



# Assessment of the Economic Value of the Community Enterprise Sector in Ireland

Conducted on behalf of the Community Enterprise Association Ireland CEAI by Fitzen Consulting Ltd with Community Engagement Partners Ltd and PMG Consult Ltd.

**ceai** COMMUNITY  
ENTERPRISE  
ASSOCIATION  
IRELAND



# Contents

<b>Executive Summary</b>	<b>5</b>
<b>Headline Insights</b>	<b>6</b>
<b>Economic Impact Assessment</b>	<b>7</b>
<b>Employment Patterns and Wages Impact</b>	<b>8</b>
<b>Total Economic Impact</b>	<b>10</b>
<b>Limitations of Assessment</b>	<b>10</b>
<b>Conclusion</b>	<b>11</b>

**In mid-2023, the Community Enterprise Association Ireland CEAI commissioned Fitzen Consulting Ltd to conduct a feasibility study into future opportunities for the enterprise centre and hub sector in Ireland.**

**As part of this feasibility study, Community Engagement Partners Ltd and PMG Consult Ltd were commissioned to conduct a review of the economic value of the sector with the data and methodologies utilised and informed by the Feasibility Study, of which the assessment formed a component part.**

**The assessment which follows is prepared for information purposes only and does not constitute legal, investment, or other professional advice on any subject matter. Where every effort has been made to ensure that the research data collected was accurate, the information which is contained within this assessment was provided on an 'as is' basis by those who responded.**

**This assessment is the property of the funders – namely the Community Enterprise Association Ireland CEAI – and must not be copied, adapted, displayed, distributed, republished, shared on social media, or otherwise reused without the knowledge and express permission of CEAI.**

**Commercial reuse of this assessment is strictly prohibited.**

# Executive Summary

The community enterprise sector in Ireland is defined by CEAI as the wider enterprise development support ecosystem which emanates from the collective actions and activities of community enterprise centres and enterprise hubs, across sectors including food and technology, that are contributing both to the creation of substantive social and economic impact across the communities and regions they serve and to Irish society in general.

The community enterprise sector in Ireland has played a significant role in the delivery of a wide range of policy priorities for national government since the late 1980s. Since then, the sector has progressively gained momentum due to its escalating impact on sustainable economic growth, job creation, and balanced economic and societal regional development, along with its growing influence on localised digitalisation, nurturing smart specialisation strategies, and the green transition.

Enterprise centres and hubs operate across all regions within the state, contributing to the building of thriving economies at local, regional, and national levels, and the sector is primed to further support and contribute to the capacity and capability building of micro, small, and medium enterprises across Ireland, helping to future-proof businesses with the kinds of skills and technology required to survive and thrive in a swiftly evolving global business environment.

The growth of the community enterprise sector has been underpinned by substantial investment from Enterprise Ireland and the Department of Enterprise, Trade and Employment since the early 1990s. In more recent times, the sector has also benefited from smaller-scale grant support through the Connected Hubs Network. It is estimated that investment in the sector to date has been in the region of €215+ million.

Despite the consistent track record of the community enterprise sector, along with significant government investment into the sector, no previous attempt has been made to capture its impact on Ireland's economic performance.

In 2023, as part of a comprehensive organisational feasibility study for the Community Enterprise Association Ireland, CEAI commissioned a review of the sector from the data gathered through CEAI member surveys. The results of this exercise offer the first high-level, indicative measure of the sector's economic value at a national level, with the figures reported clearly demonstrating the impressive contribution that the community enterprise sector delivers, on an annual basis, to the Irish economy.

Observations on the initial report were provided by the Department of Enterprise, Trade and Employment in early 2024 and the following incorporates responses to those observations.

While the review was a relatively limited piece of work, it is clear that its headline insights indicate the sector's significance and suggest the importance of future investment of funding and additional supports for the sector.

CEAI is committed to working alongside government and key stakeholders from across the community enterprise sector to harness the sector's potential for the benefit of the regions and the country as a whole.

---

<sup>1</sup> For ease of reference, the terms 'centre' and 'hub' are used interchangeably throughout this document, but the breadth and variety of service offerings across the sector should be taken into account in future studies.

