



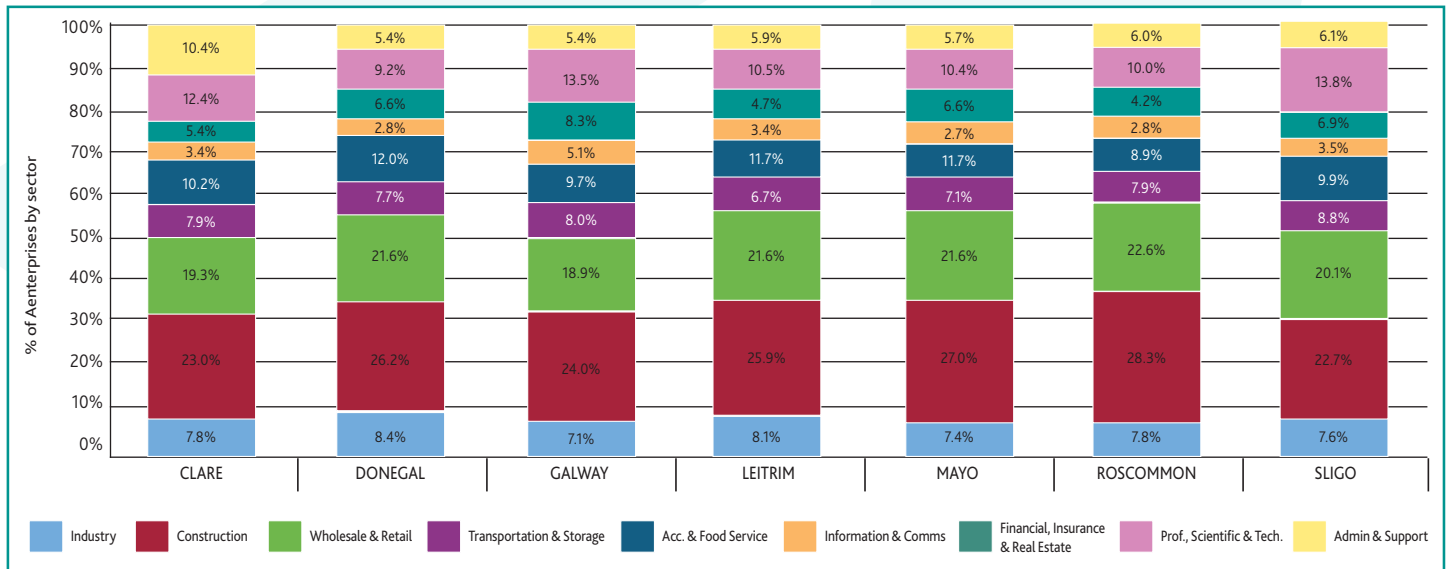
Enterprise in Western Counties

This WDC Insights analyses county level data¹ from the CSO's Business Demography 2014 measuring active enterprises in the business economy.² In this CSO dataset, enterprises are assigned to the county where they are registered with the Revenue Commissioners. A business with multiple locations (e.g. chain stores, multinationals) is counted once. Although this limits the data somewhat, and tends to increase the numbers for Dublin, it is a good reflection of local business activity.

Enterprise base of western counties

Fig. 1 shows the share of enterprises in each sector in each of the seven counties of the Western Region. It illustrates that while Construction and Wholesale & Retail are the largest sectors in every county, the composition of each county's enterprise base differs. For example in the highly rural counties of Roscommon, Mayo and Donegal 34-36% of enterprises are in the traditional sectors of Industry and Construction,³ while in the more urban counties of Clare and Sligo it is around 30%.

Fig. 1: Percentage of enterprises in each sector in western counties, 2014



Source: CSO (2016), Business Demography 2014

26.9% of enterprises in Galway and 24.2% in Sligo are in the knowledge services sectors (Professional services, Information & Communications and Financial, Insurance & Real Estate). Galway city and Sligo town are strong regional centres for knowledge service firms. In contrast, these sectors account for only 17% of registered enterprises in Roscommon. It is interesting to note that even Galway is below the national average (29.8%).

Over 40% of businesses in Donegal and Leitrim are in local services (Wholesale & Retail, Accommodation & Food Service and Transportation & Storage) which rely on domestic spending and tourism. These activities play a key role in the enterprise base of all counties, with Galway having the smallest share (36.6%) due to its more diverse enterprise mix.

