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Explorations in a Meaning Making System: Kerry as an Entrepreneurial Platform and the Equine Sector as a Cluster

by

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A Portfolio of Exploration submitted in fulfilment of the requirements of the examination for the DBA (Business Economics) Degree of the National University of Ireland – University College Cork.

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To my wife, my son and daughters and my extended family who kept asking those questions that needed to be asked and who were patient and forgiving when I went silent because I had not advanced sufficiently along my journey, I acknowledge your support.

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DECLARATION

This Portfolio of Exploration is my own work and has not been submitted for another degree, either at University College Cork or elsewhere.

ABSTRACT

This Portfolio is about the changes that can be supported and achieved through transformational education that impacts on personal, professional and organisational levels. Having lived through an era of tremendous change over the second half of the twentieth century and into the twenty-first the author has a great drawing board to contemplate in the context of professional career experience as an engineer.

The ability to engage in 'subject-object' separation is the means by which Kegan (1994, 2009) explains that transformation takes place and the Essays in this Portfolio aim to support and bring about such change.

Exploration of aspects of 'Kerry' is the material selected to both challenge support change in the way of knowing from being subject to certain information and knowledge that to being able to consider it more objectively. The task of being able to distance judgement about the economy and economic development of Kerry was facilitated by various readings around of a number of key thinkers including Kegan, Drucker, Porter and Penrose.

The central themes of Kerry or the potential for economic development are built into each Essay. Essay One focuses on reflections of Kerry life - on Kerry people within and without Kerry - and events as they affected understandings of how people related to and worked with one another. These reflections formed the basis for transformational goals identified which required a shift from an engineering mindset to encompass an economics-based view.

In Essay Two knowledge of economic concepts is developed by exploring the writings of Drucker, Penrose, and Porter with pertinence to considering economic development generally, and for Kerry in particular in the form of an 'entrepreneurial platform'.

The concepts and theories were the basis of explorations presented in Essays Three and Four. Essay Three focuses on Kerry's potential for economic development give its current economic profile and includes results from interviews with selected businesses. Essay Four is an exercise in the application of Porter's 'Cluster' concept to the equine sector.

INTRODUCTION

1. Portfolio Motivations and Approach

This Portfolio of Research contains four Essays. These trace my journey of professional development to identify my thinking processes and my way of knowing at various stages of my career. This programme of work has allowed me to use subjects or topics of my interest while I trace, identify and develop changes in my understanding and in my way of making sense of my world. One central theme of these explorations is to develop my 'meaning making complexity' through the application of Kegan's (1994, 2009) theory of adult mental development.

As a qualified engineer with substantial experience working in a local authority environment, one who broadened his education through an MBA Programme and who has had varied planning, engineering and business experience, I chose to focus the investigation and development of my sense-making system for this Portfolio of Explorations around the potential of Kerry as an 'entrepreneurial platform' i.e. a location capable of creating and sustaining employment. (My interest in the role of location for economic development led me to examine the cluster concept as a tool for thinking about economic development.) My working definition of an 'entrepreneurial platform' was an organization (a group of people) available to self-motivated business focused individuals or groups and budding entrepreneurs to bounce ideas that they have for potential businesses and seek direction how they would progress these ideas. This theme of the explorations creates an audience that includes rural organisations and development organisations that face and address challenges brought about by changes occurring with increasing frequency to their world and who must deal with these while making a contribution to developing their localities economically. This theme is the vehicle I identified to motivate this Portfolio and support my transformational learning over the course of the programme and the recent organisational/business role I have developed for myself as Consultant Engineer and Project Manager subsequent to my retirement from a County Council in 2006.

Since retiring in 2006 I have worked as a Consulting Engineer. One of the roles I developed within these consulting services has involved working as a facilitator. While the activities involving civil engineering have decreased within the economy I find that more of my time is taken up in my capacity of acting as a facilitator. I want to learn how to understand the changing needs of my community and develop the skills that are required to enable my community to react positively to these changing needs. I envisage my future within my community will be in a role as a facilitator to be involved in change. I hope that this will be aided by my capacity to find common ground between disagreeing parties.

I am aware that my way of knowing has been influenced by 'Kerry'. I set myself the developmental goal of developing the capacity to distance myself from the influence my 'sense of Kerry' has had on how I understand and act. The reflective method adopted in the Portfolio, and the application of assessing an objective account in Brody's (1974) *Iniskillane* in Essay One, provides a unique approach which could be used by any decision-maker who is interested in advancing their understanding of their meaning making system with respect to a particular region to unearth previous assumptions and behaviours

A theological work by Dorothy Sayers (1941) and her views on the 'trinity' of the mind of the writer, which she describes as the Creative Idea, the Creative Energy and the Power, provides an overarching vision for the explorations in the Portfolio. My understanding of these concepts is that the creative energy expressed in writing involves the process that depends on the Idea and is under the direction of 'the Power'. For the investigations here, the sense of 'Kerry' is very much 'the Power', in Sayers terms and the challenge for me is to try to identify for the reader what this sense/spirit/power is and its nature as I perceive it.

The investigation of the potential for Kerry's economic development, which is of particular interest to me given my mental location in 'Kerry' make this topic of particular professional and personal interest. In my organisational role for over twenty years in the role of Area Engineer and Town Engineer, while this topic was not explicitly my remit, I came to recognize in hindsight that it was a theme that motivated, albeit implicitly, much of my professional decision-making and the orientation that guided my practice.

The theory of adult mental development developed by Kegan (1982, 1994, 2001, and 2009) offers a means to identify, organise and present the process through which I set about enhancing the business and organizational effectiveness of my practice, i.e. supporting and challenging the development of my professional thinking. A detailed explanation of this theory is provided in Essay 2. In brief, the elements of the theory that most concern me in structuring and presenting this portfolio are what Kegan describes as the third and fourth 'orders of consciousness' by which he means moving from having our authority provided by others with whom we want to identify to creating our own internal authority, a process which, if achieved, allows us to become 'self-authoring'.

The Theory of Adult mental development developed by Kegan (and co-authors) across his research from 1982 to 2009 organises mental complexity into five orders of mental development. Order One is taken as a stage when the individual cannot differentiate between itself and the outside world and is typical for children up to one year old. Order Two is characterised by 'durable categories' – where the individual is defined by their point of view, needs, and wants. They are able to recognize that others have needs and wants, but cannot necessarily make decisions based on processing that one set of needs comes before the other. Order Three is denoted as the 'socialised mind' where the individual's actions are governed by their judgement of the expectations of others. Order Four is the stage where the individual sets and delivers on their own agenda. Order Five is where thinking or action can not only be reflected on and analysed dispassionately but the individual recognises the merits and difficulties with choosing one course above alternatives, and is capable of making a decision on the alternative.

A more detailed account of Kegan's theory of development (1982, 1994, 2001, and 2009) and the orders of consciousness is provided later in Essay One where I apply this theory to examine elements of my development in terms of *how I knew* and understood and what I did in my professional practice. Having been exposed to the readings of Kegan and applying his theory to my personal/professional development experience I identify developmental changes from instances where I was subject to particular experiences and knowledge, to others where I could use experiences and knowledge as an added source of capacity and understanding. Looking back at occasions of stubbornness when I did not obey the rules as being a time when I was going through the durable category stage and had not yet reached the 'cross-categorical' way of knowing I have now learned how to identify why it was important at different stages of my life to do what was the norm and

what was expected by a society that I respected and lived in - what Kegan classifies as the 'socialized order'. The assertion that the mental capacity can continue to develop beyond the late twenties is now accepted by brain scientists but has been a foundation on which Kegan's approach was built (Kegan and Lahey 2009: 13). In my Portfolio I use my explorations to engage in developing such capacity.

The Portfolio, therefore, represents exercises in the application of theories relevant to economic development and adult mental development, respectively, as the means through which my effectiveness as a practitioner in business was improved. The process enabled me to receive information and to absorb this information more reflectively in the context of my judgement, knowledge and experience.

Informed by the view of Drucker (1985: 26) that, "every practice rests on theory even if the practitioners themselves are unaware of it", the four Essays represent the journey in identifying the thought processes that guided my professional practice and a purposeful attempt to extend these theories in line with Kegan's approach to supporting development *towards* a higher level of 'meaning-making complexity.

The Portfolio of Explorations has allowed me to use the selected theme of the economic development of Kerry to trace changes in my understanding and way of knowing prompted by the process of working through implications of theories relevant to economic development and business development (e.g. Porter, 1990, Penrose, 1959 and Drucker 1999).

2. Structure of the Portfolio

The Portfolio is organised around four essays. **Essay One: The Sense of 'Kerry'** traces chronologically my educational and professional development during the mid to late part of the twentieth century and the early years of the 21st century. The personal and organizational reflection provided here indicates my commitment, albeit implicit, to work for the improvement of the economic and business environment of Kerry in my professional capacity.

The role of this essay in the Portfolio is to provide me with an opportunity to trace the level of complexity in my meaning making about the world as I (and others) saw it and uses the theories in the writings of Kegan to identify stages in the development of my

meaning making complexity. These reflections reveal the extent to which my close association with Kerry defines much about how I see the world and I use this first Essay as a means to consider what 'Kerry' has meant for me in the development of my meaning making over time. I do this in a number of ways, including offering reflections on my perceived picture of rural Ireland, i.e. Kerry as a place, that I experienced in formative years over the 1960's by bringing the reader on an imagined journey around parts of Kerry at a formative time, and by deliberating in response to a composite presentation of Irish life at the time (Brody, 1974).

To enable the reader to understand the environment I experienced in rural Kerry during the 1960's I have included some descriptions from the anthropological representation *Iniskillane* (Brody, 1974). These descriptions of rural life resembled my memories of how *I knew* life to be in the environment in which I grew up. To augment the reader's understanding of rural environments and my mindset during that period I have included an account of a tour around parts of Kerry in 1960. A section on emigration is also included because of its effects on many rural households and my experiences of this in my locality in Kerry. This part of the essay should help the reader to understand changing relationships that developed between those that went abroad and those that stayed at home. Some of the traditions of rural Ireland survived and allowed the residents to reinvent themselves and provide sustainable employment and my research goal generated from this Essay centres on working towards identifying theories and approaches I could use to advance my thinking about Kerry's economic development.

In **Essay Two: From Engineering Mind-set to an Economic Perspective** I examine competitiveness through a number of different aspects which I selected as my Reading-for Change programme. I consider the theory of economic development of Michael Porter and in particular his location-based theory of economic development (e.g., Porter, 1990, 1998). Porter's theory centres on the concept of 'Cluster'. With the exception of the hospitality industry and, perhaps, the Technology Park in Tralee, the Kerry area did not appear to have business structures that related to the concepts of Porter's theory on Clusters. One of my objectives for this Essay was to immerse myself in a useful theory of economic development so that I could use it as a tool that would aid my way of knowing and think about implications of the concept and theory. It points my attention to those features or central elements on which economic development depends and to aspects that might need to be surmounted in order for economic development to occur. In short, it

provides a useful method for interrogation of possibilities and potential for employment-creation activities. I engage in practice of using this approach, applied to the equine sector, in Essay Four as one way of testing my use and application of this theory.

I also identify theories and concepts of other authors that resonated with my focus on economic development. Having qualified in civil engineering in 1966 and worked as a civil engineer for more than forty years, my training was mainly technical in nature and, to a large extent, my thinking has been governed by my training as an engineer. My solutions to many of the problems that I encountered were naturally engineering solutions. As I outline in my professional development review (Essay One) at the turn of the twenty first century I felt that I needed more than a technical way of approach to solving problems if I was to succeed in attaining objectives in my working environment. To achieve this 'something extra' I returned to academia to undertake a wider business education through an MBA. This Essay, therefore, includes references to writings of some well-known experts, some of which were introduced to me for the first time in the MBA programme, which I explicitly have made part of my knowing in considering the challenge of economic development in Kerry.

I have used concepts from Penrose (1995 [1959]), Drucker (1999), as well as Porter (e.g. 1990, 1998) as suitable for thinking about the economic performance and potential of my local region. I identified that these writings provide an appropriate means to interrogate my way of thinking on, for example, how unused productive resources (Penrose, 1959: 66) might be exploited for the benefit of the region. In personal terms as a result of this reading I have, for example, identified my personal access to key decision makers in Kerry as such an unused yet productive resource and have managed to utilise this access to contribute to the successful delivery and conclusion of projects and also to home in on people who can make such contributions themselves with their underutilised productive resources (which may be through funding, advice, time etc.).

In **Essay Three: Exploring Kerry's Competitiveness** I set myself the objective of practicing using and applying some key concepts that emerge from my reading for change in Essay Two. I interrogated the competitive situations of several firms in Kerry by using the concepts identified in Essay Two as my organising themes. I included an analysis of the competitive landscape of Kerry as a backdrop and context for analysis of survey and interview data. This advanced my skills in applying the theories to a 'living laboratory'

and improved my capacity to explore the unfamiliar and question the familiar in a more structured and informative manner. I examined a diverse range of companies in Kerry (including Pretty Polly, Kerry Group, Leibherr, Stockbyte, Fexco, Altobridge Tralee Technology Park and smaller firms based in Tralee Technology Park). I interviewed several entrepreneurs and entrepreneurial managers to discuss, for example, the drivers of their entrepreneurial actions in business.

Key issues to be addressed in considering Kerry's potential as an entrepreneurial platform is the identification of the hindrances that affect business and how such barriers could be addressed, and how obstacles associated with peripheral location can be overcome - e.g., Stockbyte's difficulties in attracting specialists in set management (for film production), picture enhancement (a strength in Sweden) - were overcome by opening an office in New York and identifying and following up with contacts in Sweden.

In **Essay Four: Applying a Cluster Lens to Economic Development**, I apply Porter's (1990, 1998) location-based theory of economic development to interrogate the thoroughbred horse industry in Ireland as an example of a possible cluster. This analysis gave me practice in using cluster-based theory of development by applying it outside the Kerry region. This I found particularly useful as I identified from early in the doctoral process that I found it difficult to distance myself from 'Kerry' and had to grapple with this throughout the Portfolio.

At present there are seven organisations within Kerry that are involved in giving support to those interested in starting a business. While these various bodies each have their own champions their overheads consume 40% of their budgets. They have criteria for grant aiding and many times the efforts of the support applicants are directed towards complying with the criteria rather than creating a successful enterprise. County development teams of staff are constrained in their efforts because of the imposition of various criteria, and are sometimes described as unfocused.

Essays Three and Four, therefore, focus not only on the central question of developing sustainable entrepreneurial businesses in Kerry but on the extent to which my use of various theories can serve to enhance my mental complexity in addressing this issue in practice. These writings have helped me to understand and to know in a new and different way how to develop another approach to thinking and informed me on ways and means of discussing the strategy and workings of the firms that are included in Essay

Three mainly, but also in terms of my understanding of the equine cluster considered in Essay Four.

The **Conclusion** to the Portfolio outlines my reflections having set out my explorations in the form of four Essays. Recognising the impact of my meaning-making system on my understanding of my situations over time has been a revealing process although attempting to unearth that system is a complex process in and of itself. By introducing myself to concepts and theories in economic development my challenge was to use them to make changes in my practice i.e. in thinking about the competitiveness of Kerry and competitive processes in general. The information and guidance that the interviews of the management of these firms provided to me, aligned to the writings of experts I have selected, has allowed me the opportunity to formulate my ideas on competitiveness and Kerry which are reported here.

ESSAY ONE: THE SENSE OF KERRY

1. Introduction

Ireland in the 1980's and 1990's became an attractive location for investors because of low wages, an English speaking workforce, attractive tax regulations and a government that encouraged Foreign Direct Investment (FDI). Those who were willing to invest in Ireland were encouraged by their belief that they could make money from their investment and avoid punitive taxation in their countries of origin.[1] Such an Ireland was at odds with that of my early and local experiences and in this Essay I outline the origins of my professional meaning-making system by exploring aspects of my background and experience.

The concepts associated with the creative process identified and expressed by Sayers (1941) have attracted my attention in structuring and organising this Essay. She breaks the process of writing into three integrated mental activities that are separated yet joined and cannot exist without the others. The three activities are described as the Idea, the Creative Energy and the Power. My understanding of these concepts is that the creative energy expressed in writing involves the process that depends on the Idea and is under the direction of the Power. In writing this Essay, I identify the 'power' as Spirit and in this case the Sense of 'Kerry'. I attempt to describe what this is over the course of the Essay from a number of perspectives. In fact, the challenge in writing this Portfolio is that it must portray this 'Sense of Kerry' as I saw it and felt it, and relied on it even when I was unaware of it explicitly.

One theme of my research is the development of my 'mental complexity' through the application of Kegan's (1994, 2009) theories of adult mental development. Kegan's theory and explanation of adult mental development is set out in Section 2. A theory of adult mental development developed by Kegan (1994, 2001, and 2009) offers a means to identify, organise and present the process through which I set about enhancing my

[1] For example, US-owned firms operating in Ireland earned an average annual rate of return of 25% on their Irish investment in the 1990s - more than ten percentage points higher than that achieved by them in other EU countries (see Gallagher, Doyle and O'Leary, 2002).

business and organizational effectiveness, *i.e.*, supporting and challenging the development of my professional thinking.

The Professional Development Profile that is provided in Section 3 offers insight into how activities, including my education in Engineering, in my professional realm have impacted my meaning making. As a qualified engineer with substantial experience in a local authority environment who broadened his education with an MBA and given my varied planning, engineering and business experience I chose to focus the Portfolio on the potential of Kerry as an entrepreneurial platform capable of creating and sustaining employment.

This theme of the research creates an audience that includes rural organisations and development organisations that face and address challenges brought about by changes occurring with increasing frequency to their world and who must deal with these while making a contribution to developing their localities economically. This research theme is the vehicle chosen to motivate this Portfolio and support my transformational learning over the course of the programme and the recent organisational/business role I have developed as a planning and development consultant subsequent to my retirement from Kerry County Council in 2006.

The investigation of the potential for Kerry's economic development, which is of particular interest to me since my ties with Kerry make this topic of particular professional and personal interest. In my organisational roles for over 21 years in the role of Project Manager and Town Engineer this topic was not explicitly my remit but I recognize in hindsight that it was a theme that motivated, albeit implicitly, much of my professional decision-making and the orientation that guided my practice. My close association with Kerry defines much about how I see the world and I use this essay as a means to consider what Kerry has meant for me and the development of my meaning making over time. I do this in a number of ways including offering reflections on my reading of Brody (1974) and by painting my picture of the rural Ireland, i.e., Kerry that I experienced in formative years over the 1960's by bringing the reader on a journey around parts of Kerry at that time. These reflections are presented in Section 4.

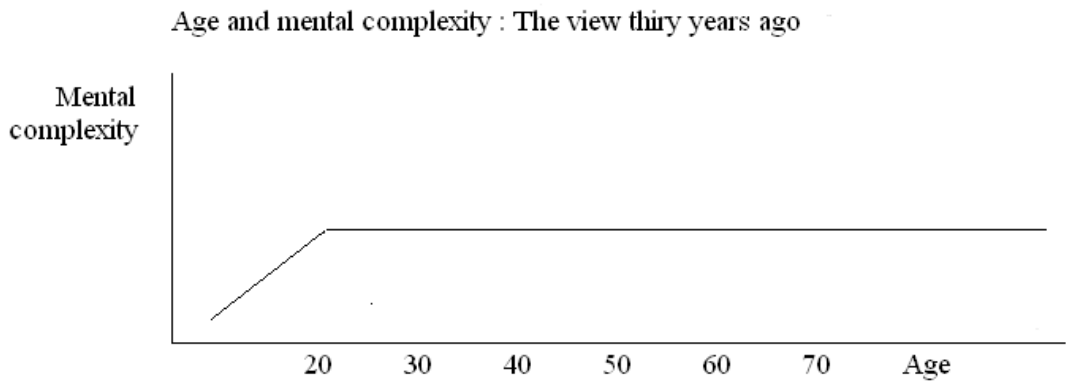
An analysis of the development of my meaning making is carried out though an application of Kegan's theory of Adult Mental Development and this is applied to consideration of both the 'Kerry' and professional influences on my meaning making. For this purpose, the key concepts of Kegan's theory are outlined in the following Section of this Essay.

2. Kegan's Theory of Meaning Making Systems

The theory of adult development as expounded and researched by Kegan is the basis of much of the research of this Portfolio of Research. In this section I offer my understanding of Kegan's approach to meaning making systems and his explanation of how development occurs.

Kegan (1994) uses some terms interchangeably when describing the different levels of complexity relating to people's capacity to cope with the complexity of the world over time. In Kegan's scheme the maximum number of levels any individual experiences is five. Kegan sets out five stages as levels/orders of complexity/consciousness/meaning making which correspond to the stages over the lifetime although not everyone experiences all of the stages. The novelty and originality in Kegan's theory is evident if we consider how for many years the level of mental complexity was regarded as stagnant after adolescence and is illustrated by Figure 1 below.

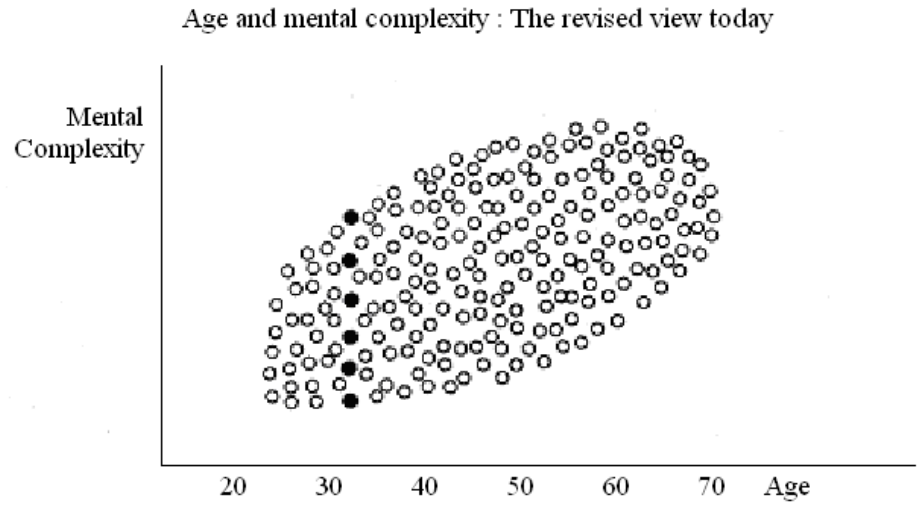
Figure 1: Age and Mental Complexity



Source: Kegan and Lahey (2009: 13).

Research combined with tests and surveys revealed this view as incorrect. Kegan established that mental capacity continued to grow until old age (circa seventy) and furthermore, that age was a poor determinant of the complexity of one's meaning making system (see Figure 2). The interest in this finding is heightened by the results of Eigel's study (1998) in terms of his consideration of the positive relationship between individual mental capacity and what he termed business effectiveness.

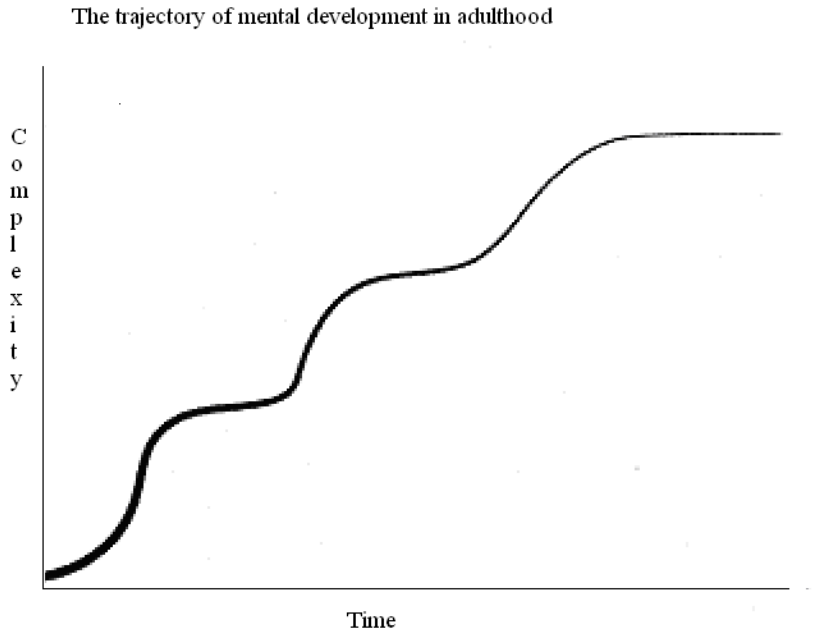
Figure 2: Revised Age and Mental Complexity



Source: Kegan and Lahey (2009: 14).

Kegan identified the pattern or trajectory of growth of mental capacity over the lifetime as periods of growth followed by periods of consolidation followed by further growth and this continued as outlined in Figures 3 and 4 below.

Figure 3: Trajectory of Mental Development



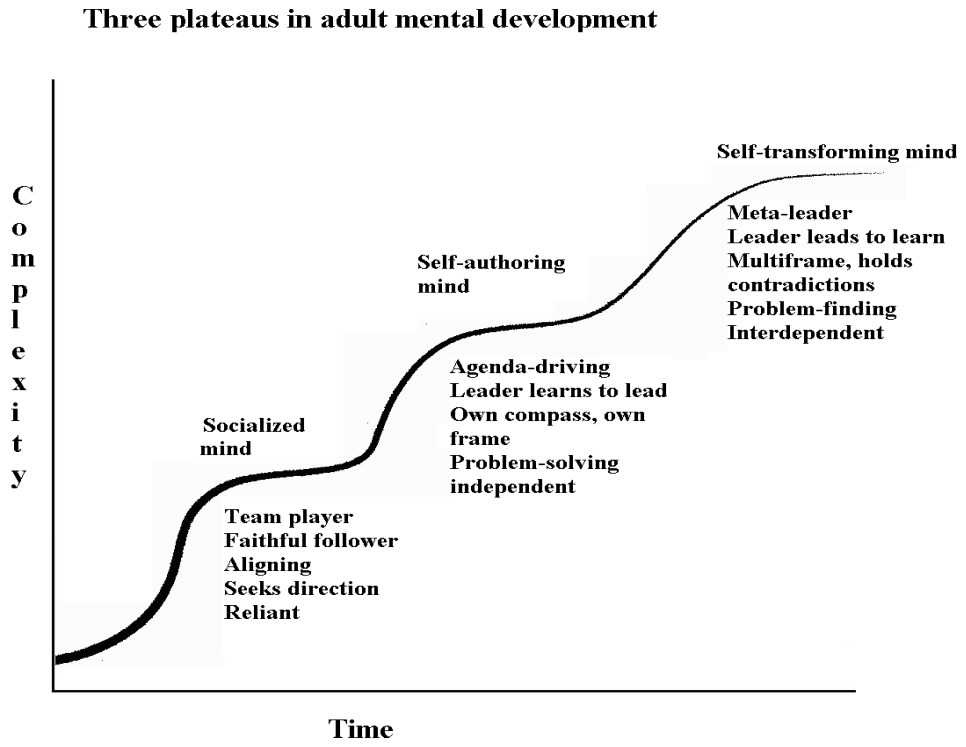
Source: Kegan and Lahey (2009: 15).

Kegan (2009) reports that on the basis of the (limited) analysis conducted on samples of individuals interviewed[2] to date:

- 5% of those achieve stage 2
- 8% achieve between stage 2 and stage 3
- 14% achieve stage 3
- 32% achieve between stage 3 and stage 4
- 34% achieve at stage 4 ,
- 6% achieve between stage 4 and stage 5
- less than 1% achieve at stage 5.

[2] Kegan and Lahey with others developed a specific interview instrument on the basis of which they considered individuals to correspond to the 5 stages of consciousness. See Lahey, Souvaine *et al* (1988).

Figure 4: Plateaus in Development



Source: Kegan and Lahey (2009: 16).

Those stages that are relevant for the development of the adult, i.e. levels 3, 4 and 5 are of most interest for this Portfolio. In Kegan's most recent work he defines these three stages as:

- Stage 3 - the Socialized mind
- Stage 4 - the Self-authoring mind
- Stage 5 - the Self-transforming mind

which are explained in more detail below.

The Socialized Mind (Order 3): This way of thinking and knowing is apparent by our association with "schools of thought" or our relationship with groups of people. From a

communication point of view if I am of a socialized mind I will receive information in a way that will include subtexts that are often not the intention of the sender.

From Kegan's analysis 14% of the persons interviewed had a complexity that conformed to the socialized mind. While Kegan argued that such a level of complexity was adequate in the past, the level of complexity necessary in the modern world he deemed to be at Stage 4 - which is the self-authoring mind.

Kegan reports (2009) on how common this level of mental complexity is. He identified that in Eigel's research (1998) 9 middle managers out of 21 were deemed to be at this category of mental capacity with 1 in the self-transforming category. An employee in the socialized mind level takes on the employers' expectations and goals, in an effort to keep in with their employer. An employer in the socialized mind level does not have a clear idea of what needs doing until direction is given by others. When identifying with employees the employer may feel responsible for their situation. When identified with formal hierarchic traditional management style, the employer will be identified by top down management style, will take criticism personally, and will not be able to differentiate what is their responsibility.

The Self-Authoring Mind (Order 4): An individual operating with this way of thinking is able to step back from the environment to set up an internal "seat of judgement" to enable it to make choices about external expectations. From an information point of view the self authoring group's communication bias will be about sending information based on what they feel others should receive to best further their own (sender's) agenda. In a similar way those occupying the self authoring mind level will be receptive to communications that support their agenda.

Kegan reports (2009) that 17 CEO's out of 21 surveyed were deemed to be self-authoring with 10 middle managers at this level of mental capacity. According to Kegan (2009) 34% of the sample interviewed was at this level. Employees at this level of mental complexity evaluate their own performance rather than are guided by contemplating employers' expectations.

The Self-Transforming Mind (Order 5): Individuals who organise meaning according to this level of thinking are capable of looking at situations on the basis of being able to take a balanced perspective. They may be able to advance their own agenda but capable at

looking beyond their own agenda and see how the overall design of what can be improved. They can be receptive to outside ideas and can still drive their own agenda. They know that if they can achieve this level of complexity they will attract ideas because their reputation will encourage those that harbour knowledge to give it to someone who is receptive to ideas. Less than 1% of those surveyed were deemed to have reached the level of the self-transforming mind. Out of 21 CEO's surveyed 4 were deemed to be between self-authoring and self-transforming.

2.1 How Development is Triggered

Optimal conflict can produce greater mental complexity through persistent experience of forms of frustration that push us to the limits of our present way of knowing in a sphere of our life where we care about and where we have sufficient supports and challenges. Kegan identified 'Subject-Object Separation' as the mechanism that must occur if an individual experiences adult mental development. The movement from being subject to concepts to a level where concepts are treated as being objective facilitates personal development.

The process of growth in accordance with Kegan's theory is about moving more and more of what is unseen and unquestioned in the way we understand the world – these are the things to which we are subject – to a 'place' they can be observed and questioned – and become objects for our inspection and our reflective reaction. As we question our beliefs and our theories we become aware of new possibilities and this helps to increase our level of complexity.

This process happens at each stage of our process of mental development and is the mechanism that allows us to move up the level of complexity.

3. Personal and Organizational Development Profile

During this exploratory process I asked myself why I was undertaking this journey of self-investigation in terms of my meaning making system, my use of theories to understand and make sense of my world, and what I expected to get out of the process? For a long period I failed to answer these questions adequately. I knew that until I fully understood and identified the "why" and the "what" - in terms of my meaning making system - I would not be able to finish this work in a satisfactory manner. As one means to

find the answers I have carried out a reflection on elements of my background as it relates to my professional experience.

The examination of personal and organizational development in this Section serves a number of roles. It sets out an image of what I consider was my perception, based on experience, of rural Ireland in the 1960's and this is prompted and supported by my review of the Brody's (1974) *Iniskillane* in Section Four. It provides my reflective account of the changing environment and the changes in my level of complexity to handle and sometimes fail to handle situations. It is an account of somebody that has been an emigrant and my views on what it was like to work and live abroad and to yet feel subject to influences that I was subject to. In working through the reflections, I realize the changes in the level of my mental development that helped me to deal with the grater complexity of the experiences that I was encountering. This was aided by my increased learning and that helped me to consider these events as items to be reviewed and as contributing to my knowledge. It represents my interpretation of changes in my meaning making system and outlines the influences that were changing the rural environment in the form of the arrival of the concept of FDI, for example. It outlines the pressure and demands for increases in the level of complexities that those who live in rural environments in this period.

Through the reflection I acknowledge the change in my thinking that occurred since the 1960's. In the 1960's my world was Kerry. It was the great influence in my way of knowing life and I was satisfied with this way of knowing. Whether I was living in Kerry or in Cork or in London the Kerry perspective on the world was what mattered to me. I worked with Kerry people in London. I played Gaelic football and socialised with Kerry people in London. In Cork I gravitated towards Kerry people - because I was from Kerry it was easier for me to make the Sigerson Gaelic football team in UCC! I was satisfied with my situation as I found it. In engaging in this reflection I see that I was subject to my way of thinking which was influenced by my image of 'Kerry'. I knew it was not perfect but I was satisfied that my belief that was unique, offering a sense of belonging to something that gave me 'protection' and a feeling of belonging. My new environments in Cork and in England exposed me to different experiences. Through these experiences I eventually questioned my way of acceptance of beliefs, my assumptions and behaviour, and to what extent these came from others. While reflection did not change my attitude to my past it allowed it me to observe it as an ingredient that I can learn from.

3.1 1942-2001

I was born in 1942 in a rural town in south Kerry. Education was always an important element in my home and family background as far back as I can remember. Respect was given to learning processes. As I grew up I believed that education was a necessity and that it would be the means to enable me to earn a good living. In Kegan's parlance it was a 'durable category' – an enduring preference. Growing up in a rural community there was a permanency where the community followed a fixed pattern. There were no wild fluctuations in our way of life. The influencing factors were, the Roman Catholic Church, the educational system, the GAA and my home environment. These factors were a major influence in steering me along the routes through which I progressed.

Secondary school followed after the primary school years and my willingness to participate in the curriculum was expected of me and I accepted that. Through the many stages of moving from childhood to adulthood the rules were set. Performance was dictated by the culture of my family, the area that I lived in, and from the respect that I regarded due to my parents and those that put their trust in giving me freedom and choices. I am not sure how much of the route was directed by respect for the considerations of others and to what extent I went through the stages of complying because of fear of being caught. This changed as I passed through my teens and the fear of being caught decreased as an influencing factor and was replaced by a sense of obligation/responsibility.

The fear of being caught brings to mind the issue of *house shoes* in my boarding school. The rule was that outdoor shoes were not to be worn within the school. Returning from a day out with my parents I neglected to take off my outdoor shoes. As I walked to the dormitory the then Dean met me and punished me with six of the best and told me to leave my house shoes in an unlocked locker in the locker room downstairs, and to put on my house shoes as was the rule when upstairs. I went to the locker room downstairs. My house shoes were not there as I had left them in a locker in my dormitory. I waited until the coast was clear and went to the dormitory in my socks and carried my outside shoes in my hand. As I got to the cubicle in the dormitory the Dean was waiting for me and again, he gave me six of the best for not leaving my outside shoes in the locker room downstairs. He then instructed me to go to the ground floor and deposit my shoes in the unlocked locker in the locker room. I protested that it was the practice of students to hold their

outside shoes in the locker in their cubicle in the dormitory. But my pleas fell on deaf ears.

I took my house shoes from my locker in my cubicle, put them on, and walked downstairs to the locker room. I carried my outside shoes in my hand. I also carried a geometry book and jotter with me. When I got to the ground floor I put my outside shoes in the unlocked locker and sat on a stool and began to study the geometry book. It was my intention to remain there until the coast was clear and bring my outside shoes back up to the dormitory where there was a secure locker. Shortly after the Dean arrived in the locker room and saw that I was sitting on a stool. He again gave me six of the best for studying in the locker room and ordered me to go to the dormitory. My memory of this event has evoked different views over the intervening years.

At the time of the event I felt that the Dean was wrong and was not willing to use a bit of common sense. When considering the Dean's approach I probably felt that the Dean decided that this stubborn student should be thought a lesson.

Some years later when I reflected on the event I considered that the Dean was 'correct' on the basis that it was his job to see that the rules were adhered to. It was part of a learning process and I like everyone else should obey the rules. If I felt that the rules did not make sense then I should accept that the rules were what allowed society to survive.

Looking now at the events I now know that my way of thinking would immediately accept the ruling. I would approach the Dean subsequently and ask him could I have a meeting with him about the matter of house shoes. If I was granted the meeting I would ask him to look at the whole question of shoes and how this matter may be damaging the relationship between the students and management in the school. This would be progressed in a way that would retain a relationship between students and management that would be mutually satisfactory.

This respect and fear of failure continued through third-level education at UCC where I studied Civil Engineering. Education showed what choices were available. Before and during third level education, moving from a rural town to London and then to Cork exposed me to many different situations. These situations increased my knowledge. This in turn allowed me to hold my council and balance my thoughts on decisions that were easier to decide on at an earlier stage in my life. Looking back on the decisions that were

made ‘easier’, they were on reflection not always correct decision. In Cork, in London and other parts of England the way of knowing developed through a new-found freedom and put a different emphasis on how choices were made. More durable categories were entering the underlying structure of my way of knowing and cross-categorical decisions were becoming more complex. For example, many people who I came into contact with did not have the benefit of third-level education yet they were doing very well both financially and socially. People with different religions were well rounded and principled.

Choices were made now through the greater numbers of concrete categories. These greater numbers of concrete categories moved me into the level of cross-categorical decisions and choices were helped by the growth in my mental complexity. My mental complexity grew due to a number of factors including my increase in age, the educational processes that I was exposed to, the experiences of meeting different communities and cultures, and the deaths of close family members.

What I wanted was decided by a process of looking at what I wanted, evaluating how to achieve it and how this would affect a very small circle close to me. Choices were not influenced by how I alone was affected, or by communities that once influenced my decision. Choices were made on the basis of how decisions would affect me and the relationship that I had with a very small number of others.

As my period of studying in the university progressed my way of knowing and making decisions added the dimension of being sensitive to how my relationship with larger groups of persons and situations would be affected by my actions. This at the time appeared to involve slipping into a comfort zone where decisions were easier and seemed to suggest a type of truce with my recent past. While one never knows how somebody else thinks I felt that most of those in the academia of undergraduates in their late teens or early twenties were conforming to what was expected of them by society.

Following graduation and re-entering the world of work was again lived for a long period in the comfortable zone of conforming to the needs and views of society: ‘don’t rock the boat’, do what is expected of you both from a work point of view and from a social point of view.

The ramifications of the failure to comply with this code of what was expected were not acceptable to me. In my work I followed what was laid out for me. The structure was

top down and the responsibility for decision-making rested elsewhere. I worked in an office where schemes were prepared for road construction works. Particular areas were identified for upgrading such as accident black spots or sections of roads where the road alignment was very poor. I, as part of a team, carried out surveys of sections of roads and plotted up the data. A design to a fixed standard was imposed on the plotted data. This was checked by a senior engineer and a bill of quantities was prepared and an estimate developed.

Applications using the plans, estimate and the reasons why this work was required were sent to the Department of Local Government for the necessary finance. This was a period where my employment was governed by how I fitted into the system. It was influenced by how I got on with the boss and the extent to which he felt I conformed to his expectations of my capacity to do the job. It was governed by interview and appointment through the Local Appointments Commission (LAC). I went through this process and was appointed by the LAC to the permanent position of Assistant County Engineer in Kerry County Council in 1974.

My attitude was influenced by the fact that this was a secure job. I did what was expected of me at my work. I felt frustrated by the constraints of a 9-5 position rather than being related to a job with a clearly defined deadline and objectives.

Unemployment increased in the 1980's as the oil crises took its toll. I continued working with a local authority where my post was permanent and carried a defined benefit pension. For a period of years the complexity of the world as I knew it was within my capacity to handle. Yes questions and problems arose where solutions were not easy to identify. At this time I started to take a more active approach to the general availability of resources in the area where I lived. I felt an obligation to seek ways of improving facilities within the community where I lived.

This involved participating in voluntary organizations to try and improve the quality of life in the community where I lived. I joined a group of people whose common purpose was to identify the shortages of services and facilities within our community. We sought ways to address these shortages. The first major item we got involved in was the provision of a sports complex, and we got this facility designed, built and fitted out by our group. We developed funding schemes. We drew down all available grants and

completed the project without any borrowings. As I look back at this project and the diversity of the team involved in it I am reminded of the words of Drucker (1954):

> "And all I trust are more concerned with what is right than who is right and accordingly are neither assuaged by appeal to authority nor alarmed by its absence".

After the completion of this project I got involved with a group that took on the task of raising funds in our town for the provision of a new building on a new campus for an existing private school. One of the unifying dynamics of the group was to 'provide a top class 2nd level of education for all students within the community irrespective of their financial circumstances'. This was the awakening of a different side within me. Whether this represented a transition reflecting my age (as I was then in my 40's) or a combination of age-related development allied to the search to address the complexities of a changing world I am not sure. The thinking of the various people involved in these projects included the ideas that with good facilities industry and subsequent jobs would be attracted to the area.

At this stage in my life the ideas and the theories of Kegan on meaning making systems were unknown to me. Formal education was an ongoing process but sporadic and was directed towards technical training and was work orientated. The Local Authority system where I worked was a dual system where technical staff and administrative staff worked independently of one another yet had to deliver the same service to the public at large. This led to difficulties and wasted energy and consequently wasted resources. I found it frustrating at my lack of skill at being able to get people that I worked with involved in projects that were for the common good.

Towards the end of this period I accepted that my technical training left me short in the skills that were needed in the environment I chose to get involved in. This was an environment where there was a higher level of complexity needed than what I was accustomed to.

3.2 The 1990's and Beyond

In the 1990's, as I entered my 50's, my attitudes, like many in my environment, started to change. The economy started to improve. There were sustainable jobs for those seeking employment rather than having to emigrate. This available pool of labor was educated

and had skills and attitudes that portrayed a confidence that was absent in my generation. This presented opportunities for those fostering FDI.

Some groups wished to develop facilities needed to attract foreign investment. Blockages and obstacles were present in the form of objections and the preservation of the status quo. Some who wanted to give their time and expertise to develop what was absent but needed if it was to cater for the goods and services in demand internationally. In the environment where I worked some senior management were willing to get involved in expanding their role in the development of their area. Facilities like advance factories were supported, roads and telecommunications were improved. But this created its own difficulties and controversies.

