

# Business Demography

WDC Report, July 2014

## Summary<sup>1</sup>

### **Western Region's enterprise base is predominantly micro with a lower level of entrepreneurial activity**

According to the latest CSO *Business Demography* data (2011), there were 30,786 active enterprises operating in the Western Region.<sup>2</sup> Of these 91.3% were micro-enterprises (employing fewer than 10 people). This is slightly higher than in the rest of the state (90.6%). The average number of enterprises per working age person in the Western Region (0.057) was lower than that in the rest of the state (0.062), indicating lower levels of entrepreneurial activity. Clare and Leitrim were the only western counties with enterprise rates above the national average.

### **The Western Region has a less diverse enterprise profile and relies more on traditional sectors and local services, especially its rural counties**

In the Western Region 70.6% of its enterprises are in its top four sectors compared with 66.3% in the rest of the state. The region has a higher share of its enterprises in the 'construction', 'accommodation and food service' and 'wholesale and retail' sectors than the rest of the state (23.6% compared with 18.6%, 11.9% compared with 8.2% and 24.1% compared with 22.4% respectively). These are sectors that mainly serve local or domestic markets, with tourism an important source of business for some.

While 'professional, scientific and technical activities' is the region's fourth largest sector, it accounts for a considerably smaller share of the region's overall enterprise base than elsewhere (11% compared with 17.1%), as do the other knowledge intensive services sectors of 'information and communications' and 'financial and insurance'.

In total 16.3% of all enterprises in the state are located in the Western Region. The region has its highest share in the 'accommodation and food service' sector (22.4% of all enterprises in the country) with high shares of all 'construction' and 'education' enterprises too. In contrast just 7.6% of Ireland's 'financial and insurance' businesses are located in the Western Region, with low shares of all 'information and communications' (10.1%) and 'professional, scientific and technical activities' (11.2%) enterprises also.

The region's more urban counties tend to have greater enterprise diversity, with rural counties' economies more concentrated by sector e.g. in Galway 69.3% of enterprises are in its top four

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<sup>1</sup> This two page summary can be downloaded as a separate *WDC Insights* publication from <http://www.wdc.ie/publications/reports-and-papers/>

<sup>2</sup> These data measure enterprises registered with Revenue. An enterprise is counted where its headquarters are located, therefore figures do not include local branches of chains e.g. banks, supermarkets.

sectors while in Roscommon it is 73.5%. Higher value knowledge services play a larger role in more urban counties.

### Greater decline in enterprise numbers than elsewhere, but growth in some knowledge services

Overall the Western Region's enterprise base was more significantly damaged by the recession than elsewhere. Between 2006 and 2011 the decline in enterprise numbers in the Western Region was nearly twice that experienced in the rest of the state (-18.4% compared with -9.8%) reducing the region's share of Ireland's enterprises from 17.8% of the total down to 16.3%.

Enterprise numbers fell most substantially in the region's largest enterprise sectors (e.g. 'accommodation and food service', 'construction', 'wholesale and retail'). These sectors are also the most labour intensive, resulting in large job losses.<sup>3</sup> The region relies more heavily on these sectors than the rest of the state. Between 2006 and 2011 the performance in the region in terms of enterprise numbers was worse than that in the rest of the state across almost all sectors. The Western Region's share of total enterprises therefore declined in almost every sector.

Some sectors did show growth. Enterprise numbers in 'education' (+39%), 'information and communications' (+11.2%), 'real estate' (+5.9%) and 'professional, scientific and technical activities' (+0.7%) increased between 2006 and 2011. While growth in these knowledge intensive sectors is very welcome, they are still relatively small sectors in the region and continue to be less important to the region's enterprise profile.

### Key points for western counties

- **Galway** has the highest share of enterprises in the knowledge intensive services sectors in the region but it is still well below the average share in the rest of the state.
- **Donegal** lost 1 in 4 of its enterprises during 2006-2011; the greatest decline in the country. This was almost entirely due to decline in the 'construction' sector. It has the third highest share of its enterprises in 'accommodation and food service' of any county in Ireland.
- **Mayo** lost 1 in 5 of its enterprises over 2006-2011 and had the fourth largest percentage decline in Ireland.
- While the decline in the number of enterprises in **Clare** was the lowest among the seven western counties, it was still greater than the average in the rest of the state. Clare has the highest share of its enterprises in 'administration and support services' in the country.
- **Sligo** had the second best overall performance in the region, partly due to the fact construction enterprises were not as important to its enterprise mix. It has the region's second highest share of knowledge intensive service enterprises.
- **Roscommon** has the highest share of its enterprises in the 'construction' sector of any county in Ireland. It has the smallest share of its enterprises in the knowledge intensive services sectors in the region.
- **Leitrim** has the second highest (after Kerry) share of enterprises in 'accommodation and food service' in Ireland. It is very reliant on local services sectors.

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<sup>3</sup> An analysis of employment trends in the Western Region, based on data from the CSO *Quarterly National Household Survey*, will be published by the WDC shortly.

# Business Demography

## WDC Report, July 2014

### Introduction

The CSO's *Business Demography* data provides statistics on enterprises in the private business economy.<sup>4</sup> It provides data on the number of active enterprises by size and by sector and also data on the number of persons employed by these. In this report the focus will be on the **enterprises** rather than employment as more recent and comprehensive data on employment is available from the *Quarterly National Household Survey*.<sup>5</sup>

*Business Demography* data is based on enterprises that are registered with the Revenue Commissioners as active in the year. It focuses on private businesses and does not include enterprises in health, public administration or agriculture.

While the focus is on private businesses, statistics are provided on enterprises in the education sector which includes schools, universities and other public education institutions, as well as private enterprises e.g. computer training businesses, private colleges, driving schools, language schools. As many of the education enterprises are in the public rather than the private sector however, the CSO excludes the education sector when calculating 'total enterprises in the business economy'. Therefore **any figures for 'total enterprises' used in this report do not include the education sector**, though it may be specified in some charts.

The geographical breakdown of *Business Demography* data is an approximation. An enterprise is allocated to a county based on the address at which it is registered for Revenue purposes. Where an enterprise has local units in several counties (e.g. branches of supermarkets, banks), but one head office, it will only be counted in the county where its head office is located. The figures therefore underestimate the number of enterprises actually operating in counties in the region as they do not count the branches of businesses headquartered outside the region e.g. in Dublin. The figures however do present a good picture of the real enterprise base of the counties as they measure enterprises registered in those counties. In the case of foreign-owned multinationals, if they are registered with Revenue in Ireland they are included in the county where their Irish head office is based.

This Western Development Commission (WDC) report analyses the latest CSO *Business Demography* data which is from 2011. All data is taken from this source. It gives an overview of the number and size of enterprises in the Western Region as well as recent trends in the region and its counties. It then goes on to examine the sectoral composition of enterprises in the region and compare this with the rest of the state. Recent trends across the sectors are then examined and the WDC report concludes with a profile of enterprises in each of the seven western counties.

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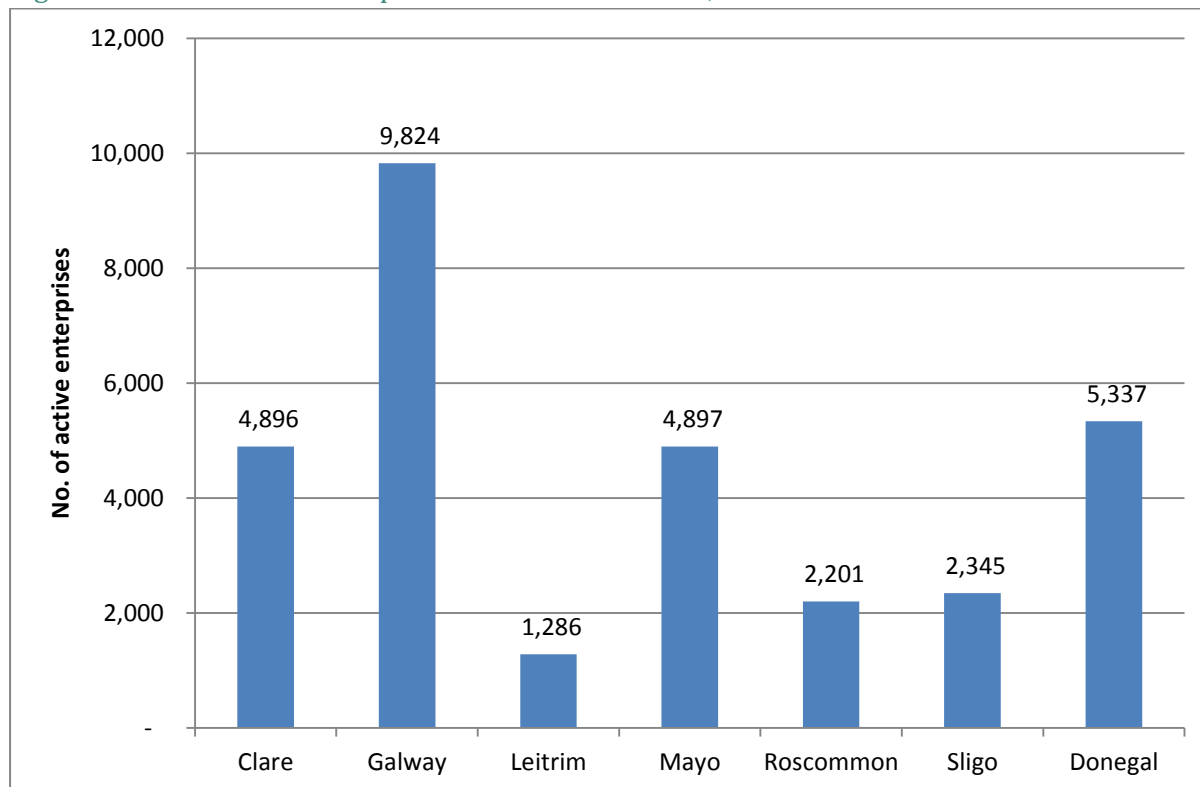
<sup>4</sup> This data is available to download from the CSO's Statbank Data Dissemination service here [http://www.cso.ie/px/pxeirestat/database/eirestat/Business%20Demography/Business%20Demography\\_statbank.asp?sp=Business%20Demography&Planguage=0](http://www.cso.ie/px/pxeirestat/database/eirestat/Business%20Demography/Business%20Demography_statbank.asp?sp=Business%20Demography&Planguage=0)

<sup>5</sup> A future WDC report will provide an analysis of employment data from the latest QNHS.

