The Gender Index

Scotland 2025

Scotland narrative

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Female entrepreneurship in Scotland has been the subject of much public and policy discourse in recent years following a mix of developments. In 2023, the Pathways Review[1], commissioned by the Scottish Government, highlighted a number of concerning gender gaps in multiple facets of entrepreneurship. This led to a concerted mobilisation of the Scottish entrepreneurial ecosystem with a number of programmes, such as Pathways Forward[2], set up to drive positive action towards the alleviation of gender imbalance in entrepreneurship in Scotland.

Simultaneously, in the years following Covid, the Global Entrepreneurship Monitor (GEM) Scotland data suggests that at least in early-stage entrepreneurial activity, women have fared notably better than men. Thus, in 2023, following both a fall in male Total early-stage Entrepreneurial Activity (TEA) rate and an increase in Female TEA to a record high of almost 9% of all adult working age women in Scotland, female early-stage entrepreneurial activity rates appear to have converged to male rates in 2023. While this has been a much welcome development, it is important to note that despite a general upward trend, female TEA in Scotland, and indeed the wider UK, has been fairly volatile over the last two decades[3]. In addition, GEM data shows that female participation in established businesses is much lower, suggesting a gender disadvantage in the transition from early-stage entrepreneurial activity into established businesses that requires to be unpacked.

Further, beyond these start-up stages, a fuller understanding of female entrepreneurship requires a comprehensive examination of multiple dimensions of entrepreneurship among those that have successfully transitioned into formal establishment. This report thus builds on recent The Gender Index Scotland reports to shed light on female participation and performance trends in a range of areas among incorporated businesses in Scotland.

[1] See https://edin.ac/42KZ89s

[2] See https://pathwaysforward.co/

[3] See https://www.enterpriseresearch.ac.uk/wp-content/uploads/2023/07/105639-GEM-Report-SCOTLAND__FINAL.pdf

Scotland key findings

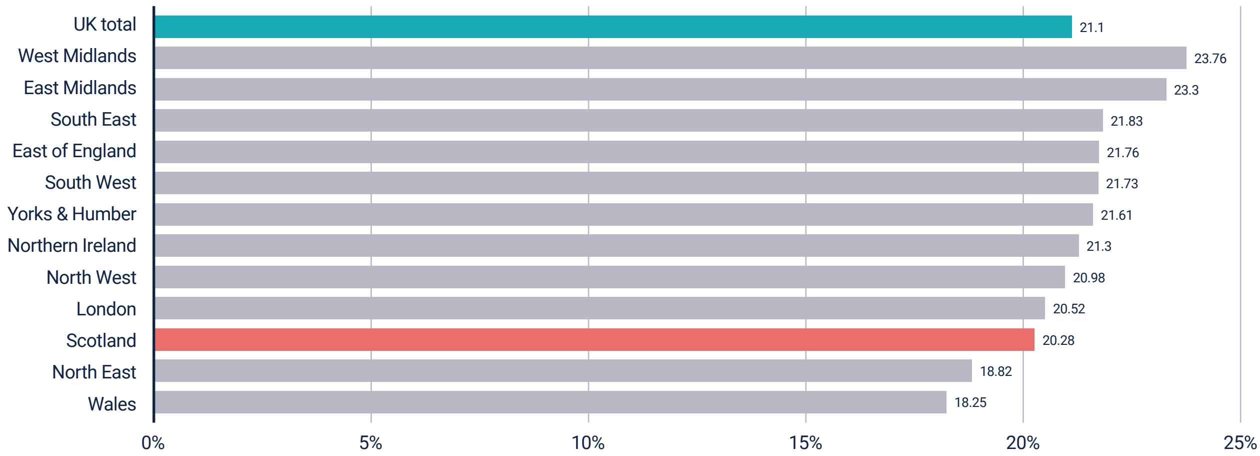
For 2024, the figure of all new incorporations in Scotland which were female-led continued to be stable across 2022, 2023 and 2024, with the 2024 figure standing at 20%, only marginally lower than the UK average of 20.5%. This means that 1 in 5 newly incorporated companies are set up by women – a figure that has endured in Scotland and across the UK for some time.

