WDC Insights

providing insights on key issues for the Western Region of Ireland

Professional Services in the Western Region

Regional Sectoral Profile

July 2019

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1.0 Introduction

The Western Development Commission (WDC) is a state agency charged with promoting the economic and social development of the Western Region of Ireland.[1] To effectively deliver this remit the WDC carries out detailed analysis of a range of socio-economic issues of relevance to the region to inform policy debate and formulation.

This report forms part of a series of 'Regional Sectoral Profiles' analysing the most recent employment and enterprise data for the Western Region on specific economic sectors and identifying key policy issues.[2]

The two-page ***WDC Insights*****: Professional Services in the Western Region** summarises the main points from this report. It is available here.

1.1 Professional Services

This report examines the Professional Services sector. It combines two economic sectors – 'Professional, Scientific & Technical Activities' and 'Real Estate.' These are both relatively small employment sectors in the Western Region and have many similarities. Both are considered knowledge intensive services sectors and are relatively high value.

'Professional, Scientific & Technical Activities' covers a wide range of activities including legal services, accountancy, tax and management consultancy, architectural and engineering services, technical analysis and testing, scientific research and development, advertising, market research, veterinary services, graphic and fashion design, photography, translation, quantity surveying and other professional services. 'Real Estate' includes renting or letting of real estate, auctioneers, valuers and real estate agents and real estate management companies (e.g. facilities, property or car park management).

This sector provides services to commercial and business clients, as well as private customers. It is characterised by a high level of self-employment with many sole traders or small companies operating in this area. While more specialised services e.g. market research, are quite focused in larger urban centres, many of these activities are quite widely distributed and are an important source of professional employment in smaller towns e.g. local accountancy office.

Professional Services play an important role in facilitating activity across other economic sectors e.g. by providing legal, accountancy or market research services to enterprises. They are also quite sensitive to changes in the overall level of economic activity. During economic downturns the demand from businesses for many of these professional services e.g. graphic design, advertising, can be considerably reduced, as well as demand from private customers. It can be particularly sensitive to declines in the construction sector e.g. architectural, real estate, conveyancing services. At the same time there can be increased demand for certain other services of this sector e.g. receivership. Improved economic conditions and disposable income likewise can greatly increase demand for such services.

[1] Counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare.
[2] Previous Regional Sectoral Profiles are available here https://www.wdc.ie/publications/reports-and-papers/

Following a description of the data that will be used, Section 2 outlines the current employment situation and employment trends in Professional Services, followed in Section 3 by an outline of data on enterprise numbers in the sector, with key policy issues set out in Section 4.

1.2 Data used

A number of data sources are used to examine the Professional Services sector in the region.

Census of Population: The Census provides comprehensive data on employment by sector at both county and town level. No other data source provides this level of geographic breakdown. However there are a number of issues to bear in mind:

1. Most recent Census data is 2016.
2. Census data refers to where a person lives which may not be the same as where they work.[3] Data presented here on the number of people working in a sector in a specific county/town refers to the number of residents of that county/town working in the sector, even if they work elsewhere.
3. Census data does not give an indication of whether employment is full or part-time. Each person who works in the sector, regardless of how many hours per week they work, is counted the same.

Business Demography: Business Demography data gives the number of enterprises in each sector in each county. An enterprise is assigned to the county where it is registered with the Revenue Commissioners. Therefore a business with multiple locations e.g. a large accountancy firm, is only counted once where it is headquartered (often Dublin), individual branches are not counted. As this data measures enterprises registered in a county, they may have stronger ties to the area.

[3] See WDC (2018), Travel to Work and Labour Catchments in the Western Region: A Profile of Seven Town Labour Catchments 2018, for an analysis of travel to work patterns in the region.

2.0 Employment in Professional Services

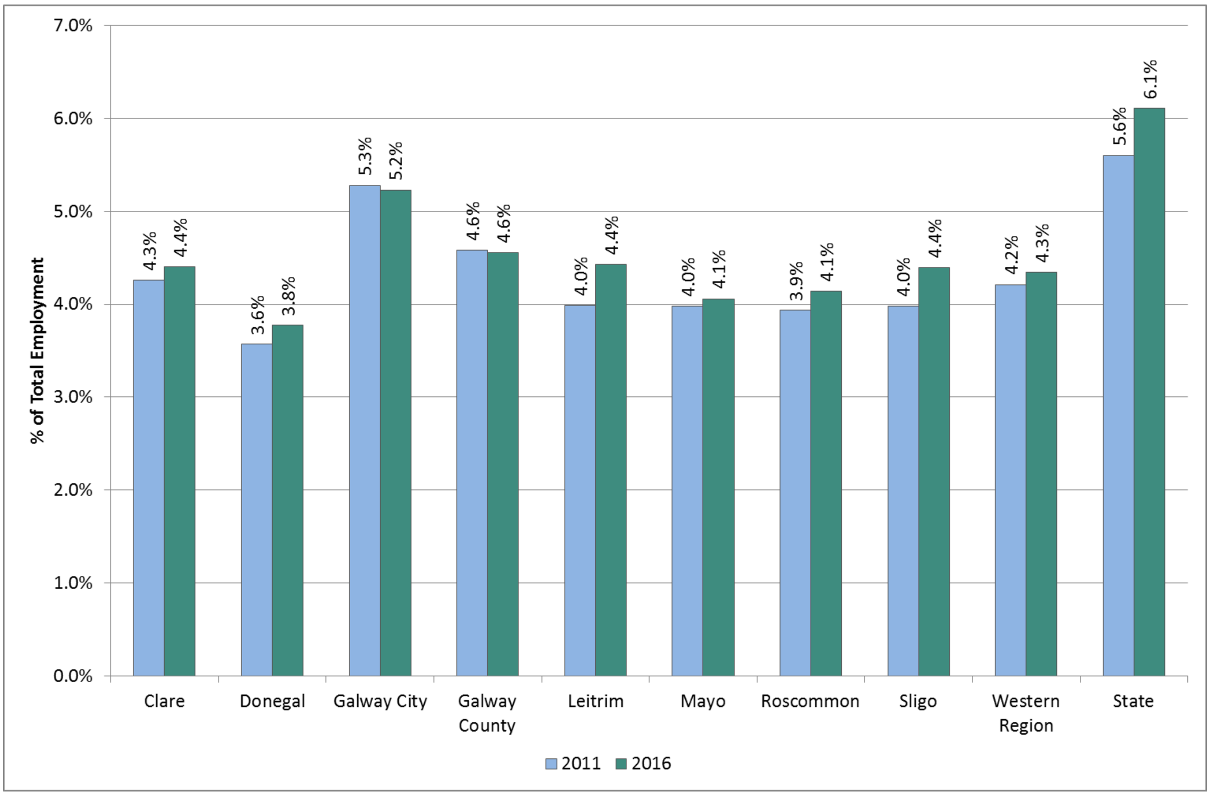
In this section we examine employment over time and by gender, as well as self-employment, in Professional Services in the Western Region, western counties and towns. Employment in specific sub-sectors and activities is also set out.

2.1 Employment in the Western Region and its counties

According to Census 2016, 14,499 people worked in Professional Services in the Western Region. Of everyone working in this sector in Ireland, only 11.8% of them live in the Western Region. In comparison, the Western Region is home to 16.6% of total employment which means the region accounts for a smaller share of jobs in this sector than of jobs generally.

Professional Services play a far smaller role in the region's labour market than nationally (Fig. 1). In 2016 Professional Services accounted for 4.3% of total employment in the Western Region compared with 6.1% in the state.

Fig. 1: Percentage of total employment in Professional Services in Western Region and state, 2011 and 2016



Source: CSO, Census 2016: Summary Results Part 2, Table EZ011

With the exception of Donegal and Galway, the share of total employment in this sector is quite similar across western counties ranging from 4.1% to 4.4% of total jobs in 2016.

As would be expected, Galway City is where this sector is most important in the region (5.2% of its residents work in Professional Services), but this is still well below the state average and is in fact only tenth highest of all counties in Ireland. Donegal is where Professional Services is least important (3.8%) and has the second lowest share in the state working in the sector with Mayo and

Roscommon also in the bottom ten nationally.

The share of total employment accounted for by Professional Services increased marginally in the Western Region between 2011 and 2016 (4.2% to 4.3%), but its role grew more strongly nationally (5.6% to 6.1%). Within the region, except for Galway (City and County), Professional Services as a share of total employment increased everywhere and most notably in Leitrim and Sligo.

A sector's share of total employment is determined both by the number of people actually working in that sector and total employment levels in the economy. If the number working in the sector did not change but total employment grew or fell dramatically e.g. during the construction boom and bust, then its share of total employment would still change. The next section looks at changes in the actual number working in Professional Services.

2.1.1 Change in employment in the Western Region and its counties

The number of people working in Professional Services in the Western Region grew by 10.8% between 2011 and 2016 (Table 1), only half the 21.1% growth experienced nationally. While growth in this sector in the region was higher than overall jobs growth (7.5%), the difference was not as great as nationally where growth in Professional Services was close to double overall jobs growth (11%). Clearly this is a strongly growing sector across the entire country but less so in the region than nationally. In Section 2.2 individual activities within the sector are examined which provides greater insight to the reasons for this strong growth and differing growth rates.

Table 1: Number employed in Professional Services in Western Region and state, and percentage change 2011-2016

County	Professional Services			Total Employment
	2011	2016	% Change 2011-2016	% Change 2011-2016
Clare	1,941	2,180	12.3%	8.6%
Donegal	1,902	2,204	15.9%	9.5%
Galway City	1,666	1,826	9.6%	10.8%
Galway County	3,173	3,425	7.9%	8.5%
Leitrim	477	564	18.2%	6.3%
Mayo	1,951	2,088	7.0%	4.8%
Roscommon	960	1,069	11.4%	5.9%
Sligo	1,011	1,143	13.1%	2.2%
Western Region	**13,081**	**14,499**	**10.8%**	**7.5%**
State	**101,246**	**122,566**	**21.1%**	**11.0%**

Source: CSO, Census 2016: Summary Results Part 2, Table EZ011

No western county experienced Professional Services growth above the national average, though growth in the sector did exceed growth in total employment (except for Galway City). At 18.2%, Leitrim had the highest growth in Professional Services employment (explaining its growing importance in the county, see Fig. 1). Leitrim was followed by Donegal and Sligo, which both saw increases in the sector's role in their total employment.

Mayo and Galway (County and City) had the smallest Professional Services jobs growth though, except for Galway City, this still exceeded growth in total employment.

The next section examines employment in Professional Services sub-sectors which illustrates which activities drove changes in different counties.