## 1.1 Enterprises in the Western Region 2011

In 2011 there were 30,786 active enterprises in the business economy operating in the Western Region. Fig. 1 shows the number of enterprises operating in each of the seven western counties. This ranges from close to 10,000 in Galway to 1,200 in Leitrim.

Fig. 1: Number of active enterprises in western counties, 2011



Note: This does not include education enterprises as it refers to total enterprises in the business economy (see page 3 for explanation).

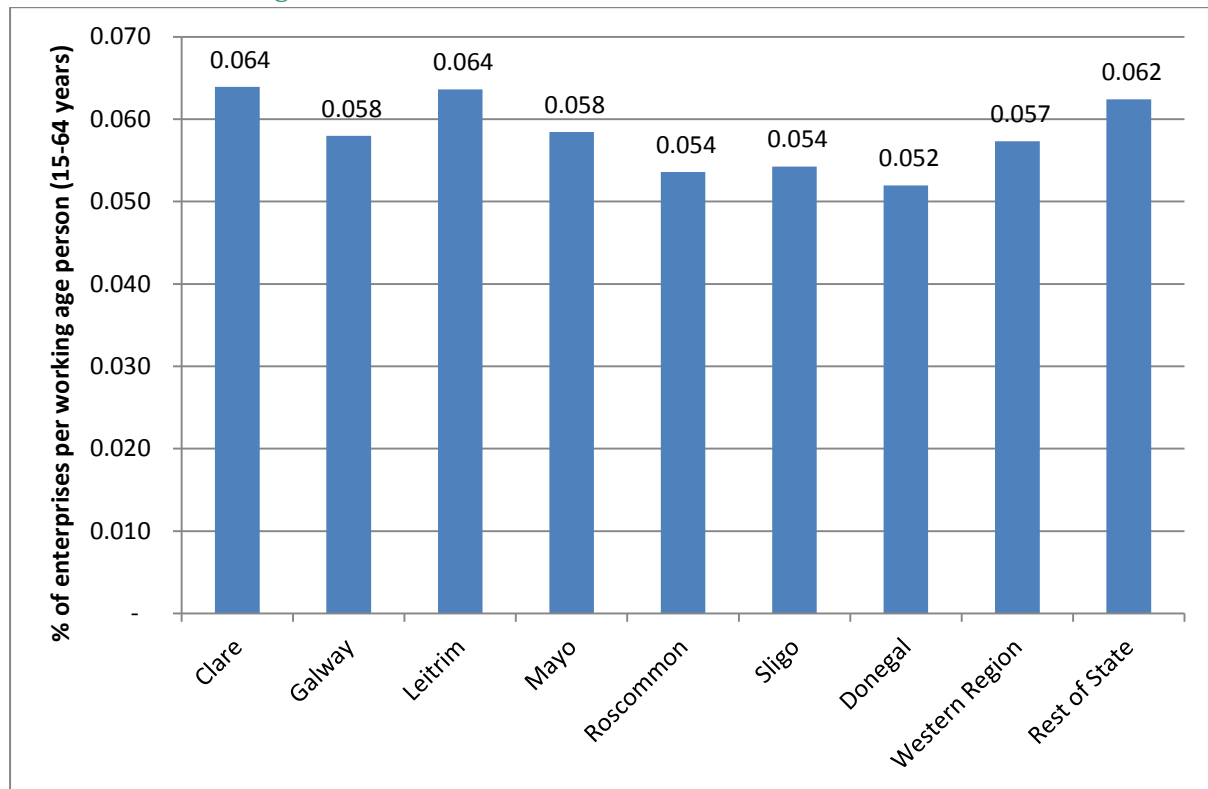
## 1.2 Enterprises per person 2011

Clearly the number of enterprises in each county is related to its size and population. Fig. 2 shows the number of enterprises per working age (15-64 years) person in each county. Using this measure Clare and Leitrim have the highest enterprise rates and are the only western counties above the average in the rest of the state. Donegal, Roscommon and Sligo have the lowest private enterprise rates in the region.

The Western Region as a whole has a lower enterprise rate (0.057) than the rest of the state (0.062). This is an indication of **generally lower levels of entrepreneurial activity within the region**. It should be noted that despite this the Western Region tends to have higher rates of self-employment than the rest of the state.<sup>6</sup> The self-employment figures are influenced by the farming sector which is not included in this *Business Demography* data.

<sup>6</sup> Data from the CSO's *Quarterly National Household Survey*

Fig. 2: Number of active enterprises per working age (15-64 years) person in the western counties, Western Region and rest of the state, 2011



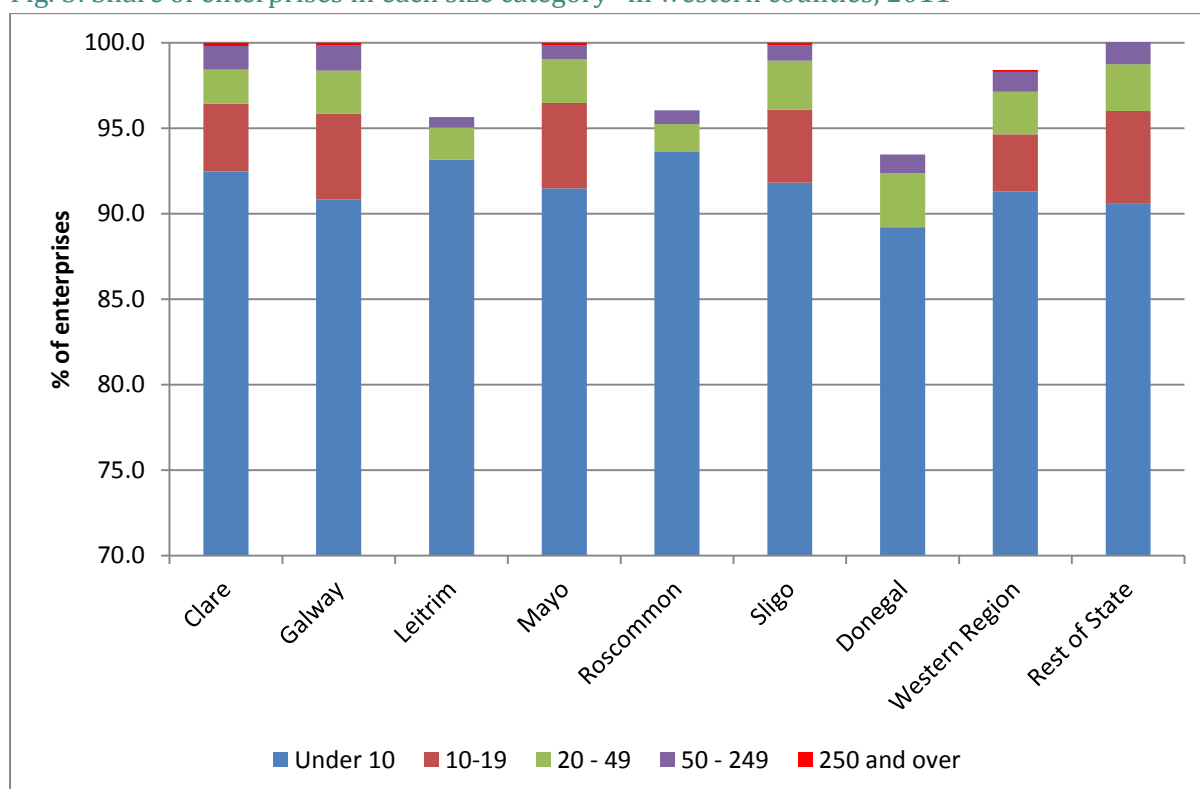
Note: This does not include education enterprises as it refers to total enterprises in the business economy (see page 3 for explanation).

### 1.3 Size of enterprises

The vast majority of enterprises are micro-enterprises employing fewer than ten people. **In the Western Region 91.3% of all enterprises are micro; this is higher than the share in the rest of the state<sup>7</sup> (90.6%).** Fig. 3 shows the share of enterprises in each size category in the western counties, Western Region and rest of state.

Every western county except Donegal has a higher share of micro-enterprises than the rest of the state average. Roscommon in fact has the highest share of micro-enterprises (93.6%) in the state, with Leitrim third highest.<sup>8</sup> In the region, Galway, Mayo, Sligo and Clare have the highest shares of larger enterprises with 20 or more employed.

Fig. 3: Share of enterprises in each size category\* in western counties, 2011



\* In Leitrim, Roscommon and Donegal the number of enterprises in some of the enterprise size categories were too small to be reported for confidentiality reasons. The percentage of enterprises in each size category shown in this chart is calculated as a percentage of the total number of enterprises in each county, which includes these unreported enterprises. Therefore the figures for these three counties do not add to 100% as some size categories are missing values.

Note: The vertical axis begins at 70% to ease interpretation of chart.

Note: This does not include education enterprises as it refers to total enterprises in the business economy (see page 3 for explanation).

