

# Scotland narrative

In partnership with Prof. Eleanor Shaw OBE, Prof. Sreevas Sahasranamam and Dr Saurabh Lall of the University of Glasgow; Dr Samuel Mwaura of the University of Edinburgh; and Dr Aylin Ates and Dr Paul Lassalle of the University of Strathclyde

Scotland's economy, undergoing a transformation towards service and technological sectors, presents a fertile ground for entrepreneurship. This evolution, however, brings to light significant barriers for female entrepreneurs, such as access to capital, networks and support systems, which are crucial for the establishment and growth of their businesses.

The Scottish Government and various organisations are working to support entrepreneurs through initiatives aimed at fostering a more inclusive and supportive environment for female entrepreneurs. Efforts to reduce the gender gap in entrepreneurship and provide equal opportunities for all reflect a growing recognition of the importance of diversity in driving innovation and economic growth.

Programmes like the Growth Advantage Programme and the Aspire Fund are illustrative of efforts to mitigate these barriers, aiming to provide female entrepreneurs with the tools and resources necessary for success. The Pathways report, in particular, offers a comprehensive overview of the state of female entrepreneurship in Scotland and outlines strategies for fostering a more inclusive environment. Similarly, the National Strategy for Economic Transformation (NSET) framework signifies governmental acknowledgment of the need for economic policies that support gender equality and the empowerment of women in the business sector.

**“Between 2022 and 2023, Scotland reported the highest decrease in the share of female-led companies among all Home Nations”**

Collectively, these initiatives reflect a broader movement towards addressing gender disparities in entrepreneurship. They highlight the importance of creating a supportive ecosystem that encourages the participation of women in Scotland's economy, recognising their potential to drive innovation and economic growth. By focusing on equitable access to resources, mentorship and networks, Scotland aims to not only enhance the prospects for female entrepreneurs but also to strengthen its economy as a whole.

## ■ Key Scotland findings

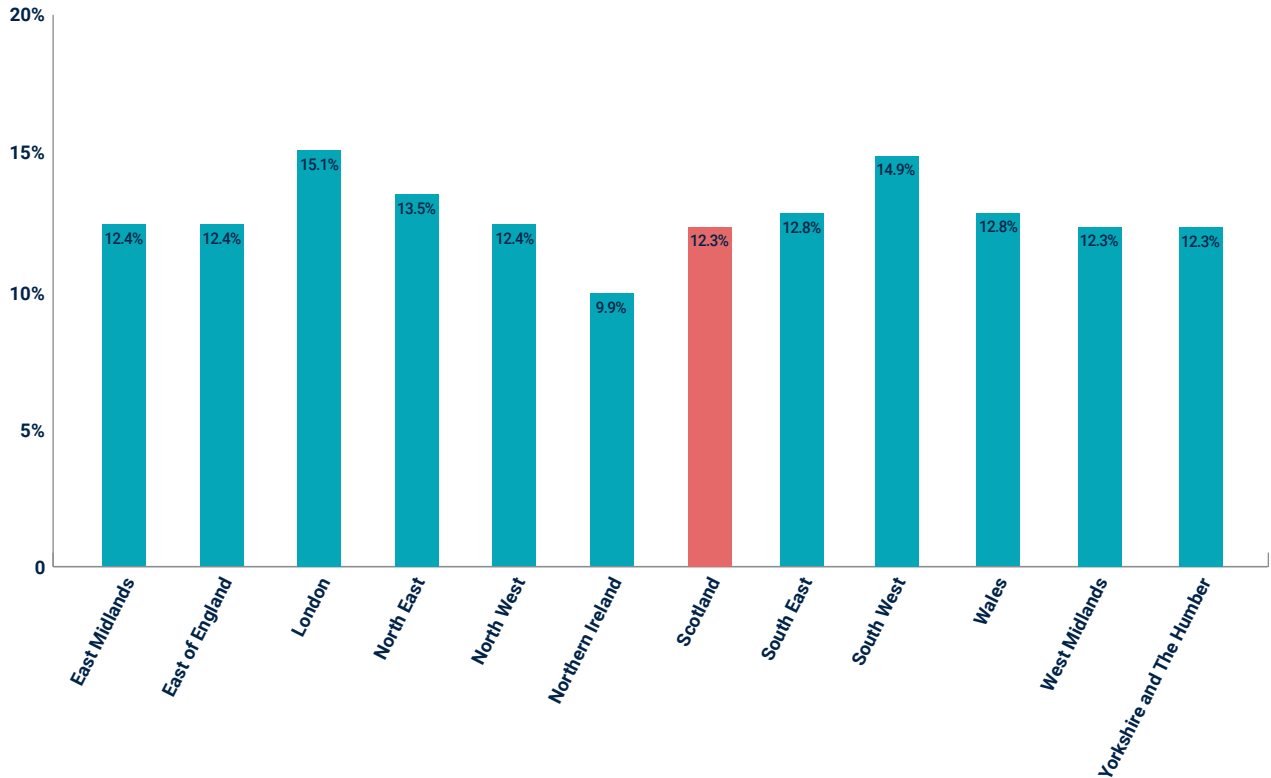
- In 2023, 20.3% of all new incorporations in Scotland were female-led, similar to the share of new incorporations in 2022 which stood at 20.6%. Female participation rates in new incorporations in Scotland in 2022 and 2023 trailed the UK average.
- The number of new female-led companies in Scotland grew by 11%; more than the UK figure of 7% but less than the number of new male-led Scottish companies which grew by 13%.
- The share of total active female-led companies in Scotland remained at just under 20% in 2023, a notch below the rates for the UK (20.1%) and England (20.2%) but on a par with Wales (19.7%) and slightly above Northern Ireland (17.8%).
- Between 2022 and 2023, Scotland reported the highest decrease in the share of female-led companies among all Home Nations.
- Despite these Scottish growth rates, the number of active female-led companies in Scotland equals only one third of male-led companies. This suggests that the higher growth rate for female-led companies is explained by their lower base.
- In 2023, only 13.6% of fast growth companies in Scotland were female-led. This suggests