2.2 Employment in Professional Services sub-sectors

As noted above this sector is composed of two broad sub-sectors – ‘Professional, Scientific & Technical’ and ‘Real Estate’. While ‘Real Estate’ only includes one activity, ‘Professional, Scientific & Technical’ is composed of nine individual activities.[4] For ease of interpretation activities have been grouped into seven categories (sub-sectors).

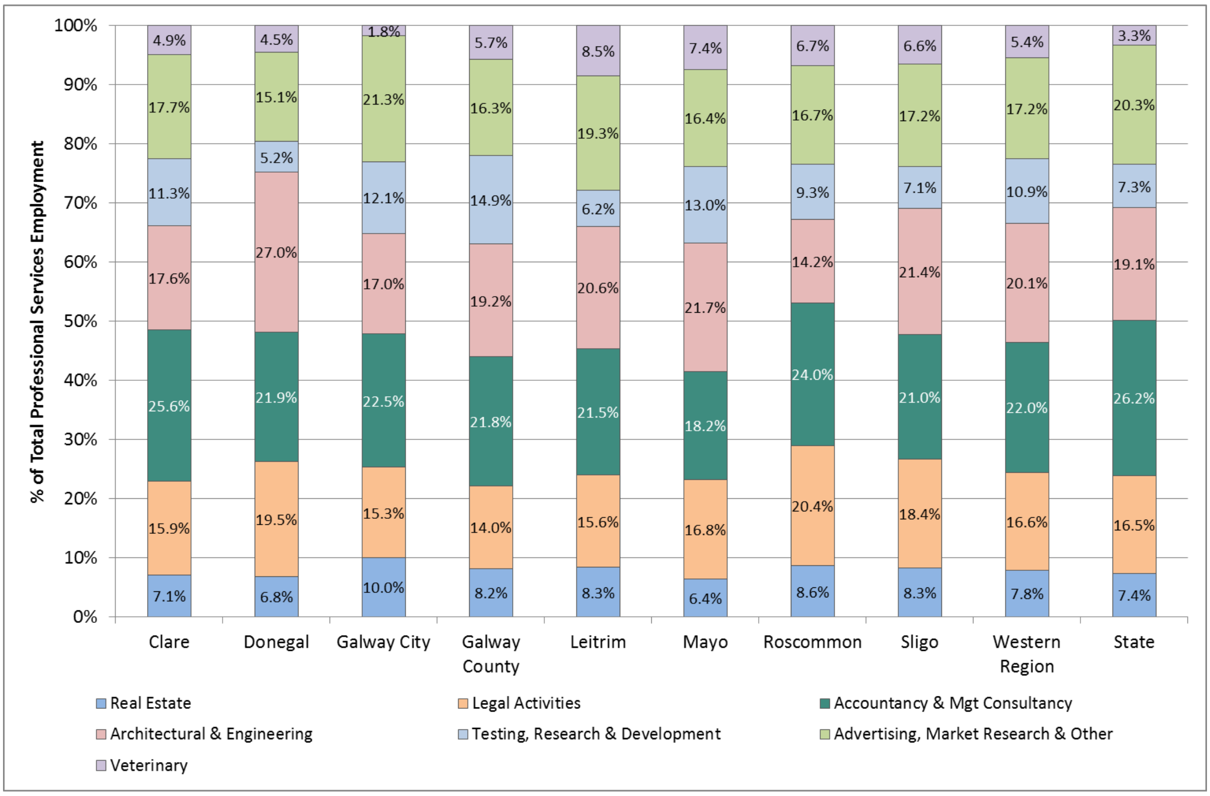
Fig. 2 shows how total employment in Professional Services is distributed across these seven sub-sectors. At 22%, ‘Accountancy & Management Consultancy’ is the largest Professional Services sub-sector in the region employing 3,197 people. It accounts for a notably lower share in the region however compared with nationally (26.2%). This is likely influenced by the head offices of many large accountancy and management consultancy firms e.g. the ‘Big 4’ of PwC, KPMG, Deloitte and EY, being based in Dublin. The next largest sub-sector is ‘Architectural & Engineering Services’ accounting for 20.1% of all Professional Services jobs in the region, slightly higher than nationally. This is linked to activity in the building and construction sector.

The third largest sub-sector of ‘Advertising, Market Research & Other’[5] is considerably more important in the state (20.3%) compared with the region (17.2%). As this includes many quite specialised activities mainly serving business/commercial clients there is high concentration in large urban centres and particularly Dublin.

Two sub-sectors where the region has a notably higher share are ‘Testing, Research & Development’ and ‘Veterinary’. The region’s strength in manufacturing[6] and companies providing testing or R&D services to these factories would influence the first, while the region’s rural and agricultural nature influences the second.

[4] Appendix 1 provides detailed data for all activities for all western counties.
[5] The ‘Other’ includes graphic and fashion design, translation, agents/agencies etc.
[6] See WDC (2019) Industry in the Western Region: Regional Sectoral Profile

Fig. 2: Percentage of total Professional Services employment in each sub-sector in Western Region and state, 2016



Source: CSO, Census 2016: Summary Results Part 2, Table EZ011

The structure of the sector differs considerably across western counties and this helps to explain their differing recent performance. For Clare, Galway City, Galway County, Leitrim and Roscommon, the largest sub-sector is 'Accountancy & Management Consultancy' ranging from 21.8% in Galway County to 25.6% in Clare. This sub-sector covers local accountancy firms based in small towns, sole trader tax and management consultants as well as offices of very large national and international accountancy and consultancy firms. It is therefore an important activity both in cities and smaller towns.

For Donegal, Mayo and Sligo the largest is 'Architectural & Engineering Services' ranging from 21.4% in Sligo to 27% in Donegal. This could be linked both to supplying services to the manufacturing sector and also higher dependence on the construction sector in these areas.

For most counties, these two sub-sectors are the two largest. For Galway City and Clare however 'Advertising, Market Research & Other' is second largest again because these are more specialised services e.g. advertising, they tend to be more concentrated in cities and larger centres. For Roscommon the second largest is 'Legal Activities' as solicitors tend to be quite widely distributed and can be located in small and medium-sized rural towns.

The 'Testing, Research & Development' sub-sector is most important in Galway, Mayo and Clare, the counties with the highest shares working in manufacturing, while 'Veterinary' accounts for its highest share in Leitrim and Mayo which have among the highest shares involved in agriculture.

'Real Estate' is most important in Galway City and this would likely be influenced by property management and leasing activity in the city, while real estate agents may be more important in the more rural counties of Roscommon and Leitrim, where the sector is next most important.

2.2.1 Change in employment in Professional Services activities

All but one of the sub-sectors increased employment between 2011 and 2016 (Table 2) and for every sub-sector the Western Region had a weaker performance than nationally. The strongest growth was in 'Advertising, Market Research & Other' which increased 37.5% (680 people) in the region and 45.5% nationally. As noted above, this sector provides services to business/commercial clients and would have grown in response to increased economic activity generally. The second highest growth was in 'Architectural & Engineering' again responding to some recovery in construction activity.

The region's largest sub-sector of 'Accountancy & Management Consultancy' had very low growth in the region at just 3.3% which was very substantially below the 20.7% national growth. This contributed to this sector's lower share of total Professional Services employment in the region than state (see Fig. 2). The reason for this differing performance may be the nature of this sector in the region, largely characterised by small accountancy firms serving local clients, compared with large-scale, often international, firms serving large commercial and public sector clients which are headquartered in Dublin.

'Legal Activities' was the only sub-sector to see employment decline (-3.8%) in the region, though it increased nationally.

Table 2: Percentage change in employment in Professional Services activities in Western Region and state, 2011-2016

	% Change 2011-2016						
	Real Estate	Legal Activities	Accountancy & Management Consultancy	Architectural & Engineering	Testing, Research & Development	Advertising, Market Research & Other	Veterinary
Clare	0.0%	-2.0%	4.9%	3.8%	65.8%	30.8%	19.1%
Donegal	-11.3%	3.4%	10.8%	25.0%	30.7%	41.1%	20.7%
Galway City	12.3%	-10.0%	4.6%	6.1%	3.8%	47.9%	3.2%
Galway County	3.7%	-8.6%	0.5%	21.7%	2.4%	28.6%	18.3%
Leitrim	23.7%	-15.4%	15.2%	7.4%	84.2%	51.4%	54.8%
Mayo	-2.2%	-1.4%	-4.3%	21.4%	-5.6%	26.7%	20.2%
Roscommon	-5.2%	-2.2%	8.0%	16.0%	17.9%	55.7%	0.0%
Sligo	11.8%	-0.5%	-4.4%	26.9%	15.7%	53.9%	2.7%
Western Region	**2.0%**	**-3.8%**	**3.3%**	**17.3%**	**12.1%**	**37.5%**	**16.4%**
State	**7.9%**	**4.5%**	**20.7%**	**24.4%**	**21.4%**	**45.5%**	**9.2%**

Source: CSO, Census 2016: Summary Results Part 2, Table EZ011

When considering changes in sub-sectors in counties it is important to note that large percentage changes may represent relatively small numbers.

The two strongest growing sub-sectors in the region – 'Advertising, Market Research & Other' and

‘Architectural & Engineering’ – were the only ones to increase in every county. Roscommon, Sligo and Leitrim saw over 50% growth in the former, with Sligo and Donegal having over 25% growth in the latter.

‘Testing, Research & Development’ also showed quite strong growth in most counties, though declining in Mayo and having low growth around Galway, the areas where it is most important as an employer (see Fig. 2). It may indicate some ‘catching up’ in other counties.

Clare, Galway City, Galway Country, Leitrim and Roscommon, where ‘Accountancy & Management Consultancy’ is the largest sub-sector, all saw an increase in the sector, along with Donegal. ‘Legal Activities’ declined in most areas, particularly in Leitrim and Galway City, though grew in Donegal.

2.3 Employment in western towns

In 2016 there were 40 urban centres with a population over 1,500 in the Western Region. When considering towns, commuting can be particularly important and it must be remembered that this data refers to residents of the towns, although some may travel to work elsewhere.

The relative importance of Professional Services varies across towns (Fig. 3).[7] Bearna (8.1%, 72 people) has the highest share of residents working in the sector and ninth highest among Ireland’s 200 towns and cities (1,500+ population). Within the region, Strandhill (7.1%, 57 people), Loughrea (6.9%, 159 people) and Buncrana (6.4%, 153 people) have the next highest shares.