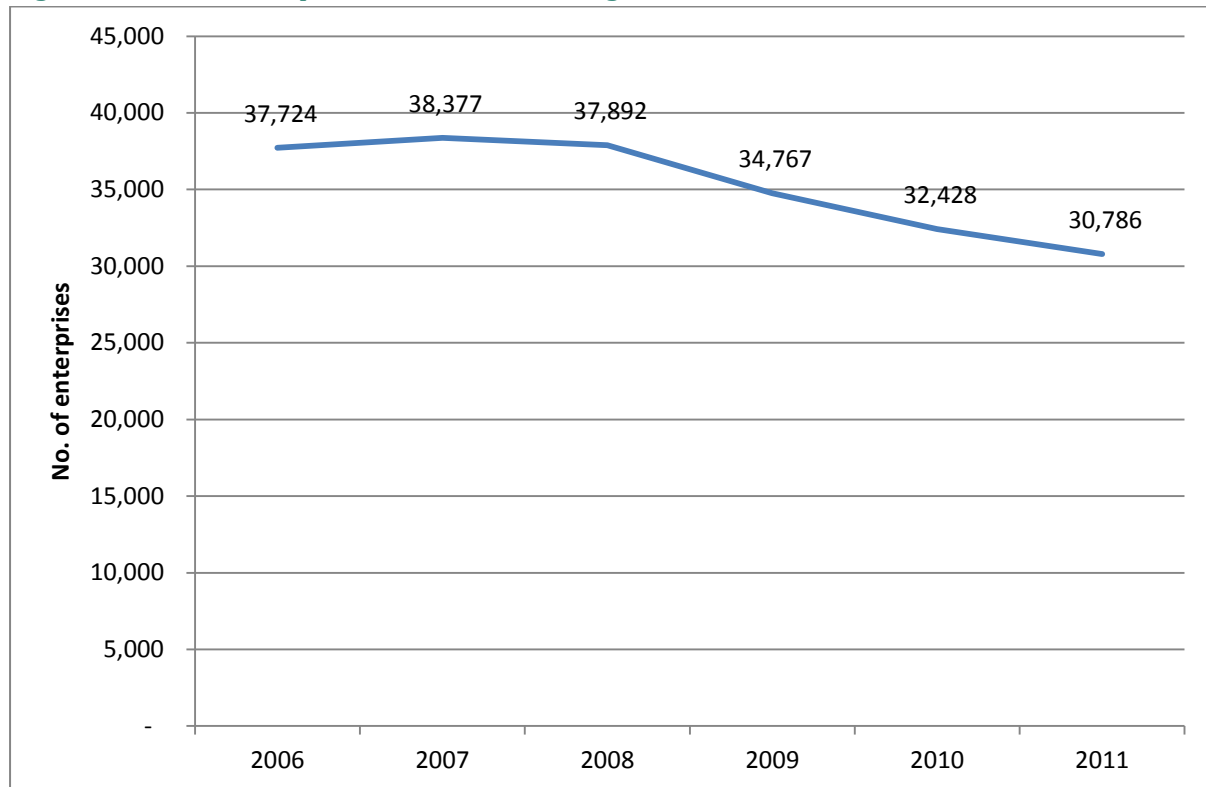
<sup>7</sup> Rest of the state refers to a combination of all counties in the state except for the seven counties of the Western Region.

<sup>8</sup> Wicklow has the second highest.

## 1.4 Trends in enterprise numbers

During the recession the number of enterprises declined significantly. Fig. 4 shows how the total number of enterprises in the Western Region has changed between 2006 and 2011. From a high of over 38,000 in 2007, the number of enterprises dropped significantly to just 30,800 in 2011.

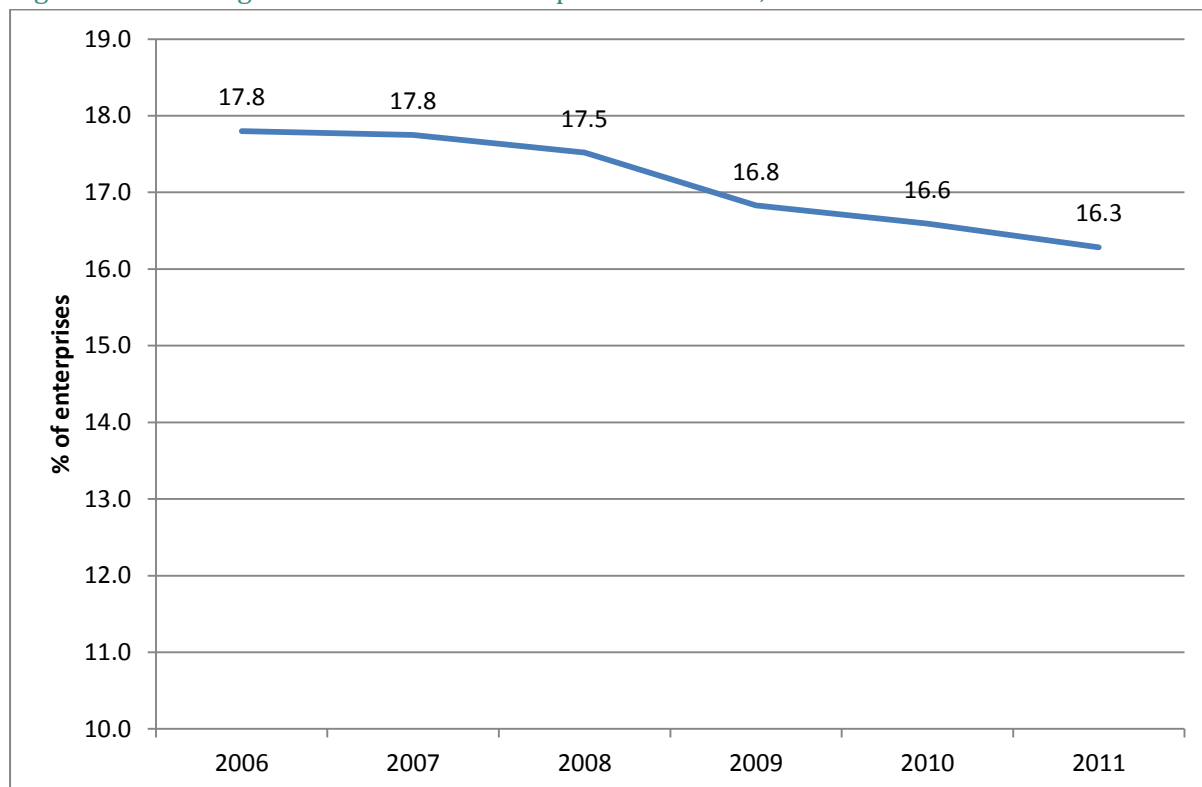
Fig. 4: Number of enterprises in the Western Region, 2006-2011



*Note: This does not include education enterprises as it refers to total enterprises in the business economy (see page 3 for explanation).*

There was a decline of -18.4% in the number of enterprises in the Western Region between 2006 and 2011. This compares with a decline of just -9.8% in the rest of the state. As the Western Region experienced a far greater decline, its share of total enterprises in the country shrank (Fig. 5). In 2006 17.8% of all enterprises in Ireland were based in the Western Region, by 2011 it only had 16.3%. **During the recession, there was a disproportionately large decline in enterprise numbers in the Western Region compared with elsewhere reducing the region's share of Ireland's enterprises.**

Fig. 5: Western Region's share of total enterprises in Ireland, 2006-2011



*Note: The vertical axis begins at 10% to ease interpretation of chart.*

*Note: This does not include education enterprises as it refers to the region's share of total enterprises in the business economy (see page 3 for explanation).*



While all western counties experienced a decline in enterprise numbers between 2006 and 2011, this varied (Table 1). It should be remembered at this point that enterprises are counted in the county of their head office. Businesses with multiple branches e.g. banks, supermarkets, insurance companies, are only counted once in the county where their head office is located. Local branches of multiples are not counted in the counties where branches are located. This tends to underestimate the number of enterprises located in most counties while increasing it in Dublin where many head offices are located.

**Donegal lost over a quarter of its enterprises between 2006 and 2011. This was the largest decline in enterprise numbers of any county in Ireland.** Mayo lost a fifth of its enterprises and had the fourth biggest decline nationally.<sup>9</sup> In the region, Clare and Sligo had the best performance but both still had declines considerably higher than the average for the rest of the state.

Table 1: Number of enterprises in western counties and percentage change, 2006 and 2011

	2006	2011	% Change 2006-2011
Clare	5,591	4,896	-12.4
Galway	11,848	9,824	-17.1
Leitrim	1,527	1,286	-15.8
Mayo	6,183	4,897	-20.8
Roscommon	2,686	2,201	-18.1
Sligo	2,736	2,345	-14.3
Donegal	7,153	5,337	-25.4
<b>Western Region</b>	<b>37,724</b>	<b>30,786</b>	<b>-18.4</b>
<b>Rest of State</b>	<b>171,480</b>	<b>154,600</b>	<b>-9.8</b>

Note: This does not include education enterprises as it refers to total enterprises in the business economy (see page 3 for explanation).

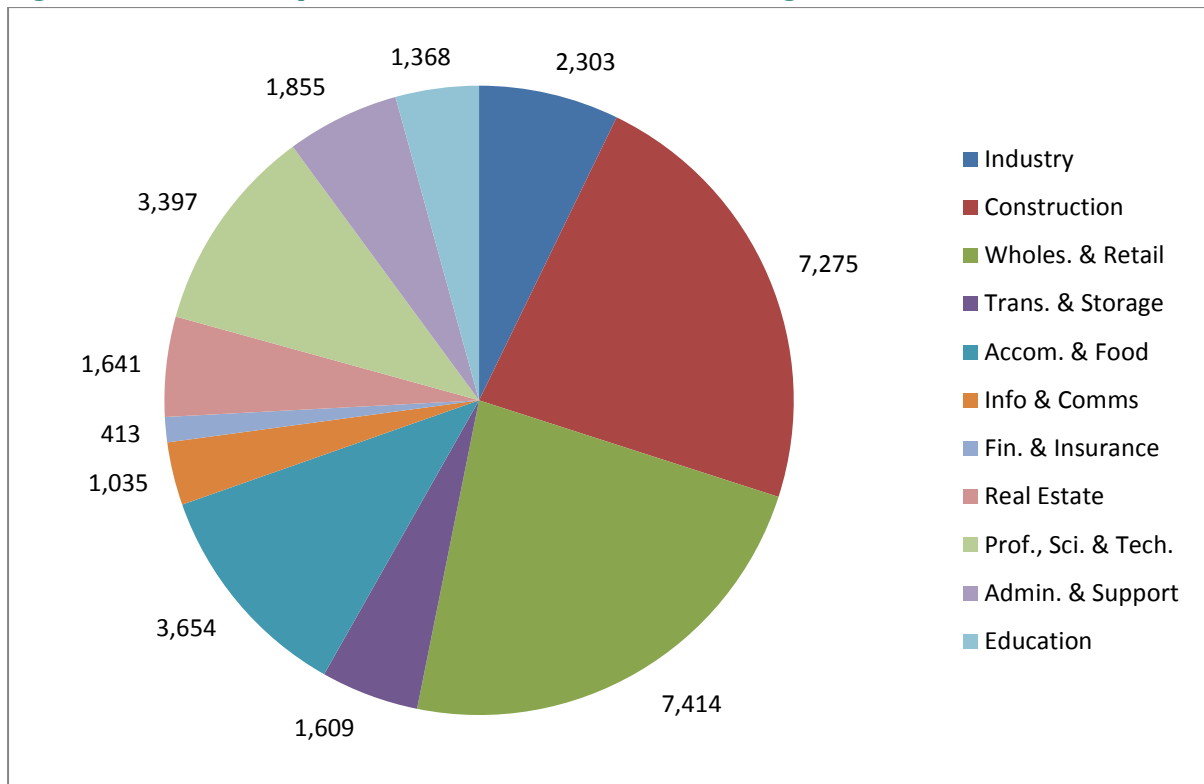
<sup>9</sup> Longford and Wexford had larger declines.

