Introduction

• The Northern Ireland Economic Strategy (2012) was built on a robust, extensive evidence base. This included four research projects assessing global best practice in small economies which were summarised in one of the background papers.

• The draft Industrial Strategy is also built on a solid foundation of research and analysis to support the priorities being put forward. This annex provides an overview of the evidence base across each of the six pillars.

• The evidence base included here come from a range of sources, including:

  – Dept for the Economy, Research Agenda 2016-17
  – Dept of Enterprise, Trade and Investment, Research Agenda 2011-15 and 2015-16
  – MATRIX Science and Industry Panel
  – Economic Advisory Group
  – Northern Ireland Statistics and Research Agency
  – Office for National Statistics
Evidence Base in Numbers

100 reports cited

- 18 competitiveness and inclusive growth
- 22 education, skills and employability
- 16 global markets
- 11 innovation and research
- 26 inclusive, sustainable growth
- 7 economic infrastructure
Overview of Research by Pillar

COMPETITIVENESS AND INCLUSIVE GROWTH

- EAG Northern Ireland Competitiveness Scorecard 2016
- Economic Context and Policy Approaches in Small Advanced Economies
- Benchmarking Northern Ireland’s Competitiveness against Small Advanced Economies
- Understanding Productivity in Northern Ireland
- Cost of Doing Business in Northern Ireland
- Legatum UK Prosperity Index
- OECD Inclusive Growth
- Measuring National Wellbeing
- World Happiness Report
- Responses to Call for Evidence and PFG Framework Consultation

INNOVATION AND RESEARCH

- Developing an Open Innovation Centre for NI
- Innovation in Micro Businesses
- Exploitation of Intellectual Capital for SMEs
- Harnessing Social Innovation to Drive the NI Economy
- Regions and Innovation: Collaborating Across Borders
- Leveraging the Cross Border Innovation Ecosystem
- MATRIX Life and Health Sciences Report
- MATRIX Digital ICT Report
- MATRIX Advanced Manufacturing, Materials and Engineering Report

EDUCATION, SKILLS AND EMPLOYABILITY

- NI Skills Barometer
- NI Skills Base: International Benchmarking Report Card
- OECD Skills Beyond School: Study: An Assessment of NI Skills Delivery Mechanisms
- International Assessments of Literacy and Numeracy Skills of Adults and Children
- Assessing the Economic Impact of FE and HE
- OECD Study on NI Employment and Skills Strategies
- Research Underpinning the Economic Inactivity Strategy
- Reviewing Leadership and Management Skills

INCLUSIVE, SUSTAINABLE GROWTH

- Economic Impact of National Living Wage
- Business Access to Finance
- Future of Early Stage and Growth Finance
- Contribution to Sub-regional Growth and Development
- SME Credit Constraints and Growth: Cross Border Study
- SME Access to Finance for Growth on Island of Ireland
- Measuring High Growth Firms
- Policy Assessment of High Growth Firms
- Global Entrepreneurship Monitor
- SFA Evaluation and Analysis

GLOBAL MARKETS

- Economic Impact of Corporation Tax Update
- Economic Implications for Business of UK Exit from EU
- Competing for FDI with Reduced Corporation Tax
- Company Surveys on Corporation Tax Intentions
- Attracting US FDI with Reduced Corporation Tax
- Growing and Diversifying the Export Base
- Characteristics of Exporting SMEs on Island of Ireland
- Economic Impact of Air Passenger Duty
- Economic Contribution of Tourism Economy

ECONOMIC INFRASTRUCTURE

- MATRIX Sustainable Energy Report
- Energy in Northern Ireland
- Costs and Benefits of the NI Executive’s 40% Renewable Electricity Target
- UK Environmental Accounts: Low Carbon and Renewable Energy Survey
- Electricity Consumption and Renewable Generation
- Quarterly Transparency Reports
- Communications Market Report: Northern Ireland
Increased Competitiveness / Inclusive Growth

Selected Key Messages

• Northern Ireland has key competitive strengths to build on, and should aspire to be as competitive as small economies such as Denmark, Singapore, Scotland, Republic of Ireland and Finland.

• Economic wealth does not need to be at the expense of wellbeing, and Northern Ireland needs to retain its current high levels of life satisfaction and happiness.

• Successful small advanced economies show strategic coherence, prioritise their key strengths, are internationally engaged and invest heavily in human capital and innovation.
Increased Competitiveness / Inclusive Growth

Supporting Research
(hyperlinks available where published)

Legatum Institute (2016) *UK Prosperity Index 2016*

Skilling, D. (ongoing) *Economic Context and Policy Approaches in Small Advanced Economies*


Department for the Economy (ongoing) *Benchmarking Northern Ireland’s Competitiveness against Small Advanced Economies*

Ulster University Economic Policy Centre (2016) *Understanding Productivity in Northern Ireland*

Economic Advisory Group (2016) *Competitiveness Summary*

Ulster University Economic Policy Centre (2016) *Competitiveness Scorecard for NI*

Northern Ireland Executive (2016) *Programme for Government Framework – Public Consultation Analysis of Responses*


