

Press release

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4 July 2018

Minorities and immigrants ‘twice as entrepreneurial as white Britons’

- **People from ethnic minority backgrounds and immigrants to UK are twice as likely to be early-stage entrepreneurs**
- **New Global Entrepreneurship Monitor (GEM) findings show gap has widened sharply since financial crisis of 2008**
- **Women, younger people, ethnic minority groups and migrants more likely to be motivated by ‘creating meaning’ as well as making money when starting a business**

People from ethnic minority and immigrant backgrounds are twice as likely as their white British counterparts to be early-stage entrepreneurs, new research shows.

The findings from [Aston University](#) in Birmingham, using data from the Global Entrepreneurship Monitor (GEM), sponsored by NatWest, also show that women, people from ethnic minority communities and migrants are more likely to be motivated by creating ‘meaning’ – rather than just making money – when starting a business than white British men.

The GEM report’s key measure of Total early-stage Entrepreneurial Activity (TEA) tracks the proportion of people who are ‘nascent entrepreneurs’ at the early stages of setting up a business, as well as new business owners who have been running their firm for between three months and three-and-a-half years.

Since the financial crisis, the proportion of people from ethnic minorities and migrants starting their own firms has risen sharply, at the same time as more modest increases among white people and life-long residents.

In 2017, the TEA rate among non-white Britons was 14.5%, compared to 7.9% for white Britons.

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A similar increase can be observed among immigrants to the UK, both white and non-white. In 2017, 12.9% were early-stage entrepreneurs, compared to 8.2% among the UK-born population as a whole [all ethnicities].

For both ethnic minority groups and migrants, this difference with the white and UK-born populations has widened substantially since 2008. Before this, both groups' rates were on a downward trend and set to converge with the more static rates among white and life-long UK residents.

Looking across the population as a whole (including UK-born and immigrant populations), the UK's TEA rate was 8.7% in 2017. This compares favourably to France (3.9%) and Germany (5.3%) but is lower than that of the US (13.6%).

This year's GEM report introduces a new measure around people's motivations for starting their business, revealing big differences between ages, genders, ethnicities and socio-economic groups.

Two-thirds (66%) of women said they started a business to contribute to society, while just two-fifths of men (39%) had the same motivation. There was also a 20 percentage-point gap in the share of men and women who were motivated to start a business to help others in need (38% compared to 58%).

Individuals from non-white ethnic backgrounds, immigrants to the UK and people under the age of 30 are more likely to be strongly motivated by both making money and creating meaning than those from white ethnic backgrounds or aged 30 or over. Making money is more important to individuals with low or no educational qualifications.

[GEM](#) is the largest and most comprehensive study on entrepreneurship globally, collecting data on entrepreneurial activity in 54 countries, covering two-thirds of the world's population. The GEM UK report is produced annually, coordinated by Professor Mark Hart of Aston Business School in Birmingham, Professor Jonathan Levie of the University of Strathclyde Business School and Dr Karen Bonner at Queen's University Belfast. In the UK in 2017, 12,646 adults aged 18 to 80 participated in the GEM survey.

Mark Hart, Professor of Small Business and Entrepreneurship at Aston Business School, said:

"We've seen a big rise in people deciding to start their own business since the financial crisis. This is particularly pronounced among UK-born people from ethnic minorities and immigrants to the UK – both of these groups are now nearly twice as likely to be early-stage entrepreneurs as white British people.

"So what this tells us is that minorities and immigrants are making a big contribution to the prosperity of the UK, growing new firms and creating jobs in our communities. Often, they're setting up their businesses with the express aim of having a social impact beyond simply making money.

"These findings are particularly relevant as the UK heads towards Brexit. We need to ensure we remain an attractive place for enterprising immigrants, who make a big contribution to our economic dynamism as a nation."

Jonathan Levie, Professor at the Hunter Centre for Entrepreneurship at Strathclyde University, said:

"The reasons for the high levels of early-stage entrepreneurship among minority communities and immigrants in the UK are complex, but the evidence suggests that a family business background, cultural attitudes and educational achievement all play positive roles.