### 1.5 Enterprises by sector

Considering the sectoral structure of the enterprise profile can provide an insight into the reasons for these trends over time. Fig. 6 shows the number of enterprises in each sector in the Western Region in 2011. The dominance of wholesale and retail and construction is striking with over 7,000 enterprises each. Accommodation and food service as well as professional, technical and scientific activities<sup>10</sup> are also quite large with over 3,000 enterprises. All of these sectors would be characterised by a large number of one person or micro-enterprises. **Overall the four largest sectors are those that mainly serve local or domestic markets, with tourism an important source of business for some.**

Industry is next largest with 2,300 enterprises, this sector tends to be characterised by fewer but larger businesses so its enterprise numbers would be relatively low compared with its role in employment. Financial services and insurance is the smallest sector (413) with information and communications next smallest (1,035). These would both be knowledge intensive services and there are relatively few operating in the region.

Fig. 6: Number of enterprises in each sector in the Western Region, 2011



Note: Education figures are included here.

<sup>10</sup> This would include solicitors, hairdressers, accountants, architects, graphic designers and other professional services.

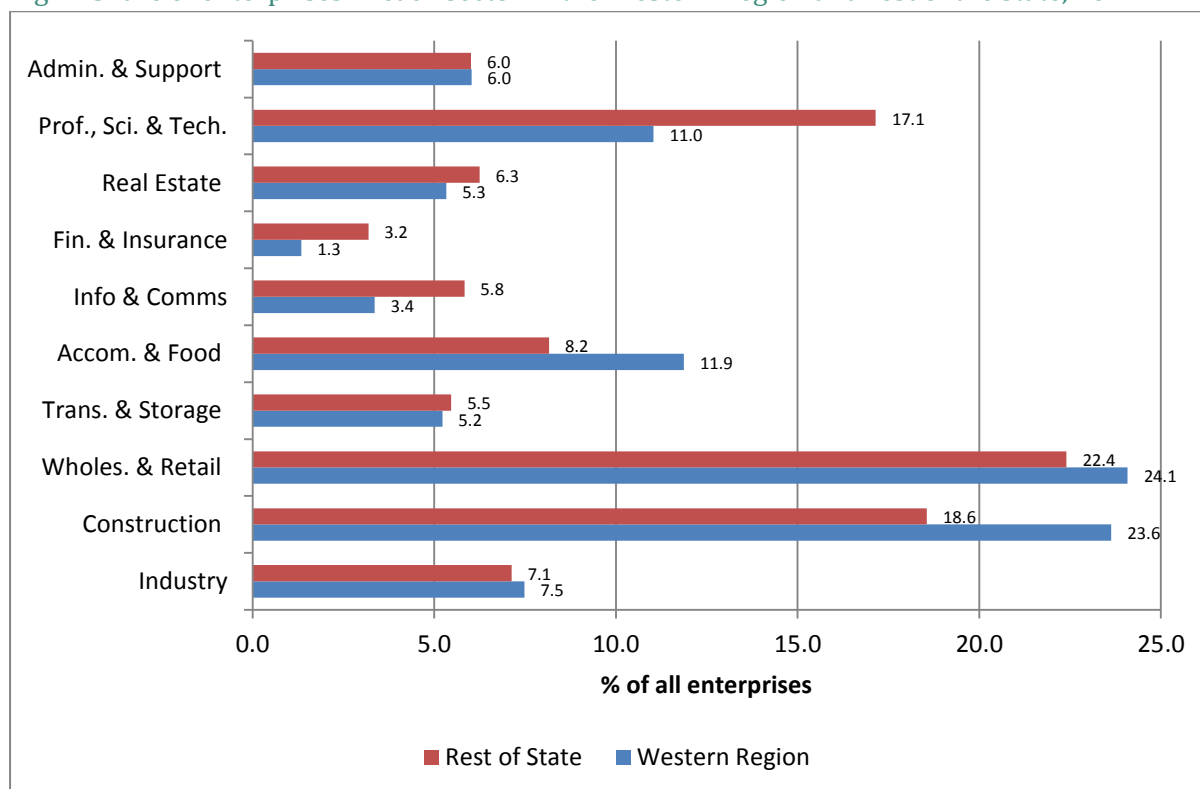
The enterprise profile of the Western Region differs from that of the rest of the state (Fig. 7). The two largest sectors in the region (wholesale and retail (24.1%) and construction (23.6%)) account for a higher share of all enterprises here than in the rest of the state (22.4% and 18.6% respectively), though they are also the largest sectors there. Combined, 47.7% of all enterprises in the region are in these two sectors whereas in the rest of the state it is 41%.

Accommodation and food service is the other sector where the region (11.9%) has a substantially higher share of enterprises than the rest of the state (8.2%). The hospitality and tourism sector clearly plays a more significant role in the enterprise profile of the region. This also reflects the region's greater reliance on local services sectors and therefore domestic demand and tourism.

The share of enterprises in the professional, scientific and technical activities sector is considerably smaller in the region (11%) compared with the rest of the state (17.1%). This is also the case for the other knowledge intensive services sectors of financial and insurance activities (1.3% compared with 3.2%) and information and communications (3.4% compared with 5.8%).

**Overall the region has a less diversified enterprise mix with 70.6% of its enterprises in its top four sectors compared with 66.3% for the rest of the state.**

Fig. 7: Share of enterprises in each sector in the Western Region and rest of the state, 2011



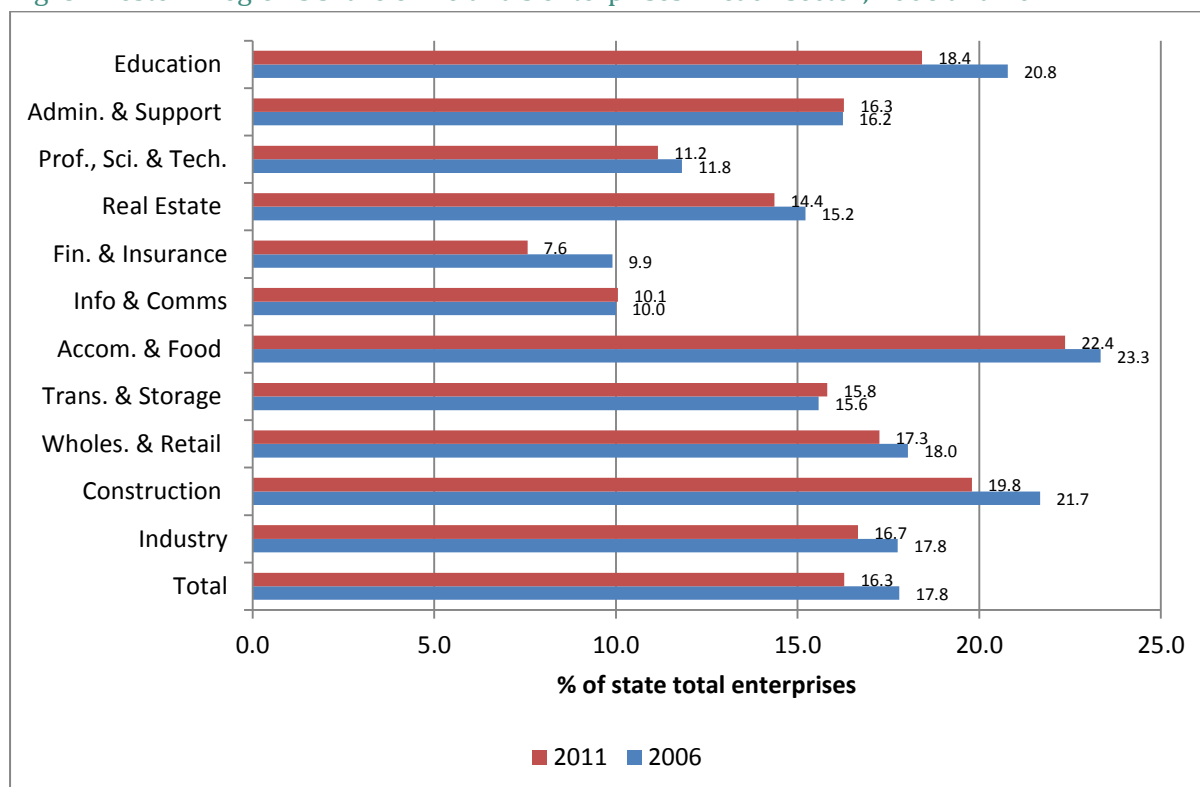
Note: This does not include education enterprises as it refers to each sector's share of total enterprises in the business economy (see page 3 for explanation).

This pattern of the relative importance of different sectors to the overall enterprise profile of the Western Region is reflected in the region's share of national enterprises in each sector. As shown in Fig. 5 above, 16.3% of all enterprises in Ireland are located in the Western Region, this share varies across sectors however. From Fig. 8 it can be seen that **accommodation and food service is the sector where the region has its highest share of enterprises – 22.4% of all enterprises – indicating the region's important role in the country's tourism offering.** Construction (19.8%) and education (18.4%) are the next highest areas of concentration in the region, with wholesale and retail (17.3%) and industry (16.7%) also having a higher share than the region's average.

In contrast **only 7.6% of Ireland's financial and insurance businesses are located in the Western Region, with low shares in the other knowledge intensive services sectors.** In the case of financial and insurance, professional, scientific and technical activities and real estate the region's share declined since 2006, while it remained static in information and communications.

**In line with the region's overall declining share of national enterprises, its share of almost every sector declined between 2006 and 2011 and the only increases were very minor.**

Fig. 8: Western Region's share of Ireland's enterprises in each sector, 2006 and 2011



Note: Education figures **are included** here as it does not refer to total enterprises in the business economy but rather the share of total enterprises in each sector (see page 3 for explanation).

