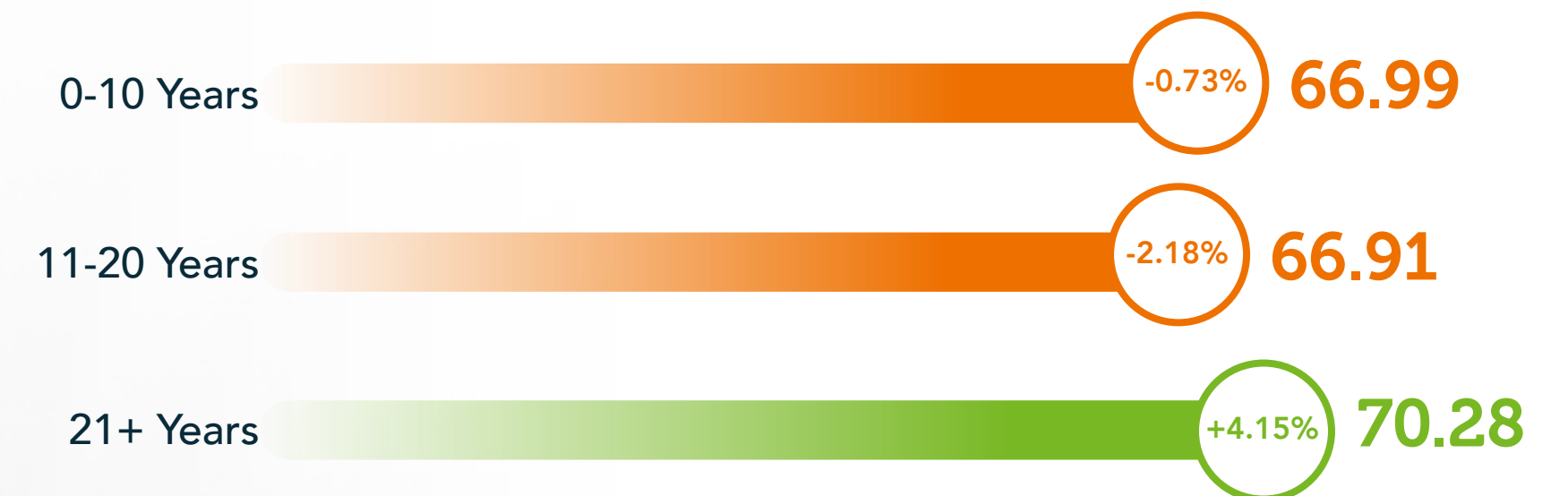
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Awareness and adoption of emerging technologies

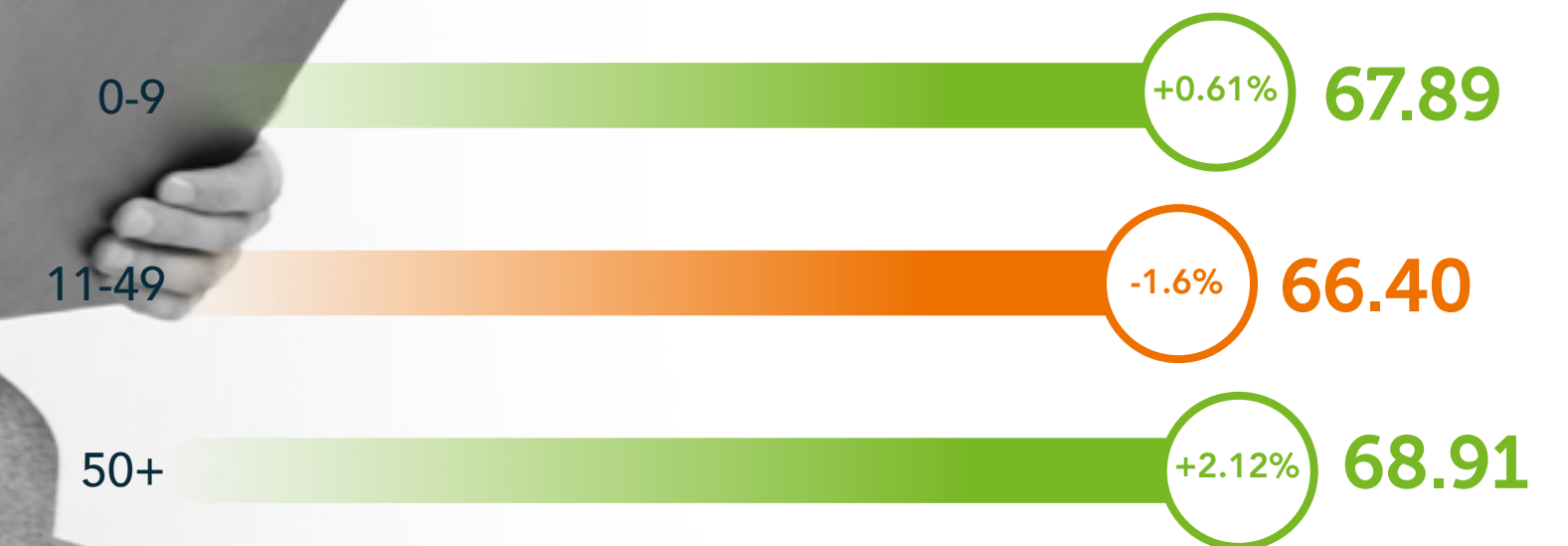Understanding the range of emerging technologies and their impact on business and customers.