I saw that some of my peers had mixed views about the possibilities being created in the changing environment. They questioned in whose interest were these changes. Some felt that change should not be embraced, that we as a group of local authority employees should remain as we were. Some felt the managers and the supporters of these changes were empire building with a state safety net beneath them. Others felt that we should embrace changes and become catalysts of further improvements within our society.

This stage of my - and some of my peers - way of thinking was creating frustrations in our ability to influence what was taking place within ourselves and the environment that we lived in. The change in my way of thinking was accelerated through the experiences of adult education in the early years of the 21st century.

Opportunities for re-entering education accelerated in the beginning of the 21st century. Senior management encouraged those who worked within the Local Authority to avail of various courses to improve their skills as part of an up-skilling move. In 2001 I applied for a Diploma in project management in UCC. Over six months I was introduced to methods of improving executing tasks - I could be more productive. Many of the 'ways of doing' were familiar to me but the course offered a structure to my way of using and thinking with and applying these methods. In a small way, the way I knew started to change. Some of the methods I learned on the course became tools I found repeatedly useful to apply. Risk assessment as one example became a process that I found applicable in many situations.

The discipline of returning to academia was difficult and necessitated changes in my approach to my priorities and values. This was difficult but, having persevered, it started a change process within me. The attitude of my colleagues varied. Some were supportive: others were curious and wished to find out why I wished to go back to start studying again. I knew that I wanted to change and reinvent myself and yet I wanted to stay working in Kerry Co. Council. My patrons within the Co. Council had retired and there was a new management team with a different style of management. All Local Authorities introduced new streamlined structures - Better Local Government (BLG) - and freedom that I had grown accustomed to over a number of years was disappearing.

Having the Diploma I looked at other courses available at UCC. The MBA appeared to offer new educational opportunities that interested me and offered to fill the gap left by what I deemed as missed opportunities.[3] I applied for the course, sought the approval of my employers for financial support but this was refused for various reasons. I was disappointed but applied to UCC to be included in the course and decided to fund the cost of the course out of my own resources. This decision put pressure on me financially and physically. Most of the people on the course were funded by their company and this, plus the opportunity to use company projects to dovetail into the course simplified their involvement in the course.

The refusal of my employer to fund my studies encouraged me to assess their reasons. The official reason was that it was not the council's policy to fund mature persons. I saw the refusal acted as an incentive. My reasons for doing the MBA were diverse and no single reason was apparent for some time after I started the course.

The attitude of acquaintances changed as I progressed through the course. The attitude of my family was very supportive but with a roguish questioning when they looked at my student card they enquired if it was the free travel pass that I should have applied for rather than a student card! The MBA course exposed me to a different way of thinking. It exposed me to a diverse group of participants that were willing to share their experiences and way of thinking. It exposed me to a group of lecturers some of whom

[3] Some years before this a number of graduates in Kerry asked the Institute of Technology Tralee (I.T.T.) to introduce an MBA into their curriculum. While I.T.T. considered the option in conjunction with U.L. it was not possible to get the required numbers to justify the running of such a course.

were very different to what I had expected. They introduced readings to the class that were thought provoking - readings were more than 'verbiage'.

The theories within these readings became part of my learning process. Sometimes I accepted these theories, without question. At this stage these readings were more a technical prong to my capacity rather than elements of transformative change within me. I looked at situations through the lens of these theories and would have attempted to get these concepts to fit situations – treating theory as 'description' of the world. The change in my way of thinking continued. I read but then questioned in whose interest was the material written? What was the purpose of the writing? What right had the writer to say such things? My critical analysis was developing. There was both support and challenge throughout the course that was stimulating. The MBA was a journey that exposed me as a participant to information and to a process to develop the capacity to question, to seek out who I should question and in what order I should ask the questions. It developed my capacity to work within teams and then to move from the comfort zone of a team those had developed a reasonable amount of cohesion to a new team and repeat this process a number of times.

Having completed the MBA, I subsequently undertook a Certificate on competitiveness based on Michael Porter's economic theory. I decided to avail of the opportunity to explore a subject that was the basis of Ireland's economic wellbeing. The course was a wake-up call and I found it an experience that again opened up an opportunity to explore a thinking process about competitiveness that was new to me.

This course alerted me to the dangers of the policies being pursued by 'Ireland Inc.' and the possibility of Ireland reverting back to the type of economy that existed in the 1960's. Having completed the Certificate I decided to continue studies in the competitiveness vein and registered for a DBA. This course was new to UCC and each of the participants had very different objectives in doing the DBA. The process started with introductions to various writers and their readings. These writers were numerous and the objective was to broaden our knowledge and introduce us to various theories and to the authors of such thinking.

Initially, my interest in the DBA was driven by my desire to produce a document that would be pertinent to the improvement of the environment in rural Ireland but specifically for Kerry. My initial goal was a search for 'a formula' that would create the conditions

that would allow a development/entrepreneurial platform to facilitate the creation of sustainable employment in rural Ireland but, in particular, in Kerry.

From my point of view this 'Kerry obsession' sometimes clouded the main purpose of the course. This course was not about the individual subjects or themes chosen by the various participants for their Portfolios of Research, as such. It was rather about our personal development and was to enable us as individuals to know what we know in a different and more informed way. It was about the development of each individual's thought process and development of how we knew. The development of each individual would result in these individuals producing research at doctorate level targeted at improving effectiveness in professional practice**.**

To me this was an opportunity to think about and seek to produce a document that I could present to decision makers in Kerry and indeed in rural Ireland that would act as a mechanism to prevent the county's economy from drifting back into the 1960-style emigration.[4] It requires a balancing of lifting my mental complexity so that I can understand competitiveness challenges and context in a different way. It must equip me with a thinking process that will allow me to look at my experiences objectively and use them for the good of my community. As Kegan explained:

> "Human development involves a succession of renegotiated balances,- which come to organize the experience of the individual in qualitatively different ways" (1982: 81).

This implies that as well as advancing my thinking on Kerry and its competitiveness challenges, my objectives in this journey must also include consideration of how to develop the capacity to treat 'Kerry' as object rather than be subject to what it has meant for not only what I think but how I think about it.

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[4] Although I did not know where in the Portfolio I would consider the theme of emigration, I was clear that it was an issue I could not ignore. In 2010 I conducted a mini-survey on emigration of the families living on the streets where I was born and have lived most of my life. The data are provided in Appendix 1. I found that of the 53 homes on the streets local to me 42 (79%) had children who had emigrated. Of the total of 165 children born 113 (68%) had emigrated and of those 113 30% (33) had returned.

One exercise I used in addressing this was to review Brody's *Iniskillane* as a means to surface and reflect on my reactions to a particular type of rural Ireland that corresponds in many ways to Kerry. The second method was reflections surfaced by recounting a 'representative' journey around Kerry in the 1960s. Each is recounted in the Sections that follow.

4. Moving Kerry from 'Subject to Object'

As I grew up in Kerry I was, of course, subject to my way of knowing. I did not, and could not, look at Kerry from 'outside'. I did not question my way of knowing and I, of course, accepted my views and beliefs that were part of me. This Section is an attempt to take a step back to that time and the observations of how I knew my Kerry, how it was in terms of my way of thinking/knowing at that time.

4.1 Brody's Iniskillane

Hugh Brody's (1974) descriptions of some of the aspects of life in the 1960's in the west of Ireland in his book Iniskillane resemble facets of life growing up in a rural area in Co. Kerry as I remember them. He identifies the importance of 'the land' as an integral part of the rural society. The transfer of the family holding from father to the eldest son was both a strength and a weakness in the culture of the society. The strength was the permanency of the system and the weakness was the lack of matching of the individual to the task. The eldest son may have been more suitable to being a poet and one of the younger siblings to the task of looking after the land.

From reading the book the level of complexity in the world of the rural population appears to be relatively low. The socialized mind, as outlined by Kegan, has similarities to the way that I came to understand my way of knowing during the 1960's in Ireland.

Brody's descriptions are in line with the lifestyle that is similar to what I remember. Much of the population was governed by cross-categorical thinking. Many of the population could be described as being grouped in the socialized mind set, as described by Kegan. The church and its rules dictated the pattern of living for the vast majority of the population and many were happy to comply. Changes in rural Ireland occurred over many decades and Brody states that change of the way rural society regarded *itself* started to change in the 1930's. Brody (1974:16) used the term demoralization and defined it as

"when people feel outside their social system and have no faith in its continuation" to describe society in rural Ireland. I found that the level of complexity described by Brody in rural Ireland and the complexity of the residents was very similar and did not change much until the 1940's.

While the famine may not have been of much importance in this Portfolio, it is fair to contend that the effect of the famine changed customs and practices in an effort to preserve rural life. Up until the famine, land was divided among the male children to allow them to marry and support a family. The potato was the key that allowed holdings to be subdivided. A small area of land planted with the potato, allowed a family to support itself. But the failure of the potato crop in 1845 and in successive years until 1851 forced over a million persons to leave the land and 500,000 died of starvation. Poor decisions by the government of the day further depleted the produce that could be obtained from the land. Relief schemes drew healthy people from working on the land and further depleted what the land could contribute to the residents.

Until the age of twelve the males in a family were regarded as the responsibility of females of the house; they were expected to help the women with their work. After twelve years of age the male was expected to join with the males and do the outside work in the fields. Farming was no longer viable and the old custom of *coring* encouraged the male to go to England to earn enough money to subsidise the family holding. This started the process of sending home money to Ireland (remittances - money in the post). The young questioned the structures that could not sustain a family to live where they wanted and were tempted by the lure of England and America and they wanted - any place but Ireland. Stories that were told by those who went abroad added to the lure of emigration. Brody states that emigration was more prevalent in the female population than in the male population.

The trickle that started in the 1920's grew as the flow of information passed both ways, by means of letters and by word of mouth on the return of the emigrants for the harvest and for Christmas. The emigrant described the opportunities and life abroad in optimistic terms. These accounts were not always accurate but the audience were not always looking for accuracy.

The conflict of those who wanted to emigrate was heightened by their loyalty to their parents and their desire to get out of a system that they felt would never give them the life

that they felt they were entitled to. Brody illustrates this in his book with his reference to the *Michael's* who were the local grocery shop, guest house, farmer, boat hirer and taxi. The Michael's were go-ahead people and worked as a family unit. The younger population would have congregated near the Michael's and admired the business acumen of this family. Brody felt that the traditional farmers did not have a great affection for the Michael's as they saw them as a family that were too business orientated and had departed from the practices of coring, were not great mixers within the community. Brody describes the owners of Dwyer's pub as being nearer to the traditional way that the ordinary population looked at things. The traditional farmer would frequent Dwyer's pub. Brody's stories of the different individuals weave a pattern of life in rural Ireland, one that I recognized although it is not based on any real location.

Brody's stories of the different individuals weave a pattern of life in rural Ireland. My question then turned to asking "what is in this for me"? What can this reading contribute towards my Portfolio? Again, identifying with some words from Drucker "The first sign of the decline of a company is the loss of appeal to qualified, able, and ambitious people" (Drucker, 2005: 195) I see how apt this statement is to Ireland's status during these times. The level of complexity was low and the socialized mind was sufficient to live with the problems. The world's complexity and the peasants' complexity were not worlds apart. The Michael's, were nearer to self authoring and had the capacity to be part of the solution yet they were interested in themselves.

Brody's description of the Catholic Church and religion is peripheral to his story. My recollection of this influence is different - what country home did not have the rosary as an integral part of the daily ritual together with the religious trappings that were part and parcel of life? Whether the young generation in the fifties or sixties liked it or not the rosary was an integral part of the evening in most houses especially from end of September to early March.

Also, politics is barely mentioned yet the interest in politics of the peasants was passionate and the civil war placed strains on the various divisions in the countryside that were very raw in the 1960's. Similarly, the influence of sport in rural Ireland was deep rooted and percolated through all strata of society and business. Sporting heroes were used throughout the population to further the aims of enterprises. Sex and the role of the servant girl and their relationship with the family are barely mentioned. Neither are the

law and its application prior to the establishment of the Free State and the aftermath of the Free State. Yet this book evoked many memories of situations that were very close to what I remember.

A further reflection on Kerry is provided in the next Section as I paint a picture of rural Ireland in the early 1960's through describing a journey around parts of Kerry. It is useful to allow me to revert back and try to understand the way I, we, looked at and understood our world in the 1960's. To support and prompt my recollections I took the opportunity of delving into the archives of the *Kerryman* newspaper.

4.2 Driving Through Kerry in the 1960s

Kerry with its poor infrastructure was home to 122,072 people in 1956[5] and is the fifth largest county in Ireland. It had the highest level of annual rainfall in Ireland ranging from 3,000 mm in the mountain areas to 1,000 mm in the low lands. Its mountain ranges include the highest mountain in Ireland. Over 41% of the county is 500 feet above sea level: in contrast only 22% of Ireland is above this elevation.

As I travelled from Tarbert to Listowel (see Figure 5) in late June of 1960 on a potholed road, the fields were a lush green and there was a smell of newly mown hay. Kerry folk had the sweet memory of winning their nineteenth all Ireland Football title in September 1959.

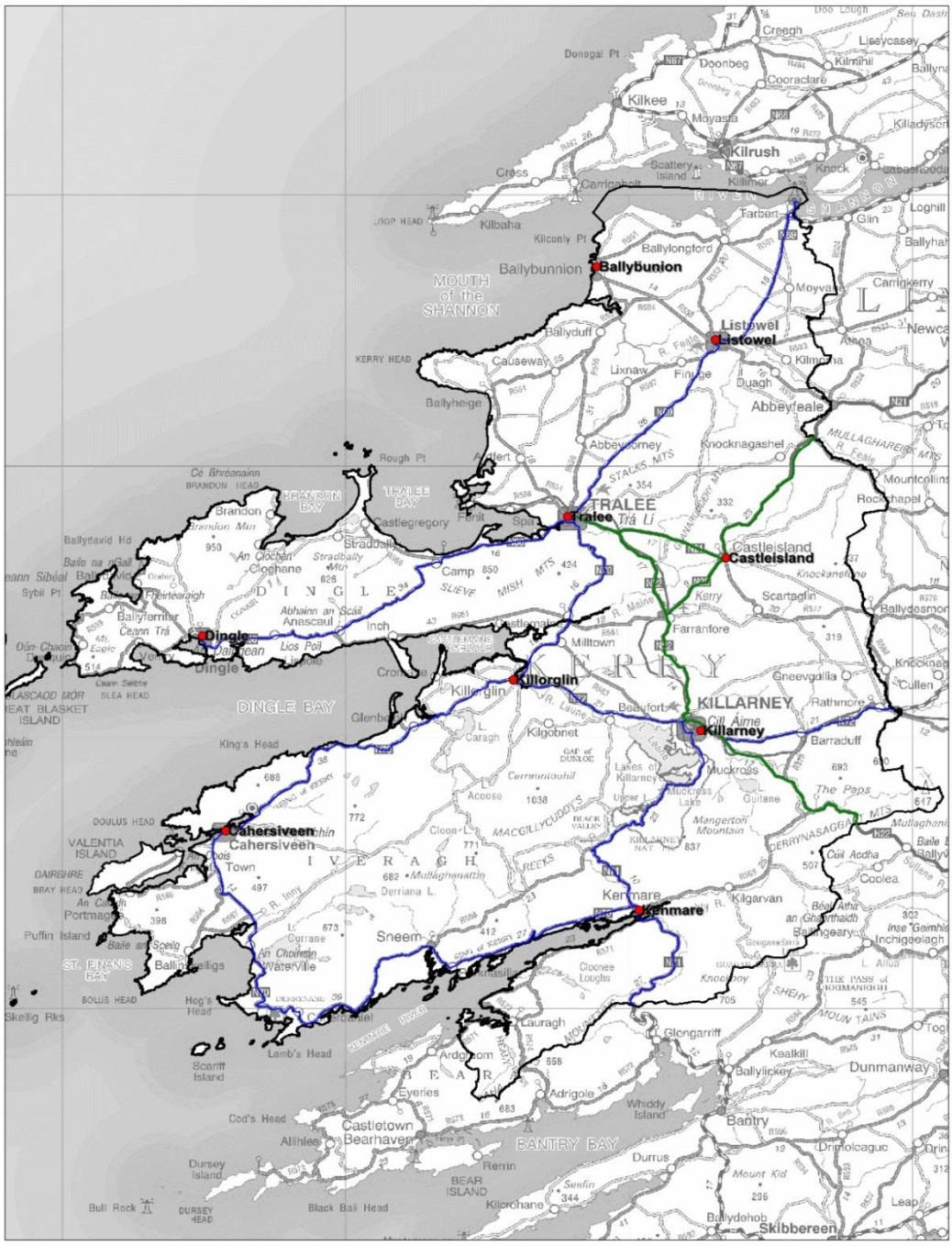
Kerry people, whether living within the county or away from home, surrendered to the bonding effect of their footballers' successes and many of them planned their year's activities around the All–Ireland football final in late September. Emigrants would come home so that they could include the All-Ireland as part of their holiday.

Employment prospects looked good for the Listowel Area. Louis O'Connell Chairman of the Listowel Urban District Council[6] (UDC) had welcomed Henrich Weber to Listowel and assured him of help and co-operation from the Listowel Urban District Council and the people of Listowel in establishing a factory in the town. Louis was a solicitor and was aware that Mr Weber had signed contracts for the purchase of a site of 11 acres at a cost of £1850.00 per acre on the outskirts of the town.

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[5] Kerry County Council.
[6] *The Kerryman*, 16th of January 1960.

Figure 5: Map of Kerry Route



***Source*:** Ordnance Survey Map provided by Kerry County Council Mapping Section.

Mr Weber had told the Listowel Urban Council that that the Jowika Company of Solingen, Westphalia would establish a factory in the town which would manufacture pocket knives, kitchen knives, and butcher knives (and later on hunting knives, scissors

sheers and manicure sets). Mr. Weber indicated that he would build houses for his staff on the site of the factory.

He assured the UDC that the factory would be well designed and would have central heating. He told the meeting that 25 young apprentices from the Listowel area had been sent to Westphalia to be trained in the Jowika Company's production methods.

While the people of Listowel hoped that this was not another promise of employment that would fail to materialise, there was a sense of optimism as they expressed their belief in Mr. Weber's promises. They were tired of rumours of large industrial estates on the Shannon Estuary where politicians were talking about a Hong-Kong type development as land was being bought up by unknown persons.[7] Listowel with its ornate plasterwork on many of the houses and shops, and with its farming hinterland was regarded by its residents as the agricultural capital of Kerry.

From May to September the entertainment centre of north Kerry switched from Listowel to Ballybunion and crowds from all over Munster and many parts of Ireland flocked to Ballybunion for their holidays. Entertainment for the young and not so young was available in the town during day time and well into the night. The Central Ballroom in Ballybunion was the focal point of the nightlife where dancing was held each night during the summer. Music was supplied by the top Irish show bands.

Listowel's town with a population of close on 2,000 had a literary output that attracted substantial attention. The major contributors to this output were Bryan McMahon and John B. Keane. Bryan McMahon who taught in the local national school was regarded as a very thoughtful person. John B Keane was prolific and wrote about issues that were part of the hidden Ireland, - and rarely committed to paper prior to his contributions - because of the control exercised by the church. Keane had started to write about what he saw in everyday life. He used his gift with words to paint vivid pictures that reflected everyday life in rural Ireland. He wrote about the 'made matches' and about the church and its attitude to the illegitimate. He wrote about the passions and the pain of rural life. His capacity to paint pictures with words brought him rewards and widespread recognition of his talent at the drama festivals. The irony that many of his plays were performed in community halls that were controlled and run by the clergy was not lost on his audiences.

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[7] *The Kerryman*, 16th of January 1960.

But enough about John B! Maybe he was just a light distraction from some of the pain that was part of rural Ireland with its emigration and lack of gainful employment. As I travelled from Listowel to Tralee the quality of the land continued to remind me that land in North Kerry was suitable for dairy farming and was unlike the bulk of the lands in South Kerry which were wet and often boggy.

As we approached Tralee the words of the Dean of Kerry[8] rang in my ears about the bomb attack on a Mr. O'Sullivan's house in the middle of the night. I knew that this attack was condemned from the pulpit at all the masses on the Sunday following the attack. Mr. O' Sullivan was the Manager of the Lee Strand Creameries and persons unknown had bombed his private house in Tralee.[9] The bombing took place because persons unknown considered that O'Sullivan assisted those who were breaking the boycott on grabbed lands. O'Sullivan accepted milk at the Lee Strand creameries from farmers who had rented the boycotted lands in Ballyseedy.

As I drove into Tralee I stopped my car to admire the beauty of the sunset reflected across the bay. Maybe I should have gone to Ballybunion which, by now, I knew would be throbbing with the revellers arriving for a night of fun and frolics rather than going into Tralee. But I was now on the outskirts of the town and I continued my journey into the town where the boot factory had burnt down in December 1959.

This factory had employed 200 people in the manufacturing of shoes and boots. When it was destroyed 200 jobs went up in smoke. The community banded together and supported benefit dances which were run in aid of the workers. Mr. J. Courtney the manager of the factory assured the workers that the factory would reopen within six months of the fire. The total weekly wages of £1,793 paid at the factory to the workers were lost to the town, and were missed by the traders who were looking forward to the day that the factory would reopen.

Yet the talk at the dances and in the pubs showed that the people of Tralee were beginning to believe that the scourge of emigration which took over 1,000 people per

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[8] *The Kerryman*, 13th January 1960.

annum from Kerry would slowly disappear.[10] They were starting to believe in the promises of work from the promoters of factories that were starting in the town. Kingdom Tubes, another firm from Westphalia, again had sent 25 young men to be trained and these young men would be the first employees of the new factory once production started. The usual promises of new factories were made by the politicians during the local elections held at the beginning of June 1960 and were still fresh in everyone's minds.

Yes there was employment available from the knitting factory which had employed people since 1953. Denny's factory also gave employment and the Tralee merchants were constant employers over the years. The *Kerryman* newspaper employed one hundred people at their offices and works in Rock Street and was owned and managed by the Nolan Family.

There were two organisations representing the farming interests in the county - the Irish Farmers Association (IFA) and the Irish Creamery Milk Suppliers Association (ICMSA). The farming community in Kerry were divided in their allegiance to these organisations.

I stayed in Greenview Terrace before travelling to Killarney and areas to the southwest the following day. That evening I braced myself in anticipation of the usual questions that the land lady would ask, "Had I job? What was I going to do with my life? Was it true that I was going to London? Why don't I look for a job with the government?" The following morning was bright and sunny. As I left the house on my way to Killarney the woman of the house sprinkled holy water on me and said that she would say a prayer for me, and again urged me to look for a job in the government service.

I travelled out towards Killarney and as I passed the monument at Ballyseedy, where years before the Civil War politics had been played out in a most brutal fashion. I thought of the boycott on the Ballyseedy lands and the fallout that was still present in the area. I pressed onwards towards Killarney and as I drove down the Mile Height in the approaches to the town I was once again impressed with the beautiful vista of a town nestling in woodlands and lakes and a hinterland of spectacular woods, mountains, flora and fauna.

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[10] *The Kerryman*, 27th February 1960.

But jobs in Killarney were seasonal. The hotels gave good employment during the summer months but most closed during the winter and left their staff go. Lady Beatrice Grosvenor had just announced that she would build the first drive–in motel in Ireland on the grounds of her estate at Castle Ross.[11] The big Cork/Dublin builders Sisk & Sons were appointed contractors. The project was deemed by Lady Grosvenor and her advisors to be beyond the capacity of the local builders. These notions raised the pique of the local contractors who condemned her actions.

I stopped at Fleming's bun shop and café to hear what was happening in Killarney, what people felt was happening. Yes the German Factory was paying great wages but the managers expected every person to be on time in the mornings and to turn up for work every day. The owner of the German factory was Hans Liebherr and he owned factories in Germany that manufactured cranes. It was reported that Hans Liebherr had started to buy up acres of local farmland especially where these lands had spectacular views. The Germans that were involved with Hans Liebherr appeared to have money for everything and to be very wealthy. All the managers and key people were German nationals and had a poor command of English. They trained the Kerry workers in the skills of welding. The local vocational school had started classes in both German and welding to supply the needs of the German factory.

The Killarney Urban District Council had recently sold a plot of land within the urban boundary to the Killarney Milk Suppliers so that a pasteurising plant could be erected for the improvement of milk quality. The plot was sold for £400.00. There were objectors to such a sale and some of the objectors based their actions on the lack of adequate access to the site.

As I was about to leave Fleming's café where I had stopped for a cuppa, a heated argument started at a table in the corner of the café. The discussion centred on aspects of the Chocolate Crumb Factory in Rathmore which was in production for over ten years. This factory was built and owned by Cadbury and employed up to 100 people during the summer period reducing down to about 80 during the winter. It had a daily intake of 60,000 gallons of milk from the surrounding farmers giving them a good outlet and fair price for their produce. The argument was based on whether Gerry Godsill and a Mr.

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[11] *The Kerryman*, 13th of February 1960.

Lyne from the factory should go to the USA or whether they should stay in Rathmore and concentrate on the running of the factory. Evidently Mr. Lyne and Mr. Godsill[12] (the General Manager in Rathmore) were going to America to seek a market for a surplus of 20,000 tons of chocolate crumb which was being produced in the Irish market.[13]

Outside the café I saw John C. Cooper whose father Tom had made the film *The Dawn* in 1936 about the Irish War of Independence. As I walked from the café to my car to continue on my journey I was surprised at the numbers of tourists that were visiting Killarney. I was also disappointed that the town looked grubby and shops were badly presented: footpaths were in poor repair and signs were dirty and badly maintained. Yet this was the same town that had an air of confidence, bordering on arrogance, with a shoe factory that employed 200 persons, many of these women.

Killarney had always attracted famous visitors of note, with Queen Victoria in 1861 to the latter day princes of industry. It was never a town that relied on its hinterland for its trade, but relied predominantly on visitors, many of whom were from the USA and who were unlikely to return. Businesses in Killarney that were involved in tourism had the reputation of seeking the maximum take for the minimum input.

Those in the tourist trade believed that the beauty of the surrounding areas would always attract tourists to their town and they did not see any reason to change the way they did business. Many of them did not know of the existence of 0.25 square kilometres (62 acres) of Yew wood within the park nor of the uniqueness of the presence of Ireland's only remaining wild herd of native Red Deer (c*ervus elaphus*). This herd has been continuously in Ireland for 4,000 years - sika deer (c*ervus nippon*) were introduced to the park from Japan in 1865.

I was sad when I thought about the attitude of the business community in Killarney towards the tourists that visited the area. Leaving Killarney I was alerted by the presence of signs warning motorists of the dangers present from deer crossing the road. As I drove in my Ford Anglia up towards Moll's Gap I stopped at Ladies View. When I looked at the vista beneath, my sadness changed to anger at the attitude of those in the tourist trade in Killarney whose treatment of tourists did not encourage repeat business which could

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[12] *The Kerryman*, 20th February 1960.
[13] *The Kerryman*, 6th February 1960.

improve the chance of increased employment. I moved onwards and upwards to Moll's Gap and on into Kenmare with its wide streets and recently refurbished Great Southern Hotel attracted a more discerning tourist than Killarney.

I left Kenmare and drove through that part of Kerry that was emptied of its youth because of a shortage of gainful employment. The scenery was spectacular as I journeyed on from Kenmare through Sneem and on to Caherdaniel. I could only think of the Scullys, the O'Sullivans, the Spillanes and the O'Donoghues whom I knew in London. The areas where I was now passing through were their home parishes where many of them returned every Christmas. This was where many of those who had gone abroad sent back money to help those at home.

The National Farm Income survey in 1955/56 stated that the national average income per year from farming was £450 (gross) but in this part of Kerry incomes were well below the national average. Yet many of those who had left this area were earning this amount monthly in London, Birmingham and Manchester.

The envelope in the post from such places as Kilburn and Cricklewood was what mattered to those who stayed behind. Here the holdings were scattered and while families might own 60 acres of land and a 100 acres of mountain it was not possible to make a reasonable livelihood out of such holdings. So many families reared their children until they finished primary school and then some were sent to join their other siblings, in locations like Cork, Limerick or Dublin with a bias towards getting further education. Others left the educational system earlier and as soon as they were physically strong enough made their way to the British cities of London, Manchester and Birmingham or the more adventurous went to the cities of the USA and Australia.

Onwards towards Derrynane and thoughts of Maurice (hunting cap) O'Connell the smuggler came to mind. Maurice was Daniel O'Connell's uncle. Maurice had no children of his own and adopted Daniel. Maurice O'Connell had the reputation of being a smuggler and it was said that his ancestors in the 18th century had sent recruits to the famous brigade of Irish exiles in the service of France. Daniel grew up in an environment that was anti-British but had resources to provide him with a good education. He attended a college in Cobh that had shortly before his attendance accepted Catholics to the school. From there he continued his schooling in the English school of St Omer and then Douai in France. France at this time was a turbulent place and Daniel encountered events that

would affect him throughout his life. He developed a strong devotion to his Catholic faith and detested conflict as a mechanism to solve national issues or struggles.

Onwards I travelled to Waterville and stopped to see where Charlie Chaplin and his family holidayed. The Butler Arms salmon weir was an attraction where the salmon could be seen before they passed upriver to Lough Curran. It was rumoured that this property was about to be bought by Jack Mulcahy an Irish American. Waterville with its salmon fishing and its tradition of hotels and catering provided a stable income for those involved in the tourism trade. This trade was based on repeat business, value for money and a personalised service.

Many of the patrons to the Waterville area were from England and built close ties with the locals. The wives and children would come for the summer holidays and the men folk would come for the salmon fishing in the spring and early summer and would journey again to join their wives and children towards the end of the summer holidays. The tourist industry in Waterville relied on repeat business and differed from the tourist industry in Killarney which was more reliant on the once off visitors.

I drove onwards to Caherciveen and was unable to get into Valentia Island where the bridge was still at the planning stage. Access to the island was by ferry only and because of the level of wind on the day, the ferry was not running. Construction work on the bridge was dependant on finance from the Government funds that were eagerly anticipated.

Many locals and visitors did not know of the first attempts at the Atlantic cable laying in 1857 and 1858, and the successful expedition of 1866. Valentia is the location of the oldest Atlantic cable station in the world. The 1857 and 1858 cables were laid from Ballycarbery on the mainland at Valentia Harbour, while the 1865 and 1866 cables originated at Foilhummerum Bay on the island itself.

As I arrived in Caherciveen the feeling of gloom over the town was apparent. The railway link from Valentia to Farranfore had closed. The reason given by the government in Dublin was the Transport Act of 1958. This Act obligated the CIE board to eliminate losses by the 31st of March 1964. As part of their cost cutting the CIE board decided to

close the line from Farranfore to Valentia[14]. Notice of dismissal had been given to the carters and the porters. Even though there were only three persons directly dismissed at this stage the sense of loss and isolation was huge.

The link was closed despite the protests from the people of south Kerry and from their public representatives. Dr. Todd Andrews was not for turning. In February of 1960 work had started in lifting the sleepers and rail tracks along the line.

Mr. Sean Lemass, the Taoiseach, spoke of the need for sacrifices that would have to be made by the Irish nation because of the Free Trade agreement that had been signed in London. Had anything changed for the people of Caherciveen? The old workhouse which was converted in 1846 from a lodge to a sanctuary for the destitute, housing a school, hospital, residential quarters, soup kitchen and a Church was reminiscent of past hardships. Its doors were closed in 1923. The old RIC barracks burned by anti treaty forces in 1922 still stirred memories of the civil war between some of the inhabitants of Caherciveen.

The present news of trade balances showed Ireland was importing £20 million more in goods from Britain than it was exporting there. With France, Ireland imported £5 million more goods than it exported there and with the USA Ireland had a deficit of £4.5 million in its trade in goods. With Germany[15] Ireland had a trade deficit in goods of £6.5 million, but all this mattered little to the people in Caherciveen. They did not care about these statistics - they wanted to hold on to their railway link. Yes they still had the Cable station in Valentia and the observatory in Caherciveen which gave employment. There was a dairy industry and a fishing industry filled with tradition that gave limited employment. But the hinterland was being robbed of its youth by emigration.

John Murphy and Joe Murphy from the Caherciveen area had become major contractors in Great Britain and any one from Caherciveen area was sure of getting a job from them once they went over to London. I left Caherciveen and made my way home to Killorglin which was still in shock due to closing of the railway link from Farranfore to Valentia.

The last train drawn by steam Locomotive 139 had crossed the metal bridge in Killorglin on its way to Farranfore on Tuesday the 12th of January 1960 at 2pm. That was 77 years

[14] *The Kerryman* , 16th of January 1960.
[15] *The Kerryman*, 27th of February 1960.

from the date that the first train had arrived in Killorglin. Killorglin is located 13 miles west of Killarney and 16 miles south of Tralee and is situated on the Ring of Kerry route.

The main talking point in Killorglin was the bomb that had been placed at the door of the house of The McGillicuddy of the Reeks, on the morning of the 28th of May at 2.40 am at Whitefield, Beaufort. The perpetrators of this act were condemned from the altar by Fr. Sayers P.P. in Beaufort at the masses on Sunday the 1st of June. But because this was a land dispute the silence of the people would make any conviction difficult.

Emigration was the scourge of every house in the parish and the only industry producing any products for trade was the fish industry. Cromane 5 miles west of Killorglin exported between 900 and 1000 tons of mussels[16] annually and the local KRD Fisheries exported up to 1000 tons of salmon per annum to the Billingsgate market in London.

A group of locals had joined together to start a fishing tackle factory but the pay and opportunities were limited in this enterprise. The chances of getting full-time gainful employment in Killorglin were small and as I slept in my bed that night I knew that Kilburn, London NW6 would be my next stop. Yes I knew that I would have to join the rest of the young people from my street, from my town, from my county and from many other counties in Ireland that had taken the boat to England.

So two days after my odyssey around Kerry I was driven to Killarney to get the train to Cork and from there I sailed on the Innisfallen to Fishguard in Wales. As the ship passed down the harbour in Cork, those on the shore waved. I remembered thinking how lucky they were to be employed and to be living in Ireland. Yet for me there was also an excitement in the anticipation of what lay ahead. The boat docked in Fishguard and I got the train from there to Paddington. I then made my way from along Edgware Road to Kilburn to the safety of the Irish stronghold of Kilburn and called to 80 Brondesbury Road.

I knew the landlady there. She was from Co. Limerick and was married to Michael O'Brien from Keel, Castlemaine, Co. Kerry. She showed me a room which I could share with two others. There were three beds and she showed me the one that was vacant and which I was to use. I accepted her terms and dropped my few belongings on the bed that I

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[16] *The Kerryman*, 13th of February 1960.

was allotted, got a key for the front door and went straight up to Willesden Lane where I purchased a pair of hobnailed boots. My next stop was the Office of Her Majesty's service where I got a set of cards – required to entitle me to work. I then went to the Virginia restaurant on Kilburn High Road. Mrs O'Brien's niece Frances Dunne was working there and during my meal she asked about what was happening in Co. Kerry. I answered her many questions as well as I could. I then asked her about work in London and if she knew where I would get "the start". Even though she tried to be helpful she did not have the information that I required.

As soon as I had finished my meal I left and went first to a shop and bought an alarm clock. I then walked down Kilburn High Road and called first to the North London pub where the only patrons were "down and outs". I called then to the Vic and next to the Rifle and Volunteer - both pubs frequented by the Irish - and by the time I got to the Derby I knew that I was wasting my time because those that would know about work would not be back from work for another two hours.

I abandoned my search and went back down to 80 Brondesbury Road and went to bed so that I would be fresh for the following morning. The following morning the alarm rang at 5.30 am and within 20 minutes I was waiting at the corner of Kilburn High Road so that I would be picked up by one of Murphy's wagons travelling to Camden Town. I knew I was early but I also knew that it was better to be there early than to miss the chance of "the start".

Within five minutes of taking up my position, down the High Road came a green wagon with Murphy written in white on the cab over the windscreen. I straightened myself and signalled to the driver to pick me up. He stopped the wagon, I opened the door and hopped in and closed the door. I was pleasantly surprised when the driver addressed me with "what in the name of God are you doing here?" I looked at him and immediately recognised him as a neighbour from just one street west of where I lived in Killorglin. In the journey to Camden Town he was able to tell me which of Murphy's agents had the most work on and where they would be standing in Camden Town.

With the information gathered on my early morning trip to Camden Town I got "the start" that morning. Once you were an able-bodied man, there was a job available from Murphy in Camden Town. The money was good, the hours were long but I got paid for every

hour I worked. This was a change from Ireland where the hours that you worked rarely related to the hours that you were paid for.

I found an affinity among the Irish that was comforting. They looked out for one another. They regarded the host country second in line for their loyalty. Yes there were a minority of Irish who exploited 'their own' but the vast majority looked after their own county folk, indeed many would say their country folk.

The social life for most of the Irish was confined to the weekends and centred around the church for mass, the dance halls and pubs and Gaelic football matches in New Elthenam for entertainment. This was the reality of the freedom and the glamour of London described to those back in Ireland in letters and by word of mouth.

Before long I fell into the pattern of the average emigrant where the events back in Ireland, in my case Kerry, were of more significance than what was happening in London, the city I was living in. Fundraising for projects - in my case Kerry- were well supported by the emigrant population. Such charity events as Templenoe Church renovations were supported through benefit dances in the Irish-owned dancehalls like the Galteemore in Cricklewood, the Bamba in Kilburn and the Gresham in Holloway Road.

The affinity of the emigrants to their birthplace was apparent and no more so than among Kerry people. Gaelic football proved to be a major factor in this process. Contractors born in Kerry were willing to employ a Kerry person and often gave preference to those who were good at Gaelic football. Most of the emigrants were associated with a football or hurling club from their county back in Ireland and frequented pubs owned or run by their county men. Brawn mattered more than brains in the building sites of London and other English cities, but as contracting firms grew they started to employ those who had education to do their paperwork, preferably somebody from Ireland.

In 80 Brondesbury Road, Kilburn where I lived in London I often thought about my future and compared life in London with life in Kerry. In London there was gainful employment but my existence there was from the bed to work and from work to the bed- and an uncomfortable bed it was - with a sprinkle of entertainment at weekends that was centred on the pub.

The lack of job opportunities and the low wages in Ireland became less important as the months passed by and in my mind the quality of life in Kerry started to outweigh the

difficulties of returning to live in a stagnant economy. Why were there no jobs in Kerry? How Irish people were able to create wealth in England - and in the process many became wealthy themselves? Yet back home Irish people were unable to stir the wheels of economic activity. What was wrong?

During this era we were a nation that looked inwardly and accepted our place as a third class country. Our economic performance was based on agriculture. We knew the world for the most part through the views of the printed news and from the tales of our emigrants. We prepared our youth in a number of ways. Some of our youth were lucky to come from families that encouraged and could afford education. The route to what was regarded as a prime job - the junior executive - was available to a limited number of students based on their leaving certificate results.

There were others who lived on the expectation of inheriting their parents' business. There were those who progressed through the education system but whose future was still based on emigrating. There were a certain number of students who entered the religious life. There were those who were called to 'training' and went on to be national school teachers.

Many would want to emigrate but would worry about the effects that their going would have on their parents and siblings. Their guilt at abandoning the family unit would be softened by their intention to send home money on a regular basis. How did they know what they were facing? They knew only from what they read and what they heard from those who went before them.

5. Conclusion

By exploring and reflecting on aspects of my background and experience this Essay presents my attempts to identify my professional meaning-making system and its sources. Clearly, Kerry as a place entered largely into my meaning-making – a key element of which in effect was 'Kerry' as a sense in itself. My purpose is so that readers can understand the demoralizing impact rural Ireland on many of its residents during the 1960's and for much of the latter part of the 20th century with life in rural Ireland. Many people experienced difficulty obtaining the necessary employment to live and earn a livelihood that would enable people to rear a family to an acceptable standard of living.

The account I provide here illustrates how I knew rural Ireland and how my knowing was strongly influenced by my environment and those that I was close to.

This account was influenced by my own experience of taking the emigrant ship and also from consideration of the extent to which this was normal for those living on the street where I lived. It shows that nearly two thirds of those born on my street emigrated and only one third of the emigrants were able to return to Ireland. This analysis highlights the extent of emigration in a small community. The writing makes the reader aware of some of the changes that occurred in Ireland during the latter part of the 20th century, where the economy changed from a low cost economy to an advanced economy. As the early years of the 21st century progressed the rise in productivity did not maintain the necessary increases in living standards to counteract rising costs and recent financial crisis have resulted in a drop in sustainable employment and increased emigration.

My journey around Kerry in the 1960's indicates the problems present during that period and the acceptance by many of these problems. The solution then was the acceptance of emigration, a path that I followed. Now I see a different answer to similar problems. The knowledge that is available within our community, for example, can help to change the uses of our resources. The resources needed must be made available to those that are charged with this task of increasing the output of our assets. I look at the years of the Celtic Tiger and question our treatment of those who came to our country looking for employment. It is possible their treatment was similar to that of our emigrants during the sixties and the eighties. We probably did not look at the potential of those who came to Ireland as offering a diversity that could yield opportunities for both them and us. Many of those who came searching for employment are still with us and these are some of what I consider as our underutilized productive resources. For now such assets include underutilized talents of those that are resident in our community – their skills, their contacts.

The Kerry of the 1960s offered here is as close to how I saw and experienced it at that time as I can remember. Focusing on these memories, and in the context of Kegan's theory of adult development, allows me to remove them to a 'place' where I can reflect on them, where I consider them as having implications and linkages in a wider sphere where the Sense, as I understand it, creates unwritten, unidentified linkages between those who 'have' the sense of 'Kerry'.

I consider these experiences as evidence on the way I knew. For example, I accepted the educational system as I found it without considering what it was geared towards. Now I want the educational system to cater for the needs of those that want to up-skill. When the average Irish person went abroad in the 1960's most gravitated towards the manual intensive vacancies rather than 'office jobs'. My belief at that time was that most followed the money. Manual work offered the best return for their labour in the short term to emigrants. Now, however, I wonder if other considerations influenced our choices - if we were educationally fit for positions in the economies that we emigrated into.