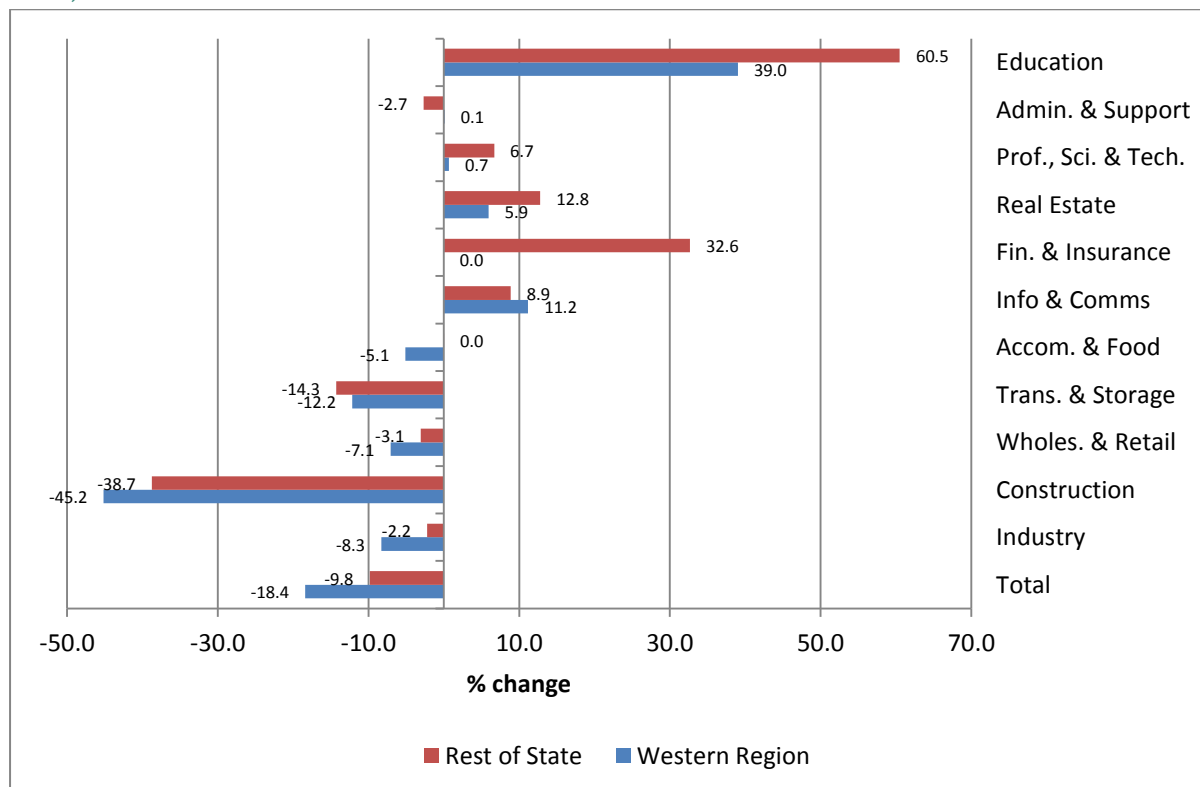
## 1.6 Trends in enterprises by sector

The percentage change in the number of enterprises in each sector between 2006 and 2011 is shown in Fig. 9. In total there was a decline of -18.4% in the Western Region and -9.8% in the rest of the state. **Enterprise numbers in the region performed worse than in the rest of the state across almost all enterprise sectors**, with the exception of information and communications, administration and support services and transportation and storage.

In the Western Region, five sectors increased enterprise numbers; education, information and communications, real estate, professional, scientific and technical activities and administration and support services. These would be part of the higher value, higher skilled services sectors and/or would be internationally traded. The most striking change was the close to 40% increase in the number of education enterprises/institutions. As noted at the beginning, this sector includes computer training businesses, private colleges, driving schools as well as public sector schools and colleges. Some of the reasons for the growth could be the establishment of multid denominational and Irish language primary schools as well as growing business in re-skilling for jobseekers and professional training. However there needs to be some caution in interpreting this data.

Most of these sectors also increased in the rest of the state plus the financial and insurance sector grew there by close to a third. This was the sector with the second highest growth in the rest of the state. The increase in the rest of the state was greater than that in the Western Region in all but the information and communications and administration and support services sectors.

Fig. 9: Percentage change in the number of enterprises in the Western Region and rest of the state, 2006-2011



Note: Education figures **are included** here as it does not refer to total enterprises in the business economy but rather changes in the number of enterprises in each sector (see page 3 for explanation).

The number of construction enterprises declined by 45.2% over the period in the Western Region, greater than the decline in the rest of the state. Transportation and storage, industry, wholesale and retail and accommodation and food service also experienced declines. **The sectors with the greatest declines tended to be the more labour intensive ones with enterprise declines resulting in large job losses.** Except for transportation, the decline in the Western Region was greater than the decline in the rest of the state.

**The more substantial declines hit the region's largest sectors. These are also the sectors on which the region relies more heavily than the rest of the state and the region's declines were greater than elsewhere.** This is the main reason for the Western Region's larger fall in overall enterprise numbers and its declining share of total enterprises in the country.

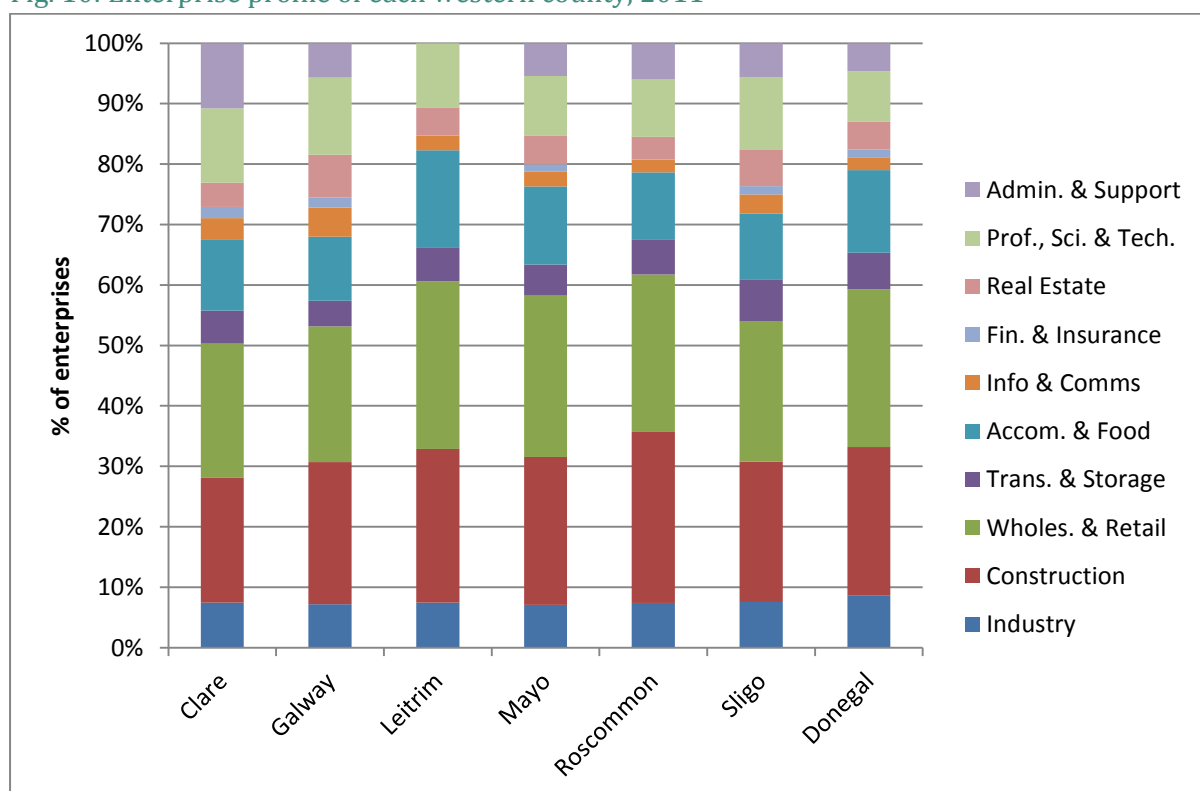
## 1.7 Enterprises by sector in western counties

The enterprise profile varies across counties. Fig. 10 shows the share of enterprises in each sector in each of the seven western counties. Wholesale and retail and construction are the largest enterprise sectors across all counties with accommodation and food service and professional, scientific and technical activities the next largest, though the order of these four sectors varies between counties.

The construction and industry sectors combined are least important in Clare and most important in Roscommon. The knowledge intensive services sectors (from information and communications, shown in orange, upwards) are most important in the more urban counties of Galway, Clare and Sligo. For the more rural counties of Leitrim, Donegal, Roscommon and Mayo the traditional (construction and industry) and local services sectors (retail, hospitality, transport) play a more important role in their enterprise profiles.

**The more urban counties have a greater diversity in their enterprise mix, with more rural counties' economies being more concentrated by sector.** It has been shown that a more complex and diverse economy is important for achieving economic growth and also enhances an area's resilience in the face of declines in a particular sector. In 2011 the top four sectors in Clare, Sligo and Galway accounted for 66-69% of enterprises while in Leitrim, Mayo, Roscommon and Donegal around 73% were in the top four sectors. Each county's enterprise structure is examined separately in the following sections.

Fig. 10: Enterprise profile of each western county, 2011



Note: This does not include education enterprises as it refers to the share of total enterprises in the business economy (see page 3 for explanation).

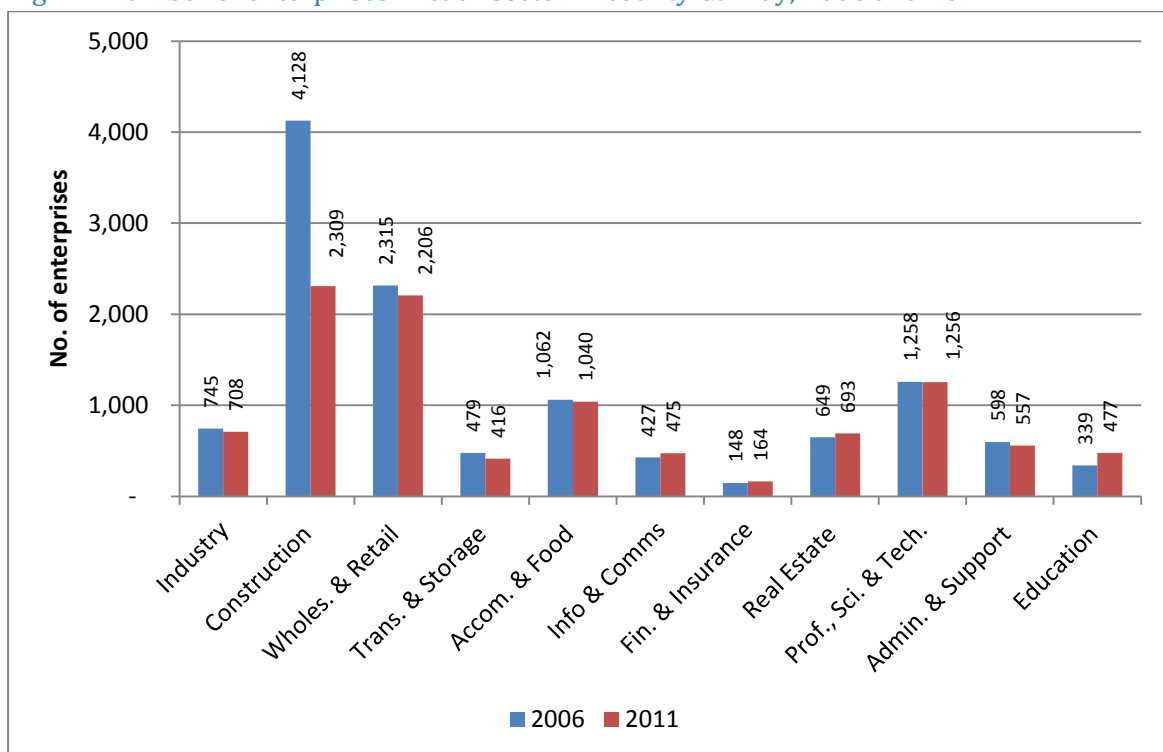
### 1.7.1 Galway

In 2011 there were 9,824 active enterprises in county Galway. This was a decline of -17.1% since 2006 when there were 11,848. Fig. 11 shows the number of enterprises in each sector in 2006 and 2011. The massive collapse in the number of construction enterprises, as well as its dominance of the enterprise profile in 2006, is most striking. In that year 34.8% of all enterprises in Galway were in construction. There is a close connection between construction and agriculture, with many part-time farmers establishing construction enterprises during the building boom. The decline in construction enterprise numbers would therefore likely have affected many rural areas in Galway and the other western counties. Construction remains the largest sector but only slightly ahead of wholesale and retail. Professional, scientific and technical services and accommodation and food service are the next largest.

**Galway has the highest share of its enterprises in the knowledge intensive services sectors in the region.** More than a quarter (26.3%) of its enterprises are in the information and communications, financial and insurance, real estate and professional, scientific and technical services sectors. **While this is the highest share in the region it is still well below the 32.4% of enterprises in these sectors in the rest of the state.**

Between 2006 and 2011 education, information and communications, financial and insurance and real estate all increased their enterprise numbers with professional, scientific and technical activities remaining unchanged. These are higher value, knowledge intensive services sectors. Growth in these activities has contributed to Galway's economy becoming more diverse which is important for economic development. All other sectors, including industry and the labour intensive local services sectors, had a decline in enterprise numbers.

Fig. 11: Number of enterprises in each sector in county Galway, 2006 and 2011



Note: Education figures are included here.



### 1.7.2 Donegal

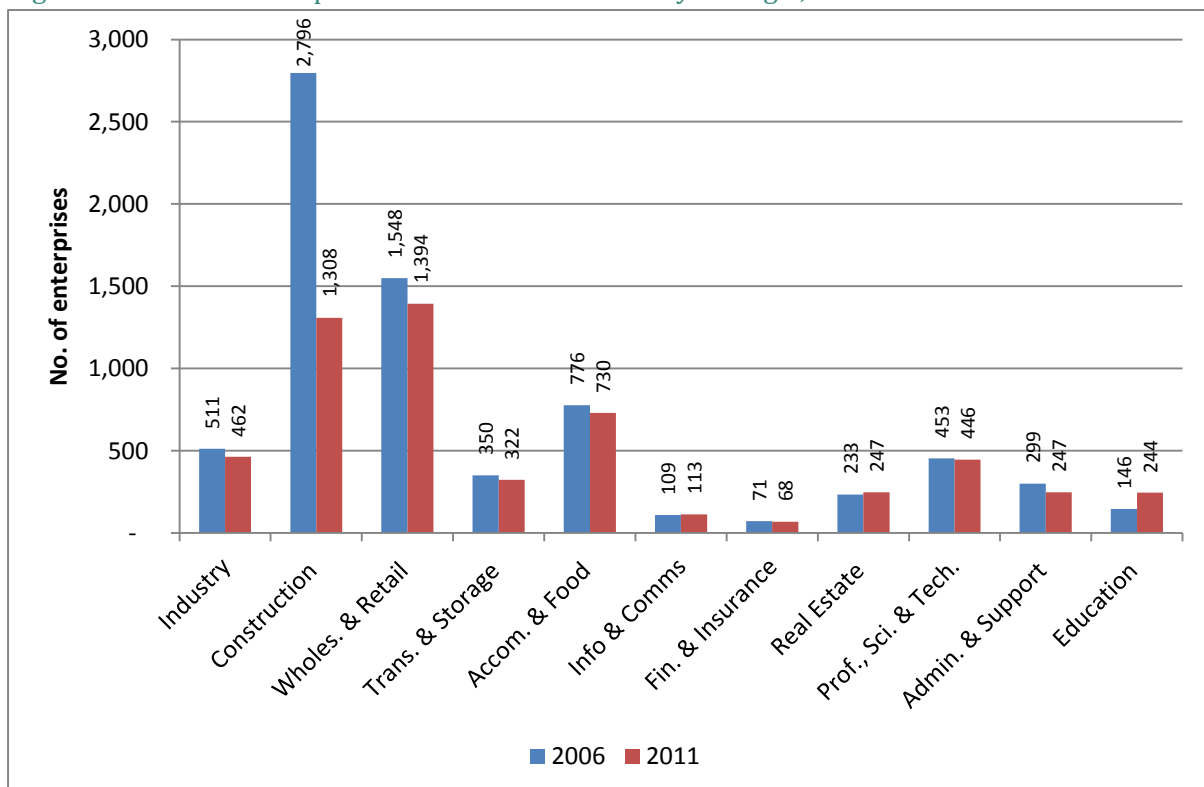
In 2011 Donegal had 5,337 active enterprises, a massive decline from 7,153 in 2006. **Donegal lost 1 in 4 (-25.4%) of its enterprises during this period; the highest rate of decline in the country.**

Fig. 12 shows the number of enterprises in each sector in county Donegal in 2006 and 2011. From this it is clear that Donegal's huge loss of enterprises was almost entirely due to the construction sector which fell by -53.2%. From a position of dominating the enterprise profile in 2006 (39.1% of all enterprises, the highest share in the region) it has now declined to second place after wholesale and retail. As with other largely rural counties, the dominance of the construction sector in 2006 was linked with agriculture with some part-time farmers also establishing construction enterprises and the decline in the sector would have particularly affected rural areas and smaller towns.

**Accommodation and food service is the next largest sector and Donegal has the third highest share of its enterprises in this sector of any county in Ireland.** This sector can be strongly influenced by seasonal factors and varies considerably in its economic role throughout the year.

Practically all sectors had a decline in enterprise numbers over the period with only education showing any notable increase, with small increases in real estate and information and communications. The more labour intensive sectors of administration and support services, accommodation and food service and industry experienced the largest declines, after construction.

Fig. 12: Number of enterprises in each sector in county Donegal, 2006 and 2011



Note: Education figures are included here.

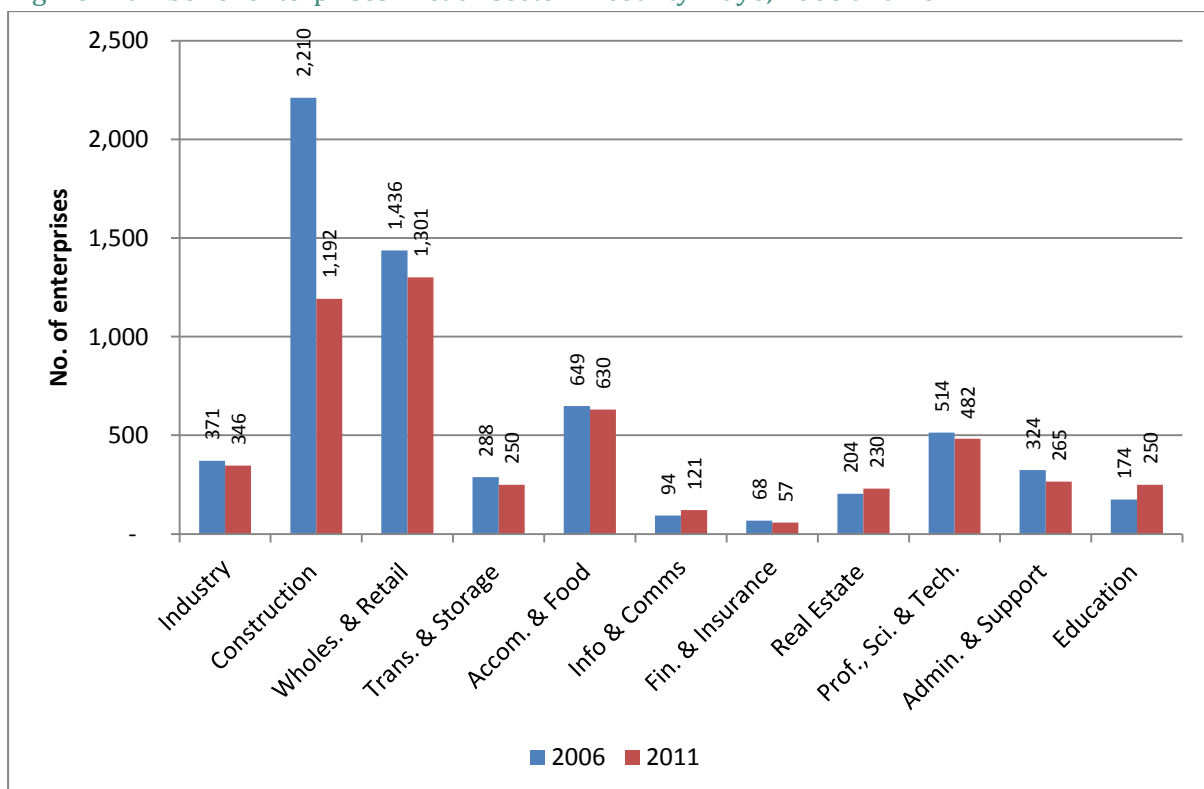
### 1.7.3 Mayo

There were 4,897 enterprises operating in county Mayo in 2011. This was a decline from 6,183 in 2006. **The county lost 1 in 5 (-20.8%) of its enterprises over this period and had the fourth largest percentage decline in Ireland.**