Sector

Average
67.48

69.0	66.9	68.67	70.5	79.14	64.2
+2.27%	-0.84%	+1.76%	+4.48%	+17.28%	-4.74%
Retail/ Hospitality	Food/Drink	Services	Manufacturing	ICT	Other

Business Age

0-10 Years	-0.73%	66.99
11-20 Years	-2.18%	66.91
21+ Years	+4.15%	70.28

Business Size

0-9	+0.61%	67.89
11-49	-1.6%	66.40
50+	+2.12%	68.91

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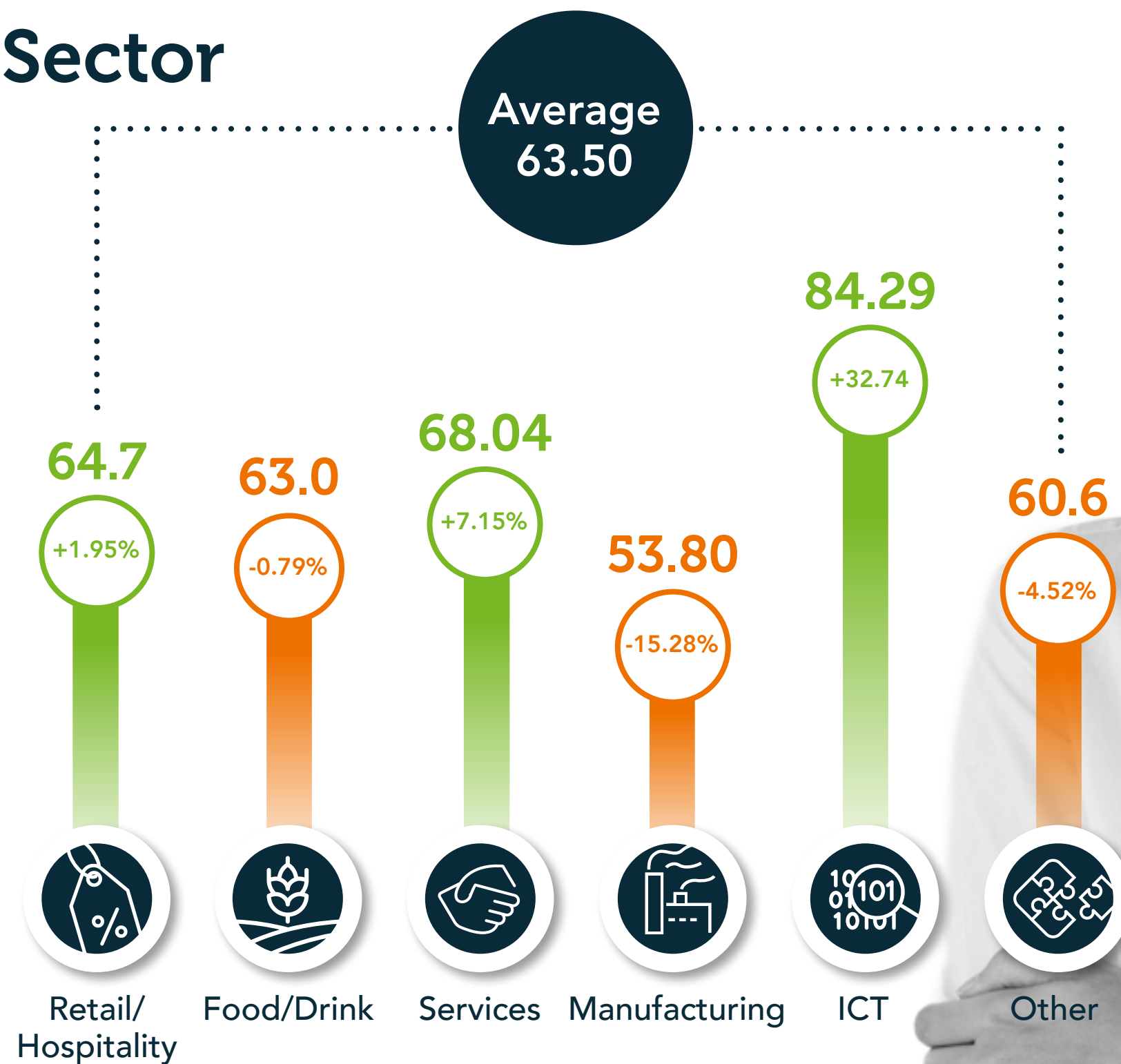**Digital and Automation Skills of SMEs in Ireland | October 2022**