"Perceived discrimination and lack of recognition of foreign qualifications in the labour market may also make a difference, but it's notable that the vast majority of people who become entrepreneurs in the UK do so out of opportunity, not necessity."

Alison Rose, NatWest's CEO of Commercial & Private Banking, said:

“This year’s Global Entrepreneurship Monitor highlights the different motivations that entrepreneurs have for starting their own business. While making money and working for yourself will always be important, making a difference to society and ‘creating meaning’ are as important, if not more, among a number of demographics, particularly women, ethnic minorities and younger people.

“Entrepreneurs are the lifeblood of the UK economy and it’s incumbent upon all of us to create an environment in which entrepreneurs can flourish. By understanding the motivations of the individual, we can tailor the support we provide, ensuring it meets the specific needs of the entrepreneur and their business.”

Case study 1: “I’ve learnt not to take ‘no’ for an answer!”



For 27-year-old entrepreneur Sherine Walrond, creating meaning from her work means tackling stereotypes and educating people about hair-health.

Her start-up, Ivy Wild, offers a range of haircare products for people of any racial background with curly hair. Sherine, from Redditch in the West Midlands, was motivated to launch her own firm after seeing “discrimination” at play in hairdresser training centres, which she thinks encourages people to think in terms of race instead of hair type. “Curly-haired people come in all different shapes and sizes,” said Sherine. “We want to help customers make decisions based on their hair type, not on their race.”

She also wants to spread her haircare knowledge via salons and social media to encourage greater awareness of potentially harmful conditions. “I think anyone getting into an industry has a responsibility to share what they know with clients and customers,” said Sherine. “For example, if cornrows are done too tight that can lead to irreversible folliculitis [an inflammation of hair follicles]. I know people who’ve been affected by traction alopecia, so it’s really important to me to make people aware of the symptoms of the condition rather than neglect them, which can cause more harm.”

She thinks being from an Afro-Caribbean background has encouraged a sense of entrepreneurship. “I think part of it is we’re willing to take more risks,” she said. “We hear stories from parents and grandparents about how hard life was due to exclusion and it encourages us as a younger generation to use those struggles to our advantage and empower each other to succeed. I think it’s helped build up my courage and not to take no for an answer.”

Sherine applied for a place on the NatWest Accelerator Entrepreneur programme and won a pitching competition where she was awarded £1,000 from the bank. She is based at the scheme’s new Birmingham hub, a shared office space where she is co-located with other entrepreneurs and can access free legal and accountancy advice. “I thought being an entrepreneur would be really cut-throat, but it’s not been like that,” she says. “The hub feels like a family – everyone’s rooting for each other.”

Case study 2: Business mindset trickles down the generations



Starting a business was a big departure for Junaid Patel. The 38-year-old from Manchester launched [Freeflush](#), which specialises in rainwater harvesting systems, just under two years ago having been a chartered environmental engineer for the previous 13 years.

His big idea came from what he saw as the scandalous waste of perfectly good drinking water being used to flush toilets. “It’s an absolutely bonkers waste of a natural and purified product,” said Junaid. “We capture water in lakes and reservoirs, treat it, store it and transport it, creating an immense carbon footprint. We’re talking about one-third of all the drinking water in the UK being used to flush our loos.”

Instead, Freeflush sells a range of products – from filters, tanks and pumps to special water-restricting taps – that allow businesses and consumers to use the water falling from the sky for useful purposes, or to help them cut their water use.

Junaid’s parents came to the UK from India and he feels the attitudes of this ‘Generation Zero’ of immigrants have been passed down. “When I look at my wider family, a large proportion of them came over as business people. So I think the younger generation like myself just absorbed some of that by osmosis.”