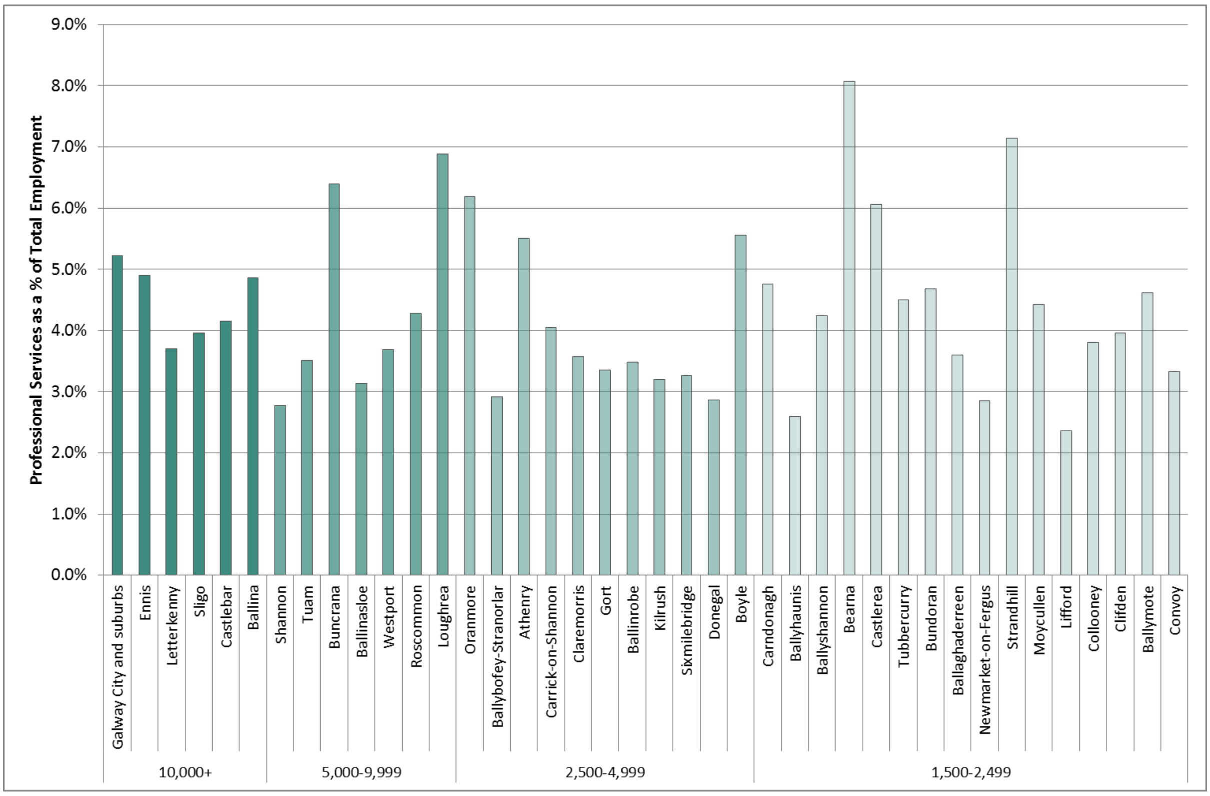
This pattern is likely to be influenced by commuting to Galway City, Sligo or Letterkenny or Derry. Other commuter towns such as Oranmore and Athenry also have quite high shares. A number of more rural, medium-sized towns such as Castlerea, Boyle, Carndonagh and Ballymote also have relatively high shares and clearly act as service centres for their rural hinterland.

Among the region’s larger (10,000+) urban centres, this sector is most important in Galway City (5.2%, 1,855 people), Ennis (4.9%, 518 people) and Ballina (4.9%, 179 people).

Two towns in the region are among the bottom ten in terms of the share working in this sector, Lifford (2.4%, 11 people) and Ballyhaunis (2.6%, 22 people). Clearly there is limited activity in this sector in these towns or commuting to work in other centres. In both cases these towns have high reliance on another sector (Public Administration & Defence and Industry respectively) which reduces the relative importance of all other sectors.

[7] See Appendix 2 for more detailed data on Professional Services employment in towns.

Fig. 3: Percentage of total employment in Professional Services in towns in the Western Region, 2016



Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB030

2.3.1 Change in employment in western towns

There are 38 towns in the Western Region which had a population above 1,500 in both 2011 and 2016.[8] Of these, 18 towns experienced an increase in the number of people working in Professional Services between 2011 and 2016, 16 saw a decrease, with four unchanged (Fig. 4). This differs from the pattern at national, regional and county levels where there was growth across all areas. This shows that there is greater spatial variation in the sector's performance at local level.

Bundoran (66.7%, +14 people), Castlerea (64%, +16 people), Lifford (57.1%, +4 people) and Ballyhaunis (57.1%, +8 people) had the largest percentage growth though from a very low base in the last two. In absolute terms, Galway City (9.6%, +163 people) had the biggest increase.

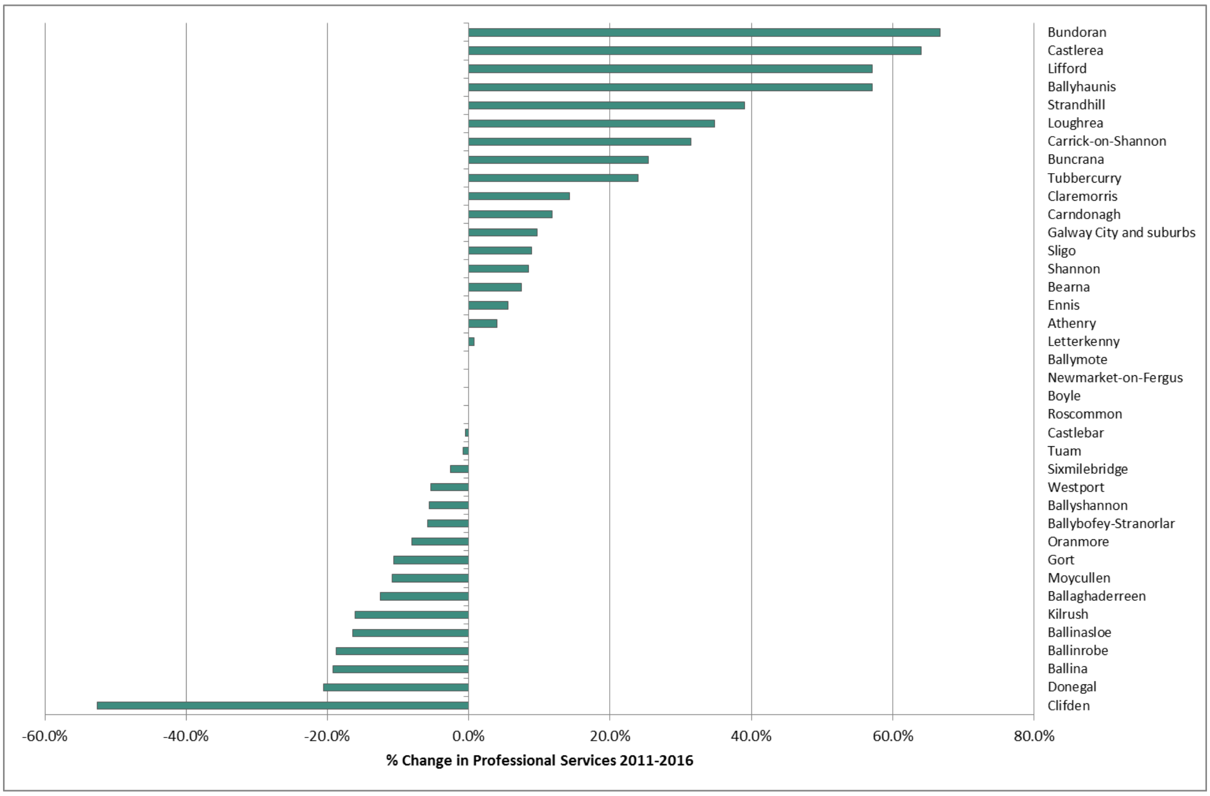
Clifden (-52.6%, -30 people) had the largest decline by quite some margin. As Clifden also had the region's largest population decline over this period, this is likely to be a key factor there. Donegal, Ballina and Balllinrobe all declined by about 20%, indicating contraction of professional services activity.

While data for sub-sectors is not available at a town level, from Table 2 above we saw that 'Legal Activities' and 'Real Estate' were the two sub-sectors with the greatest declines across counties.

[8] Two towns with a population above 1,500 in 2011 (Portumna and Bunbeg-Derrybeg) dropped below in 2016. Two towns (Collooney and Convoy) rose above the 1,500 threshold in 2016. There were also town boundary changes between 2011 and 2016 for 15 of the 40 towns in the Western Region which has an impact when considering change over time. For most towns the impact was relatively minor, however there was a quite substantial change for Ballina.

These are quite widely distributed activities and losses in these areas would have impacted on medium-sized and smaller towns.

Fig. 4: Percentage change in employment in Professional Services in towns in the Western Region, 2011-2016



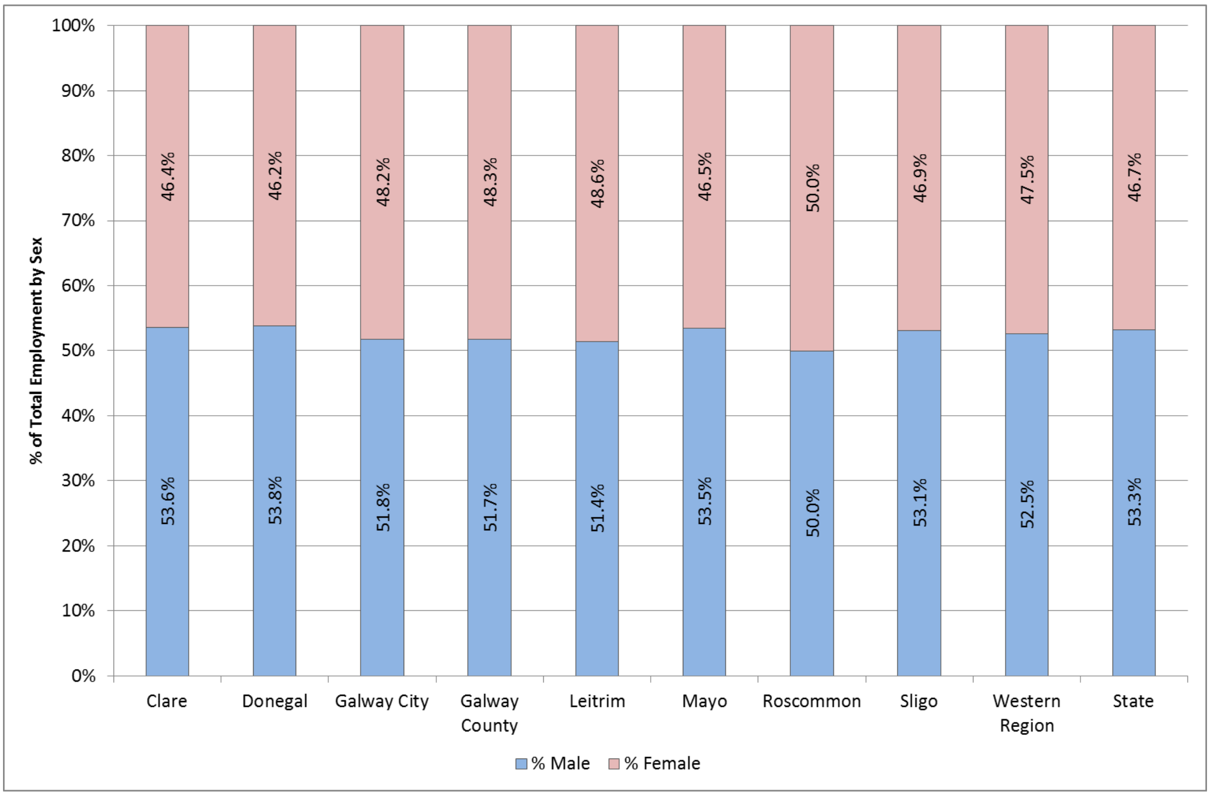
Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB030; CSO, Census 2011: Profile 3 – At Work, Table CD320.

