



# WDC Insights

providing insights on key issues for  
the Western Region of Ireland

## Profile of Enterprise in Donegal 2017

Indicator	Donegal	State*
<b>Total Enterprises<sup>1</sup></b>		
Total No. of Enterprises	10,341 3.1% of State	338,729
Total Persons Engaged (owners + employees) in Enterprises	44,223 2.2% of State	2,045,843
2008-2012	-9.9%	0.1%
2012-2017	8.8%	11.0%
2015-2017	9.1%	9.0%
% of all Enterprises	91.8%	92.1%
% of all Persons Engaged in Enterprises	38.7%	26.5%
% of all Enterprises	8.2%	7.9%
% of all Persons Engaged in Enterprises	61.3%	73.5%
By No. of Enterprises	1. Construction (21.6%) 2. Wholesale & Retail (16.2%) 3. Accommodation & Food Service (9.3%)	1. Construction (16.9%) 2. Wholesale & Retail (14.3%) 3. Professional, Scientific & Technical (12.9%)
By No. of Persons Engaged	1. Wholesale & Retail (19.5%) 2. Accommodation & Food Service (15.9%) 3. Industry (14.6%)	1. Wholesale & Retail (18.0%) 2. Industry (11.9%) 3. Health & Care (11.0%)

Source: CSO, Business Demography 2017, Table BRA08 and Table BRA18

Each enterprise is counted where it is registered for Revenue purposes. All employees are included in the county where the 'head office' of the business is registered, even if many work elsewhere.

\* Business Demography data provides a figure for 'All Counties' which here is called State. This excludes enterprises whose location is classified as 'Unknown'.

<sup>1</sup> 'Total Enterprises' includes all economic sectors except Agriculture, Forestry & Fishing, Public Administration & Defence, Households as Employers and Extraterritorial Organisations (that is NACE Rev 2 sectors B to N(-642) and P-S).

<sup>2</sup> This data only refers to 'Business Economy' sectors which is all economic sectors except Agriculture, Forestry & Fishing, Public Administration & Defence, Households as Employers, Extraterritorial Organisations, Education, Human Health & Social Work, Arts, Entertainment & Recreation and Other Services (that is NACE Rev 2 sectors B to N(-642)).

## 1.0 Introduction

The CSO recently published Business Demography data for 2017.<sup>1</sup> This is the most comprehensive source of data on enterprises in Ireland at a county level. The data covers all active enterprises in Ireland that are registered with Revenue.<sup>2</sup> This Western Development Commission (WDC) report provides an overview of Business Demography data for county Donegal in 2017, as well as examining recent trends.

### 1.1 Note on Data

It is important to note that Business Demography data assigns each enterprise based on its address as registered with Revenue. This means that a company with multiple locations e.g. a bank, is only counted once where its head office is registered e.g. Dublin, and individual branches in other areas are not included. All employees are assigned to the county where an enterprise's head office is located, even if many are working in other areas. In the case of a franchise model however, as the individual branches are independent they would likely be registered in the county where they are located.

Therefore the geographic breakdown of Business Demography data is an approximation and it is important to use caution when interpreting this data. It should be taken as indicative of the general pattern within the county. Nonetheless this is the most comprehensive source of data on enterprises at a county level in Ireland and, as these enterprises are registered within the county, they may be more strongly embedded in the local economy.

## 2.0 Total Enterprises in Donegal

In 2017 in County Donegal there were:

- 10,341 total active enterprises
- 44,223 persons engaged in these enterprises (owners, relatives, employees)
  - 37,071 of these were employees
  - Employees accounted for 83.8% of all persons engaged (national average<sup>3</sup> is 90%)

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<sup>1</sup> CSO (2019), [Business Demography 2017](#). Note that county data is only available in the Statbank data files, Tables BRA08 and BRA18.

<sup>2</sup> It does not include the Agriculture, Forestry and Fishing or Public Administration and Defence sectors, however public sector entities in Education and Health & Care are included.

<sup>3</sup> In Business Demography county data, a figure is given for 'All Counties' which we will refer to here as the national or State figure. However it should be noted that this excludes enterprises whose location is classified as 'Unknown', these generally have Revenue registered addresses outside of the Republic of Ireland. However, the employees registered with these addresses are working in the Republic of Ireland. In 2017, there were 3,575 'Unknown' enterprises in the state compared with 338,729 enterprises in 'All Counties'.

### 3.0 Enterprise Trends in Donegal 2008-2017: Active Enterprises and Persons Engaged

When looking at trends over time, we can only examine 'business economy' enterprises<sup>4</sup> as data for some sectors is only available from 2015 onwards. 'Business economy' enterprises accounted for 78.7% of total enterprises in Donegal in 2017, so trends in these enterprises can be considered to be quite representative of total enterprises.