Again the role of construction in this decline is clear (Fig. 13) as the number of enterprises fell by -43.1%. It is now second largest after wholesale and retail. Similar to Donegal and the other more rural counties, accommodation and food service is next largest followed by professional, scientific and technical activities, highlighting the role of the local services sectors in the county's enterprise profile. There are very few enterprises in information and communications or financial and insurance at 2.5% and 1.2% of the county's enterprises respectively. It should be recalled that the local branches of enterprises such as banks are not included in these figures. Overall 18.2% of Mayo's enterprises are in knowledge intensive services sectors.

Between 2006 and 2011 education, information and communications and real estate all increased their enterprise numbers with education increasing by 43%. In addition to construction, the sectors with the largest declines in numbers were administration and support services, financial and insurance and transportation and storage.

Fig. 13: Number of enterprises in each sector in county Mayo, 2006 and 2011



Note: Education figures are included here.

### 1.7.4 Clare

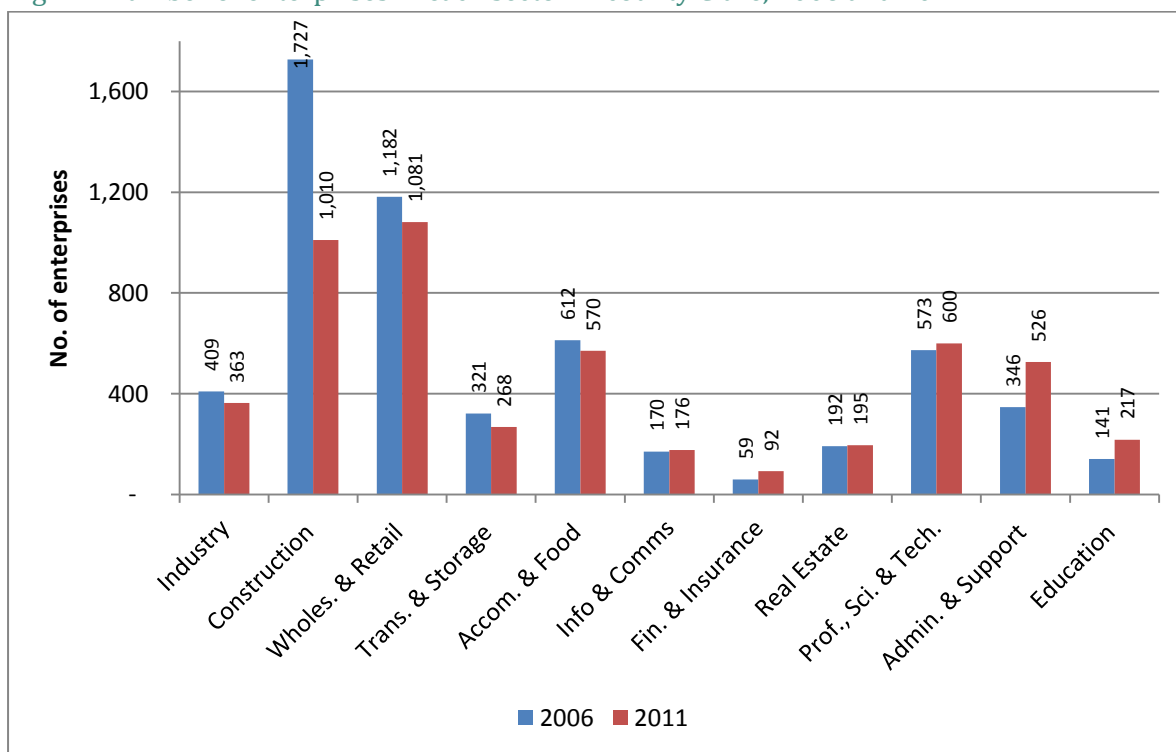
In 2011 Clare had 4,896 active enterprises, a decline of -12.4% from 5,591 in 2006. **While the decline in the number of enterprises in Clare was the lowest of the seven western counties, it was still greater than the average in the rest of the state (-9.8%).**

While, like other counties, the decline in construction enterprises is very striking (Fig. 14) it was not quite as large as in some other counties. Also as the sector was not as dominant in Clare’s enterprise profile in 2006 (accounting for 30.1% of enterprises in that year compared with 39.1% of all enterprises in Donegal) its decline did not have as wide an impact as in other counties. Clare’s relatively good performance was partly due to its more diverse enterprise profile which reduced its vulnerability to declines in a single sector. In total 66.6% of Clare’s enterprises are in its top four sectors compared with 73.6% in Mayo.

In 2011 construction was the second largest sector after wholesale and retail and as with the other more urban counties of Galway and Sligo, professional, scientific and technical activities was next largest followed by accommodation and food service.

There was an increase in enterprise numbers in six sectors in the county, all of them knowledge intensive and/or internationally traded services sectors. This contributed to Clare’s relatively good performance. The increase in the administration and support services sector<sup>11</sup> was quite significant. **Clare now has the highest share of its enterprises in administration and support services of any county in Ireland (10.7%).** All of the more traditional and local service sectors saw a decline in enterprise numbers.

Fig. 14: Number of enterprises in each sector in county Clare, 2006 and 2011



Note: Education figures are included here.

<sup>11</sup> This includes activities such as back office functions and other international services like call centres. In Clare many are likely based in the Shannon Free Zone area.

### 1.7.5 Sligo

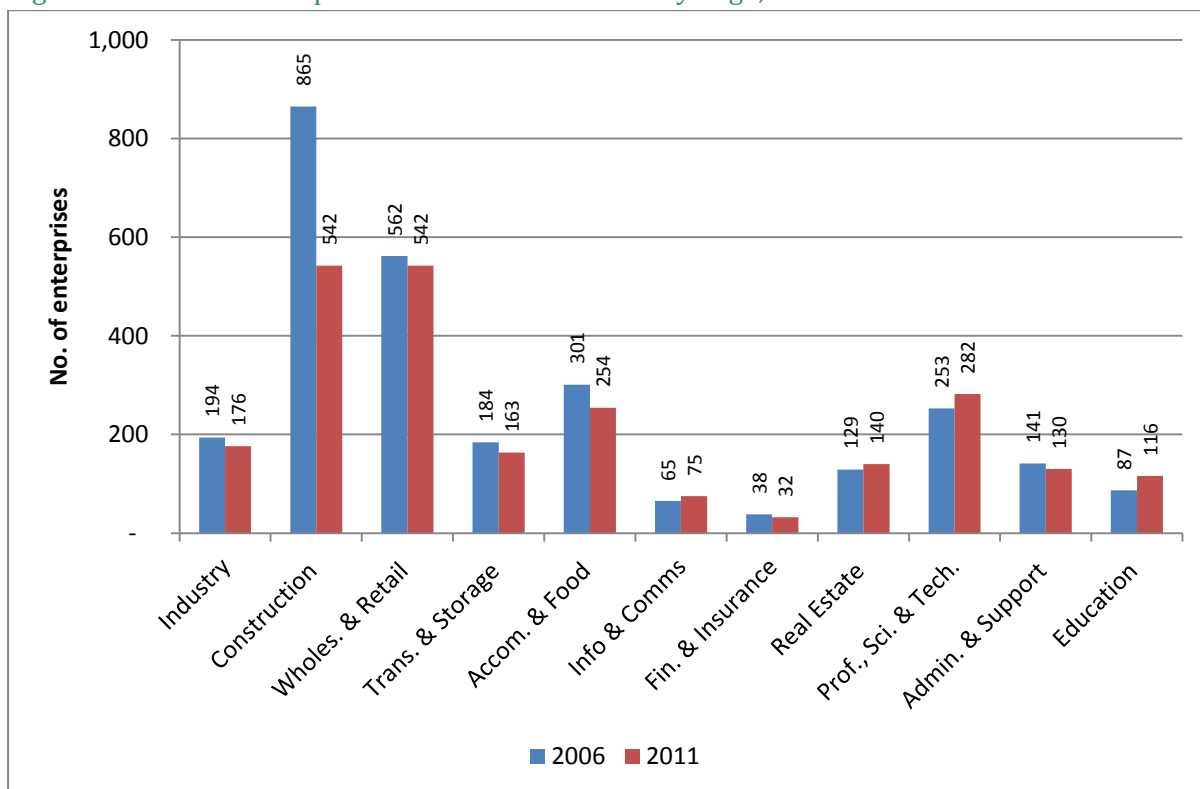
There were 2,345 enterprises operating in county Sligo in 2011. This was a decline of -14.3% from the situation in 2006 when there were 2,736. **Similar to Clare while the decline in construction enterprises is significant, as it had not played quite as big a role in Sligo’s enterprise mix in 2006 (31.6% of enterprises) its decline did not have as widespread an impact as in some other counties.** Also the decline in construction enterprises (-37.3%) was the smallest among the western counties. This meant **Sligo had the second best overall enterprise performance in the Western Region.** Sligo’s performance however was still significantly worse than the average for the rest of the state (-9.8%).

In 2011 both construction and wholesale and retail had exactly the same number of enterprises (Fig. 15). Similar to the other more urban counties of Galway and Clare, professional, scientific and technical activities was next largest, followed by accommodation and food service.

**Sligo had the second highest share of enterprises in the knowledge intensive services sectors in the Western Region** with 22.6% of its enterprises in the information and communications, financial and insurance, real estate and professional, scientific and technical services sectors combined.