Note: In the case of Ballina, a significant town boundary change reduced its population and the actual change in employment in this sector is likely less than it appears in Fig. 4.

2.4 Employment by gender

Employment in Professional Services has a male majority with 52.5% of those working in the sector being men (Fig. 5). The region has a somewhat lower male share than nationally (53.3%). At a county level, Donegal, Clare, Mayo and Sligo have the highest male shares at just over 53%, while in Roscommon it is evenly split.

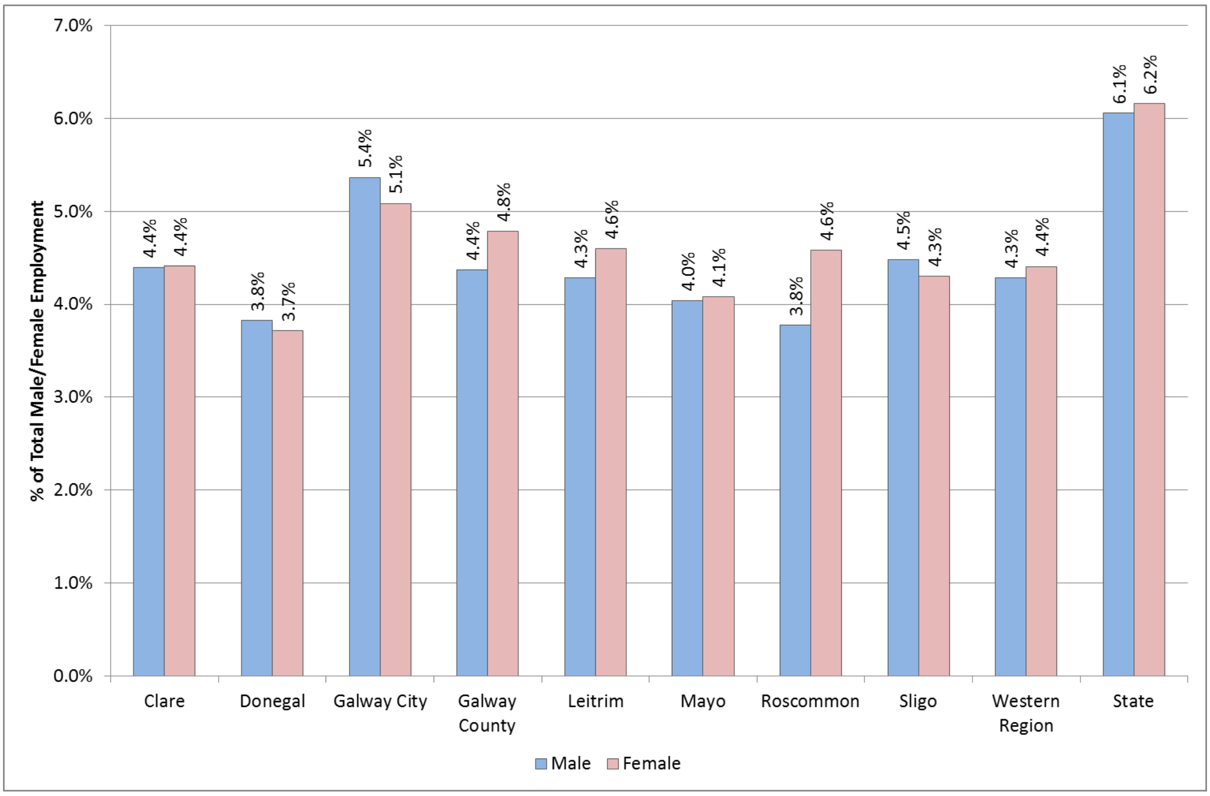
Fig. 5: Percentage of total employment in Professional Services in Western Region and state by sex, 2016



Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB027

In terms of the sector's relative importance to total male and female employment (Fig. 6), it is almost equally important to both, employing 4.3% of working men and 4.4% of working women in the Western Region. In both cases this is substantially below the national share (6.1% and 6.2% respectively) which is to be expected given the sector's generally lower importance as an employer in the region.

Fig. 6: Percentage of total male and total female employment that is in Professional Services in Western Region and state, 2016



Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB027

Galway City is where the sector is most important to total employment for both men (5.4%) and women (5.1%) somewhat more important for men. Donegal and Sligo are the only other areas where this sector accounts for a larger share of total men's jobs than women's jobs. This may be linked to the structure of the sector within the counties e.g. in Donegal and Sligo the largest sub-sector is 'Architectural & Engineering' which may tend to have a higher male share.

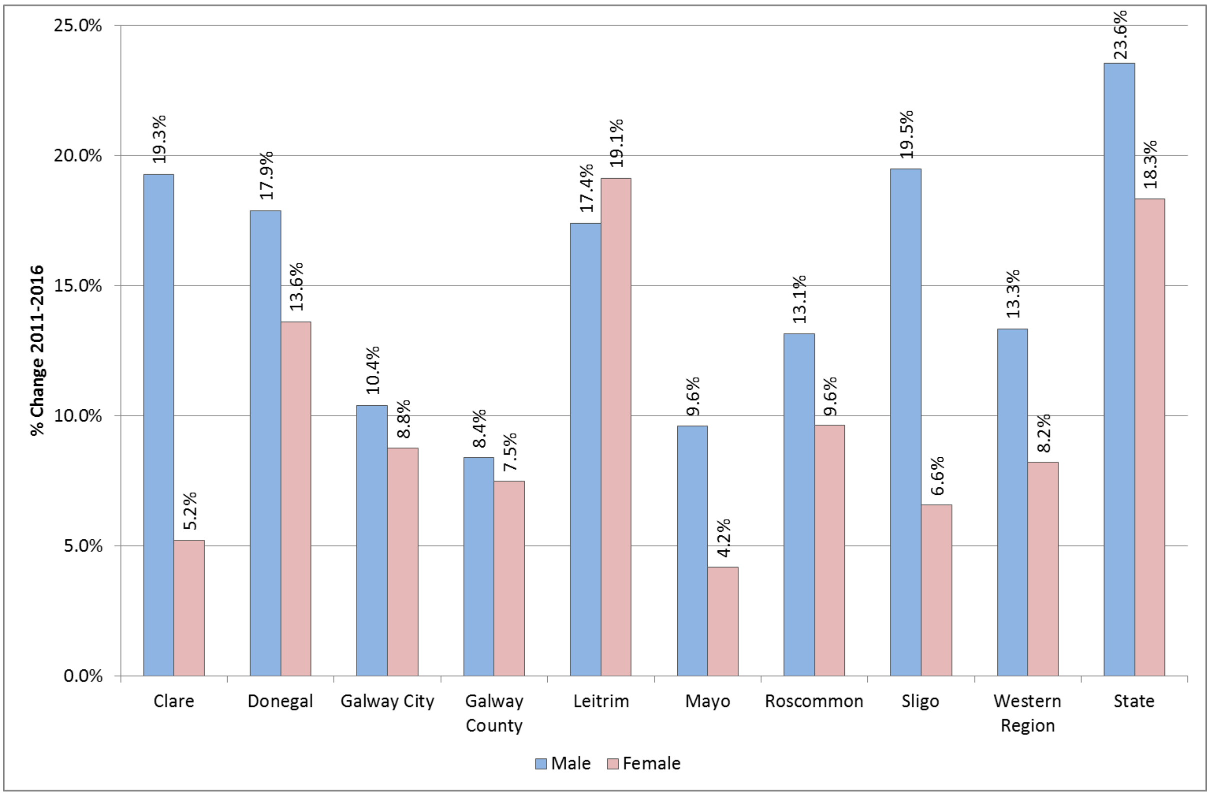
In all other counties Professional Services employs a greater share of all working women than all working men. This is particularly the case in Roscommon which is the county with the highest share engaged in 'Legal Activities' and among the highest in 'Accountancy & Management Consultancy' both of which may have greater female employment.

2.4.1 Change in employment by gender

While there was quite strong Professional Services jobs growth for both men and women during 2011 to 2016, it was considerably higher among men, increasing by 13.3% in the region compared with 8.2% growth for women. A stronger performance for male employment was also evident nationally though the gender difference was smaller (in the region the increase in female employment was only 58% of the increase in male employment, nationally it was 71%).

Stronger male jobs growth was likely influenced by the performance of different sub-sectors with the strongest growth in 'Advertising, Market Research & Other' and 'Architectural & Engineering' which may have higher male shares. 'Legal Activities', 'Real Estate' and 'Accountancy & Management Consultancy', which may employ more women, had decline or low growth.

Fig. 7: Percentage change in employment in Professional Services in Western Region and state by sex, 2011-2016



Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB027

Both Clare and Sligo showed significantly greater jobs growth for men than women with over 19% growth among men compared with just 5.2% and 6.6% growth respectively for women. In the case of Clare, it had extremely strong growth in 'Testing, Research & Development' (+65.8%) which is likely to have high male involvement. Sligo had the highest growth in 'Architectural & Engineering' (+26.9%) in the region which is also likely to have a high male share.