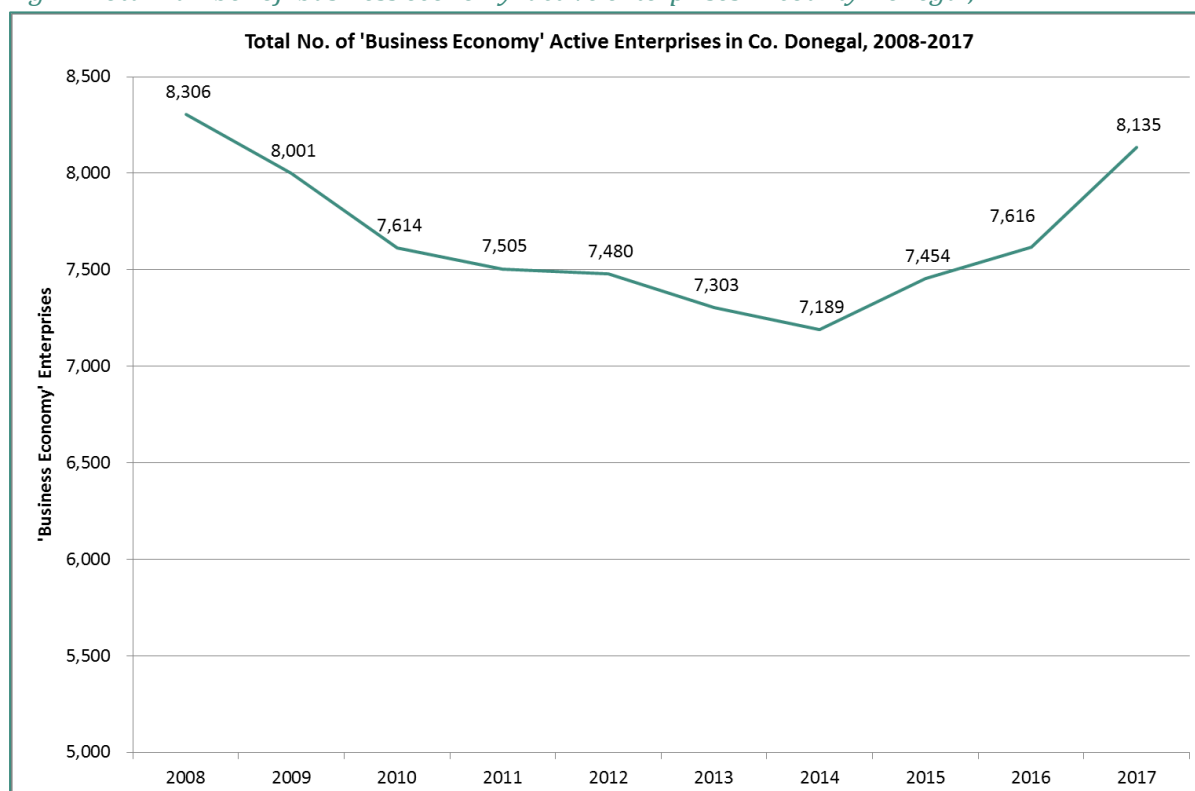
#### 3.1 Active Enterprises in Donegal 2008-2017

Fig. 1 shows the total number of 'business economy' enterprises registered in county Donegal in the ten years 2008 to 2017.

As would be expected, numbers declined quite steadily from the onset of the recession in 2008. They reached a low point in 2014 that was 13.4% lower than 2008 (nationally enterprise numbers in 2014 were 2.4% lower than 2008).

Since 2014, there has been strong recovery and this was particularly the case in the most recent year with a 6.8% increase between 2016 and 2017 (national average increase was 8.5%).

*Fig. 1: Total number of 'business economy' active enterprises in county Donegal, 2008-2017*



Source: CSO, *Business Demography 2017*, Table BRA08  
To ease interpretation, the vertical axis begins at 5,000.

<sup>4</sup> 'Business economy' enterprises cover NACE Rev 2 sectors B to N(-642). That is every economic sector except Agriculture, Forestry & Fishing, Education, Public Administration & Defence, Health & Social Work, Arts/Entertainment/Recreation and Other Services, as well as the activities of holding companies.

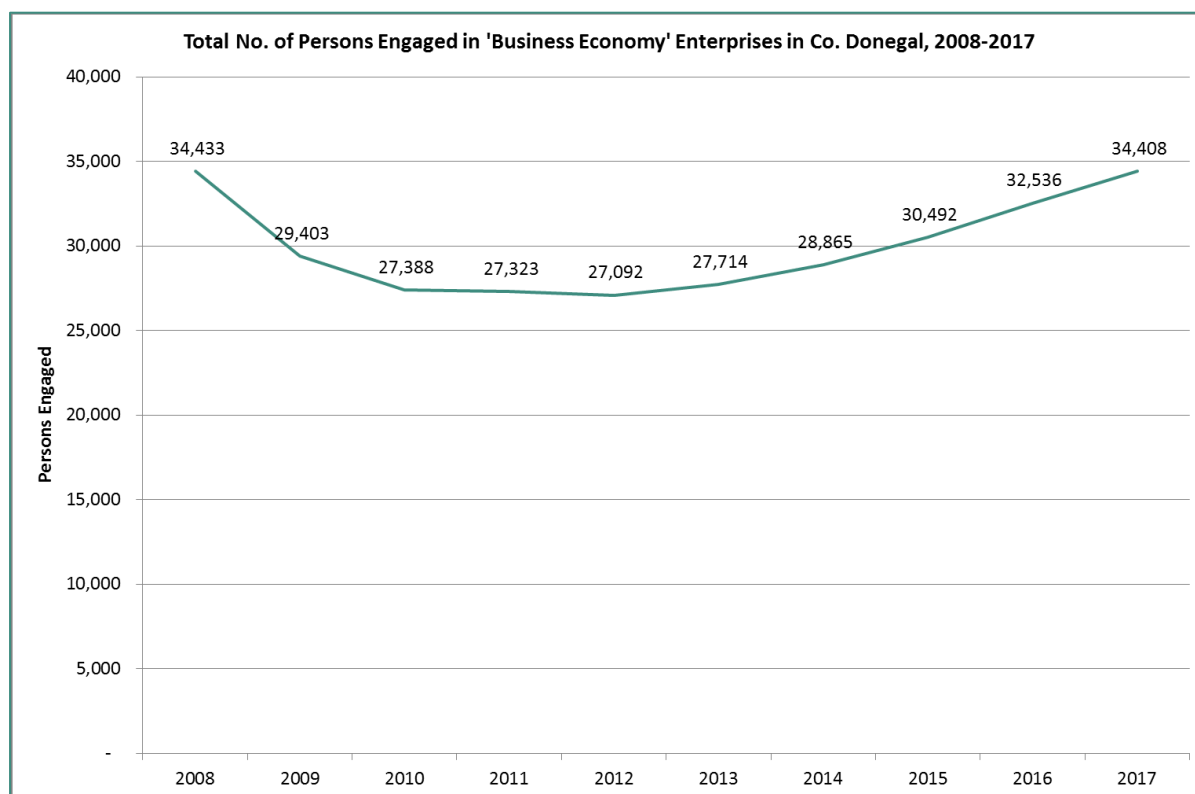
### 3.2 Persons Engaged in Enterprises in Donegal 2008-2017