Four sectors increased enterprise numbers between 2006 and 2011; education, professional, scientific and technical activities, information and communications and real estate. Again these are among the knowledge intensive services sectors. All other sectors declined.

Fig. 15: Number of enterprises in each sector in county Sligo, 2006 and 2011



Note: Education figures are included here.

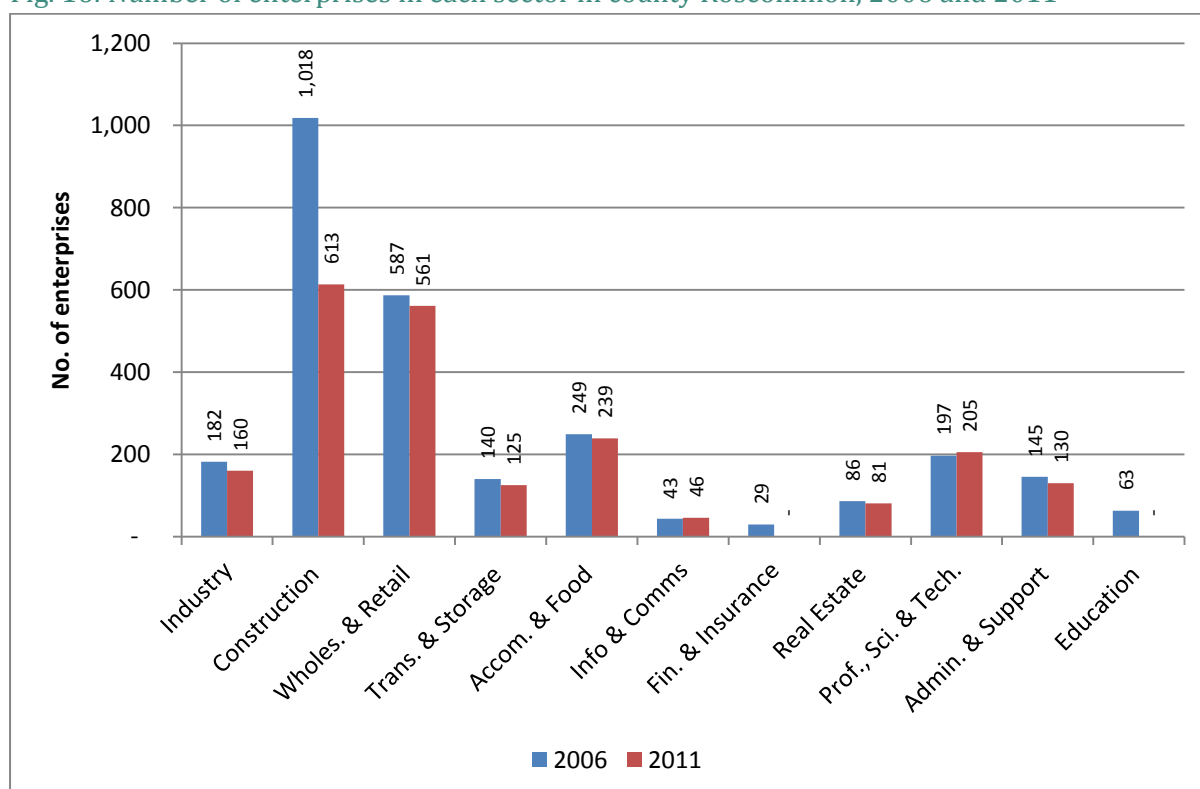
### 1.7.6 Roscommon

Roscommon had 2,201 active enterprises in 2011. This was a decline of -18.1% from 2,686 in 2006. Construction remains the largest enterprise sector in county Roscommon despite its decline of -39.8% (Fig. 16). In fact **Roscommon has the highest share of its enterprises in the construction sector of any county in Ireland (27.9%)**. Wholesale and retail is the next highest and there is a considerable gap to the next; accommodation and food service and professional, scientific and technical activities. Accommodation and food service being the third largest enterprise sector is a common pattern across the more rural counties.

**Roscommon has the smallest share of its enterprises in the knowledge intensive services sectors in the region.** Just 15.1% of its enterprises are in the information and communications, real estate and professional, scientific and technical services sectors. This is less than half the average for the rest of the state (32.4%). There were so few enterprises in the financial and insurance and education sectors in 2011 that the figures could not be reported for confidentiality reasons. The numbers had clearly declined since 2006 as they were large enough to be reported in that year. This is in contrast to all other western counties where the number of education enterprises increased.

Roscommon experienced a decline in enterprise numbers in almost every sector between 2006 and 2011. After construction, industry and administration and support services had the largest percentage declines. Only two sectors had an increase in numbers; professional, scientific and technical activities and information and communications, both knowledge intensive services sectors.

Fig. 16: Number of enterprises in each sector in county Roscommon, 2006 and 2011



Note: Education figures are included here.

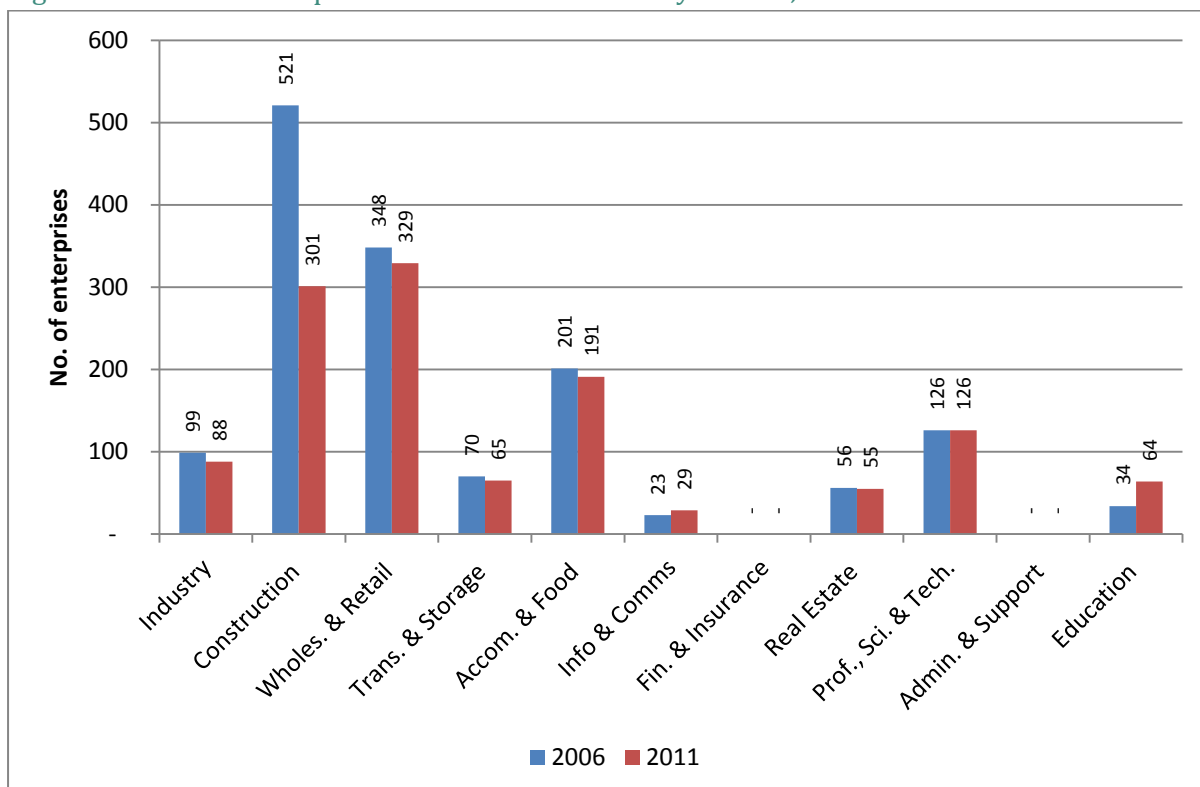
### 1.7.7 Leitrim

County Leitrim had 1,286 active enterprises in 2011. This was a decline of -15.8% from 2006 when the county had 1,527. Wholesale and retail is the largest enterprise sector in Leitrim followed by construction (Fig. 17). **Accommodation and food service is the next largest and Leitrim has the second highest share of enterprises in this sector in Ireland (after Kerry).** The hospitality and tourism sector play an important role in the county’s enterprise mix, and overall local services are extremely important. Accommodation and food service can be quite seasonal, relying heavily on the tourist market, and its economic role can fluctuate throughout the year.

Leitrim had the second smallest share of its enterprises in the knowledge intensive services sector in the region with 16.3% of its enterprises in the information and communications, real estate and professional, scientific and technical services sectors. This is only half the average for the rest of the state (32.4%).

Between 2006 and 2011 construction had the largest decline at -42.2%; there was also a notable decline in industry (-11.1%). Only two sectors had an increase. The number of enterprises in the information and communications sector increased by over a quarter, and the numbers in education also grew. There were so few enterprises in the financial and insurance and administration and support services sectors that the figures could not be reported for confidentiality reasons in either year.

Fig. 17: Number of enterprises in each sector in county Leitrim, 2006 and 2011



Note: Education figures are included here.

## Conclusion

The Western Region has a less diversified enterprise profile than the rest of Ireland with higher reliance on the more traditional sectors and local services. This is true of the region as a whole and even more so for the region's more rural counties (Roscommon, Leitrim, Donegal, Mayo).

Knowledge intensive services play a significantly smaller role in the region's enterprise structure than in the rest of the country and they are most important in the region's more urban counties of Galway, Sligo and Clare.

Overall these statistics point to the Western Region's enterprise base being more significantly damaged by the recession than elsewhere. The region performed worse than the rest of the state in almost every sector between 2006 and 2011 resulting in its share of Ireland's enterprises in almost all sectors declining. Its overall role in Ireland's enterprise base gradually diminished between 2006 and 2011.

Declines in enterprise numbers were most substantial in the region's largest enterprise sectors which are also the most labour intensive – construction, transportation, accommodation, industry and wholesale and retail. Some sectors did show growth over the period with enterprise numbers in education, information and communications, real estate and professional, scientific and technical activities increasing. While growth in these knowledge intensive sectors is very welcome, they are still relatively small sectors in the region and continue to be less important to the region's enterprise profile.

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