



Global
Entrepreneurship
Monitor

In partnership with



NatWest

United Kingdom

2024/2025 National Report

Entrepreneurial Insights in a Turbulent World

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We are pleased once again to have NatWest sponsor the 2024 Global Entrepreneurship Monitor UK Report. As the UK's biggest supporter of small businesses, they understand the important role that start-ups, scale-ups and high-growth businesses play in a strong and prosperous UK economy.

Participation in the GEM Global project in 2024 by the UK consortium was again made possible by funding from the Department for Business and Trade (DBT) Business Innovation Directorate, Hunter Centre for Entrepreneurship at the University of Strathclyde, the Welsh Government, Department for the Economy (NI) and NatWest. These funders have supported the GEM UK project for almost all of the last 26 years and we owe them an enormous debt.

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Foreword

DARREN PIRIE, HEAD OF NATWEST ACCELERATOR

At NatWest, we are proud to once again sponsor the UK edition of the Global Entrepreneurship Monitor (GEM) report. As the UK's biggest supporter of small businesses, we believe that entrepreneurship is not only a driver of innovation and growth, but a vital force for resilience and regeneration in communities across the country.

Our Accelerator is aiming to be the biggest community of entrepreneurs in the UK, driven by our innovative new NatWest Accelerator app. A busy year has also been underpinned by the start of the NatWest Accelerator Pitch competition, where we are giving away a total of £1m to entrepreneurs via a series of amazing pitch nights over the next couple of years.

The findings in this report are striking: over one-third of working-age adults are engaged in or planning to start a business, the highest level since GEM began. This speaks to the enduring ambition and adaptability of the UK's entrepreneurs, even in the face of economic uncertainty.

We are particularly encouraged by the progress made in expanding access to entrepreneurship. The rise in activity among women, young people, ethnic minorities and immigrants is a testament to the power of inclusive opportunity. Yet, as the report makes clear, barriers remain – especially in access to finance and support for scaling businesses.

Artificial Intelligence, the special topic of this year's report, is reshaping the entrepreneurial landscape. While optimism is high among growth-oriented entrepreneurs, we must ensure that all business owners – regardless of background – can harness its potential.

At NatWest, we remain committed to helping businesses start, scale and thrive. We welcome the Government's renewed focus on SMEs and look forward to working with partners across the ecosystem to turn ambition into achievement.

This report is a call to action. Let's build an environment where every entrepreneur and growing business has the tools, confidence and support to succeed.

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Executive Summary

BACKGROUND

- Established in 1999 by Babson College and London Business School, and with the UK being one of the founding participating national teams, we now have the opportunity in this report to reflect on the development of the UK's entrepreneurial journey over the last 25 years.
- The emphasis continues to be on fast-growth, high-growth and scaling as the watch-words of business support policy. Yet these 'high-growth' firms represent a tiny proportion of the total number of people who successfully set up businesses or are self-employed or who expand existing businesses. It is this mass of "everyday entrepreneurs" who generate the employment, the productivity, the innovation and the economic growth and regeneration of their communities, their regions and their countries. Any commitment by governments to supporting this group of people simply reflects the vital role that these people play in the competitive future of any country.

ENTREPRENEURIAL ACTIVITY

- In the UK in 2024, over one-third (36%) of working age individuals were either engaged in entrepreneurial activity or intended to start a business within the next three years – the highest proportion since 1999.
- Immigrant and ethnic minorities are consistently the most entrepreneurial groups in UK society since the start of the new millennium. Immigration policy needs an urgent reset to ensure we can return to a society that welcomes individuals to enhance our entrepreneurial stock.
- The remarkable increase in the level of early-stage entrepreneurial activity by women in the UK since 2002 continues apace from just over 3.5% to 10% – a three-fold increase – which accelerated after the pandemic. However, significant problems with regard to access to equity finance for women-led businesses remain stubbornly resilient to solutions and are a barrier to growth.
- A significant amount of enterprise support has been directed at young people for many decades in the UK. The evidence would indicate that these initiatives would seem at face value to be working as the trends in the early-stage entrepreneurial activity rate for 18-29 year olds, which were stable at around 5% for the decade until the GFC, then began to rise and more than trebled to 16% in 2024. Overall, since 2019 there has been a significant shift in the age distribution of all early-stage entrepreneurs in the UK from early 40's to early 30's.

ARTIFICIAL INTELLIGENCE

- Artificial intelligence (AI) is increasingly recognised as a transformative force in entrepreneurship, offering new ways to create value, streamline operations and reimagine business models, reshaping how new ventures are conceived, developed and scaled. For entrepreneurs, AI provides tools that can enhance decision-making, personalise customer experiences and unlock opportunities that were previously out of reach for smaller firms.
- AI was GEM Global's special topic in 2024 and the results for the UK show that growth-oriented entrepreneurs, those who expect to generate significant employment, are substantially more optimistic about the transformative benefits of AI across multiple business areas. This contrasts with the more cautious outlook of the general TEA population, where although the majority also anticipate positive impacts, the intensity of expectation is notably lower.
- The evidence, therefore, points to a strong association between entrepreneurial ambition and confidence in AI's potential to drive innovation, productivity and growth.

UK'S ENTREPRENEURIAL ECOSYSTEM

- The entrepreneurial ecosystem in the UK remains weak in a number of the entrepreneurial framework conditions, most notably in the availability of sufficient entrepreneurial finance, government policies in relation to business support and physical infrastructure.
- Government policies and regulations to support sustainability-focused start-ups and firms through grants, special rights or tax cuts have received the lowest score in the UK compared to the benchmark countries, with this difference being statistically significant compared to France.
- The Government's "*Backing your business: our plan for SMEs*" was published in July 2025 and seeks to address these weaknesses and ensure the UK becomes the best place to not only start a business but to scale them as well.¹
- With its emphasis on addressing late payments, leadership skills, innovation, digital transformation and a sustainable route to net zero the agenda is to be welcomed. Implementation will be the key and the associated Business Growth Service and the local Growth Hubs in England will have a key role to play.
- As the Enterprise Research Centre (ERC) recently argued, "*Perhaps we will get to a point not in the too-distant future when the UK can transform its impressive record for launching start-ups into longer term success stories – enabling small businesses to survive, thrive, and grow*".²
- GEM UK data provides clear evidence of a quarter of a century of progress on the number of start-ups and the individuals behind them but clearly continues to point to weaknesses in the entrepreneurial ecosystem that are holding back the growth ambitions of many small business leaders.

¹ <https://www.gov.uk/government/publications/backing-your-business-our-plan-for-small-and-medium-sized-businesses>

² Hart, M; Belt, V and Mole, K (2025) Will the Government's Small Business Plan deliver for SMEs? <https://www.wbs.ac.uk/news/core-will-government-small-business-plan-deliver>

KEY GEM DEFINITIONS AND ABBREVIATIONS

Adult Population Survey (APS)	The APS is a comprehensive interview questionnaire, administered to a minimum of 2,000 adults in each GEM economy, designed to collect detailed information on the entrepreneurial activities, attitudes and aspirations of respondents.
National Expert Survey (NES)	The NES is completed by selected experts in each GEM economy and collects views on the context in which entrepreneurship takes place in that economy. It provides information about the aspects of a country's socio-economic characteristics that, according to research, have a significant impact on national entrepreneurship: referred to as the Entrepreneurship Framework Conditions (EFCs).
Total early-stage Entrepreneurial Activity (TEA)	The percentage of adults (aged 18–64) who are starting or running a new business, i.e. one that has not yet paid wages or salaries for 42 months or more.
Established Business Ownership (EBO)	The percentage of adults (aged 18–64) who are currently the owner-manager of an established business, i.e. owning and managing a business that has paid salaries, wages or any other payments to the owners, for more than 42 months
Entrepreneurial Framework Conditions (EFCs)	The conditions identified by GEM that enhance (or hinder) new business creation in a given economy and form the framework for the NES. The conditions are: A1. Entrepreneurial Finance Are there sufficient funds for new start-ups? A2. Ease of Access to Entrepreneurial Finance And are those funds easy to access? B1. Government Policy: Support and Relevance Do they promote and support start-ups? B2. Government Policy: Taxes and Bureaucracy Or are new businesses burdened? C. Government Entrepreneurial Programmes Are quality support programmes available? D1. Entrepreneurial Education at School Do schools introduce entrepreneurship ideas? D2. Entrepreneurial Education Post-School Do colleges offer courses in starting a business? E. Research and Development Transfers Can research be translated into new businesses? F. Commercial and Professional Infrastructure Are these sufficient and affordable? G1. Ease of Entry: Market Dynamics Are markets free, open and growing? G2. Ease of Entry: Burdens and Regulation Do regulations encourage or restrict entry? H. Physical Infrastructure Is this sufficient and affordable? I. Social and Cultural Norms Does culture encourage and celebrate entrepreneurship?
National Entrepreneurial Context Index (NECI)	This summarises in one figure the average state of 13 national EFCs selected by GEM researchers as the most reliable determinants of a favourable environment for entrepreneurship. It is calculated as the simple average of 13 variables that represent the EFCs, and which have been measured through a block of items evaluated by an 11-point Likert scale and summarised by applying factorial analyses (principal component method).

1. Introduction

1.1 GEM: A PROJECT 25 YEARS IN THE MAKING

Established by Babson College and London Business School, and with the UK being one of the founding participating national teams, the Global Entrepreneurship Monitor (GEM) research consortium has been measuring the entrepreneurial activity of working age adults across a wide range of countries in a comparable way since 1999. GEM's primary focus is on the study of three areas:

- To measure differences in the level of entrepreneurial activity between countries
- To uncover factors leading to appropriate levels of entrepreneurship
- To suggest policies that may enhance the national level of entrepreneurial activity.

The Global Entrepreneurship Monitor (GEM) research consortium measured rates of entrepreneurship across multiple phases in 51 economies in 2024, making it the world's most authoritative comparative study of entrepreneurial activity in the general adult population. The 2024 GEM global study was based on an analysis of adult population survey (APS) results from over 150,000 interviews across 51 different economies which cover around two-thirds of the world's

population, as well as more than 77% of global GDP. The core of the APS is identical in each country and asks respondents about their *attitudes* towards entrepreneurship, whether they are involved in some form of entrepreneurial *activity* and, if so, their *aspirations* for their business. The global GEM Executive 2024/25 Report was published in February³ and can be downloaded from www.gemconsortium.org.

In the UK in 2024, 8,229 adults aged 18 to 80 participated in the GEM survey. Once again 2024 provided a volatile backdrop against which to undertake the GEM APS in the UK with geo-political events creating economic uncertainty manifested in a cost of living crisis, record-high inflation and falling output in a slow growth economy. The resilience of small businesses over recent years is both inspiring and important. As the economy faces significant turbulence in the year ahead, it is critical that the UK has a thriving ecosystem to support the historically high levels of entrepreneurship, which will be central to future economic stability and growth.

³ GEM (Global Entrepreneurship Monitor) (2025). Global Entrepreneurship Monitor 2024/2025 Global Report: "Entrepreneurship Reality Check". London: GEM. <https://www.gemconsortium.org/reports/latest-global-report>

1.2 STRUCTURE OF THE REPORT

The focus in this year's report will be on the core elements of the GEM project, namely entrepreneurial attitudes, activity and ambition, the entrepreneurial ecosystem, as well as the special topic of artificial intelligence.

Throughout the report we will use data from the GEM Global report for international comparisons with the UK – in particular with the US, France and Germany – as well as data from the Home Nations⁴ of Scotland, Wales and the Northern Ireland and the English regions.

⁴ Additional reports for Scotland, Northern Ireland and Wales will be published separately to provide more contextualised analysis and discussion for each of these nations who fund boosted samples to the main UK survey.

2. Attitudes to Entrepreneurship

2.1 INTRODUCTION

Potential entrepreneurs are people first and can be influenced by the culture or cultures in which they were raised. For example, it has long been argued that in the United States, where the concept of “pulling yourself up by your bootstraps” illustrates class mobility toward the “American Dream”, entrepreneurship and owning your own business are seen as highly desirable, worthy pursuits. By way of contrast, in Asian cultures there is more of a focus on the family and community, so the entrepreneurial journey must factor in the greater good of the community and the family when making decisions, rather than just what might be good business idea.

Attitudes toward risk, which are often culturally determined, also affect perceptions of entrepreneurs. In countries that are more risk-averse, individuals may focus on the possibility of failure in business. In countries that embrace and reward taking risks, individuals are less likely to focus on the fear of failure – and go ahead with their big idea.

Again, the stereotype of the United States is often advanced where failure is just an accepted part of the entrepreneurial journey, whereas in the UK the opposite is the case where entrepreneurial failure attracts a stigma that can be almost impossible to shake off.

An important dimension of the GEM Global project from the outset was to capture data on the general population's attitudes to entrepreneurship as it has been argued that the perception of entrepreneurial opportunity, the risk involved and society's attitude to successful entrepreneurs are considered some of the key determinants of the entry into new venture creation.⁵ In this section we pose the simple question – how have attitudes changed in the population towards entrepreneurship? We focus here on three main attitudes – perception of good opportunities in the local area for start-up; possession of the skills, knowledge and experience to start a business and whether the fear of failure would prevent the individual starting a business.⁶

⁵ Stephan et al., (2015) “Understanding Motivations for Entrepreneurship”, BIS Research Paper No. 212, March 2015. https://publications.aston.ac.uk/id/eprint/25296/1/Understanding_motivations_for_entrepreneurship.pdf

⁶ The GEM Global and UK APS datasets contain other attitudinal variables which are not reported here and these are: entrepreneurship as a good career choice; successful entrepreneurs have a high status in society; personally know an entrepreneur and perception of the media regularly carrying stories about successful entrepreneurs. Data on these attitudes for the UK is available online.

2.2 TRENDS IN ATTITUDES TO ENTREPRENEURSHIP IN THE UK

Following the dot.com ‘boom and bust’ in 2002 there was a low perception of opportunities for new start-ups reported by around one-quarter of the non-entrepreneurial adult population. Although it rose over the next 5 years, it fell back to this level very sharply between 2007 and 2009 as a result of the Global Financial Crisis (GFC) (Figure 2.1). After the GFC it rose steadily over the decade that followed to just under two-fifths before collapsing during the pandemic, and despite a sharp recovery to almost one in two of the adult population, it is now back to where it was pre-pandemic. The conclusion to draw is that this GEM metric is broadly sensitive to cyclical movements in the macro economy and that adverse economic conditions tend to create a low perception of opportunities for start-up.

Perception of the skills, knowledge and expertise the non-entrepreneurial population has of themselves remained relatively stable since 2001, ranging between 37% and 47% (Figure 2.1). In 2024 it is at exactly the same level as it was in 2002 – 43%. Turning to fear of failure, we can see quite clearly that this had remained relatively stable at just under 40% of the non-entrepreneurial population until 2011 when, in the aftermath of the GFC, it began to rise and in 2024 is now at the highest ever level – 58% (Figure 2.1).

FIGURE 2.1
Attitudes to
entrepreneurship
(Source: GEM UK
APS 2002-24)

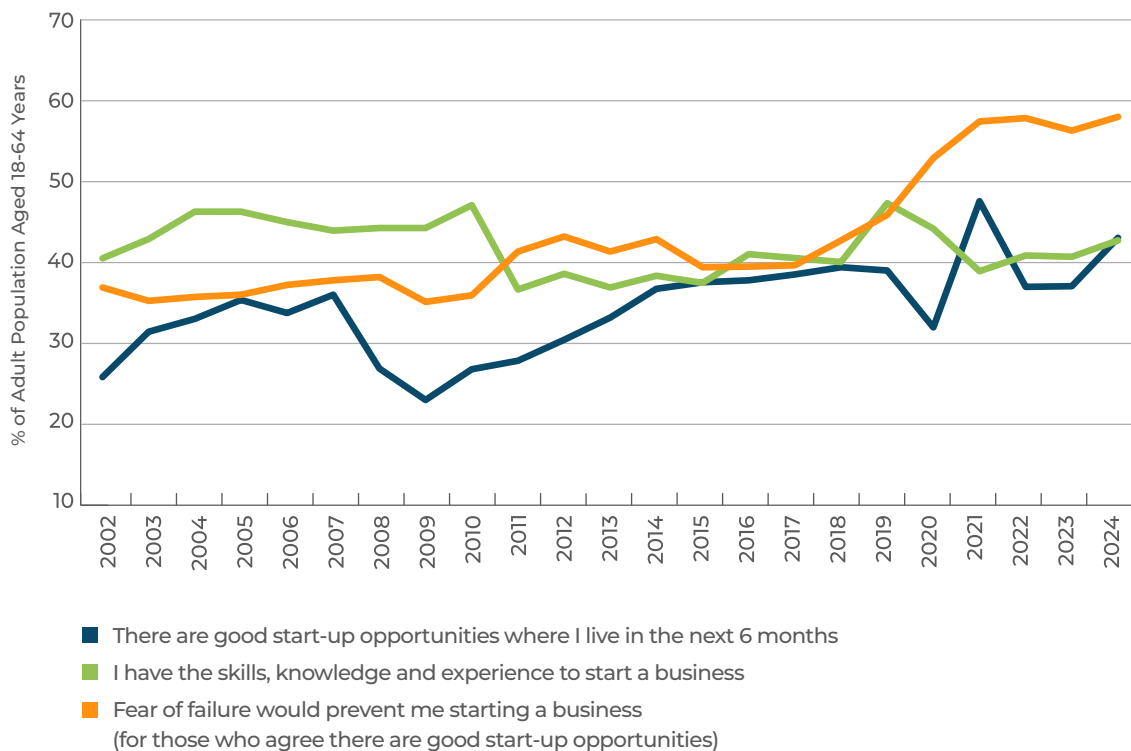
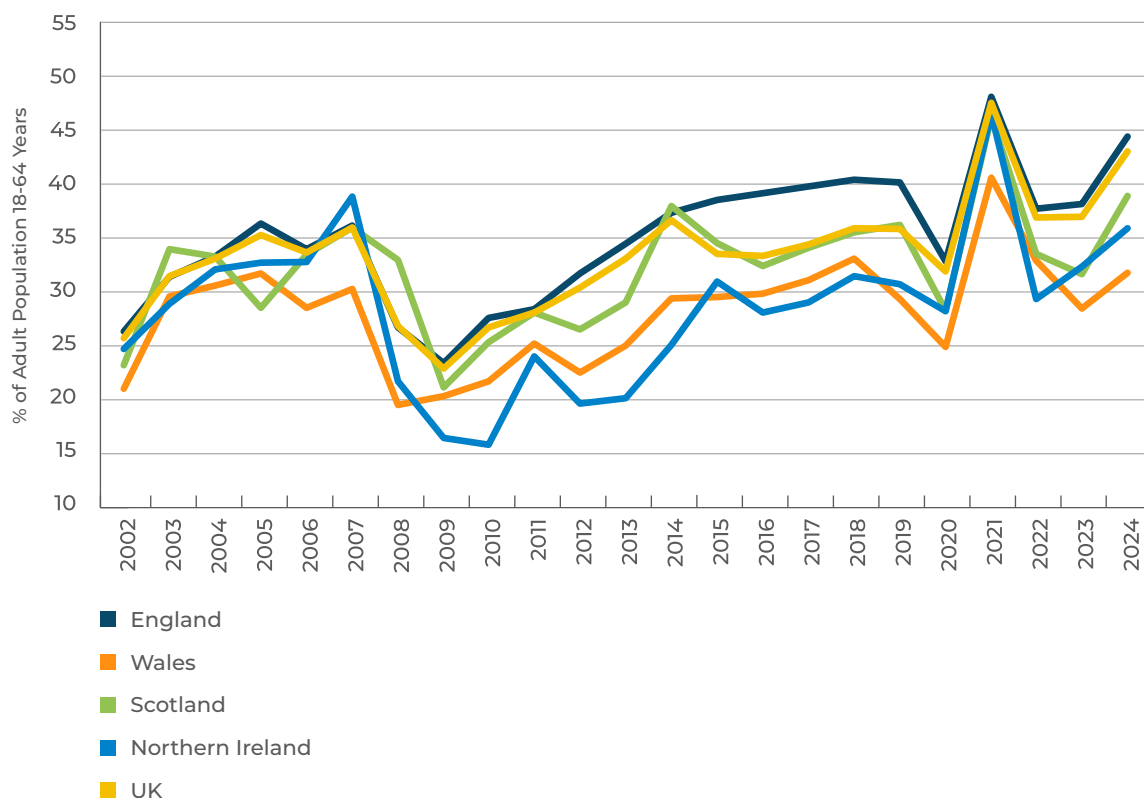


FIGURE 2.2

Perceived opportunities by UK Home Nation
(Source: GEM Global APS 2002-24)



Are these trends in attitudes to entrepreneurship consistent across the Home Nations of the UK? Figure 2.2 presents the time series on the perceived opportunities for start-up in the local area for each of the UK's Home Nations. The time trend is broadly similar for each of the Home Nations, although the levels are markedly different with respondents in Wales and Northern Ireland consistently reporting that they are less confident about the opportunities for start-up in their local area. Between 2014 and

2019 respondents living in England were more likely to perceive good opportunities for start-up compared to the other three Home Nations. All the Home Nations experienced a rapid jump in 2021 as the pandemic lockdowns in the UK were wound down but after a decline to pre-pandemic levels in 2022 and 2023, they are up to their highest levels ever in 2024, although there are differences ranging from 45% in England compared to around 33% in Wales.