“I also think that if you come to a country as an immigrant you have a thirst for opportunity and I guess that’s something that’s maybe been inculcated in me. In the case of the Indian community, a lot of people came as business people but their kids went on to become educated professionals. But even within my network of friends there are quite a few who may have been in professions but have gone on to do something entrepreneurial as well. It might be a generational thing – our mindsets are still in transition and perhaps we’re benefiting from that.”



Case study 3: Code calling led to start-up success

Equipping the next generation with the tools to succeed in a digital world was the prime motivation for Elizabeth Tweedale in setting up her firm, [Cypher](#).

Originally from Iowa in the US and now resident in London, Elizabeth believes getting all children and young people learning how to code is an essential skill in the 21st century. Cypher holds fun but intensive coding courses for children aged 4 to 14, often in school holidays to allow youngsters to really get to grips with computer science and prepare them to play leading roles in the future world.

“The English school system is unrivalled for its quality and rigour, however often the busy schedule does not leave time to nurture the creative entrepreneurial spirit that can in fact be fostered through project-based exploration during the holidays.” said Elizabeth, who has two primary school-aged children herself. “I was really inspired to fill in the missing pieces that the schools struggle to provide.”

In the past nine months, Cypher has staged over 1,500 ‘camper days’ for budding computer scientists and is gearing up for a busy summer holiday, with sessions running at five venues in London with between 10 and 30 students per day.

Elizabeth is on the NatWest Entrepreneur Accelerator programme and is based at the scheme’s shared office space in Islington. This has brought her into contact with other early-stage entrepreneurs where she’s been able to observe the cultural differences with British start-ups.

“You can definitely see a difference in mindset between English entrepreneurs versus American ones,” she says, “A lot of English start-ups seem to talk about themselves with a sense of ‘imposter syndrome’ despite the fact they have brilliant ideas. Whereas with Americans, their ideas might be much less well thought-through, but they have so much confidence and are so outgoing that they convince themselves and others that they’re going to be a success.”

Elizabeth believes the combination of British know-how with the American ‘can-do attitude’ which is at the heart of Cypher’s approach to ensure children are future-ready.

Table 1: Total early-stage entrepreneurial activity (TEA) rate 2002-2017, by ethnicity (White/Non-white) [NB – Full datasets available in Excel format on request]

	White	Non-white
2002	5.0%	11.1%
2003	6.0%	9.6%
2004	5.6%	8.4%
2005	5.6%	10.1%
2006	5.5%	8.6%
2007	5.5%	6.4%
2008	5.3%	7.8%
2009	5.6%	7.2%
2010	6.1%	9.5%
2011	7.2%	11.2%
2012	8.6%	17.4%
2013	6.8%	10.5%
2014	8.0%	12.8%
2015	6.4%	11.7%
2016	7.9%	15.1%
2017	7.9%	14.5%

Total early-stage entrepreneurial activity (TEA) rate by ethnicity, 2002-2017 (three year averages)