ICT is the best performing sector for **SME Digital Best Practice.** The Manufacturing sector is performing significantly lower than average as are businesses with 50+ employees.
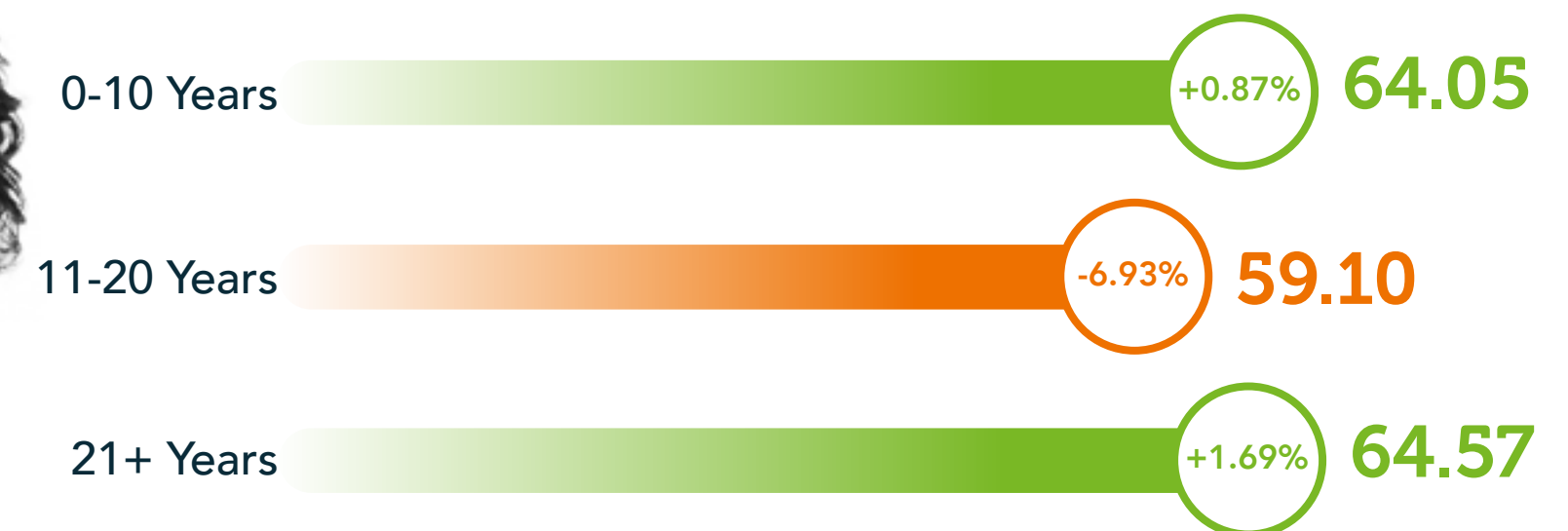
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SME digital best practice

Keeping up-to-date with emerging best practice in their sector regarding digitalisation and automation.

Sector

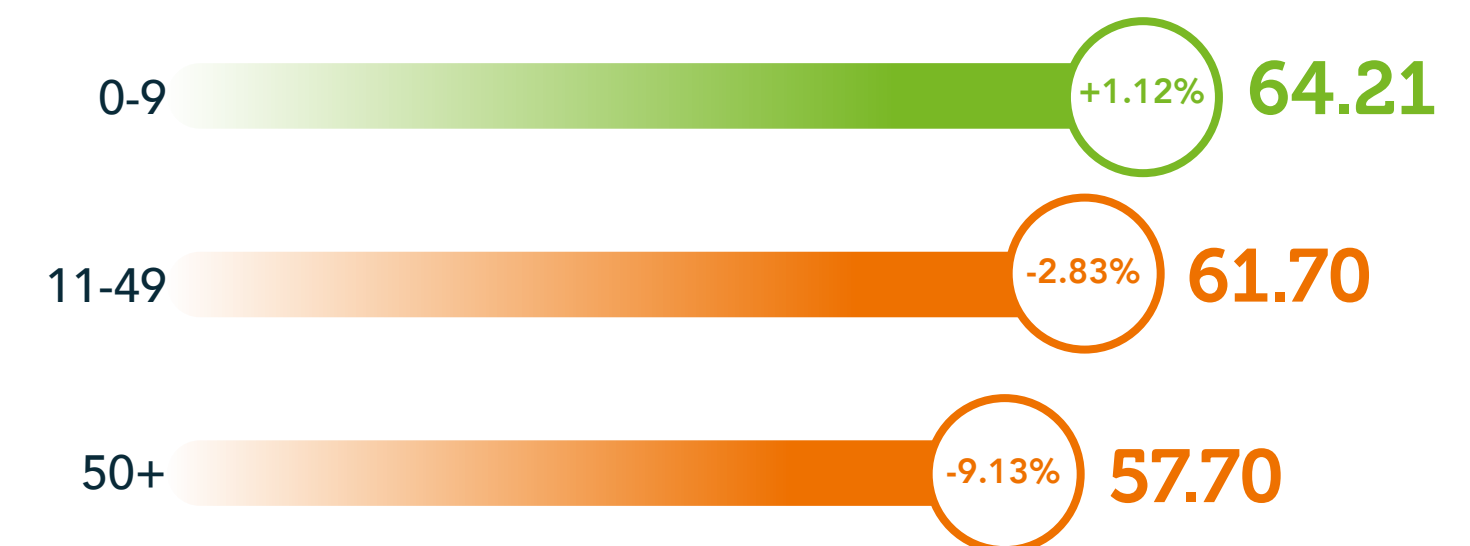Average 63.50

Sector	Value	Change
Retail/Hospitality	64.7	+1.95%
Food/Drink	63.0	-0.79%
Services	68.04	+7.15%
Manufacturing	53.80	-15.28%
ICT	84.29	+32.74
Other	60.6	-4.52%