Fig. 2 shows the total number of persons engaged (owners and employees) in 'business economy' enterprises registered in county Donegal in the ten years 2008 to 2017.<sup>5</sup>

The number of persons engaged in enterprises registered in Donegal declined very sharply at the beginning of the period with large job losses during 2008 and 2009 (14.6% decline 2008-2009, 11% decline nationally). Following these losses, numbers remained quite stable during the rest of the recession and began to recover from 2013 onwards.

The most recent year (2016-2017) showed notable growth (5.8%) though considerably lower than growth in enterprise numbers (6.8%, see Fig. 1). This may be due to many of the new enterprises being very small (1-2 persons) and also some of the new enterprises may not employ people in county Donegal. Growth in the number of persons engaged in Donegal 2016-2017 was higher than in the state (5.8% v 5.2%).

*Fig. 2: Total number of persons engaged in 'business economy' enterprises in county Donegal, 2008-2017*



Source: CSO, *Business Demography 2017*, Table BRA08

<sup>5</sup> Note that this includes all those working for enterprises registered in county Donegal. It does not include people working in Donegal but for a business registered elsewhere e.g. branch of a fast food chain, but does include people working in another county for a company which is registered in county Donegal.

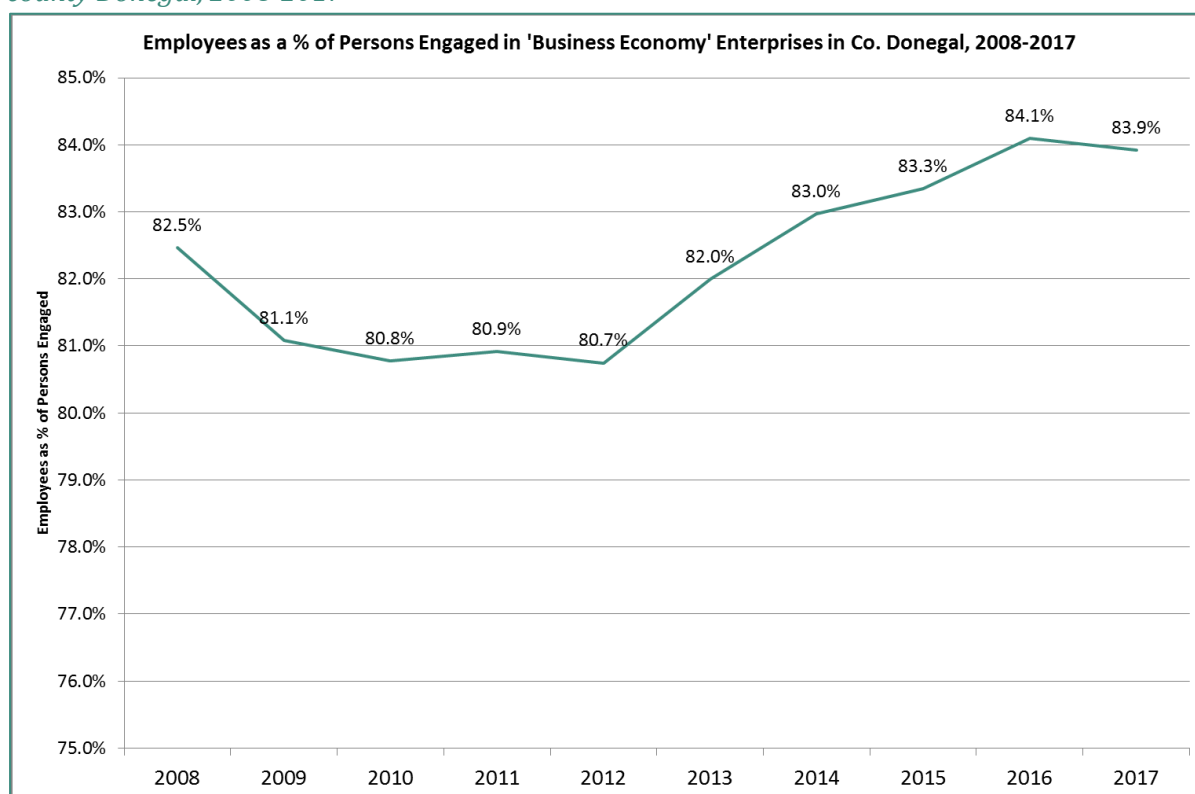
### 3.3 Employees as a % of Persons Engaged in Donegal 2008-2017

Fig. 3 shows the percentage of all persons engaged in 'business economy' enterprises registered in county Donegal who are employees, between 2008 and 2017.

