

The Gender Index overview for Wales, 2023

Andrew Henley

Cardiff Business School, Cardiff University

Key Findings 2023

- The Gender Index shows that in Wales in 2023 there were 22,900 active female-led companies. This is a share of 16.7% of active companies in Wales, slightly below the rate of 17.2% (16.5%) across the rest of UK. Wales has improved from 16.5% in 2022.
- The rate of female-led companies in Wales is higher than in Scotland and N Ireland but lower than in England, especially in London and the South East.
- Women are involved in the ownership and leadership of other companies in Wales. In 2023 a further 17.9% of active companies in Wales mixed men- and female-led. This proportion is lower than in Scotland and N Ireland but above that in England. A total of 34.6 per cent of active companies in Wales in 2023 involved women in ownership (either solely or in a mixed gender team). This is higher proportion than in any of the other UK nations.
- 12.1% of high turnover growth companies in Wales in 2023 were female-led. This is a highest rate across all UK devolved nations and regions. The rate of female-led high growth companies in Wales has improved from 11.9% in 2022.
- A total of 5,665 active female-led companies in Wales secured external capital in 2023. This is an increase of around 1,500 from 2022. This total represents 3.1% of all female-led UK companies which secured external capital and is a slightly higher proportion than the percentage of all female-led companies which are in Wales.
- 2023 has seen a significant improvement in the numbers of female-led companies in Wales who have secured external capital. The proportion of companies in Wales securing funding who are female-led is just under one quarter and is higher than in England and Scotland.
- Of this female-led total obtaining external finance, the highest number, 2,536, were in the Gen X age group, followed by 1,639 in the Millennials group. The female-led proportions of the Gen X and Millennials groups in Wales who secured external funding were higher than the proportions in the rest of the UK.
- Although numbers of business angel investors in Wales remain small in comparison to the rest of the UK at around 22,000, the proportion who are women, at 28.7%, is higher than in the other UK nations, with only the East of England seeing a higher rate.
- 18.4% of minority ethnic group owned active companies in Wales in 2023 were female-led, a higher proportion than of the total of all active companies which are female-led. This proportion in Wales is lower than in England, Scotland and Northern Ireland, although above that in East Midlands, North East, and Yorkshire and the Humber.
- 1,002 minority ethnic female-led companies in Wales in 2023 secured external capital. This represents 16.3% of all active minority ethnic companies in Wales who secured external capital. This proportion is below that in England and Scotland but above Northern Ireland.

Summary

The most recent Global Entrepreneurship Monitor survey data (2021) shows that 10.3 per cent of the population of Wales are involved in early-stage entrepreneurship. This is a little below that rate in England and above Scotland and Northern Ireland, but not significantly so (Figure W1). For women the early-stage entrepreneurship rate was 9.8 per cent, below the rate for men of 10.7 per cent, but not significantly so. The female entrepreneurship rate in Wales was close to that in England, and higher than in Scotland and Northern Ireland (Figure W2). The GEM survey also shows that young entrepreneurship has grown considerable in Wales over the past 20 years. This is a positive reflection on active policies to promote company start-up and entrepreneurship, for example through the Big Ideas Wales programme.

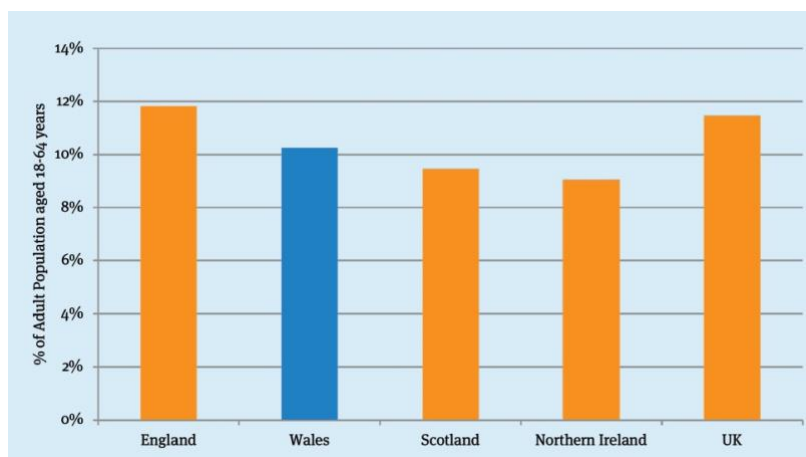


Figure W1: Total Early-Stage Entrepreneurial Activity (TEA) in the UK Home Nations 2021 (Source: GEM)