# Headline Insights

In summary, based on a sector size of 150 (identified by CEAI) the Economic Impact Assessment suggests that:

**Total economic impact (GVA):**  
**€1,870,019,713**  
**p.a.**

Employment across the sector:

**462 FTE**



Valued at:

**€21,856,296 p.a.**



Non-wage investment:

**€10,465,500 p.a.**



**# Tenant & Client companies:**  
**3,500**  
 (including sole traders)

Employment provided by tenant & client companies:

**18,600 FTE**



Valued at:

**€879,928,800 p.a.**



Non-wage investment:

**€187,761,000 p.a.**



Unpaid (volunteer) contributions:

**€125,000 p.a.**



## SECTOR SCALE COMPARISON:

Community Enterprise Sector (2023)  
 – GVA €1.8bn

Domestically owned Food and Drink Producers (2018) – GVA €2.2bn

**Gross Value Added (GVA)** measures the contribution to the economy of the economic and commercial activities of producers, industries, or sectors.

**Gross Domestic Product or GDP** is a measure of the size of the economy and reflects the total economic activity in a country (CSO).

# Economic Impact Assessment

## Methodology

### Data Collection

This assessment of the value of community enterprise centres and hubs and the tenant and client companies which they support is based upon:

1. Data gathered from a survey of enterprise centre and hub personnel including CEOs and senior management conducted midway through 2023;
2. Survey results shared by the Small Firms Association from 2022;
3. A review of the non-wage expenditure of a limited number of enterprise centres and hubs.

The survey resulted in 64 responses, of which 63 were usable. On the basis of a pre-agreed conservative approach to data analysis, a decision was made to remove the responses from two high-performing centres, and they were excluded from certain elements of the data analysis in order to prevent data distortion.

The Steering Group for the Feasibility Study agreed that this sample was sufficient to facilitate the study's goal, which was to produce a high-level, indicative assessment of a sector for which no prior economic benchmarking had been carried out.

### Data Analysis

On the basis of the population and the sample sizes, the emerging data has a 9% margin of error at a 95% confidence limit and an 8% margin at a 90% limit.

The agreed objectives of the impact assessment were to indicate:

1. The value of the jobs which are accommodated in enterprise centres and hubs, through employment by tenant and client companies;
2. The value of the jobs of the employees of the enterprise centres and hubs themselves;
3. The value of other expenditures by the tenant and client companies which are accommodated in the centres;
4. The value of the other expenditures incurred by the enterprise centres and hubs themselves;
5. The multiplier effect of the expenditure arising from objectives #1 - #4 above.

A number of potential impacts were deliberately excluded from the data analysis, either on the basis that the data provided was largely historic and would need to be analysed using a different methodology, or that they are uncertain and inconsistent with no basis for evaluation.

These include:

1. Construction costs and any one-off items of capital expenditure;
2. The revenue impacts generated by activities such as events hosted in centres and hubs and arising from the spend on goods and services by attendees/participants;
3. The significant in-kind monetary value of the voluntary input invested in managing and directing enterprise centres and hubs.

---

<sup>2</sup> Central Statistics Office, n.d., 'Food and Agriculture: A Value Chain Analysis', A CSO Frontier Series Output. Available at: <https://www.cso.ie/en/releasesandpublications/tp/p-favca/foodandagricultureavaluechainanalysis/foodanddrink/>

<sup>3</sup> Small Firms Association, September 2022, 'Small business in Ireland: Cost of doing business report September 2022'. Available at: <https://www.ibec.ie/sfa/-/media/documents/sfa-documents/sfa-cost-of-doing-business-survey-sept2022-v5.pdf>

<sup>4</sup> Based on CRO returns produced by a small number of centres.

# Employment Patterns & Wages Impact

1. Direct employment in tenant and client companies supported by locations across the community enterprise centre and hub sector along with the associated wage circulation into local community economies (18,600 FTE roles);
2. Direct employment in the management and operation of locations across the community enterprise centre and hub sector, along with associated wage circulation in their local communities' economies (462 FTE roles);
3. Tenant and client companies' spend in the local economy, which includes average annual rates of expenditure by tenant and client companies on their non-labour operational costs and capital expenditure. A ratio of 82% labour costs to 18% non-labour expenditure is assumed in order to estimate the total expenditure of, or consumption by, the total population of client enterprises;
4. The spend by community enterprise centre and hub sector facilities in their local community economies, which includes average annual rates of expenditure by these locations on non-labour operational costs and non-capital expenditure.