Employees as a share of all persons engaged in Donegal fell from 82.5% in 2008 to 80.8% in 2010. This was because of greater job losses among employees than among owners which increased the share of owners in the total workforce.

The share remained quite stable until 2013 when the share of employees began to grow as expansion and recruitment of employees increased. The share rose from 80.7% in 2012 to 82% the following year and continued to grow to 2016, falling slightly in 2017.

*Fig. 3: Employees as a percentage of total persons engaged in 'business economy' enterprises in county Donegal, 2008-2017*



Source: CSO, *Business Demography 2017*, Table BRA08

To ease interpretation, the vertical axis begins at 75%.

## 4.0 Enterprises by Size in Donegal

Data on the number of enterprises by size is also based on 'business economy' enterprises, rather than total enterprises. The size categories are based on the number of persons engaged.

Table 1 gives the number of 'business economy' active enterprises, persons engaged and employees in each enterprise size category in county Donegal in 2017.

In 2017 there were 8,135 'business economy' enterprises registered in Donegal, of these 7,467 (91.8%) were micro-enterprises (fewer than 10 people). Nationally 92.1% are micro-enterprises. Small, medium and large enterprises combined only account for 8.2% of all enterprises registered in Donegal.

34,408 people worked in micro-enterprises registered in the county. As micro-enterprises employ fewer people each, their share of all persons engaged (38.7%) is considerably smaller than their share of enterprises (91.8%). Though there are only 5 large enterprises (250+) registered in the county, they jointly employ 2,758 people.

As many micro-enterprises are run by an owner/manager, owners account for a larger share of the total workforce of micro-enterprises. Employees account for 59.5% of total persons engaged in micro-enterprises which means 40.5% are owners. This results in micro-enterprises accounting for only 27.4% of all employees in 'business economy' enterprises. In total 72.6% of all employees work in the 668 enterprises with 10 or more staff.

*Table 1: Number of 'business economy' active enterprises, persons engaged and employees in each enterprise size category in county Donegal, 2017*

Enterprise Size category	Active Enterprises	Persons Engaged	Employees	Employees as % Persons Engaged
Under 10	7,467	13,319	7,920	59.5%
10 - 19	385	5,196	5,090	98.0%
20 - 49	195	5,643	5,618	99.6%
50 - 249	83	7,492	7,490	100.0%
250 and over	5	2,758	2,758	100.0%
<b>Total</b>	<b>8,135</b>	<b>34,408</b>	<b>28,876</b>	<b>83.9%</b>
% in Micro-Enterprises	91.8%	38.7%	27.4%	
% in Enterprises 10+	8.2%	61.3%	72.6%	

Source: CSO, Business Demography 2017, Table BRA08

## 4.1 Change in Enterprises by Size in Donegal 2008-2017

Table 2 shows the percentage change in the number of active enterprises and the number of persons engaged in each enterprise size category during a number of periods.

The total number of 'business economy' enterprises registered in Donegal declined by 9.9% between 2008 and 2012 (recession) and grew by 8.8% between 2012 and 2017 (recovery). The most recent year for the data (2016-2017) saw strong growth (6.8%). In each period, the performance in Donegal was substantially weaker than nationally, especially during 2008-2012.

When considering the performance of the different size categories it must be remembered that there are very low numbers involved in some of the larger categories (see Table 1) so even a small change (1 or 2 enterprises) would show as a large percentage change.

During 2008-2012, medium sized enterprises (20-249 persons) showed particularly large declines and also strong recovery during 2012-2017, though the number of businesses with 20-49 people actually declined slightly during 2016-2017.

The number of micro-enterprises registered in Donegal fell by 8.8% between 2008 and 2012 before growing by 7.9% between then and 2017. Much of this growth has occurred in the 2016-2017 period which may indicate that recovery among this group began later than among larger firms.

*Table 2: Percentage change in 'business economy' active enterprises and persons engaged in each enterprise size category in county Donegal*

Enterprise Size category	Active Enterprises			Persons Engaged		
	% Change 2008-2012	% Change 2012-2017	% Change 2016-2017	% Change 2008-2012	% Change 2012-2017	% Change 2016-2017
Under 10	-8.8%	7.9%	7.3%	-22.7%	12.4%	5.0%
10 - 19	N/A	N/A	2.7%	N/A	N/A	4.5%
20 - 49	-25.3%	20.4%	-1.5%	-26.0%	19.0%	1.1%
50 - 249	-22.5%	50.9%	7.8%	-23.1%	56.2%	6.1%
250 and over	N/A	N/A	25.0%	N/A	N/A	23.2%
Total of 10+	-22.2%	19.3%	2.1%	-20.2%	38.4%	6.2%
<b>Total</b>	<b>-9.9%</b>	<b>8.8%</b>	<b>6.8%</b>	<b>-21.3%</b>	<b>27.0%</b>	<b>5.8%</b>
Total (State)	0.1%	11.0%	8.5%	-16.3%	23.0%	5.2%

Source: CSO, Business Demography 2017, Table BRA08

Data for enterprises in the 10-19 and 250+ size categories is not available for Donegal from 2008 to 2012. Calculations for 'Enterprises 10+' are based on the total figure minus the number Under 10, so enterprises in these size categories are included.

The total number of persons engaged in 'business economy' enterprises in Donegal fell by 21.3% between 2008 and 2012 and increased by 27% between 2012 and 2017. As the growth in the most recent year (2016-2017) was relatively low (5.8%), the recovery in employment began earlier. This was likely influenced by larger firms, which have a greater employment impact, recovering earlier. The decline in persons engaged in Donegal in 2008-2012 was considerably greater than nationally with the recovery since 2012 also stronger.

All size categories experienced over 20% decline in persons engaged during 2008-2012. Micro-enterprises had the lowest growth during 2012-2017 (12.4%), showing employment recovery in micro-enterprises may have lagged larger firms. Micro-enterprises did have 5% growth in the number of persons engaged 2016-2017.

## 5.0 Enterprises by Sector in Donegal 2017: Active Enterprises and Persons Engaged

When examining enterprises by sector in 2017 we use 'total enterprises'.

### 5.1 Active Enterprises by Sector in Donegal 2017

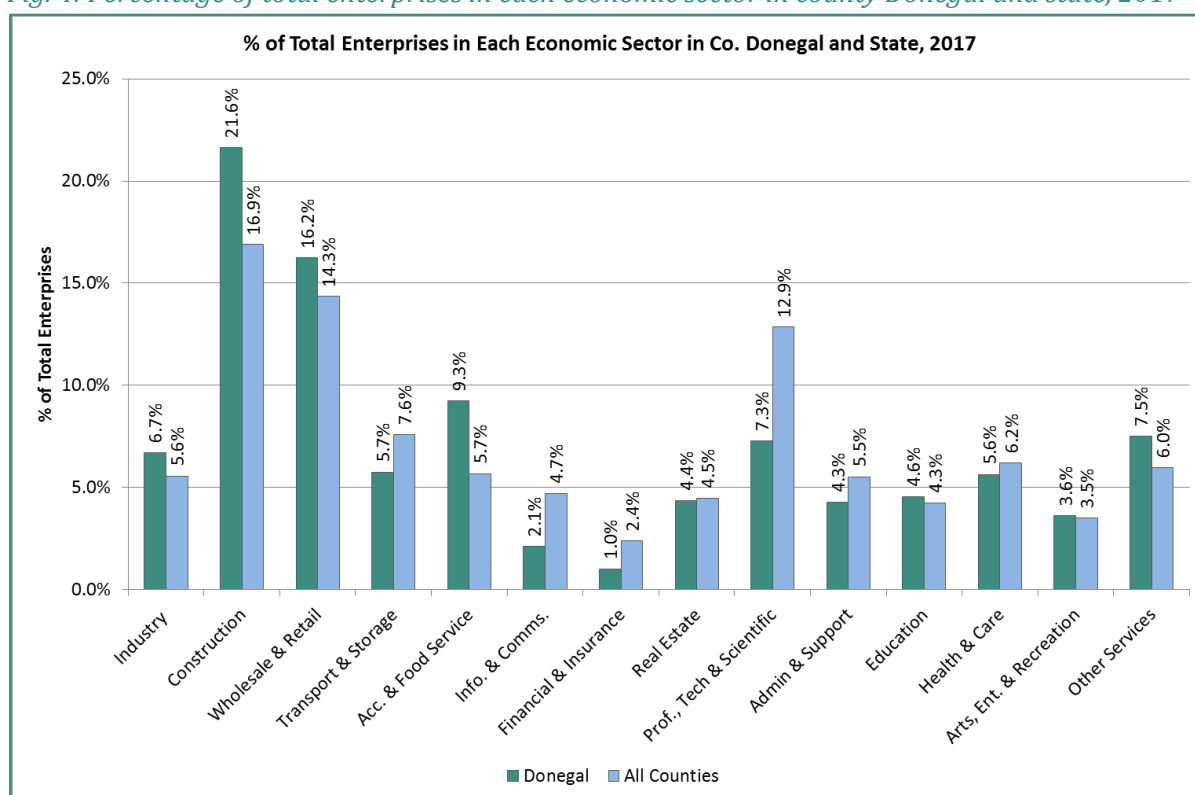
Fig. 4 shows the percentage of total enterprises that are in each economic sector in county Donegal and the state in 2017.

In Donegal, Construction (21.6%) is the sector which accounts for the largest share of total enterprises, followed by Wholesale & Retail (16.2%) and Accommodation & Food Service (9.3%). While data is not provided on enterprise size by sector, it is known that these sectors are characterised by a large number of small operations in comparison with, say, Industry which has a small number of larger enterprises.

There are a number of notable differences between Donegal's enterprise profile and the national enterprise profile:

- Construction dominates the enterprise profile in Donegal to a greater extent than nationally (21.6% v 16.9%).
- Considerably higher share of enterprises in Accommodation & Food Service (9.3% v 5.7%) reflecting the role of the tourism and hospitality sector.
- The knowledge intensive services sectors (Professional, ICT and Financial) all account for a lower share of Donegal's total enterprises than nationally.

*Fig. 4: Percentage of total enterprises in each economic sector in county Donegal and state, 2017*