All other counties, except Leitrim, also had stronger male then female jobs growth. This resulted in the male share of total employment in the sector increasing from 51.4% in 2011 up to 52.5% by 2016 (see Fig. 5). The recent pattern of growth in this sector seems to be favouring male employment with a growing gender balance.

2.5 Self-employment in Professional Services

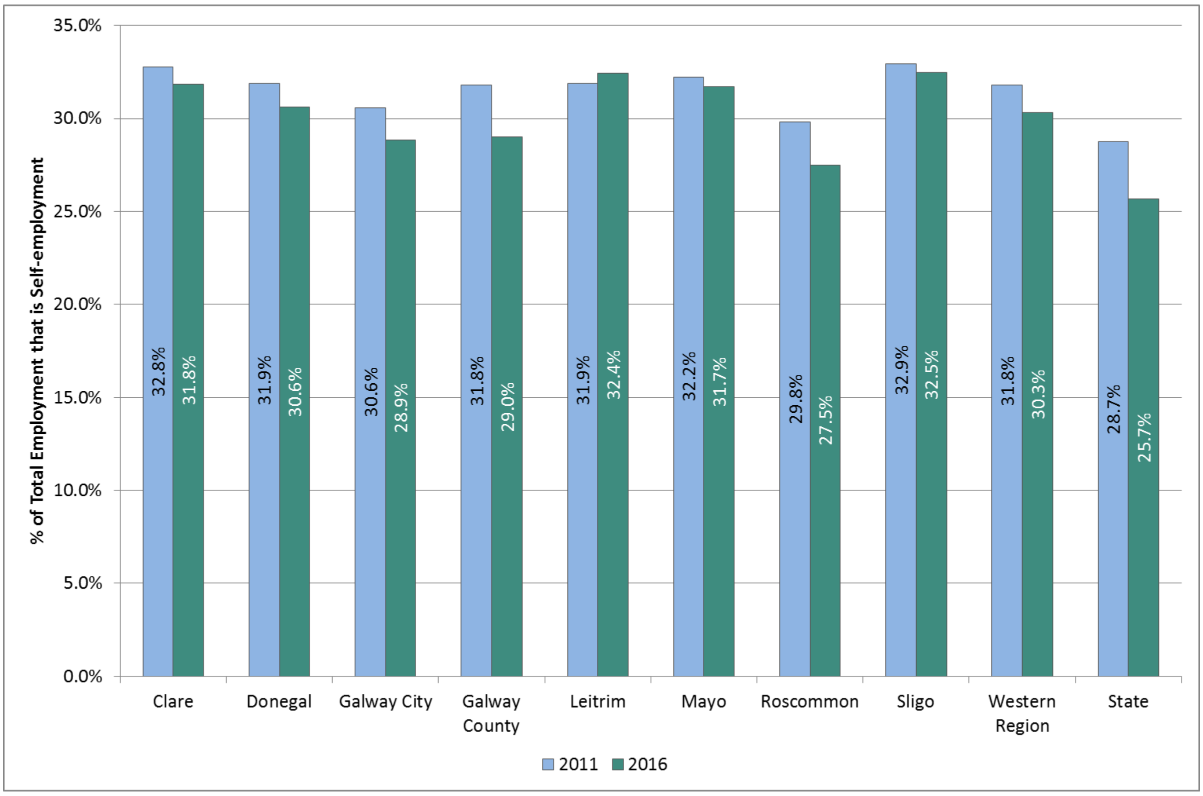
Of the 14,499 people working in Professional Services in the Western Region in 2016, 30.3% (4,399 people) were self-employed (employer or own account worker). This is considerably higher than the average rate of self-employment in the region (18.3%) and among the highest rates of self-employment across all economic sectors. This is not surprising given the nature of the sector with many small and micro businesses e.g. solicitors, photographers, vets.

Self-employment is considerably more common in the Western Region (30.3%) than nationally (25.7%) (Fig. 8). The structure of this sector in the region is characterised by a higher share of sole traders or micro-enterprises supplying services, with fewer large firms. This will be examined again in Section 3 when considering enterprises. More people in the region have chosen self-employment as a route to work in this sector, perhaps due to more limited job options and also the smaller size of the local market favours smaller operations. The pattern of high self-employment in the region also reflects the concentration of many large companies in this sector e.g. headquarters of large accountancy firms, in Dublin increasing the share of employees in the sector in that area and reducing the share of self-employed.

The share of self-employment declined between 2011 and 2016 in both the region and nationally, with the region showing less of a decline than elsewhere. The decline in the self-employed share in this period resulted from the overall strong jobs growth in the sector. This is because, as will be seen in the next section, the actual number of self-employed increased in this period.

During the recession, some people who lost their job in the sector may have turned to self-employment, others may have only been able to find a job on a self-employed contract basis and some firms (e.g. architectural practices) had to let employees go with only the owner remaining in the business. All of this led to an increase in self-employment's share of total employment because there were even greater losses among employees. The recovery in the economy which began during this period (2011-2016) saw many businesses expand with increased job opportunities for employees. This reduced the share of total employment that was self-employment, despite growth in the actual number of self-employed.

Fig. 8: Percentage of total employment in Professional Services that is self-employment in Western Region and state, 2011 and 2016



Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB033. Special run from CSO.

The share of self-employment is relatively similar across many of the counties. At 32.5%, it is most common in Sligo, followed by Leitrim (32.4%). This implies these counties tend to have a large number of smaller businesses. Clare and Mayo are next highest. Roscommon (27.5%) and Galway City (28.9%) have the lowest shares. In the case of Galway City, the presence of larger firms contributes to a lower share of self-employment. As will be discussed in Section 3, Roscommon has a low share of its total enterprises in this sector.

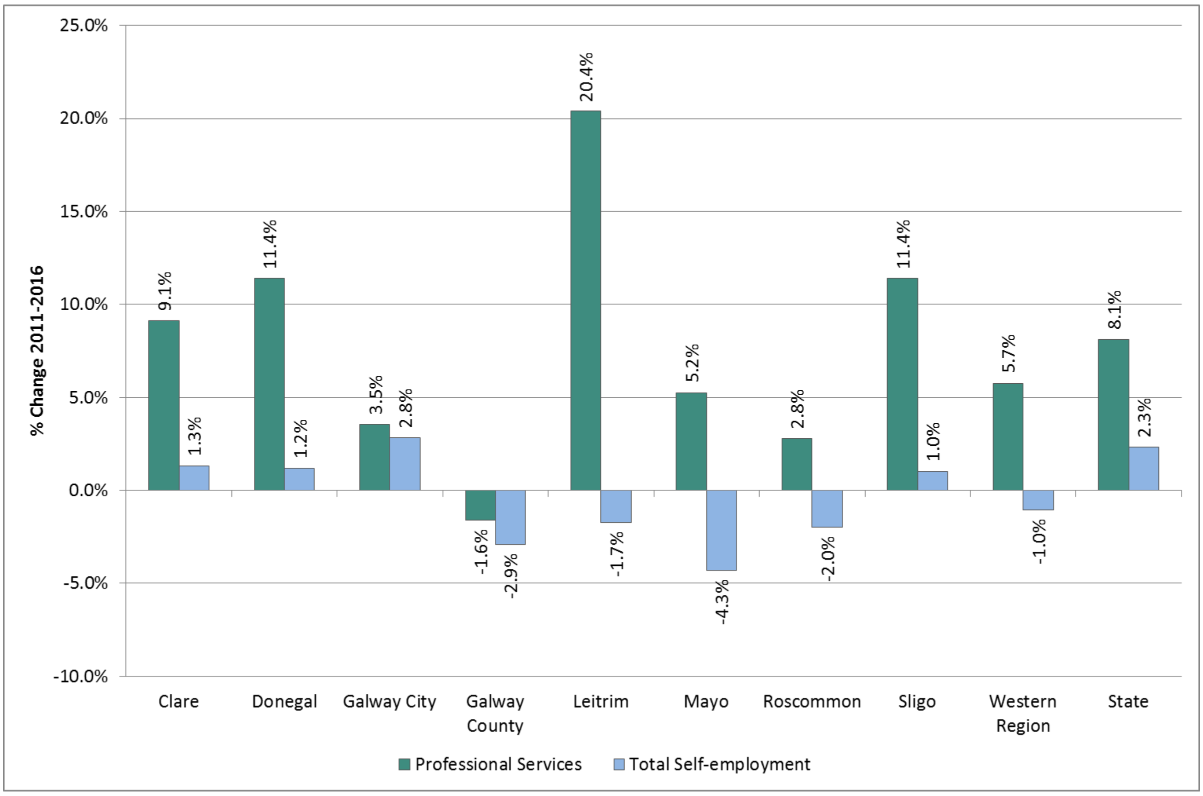
The share of self-employment declined in every western county between 2011 and 2016 except Leitrim. Again this would have been influenced by the jobs recovery increasing job options. Given that Leitrim had the highest growth in total employment in the sector (18.2%, see Table 1) and was the only county where the share of self-employment increased it is clear that its overall growth was strongly driven by self-employment. In contrast, in all other counties where the share of self-employment declined, growing employee numbers was more important in total jobs growth in the sector.

2.4.1 Change in self-employment

In the Western Region, the number of self-employed people working in Professional Services grew 5.7% between 2011 and 2016 (Fig. 9). This compares with a 1% decline in total self-employment over the same period, indicating that this sector differed from the general trend of declining self-employment in the region.

The growth in self-employment in the region was below that occurring nationally (8.1%). As we noted from Fig. 8, as a share of total employment, self-employment declined more in the state than in the region. This was despite the fact it had stronger growth in the actual number of self-employed in the sector because growth in employee numbers nationally (26.4%) exceeded that in the region (11.9%) by an even greater degree than the growth in self-employment did. Again this reflects the structure of the sector with fewer large firms operating in the region.

Fig. 9: Percentage change in self-employment in Professional Services and self-employment in total employment in Western Region and state, 2011-2016



Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB033. Special run from CSO.

In all counties, self-employment in Professional Services performed better than overall self-employment.

As noted above, Leitrim was the only county where the share of self-employment increased between 2011 and 2016. This was driven by a 20.4% increase in the number of self-employed working in Professional Services in the county. This was clearly a very strong driver of the county's total jobs growth in the sector. This indicates there may be a growing cluster of self-employed professionals providing services in Leitrim. The rural nature of the county and small local market means smaller operations may be more viable and appropriate. Developments such as The Hive in Carrick-on-Shannon and the ManorHub in Manorhamilton may have helped facilitate this growth.