My reflection reveals evidence of movement through those levels identified by Kegan and to push myself further in development terms my challenge now is to develop my thinking process so that I will know in a different way. Specifically, I want to drive an agenda that will contribute to my community in a lasting way. I want to join those that are of a similar mindset. I want to concentrate on objectives that are of benefit to the community in general, including consideration of in whose interest objectives are set. I want to use some of the knowledge that I have accumulated during my journey effectively. I know that time is a finite element and I want to use it effectively. My way of knowing Kerry must fit my objective of fostering an entrepreneurial platform that will create sustainable employment. I must increase my level of complexity to match the demands of the environment that I live in. I must use the experiences that I have encountered to learn how to develop an entrepreneurial platform that will help to create sustainable employment in Kerry. I have the desire to try and achieve this aim.

To this end I can consider relevant research and work through it to understand the concepts and think through their usefulness for applications to economic development. I appreciate that their benefit lies not in providing solutions to the requirements of creating an entrepreneurial platform. I understand that what is required is changes in my way of thinking to move on in meaning-making complexity, as explained by Kegan (1990). I can identify that since my journey into adult education began most recently, my approach to problems has become more contemplative. It is full of questions and is more willing to 'listen' to opinions. My search for opinions are directed to those who have knowledge and experience in the field that I am interested in. In becoming a more effective user of the concepts and theories that specific element of my meaning-making, i.e. theory use, is the focus of my development in the Essays that follow.

I conclude that ‘Kerry’ is not determined solely by the physical borders of the county as is defined on maps. The sense of ‘Kerry’ to many is as real on the streets of New York or London or in the Irish Embassy in Beijing as it is within its known or visible physical boundaries. This sense is hard to describe but for many it is a bond or an affinity that exists and can serve as a ‘passport’ to provide an opportunity to exchange and explore their respective capabilities without normal formalities. It is reflected in sponsorship by a New York stockbroker for students from his alma mater of St. Brendan’s, Killarney. It is reflected in the support of a Gaelic footballer who adopted the Australian rules football as a career to a young Kerry Gaelic football star who wished to follow this career in Australia.

The question I am left with as a result of this Essay is if and how this sense of Kerry can be utilised? Sometimes it may not achieve anything but at other times it can mean the ‘difference’. Those who believe in it will just know it in a particular way. Those who don’t believe in it will just smile and regard it as ‘mist in the morning air’.

ESSAY TWO: FROM ENGINEERING MIND-SET TO AN ECONOMIC PERSPECTIVE

1. Introduction

This Essay reports on my selected Reading-for-Change programme which has as its aim to enhance my capacity and capability to think about economic development using some selected theories of relevance to the focus identified in Essay One. This is my change agenda and the specific aspect of my meaning making system I am working on relates to theories of competitiveness and economic development. I use these readings as the basis for conducting analysis in Essays Three and Four of this Portfolio. In this way Essay Two represents a means to further the development of my meaning making system by supporting the use and application the theories and concepts in Essays Three and Four where they are used to organise my thinking about competitiveness as it relates to Kerry and in general.

I have chosen to examine the cluster concept that emerges from Porter's work (e.g. 1990, 2008) and Section Two of this Essay considers the cluster in the overall context of Porter's approach to competitiveness to provide Porter's explanation not only of his concept of cluster but its relation to his overall theory of economic development as he presented it in his *Competitive Advantage of Nations* (1990), for example.

In Section Three I introduce writings from a broader set of authors since I do not want to use the cluster as the sole 'prong' to guide my thinking about the development of an entrepreneurial platform to create sustainable employment in the Kerry region. Instead I complement my consideration of the cluster concept and use the ideas of a number of source thinkers to advance my understanding of how companies survive, and prosper in the sense of creating employment.

I report in this section on a series of readings by source thinkers such as Penrose (1995 [1959]) and Drucker (1966, 2005) which I have undertaken during this journey and which have helped me to add to my capacity to reflect on the microeconomic mechanisms *within* firms that can lead them to make greater use of their resources. In one sense these ideas appear beyond the boundary of the cluster concept and yet I found they provide a

structure for thinking about why individuals and individual firms face and surmount obstacles to their performance and competitiveness. Furthermore, reflections on Kegan's work following my reading of the writings of these source thinkers further reveals their appropriateness, in many cases, for identifying and removing 'baggage' that causes the immunity to change system to block aspirations because of individuals' counter aspirations which protects their comfort zone. While this purpose is not explicitly evident in any of the above source thinkers' writings, I identify it in Kegan's work as crucial to understand real hindrances to change and to development that can stymie organisational growth and development (as well as that of individuals).

My goal is to become more effective in my use of the various theories and concepts considered here explicitly as tools in my thinking process to help me to 'know' in a different way and to test or experiment with this new way of knowing in Essays Three and Four. It is my contention, or hypothesis, that if these theories can be mastered by me and used as an apparatus of thought I will be able to make a difference when seeking ways to foster the establishment of an entrepreneurial platform that will help to create sustainable employment. These theories and concepts cannot provide neat solutions in themselves but can help me to organise and structure my thinking about aspects of economic development.

2. Competitiveness: Locations and Firms

2.1 Competitive Locations

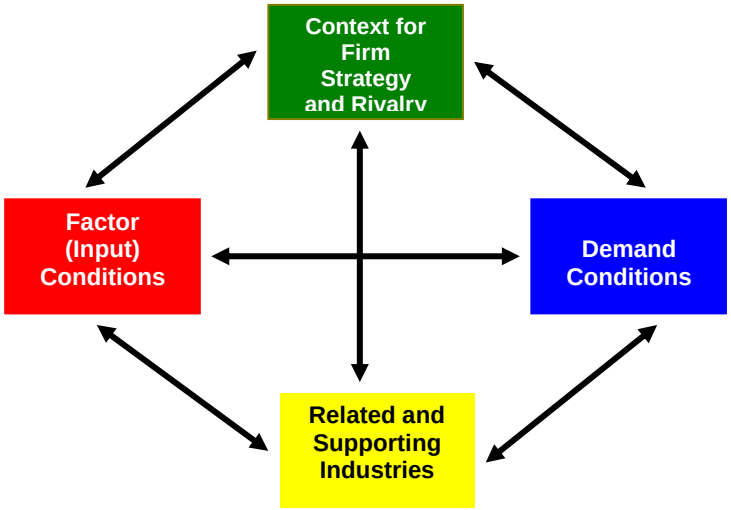
Michael Porter's book *On Competition* (2008) spans work across his career from 1985 to 2008 bringing together related articles and chapters and adding some unpublished until then. Porter states that a nation's competitiveness depends on its industries' abilities to innovate and upgrade and not on a nation's natural endowments, labour pool or its currency value. He explains that competitive advantage is created and sustained through a highly localised process and nations will succeed in certain industries because their home environment is the most forward-looking, dynamic and challenging. Porter says that the only meaningful concept of competitiveness at the national level is productivity. Porter suggests that a country should specialise in those industries or segments of industries where its companies are more productive and import where its companies are less productive than competitive firms in other non-national locations.

Porter seeks to identify an explanation as to why a nation provides a favourable home base for companies that compete internationally and he looks beyond the concept of comparative advantage. Porter defines the home base as the location where the company strategy is set, where the core product and the process technology is created and maintained, where productive jobs and advanced skills are located. To generate such home bases, locations must offer the required environment to enable businesses to improve and innovate faster than their competitors (in other nations).

Porter explains that a location's competitive advantage is only sustained if its companies engage in upgrading their resources but locations too must engage in 'upgrading' to support businesses' requirements. To retain competitive advantage often requires relocation to take advantage of what is available, be it lower cost, market access or the advantage of foreign technology, and often requires making its existing competitive advantage obsolete.

Porter (1990) introduced a graphical model (known as the *Diamond*) of the effect of location on competition following extensive international empirical research on the source of competitive advantages (see Figure 6). Porter (1990) used the Diamond model of national advantage to outline the determinants of international competitive success. It includes 4 headings of features that need to be considered in assessing the sources of advantage in a given location. The features include Factor conditions (labour, raw materials), Firm strategy structure and rivalry (i.e. how firms are created and organised as well as rivalry between them), Related and supporting industries (*e.g.*, the presence of supplier industries that are nationally competitive), and Demand conditions (such as the home market's demand i.e. basic or sophisticated, for the industry's products and services). When a national environment affords better on-going support, information and insight into products and process needs, companies gain a competitive advantage.

Figure 6: Porter's Diamond



Source: Porter, 1990: 127.

Factor conditions

Porter explained that the stock of factors that a nation has is less important than *how* they are upgraded and improved, emphasising quality rather than stock or quantity. The rate at which specialised factors are continuously upgraded is important. He uses the example of mini-mills of northern Italy and how they managed to create competitive advantage out of factor disadvantage (Porter, [1990] 2008: 189) to explain that no easy way should be taken to get around the disadvantage that a location experiences and that it can well generate and result in competitive advantage. The example of high labour costs in the USA were addressed through outsourcing. Japan reacted differently and automated, reduced part numbers in the automobile business and streamlined assembly processes. A nation's success also largely depends on the types of education its talented people choose, where they choose to work together with their commitment and effort as it impacts the quality of the work force.

Demand conditions

Local or home demand is identified as an important factor and Porter identifies 'sophisticated' home demand as a vital item that can force companies to respond to tough challenges. Local buyers can help a nation's competitive advantage if their needs anticipate or shape global trends so that local businesses must achieve high standards to satisfy their customers. Nations gain competitive advantage if domestic buyers are the most demanding and sophisticated buyers of their product or service. Such buyers act like early warning indicators and indicate to the companies where growth will be.

Related and supporting industries

Suppliers and end users located adjacent to one another can by their closeness work to their mutual advantage due to their short lines of communications. High-performing suppliers available in good quantities support their downstream counterparts in being productive and efficient. Companies benefit most when the supporting industries are themselves global competitors: "Competitiveness in a specific industry results from convergence of management practices and organisational modes favoured in the country and the sources of competitive advantage in the industry." ([1998] 2008: 194) and "Nations tend to be competitive in activities that people admire or depend on and the activities from which a nation's heroes emerge" (2008[1998]:195). Availability of a broad range of related and supporting industries can provide cheaper inputs and short lines of communication with quick and constant flow of information. Where suppliers are depending solely on the home market they usually lack the capacity of firms that supply global markets because global firms are forced to be more competitive and innovative.

Context for Firm Strategy and Rivalry

The *most important* ingredient in the diamond is identified by Porter as domestic rivalry because of its stimulating effect on competition. Where local rivalry becomes intense firms compete for bragging rights creating additional pressures on companies to compete and innovate. Porter states, for example, that "Vigorous domestic pressure forces local companies to look at global markets and toughens them up for the battle."(Porter 2008:181) and also that "Domestic rivalry and geographic concentration have especially great power to transform the diamond into a system" ([1998] 2008:198). It promotes

improvement throughout the diamond and it elevates and magnifies the interaction of separate influences.

Interconnections across these four features of the Diamond that are often unanticipated, lead to perceptions of new ways of competing and new opportunities. Competitive advantage for a location results from the presence of world-class institutions together with effective supports to continually upgrade them. Attaining international success can make an industry prestigious and reinforces its advantage.

The role of government is seen by Porter in terms of transmitting and amplifying the forces of the Diamond. Government should pioneer the need for frontier technology, establish prizes that reward quality and should not attempt to manage industry structures and give in to demands from local business to insulate inefficiencies.

In Essay Four a cluster-based analysis is conducted of the Equine sector in Ireland as one example of practicing cluster-based thinking from an economic development perspective.

2.2 Competitive Firms

Outside his Diamond-related analysis in his work on firms, Porter (1998:59-65) introduced the concept of the activity system where he argued that competitive advantage grows out of the entire system of activities a firm engages in as well as the *fit* among activities that allows the firm to reduce its costs or increases differentiation. Porter explained that "Companies with a strong fit among their activities are rarely inviting targets" for a takeover (1998:64).

In discussing strategic positioning, Porter (1996) built on his earlier work on generic strategies (1985) to explain that positions built on a series of activities are far more sustainable than activities built on individual activities. Seeing strategy in terms of activity systems only makes it clearer why organisational structure and processes need to be strategy specific.

Customer focus should not mean that a firm should respond to every one of a customer's needs. Newly-employed executives often lack the knowledge to identify and make proper trade-offs.

Strategic positioning means performing different activities from rivals or performing similar activities in different ways- "Competitive strategy is about being different"

(Porter, [1998] 2008: 43). This coupled with "Constant improvement in operational effectiveness is necessary to achieve superior profitability" (Porter, [1996] 2008: 40). "Porter differentiated between variety-based positioning based on particular products or services using distinctive sets of activities and needs-based positioning targeting a segment of customers e.g. Ikea. Porter explained that differences in needs will not translate into meaningful positions unless the best set of activities to satisfy them also differs.

From Porter's generic strategies work (Porter, 1990) and his research on strategic positioning (Porter, 1996) he explains that competitive advantage is manifested either in lower costs than rivals or in a firm's ability to differentiate and command a premium price that exceeds the cost of the differentiation.

Complementing this firm-based view is Porter's work on industry-level sources of competitive advantage (Porter, 1985) Porter considers business success as a function of the attractiveness of the industries in which a firm competes *and* the firm's relative position within those industries. He developed a framework for analysing industry performance and profitability, called the 5 forces, as shown in Figure 7.

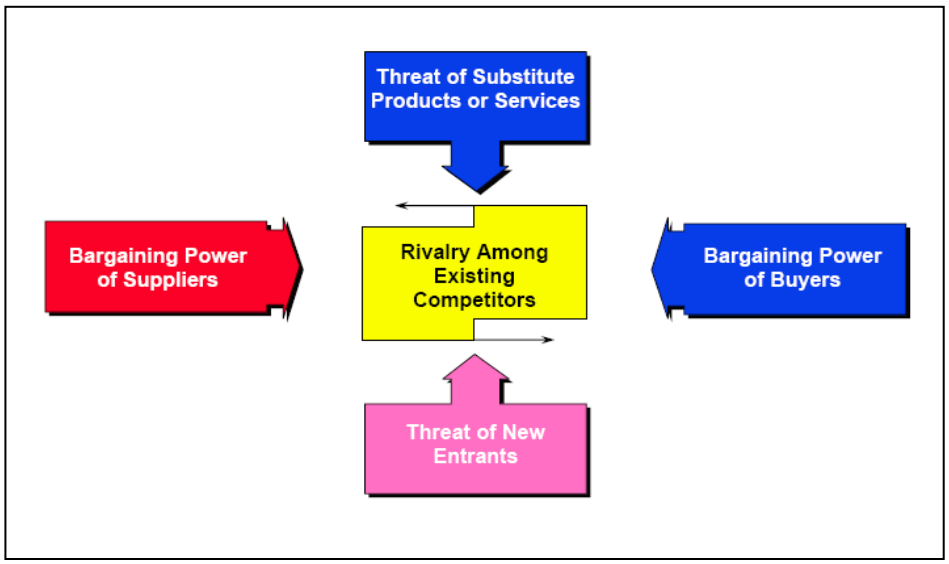
All companies, operating domestically or globally must, according to Porter, understand the structure of their industry, identify the source of their competitive advantage and analyze their competitors - and the 5 forces framework facilitates this. This early analysis of industries appears to have been superseded into the cluster concept that accommodates analysis of the factors beyond strict industry delineated sources of profitability.

2.3 Interactions within Cluster and Potential for Growth

In various research (e.g., 1998a, 1998b, 2008) Porter elaborates his cluster concept and defines the cluster as

> "A form of a network that occurs within a geographic location, in which the proximity of firms and institutions ensures certain forms of commonality and increases the impact of interactions" ([1998] 2008: 242).

Figure 7: Porter's 5 Forces



Source: Porter, 1980: 4.

The definition describes a grouping of organisations but goes beyond industry links and is centred on location-based *interactions* between firms and other institutions. In work such as for the Global Competitiveness Project, Porter provides the broader competitiveness context for the cluster (Porter, 2008: 243). While sound national macroeconomic policies are necessary for competitiveness they are insufficient; the 'microeconomic fundamentals' determine competitiveness according to Porter to which cluster activities contribute. The national business environment can be analysed through use of Porter's Diamond model to provide indications of location-based sources of competitiveness whereas company strategy and its sophistication can be related to Porter's firm-level concepts.

Porter (2008: 179) argues that innovation, in the form of new products, processes, and ways of managing, underpins the growth of productivity, i.e. competitiveness, that is necessary for a rising living standards. Innovative capacity is especially important to support higher wages underlying such rises. Innovative capacity is heavily rooted in firms' microeconomic environment, in areas such as propensity of skill intensity in the

workforce and the depth of clusters – the extent to which cross-cutting foundations support competition and co-operation between firms in related lines of business, where the basis of the relations can be varied, depending on the cluster.

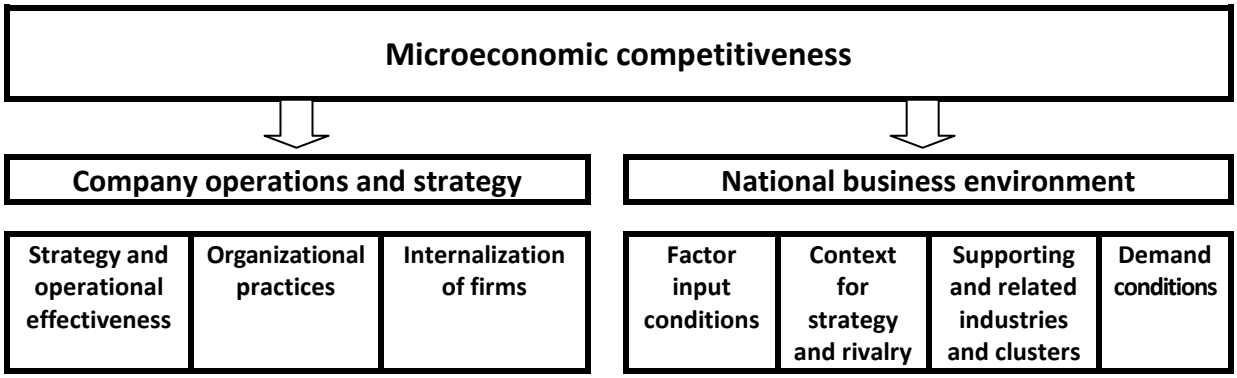
A further element of Porter's Diamond framework is the *Institution for Collaboration (IFC)* (Porter and Emons, 2003), which is a type of organisation – formal and informal - that can impact cluster competitiveness in terms of cluster productivity through facilitating information exchange and fostering cooperation and coordination. Examples of such organisations include chambers of commerce, industry associations, professional associations, school networks, trade unions, technology transfer organizations, quality centres, think tanks, university alumni associations that are characterized by the support they provide for the development of the cluster. Such organisations can operate at the general level of business while others are cluster-specific. Where clusters are less well developed or organised, IFCs can help members to develop and articulate their agenda and identify common standards reacting to sources of weakness or obstacles to productivity that have a higher probability of being addressed jointly rather than alone. A context that raises the pressures and incentives for investment and upgrading is supported by the IFC. In more defined, developed clusters joint research initiatives emerge.

In various ways each of the thinkers I refer to in the Section that follows offer insight to complement Porter's approach to economic development as outlined in Figure 8. These connections are particularly evident in Porter's New Competitiveness Index where he identifies:

- Strategy and Operational Effectiveness
- Organizational Practices
- Internationalization of Firms

as elements of companies' operations and strategies that apart from features of the general business environment (which he terms as the 'National Business Environment or NBE in Figure 8) feed into competitiveness, microeconomic competitiveness specifically. These additional categories offer a means of analysis to organise responses from interviewing members of the business community operating in companies in Kerry. This approach is followed in Essay Three.

Figure 8: Elements of New Global Competitiveness Index



Source: Extracted from Global Competitiveness Report 2008-9: 55.

Access to members of the local Kerry business community was provided by initially inviting them to complete the *Executive Opinion Survey* (EOS) which feeds into the annual *Global Competitiveness Report* of the *World Economic Forum*. The work of Porter through the late 1990s and 2000s was integrated in changes to the EOS and he played an active role in the revised and redeveloped Survey through his contribution to the Global Competitiveness Project of the WEF.

Responses to the EOS were elicited in face-to-face meetings and subsequently some of the most responsive respondents were asked if they wished to engage in further conversations around the economic development of Kerry and also the performance of their own businesses. The responses to interviews with this group are outlined in Essay Three.

3. Effective Business and Growth Potential

In reading a number of writings from source thinkers I identified several concepts of interest in the context of my development goals. These are introduced and discussed below. They were used to inform my discussions with members of the business community reported in Essay Three.

3.1 Penrose's Theory of the Growth of the Firm

Penrose's (1995 [1959]) theory of the growth of the firm contains useful concepts and ideas for thinking about competitiveness of firms. This section looks at her explanation of how resources are important to a firm and particularly *underutilized resources* are often

left dormant in a company. These can be identified by individuals within the company and made to become a hugely effective mechanism for development and growth of that company. The person, or people, who can do this within a company, are themselves an element of such underutilised resources until their services are directed to be used in this way. I can see links between Penrose's approach to firm growth and Kegan's theory of adult mental development in the sense of the importance of people's capacity to see unused resources, and generate services from them that allow the business to grow. I identify such underutilized resources as a key theme in her work and also in its impact on how I wish to think about the ingredients for establishing a sustainable entrepreneurial platform in Kerry.

In reading Penrose (1959) I identified a number of questions that her theory addresses in the sense of providing ways for thinking about the origins and process of growth in firms. These questions include what makes one firm perform better than another? Why does one firm take its opportunities while other firms don't seem to be able to avail of the same situations? These questions are centrally relevant to the investigation of competitiveness in this Portfolio.

Penrose addresses these questions by looking at the firm as a collection of resources (she has been identified as the source contributing to the Resource-Based View of the Firm) and sees the interaction between a firm's resources as a potential competitive advantage.

> "… it is never resources themselves that are the inputs in the production process, but only the services that the resources can render" ([1959] 1995: 25).

Penrose regards the interaction between resources as a series of 'practice' sessions that allow the firm's members to perfect their routines and this can become unique to the firm and offer a unique source of competitive advantage. She deemed that a firm could thrive when these resources were able to work with one another and were able to improve efficiency as these combined resources got accustomed to one another. Her distinction between resources and the services they generate indicate that she sees not only resources but their services as the real source of competitive advantage. For example she states that

> "although the 'inputs' in which the firm is interested are productive services, it is *resources* that, with few exceptions, must be acquired in order to obtain services" (Penrose, [1959] 1995: 67)

and

> "services … are the contributions these resources can make to the productive operations of the firm. A resource, then, can be viewed as a bundle of possible services" (Penrose, [1959] 1995: 67).

The identification of such services from available resources is carried out by members of the firm and so their capacities in this activity are central in the firm's ability to develop and grow. She is careful to emphasise the relationship between capacities of managers and resources of the firm:

> "The services that resources will yield depend on the capacities of men using them, but the development of the capacities of men is partly shaped by the resources men deal with" (Penrose, [1959] 1995: 78).

Penrose stated that a firm grew only if it had 'enterprising management' and it was a necessary but not a sufficient condition for growth:

> "Enterprising management is the one identifiable condition without which continued growth is precluded" (Penrose, [1959] 1995: 8).

A firm expanded as both the resources and the management's capacity to control expansion became available. Penrose did not look at start–up situations but looked at the growth of existing firms yet her theory also has relevance to my wish to increase my knowledge about growing firms over the entire firm life-cycle because she explains that firms grew as their unused productive capacity became available – in other words in the course of growth and expansions, resources and efforts spent on expansion freed up management's thinking and capacity to identify further potential opportunities for growth. This process that generates unused resources and services means that

> "[u]nused productive services available from existing resources … are 'free' services which, if they can be used profitably, may provide a competitive advantage for the firm possessing them" (Penrose, [1959] 1995: 68).

Penrose divided the capacity of firms into two categories. The first was the management that was necessary to run the operation and the second was the entrepreneurial skill to recognise and develop entrepreneurial opportunities; she labelled these as management and entrepreneurial services respectively. Penrose identified differences between entrepreneurial versatility and managerial versatility in terms of their different services and argued for the necessity of both to allow firms to grow. Large firms have the capacity

to have resources dedicated in a constant capacity to the job of seeking new opportunities, while small firms are reliant on double jobbing and multitasking of their senior staff to run their existing operations and seek out situations that could present opportunities. The running of a firm depended on the managerial versatility whereas innovation can be seen to depend on the entrepreneurial versatility.

Penrose gave advice on the strategies to take in a booming economy – to develop existing lines of business because of the possibility of using existing staff and their knowledge of the company, its resources and available unused resources and better utilisation of existing management. Penrose makes an interesting point regarding limits to firm growth in her discussion of managerial services. She identified that productive opportunities existed because of inherent uncertainty in the economy and she felt that the demands on management as a result of both risk and uncertainty (although different concepts) were similar:

> "… all of the various ways of reducing risk have the same effect on the demand for managerial services as do the ways of reducing uncertainty" (Penrose, [1959] 1995: 63).

She identifies that there are

> "ways open to the entrepreneur of reducing uncertainty and avoiding risk which will enable him to use fully all of the managerial resources at his disposal" (Penrose, [1959] 1995: 58).

This implies that the capacities of the managers of a firm are central to its ability to deal with risk and uncertainty since

> "[t]he amount of expansion that a firm will plan, will affect it only to the extent that managerial resources are unavailable to deal with it" (Penrose, [1959] 1995: 58).

In this way Penrose points to the important role played by managers' capacities and their 'spare' or 'excess' resources that a firm needs if it is to be able to expand by identifying and exploiting productive opportunities.

Penrose stated that the history of a firm was important in understanding its approach to using its resources. Penrose notes the ongoing interaction that should take place between the firm and its customers, suppliers and distributors and speaks of this as unique. The increase in knowledge within a firm from such interactions will often allow the firm to increase the return that it will get from resources. No two firms are the same and the way

each performs the various activities can be a source of competitive advantage. Indeed, Penrose refers the difficulties that can arise due to acquisition with the dovetailing of cultures as a problem. Firms that improve their knowledge in a field that has applications as yet unknown can continue to use this knowledge to grow their firm. Penrose, in this case, was referring to the Hercules company (Kay, 1999) whose development of knowledge of technology processes enabled the firm to grow.

Penrose explained that the founders of a firm leave their own mark on the firm. The strength of interaction of people can add value and constant meetings and dialogue can often be the reason for the founding of a firm (1959/1995: 35-38). Access to finance can be the major impediment to the forming of a firm (Penrose, 1995: 38) and the confidence of the entrepreneur is often the difference between obtaining finance or being refused. Other senior management may have qualities such as the capacity to manage an existing firm that the entrepreneur does not have yet. In this vital area, the entrepreneur often outstrips the other members of his management team.

Penrose mentions the importance of identifying opportunities for growth, and her emphasis is on *how* these opportunities are perceived by the providers of the firm's entrepreneurial services. Penrose acknowledges that resources can be acquired by firms that have funds but the acquiring of staff for the purpose of growth can only proceed at the rate at which new staff can be dovetailed into the firm given how the firm works i.e. how its members work together. She highlights the importance of the team element of how people in the firm working together, is required for growth and she states that"all the evidence that we have indicates that the growth of a firm is connected with attempts of a particular group of human beings to do something; nothing is gained and much is lost if this fact is not explicitly recognized" (Penrose, [1959] 1995: 2).

The firm that can develop practices to absorb new staff to become a 'true member' of a firm's team has a distinct advantage on firms who bring in staff and expect them to become efficient members without this 'apprenticeship' period.

Partially underused capacity provides further incentive to the firm to grow (Penrose, [1959] 1995: 72). This may result from the firm's desire to provide challenges and promotional opportunities to retain able staff and in turn fuel the growth process. As a firm grows it must develop the capacity to create systems that facilitate and grant a greater number of competent persons the authority to make decisions. Penrose states that it must

always be clear within the firm who the decision maker is. Decision making problems give rise to the need to delegate in the sense that for large firms, in particular, it should be possible that:

> "non-routine managerial decisions requiring real judgment can be made by large numbers of different people within the firm without destroying the firm's essential unity" (Penrose, [1959] 1995: 72)

Penrose saw the constant change in the environment and constant development of resources within a firm as the factors that enabled entrepreneurial services to see the opportunities that could allow the formation of an enterprise or allow an enterprise to grow. Penrose looked for the items within a firm that could provide incentives for growth as well as seeking to identify the constraints that were likely to prohibit growth. As a firm grows there comes a point when the managerial services may no longer be able to cope with the day-to-day operations and the managerial capacity to deal with growth. At that stage a firm will cease to grow efficiently. Penrose states that as a firm expands the administrative level of services need not rise proportionally, releasing managerial services for expansion purposes.

In Essay Three informed by this consideration of the concepts identified from Penrose's theory of the growth of the firm I select some concepts central to Penrose's theory in discussions and interviews with business professionals on economic development and business performance. The specific concepts I incorporated were:

- underutilized resources;

and

- the distinction between management and leadership.

3.2 Drucker on Effectiveness

The links with Penrose's considerations of building a business's capacity i.e. in its people, illustrate how two thinkers - Penrose and Drucker - contribute to thinking about the importance of building up resources, and services, for organisations.

Drucker is the source of many practical steps that foster effectiveness in the approach and working of executives within a firm. *The Effective Executive* ([2002] 1966) was written over fifty years ago and is still pertinent to today's management guidelines as it was any

time during those years. Drucker focuses on 'contribution' and seeks to probe what the individual contributes to the firm. He believes that it is the strengths within an individual that should be looked at rather than the weaknesses. He advises that each position within a company should be staffed by the right person rather than picking a safe pair of hands. The effective executive fills positions and promotes on the basis of what a man can do. In addition, jobs should be filled through competition.

Drucker believes that concentrating resources on a single problem is the most effective method to solve that problem. He recommends that problems should be separated into categories and sees the identification of problems as critical in decision making. His view of dissent is refreshing and welcomes diverse views before decisions are made. Practice is key to Drucker's views on how businesses are run effectively and he states, for example, that "the executive's job is to be effective and effectiveness can be learned" (1966 [2002]: 166). Practice, learning and change are central themes in is work, echoing some of those of Penrose.

Drucker refers to the knowledge worker ([2002] 1966: 5) who in industrially-advanced societies makes up a high percentage of the workforce. This is in stark contrast to the situation in the middle of the twentieth century when the knowledge worker represented a very small percentage of the workforce. In terms of what effectiveness means, the words leadership and effectiveness can be exchanged in many contexts and this is how I interpret the works of Drucker in his discussion of the *Effective Executive.*

Executives are identified by Drucker as those who in their work are in a position to make decisions that affect the performance and results of the whole company. Drucker explains that the function of the executive is to get the right things done ([2002] 1966: 1) and this measure of his effectiveness is identified as essential for sustainable businesses.

Drucker states that "Organisation is a means of multiplying the strength of the individual" ([1966] 2002 :12). In a developed economy Drucker argues that only effectiveness turns resources into results. Irrespective of how good and progressive ideas are, they do not become productive without effectiveness. The knowledge worker is key to this transformation of resources into productive outputs - if they are effective. It is in the sharing of information and the developing of knowledge between knowledge workers that their effectiveness is manifest and increased. Drucker speaks of the authority of knowledge and the authority of position ([1966] 2002: 9). He distinguishes authority of

position from knowledge by stating that the authority of knowledge is as legitimate as the authority of position.

Drucker talks about time management and questions the ability of executives to identify how they spend their time: Drucker states "the effective executive knows that to manage his [time], he first has to know where it actually goes" ([2002] 1966: 27). Drucker is aware that to be effective the executive must allocate his time in reasonable amounts. Drucker states that "To be effective, every knowledge worker, especially every executive, therefore needs to be able to dispose of time in reasonably large chunks" ([2002] 1966: 29). No executive can do everything that is demanded of him or do even what he wants to do. Therefore, it is necessary to know where his time and efforts will be most productive. Difficult tasks are accomplished by concentrating resources on them rather than trying to do too many things at once: "Effective executives do one thing at a time" (Drucker, [2002] 1966:100).

Drucker talks about concentrating on items that are important and getting rid of anything that can be done by somebody else so that one must delegate to get to one's own work (1966 [2002]: 38). He suggests the waste of time by a recurring crisis can be treated by turning it into a routine. Drucker states "routine makes unskilled people without judgment capable of doing what it took near genius to do before" (1966 [2002]: 41). Drucker questions the time wasted in meetings and states that as a rule meetings should never be allowed to become the main demand on an executive's time (1966 [2002]: 45). The purpose of a meeting should be clear and thought through. "Effective executives know what they expect to get out of a meeting" (Drucker, 1966 [2002]: 69).

Many of today's problems have been created by decisions taken in the past. Drucker looks to executives to minimize resources in solving these problems and directs executives to concentrate resources in creating opportunities for the future: "To commit to-days resources to the future and try and limit one's servitude to the past by cutting out those inherited activities and tasks that have ceased to promise results" (Drucker, [2002] 1966: 104).

Drucker looks at the process of decision making and speaks about the importance of concentrating on the most important ones to try to think through what is strategic. Executives have to inform themselves on the nature of the problem, whether it is a problem that occurs continuously or is unique. Drucker states that "the generic always has

to be answered with a rule, and principle" ([2002] 1966: 123). Drucker states "the effective executive does not have to make many decisions because he solves generic situations through a rule and policy" ([2002] 1966: 129).

The executive must identify the purpose of a decision and the conditions that a solution needs to satisfy: "When making a decision the executive must start with what is right rather than what is acceptable, precisely because one always has to compromise in the end" ([2002] 1966:134). It is imperative that the solution satisfies the specification and the boundary conditions. It is not possible to know when and how to compromise unless one identifies and recognizes what is the right decision. Decision making must involve looking at alternatives. Drucker states "Unless one has considered alternatives, one has a closed mind" ([2002] 1966: 104). Decisions of the kind executives have to make are not well made on the basis of acclamation. ([2002] 1966: 149). Disagreement stimulates the thought process and Drucker states "Disagreement converts the plausible into the right and the right into a good decision" ([2002] 1966: 153). In Drucker's opinion effectiveness can be learned and can be developed and is necessary in our modern society. Drucker states that "Effectiveness reveals itself as crucial to a man's self-development; to organizational development; and to the fulfilment and viability of modern society" ([1966] 2002: 167).

In Essay Three I identify themes from Drucker to be followed up in discussions with business professionals as follows:

- look for opportunities for effectiveness
- look to sources of innovation and entrepreneurship.

Furthermore, Drucker's writings remind us that:

- The executive's job is to be effective and effectiveness can be learned.
- Effectiveness cannot be taught but it can be learned and it is a self-discipline.
- Effectiveness reveals itself as crucial to a man's self-development; to organisation's development; and to the fulfilment and viability of modern society.
- Innovation is **"**the act that endows resources with a new capacity to create wealth" ([1985] 2005: 27), similar to Penrose, and "as the changing the value and satisfaction obtained from resources by the consumer." ([1985] 2005: 30)

3.3 Drucker on Innovation

In addition to his application in the area of business effectiveness, Drucker's emphasis on the importance of innovation offers fruitful concepts to be followed up in discussions with business practitioners given the importance of innovation for economic development. Drucker outlines seven sources of innovative opportunity. Four sources lie within the business: The Unexpected; Incongruity; Process Need; Changes in industry structure or market structure that catches everyone unawares. The three sources of innovation outside the business are: Demographics; Change in perception mood and meaning; New knowledge both scientific and non-scientific. ([1985] 2005: 31; 32). As Drucker says: "The unexpected success is just not an opportunity for innovation: it demands innovation" ([1985] 2005: 38).

Incongruity is described by Drucker as a problem that stops the free-flow of a process and is often present in situations where expansion is not accompanied by increase in profits. "The incongruity between perceived and actual reality typically characterises a whole industry or a whole service area. The solution, however, should be small and simple, focussed and highly specific" ([1985] 2005: 57). Drucker states that in such incongruity "there always lies an element of intellectual arrogance" ([1985] 2005: 59) and is the type of innovation that is often ignored. The supplier or the producer often believes that the customer is not interested in paying for quality. For those that understand the concept of incongruity it provides a persistent opportunity for innovation within their own industry:

> "Of all incongruities, that between perceived and actual reality may be the most common. Producers and suppliers almost always misconceive what it is the customer buys" ([1985] 2005: 59).

In his consideration of innovation, Drucker states that knowledge-based innovation "has the longest lead in time of all innovations" ([1985] 2005: 98) and that the "lead time for knowledge to become applicable technology and begin to be accepted on the market is between twenty five and thirty five years" ([1985] 2005:101). Innovations based on knowledge suffer "from unique risks, worse an innate unpredictability" ([1985] 2005: 110), and are the riskiest and difficult to improve the predictability. This window is often between five and six years. Drucker states the innovators "have to be right the first time" ([1985] 2005: 112). As Drucker says: "The risks ... can be substantially reduced by

integrating new knowledge as the source of innovation with one of the other sources defined earlier, the unexpected, incongruities and especially process need." ([1985] 2005: 118).

Drucker considers that innovation must be purposeful resulting from analyses, which must be systematic and involves hard work: "Purposeful, systematic innovation begins with the analyses of opportunities" ([1985] 2005: 123). Drucker enquires: "What does the innovation have to have to reflect so that the people who have to use it will want to use it and see it as an opportunity?" ([1985] 2005: 124).

Innovators are not risk takers in Drucker's view and he states:

> "Successful innovators are conservative. They have to be. They are not risk-focussed they are opportunity-focussed." ([1985] 2005: 128)

and

> "Innovation must be part and parcel of the ordinary, the norm, if not routine". ([1985] 2005:139).

In Drucker's view innovation is a change in the behaviour of customers or in a process and "nothing so powerfully concentrates a managers mind on innovation as the knowledge that the present product or service will be abandoned within the foreseeable future" ([1985] 2005: 139).

Drucker talks about the necessity of looking to the future and states "the business must be managed so as to perceive in the new an opportunity rather than a threat. It must be managed to work to-day on the products and services, processes, and technologies that will make a different tomorrow." ([1985] 2005: 142).

Drucker states that existing businesses will not survive unless they acquire entrepreneurial competence. Drucker states that the entrepreneurial new should be separated from the existing operations. The new needs a champion with power - "somebody in top management must have the specific assignment to work on tomorrow as an entrepreneur and innovator". ([1985] 2005: 149).

Innovators charged with developing innovative opportunities "should never report to line managers charged with responsibility for ongoing operations" ([1985] 2005: 149). Drucker points out that the "executive in charge of existing business or products will have neither time nor understanding for the infant project." ([1985] 2005: 149).

Drucker states that entrepreneurship can be learned and acquired:

> "what is needed is willingness to learn, willingness to work hard and persistently, willingness to exert self-discipline, willingness to adapt and to apply the right policies and practices" ([1985] 2005: 159).

Drucker states that "to be a successful entrepreneur, the existing business large or small, has to be managed as an entrepreneurial business ([1985] 2005: 161).

Drucker looks at a new venture differently to an existing firm and specifies four requirements for entrepreneurial management which includes being market focussed, well-structured financially, a management team that are in position before they are needed and a clear view of the role that the founders will play. Drucker states "the new venture needs to build in systematic practices to remind itself that a product or service is defined by the customer, not by the producer" ([1985] 2005: 176).

There must be a clear understanding throughout the organisation that innovation is the best means to preserve and perpetuate the organisation. Only when the new is perceived as an opportunity and managed, and people work today on products, processes, services and technologies that will provide a different tomorrow is there entrepreneurial management. Drucker advises looking for the people within a company that do better, singling them out, supporting and succouring them. The yield is the fostering of greed for new things and the receptivity of management towards new ideas. Measurement of performance must be built into the controls of business.

The innovator should have a clear understanding of the result of the innovation and when that result can be produced. The analyses must identify what is being done well. Feedback must give the mechanism to analyse the results of the effort. The same people doing the review should look at the innovative record of their competitors. Measurements enable management to take a purposeful action based on knowledge rather than developing an opinion based on guesswork. Separate the new from the existing. Identify somebody in top management who is to work on tomorrow as an entrepreneur and innovator.

Drucker argues against reporting innovative efforts through line managers who are involved in today's process. The sponsor for innovative projects within a company must have the necessary clout and vision. Drucker looks at the new venture and stresses the need for good management or otherwise the enterprise will not continue to exist. In the final stage of development the lack of financial focus is the greatest threat. Initially cash

flow, capital and financial resources are more important than profits. Growth has to be fed. The healthier a new venture is and the faster it grows the more financial feeding it requires to facilitate the expansion. Cash should never be raised in a hurry. A new venture will outgrow its capital base with every increase in sales of the order of 40-50%. The new venture should plan its financial structure three years ahead and thus will avoid any difficulty in raising finance. Build a top management team before the enterprise reaches a level when it needs one.

Teams are built on mutual trust and mutual understanding and take around three years to develop. Two key activities are present in every organisation, the management of people and the management of money. Establish the top management team informally at first and this should be done before it is needed. Don't let the founder become the star, with a group of helpers. The dependence on the founders is substantial. Founders have to learn to change and to build a team that can continue to innovate. The contribution of the founder has to be identified. Sometimes the needs of the company may not be fulfilled by the founder. The founder has to ask "Where do I fit in" ([1985] 2005: 188).

Creative imitation supplies something that is lacking in the original innovation. Drucker states:

> "creative imitation starts out with markets rather than with products, and with customers rather than producers . It is more market focussed than market driven" ([1985] 2005: 206).

Creative imitation has a higher chance of working in high-tech areas as high-tech enterprises are least likely to be market focussed. It should generate a major product and it requires alertness, flexibility, together with hard work and massive effort.

Drucker states that: "Creating utility enables people to satisfy their wants and their needs in their own way" ([1985] 2005: 227). This mention of subjective needs is echoed in his statement that "Whatever customers buy has to fit their realities, or it is no use to them" ([1985] 2005: 230).

Innovation is difficult unless an economy is "full of innovators and entrepreneurs with entrepreneurial vision and entrepreneurial values, with access to venture capital and filled with entrepreneurial vigour" (Drucker, [1985] 2005: 239).

4. Conclusion

My programmes of study, specifically as a mature student (MBA and DBA), and my understanding of readings has helped me to adapt from the rigid training of an engineering background to look at problems from a broader perspective. Engineering education and activities involve codes of practice and standards that are rigid and are all consuming to those within the profession and prevent the necessity of taking a broader perspective on problems.