Source: CSO, Business Demography 2017, Table BRA18



### 5.1.1 Change in Active Enterprises by Sector in Donegal 2015-2017

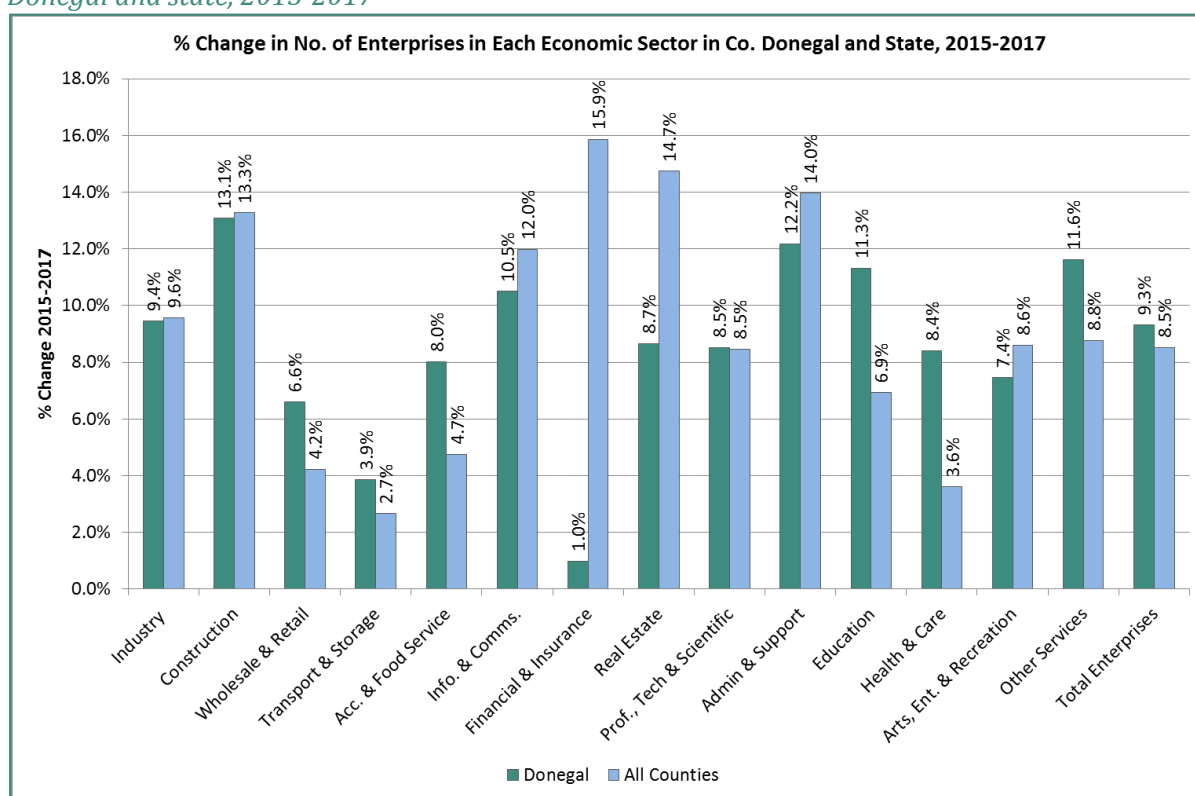
As noted above, data for some economic sectors is only available from 2015. Because of this and the fact that considering change over two years is more meaningful than change in a single year, we will consider the percentage change in enterprises between 2015 and 2017.

Fig. 5 shows the percentage change in the number of active enterprises registered in county Donegal and in the state in each economic sector between 2015 and 2017.

The largest growth in enterprise numbers in Donegal was in Construction (13.1%). Other areas with strong growth were Administrative & Support (12.2%), Other Services (11.6%) and Education (11.3%). In the last two sectors, Donegal had much stronger growth than nationally showing a strengthening of these activities in the county. Donegal also had much stronger growth in Accommodation & Food Service enterprises and Health & Care.

Financial Services (1%) had the smallest growth in Donegal and this contrasted sharply with strong national growth in the sector. As international financial services are concentrated in Dublin, this sector in Donegal depends far more on local custom. Other Local services sectors such as Wholesale & Retail (6.6%) and Transport & Storage (3.9%) also had low growth.

*Fig. 5: Percentage change in the number of active enterprises in economic sectors in county Donegal and state, 2015-2017*



Source: CSO, Business Demography 2017, Table BRA18

## 5.2 Persons Engaged by Sector in Donegal 2017

Fig. 6 shows the percentage of total persons engaged who are working in each economic sector in county Donegal and the state in 2017.

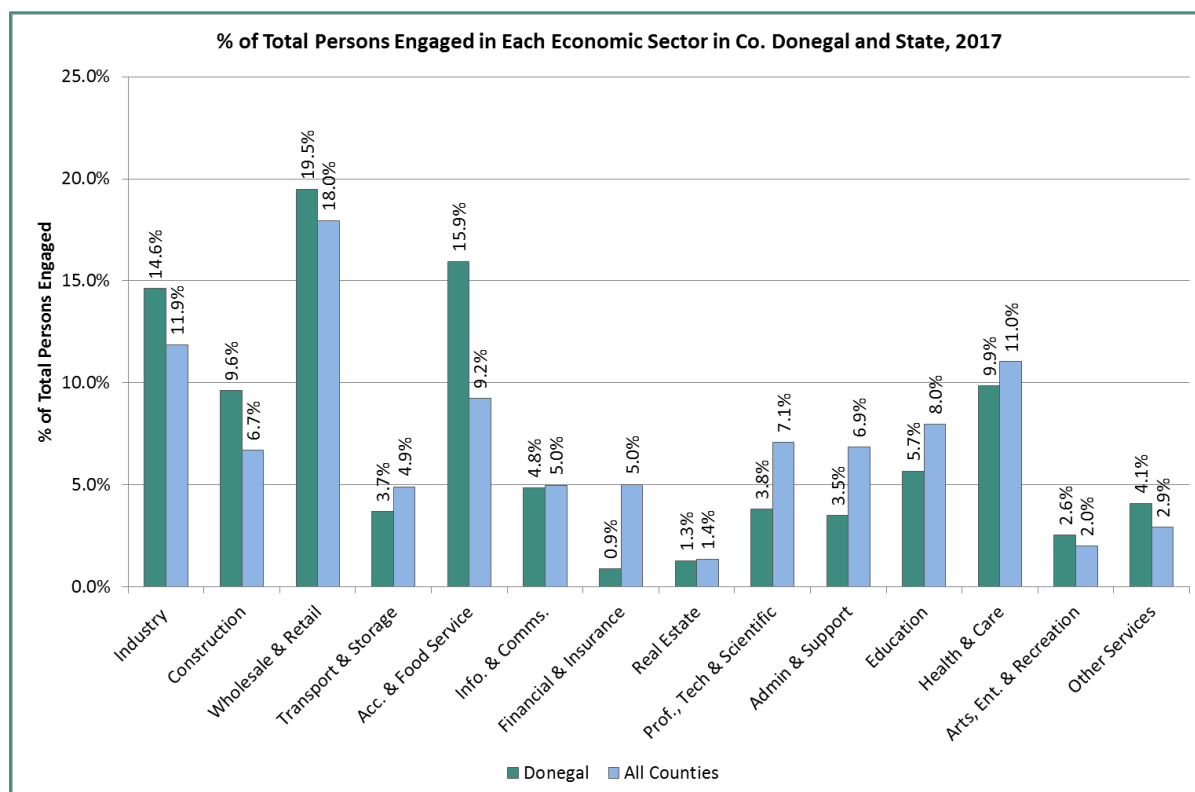
In Donegal, Wholesale & Retail (19.5%) is the sector which accounts for the largest share of persons engaged in enterprises. It also accounts for a high share of enterprises (16.9%, see Fig. 4) indicating many small and medium sized firms.

