



Wales Report

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Introduction

This report presents key findings for Wales from analysis of The Gender Index data on women business leadership in Wales. UK Office for National Statistics business demography statistics show that 99.4% of businesses in Wales in 2019 were SMEs (250 or fewer employees), with SMEs contributing 38% of private sector business turnover and 62% of employment in Wales. Improving inclusivity in entrepreneurship has been a policy priority for Wales for over two decades. This was recently revisited in the Welsh Government report [Supporting Entrepreneurial Women in Wales](#) (2019), which made a number of recommendations for raising the participation of women in entrepreneurship and business start-up activity. The achievement of greater diversity in employment is a key priority for the Wales Wellbeing of Future Generations Act. The Gender Index provides a unique new opportunity to track women in business leadership and monitor the performance of their businesses across Wales in comparison to the wider United Kingdom.

Highlights

- 2.9% of UK women-led businesses are in Wales, in line with Wales' overall share of businesses in The Gender Index database. However, this share is below Wales' percentage of the UK population which currently stands at 4.7%.
- Wales ranks second highest among the UK nations with 16.5% of businesses in women leadership, and fourth among UK ITL1 (NUTS1) regions. Almost 35% of businesses involve women in leadership, either as sole-owners or in mixed leadership with men as co-owners.
- The highest proportions of women-led businesses in Wales are in Education and in Human Health and Social Work. In both cases around a third of businesses are women-led.
- Rates of women-led businesses in Wales are highest in the micro size category (under 10 employees), where almost 17% of businesses are women-led. Including businesses in mixed leadership, 34.6% of microbusinesses and 38.9% of small businesses in Wales involve women in leadership.
- Women-led businesses in Wales grew turnover on average by 21%. This rate of turnover growth is higher than in the other UK nations. Across all UK ITL1 regions only London shows a higher average increase in women-led business turnover. Women-led businesses in Wales outperformed male- and mixed-leadership businesses.
- The highest rates of turnover for women-led businesses in Wales are in Construction and in Agriculture, Forestry and Fishing. Average rates of turnover growth by women-led businesses in Wales are highest in the micro size category (under 10 employees) at 24%. This is higher than the corresponding average for male- and mixed-leadership businesses. Women-led small businesses (10 to 49 employees) also performed well in Wales achieving a turnover growth rate of just over 15%, well above the corresponding rates in the other UK nations.
- Wales has the highest proportion of women-led 'high growth' firms across the UK nations. Over 12% of Welsh firms achieving growth of at least 20% over three consecutive years are women led, and 30% are either women- or mixed-led.
- Proportions of high growth firms in Wales with women owners are highest, at over 30%, in Education and in Human Health and Social Work sectors.
- Compared to other UK nations, Wales has the highest proportion of women led high growth businesses in the small size category. 23% of small high growth firms in Wales are women led compared to 21% in Scotland, 16% in Northern Ireland and only 10% in England.

1. Women-led firms in Wales

The Gender Index database for the 12-month period February 2021 to January 2022, contains 4.4 million UK businesses of which almost 130,000 (2.94%) are in Wales. Of these 130,000, 21,300 are women-led and a further 23,700 are in mixed leadership. The share of women led businesses in Wales is 2.89%, only just below the overall share. If mixed-leadership businesses are included, Wales' share of the UK total improves to 3.25%. However, these shares are all below Wales' share of the UK population which currently stands at 4.7% (ONS mid-year estimate for 2020). This implies that Wales has a lower number of businesses per head of population, either men- or women-led, than elsewhere in the UK. The Gender Index data show that 16.5% of businesses in Wales are women-led. This is a little below the UK average of 16.8% (16.9% UK excluding Wales).

Wales ranks second amongst the UK nations below England, although as Figure 1.1 shows there is limited variation in the proportion of women-led businesses across the home nations. 34.8% of businesses involved women in leadership either as solely women-led or in mixed co-leadership. This combined figure is slightly higher than in the other UK nations. As Figure 1.2 shows, across the 12 UK ITL1 regions, Wales ranks 4th with only West Midlands, the South East and London enjoying a higher proportion of women-led firms.

Although, because of methodological differences, estimates are not strictly comparable, the Welsh Government reported in 2019 that 28% of businesses in Wales were women led, slightly below a UK average of 31%.

Figure 1.1: Business Leadership in UK Nations

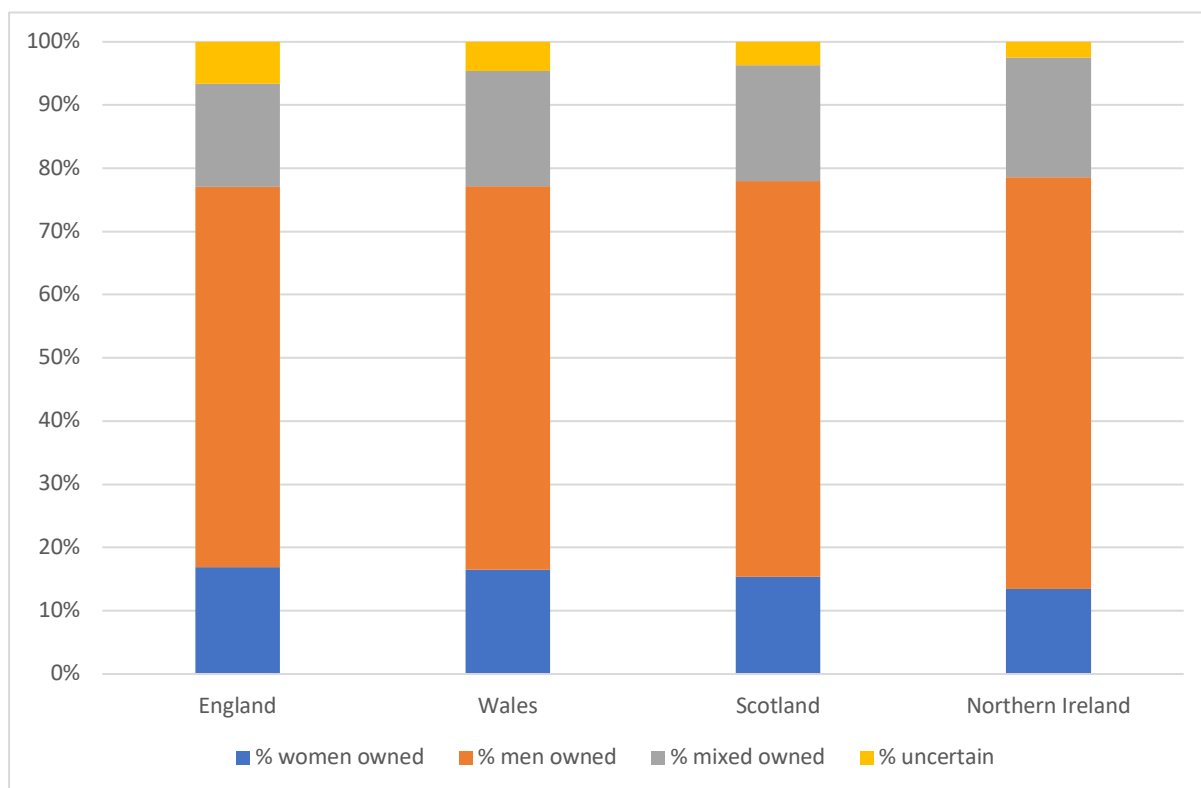
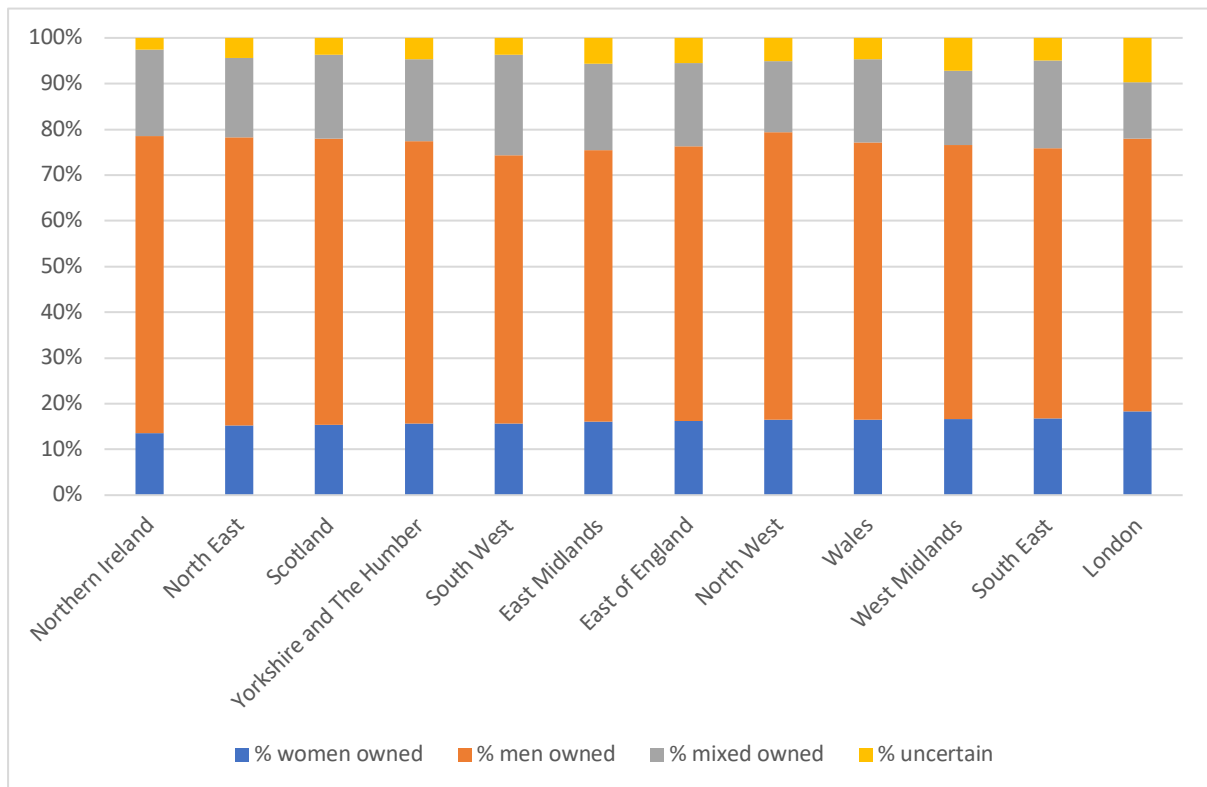


Figure 1.2: Business Leadership in UK ITL1 Regions (or replace with Steve's Table 1.1)



The ranking of the proportion of women-led businesses by sector is very similar in all UK nations. Figure 1.3 shows the percentage of women-led businesses in Wales by sector in ascending rank order. In Wales the lowest proportions of women-led businesses are in Mining and Quarrying, Energy, Construction and Water Supply. In all cases the proportion is below 10%. These sectors are also amongst the lowest in the other nations. Also of note are generally low proportions of women-led businesses in Financial and Insurance, in Manufacturing, in Information and Communication, in Agriculture and in Real Estate. In all these cases the proportion is between 10% and 15%. At the other end of the range the highest proportions of women-led businesses in Wales are in Education and in Human Health and Social work where in both cases around a third of businesses are women-led.

Figure 1.3: Business Leadership in Wales by sector

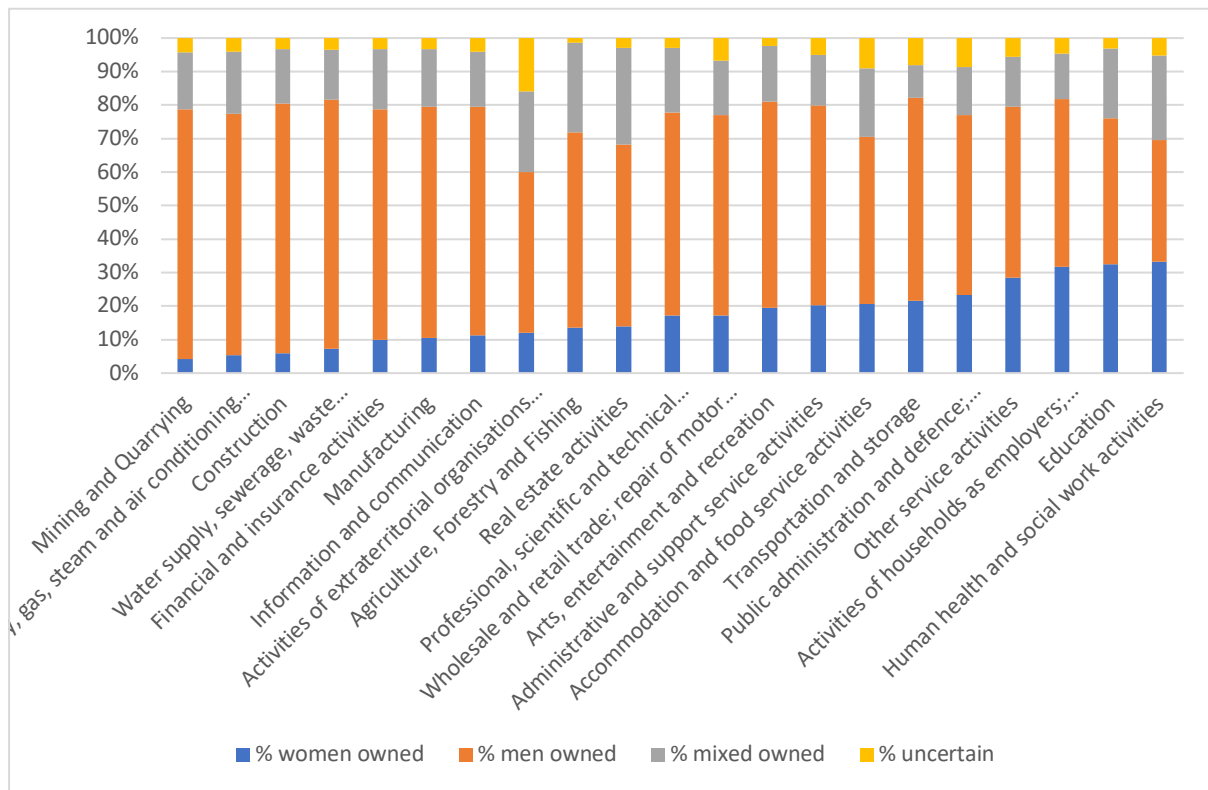
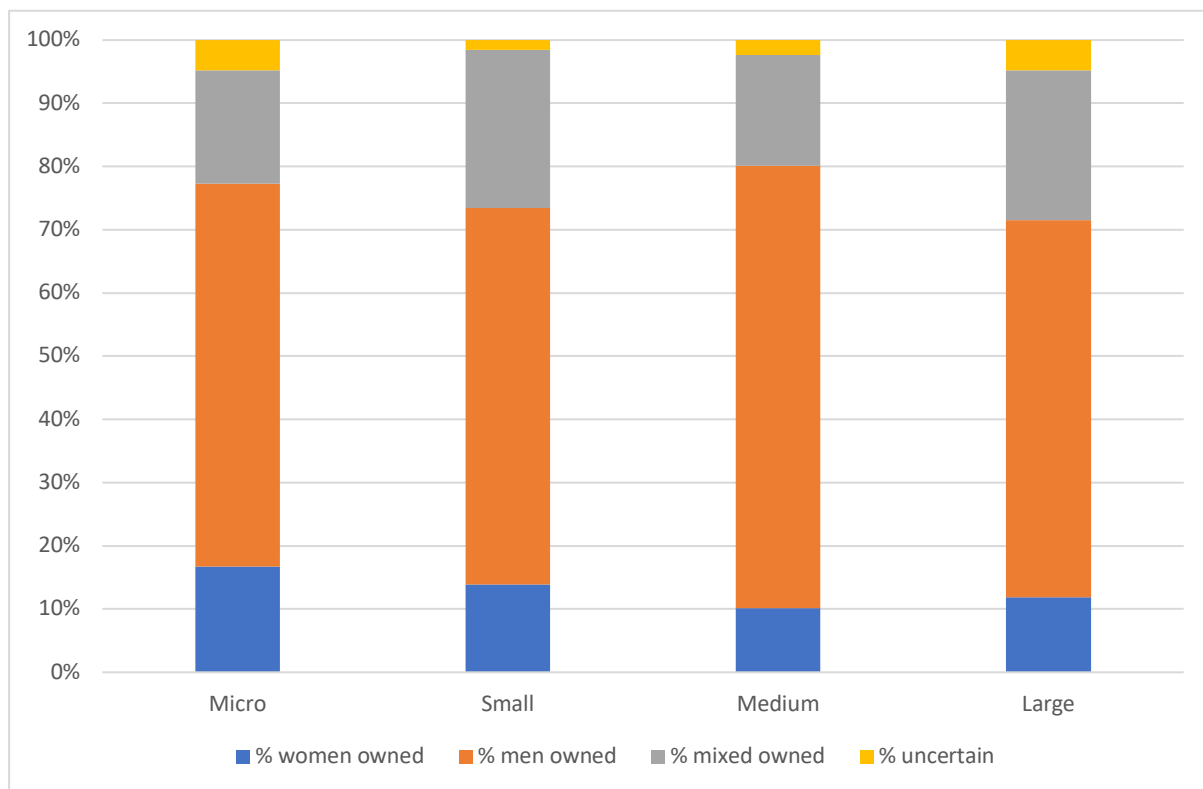


Figure 1.4 shows the distribution of leadership of firms in Wales by size category. The highest proportion of women-led business in Wales is in the micro category (under 10 employees), where 16.7% of micro-businesses which are women-led. This is not as high as in England, but higher than in Scotland and N. Ireland. Wales has a higher proportion of women-led medium and small businesses than the other UK nations, at 10.2% and 13.9% respectively. Including businesses in mixed leadership, 34.6% of microbusinesses and 38.9% of small businesses in Wales involve female leadership, and these combined percentages are higher than in the other UK nations. Wales also performs well in the large firm category. 12.0% of large firms in Wales are female-led, above the UK average of 11.2% (11.2% UK excluding Wales). This is the highest proportion across all the UK nations. Across size bands, the smallest proportion of women-led businesses in Wales are in the medium-sized category. This matches the pattern seen in England and in Scotland.

Figure 1.4: Business Leadership in Wales by size category



2. Turnover growth rates of women-led businesses in Wales

Turnover or sales growth is an important indicator of the vibrancy and competitiveness of firms. In this section the turnover growth of firms over a three-year period is described. This is a metric chosen as it gives a more robust indication of longer-term regional patterns than a single year metric. The growth rates described here relate to the 2018-2021 period, including the pre-pandemic period as well as the first year of the COVID-19 pandemic.

Women-led businesses in Wales grew turnover on average by 21%. This is somewhat higher than the UK average of 19% (*19% UK excluding Wales*), and, as seen in Figure 2.1, above the average rate in the other UK nations. Across all UK ILT1 regions only London shows a higher average rate of turnover increase than Wales (at 22%). With a 21% average increase in turnover, women-led businesses in Wales outperformed both male-led and mixed-leadership businesses in Wales with average turnover growth rates of 16% and 18% respectively.

Figure 2.1: Women-Led Business Turnover Growth Rates by nation

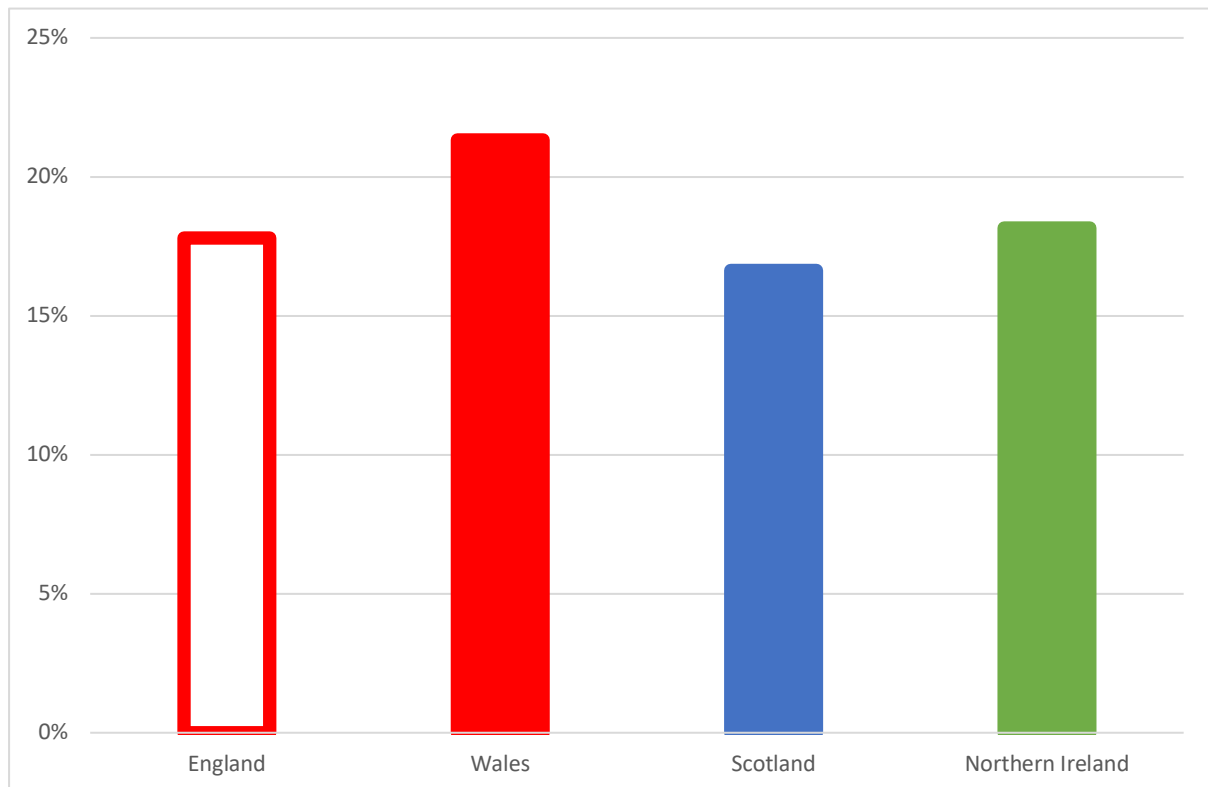


Figure 2.2 shows turnover growth rates of women led businesses in Wales by sector. The fastest growing women-led businesses in Wales are in the Agriculture, Forestry and Fishing Sector, in the Construction sector and in Administrative and Support Service Activities, all growing by at least 40% on average. Aside from in the utilities, energy, and mining sectors where levels of women leadership are negligible, women-led businesses grew least fast in Financial and Insurance Activities and in Information and Communications. Women-led businesses in these two sectors generally performed better in the other UK nations.

Figure 2.2: Women Led Business Turnover Growth Rates in Wales by sector

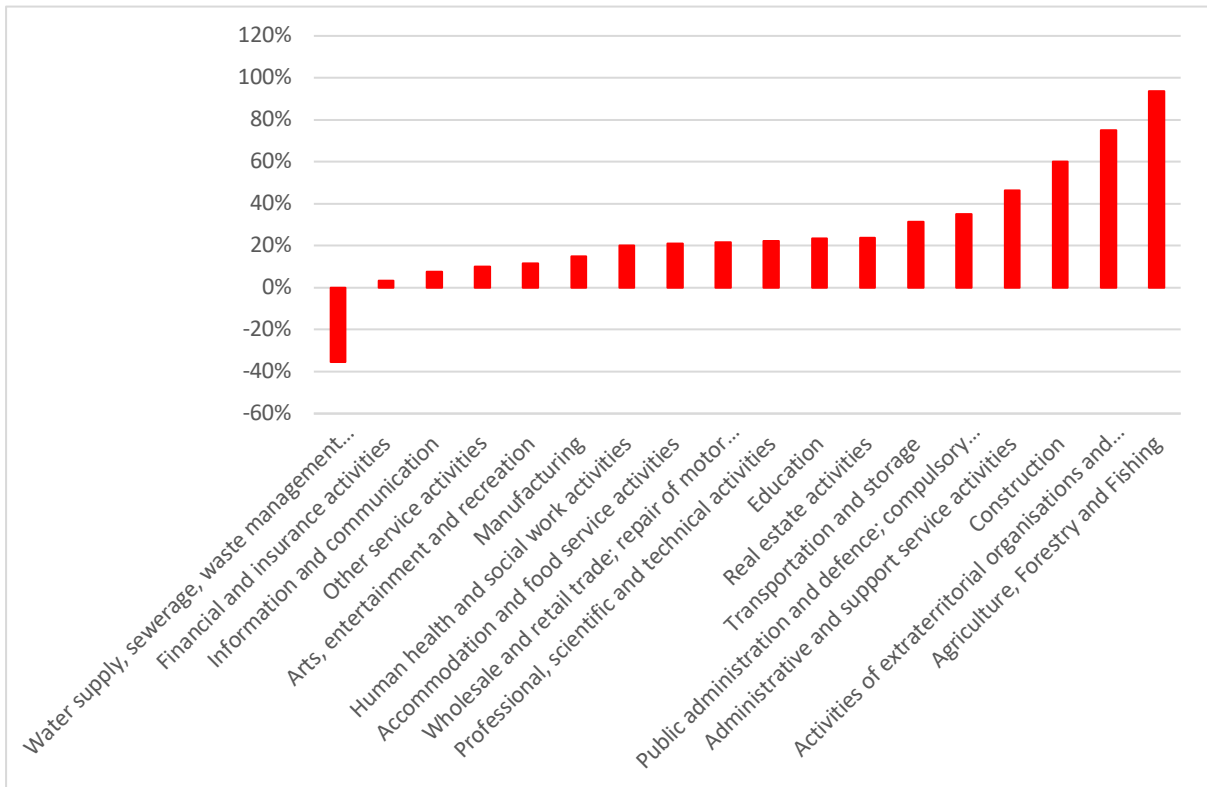
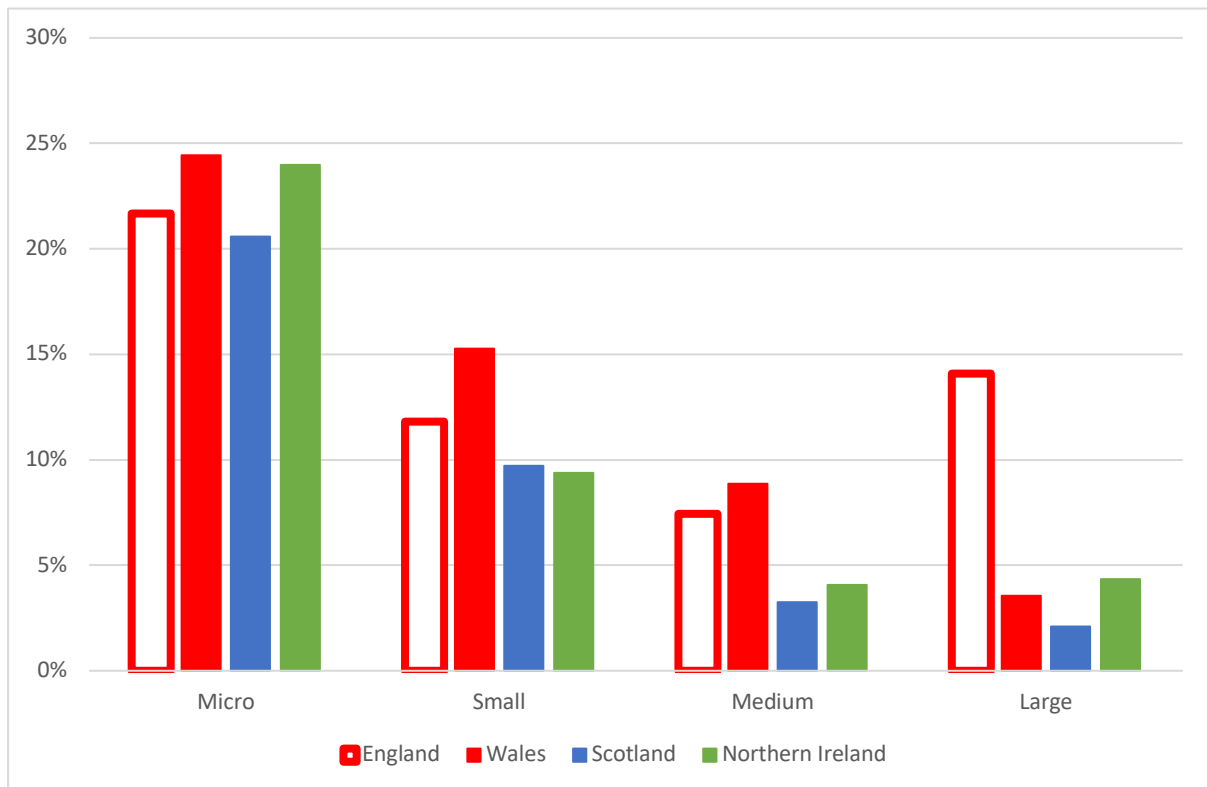


Figure 2.3 shows average rates of turnover growth for women-led businesses by size band for each of the four UK nations. Women-led micro-businesses with under 10 employees grew faster than businesses in the other size bands, and, except for England, average rates of turnover growth fall as size band increases. In Wales women-led micro-businesses grew on average by 24%, compared to 19% and 17% for male- and mixed-led micro-businesses. Average rates of growth of micro, small and medium women-led business are higher in Wales than in the other UK nations.

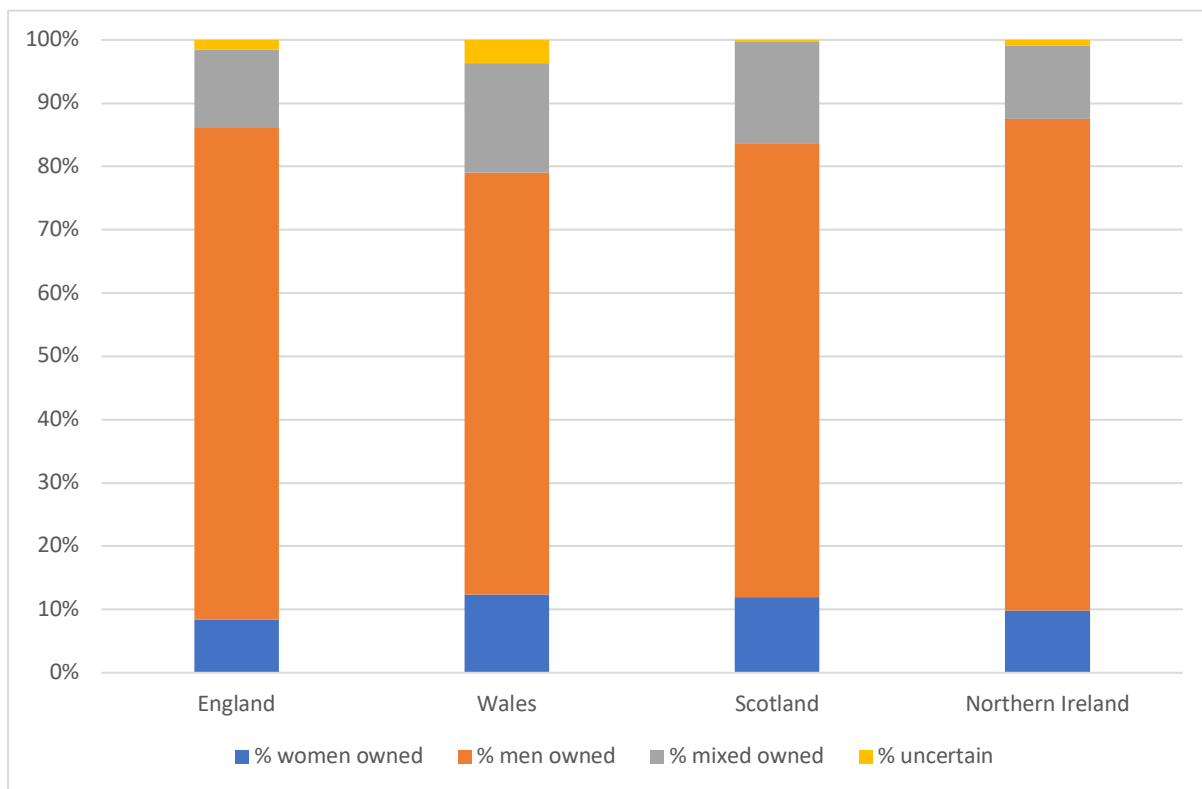
Figure 2.3: Women Led High Growth Firms by size band



3. High growth women-led firms

The definition of high growth used is, consistent with OECD practice, an average of more than 20% growth in turnover per annum compounded over three consecutive years. Although the differences in proportions are relatively small, Wales has the highest proportion of women led high growth firms across the UK nations, at 12.4%. This compares to a UK average of 8.8% (8.7% UK excluding Wales). If mixed leadership is included in the proportion then Wales maintains the best performance across the UK nations, with 29.7% of high growth businesses involving women in sole or co-leadership.

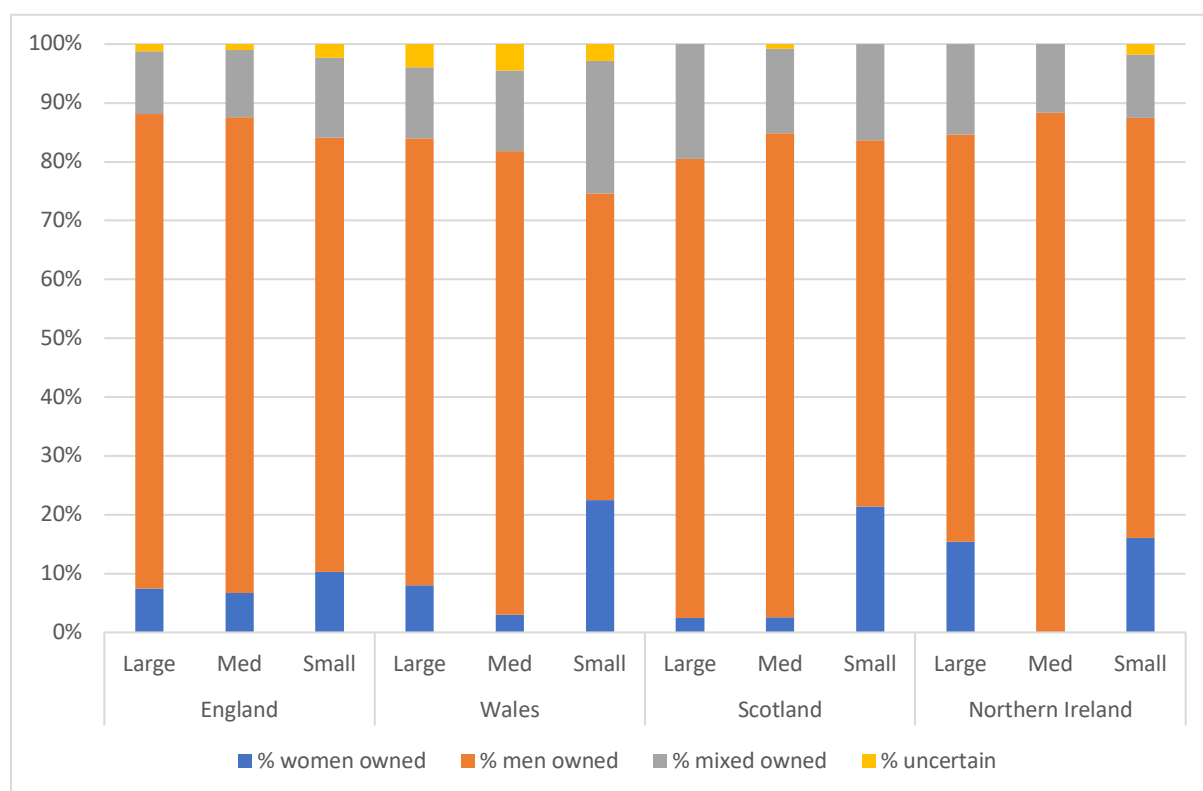
Figure 3.1: High Growth Firms across UK Nations



The highest proportions of women-led high growth businesses in Wales are in the Education and in the Human Health and Social Work sectors. Here women-led businesses account for 33% and 31% of all high growth businesses respectively. If mixed leadership businesses are included, then three sectors in Wales have proportions of high growth businesses involving women in leadership which are above 50%. These are Administrative and Support Service Activities, Other Service Activities and Human Health and Social Work.

Figure 3.2 shows the proportions of high growth businesses in women leadership for small, medium, and large size bands. Proportions in women leadership are generally higher in the small size band across the UK. In Wales the proportion of women-led high growth businesses in the small size band was 22.5%. This is over twice the same proportion in England. The proportions in the larger size bands were much lower. In the medium and large size bands they were only 3% and 8% of businesses respectively. Including small size-band businesses in mixed-leadership into the proportions continues to show Wales’ good performance against this metric. 45% of high growth small businesses in Wales involve women in leadership compared to equivalent figures of 38% in Scotland, 27% in Northern Ireland and 24% in England.

Figure 3.2: Women-Led High Growth Businesses by Size Band across the UK

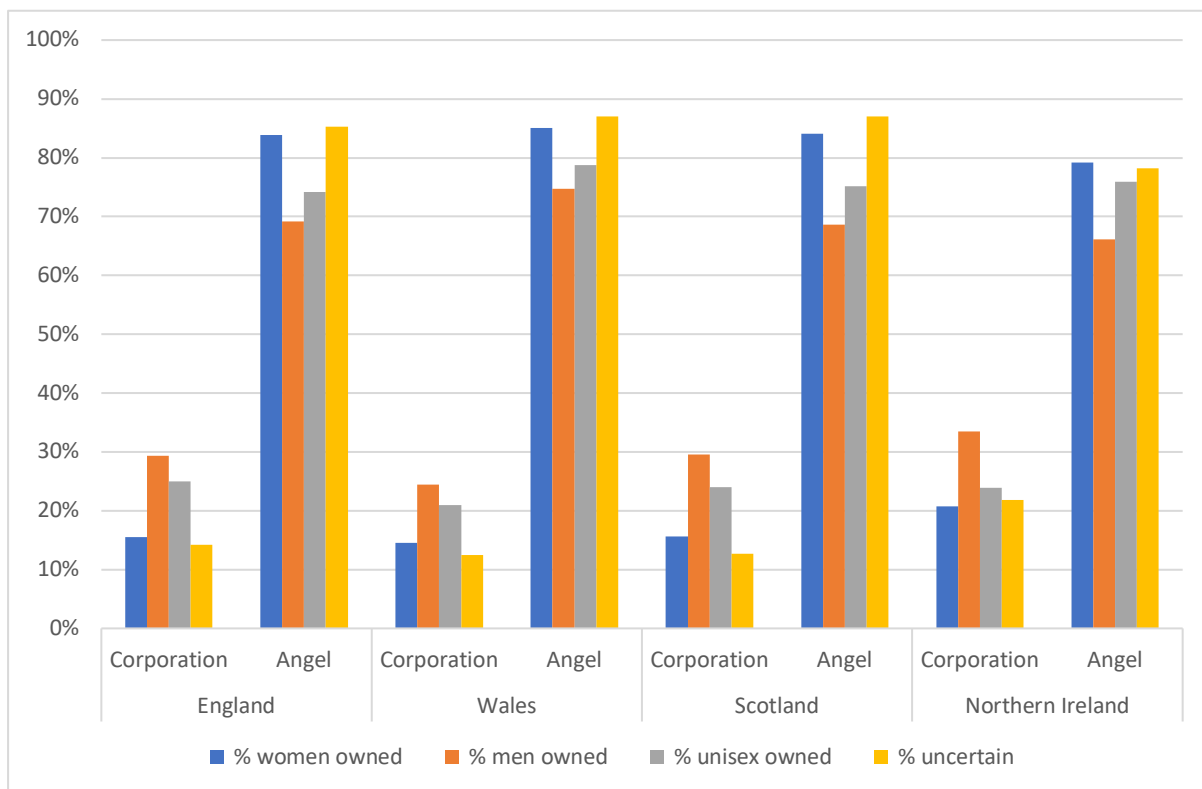


4. Women-led firms in Wales attracting investment

Just over 4000 Welsh women-led businesses, amounting to 19.4% of all those in Wales, were able to obtain external capital. This compares to a rate of 21.1% for the whole UK (21.1% UK excluding Wales). This level of success for Welsh women-led businesses (at almost 1 in 5) is encouraging, as it is higher than the overall 16.5% rate of women-leadership of businesses in Wales. The numbers of women obtaining external investment is slightly above their share of the overall business population. However, it is important to note that The Gender Index data is not able to provide information about the average size of these investments. It is possible that the average size of investment into women-led businesses is smaller than for men-led or mixed-leadership groups.

These investment success rates are very similar across the four UK nations. However, the rate of success for women owners in Wales is slightly lower than elsewhere. As shown in Figure 4.1, most external finance is obtained from angel investors (85% in Wales). Almost all of the remainder (14.5%) is obtained as share purchases by other corporations. Venture capital and private equity investments together comprise only 0.4% of external finance investment in women-led businesses in Wales. These proportions are very similar to those for England and Scotland.

Figure 4.1: Shares of Corporation Equity Purchases and Angel Investments in Women-Led Businesses



Finally Figure 4.2 shows the gender breakdown of angel investors across UK ILT1 regions and devolved nations. Wales has a total just over 62,000 investors of whom just under one third are female. As the figure shows, this proportion is very similar to that elsewhere across UK outside London. Wales ranks 5th out of the 12 English regions and devolved nations. The share of women angel investors in Wales is 2.9% of the UK total, identical to the Welsh share of all women-led businesses across the UK.

Figure 4.2: Share of Women Angel Investors across UK devolved nations and regions

