



Business Demography

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 Region¹. 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.

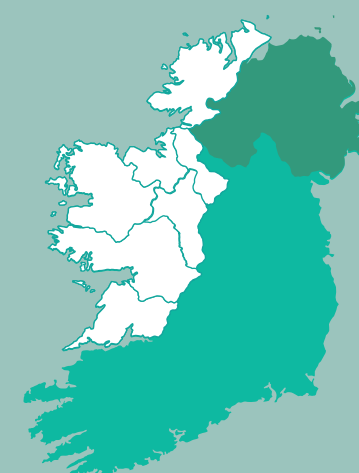
While 'professional, scientific and technical activities' is the region's fourth largest sector, it accounts for a considerably smaller share of the region's overall enterprise base than elsewhere (11% compared with 17.1%), as do the other knowledge intensive services sectors of 'information and communications' 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 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.² 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.

A detailed WDC analysis of CSO *Business Demography 2011* data for the Western Region and its counties can be downloaded from <http://www.wdc.ie/publications/reports-and-papers/>

Source: CSO, *Business Demography 2011*, www.cso.ie

¹ 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.

² 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.