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that in addition to female underrepresentation in the total stock of active companies, there is even more severe female underrepresentation in fast growth companies – especially when the rate in Scotland is slightly higher than the UK average and only second to Wales’s leading rate of 16%.

- Looking at fast growth companies with more than 10 employees – which account for about 0.1% of all active companies in Scotland – figures show that the share of female-led companies dropped to 7.4% in 2023, down from 8% in 2022. Given that the overall share of female-led companies in Scotland is almost 20%, these figures suggest that although the overwhelming majority of Scottish companies are micro-sized (up to 10 employees), women are vastly underrepresented among fast growth companies with over 10 employees.

**Figure 10 - Percentage of female-led companies importing in 2023**



- In Scotland it is notable that mixed-led fast growth companies experienced the least decline, suggesting that the few mixed-gender leadership teams that exist are enhanced by female participation in the leadership of fast growth companies, and that such companies performed better in the face of a significant decline in the number of fast growth companies across the UK.
- Between 2022 and 2023, there was a decrease of 4.5% in the number of female-led companies that have managed to raise external equity investment.
- The number of EIS-qualifying female-led companies that secured external equity dropped from 2022 to 2023, suggesting a reduction in equity capital for female-led companies in 2023.
- The number of female angel investors in Scotland has largely remained the same between 2022 and 2023.
- Scotland has a higher number of female love investors than male love investors, suggesting that social capital and family networks may be especially important for female investors and business owners.
- The proportion of ethnic minority female-led companies in Scotland is 21.5% which is only slightly lower than the UK average of 22%.
- In Scotland in 2023, among all active companies, the most active female-led generation was the Silent Generation (20.7%) followed by Millennials (20%), Gen X and Gen Z (both at 19.1%) and Boomers (18.7%). Apart from Boomers, Scotland is slightly behind the rest of the UK and behind the UK average in all other generations of female-led companies.
- In 2023, the proportion of female-led companies in Scotland engaged in importing is 12.3%. Scotland has a higher proportion of female-led importing companies than Northern Ireland (9.9%) but below the UK average of 13.2% and the other Home Nations. (**Figure 10**)

- In 2023, the proportion of female-led companies in Scotland engaged in exporting is 10.1%, while the UK average is 12.6%. Scotland has the lowest rate in the UK in terms of female-led exporting companies, positioning Scotland the lowest performing ITL1 region. **(Figure 11)**
- As internationalisation is an effective way to achieve sustainable growth for new ventures, the very low levels of female-led companies engaged in import and export in the UK and in Scotland may be one factor impacting on their growth trajectories.
- Targeted support to identify and address challenges may be useful in supporting the internationalisation of female-led companies.
- The proportion of international-oriented female-led companies is lower than the male-led companies; for example, among all female-led companies in Scotland, only 1.3% are importers and exporters while among all male-led companies in Scotland, 4% are importers and exporters.
- 16.5% of female-led companies obtained secured debt which is 3.2% higher than London. This may reflect that debt providers in Scotland are more willing to provide debt capital to female entrepreneurs. Wales had the highest proportion of female-led companies obtaining secured debt (17.6%), while Northern Ireland at 15% is lower than Scotland. From these insights, it might be suggested that at least in Scotland and Wales, a lack of risk capital may be one of the factors restricting the growth of female-led companies.

**Figure 11 - Percentage of female-led companies exporting in 2023**