## Employees of Tenant and Client Companies

Respondents were asked to report data for full-time equivalent employees (FTEs) of tenant and client companies. The survey results suggested that this grouping of companies employed 7,594 employees across 61 locations, at an average of 124 employees per location. When this finding is extrapolated for all 150 locations, it results in a total of 18,600 FTE client employees across the community enterprise sector in Ireland in 2023.

## People employed directly by Enterprise Centres and Hubs

The results of the survey also indicated that 303 people were employed directly by 63 enterprise centres and hubs. As this calculation included two outlier centres with very high levels of employment, and in order to ensure a conservative average, the decision was made to exclude these two responses. The revised calculation indicated that 216 people were employed in 61 locations, a figure which allows us to project an average of 3.5 employees per location.

## Voluntary Employment

Volunteer management arrangements are a recognised characteristic of the current community enterprise sector, and a 2019 survey conducted by CEAI indicated that volunteer management arrangements were in place in 12% of the enterprise centres and hubs across Ireland. Therefore, allowance was made for the fact that some centres are run on an entirely voluntary basis, and economic impact figures were adjusted downwards as a result. The actual number of paid staff may well be higher and rising in this rapidly maturing sector.

## Wage Prediction Methodology

For the purposes of this Assessment, the average industrial wage was used to predict the average level of wages and salaries for full-time employees of tenant and client companies within the enterprise centres and hubs and also employees of the enterprise centres and hubs themselves. This decision reflects a number of factors, including regard for the nature of tenant and client companies, the sectors of the economy most represented, and the nature of employment, including volunteer staff, as noted above.

## Non-wage Expenditure Impact

A 2022 survey by the Small Firms Association suggested that, on average, 82% of the expenditure of micro, small, and medium enterprises is spent on wages and salaries, with the remaining 18% going on other expenditures. This ratio was used to calculate the total non-wage expenditure of tenant and client companies within enterprise centres and hubs.

This data was then combined with a review of the non-wage expenditure of a small sample of enterprise centres and hubs to produce an estimated non-wage expenditure average of €3 per square foot, or €32.30 per square metre, per annum.

The decision to use area as a measure was driven by the fact that much non-wage expenditure goes on costs such as heat and light, insurance, cleaning, and maintenance of buildings and grounds. Extrapolating from the data reported by the respondent enterprise centres and hubs suggested a total aggregate floor area of 341,275 ft<sup>2</sup>, or 31,705 m<sup>2</sup>, for the sector, and this figure offered the basis for estimating the non-wage expenditure of enterprise centres and hubs across the sector.

It should be noted that figures given here for the impact of non-wage expenditure are solely indicative, as they are based on self-reported data. The figures provide an initial guide for future quantitative research rather than a comprehensive or rigorously tested impact measure.

## Multiplier Calculations

While the initial impact of these expenditures is significant in the economics of enterprise centres, their communities, and their regions, as well as the economy in general, their multiplier effect is also important. Rather than apply an individual multiplier to each component of expenditure, it was decided to apply a single multiplier to the aggregate figure, as this was more likely to mitigate errors.

The impact multiplier of 1.7 selected for the assessment of the economic impact of the sector is considered to be an average or modest impact multiplier in the context of the wider Irish economy. The multiplier rates for different sectors vary from 1.2 for many FDIs to 2.5 or 3 for very high-tech and knowledge-intensive sectors.

The general economy will typically produce a multiplier of  $1 + 0.4$  (1.4) for new economic activity and associated money circulation. In this instance, a slightly higher scenario assumption has been used to calculate the impacts consistent with a mix of the sectors represented across the facilities and their relative value in the economy. The multiplier rate has also been adjusted downwards to reflect the likely lower than average values of consumption in the local supply chains across the network.

Evidence from the 2023 National Remote Working Survey showed that 42.5% of hub users are employed across the professional, technical, scientific, and ICT sectors, with many leading innovation and providing digital solutions and services to small and medium enterprises, as well as generating valuable employment opportunities and skills in local communities.

# Total Economic Impact

Based on these deliberately relatively conservative considerations and assumptions, the total economic impact of the community enterprise centre and hub sector is estimated to be **€1,870,019,713** per annum.