I have sought to consider the writings of three major thinkers - Porter, Penrose and Drucker - relating to economic development, clusters, underutilised resources within a firm, the effective approach to effort, the opportunities in the realm of innovation and effectiveness, the mechanism of evaluating firms and the environment. My approach in engaging with these readings was to be influenced, *i.e.*, in my thinking process prompted by Kegan's writings on immunity to change and the ever-increasing complexity of the world that we live in. The development that has occurred in my thinking is like a new handbook which gets me to look at situations in a more open and more enquiring fashion.

Turning now to the practice phase I am bringing with me a new portfolio of ideas, the usefulness of which I want to explore in terms of my ability to use them effectively and therefore their suitability for becoming part of my meaning making system in the future.

I separate my analysis based on the various concepts into two Essays both as exercises or practice in developing my understandings and meaning making in relation to economic development. To consider how Kerry might have potential as an entrepreneurial platform I examine in Essay Three its current competitiveness profile and discuss with business people their views on how effectively their businesses operate out of a peripheral Irish location. The extent to which in my small sample local and international owners have developed and grown businesses indicates possibilities for further development. In interviews with the businesses concepts from all authors were used to lead the discussion. Recognizing that structure must be brought to the interviews I will follow the themes identified in Porter's New Competitiveness Index to consider aspects of companies operations and strategy (i.e Strategy and Operational Effectiveness; Organizational Practices; and Internationalization of Firms) as umbrella terms under which to organise the concepts from Drucker and Penrose when conducting interviews.

In Essay Four the orientation is away from Kerry directly when I apply Porter's cluster concept to a sector that is not usually treated in this way. In this way I have an opportunity not to carry my views about Kerry with me in the analysis. Such cluster-type thinking about local community options for Kerry has, inevitably, infiltrated my thought processes.

All of the chosen writers' work exposed me to new ways of looking at business in structured means so that my thinking can be organised and connections made between concepts and their importance potentially for businesses to develop and contribute to the attractiveness of a place from which to operate.

I am left with the strong impression that understanding the people in business and how they came to generate both viable and unviable businesses in Kerry is important in considering whether a location can or cannot be a source of jobs and sustainable growth. The possibilities that clusters can bring to advanced economies is evident in the thinking behind the efficiencies and the linkages that can be identified and exploited by use of the theory. Linking the ideas of the authors here – bridging the location literature with that of experts in how people work and think together is the contribution I wish to make in the Essays that follow. Tthe individual patches of the tapestry that may generate a 'cluster' can provoke individual dialogue to allow diverse approaches and often solutions to what were once regarded as insurmountable problems. Penrose makes this point well: "The services that resources will yield depend on the capacities of the men using them, but the development of the capacities of men is partly shaped by the resources men deal with" [1959] 1995:78.

ESSAY THREE: EXPLORING KERRY'S COMPETITIVENESS

1. Introduction

In this Essay I draw on concepts examined in my Reading-for-Change programme presented in Essay Two and engage with elements of a new meaning making understanding to explore how Kerry might be developed as an entrepreneurial platform.

My objectives were to practice using new ideas to understand the difficulties or obstacles to business growth and to investigate the advantages, similarities and the disadvantages that working in Kerry presented and how they were exploited or addressed respectively. Those businesses that chose to remain in Kerry and survived clearly managed to overcome any disadvantages. I consider whether any learnings from their experiences might point to ways of creating and supporting Kerry as an entrepreneurial platform. Through interviews with business people operating in business located in Kerry I seek to understand the advantages and disadvantages associated with businesses located in Kerry. A number of interviews with management across various business enterprises in Kerry were carried out between 2008 and 2012.[17]

In Section Two a profile of some key features of the Kerry business landscape is provided with indications of what it is like as a place to locate and from which to operate a business. I use data from the Irish Census provided by the CSO to indicate the range and distribution of employment opportunities. I also used the *Executive Opinion Survey* of the Global Competitiveness Project of the World Economic Forum[18] as a means to provide structure to, and context for, the interviews with key businesses and business people and set the scene for a discussion of the experience of operating out of Kerry. The data generated from the Survey also provides a perspective on Kerry's competitiveness. In preparation for the interviews some short histories of firms operating in the Kerry area were drawn up including Pretty Polly, Fexco, The Kerry Group, Liebherr Container

[17] In many cases those people who made themselves available to be interviewed brought up relevant issues in conversations following the interviews.
[18] I am grateful to the WEF for permission to use the survey.

Cranes, Altobridge, Stockbyte, Kerry Technology Park. These short histories are provided in Section Two also.

In Section Three I report on my findings based on my use of the themes I have identified from the writings of Penrose and Drucker which I used to organise and conduct interviews with a range of managers across various companies operating in Kerry. Over time I have developed a broad range of contacts with locals through my professional, but also my personal, contacts arising from social and voluntary activities in my locality. I was able to use this network of relationships to gain access to a range of people across organisations with operations in Kerry. These were the contacts I thought most suitable to engage in discussions with to better understand any impediments they experienced in setting up and running their businesses and how they managed obstacles to operate effectively in Kerry.

2. Doing and Growing Business in Kerry

To provide context for consideration of the firms and their interview responses, Tables 1 through 3 offer information on the profile of the recent industrial landscape of Kerry in terms of the aggregate industrial units, employment, wages etc. as well as a more detailed profile of employment across the county in 2011. Relative to the percentage of the Irish population living in the county, at 3.17%, or the share of workforce (3.1%), the number of industrial units, people employed, and the value of earnings, gross output, input and net output are lower than those proportions. The average employees per unit lies between 26.3 and 27 over the period 2008-2010.

Table 2 provides a profile of Kerry's employment by intermediate occupational group ordered from those occupations in which the largest numbers are engaged to those with least employees. These data were taken from the 2011 Census of Ireland. The employment distribution is not clustered but rather is dispersed across a range of occupational groups.

Table 1: Industrial Landscape of Kerry – Industrial Local Units˜

Year	No. of Units*	People Employed No. (0)*	Wages & Salaries €m*	Gross Output €m*	Industrial Inputs €m*	Net Output €m*	Workforce No. (0)^	Pop. No. (0) ^
2010	140	3,681	140	1,795	653	1,143	6,929	14,515
2009	157	4,252	162	1,709	468	1,242		
2008	174	4,653	165	1,772	608	1,164		
Kerry as % of total for Republic of Ireland								
2009	2.63	1.94	1.80	1.61	1.04	2.04	3.10	3.17

Note: ˜ **Industrial Local Units** cover all industrial local units with three or more persons engaged.

Sources: * Tables 11.3 and 11.3a, *Statistical Yearbook of Ireland* various issues;
^ Data refer to 2011, Census 2011 *This is Ireland*, Part I, 2012.

Over fifty percent (52%) of employees in Kerry are employed in the occupational groups of Skilled agriculture (8.4%), Elementary administration (7.1%), Sales (6.5%), Other administrative roles (6.4%), Teaching and education (4.6%), Caring services (4.5%), Skilled metal trades etc. (4.3%) and Health professionals (4.1%). Within the limitations of the reported occupational classification it is estimated (see shares not in bold in Table 2) that over 48% of occupations are in administration and services, health and education (excluding any corporate managers, directors and other managers and proprietors that may be engaged in these sectors).

Table 2: Employment in Kerry by Intermediate Occupation Group

Intermediate Occupational Group	Employees	% share
Skilled agricultural and related trades	5804	**8.4**
Elementary administration and service occupations	4927	7.1
Sales occupations	4481	6.5
Administrative occupations	4453	6.4
Skilled construction and building trades	4420	**6.4**
Teaching and educational professionals	3205	4.6
Caring personal service occupations	3096	4.5
Skilled metal, electrical and electronic trades	2986	**4.3**
Health professionals	2821	4.1
Corporate managers and directors	2696	**3.9**
Other managers and proprietors	2454	**3.5**

Table 2 continued.

Process, plant and machine operatives	2285	**3.3**
Transport and mobile machine drivers and operatives	2280	**3.3**
Textiles, printing and other skilled trades	2279	**3.3**
Business and public service associate professionals	2198	3.2
Leisure, travel and related personal service occupations	1760	2.5
Business, media and public service professionals	1718	2.5
Elementary trades and related occupations	1606	**2.3**
Science, research, engineering and technology professionals	1573	**2.3**
Secretarial and related occupations	1413	2.0
Culture, media and sports occupations	845	1.2
Science, engineering and technology associate professionals	795	**1.1**
Health and social care associate professionals	671	1.0
Customer service occupations	577	0.8
Protective service occupations	528	0.8
Other/not stated	6494	9.4
All occupational groups	68365	98.7
Unemployed - looking for first regular job	921	1.3
Total in labour force	**69,286**	100.0

Source: Census 2011, Interactive Tables.

Further information on the distribution of employment across the largest population centres in Kerry by broad industrial group is presented in Table 3. The employment distribution across these towns represents 36% of the Kerry labour force in 2011. Across these locations, of those who reported their employment status, the main sectors of employment were Wholesale and retail trade followed by Accommodation and food service both locally-based service activities (the main employment sectors in each location are presented in bold).

Table 3: Labour Distribution in Kerry Towns, 2011

Broad Industrial Group	TRALEE	KILLARNEY	LISTOWEL	CASTLE-ISLAND	KENMARE	KILLORGLIN	AN DAINGEAN	TOTAL
Wholesale and retail trade; motor vehicles & motorcycle repair	**1565**	918	255	**180**	144	**113**	114	3289
Accommodation and food service	703	**1449**	110	90	**203**	77	**215**	2847
Human health and social work	1062	476	160	103	75	78	58	2012
Manufacturing	541	621	199	115	40	81	51	1648
Education	792	341	150	74	72	70	65	1564
Public admin. & defence; compul-sory social security	511	271	93	37	33	28	37	1010
Administrative and support service	302	204	40	17	31	29	26	649
Construction	301	209	82	44	41	37	38	752
Professional, scientific and technical activities	286	208	78	32	44	29	29	706
Financial and insurance activities	241	205	48	27	21	95	20	657
Transportation and storage	222	148	29	27	16	11	17	470
Other service activities	216	129	43	32	11	19	31	481
Information and communication	212	98	26	10	19	19	23	407
Arts, entertain-ment & recreation	144	82	22	19	18	14	16	315
Agriculture, forestry & fishing	93	68	54	21	26	19	38	319
Electricity, gas, steam & air cond-itioning supply	47	26	16	10	2	6	4	111
Real estate activities	42	25	4	1	5	2	4	83
Water supply; sewerage, waste management and remediation	23	50	8	4	3	3	3	94
Mining & quarrying	9	8	2	1	..	1	1	22
Industry unstated	607	471	106	46	56	64	100	1450
Total at work	**7925**	**6011**	**1525**	**892**	**861**	**796**	**890**	**18900**
Unemployed - seeking first regular job	**208**	**101**	**41**	**21**	**13**	**18**	**12**	**414**
Unemployed, having lost/given up previous job	**2784**	**1112**	**544**	**297**	**200**	**220**	**162**	**5319**
Total labour force	**10917**	**7224**	**2110**	**1210**	**1074**	**1034**	**1064**	**24633**

Source: Census 2011, Interactive Tables.

Support by Government agencies is a feature of the industrial and employment landscape across Ireland, as with many other modern developed economies. To consider the extent to which the main enterprise-support agencies have provided aid to businesses in Kerry the annual reports of IDA Ireland (Industrial Development Agency) and Enterprise Ireland were examined. IDA supports and grants relate to R&D and Innovation, including for feasibility studies and employment subsidy grants as well as capital grants. Enterprise Ireland (EI) offers a range of supports in the form of financial, capability incubator, venture capital, R&D, Web Works, and Dairy and Beef Funds. Table 4 provides comparative information for Kerry in the Irish context with respect to the aggregate value of grants and business support expenditures.

Table 4: Agency Supports - Kerry and Ireland

Year	IDA Supports: Ireland €m	IDA Supports: Kerry €	Kerry Share %	EI supports Ireland €	EI Supports Kerry €	Kerry Share %
2011	Not available	na	na	132.7	2.4	1.8
2010	116.4	216,450	0.19	245.5	3.4	1.4
2009	76.2	148,565	0.19	228.7	7.5	3.3
2008	76.4	42,949	0.06	140.4	4.1	2.9

Sources: IDA and Enterprise Ireland Annual Reports, various years, and Answers to Dail Questions from Deputy Peadar Toibin by Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, 21st July, 2011.

In the context of Table 1 it is indicated from Table 4 that the IDA expenditures have not had an impact in Kerry over this period, which is not out of line with the general pattern over recent years. It may be argued that Kerry did not receive its 'fair' share relative to its share of local units, people employed, population, workforce etc. For example, of the 437 visits by an IDA client company with a view to creating new jobs in Dublin, Kerry had only 7. The IDA's recent Strategy *Horizon 2020* includes a commitment that by 2014 50% of all foreign direct investment (FDI) will locate outside Dublin and Cork so Kerry may well benefit from that and secure a 'fair*er*' share. The footprint of Enterprise Ireland's expenditure on Kerry has been relatively greater. The figures indicate that the business and industrial landscape of Kerry has not recently been impacted by IDA investment.

2.1 Overview of Companie: Short Histories

In the interviews with members of firms operating out of Kerry the focus was not on generating coverage over a broad landscape of organisations. Although the series of interviews concerned eleven people across eight organisations, the combined employment of the companies concerned amounts to approximately 2,970 and they represent a diverse range of enterprises across broad industrial groups, especially when those tenants of Tralee Technology Park are included. A list of each of the organisations and interviewees is provided below in Table 4.

Interviews varied in length between approximately forty-five to ninety minutes. Many of the interviewees were happy to follow up the interviews in conversation on occasions where I subsequently met them as the issues of business development and the growth of Kerry was a theme of interest to this group of people.

Table 5: Organisations and Interviewees

Organisation	**Interviewees**	**Employees in Kerry**
Liebherr	Klaus Noelke	850
Fexco	Brian McCarthy Edso Crowley	600
Pretty Polly	Gerry O'Grady	1200 (152)^
Altobridge	Mike Fitzgerald	70
Stockbyte	Gerry Kennelly	28^
Kerry	Liam Chute Frank Hayes Michael Griffin	1,000
MacBees	Mary MacBride	12
Tralee Technology Park	Breda O'Dwyer	450
Total employment 2011/2012	2982	

Sources: The interviewees provided information on the employee numbers.

^ Pretty Polly closed in 1995. At peak employment (1977) it employed 1200 which had declined to 152 on closure. Stockbyte was sold to Getty Images in 2006 for $135m.

In the section that follows brief histories of each organisation is provided to supply context for the interviews.

- **Pretty Polly Holdings Ltd.**

In 1919 two manufacturing technicians Harry Hibbert and Oswald Buckland formed a company in Sutton to manufacture and sell ladies tights. They started with two machines and ten staff. In 1926 the technicians bought out the brand name of Pretty Polly from a bookmaker's daughter. The bookmaker, having made substantial money out of the legendary race horse called Pretty Polly, insisted that his daughter's hosiery firm would carry the racehorse's name. Nylon was invented in 1937 and was to change the hosiery industry. Harry Hibbert and Oswald Buckland had built a good reputation for high quality stockings and their sales reached over 48 million pairs in the UK.

They emerged stronger after the war and continued to grow until the mid-1950's when there was an economic downturn. Thomas Tilling took over the company in 1957. Tilling also owned part of another hosiery company, Walton Hosiery. Tilling bought the balance of Walton's and merged Walton Hosiery with the Hibbert and Buckland firm under the name of Pretty Polly Holdings Limited.

Their reputation for style and innovation established then as the leading brand in tights in the UK with the introduction of non-run seamless stockings. In 1962 the firm introduced a new brand Pretty Polly for Pretty Legs and launched hold-ups and shortly after they launched panty hose. After dominating the UK market they needed extra capacity which was provided in Killarney where they built the most modern hosiery factory of its time in 1966.

The firm was attracted to Ireland because of:

- The Irish Government's attractive grant system for new industries;
- The plentiful supply of cheap labour;
- The English language spoken by the majority of the population;
- Changes in the English tax system punitive to manufacturing companies.

In the new factory in Killarney the production system was mechanised but the operation remained reasonably labour intensive. The employment was different to the work practices that the Irish workers were used to. They were used to working for an hour or two and then stopping for a chat. This culture was not acceptable practice in a factory environment and resulted in industrial relations difficulties. There was an average of two strikes per year from 1967 to 1977 when a major strike lasting for 10 weeks.

The firm sought to mechanise processes by introducing machines designed to eliminate steps in production by bundling activities together. The resultant redundancies caused industrial disputes. The Irish Transport and General Workers Union (ITGWU) disputed how the firm decided on who should be made redundant. This resulted in a labour dispute which closed the factory for 10 weeks in 1977. Employment peaked at 1200 and at the time of the strike there were 1100 employed. Gradually this number declined.

In 1992 production and profits were at their peak in Killarney. But between 1993 and 1996 fashion trends started to change. Further mechanisation followed. Changing fashions reduced demand and climate changes cut the length of the season when tights were worn. The Thomas Tilling Group was taken over by American Sara Lee Corporation which merged with Elbeo in 1993. The Pretty Polly outlet in Killarney was closed down in 1996.[19]

- **Liebherr Container Cranes Ltd**

Liebherr is a heavy engineering enterprise located in a prime tourist area with no history of engineering enterprises. This is a manufacturing facility for heavy machinery that is mostly for export. It is located over twenty miles from a sea port.

Hans Liebherr was born in Kaufbeuren, Germany in 1915 and having served his apprenticeship in his father's company took over the running of it in 1938. He patented his design for a crane in 1949. His design enabled the erection of his crane in a few hours which compared with the several days required by competitors' cranes.

Having failed to find a suitable location for expansion in England Liebherr travelled to Ireland in 1957 and was directed to Mallow Co. Cork. He stayed overnight in Killarney where word went out to Killarney's commercial community that a prominent German industrialist was staying at the Great Southern Hotel (GSH) and was travelling to Mallow to inspect a site for his first factory base outside Germany.

A quickly convened deputation of business people including M.D. (Mackey) O'Shea, Teddy Clifford, Donal Courtney, Dan Kavanagh, Tim O'Sullivan and Fr. Bobby Murphy called to the GSH and welcomed Mr. Liebherr to Killarney arranged to bring him on a grand tour of Killarney's hinterland on the following morning. The Mallow site was

[19] In May 2006 Sara Lee sold all of its lingerie brands to PD Enterprise.

forgotten when Hans Liebherr saw Killarney and on the 11th of April 1958. Liebherr (Ireland) Ltd was registered in the companies office in Dublin and work started shortly after on what became known as 'The German Factory' located three miles west of Killarney on the road to Killorglin.

The Liebherr organisation had 100 companies internationally and employed 30,000 with consolidated sales of €7.5 billion in 2007. The Killarney enterprise employed 50 people in 1960 and by 1964 this had increased to 332 and to 578 by 1973. Strife and recession reduced the numbers employed to 333 in 1983 and 247 in 1995. But in the late 1990's improvements in the economic outlook and substantial investment brought employment to 400. Despite 9/11 the order books remained full and employment at the factory at present is at 500. In 2009 Liebherr celebrated their 50th anniversary in Ireland.

Over the years training courses in welding were provided by the local vocational school in Killarney (instigated by Sean Purcell, Principal), by Anco and latterly by FAS. Liebherr's apprenticeship scheme launched in 1958 had 250 applicants for 36 places.[20] Training was stringent and disciplined. Many who went through the apprenticeship worked with the firm for many years. Some left and set up their own businesses.

The meshing of German skill and discipline and Irish mentality has resulted in some difficult industrial relations situations. The determination of a strong group of management executives guided the fortunes of this firm to survive and develop. Since the factory opened in 1958 there have been seven management teams with local membership evident over more recent years (see Table 5). The first Managing Director was Paul Werner (until 1973) with great communicating and negotiation skills and was a great people manager. He was inspirational and mixed well with the Kerry residents. His job was to blend the efficiencies of the German system into an area dependent on promoting the best of Irish hospitality.

[20] Getting an apprenticeship 'with the Germans' was treated like winning the lotto. Mr. Dabacow was the first apprentice instructor and was followed by Joe Buck. Joe has now retired and lives with his wife Thea in Aghadoe. Thea worked as a PA to the MD in the factory for many years. There are still two of the apprentices that were taken on in 1959 working in the factory - Gerald Cullinane and John Lane.

Table 6: Liebherr's Management Teams 1958 – 2008.

Period	Member	Position
1958 -1968	Paul Werner	Managing Director
	Heinz Schiller	Manufacturing Director
	Hugo Marshall	Finance Director & Company Secretary
1969-1973	Paul Werner	Managing Director
	Klaus Noelke	Manufacturing Director
	Hugo Marshall	Finance Director & Company Secretary
1974-1975	Klaus Noelke	Sales Director
	Reiner Geiler	Design Director
	Peter Bickel	Manufacturing Director
	Alfons Luhr	Finance Director & Company Secretary
1976-1985	Klaus Noelke	Sales Director
	Reiner Geiler	Design Director
	Peter Bickel	Manufacturing Director
	Hans Brunner	Finance Director & Company Secretary
1986-2001	Reiner Geiler	Sales and Design Director
	Klaus Noelke	Manufacturing Director
	Hans Brunner	Finance Director & Company Secretary
2002-2006/7	Reiner Geiler	Sales Director
	Pat O'Leary	Design Director
	John Coffey	Manufacturing Director
	Andreas Boehm	Finance Director & Company Secretary
Team from 2008	Pat O'Leary	Sales and Design Director
	Rudolf Ganser	Manufacturing Director
	Gerhard Frainer	Finance Director & Company Secretary

Source: *Liebherr Container Cranes Ltd. Celebrating 50 years in Killarney, 2009: p20.*

Crane Production in Killarney

The 8A was the first crane model produced in Killarney and weighed 6.5 tonnes and had a lattice structure of mast and jib. This type crane was followed by the HB type crane which could be assembled and rise up within a building as the building was constructed and manufactured in Killarney until the late 1960's. C type cranes were produced and were used in the building industry in Ireland and England and abroad. All the designs for these cranes were developed in the Liebherr headquarters in Biberach in Southern Germany with modifications designed in a small design office in the Killarney plant.

In the 1960's Liebherr Killarney started producing Gantry cranes. These cranes have four support legs and an overhead cross beam and are used for lifting heavy loads such as pre-cast concrete beams, heavy steel beams and container loads. Liebherr Container Cranes Ltd. was formed in 1967 and Liebherr built the first container crane the same year which was supplied to the CIE depot in Dublin.

Sea-Land in America built a 35ft long by 8 ft. high by 8 ft. wide container box which started the move towards the container revolution. Seeing the trends Liebherr built the first ship-to-shore container crane in 1968. From then on Liebherr Killarney phased down the production of Tower Cranes and developed a design office that handled all design work for production of container cranes in Killarney. The first stream of container cranes could lift 20-25 tonnes and had a self-weight of 30 tonnes. By 1976 the safe lifting capacity had increased to 30-35 tonnes with a self-weight of 275 tonnes. Currently cranes have a lifting capacity of 65 tonnes and a self-weight of up to 1200 tonnes enabling them to unload 55 containers per hour.[21]

In 1998-99 Liebherr Container Cranes Ltd developed a Rubber Type Gantry Crane. This facilitated the movement of containers and other heavy loads within storage areas and the loading of containers on to trucks and railway wagons and the capacity of these cranes increased to 65 tonnes with a self-weight of 130 tonnes and are powered with their own diesel engines.

In 2007 Liebherr Killarney developed a straddle carrier. This has been designed to pick up and transport containers from under a ship-to-shore container crane and transport the container to a stacking area at speeds up to 30kph. This crane type was tested in Belfast.

Liebherr began to use Fenit port in the late 1950's to import raw steel and to export its finished goods and is the main commercial user of the port at present. The port located outside Tralee has increased its capacity over the years. It can now handle ships of 156 metres and the port has a draft of 6.5 metres. Some larger cranes have sections that are too

[21] Container ships have increased their capacity from 100 containers in the early 1970's to ships with a capacity to transport up to 14,000 containers. The ports of Singapore and Hong Kong have a combined annual throughput of 55 million containers per year.

long to be transported from Killarney to Fenit. Liebherr has used the port to assemble such crane pieces before placing these on board transport ships.

Over the years the route from the factory has been improved to accommodate haulage of large crane pieces and part of the route has been called the Hans Liebherr road in recognition of the contribution that Liebherr has made to Kerry. One of the last places that Hans Liebherr visited before he died in 1993 was 'His beloved Killarney'.

- **The Kerry Group**

The Kerry Group is the world's leading food ingredients supplier and is a leading consumer foods supplier in the UK and Irish markets. It has 23,000 employees and supplies 10,000 food ingredients and product flavours in more than 120 countries. Manufacturing is carried out in 18 different countries and it has sales offices in 20 countries. It is a global company with a turnover of €4.5 billion. Its shares are quoted in the Irish and the London Stock Exchange.

The information is broken into three periods below (1972-79, 1980-88, 1989-'07). At present (i.e. 2008) there are five divisions within the Kerry Group and the development of these divisions could be used to catalogue the growth of the firm.

1972-1979

North Kerry Milk Products (NKMP) hired their first General Manager Denis Brosnan in January 1972. The first employee was joined by a further ten in April including Hugh Friel and Denis Creegan. NKMP started as a milk processing factory and was the brainchild of its first chairman Eddie Hayes. The firm started against a background of 10,600 disunited farmers in Co. Kerry seeking a better way to use their produce.

Construction work started in October 1971 and the Listowel unit started to process milk in June 1972 against a background of financial problems, building scheduling problems and objections by some critics. Ireland joined the European Economic Community in 1973 opening markets to Irish dairy produce while necessitating higher standards than practised in Irish agriculture. In July 1973 the Department of Agriculture transferred all the assets that the Dairy Disposal owned in Kerry together with its 45% share in NKMP to NKMP for £1.15 million and a new company was formed called Kerry Co-Operative Creameries. This new company had access to 70 million gallons of milk. This positioned the company

among the top six Creamery Co-ops in the country. Expansion followed to install a plant for spray-drying milk.

From the outset the firm set about increasing the productivity of assets in an organised fashion. Farmers were shown how to improve yields under professional guidance. Efficiency at Listowel improved with the installation of additional machinery and increasing quantity and quality of milk. Creameries were amalgamated starting the process of diverting milk to one central processing unit - Listowel.

The value of the milk was increased by identifying products other than butter and cheese that could be derived from milk: casein and dried skim milk were produced and markets identified. NKMP started from a culture of the Co-operative movement but had from its beginnings a commerciality to its way of business. Kerry Co-Operative Creameries (Kerry Co-op) continued this ethos but became more commercial. It expanded its milk supplies at the expense of other co-ops as its operations were better and cheaper than its competitors. This was achieved by understanding the producers' attitudes and developing trust between management and the producers and delivering product to the markets that represented value.[22]

1979 saw the decline of the milk industry due to the opportunities of gainful employment in the building industry, brucellosis and poor weather. Kerry Co-op recognised the dangers of over-dependence on milk and decided to diversify opening a feed mill in Farranfore, Co. Kerry and produced such products as Bloom (food for calves) which they marketed into a brand name. This brand was promoted by sponsorship of greyhound racing in a fashion that they would repeat subsequently**.**

1980-1988

In 1980 Kerry Co-op initiated a formal strategic planning process and diversified into branded consumer foods with the purchase of Denny's in Tralee and this was followed shortly afterwards by the purchase of Duffy foods in 1982. Planning their way forward

[22] In private discussions with Denis Brosnan (in 2011) he remarked that in those days the firm did not realize how good they were. They always stretched their capacity to the limit and achieved their targets because of their attitude.

became a necessity and the Kami system[23] was introduced during the early eighties and was embraced as a planning mechanism for the company.

From the start of the operation of NKMP Kerry had given Ardie and David Reisenbigler a 15% stake in their Listowel factory in return for markets for their casein in the USA. By 1983 Kerry Co-op had ambitions to establish itself in the USA and amicably dissolved its agreement with the Reisenbiglers. By then Kerry Co-op had established presences in the USA and in the UK. Selling casein became difficult as it became more plentiful and they relied on Franks, a selling agency, who introduced them to Beatreme Speciality Products in Beloit, Wisconsin.

The decision to go public was driven by desire to get capital into the company for expansion. In 1986 the company floated on the Irish Stock exchange and changed its name to the Kerry Group plc. The firm saw its future in the high value products where the profit margins were over 10%.

Kerry found growth in the British market difficult. It had purchased Motto Food in 1982 but closed it in 1983. In 1986 it renewed its efforts and by a chance meeting with John Pearson of Marks and Spencers Kerry Group got an opportunity to introduce 'dawn light'(a low fat spread) into Marks and Spencers in 1987 and quickly followed with the introduction of similar products into Tesco and Sainsburys in 1988. This was the beginning of the Kerry Group's success in the UK.

In Ireland Imperial Meat Products (IMP) was purchased in 1986 and the milk business was rationalised under the 'Dawn Dairies' brand in 1988. The five year plan 1986 –90 was approved by the Kerry Group board. In 1987 Denny N. Ireland was purchased. In 1987 Kerry opened its first overseas ingredients manufacturing plant in Jackson, Wisconsin.

1988-1998

Over this period acquisitions continued apace. In 1988 Grove and Ballyfree Turkeys were purchased. In 1990 the firm embraced the Argenti model[24] and have used it since. In

[23] This is a planning model that enables the development of a corporate plan of an annual and long range programme that clearly sets out goals and the means of achieving these goals.
[24] It is a process that has 10 stages with the stage one being the start and informs the people within an organisation the objectives and direction and why it carries out activities in a particular way.

the UK in 1990 Kerry acquired WL Miller and in 1991 acquired Robirch. In 1994 'Kerry Foods' took over organisation of all consumer foods in Ireland and England and this Strategic Business Unit (SBU) had five business units. In 1988 the Kerry Group purchased Beatreme which was a leading food ingredients company in the USA. It purchased Dairyland, also in the USA, in 1991.

Further acquisitions followed: Kerry Spring Water in Dingle, Co. Kerry and Malcolm Foods and Research Foods in 1993 followed by major investment in Mexico in 1994 and in 1996 Apirial S.A. was purchased. In France Delgety was bought in January 1998 for £335 million (sterling): in 1998 Green's and Homepride were purchased and also bought a food plant in Brazil. The opportunity arose to purchase Burns-Philips in Australia and was taken even though the timing was bad and it meant sending Liam Chute out there to get the purchase bedded into the Kerry Group.

1999-2007

A range of acquisitions followed; Burton Recipe dish UK, Harrold Ltd and Hibernian Foods in the UK. In 2003 Kerry Group's profit was €223 million on a turnover of €3,693 million. In 2004 the Kerry Group acquired a food ingredients business in Malaysia. In 2004 Hugh Friel succeeded Denis Brosnan as CEO of the Kerry Group. In 2004 a leading flavour supplier in the USA and Laboritoris Krauss in South America were purchased. In 2005 Kerry Group announced a €20 million investment in China. A food ingredients and flavours venture called the Noon group in the UK was purchased in 2005.

In 2005 Kerry Group's profit was €301 million on a turnover of €4,430 million. Vega Flavours and fragrance was acquired in 2007. In 2006 Kerry Group's profit was €295 million on a turnover of €4,600 million. In 2007 Kerry Group's profit was €309 million on a turnover of €4,788 million. The Corporate structure of the company had been structures into five sections: Ingredients, Bio-Science, Flavours, Foods and Agribusiness.

Kerry's CEO's

Denis Brosnan was the first employee of the firm and its first CEO and guided the group from 1972 until his retirement in 2002. Denis Brosnan was a graduate of University College Cork in Dairy Science. His first job was in sales with a Scottish firm. He then joined Golden Vale but in December 1971 left Golden Vale in London and took up the post of General Manager of NKMP in January 1972. Brosnan set targets and believed in

reaching them. He did this by building a cohesive management team where successes and failures became transformational in the attitudes within the firm.

Hugh Friel was Managing Director of Kerry Group from January 2002 to December 2007. He previously worked with Aer Lingus in New York, Mobil Oil Corp. in London and Erin Foods, Ireland. In 1972 he was appointed Financial Controller of North Kerry Milk Products Limited. He was Deputy Managing Director of Kerry Group from its flotation in 1986 until his appointment as Managing Director on 1 January 2002.

Stan McCarthy succeeded Hugh Friel as CEO in December 2007. He joined the firm in 1976 at the age of 17 and worked his way up through the ranks. He worked in finance and became Financial Controller in the USA in 1984. In 1988 following the acquisition of Beatreme he was appointed Vice President of Materials Management and Purchasing. In 1996 he was appointed president of Kerry North America.

- **FEXCO**

FEXCO is a global payments company headquartered in Killorglin, Co. Kerry with operations in Ireland, UK, Spain, Malta, Australia and USA. The company offers a range of Global Consumer Payments, Global Corporate payments and Business services. It is privately owned with Western Union as a minority shareholding in the business. FEXCO started trading in 1981 in Kerry.

In 1981 Brian McCarthy an assistant bank manager in the Killorglin branch of AIB identified an opportunity to develop a business. Brian and his very good friend Edso Crowley had many discussions on potential business ventures. During those years Edso was involved in a retail business in Killarney that was predominantly geared towards the tourist market. Edso identified the lack of access to banks to change foreign currency into the local currency as one of the problems that the tourists. Brian and Edso pondered these problems and decided to use the difficulty of foreign exchange transactions faced by tourists as the basis for their first joint business venture. They presumed such problems were common to tourist areas throughout the country.

Killarney was then used as a dormitory town by many tourists visiting the Kerry region. Tourists would arrive in Killarney at evening time and would be unable to change their currency for punts until the following morning as the banks closed at 3.00 pm. The following morning they would leave Killarney on tours before the banks opened. They

would arrive back in Killarney when banks were closed but would amble around the town after dinner and shop - shops remained open until circa 10.00 pm.

Obtaining punts in exchange for their various currencies was a problem as the local shops were not keen to accept foreign currencies. One well known singing pub in the centre of Killarney would decide at the beginning of the season each year to advertise the availability of punts in his bar with a sign that said $1 =1£.

Brian McCarthy agreed with Edso that they would open a Bureau de Change in Edso's outlet in Killarney. Edso would provide the space and staff in Killarney and Brian would provide the back room services at his home in Killorglin. Brian applied for and obtained a licence from the Central Bank to operate a foreign exchange business. Shortly after they opened a bureau de change in Killarney in Edso's tourist outlet: within a short time a further five outlets were opened in the Kerry area.

Brian and Edso's venture was profitable and it became clear that this venture could be repeated wherever there was a foreign tourist trade. At this stage the backroom services were operated by a number of newly recruited staff located in a prefab at the back of Brian McCarthy's home in Killorglin. Brian McCarthy left the secure employment of the AIB to develop the business once he saw the scale of the opportunity.

FEXCO would collect punts from shopkeepers they knew and issue a cheque drawn on the FEXCO account to pay for these punts. These were then exchanged in bureau de changes for foreign currency from the tourists. Their rates were robust and the tourists were charged a fee to cover costs and a profit margin. The foreign currency was brought to Killorglin and lodged to the FEXCO account on an agreed exchange rate with the AIB. As the business grew some of this foreign exchange was sold at a fee to locals going abroad.

As the business expanded Brian opened an office in Main Street, Killorglin. He travelled throughout the country recruiting outlets for bureaux de change and providing instructions to the staff in these outlets on how to manage the system. He provided hardware to simplify the exchange dealings within the bureaus. While the front office was handled by the individual retail outlets throughout Ireland the back office services were operated by FEXCO in Killorglin. Each outlet was paid a commission on profits. The Bureau de

Change was an attraction for tourists and increased the turnover of outlets offering this service.

Brian and Edso next identified difficulties that tourists encountered in recouping VAT on purchases that were taken out of the country. Recouping VAT was cumbersome, both for the retailer who sold the goods and the purchasing tourist.

The opportunity was grasped by FEXCO. In 1985 they developed a system that greatly reduced retailers' tedious paperwork and provided the tourist with the return of VAT paid without any hassle. FEXCO provided invoice books to retailers designed to simplify the provision of the required paper details at the time of purchase of the qualifying goods. The tourist paid the VAT on purchase and was given the invoice which they got stamped as they left the country. The tourist deposited this stamped invoice into a box provided by FEXCO. These boxes were positioned at all the airports, ports and border crossings: known as the 'McCarthy boxes'. The contents of these boxes were collected by FEXCO and brought back to Killorglin and processed.

The VAT that was deducted by the retail outlets was then taken from the retailers by FEXCO. The retailer was given a monthly statement to return to the Revenue Commissioners identifying the paper trail of the VAT from these transactions. FEXCO then sent the VAT to the tourist in their respective currency after deducting a standard fee per transaction. This proved a lucrative activity for FEXCO. At this stage the necessary hardware to streamline this operation was identified but had a price tag of IR£1million punts.

FEXCO started to establish outlets for recouping VAT in the UK. This was an example of how FEXCO rearranged activities so that they created a business that was profitable. They constantly sought to improve the service that they provided to the purchasers and to make the operation of the service more beneficial to the retailer.

The recouping of VAT was an international phenomenon and with FEXCO's experience in the Irish market they copied the process in the UK. There was a constant flow of McCarthy boxes arriving in Killorglin, from various destinations in Ireland and the UK. The main competitor in the UK market was the Bank of Scotland. In 1987 FEXCO formed a partnership with the Bank of Scotland to operate their VAT refund business in

the UK and the Bank of Scotland bought 25% of FEXCO's VAT recoupment business in the UK.

The same year Brian McCarthy was awarded the Sean Lemass award for marketing excellence which was presented by the Taoiseach Mr. Charles Haughey. While FEXCO's involvement in the VAT recouping activities grew quickly, the long term prospects for the business was threatened by developments within the EU where trade barriers were being eliminated.

FEXCO had to find a business that would provide a more stable and long term income. FEXCO became aware that the processing of Prize Bonds in Ireland was being put to tender. FEXCO formed the Prize Bond Company in partnership with An Post in 1989. This company then successfully tendered for the running of the Prize Bond system in Ireland. Part of the contract included the computerisation of the prize bond system and this was carried out in Killorglin with a state of the art computer purchased in part for the prize bonds but also capable of handling V.A.T. recoupment business. The Prize Bond documents and records were moved from Dublin to Killorglin and the cavalcade of lorries bringing the documents was greeted at the bridge in Killorglin by a crowd of FEXCO employees and a pipe band. The cavalcade had been delayed because of various difficulties and did not arrive in Killorglin until 2.00 am. When the drivers arrived in Killorglin they were delighted to be cheered as they arrived at the entrance to the town and drove to the FEXCO headquarters.

In 1990 FEXCO opened an office in Paris to capture tax-free shopping opportunities there. This was operated in part by staff that had worked in the local secondary school in Killorglin and who took leave of absence to brush up their language skills. Back home in Ireland FEXCO was appointed super-agent for Ireland by Western Union International. In 1991 FEXCO acquired the super agency for Western Union in England for £10 - Western Union had lost £1.5 million in the previous year trying to get their brand established in the U.K.

In 1993 an office was opened in Dubai to cater mainly for VAT repayments. The purpose of this office was twofold. It involved the repayment of VAT but also had a hope that it would get involved in wealth management. In 1994 an office was opened in Madrid where an agency for Western Union was obtained. Offices were developed in Malta by

FEXCO Malta Ltd. At first this office concentrated on Bureau de Change activities and gradually developed an international payments division.

Global Refunds was based in Sweden and was the largest tourist refunds company in the world in 1999 when it processed 30,000 travellers' transactions per day. It operated in 37 countries. FEXCO purchased 22% of this company in 1999.

In 2000 First Data Corporation (USA) bought 25% a stake in FEXCO for £50 million. In 2001 the Chinese Premier visited Killorglin and performed the first Western Union transaction between Ireland and Beijing. Brian McCarthy the CEO of FEXCO won the Ernst and Young International Entrepreneur of the year award in 2002.

First Data which was the leading credit card and payment processor opened a Global Contact centre in Caherciveen during 2003 and in the same year FEXCO invested in the gift voucher system (GVS). During 2003 FEXCO acquired Prudential Investment Company of Australia (P.I.C.A.). This company provides financial services to 71,000 apartment owners.

In 2004 FEXCO acquired Nova Renta Car Reservations Ltd. and acquired the remaining shareholding of Failte Ireland and Northern Ireland Tourism in Gulliver. During the same year it bought Transfer Nordic and expanded its Western Union network into Sweden, Denmark and Finland.

In 2005 FEXCO launched an electronic gift and spending card solutions venture. In the same year it acquired Inscor Services and Assett Finance and placestostay.com. In 2006 FEXCO celebrated 25 years in business and opened its new headquarters in Killorglin. By 2007 FEXCO employed 1400 staff worldwide and operated in 14 countries.

Call centres have always been an activity that FEXCO has been involved in and in 2009 it secured a major contract from Bord Gais to handle its phone queries and at present employs circa 150. Dynamic Cash Conversion (DCC) is another enterprise that has been developed by FEXCO and at present it has 150 employed in this activity.

- **Stockbyte**

Jerry Kennelly was born in 1960 and grew up in Tralee, where his parents Padraig and Joan Kennelly ran *Kerry's Eye*, the newspaper they founded in 1974. Kerry's Eye has a circulation of 24,600 copies a week. Padraig Kennelly was always regarded as a user of cutting-edge technology and up-to-date equipment in the photography business.

In 1981 Jerry Kennelly left the family newspaper and launched his first business, Newsfax. Newsfax was based in Tralee and was originally established as a photo agency (mainly specialising in supplying photographs related to Irish news events to newspapers in Dublin, London and elsewhere). His clients included newspapers such as The Irish Times, Irish Independent, Irish Press, the then Cork Examiner and international agencies such as Associated Press and the Press Association.

In the late eighties, Jerry started toying with Apple Mac computers (having spent almost £4,000 on a Mac Plus computer). He spotted a niche in the digital pre-press market and set up Ireland's first all-digital pre-press company. Based in Tralee, it provided colour scanning, film and proof services for publishers and graphic design firms throughout Ireland and the UK. The company performed well and was profitable. Newsfax also provided news reports to many publications including the Sunday Tribune, Sunday Independent and the Sunday Journal.[25]

By 1995, Kennelly realised that the business had a limited lifespan; the colour separation service that the company provided would soon be replaced by 'direct-to-plate technology', which would be located in printing companies. Therefore, if his business was going to thrive, he was going to have to reinvent it.

Between 1992 and 1996 Newsfax's clients mainly comprised of graphic designers, advertising agencies and publishers. Over time, Kennelly realised that while designers and publishers had a clear requirement for high-quality conceptual images, most of them could not afford the cost of rights-managed stock photography which was provided by agencies in transparency film format and needed to be couriered back and forth to clients and then scanned by pre-press companies.

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[25] Jerry worked as a radio correspondent for RTE and Century Radio, regularly broadcasting on Today at Five, Today with Pat Kenny and Liveline.

Unfortunately, rights-protected images accounted for most of what was available on the market. Publishers wanted the images but the cost was prohibitive. It is difficult to establish whether Jerry Kennelly had a clear vision of what product he could produce that was in demand in the market place. But he did realize that Newsfax's products were becoming dated.

In 1996 he founded Stockbyte, again a Tralee-based company. Kennelly set about building up his own library of stock shots, hiring models, organising shoots in Ireland and Spain, following carefully thought out lifestyle/marketing themes. He created ten CDs containing 100 images each and in 1997 headed off to the Macworld trade show in San Francisco; he returned with an agreement from resellers in ten countries to sign sales and distribution agreements, which would quickly produce substantial revenues.

In 1997 he approached all the main banks with a view to investing in Stockbyte. None were interested. He had better luck with ACT Venture Capital, and later the same year he succeeded in persuading them to take a 25% equity stake for €300,000 and a working capital loan of €500,000. During this time Jerry Kennelly was involved in an expensive court case about using the name Stockpix the name Stockbyte first traded although already registered as a name by another company. The resulting legal issues consumed much of Kennelly's capital which was crucial at the set up stage of his new venture. Losing a challenge in the French High Court Kennelly changed the name of his company to Stockbyte.

Kennelly has dedicated considerable time in setting up the Young Entrepreneur Competition in Kerry. One of the reasons he is to allow prospective young entrepreneurs the benefit of knowledge that he and other entrepreneurs have learned through launching their enterprises. Often they paid dearly in acquiring this knowledge.

In 2000, ACT Venture Capital increased its shareholding by an additional 5%. In 2003, when the ACT shareholding was bought back by Stockbyte it had earned the venture capitalists a more than handsome return on their initial investment. In terms of differentiating, Stockbyte developed a search engine and was proud that its main search engine was robust, and could help customers find the photo they were looking for, based on many different characteristics such as price, people, gender, age, ethnicity, copy space, cut out, colour, orientation. This type of filter was unique at the time. Later the firm introduced online model releases, the first and only time this mammoth task was taken on

by a stock photography company. This allowed 24/7 clearance of images for major campaigns.

Saatchi and Saatchi New York were one of the clients who requested this feature and worked closely with Stockbyte to ensure that the implementation was a success.

Stockbyte possessed a skill of producing images and developed a system that allowed it to market these images globally and probably fitted into both the speciality skill niche and speciality market niche. Stockbyte was a specialist stock photography agency. It created and distributed themed collections of royalty-free digital stock images through its e-commerce website www.stockbyte.com and via CD Rom through a network of 110 distributors in 70 countries around the world.

Stockbyte's clients ranged from graphic design companies, advertising and creative marketing agencies to some of the world's biggest publishing and electronic media companies – and anyone interested in sourcing photographs at the cutting edge of contemporary style. Stockbyte was also a pioneer of e-commerce in Ireland. In 1999 it began offering single images for download by means of credit card payment- the first example of true e-commerce transactions with electronic delivery in Ireland.

By 2006 Stockbyte was the world's largest creator of premium, royalty-free, contemporary stock photography. When it was founded in 1996 it had just seven employees. By 2006 it had 28 full-time employees (ranging from photographers, art directors and researchers to software and specialists in web development and data analysis). The company also supported a network of up to 100 freelancers and sub-contractors in the USA, Africa, India and China. Post-production operations such as keywording, scanning and image retouching were outsourced to partners in India, Hong Kong and Eastern Europe who were trained by the Stockbyte team and worked to very specific quality control standards using customised systems developed by the company. Stockbyte and Stockdisc were the largest employers/tenants in the Kerry Technology Park, Tralee. The two companies operated from a 11,000 sq. ft. premises on the 100-acre campus.

Stockbyte reached a distribution deal with both Corbis and Getty Images. This allowed Stockbyte to have its photography available for sale through both Corbis and Getty's portals ensuring Stockbyte's images were available on two of the world's largest stock

photography portals, gettyimages.com and corbis.com. Corbis was owned by Bill Gates. A Stockbyte image featured in the front cover of Time Magazine to illustrate a feature of the working of the brain and again featured in the front cover of the same magazine in 2005.

Stockdisc: Stockbyte's sister company, **Stockdisc**, launched in March 2005, emulated the same high standards as Stockbyte. The key difference between the two product offerings was price and style. The Stockdisc images were created to the same high standards of Stockbyte but they were targeted at users who preferred to license CD collections of images which cost about half the price of those CDs produced by Stockbyte and its competitors. The **Stockdisc** Library contained 17,000 images. These could be downloaded from its website or they could be ordered on CD through the company's global network of distribution partners. The Stockdisc operation was run from the same premises, and it shared the same production, administration and IT platforms as its sister company, Stockbyte.

Every day around the world literally millions of image searches are conducted by creatives in advertising agencies, graphic design companies, and in newspaper and magazine publishing operations. Creatives tend to access the websites of the three global stock photography companies – Getty Images, Corbis (owned by Bill Gates) and Jupiter Images – or some of the other 200 online image portals throughout the world. Stockbyte and Stockdisc were represented on two of the top three portals.

Among the companies that used Stockbyte's images were Walt Disney Parks and Resorts, BBC, Saatchi & Saatchi, WebMD, AOL Time Warner, Weight Watchers, Gillette, Oxford University Press, The Times and Sunday Times Newspapers, Macmillan Publishing, Time Magazine, IPC Magazines. Rodale, Men's Health, Prudential, Fidelity Investments, Pearson, Doubleday, Bank of Ireland, Spafinder, Yellow Pages, Bellsouth, Blue Cross-Blue Shield, VHI, Champion Sports, Independent Newspapers, and McDonalds.

Clients did not buy Stockbyte images – they were licensed to them, like software, for a once-off fixed fee. This business model is called 'royalty-free licensing'. Payment of this fee gave clients permission to reproduce the images as often as they liked in a variety of formats – everything from advertising campaigns and company brochures to magazine illustrations. They could also be used to create broadcast and web advertising materials, or

to illustrate product packaging. Stockbyte images were licensed subject to an end-user licence agreement which prevented defamatory and illegal use of images.

Stockbyte was one of the leading indigenous creators of intellectual property in Ireland. creation of an e-commerce web model has powered the growth of the digital stock photography industry globally. Traditionally, the industry used CDs as a distribution method. Today, however, end users can access single images and 'virtual CDs' within a few minutes, whereas previously they would have had to wait for overnight courier deliveries of CDs in order to complete urgent projects. Stockbyte images had multiple end users and end uses – they were licensed to clients on a non-exclusive basis only.

Stockbyte used advanced data-mining technology to highlight the most successful subjects, demographic styles, ethnicities, locations and other factors which made some images more popular than others. It used feedback from clients to ensure that the Stockbyte library anticipated the future visual content needs of the advertising, marketing, media and communications industries worldwide – the images that Stockbyte created at any point in time were to be still saleable, profitable commodities in two and three years' from the date of making. While contemporary by nature, the best stock images tell a story clearly in any part of the world; they are, in effect, timeless.

The Stockbyte team also analysed their own sales data – closely monitoring which images were selling well, and in what geographic areas. For example, had the Hispanic community become more of a vital demographic factor in the US market? What subject areas were most important for this market? To what extent did images of Asian models sell outside of Asia? To what extent were images of non-traditional family units required in different geographical areas.

The royalty stock photography market was effectively becoming a bubble. One of Stockbyte's main competitors - and customers- in the marketplace was Getty images, who were valued at $5 billion US dollars in 2006. This represented 42 times earnings, and while Jerry Kennelly realised that this type of valuation was unsustainable in the long run, particularly as the disruptive business model of Crowdsourcing was starting to adversely affect the image business. While Stockbyte could not be valued at this multiple, there was obviously a connection – if Getty's value fell, so would the rest of the industry including Stockbyte's. In April 2006 Stockbyte and Stockdisc were sold to Getty Images (GYI) for $135 million. The 28 staff shared in a €5million tax paid dividend from the sale. Getty

continues to license and create imagery under the Stockbyte and Stockdisc brand names. The operation in Tralee was closed.

Each day the Stockbyte.com website attracted thousands of visits from potential clients (mostly designers and advertising agency creatives) who view hundreds of thousands of thumbnail images. Each year, the business added thousands of new photographs to its collections. During the two years before the company was sold, both brands launched more than 55,000 new images. The then current library contained more than 85,000 images. *Stockbyte* and *Stockdisc* had millions of licensed users of their images in 70 countries. All intellectual property rights were owned by the two companies.

Stockbyte has been profitable since its launch. In recent years, its strategic decisions have reaped rich dividends, with net profits showed consistent growth. Between 2004 and 2005, for example, earnings grew almost five times, with the company reported pre-tax profits of over €4 million for year ending April 2005; this compares to pre-tax profits of €847,000 in 2004.

Some of the major achievements of the company are:

- Stockbyte became the Irish pioneer in the use of the internet as a sales and delivery channel for its royalty-free stock photography images.
- Stockbyte won DHL Exporter of the Year Award in 2007.
- Stockbyte bought out ACT Venture Capital.
- Following a deal with Getty Images, Stockbyte's images were made available on the world's largest stock photography portal gettyimages.com
- Stockbyte closed a deal with Corbis, the Bill Gates-owned stock photography portal, to distribute its images on corbis.com. First Stockbyte image was used on the cover of Time magazine to illustrate a feature on the workings of the brain (Stockbyte secured another Time cover in 2005).
- In 2005 Stockbyte signed a deal with software giant Adobe which made Stockbyte and Stockdisk images available through Adobe Photoshop, Indesign and Illustrator.
- In 2005 Jerry Kennelly won the Ernst & Young Emerging Entrepreneur of the Year Award.

- Stockbyte was included in Deloitte Irish Fast 50 for fourth year running and EMEA Fast 500 for the second time.
- Jerry Kennelly launched Stockbyte's sister company, Stockdisc. The combined Stockbyte and Stockdisc library grew by 60% to reach almost 85,000 images. Stockbyte image was used to illustrate the cover of Newsweek for the first time on a story illustrating fitness in old age.
- Stockbyte and Stockdisk were sold to Getty images in 2006 for $135m.

- **Altobridge**

Altobridge is based in the Technology Park in Tralee and employs around forty people. Tralee is the centre for the firm's research and development. In its headquarters in Tralee the staff are engaged in research, testing, assembly, and sales for the installation of the firms various products worldwide. In 2002 Mike Fitzgerald and Guy Waugh started this company because of their belief that they could produce a system that would allow remote communities use mobile cell phones at an economical rate. The funding for Altobridge has been provided by the founders and by private investors together with a grant from Shannon Development. Altobridge operates a partnership structure whereby all the employees are equity shareholders and will share in the benefits of any future exit. Altobridge is a small player in an industry where global companies are seeking to expand their influence. But the size of the bigger players prevents speed of reaction and the required flexibility to always avail of opportunities. On the other hand Altobridge is a small company with a large collection of experience and expertise and additional expertise and advice available from outside interests. It is able to quickly grasp suitable opportunities in its field of expertise.

From their Tralee base, graduates make their way around the globe with a suitcase that transforms the communities that have purchased Altobridge's systems. Recently I met a young UL graduate who told me that he was unable to attend the March meeting of the Killorglin Cycling Club as he was on his way to Mongolia to provide a communication kit for a community in a remote region. The system is a base station in a suitcase. This young man was working with Altobridge in Tralee and told me that he has travelled all over the world installing such systems. The units cost €50K but once installed provide an immediate connection to the outside world at an affordable rate through a combination of

cell phones switching gear and satellite radio connection that links the community with the outside world when required.

The natural resources that are required by developed and developing nations are often located in remote regions where communications systems are prohibitively expensive. Altobridge's system has enabled such areas to substantially reduce communication costs. Their Remote Contiguous Communication (RCC) unit system is being directed from the US office which is being run by Monte England.

Altobridge has recognised the difficulties faced by seafaring teams that have been unable to use their mobile phones because of lack of coverage once they leave port. Using Altobridge's patented technology, officers and crew can now make and receive calls as well as send and receive SMS messages at very affordable prices, wherever they are on the high seas. This service is being provided in conjunction with Blue Ocean Wireless.

While tracking and monitoring container goods is the accepted norm for land-based transportation Altobridge's award winning GSM based technology means that vital data such as location, e-Seal tampering, container temperature can be reported in real time to the ship's master or to a land based operations centre. Fluctuations in the temperature can be monitored thereby saving the asset, increasing the customer satisfaction while reducing insurance claims and insurance premiums in the process.

Altobridge were awarded the 2006 Frost &Sullivan Technology Innovation Award for their innovative technology that enabled continuous effective communications between seagoing vessels and ports and land. Their research has led them to the development of emergency service systems that can be set up from a suitcase and can instantly connect into a satellite system and combine this with a cell phone system.

Altobridge is involved with Quantas Airlines in tests being carried out on the use of mobile phones on flights and on developing the necessary systems that will make such a service cost effective .Altobridge was involved with Boeing in tests on the use of mobiles during flights.

Prior to the developments by Altobridge the necessity of having a constant service made cell phones uneconomical at sea. Altobridge seems to have positioned itself in the speciality niche market for its major product.

Mike Fitzgerald is one of the driving forces behind this company that seeks to find niches in the communications market. The firm licences its software to major players in the communications business. Mike was born in Castlegregory, Co. Kerry and studied Engineering in UCC. He has nineteen years' experience in the wireless system communications industry. He has been vice President to ADC Communications and InterWave Communications. He was involved in a MBO buyout of a division of a US company in 1999 which he helped to profitability within nine months and achieved a trade sale of the company of 20 million US dollars in 2000. The first part of Mike's career was spent with Ericsson where he spearheaded their wireless business in China and Hong Kong. His final post with Ericsson was as a director of a 300million US dollar unit in California primarily focussed on Pacific Bell Wireless Services.

- **Kerry Technology Park, Tralee**

Kerry Technology Park (Tralee, Co Kerry, Ireland) is part of a 113 acre parkland campus has been developed to meet the needs of both current and future technology and knowledge-intensive enterprises. It was established by Shannon Development in 2001 and is owned and managed by Shannon Development in partnership with the Institute of Technology Tralee and in co-operation with IDA Ireland, Tralee Town Council, Kerry County Council and the private sector. The park is within walking distance of Tralee Town Centre. The Park shares a superior parkland campus with the Institute of Technology, Tralee. The Park facilities include a business incubation centre (InnovationWorks) a range of quality office-style accommodation and fully serviced sites. The overall objective of the Park is to achieve successful integration of education and enterprise in one physical site.

The park has a state-of-the-art telecommunications infrastructure and access to the facilities, services and resources of the Institute of Technology Tralee. This parkland location offers companies an impressive, modern business environment, which is rapidly becoming a hub of technology and knowledge-intensive enterprise in the South West.

The aim of the Park is to create and nurture an environment that will attract and grow a hub of Irish and international knowledge-based businesses that create sustainable, high quality employment.

The following are some of the companies based in the Park:[26]

- Altobridge Ltd www.altobridge.com, a world leader in the development of in-flight GSM passenger telecommunications.
- Aspen Connect Ltd www.aspen-connect.com, specialises in Web-based workflow and process management for services industries such as the legal, insurance and banking sectors..
- Assess Ireland www.assessireland.com, web based motor assessor services.
- BioAtlantis: www.bioatlantis.com, is involved in the manufacture of nutraceutical ingredients from natural algal resources.
- DCS Energy Savings: www.dcsenergysavings.com, focus on Innovations in Energy Conservation
- FreeFlow: www.wctbid.de, is a provider of alternative channel solutions for at-risk inventory in consumer electronics companies. Freeflow`s headquarters is in the Kerry Technology Park with offices also located in the USA & Asia.
- Pulse Learning, www.pulselearning.com, Develops and provides e-learning solutions to corporate clients worldwide.

The Park is at the centre of Kerry's entrepreneurship initiatives, promoting and delivering the Junior Entrepreneur Programmes to primary schools and the Young Entrepreneur Programme to secondary schools in County Kerry, in partnership with a wide network of entrepreneurs led by Jerry Kennelly (Tweak.com) and delivered also by Mary Immaculate College, Limerick. The impact of the programme is evident in County Kerry being named European Entrepreneurial Region 2011 by the EU Committee of the Regions.

Key successes achieved over the Park's history include:

- One of its tenants, Jerry Kennelly, named Ernst & Young (E&Y) Entrepreneur of the Year 2005
- Stockbyte founder Jerry Kennelly sells Stockbyte to Getty Images for €135m
- Alan Scroope CEO FreeFlow named Ernst & Young (E&Y) Entrepreneur of the Year 2006

[26] For a complete and up-to-date list of companies operating out of the park see http://www.shannondevelopment.ie/RegionalDevelopment/KnowledgeNetwork/KerryTechnologyParkTralee/ParkCompanies/

- Jim Breen CEO PulseLearning named Deloitte Fast 50 Overall Winner 2007
- Mike Fitzgerald, Altobridge named E&Y Entrepreneur of the Year 2009
- Altobridge wins GSMA Mobile Innovation Grand Prix Asia Pacific 2010
- Aspen Grove named in Deloitte Fast 50 2010
- Altobridge secures €12m investment from Intel Capital and IFC in March 2011
- Altobridge named Technology Pioneer 2012 by World Economic Forum.

The Manager of the Park, Ms. Marie Lynch provided the following by way of 'Facts and Figures' characterising the main performance indicators for the Park in 2013:

- 20 companies in Park, employing 380 people in skilled and well paid roles
- a further 15 early-stage companies in the Tom Crean incubation centre.
- The aggregate annual payroll currently stands at €19m
- Average salary is well above average - €50k pa
- The Park is a launch pad for success stories on an international scale including Stockbyte, Altobridge and Aspen Grove
- Irish companies based at the Park have an annual turnover in the region of €70m of which €60m is represented by exports
- The average R&D spend is 7.5% of turnover, well ahead of the national average.
- More recently the Park has had success in attracting blue chip FDI projects – Enercon and JRI America.

- **MacBees**

MacBees, the only retail business among the sample, was included because it is a barometer of what has happened over the years and for its capacity to weather the ups and downs of the economy.

The firm has been built up over twenty-nine years from scratch by Mary McBride. It is probably true to say that Mary McBees is not the normal clothes shop that one would find in a rural town. It has a staff of twelve ladies and has retained this number through the boom and the bust.

Opened in 1984 MacBees and has been in the forefront of ladies fashion in Killarney and Kerry. Since it opened it is the destination boutique ***the*** place to go to get an outfit for the unique occasion. The boutique is owned and managed by Mary McBride. Mary's grandparents who first opened their drapery business in March 1903 at 3 Bank Place Killorglin Mary's parents continued the business at the same location and Mary' s brother Declan and his wife Breda have now taken over the family drapery business in Killorglin and another brother has taken over the fabric business in the square in Killorglin at the same location. Mary's father branched out into the fabric business and Mary joined this venture but added ladies fashions to the venture which was located in the square in Killorglin. Mary had qualified as a pharmacist in UCD before joining the family drapery business in Killorglin.

In 1984 Mary decided to leave Killorglin and open a ladies fashion business in Killarney. Mary's business in Killarney set new standards in the ladies fashions in Killarney and in Kerry. She then added an Art Gallery to her interests in a shop adjacent to her fashion house. Both of her enterprises in Killarney catered for a segment of the market which she considered was not adequately catered for. She attracted a customer base and established a brand image. She understood the fashion business and the way it operated and is aware of the competition in the business. From the very start staff are trained to recognize the importance of the customer.

This is a boutique that has been designed to the highest standard and is deemed as a great experience for anyone visiting this Killarney ladies fashion centre. Killarney is a tourist town and has an annual visitor numbers of 1 million visitors. This market has been targeted by Mary McBride as well as seeking to capture the local market that was inclined to shop in Cork, Dublin or Limerick for the special occasion. She has developed an attractive website for the boutique at http://www.macbees.ie/.

2.2 Analysis of Survey Responses

A total of twenty-six responses to the *Executive Opinion Survey* (*EOS*) were completed by respondents in the presence of or with the support of the author. The Survey opens with respondents asked to identify the five most problematic factors for doing business from a list of fifteen. These are presented below with, for comparison, the rankings by all Irish respondents to the survey with the percentages indicating the responses weighted according to their rankings. Although access to all the Irish data was provided to the author by the World Economic Forum, it was not possible to separate out the answers for Kerry and other respondents from the aggregate data on the most problematic factors as these were supplied in aggregate form only.

Table 7: Most Problematic Factors for Doing Business, Kerry and Ireland.

Most Problematic Factors for Business	***Kerry***		***Ireland***	
	%	***Rank***	***%***	***Rank***
Access to financing	29.8	1	25.1	1
Inefficient government bureaucracy	20.6	2	18.5	2
Inadequate supply of infrastructure	14.4	3	11.4	3
Policy instability	10.6	4	8.2	5
Inflation	10.4	5	5.7	6
Restrictive labour regulations	9.4	6	10.9	4
Poor work ethic in the national labour force	9	7	3.9	9
Inadequately educated workforce	3.6	8	1.9	10
Tax regulations	3.2	9	5.4	8
Poor public health	3	10	0.8	13
Tax rates	2.8	11	5.5	7
Foreign currency regulations	2.2	12	0.9	12
Corruption	1.8	13	1.1	11
Government instability/coups	1.2	14	0.5	14
Crime and theft	0.6	15	0.1	15

The top three problematic factors for both Kerry and total Irish respondents were reported as (1) Access to financing; (2) Inefficient government bureaucracy; and (3) Inadequate supply of infrastructure. The next three most significant factors identified as hindering business by Kerry respondents were Policy instability; Inflation; and Restrictive labour regulations and while these were also in the next three most problematic features for both categories of respondents, the rankings differed. These six factors were identified by 95% of Kerry respondents as problematic while the relative figure for Ireland was 80%.

Further consideration of the features of the microeconomic business environment in Kerry can be gleaned from the surveys. In Porter, Delgado, Ketels and Stern (2009) weightings are estimated from regression analysis and revealed that for high income countries, such as Ireland, measures of the Microeconomic Business Environment have a weighting of 48%. The dependent variable is (log) GDP per capita (in purchasing power parities) so this means almost half of the variation in living standards (GDP/capita) is explained by changes in the microeconomic business environment. The remaining weightings are 36% for measures of Social infrastructure and political institutions (SIPI) and 16% for measures of macroeconomic policy.

It was possible to separate survey responses into those from Kerry respondents and others. Access to all data from Kerry respondents was available since the author had direct access to these surveys. At the author's request access was granted to the aggregate (Irish) data from the World Economic Forum and it was possible to differentiate average responses (and standard deviations) for Rest of Ireland and Kerry. Since the data were anonymized, the type, size and ownership of the respondent businesses were not available. The responses were used to provide measures of the Microeconomic Business Environment following Porter et al (2008) for Kerry relative to the Rest of Ireland.

In Table 8 the relevant measures for Rest of Ireland and Kerry are provided i.e. Ireland responses minus Kerry responses. The measures are based on survey responses to the *EOS* where a Likert scale from 1-7 was used (1 being worst and 7 being best scores in each case). Table 8 includes *only* those measures of the Microeconomic Business Environment where survey responses were used. In assessing the national Microeconomic Business Environment several measures of hard data are also included, such as utility patents per million population (as a measure of innovation infrastructure) and tariff rates (an element of strategy and rivalry). Such measures are not available for a region and, in the case of the latter would not be expected to differentially impact on a regional rather than national context.

The Table includes in the final column the measures difference between the Rest of Ireland responses and those from Kerry respondents.

Table 8: Microeconomic Business Environment, Kerry and Ireland.

COMPANY OPERATIONS AND STRATEGY	Kerry	Ireland	Difference
Strategy and Operational Effectiveness			
Firm-level technology absorption	5.4	5.6	0.1
Company spending on R&D	4.2	4.2	0.0
Nature of competitive advantage,	5.3	5.6	0.3
Value chain breadth	4.8	5.5	0.7
Firm-level technology absorption	5.4	5.6	0.1
Production process sophistication	5.3	5.1	0.2
Extent of marketing	5.3	5.7	0.4
Degree of customer orientation	5.3	5.5	0.2
Organizational Practices			
Extent of staff training	4.9	7.0	**2.1**
Willingness to delegate authority	4.6	4.6	0.0
Pay and productivity	3.9	3.7	0.2
Reliance on professional management	5.8	5.3	0.5
Internationalization of firms			
Capacity for innovation	3.8	3.6	0.2
Control of international distribution	4.2	4.5	0.3
Extent of market dominance	4.8	4.8	0.0
Value chain breadth	4.8	5.5	0.7
FACTOR INPUT CONDITIONS ('DIAMOND')			
Logistical infrastructure			
Quality of roads	3.9	4.4	0.4
Quality of port infrastructure	4.4	5.1	0.7
Quality of air transport infrastructure	5.2	5.3	0.1
Quality of electricity supply	6.0	6.1	0.0
Quality of overall infrastructure	4.1	4.6	0.5
Communications Infrastructure			
Internet access in schools	4.3	5.2	**0.8**
Administrative Infrastructure			
Burden of customs procedures	5.1	5.6	0.5
Burden of government regulation	3.1	2.2	**1.0**
Capital Market Infrastructure			
Financial Market Sophistication	5.0	5.0	0.0
Regulation of securities exchanges	4.5	3.8	0.7
Soundness of banks	4.1	1.9	**2.1**
Ease of access to loans	3.0	1.7	**1.3**
Venture capital availability	3.2	2.0	**1.2**
Financing through local equity market	3.4	2.4	**1.0**
Innovation Infrastructure			
Quality of scientific research institutions	5.3	5.3	0.0
University-industry collaboration in R&D	5.0	5.3	0.4

Table 8 continued.

Quality of the educational system	5.6	5.3	0.2
Quality of math and science education	4.9	7.0	**2.1**
Quality of management schools	5.3	5.2	0.1
Availability of scientists and engineers	5.3	5.5	0.2
Brain drain	5.1	5.5	0.4
DEMAND CONDITIONS ('DIAMOND')			
Government procurement of advanced tech.products	3.7	7.0	**3.3**
Laws relating to ICT	5.0	5.1	0.1
Buyer sophistication	4.4	4.4	0.0
SUPPORTING & RELATED INDUSTRIES ('DIAMOND')			
Availability of latest technologies	5.7	6.0	0.3
Local supplier quantity	5.1	5.0	0.1
Local supplier quality	5.5	5.7	0.2
Availability of research and training services	4.9	5.0	0.1
State of cluster development	4.3	4.5	0.1
CONTEXT FOR STRATEGY & RIVALRY ('DIAMOND')			
Cooperation in labour-employer relations	5.1	5.3	0.3
Pay and productivity	3.9	3.7	0.2
FDI and technology transfer	6.3	6.3	0.0
Extent and effect of taxation	4.2	4.0	0.2
Intellectual property protection	5.6	5.7	0.1
Strength of auditing and reporting standards	5.3	4.5	**0.9**
Prevalence of trade barriers	5.7	5.8	0.1
Prevalence of foreign ownership	6.2	6.0	0.1
Business impact of rules on FDI	6.6	6.6	0.1
Intensity of local competition	5.2	5.2	0.0
Extent of market dominance	4.8	4.8	0.0
Efficacy of corporate boards	4.9	4.3	0.6
Hiring and firing practice	3.8	4.0	0.2
Prevalence of trade barriers	5.7	5.8	0.1

Source: World Economic Forum, Global Competitiveness Project. The author gratefully acknowledges the data provided by the World Economic Forum Global Competitiveness Project.

The picture emerging from Table 8 is one of little by way of significant difference between the average response from Ireland and Kerry. Statistical tests (T-tests and F-test) were carried out to assess the statistical significance of these differences and there was no statistically significant difference identified. Some individual t-tests indicated statistically significantly different responses in, for example, Extent of staff training, Soundness of banks, Ease of access to loans, Quality of math and science education and government

procurement of advanced technological products. This confounded the author's priors where it was expected that the Kerry business environment would be found to be less conducive to and supportive of business, linked to assumptions about the lack of IDA presence in Kerry in recent times.

2.3 Analysis of Interviews

In total eleven interviews were conducted with members of the organisations outlined in the *Short Histories* above.

In the context of the concepts and ideas of the key thinkers provided in Essay Two, and the headings included in Table 8 above, the interviews generated responses that are organised below under the following headings:

1. Strategy and Operational Effectiveness;
2. Organizational Practices;

and

3. Internationalization of Firms.

While these headings are taken from Porter's proposed New Global Competitiveness Index (2008-9) links to concepts arising in Penrose ([1959] 1995) and Drucker (*e.g.* 1966) were made that indicate the appropriateness of these concepts when thinking about the sources of competitiveness within a location and arising from within firms from their internal strategy, activities and business practices.

In structuring the interviews sets of questions were developed to probe activities and processes that the businesses engaged in. A number of prompts in the form of questions are outlined in Table 9.

The sections that follow outline the responses to the questions in terms of the main themes. In the limited time available with interviewees it was not possible to cover the full scope of all questions with each one individually.

Table 9: Organizing Themes and Questions for Interviews

• **STRATEGY AND OPERATIONAL EFFECTIVENESS**
Nature of competitive advantage – Underutilised resources What trade-offs have been selected for the business strategy? How have the businesses identified or used under-utilized resources? What systems are in place to minimise costs?
Degree of customer orientation What steps are taken to stay ahead of competitors by satisfying customers? Is analysis conducted on whether any other products can be produced for existing customers? Are processes in place to get feedback from existing customers?
Value chain breadth Can existing inputs be used to deliver new lines of goods? What are the mechanisms that are used to determine the life-cycle of existing products and what are the steps taken to develop new products?
Capacity for innovation What products or services can be developed using existing resources? Can there be efforts made to develop an enterprising/ more enterprising management team? What evidence is there of R&D activity and its impact?
Production Process Sophistication To what extent were those productive opportunities identified addressed through upgraded production processes? Are the current generations of production processes available?
Extent of Marketing/Degree of Market Orientation What is the nature of the marketing conducted? What steps are taken to identify the customers' reactions to the products being produced? Who decides on the reaction to feedback received and what mechanisms are used to decide on what the reaction should be?
• **ORGANIZATIONAL PRACTICES:**
Extent of Training How are the training needs of staff identified? How are identified training/skills gaps addressed?
Willingness to delegate authority Has authority been disseminated or does centralised decision making feature?
Reliance on professional management How are management requirements identified and addressed?
Clarity about who has decision-making authority How pervasive is delegated authority? Are decisions taken by those closest to the relevant information?
• **INTERNATIONALIZATION OF BUSINESS**
Breadth of international markets To what extent are markets considered and treated as local or global?
Extent of regional sales Where is demand located? How is demand identified?
Control of international distribution To what extent does the organization control its distribution channels?

The responses by interviewees to questions posed are provided in transcripts in Appendix 3. These responses have been summarised with the most salient points organised under the headings below.

Strategy and Operational Effectiveness

Strategy and trade-offs

In the development of strategy tradeoffs are a necessity. Firms cannot cover every eventuality. It is necessary to make decisions which are judgements on options and this is the function of effective executives. In a company that is growing strategy often emerges and develops. In the case of Pretty Polly the reliance on a single product proved costly and eventually contributed to causing the closure of the firm. NKMP's strategy to rely on an expanding milk market caused problems in 1989 and they changed their strategy changed to look at diverting into other products. The appropriate strategy emerged in the case of FEXCO when it became apparent that there were opportunities that were not being catered for in the Tourist business and that underutilised resources existed to cater for this productive opportunity.

In small business particularly the effectiveness of strategy is quickly felt. In one enterprise inerviewed stock was ordered and purchased up to six months in advance. When this stock was put on sale there is a very quick reaction from the customers and at that stage the judgement of the executive is put to the test.

Adding an additional line of service to existing products or services is less risky and judgement is easier to determine by sampling existing customers' attitudes. This is evident in the strategy adopted by Liebherr Container Cranes with their introduction of additional equipment in Belfast on a trial basis. In FEXCO the provision of an additional service was prompted by the retail section in the form of a retailer who was also a shareholder in FEXCO.

The protection from being the leader in the market place is one strategy that can work as long as the leadership is maintained but globalisation has put this strategy to the test and has ended this for a number of industries, including Pretty Polly, in the Kerry region.[27]

The means used by the various firms to avoid imitation included using dependability in their reputation and in the case of Liebherr, their own staff not only erected cranes on customers' sites but also commissioned the cranes ensuring they were fit for purpose and in requisite order. In the case of FEXCO the competitor edge of the relationship with Western Union was addressed by it becoming a shareholder in FEXCO so that a 'complementor' relationship was developed rather than a competitive one.

Identification and Use of Underutilised Resources

The identification of underutilised resources is based on the knowledge that is within a firm and on the attitude of members to resources. The more knowledge that is within a firm the better chance of recognising the products or services that existing resources can be leveraged further to produce. The greater the amount of debate and exchange of views between the executives within a firm, the greater the opportunity to develop additional new services and products that existing resources can also produce. This was recognised by NKMP early on in their growth when they brought in systems to improve the farming techniques for their suppliers and the output of land and the stock. FEXCO too recognised the contacts that they had built up in the Bureaux de Change as an underutilised resource and used it to launch the VAT recoupment line of their business. By recognizing the potential return from ICT, they allied this to the use of an IT system that was purchased to streamline the Prize Bond system.

Minimising Costs

Efforts to increase volumes and cater for these volumes with existing resources are evident in the use of IT in some firms including FEXCO and Kerry Group. Relentless efforts to feed information from acquisitions' cash-flow, margins etc. to the Kerry Group on a real-time basis have been effective for the Kerry Group in their application of a

[27] As reported in *Irish Examiner*, August 17,2012 other examples include Burlington a large material factory located in Tralee which closed in the 1990's, Textura a textile firm in Killorglin and Wenzel a leather garment factory in Killorglin. Imperial Stag and Radlink (formerly Stelrad), in Listowel; Wilson Sports Socks, Caherciveen; Radiac and Aetna, Castleisland; and Amman, Goblin and Swisswire, in Tralee.

'Kerry' way of doing business which focussed on efficiency and managing not only costs but cash-flow.

More recently the recession has forced firms to look further at costs and reduce costs to maintain margins and employment. One firm reduced overheads in accountancy services, while others leveraged IT as a means to drive value by reducing the transaction requirements in terms of transactions processing systems.

In the case of the failed Pretty Polly, investment in robotics was seen as the way to retain competitiveness by cutting the numbers employed. Firms looked at the reduction of the number of activities involved in the production processes as a possible way of increasing their competitiveness. The streamlining of the operations by centralising processes rather having the process carried out in a number of locations had to involve trade-offs that were difficult to get accepted.

Meeting Customer Needs

In the firms interviewed none revealed that they used customer surveys to generate feedback – at least directly or explicitly. For example, the closeness of NKMP to their suppliers/shareholders/customers was a constant conduit for information to executives of the firm. The development of the feed mill in Farranfore and the use of greyhound racing as a promotional tool strengthened the communication between NKMP and its customers/shareholders/suppliers (often a role that was played by a single individual). This was quite a unique situation and was used effectively in the development of the firm. The question may now be posed has this uniqueness lost its usefulness and is the focus of Kerry Group on its international development rather than in the promotion of an entrepreneurial platform that will provide sustainable employment in the region. The investment by Liebherr Container Cranes has been constant both in processes and in physical assets in the Killarney region and this is a response to global competition in the market place mainly from producers in Japan and China.

Customer Satisfaction Development

The customer decides what is value rather than the producer. This is apparent in the retail sector by the reaction of the customer to what is being offered. The development of a new service or new products can involve substantial business expenditure and may not lead to increased customer satisfaction. While this can be avoided by market research, small

firms do not have the resources to carry out such research. Speaking to firms such as Killarney Plastics, a resident of Tralee Technology Park, who have been affected badly by the recession they have found the internet a valuable tool to seek out new markets abroad and also enables them to get instant feedback and reaction from their customers to products.

Delivering New Lines

Identifying new services and products is the job of the effective executive who must increase their knowledge and identify the products and services that existing resources can produce. There is evidence of this to date in some of the firms that have been part of the research for this Portfolio. The recognition of the capacity of technology to process repetitive operations to yield efficiencies and carry out operations that are otherwise not viable, have permitted provision of new services and products. The recognition of opportunities to avail of such resources within the region must be encouraged. To date the benefits of IT has been recognised by a number of firms in the area and utilised to reduce costs and turn large volumes of small transactions into viable business. Further efforts along these lines are the types of mechanism required to create further sustainable employment.

Product Lifecycle Analysis

There is evidence that no product lifecycle analysis was conducted at Pretty Polly. Efforts to identify changes in demographics, in low-cost production locations and lifestyle were not taken into consideration: this is the function of the executive. If this is to be done by the executives they may need training or need to hire in specialised persons. This is costly and time-consuming for smaller firms and if it is to be done it must be focussed and monitored. Assuming that demand will exist, no matter what is not realistic for most businesses. In small firms executives do a multiplicity of roles and marketing research is carried out by an executive as an extension of his existing role.

FEXCO have been able to anticipate the decline of lines of their business and have simultaneously identified opportunities that can use activities and processes that exist within the firm to develop further new processes to deliver value to current customers or new customers. The mechanism used seems to be networking and the capacity to listen and the belief in the capacity of staff was evident in the conversations with Brian

McCarthy. The ability to hive off activities that have ceased to be cost effective was carried out by NKMP in shifting processing of milk to a central processing plant in Listowel. This was continued in the phasing out of milk delivery by farmers to their nearest creamery and was replaced by bulk collection at the farms. The decision was made - even though it involved the phasing out of custom and practices and social activities - in the interest of the firm. The strong links between management and the supplier/shareholder/customer enabled this change to take place.

Exploiting Existing Resources

The capacity of IT to streamline and monitor processes and deliver new products has changed the face of business. The development of software can make what was a tedious and costly process into a routine activity. The potential of this source of competitiveness is not location based. It is knowledge based and offers potential in peripheral areas such as Kerry.

The development of new products from milk was the first part of the development process by NKMP. They saw the surplus of milk as an opportunity to get into the export market by producing casein from milk. The shortage of casein provided an outlet for surplus milk production and a chain reaction followed from this by identifying what casein was used for and following through the product line.

The use of IT systems to process the VAT recoupment and the processing of prize bonds enabled FEXCO to deal with the processes needed to operate Western Union's products. They used such processes in Britain and Europe and established themselves as efficient and profitable firm. Their connection with Western Union attracted a bid for 25% of their operations. This, in turn, served as a stepping stone into financial services for FEXCO.

Developing Capacity to Identify New Opportunities

The balance between having capacity and having over capacity is a judgement call and the decision makers must work on getting this right. Decisions were made in the NKMP plant in Listowel to add a milk powder drying system at the time that the plant opened. It was both an additional expense at a time when financial resources were scarce but such a commitment was required for success in diversifying into casein from milk. Such financial 'risks' were a feature of Kerry's history and yet they managed to control

operations sufficiently, and secure sufficient funds, to improve their liquidity position time and again over their acquisition history.

Capacity for Innovation

The capacity of a firm to develop additional services from resources being used by a firm is dependent on the capacity of the executives to see how activities can be utilised to provide services that are capable of providing new products or new services.

This was evidenced in the production of images from Stockbyte to the requirements of the American market and became apparent on Kennelly's visit to Los Angeles. The internet was used by Stockbyte as was the capacity to produce images yet the combination of the capacity to produce top-class images and to use e-commerce created a profitable business that was sold to Getty at, with the benefit of hindsight, an opportune time.

Liebherr's development of container cranes fulfilled a need in the explosion of container traffic since its advent in the 1950s. Altobridge linked satellite communications technology and connectivity of remote areas to provide localised broadband systems.

R&D can be a very expensive activity and is slow and time consuming. It can take many different forms. Pretty Polly was the most advanced production unit with cutting edge technology when it opened in Killarney. It did not retain this position because its efforts to introduce robotics resulted in industrial relations problems. Firms can assign dedicated members of staff to the task. One of the firms interviewed had a number of staff engaged exclusively in investigating the viability of the firm's next project and reported that "Much of this work is by its nature slow and it is costly". R&D may occur informally where 'receptive' minds are conscious of new opportunities and a reliance 'on an intuitive quality' to make a judgement on the necessary action to be taken. R&D can be carried out with the co-operation of the customer. Here the customer becomes involved in a partnership style research and development. This was evident with Liebherr's experiment with the rubber-tyre wheeled gantry crane which was put on trial in Belfast.

FEXCO through their research and development in I.T. systems have been able to adapt their capacity to process high volumes of low value activities into viable businesses. This started with their development of the necessary software to process the prize-bonds and the VAT recoupment activity. The capability of developing monitoring systems and the

software to control the monitoring of these systems is becoming an important part of creating sustainable employment in peripheral areas.

The Kerry Group have programmes to attract graduates and people in food technology that are interested in doing PhD's in food science and other related subjects. They are setting up a research facility in Co. Kildare that will be a centre of research for the many facets of their firm.

Enterprising Management

Enterprising management are not risk takers but are the type of management that have research done before decisions are made. Decisions are judgements and there are examples of good decisions and bad decisions. Management in the Kerry Group were looking at growth and saw this growth initially in Ireland and expanded rapidly. When they had expanded in this market to their satisfaction they saw no difficulty in expanding to England and to the USA and still continue to do so internationally. The decision by the Kerry group to get involved in the beef industry was a new departure. Their strategy was to be involved in industries with a high margin. The beef industry did not fit into this category and after a period of time they sold their interest in this industry.

The extent of enterprising management is evident in the capacity of many interviewees to persuade their staff that they can do 'the impossible' such as running successful international businesses from a home-base in Kerry.[28] This went beyond successfully negotiating for transferring the processing of national prize bonds from Dublin to a peripheral location and is evident in targeting international markets that can be served from Kerry.

Examples of enterprising management was evident in support and encouragement provided to individual staff identified as having potential to contribute solutions to business and being supported and trusted to deliver.

[28] This belief is evident in other companies such as Annadale Technologies in Killorglin which was established in 2004 to provide transactions solutions for the remittances industry, including Western Union which used their services to roll out solutions in over 150 countries worldwide.

Production Process Improvement

The constant improvement of production processes is a necessity. This was evident in the development of processes of e-commerce to leverage their existing strength in photography in the sale of outputs by Stockbyte, allowing them to capitalise on linking two technologies. They were successful to the extent that the business rivalled Getty Images and Corbis Images and was ultimately bought out by Getty. Similarly, Altobridge has been successful in linking remote regions with the world at large by the use of satellite connectivity and a communications box that allows mobile connectivity within a remote area.

NKMP expanded their facility in Listowel by introducing driers at a very early stage. Pretty Polly too engaged in run-proofing which prolonged the life of the product and yet its demise could not be stalled without identification of other potential lines of production – more enterprising management. FEXCO purchased a state of the art IT system in conjunction with An Post to computerise the Prize bond system and used this separately to streamline their VAT recoupment process. FEXCO also invested in software and in hardware to cater for multiple small transactions that served to develop a sustainable business. This investment was developed by their own IT department which has continued to grow and develop programmes that they have been able to sell to *First Data* to process payments. It is the tailoring of software development to cater for specific needs that has enabled FEXCO to cater for financially sophisticated products that they have in turn been able to sell to financial institutions. This has been achieved by partnership agreements, e.g. with Western Union, and by stand-alone ventures such as VAT recoupment.

Liebherr also invested consistently in its capacity to produce cranes suitable for a market that was small but they considered would grow. The factory changed its orientation from a production unit where preparing steel by wire brushing and painting by hand were characteristic to one where sandblasting and spray painting prevailed in line with best international practices and the demands of their products. Steel cutting practice also changed considerably form gas-head based to cutting with multiple heads controlled by computers. Larger halls were built to allow larger parts to be handled.

Customer Orientation

The ability to focus on delivering for the customer must be established for a successful business. For start-up firms this is often in the home market. FEXCO initially identified their market as the tourists that visited Co. Kerry. To reach this market they worked through tourist-orientated retail outlets. FEXCO knew that their business model could be copied so they developed processes that were advantageous to the retail outlets and continued to develop systems that caused the least amount of disruption to the operators of the retail outlets. FEXCO appreciated that they had different types of customer including the end-user tourist but also the satisfying retailers' needs was an important element of their ability to succeed. They also used their knowledge and experience from the Bureaux de Change activities to develop a VAT recoupment business that changed the relationship between retailers and customers so that transactions originally between retailers and customers became three-way transactions, with the support of FEXCO, who still benefitted through commission and the ease of transactions facilitated by including the third party. They grew quickly and took over rival companies to maintain their growth.

Breaking into the UK market was a slow process for the Kerry Group. The break-through was helped by complying quickly with a request by a buyer from Marks and Spencers for the production of a new product – dairy spread - at short notice.

Nature of Marketing

Where repeat orders can be secured it represents a good method of marketing since it indicates that the customer is satisfied and expects to be so again. Liebherr have tended to use their crews that unload, erect and commission their cranes as ambassadors for their company. The relevant timescale for unloading from a ship, then erecting and commissioning a crane takes up to six weeks. Liebherr has found that they have obtained a substantial amount of repeat business as a result of their commissioning cranes. This happened in Durban where the erection and commissioning of three cranes resulted in an order for twenty-four further cranes. Many of their cranes are in place and working for over thirty years and they have retained contact with the owners of these cranes who have provided valuable contacts for them worldwide. This proves a very useful method of assessing the market and the changing requirements of their customers.

FEXCO worked with Western Union in Ireland and because of the reaction to their systems they obtained a super agency for the UK and the Nordic countries. FEXCO appears to manage to attach itself to an institution and markets its product to that institution and then establishes a further product that the company requires. FEXCO designs such a product and reaches an agreement for the use of the product. Their legal department secures agreements that protect their interest, as happened with Sofort Bank for example.

Marketing practices varied from very personal campaigns to very sophisticated mechanisms across the sample of companies. The smaller the firm the fewer resources are available for marketing and the pressure for effectiveness becomes more acute. For example, Jerry Kennelly spent two years researching the effectiveness of various types of advertising in his efforts to set up a new marketing firm, Tweak. Liebherr have proved the effectiveness of existing customers and building relationships with these clients. They have the advantage of being able to display their name on their products. MacBees have a very well trained staff of sales people who are trained in what is suitable for the special occasion for the purchaser. Marketing is done through fashion shows, word of mouth and their website.

Altobridge targets the needs of remote communities with the necessary resources to afford their service. They identify appropriate channels by dealing with sovereign states that are willing to make investments in such communities or firms that have a vested interest in an area. Research and recognition by world class organisation brings identification to customers of their capacity to provide a unique service.

Customer Reaction

The clearest reaction or signal from the customer is when sales figures for the product decline – which may be too late for an appropriate business reaction. This happened in the case of Pretty Polly and was due to demographics, climate change and fashion changes. The management did not know how to react to this development. When the signs are not clear-cut the message may get misunderstood. The signals must be brought to the attention of senior management and they must quickly seek to identify the problem and seek to rectify it.

Liebherr stopped the production of Tower Cranes when they saw the opportunities of the Container Crane industry. Kennelly sold Stockbyte when he anticipated a fall in value of the image business due to the increase in sophistication of digital cameras. Clearly, the reaction of every customer cannot be catered for. Strategy must be used in practice to support necessary decisions on what the firm wishes to produce but must be conscious of the customer that they wish to serve and the requirements of that customer. Kerry Group decided to spend considerable resources in Co. Kildare on researching what their customers want and how they can satisfy these demands in a sustainable business. Even Kerry does not always get it right, however: NKMP purchased Dennys in Tralee because of pressure from their customers/shareholders/suppliers and eventually had to close it. This indicates that reaction to customers is important and must be assessed consistently by the appropriate level of management and effective steps taken where necessary.

Organizational Practices

Training Needs

Training is a constant requirement in today's business environment. The decision on training must be decided at senior management level but must be focussed to yield results. The interviews revealed how training requirements were diverse over the years. Initially the difficulty experienced by firms was to change the culture of the workforce from their custom and practices that were acceptable in an agriculture-based economy to an industrial way of operating a business. It is not clear that there was a conscious effort made to develop the workforce's ability to deal with this change in some of the enterprises that were looked at. This change caused industrial relation problems in two of the firms that were set up in the 1960's. Mechanisation demanded training for staff who were not used to the repetitive work that was part of the industrial culture. The improvement of systems was seen as a threat to jobs in some factory outlets rather than a means to stay competitive.

The building up of skill and knowledge takes time and Liebherr's capacity and know-how resulted in an enterprise that has remained competitive. Cutting-edge technology was constantly introduced in the fabrication methods and staff accepted that this was the way to retain competitiveness. The firms that grew gradually such as FEXCO had a training system that appeared to be geared towards learning on-the-job. The job was an

opportunity for people to earn a living in a location where they wanted to live and part of any trade-off was to learn to become competent in an IT skill and to be able to use this in the various activities that the firm required. Staff needed to be skilled and deliver a high level of service "constantly because it is essential that staff are skilled in their treatment of our customers" according to one respondent.

In the present climate there is a tendency to seek skills needed outside the firm rather than seeking to develop these skills in-house but this 'quick' mechanism can lead to difficulties. New staff need time to get used to systems within a firm and have to learn how the firm operates. Kerry Group are noted for imposing their systems in firms that they take over and using what they identify as underutilised resources to fulfil needs. This is a training in itself and can be a pressure and support mechanism that can develop the individual over a short space of time. The Kerry Group have programmes to attract graduates and people in food technology that are interested in doing PhD's in food science and other related subjects. They are setting up a research facility in Co. Kildare that will be a centre of research for the many facets of their firm

Delegation

This extent of delegation varied across the firms interviewed. For example the need to delegate was an accepted mechanism within the workplace in Liebherr while there was very little evidence of delegation in Stockbyte. The systems in Altobridge demanded delegation. In FEXCO the organisation grew to such a size that there had to be delegation.

The Pretty Polly enterprise was a unit that was designed and developed by the parent company in Great Britain. All the marketing and sales were controlled from Great Britain and only in the later years were decisions delegated to the Killarney operation. This contributed to the poor industrial relations that plagued the outlet. Liebherr Container Cranes started in a similar situation as Pretty Polly but it developed a strong management that enabled it to establish its own identity and prove its ability to establish a sustainable competitive business in Killarney. Delegation became an accepted mechanism within the workplace in Liebherr.

Not surprisingly some of the newer firms there is less evidence of delegation. The effect of the owner manager in Stockbyte and other small firms can mitigate against delegation. Delegation was replaced by outsourcing in Stockbyte and Tweak when they identified a

firm in Norway and agreed to work with them. This did not allow for the building up of a pool of skills across a range of activities that could be used in different enterprises. The systems in Altobridge demanded delegation where staff in remote areas were confronted with decisions that had to be made on site.

In FEXCO the organisation grew to such a size that there had to be delegation. The running of sections of the FEXCO organisation has benefited the firm and the individuals greatly – running over 10,000 Western Union outlets around Europe from Kerry demands delegation. Individual expertise can develop and as Brian McCarthy indicated to me when I raised questions about the VAT recoupment process "Talk with Kay Woods, Josephine (Foley) - they know more about VAT recoupment than I do." The expectation of standards and the belief that staff can deliver a high standard of service empowers them to perform to the levels demanded of them.

Reliance on Professional Management

As firms grow the reliance on professional management should grow as processes become increasingly complex as well as complicated. As firms grow the reliance on professional management should grow. The reliance on the founder's role changes and it is sometimes difficult to identify what is the best role for the founder. It does not follow that professional management guarantees success. In several of the firms professional management was present but was missing initially from other firms. Professional management was present in NKMP from the beginning and continues to be so, and to be valued, to this day. Hugh Friel stated that they like to get graduates and train them within the firm and Kerry are known for their graduate programme. Their preference was to develop people within the firm rather than take graduates who have worked elsewhere for some years. He stressed that attitude was very important in any person who joined the firm.

Liebherr has had professional management for many years and has a very disciplined approach to work practices. Stockbyte reported that they often hired in specialists but were sometimes disappointed with the results.

FEXCO has strengthened its board and has taken on professional management in recent years. Altobridge has relied on professional management from the start. McBees is a firm that has been run by the owner-manager and has avoided hiring 'professional' staff but

has provided continuous training to the staff in the processes that are necessary such as customer relations.

Kerry Group has been a professionally managed organisation from its beginning in Listowel. Of all the companies considered here, Kerry Group stands out in terms of its discipline in relation to organisational practices. In line with its expansion activities it has developed training systems throughout its organisation. Graduate programs in Ireland and the UK have provided many of its present senior management. These graduates have joined the firm and have been trained in the 'Kerry way' of doing business. Over 500 food scientists are employed throughout the organisation. Kerry Group have their own IT department. Because of their growth and the sophistication of the firms that they deal with they have to develop systems that enable it to comply with stringent regulations.

Decision Making Process

In the smaller firms such as MacBees the strategy is decided by the owner manager Mary MacBride as are the operational decisions. In Altobridge strategy is decided by the Board of Directors while operational decisions are decided by senior management. In general, site decisions are made by installers who are trained in the process of installing and commissioning equipment. This is very much the same for the Liebherr staff that unload erect and commission cranes on site. There is a strong management team within the factory area with departments run in military style with clear-cut lines of authority to the head of the department. Protocol governs decisions. What is prepared is tested and passed to the next stage.

Internationalization of Business

Extent of International Business

At first glance MacBees as a fashion retailer, appears to be reliant on its local market. Indeed much of its business may be described as such. Yet Killarney is a tourist town with one million visitors per year. While MacBees' acknowledge that their sales must involve sale to foreigners visiting the town, the extent of this is not documented by the firm.

Kerry Group revenue's distribution is divided between Europe 63%, the Americas 28% and Asia Pacific 9%. Stockbyte avoided the European market and concentrated on the Americas. In the new business venture called Tweak Jerry Kennelly has spread his sales

effort into Europe. He has had a recent success in selling some of his products in Germany and Holland. His main thrust is still towards the USA.

Liebherr has a presence across South Africa, Germany, The Ukraine, Canada, Algeria, Poland, Italy, Saudi Arabia, The Philippines, UAE, the UK and the USA. This is reinforced by the presence of clients who have purchased their cranes.

The Kerry Group has developed internationally. They have processing plants in twenty countries and a presence in twenty-four other countries. Their ambition is to expand further. As they see it, Altobridge's main product *demands* that they continue to expand internationally. They are investing in research to increase the capacity of their product and cut its running costs. Their markets at present are in remote areas and the resources to supply their product are not always available.

The spread of FEXCO to Brazil where they recently opened a new base with President Michael O'Higgins and Minister Joe Costello officiating and their spread into New Zealand is a sign of their intentions to develop further internationally. Their links with Western Union and First Data have aided this expansion. Both Liebherr and Altobridge quote for business and most of this is across diverse locations, Liebherr where business is substantial and Altobridge where there is the hope and expectation of development. Kennelly with his Tweak operation is seeking to grow internationally and is aware that technology is changing so quickly that he has to be abreast of international trends and demands - his value proposition is on growing internationally in conjunction with a large firm that sees value in his product.

Control of International Distribution

This varies across the businesses in this sample. With Altobridge and Liebherr the control rests within the firm because the product is produced and installed by the firm. FEXCO both controls some of its products but also enters into partnerships with the users of their products, as they have done recently with Sofort Bank.

Kerry Group maintains control over the international distribution of their products through an ongoing process of acquisition of firms and introducing the 'Kerry way' of doing business. This is a consistent cycle for the Kerry Group with resources being deployed in Asia and Africa in these developing markets. Pretty Polly's concentration on

the UK market was one element underlying why it did not develop a broader international sales operation.

3. Discussion and Conclusions

The picture painted of the business landscape in Kerry indicates a region coping with a difficult period by reducing its industrial units from 174 to 140 in the three years to 2010 representing a decline of just under20% relative to the figure of 174. A similar decline (21%) is observed in numbers employed. Wages and salaries fell in nominal terms by 15% and gross output was maintained while net output increased in 2009 to decline marginally (relative to the 2008 performance) in 2010. This three-year 'snapshot' tells little about the long-term capacity of Kerry.

The employment distribution indicates dispersion across a broad range of intermediate occupational groups with over 48% employed in administration and services, health and education. The proportion engaged in the sectors with which Kerry is often associated, i.e. tourism, which could include elementary administration and service occupations (7.1%) and Leisure, travel and related personal service occupations (2.5%) amount to a modest 9.6% of employees. Across the main urban centres of Tralee, Killarney, Listowel, Castleisland, Kenmare, Killorglin, and Dingle the percentage of labour employed in the Accommodation and food services industrial group is, unsurprisingly, higher at 15%. Across these locations only wholesale and retail trades exhibits a higher concentration of employment at 17%.

State agencies have exhibited varying levels of intervention in Kerry businesses with IDA demonstrating relatively low expenditure shares in Kerry relative to their total funding. The support of Enterprise Ireland varied as a share of its total expenditure between 1.4% in 2010 and 3.3% in 2009 which would be closer to Kerry's population and workforce shares, as indicated in Table 1.

As a location from which to conduct business the survey responses provide an indication of Kerry's status relative to the Republic of Ireland. From a list of fifteen aspects, respondents identified the main problematic factors for doing business as (1) Access to financing; (2) Inefficient government bureaucracy; (3) Inadequate supply of infrastructure: (4) Policy instability; (5) Inflation; and (6) Restrictive labour regulations. The rankings of Kerry respondents did not differ substantially from those of other Irish

respondents. Of the six factors all but one may be characterised as relating to short-term concerns. An inadequate supply of infrastructure takes the medium to long term to address and as a problematic factor for doing business may take substantial investment to be addressed. Relative to respondents across the economy, however, those in Kerry are no more or no less concerned with this barrier to business as it ranks as the third most significant barrier to business for 14% of the Kerry respondents and 11% of the Irish respondents. Inefficient government bureaucracy and restrictive labour regulations require recognition by the government of those problems and the will and action to change them. Thus, in themselves it is difficult to categorise these factors strictly in terms of long/short term as they can *potentially* be improved or changed relatively quickly by changing mind-sets and attitudes as to how resources should be used and how services from those resources should be derived. The survey results indicate that the same barriers to growing business exist in Kerry as elsewhere in Ireland.

To secure economic development Kerry needs means of generating employment and economic activity so that irrespective of any businesses that may be attracted to open plants or base activities in Kerry the county can manage to generate and sustain employment by hosting a vibrant business community. While this can be achieved by a mix of foreign owned and locally owned businesses, and both types were approached in the interview stage, it will be interesting to see what impact the IDA's Strategy 'Horizon 2020' might have on IDA's expenditure in Kerry. The IDA has a stated commitment that by 2014, 50% of all Foreign Direct Investment (FDI) will be located outside of Dublin and Cork. Kerry may benefit from greater distribution of IDA expenditure but competition for greater dispersion is likely to be high and international companies have not demonstrated any great appetite to locate and grow businesses.

The views of respondents on their microeconomic business environment reveal some divergence of as to how businesses ranked their local environment in terms of its productivity supporting influences and impact in Kerry and elsewhere in Ireland. The extent of divergence was not found to be statistically significant. While Kerry has less by way of IDA-supported firms than elsewhere in Ireland its business environment is not demonstrably different in terms of how it supports or hinders business to deliver their products and services to the market.

What the measures of the various elements in the microeconomic business environment point towards (Table 8) are those potential policy areas that need to be addressed to improve and enhance the environment further. These can be indicated by observing the lowest scoring elements and those where Kerry scored substantially lower than the other respondents. The lowest scoring elements revealed from the survey by Kerry respondents included: Pay and productivity (i.e. the extent to which pay is productivity related), Quality of Roads, Burden of government regulation, Ease of access to loans[29], and Government procurement of advanced technological products. In addition, those aspects where the greatest difference was observed between the Kerry and other respondents and where Kerry scored lower included Extent of staff training, Internet access in schools, and Quality of math and science education. While some of these aspects require addressing at national level, or require resourcing from the exchequer, others can and should be acted upon locally in Kerry.

The necessity to have 'advanced facilities' in the form of advanced factory space was once fashionable in Ireland, but this diverted resources into assets and attracted tax breaks that were not focussed directly on job creation. Having worked through readings of Penrose and others and the analyses above, it appears to me that the process of job creation and its role in developing a location as an entrepreneurial platform for Kerry must be focussed on advanced resources. This means improving the capacity to spot opportunities and exploit them and on creating the environment that is supportive of entrepreneurship. The vision to create capacity must come from business, business executives, the drivers of development associations and the institutions of learning. Each of these can play a role in addressing the aspects of the business environment that require attention, or having them addressed by the appropriate body at national level.

The business landscape in Kerry is characterized more by small and medium sized firms and the market in the region is small and limited so to generate sales, firms will have to direct attention towards trading out of the region and, where larger markets are needed for an income flow, towards exports. Identifying what can be produced in Kerry and exported abroad using resources that are available in Kerry or that are available to people

[29] For all of the Capital Market Infrastructure aspects Kerry scored higher (or equal) to the responses from the rest of Ireland. It was in this element of Factor Input Conditions that the greatest differences were observed in the scores from Kerry and the rest of Ireland.

who want to operate businesses located in Kerry is revealed by considering firms such as those which were interviewed for this essay.

The logic outlined in the readings included in this Portfolio indicates that the prospects of developing an entrepreneurial platform will come from the abilities of firms to innovate and identify and utilise underutilised sustainable resources within the opportunities available and given the microeconomic business environment that pertains. The various aspects of Company Operations and Strategies discussed at interview were used to probe how businesses' strategies and activities could be related to concepts from Penrose and Drucker i.e. bringing together the notions of growth, effectiveness and the business environment to consider ultimately how businesses dealt with and overcame their challenges to bring their outputs to their customers.

A central hypothesis of interest here in the examination of Kerry's potential as an entrepreneurial platform arises in Penrose (1959) where she contends that the growth of a firm is dependent on the underutilised resources that are within the firm and its control. These resources are the means of providing the services that a firm can deliver. In a similar vein Drucker (1966) argues that only effectiveness turns resources into results. Irrespective of how good and progressive ideas are, they do not become productive without effectiveness. The knowledge worker is key to this transformation of resources into productive outputs - if s/he is effective. Time and again the concepts of identification and employment of underutilised resources to generate services for which customers were willing to pay were revealed by interviewees. Where unique value propositions were created and maintained, businesses survived. Knowing when to harvest old lines was part and parcel of business development as well as innovation to do better in efficiency terms or to enter into new lines of profitable business where productive opportunities were identified.

In working through the survey and interview data I found that the 'effectiveness' that Drucker (1966) discusses is a means to operationalize what Penrose (1959) refers to as a growing firm that increases its potential to maintain a stream of business lines by anticipating opportunities for growth and also recognizing where decline for current lines is likely. The specifics of how growth was achieved by firms interviewed were very different and yet effectiveness across a range of operations contributed to their outcomes of delivering value to their various customers. Organisations' strategic orientations played

a role also in the sense that it left the businesses open to exploiting opportunities that were identified by them before competitors identified them e.g. FEXCO or in co-operation in R&D with customers e.g. Liebherr.

The external orientation of the businesses interviewed deserves mention. The attitudes of businesses that perceive their markets as international if not global reveals their scope or horizon of consideration of all matters of relevance to their business - in terms of competition, supply chain, ideas, talent to count but some aspects. Operating a business from a peripheral location once international connectivity is available and exploited appears not only possible but increasingly more popular for those businesses that produce knowledge intensive outputs where transportation costs are not a determining factor for profitability. The ability to leverage technology for profitable opportunities is the main limiting factor for those that prefer the lifestyle that goes with peripherality while exploiting technology and market opportunities. When it comes to recognizing or exploiting opportunities peripherality does not necessarily have any negative meaning at all – as long as business perceptions are not blinkered by the term. As the case of Liebherr reveals, a completely different value proposition is also possible and profitable because of the nature of the product created and the value of services provided for erecting and commissioning their cranes on customers' sites. Att face value, peripherality might have been considered to rule out Kerry as the location for Liebherr and yet its activities, longevity, and international success would indicate otherwise. How to support businesses in having an international if not global outlook for their business would seem to follow as a crucial point in developing an entrepreneurial platform.

The survey analysis and the interviews with senior management of some companies operating in the Kerry region are grounds for optimism regarding an entrepreneurial platform. Evidently, it is possible to generate vibrant companies that can achieve success in international export-oriented markets. The challenge is how to generate more of such activities operating out of Kerry and despite the evident lack of IDA support in the region, it is not obvious that it is such investment that is needed.

Information Technology appears as a common thread for many of the businesses interviewed here in a range of ways: for letting the market know their wares e.g. MacBees' website, as technology supporting the value proposition of the business e.g. Stockbyte and as enabling the development of financial services products for FEXCO.

The local Institute for Technology (ITT) has an IT faculty and many of the firms in the Technology Park in Tralee, including some interviewees, have benefited from their proximity to ITT. The extent to which this can be supported in a cross-cutting way for other businesses in the region would deserve consideration from those supporting further business development, whether agencies, businesses or individuals.

It is to other cross-cutting supports that could be provided that my thinking has turned to as a result of this Essay. Where Kerry people are network-oriented in their dealings with others, it should not be difficult to roll out supports across businesses through formal and informal networks. An additional issue that arises is how attitudes might be developed to support more individuals taking the step in the hope of gain from entrepreneurial activity whether in setting up their own business or in thinking more entrepreneurially (in the Penrose sense) as to how under-utilised resources might yield more productive services.

ESSAY FOUR: APPLYING A CLUSTER LENS TO ECONOMIC DEVELOPMENT

1. Introduction

In this Essay I apply the new portfolio of ideas and concepts drawn from the source thinkers explored in Essay 2 in order to develop my capacity to deal with complex issues and situations in the context of economic development and business growth.

Section Two provides an application of the Cluster concept, introduced by Porter (1990), to the Irish 'horse sector' serving a number of purposes. One overriding concern is to identify concepts useful for thinking about competitiveness in general. This exercise is aimed at improving my capacity to make judgements on the elements that should be taken into consideration when thinking about what enhances competitiveness. By focusing on a sector/location *outside* Kerry and on a sector that has little activity in Kerry it allows for analysis that does not implicate me in the same way as considering Kerry as an 'object' in Kegan's terms rather than 'subject'. I offer contextual information about het aspects of global equine activities to inform discussion of the Irish case.

In Section Three I provide some conclusions in the sense of my findings from applying the ideas from the source thinkers I use to organise my consideration of aspects of competitiveness.

2. Horses and Clusters

Using Porter's cluster concept as the organising framework for the analysis, the business basis of the equine sector in Ireland is considered. The context for considering the sector includes Ireland's position as the most horse-dense country in Europe (Hennessy et al. 2007). The appropriate definition of the equine sector to be used in the analysis, however, is not clear. Considering various analyses of the 'horse industry' the most obvious would be to focus on the thorough-bred industry and the related training industry as essential elements in what can be considered a 'cluster' as defined by Porter (1990, 1998). A

project in which I was involved previously adopted such a definition.[30] However, it may be useful and more suitable to broaden the definition to include the sport horse industry also and this issue is examined in the course of this Section.

2.1 Irish Equine Activities – A Cluster Lens

There are many indicators of the role and impact of the horse and horse-related industries in Ireland. In a report commissioned jointly by the Irish Thoroughbred Breeders' Association, the European Breeders' Fund, and Horse Racing Ireland (Indecon, 2004) the economic contribution of thoroughbred breeding, horseracing and betting industries was estimated at over €2.6bn, attributable respectively to the breeding stallion sector (5%), the breeding broodmare sector (9%), the horseracing sector (5%) (excluding betting) and the vast majority to the betting sector (82%) of which 90% is off-course.[31] The estimated value of bets placed globally in 2009 was $12.5bn which has grown since the major gambling websites appeared in 1995.

Bloodstock production in Ireland in 2006 accounted for approximately 10% of all livestock (representing 4.4% of agricultural output) and Ireland was the third largest thoroughbred producer in the world, accounting for over 42% of EU output, of note given that Ireland has less than 1% of the EU population (Dukes, 2009: this publication is known as the *Dukes Report*). The annual value of horses produced (the majority being thoroughbreds) rose from €129m in 1998 to €256m million in 2006 representing a rise of 98% - the fastest rate of increase across the five categories of livestock measured. In real terms output grew by 30% in the six years to 2006 and in 2011, for example this figure had reduced by 41% to €150m.[32]

The recent international downturn impacted on the equine sector and the thoroughbred horse industry was described as "under threat" (Dukes, 2009: 4) for a number of reasons. These included reductions in funding to Horse Racing Ireland (the administrative body for Irish horseracing), the loss of sponsors and consequently prize money, employment reductions, declining bloodstock sales, declining stallion fees and declining foal

[30] The author gratefully acknowledges that this Essay uses some unpublished analysis of the thoroughbred horse breeding sector in Ireland carried out jointly by the author with Fergus Callinan and Brendan Lenihan as part of a UCC Certificate on Achieving Competitiveness.
[31] Off-course betting refers to more than the horse sector and approximately 65% of Irish off-course betting is on horses.
[32] CSO Output and Income in Agriculture, 2006-2010.

production. While the general decline in the Irish economy explains contraction to an extent, and is not the focus of this essay, the impact on the broadly defined horse cluster and its future performance and development is of relevance here.

There is some evidence to suggest that as a cluster, equine related activities have passed the market test which matters for Porter (2000: 20) who argues that "there should be some seeds of a cluster that have passed a market test before cluster development efforts are justified." For example, in terms of (unweighted) births of thoroughbreds, Ireland was number 1 in Europe (with 12,633) in 2007, followed by Great Britain and France with 5,948 and 5,393 respectively (Liljenstolpe, 2009).[33] Average prize money in Ireland of €32,460 was considerably above that of the next nearest country (France: €21,570) or the European average (€9,444) (Liljenstolpe, 2009). In 2011[34] there was a 53% increase in prize money won abroad (from €8.52m in 2010 to €13m in 2011). Irish trainers' skills as reflected in the World Thoroughbred Rankings showed 6 of the top 10 and 14 of the top 30 two-year-olds in the world in 2011 were Irish–trained and the champion sire[35] in Europe for the eighteen years to 2008 was based in Ireland.

In employment terms Indecon (2004) estimated that there were 5,000 direct and 2,700 indirect jobs associated with horseracing alone while on and off-course betting were considered to provide a further 4,200 jobs including casual and part-time positions.[36] In a broader definition of the sector taken as the Irish bloodstock sector or thoroughbred equine industry the *Dukes Report* identified 22,084 full time equivalent employees in 2008 of which 6,200 were employed in off course betting. The gross value to the economy of the sector was estimated at greater €1.1bn. In the updated *Dukes Report* (2010) employment was estimated to have declined to 17,351[37] (a fall of 21%) and the gross value to €0.9bn (a decline of 23%). Despite this decline, the Irish government, through the Department of Foreign Affairs, stated that Ireland was the third largest

[33] Data are from the International Federation of Horseracing Authorities, 2010.
[34] Data provided by Horse Racing Ireland at http://www.goracing.ie/HRI/Resource-Centre/News-Items/2011-Irish-Racing-Industry-Statistics-Released/ accessed February, 2012.
[35] The male parent.
[36] See Table A1 in the Appendix to this Essay for an overview of the trends in Horse Racing over the last ten years.
[37] The employment breakdown is Betting – 6,034; Breeding – 3,982: Racing and racing support i.e. stable staff etc. – 3,080; Other, including farriers, feed producers, HRI, Transport , Turf Club – 1,846: Racecourse – 935: License trainers 785; jockeys – 570; education – 119.

breeder of thoroughbreds in the world and produced in excess of 40% of the EU output of thoroughbreds and 11% of the total worldwide are produced in Ireland in 2010.[38]

The question of how to define this cluster is of interest since although the cluster term has become widely used in many business, economic development and public policy contexts it has not been applied to the 'horse industry' in Ireland to the best of our knowledge. The application of the Porter definition of cluster has not been carried out for this mix of related organisations and players associated with horses in Ireland.[39] In France, the term 'horse cluster' has been used by the Invest in France Agency[40], for example, and there is also examples of its use in Hungary in relation to horses. In fact, the reports and documents we reviewed to date appear to follow their own definitions of the 'horse industry' based on the interests of the commissioning body.

The question of definition is more than an exercise in semantics since the cluster approach offers a perspective for thinking about the performance and development of equine-related activities that go beyond the interests of any one association or body with focus on the development and performance of their sphere of the sector. Quite often in cluster-related work researchers face data-related problems and it is no different here. The issue relates not only to the lack of data collection or provision corresponding to a cluster approach generally[41] but even in the case of a sector as specific as the 'thoroughbred horse' Collins, Hanlon, More and Duggan (2008) point out that it is not possible to offer a profile in terms of number, location or ownership of thoroughbred horses in Ireland because a substantial amount of data are not available including:

- Exports and imports – data on horses moved for non-breeding or non-racing purposes are not required, movement to the UK for any reason is *not* recorded
- Point-to-point race horses are excluded from the horses in training category of Horse Racing Ireland

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[38] The Embassy of Ireland in France hosted this information (accessed in January 2012) following a meeting (see http://www.dfa.ie/home/index.aspx?id=86986) of Irish and French ministers for agriculture.

[39] While the *Dukes Report* (2009: 25) refers to 'clustering' this is in terms of geographical locations and the regional and rural spread of horse-related activities.

[40] See http://www.invest-in-france.org/Medias/Publications/823/Horse%20Industry_pole_EN.pdf for identification of the Normandy region as part of the Horse Cluster in the agribusiness innovation cluster at accessed April, 2011. The term is also used by the European Horse Network established in 2009 for both the Normandy region and in relation to Hungary for the town of Kecskemé, known as the horse capital of the country. This network's purpose is to promote development of the horse sector across Europe.

[41] as outlined in Doyle and Fanning, 2007.

- Pre-training thoroughbreds – horses two years or over not in training or at stud are not recorded.

Although records are relatively good in the racing sector, subject to the data caveats above there is substantially lower recording of animals within the sports/leisure sector so that few estimates are available especially in the non-pedigree category. This issue has come to the fore in the recent horsemeat scandals where limited traceability has been identified as a problem.

2.2 Stud Farms – National and Global Context

To examine the cluster features of horse-associated activities in Ireland requires consideration of stud-farming-related activities. There are over 50,000 acres used primarily in equine stud farming. The *Irish Field Directory* of 2005 listed over 330 such stallion farms and there were 281 in 2010.[42] Many are small with two stallions or less, but approximately 30% of the stallion population is housed in 25 or fewer stud farms that constitute the high-value end of the breeding business for flat racing purposes.[43] Typically these have at least 4 to 5 stallions. There are two large geographical concentrations of these farms, less than 100 miles apart, in the counties of Kildare and Tipperary/North Cork.

Ireland has a strong presence of stud farms including large foreign-owned operations, indicative of its reputation and success in breeding and training thoroughbreds. Many of the large international players have breeding operations in Kildare including the Aga Khan (Shesoon and Giltown Studs), the Al Maktoum Family[44] (Kildangan, Derrinstown, Old Connell, Blackhall, Ragusa, Ballygoran and Woodpark), Walter Hefner (Moyglare Stud), Tony O'Reilly (Castlemartin Stud Farm), Michael Smurfit (Forenaughts), Prince Kalid Ab Dulla (New Abbey and Ferrans) Gigginstown Stud Farm owned by Michael O'Leary (of Ryanair). Brownstown Stud Farm (operational since 1802) in Kildare is one of the oldest thoroughbred stud farms in the world. The Irish National Stud, owned by the Irish government, is based three miles from Brownstown. Another large concentration of top-tier stud farms occurs in South Tipperary and North Cork, home to the Coolmore

[42] International Breeding Statistics 2008-2010 ISBC Website http://weatherbys.net
[43] Analyses of details taken from Irish Field Directory 2006.
[44] The Maktoum operations are based in Dubai and owned by the United Arab Emirates Vice President, Prime Minister and Ruler of Dubai, His Highness Sheikh Mohammed bin Rashid Al Maktoum.

operation covering Coolmore and Castle Hyde Studs (the biggest bloodstock company in the world) and Ballysheehan Stud owned by the Al Maktoum Family.

Stud farms have distinct roles in the breeding process. For example, the Aga Khan's four Irish Studs: Gilltown, Sallymount, Sheshoon and Brownstown. Gilltown is home to young sires, Sallymount adjoins Gilltown (approximately 1,500 acres for both) and houses mares, post foaling. The other studs are used to raise foals and yearlings. Similarly, the Maktoum operation tends to house stallions in Ballysheehan (Tipperary) on a 500-acre farm and move foals and yearlings to Woodpark in Co. Meath as they progress towards training.

The presence of stud farms and smaller breeding operations are part of the local economy especially in counties Cork, Tipperary, Kildare, Wexford and Meath (based on numbers of registered breeders totaling 10,106 reported in the *Dukes Report*). These same counties are the top five locations for numbers of licensed trainers. The effect that a vibrant stud farm can have on a local economy becomes apparent from the figures that are listed for a service in some of these stables[45] (see Table 10). The table indicates the value of fees obtained from the service by various stallions in 2005.

Table 10: Stud Farms and Service Fees

Stud Farm	County	Fees per Service	Owners
Castlehyde	Cork	€66,500	Magnier
Coolmore	Tipperary	€367,500	Magnier
Derrinstown	Kildare	€91,000	Al Maktoum
Gilltown	Kildare	€112,500	Aga Khan
Kildangan	Kildare	€152,000	Mohammed
Irish National	Kildare	€148,500	Ireland
Rathbarry	Cork	€67,000	Cashman

Source: Based on author's analysis of advertisements of stud fees in the *Irish Field,* various issues.

[45] When the author travelled to Fethard, Co. Tipperary on a visit to Coolmore Stud the standard of road furniture and roads, the quality of housing and the standard of maintenance of the adjoining lands indicated that there existed an economic vibrancy within the surrounding area. The extent to which this was related to a successful stud farm was discussed in visit to Coolmore Stud.

Within the stud-farming business, some farms benefit from the relatively lucrative nature of industry and manage to exploit the unique value of the Irish-domiciled segment of bloodstock market. For this segment reputation matters enormously as well, of course, as performance i.e. quality (and quantity) of progeny.

Table 11 indicates that Ireland, with the exception of New Zealand, has the highest production of foals per stallion. Similarly it has the highest number of services, with the exception of New Zealand per stallion. The performance of progeny of Irish stallions is well established in the top tier of equine performance.

Table 11: Productivity of Irish Stallions

Country	No. of Stallions	No. of Broodmares	Avg Services p.a.	Foals born p.a.	Foals sired per stallion
USA	4200	63,000	15	35,000	8
Australia	1000	30,500	30	18,481	18
Ireland	*390*	*16,938*	*43*	*10,574*	*27*
UK	430	10,000	23	5,000	11
Japan	328	10,922	33	8,241	25
Argentina	392	11,759	30	6,582	16
New Zealand	125	6,750	54	4,750	38
France	240	7,204	30	4,180	17
Brazil	163	4,901	30	3,391	20
South Africa	185	5,564	30	n.a.	13
Canada	115	3,444	30	2570	22

Source: Table amended from International Federation of Horseracing Authorities.

To apprehend the performance and potential of Ireland's equine cluster, its role in and contribution to equine industries and clusters internationally is informative. The rationale and mechanics of how the breeding of thoroughbred horses, for example, as an activity adds economic value as a global economic activity is outlined below.

Within the global thoroughbred sector several business aspects are relevant including breeding, training and racing, through intermediate markets such as animal auctions and sales and onwards to the critical consumer demand of sports and entertainment, gambling, broadcasting and tourism.

For our purposes there are two central and inter-linked sets of activities of note – horse breeding and horse training/racing. A good pedigree is worthless in economic value terms unless it is supported by, literally, a track record – i.e. victory at the top tier (known as Group 1) races. Successful animals become the breeding stock for future winners. While successful owners make a healthy profit from racing prize money, the main value of a good horse (both stallions and mares) comes from its breeding potential to produce the next generation of horses.

Equine gestation is approximately 340 days (11 months). Mares are mostly served between February and April to ensure that the resulting foals are born after, but close to, their official January 1 birth date for racing classification. Regardless of when in the year they are born, all horses share the same 'birthday'. Thus a foal born in April becomes a yearling (one-year-old) the following 1 January. (Horses born in the Southern hemisphere have official birthdates that take account of the different racing season). The difference in seasons between the hemispheres has led to the emergence of the "shuttle stallions" that travel to another hemisphere to participate in a second breeding season (approximately 19 stallions made this trip in 2007 typically from Europe to Australia).

As with agricultural science and development generally, innovation has impacted on the horse industry and two innovations, in particular, have greatly influenced the fertility of stallions. The first involves advances in veterinary science which enables breeders to monitor and control ovulation, conception and early pregnancy in the brood mare. The second arises from technological advances in long-range air transportation of horses enabling a stallion to work two covering seasons in each calendar year.

Horses destined for racing careers begin training at two years. Many two-year-olds race though thoroughbreds are usually in their prime between the ages of three and five, and horses up to ten years have competed successfully. Some races are for horses of one sex only, but most races are open to entries of either sex. Flat races are contests of speed over distances ranging from 440 yards (402 m) to 1 5/8 miles (2.6 km) and the lack of fences favours pure strength and speed. The sport is called flat racing to differentiate it from the steeplechase, which involves jumping over fences and where equine athleticism needs to be accompanied in equal measure by character traits such as courage, determination and perseverance to overcome the hurdles. Breeding is less important in steeplechase or

'National Hunt' and ownership can sometimes be for purely sporting or non-economic reasons.

The major European Flat racing countries are England, Ireland, France, Germany and Italy. Flat racing follows a highly defined calendar of top-class races ('the Pattern') that is structured to ensure that there is no clash of top races. Since it was introduced in 1971, the Pattern has improved racing by providing good tests for horses at the right stage of their development and it also guarantees top-class international racing throughout the season. Pattern races are graded into three groups: Group One (Classics and other races of major international importance), Group Two (less important international races) and Group Three (primarily domestic races). Linked to the Pattern are listed races, which are a level below Group Three. The Pattern is altered from season to season to allow races to be up or down-graded where deemed appropriate.

Modern improvements in equine travel and lucrative prize money means more owners and trainers are opting to send their horses to international events and these Group 1 events are provided for in the racing calendar.

The overall impact of the Pattern has been to create a limited class of horses who are transparently and measurably 'winners'. Consequently, a champion horse's time on the track - and in the consciousness of fans - is extremely limited. The risks of injury and the stud fees available to owners make long (*i.e.* greater than 3 years) racing careers for a champion quite rare.

There are two main sources of earnings for owners of thoroughbred horses – prize money at the track and fees paid by mare owners who subsequently patronize the horse at stud. International Racing Federation data would suggest that the cost of keep for the population of horses who run in races is approximately 20%-30% of prize money in the countries (such as Britain and France) with a strong racing culture.

Individual owners are less concerned with the overall relationship of costs of up- keep to prize-money and more focused on individual horse profitability. This clearly is a more precarious business and prone to great amounts of variability.[46] The strongest driver of

[46] The top winning horse in Ireland won €854,000 in prize money in 2004, which over a 3-4 year career could yield a tidy profit, even before stud fees (€737,500 in 2011. *Source:* Thoroughbred Horse Industry.)

the lifetime profitability of a horse is its ability to command stud fees based on its own racing career and the performance of its progeny in the top tier of races.[47,48]

In breeding, there is a 35% - 50% live foal success rate. Breeders in both hemispheres have expressed reservations at the numbers some stallions are covering, but in an unregulated market it is open to all. Large numbers of mares can work both ways: if a stallion's first runners perform well, the benefit is obvious. If not, then the financial outlook for owners can be very poor.

Thoroughbred breeding involves the application of significant amounts of specialised technical skill. When considering which horse to buy and/or mate, the main consideration is the pedigree. This relates to identification or classification of the sire, his racing record, and over what distance. Any other sires (the 2nd sire) and their performance are also considered as are issues such as the percentage of progeny that came through as starters, winners and Pattern race winners. The type of horse the sire produces - turf or dirt specialists, sprint or distance - precociousness of his foals, and the extent to which he produces better 2-year-old runners or later developers are all relevant characteristics. The age of the sire is also taken into account as some believe a horse's ability to pass on desirable traits diminishes as he gets older. The same applies to the mare and her line generating the further question (and associated questions) - which lineage is she from?

A strong background of past winners in top races drives up the price of a young foal or a yearling at auction as it is a direct guide to the potential success of the horse. Another good guide is the racing success of any full brothers/sisters (same sire and mare) or half-brothers/sisters (same sire or mare). Some families of thoroughbreds are known primarily as sprinters or as distance runners; primarily as horses who prefer to race on dirt tracks, or primarily as horses who prefer turf tracks, such as those found in Europe. Buyers of sprinters (horses who will race shorter distances - up to a mile) generally select a more muscular horse; those interested in training for the 'classic' distances of over a mile generally select a rangier, longer legged horse. Buyers generally prefer larger animals but

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[47] For example the Irish horse Montjeu's first crop progeny dominated the European classics in 2005 and his stallion fee increased from €45,000 to €125,000 per successful covering of a mare.

[48] The world's most expensive stallion, Storm Cat, has an advertised fee at $US500,000. http://en.wikipedia.org/wiki/Storm_Cat.

a substantial number of famous race horses have been small and the correlation between speed and size is not proven.

Once the profile of the required horse is known, mare owners pay 'nomination fees' to have access to the required stallions. One example is the outstanding sire of recent years, *Sadler'sWells*, who covered about 200 mares a season, each at a reputed fee of about €300,000. To achieve a live foal delivered into training involves another series of complex activities, including the mating ('covering') itself, boarding mares before and during their pregnancy, and special care and nurturing of their progeny. For optimal lifetime productivity, top broodmares are almost constantly pregnant or foaling.

An examination of the competitive dynamics in the industry based on *Porter's Five Forces* consideration of margin pressures, is instructive. The cost of entry to get in at the top end of the market requires expenditure of circa €1 million (from an interview with Weatherbys, 10 July 2012, who rated cost of entry between €1m an €3m.). The industry is high risk for a new entrant when looking for a return on investment or even security of capital. Perfect pedigree can prove to be a financial failure if the horse is barren or injured. In terms of the strength of customers (i.e. their buying power), competition for nominations to the top sires is intense. Stallion suppliers are in an extremely strong position since proven top stallions are in short supply. Brood Mare suppliers are not only price takers but they must reach acceptable quality as the progeny benchmarks the value of the sire. Price and availability is decided by stallion owners and is dependent on the record of the progeny giving rise to a low bargaining position for customers.

Even before foals and yearlings are entered into races, there are many auction sales where trainers, owners and bloodstock agents compete to buy the best-bred and best-looking horses. The international auction circuit begins in the US in July, then moves on to France, Ireland and finally England, where the famous Tattersalls sales take place in Newmarket each November.

In the mid-2000s Ireland represented a snapshot of temporal trends in the thoroughbred industry, particularly of the impact of oversupply in the middle market (i.e. outside the top bloodlines). In November 2005 the average price of a foal was €26,735 (median was €14,500). The average was so high in Ireland because Goff's (Ireland's leading bloodstock company) November Sales featured 25 foals that made in excess of €100,000 (the top ranking foal made €300,000). Typically a nomination from a stallion cost in the

region of €8,400 before up-keep and veterinary costs. Hence, an average selling price one year hence of €26,735 for the resulting foal does not make breeding a highly profitable industry for many of the small to medium operators in the industry who do not, or cannot, access top bloodlines. The average cost of yearling in 2010 in Goff's sales was US$65,107.[49]

At the top end of bloodlines the cost of stallion nominations and the capital values of resulting foals are markedly higher. The risk profile at this end of the market is equally daunting – even for the biggest and most experienced market participants in the world.[50,51] Quite apart from the sporting aspect, serious owners compete in races for prize money and increases in the breeding value of the horse. In terms of racing as an economic activity and specifically as a sports and entertainment industry, much of the added value comes from the gambling industry (both on-course and off-course), the exploitation of broadcasting rights, tourism services and direct attendance and associated hospitality. Given the scale of the gambling industry it has a strong interest in a healthy breeding and racing sector and consequently in many countries racing prize money is provided from the gambling industry or via a tax on gambling.

As new forms of gambling emerge, based on on-line betting exchanges that eliminate the role of the traditional bookmakers, the capturing of value from gambling by the regulators and organizers of the sport has become increasingly problematic in many countries, including Ireland. There has been renewed focus on the ownership of many other rights including data feeds and broadcasting rights as a way of financing racing.

Table 12 indicates some relevant trends in Irish Horse Racing in the context of stud farm activity. The impact of the economic decline is pronounced in the post 2006 performance of stud farms in terms of output of animals and training. Commercial sponsorship has collapsed, as have attendances at meetings.

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[49] *Source:* Bloodhorse.com

[50] In 1985, Coolmore paid $13.1m for *Seattle Dancer* and witnessed a racing career which lasted 10 weeks and accrued approximately $150,000 in prize-money

[51] Also in 1985, Sheikh Mohammed of Dubai spent $10.2m on a horse, *Snaafi Dancer,* who had the required looks and genes, but slow legs. He never ran and any residual value he had as a breeding animal disappeared when he was found to be infertile.

Table 12: Trends in Irish Horse Racing

Activity	2002	2006	% change 2002-06	2010	% change 2006-10
No of foals born	10,214	12,004	+18	7,588	-58
No of Stallions at stud	356	399	+16	240	-66
No of horses in training	9,080	11,109	+22	11,136	+0.2
No of fixtures	279	319	+14	334	+5
No of races	1,994	2,268	+13	2,381	+5
No of runners	28,252	31,596	+12	30,590	-3
Total Prize Money	€45.5m	€55m	+20	€46m	-0.2
Attendance	1,286,914	1,447,245	+12	1,197,654	-21
On-Course* betting	€208.3m	€262.4m	+26	€163.6m	-0.6
Tote Betting	€37.5	€49.6m	+32	€45.9m	-0.1
Off course betting (on all events)	€1,569m	€3,349m	+113	€3,093m	-0.1
Commercial sponsorship (incl European Breeders Fund)	€5,891,647	€8,131,600	+38	€4,965,550	-64

* Includes Tote, On-course Bookmakers and On-course SP shops

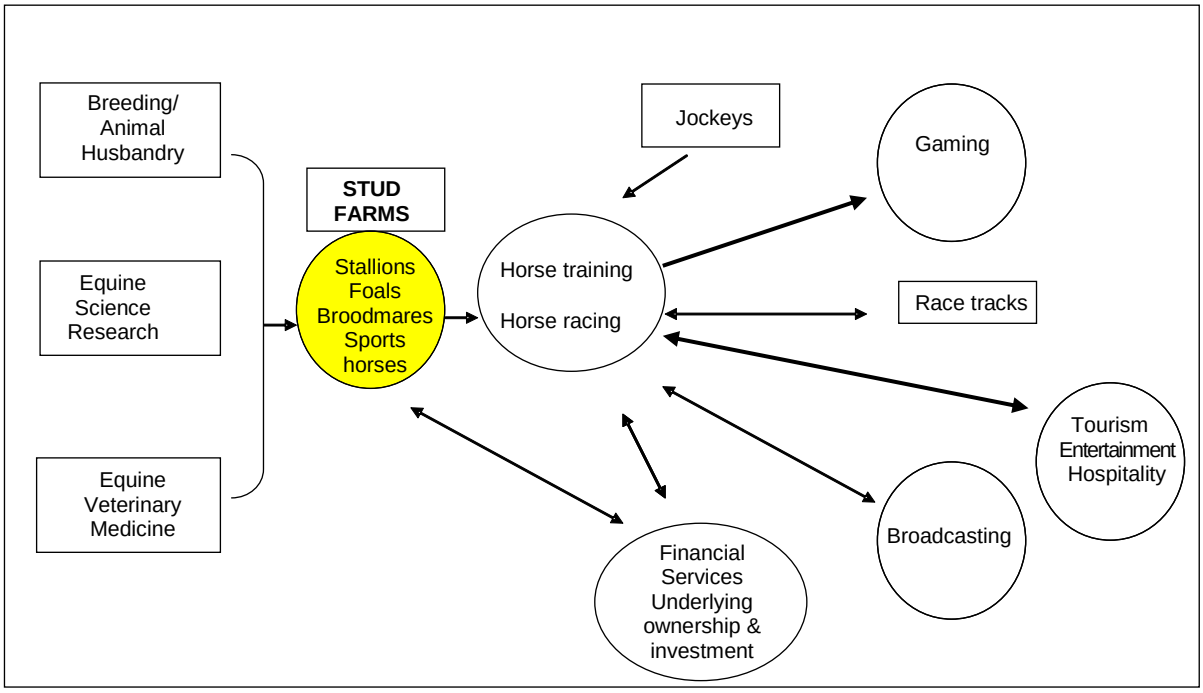
Source: *Horse Racing Ireland Factbook*, 2006 and 2010.

2.3 Elements of an Irish Equine Cluster

Within the above context, the set of activities, players and institutions that are relevant in the microeconomic environment in which Irish equine businesses operates is illustrated in Figure 7. This Figure constitutes the map of Ireland's equine cluster.

The core of the equine cluster is made up of commercial stud farms (private for the most part except for the Irish National Stud). Apart from thoroughbreds, it includes all other breeds of horse especially those used in the sports/leisure sectors that have been conservatively estimated (in a report commissioned by the Irish Horse Board) to number 110,000, making Ireland the most densely sport-horse populated country in Europe (Hennessy and Quinn, 2007). However, the cluster has never been defined in this broader context and there are data issues in using a broad category of horses in this analysis, not least of which is the lack of data in a form that allows for tracing of the connections and relationships of relevance across the cluster.

Figure 9: The Irish Equine Cluster Map



The main cluster elements identified are useful to understand the historical and potential determinants of competitiveness of the cluster organised using Porter's *Diamond* where elements are organised under the main headings of Factor and Input Conditions, Demand Conditions, Related and Supporting Industries, and Context for Strategy and Rivalry. Consideration of the cluster features is relevant from a development perspective to ascertain whether location of the cluster in Ireland can continue to confer competitive advantage on those businesses located there. Such knowledge could support the development of further advantages, including innovations, that underline these sources.

Factor and Input Conditions

Suitability of Ireland's Climate and Grassland to Horse Breeding:

With an abundance of calcium rich grass strong leg bones are characteristics of Irish-bred horses. Grazing of cattle and horses together confers benefits since there is an infectious worm in horse droppings that cattle destroy, thereby reducing its transmission and reducing parasitic infestation to other horses.

Quality of Irish Equine Population:

The top five earners from stud fees across Europe in 2005 were based in Ireland and the number and quality of stallions has been building steadily since the 1970s.[52]

Stud Farms' Investment in Specialised Infrastructure:

There has been sustained and heavy investment since the 1970s in Irish stud farms, particularly in purchasing the best international bloodstock and additional acreage dedicated to stud farms.

These farms have created a range of specialized equipment including specially designed runs, paddocks, and swimming pools for building strength in horses. While over 50,000 acres are dedicated to breeding - more again are devoted to training.

Skilled Labour Pool:

High levels of skill in equine handling are available representing a specialized resource that cannot easily be replicated. The insight, information and day-to-day experience from working in the stables and the exercise paddocks is not available in text-books for competitive reasons. A large amount of tacit knowledge exists in the industry. In certain matters a culture of secrecy has emerged in the industry because of its competitive nature.

Apart from day-to-day horse handling, Ireland also has breeding expertise constituting a specialized level of judgment and knowledge of particular strains of bloodlines. Many of the families who are involved in stud farms have been doing so for generations. From an employee point of view, the financial rewards in many of the Irish run equine enterprises are poor but the environment of excellence through experience is what retains the quality of staff.[53] Vets are regarded as technicians and are not valued at the same level as those individuals who are deemed to have "horse sense" – innate skills as well as those that can be developed.[54]

[52] See Indecon (2004) - data provided by Tansey, Webster and Associates.
[53] According to Vets from Coolmore interviewed for this research.
[54] According to Vets from Coolmore interviewed for this research.

Demand Conditions

Ireland is the third largest breeder of thoroughbreds in the world. In excess of 40% of the EU output of thoroughbreds and 11% of the total worldwide are produced in Ireland.[55] These indicators support a contention that Ireland punches above its weight in the thoroughbred element of the cluster. The industry also produces substantial benefits for the tourism industry, with approximately 80,000 tourists attending for race-meetings, sales and stud operations (Dukes 2009).

Training demand is supported by investment in race courses, race marketing and the competitive racing industry in Ireland and England. In addition, trainers command fees from owners for their services.

Specialised and transparent sales markets:

Scheduled horse sales are held at Goffs in Kildare and Tattersalls in the UK, attracting international buyers. Innovative attractions for purchasers of bloodstock are provided - the richest races in Europe has been confined to the bloodstock purchased at Goff's in the mid to late 2000's. This perspective on demand conditions gives Irish breeders an early picture of emerging buyers' needs.

Strong domestic demand:

Outside of the major global players, there is a strong underlying demand for racehorse ownership. In 2009 there were 6,378 owners registered in Ireland, according to the Horse Racing Ireland Factbook (2009), lower than the totals of approximately 7,100 pertaining in the previous two years with the decline attributable to around 400 fewer single owners and 300 fewer syndicate members. Total ownership grew substantially since 2000 when the total ownership (provided in the HRI Factbook 2000) was 4,500.

Access to financial capital:

International breeding majors have adequate access to financial capital for the required ownership investments. Ireland has a community, made up of domestic and foreign players, of owners with financial backing (as opposed to those engaged in the day to day activity of breeding). People such as Michael O'Leary (CEO of Ryanair, resident in

[55] Irish National Stud Fast Facts accessed February 2012 [http://irishnationalstud.ie/stud/].

Ireland) have become investors in Bloodstock and the public relations for the association with his role in his company must be an acceptable part of the activity.

Concentration/dispersion of Irish prize money:

Irish prize money increased to over €60m in 2008 with Irish-trained horses winning over €55m of this (foreign trained horses did not win more than 9% of this fund in any year between 2000 and 2006.[56] Winnings by Irish-trained horses that raced internationally (i.e. outside Ireland) in 2009 were double those of foreign-trained horses in Ireland.
In 2010 prize money had declined to €47 million.[57]

Context for Firm Strategy and Rivalry

Presence of leading bloodstock owners and buyers and trainers' links to breeding:

All main international breeders have operations in Ireland to facilitate quick access to the stallion stock.[58] The biggest global breeders are highly integrated into the training and racing elements of the industry, where they find some of their biggest customers (particularly since Coolmore's association with Vincent O'Brien's[59] Ballydoyle stable in 1973).
During the 1970s, Vincent O'Brien his son-in-law John Magnier and Robert Sangster established the 'Coolmore syndicate' that led to the successful horse-racing and breeding operation of Coolmore Stud in the 'golden vale' of Tipperary, that grew to integrate stud farms in Kentucky and Australia.[60] The Al Maktoum family have the Godolphin training operation which primarily draws on their Darley and Gainsborough breeding operations. Ireland also has important global trainers such as Dermot Weld, John Oxx, Kevin Prendergast and J.S. Bolger who produce national and international winners.

Ireland's reputation in sports and entertainment:

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[56] Data are from Horse Racing Ireland, Factbook, various years.
[57] Indicated by HRI's Chief Executive's report for 2010.
[58] These include Coolmore, Juddmonte Farms, Darley Stud Management Co. Ltd, Shadwell Estate Co. Ltd, H H The Aga Khan Studs, Gainsborough Stud Management Co. Ltd, Moyglare Stud Farm Ltd, Airlie Stud, Orpendale, Ballymacoll Stud Farm Inc, Lodge Park Stud and Barronstown Stud. Information from *Irish Thoroughbred Marketing*, 2010.
[59] In an international poll undertaken by the *Racing Post* newspaper in 2003 Vincent O'Brien was voted the greatest influence in horse racing history. In another earlier *Racing Post* poll he was voted the best ever trainer of national hunt and of flat racehorses.
[60] O'Brien's successor, Aidan O'Brien (not related) now trains the best Coolmore progeny.

Significant public and political support exists for Ireland's arts, sports and entertainment sectors. Although not economic events, world sporting victories such as the *Tour de France* in the late 1980s and advancement in the soccer World Cup in 1990 and 1994 were recognized as psychological landmarks for the population as it transformed from (as *the Economist* magazine put it in 1987) the 'poorest of the rich' to a relatively prosperous 'Celtic Tiger' economy. Many elements of modern international horse racing emanated from Ireland: the steeple chase originated in Cork, when horsemen raced from one parish church to the next.

Intense competition between breeders/owners:

Competition for position among players is intense and based on more than financial rewards. Indeed in the case of the investment by the Maktoums in the bloodstock industry, it may be described as a matter of national pride. In many respects there is secrecy between firms at the upper end of the thoroughbred segment. Some of this is due to racing competition and seeking to retain betting advantage (important for both betting and breeding markets). Some relates further to physical security – a spate of kidnappings of stallions in the 1980s, most notably Shergar, by a terrorist group lead to significant tightening of security around stud farms.

Related and Supporting Industries

Accessibility to suppliers

A tightly integrated community of locally based suppliers has grown up around the breeding industry in Ireland. These include the betting industry, media industry (*The Irish Field*), pony clubs, riding centres, saddlery, tach companies, surface providers, equine dentistry, hydrotherapy spas, chiropractic manipulation, insurance and transporters.

Interactions across industry players:

The nature and structure of the industry allows for many and frequent opportunities for interaction. All majors have a history of trading bloodlines with one another on a commercial basis. Race meetings are a regular forum in which all major players mix on a formal and informal basis. Performance, and much of the background process, is transparent from race meetings and the publication of the pedigrees of all horses.

Linkages with tourism

The industry produces significant benefits for the tourism industry, with approximately 80,000 people annually visiting Ireland for race-meetings, sales and stud operations.

Following Porter's definition of cluster it appears that some of the elements that constitute an Irish equine cluster currently prevail. Much of the industry is competitive and export-oriented with a larger world market share than the size of the Irish economy would otherwise suggest. Most major international players in this industry have a presence in Ireland and Ireland has a large share of high quality stallions in world terms. However, neither the businesses operating within the cluster nor the organisations or agencies that impact on them have adopted a cluster orientation and in the next section some of the challenges to developing the potential of the cluster are outlined.

2.2 Challenges to Building Cluster Advantages

The Role of Government

Since the 1930s the Irish government has looked favourably on the breeding industry.[61] As income tax replaced rateable valuation as the basis of farm taxation in the 1960s, the government exempted stallion fees from income tax and also extended this relief to non-farmer owners in 1969. The rationale was to support the industry (success was apparent in the growth of the largest breeders, particularly Coolmore) and to encourage foreign owners who boarded mares in Ireland to expand their breeding activities and bring capital assets, including better quality stallions, into the country, a policy followed across the economy in its attempts to undergo a process of industrialization driven by importing knowledge, expertise, capital and employment prospects through targeting multinational companies.

Funding for the industry in terms of government support for the thoroughbred sector has been controversial. Up to 2004, nomination fees did not have to be reported in tax returns. As this became mandatory the scale of subvention provided to the industry

[61] This may be explained, to an extent, by the prevalence of owners, breeders and Turf Club members in key government ministries.

became apparent. In December 2005, the government announced that the exemption would end in July 2008 to be replaced by a scheme of taxation acceptable to the European Commission, which identified that the scheme in use represented unfair state aid for the industry.

Fahey and Delaney (2006: 8) stated that "state funding for horse racing appears both lavish in extent and weak in justification". Their concerns were two-fold. One concern related to the relative scale of the funding. Of the entire sports budget of the Department of Arts, Sports and Tourism of €190m, €55m or 29% was devoted to horse racing. This level of funding exceeded the entire budget of the Irish Sports Council for more than 60 sports bodies that it funds. Fahey and Delaney (2006: 4) pointed to the limited contribution made by horse racing to the objectives of sports policy and indeed it had been funded up to 2001 through the Department of Agriculture. An additional concern related to the popularity of horse racing as an outlet for gambling: an industry that was becoming increasingly not only difficult to regulate with the advent of on-line betting but also difficult to provide with a fiscal framework. Absent revenues generated from taxing gambling, Fahey and Delaney (2006: 4) considered the Irish racing sector was unsustainable.

An alternative perspective on funding is evident in the *Dukes Report* that draws comparisons with government support for agricultural activities: relative to forestry activities that supported 4,250 full time and 15,000 seasonal workers the pro rata employment supports were greater for forestry than horse racing. The Report states that the share of bloodstock in total agricultural activities at 4.4% would provide the argument for a higher claim (of €84m) out of expenditure than the €61m provided (all data refer to 2008). The point of reference for the expenditure when based on jobs associated with agricultural activities and not sports funding changes the complexion on this funding controversy.

A betting levy of 1% generated €27m for the exchequer implying a net contribution of €24m to an industry estimated to generate €1bn annually and is depicted as "not excessive" (Dukes, 2009: 24). The levy had been higher at 10% in the 1990s in recognition of the difficulties in generating revenue for funding the industry from betting activities although the then government enjoyed revenues of 500% greater than the grants provided to industry over that period. Lobbied for an improved funding regime

government agreed to reduced taxation in return for organisational restructuring across the industry and reduced the levy to 5% for off-course betting (subsequently 2%, then 1%) and abolished it entirely for on-course betting in 1999. A levy of 0.3 percent on bookmaker turnover was imposed as well as a fixed contribution (of IR£2,000 per bookmaker) to fund the Irish Horseracing Authority, whose responsibilities were subsequently subsumed by Horse Racing Ireland with its establishment in 2001.[62]

The role of government in Porter's cluster is not to provide supports focused on specific industries but to supply and support provision of broad-based improvements to the environment for businesses that increase *their* incentives to upgrade their resources and capabilities over time. This supports their ability to compete less and less on low-cost and increasingly in terms of the attributes for which buyers are willing to pay premium prices for high quality products and services.

To date the government's role has not been in line explicitly or implicitly with such a cluster approach. However, recent steps to alter the governing structures of the industry attempt to address not only the headline funding issues but also the fragmentary nature of the organisations concerned with promoting, growing and developing the 'cluster'. The development of a more integrated governing infrastructure can allow the cluster voice to be heard beyond a lobbying function that argues for favourable tax treatment, for example. To this extent it may be argued that conditions are more appropriate now for a productivity-enhancing focus to be practiced.

Representative Organisations - Institutions for Collaboration?

There are a number of important representative organizations in Ireland including Irish Thoroughbred Breeders (ITBA), Irish Racehorse Trainers Association, Irish Jockeys Association and the Association of Irish race courses. The ITBA regularly organizes meetings and seminars on the key breeding issues such as the risk of in-breeding from particular lines and offers overviews on supply into the market. The Turf Club as a regulatory body is made up of many respected figures in the breeding and racing world

[62] The decline in duty from off-course betting has meant that the Exchequer made up a shortfall in the fund. This was never the intention and translated into a fourth consecutive cut to the Horse and Greyhound Racing Fund which fell from €76m in 2008 to €57.2m in 2011.

many of whom are owners. The Irish Equine Centre in Co. Kildare is an industry funded research initiative.

Some collaboration, however, is moderated by the involvement of practically all major global players in the Irish breeding industry. The thoroughbred industry in Ireland is populated by a small number of major players who are driven by intense rivalry. This tempers willingness to share in combined research projects which in itself is not surprising and contribute to the vibrancy of the businesses (Porter, 1998). Competition and rivalry often drive firms to carry out their own research. While this is usually for the firm that has financed the research in a cluster situation it benefits the total industry in the long run. Even without a developed cluster the benefits can percolate throughout the industry over time.

The Irish government founded a state body in 2001, Horse Racing Ireland (HRI), to develop and promote Ireland as a world centre of excellence for horse racing and breeding. It took an active role in the management of racecourses, on course betting and, through Irish Thoroughbred Marketing, in the promotion of Ireland as a breeding location. It was to be funded through the levy on betting.

The Turf Club incorporating the Irish National Hunt Steeplechase Committee (INHSC) is the regulatory body for horseracing in Ireland, both flat and national hunt. For over 200 years it has been an all-Ireland body with responsibility for the integrity and the reputation of Irish racing nationally and internationally. It is responsible for making and enforcing the racing rules in Ireland and is tasked with promoting the well-being and/or improvement of horse racing in Ireland.[63] It is a private body made up of elected members with expertise, knowledge and experience of both the sport and the business of racing in Ireland and for the contribution they can make towards the regulation of the sport.

More recently, Horse Sport Ireland was established in 2008 as the governing body for equestrian sport in Ireland to address the fragmented nature of the sector and bring together the many and varied bodies from the breeding, sporting and leisure spheres of the sector and promote their interests. It covers both the Republic of Ireland and Northern

[63] It also owns the Curragh Racecourse, in County Kildare, which it administers.

Ireland. Many of the recommendations of Hennessy and Quinn (2007) are addressed by the establishment of HSI and the development of its Strategic Plan with twelve areas of focus with specific actions. It has approval to operate the Irish Horse Register to meet EU legislative requirements covering the Irish Sport Horse and Irish Draught Horse Studbook. It also is an approved equine Passport Issuing Authority for non-pedigrees. The Chairman is appointed by the Minister for Transport, Tourism and Sport after consultation with the Minister for Agriculture, Food and the Marine indicating the cross-cutting interests of the body. In functioning to co-ordinate standards and communication across many organisations (Eventing Ireland, Showjumping Association of Ireland, Dressage Ireland, Irish Pony Club Association of Irish Riding Establishments, Irish Pony Society) it has potential to reduce if not eliminate the fragmentation in the Irish Sports Horse space.

While the organisations listed above focus on their specific interest within the equine space, it would appear that knowledge of the various elements of the equine cluster – from racing, to showing, to leisure and pleasure riding – that they hold would be relevant in developing a 'single voice' to identify, share and apply knowledge to contribute to enhancing the health, performance and management of horses, in all of their interests. To understand how horse-related enterprises and activities impact on the regional and international economies and how the activities might offer channels for greater economic stimulation, the cluster lens offers a way of identifying the network of economic relationships, supported formally and informally, that may offer routes for greater economic growth and regional and rural development.

From available statistics and information, the thoroughbred element of the cluster appears to dominate. The Dukes Report (2009) and its update in 2010, estimate the gross value of this element of the industry to the economy at €1bn. However, in their analysis Hennessy and Quinn (2007) estimate that the value of direct expenditures on equine goods and services in relation to the Irish Sports Horse to be approximately (in their words, conservatively) €400m – excluding the purchase of horses or payment of employees.[64] They also estimate the FTE employees in the sector and using the conservative figure of the minimum wage they estimate that labour costs of over €250,000 per annum are

[64] They apply a multiplier of 1.43 from Indecon's (2004) report to estimate an estimate of the net economic contribution of €573bn.

associated directly with sports horse yards (excluding employment in ancillary services). Combining these economic impacts implies the Irish Sport Horse sector far from insubstantial in its own right and alters the funding controversy raised above since this element of the cluster receives little funding, although its strong international profile is closely linked to maintaining and sustaining the reputation of the Irish horse internationally.

In terms of growing equine activities through a cluster lens, benefits can be generated from focusing on both elements of the cluster in a manner which, heretofore, appears to have been absent.

4. Discussion and Conclusion

The choice of the thoroughbred horse industry as the setting in which to apply cluster thinking was due to its location i.e. predominantly based outside Kerry. This meant the thinking process need not be impacted by any desire to apply cluster to Kerry in the first instance. The interrogation exposed the writer to the progression of thinking with the cluster concept and to the different facets that can matter for clusters to deepen as they, or elements within cluster, develop in a specific location.

The temptation, which was succumbed to in many early drafts, was to identify using headings from Porter's Diamond those factors where there appeared to be gaps between the reality of the equine cluster and the headings used in the Diamond to indicate the types of characteristics associated with clusters. As a means for thinking with the cluster this was not the most useful as it relied on treating the underlying concept as a description of what a cluster should look like, as if a recipe could be followed to bring about clusters. A change in attitude was called for in how to use the concept of cluster being cognisant of its place in Porter's theory of location that is outlined in the 'Diamond'. This places a lot of responsibility on the user of the concept to consider the extent to which the prompts provided by Porter can support thinking and consideration of the equine sector, in this case, for its appropriateness as a cluster in terms of examining its scope for further economic development.

Using the elements of the diamond to organise analysis of the sector, notwithstanding the favourable geographical conditions, climate and tradition of horsemanship, we see a range of basic and more advanced or specialised factors characterise the Irish equine sector,

many of which imply a competitive advantage for Ireland in areas that would be difficult for competitors to replicate. In terms of the sporting and betting elements of the sector, it is one of the few sectors where propensities for strong home demand have contributed to the success of the sector both domestically and internationally. Strong domestic rivalry exists between Irish-owned and foreign-owned Irish-based operations. Strong linkages into international markets are present and linkages between related industries of breeding and training and their supporting activities across a range of related and supporting activities. Coolmore stud, in particular enjoys a strong international reputation and is seen as "one of the most powerful operations in the world"[65] A traditional explicit support of the industry by government has had its origins in individual cabinet ministers being very interested or being involved in the equine industry.

The equine 'industry' appears to track closely the features considered by Porter as indicative of a cluster, despite it not being recognized or treated as such directly in Ireland. The cluster identified here is generally viewed from a partial or fragmented perspective, depending on the users' interest - into thoroughbred horseracing for example. Where it is considered an industry rather than a sport, e.g. by Horse Racing Ireland, it is for the purpose of arguing against its receipt of what looks like a disproportionately high share of funding designated for sport.

Such an approach has meant that partial and vested-interest perspectives have dominated thinking about the equine sector and its potential as an umbrella label covering all horse-related activities under a broader heading has not been exploited. This is strange since it is one of the few clusters which appears to exist across several locations in Ireland, cutting across a range of varied activities associated with disparate elements of the economy from agriculture to tourism, gaming to broadcasting. The quality, and therefore value, of the horses is central to the performance of the cluster and anything which enhances the quality and reputation can reflect positively on the various elements in the cluster. It also has the capacity to be extended and deepened to leverage its international as well as nationally recognized strengths in a number of related areas and activities.

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[65] Statement from Dan Metzger, president of the Thoroughbred Owners and Breeders Association in Kentucky quoted in *New York Times*, October 15th, 2003.

There is evidence that innovation is being conducted within the cluster that has both national and broader impact. Nortev located in Galway have developed easy-to-use nebulisers, a veterinary medical device, that have been sold in 15 markets.[66] Epona Biotech in Sligo has developed a portable blood sample analyser that saves time by not requiring samples to be sent off for analysis in the treatment of horses. Another company Equinome has developed a genetic test that can be used to predict sprinting ability and stamina potential in horses and which can be used to examine the match between individual horses and specific race distances. Those firms that have been engaging in innovation have commented on their connections with customers locally and the connections to international businesses also that are available given Ireland's reputation. Co-operation and collaboration with third-level institutes was instrumental in the development of the innovations. DCU's School of Health and Human Performance is also involved in research focusing on jockey health and weight that has changed the minimum weight standards for flat jockeys in Ireland and has contributed to new training workshops targeted at jockeys.

The possibility that the thoroughbred horse industry may be a cluster when considered in a broader context, as defined by Porter (2008) has helped me to understand in a deeper way the cluster concept. But further than that, it has enabled me to develop my thinking of competitive forces, part of the tapestry that makes up the cluster theory, which has many pieces and these are interconnected in a pattern that is constantly moving. While the necessity of close proximity to effect competitiveness may have lost its appeal with the jump in connectivity and movements towards more knowledge work, clusters such as in the equine field still benefit from proximity through impacts on knowledge, information flows and through learning-by-doing and experience.

[66] As reported in the *Irish Times*, July 2nd 2012.

CONCLUSION

1. Introduction

My expectation on embarking on the doctoral programme was to come up with a formula that would help to create opportunities for sustainable employment in Kerry. This intention was, on the one hand, smothered by my obsession with Kerry and, on the other hand, challenged by the realisation that I had to change from being overly subjective to introduce greater objectivity in my thinking. In Kegan's terms I needed to move from my assumptions (theories) having me to my having my assumptions (theories as tools for thinking) with the idea of 'Kerry' being the central concept of my meaning making system. My meaning making system was influenced by my place and my capacity to look objectively at my place was a difficulty. While this obsession has not been removed, my journey through the programme has allowed me to develop tools to look at situations with, I believe, an objectivity that was not present before. My audience for this report is persons who have a spirit of generosity in their approach to the use of their underutilized resources for the good of the business environment.

2. Key Themes

What was seen by me before this journey was Kerry and it was fact. But working through the programme has helped me to realize that my image of Kerry is what I see and I need to accept that this is my image and I have to establish what is fact, in as much as I can, by using a series of tools and evidence. In the Essays I use the Adult Mental Development theory of Robert Kegan to understand and reflect on the descriptions of what I knew as Kerry, how I thought about it and how I might think differently about it from a perspective of economic development.

This Portfolio focuses on my reflection on aspects of my meaning making system during a fifty year period. It traces my development and learning over that period and links the development of my meaning making system to my exposure to academia and to the gradual progress of increasing my mental complexity through the experiences gained through work, training and life experiences. This progress encountered periods of failure to understand and cope with the level of complexity encountered. The failure to make meaning when 'I was in over my head' proved difficult to overcome. These difficulties

were one of the factors that encouraged me to return to academia in the early years of the 21st century.

The venture back to academia opened new opportunities for thinking and introduced me to a learning family made up of authors, lecturers and fellow students. I found this exciting mix stimulating and questioned my approach to many long-held beliefs which helped to develop my thinking processes. Such long-held beliefs were what I was subject to and the process of distancing myself from these facts (as I saw them) which 'had me' has been a constant challenge over the course of this programme, and my academic experience to date. This experience as I progressed highlighted the benefits of being able to review data and experiment with my thought processes, provoked and consolidated my level of knowing or mental complexity. This process started with a more measured development of my meaning making system where introduction to theories was a formal part of the MBA, although this 'MMS' term was unknown to me then. Having subsequently undertaken a course in Competitiveness run by the School of Economics in UCC I began to have doubts about the sustainability of the Irish economy as I understood it. These doubts were reflected in my fear that the future and of the Irish economy would involve a reversal back to 1960's type conditions. This fear and apprehension was a major driving force in engaging in doctoral study.

My objective was to investigate how the development of an entrepreneurial platform could aid in the creation of sustainable employment in a peripheral region such as Kerry. I sourced most of my material from Kerry because of my bonds with the area and the access to people and information that I believed would be of assistance in my task. I found my thinking geared towards this area which to many is a physical entity bordered on many sides by the sea, by Limerick and Cork. Yet to me this entity means (and is) something far wider and meaningful. In Dorothy Sayers (1941) trinity of the writer it represents the *Power* and in my thinking is the sense/spirit-Kerry, which exists for those who understand what may appear a nebulous term but fiercely important for those who understand it.

In Essay One of this Portfolio I attempt to illustrate for the reader what this sense/spirit is, in terms of some of my perceptions based on my experience of and in 'Kerry'. The location Kerry is described the way I knew it in the 1960's. My description must be such that it is not the me of the 1960's that is the author but rather the me looking at me of the

1960's and how I looked at the world then. An appreciation of what is meant by sense/spirit-Kerry is reflected in, for example, the diaspora conferences that are being promoted currently for Ireland in general and Kerry, in particular. The implication of the first Essay means that there is potential in development terms if such sense/spirit-Kerry can be harnessed and used productively.

Throughout this process I had to be an observer of the subject of this research *i.e.* myself. I struggled to master this art of becoming observer and know now its importance for the raising of my level of complexity particularly in the light of Kegan's explanation of the central role of Subject-Object separation in adult mental development. Separating or distancing myself as the researcher from the observer of that research in process is a challenging exercise.

My words that describe the various facets are supported by extracts from Brody's Iniskillane (1974) to show the alignment of the way that I knew and the alignment of these with extracts from Brody - my memories of that era. My descriptions were how I knew and reflected on my changing environment as I moved through my struggle to describe the changes from adolescent to manhood, to emigrant, to student, to a young professional engineer. With maturity and the benefit of life's experiences my level of meaning making complexity increased albeit in fits and starts in a gradual way over the years. This shift in the level of my mental complexity was moved by my growing maturity and life experiences.

This is apparent in my increased ability to analyse situations and deliberate before making a judgement.

The ability to understand Kegan's concept of the big assumptions and to work through that process has become part of my meaning making system. There are still 'Big Assumptions' present but the capacity to interrogate them is growing. This journey has developed my capacity to interrogate situations from different view-points using the tools contained in readings of academic thinkers. These tools have enabled me to look at my experiences differently and as a source of information that can be unique if I use the proper tools to interrogate it.

The fluctuations in the flight from rural Ireland has been a constant factor in south-west Ireland and in the 1960's we experienced such a period (Essay One). My understanding

of my environment was through the vision of Ireland as a country bereft of natural resources and with a poor economic outlook. I knew that I was living in a country that had beautiful scenery and clean rivers lakes, mountains and beaches but knew these items did not bring a financial return to most of the locals. Yet the concepts of Penrose (1959), Drucker (1966; 1985; 1999) and of Kegan (1994, 2009) can help to change these understandings. The bonds that tied the residents together were not always visible. These concepts could be manifested through the working of such items as the 'meithal'.[67]

The extent of emigration is highlighted by the survey carried out in my local area (see Appendix 1). The economic state of the environment in which I spent the most of the first two decades of my life was known to me as a special place if you had the financial capacity to live there. It was a place where most of us would have to leave and we cherished the idea of returning as often as we could. We had the dream of going abroad and making enough money to return and buy an existing business - we had the idea that to set up in opposition to an existing business would deprive a neighbour. The amount of business was seen as a constant and we did not see a way of creating any new business.

Abroad, depriving existing businesses of their customers never entered the mind of the emigrant. This was based on the fact that the competitors were strangers and for the most part unknown. My personal log traces the pattern of those of my vintage who sought to educate themselves using their own resources. It portrays my attitude to education which was governed my way of thinking. It was a learning process that did not cater for transforming the recipients to think in a different way. It was an educational system that gave the participants a series of structured information and techniques which did not cater for creating employment but rather for participating as an employee in an existing structure.

The acknowledgement of change in my mental complexity was helped by my journey back to adult education. This change in my mental complexity started with training in what was predominately technical. This progressed through an MBA. Again the change was more a technical change where the introduction to writers and their theories helped to build a process that initiated a more expansive way of thinking and an enquiry. The opportunity of being accepted into the DBA programme started a new phase in my

[67] A system of help for those in need and organised by neighbours and could involve saving hay, cutting turf.

personal development. This started a journey on a path of new knowledge but of knowing how I knew.

Exploring the competitiveness of Kerry in Essay Three and my interrogation of the cluster theory, as set out by Porter, I Essay Four has opened up for me a process that points to the role and practical usefulness of applying an economics approach to a greater extent. Using the ideas and concepts found in readings by Porter, in addition to Penrose and Drucker enabled me to identify and explore processes both at the level of a region/location and within firms in that location which contribute to the operation of successful businesses in the location. The recipe I originally sought has not been identified but instead the system of factors that impinge on the economic development of a location and how they have mattered for specific firms in Kerry does reveal the nature and types of issues that contribute to a limited number of success stories and an understanding of why success does not always unfold.

The role of being able to appreciate and capitalise on what the global markets want and needs appears important in understanding the success of businesses operating out of Kerry. I cannot fail to think about how, with its substantial international linkages due to emigration in the past, Kerry's diaspora might be a source of further information and knowledge that could benefit other Kerry businesses to operate more effectively from their Kerry base. How this might be achieved in practice, however, remains beyond me for the moment.

This journey has changed my way of thinking and, as shown in the Essays of the Portfolio, has made more reflective in my approach. In my current role I see my contribution at the level of the location to various committees and initiatives that drive progress though collaboration and networking with other like-minded individuals. Appreciating that individuals bring very different meaning-making systems to discussions and negotiations has removed substantial frustration from my interactions with them and also helped me in my dealings with them as I appreciate how my understandings and the way I share them influences outcomes. Taking greater responsibility for how I think and its impact is probably the most substantial learning I can take from this Portfolio.

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Appendices

Appendix 1: Emigration Analysis of Langford St., Killorglin, Co. Kerry.

House number	***Total Children***	***Number emigrated***	***Destination***	***Number returned***
1	3	1	USA	0
2	7	2	Africa	2
3	2	2	Unknown	0
4	2	2	England	0
6	4	2	Unknown	2
8	6	4	England	4
10	3	2	Unknown	0
11	3	1	Unknown	0
12	2	2	England	0
13	2	2	England	0
15	1	1	England	0
18	4	1	England	1
19	1	1	England	0
20	2	2	England	1
21	2	2	England	0
22	1	1	England	1
24	3	2	England	2
25	3	2	England	1
26	5	5	England, USA, New Zealand	0
27	5	2	England	1
28	3	2	England	0
29	5	3	England?	0
30	9	9	England, USA	3
31	4	1	Unknown	1
32	5	3	England Africa	2
33	3	1	USA	1
34	3	1	England	0
35	4	3	England	0
36	4	4	England	1
37	2	2	England	2
39	11	9	England	3
40	3	2	England	2
41	4	3	England	2
43	8	7	England, Puerto Rico, USA	2
48	1	1	England	1
49	4	1	Unknown	0
50	2	2	England	0
51	1	1	England	0
52	8	4	England, USA	0
53	20	17	England, Africa	0
Total	172	110		33

Note: These data were based on the author's survey and analysis of emigration patterns in the street where he lives. The survey and analysis was conducted in 2010.

The table excludes those families with no children who emigrated.

Appendix 2 – Interview Transcripts

Questions asked by Donal Mangan (D.M.)

1. INTERVIEW WITH JERRY O'GRADY, PRETTY POLLY.

14th April 2010, by telephone following earlier discussion on history of Pretty Polly in October 2009.

D.M.: What influenced Pretty Polly in their decision to set up in Ireland in the 1960's?

J.O'G: Ireland was an attractive location in the 1960's for foreign companies. At that time labour costs in Ireland were much lower than in the UK or Europe. It was an English speaking country and had substantial grants for start-up industries. The tax rates for such industries were also very attractive.

D.M.: Why did Pretty Polly pick Killarney as a location for their factory?

J.O'G: Killarney was picked by chance and by the quick action of a group of towns people who were made aware of the presence of an IDA representative in Killarney together with two executives from Pretty Polly. This group were booked in to have lunch in the Park Place Hotel, High Street, Killarney. The IDA contact was a Mr. Bobby Buckley. Bobby Buckley's wife was a sister of the owner of the Park Place Hotel. Bobby was part of the Kerry County Development Team and was an articulate well known personality in Kerry. He was C.E.O. of the Tralee V.E.C. and had played football for Kerry and had a wide network of contacts available to him. He was able to use them for the benefit of Kerry. Pretty Polly first looked at Ireland as a base where the tax rate applicable to manufacturing companies exporting was a flat 10% on profits. These executives were also keen to take advantage of the generous grants available in Ireland and were conscious of our low labour costs in Ireland at that time. They choose Killarney because they met with a group of people many of them from the town who were able to react quickly to satisfy the requirements of their company.

