

Four key things our study of 25 years of data revealed about entrepreneurs in the UK

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Over the past 25 years, the world has lived through major shocks from the 9/11 terror attacks to the global financial crisis to COVID. More recently, the UK—like many other countries—has faced a rising cost of

living and stagnant growth.

Against this backdrop, we have analyzed the past 25 years of data about new [business](#) startups from the [Global Entrepreneurship Monitor \(GEM\)](#) annual survey in the UK.

The survey, which has run since 1999, reveals the progress the UK has made in terms of new businesses. But it also shows up some persistent challenges that the new government should prioritize if it's serious about achieving economic growth.

After sifting through the data, four key entrepreneurial trends emerged.

1. More UK entrepreneurs

The rate of business startups in the UK in 1999 was, at 3.3%, significantly lower than in many of its competitors, for example the US at 8.4%. And only one-third of respondents thought they would start a business, even if good opportunities existed. This was lower than most of the countries that participated in the study at that time.

But after the [global financial crisis](#) in 2008, the perception of opportunities began to rise steadily. The year 2011 saw a breakout in terms of early-stage [entrepreneurial activity](#) in the UK. At this point, the rate moved from a stable level of around 6% to 9.8%.

And by 2023, for the first time since GEM records began, just under 30% of working-age individuals either intended to start a business within the next three years, were actively trying to start a business, or were running their own business.

2. Equality across home nations

From 2002 to 2010, entrepreneurship rates across the UK's four home nations were relatively stable, although Scotland was more negatively hit by the financial crash of 2008.

But from 2010 until 2019 there was an uptick in entrepreneurship across all nations. And after the pandemic, we identified another notable rise in early-stage entrepreneurial activity across all four home nations. By 2023, there was no significant difference—apart from in London, which has powered ahead.

3. Women are catching up

There has been a near-threefold increase in the level of early-stage entrepreneurial activity by women in the UK since 2002 from just over 3.5% to 10%. And this accelerated after the COVID pandemic.

Globally, the relative participation of women (compared to men) in entrepreneurial activity in 1999 was the highest in countries with the highest startup rates, such as the US (where women participated at 60% of the level of men), while in the UK the figure was only 41%.

But by 2023 it was 85% in the UK after a steady rise in women starting businesses. Work by the [GEM UK team](#) in 2012 and the subsequent [Rose Review](#) of female entrepreneurship in 2019, focused attention on the issue.

But [major obstacles](#) for women entrepreneurs persist, especially with respect to equity finance and venture capital. There are also concerns for female entrepreneurship within the deprived areas of UK, where they face a [double disadvantage](#).

4. Minority and immigrant contributions

Ethnic minority entrepreneurship played a large part in total entrepreneurial activity in the UK. But it has been volatile, increasing between 2009 and 2012, and dropping in the aftermath of the Brexit referendum.

Between 2003 and 2023, the early-stage entrepreneurial activity rates of immigrants were higher than those of UK lifelong residents by 1.6 times on average. But the overall fluctuations highlight the impact that [immigration policy](#) has on new business startups.

The future

So what do these trends tell us and why do they matter? From looking at the data over 25 years, we have highlighted some key action points for the new government.

The most disturbing finding is that many of the deficiencies recorded at the start of the millennium remain today. Entrepreneurial after-school education remains a challenge, despite public and private initiatives to address this important weakness.

And, since 2018, things have got worse with regard to the availability of entrepreneurial finance and government policies around business support. The UK needs to address this as a priority.

The [ethnic minority](#) and [immigrant population](#) has been highly entrepreneurial in the UK over the past 25 years. Immigration policy needs an urgent reset to ensure we can return to a society that welcomes migrants, who enhance our entrepreneurial stock.

The analysis shows that fear of failure remains a formidable obstacle to new startups, especially for women. But this is a concern globally and not just in the UK. Tackling this could involve both reducing the

economic and social costs such as the stigma of failure.

One final issue is London's dominance in the entrepreneurial landscape. While early-stage entrepreneurial activity has increased in all regions and home nations since 2002, this imbalance does need to be addressed. This is especially true with regard to finance, infrastructure and business support.

The entrepreneurial landscape in the UK has evolved significantly over the past 25 years, shaped by global events, economic cycles and societal changes. But the conditions that allow entrepreneurs to sustain and grow their businesses have been weakening for a number of years.

The government needs to take [urgent action](#) in the areas of entrepreneurial finance, business support and physical infrastructure to ensure the UK can support the ambitions of thousands of small business leaders. Doing so could mean it becomes the vital cog in the new government's strategic focus on growth.

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