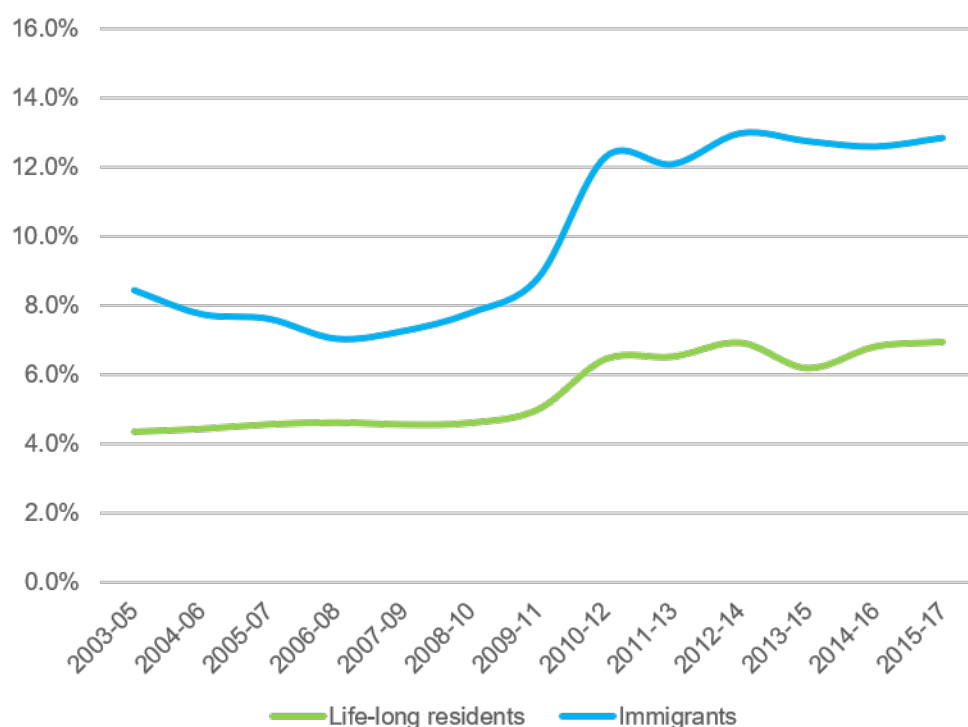


NB – Three-year averages used in charts to give more robust sample sizes

Table 2: Total early-stage entrepreneurial activity (TEA) rate 2002-2017, by migration status (Life-long resident/Immigrant) [NB – Full datasets available in Excel format on request]

	Life-long residents	Immigrants
2003	4.9%	8.9%
2004	3.9%	7.4%
2005	4.4%	8.8%
2006	4.8%	7.1%
2007	4.5%	7.2%
2008	4.6%	6.5%
2009	4.6%	8.0%
2010	4.7%	11.2%
2011	6.5%	9.0%
2012	8.1%	16.3%
2013	5.6%	10.7%
2014	7.6%	12.1%
2015	5.3%	15.4%
2016	7.5%	10.6%
2017	8.2%	12.9%

Total early-stage entrepreneurial activity (TEA) rate by migration status, 2003-2017 (three year averages)



NB – Three-year averages used in charts to give more robust sample sizes

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Notes to editors

1. The Global Entrepreneurship Monitor (GEM)

A full PDF copy of the GEM UK Report is available on request

The Global Entrepreneurship Monitor is the world's foremost study of entrepreneurship. Through a vast, centrally coordinated, internationally executed data collection effort, GEM is able to provide high quality information, comprehensive reports and interesting stories, which greatly enhance understanding of the entrepreneurial phenomenon - but it is more than that. It is also an ever-growing community of believers in the transformative benefits of entrepreneurship. GEM is a trusted resource on entrepreneurship for key international organisations like the United Nations, World Economic Forum, World Bank, and the Organisation for Economic Co-operation and Development (OECD), providing custom datasets, special reports and expert opinion.

2. Metric studied - TEA

The Aston researchers analysed the most important GEM metric known as TEA (Total early-stage Entrepreneurial Activity). TEA is a combination of those in the first 3 months of setting up a business (nascent entrepreneurs) and those with a business up to 3 and a half years old (42 months) (new business owners).

3. About Aston University

Founded in 1895 and a University since 1966, **Aston University** has been always been a force for change. For more than 50 years the University has been transforming lives through pioneering research, innovative teaching and graduate employability success. Aston is renowned for its opportunity enabler through broad access and inspiring academics, providing education that is applied and has real impact on all areas of society, business and industry.

4. About NatWest

NatWest serves customers in England and Wales, supporting them with their personal, private, and business banking needs. NatWest helps customers at all stages in their lives, from opening student accounts, to buying their first home, setting up a business, and saving for retirement.

Alongside a wide range of banking services, NatWest offers businesses specialist sector knowledge in areas such as sustainable energy, commercial property and technology, as well as access to specialist entrepreneurial support.

NatWest has been running MoneySense, an impartial financial education programme for 5–18 year-olds, for more than 21 years. By the end of 2018, NatWest will help another 1 million young people to understand and take control of their finances.

Further data available upon request.

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