Female-led company and investment in Northern Ireland

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Introduction

The Gender Index provides the first comprehensive analysis of gender-leadership of companies across the UK. The period covered by this report includes the 12-months from February 2021 to January 2022. During this period, an active population of 4,411,842 UK companies was recorded, with 64,767 (1.46 %) of these in Northern Ireland. Northern Ireland, like other parts of the UK is dominated by micro-companies (less than 10 employees) accounting for 57,237 or 88.3% of all companies, with only 7,530 (11.6%) with 10 or more employees[1].

The Northern Ireland Department for the Economy's economic vision: 'A 10X Economy: Northern Ireland's decade of innovation'[2], outlines an ambition of delivering a 'ten times better economy' through collaboration and innovation. While an enhanced competitive position is part of this, so too is a more sustainable and inclusive economy, characterised by positive economic, environmental and societal outcomes. Almost 25 years since the 1998 Good Friday Agreement, which established the basis on which Northern Ireland would be governed, economic progress has been strong. Today, Northern Ireland is ranked as the number one international investment location for US cybersecurity companies and Project Stratum, a project to transform broadband connectivity will position Northern Ireland as the highest full fibre connected region in the UK. In addition, Belfast is ranked in the top ten of fDi and TNW's Tech Cities of the Future for 2020/21.

What is less well known is the gender representation in company leadership. If economies are to achieve greater inclusivity and realise the potential of female, then this must start with greater awareness of female-leadership. As such, the Gender Index provides a basis for informing enterprise policy about the gender breakdown of company leadership in Northern Ireland compared to other parts of the UK and better understand performance of these companies.

[1] https://www.ons.gov.uk/companyindustryandtrade/company/activitysizeandlocation/datasets/companydemographyreferencetable
[2] https://www.economy-ni.gov.uk/sites/default/files/publications/economy/10x-economy-ni-decade-innovation.pdf

Key findings

- Northern Ireland has the lowest proportion of female-led companies at 13.5% and the highest share of male-led companies at 65.1%. This means that if Northern Ireland had a similar rate of female-leadership to that in England (at 18.3%) this would translate into an additional 3,134 female-led companies in Northern Ireland.

- Female-leadership in Northern Ireland varies by sector, being highest in Education, Human health and social work activities, other service activities and public administration and defence, compulsory social security sectors. This sectoral variation is similar to that found elsewhere in the UK.

- Female-led companies performed well over the 2018-2021 period, recording turnover growth of 18%, which was marginally higher than that recorded in Scotland and other English regions (North West, South East, Yorkshire and the Humber, and North East) and also higher than male-led companies in Northern Ireland.

- Examining turnover growth by company size, female-led and mixed-gender led small and large companies grew faster than male-led companies, with similar rates of growth for medium-sized companies, irrespective of gender-leadership.

- Only 0.17% of companies in Northern Ireland are defined as achieving 'high growth'. Of these companies, 9.8% of high growth companies were led by females compared to 77.7% of high growth company being led by men.

- 29.7% of companies in Northern Ireland received external investment in the period, which is similar to investment levels across the UK. In Northern Ireland however, a lower proportion of external investments were made to female-led companies at 8.8% compared to 10.8% in Scotland 12.0% in England and 12.0% in Wales.

- External investment is dominated by angel investors (79.2%) and corporate share purchases (20.8%).

1. **Profiling company leadership by gender**

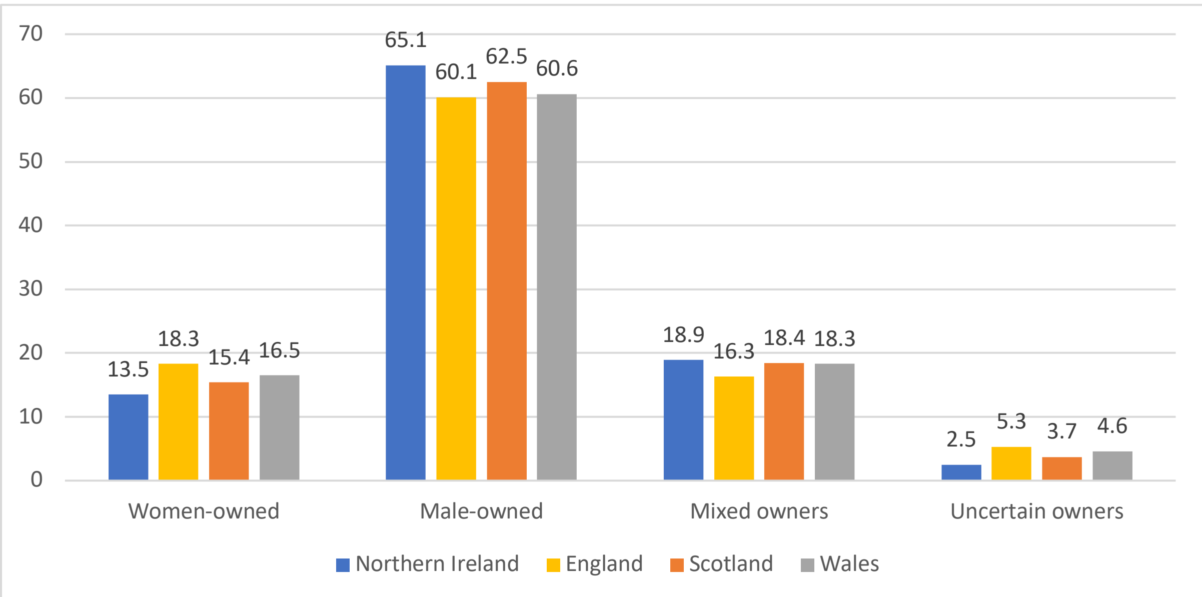
The Gender Index includes information on 4,411,842 companies across the UK of which 64,767 are based in Northern Ireland, equating to 1.46%. Of this population of companies, 16.8% of UK companies are led by females, 60.3% by men, a further 16.5% with both female and men owning the company and a final 6.3% for which it has not been possible to assign gender to the leadership.

Disaggregating this leadership across the UK nations presents an interesting picture with Northern Ireland having the lowest proportion of female-led companies at 13.5% and the highest share of male-led companies at 65.1% (Figure 1). In other words, of the 64,767 companies in Northern Ireland, 8,718 of these are female-led, 42,161 male-led, 12,270 led by a mixture of female and men and a further 1,618 for which gender identification is not possible.

While this may seem small in terms of percentages of female-led companies, the actual numbers are stark. If female-led companies accounted for a similar proportion of the population of companies as found in England, this would mean that the gender-leadership distribution of companies in Northern Ireland had an additional 3,134 female-led companies, with a rate of gender-leadership similar to that in Wales and Scotland equating to an increase of 1,968 and 1,256 female-led companies, respectively.

Including companies with mixed-leadership still suggests a slightly smaller, yet consistent gender-leadership gap in Northern Ireland. Again, if female-leadership (including both sole-led and mixed-led companies) in Northern Ireland were at the same proportion as that in England, Wales and Scotland, this would mean an additional 1,424, 1,511 and 884 companies, respectively.

Figure 1.1: Percentage share of leadership by gender across the UK nations



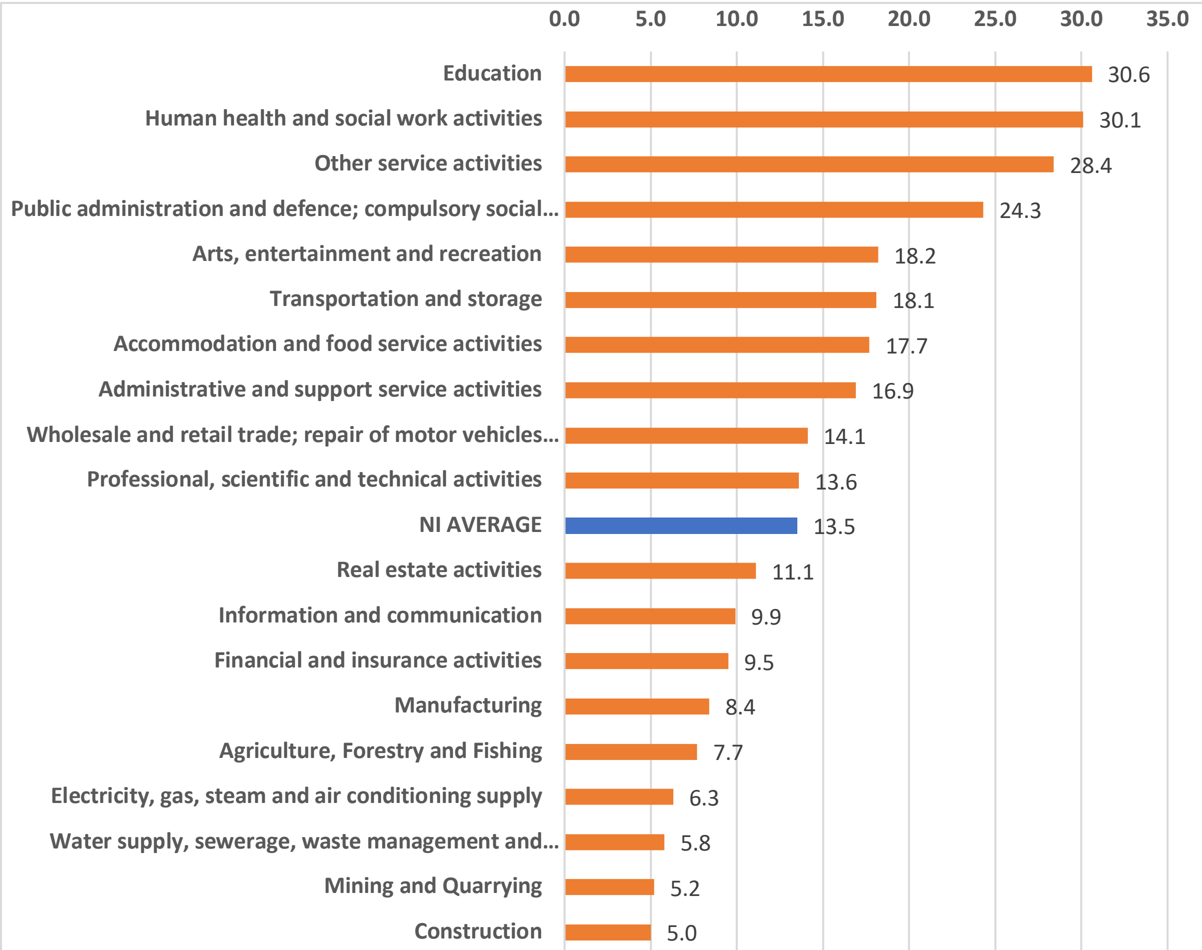
Female-leadership is more common in some sectors than others, with this pattern largely consistent across the UK nations (Table 1.1). For example, female leadership is most common in Education, Human health and social work activities, other service activities and public administration and defence compulsory social security sectors. Those sectors with much lower shares of female-leadership are mining, quarrying, construction and electricity, gas, steam and air conditioning supply.

Table 1.1: Proportion of female-led company by sector

Percentage of companies	**UK**	**Northern Ireland**	**England**	**Scotland**	**Wales**
	%	%	%	%	%
Education	**33.0**	30.6	33	33.8	32.4
Human health and social work activities	**35.3**	30.1	35.5	34.4	33.3
Other service activities	**27.6**	28.4	27.5	28.2	28.4
Public administration and defence; compulsory social security	**29.2**	24.3	29.7	22.5	23.4
Arts, entertainment and recreation	**21.6**	18.2	21.7	21.8	19.6
Transportation and storage	**13.1**	18.1	12.9	9.6	21.6
Accommodation and food service activities	**19.7**	17.7	19.7	20.0	20.6
Administrative and support service activities	**19.4**	16.9	19.6	16.3	20.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	**18.2**	14.1	18.3	18.3	17.2
Professional, scientific and technical activities	**19.0**	13.6	19.4	15.1	17.2
Real estate activities	**13.7**	11.1	13.7	13.9	13.9
Information and communication	**12.1**	9.9	12.2	12.2	11.3
Financial and insurance activities	**9.1**	9.5	9.1	9.9	10.0
Manufacturing	**12.2**	8.4	12.5	10.7	10.6
Agriculture, Forestry and Fishing	**13.0**	7.7	14.1	8.1	13.6
Electricity, gas, steam and air conditioning supply	**4.5**	6.3	4.4	4.1	5.4
Water supply, sewerage, waste management and remediation activities	**8.1**	5.8	8.3	6.8	7.2
Mining and Quarrying	**5.6**	5.2	6.4	3.7	4.3
Construction	**5.9**	5.0	6.0	4.8	5.9
Activities of households as employers	**32.7**	4.8	33.2	27.6	31.8
All sectors	**16.8**	**13.5**	**16.9**	**15.4**	**16.5**

Generally, Northern Ireland tends to not differ substantially from the UK average or that of other nations in the relative share of female-led companies by sector. As Figure 1.2 shows, there are a number of sectors where female-leadership is more or less common than the Northern Ireland average. This is particularly evident in Education, Human health and social care activities and other service activities where the rate of female leadership is over twice the Northern Ireland average, of 13.5%. Again, this is largely consistent with the UK pattern. [3]

Figure 1.2: Proportion of female-led companies by sector in Northern Ireland



[3] Caution should be exercised when interpreting the results particularly for those sectors where the number of female-led companies is particularly low.

2. Turnover growth rates of female-led companies in Northern Ireland

Turnover or sales growth is an important indicator of the vibrancy and competitiveness of companies. In this section the turnover growth rate of companies over a three year is outlined (2018-2021), thereby limiting the impact of variability in sales, particularly over the three-year period of interest, which includes the Covid-19 pandemic and pre-pandemic period.

As outlined in table 2.1, female-led companies in Northern Ireland performed relatively strongly over the 2018 to 2021 period, recording turnover growth of 18%. This was marginally higher the not recorded in Scotland and other English regions (North West, South East, Yorkshire and the Humber, and North East). Indeed female-led companies in Northern Ireland, like those across the UK, outperformed both male-led and mixed gender led companies.

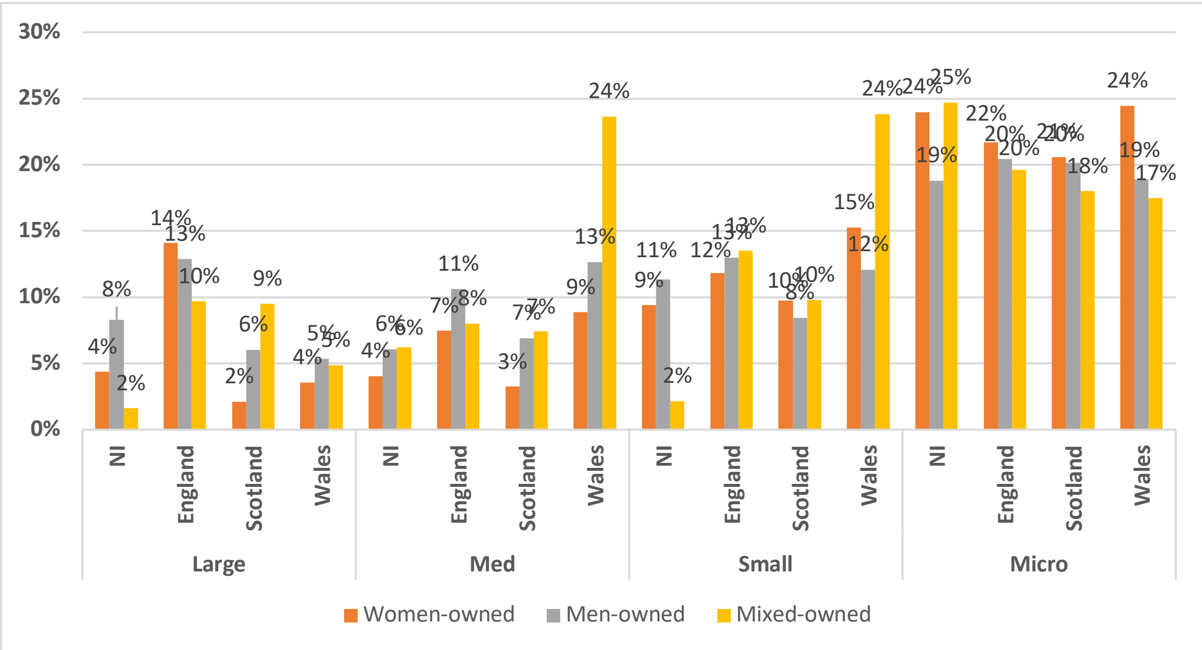
Table 2.1: Turnover growth (3 year) by region and type of leadership

	Female-led	Male-led	Mixed owners	Uncertain owners	Total Number
London	22%	21%	19%	31%	63,764
East Midlands	19%	14%	14%	15%	10,334
West Midlands	19%	15%	19%	26%	13,544
East of England	18%	16%	17%	31%	18,308
South West	18%	15%	17%	32%	14,901
North West	17%	15%	17%	17%	16,609
South East	17%	15%	16%	18%	31,900
Yorkshire and The Humber	16%	16%	16%	21%	10,984
North East	14%	16%	15%	30%	4,615
Northern Ireland	**18%**	**14%**	**16%**	**26%**	**3,431**
Scotland	17%	15%	15%	24%	11,596
Wales	21%	16%	18%	18%	5,548

Sectoral average growth rates for female-led companies need to be regarded with some caution due to relatively small sample sizes in some sectors (construction, manufacturing) and therefore the possibility that average growth rates are strongly influenced by either positive or negative outliers. This situation is exacerbated for Northern Ireland, Scotland and Wales where the regional samples themselves are relatively small.

Looking instead at turnover growth rates by gender leadership and company size (Figure 2.1), it is unsurprising that micro companies recorded proportionately higher turnover growth, over the period, largely reflecting the relatively lower turnover level at the start of the 3 year period. Focusing on the small medium and large companies we see considerable variability in turnover growth across the UK by leadership-gender. In Northern Ireland female-led and mixed gender led small and large companies grew faster than male-led companies, with similar rates of growth for medium-sized companies, irrespective of gender.

Figure 2.1: Turnover growth rates by gender-leadership and company size



3. High growth female-led companies

Aligned with OECD definitions, high growth equates to an average of more than 20% growth in turnover per annum compound, over three consecutive years. At the outset it should be noted that the share of high growth companies as a proportion of total companies is extremely low (UK: 0.17%; Northern Ireland: 0.17%; England: 0.17%; Scotland: 0.14%; Wales: 0.12%). Of the high growth companies across the UK only 8.5% of these were female-led (Table 3.1). This compares poorly to the broader average share of female-led companies, which in the UK is 16.8%. In other words, female-led companies are less likely to experience high growth compared to male-led companies. Interestingly, companies with mixed gender leadership were also proportionately less likely to experience high growth than male-led companies. This finding holds true in Northern Ireland, where only 9.8% of high growth companies were led by female compared to 77.7% of high growth company being led by men.

Table 3.1: Share of high growth companies by gender-leadership across the UK

	Female-led %	High Growth Female-led %	Male-led %	High Growth Male-led %	Mixed owners %	High Growth Mixed owners %	Uncertain owners %	High Growth Uncertain owners %	Total %	Total Number	High Growth Total Number
Northern Ireland	13.5	9.8	65.1	77.7	18.9	11.6	2.5	0.9	100	64,767	112
Scotland	15.4	11.9	62.5	71.8	18.4	16	3.7	0.3	100	223,985	319
Wales	16.5	12.3	60.6	66.7	18.3	17.3	4.6	3.7	100	129,791	162
England	18.3	8.3	60.1	77.9	16.3	12.1	5.3	1.7	100	3,993,299	6,848
Total UK %	16.8	8.5	60.3	77.4	16.5	12.4	6.3	1.7	100	-	7,441
Total UK Number	739,751	635	2,662,508	5,759	729,777	923	279,806	124	-	4,411,842	

The variance between company leadership and high-growth company leadership, by gender is demonstrated in Figure 3.1. Most striking, is the dominance of male-led high growth companies, with in Northern Ireland, these accounting for an additional 12.6% of companies relative to the proportionate share of male-led companies. In contrast, female-led companies in Northern Ireland were underrepresented by 3.7 percentage points, relative to the share of female-led companies.

Figure 3.1: Variance between Percentage of high-growth companies by gender and Percentage of companies, across UK nations

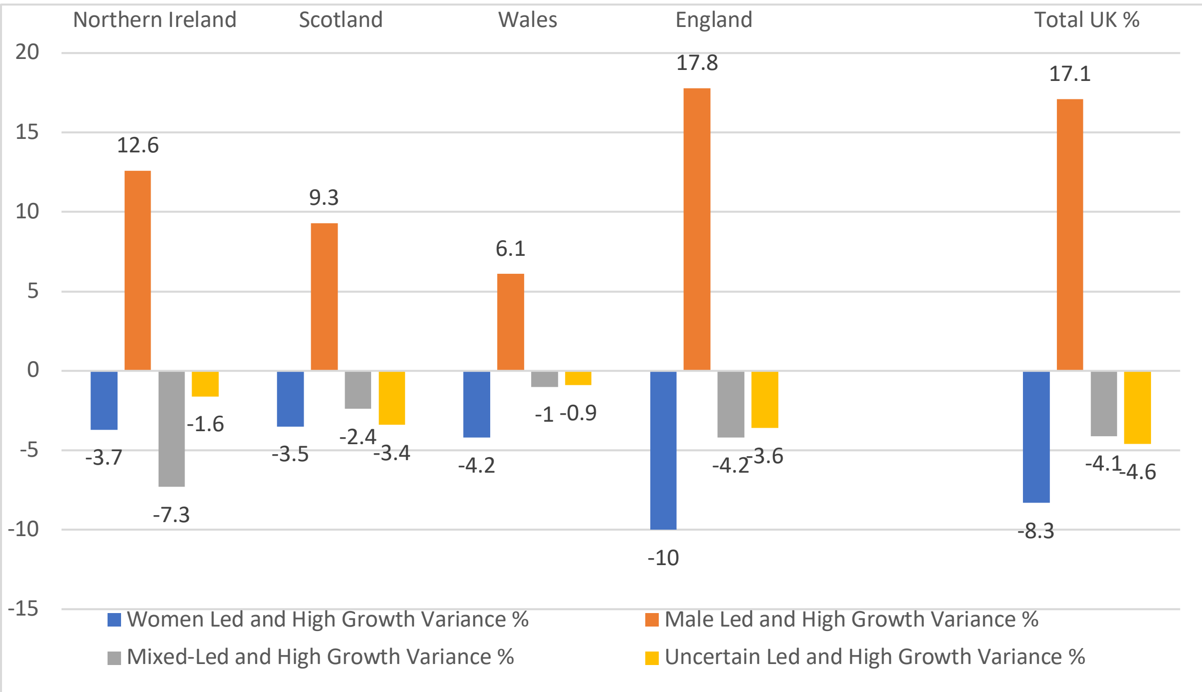
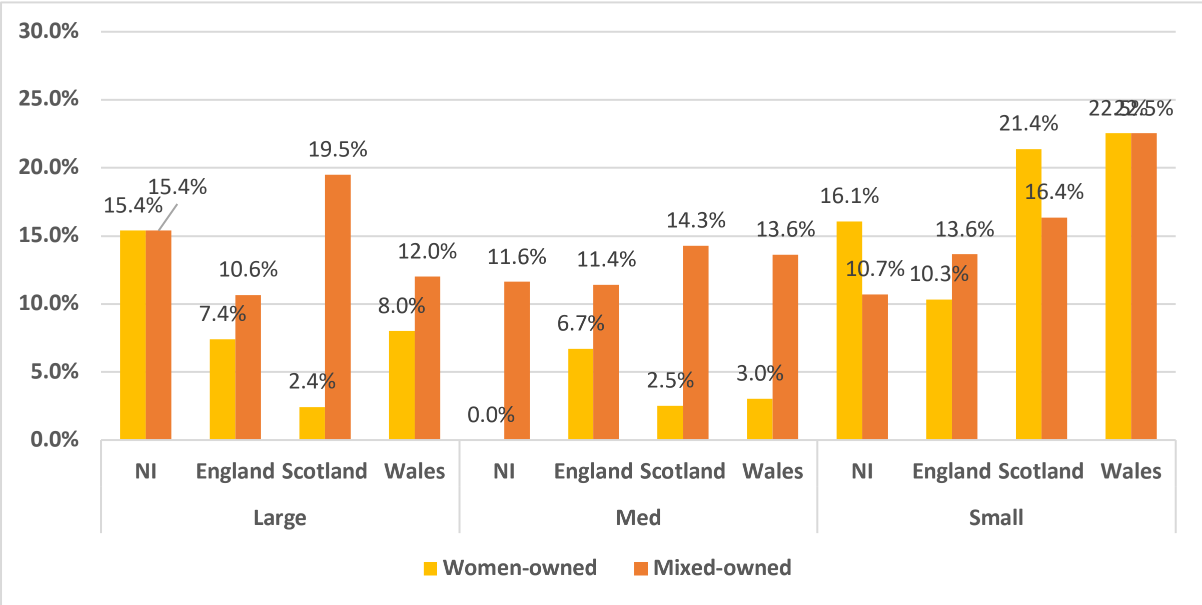


Figure 3.2: Share of female-led and mixed-gender led, high growth companies by company size and UK nation

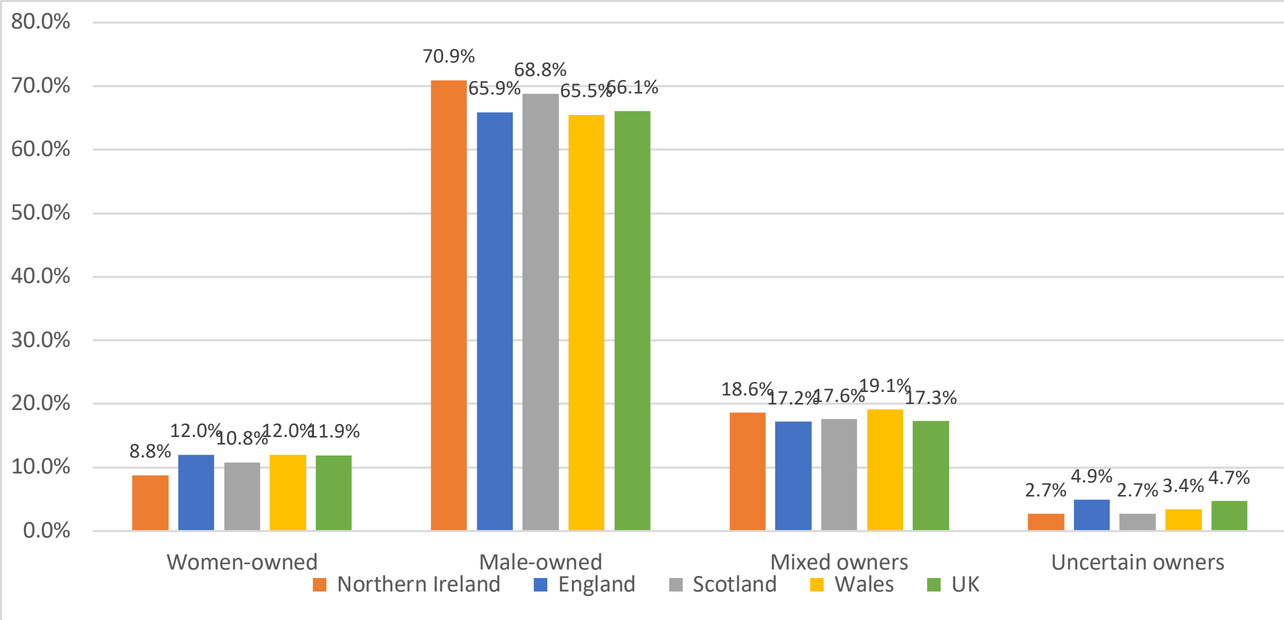


4. Investment in female-led companies

The gender index also provides information on external investments made in UK companies. Over the period, this amounted to 1.3 million investments, or 29.4% of UK companies receiving external investment. looking at this proportion of companies by gender in receipt of external investment, we find that female-led companies were significantly less likely to receive investment at 21.0% compared to 31.1% of those companies with mixed gender leadership, and 32.5% of male-led companies.

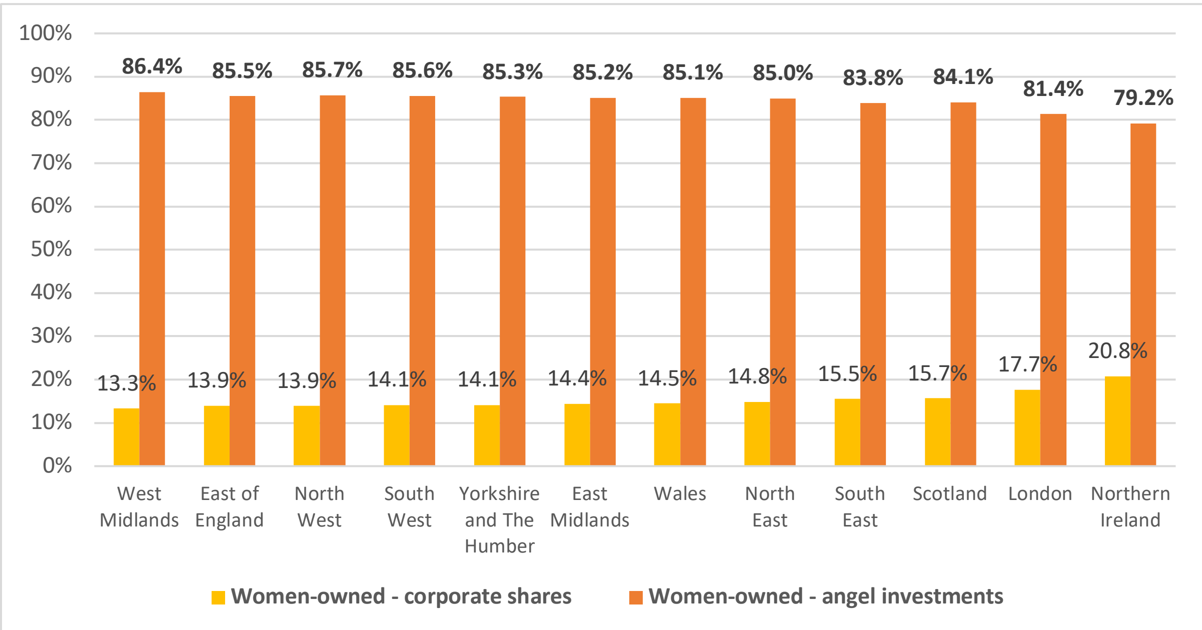
In Northern Ireland, a total of 19,251 companies received external investment in the period. At 29.7% of all companies this is on par with the extent of external investment across the UK. In Northern Ireland however, a lower proportion of external investments were made to female -owned companies at 8.8% compared to 10.8% in Scotland 12.0% in England and 12.0% in Wales (Figure 4.1). Again, male-led companies were disproportionately more likely to receive external investment. For example, while male-led companies account for 65.1% of all companies in Northern Ireland they received 70.9% of external investments. Similarly whereas female-led companies account for 13.5% of companies in Northern Ireland only 8.8% of external investments were in female-led companies. The implication of this, is that female-led companies are less able to access (or not accessing) external investment than those which are mixed or solely male-led.

Figure 4.1: Percentage of companies in receipt of external investment, by gender and UK nation



Across the UK, for female-led companies in receipt of external investment this is dominated by Angel investors (84%) and corporate share purchases (16%). Other sources of investment including venture capital investments and investments by private equity companies, account for only 0.6% of all external investments in female-led companies. This pattern of investment is largely similar across the UK (Figure 4.2), albeit with Northern Ireland female-led companies being slightly more likely to receive external investment through corporate share purchases (20.8%) and slightly less likely to receive Angel investment (79.2%).

Figure 4.2: Proportion of female-led companies attracting investment through corporate share purchases and angel investments



Given the importance of Angel investors, particularly to female-led companies, it is interesting to explore the composition of this group across the UK. 2.24 million individual Angel investors across the UK are identified in the gender index. Of this 2.24 million, 30.2% are female, 50.8% are men and for the remaining 19% the gender is unclear based on the individual's name (Table 4.1). For Northern Ireland, the proportion of female Angel investors is similar to that elsewhere across the UK at 31.6%.

Table 4.1: Gender breakdown of angel investors

	Female	Men	Uncertain	Total	Number
East Midlands	33.3	48.5	18.2	100.0	123,818
East of England	33.2	46.7	20.1	100.0	111,647
London	32.6	50.6	16.8	100.0	169,592
North East	32.6	48.7	18.7	100.0	215,135
North West	32.0	49.4	18.6	100.0	351,703
South East	31.4	50.0	18.6	100.0	47,582
South West	31.2	50.8	18.0	100.0	216,767
West Midlands	31.2	48.0	20.8	100.0	150,833
Yorkshire and The Humber	25.4	53.7	20.9	100.0	647,726
Northern Ireland	31.6	57.2	11.2	100.0	37,329
Scotland	31.2	52.2	16.7	100.0	109,124
Wales	32.4	49.7	17.8	100.0	62,375
UK	30.2	50.8	19.0	100.0	2,243,631