This involved the provision of:

- a site suitable for their requirements at a reasonable cost.
- a substantial water supply which was required in the manufacturing process.
- effective contacts that would help in the process for submitting plans for planning permission, guiding the application through the planning process, helping with the construction and helping with the delivery of grant aid.

D.M: What was their product?

JO'G: Hosiery

D.M.: When did Pretty Polly come to Killarney?

J.O'G.: They first arrived in 1966 and immediately began their negotiations to start operations in Ireland.

D.M.: You mentioned that they required water for their production process.

JO'G: Yes substantial water was required for their production process and dieing plant. This water was pumped from the River Flesk to the plant and when the process was completed flowed back into the Killarney sewer system.

DM: Who paid for the water supply?

JO'G: Killarney UDC initially and subsequently Pretty Polly by a levy.

D.M: When did you start to work in Pretty Polly?

J.O'G: 1967

D.M: Where did the raw material come from?

J.O'G: Some of the material came from England some from Italy some from Germany

D.M: Where was the product sold?

JO'G: The product was sent to England where the marketing was carried out. For many years Killarney was strictly a production unit and concentrated on getting the product produced at the facility in Killarney as quickly as possible and then shipped to the U.K.

D.M: Did the Irish operation do any of the marketing?

J.O'G: Initially no, but in the latter years it would have carried out some of the marketing.

D.M: Did the Irish operation have any input into the strategy for the Irish section?

JO'G: Initially no, but in the latter years it would have been involved in the strategy.

D.M: What were the problems encountered by Pretty Polly?

J.O'G: When the troubles in Northern Ireland started to spread to the UK the products that were produced in Killarney were not openly marketed as being produced in Ireland. Our main difficulty was a collapse in our market.

D.M: What was competition like at that time?

J.O'G.: Pretty Polly had another factory in the UK that was bigger than the Irish operation and was involved in production and research. The product was cheap, fashionable and was weather dependent. Our product was worn from September to May. In the early years it was worn twice and then binned. With global warming our product was worn from October to March. Woman's styles changed and the mini went out of fashion with drastic consequences for our business. Runproofing was developed and this prolonged the life of our product by stopping the run in a garment. We developed a heavier type product (opaques) that cost more but lasted longer and cut the demand for our initial product (tights). In 1985 the average lady would have purchased fifty of our

units (pair of tights) per year but by 1995 the average lady would have purchased fifteen of our units per annum. So the demise of our firm came about because of life style changes, global warming and opaques.

D.M.: What do you mean by opaques?

J.O.'G.: This was a heavier type thread that allowed a fabric that produced a product that was acceptable from a style point of view. The resultant garment had a much longer life and could be washed.

D.M.: Did your company try to mechanize the production system?

J.O'G.: Yes we did in 1977. We changed our system and continually mechanized the plant so that we gradually reduced the work force to 500 but maintained the same output.

D.M.: When were ye taken over by Sarah Lee?

J.O'G.: We were taken over in 1991 by Sarah Lee.

D.M.: Are Sarah Lee still in the tights business?

J.O'G. Yes they are still supplying the market which is much smaller now from sources in eastern Europe and Turkey.

D.M: Is there any place that I can get a history of Pretty Polly as it pertained to Killarney?

J.O'G.: I will forward what info I have on it to you.

Telephone conversation with J.O'G. on the 14/4/2010 from 11.00am to 11.55am

D.M.: I was wondering if you have been able to track down the history of Pretty Polly we spoke about?

J.O'G: Though I have looked for it and I am sure that I have it I have been unable to locate it. As you know P.C.s were not in use at that time to the same extent that they are used at present. The history is in book form and I will renew my efforts and when I find it I will forward it to you.

D.M.: How were industrial relations in the firm?

J.O'G.: The attitudes of those that started working in the factory had to be changed as they were not used to factory work and they found the discipline of starting at a specific time and finishing at a specific time was difficult. The constant wage packet and the terms of employment was a welcome change and gave them an independence that they had never known. Between1967 to 1977 we would have had an average of two strikes per year. In 1977 we had a major strike for 10 weeks.

D.M.: What was the gender mix in the workforce?

J.O'G: The mix was initially 2 females to 1 male. This was dictated by the law which prohibited females from working after midnight and some of our departments worked

24/7. But as the time went by the law was changed and women were allowed work after midnight in factories. This allowed changes in work practices and the ratio changed and eventually there were 4 females to 1 male.

D.M.: How did mechanisation proceed?

J.O'G.: Mechanisation was an ongoing part of the process from 1977 onwards and robotics were the order of the day. This meant that there were constant efforts to get an integrated process where as many of the activities could be carried out by machines and efforts to group these activities was an ongoing process.

2. INTERVIEW WITH KLAUS NOLKE, LIEBHERR

Klaus Nolke has had a major influence in developing the LIEBHERR FACTORY in Killarney. The LIEBHERR FACTORY site is where Liebherr (IRL) and Liebherr Container Cranes Ltd. design and manufacture their products. Klaus Nolke started working in Killarney in 1968 and retired on 31st of December 2001. The following are some details of posts which he held:

1972-86 Director of the Engineering Industry Association (EIA)

1972-2001Council member of the FUE/IBEC

1976-84 member of the Killarney Chamber of Commerce

1981-82 president of Killarney Chamber of Commerce

1985 appointed Honorary Consul by the German and Irish Governments

D.M.: are you from and what are you doing in Killarney?

A: I was born in Hanover in 1938 and graduated in Mechanical Engineering in 1962. I also graduated in welding engineering in 1962. My home is in Killarney where I have lived since 1968 with my family. After graduation I worked with a steel Structure company for 18 months. I then joined Production and Welding Engineering and spent three and a half years in the construction of large steel structures and Tank and Spiral Tube Manufacture. I then joined Liebherr in June 1967. In September 1968 I was **deported** to Killarney as technical director responsible for design production planning erection and service of the crane manufacturing in Killarney.

D.M.: Are you married?

A: Yes I married Christel in 1964 and we have three sons born in 1968, 1969, 1970 and we have lived in Killarney since 1968.

D.M.: What was your role when you came to Killarney?

A: Technical director responsible for design, production, planning erection and service of the crane manufacturing and the development of container crane design for feeder service in the Irish sea and European areas for rail terminals.

D.M.: How did this dovetail in with the production of tower cranes?

A: In 1972 I was appointed commercial director of Liebherr (Irl) Ltd and Liebherr Container Cranes Ltd with responsibility for Sales , Purchasing, Financing ,Insurances Personnel In 1972 we built a new hall 65m*169m for the manufacturing of large container cranes. By 1974-76 we at Liebherr developed world leadership status in Container Cranes and phased out the production of Tower Cranes.

D.M.: What is the source of Liebherr's success ?

A: Since 1990 Liebherr Container Cranes has gained a very high reputation in the global container crane market. As a single biggest production unit in the world it has constructed over 240 cranes in 37 countries. These cranes weigh up to 1300 tonnes and can lift up to 80 tonnes at an outreach of 63 metres. In 1998 we developed rubber wheeled gantry cranes to compliment our rail mounted cranes.

D.M.: How does an engineering firm such as Liebherr Container Cranes survive in a tourist area manufacturing a heavy industrial product that is exported globally?

A: Our products are developed by Irish engineers, workers and staff and it is a source of great pride that we are world leaders in this field.

Were FDI firms going to provide rural areas with the type of employment opportunities suitable to the needs of an agricultural based society? The two firms that we have looked at in this essay were both termed FDI firms. Pretty Polly failed and Liebherr has continued to operate successfully. There are many reasons given for the failure of Pretty Polly and some of these are identified in the interview with Jerry O'Grady.

Liebherr succeeded and could have succumbed to the same problems but it did not.

Over the years indigenous industries started to develop. Porter talks about the advantages of the Home base and there is a need to look at the industries that have been established in Ireland and look at the reasons that they have survived .Was the fact that these industries were home based the formula that allowed them to survive? Were these enterprises which were started by locals less likely to disappear in economic downturns? But who were those that were willing to start such enterprises and what type of projects would prove viable?

3. INTERVIEW WITH BRIAN McCARTHY, FEXCO

Date: February 21st, 2008 at Fexco headquarters, Killorglin, Co. Kerry. The interview began at 2.30 pm and concluded at 4.00 pm and took the form of a question and answer interview.

D.M.: Thank you for seeing me and setting the time aside to talk to me. I am doing a DBA at UCC. I am looking at the effects that peripherality has on companies. FEXCO is one of the companies which I am interested in examining and I would like to find out the

process that allowed it to develop to its present size. I hope that this will be the first of a number of interviews that I will get so that I can understand the development that allowed FEXCO to expand and progress. My study will also include other companies and I hope to carry out a similar exercise with these other companies.

BMcC: I am glad to help and would suggest that you would contact other persons within the organisation that could help.

D.M.: What prompted you to set up your business in 1981?

BMcC: In 1981 I was working as assistant manager in the Killorglin branch of the AIB. I was married and had been working in the branch in Killorglin for circa seven years and I liked the lifestyle in Killorglin. I knew that because of the nature of employment within the bank system that someday I would be asked to move. A friend of mine Edso Crowley who had a tourist shop in Killarney often mentioned the opportunity that resulted from the lack of bureau de change facilities available to tourists in the region. At that time tourists could only change their foreign currency at banks and during bank hours. This meant that currency changing facilities were confined to circa five hours per day and five days a week. We decided to seek a licence from the CENTRAL BANK and open a bureau de change in Edso's shop in Killarney. I continued to work in the bank and Edso arranged the setting up of the bureau de change in his Killarney shop .The system that we set up worked and proved beneficial to the tourists and increased the turnover in his shop. We then proceeded to get five more shops in tourist areas in Kerry to open bureau de change in their shops. We streamlined the process and the bureau de change became a steady income for the shop owners that joined our system with no risk. We (FEXCO) handled the foreign exchange risk and shared the profits with the outlets in proportion to their turnover of foreign exchange.

D.M.: How did you expand the business?

BMcC. By hard work and recommendations from existing shops within our system to proposed new shops. We concentrated on outlets that had a high throughput of tourists. We made sure that the system was easy to handle from an operators point of view. We kept in close touch with these outlets in order that our system was refined whenever necessary.

DM. This business expanded quickly and the next enterprise was the recoupment of V.A.T.

BMcC: Yes the bureau de change business expanded quickly to supply a demand that was not being adequately catered for until we started. We had started the back office activities in an office in the back of my dwelling house in Dunmaniheen, Killorglin. We then started to take on staff to handle the back office activities and opened an office in Main Street, Killorglin. It was a logical step to move into the processing of the tax free shopping. Tourists were entitled to tax free shopping as it was then called when they purchased an item or present to bring out of the state. They were entitled to claim back the

V.A.T. on the purchase from the vendor who in turn was not liable for V.A.T. on such transactions. While this was an added attraction to get tourists into outlets offering this facilitate it involved the processing of paperwork by the shopkeeper to complete the transaction. In 1985 we looked at this and knew how to streamline the process. We designed and supplied the shops and various outlets with invoices suitable for such transactions and briefed them on the proposed system. We then positioned a box which we called the McCarthy box at the airports and ports and asked that those who had purchased merchandise in Ireland to get the invoice stamped by the customs and drop it into the McCarthy box. We arranged to get these boxes collected by our own staff on a regular basis and brought to our office in Killorglin. We processed the invoices and billed the various shops and outlets for the VAT that was paid by the tourists and forwarded this amount to the tourists in the currency of their country having deducted a fixed fee of £3 per shop visit as part of our remuneration. This was a repetitive business which was suitable for being handled electronically and we got a program written that catered for this. Again this was an activity that was not properly catered for until we set up a process that catered effectively for this market. This gave us a huge cash-flow and the use of these funds to augment our expansion and dovetailed into our foreign exchange activities. We expanded quickly in Ireland and took on more staff in Killorglin and looked to get into the big outlets such as Brown Thomas, Cleary's etc. We knew that we had a good business, but also knew that it was easy to copy. We knew we had to expand to corner the market. We started to carry out the same process in England. Here the Bank of Scotland was our biggest competitor. They approached us and in 1987 bought 25% of our business in England in a deal that involved us managing their VAT recoupment business. This was a great boost to us as the name of the Bank of Scotland opened many doors and opportunities for us.

D.M.: What was your attitude to winning the Sean Lemass award for marketing in 1987?

B.McC: We were going flat out trying to grow our business and I suppose we had a good night at the presentation but I am still not sure what the award meant to our business. I would have welcomed more tangible support in the form of cutting the amount of red tape that slowed the process of trying to start and expand a business in Ireland. The amount of government resources that are wasted in brochures and in agencies that are involved in giving employment to state bodies that have very little to contribute is frustrating.

D.M.: How did FEXCO get involved with the Prize Bonds?

BMcC: We knew that the National Treasury Management wanted the prize bonds computerised and we knew that we had the capacity to do this even though we did not yet have the computer hardware required for this work . We formed a partnership with An Post in1989 and tendered for the prize bond contract. We succeeded in getting this work. The prize bond records were moved to Killorglin and we then got the necessary hardware to enable FEXCO to computerise the system and we proceeded to get the task completed in Killorglin.

D.M.: How did you get involved with Western Union?

BMcC: When we first got involved with Western Union it was a business mostly used by US citizens and companies in their transactions with the U.S. Now we have an operation in Killorglin that monitors 10,500 Western Union outlets around Europe. We first got the agency for Ireland. We bought the agency for Great Britain. We then got an agency in Malta, then in Spain and then in the Nordic Countries and then in Dubai and now we have an agency in Russia. Do you know that the first financial transaction between Ireland and Beijing was transacted by the Chinese President when he visited Killorglin 2002?

D.M.: Brian how is this operation controlled?

BMcC: From here in Killorglin by Ger Murphy a genius and his staff. He is from Barraduff and he has been with the business as it grew. Talk to him and he will tell you about it. You don't know the talent that we have here, we try to use it properly. I have a new section which I call the computer applications section which is headed by my son Denis. Go and talk with them and they will explain what they are doing which is the future for FEXCO. Go down to Caherciveen and talk to Susan King who is running our Global Payment section down there. It makes me sick when I hear that the Government are talking about moving the Coast Guard from Valentia and using the excuse of inadequate communications as one of the reasons to justify such a move. Probably the fact that it is in a peripheral area may be the reason for relocating the activity. It probably is not an attractive location for the civil servants dealing with this department to visit. Talk to Susan about running an enterprise in the Iveragh peninsula and communications deficit. Did you know that Susan is on the board of the IDA?

DM How did FEXCO get involved with FIRST DATA?

BMcC. In 1990 we became a super agent for Western Union in Ireland and this brought our company into contact with First Data and we started to do business with them. First Data became familiar with FEXCO and in 1991 they bought 25% of our company. The same year FEXCO acquired the super agency for England from Western Union. First Data opened the Global Payment Centre in Caherciveen.

D.M.: While I want to get the history of your company I also want to find out how you succeeded in growing your company to its present size and your views on peripherality and the effects that this has on job creation?

BMcC:. Hard work, good ideas and great people - that is how the company grew. There is no history of the company, "Shure" we are only trading since 1981and that was about seven years after I came to the bank in Killorglin. Talk to my people, many of them have been with me since I started. Go to Edso and talk with him. He was my friend from the very start and still is. He is a man with great ideas and will always come up with a new angle on how things should be done. He never worked in FEXCO but has always been a shareholder. Talk with Mike Fuller who probably can trace the different developments in the company. Talk with Ger Murphy who knows more about Western Union than anyone

else. Talk with Kay Woods and Josephine (Foley) they know more about the VAT recoupment than I do.

D.M.: I will talk with them and come back to you about your thoughts about your business at different stages and how you got in contact with the Bank of Scotland First Data the National Treasury etc.

BMcC: I worked in the Foreign Exchange section of AIB before I came to Killorglin and would have had contacts from working there. But there is not a government department in Ireland without a Kerryman well positioned in it. Look at the Central Bank and the likes of Maurice O'Connell. That comment about Kerrymen is true in government departments and private enterprise .When employment was non-existent here in Kerry folk had to move where the work was and a good number of them rose to the top in their respective fields

D.M.: Getting back to the question of employment in peripheral areas where does the future lie?

BMcC: certainly not in manufacturing - maybe in the service industries that can be handled electronically. When I came to live in this area I decided that I would like to stay here and had no wish to move from here. This is a terrific area to live in and the lifestyle is great. There is a pool of talent here that is waiting to be used. That type of talent went elsewhere in years gone by. Now we have an opportunity to get that talent to work but the government must stop putting resources into creating services that are not giving value for money. The government talks about decentralisation and yet they are talking about moving an existing service that has operated well in Valentia for years out of it because of lack of connectivity. We are operating an international payments system from Caherciveen and we are making it work. The Government sometimes do not know what they are talking about.

… interruption by secretary of BMcC …

BMcC: OK Jenny. Have a talk with the people I told you about and when we meet again you will have a better understanding of how we operate.

Thereafter my discussions with Brian McCarthy took place over a cup of coffee in the Bianconni Inn or during casual meetings within the town of Killorglin. His approach to the recession was always tempered with the attitude that there are now greater opportunities and these should be embraced.

4. INTERVIEW WITH EDSO CROWLEY, FEXCO.

The interview began at 4.00 pm and concluded at 5.30 pm and took the form of a question and answer interview.

D.M.: At a recent interview with Brian McCarthy of FEXCO he mentioned that you were very much involved in the setting up of FEXCO in 1981 can you give me some information about the setting up of the firm.

EC: That was a very long time ago. I was working in an Accountants office in Tralee. This practice was part of the Ernest and Winny country wide practice. I was doing my accountancy exams and thought about getting the management of the practice when the existing manager retired. During this time there were changes in the drapery business and my family were involved in that business for many years so I left the accountancy practice and went in to the family business. I saw at first hand the changing trends of low cost selling by Dunnes and other large retailers. Our family business was in Killorglin and our sales figures were static despite inflation. Socially I would meet Brian McCarthy and we would discuss trends and in particular the tourist industry. He persuaded me to open a retail shop in Killarney and after looking at various locations I rented a centrally located shop in New Street, Killarney. Business was good and I concentrated on the tourist related goods. Shortly after opening a large premises became available for rent at Market Cross. I moved into it and subsequently bought it. It was here that the first Bureau de Change for FEXCO was opened in 1981.

D.M.: Tell me how the system worked.

EC. We would get a large amount of cash from local shop keepers that we knew and give them a cheque for the cash. We then brought this cash to the Killarney outlet and used this currency in the exchange for foreign currency at a reasonable margin. Business was good but was great after the banks closed at 3.00 pm and very good at weekends. Killarney was used as a base by tourists to visit the various sites around Kerry. Many of them left Killarney early in the morning to view the sites and travel around such places as the ring of Kerry or the Dingle peninsula and return to Killarney for their evening meal, shopping and accommodation. At that time accepting foreign currency in retail outlets was not the done thing as people were not familiar with conversion rates. One well known pub in Killarney had a sign up $1.00=£1.00 and this sign was renewed annually. Our bureau was an instant success. It was followed by other outlets that were operated by the shop owners but controlled by FEXCO .We then provided these bureaus with a cash register with conversion rates for the various currencies and provided instructions on the workings of our system. Each shop was given a FEXCO cheque book and they used it for cheques for the cash that they got from retail outlets. The foreign currency was brought to Killorglin and this was managed by Brian McCarthy.

D.M.: What did he do with the foreign currency?

EC: Initially he would bring it to the local bank and exchange it for pounds and lodge it into the FEXCO account where the cheques that were issued were drawn. Often these cheques were not lodged for some days and often weeks. This meant that credit balances were accumulating in this account and this allowed the bureau de change business to expand.

D.M.: How did it expand?

E.C: The number of Bureau de Change increased and areas where tourists frequented were targeted. This was helped by Brian McCarthy's contacts in the banking system. In addition to this people going abroad were offered foreign currency at keen rates. Thus FEXCO was providing local currency for the tourists and foreign currency for locals going abroad. Control was based on trust and there were very few occasions when this trust was betrayed. BMcC was always looking to identify what service was lacking and could FEXCO provide this service more efficiently than others and could a profit be made on the transaction.

D.M.: What was BMcC's strengths at that time?

EC: The same as his strengths today. Great God he was tough but he was a great man to pick people for a job and put his trust in them. This trust gave these people he picked confidence in their own ability.

D.M: How did he get involved in the VAT recoupment?

EC: It was a logical step. He saw the difficulty that the retail outlets were having with the paperwork involved. He developed the system that transferred most of the bookwork from the retail outlet to FEXCO. He issued the retail outlet with an Invoice books for transactions with tourists that could recoup the V.A.T. These tourists paid the V.A.T. to the shopkeeper got a receipt and were get the Customs to stamp this receipt as they exited the country and drop it into a box at the departure area called the McCarthy box. FEXCO then collected these stamped receipts and brought them to Killorglin for processing. These invoices were processed and a statement was sent to the retailer which went with the V.A.T. returns to the Revenue. The VAT due on the statement was deducted by FEXCO from the retailer's account and this was then forwarded to the to the tourist in their own currency less a handling charge by FEXCO.

5. INTERVIEW WITH JERRY KENNELLY, STOCKBYTE AND TWEAK.com

August 22nd 2009. The Interview was part of series of discussions which I have had with Jerry Kennelly over a period of time.

D.M.: Congratulations on your new headquarters and I hope that you have great successes here. I was pleasantly surprised with the number of staff that you have working here in Killorglin.

JK: Yes we have two projects going here at present I have a number of people working on the Kennelly Archives which we hope to launch in the Institute of Technology Tralee (ITT) later this year. We have gathered all the photographs that my father and mother have taken during their careers and placed these in catalogues and developed a system where you can find photographs taken at different locations in different times, This has

presented us with a huge task to catalogue some 150,000 images in an organised fashion that can be mined.

D.M.: How is this proceeding?

JK: As mentioned we will launch it in Tralee with the production of a Book showing a cross section of the images which will be displayed on the website. We hope that this will act as a pictorial record of many aspects of rural culture in Ireland over the period. I have located a printing operation outside Milan that will produce this book for us.

DM : What about the quality of the images?

JK : We have looked into that and we have located a firm in Norway that have agreed to work with us on improving the quality of the images without adversely affecting the content.

D.M.: What else are you working on?

JK: The Young Entrepreneur competition is taking up substantial resources as is our new venture called the Endeavour Award.

D.M.: More about these later but is there any truth that you are working on a new venture?

JK: Yes we are going full belt on investigating our next project. We are still at the research stage and while we know what we want to do we are looking at what we have to do to achieve our objective. We have to probe the market. We have to test our capacity. We have to build a team we have to test our product and we have to prove the financials.

D.M.: Do you see the enterprise based here in Killorglin?

JK: I would like to be able to base all the activities here in Killorglin but I know that will not be possible. All of the talents that I need are not available here in Killorglin or Kerry or even Ireland. As before I have an office in New York and I will employ the persons that I need in New York and we will work with them. I constantly travel to the USA as do some of those that work with me.

D.M.: How do you find the work ethos in Kerry/Ireland?

JK: I pay well and I expect value for money. I believe when a target is set and agreed that it must be met unless there is a valid reason. The Irish attitude to achieving targets has been weakened by the "Celtic Tiger". It is not the ability that I am questioning it is our intensity. While we are able to match others with our ability it is moving into the top 5% of the bracket that is missing and that must be achieved if we are to be successful.

D.M.: What markets are you looking at?

JK: The USA because it is the best market for us. We have a common language .We have a good understanding of their culture. We have good access to their lands by air and in communications and I have had success there before with Stockbyte.

D.M.: What about standards of our outputs relative to their requirements?

JK: If you don't reach the standards of their requirements they go elsewhere. It's not a problem for them, they have choices and they use them.

D.M.: What about Europe as a market destination?

JK: I have avoided Europe for the most part because of the diversity of language and I have had a bad experience in the past. I was sued for using a name for my company. The name was in use in France and I lost the subsequent court case and substantial funds in the exercise.

D.M.: What are the difficulties in setting up an enterprise here?

JK: There can be many if you want to choose to find difficulties but to date I have found none that I cannot overcome. Probably at present there are genuine difficulties by many potential enterprises in getting the necessary finance. But yet this can be a positive where people will be forced to cut costs to a minimum and research their projects with more intensity.

D.M.: What is your view on our communications system?

JK: It could be better but from my firm I find it adequate and should not be used as an excuse for inaction.

D.M.: Are you good at networking?

JK: Tell me what Kerry businessman has a poor capacity to network, and I am no different.

D.M.: What about ideas?

JK: Ideas are no problem it is the judgement whether these ideas are correct and the capacity to deliver on these ideas.

Discussions with Jerry Kennelly on October 22nd, 2009 at the ITT Tralee on the occasion of the launch of a book, Eyewitness, by Padraig and Joan Kennelly's images of Ireland: 1953 to 1973.

D.M.: You must be very pleased with the launch.

JK: Yes I am but have you seen my father he is delighted with the way that the images have been arranged and the Eyewitness book has been very well received by the audience.

D.M.: How is your new venture going?

JK: We are working at it and trying to get the technology correct. It is difficult and much of this work is R&D and is by its nature slow and is costly. As mentioned before to you it is difficult to attract some types of staff to Kerry so we have to seek them elsewhere and when we do not succeed in getting them to move to Kerry we have employed them in our New York office.

D.M.: Does this create difficulties when you are trying to develop a new product.

JK: We do not let it create a problem. We have been able to get our various offices to work as a team. This aided by constant contact between our offices using conference calls, e-mail, video conferencing. Add to this the constant travel of persons between our offices and we have developed a teamwork system that works.

D.M.: Have you decided on a launch day yet?

JK: No it is too early to put a date on it, but it will not be before the end of April 2010.

6. INTERVIEW WITH BREDA O'DWYER

Interview at the Tom Crean Centre, Tralee, September 22nd 2009.

Breda O'Dwyer is attached to? the Tom Crean Centre in the Technology Park, Tralee and is involved in the following projects: The Young Entrepreneur, The Endeavour Project.

D.M.: What would you rate as the most significant factors for doing business in Kerry at present?

BOD:(a) Access to finance; (b) Inefficient Government bureaucracy; (c) Inadequate supply of infrastructure; (d) Policy instability; (e) Inadequately educated workforce; (e) No understanding by the Government of the needs of those trying to create enterprises.

D.M.: Does crime pose a significant cost factor on businesses in Kerry?

BO'D: At present neither crime in the form of violence or terrorism pose significant costs on enterprises in Kerry.

D.M.: Do you think that the Black economy is becoming a major factor as unemployment rises?

BO'D: No the approach to business has changed completely during and prior to the Celtic Tiger and non-compliance is the exception rather than the rule.

D.M.: How effective is the Dail as a lawmaking institution.

BO'D: Reasonably effective but the implementation does not always follow through.

D.M.: What do you think of the protection measures for Intellectual property?

BO'D: There is an absence of understanding of the needs of those who are trying to develop intellectual property by those who are charged with this task. They need to be educated in his matter.

D.M.: Looking at politicians and the Government what are your views on their standards and behaviour towards business?

BOD: Politicians in general perform poorly and the public's opinion of them is at a low ebb. Many persons feel that have disconnected from the population. They do not want to come to terms with the true state of the economy and are unwilling to take the necessary steps to get the country back on track. Their funding attitude towards the building industry

has done immense damage to the finances of the country. Funding needs to be targeted at areas that will be effective, that will give employment but must be linked to milestones.

D.M.: How do the level of taxes impact on incentives to work and to invest?

BOD: Incentives are geared towards the building industry. The culture of property ownership has had a huge impact on our approach to wealth creation. This is reflected in the tax breaks and various subsidies available.

D.M.: What are your views on the agricultural policies?

BO'D: Subsidies to the agricultural interests have been too generous. Subsidies should be tied to the reaching of milestones. Market share should be earned and not bought. Handouts should not be given without deliverables.

D.M.: How difficult is it for business to meet administrative requirements?

BO'D: It is very difficult and getting worse and the process is taking over from the activity.

D.M.: How would you rate the protection afforded to assets in this country?

BO'D: Very good for tangible assets but not up to speed when it comes to intellectual property.

D.M.: How would you rate the Governments efforts at reducing poverty?

BO'D: Poorly.

D.M.: How would rate the police force?

BO'D: Average

D.M.: What is your opinion on infrastructure?

BO'D: In general it has improved but our telecommunication system has lagged behind and this must be upgraded if we are serious about creating a competitive knowledge economy. In particular our mobile connectivity is poor.

D.M.: How available are the latest technologies in his country?

BO'D Technologies are available but our connectivity is poor and our skilled workforce are pressing out the boundaries despite the lack of infrastructure in the communications system.

D.M.: Talk about scientific research and its extent and quality.

BO'D: The barriers need to be broken down. Academia is not always conscious of the requirements of industry. Industry is suspicious of academia. While the principles of competitiveness as expressed by Porter are very real concepts grappled with by industry, many persons in industry shy away when such facts are presented to them in an academic manner.

Academia has to move closer to industry and to understand and solve the problems faced by industry.

D.M.: What are your views on the collaboration between scientific institutions and industry?

BO'D: In the Technology Park in Tralee we have an excellent relationship with the Institute of Technology Tralee (ITT) we have an excellent relationship that is very much a two way process. It probably matches the concept of a cluster as envisaged by Porter. The physical closeness and the success by some of the firms located within the park acts as a stimulus for many of the companies using the facilities available in the ITT.

D.M.: What is the attitude in the country to a failed entrepreneurial project?

BO'D: While there is still a "served him right attitude" among a minority, attitudes are changing and such events are looked as a learning experience by an increasing number of people.

D.M.: What priority does the Government place on information and technology information?

BO'D: While the Government have indicated that this a priority for them, they do not appear to have the right people involved in getting this infrastructure bedded into our economy, nor have they the necessary persons involved in the strategic group that should be driving this project. Technology is being driven by users rather than by a clear identifiable government strategy and initiatives.

D.M.: What is your opinion on online government services?

BO'D: Yes the roll out by the government of online services such as personal tax, car registrations, passport applications, e-procurement is excellent. But this is but the beginning.

D.M.: How has the roll out affected the efficiency of government services?

BO'D: Yes it has improved the efficiency of the level of services in these items but the extent of government services that can avail of such technology must be expanded.

D.M.: To what extent do companies use the internet in their business activities?

BO'D: Extensively.

D.M.: How prevalent is foreign ownership of companies in Ireland?

BOD: Extensive but the growth in ownership of indigenous companies is on the increase.

D.M.: How has the roll out affected the efficiency of government services?

BO'D: Yes it has improved the efficiency of the level of services in these items but the extent of government services that can avail of such technology must be expanded. The providers must accept that this is not a sprint but rather a marathon.

D.M.: How would you rate the access to the internet?

BO'D: Improving but there must be benchmarking relative to other markets identified and targets set and pressure maintained in an effort to reach these targets and action taken when these targets are not met.

D.M.: What are your views on the sophistication of financial markets in Ireland?

BO'D: This is outside my sphere but all I can say is that credit has dried up and that must be a reflection on the sophistication of the financial markets in some way.

D.M.: What is your opinion on FDI?

BO'D: Great if you can get it, but here in Kerry we have not witnessed this experience for some time. We have to accept that this is not going to be an experience that we will be involved in the near future. I am referring to FDI as we see it happening in other counties and as we experienced in such activities as Burlington, Kingdom Tubes, The Ball Baring Factory etc.

D.M.: What is your opinion on financial auditing in this country?

BO'D: Much of our present problems are due to the lack of poor auditing standards and bad judgement in this service industry.

D.M.: What is the level of intensity of competition in local markets?

BO'D: The level of intensity is low and will continue so until we start to hurt as a nation.

D.M.: How are decisions made on the decision to purchase items?

BO'D: Convenience has a bearing but recently the aspect of price and quality is becoming a bigger influence.

D.M.: What is your opinion of Local suppliers?

BOD: Mixed but again the pressures that are now being visited on local suppliers is making them more aware of the requirements of their customers' needs.

D.M.: Do you consider corporate activity is dominated by a few larger players?

BOD: Yes corporate activity is dominated by a small number of very large enterprises as is the influence of state owned or controlled companies.

D.M.: Where is the future of employment potential in Ireland?

BOD: The source of employment in places like Kerry will probably come from small indigenous firms that employ between 10 and 100 and are driven by persons who have connections with the area. These will be reliant on niche markets and in the knowledge economy and will be started by persons who have international knowledge of such niche markets.

7. INTERVIEW WITH MRS MARY MCBRIDE, MCBEES

Date: July 7th: 4.15pm - 6pm.

D.M.: How are you finding business in general at the moment?

MMcB: Business is getting tougher and tougher and turnover is decreasing and overheads are increasing. I do not see an upturn in my business in the near future.

D.M.: What are the biggest impediments to business at present?

MMcB: Access to finance is proving to be a big problem at present and I would rate that as the number one problem for most businesses today. Close behind this I would rate restrictive labour regulations. In a small business there is no room for demarcation and all staff must approach their job in an open and flexible manner. There is a lack of infrastructure and for me it is adequate broadband. While tax rates are lower than in some other countries they are an incentive against endeavour. The amount of documentation involved in business is excessive and places an unreasonable burthen on the owners of small enterprises.

D.M.: From the general content of our conversation such terms as Incongruity, process need and change in your industry's structure or its market structure are not items that have been looked at by your firm.

MMcB: No these concepts have not been involved in my thought processes when seeking to expand my business. However demographics are very important to my sales in the last 18 months. I have been lucky in identifying a section of the market that has held up and bought accordingly. In my business I order my stock in excess of 6 months ahead. If I get it wrong it means that it is difficult to sell what I have bought.

D.M.: What type of research do you carry out in your business to identify new fabrics and trends to guide your purchases?

MMcB: From a formal point of view I would carry out very little research but from an informal point of view I would constantly have a receptive mind to new directions in my business and would rely on an intuitive quality in making a judgement on purchases.

D.M.: How do you approach cash flow in your business.

MMcB: Probably not as disciplined a way as what I should. But in these times I am obligated to look at cash flow in a more structured fashion and have a closer liaison with my accountants. The necessity to look at product quality is essential in my business. Fashion is a very personal business and word of mouth advertising is more important than any other type of advertising.

D.M.: How often do you look at the level of service and its consequences for your business?

MMcB: Constantly because it is essential that my staff are skilled in their treatment of our customers.

D.M.: How often do you look at and seek to control your stock costs?

MMcB: We buy in our stocks on a basis of the different seasons and this is our major expenditure. This then necessitates our stock take and an opportunity to assess the progress of our business on a seasonal basis.

D.M.: How do you evaluate your managerial staff and administrative overheads?

MMcB: We don't and while we know the costs we do not look at the percentages as part of our sales or as part of our profits or other ratios within our business.

D.M.: What is your attitude to planning sales and allocating time to this activity?

MMcB: My business is about achieving customer satisfaction by achieving sales. I do not consciously sit down and plan how I can increase sales within my firm. I believe that if I have the best products displayed in good surroundings I will achieve the necessary level of sales that my company requires.

D.M.: What is your attitude to HR?

MMcB: I hate this side of the business and it absorbs a huge amount of my time.

D.M. Are you optimistic for the future of our area in the question of creating employment for the children of your generation?

M.McB. My children are abroad. Two are in London one in New York and one in Asia. I wonder if any of them would want to return to Ireland at present. All have had the benefit of third level education. They do not see Ireland at present as a location where they can find opportunities and have friends with similar view points. But I hope that that will change.

D.M. Mary, thanks for giving me your time and I wish you every success for the future.

8. INTERVIEW WITH MEMBERS OF KERRY GROUP: LIAM CHUTE, MICHAEL GRIFFIN, FRANK HAYES..

D.M. When did you join the firm that is now known as the Kerry Group?

L.C. I joined the firm in 1974. I had been the MD in Killarney Dairies and we were taken over by NKMP

D.M. What was your role during the various years that you were with the firm ?

L.C. I was made head of the Agri. division and then moved to the Dairy division. Later I was president of Kerry Canada , and later still I was president of Kerry Australia

D.M. What was the single item that you felt contributed to the continuous success of the firm?

L.C. The vision of Brosnan as chief executive and the vision and support of the Board

D.M. How would you describe management in what is now known as the Kerry Group?

L.C. Autonomy was given to those that were in charge of the various departments. Each division prepared a plan with a budget was agreed and your job was to get this plan implemented and to work within the agreed budget.

D.M. How were decisions made and who made the decisions in the Firm?

L.C. We made the decisions and these were presented to the Board and discussed and agreement was reached on the various plans for the year. The vision was very much a strong point with Brosnan. Budgeting was Friel's strong point and Cregan was the individual who made sure that what was agreed was what was carried out.

D.M. What role did strategy and planning play in the early days of the firm?

L.C. We lived by these items and though we hated the constant reminders we had to accept that this was how the firm would grow. We had our annual meetings and were located in a top class hotel for a week of planning and strategy development each year. This was where the plans for the year were developed and each individual of the top management (circa 12 persons) had an input into the plan.

D.M. What role did strategy and planning play in the firm as it expanded ?

L.C. Nothing has changed. The ethos has remained the same . The strategy guides the plan and the implementation must adhere to what is planned and must be determined by the strategy.

D.M. Was there a group of Senior Management within the Firm that was close and worked well together and drove the development of the firm?

L.C. No I would not say that the top group were close. They worked closely together and that is different. There were those who were strong on strategy. There were those who were strong on budgeting and there were those who were best at implementing what was decided . There were the dreamers and there were the implementers and the son of b's .

D.M. What was the relationship between the suppliers and the management of the firm?

L.C. This was a strange relationship that involved constant battles between management and suppliers .these battles took place within. But when there was any threat from outside there was a united front and management and suppliers tok on the enemy from outside.

D.M. Tell me about the firms relationship with its customers?

L.C. The customer was "King". We listened to the customer and what the customer wanted we felt we had to deliver. We believed that we had a quality product and even though we were never cheap we delivered what the customer wanted. The customer was all important , was listened to and understood and catered for. What is proposed in Co. Kildare is an R&D project which will involve our customers our product development and the requirements of our customers

D.M. What role did marketing play in the expansion of the firm?

L.C. To many of us marketing was a waste of money but we knew that it was a necessity and we had a great person in charge of marketing. He was the best and his name was Michael Drummy and his skill opened markets for us and helped us to retain market share.

D.M. How did the firm expand and what drove it to look abroad?

L.C. We knew that we needed to expand to retain our edge. The market in Ireland was 4 million people. We knew we could only get a percentage of this market and we had the capacity and belief that we could compete in the world at large. We had the individuals and they were hungry for more opportunities. they felt that they were underutilized and needed new challenges. Our expansion has been very much through acquisition where we have followed where our products are going and bought into the firms that were using our products. The prime example of this was casein in the U.S.A.

D.M. What countries did you work in for the firm and what was your role?

L.C. I worked in England , USA , Canada and Australia. My role was to strengthen and support the implementation of plans that were agreed .

D.M. There is a mention of the "Kerry Way" of doing things. Did it exist or is it just a PR exercise?

L.C. the easiest way to explain this is to remember the phrase "We can and we will". This was part of what we believed and experienced .

D.M. How important was Denis Brosnan to the development of the group?

L.C. Irreplaceable, he had vision , he had good judgment ,he had patience, he left you run your division without interference yet he knew what was happening, he was a good listener and had the capacity to absorb information and analyse it and give direction.

D.M. What is the future for the Kerry Group?

L.C. In 1974 we were selling old shares in the firm for 50 pence each . now the new shares are €45 per share. The population of the world is growing and Kerry Group are in a growing business. Can they keep the momentum going ? I think they can because the ethos within the firm has not changed "We can and we will"

D.M. Do you think its links with the County of Kerry will be retained into the future?

L.C. Yes I believe that the links with the County of Kerry will remain for the immediate future. While the ownership of shares by People from Kerry will be diluted, a strong influence from Kerry will remain. It is like selling the land, people are slow to sell. So also with Kerry Group shares the farmers and their families are slow to sell.

D.M. Kerry Group has plans to develop an R&D research facility in Co. Kildare and while there was disappointment in Co. Kerry that it was not located within the County there must be an acceptance that it would not have worked in Kerry what do you feel?

L.C. This would not work in Kerry. We do not have the pool of resources that are needed for such an enterprise. This is a commercial decision devoid of sentiment and that is why the Kerry group is where it is today .But it will benefit Co. Kerry.

DM What was the single item that you felt contributed to the continuous success of the Kerry Group.

FH That is an impossible question to answer. One item that must rate as very important is the fact that financial information was up to date and fed into the system relentlessly.

D.M. How would you describe management in what is now .the Kerry Group?

FH From the very start the firm had a strategy to become a powerful force in the Dairy industry. The management was enterprising from the very beginning and continued to be present and is still present.

D.M. Who made the decisions in the Kerry Group?

F.H. When we took over a firm we introduced the Kerry way of doing things. That system has worked for us and continues to be developed over the years. We have had a very successful graduate scheme in both Ireland and in England and these graduates have been trained in the Kerry Way of doing things.

D.M. What is the future for the Kerry Group?

F. H. The future for the Kerry Group is in our customers and we are showing that in our proposed facility in Co. Kildare where we are locating our R&D unit to cater for our customers and product development. This location was decided on against stiff opposition from Heathrow, and Schippol.

D.M. what do you attribute the success of the Kerry Group to?

LC. People were the key to the success and the connection of people to one another. From the very start there was a closeness between the driving group that were involved in the development of the group. Planning and strategy were ever present in the firm. But there was constant monitoring of progress and revisiting progress and comparing what was planned and how this was progressing

D.M. What was the relationship between the management and the farmers that supplied milk to the various creameries ?

LC There was a respect for the suppliers from the start and the belief that the firm was there to look after the interests of the farmers. The clear connection between the original (milk) suppliers and the management set a pattern that was maintained throughout the growth of the firm

D.M. How do you feel that the systems worked in the firm?

LC There were systems that were clear and were imposed on all firms that were taken over by the Group. The group was run like a small firm with efficient lines of communication.

D.M. What was the attitude to marketing?

MG The customer was all important . the customer was what enabled us to exist. The customer was listened to and understood and catered for. What we propose to do in Kildare is an R&D project and which will involve substantial work on the attitudes of the customers to our products.