Sligo, Donegal and Clare, all of which have quite high shares of self-employment, had the next highest growth. Roscommon had the lowest growth which contributed to its current low share of self-employment. Galway County was the only area which actually saw a decline in the number of self-employed in the sector which may have contributed to its quite low overall growth in the sector.

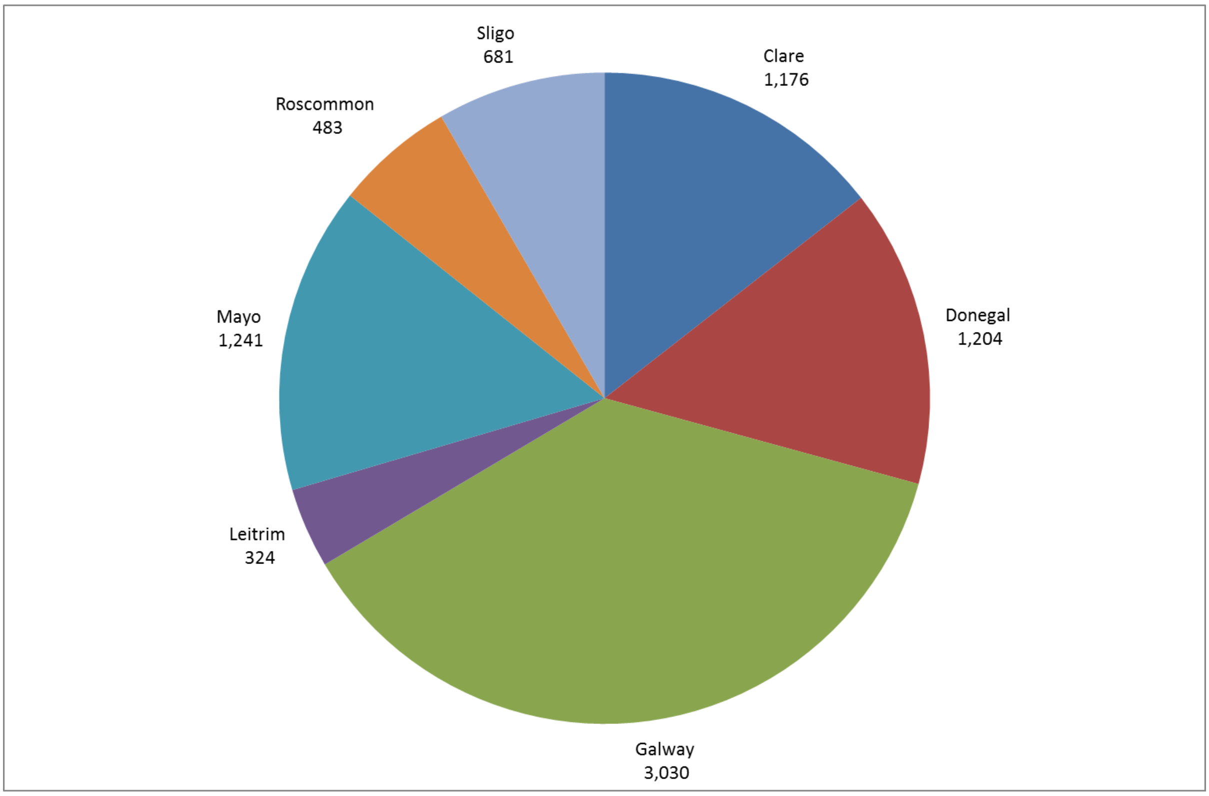
3.0 Professional Services Enterprises

In this section we examine enterprise numbers in Professional Services in the Western Region and its counties. This data is from the CSO Business Demography and includes all Professional Services enterprises such as veterinary practices, legal firms, accountants, graphic designers, photographers, real estate agents, testing laboratories, architectural practices etc. which have a registration address (with the Revenue Commissioners) located in the Western Region. It does not include branches of companies which are registered elsewhere e.g. Dublin, such as large accountancy firms.[9]

3.1 Professional Services enterprises

In 2017[10] there were 8,139 Professional Services enterprises registered in the Western Region. Just over 3,000 of these are registered in Galway with Mayo and Donegal having just over 1,200 each (Fig. 10).

Fig. 10: No. of active enterprises in Professional Services in western counties, 2017



Source: CSO, Business Demography 2017, Table BRA18.

The region is home to 13.9% of all Professional Services enterprises in the state, which is considerably below the region's share of all enterprises (17.4%). This is consistent with the region's lower share of total national employment in this sector.

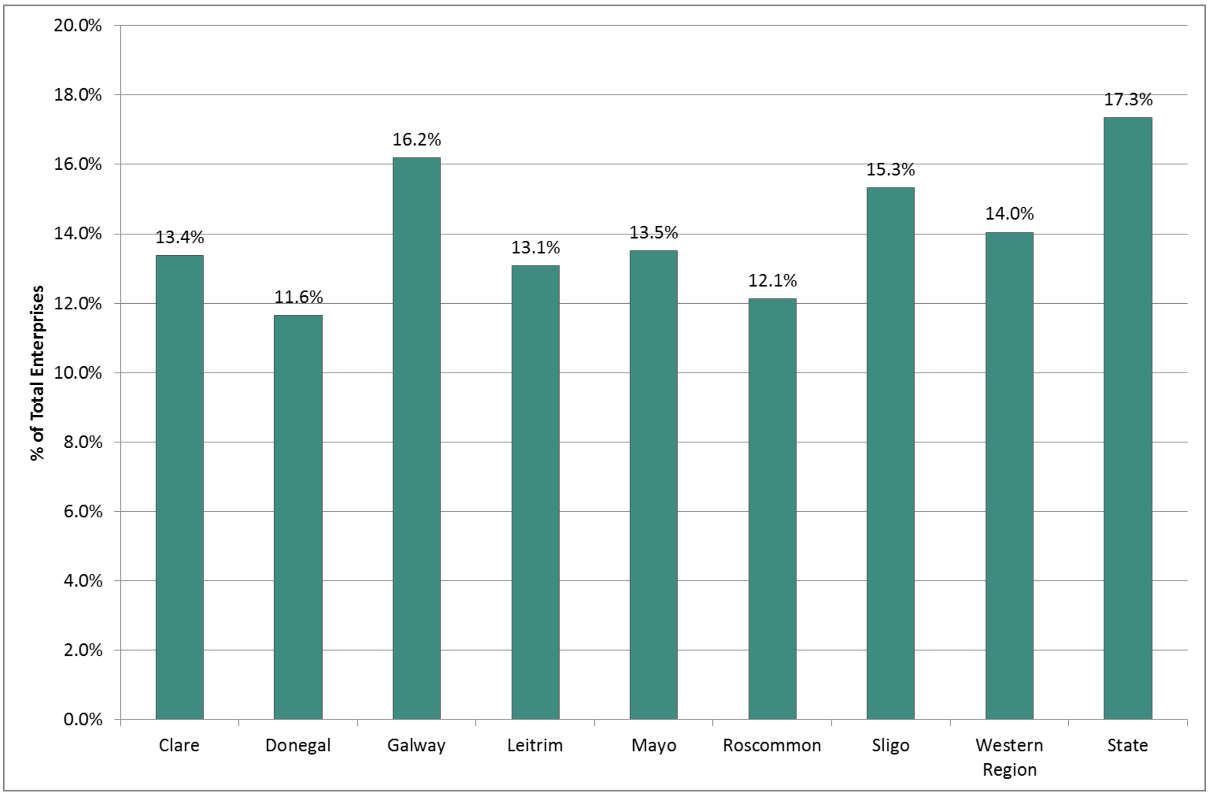
In the Western Region, 14% of total enterprises[11] in 2017 were engaged in Professional Services (Fig. 11). The sector's share of total enterprises in the region (14%) is substantially greater than its share

[9] In the case of real estate agents, while many are affiliated with a large, often Dublin-based, group individual real estate agents are often registered in their home county.
[10] Most recent data available.
[11] Total enterprises includes all 'business economy' enterprises (NACE Rev 2 B to N(-642)) plus the sectors of Health & Social Work, Education, Arts, Entertainment & Recreation and Other Services.

of all employment in the region (4.3%, see Fig. 1), though it should be noted that the employment data refers to 2016. Clearly this sector is characterised by a large number of quite small enterprises which is consistent with the finding that it has among the highest rates of self-employment (see Section 2.5).

The sector's share of total enterprises in the Western Region (14%) is considerably lower than the sector's 17.3% share nationally.

Fig. 11: Professional Services enterprises as a percentage of total enterprises in Western Region and state, 2017



Source: CSO, Business Demography 2017, Table BRA18.

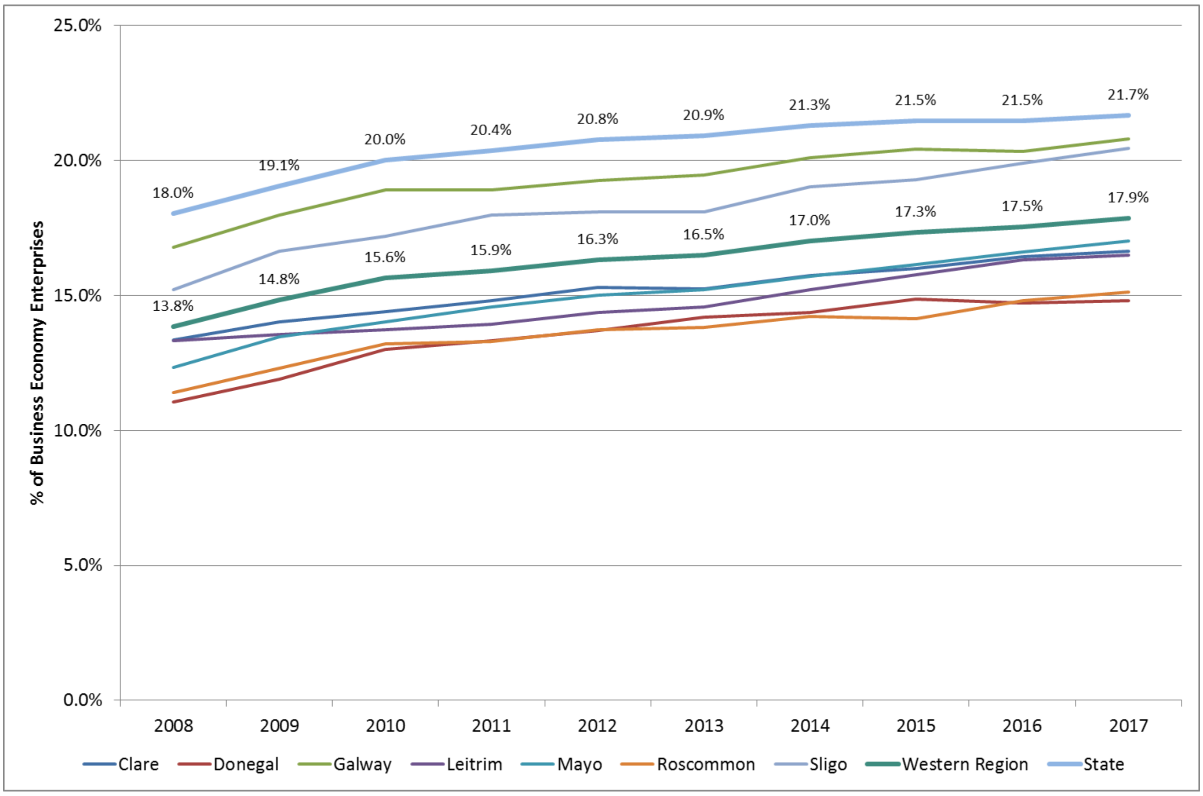
At 16.2%, Galway[12] has the highest share of its total enterprises in this sector, though still below the national average. This is consistent with the earlier findings on the importance of this sector to employment in Galway City in particular (see Fig. 1). Sligo is where the sector is next most important to the enterprise profile, influenced by Sligo town's wider regional role as a service centre. Mayo and Clare also have quite high shares, with the service centre roles of Ennis, Castlebar and Ballina, as well as the large number of small and medium-sized towns, influencing this. In common with employment, Donegal has the lowest share of its total enterprises in this sector which points to less activity in the sector.