Comparing newly incorporated companies in Scotland by gender, we find that the overall profile for 2024 is broadly similar to that of 2023, with male-founded companies continuing to dominate at 63%, followed by female-founded at 20%, mixed-gender at 12% and unknown at 2%. The exception is that for male-founded companies, this figure has dropped from 67% in 2023, while corporate-led start-ups increased by approximately 2%.

It is interesting to note that in Scotland, female-led companies for 2024 dissolved at practically the same rate of 20% as female-led new incorporations (**Figure 09**). This figure is broadly similar to the UK average of 21.1% and lower than the 23.8% witnessed in the West and East Midlands. In absolute terms, just under 6,000 female-led companies and 19,000 male-led companies were dissolved in Scotland in 2024 – figures that are just a notch lower than the corresponding rates of new incorporation showing that, on balance, there was a net increase in the total number of companies.

"The number of female-led companies that had more than 10 employees in Scotland has markedly declined from 7.4% in 2023 to 4.5% in 2024."

Figure 09: % Share of female-led dissolved companies across UK regions



In 2024, the total number of active companies in Scotland was just under 270,000 of which 155,000 were male-led and 48,000 were female-led, indicating a ratio of 3:1 which is broadly the same across the UK. While the absolute figure of active female-led companies has grown at a slower rate than for male-led, figures for mixed-led remain stable. Specifically, in Scotland female-led companies make up 18% of all companies while the figure for male-led is 58%, with mixed-led standing at 18%.

The share of fast growth companies that are female-led has seen a marked decline from 12.9% in 2023 to 9.2% in 2024. Compared to other UK regions, this places Scotland second in terms of the largest drop in the share of fast growth female-led companies over the period 2023-24, with only East Midlands reporting a worse drop. This drop leaves Scotland second last in the percentage share of female fast growth companies at 9.2%, two percentage points below the UK average, compared to 2023 when Scotland tracked the UK average. In absolute terms, of the 638 Scottish companies that classed as fast growth in 2024, only 59 were female-led.

Scotland has a higher percentage of Love investors than Angel investors, reflecting the larger trend witnessed across other UK regions. Also, continuing the trend from 2023, Scotland has a higher number of female Love investors than male Love investors. In contrast, mirroring the trend from 2023, 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. This emphasises the different ways in which male and female investors may seek and make investments; women are more likely to invest in companies within their own networks.

It is also interesting to note that a smaller percentage of women Angel investors (under 40%) are repeat investors, while nearly 45% of male Angel investors are repeat investors. With fewer female Angel investors to start with, that the repeat investment rate is lower still among female Angels requires further investigation. In general, there is a need to develop more inclusive strategies to enhance both the participation of women in Angel investment, and the follow-on activity in repeat investments.

> **“Women are more likely to invest in companies within their own networks.”**

While findings about fast growth companies are based upon too small a category total to allow any concrete conclusions to be drawn, data about turnover growth pertains to all companies, and thus provides some interesting insights into the gender comparison of overall turnover growth (**Figure 10**). Scotland led the way in the UK with female-led companies growing their turnover by 29% – 5% higher than male-led average of 24%. The UK average for female-led growth was 24.6% and for men 21.6%. This suggests that Scottish companies are growing at a faster rate than all companies, and that Scottish female-led companies were growing faster than in any other region in the UK.

Specifically, compared to 2023, these figures suggest an increase of 15%, up from approximately 10%. This is in fact in line with the trend across the UK, as the average increase in turnover growth for female-led companies in 2023-24 stands at 10% while for male-led turnover growth increased only by 1.6% from 20% in 2023 to 21.6% in 2024.

This may suggest that unlike the English regions, Home Nations' governments and ecosystems might have greater powers and national structures to develop and implement interventions to support the growth of female-led companies, such as Pathways Forward in Scotland, that might be having a positive impact.

In Scotland in 2024, among all active companies, the largest proportion of female-led companies within a given generation was among the Silent Generation (20.7%) followed by Millennials (19.6%), and Gen Z (19.5%), Gen X (18.6%) and Baby Boomers (18.2%). These figures are broadly similar to those reported in 2023 and also to those observed across the UK for 2024. What is interesting is the absolute figures for female-led companies categorised as being within the Silent demographic – that is people born between 1928 and 1945. For all companies in Scotland led by the Silent demographic, this equates to approximately 1,000 companies of which 211 are led by women and just under 600 by men. Despite a smaller share at 18.6%, Gen X reports the largest absolute number of female-led companies in Scotland at around 21,000.

Interestingly, across all generations, the highest proportion of male-led companies lies within the Gen Z demographic, with 73% of all companies having male leaders born between 1997 and 2010. These figures continue to suggest that women tend to start their companies at an older age than men.

In Scotland for 2024, the proportion of female-led companies securing debt finance stood at 15.9%, a small drop from 16.5% in 2023. This reduction mirrors the pattern of debt used by female-companies across the UK with the proportion of Scottish female-led companies using debt finance being above the UK average (14.2%).

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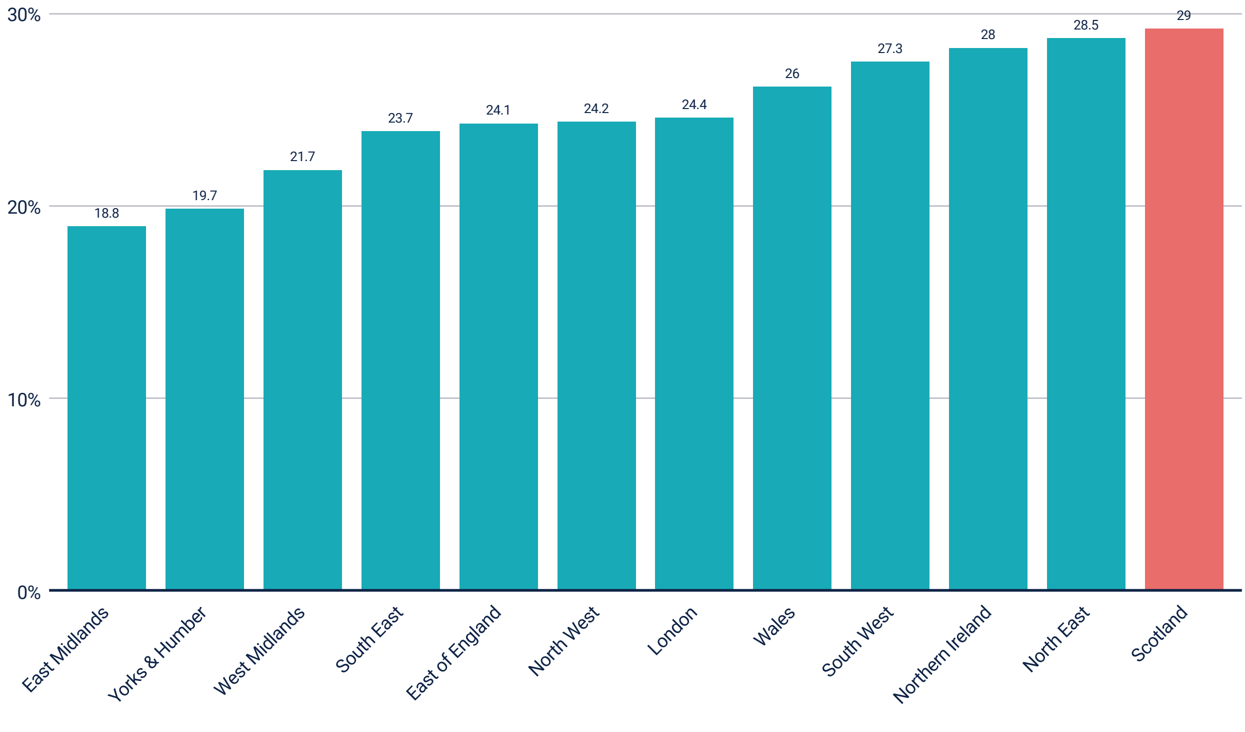
Figure 10: % Turnover growth by ITL1 Region



The Gender Index

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