Accommodation & Food Service is next largest accounting for a higher share of persons engaged (15.9%) than enterprises (9.3%) as it is quite labour intensive and includes some larger operations. This is also the case for Industry; 14.6% of persons engaged and 9.4% of enterprises

There are a number of notable differences between the profile of persons engaged in Donegal and nationally:

- Accommodation & Food Service (15.9% v 9.2%) accounts for a very considerably higher share of persons engaged in enterprises in Donegal than nationally. The tourism and hospitality sector clearly plays a strong role in the county's economy.
- Industry accounts for a larger share of persons engaged in enterprises in Donegal than nationally (14.6% v 11.9%).
- As with enterprises, Financial, Professional and Administrative Services account for a lower share of persons engaged in Donegal. Information & Communications however accounts for a similar share of persons engaged in the county as nationally, in contrast to enterprises, indicating the presence of large employers in the sector.

*Fig. 6: Percentage of total persons engaged in each economic sector in county Donegal and state, 2017*



Source: CSO, Business Demography 2017, Table BRA18

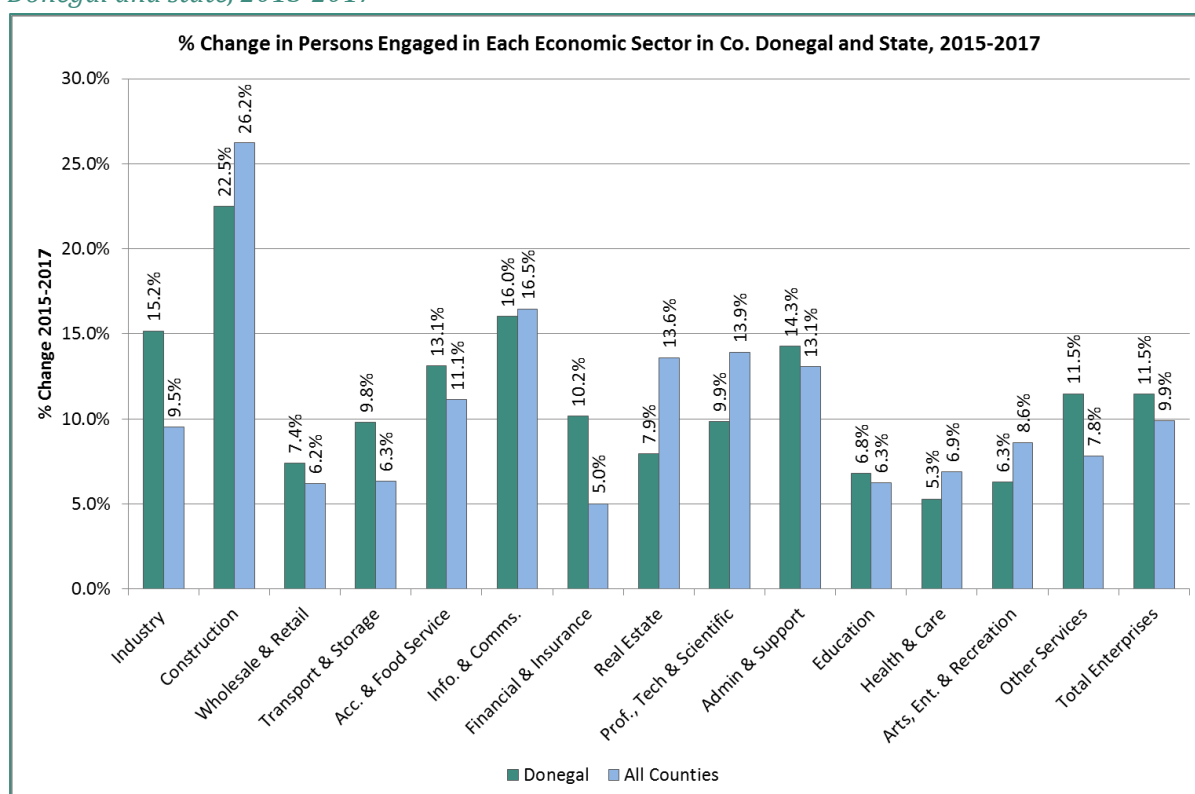
### 5.2.1 Change in Persons Engaged by Sector in Donegal 2015-2017

Fig. 7 shows the percentage change in the number of persons engaged in enterprises registered in county Donegal and in the state in each economic sector between 2015 and 2017.

The number of persons engaged in enterprises registered in Donegal grew by 11.5% between 2015 and 2017. This compared with 9.3% growth in the number of enterprises (see Fig. 5) indicating much of the growth occurred in larger firms. The increase in persons engaged in Donegal (11.5%) was considerably above the growth nationally (9.9%) indicating a strong jobs performance among Donegal's enterprises. Unlike several other western counties, Donegal experienced growth in the number of persons engaged in enterprises in every sector.

The sector with the largest growth in the number of persons engaged in Donegal was Construction (22.5%) clearly reflecting growing activity in the building and construction sector. Information & Communications (16%) had the next highest growth in persons engaged in Donegal, similar to national growth, again showing this sector's strong employment role in the county. Industry (15.2%) and Administrative & Support (14.3%) had the next highest growth

*Fig. 7: Percentage change in the number of persons engaged in each economic sector in county Donegal and state, 2015-2017*



Source: CSO, Business Demography 2017, Table BRA18

### 5.3 Employees as a % of Persons Engaged by Sector in Donegal 2017

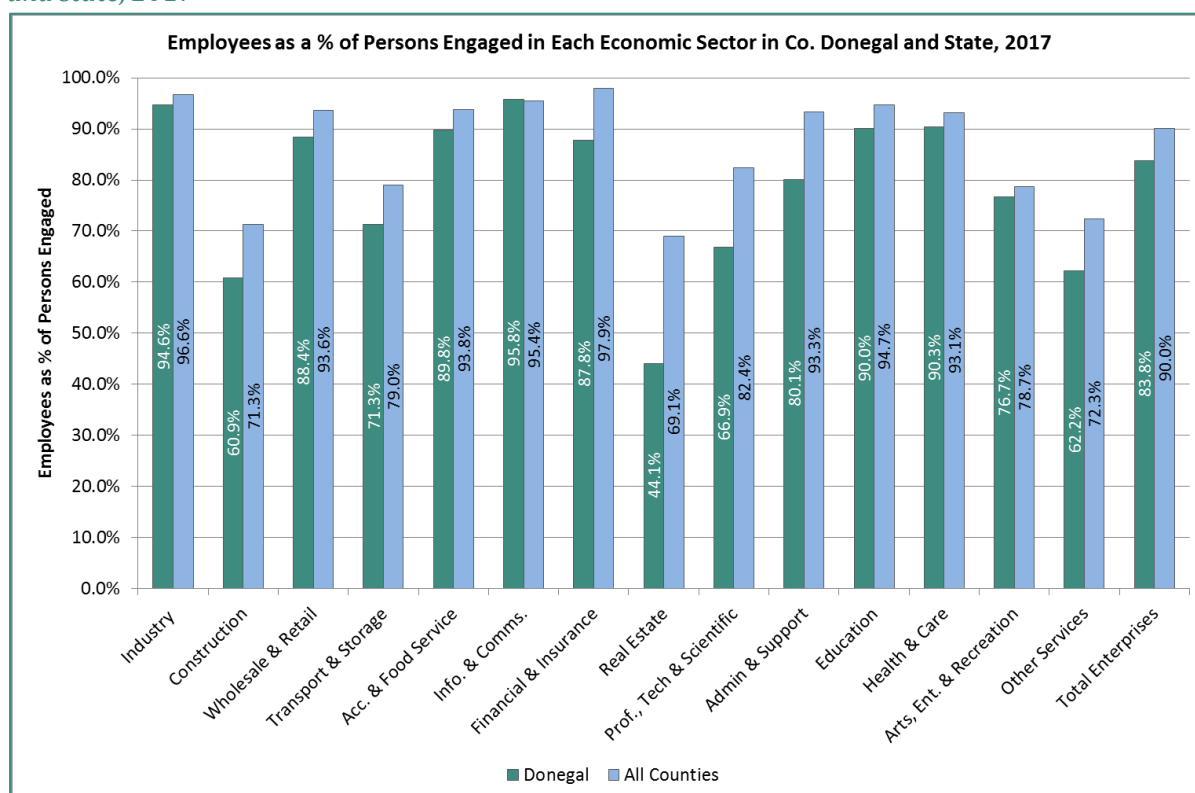
Fig. 8 shows the percentage of all persons engaged in each economic sector who are employees in Donegal and in the state in 2017.

For total enterprises in Donegal, 83.8% of all persons engaged are employees.<sup>6</sup> This was lower than the 90% share nationally, showing greater involvement of owners in enterprises registered in Donegal and smaller scale operations. It should be remembered that the national figure is influenced by all employees of companies with multiple locations being assigned to the county where their head office is registered, often Dublin.

In Information & Communications, Industry, Health & Care and Education over 90% of persons engaged are employees. In contrast, Real Estate (44.1%), Construction (60.9%) and Other Services (62.2%) have a high share of business owners, indicating these sectors have smaller operations.

The share of persons engaged who are employees in Donegal is lower than the national average in every sector except Information & Communications.

*Fig. 8: Employees as a percentage of persons engaged in each economic sector in county Donegal and state, 2017*



Source: CSO, Business Demography 2017, Table BRA18

Western Development Commission  
August 2019

<sup>6</sup> Note, this differs from the share given for Donegal in Fig. 3 (83.9%) because that only referred to 'business economy' enterprises (as it was showing the trend over time), whereas Fig. 8 refers to total enterprises.