Northern Ireland Statistics and Research Agency (2016) *NI Economic Accounts Project*

Increased Competitiveness / Inclusive Growth

Supporting Research - Continued
(hyperlinks available where published)


OECD (2015)  *All On Board: Making Inclusive Growth Happen*


Department of Enterprise, Trade and Investment (2014)  *Financial Capability in Northern Ireland: Findings from the Northern Ireland Omnibus Survey 2014*

Economic Advisory Group (2013)  *Competitiveness Index for Northern Ireland*

Department of Enterprise, Trade and Investment (2012)  *Financial Capability in Northern Ireland 2012*
Accelerating Innovation and Research

Selected Key Messages

• Northern Ireland has the capabilities to exploit niche market opportunities in digital ICT, life & health sciences and advanced manufacturing, materials and engineering.

• Advanced innovation policy now focuses on supporting collaboration and knowledge exchange, and opportunities exist to encourage local companies to become more open in their innovation activities.

• Micro businesses in Northern Ireland are a highly innovative group, but face barriers in particular around costs, knowledge and information.
Accelerating Innovation and Research

Supporting Research
(hyperlinks available where published)

MATRIX (2016) *Advanced Manufacturing, Materials and Engineering Report*

MATRIX (2016) *Digital ICT Report*

MATRIX (2015) *Life and Health Sciences Northern Ireland*

Ulster University Economic Policy Centre (2015) *The Knowledge Economy in Northern Ireland*

Department of Enterprise, Trade and Investment (2014) *Innovation Survey of Micro Businesses in Northern Ireland*

MATRIX (2014) *Report into the Exploitation of Intellectual Capital by SMEs in Northern Ireland*

MATRIX (2014) *Harnessing the Power of Social Innovation to Drive the Northern Ireland Economy*

Department of Enterprise, Trade and Investment (2014) *How Innovative is Northern Ireland?*


Hewitt-Dundas, N. and Roper, S. (2012) *Developing an Open Innovation Centre for Northern Ireland*

InterTradeIreland (2012) *Leveraging the Innovation Ecosystem for Business Advantage: A Cross-border Study*
Enhancing Education, Skills and Employability

Selected Key Messages

• Northern Ireland will need more mid-level skills to meet future demands, whilst the mix of higher-level skills will need to change. Businesses also need workers with strong transversal skills.

• Stronger integration between employment, training and economic development policies can help to address inactivity and meet employers’ skills needs.

• The Higher Education and Further Education sectors make significant economic contributions in terms of output and jobs.
Enhancing Education, Skills and Employability

Supporting Research
(hyperlinks available where published)

Ulster University Economic Policy Centre (2016) *Factors Contributing to Student Outcomes in Northern Ireland FE Colleges – An Econometric Analysis*


Viewforth Consulting Ltd (2016) *The Economic Impact of Northern Ireland’s FE Sector on the Economy*

Envision (2016) *Review of Leadership and Management in Northern Ireland*

PACEC (2016) *Tourism Skills Research Project*

Department for the Economy (2016) *Further Education Leavers Survey*


Department for Employment and Learning (2015) *An Analysis of Existing Statistics on Student Flows Between Northern Ireland and the Republic of Ireland in Higher Education and Further Education*

Oxford Economics (2014) *Analysis of the Determinants of Labour Mobility, and the Degree of and the Barriers to Labour Mobility in Northern Ireland*


Atfield, G. and Purcell, K. (2014) *Northern Ireland’s Students: Key Findings from the Futuretrack Survey of Final Year Students on Three Year Courses*
Enhancing Education, Skills and Employability

Supporting Research – Continued
(hyperlinks available where published)


Millward Brown Ulster (2014) *Vacancy Management Employer Survey*


RSM McClure Watters (2013) *Sales and Marketing Research Project*

STEM Business Sub-group (2013) *Addressing Gender Balance – Reaping the Gender Dividend in Science, Technology, Engineering and Maths (STEM)*


National Foundation for Educational Research (2013) *Student Achievement in Northern Ireland: Results in Mathematics, Science and Reading among 15-Year-Olds from the OECD PISA 2012 Study*


RSM McClure Watters (2013) *Research into Advanced Manufacturing and Engineering Skills Needs*

Oxford Economics (2012) *The Impact of a Lower Corporation Tax Rate on the Demand for Skills, Employability and Research and Development Capacity*
Driving Inclusive, Sustainable Growth

Selected Key Messages

• The National Living Wage could mean that over 150,000 people see a pay increase by 2020, but the overall economic impact will depend on a range of factors.

• The availability of bank finance for SMEs has significantly improved, but early-stage and high-growth businesses still face challenges in securing finance.