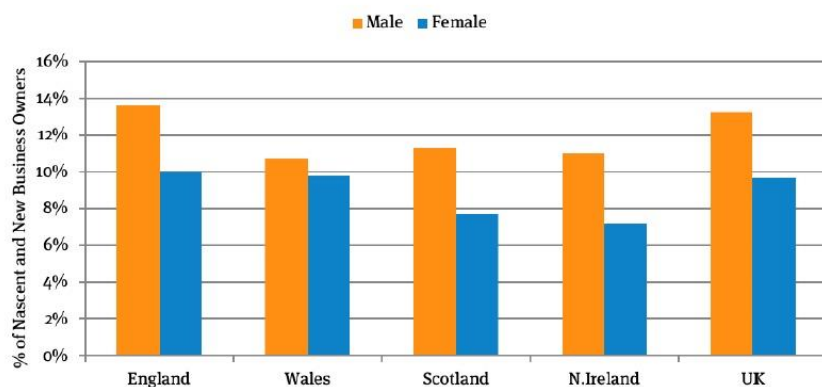


Figure W2: Total Early-Stage Entrepreneurial Activity (TEA) in the UK Home Nations 2021 by gender (Source: GEM)

The impact of the pandemic can be seen in the increase in those expressing an intention to start a business in the future in the GEM survey. However, in other indicators such as self-employment and company formation rates, the impact of the pandemic may be considered as slowing down company formation activity.

Business structure continues to be dominated in Wales by small and medium sized enterprises (SMEs). ONS business demography statistics show that in 2021 99.4% of companies were SMEs, accounting for higher proportions of employment (62.6%) and turnover (48.4%) than in the UK as a whole.

The improvement of inclusivity in company ownership across various dimensions (gender, ethnicity, social ownership) remains a high policy priority in Wales, as reflected in the Wales Wellbeing of Future Generations Act. Although the funding of business support activity from European Structural Funds came to an end in 2022, support for business growth remains a priority in Wales. Furthermore, the Development Bank of Wales has now achieved over a total of £500m of funds, through loan and equity finance at various scales, invested in companies in Wales. Emergency business support in Wales during the pandemic was managed by the Development Bank of Wales, and between 30 and 37 per cent of business owners supported in the later phases through this route were women.

The latest Gender Index data show that Wales has seen a slight improvement from 2022 to 2023 in the percentage of active companies who are female-led. Although the rate is better than that in Scotland and N Ireland it is still somewhat below the average for the rest of the UK (see England, Table 1). Women continue to also be involved in mixed gender leadership teams, and here the rate in Wales is higher than in England (see: England, Table 2). Totally female-led and mixed-gender-led companies together, Wales has the highest overall proportion of active business in which women are involved in leadership across all the UK nations, at 34.6% in 2023. While women-only ownership has risen since 2022, there has, however, been a slight falling back between 2022 and 2023 in the percentage in Wales who are led by a mixed gender team.

There has been a small improvement in Wales in the proportion of high growth companies who are female-led. Wales continues to have the highest percentage of female-led high growth companies across the UK nations (see England, Table 4). The average turnover growth rate of female-led companies in Wales is higher than that for companies led by men and is the third highest across UK nations and regions. (see England, Figure 2).

There has been a significant improvement between 2022 and 2023 in the numbers of female-led companies in Wales who have secured external capital. The proportion of companies in Wales securing funding who are female-led is just under one quarter, and is higher than in England and Scotland, although lower than in Northern Ireland (see England, Table 5).

Numbers of female investors in Wales remain low in comparison to totals in the rest of the UK – there has been some improvement over the past year in the numbers of female angel investors in Wales. Almost 1 in 5 minority ethnic owned companies in Wales are female-led – a somewhat higher female-led proportion than across all active companies in Wales. However, this female-led proportion of ethnic minority companies is somewhat below the rate in most other UK nations and regions.

Numbers of female angel investors remain quite low in Wales, in comparison to the rest of the UK, accounting for 3% of all UK women angel investors. Numbers of women angel investors in Wales across all types increased slightly from 21,994 to 22,030 between 2022 and 2023. The proportion of investors who are women in Wales was 28.7%, higher than in the other UK nations. In 2023 there are 9,983 female love investors, 11,007 female angel investors and 1,040 female repeat angel investors in Wales.

In Wales female-led active companies are under-represented in the younger generations (Millennials and Gen Z's) and correspondingly over-represented in the older generations, particular in the oldest Silent Generation, in comparison to the rest of the UK. However, what these data strongly suggest is that women in Wales remain active as company leaders well into later life. Companies led by Millennials in Wales have the highest growth rates and the highest rates of securing external finance, and in this respect female-led companies are performing better in Wales than on average across the rest of the UK.