When considering the longer period we can only consider the sector's share of total 'business economy' enterprises as data for a number of sectors[13] is not available for the full 2008 to 2017 period which means we cannot calculate 'total enterprises'. There has been a steady increase in the

[12] Business Demography data does not distinguish between Galway City and Galway County.
[13] Education, Health & Social Work, Other Services and Arts, Entertainment & Recreation.

share of total 'business economy' enterprises accounted for by Professional Services over the ten years from 2008 to 2017 (Fig. 12). In the region the share rose quite steadily each year from 13.8% in 2008 to 17.9% by 2017. There was also steady growth nationally but at a higher level. The gap has narrowed slightly over the time.

Fig. 12: Professional Services enterprises as a percentage of all 'business economy' enterprises in Western Region and state, 2017



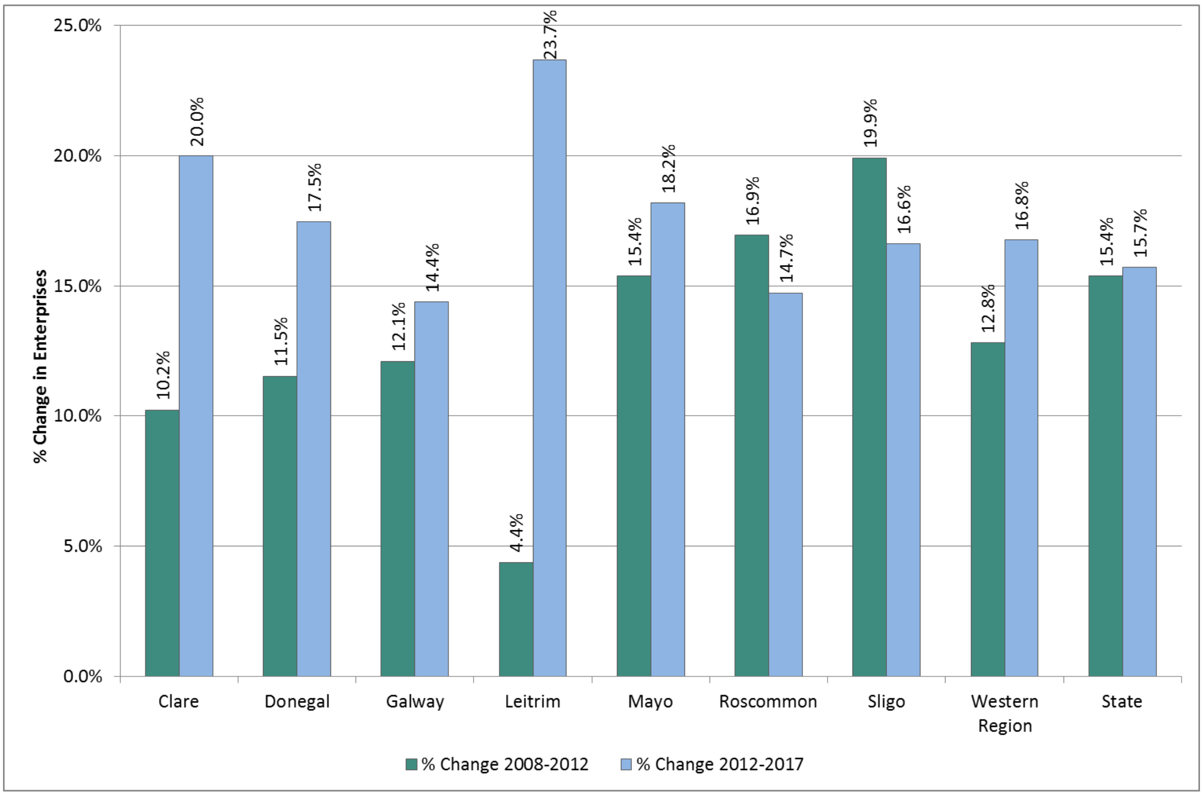
Source: CSO, Business Demography 2017, Table BRA18.

At a county level, both Galway and Sligo have been above the Western Region average throughout the period, though below the national average. The gap between them has narrowed quite strongly since 2016 with both Galway and Sligo now having a very similar share. Roscommon and Donegal have consistently been the western counties with the lowest share of enterprises engaged in Professional Services.

3.1.1 Change in Professional Services enterprises

During the period 2008 to 2012, there was 12.8% growth in the number of Professional Services enterprises in the Western Region, which was below the 15.4% increase nationally (Fig. 13). In the more recent period of 2012-2017 however, enterprise numbers increased more strongly in the region than nationally (16.8% v 15.7%) which may indicate that the recovery in enterprise numbers in the region lagged that nationally, beginning somewhat later.

Fig. 13: Percentage change in the number of Professional Services enterprises in Western Region and state, 2008-2012 and 2012-2017



Source: CSO, Business Demography 2016, Table BRA18.

In most counties, enterprise growth in the more recent period was considerably stronger than the earlier period. This pattern was particularly strong in Leitrim with a 4.4% increase between 2008-2012 compared with 23.7% growth between 2012 and 2017. This is linked to the strong growth in self-employment (see Fig. 9).

In Clare the growth in the more recent period was about double that of the earlier period, while Donegal, Galway and Mayo also saw stronger growth in recent years, though the difference was less pronounced. This implies that the level of economic activity in this sector has accelerated in most counties.

Sligo and Roscommon differed, with lower growth during 2012-2017 than previously. This may indicate some slowing down of enterprise growth in the sector. In the case of Sligo, it has reached quite a high level by 2017 at 15.3% of total enterprises, whereas in Roscommon, the sector is far less developed (only 12.1% of enterprises) and this slowdown may be a cause for concern.

4.0 Key Policy Issues for the Western Region's Professional Services Sector

Lower level of activity in Professional Services in Western Region

Professional Services account for a substantially smaller share of total employment and total enterprises in the Western Region compared with the national average. For employment, the gap widened between 2011 and 2016. Professional Services grew very strongly in the state during this time, and while it also expanded in the region, this was at a far lower level with the rate of jobs growth in the region only around half that occurring nationally (10.8% v 21.1%).

Given that this is a knowledge intensive services sector offering high quality employment, increasing the level of Professional Services activity in the Western Region could make an important contribution to diversifying the region's labour market and increasing income levels.

Responds strongly to economic cycles and changing domestic demand

While several Professional Services activities can be traded internationally e.g. architectural services, graphic design, by far the largest proportion of Professional Services activity is traded domestically and often to quite local markets e.g. legal, accountancy, veterinary services. It therefore is highly dependent on the level of domestic demand in the economy, both from business clients and individuals, and therefore on the general level of economic activity. The fact that economic recovery in the Western Region lagged that occurring elsewhere in the country[14] would therefore have been an important factor in the region's lower jobs growth in this sector.

As well as responding to the economic cycle, this sector also helps to facilitate it. During periods of growing economic activity, Professional Services play a key role in business growth through legal and accountancy services, market research and advertising, graphic design and translation. They also help facilitate increased construction activity through architectural and engineering services, conveyancing and real estate. The presence of a strong Professional Services sector within the region is therefore a key driver for regional economic growth.

Smaller scale operations and high self-employment

Professional Services enterprises in the Western Region tend to be smaller in scale than the national average. Smaller businesses can often offer a more personal and distinctive service, however they may also find it more difficult to adapt to emerging trends e.g. digital transformation.

The Professional Services sector in the region is also characterised by high self-employment (30.3% of all employment), both compared with elsewhere (25.7% in state) and with other sectors. The share of self-employment increased during the recession and, although the number self-employed has continued to grow with the recovery this has been exceeded by growth in employee numbers, the share of self-employment has declined somewhat. This has occurred to less of a degree in the region than elsewhere however, which means the gap in the share of self-employment between the region and the state has widened.

This sector, particularly in several of the more rural counties, is characterised by a high level of self-employed activity. It is important to note that some of this may involve a person working on a self-

[14] WDC Insights Blog Post, 'Recent Trends in Regional GDP' 14 June 2019

employed contract basis for a single employer e.g. a management consultant working on a self-employed basis in a larger practice.

As many of the activities within Professional Services are not internationally traded, they are outside of the remit for direct financial supports from enterprise support agencies. Continuation of existing, and the development of new, soft supports for self-employed in this sector including addressing issues of viability and succession planning for family-run businesses, is important, particularly in smaller urban centres and rural areas where self-employment can be a key pathway to work.

Large urban locations play a critical role as centres for Professional Services activity

More specialised Professional Services tend to be quite concentrated in larger urban locations. Nationally, there is strong concentration in Dublin and within the region Galway City is a key location for such services with many workers living in surrounding commuter towns. It is important that the locational advantages of Galway City, as well as Ennis, Letterkenny, Sligo, Castlebar and Ballina, to attract specialised Professional Services activity are enhanced.

The availability of suitable office space, physical and digital infrastructure, access to talent and quality of life, as well as addressing issues such as traffic congestion (especially around Galway City) and rising costs, will be important to ensuring the region's large urban locations can enhance their regional, and particularly their national, role as centres for Professional Services activity.

