



# The Gender Index



**Wales**

**2024**

## The Gender Index overview for Wales 2024

**Prof. Andrew Henley**

Cardiff Business School, Cardiff University

### Wales commentary

Companies in Wales faced challenging economic headwinds in 2023, especially small- and medium-sized companies which make up the vast majority. These have resulted from economic slowdown, high energy prices and the impact of austerity and inflation on consumer spending. As a result, the number of newly incorporated companies in Wales fell back slightly from the 2022 total. It is therefore reassuring that the proportion of female-led companies in Wales continued to improve slightly and to catch-up with the UK overall rate.

A new Economic Mission was launched by the Welsh Government's Minister for the Economy in autumn 2023. Informed by the Wales Well-being of Future Generations Act, its goals seek to balance inclusive and sustainable economic outcomes with productivity growth and innovation. Although aspirations for greater gender equality and inclusion are not explicit, these might be seen as implicit in the overall policy framework and its ambitions.

The Development Bank of Wales continues to play an important institutional role for small business support in Wales. In the continuing recovery from the COVID pandemic, the Bank supports a high proportion of female-led companies. The recommissioning of Welsh Government-funded business start-up and growth support in the new post-EU funding landscape is challenging, as business support competes for funding under current Welsh Government budgetary constraints. Recently announced reductions in the level of support available through Non-Domestic (Business) Rates Relief for small businesses have been met with concern. However, small business formation and growth in Wales is also supported more widely through the activities of four regional Growth Deals at various stages of roll-out, alongside Shared Prosperity Fund allocations through the 22 Welsh local authorities.

The latest Gender Index data shows that for Wales the percentage of active companies that are female-led continued to improve slightly to 20.7% in 2023, building on past gains between 2021 and 2022. In fact, the total number of active female-led companies in Wales has grown by 500 between 2022 and 2023, suggesting that although the number of new companies has fallen survival rates of female-led companies in Wales are improving. A total of 36.1% of active Welsh companies in 2023 were led either entirely by women or by mixed gender teams.

Overall numbers of fast growth companies in Wales remain small. However, Wales continues to enjoy the highest proportion of fast growth companies that are female-led across all UK regions and devolved nations. The female-led proportion in Wales of just under 16% is well above the overall UK rate, although this percentage, along with the absolute number of female-led fast growth companies, has fallen in Wales after an impressive rate of 16.6% in 2022.

Wales also continues to perform well in the proportion of EIS-qualifying companies securing external finance which are female-led. Across all forms of external finance, Wales continues to have the highest success rate for women across the UK, and the proportion in Wales has grown significantly between 2022 and 2023.

## Wales key findings:

- In 2023, Wales had a total 157,977 active companies, of which 31,077 (or 19.7%) were female-led. This is slightly below the overall UK rate of 20.1%. However, the total number of active female-led companies in Wales increased by around 500 between 2022 and 2023, and the rate has improved, consistent with Wales converging on the UK female-led rate.
- 36.1% of active companies involved female leadership, either in all female or in mixed gender teams. This is a little below the overall UK rate of 36.9% but is an increase on the 2022 rate of 35.6%
- Wales is also catching up with the UK on the proportion of newly incorporated companies which are female-led. The rate for 2023 was 20.7%, up slightly on the 2022 rate of 20.4% over a period when the UK rate fell. Numbers of female-led newly incorporated companies in 2023 were slightly lower than in 2022. However, combined with the increase in the female-led active companies total, this is consistent with an improved survival rate for female-led companies in Wales.
- 15.9% of fast growth companies in Wales in 2023 were female-led. Wales has the highest proportion of female-led fast growth companies across all the UK devolved nations and regions, well above the overall rate of 12.4%. There has been a drop in the total in Wales since 2022 and, although still high, the female-led rate in Wales fell from 16.6% in 2022.
- 19.4% of companies securing external capital of any form in Wales in 2023 were female-led. This rate is up from 2022, although the total number of companies securing external finance in Wales was down slightly in 2023.
- Angel investors were the largest source of external investment capital in Wales. 9,320 female-led companies secured solely angel investment and a further 1,357 secured angel investment combined with other forms, especially family capital.
- 17% of all EIS-qualifying female-led Welsh companies secured external capital in 2023. This rate is significantly higher than in any other UK Home Nation or region. This has increased substantially from the 2022 rate of 15.8%.
- There were a total of 48,415 women business investors in Wales in 2023, the majority being angel investors. 14,078 were repeat angel investors. The proportion of women angel investors in Wales in 2023 stood at 32.8%, just above the UK overall rate, and numbers remained stable between 2022 and 2023.
- There has been some improvement in the proportion of ethnic minority female-led companies in Wales between 2022 and 2023. 21.2% or 9,639 ethnic minority companies were female-led, with a further 7.7% or 3,481 led by mixed-gender teams. However, Wales remains a poor performer on this indicator compared to the rest of the UK.
- Female-led companies in Wales achieved average turnover growth in 2023 of 25.6%. This is significantly higher than the average growth rate for male-led companies, and slightly higher than for mixed team companies. The female-led growth rate in Wales improved considerably between 2022 and 2023 and is now close to the UK average.

- The highest proportion of female-led companies by generation in Wales remains in the oldest Silent Generation group, at 21.8%. Rates for other generational groups are only slightly lower at between 19.2% and 20.1%. For Baby Boomers the female-led rate in Wales is above the UK average, but the Wales rates are below the UK for the two youngest generational groups. However, the Gen Z proportion has improved, up from 18.5% in 2022 to 20.1% in 2023.
- Companies in Wales are not as internationalised as across the wider UK, with only 2.7% of both importers and exporters located in Wales (compared with 3.2% of all active companies). The female-led rate for importers, at 12.8%, is below the UK rate.
- The 12.9% rate for Welsh exporters is above the UK rate, with only London and the South West showing higher rates in 2023. Combining companies who both import and export shows the same picture, with the rate in Wales only exceeded by those in London and the South West.
- 756 companies in Wales both import and export out of a UK total of 27,535. Of these 756, 85 (11.2%) are female-led and a further 100 (13.2%) are led by mixed gender teams. The female-led percentage in Wales is just above the UK rate of 10.9%, with Wales ranking third below London and the South West.
- In 2023, Wales retained the record of having the highest female-led proportion of companies that secured external debt across the UK – 17.6% compared to the UK overall rate of 15.0%. Total numbers of female-led companies in Wales with secured external debt rose slightly between 2022 and 2023. Combining female-led and mixed gender teams, Wales had the second highest proportion across the devolved nations and regions, exceeded only by the South West.

### 1. Incorporation overview:

In 2023, Wales had a total of 28,022 newly incorporated companies. The proportion of these which were female-led in Wales in 2023 was 20.7%, a little below the overall UK rate of 21.2%. This rate represents a slight improvement on the 2022 rate of 20.4% and, given the fall in the overall UK rate between 2022 and 2023, is indicative of Wales catching up. However, the total number of newly incorporated businesses in Wales in 2023 decreased from 30,550 in 2022, and the number of female-led businesses in Wales also fell from 6,221 to 5,789. Combining female-led and mixed gender-led companies together gives 8,314 newly incorporated companies (29.7% of the total) in Wales in 2023 which were entirely or partly led by women.

### 2. Active companies

In 2023, 19.7% of active companies in Wales were female-led, amounting to 31,077 companies out of a total of 157,977 active companies in Wales. The female-led proportion for Wales is just below the overall UK rate of 20.1%. The total number of active female-led companies in Wales has increased slightly since 2022 by around 500, and the rate has also improved slightly from 19.4% in 2022. Given that the overall UK rate remained unchanged this again represents a modest catch-up in Wales. Out of the 12 ITL 1 UK regions and devolved nations, Wales was joint seventh for its proportion of active female-led companies.

In Wales in 2023, 36.1% of active companies were either female-led or led by mixed gender-led teams. The total of 56,954 companies solely or partly led by women is a slight increase on the 2022 total of 56,011 companies. The 2023 rate for Wales of 35.6% is just below the overall UK combined rate of 36.9%, but is an increase on the 2022 rate for Wales.

### 3. Fast growth

In 2023, 15.9% of fast growth companies were female-led, amounting to 48 companies from a total of 301 fast growth Welsh companies. Wales had the highest proportion of female-led fast growth companies across all the UK ITL 1 regions and devolved nations, well above the UK rate of 12.4%. However, total numbers of fast growth companies in Wales fell in 2023 from 338 in 2022, and the proportion of fast growth companies in Wales which were female-led fell from 16.6% in the previous year.

### 4. Investment overview

A total of 59,411 companies in Wales in 2023 managed to secure external capital. 11,505 of these were female-led, accounting for 19.4% of the total. The comparable figures for 2022 were 11,596 female-led companies from a total of 60,353, or 19.2% of the total. So, although the overall numbers of companies securing external capital in Wales in 2023 were down, the proportion of female-led increased slightly.

The highest number of female-led companies securing external capital in Wales was the 9,320 which secured solely angel investment, down slightly from the figure of 9,473 female-led companies in 2022. A further 1,357 female-led companies in Wales in 2023 secured angel investment in combination with other types of external capital, the highest number (983 or 16.8%) in combination with family capital.

The proportion of companies in Wales relying solely on angel investment which were female-led was 21.3% in 2023. Only the East Midlands, North West, South West and London had higher proportions. By contrast Wales had the third lowest proportion of female-led businesses (19.9%) which failed to secure any external finance, only bettered by North East and Northern Ireland.

## 5. EIS overview

A total of 104 EIS-qualifying female-led companies in Wales in 2023 successfully secured external capital. This number is 17.0% of all EIS-qualifying companies. The percentage of EIS-qualifying companies in Wales securing any form of external capital in 2023 which were female-led was significantly higher than in any other UK region or devolved nation, and well above the overall UK rate of 14.5%. In Wales, the majority of these (92 female-led companies or 20.1% across all gender groups) secured angel investment only. The proportion of EIS-qualifying companies securing angel investment which were female-led in Wales in 2023 was 20.1%, the highest percentage across all the UK regions and devolved nations.

## 6. Female investors

In 2023, Wales had a total of 48,415 women business investors, of whom 7,192 were love investors and 41,223 were angel investors. Of the angel investors 14,078 were repeat investors. 32.8% of all angel investors in Wales were women, just above the rate for the whole UK of 32.6%. Numbers of female investors in Wales remained more or less stable between 2022 and 2023.

## 7. Ethnicity overview

In 2023, Wales had 45,461 active ethnic minority-led companies. 21.2% of these, or 9,639, were female-led. A further 3,481 (7.7%) were led by mixed gender teams. The proportion of ethnic minority female-led companies in Wales was below the overall UK rate of 22%. Although dispersion in this rate across regions and devolved nations is quite low, Wales had the second lowest percentage of ethnic minority companies which were female-led, above only the North East. However, in 2022 Wales was at the bottom of this ranking, at 20.4%. So, despite poor performance on this indicator, the picture in Wales improved in 2023, both in relative and numerical terms.

## 8. Turnover growth

Average turnover growth amongst female-led companies in Wales in 2023 was 25.6%. This average is higher than for male-led companies (20.1%) and slightly higher than for mixed-led companies (25.0%). The female-led growth rate in Wales has improved considerably since 2022 when it was 19.9%. The 2023 rate is very close to the UK average of 25.7%, with Wales ranking equal fifth amongst the UK regions and devolved nations, on par with London and the West Midlands.

## 9. Generational analysis

In Wales in 2023, 21.8% of companies led by members of the Silent Generation were female-led. For Baby Boomers and for Gen X the percentages were 19.2% and 19.3%, and for Millennials and Gen Z 19.5% and 20.1% respectively. The proportion for Gen Z, the youngest, improved notably, up from

18.5% in 2022. Rates in Wales for the Silent and Gen X generations were close or equal to the UK rates, and the Boomer rate in Wales was above the UK rate. However, for the two youngest generations the rates in Wales were below the UK average.

#### 10. Importers

Companies in Wales are not as heavily internationalised as those across the UK, with only 2.7% of importing companies located in Wales in 2023. In Wales in 2023, 12.8% of these, or 251 of the 1,958 Welsh importers, were female-led. A further 17.5%, or 342, were mixed gender-led. The female-led percentage for Wales was a little below the UK average of 13.2%, but equal fourth with the South East in terms of the ranking.

#### 11. Exporters

Similarly, only 2.7% or 1,197 out of 43,844 UK exporting companies are in Wales. In Wales 12.9% of these, or 154 companies, were female-led, with a further 187, or 15.6%, mixed gender-led. The proportion of female-led exporters in Wales compared to other regions and devolved nations is just above the UK rate of 12.6%, with only London and the South West recording higher proportions.

#### 12. Importers and Exporters

Numbers of companies who both import and export were lower. 756 companies in Wales both imported and exported in 2023, of a UK total of 27,535. Of these 756, 85 (11.2%) were female-led and a further 100 (13.2%) were led by mixed gender teams. The female-led percentage in Wales was just above the UK rate of 10.9%, with Wales ranking third, below London and the South West.

#### 13. Secured debt

In 2023, Wales retained its position of having the highest female-led proportion of companies that secured external debt. 17.6%, or 3,838 of 21,751 companies with secured debt, were female-led, compared to the UK rate of 15.0%. The total in Wales in 2023 rose slightly from 3,783 in 2022, although the percentage fell slightly from 17.8% in 2022. In 2023, 39.8% of companies with secured debt in Wales were either female-led or led by mixed gender teams. This combined proportion in Wales was second highest across the regions and devolved nations, below the South West at 40.5%.