Business Age

	Change	Value
0-10 Years	+0.87%	64.05
11-20 Years	-6.93%	59.10
21+ Years	+1.69%	64.57

Business Size

	Change	Value
0-9	+1.12%	64.21
11-49	-2.83%	61.70
50+	-9.13%	57.70

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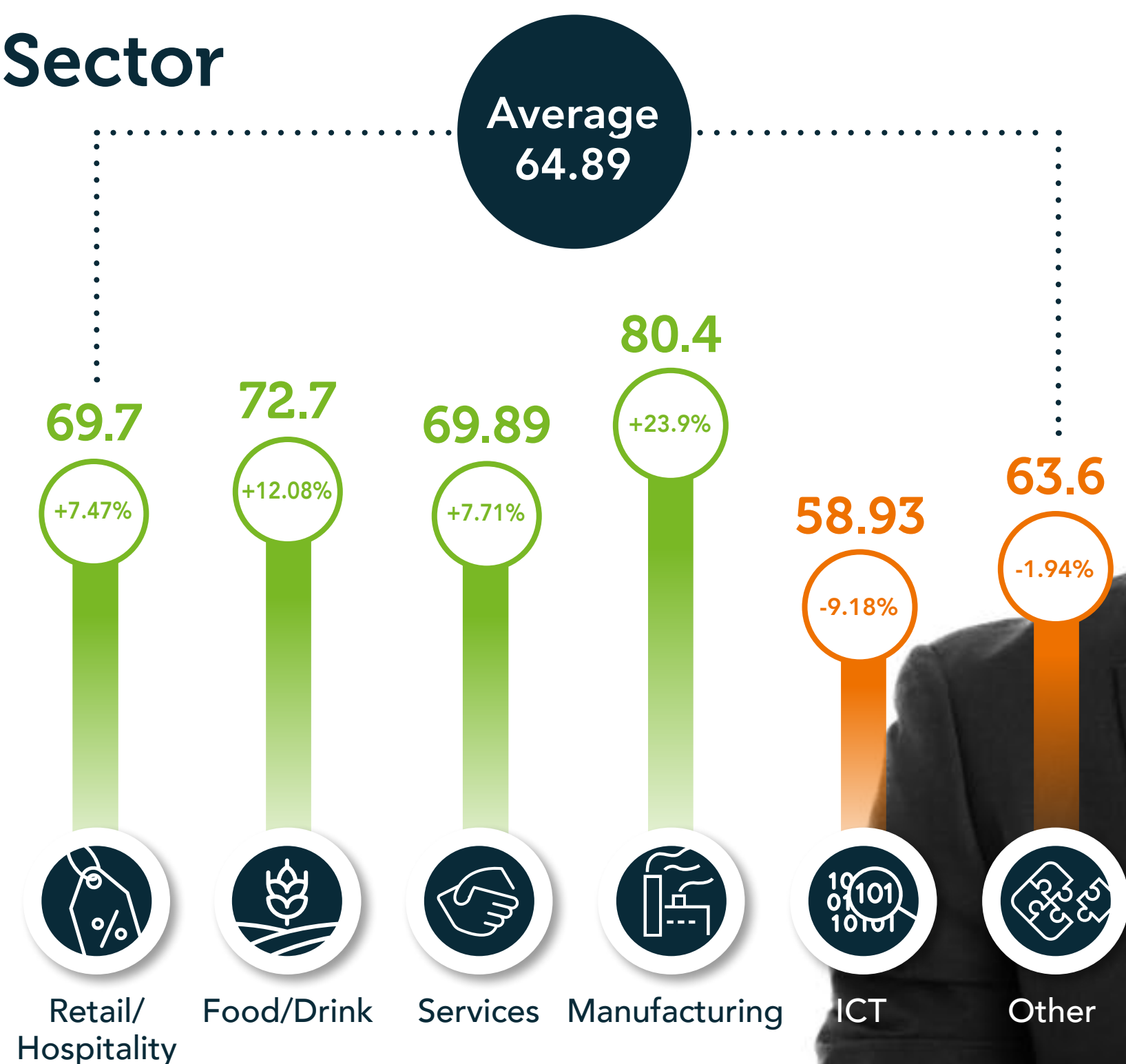Digital and Automation Skills of SMEs in Ireland | October 2022

The Manufacturing industry is best for **industry awareness and collaboration**, as are businesses with fewer than 10 employees. The ICT sector is lowest, as are middle-aged businesses (11-20 years old).
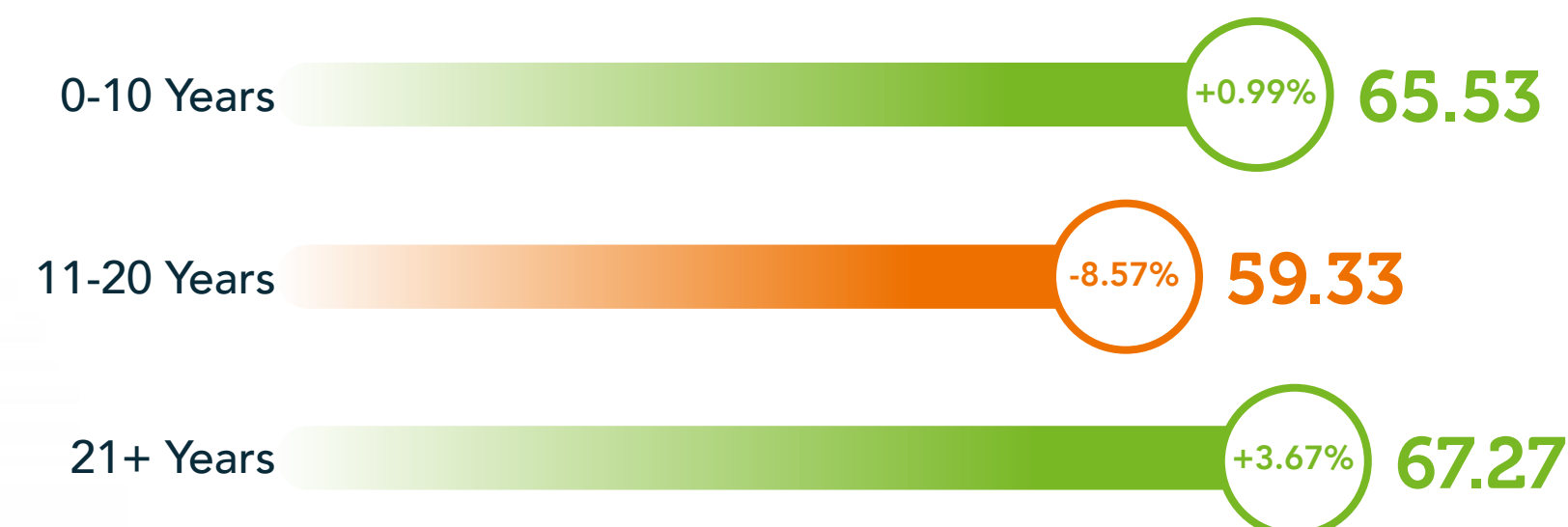
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Industry awareness and collaboration

Understanding the collaboration opportunities available for the business and how to access resources can elevate opportunities for innovation, research, networking opportunities and strategic partnerships.
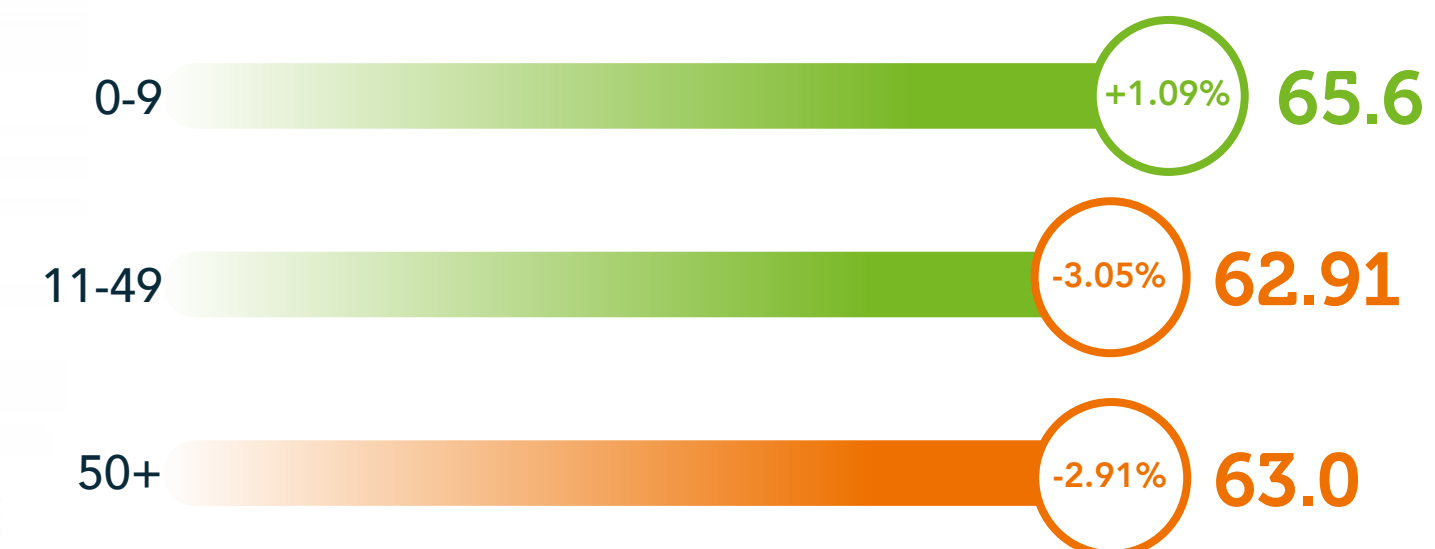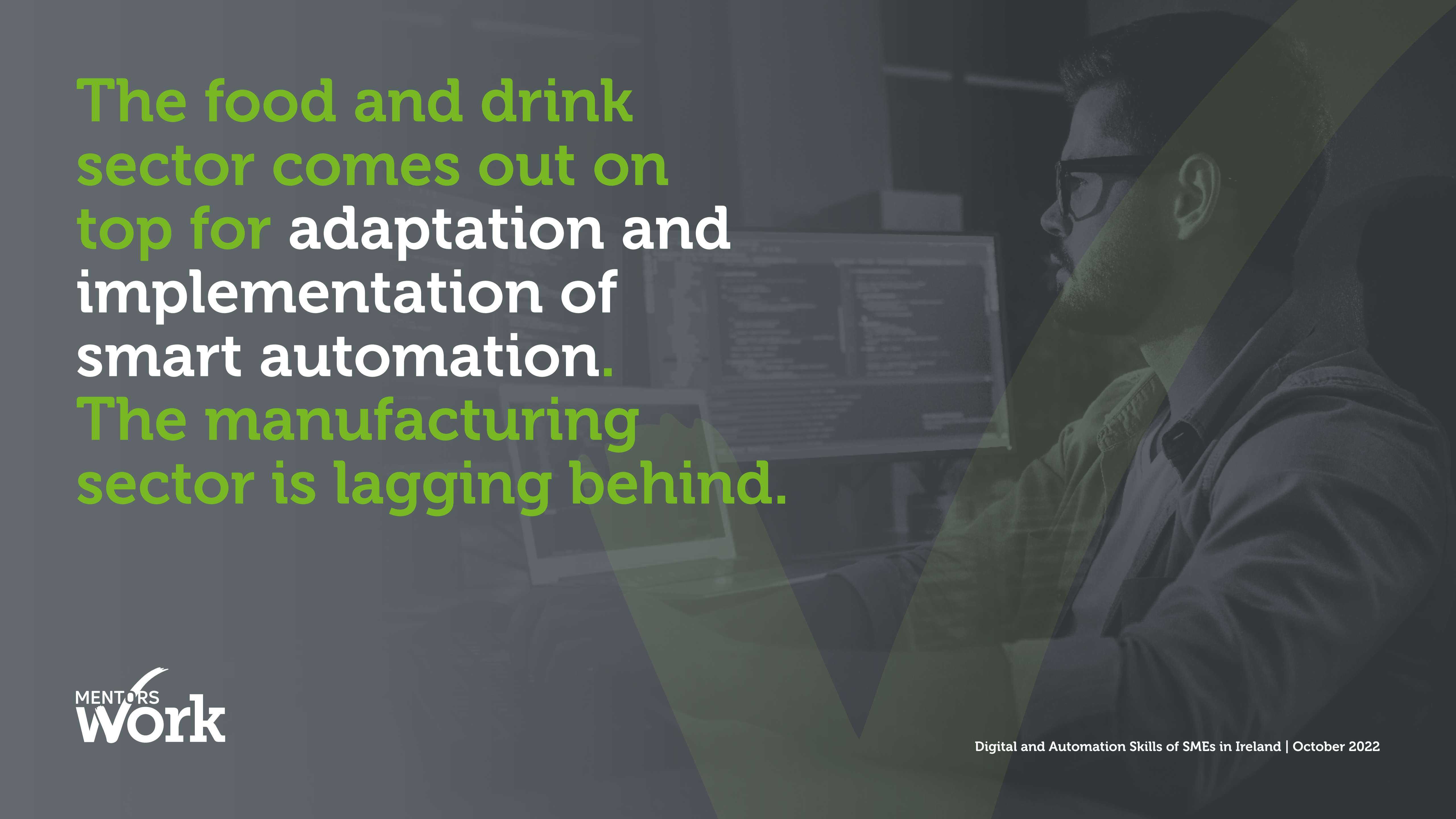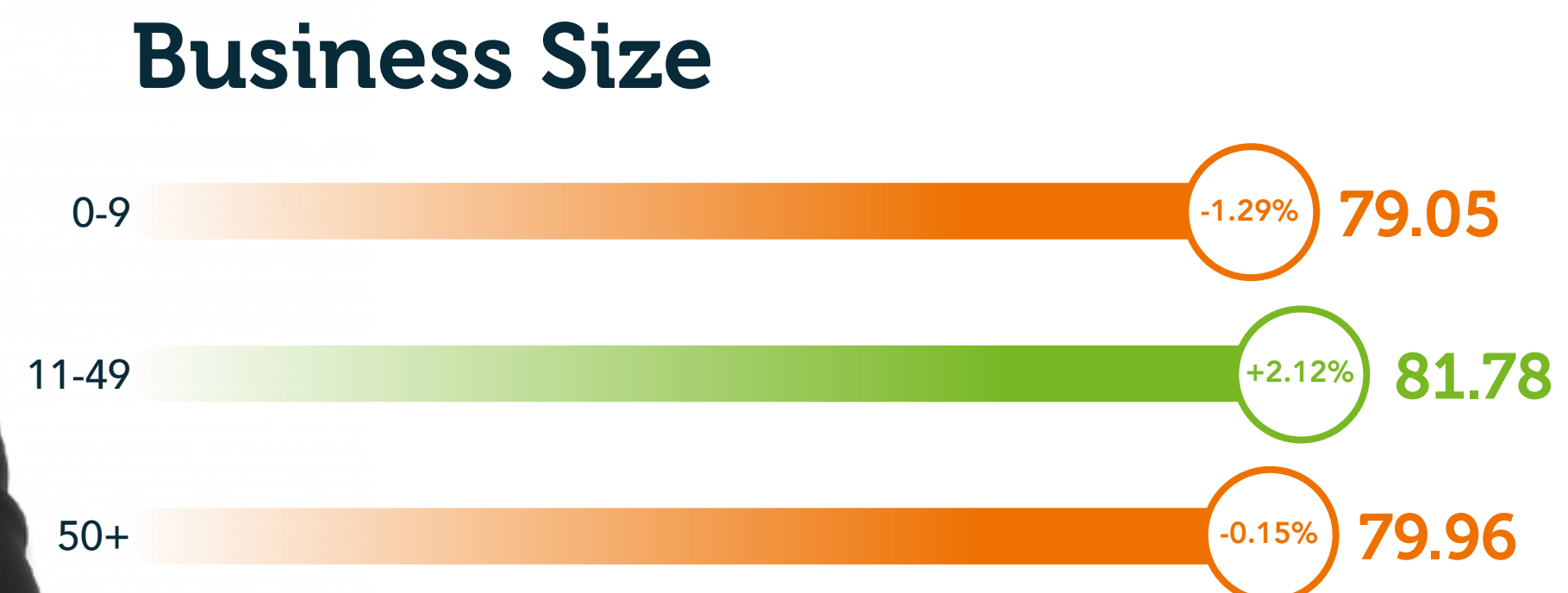
Sector

Average 64.89

Retail/Hospitality	Food/Drink	Services	Manufacturing	ICT	Other
69.7	**72.7**	**69.89**	**80.4**	**58.93**	**63.6**
+7.47%	+12.08%	+7.71%	+23.9%	-9.18%	-1.94%

Business Age

0-10 Years	+0.99%	**65.53**
11-20 Years	-8.57%	**59.33**
21+ Years	+3.67%	**67.27**

Business Size

0-9	+1.09%	**65.6**
11-49	-3.05%	**62.91**
50+	-2.91%	**63.0**

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The food and drink sector comes out on top for adaptation and implementation of smart automation. The manufacturing sector is lagging behind.

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Adaptation and implementation of smart automation

Automating basic manual processes to save costs and resources.

Sector

Average 80.08

Retail/Hospitality	Food/Drink	Services	Manufacturing	ICT	Other
82.6	**84.5**	**81.36**	**73.2**	**83.54**	**77.5**
+3.15%	+5.59%	+1.6%	-8.59%	+4.32%	-3.11%

Business Age

0-10 Years	-1.57%	**78.82**
11-20 Years	+0.85%	**80.76**
21+ Years	+2.05%	**81.72**

Business Size

0-9	-1.29%	**79.05**
11-49	+2.12%	**81.78**
50+	-0.15%	**79.96**

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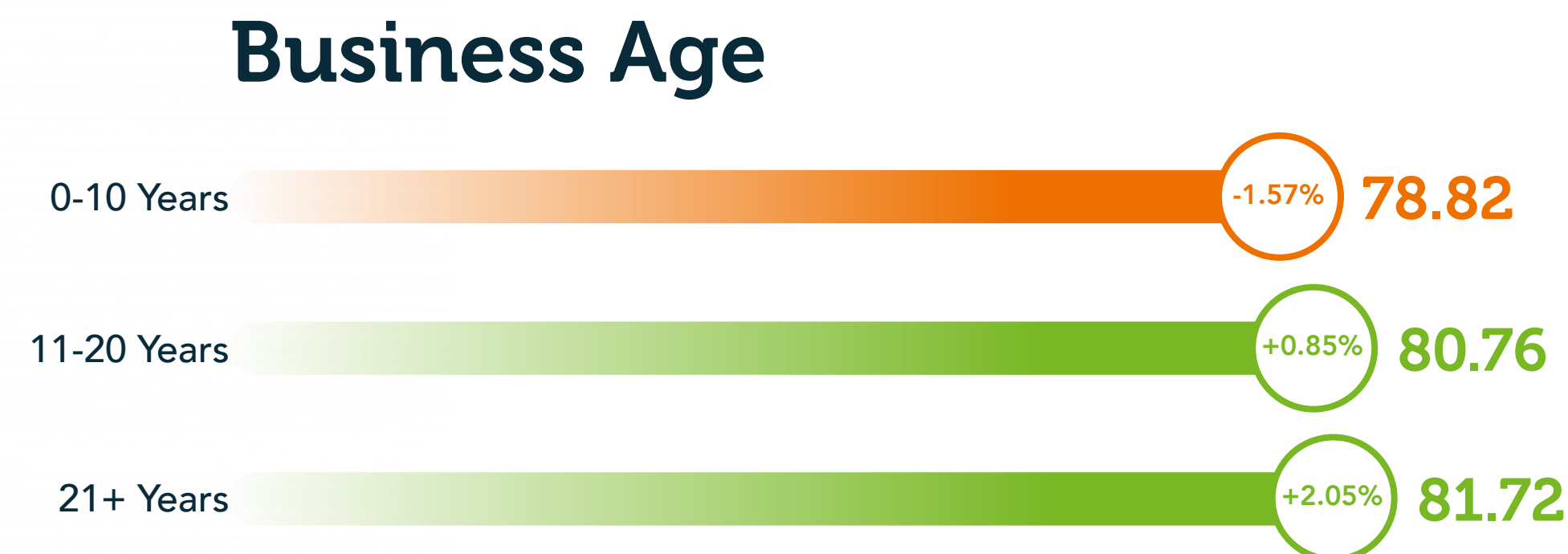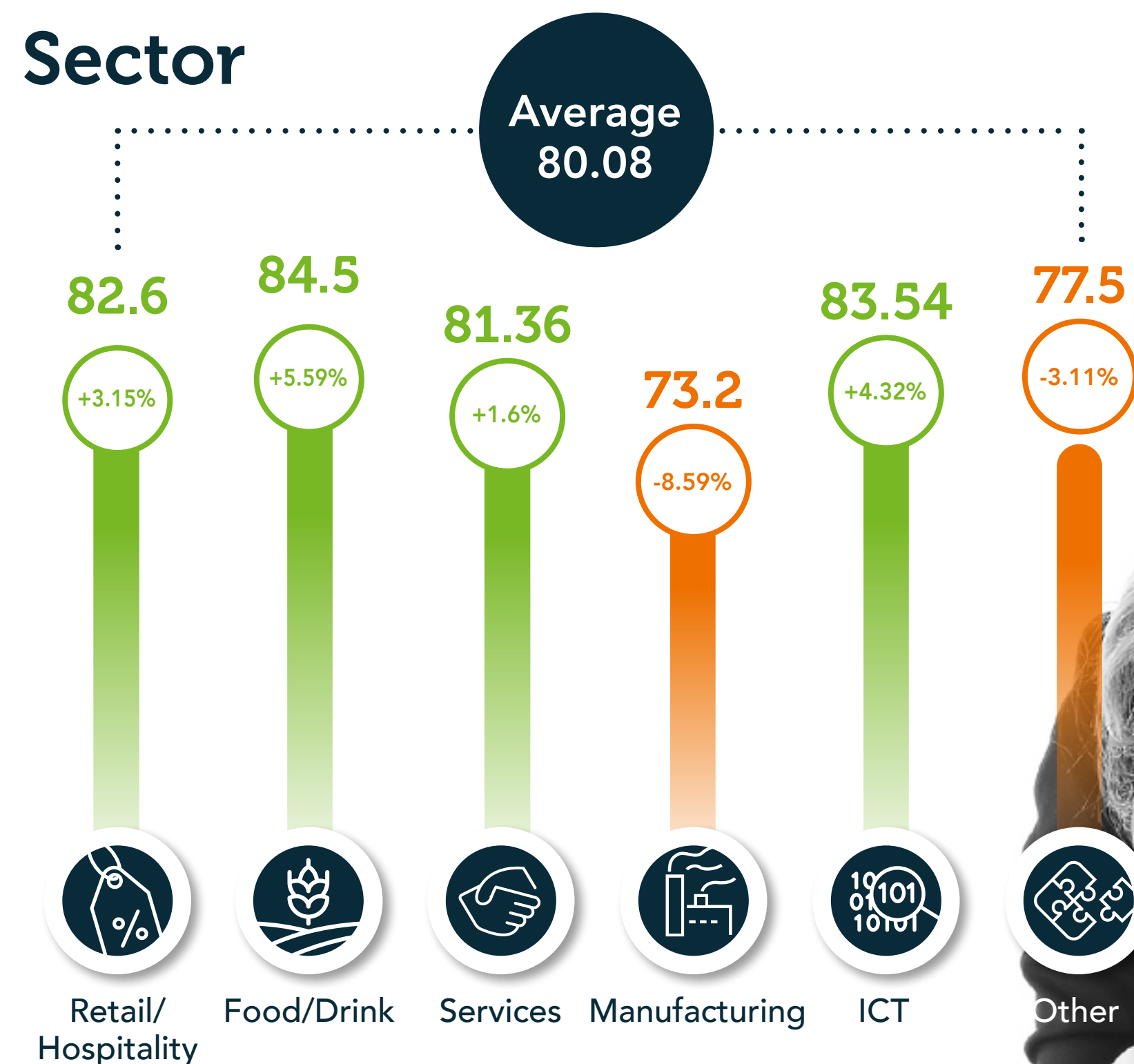
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An Roinn Breisoideachais agus Ardoideachais, Taighde, Nuálaíochta agus Eolaíochta
Department of Further and Higher Education, Research, Innovation and Science

Co-funded by
the European Union

To find out more and to apply, go to:
www.mentorswork.ie

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