Impact Variable	Unit of Measure	Value	Employees (Survey Sample)	Employees (Total Population)	Total Value
(Survey Sample)	Employees	€47,308			
(Total Population)		€47,308	7,594	18,600	€879,928,800
Direct employment supported by the enterprise centre and hub locations		€47,308	220	462	€21,856,296
<b>Investment &amp; Expenditure</b>	<b>Average Annual Consumption</b>		Centres	Centres	€
Non-wage investment and operational expenditure in tenant and client companies		n/a	n/a	n/a	€187,761,000
Non-wage investment and operational expenditure		€47,308	220	462	€21,856,296
<b>Total</b>					<b>€1,100,011,596</b>
<b>Gross Value Added (GVA)</b>	Multiplier	1.7	n/a	n/a	<b>€1,870,019,713</b>
<b>Other Impact variables</b>					
Volunteer (no multiplier)	Hours per week	€25		5,000	€125,000

While the value of volunteer input could also be reflected in any measurement of the impact of enterprise centres and their client companies, no such multiplier has been applied to this category here, pending the development of a volunteer impact multiplier with a sound methodological basis.

## Limitations of Assessment

The Economic Impact Assessment represented a reasonable attempt to assess the scale of the economic value of the community enterprise sector across Ireland, and, while these limitations indicate the need for additional and more detailed research, this report provides a reasonable assessment of the general scale of the current economic impact of the community enterprise sector, with due regard being given to the following:

1. The assessment drew upon the available data to provide a headline assessment of the overall GVA impact on the national economy. The principles of economic modelling are applied, but no provision is made for deadweight or displacement;
2. No provision is made for the long-term impact of enterprises which establish and develop within the centres and hubs and continue to grow and expand outwards to new/additional locations;
3. The data for the estimated 150 community enterprise centres is extrapolated from between 62 and 64 survey responses which are considered to reasonably represent the sector. Two responses, considered unrepresentative, have been excluded from relevant calculations where their results would have skewed impact upwards;
4. The average industrial wage has been taken, provisionally, as the average wage payment, both within tenant and client companies and for enterprise centre and hub employees;
5. A 2022 SFA survey formed the basis for estimating the non-pay expenditure by centres' tenant and client companies. Further research may suggest that these figures should be amended;
6. Enterprise centres' expenditures were estimated on the basis of a very small range of data;
7. The value of some of the activities which take place in some enterprise centres, such as education, training and mentoring, is not included, as reliable data is not yet available;
8. There has been no independent review of the self-reporting survey of enterprise centres which provided much of the data for this report.

# Conclusion

The aim of this assessment was to evaluate the economic contribution of Ireland's community enterprise centres and hubs, as well as the clients and tenants which they support. As the first study of its kind, this assessment has created a much-needed benchmark and a strong case for future investigation of this growing, increasingly mature and increasingly impactful sector.

Additional research, in the form of both quantitative and qualitative studies, will offer the opportunity for a deeper dive into the impact of enterprise centre and hubs and their client companies. This research should focus on several additional areas including producing a clearer picture of wage payments across hub types, roles, and sectors; the costs and benefits of enterprise centre construction and other capital expenditures; and the profile of employees in an increasingly diverse enterprise sector.

Additional and supplementary research will strengthen the understanding of the economic impact of Ireland's community enterprise sector. However, this assessment does point very clearly to the scale of the impact at a national level and the importance of the sector to local and regional economies.

---

<sup>6</sup>Deirdre Frost, 'Policy Briefing No. 12, Remote Working and Relocation – Evidence from the 2023 National Remote Working Survey', Western Development Commission, p. 5. Available at: <https://westerndevelopment.ie/wp-content/uploads/2024/01/Final-PB-no-12-Remote-Work-relocation-2023.pdf>

<sup>7</sup>CSO, 'Earnings and Labour Costs Q1 2023 (Final) Q2 2023 (Preliminary Estimates)', 29 August 2023. Available at: <https://www.cso.ie/en/releasesandpublications/ep/p-elcq/earningsandlabourcostsq12023finalq22023preliminaryestimates/>

<sup>8</sup>Small Firms Association, September 2022, 'Small business in Ireland: Cost of doing business report September 2022'.