Opportunities for growth beyond large urban locations, including remote work

The current relatively low level of activity in this sector in the Western Region, and particularly in some of the more rural counties, means there is potential for further expansion, at a suitable scale, in these areas. Self-employment is a very important element of this and facilitating the establishment and expansion of micro-businesses in more rural areas can contribute to the economic viability of these areas. Growth of this sector is not only important in its own right, as a provider of high quality, professional careers, but also as a facilitator of wider economic activity.

Developments in technology, the world of work and the need to develop more sustainable approaches means that remote work also holds considerable potential for smaller urban centres and rural areas to host increasing activity in this sector. Remote work, from home, a co-working hub or other location facilitates people to work, either full-time or for a number of days per week, closer to their home. It has many benefits including reduced commuting, emissions and time spent travelling, increased spending in the local economy and improved work-life balance.

Access to high speed broadband is one of the most critical factors in facilitating the expansion of this sector to more rural areas.

5.0 Conclusion

Professional Services play a smaller role in the Western Region's economy, in terms of its employment profile and enterprise base. The sector grew strongly in the region between 2011 and 2016, in response to increased economic activity, however the gap in employment widened as growth in the region lagged that occurring elsewhere.

More specialised Professional Services tend to be concentrated in larger urban centres, however other aspects are quite widely dispersed and present in many smaller towns and rural areas. Opportunities exist both to attract more national level activity in this sector (which is quite concentrated in Dublin) to the region's larger urban centres and also to increase the geographical spread of activity across the region. High speed broadband, good transport connections, co-working hubs, remote working and new technology all facilitate the location of enterprises and individuals in smaller centres and rural areas.

High self-employment is a key characteristic of this sector which impacts on its future growth potential. Facilitating networking opportunities among entrepreneurs in this sector could help identify new growth or collaboration opportunities e.g. between a graphic designer and photographer, an architect and interior designer.

Further expansion of Professional Services activity in the region can both contribute to increased availability of professional career opportunities in the region's labour market, as well as facilitate wider regional economic and enterprise growth.

Download **Professional Services in the Western Region: Regional Sectoral Profile** and ***WDC Insights*: Professional Services in the Western Region** here

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Appendix 1: Population aged 15 years and over by employed in Professional Services by detailed industrial group NACE Rev 2 in western counties 2011 and 2016

Detailed industrial group	2011 (No.)	2016 (No.)	% Change	2011 (No.)	2016 (No.)	% Change
	Clare			Donegal		
Real estate activities	155	155	0.0%	168	149	-11.3%
Professional, scientific and technical activities	1,786	2,025	13.4%	1,734	2,055	18.5%
Legal activities	353	346	-2.0%	416	430	3.4%
Accounting, bookkeeping and auditing activities; tax consultancy	410	459	12.0%	376	414	10.1%
Activities of head offices management consultancy activities	121	98	-19.0%	60	69	15.0%
Architectural and engineering activities and related technical consultancy	369	383	3.8%	476	595	25.0%
Technical testing and analysis	51	66	29.4%	39	53	35.9%
Scientific research and development	98	181	84.7%	49	62	26.5%
Advertising and market research	124	157	26.6%	95	115	21.1%
Other professional, scientific and technical activities	171	229	33.9%	141	218	54.6%
Veterinary activities	89	106	19.1%	82	99	20.7%
Total Professional Services	**1,941**	**2,180**	**12.3%**	**1,902**	**2,204**	**15.9%**
	Galway City			Galway County		
Real estate activities	162	182	12.3%	270	280	3.7%
Professional, scientific and technical activities	1,504	1,644	9.3%	2,903	3,145	8.3%
Legal activities	311	280	-10.0%	523	478	-8.6%
Accounting, bookkeeping and auditing activities; tax consultancy	314	320	1.9%	565	612	8.3%
Activities of head offices management consultancy activities	79	91	15.2%	178	135	-24.2%
Architectural and engineering activities and related technical consultancy	293	311	6.1%	539	656	21.7%
Technical testing and analysis	34	60	76.5%	142	190	33.8%
Scientific research and development	179	161	-10.1%	358	322	-10.1%
Advertising and market research	111	153	37.8%	187	234	25.1%
Other professional, scientific and technical activities	152	236	55.3%	247	324	31.2%
Veterinary activities	31	32	3.2%	164	194	18.3%
Total Professional Services	**1,666**	**1,826**	**9.6%**	**3,173**	**3,425**	**7.9%**

	2011 (No.)	2016 (No.)	% Change	2011 (No.)	2016 (No.)	% Change
	Leitrim			Mayo		
Real estate activities	38	47	23.7%	137	134	-2.2%
Professional, scientific and technical activities	439	517	17.8%	1,814	1,954	7.7%
Legal activities	104	88	-15.4%	356	351	-1.4%
Accounting, bookkeeping and auditing activities; tax consultancy	91	95	4.4%	323	312	-3.4%
Activities of head offices management consultancy activities	14	26	85.7%	75	69	-8.0%
Architectural and engineering activities and related technical consultancy	108	116	7.4%	374	454	21.4%
Technical testing and analysis	10	14	40.0%	61	63	3.3%
Scientific research and development	9	21	133.3%	226	208	-8.0%
Advertising and market research	23	34	47.8%	100	136	36.0%
Other professional, scientific and technical activities	49	75	53.1%	170	206	21.2%
Veterinary activities	31	48	54.8%	129	155	20.2%
Total Professional Services	**477**	**564**	**18.2%**	**1,951**	**2,088**	**7.0%**
	Roscommon			Sligo		
Real estate activities	97	92	-5.2%	85	95	11.8%
Professional, scientific and technical activities	863	977	13.2%	926	1,048	13.2%
Legal activities	223	218	-2.2%	211	210	-0.5%
Accounting, bookkeeping and auditing activities; tax consultancy	206	229	11.2%	218	211	-3.2%
Activities of head offices management consultancy activities	32	28	-12.5%	33	29	-12.1%
Architectural and engineering activities and related technical consultancy	131	152	16.0%	193	245	26.9%
Technical testing and analysis	27	28	3.7%	33	41	24.2%
Scientific research and development	57	71	24.6%	37	40	8.1%
Advertising and market research	45	95	111.1%	46	70	52.2%
Other professional, scientific and technical activities	70	84	20.0%	82	127	54.9%
Veterinary activities	72	72	0.0%	73	75	2.7%
Total Professional Services	**960**	**1,069**	**11.4%**	**1,011**	**1,143**	**13.1%**

	2011 (No.)	2016 (No.)	% Change	2011 (No.)	2016 (No.)	% Change
	Western Region			State		
Real estate activities	1,112	1,134	2.0%	8,378	9,044	7.9%
Professional, scientific and technical activities	11,969	13,365	11.7%	92,868	113,522	22.2%
Legal activities	2,497	2,401	-3.8%	19,363	20,244	4.5%
Accounting, bookkeeping and auditing activities; tax consultancy	2,503	2,652	6.0%	21,337	23,614	10.7%
Activities of head offices management consultancy activities	592	545	-7.9%	5,301	8,531	60.9%
Architectural and engineering activities and related technical consultancy	2,483	2,912	17.3%	18,808	23,401	24.4%
Technical testing and analysis	397	515	29.7%	2,241	2,966	32.4%
Scientific research and development	1,013	1,066	5.2%	5,098	5,946	16.6%
Advertising and market research	731	994	36.0%	8,943	12,061	34.9%
Other professional, scientific and technical activities	1,082	1,499	38.5%	8,128	12,775	57.2%
Veterinary activities	671	781	16.4%	3,649	3,984	9.2%
Total Professional Services	**13,081**	**14,499**	**10.8%**	**101,246**	**122,566**	**21.1%**

Source: CSO, Census 2016: Summary Results Part 2, Table EZ011

Appendix 2: Population aged 15 years and over employed in Professional Services in western towns 2011 and 2016

Towns	2011		2016		% Change 2011-2016
	No. Employed	% of Total Employment	No. Employed	% of Total Employment	
Galway City and suburbs	1,692	5.3%	1855	5.2%	9.6%
Ennis	491	5.0%	518	4.9%	5.5%
Letterkenny	285	4.0%	287	3.7%	0.7%
Sligo	259	3.7%	282	4.0%	8.9%
Castlebar	202	4.3%	201	4.1%	-0.5%
Ballina	218	5.6%	176	4.9%	-19.3%
Shannon	107	2.7%	116	2.8%	8.4%
Tuam	117	3.9%	116	3.5%	-0.9%
Buncrana	122	5.9%	153	6.4%	25.4%
Ballinasloe	85	3.8%	71	3.1%	-16.5%
Westport	111	4.4%	105	3.7%	-5.4%
Roscommon	97	4.6%	97	4.3%	0.0%
Loughrea	118	6.0%	159	6.9%	34.7%
Oranmore	174	6.9%	160	6.2%	-8.0%
Ballybofey-Stranorlar	51	3.3%	48	2.9%	-5.9%
Athenry	101	6.0%	105	5.5%	4.0%
Carrick-on-Shannon	54	3.3%	71	4.0%	31.5%
Claremorris	49	3.5%	56	3.6%	14.3%
Gort	47	4.5%	42	3.4%	-10.6%
Ballinrobe	48	4.4%	39	3.5%	-18.8%
Kilrush	31	3.8%	26	3.2%	-16.1%
Sixmilebridge	39	3.8%	38	3.3%	-2.6%
Donegal	39	3.9%	31	2.9%	-20.5%
Boyle	46	5.4%	46	5.6%	0.0%
Carndonagh	34	5.3%	38	4.8%	11.8%
Ballyhaunis	14	1.7%	22	2.6%	57.1%
Ballyshannon	36	4.6%	34	4.2%	-5.6%
Bearna	67	8.2%	72	8.1%	7.5%
Castlerea	25	3.9%	41	6.1%	64.0%
Tubbercurry	25	3.8%	31	4.5%	24.0%
Bundoran	21	3.0%	35	4.7%	66.7%
Ballaghaderreen	24	4.5%	21	3.6%	-12.5%
Newmarket-on-Fergus	23	3.1%	23	2.9%	0.0%
Strandhill	41	5.5%	57	7.1%	39.0%
Moycullen	37	5.2%	33	4.4%	-10.8%
Lifford	7	1.6%	11	2.4%	57.1%
Collooney	N/A	N/A	25	3.8%	N/A
Clifden	57	6.4%	27	4.0%	-52.6%
Ballymote	25	4.5%	25	4.6%	0.0%
Convoy	N/A	N/A	16	3.3%	N/A

Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB030