



The Gender Index



Scotland

2024

The Gender Index overview for Scotland 2024

Prof. Eleanor Shaw OBE, Sreevas Sahasranamam and Saurabh Lall
University of Glasgow, Adam Smith Business School

Dr Samuel Mwaura
University of Edinburgh

Dr Aylin Ates and Dr Paul Lassalle
University of Strathclyde, Hunter Centre for Entrepreneurship

Q1. What is the proportion of incorporated female-led companies in Scotland versus the UK and other region and nations?

In 2023, 20.3% of all new incorporations in Scotland were female-led, similar to the share of new incorporations in 2022 which stood at 20.6%. New incorporations led by mixed-gender teams accounted for 11.4% of all incorporations, suggesting a female business leadership participation rate of around 33% among newly incorporated companies. Still, female participation rates in new incorporations in Scotland in 2022 and 2023 trailed the UK average, driven mainly by England, although Scotland reported a larger-than-the-UK-average share of mixed gender incorporations in both years.

While participation rates in new incorporations remained broadly the same, in 2023 the number of new female-led companies in Scotland grew by 11%; more than the UK figure of 7% but less than the number of new male-led Scottish companies which grew by 13%. Regardless, all these figures are significantly below the growth in new female-led incorporations in Northern Ireland (71%).

Indeed, Scotland's growth is seemingly more remarkable considering that with the extraordinary growth reported in Northern Ireland aside, England saw no growth at all outside London with most regions reporting a decline in new female incorporations in 2023 alongside Wales. However, to build towards equality, female participation in new incorporations needs to be much higher, whether as female-led or in mixed leadership teams, especially as the present slower growth relative to male-led companies further challenges equal representation in business leadership in Scotland.

Table 1: New incorporations in home countries by gender



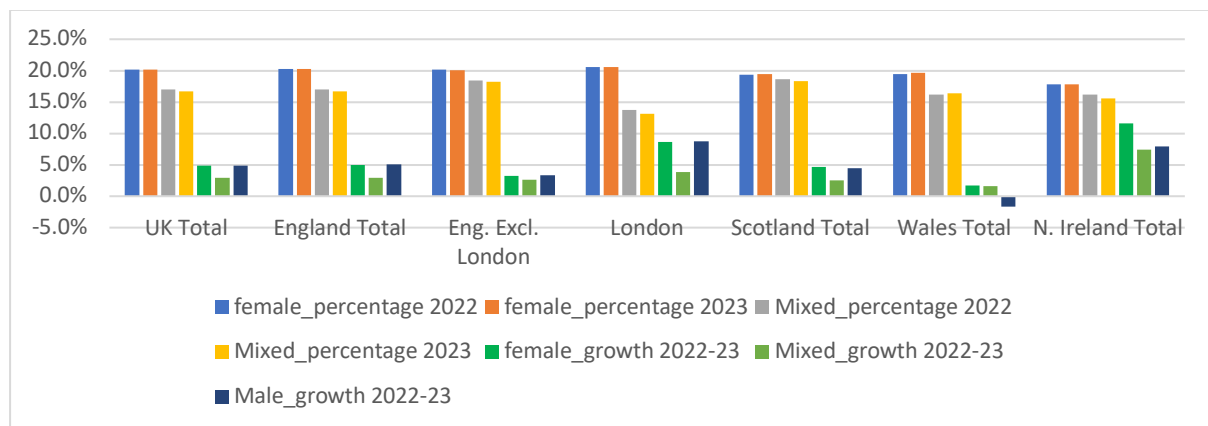
Q2. What is the proportion of active female-led companies in Scotland versus the UK and other regions and nations?

With growth in new incorporations for female-led companies lower than that of male-led companies, exits notwithstanding, the share of total active female-led companies in Scotland remained at just under 20% in 2023, a notch below the rates for the UK (20.1%) and England (20.2%) but on a par with Wales (19.7%) and slightly above Northern Ireland (17.8%). Including the share of mixed-led companies (18.6% in 2022, 18.3% in 2023), this brings total female participation in business leadership in Scotland to around 38%, which is slightly above the UK average (37.1%).

Growth in participation rates by gender categories in the stock of active companies in Scotland was comparable with the UK averages of 5% for female, 3% for mixed gender, and 4% for male-led companies. Growth rates in other home countries varied significantly. For example, rates in Wales were lower including negative growth in male rates. London recorded a 9% growth in both female- and male-led companies, while the figure in Northern Ireland stood at 12% growth in the stock of female-led companies and 8% for male-led companies.

Despite these Scottish growth rates, the number of active female-led companies in Scotland equals only one third of male-led companies (under 50,000 female-led, compared to around 150,000 male-led) in 2023. This suggests that the higher growth rate for female-led companies is explained by their lower base. In absolute terms, there were only around 2,000 new female-led Scottish companies in 2022, while the stock of male-led companies in Scotland grew by over 6,000.

Figure 2: Shares of total active companies in home countries by gender



Q3. What percentage of female-led companies in Scotland would be classified as fast growth versus the UK and other regions and nations?

In 2023, only 13.6% of fast growth companies in Scotland were female-led with a further 12.6% mixed-led. This suggests that in addition to female underrepresentation in the total stock of active companies, there is even more severe female underrepresentation in fast growth companies – even when the rate in Scotland is slightly higher than the UK average and only second to Wales’s leading rate of 16%.

Scotland reported the highest decreases in the share of female-, mixed- and male-led fast-growth companies among the Home Nations, 2022 to 2023, representing an absolute decrease from a low of 111 female-led high growth companies in 2022 to an even lower figure of 85 female-led fast growth companies in 2023.

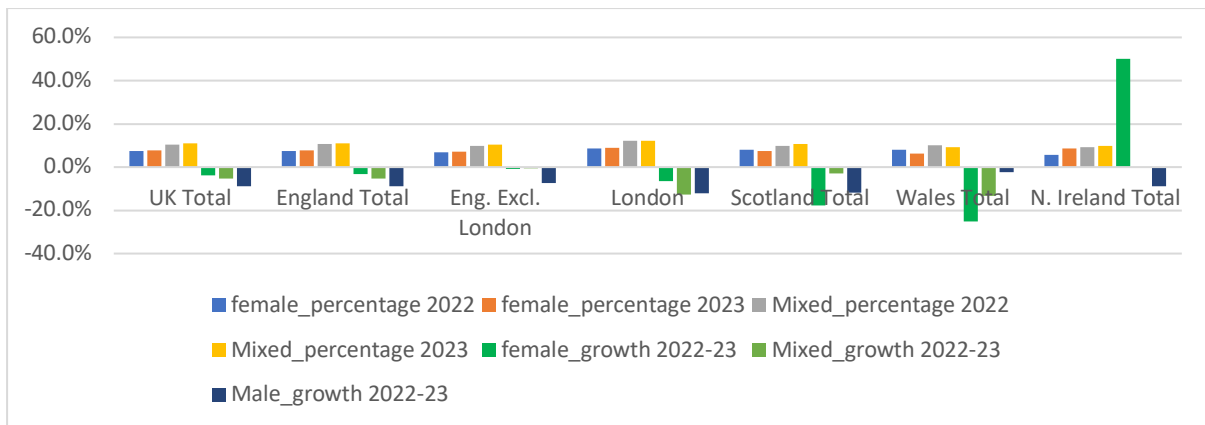
Figure 3a: Shares of fast growth companies in the home countries by gender



Looking at fast growth companies with more than 10 employees – which account for about 0.1% of all active companies in Scotland – figures show that the share of female-led companies dropped to 7.4% in 2023, down from 8% in 2022. Given that the overall share of female-led companies in Scotland is almost 20%, these figures suggest that although the overwhelming majority of Scottish companies are micro-sized (employ no more than 10 people), female founders are vastly underrepresented amongst fast growth companies with over 10 employees.

Looking at growth between 2022 and 2023, Figure 3b shows vast differences between the Home Nations across gender categories driven in part by the small numbers of companies in this category, and the uniquely higher performance in Northern Ireland in 2023. For Scotland, it is notable that mixed-led fast growth companies experienced the least decline, suggesting that the few mixed-gender leadership teams that exist enhance female participation in the leadership of fast growth companies, and that such companies performed better in the face of a significant decline in the number of fast growth companies across the UK.

Figure 3b: Shares of fast growth companies with over 10 employees in home countries by gender



Q4. What is the overall number of active female-led companies that secured external capital in Scotland versus the UK and other regions and nations?

UK companies secure external equity capital from different sources including angels, venture capital, corporate venture capital and private equity, with some companies receiving funding from a combination of these. We have aggregated this information to summarise companies that have received some form of external equity. In Scotland, we find that there has been a decrease in the number female-led companies that have managed to raise external equity investment from 18,230 companies in 2022 to 17,773 in 2023; a drop of around 4.5%. As is evident in the graph below, all other Home Nations experienced a similar dip. Evidence from other sources such as the Global Entrepreneurship Monitor 2023/24 report¹, reiterates this, with national experts from the UK rating its social support for female entrepreneurs as much less than satisfactory, ranked 36 of the 49 economies.

¹ Hill et al. (2024), Global Entrepreneurship Monitor 2023/2024 Global Report: 25 years and growing, Available from: <https://www.gemconsortium.org/reports/latest-global-report>

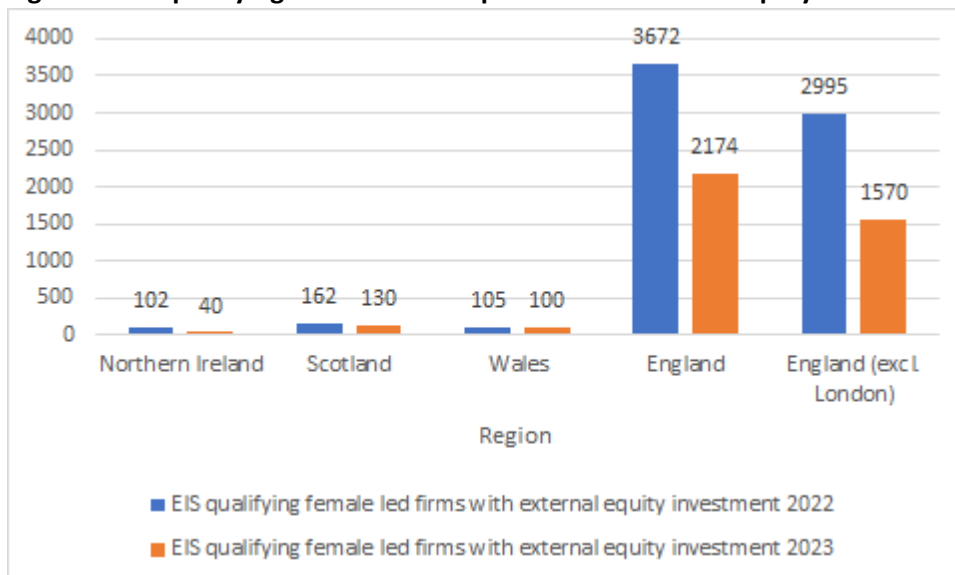
Figure 4 Female-led companies with some external equity investment (2022 and 2023)



Q5. What is the overall number of active EIS-qualifying female-led companies that secured external capital in Scotland versus the UK and other regions and nations?

In 2023, 130 female-led companies in Scotland qualifying for EIS secured external equity capital from angels, VC, CVC or PE investors. This compares with a figure of 162 for 2022. Again, in common with all the other Home Nations, the number of EIS-qualifying female-led companies with external equity dropped from 2022 to 2023, suggesting a reduction in equity capital for female-led companies in 2023, significantly so in England (a drop of 1498) and also England excluding London (a drop of over 1425 companies).

Figure 5: EIS-qualifying female-led companies with external equity investment (2022 & 2023)



Q6. How many female investors are there in Scotland?

The number of female angel investors in Scotland has largely remained the same: 61,000 in 2022 and 60,000 in 2023.

Scotland has a higher number of female love investors (13,000) than male love investors (9,000), suggesting that social capital and family networks may be especially important for female investors and business leaders. In contrast, the number of female angel investors (not known to the company by a family connection, and not a director) is less than half the number of male angel investors (Figure 6). These figures highlight the different ways in which male and female investors may seek and make investments, with females possibly being more likely to invest in companies within their networks. It is also interesting to note that as a proportion, a smaller percentage of female angel investors (around 40%) are repeat investors, while nearly 44% of male angel investors are repeat investors.

Figure 6: Comparing proportion of investors by category in Scotland between 2022 and 2023

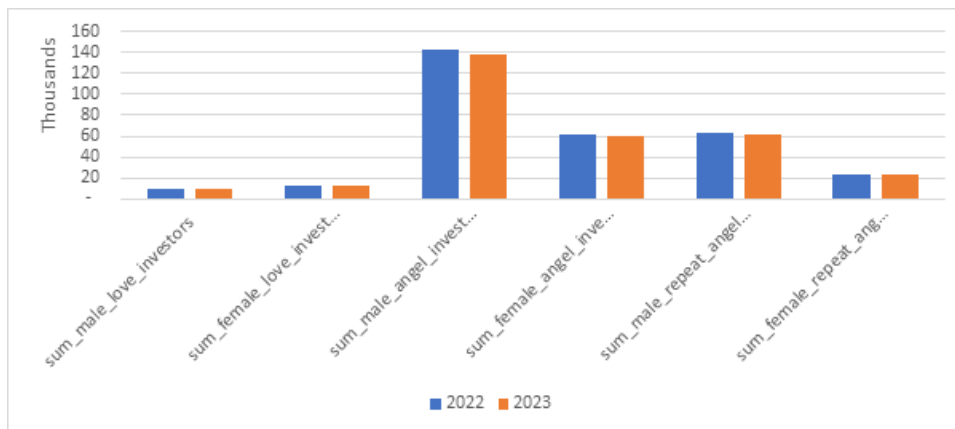


Figure 6a: Comparison of investors by category across home nations, 2023

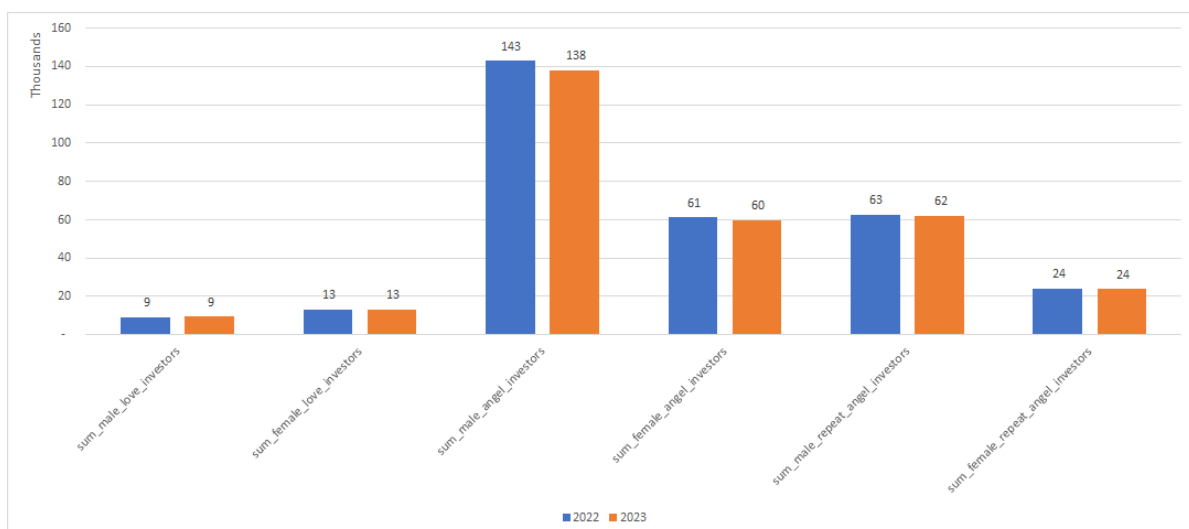
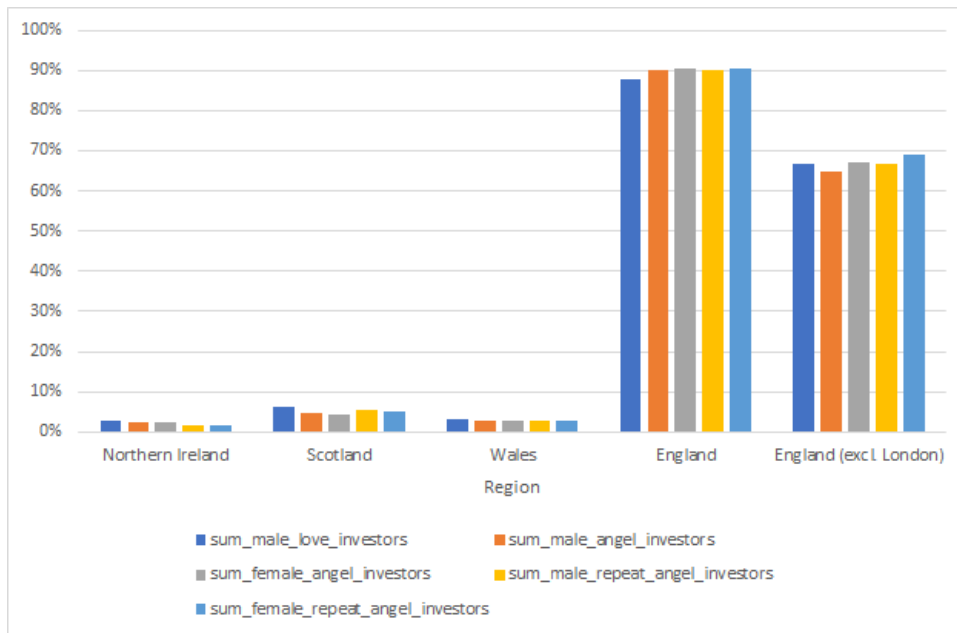


Figure 6b: Sum of male and female love, angel and repeat angel investors across the Home Nations, 2023



Q7. What is the proportion of active ethnic minority-led companies by gender (M, F, ME, U and C) in Scotland versus the UK and other regions and nations?

The proportion of ethnic minority female-led companies in Scotland is 21.5%, which is only slightly lower than the UK average of 22%. London is the most ethnically diverse region in the UK (46% non-white)², while Scotland is only 4% non-white.³ As both have almost identical percentages of female-led, active ethnic minority companies (21.5%), this suggests greater opportunities for female-led ethnic minority companies in Scotland.

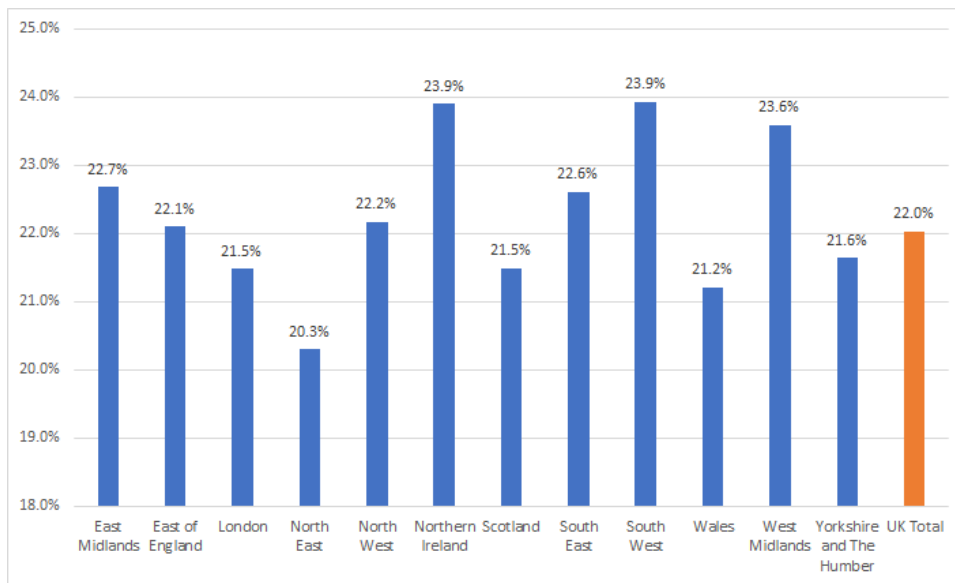
Compared to 2022, this proportion has remained the same in Scotland, suggesting that efforts to promote ethnic minority female entrepreneurship need further attention. This echoes observations which Bloomberg Harvard City Leadership Initiative made of Glasgow and discussions within entrepreneurship research which suggest that greater celebration of female entrepreneurial role models⁴ from ethnic minority communities is a key strategy for encouraging more ethnic minority female-led companies.

² <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/regional-ethnic-diversity/latest/>

³ <https://www.scotlandscensus.gov.uk/census-results/at-a-glance/ethnicity/#:~:text=91.8%25%20of%20people%20identified%20as,ethnic%20groups%20doubled%20to%204%25>

⁴ Byrne, J., Fattoum, S., & Diaz Garcia, M. C. (2019). Role models and female entrepreneurs: Entrepreneurial superwoman has her say. *Journal of Small Business Management*, 57(1), 154-184.

Figure 7: Female ethnic minority entrepreneurship by region, 2023



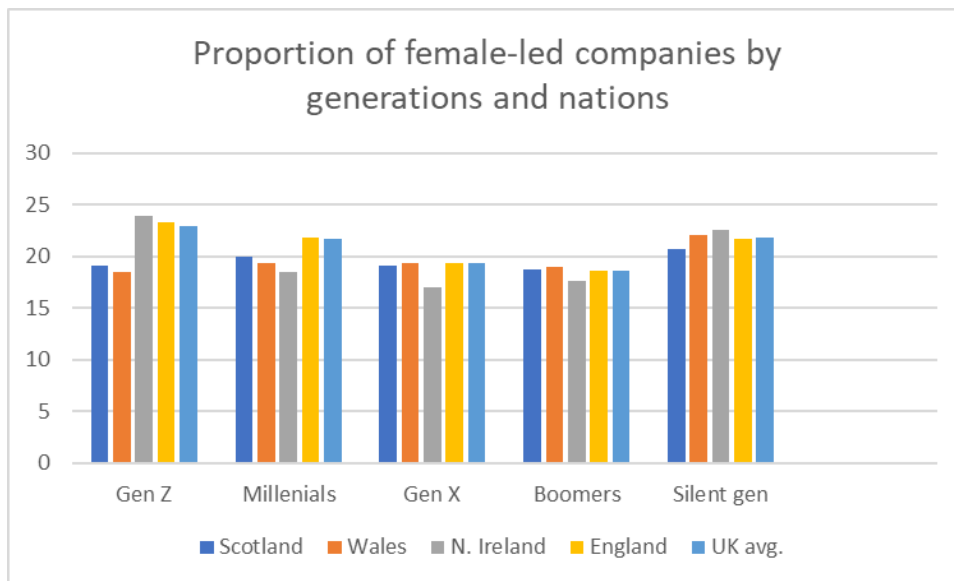
Q9. What is the proportion of female-led companies by generation in Scotland versus the UK and other regions?

In Scotland in 2023, among all active companies, the most active generation for female-led companies was the Silent Generation (20.7%) followed by Millennials (20%), Gen X and Gen Z (both at 19.1%) and Baby Boomers (18.7%).

In Scotland, there are slightly higher proportions of female-led companies among Baby Boomers compared to the average in the UK (18.7% in Scotland versus 18.6% in the rest of the UK). Regarding the Baby Boom generation, Scotland performs even better than London (18.3%) for female-led companies and only the East Midlands, South East, South West and Wales perform better than Scotland.

However, Scotland is slightly behind the rest of the UK and the UK average in all other generations for female-led companies. For Gen X, the proportion of female-led companies in Scotland (19.1%) is behind other UK nations except Northern Ireland (17.2%). For Gen Z, the proportion of female-led companies in Scotland (19.1%) is behind all other UK nations. For Millennials, the proportion of female-led companies in Scotland (20%) is below the UK average (21.5%). Scotland performs better than Northern Ireland (18.3%) and Wales (19.5%) but is behind England (23.4%). For the Silent Generation, the proportion of female-led companies in Scotland (20.7%) is lower than every other UK nation: Wales (21.8%), Northern Ireland (23.1%), England (21.7%) and the rest of the UK (21.7%).

Figure 8: Proportion of female-led companies by generations and nations



Q10. What is the proportion of female-led companies in Scotland which are importers versus the UK and other regions?

In 2023, the proportion of female-led companies in Scotland engaged in importing was 12.3%. Scotland has a higher proportion of female-led companies that import than Northern Ireland (9.9%) but below the UK average of 13.2% and all other nations.

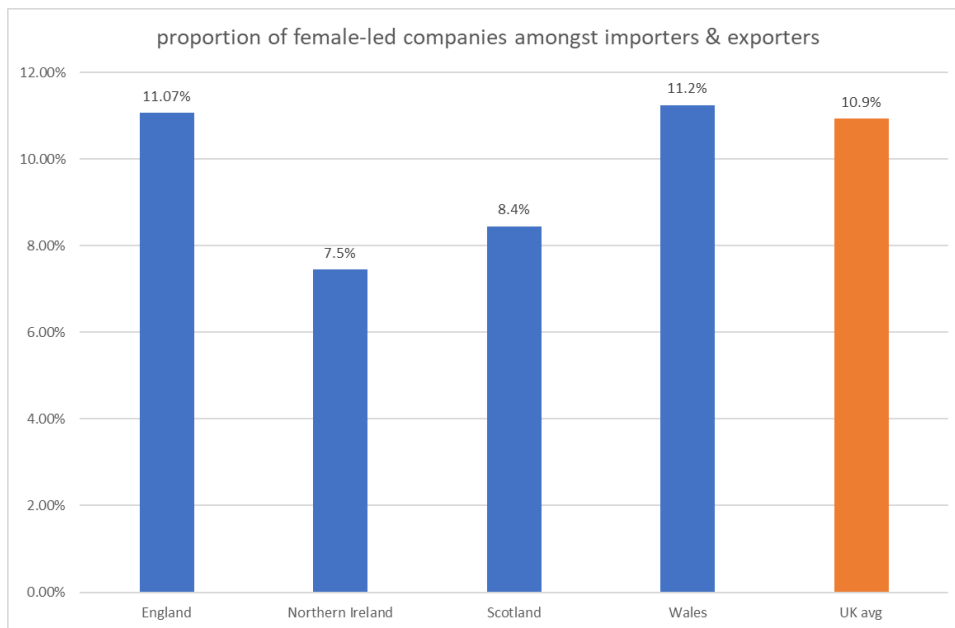
Q11. What is the proportion of female-led companies in Scotland which are exporters versus the UK and other regions?

In 2023, the proportion of female-led companies in Scotland engaged in exporting was 10.1%, while the UK average was 12.6%. Scotland had the lowest rate in the UK in terms of female-led exporting companies, making Scotland the lowest performing region in comparison to all other regions in the UK.

Q12 What is the proportion of female-led companies in Scotland which are importers and exporters versus the UK and other regions?

In 2023, the proportion of female-led companies in Scotland importing and exporting was 8.4%. Scotland had a higher rate than Northern Ireland (7.5%) but below the UK average of 10.9% and behind all other UK nations.

Figure 9: Proportion of female-led companies amongst importers and exporters



As internationalisation is an effective way to achieve sustainable growth for new ventures, the very low levels of female-led companies engaging in exports and imports in the UK and in Scotland may be one factor impacting on their growth trajectories. Targeted support to identify and address challenges may be useful in supporting the internationalisation of female-led companies. The proportion of international-oriented female-led companies is lower than for male-led companies; for example, among all female-led companies in Scotland, only 1.3% are importers and exporters whilst among all male-led companies in Scotland 4% are importers and exporters.

Q13. What is the proportion of female led companies in Scotland that have secured debt versus the UK and other regions?

16.5% of female-led companies obtained secured debt. Compared to London, this was 3.2% higher. This may reflect that debt providers in Scotland are more willing to provide debt capital to female entrepreneurs. This should not be interpreted to suggest that capital is more risk-averse in Scotland for female entrepreneurs; figures above show that female entrepreneurship rates and venture capital in the form of angel investments were higher in London, indicating that investors support female-led companies to a greater degree in London. Wales had a higher proportion of female-led companies obtaining secured debt (17.6%), while Northern Ireland at 15% was lower than Scotland. From these insights, it might be suggested that at least in Scotland and Wales, less available risk capital may be a factor restricting the growth of female-led companies.

Figure 10: Percentage of female-led companies with secured debt, 2023

