



Aston University NatWest

News release

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Gig economy “a springboard for entrepreneurs”

- **Gig workers in the UK are twice as likely as the wider population to be in the early stages of setting up a business, largest global study of entrepreneurs finds**
- **Sharp fall in entrepreneurship among BAME Britons and immigrants**
- **Rise of crowdfunding and peer-to-peer lending sees people increasingly willing to invest in “strangers with good ideas”**

Workers in the gig economy are increasingly seeing their “side hustle” as a launchpad into longer-term entrepreneurship, according to the largest annual survey of UK entrepreneurs.

Although often portrayed as a precarious option to supplement low pay, latest data from the [Global Entrepreneurship Monitor](#) (GEM), has found gig workers are twice as likely as the wider population to be planning to start a business or to be early-stage entrepreneurs.

But more worryingly, the study also suggests that previously-higher entrepreneurship rates among black and minority-ethnic (BAME) British people and BAME immigrants to the UK have nosedived since 2017, reducing to levels similar to non-minority and non-immigrant residents.

The researchers behind the UK edition of the global report, sponsored by NatWest, believe the findings show the changing shape of the UK economy may be benefiting some groups more than others, with Brexit fears weighing disproportionately on minorities and migrants.

The Global Entrepreneurship Monitor (GEM) tracks rates of entrepreneurship in 49 economies, making it the world’s most authoritative comparative study of entrepreneurial activity. In the UK, researchers from [Aston University](#) in Birmingham, Queen’s University Belfast and Strathclyde Business School analysed responses from more than 9,000 people.

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.

Using the most up-to-date data collected in 2018, the researchers found that the TEA rate of 7.9% in the UK compares favourably to France (6.1%) and Germany (5.0%) but is lower than that of the US (15.6%).

This year's survey is the first to look in detail at entrepreneurship among gig economy workers. It found that 19.2% of people doing gig work for firms like Uber and Deliveroo were intending to start a business within three years, compared to 8.5% of the general population, while almost 9% considered themselves 'nascent entrepreneurs', compared to 4% of all people. A further 25% of gig workers describe themselves as new or established business owners, suggesting their 'side hustle' is part of a wider embrace of entrepreneurship.

The study also found differences in entrepreneurial activity according to gender, ethnicity, migration status and socio-economic group.

Around one in ten men were at some stage on the entrepreneurship journey, compared to one in 20 women.

And in a reversal of the long-running trend for ethnic minorities and immigrants to display higher entrepreneurship rates, the TEA rate for BAME British people fell by more than half in a single year, from 14.5% to 6.9%. For immigrants to the UK of all ethnicities there was a similar collapse, with their TEA rate falling from 12.5% in 2017 to 7.2% in 2018, but this drop was particularly pronounced among non-white immigrant groups, whose TEA rate fell from 17.5% to 4.9%. By contrast, UK-born people of any ethnicity who had lived abroad were the most likely of any group to be early-stage entrepreneurs, at 12.2%.

Regional and socio-economic differences were also observed, with the highest rates of entrepreneurship found amongst the most deprived fifth of areas in England (12.6%), with lower rates in the other UK nations.

The GEM report also suggests that attitudes among entrepreneurs towards external finance are changing. Over half (53%) of entrepreneurs intend to fund their venture themselves, with 15% looking to banks for support and 6% to crowdfunding sites. Meanwhile, while only 2.8% of the population invested in someone else's business in 2018, mainly close friends and family, 23% of these informal lenders gave their money to a "stranger with a good idea" through peer-to-peer lending, up from 16% the previous year.

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

"Interestingly, the gig economy seems to be an attractive way of working for those intending to start a business or who are in the early stages. Given the flexibility inherent with this type of work it would seem ideal for those individuals who wish to spend time getting their business off the ground and earn a wage at the same time. The latter point is particularly important for those early-stage entrepreneurs who may not yet have a steady monthly income arising from their business venture."

Jonathan Levie, Professor of Entrepreneurship & Regional Development in the J.E. Cairnes School of Business & Economics in NUI Galway, added:

"What's troubling is the big drop in entrepreneurship we've seen among BAME communities and immigrants to the UK. In the past, these groups have set the pace of enterprise among our population, so we have to question what factors could have

caused such a pronounced collapse in such a short space of time. Starting a business is an act of faith in the future. This finding suggests that BAME immigrants see their future in the UK as more uncertain now than before. If this is the start of a new trend rather than a blip in the data, then we should be investigating the reasons for it urgently.”

Commenting on the launch of the GEM Report, Paul Thwaite NatWest MD, Head of Sales, Specialist Businesses & Business Banking said:

“NatWest is delighted to sponsor this report, the most authoritative research into entrepreneurial activity and trends in the United Kingdom. This year’s report highlights that the UK’s entrepreneurial spirit is still strong, with 20% of working age individuals engaged in some type of entrepreneurial activity or intending to start a business within the next three years.

“However, it also highlights some areas where more attention is required, and this insight helps us ensure that our Entrepreneur Accelerator programme is tailored to reflect the needs of entrepreneurs at every stage, whether they are an early stage start-up, established SME, or a high growth business looking to scale. As the UK’s biggest bank for business, we understand that SMEs are the lifeblood of the economy and are committed to supporting entrepreneurs achieve their ambitions.”

Notes to editors

1. The Global Entrepreneurship Monitor (GEM)

A full PDF copy of the GEM UK Report is available on request from James Tout (details below).

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 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 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 manufacturing and technology, as well as access to specialist entrepreneurial support.

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