• A small group of high-growth companies drive economic growth and should be given additional support to scale further, but these firms are difficult to identify and target due to their diverse sectoral, size and age mix.
Driving Inclusive, Sustainable Growth

Supporting Research
(hyperlinks available where published)

Ulster University Economic Policy Centre (ongoing) Economic Implications of National Living Wage on Northern Ireland
Ulster University Economic Policy Centre (ongoing) Contribution to Sub-regional Growth and Development
Brown, R., Lee, N. and Mawson, S. (ongoing) Strategic Policy Assessment of High Growth Firms in Northern Ireland
Department for the Economy (2016) Potential Direct Impact of the National Living Wage in Northern Ireland
InterTradeIreland (2016) Funding for Growth: The Business Angels Market on the Island of Ireland
InterTradeIreland (2015) SME Credit Constraints and Growth: A Cross-Border Study
Department of Enterprise, Trade and Investment (2015) Linking the IDBR High Growth Firms to Other Business Surveys
Department of Enterprise, Trade and Investment (2015) Does Age Matter? The Relationship Between Age and High Growth
Department of Enterprise, Trade and Investment (2014) Employment Growth and Contraction in NI Businesses
Driving Inclusive, Sustainable Growth

Supporting Research – Continued
(hyperlinks available where published)

Department of Enterprise, Trade and Investment (2014) *Same Difference: The Impact of Changing the Measure of High Growth*

Department of Enterprise, Trade and Investment (2014) *Measuring Northern Ireland’s High Growth Firms*


InterTradeIreland (2013) *Access to Finance for Growth for SMEs on the Island of Ireland*


PricewaterhouseCoopers (2013) *A Survey of Northern Ireland’s Third Sector and its Potential to become more Enterprise Driven*

Department of Enterprise, Trade and Investment (2013) *Costs to Northern Ireland of Workplace Injuries and Ill-health*

Department of Enterprise, Trade and Investment (2013) *Invest NI Selective Financial Assistance: Data Linkage Study Update*


Department of Enterprise, Trade and Investment (2012) *Invest NI Selective Financial Assistance: Data Linkage Study*
Succeeding in Global Markets

Selected Key Messages

• A 12.5% rate of Corporation Tax could deliver around 30,000 jobs by 2033, with an economy that is 8% larger. The US can be a key source of FDI driving this.

• Businesses can better exploit the opportunities available in external markets if there is an improvement in coordination across the wide range of local support organisations.

• Exporting SMEs are innovative, strategic and led by ambitious decision makers, but often lack in-market resources which can constrain their potential.
Succeeding in Global Markets

Supporting Research
(hyperlinks available where published)

PA Consulting (ongoing) *Competing with a Reduced Rate of Corporation Tax*

Department for the Economy (ongoing) *Understanding the Drivers of Foreign Direct Investment from the United States: Implications for Northern Ireland*

Ulster University Economic Policy Centre (2016) *Measuring the Economic Impact of a Reduced Rate of Corporation Tax in Northern Ireland*

Lepoev, S. (2016) *Northern Ireland Corporation Tax*

Oxford Economics (2016) *Economic Implications of a UK Exit from the EU for Northern Ireland*

Oxford Economics (2016) *Assessing the Economic Implications of Brexit*

Wavteq Limited (2016) *The Impact of Brexit on Foreign Direct Investment into the UK: Recommendations for Investment Promotion Strategy*

Northern Ireland Statistics and Research Agency (2016) *Broad Economy Sales and Exports Statistics: Headline Results 2014*

Ulster University Economic Policy Centre (2015) *Informing Exports and External Sales Targets for NI*

RSM McClure Watters (2014) *Research into Growing and Diversifying the Northern Ireland Export Base*

Northern Ireland Centre for Economic Policy (2014) *Air Connectivity in Northern Ireland: The Economic Impact of Changes to Air Fares and Short-haul Air Passenger Duty*
Supporting Research – Continued
(hyperlinks available where published)

Northern Ireland Centre for Economic Policy (2013) *NI Air Connectivity Phase One: Literature Review*

Department of Enterprise, Trade and Investment (2014) *Measuring Northern Ireland’s Exports*

InterTradeIreland (2013) *Analysis of the Key Features of an Exporting SME on the Island of Ireland*

RSM McClure Watters (2013) *Jobs Impact of Tourism Priorities for Action Plan*

Deloitte and Oxford Economics (2013) *Tourism Jobs and Growth: The Economic Contribution of the Tourism Economy in the UK*
Building the Best Economic Infrastructure

Selected Key Messages

• More people are now online at home, and on the move, than ever before. Consumers are also benefiting from faster mobile internet connections.

• Local companies can take advantage of significant future global market opportunities through the development and export of Intelligent Energy Systems and associated know-how.

• More electricity is now generated from renewable sources than in the past, although costs are still high relative to other European countries.
Building the Best Economic Infrastructure

Supporting Research
(hyperlinks available where published)

Department of Enterprise, Trade and Investment (2016) *Energy in Northern Ireland*

OFCOM (2016) *Communications Market Report: Northern Ireland*

Department for the Economy (2016) *Electricity Consumption and Renewable Generation in Northern Ireland*

Utility Regulator (2016) *Quarterly Transparency Report*

Ricardo-AES (2015) *Review of the Costs and Benefits of the Northern Ireland Executive’s 40% Renewable Electricity Target*

MATRIX (2013) *Sustainable Energy Horizon Panel Report*