1. See WDC (2016), WDC Insights: Enterprise Profile of the Western Region, for an analysis at regional level
 2. It excludes Agriculture, Health, Public Administration and Other Services, as well as activities of holding companies. It includes data on Education but this is not counted in 'total business economy' as many of the enterprises are publicly owned and is not analysed here.
 3. Agriculture sector is not included in this dataset.



Change in enterprise numbers in western counties since 2008

All western counties experienced a decline in enterprise numbers between 2008 and 2014 (Table 1) greater than the national average (-2.4%). At -13.4% Donegal had the second highest decline in Ireland (after Monaghan). Another large rural county, Mayo, had the next largest decline in the region at around -10%.

Table 1: Percentage change in number of enterprises by economic sector in western counties, 2008-2014

	Clare	Donegal	Galway	Leitrim	Mayo	Roscommon	Sligo
Industry	-0.2%	3.8%	-4.8%	6.0%	-9.1%	1.8%	3.5%
Construction	-21.8%	-35.6%	-26.1%	-22.1%	-26.4%	-25.3%	-21.9%
Wholesale & Retail	-6.4%	-6.6%	-1.6%	-2.1%	-5.6%	-1.1%	-4.5%
Transportation & Storage	-16.1%	-14.2%	-14.8%	-13.2%	-16.9%	-2.5%	-9.1%
Accommodation & Food Service	-10.3%	0.0%	1.4%	-1.9%	-1.1%	-4.1%	-1.0%
Information & Communications	-1.4%	26.6%	22.1%	47.5%	45.9%	29.0%	18.9%
Financial, Insurance & Real Estate*	9.9%	26.5%	16.3%	31.7%	23.0%	35.2%	19.2%
Professional, Scientific & Technical	8.2%	2.2%	6.7%	-2.1%	7.1%	8.2%	17.2%
Administration & Support Services	8.7%	-3.2%	-3.9%	-	-11.3%	-4.4%	-3.6%
Total	-7.3%	-13.4%	-7.2%	-6.6%	-9.7%	-7.8%	-4.2%
No. of Enterprises (2014) (No.)	6,170	7,189	13,049	1,756	6,662	2,908	3,063

Source: CSO (2016), Business Demography 2014

* For Leitrim and Roscommon, data on the number of Financial & Insurance enterprises is not available. This figure just refers to Real Estate

The sector which declined most in all counties was Construction. Donegal lost more than one in three of its Construction firms, while Sligo and Clare, which are least reliant on the sector, had the smallest declines. The number of Industry enterprises declined in Mayo, Galway and Clare but increased everywhere else.

Wholesale & Retail declined most strongly in Donegal and Clare – possibly influenced by proximity to large retail centres in Derry and Limerick/Galway respectively. Accommodation & Food Service declined across most counties, especially Clare. Combined with a large decline in Transportation & Storage, this may be due to reduced flights into Shannon airport, though aircraft leasing activity led to growth in Administration & Support services.

In general the knowledge services sectors performed best. In Leitrim, Mayo, Donegal and Galway, Information & Communications was the strongest growing sector and only Clare experienced any decline. Professional services increased in all counties but Leitrim, and particularly strongly in neighbouring Sligo. Financial, Insurance & Real Estate grew in all counties and was the strongest growing sector for Sligo, Roscommon and Clare. This growth was driven by Real Estate, as structural changes in the building and property sector may have resulted in some Construction enterprises becoming Real Estate enterprises in order to manage properties.

Conclusion

There is considerable variation across the seven western counties in terms of their enterprise base. In general, counties with a higher share of their population living in urban centres (Galway, Clare and Sligo) tend to have a greater share of knowledge services firms and lower reliance on traditional sectors. Although Donegal and Mayo have large urban centres, overall they have quite rural population structures and their enterprise profile reflects this. Traditional sectors and local services are critical to all counties, but particularly the most rural.

The general pattern since 2008 has been one of growth in knowledge services but decline in Construction and local services, a similar pattern to employment trends.⁴ This pattern has a spatial impact as the former tend to concentrate in urban areas while the latter are more important to rural economies. This is illustrated by the fact that Sligo, Galway and Clare had the smallest total declines in enterprise numbers since 2008, while Donegal and Mayo had the largest.

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The WDC would like to acknowledge the assistance of Patrick Kelleher of the Central Statistics Office. Source: CSO, Business Demography www.cso.ie

4. WDC (2016), WDC Insights: Impact of Sectors on Western Region's Jobs Recovery



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