

# GEM UK 2020 report

1 September 2021

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## **Entrepreneurs will be crucial for the UK's recovery from COVID and dealing with economic fallout from Brexit – new report**

- **Early-stage entrepreneurial activity in 2020 had fallen sharply from its pre-pandemic high in the UK as the economy was essentially shut down for long periods due to COVID-19**
- **This decline was due to fewer nascent entrepreneurs than normal – that is, individuals in the first three months of starting their new business venture**
- **Nevertheless, around two-thirds of working-age adults looking to set up a business within three years said the pandemic had influenced their decision to re-assess their future engagement with the labour market**

As in previous economic downturns it is the small business community that drives the recovery across all sectors of the economy. UK entrepreneurs once again stand ready to rise to the challenges and opportunities created by the Coronavirus pandemic and the economic fallout from Brexit, a new report says.

The latest [Global Entrepreneurship Team \(GEM\) UK report](#) found that although around half budding entrepreneurs said that the UK government had so far dealt effectively with the economic consequences of the pandemic, there must be improved programmes, financial support and advice to start-ups and scale-ups through different stages of the business life cycle.

[GEM](#) is the world's largest survey of entrepreneurship and is the only global research source that collects data on entrepreneurship directly from individual entrepreneurs. It measures various rates of entrepreneurship in 43 countries in 2020.

GEM's UK team – which is led by [Professor Mark Hart](#) of Aston University – compared attitudes, activity and aspirations in the UK, Germany and the United States as well as the four home nations of the UK.

Access to finance remained one of the major obstacles to entrepreneurial activity in the UK. Enhanced tax benefits for entrepreneurs, such as tax breaks for start-ups and businesses in difficulty to reduce early exits and better tax incentives for recruitment, investment in managerial and digital practices and skills were also highlighted.

The report also called for more entrepreneurial education, especially at school age as well as improved technical education and improved links between the educational system and industry to boost growth post-COVID and post-Brexit. It found that the UK still lags behind many comparable economies in this respect.

[Mark Hart](#), professor of small business and entrepreneurship at [Aston Business School](#) and deputy director of the UK's [Enterprise Research Centre](#), said:

“The GEM survey undertaken in the last few months of 2020 showed a sharp fall in the number of individuals in the early stages of setting up a new business compared to the pre-pandemic high in 2019.

“This is hardly surprising, but the analysis has also shown that the entrepreneurial foundations of the economy and society are still strong and these will be crucial for the recovery after the pandemic and in dealing with the on-going economic fallout from Brexit.

“Those ethnic-minority communities that have borne the brunt of the pandemic in terms of infection, hospitalisation and sadly deaths demonstrated their resilience by maintaining their previous levels of early-stage entrepreneurial activity (TEA rate) which were significantly higher than for the non-ethnic minority population.

“Clearly, the pandemic has had no damaging impact on the level of entrepreneurial activity by immigrants and ethnic-minorities although it has depressed it for life-long residents and the non-ethnic population.

“There is undoubtedly an appetite for people to start their own businesses in the next three years and many report new opportunities because of the pandemic but they are delaying the actual decision to get the business operational.”

The full GEM UK impact report, sponsored by NatWest, is available for download [here](#).

### **Notes to Editors**

The new *Help to Grow: Management* programme [launched by the Chancellor at Aston Business School](#) is an example of the Government’s commitment to the more established small business sector.

### **About Aston University**

Founded in 1895 and a University since 1966, Aston is a long-established university led by its three main beneficiaries – students, business and the professions, and our region and society. Aston University is located in Birmingham and at the heart of a vibrant city and the campus houses all the university’s academic, social and accommodation facilities for our students. Professor Alec Cameron is the Vice-Chancellor & Chief Executive.

Aston University was named University of the Year 2020 by The Guardian and Outstanding Entrepreneurial University in 2020 by the Times Higher Education Awards. The University’s full time MBA programme has been ranked in the top 100 in the world in the Economist MBA 2021 ranking. The Aston MBA has been ranked 12th in the UK and 85th in the world.

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