The proportion who feared failure in the UK (58%) remained high in 2024 and there were no significant differences between the Home Nations. Again, the uncertain economic context meant that around three-fifths of the adult population were risk averse in each of the Home Nations in 2024 (Figure 2.3). In addition, one thing does stand out, Northern Ireland throughout the whole of the period recorded consistently higher rates of fear of failure than the other three Home Nations and has never fallen below 40%, even at times of relative economic stability and growth and is just under two-thirds (65%) in 2024. We have commented upon this on many occasions over the years and our interpretation is that the relatively high proportion of public sector employment in Northern Ireland may go some way in explaining this persistent high level of fear of failure.

FIGURE 2.3
Fear of failure by
Home Nation
(Source: GEM
Global APS
2002-24)

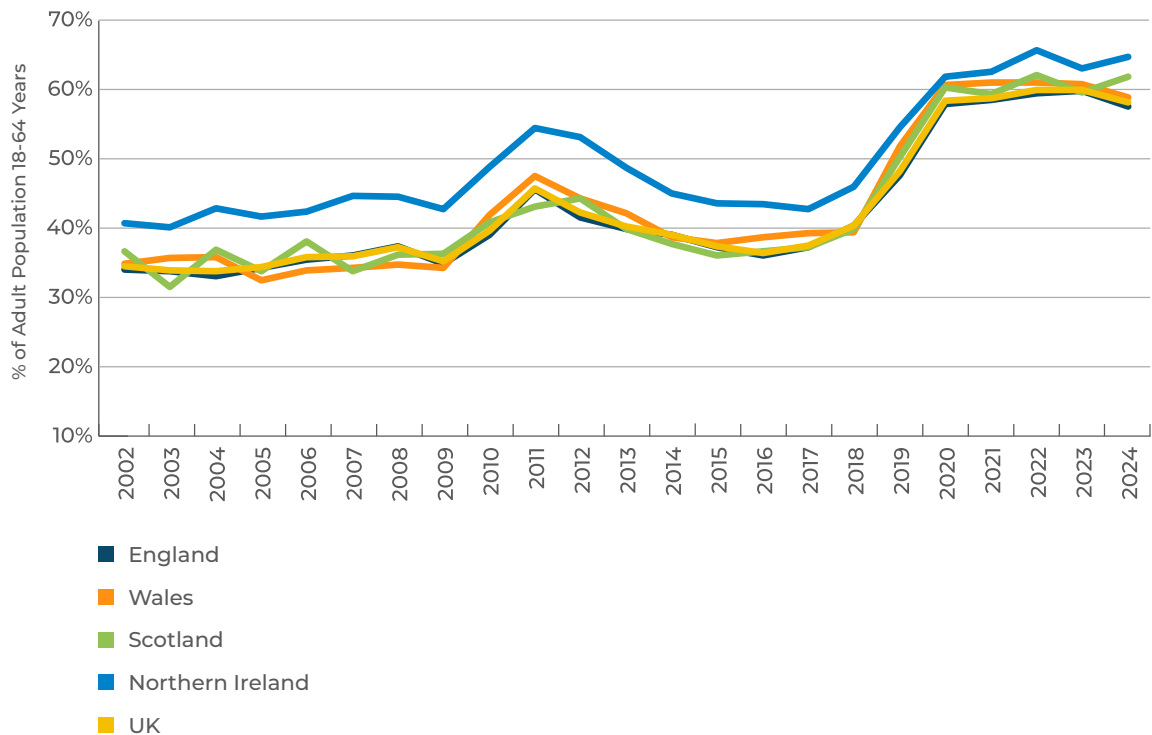
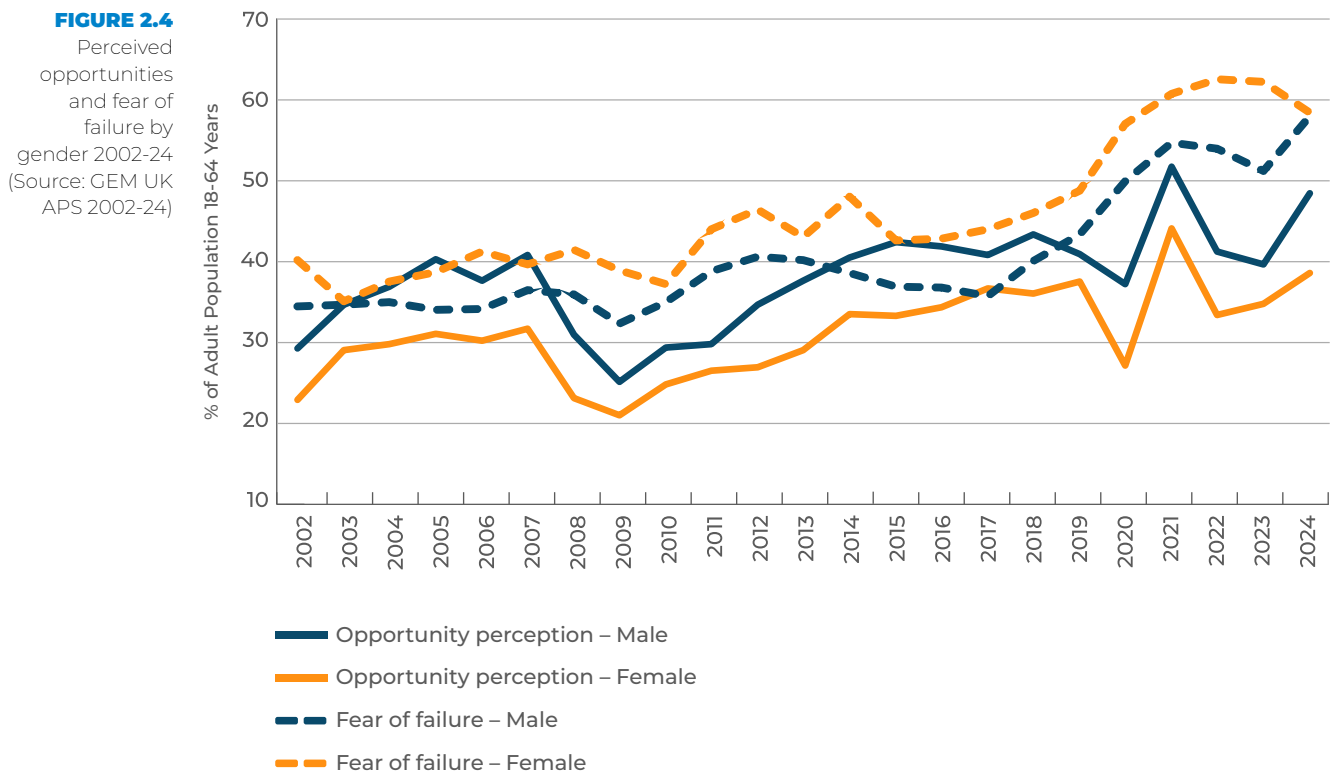


Figure 2.4 shows the trend in perceptions of good start-up opportunities in the local area in the next 6 months by gender; perceptions of men and women have followed the same trend since 2002, albeit with a consistent gap between the two. Men are more likely than women to report good opportunities for start-up irrespective of the economic context, and this increased for both groups in 2024 to above pre-pandemic levels.

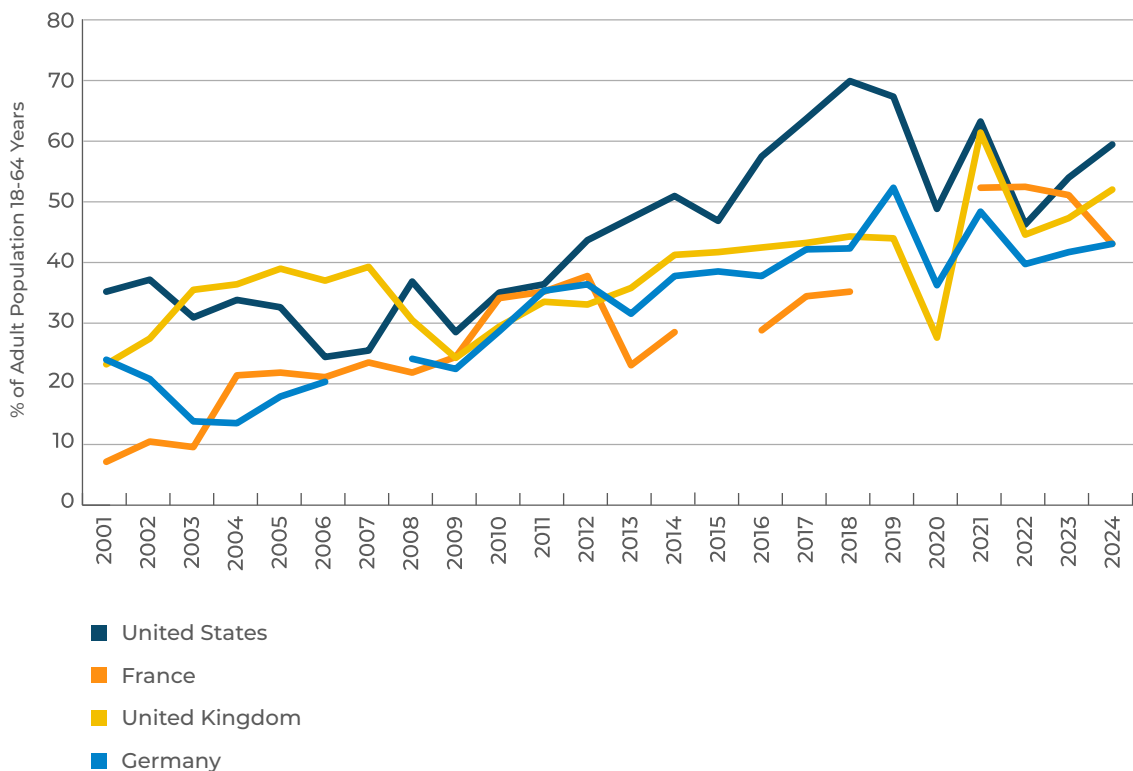
However, until 2024 the reverse is true for the perception that the fear of failure would prevent them from starting a business, with women more likely than men to report that this would be a barrier to setting up their own business. For both men and women, there has been an upward trend in the fear of failure since the GFC. In 2024, fear of failure was the same for both men and women at just under 60% which is the highest level it has been since data was first available in 2002.



2.3 ATTITUDES TO ENTREPRENEURSHIP: INTERNATIONAL COMPARISONS

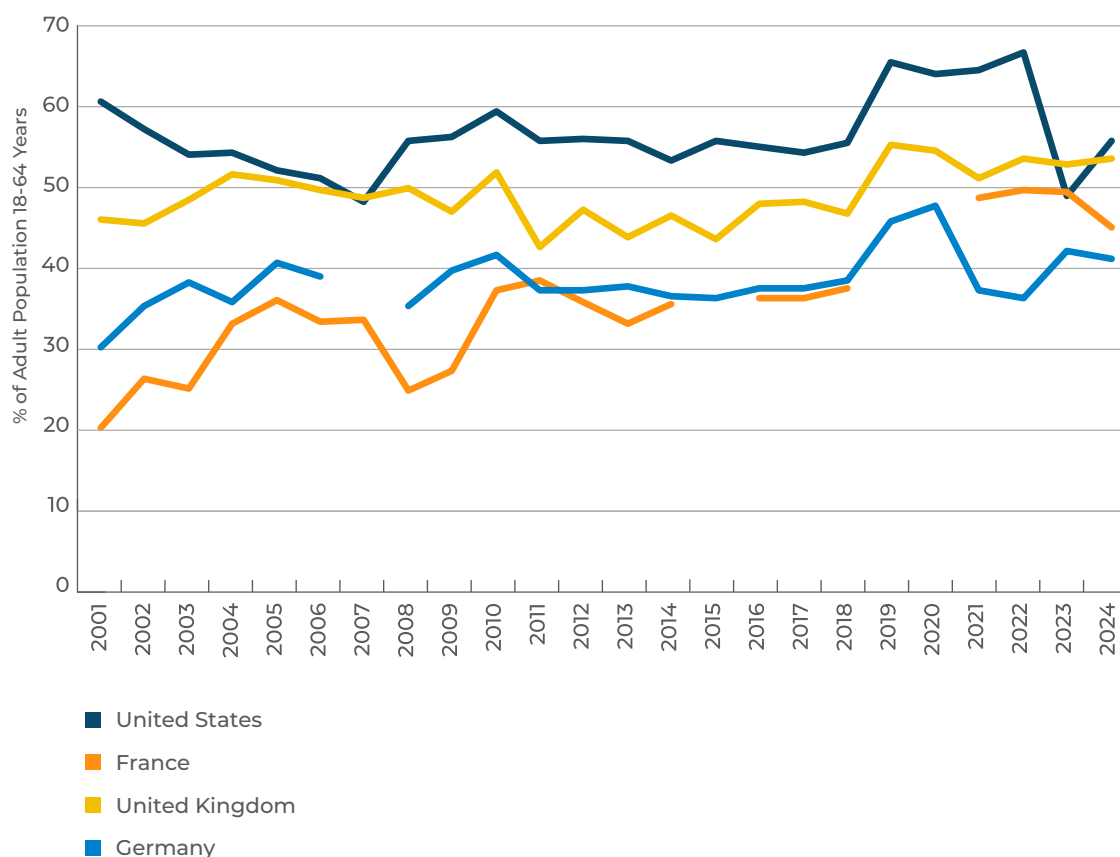
From 2001 onwards, with some volatility around global events, there has been an overall rise in the proportion of individuals that perceive good opportunities for starting a new business in their local area in the next 6 months. This trend continued in the US, UK and Germany in 2024 but in France it declined quite markedly, probably reflecting the turmoil in the lead up to the French National Assembly elections at a time when the GEM survey was active (Figure 2.5).

FIGURE 2.5
Opportunity perception: international comparisons
(Source: GEM Global APS 2001-24)⁷



⁷ France was unable to participate in GEM in 2015, 2019-20 as was Germany in 2007.

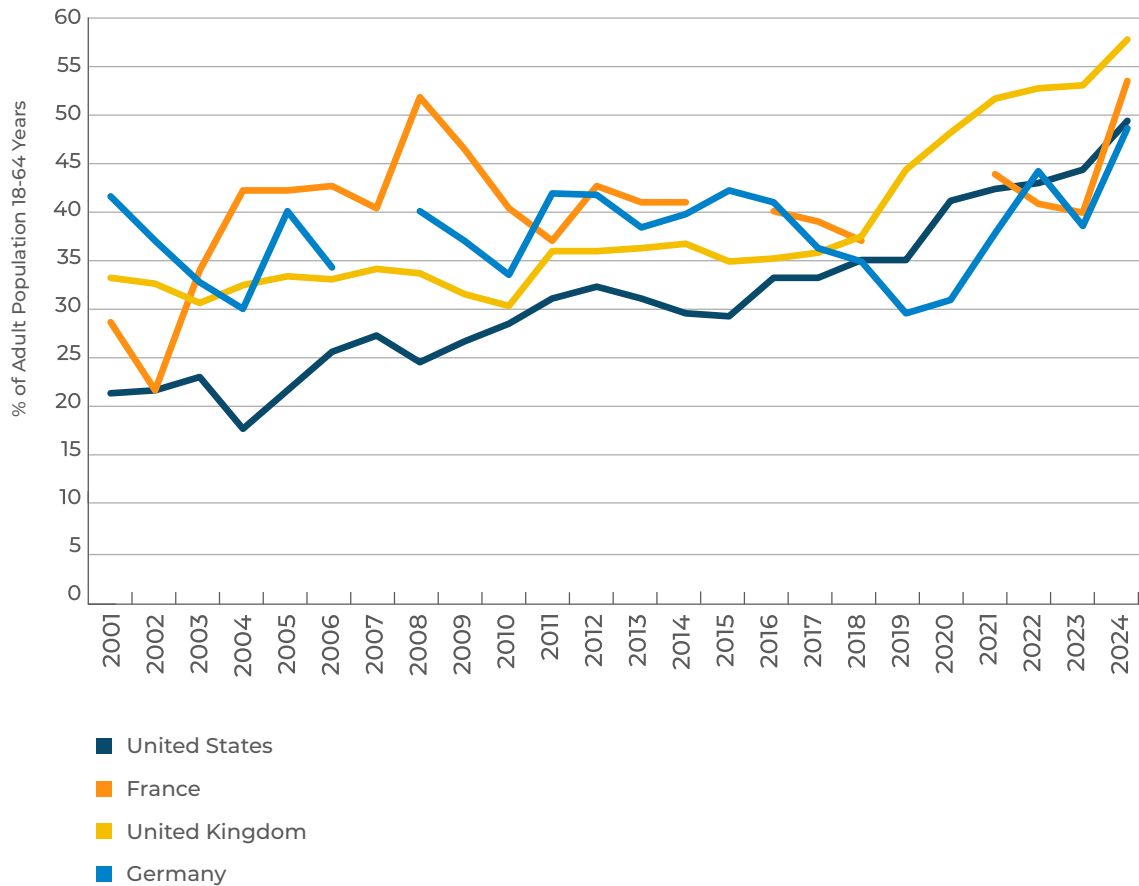
FIGURE 2.6
Skills, knowledge
and experience to
start a business:
international
comparisons
(Source: GEM
Global APS 2001-24)



What is interesting when we look at the trends on whether individuals feel they have the skills, knowledge and expertise to start a business is the consistent difference in levels between the US and the UK up to the pandemic, and between the UK and the two other European comparators – especially in the post-GFC period (Figure 2.6). By 2024 individuals in France (45%) and Germany (41%) are much less likely to report that they have the requisite skills to start their own business compared to the UK (54%). The US skills perception metric in 2024 has risen to 60% after its surprising fall in 2023.

FIGURE 2.7

Fear of failure
(Source: GEM
Global APS
2001-24)



Finally, we examine the trends in whether the fear of failure would prevent an individual from setting up a business (Figure 2.7). For the US and the UK this has risen steadily over the period and it would seem that each ‘economic shock’ since 2001 is having a cumulative effect on the adult populations’ perception of how failure might affect their decision-making about a start-up. In France and Germany, the trend is more volatile but the decline in fear of failure before the pandemic has been reversed post-2020 and rose steeply in both countries in 2024.

The overwhelming conclusion from this analysis is that fear of failure remains a formidable obstacle for individuals contemplating a new business venture, especially for women and that this is a concern globally and not just in the UK. Addressing that persistent obstacle could involve both reducing the economic and social costs and stigma of failure.

3. Entrepreneurship in the UK

3.1 INTRODUCTION

Without question since the start of the millennium the UK has been transformed in terms the sheer rise in the number and range of individuals participating in the various stages of the entrepreneurial journey and indeed the overall level of early-stage entrepreneurial activity. We will examine in this section whether that has continued in 2024.

First, we will track the trends of all stages of the entrepreneurial process from the intention to start a business in the next three years, nascent entrepreneurs, new business owners and established business owners. Second, we will examine the trends in the key GEM metric – the Total early-stage Entrepreneurial Activity (TEA) – over time and compared to the three international comparators of the US, France and Germany. Third, we will present analysis of the TEA rate by gender and age to provide evidence on the extent to which women are becoming just as likely as men to start a new business venture and to investigate how the age profile of new entrants has changed since the start of the millennium.

3.2 PARTICIPATION IN THE STAGES OF THE ENTREPRENEURIAL JOURNEY

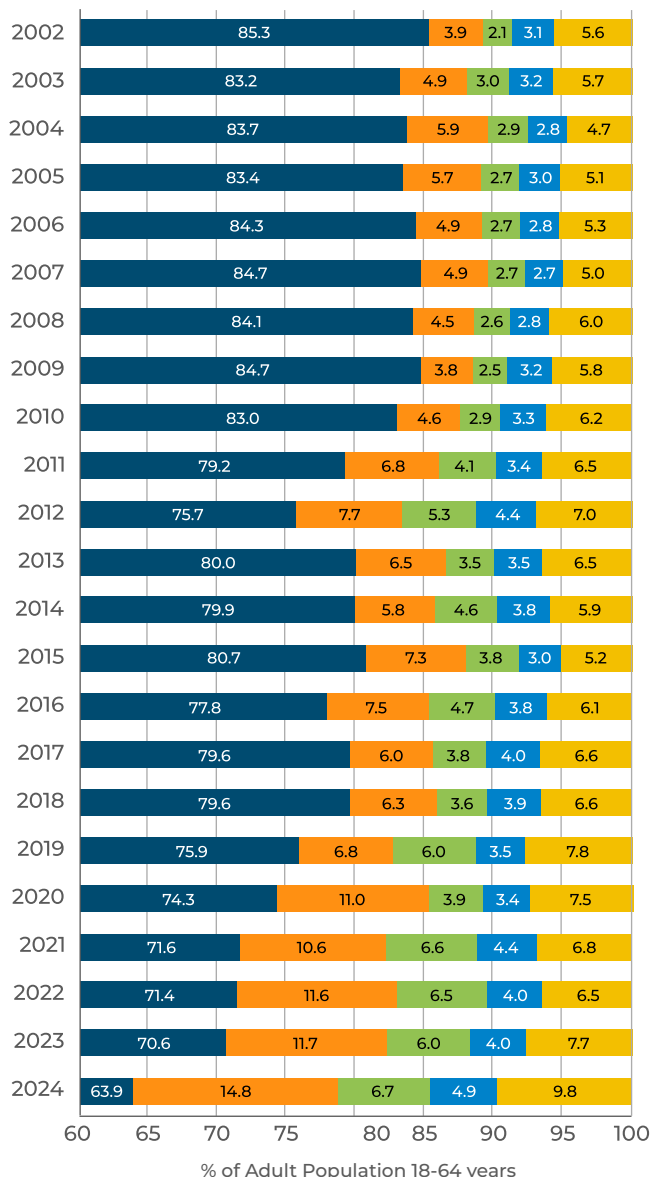
The lack of systematic, representative descriptions of the firm creation process has hindered the development of effective, efficient approaches to facilitate business creation. GEM views entrepreneurship as a process in which individuals become increasingly engaged in entrepreneurial activity. Figure 3.1 illustrates the proportion of respondents by stage of entrepreneurial activity in the UK over the period 2002 to 2024. In this figure, individuals who engaged in more than one stage of the process at a time are included **in their most established stage**.

In the UK in 2024, over one-third (36%) of working age individuals were either engaged in entrepreneurial activity or intended to start a business within the next three years. This has been increasing rapidly since 2018 against the background of the pandemic and economic uncertainty on a number of fronts. Participation in the stages of entrepreneurship in 2024 revealed that 9.8% were engaged in established business ownership, 4.9% in new business ownership, 6.7% in nascent entrepreneurship and 14.8% intending to start a business within the next 3 years.

The major trends are that nascent entrepreneurship remains high at nearly 7% and well above its historical level since 2002. Further, the number of individuals stating that they intended to start a business in the next three years increased dramatically in 2024 from around 12% to almost 15%, which is three times what it was at the turn of the millennium and clearly reflects an ongoing reassessment for many of their labour market position post-pandemic and against the context of economic uncertainty.

It is clear from this that, despite the constant rise in the perception that the fear of failure would prevent people from starting their own business, as well as the poor growth record of the economy, the UK is a significantly more entrepreneurial society than it was at the start of the millennium.

FIGURE 3.1
Participation in entrepreneurship in the UK by most established stage of entrepreneurial activity (not including intrapreneurs), 2002 to 2024
(Source: GEM UK APS 2002 to 2024)

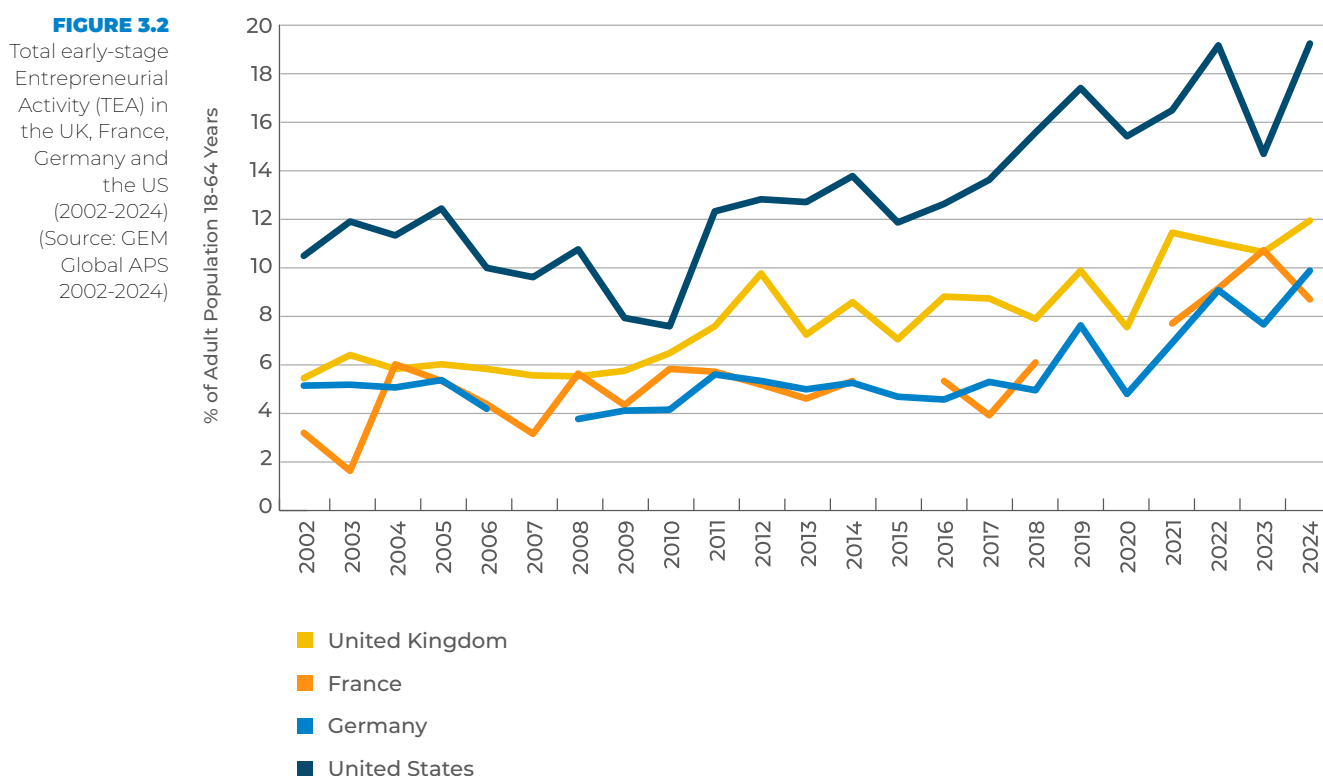


- No activity or intention
- Intend to start (within three years)
- Nascent entrepreneur
- New business owner/manager
- Established business owner/manager

3.3 EARLY-STAGE ENTREPRENEURIAL ACTIVITY: INTERNATIONAL COMPARISONS

Total early-stage Entrepreneurial Activity (TEA) is the sum of the nascent entrepreneurship rate and the new business owner/manager rate. The trends in TEA rates between 2002 and 2024 for the UK, France, Germany and the US are shown in Figure 3.2. For all countries, higher average TEA rates were observed after 2010. There was a drop in TEA in 2020 but this picked up in Germany, the US and the UK as the recovery got underway after the pandemic and it would seem that the TEA rate in the UK has now stabilised around 12%,⁸ which is still a high watermark since we began the GEM project over 25 years ago.

By contrast, TEA rates in France and Germany are 2-3 percentage points lower than in the UK in 2024. However, the sharp fall in the US TEA rate in 2023 has been reversed in 2024 and at 19.3% is the highest it has been.



⁸ This is lower than the 14.2% reported in the GEM Global report for the UK as that was based on only the first 2,000 CATI/CAWI interviews achieved by the mid-July 2024 deadline for all participating countries in GEM. The GEM UK final achieved sample is just over 8,000 (CATI and CAWI) reflecting boosts in Wales, Scotland and Northern Ireland. We have our own protocols for adjusting between the number of CATI and CAWI interviews, with the latter tending to inflate TEA. We also introduce ethnicity into our weighting protocols in addition to age and gender which the GEM Global team do not do for the global report.

3.4 EARLY-STAGE ENTREPRENEURIAL ACTIVITY: GENDER AND AGE

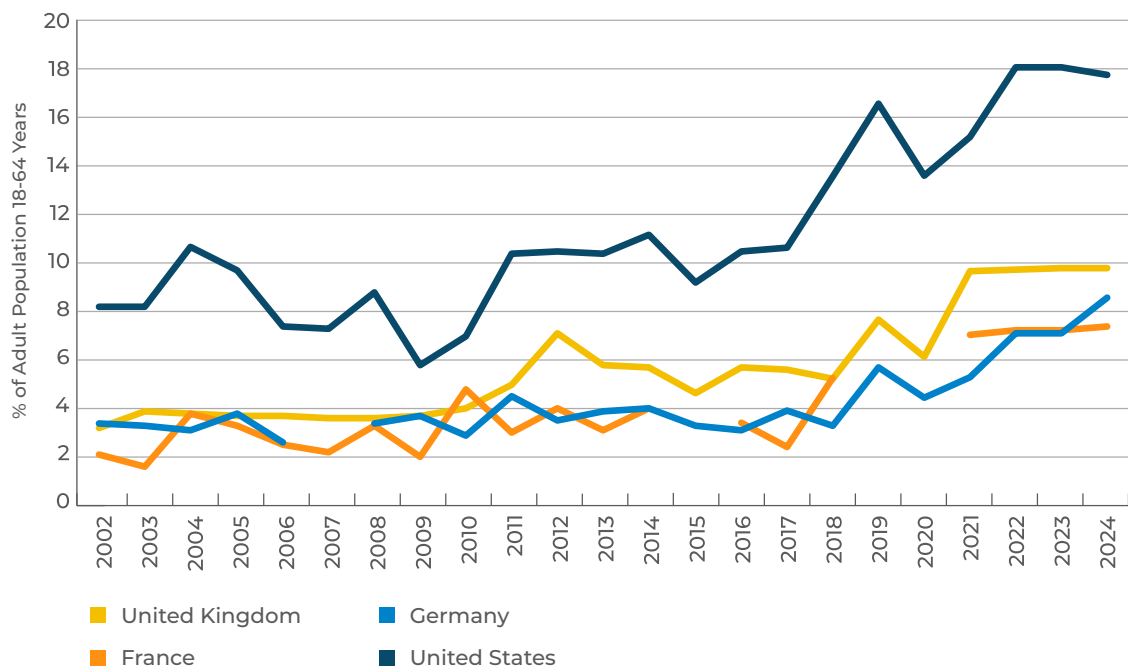
There has been a remarkable increase in the level of early-stage entrepreneurial activity by women in the UK since 2002 from just over 3.5% to 10% – a three-fold increase – which accelerated after the pandemic (Figure 3.3). Successive governments across the UK have introduced a range of policy initiatives designed to encourage more women to start new firms in recent decades.

While the same trend can be observed in all the comparator countries, there is a noticeable difference in the level of the TEA rates over this period. TEA rates for women in the US are consistently higher than the three European economies since 2002, and in turn the UK TEA rate has been consistently higher than in France and Germany since the GFC. In 2024, the differences remain stark, with the US recording a TEA rate for women at 18% compared to 10% in the UK and 7-8% in France and Germany.

These consistent differences, especially between the US and the UK, have led to some very simplistic and oft-repeated policy solutions in the domain of women's entrepreneurship. For example, what might be called 'closing the gap' type thinking which results in statements such as *"increase significantly the numbers of women starting and growing businesses in the UK, to proportionately match or exceed the level achieved in the USA"*.⁹ While it is useful to use these US:UK differences to initiate a conversation they fail to recognise the context in which women seek to develop an expression of their entrepreneurial aspirations and intentions.¹⁰

A clear example of this is the level of competition that women tend to engage in new venture creation. Funding also remains an issue for women business owners and there would appear to be a particular need to ensure that the financial institutions, especially VC and

FIGURE 3.3
Total early-stage entrepreneurial activity for women in the UK, France, Germany and the US, 2002-2024
(Source: GEM APS 2002-2024)



⁹ Small Business Service (2003), A strategic framework for women's enterprise, page 4, Small Business Service, London, <https://www.prowess.org.uk/wp-content/uploads/2011/10/Strategic-Framework.pdf>

¹⁰ Marlow, S; Hart, M; Levie, J and Shamsul, MK (2012) Women in Enterprise: A Different Perspective, RBS Group. https://pure.strath.ac.uk/ws/portalfiles/portal/17293549/Women_in_Enterprise.pdf

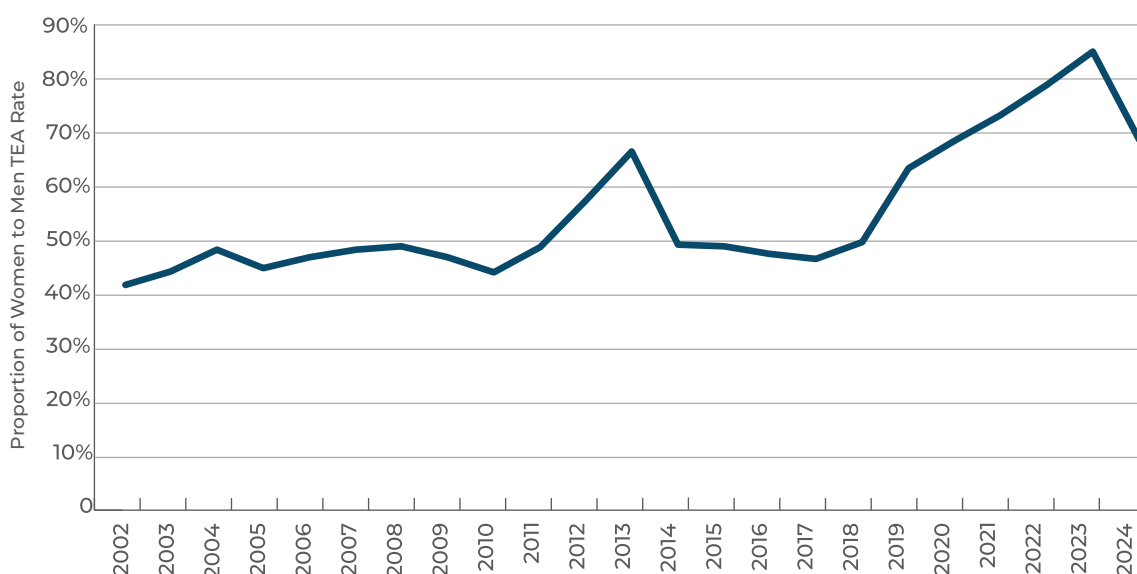
private equity, are responding to the needs of women business owners. However, the picture is complex and it is sometimes unhelpful to analyse simply by a gender split. A stronger emphasis upon evidence which challenges assumptions of gender discrimination is vital, including developing a more robust analysis of data regarding the use of financial products, including term lending which looks at gender in the context of business age, sector and size.

There are many structural explanations for these US:UK differences which are deep-rooted and encompass such issues as social welfare provision in the US, affirmative action policies to address administration against women and minorities, and indeed, the role of the Small Business Administration in recognising the role and importance of small businesses to economic development and employment generations since 1953.¹¹ So, as Marlow et al., (2008) conclude – “the expansion of female entrepreneurship in the US is historically and culturally specific to that country”.

Women do not have any individual or collective entrepreneurial deficit; but their position in society is highly influential in shaping their attitudes and steps they take towards running successful small businesses. What we can see from the GEM data is that things have changed dramatically in the UK since the start of the new millennium and, more importantly, the gap between women and men TEA rates have converged very sharply indeed (Figure 3.4).

In 2024, the ratio of women to men early-stage entrepreneurs stood at 69% rather than the average 40-50% that underpinned the widely promoted narrative on women’s entrepreneurship. So, the common mantra that “Women in the UK are about half as likely as their male counterparts to begin new firms” is, according to GEM data, no longer valid and has not been since 2018.

FIGURE 3.4
Ratio of women to men early-stage entrepreneurs in the UK 2002-2024
(Source: GEM APS 2002-2024)

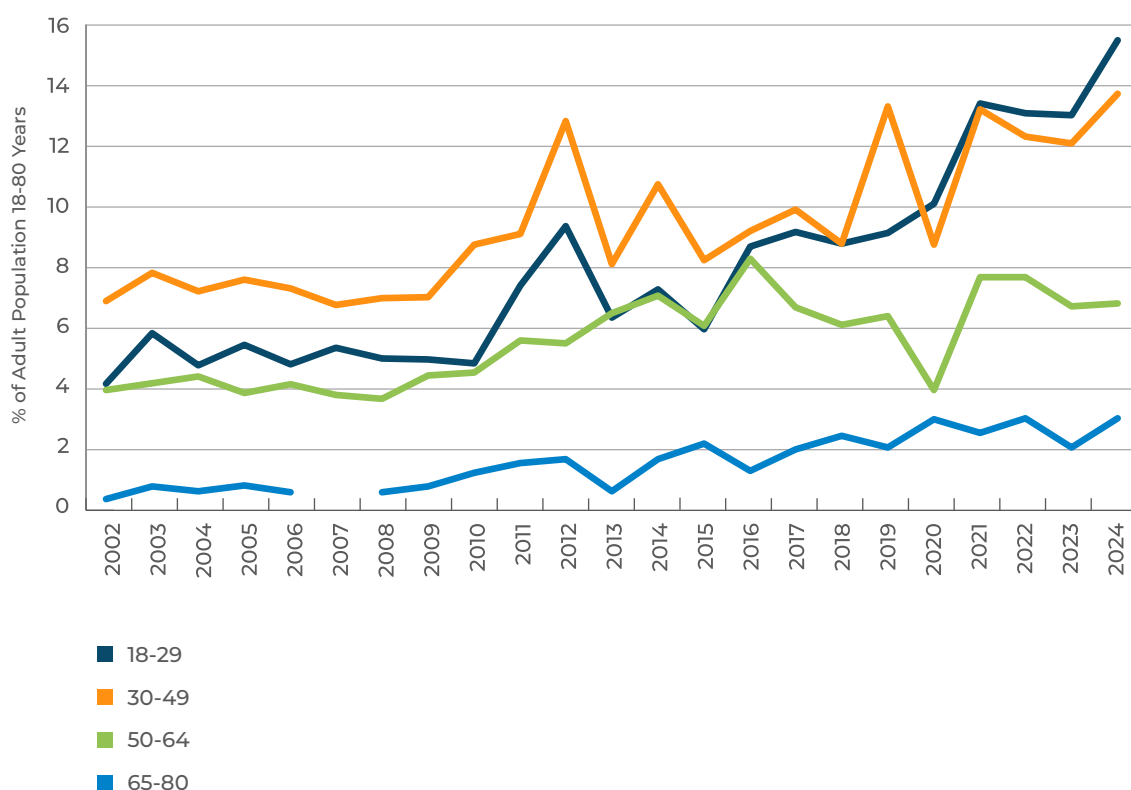


¹¹ Marlow, S; Carter, S and Shaw, E (2008) “Constructing female entrepreneurship policy in the UK: is the US a relevant benchmark?”, *Environment and Planning C: Government and Policy*, Vol. 26, pp 335-351.
https://pureportal.strath.ac.uk/files-asset/440845/Environment_and_Planning_C_Government_and_Policy.pdf

International evidence suggests that there are high levels of latent or potential entrepreneurship amongst young people. Using GEM data, it was argued that these high levels of latent entrepreneurship were not being translated into a similar number of young people setting up and running their own business.¹² Promotion and support of youth entrepreneurship is an important aspect of wider entrepreneurship policy and economic growth.

A significant amount of enterprise support has been directed at young people in particular in the UK. Among other initiatives, the government and its partners have helped to establish the Start-Up Britain and Business in You campaigns, the Start-Up Loans scheme, the Enterprise Finance Guarantee scheme, and the MentorsMe programme. We have also witnessed the growth of many non-state enterprise support initiatives such as Youth Business International (YBI) and within universities and the role of Enterprise Educators UK.¹³

FIGURE 3.5
Trend in Total early-stage Entrepreneurial Activity by age, 2002 to 2024
(Source: GEM UK APS 2002-2023)



¹² Hart, M., Levie, J. and Shamsul, M. K. (2012) Closing the Generational Start-up Gap. Edinburgh: RBS Group. https://pure.strath.ac.uk/ws/portalfiles/portal/17293521/Closing_the_Generational_Start_Up_Gap.pdf

¹³ <https://www.enterprise.ac.uk/>

The evidence would indicate that these initiatives would seem at face value to be working, as the trends in the early-stage entrepreneurial activity rate for 18-29 year olds, which were stable at around 5% for the decade until the GFC, then began to rise and increased more than threefold at just under 16% by 2024 (Figure 3.5). This is an interesting ‘spike’ in a long-term historical trend of low levels of entrepreneurial activity in this age group and clearly represents a step change in the engagement of young people with the entrepreneurial process. This was particularly the case after the pandemic as more and more young people began to re-evaluate their career choice and starting a new business became more popular than ever.

The optimum age window for starting a business has historically been an individual’s thirties and forties but this would seem to be no longer the case, as there is now no significant difference between this age group and younger individuals (Figure 3.5). There was a rise in older individuals starting their own business after the GFC, which reached a peak in 2016 but declined rapidly back to its 4% level in the first decade of the millennium before rising again after the pandemic again, perhaps due to a re-evaluation of their role and position in the labour market.

4. Special Topic – Artificial Intelligence

4.1 INTRODUCTION

Artificial intelligence (AI) is increasingly recognised as a transformative force in entrepreneurship, offering new ways to create value, streamline operations and reimagine business models, reshaping how new ventures are conceived, developed and scaled. For entrepreneurs, AI provides tools that can enhance decision-making, personalise customer experiences and unlock opportunities that were previously out of reach for smaller firms. At the same time, its rapid development introduces challenges around skills, ethics and implementation that require careful navigation. As a result, AI is not simply another technological trend but a structural shift that is reshaping the conditions under which entrepreneurial activity takes place.

4.2 AI AND EARLY-STAGE ENTREPRENEURSHIP

The rapid pace of technology change has meant that the entrepreneurial landscape in the UK is entering a period of transformative potential, powered by AI. It is beginning to shape the context in which entrepreneurs operate in the UK, offering both opportunities and challenges, but it is also becoming embedded in the business models of start-up and existing businesses. But perhaps due to a lack of awareness about its potential and/or uncertainty about its use, the GEM 2024/25 Global Report reveals that in most countries (31 out of 50 economies) only 20-40% of early-stage entrepreneurs perceive AI as “very important” to their business strategy over the next three years.

In the UK in 2024 29% of early-stage entrepreneurs say that AI is currently “very important” to their day-to-day business operations, although almost two-fifths say that it is “not important” (Figure 4.1). There is little difference amongst the Home Nations; a higher share in NI than elsewhere (48%) reports that it is “not important” but likewise a higher share in NI than elsewhere (31%) report that it is “very important”.

FIGURE 4.1
Importance of AI to day-to-day business operations amongst TEA entrepreneurs, UK and the Home Nations 2024
(Source GEM APS)

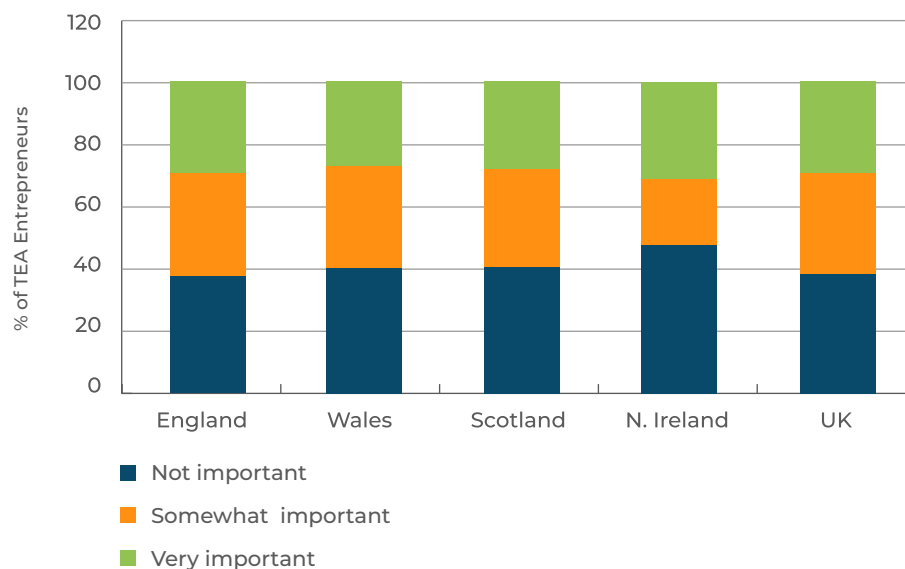
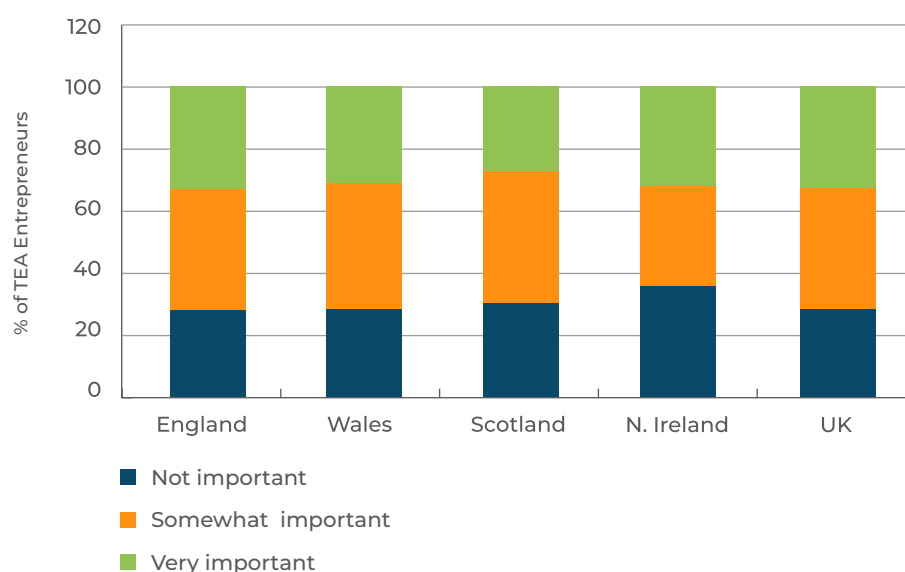


FIGURE 4.2
Importance of AI to business model implementation and strategy amongst TEA entrepreneurs in next three years, UK and the Home Nations 2024
(Source GEM APS)

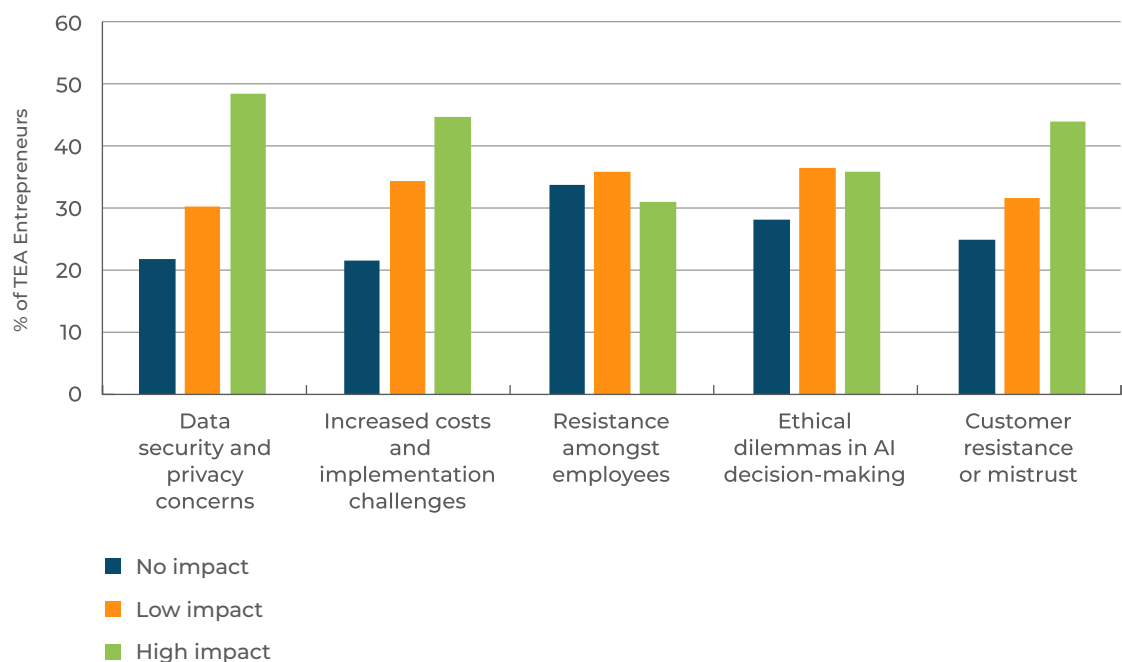


The future role of AI is increasingly recognised, with 72% of entrepreneurs indicating that it will be “somewhat” or “very important” to their business model within the next three years (Figure 4.2), up from 62% who currently say the same. It is a similar story across the UK, with an increase of around 10 percentage points across

each of the Home Nations when comparing the current view against that in the next three years. The sharpest rise is observed in Wales, where the proportion of entrepreneurs viewing AI as “somewhat” or “very important” to their business and strategy grows from 60% at present to 72% when looking ahead three years.

Figure 4.3 shows that UK early-stage entrepreneurs perceive a number of potential negative impacts associated with the adoption of AI, although there is no measure ranked “high impact” by more than 50% of respondents. Concerns around data security and privacy are most prominent, with almost half of respondents identifying these as having a “high impact”. Increased costs and implementation challenges are also ranked highly, with over 40% rating them as “high impact”, likewise for issues relating to customer resistance or mistrust. In contrast, resistance amongst employees and ethical dilemmas in AI decision-making show a more even distribution across the impact categories. In fact, employee resistance is the least concern with around 70% identifying it as “no/low impact”.

FIGURE 4.3
Potential negative effects of introducing AI to the business amongst TEA entrepreneurs, UK 2024 (Source GEM APS)



Despite the concerns, early-stage entrepreneurs acknowledge the potential of AI in strengthening their business. As Figure 4.4 shows, they perceive notable benefits from the adoption of AI in relation to improved productivity and efficiency across operations (55% reporting “high impact”) and increased revenue and business growth (54%). Other positive impacts also feature prominently, with innovative product and service development and enhanced personalisation for customers each identified as “high impact” by nearly half of respondents. Perceptions of better risk management and compliance are somewhat more balanced, with 44% citing “high impact” but around one quarter indicating “no impact”.

A higher share of male early-stage entrepreneurs, than females, currently believe that AI is “very important” to their day-to-day business operations, at 33% compared to 24% for females. Both males and females expect AI tools to increase in their importance for their business model in the next three years. Again, males are more inclined to agree that it will be “very important” at 36% versus 27% for females but when combining the “somewhat important” and “very important” categories the shares are similar at 72% for males and 71% for females.

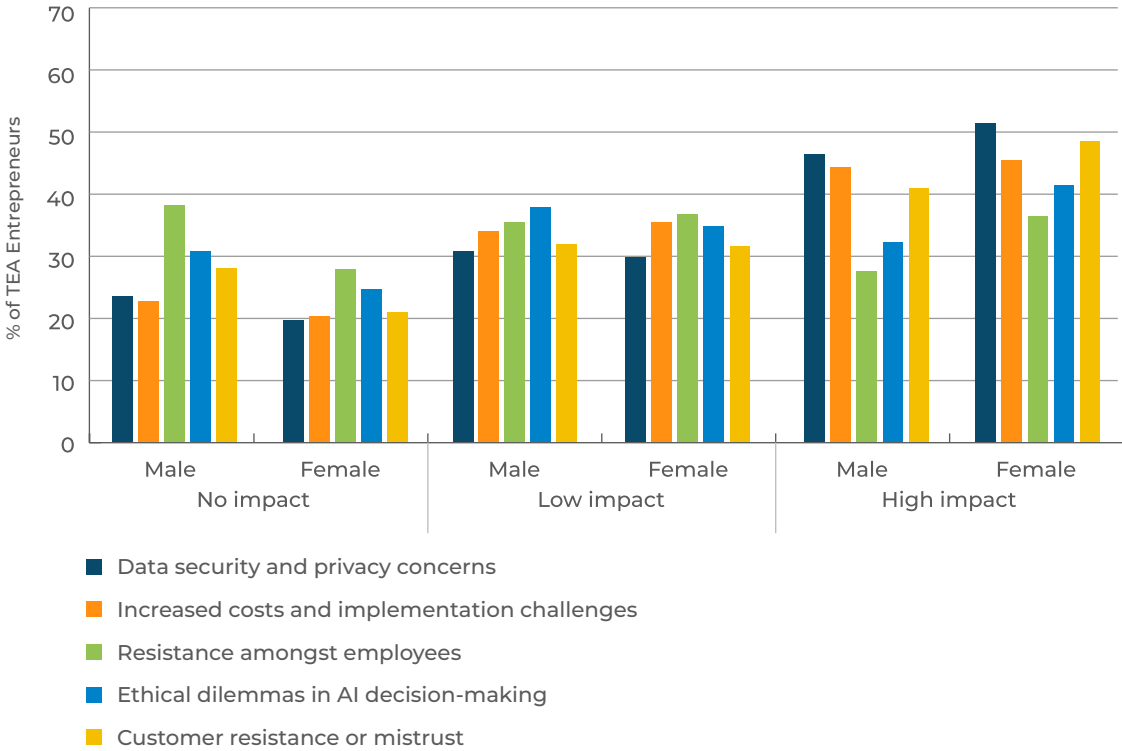
FIGURE 4.4
Potential positive effects of introducing AI to the business amongst TEA entrepreneurs, UK 2024 (Source GEM APS)



Figure 4.5 also highlights clear differences in how male and female early-stage entrepreneurs perceive the potential negative impacts of AI. In general, male entrepreneurs are more likely to downplay challenges with higher shares reporting “no impact” across all categories. The difference is particularly pronounced for resistance among employees, whereby 38% of males feel this will have no impact compared to 28% of females. When considering “low impact”, both male and female early-stage entrepreneurs converge. However, the most striking differences appear under “high impact”. Female entrepreneurs consistently report higher

levels of concern, with the largest differences being around ethical dilemmas (41% versus 32% for males); resistance amongst employees (36% versus 27% for males) and customer mistrust (48% versus 41% for males). The main concerns for male entrepreneurs are data security and implementation costs while for females the top two concerns are data security and customer mistrust. This suggests that women entrepreneurs are more attuned to, or perhaps more affected by, the broader risks and trust-related issues associated with AI adoption, while men are relatively less likely to perceive these factors as severe barriers.

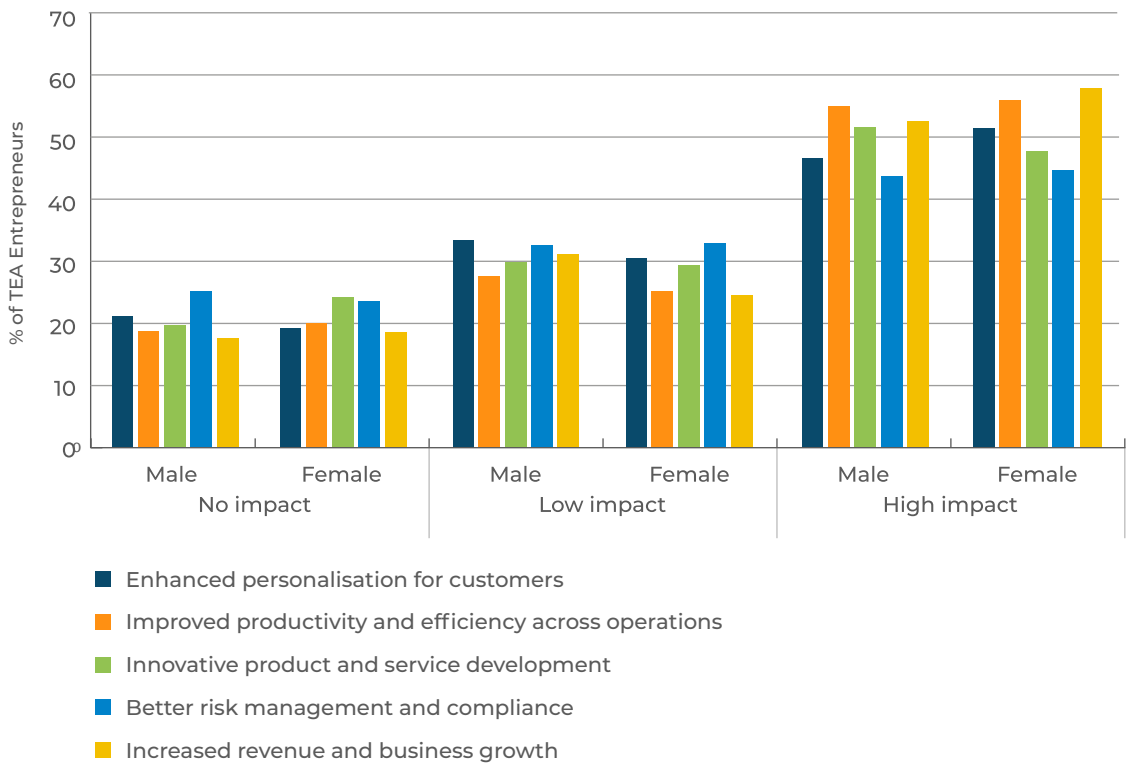
FIGURE 4.5
Potential negative effects of introducing AI to the business amongst male and female TEA entrepreneurs, UK 2024 (Source GEM APS)



Despite the negatives, Figure 4.6 shows that both male and female early-stage entrepreneurs recognise significant positive impacts of AI, though notable gender differences emerge, particularly at the “high impact” level. Female entrepreneurs consistently place more emphasis on AI’s transformative potential across all categories, with the exception of its impact on innovation. Over half of women identify increased revenue and growth (57%) as having a “high impact”, compared with 52%

of men. A higher share also identify increased personalisation for customers, at 51% versus 46% of men. But men emphasise innovative product and service development more strongly at 51% compared to 47% of women. Overall, male entrepreneurs highlight productivity gains as the most significant advantage of AI, with its innovation potential also recognised. Female entrepreneurs, in contrast, place relatively greater weight on revenue growth opportunities and also on customer-centric benefits.

FIGURE 4.6
Potential positive effects of introducing AI to the business amongst male and female TEA entrepreneurs, UK 2024 (Source GEM APS)



4.3 AI AND ESTABLISHED BUSINESS OWNERSHIP

When considering the position of established businesses, Figure 4.7 shows that a higher share than previously seen for TEA entrepreneurs rank AI as currently “very important” for their day-to-day business operations. In the UK the share is 35% of established business owners compared to 29% of early-stage entrepreneurs. Again, there is very little difference across the Home Nations in terms of those seeing it as “very important”, although notably, a much

higher share in Wales than elsewhere view AI as currently “not important” for their day-to-day operations, at 45% compared to a UK average of 33%. Interestingly, Wales is also the only Home Nation whereby a higher share of established business owners, than TEA entrepreneurs, say AI is currently “not important” at 45% versus 40%. In all other Home Nations, and the UK, a higher share of TEA entrepreneurs than established business owners rank AI as not important.

FIGURE 4.7
Importance of AI to day-to-day business operations amongst established business owners, UK and the Home Nations 2024
(Source GEM APS)

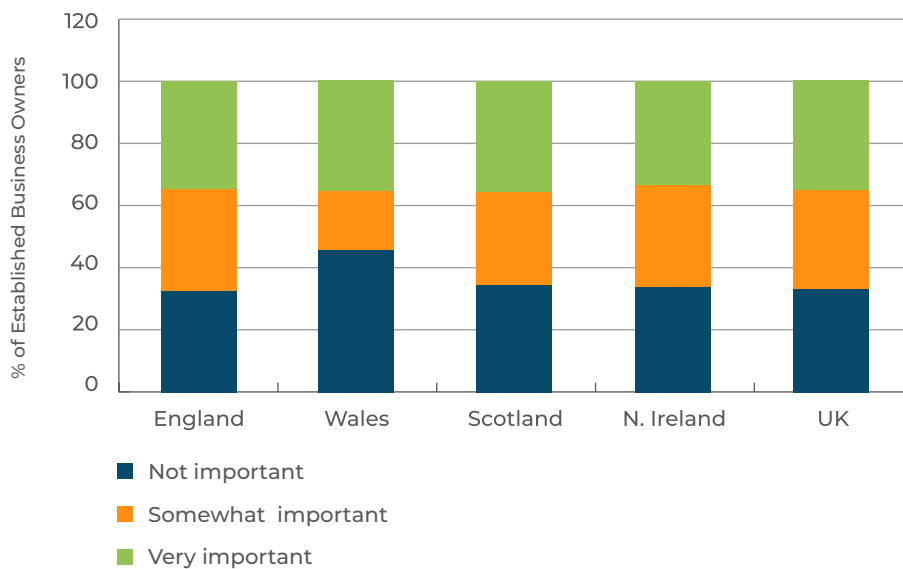


Figure 4.8 shows clear differences in how early-stage (TEA) and established entrepreneurs perceive the potential negative impacts of AI. Among those reporting “no impact”, there is little difference. The shares are largely the same across the factors although 29% of established business owners report that resistance amongst employees has “no impact”, compared to 34% of TEA entrepreneurs.

When considering “low impact”, responses are more evenly distributed, with all categories at around 30-40% for both TEA and established business owners. More notable, although subtle, differences emerge in the high impact

category. Here, TEA entrepreneurs report particularly high levels of concern over data security and privacy (48%) while established entrepreneurs place their greatest emphasis on increased costs and implementation challenges (47%), followed by data security and privacy (45%). A higher share also have concerns over ethical dilemmas and employee resistance, than TEA entrepreneurs. So although both groups recognise AI’s risks, TEA entrepreneurs are more attuned to challenges around data security, whereas established entrepreneurs are more focused on the financial and implementation dimensions of adoption.

FIGURE 4.8
Potential negative effects of introducing AI to the business amongst TEA entrepreneurs and established business owners, UK 2024 (Source GEM APS)

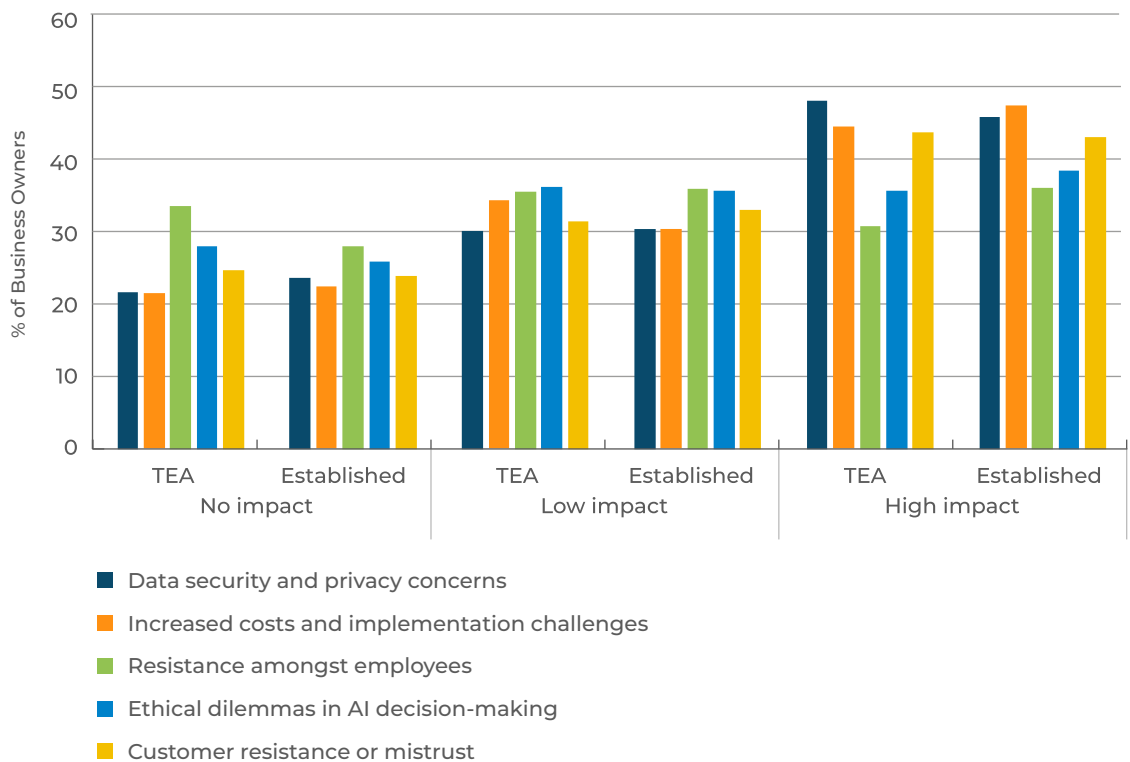


Figure 4.9 makes the same comparisons for positive impacts of AI. Similar shares report that there will be “no impact” from the various factors although a higher share of TEA entrepreneurs, than established business owners, believe there will be “no impact” on innovation (21% versus 18%). Established business owners are also more likely to report “low impact” from the various factors. Here there are some notable differences; 33% of established business owners say there would be a low productivity impact compared to 26% of TEA entrepreneurs. Likewise, 36% think there would be a low innovation impact compared to 29% of TEA entrepreneurs.

Strong contrasts also emerge under “high impact” with higher shares for TEA entrepreneurs across all categories. TEA entrepreneurs report particularly high expectations for improved productivity and efficiency (55%) and increased revenue and growth (54%), compared to 47% and 52% respectively for established businesses. Similarly, 50% of TEA entrepreneurs highlight innovative product and service development

as “high impact”, versus 47% of established entrepreneurs. This pattern suggests that while both groups acknowledge AI’s transformative potential, optimism is particularly pronounced among early-stage entrepreneurs, who may view AI as a means of gaining competitive advantage in markets where they lack established scale.

When compared with the earlier findings on negative impacts, the contrast is clear. For TEA entrepreneurs, the top “high impact” negatives are data security and privacy (48%) and increased costs (44%), yet these are outweighed by stronger expectations of productivity gains (55%) and revenue growth (54%). Established entrepreneurs, meanwhile, also place greatest emphasis on the negative risks of increased costs (47%) and data security (46%), but also acknowledge substantial benefits, particularly in revenue growth (52%) and both productivity and innovation (47% each). Taken together, the evidence suggests a broadly optimistic outlook: while both groups remain conscious of AI’s risks, especially around costs and trust, the anticipated benefits are largely seen as greater.

FIGURE 4.9
Potential positive effects of introducing AI to the business amongst TEA entrepreneurs and established business owners, UK 2024
(Source GEM APS)



4.4 AI AND HIGH AMBITION EARLY-STAGE ENTREPRENEURSHIP

Finally, analysing the difference between high-job expectation TEA entrepreneurs and wider TEA entrepreneurs (Figure 4.10) shows that those with more ambition to grow are much more likely to see the importance of AI for their business model and strategy in the next three years, with 47% agreeing that AI will be “very important” compared to 32% for TEA entrepreneurs in general.

FIGURE 4.10
Importance of AI to business model implementation and strategy amongst TEA and ambitious TEA entrepreneurs in next three years, UK 2024 (Source GEM APS)

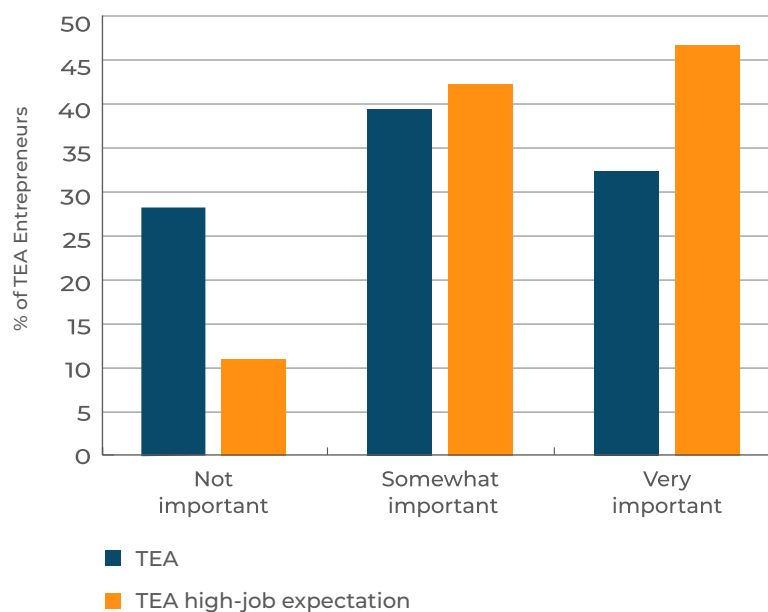
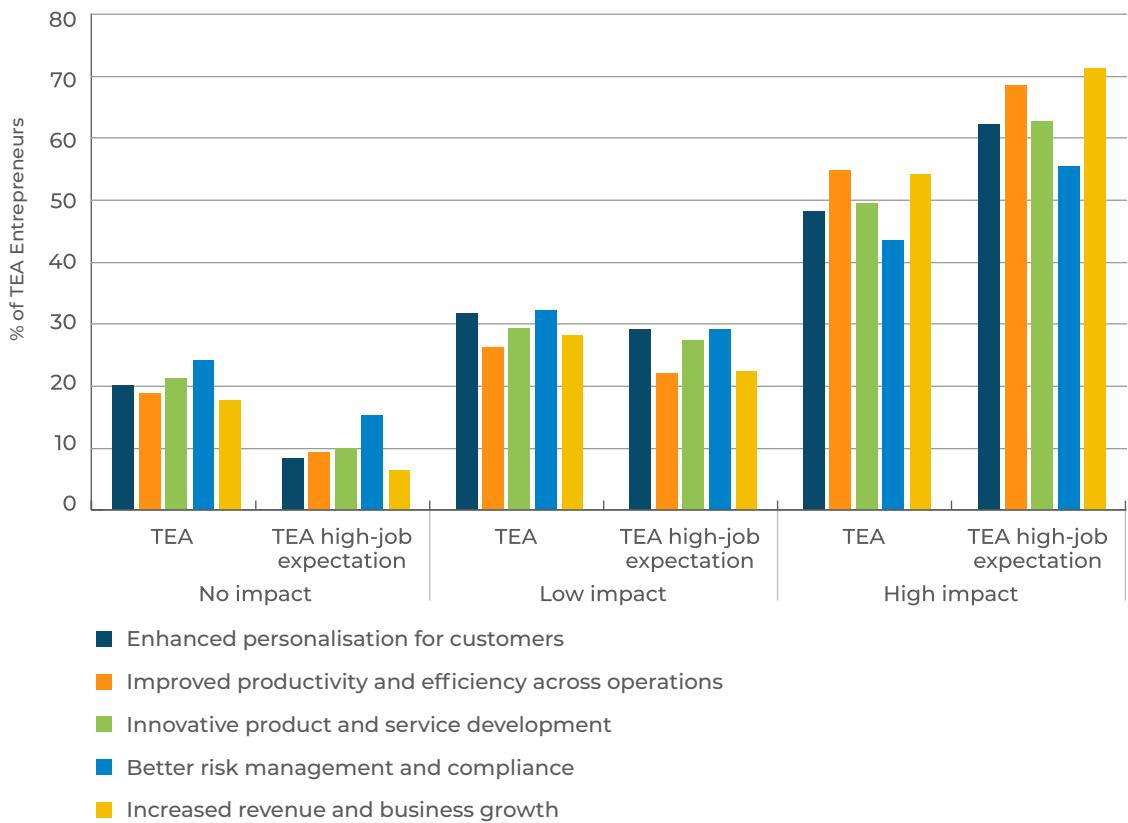


Figure 4.11 highlights that entrepreneurs with high job expectations are also consistently more likely than the broader TEA population to view AI as having a high positive impact on their businesses. The largest gap appears in relation to increased revenue and business growth, where 71% of high job expectation entrepreneurs report “high impact”, compared to 54% of TEA entrepreneurs overall. For enhanced personalisation for customers, the difference is 62% versus 48%. Other positive factors follow the same pattern; 69% of high job expectation entrepreneurs identify improved productivity and efficiency across operations as “high impact”, versus 55% among all TEA entrepreneurs, and innovative product and service development is seen as “high impact” by 63% of high job expectation entrepreneurs, compared to 50% of TEA entrepreneurs. Even for better risk management and compliance, which tends to be viewed as less impactful, 56% of high job expectation entrepreneurs report “high impact” compared to 44% of TEA overall.

Taken together, these results suggest that growth-oriented entrepreneurs, those who expect to generate significant employment, are substantially more optimistic about the transformative benefits of AI across multiple business areas. This contrasts with the more cautious outlook of the general TEA population, where although the majority also anticipate positive impacts, the intensity of expectation is notably lower. The evidence therefore points to a strong association between entrepreneurial ambition and confidence in AI’s potential to drive innovation, productivity and growth.

FIGURE 4.11
Potential positive effects of introducing AI to the business amongst TEA and ambitious TEA entrepreneurs, UK 2024 (Source GEM APS)



5. Motivations of Entrepreneurs

5.1 INTRODUCTION

Engagement in entrepreneurship will certainly be driven by a range of factors, including by general social and cultural attitudes towards entrepreneurship as discussed in Section 2. A study using GEM data to re-survey willing respondents showed that motivations for starting a business were complex and that motivations other than the traditional opportunity-driven and necessity-driven distinction are more closely related to business survival and success.¹⁴ These motivations can be best classified in terms of the importance attached to ‘autonomy and better work’, ‘challenge’, ‘financial’ and ‘family and legacy’ aspects. Across all business types, entrepreneurs say autonomy is their most important motivator. Of note is that businesses can do well regardless of whether they were started out of opportunity or necessity. Both opportunity-driven businesses and necessity-driven businesses create jobs, innovate and export.

Nevertheless, for much of the early period of GEM, globally, focus was on identifying whether engagement in entrepreneurial activity was driven by the pursuit of a promising business opportunity or if such activity was mainly attributable to necessity, in response to absence of good work alternatives. As noted, some critiques rightly observed that these concepts appeared to be reductive, oversimplifying entrepreneurial motivations to just two competing factors. GEM thus moved towards understanding entrepreneurship as driven by multifaceted motivations.

As other motivations have been increasingly recognised, understanding the various opportunity-necessity factors remains valid. This is not least because it helps unpack some differences in entrepreneurial activity among countries and between male and female early-stage entrepreneurial activity over time. Given in particular that female entrepreneurship has been a subject of much policy discourse in the UK over the last two decades, most recently the Rose Review¹⁵ and the Stewart and Logan Report in Scotland¹⁶ it should be instructive to explore how entrepreneurial motivations have changed, especially between male and female entrepreneurs.

¹⁴ Stephan, U; Hart, M; Mickiewicz, T and Drews, C-D (2015) Understanding Motivations for Entrepreneurship, BIS Research Paper No. 2012, March 2015 https://publications.aston.ac.uk/id/eprint/32841/1/Stephan_et_al_Understanding_motivations_for_entrepreneurship_2015.pdf

¹⁵ Rose, A. (2019), The Alison Rose Review of Female Entrepreneurship, available at: https://assets.publishing.service.gov.uk/media/5c8147e2e5274a2a595bb24a/RoseReview_Digital_FINAL.PDF, (accessed 18/03/2024).

¹⁶ Stewart, A., & Logan, M. (2023). Pathways: A new approach for women in entrepreneurship. Retrieved from <https://www.gov.scot/publications/pathways-new-approach-women-entrepreneurship/documents/>

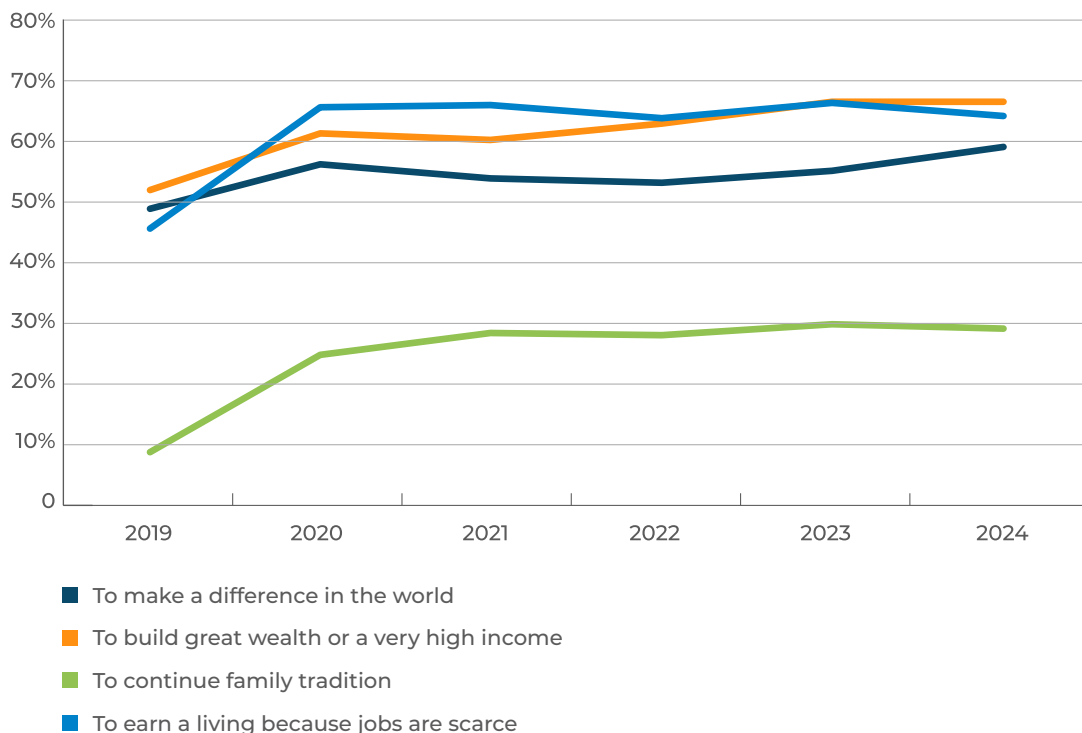
5.2 SELECT ENTREPRENEURIAL MOTIVATIONS

Since 2019, GEM has settled on evaluating a smaller selection of entrepreneurial motivations. The four motives are “to make a difference in the world”, “to build great wealth or very high income”, “to continue a family tradition” and “to earn a living because jobs are scarce.” The former two can be thought of as more opportunity driven, while the third is more complex as this could be both due to either opportunity or necessity. The final one can be thought of as more necessity driven. However, the fundamental point is that these options are now not mutually exclusive, and entrepreneurs can report more than one motivation and the degree to which they identify with them.

Note that these motivations do not include autonomy or independence; this is because pre-tests showed that this was a universal motivation for entrepreneurs and does not distinguish between types of entrepreneurs.

As entrepreneurial activity has increased in society in general in the 2020s, the prevalence of the various motivations appears to have also gone up (Figure 5.1). Still, continuing a family tradition remains the lowest cited motivation, although this has itself increased from around 10% in 2019 to now being highlighted by almost 30% of TEA entrepreneurs as an important factor behind their engagement in entrepreneurship.

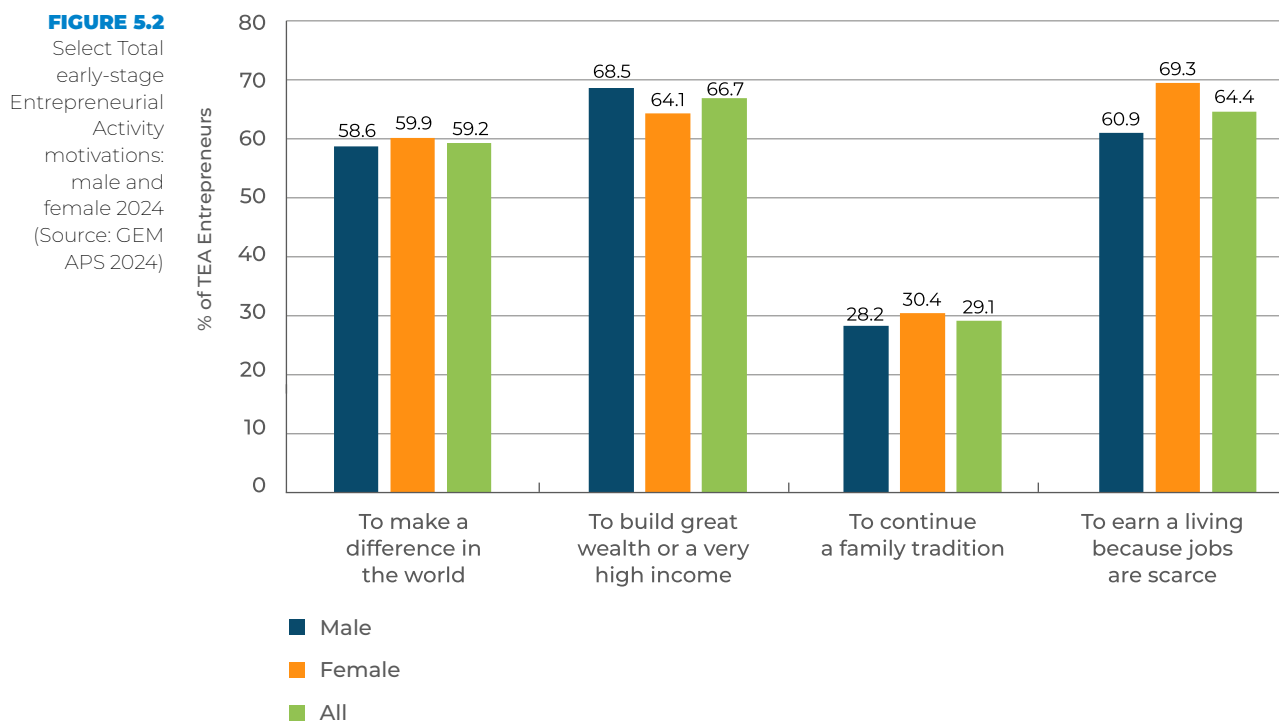
FIGURE 5.1
Select Total
early-stage
Entrepreneurial
Activity motivations
2019–24 (Source:
GEM APS 2019–25)



Within the family business sector, changes in culture and technology can sometimes lead younger family members to launch new spin-out businesses that leverage on the family tradition while simultaneously charting new markets. More generally, continuing a family tradition is often utilised for marketing purposes, even beyond the original family business.

We find further that pro-social motivations have become more important in the 2020s, with almost three-fifths of entrepreneurs now citing ‘making a difference in the world’ as an important driver of their engagement in entrepreneurship. This is not surprising, as sensitivity to social and environmental issues has grown significantly over the last several decades, especially among the younger generations now establishing themselves as leaders in the economy.

Simultaneously, more women are now also highlighting the need to build great wealth or a very high income as an important driver of their engagement in early-stage entrepreneurial activity (Figure 5.2). This may be attributable to changes in society with old gender-based socialisations around female modesty more increasingly getting publicly rejected. Within entrepreneurship, there has been much debate encouraging women entrepreneurs to embrace traditional “male” behaviours and attitudes when pitching or negotiating, for example.¹⁷ Other developments have called for men to be more sensitive to inbuilt gender biases and for society as a whole to start to more intentionally dismantle these old gender-based socialisations and biases.



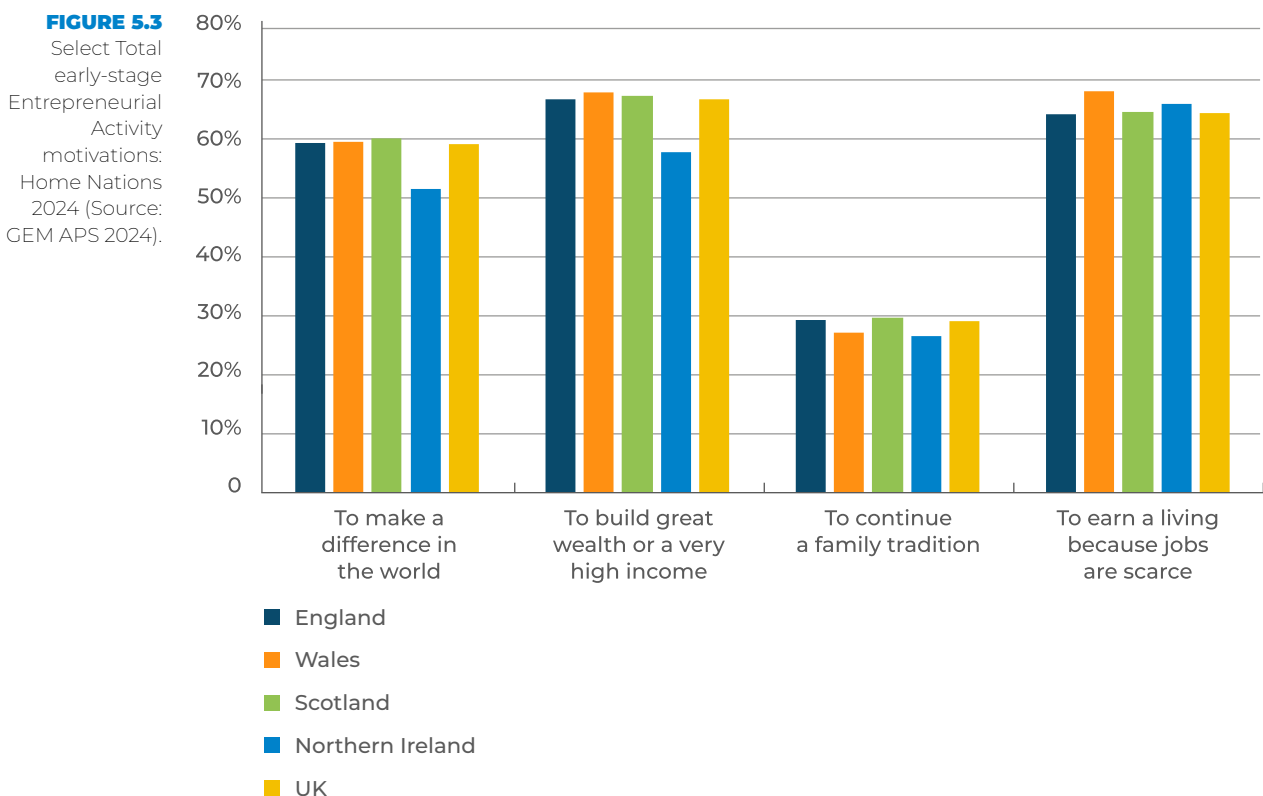
¹⁷ Balachandra, L., Briggs, T., Eddleston, K., & Brush, C. (2019). Don't Pitch Like a Girl!: How Gender Stereotypes Influence Investor Decisions. *Entrepreneurship Theory and Practice*, 43(1), 116-137. doi:10.1177/1042258717728028

It is unclear what exactly could be driving the neutralisation of old gender effects in these entrepreneurial motivations, but it is clear that acquisitive entrepreneurial tendencies are no longer an overwhelmingly male phenomenon just as pro-social entrepreneurial motivations are also not the reserve of women.

There appears to be a clear gender effect in this motivation with more women than men more likely to indicate that they pursued entrepreneurship “to earn a living because jobs are scarce” (Figure 5.3). Research continues to highlight childcare as a major issue impacting women’s economic participation, with many mothers looking to entrepreneurship to help with work–life balance matters when the children are young. In a sense, it is good that some mothers find that entrepreneurship affords them an opportunity to earn a living amid their other household demands. However, the prevalence of this motivation also highlights the need to elevate the debate and policy around childcare support, flexible work, and other related factors that appear to at least in part push

many female, and indeed male entrepreneurs, in the UK into engaging in entrepreneurship because suitable jobs are scarce.

Figure 5.3 presents a breakdown of entrepreneurial motives by Home Nation, expressed as a percentage of early-stage entrepreneurs. As in previous years, entrepreneurs across all Home Nations were far less likely to cite “continuing a family tradition” as a motivation compared to other reasons. The two most common motivations for starting a business were “to earn a living because jobs are scarce” and “to build great wealth or a very high income.” In Wales, just under 70% of early-stage entrepreneurs cited one of these two reasons—higher than the UK averages of 64% and 67%, respectively. Additionally, around three in five entrepreneurs in Wales reported being motivated “to make a difference in the world,” a figure consistent with the UK average. In Northern Ireland early-stage entrepreneurs are less likely to report ‘make a difference in the world’ and “building great wealth” as motivations to start their new business venture.



6. Ethnic and Immigrant Entrepreneurship

6.1 INTRODUCTION

Data from the 2021 census indicates that ethnic diversity in the UK population has been increasing with significant growth noted in categories such as “White Other” and “any other ethnic background”.¹⁸ Beyond ethnicity, diversity in a nation’s population has multiple dimensions, such as nationality, gender, culture, religion, language, knowledge, experience, and their intersectionalities, all of which influence entrepreneurial activity variously.¹⁹ While we examine gender differences in most indicators, we also specifically observe two other demographic characteristics that are important markers of diversity: ethnicity and residency status.

Traditionally, GEM has observed significant ethnicity differences in TEA with total early-stage entrepreneurial activity among the white ethnic population in the UK consistently significantly lower than the non-white population. As many indicators of most aspects of entrepreneurship vary by gender, GEM also examines gender differences in TEA within ethnic groups.

Research establishes that both immigration and in-migration (migration between regions within a country) significantly influence entrepreneurial activity, including by seemingly boosting local entrepreneurship among life-long residents in areas that receive migrants.²⁰ In recent years, patterns of migration in the UK have seen dramatic changes, particularly in the wake of Brexit, changes in wider immigration policy, and the post-Covid resumption of global travel.²¹ GEM thus further analyses diversity in UK is by comparing TEA rates by resident status, based on migrant as compared to life-long UK resident and UK regional migrant status.

¹⁸ <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/population-of-england-and-wales/latest/>

¹⁹ Karlsson, C., J. Rickardsson and J. Wincent (2021). ‘Diversity, innovation and entrepreneurship: where are we and where should we go in future studies?’, *Small Business Economics*, vol. 56(2), pp. 759-772.

²⁰ Levie, J. (2007). ‘Immigration, In-Migration, Ethnicity and Entrepreneurship in the United Kingdom’, *Small Business Economics*, vol. 28(2), pp. 143-169.

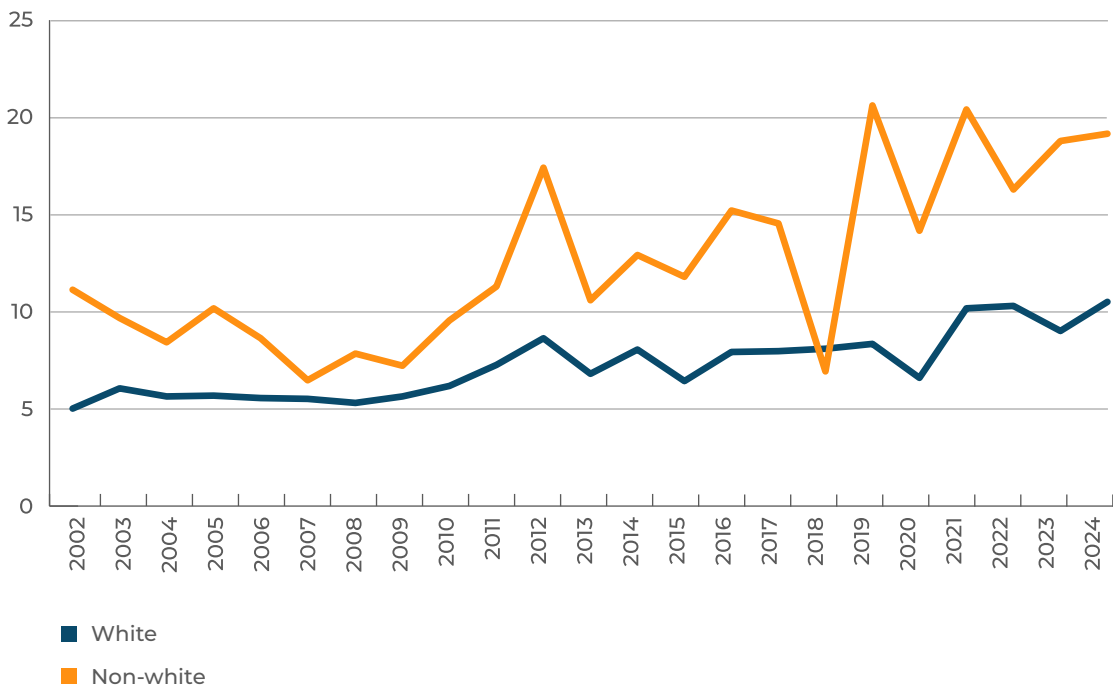
²¹ Struge, G. (2024). *Migration statistics*. House of Commons. Report.

6.2 TRENDS IN ETHNIC MINORITY ENTREPRENEURSHIP

In 2024, we find that the TEA rate for the non-white ethnic population in the UK was nearly double that of the white population, at 19.1% compared to 10.4% respectively. The trends in TEA rates of the white ethnic population and non-white ethnic populations between 2002 and 2024 are shown in Figure 6.1. The TEA rate for the white population has steadily grown over the last two decades, effectively doubling from 5% in 2002 to over 10% in 2024, with notable growth observed following a dip during the pandemic period. In contrast, while it has mostly remained higher, the TEA rate for the non-white population is marked by greater volatility both

year on year and with given episodic events. For example, perhaps linked to the Brexit vote, there was a dramatic drop in TEA from 15.1% in 2016 to 6.9% in 2018, which was then followed by a significant uplift to over 20% in 2019 and then a 6 percentage point drop when the pandemic hit in 2020. In 2024, however, non-white TEA only had a nominal uptick from 18.7% to 19.1% while white TEA grew from 9% to 10.4% which is statistically significant. Further, given the large base of over 33 million white working-age adults in the UK this marks a significant growth in the absolute number of people involved in early-stage entrepreneurial activity in the UK.

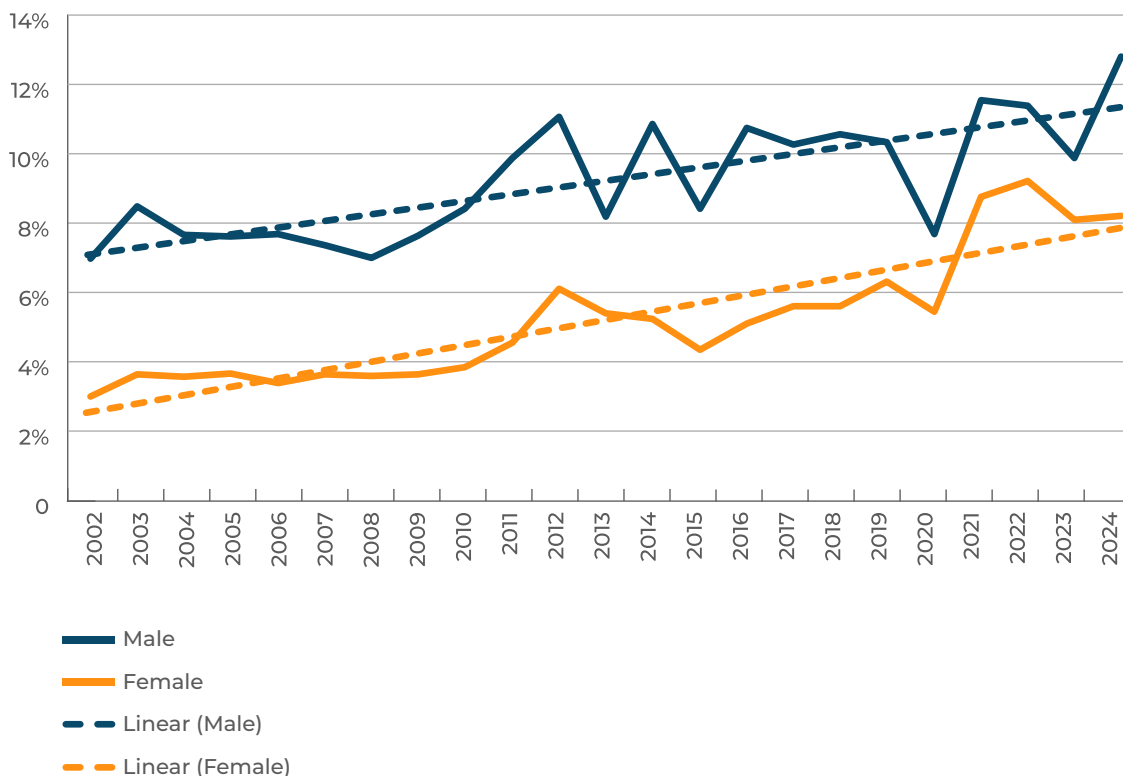
FIGURE 6.1
Total early-stage
Entrepreneurial
Activity rate by
white and
non-white ethnic
status (Source:
GEM UK APS
2002-2024)



When analysing trends of TEA of the white population by gender (Figure 6.2), we observe that while TEA has been growing over the last two decades, there is a significant gender gap over the entire period that has narrowed and widened variously in recent years. In 2020 when white male TEA collapsed significantly during Covid while white female TEA held steady, white females were 71% as likely as males to be early-stage entrepreneurs. In 2023, when TEA saw a drop overall, white female TEA had a lower decrease resulting in a narrowing of the gender gap to 82%. In 2024, however, white female TEA has only seen a small uptick while white

male TEA has grown by almost three percentage points. This has resulted in the gender gap widening again with white women found to be 64% as likely as white men to engaged in early-stage entrepreneurial activity. For context, the white female to white male TEA ratio was only 43% in 2002 and the average ratio over the last 23 years is 56%. Still, that the gender gap has widened sharply in 2024 against a very positive narrowing trend that started in 2020 is noteworthy with the slowdown in white female TEA, while white male TEA saw significant growth a matter of particular interest.

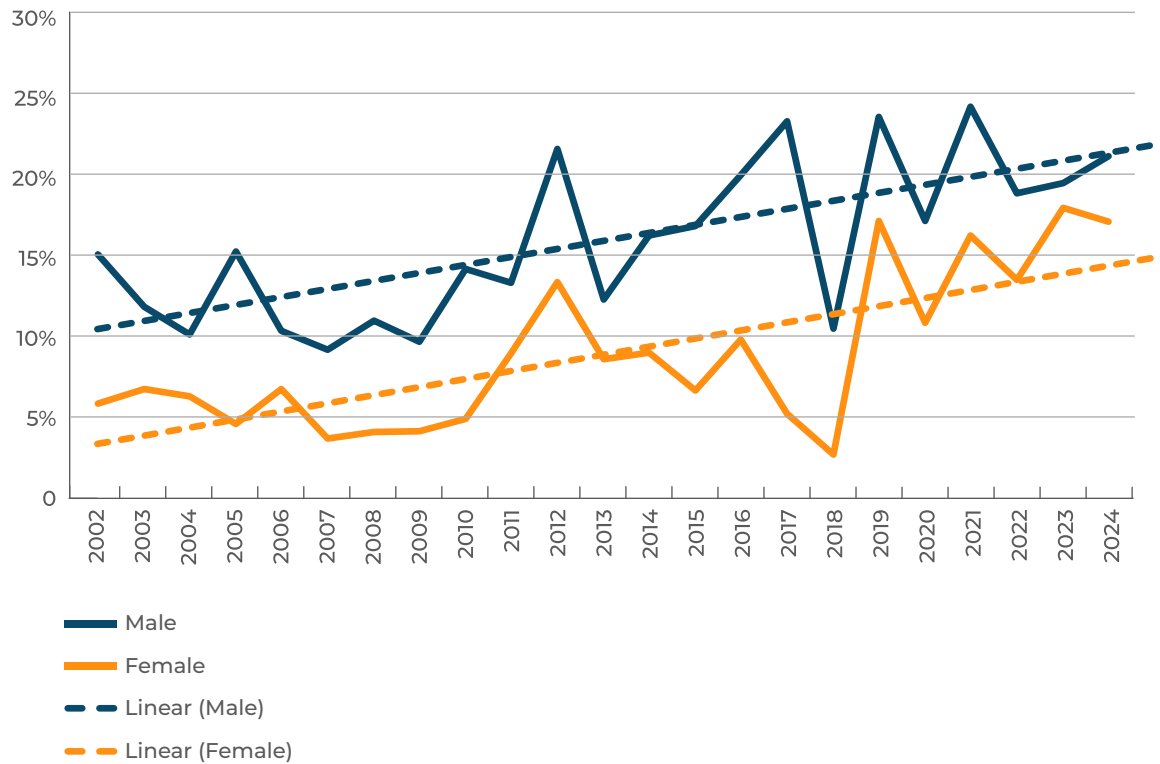
FIGURE 6.2
Total early-stage
Entrepreneurial
Activity rate for
white ethnic
status group by
gender (Source:
GEM UK APS
2002-2024)



Looking at the gender trends for the non-white population (Figure 6.3), we also see a similarly significant gender gap in the linear trend over the last 23 years amid the highly volatile TEA rates for both non-white males and females in that period. In 2023, non-white females were 92% as likely as non-white men to start up a business. In 2024, the non-white female TEA dropped while the male TEA grew and the non-white gender gap has widened to a ratio of 81%.

While this is still narrower than the white gender gap and significantly better than the highest TEA gender gap reported only seven years ago in 2017 when non-white women were only 23% as likely as non-white males to be early-stage entrepreneurs, the decline in non-white female TEA while other groups saw increases in entrepreneurial activity must be noted with concern.

FIGURE 6.3
Total early-stage
Entrepreneurial
Activity rate
for non-white
ethnic status
group by gender
(Source: GEM UK
APS 2002-2024)

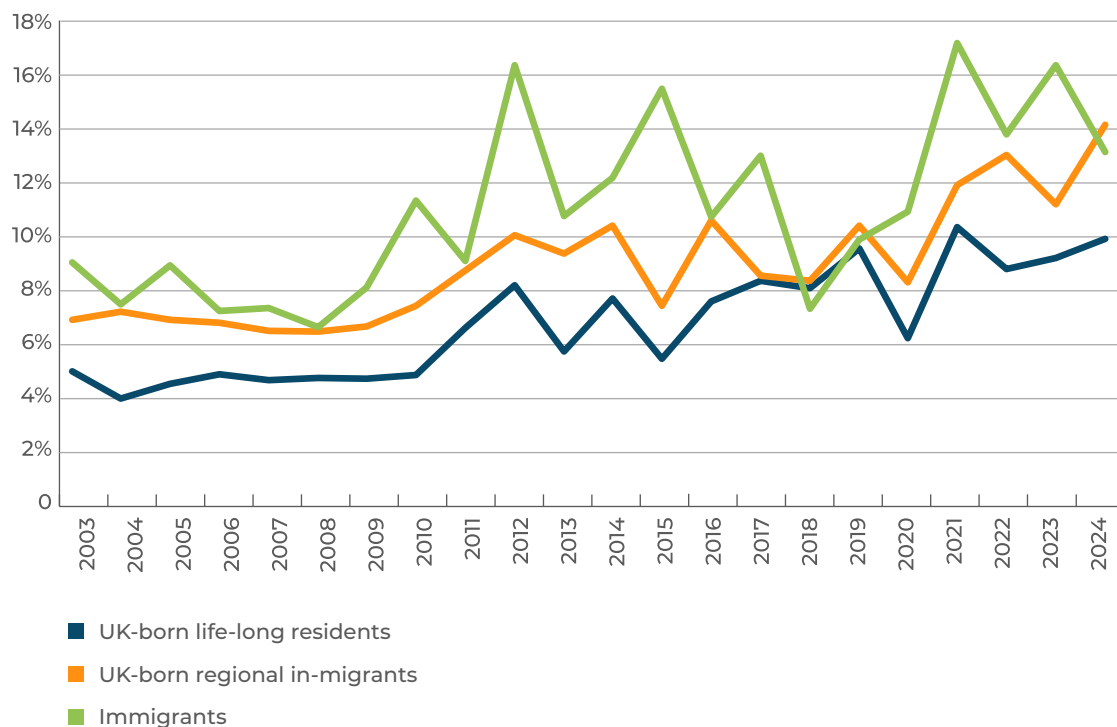


6.3 TRENDS IN IMMIGRANT ENTREPRENEURSHIP

Entrepreneurial activity by resident status between 2003 and 2024 is shown in Figure 6.4. In 2024, UK-born regional in-migrants reported the highest early-stage entrepreneurial activity rate at 14.1%, compared to an immigrant TEA rate of 13%, with UK-born life-long residents returning a TEA rate of 9.8%. Generally, immigrant TEA is highly volatile, even as it has historically remained higher than the TEA rate observed among UK life-long residents. However, in 2024, immigrant TEA saw a significant drop from 16.3% to 13% while both UK-born life-long residents and in-migrants saw growth in TEA.

Immigration has always been a hot topic in the public discourse in the UK, especially around the election cycle. This has resulted in policy changes to reduce net-migration being enacted as a matter of priority for the new govern. Recent official statistics suggest two dynamics that might have had a direct implication on immigrant TEA in 2024. First, due to increasingly strict visa restrictions, there have been vastly fewer migrants coming to the UK for work, study or as dependants. Second, immigration data further indicates that long-term migrants, particularly past international students, have been emigrating at a higher rate since 2022.²² Both of these dynamics suggest a reduction in both the total pool of immigrants and in the subset of highly skilled immigrants that are likely to be more entrepreneurial. Additionally, among the immigrant population, uncertainty about further changes to immigration policy might dampen the motivation and commitment required to start a business.

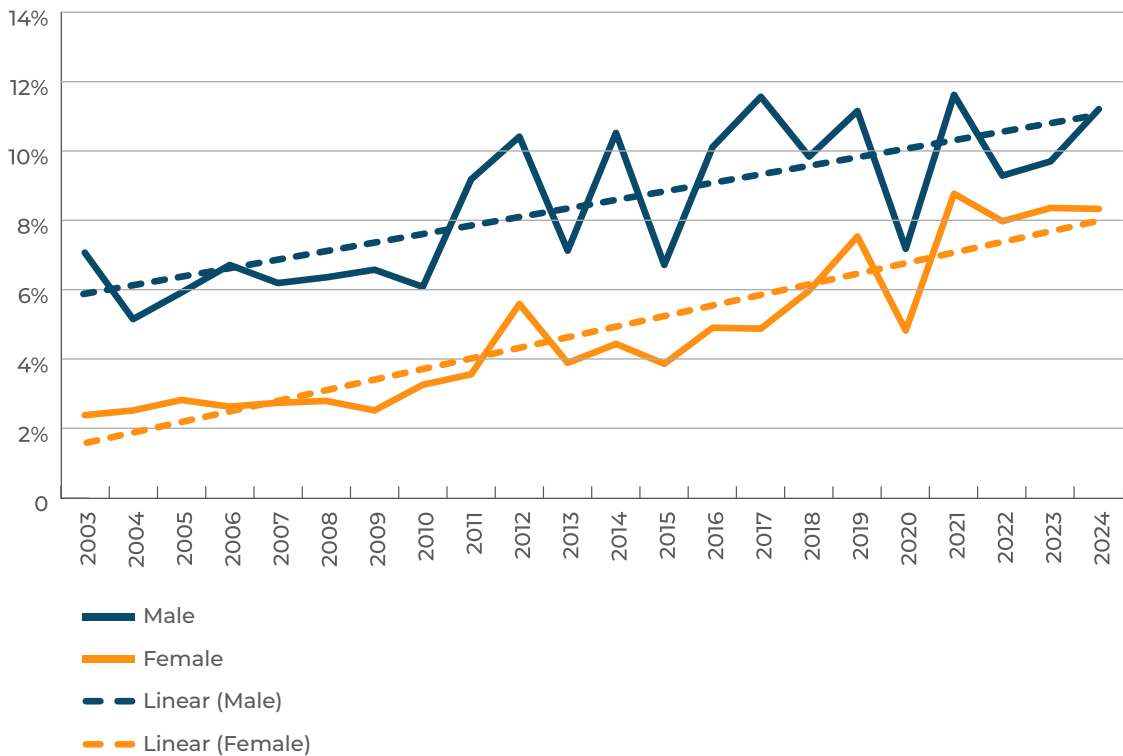
FIGURE 6.4
Total early-stage
Entrepreneurial
Activity rate by
migrant status
(Source: GEM UK
APS 2003-2024)



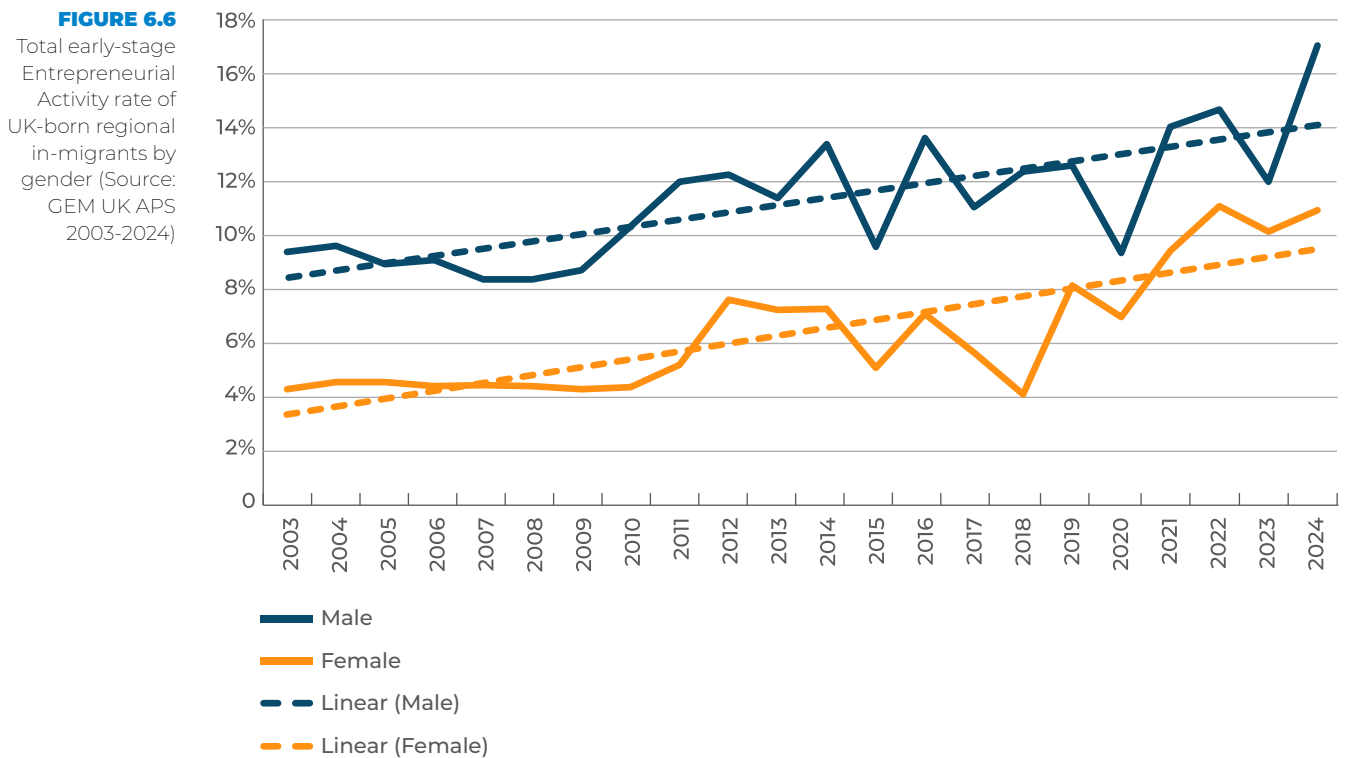
²² <https://blog.ons.gov.uk/2025/05/22/taking-a-look-at-what-is-driving-the-fall-in-net-migration/>

Looking at gender differences in TEA rates among life-long UK residents (Figure 6.5), the linearised long-term trend suggests a slight narrowing of the gap. However, in 2024, the female to male ratio reduced to 74% from 86% in 2023, as a result of both a drop in female TEA and an increase in male TEA among UK-born life-long residents. Recall that while migrant status does not overlap with ethnicity, as there will be life-long residents of a minority ethnic background, as well as white migrants. As earlier reported, the overall white female TEA saw a small uptick in 2024, while we here observe female TEA within life-long residents reducing in the same period. This suggests that both white and non-white female life-long residents had lower entrepreneurial activity in 2024.

FIGURE 6.5
Total early-stage
Entrepreneurial
Activity rate of
UK-born life-long
residents by
gender (Source:
GEM UK APS
2003-2024)



In contrast, as Figure 6.6 shows, female UK-born regional in-migrants had a growth in TEA that virtually matched their 2022 peak of 11%. Indeed, in the post-pandemic years, female in-migrants have returned a TEA rate that matches or surpasses that of male UK-born life-long residents. This suggests that female in-migrants are associated with certain unique drivers of entrepreneurial activity that appear to off-set the advantage local males might have in early-stage entrepreneurial activity rates. This apparent in-migrant dividend however also equally applies to male in-migrants. The result is a consistent gender gap within the in-migrant group even as in-migrants as a whole consistently outperform UK-born life-long residents.

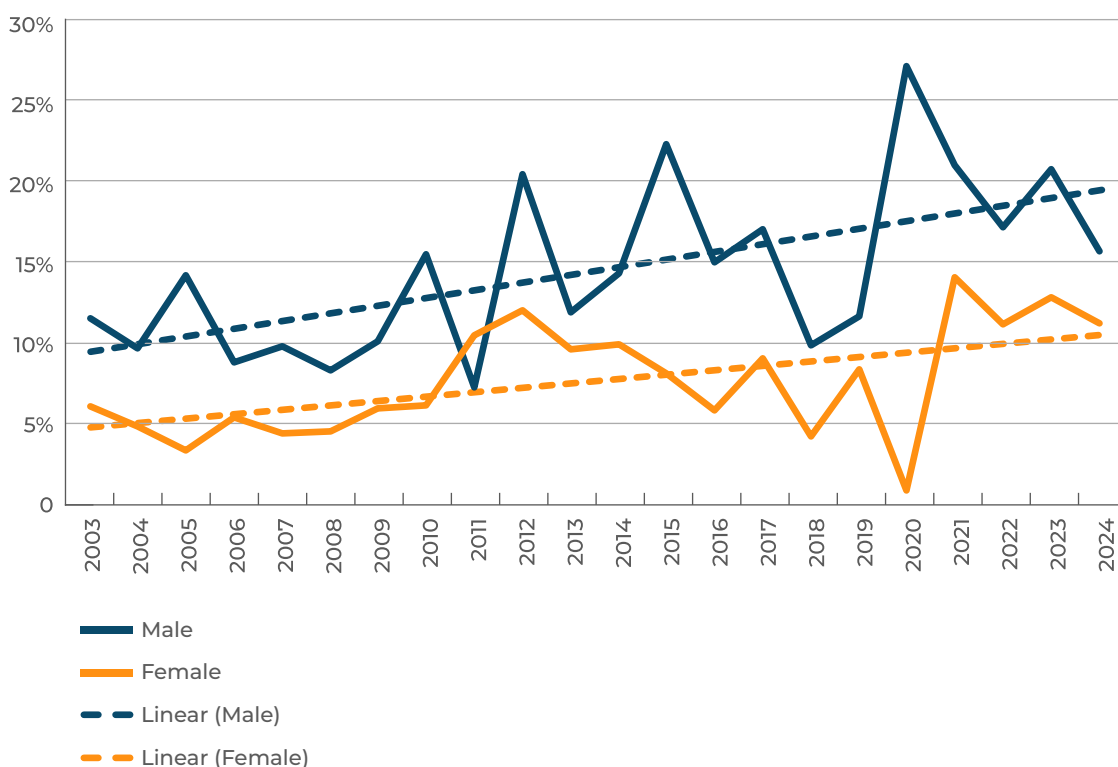


Overall, foreign-born migrants appear to have the highest early-stage entrepreneurial activity rates. As seen above, however, this did not hold in 2024 with immigrant TEA falling slightly below in-migrant TEA. This fall was largely driven by male immigrant TEA that saw a sharper drop from 21% to just under 16% while the female immigrant TEA reduced by under two percentage points from 12.8% in 2023 to 11.2% in 2024. This notwithstanding, Figure 6.7 suggests that contrary to the dynamic observed among other migrant categories, the general linearised long-term trend is that the gender gap in TEA among immigrants is widening, not narrowing.

While immigrant TEA is generally highly volatile, female immigrant TEA appears to have suffered a series of dips since the Brexit vote with recovery from these more modest than the sharper rises in TEA seen among immigrant males. The gender

gap among migrants can be attributed to labour market dynamics with migrant workforce highly prevalent in administrative services, hospitality, and health and care roles that are likely to have more female workers. In addition, research finds that compared to UK-born women, for cultural reasons, migrant women from Middle Eastern, North African, Central Asian and South Asian countries are less likely than to be in employment or self-employment with looking after the family home cited as a primary reason for their status. In contrast, migrant men have higher rates of employment (including self-employment) compared to UK-born men.²³ Despite this complex gender gap, female immigrant TEA is yet significantly higher than TEA among male and female UK-born life-long residents and female in-migrants, and on occasion will match or surpass the male in-migrant TEA, for example in 2021 and 2023 respectively.

FIGURE 6.7
Total early-stage
Entrepreneurial
Activity rate of
immigrants by
gender (Source:
GEM UK APS
2003-2024)



²³ <https://migrationobservatory.ox.ac.uk/resources/briefings/migrants-in-the-uk-labour-market-an-overview/>

7. UK's Entrepreneurial Ecosystem

7.1. ENTREPRENEURIAL ENVIRONMENT IN THE UK

In 2020, the overall quality of the UK's entrepreneurial environment was rated as just satisfactory, with a score of 5.0 (Figure 7.1). Since then, the score has declined by 10% over four years, decreasing slightly each year to reach 4.5 in 2024. This places the United Kingdom 29th out of 56 economies for the quality of its entrepreneurship ecosystem (Figure 7.2).

Since the pandemic, the United Kingdom has joined a growing group of high-income economies whose assessed overall entrepreneurial environment has slipped

from sufficient to less than sufficient. In 2024, there were declines in eight of the 13 EFCs. While most of these changes were small, their combined effect led to an overall reduction.

The UK's 2024 NECI score of 4.5 is below both the average score of all participating countries (4.72) and the OECD average (4.74). It is also slightly lower than in benchmark countries such as France (4.82), Germany (4.65) and the USA (5.07). The United Arab Emirates (7.12), Lithuania (6.42) and Taiwan (6.3) are leading the ranking in 2024.

FIGURE 7.1
Dynamic
of NECI in
2018-2024
(Source: GEM
UK National
Expert Surveys
2018- 2024)

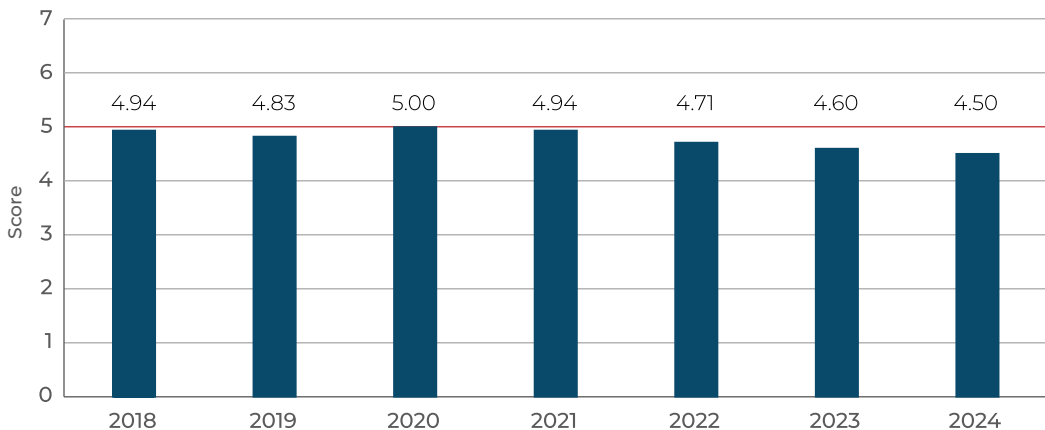
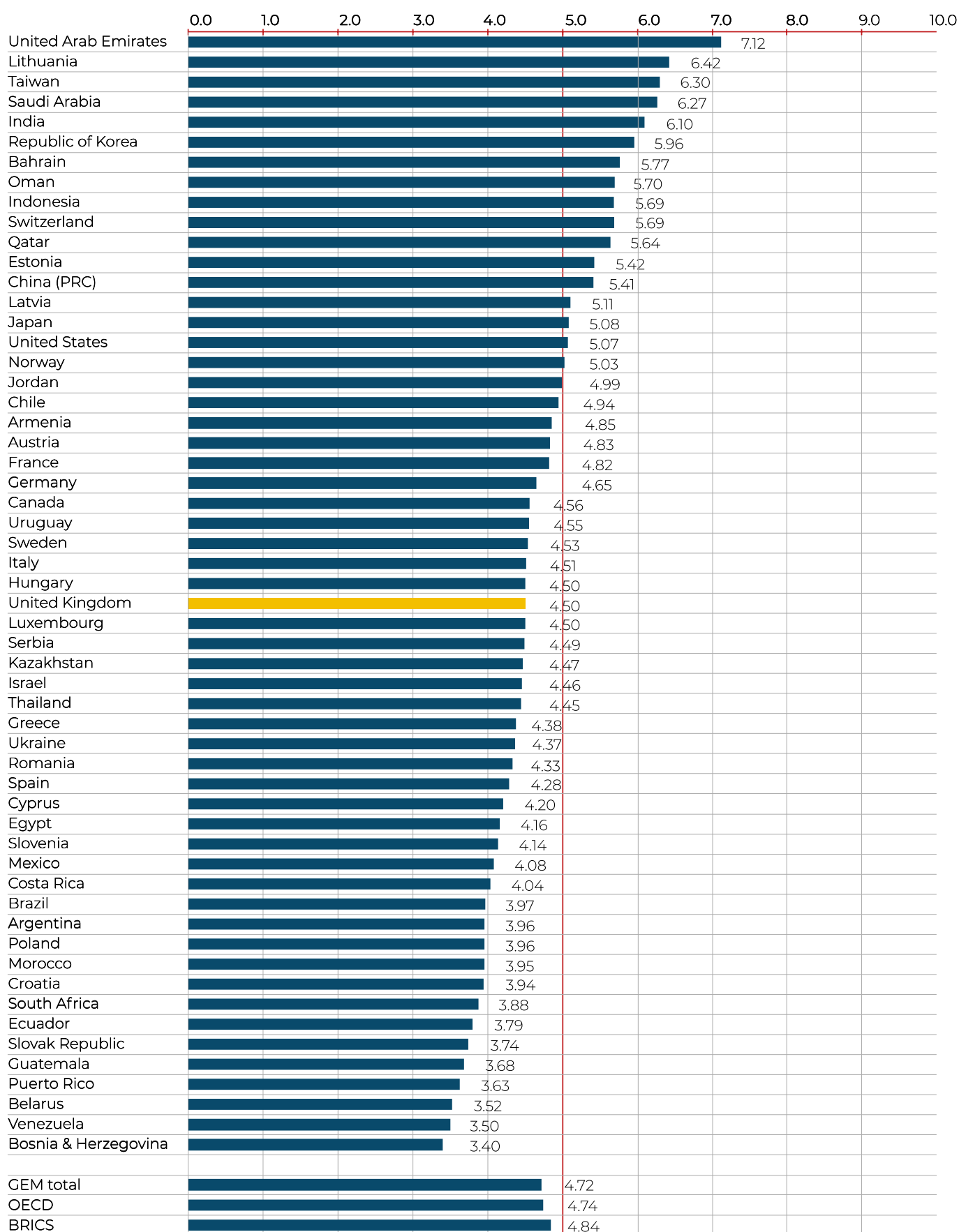


FIGURE 7.2 National Entrepreneurship Context Index (NECI) in 2024, (Source: GEM Global NES 2024)



Entrepreneurial Framework Conditions (EFCs) and National Entrepreneurship Context Index (NECI) – a toolbox to assess the quality of entrepreneurial environment

The context, or entrepreneurial environment, which encompasses a wide range of economic, political, institutional, financial and social conditions may influence individual decision to start a business. That context may be supportive – and encourage the decision to become an entrepreneur and facilitate the progression from a start-up towards established business – or, on the contrary, may be discouraging and burdensome. The context for entrepreneurship also evolves over time and may be dramatically impacted by national and global events and societal challenges, it can also reflect government priorities and spending.

GEM created a specific tool to assess an economy's entrepreneurial ecosystem against nine *Entrepreneurship Framework Conditions* (EFCs). These are based on more than twenty years of research and experience.²⁴ Each condition is multidimensional and is not directly observed, i.e. a latent variable. To create a quantifiable measure

of EFCs, GEM uses scales development methodology and seeks out expert views on the state of entrepreneurial eco-system by carrying out GEM *National Expert Survey* (NES). At least 36 experts in each country, carefully selected according to their knowledge and experience, participate in the NES each year. Each of the nine framework conditions is derived from the responses of the experts to 5-8 questions and calculated by the application of a Principal Component Analysis. Four of the EFCs (Entrepreneurial finance,²⁵ Government policy, Entrepreneurship education and Ease of entry) were further split into two subsets bringing the overall number of EFCs to thirteen.²⁶

In order to provide an overall view of how favourable an environment is for entrepreneurial activity across countries, GEM introduced the National Entrepreneurship Context Index (NECI)²⁷ in 2018. It is a composite index which represents the arithmetic average of EFCs.

A1. Entrepreneurial Finance: there are sufficient funds for new start-ups
A2. Ease of Access to Entrepreneurial Finance: and those funds are easy to access
B1. Government Policy: Support and Relevance: policies promote and support start-ups
B2. Government Policy: Taxes and Bureaucracy: new businesses are not over-burdened
C. Government Entrepreneurial Programmes: quality support programmes are widely available
D1. Entrepreneurial Education at School: schools introduce entrepreneurial ideas
D2. Entrepreneurial Education Post-School: colleges offer courses in how to start a business
E. Research and Development Transfers: research is easily transferred into new businesses
F. Commercial and Professional Infrastructure: quality services are available and affordable
G1. Ease of Entry: Market Dynamics: markets are free, open and growing
G2. Ease of Entry: Burdens and Regulation: regulations encourage not restrict entry
H. Physical Infrastructure: good quality, available and affordable
I. Social and Cultural Norms: encourage and celebrate entrepreneurship

TABLE 7.1
National Entrepreneurship Framework Conditions (EFCs)
(Source: GEM (Global Entrepreneurship Monitor) (2024), p. 106)

²⁴ GEM (Global Entrepreneurship Monitor) (2023). *Global Entrepreneurship Monitor 2022/2023 Global Report: Adapting to a "New Normal"*. London: GEM.

²⁵ In 2021, the NES introduced a new dimension related to the ease of accessing funds for entrepreneurship along with traditional entrepreneurial finance dimension focusing on sufficiency of funds. This brings the overall number of constructs describing national entrepreneurship context to thirteen.

²⁶ Each of the thirteen blocks is assessed to satisfy internal consistency and reliability conditions.

²⁷ See, Bosma et al. (2020) for details.

7.2 ENTREPRENEURIAL FRAMEWORK CONDITIONS IN THE UK, 2018-2024

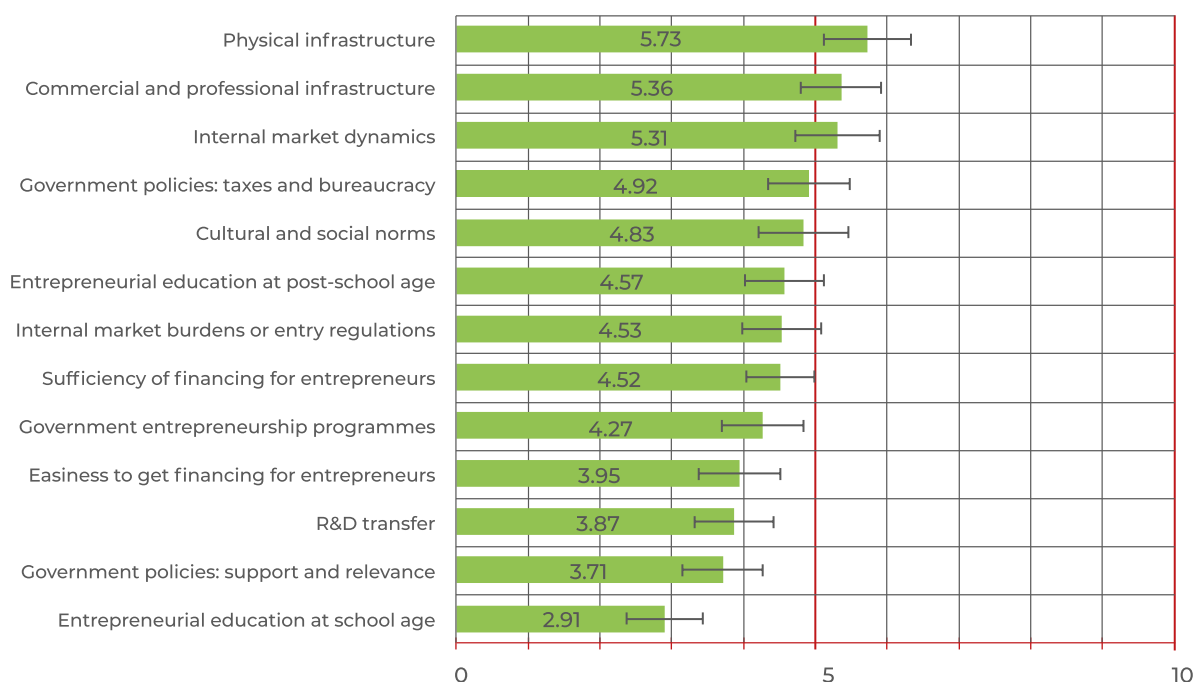
Scores for each framework condition are evaluated on a scale from 0 to 10, with **5.0 representing a key threshold**. EFC scores below 5.0 are considered by experts to indicate inadequate or insufficient conditions to support entrepreneurial activity, while scores of 5.0 or above are regarded as adequate, albeit with variation in strength. In 2024, most of the UK's EFCs fell within this middle range, with scores between 4.0 and 6.0, and **only three out of thirteen EFCs scoring 5.0 or higher**.

Figure 7.3 presents a more detailed picture by reporting the values and 95% confidence intervals for each of the thirteen pillars describing the entrepreneurial context. Among

these pillars, only **one has a value statistically significantly higher than 5** (out of 10), meaning that, according to the national experts surveyed, **Physical infrastructure (5.73)** is in a sufficient state to support entrepreneurial activity. On the contrary, **six conditions – entrepreneurial education at school age (2.91), government policies: support and relevance (3.71), R&D transfer (3.87), easiness to get financing for entrepreneurs (3.95), government entrepreneurship programmes (4.27), and sufficiency of financing for entrepreneurs (4.28)** – may be considered insufficient with 95% confidence, indicating that these are areas in need of significant improvement.

FIGURE 7.3
Entrepreneurial Framework Conditions in the UK in 2024
(Source: GEM UK National Expert Survey 2024)

Note: EFCs scale: 0 = very inadequate, insufficient status; 10 = very adequate, sufficient status; black bars represent the 95% confidence intervals



Although the EFC scores are based on a rigorous methodology, the sample size does not allow the margin of error to be reduced enough to compare EFCs with values close to 5 with sufficient confidence. Nevertheless, two other pillars – commercial and professional infrastructure (5.36), and internal market dynamics (5.31) – scored above five. These were followed by government policies: taxes and bureaucracy (4.92), cultural and social norms (4.83), entrepreneurial education at post-school age (4.57), and internal market burdens or entry regulations (4.53). However, these figures are not significantly different from the threshold of 5.

Compared to 2023, **eight out of thirteen EFCs were downgraded**, with the remaining five either improving marginally or remaining stable. For the **third year in a row, sufficiency of financing for entrepreneurs was rated below 5.0**, indicating insufficiency, with the score decreasing further from **4.83 to 4.52**. Ease to get financing for entrepreneurs also decreased slightly from **4.05 to 3.95**.

Government policies related to taxes and bureaucracy decreased from 5.15 to 4.92, falling below the sufficiency threshold.

On a more positive note, government policies regarding support and relevance increased slightly from 3.66 to 3.71, and government entrepreneurship programmes improved from 4.10 to 4.27, although both remain below sufficiency levels.

Entrepreneurial education at school age continued its decline, falling from **3.01 to 2.91**, while **entrepreneurial education at post-school age** remained stable at **4.57**.

For the **internal market conditions, internal market burdens or entry regulations** decreased from **4.69 to 4.53**, remaining below the sufficiency threshold. **Internal market dynamics**, although slightly declining from **5.53 to 5.31**, continues to remain above sufficiency.

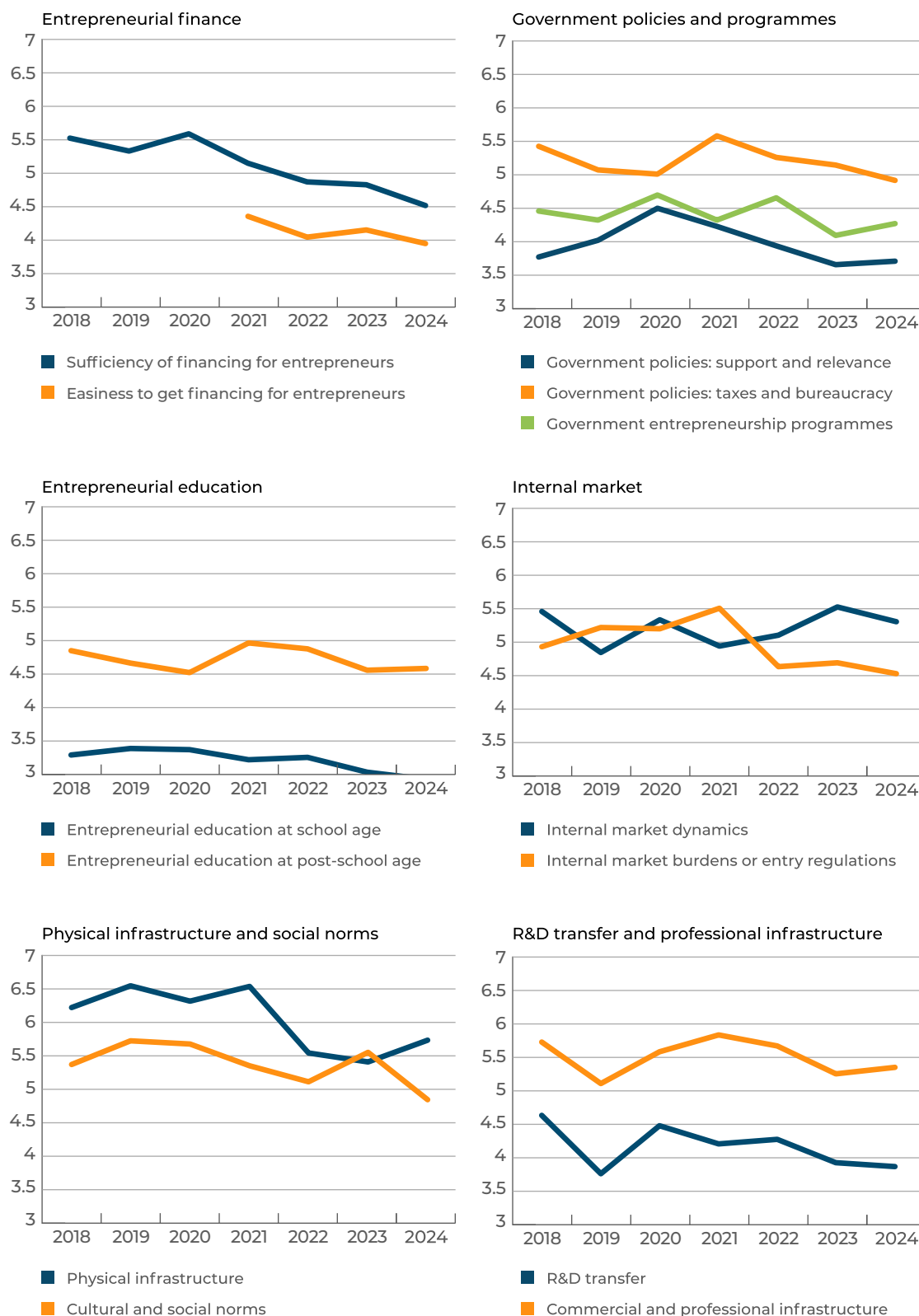
Regarding **R&D transfer**, there was a slight decrease from **3.93 to 3.87**, keeping it well below adequacy levels. **Commercial and professional infrastructure** also saw a minor decline, from **5.40 to 5.36**, staying just above the sufficiency threshold.

Finally, **physical infrastructure** improved significantly, increasing from **5.40 to 5.73**, while **cultural and social norms** experienced a notable decrease from **5.54 to 4.83**, dropping below sufficiency levels.

Figure 7.2 shows the dynamics of EFCs in the UK over the last six years, from 2018 to 2024. EFC scores have remained relatively stable over the period, with no evidence of long-term improvement. On the contrary, a worrying tendency for weakening is evident over the last three years, particularly in entrepreneurial finance, government policies related to support and relevance, and entrepreneurial education at school age.

FIGURE 7.4

Dynamic of EFCs
in 2018-2024
(Source: GEM UK
National Expert
Surveys 2018-2024)



7.3 COMPARING UK WITH BENCHMARK COUNTRIES

EFCs and NECI are based on experts' perceptions of the entrepreneurial conditions within a particular economy and in a particular moment of time. Any cross-country analysis should be performed with caution. Entrepreneurial activity, deeply rooted in cultural traditions and norms, can persist despite difficult conditions and, on the contrary, can be lagging despite a relatively favourable setting. However, these metrics provide a useful benchmarking tool to capture the strengths and the weaknesses of the national entrepreneurial context by comparing it with other countries. This exercise may provide guidance on the possible directions of improvement to better support and stimulate thriving entrepreneurial activity.

In 2024, the UK framework conditions again mirror those of the US relatively closely (Figure 7.5a). For **three pillars, scores are higher in the UK** – entrepreneurial education at school age, internal market burdens or entry regulations, and government policies: taxes and bureaucracy – while for the **remaining ten pillars, scores are lower** compared to the US. However, these differences are **statistically significant only for cultural and social norms**, where the UK score is significantly lower.

FIGURE 7.5a

EFCs in the UK and the US in 2024 (Source: GEM NES 2024)

Note: EFCs scale: 0 = very inadequate, insufficient status; 10 = very adequate, sufficient status.



Compared to France (Figure 7.5b) and Germany (Figure 7.5c) the UK framework conditions in 2024 continue to show **statistically significantly less favourable scores** for **government entrepreneurship programmes** (4.27 in the UK vs **5.90 in France** and **6.36 in Germany**). **Government policies for support and relevance** also received lower scores in the UK (3.71) than in France (5.15), with this difference being statistically significant, while the difference with Germany (4.03) is not significant. The score for government

policies: taxes and bureaucracy in the UK was 4.92, slightly higher than in France (4.59) and Germany (4.04). However, these differences are not statistically significant, indicating broadly similar perceptions of tax and bureaucracy burdens across these three countries.

The ease of getting finance for entrepreneurs in the UK was rated 3.95, which is lower than both France (5.14) and Germany (4.49). However, the difference is statistically significant only compared to France.

FIGURE 7.5b

EFCs in the UK and France in 2024

(Source: GEM NES 2024)

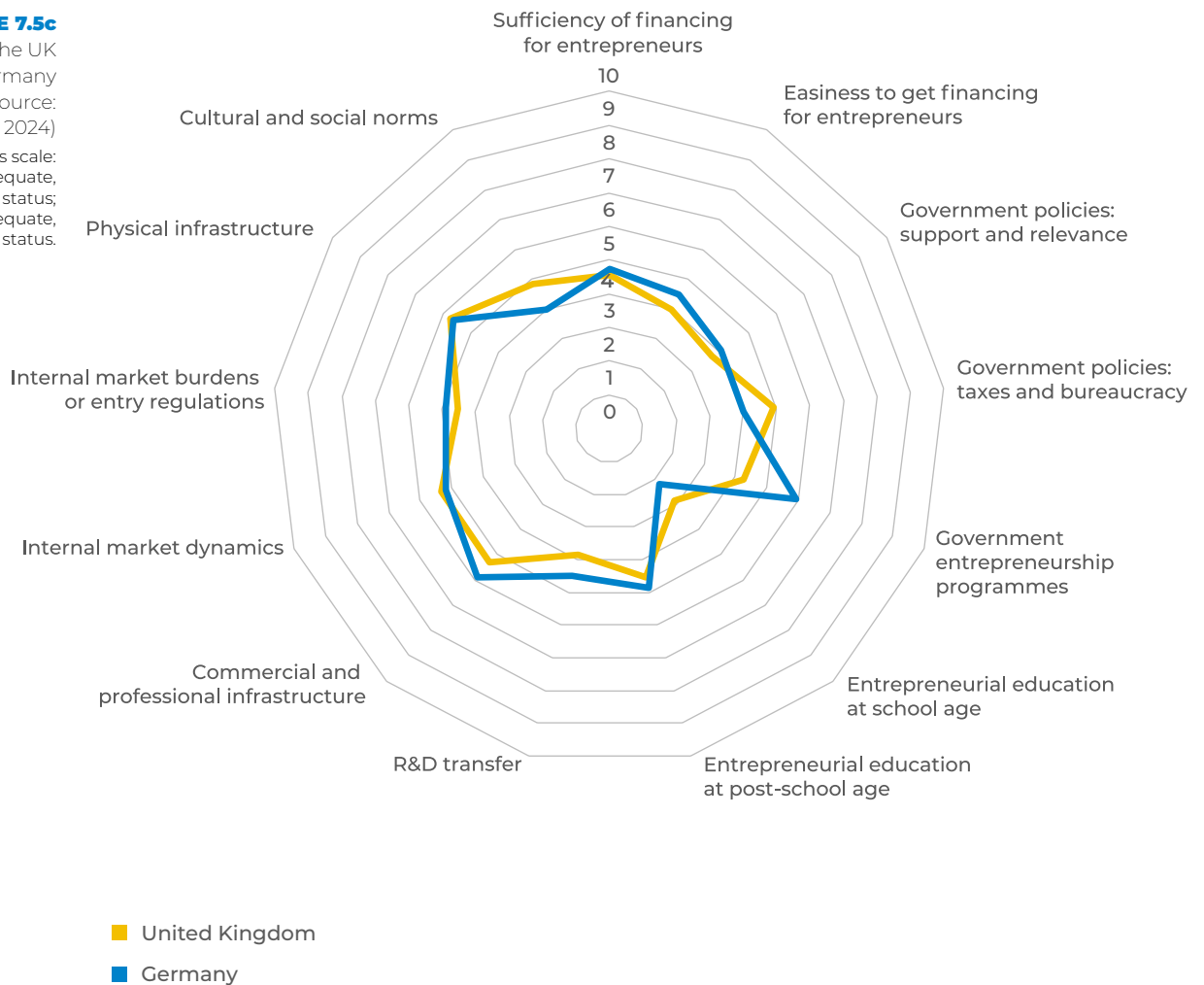
Note: EFCs scale: 0 = very inadequate, insufficient status; 10 = very adequate, sufficient status.



The entrepreneurial education at school age is rated higher in the UK (2.91) compared to France (2.06) and Germany (2.25). The internal market dynamics score is also higher in the UK (5.31) than in France (4.74) and Germany (5.20). Finally, cultural and social norms in the UK (4.83) are rated higher than in Germany (3.97), a statistically significant difference, but lower than in France (5.51). However, these differences are not statistically significant.

FIGURE 7.5c
EFCs in the UK
and Germany
in 2024 (Source:
GEM NES 2024)

Note: EFCs scale:
0 = very inadequate,
insufficient status;
10 = very adequate,
sufficient status.



7.4 SDGS AND WOMEN'S ENTREPRENEURSHIP

Additionally, in 2024 NES included blocks of special questions on the level of advancement in pursuit of the United Nations Sustainable Development Goals (SDGs) (Table 7.2).

Regarding the pursuit of SDGs, experts are fairly positive. In the UK, three out of five dimensions received scores higher than 5.0. Perceived social contribution and social responsibility of UK firms shows the highest score (5.77), followed by firms' environmental practices (5.39) and cultural norms for sustainability (5.6). Diversity, economic opportunities, and performance received a score just below sufficiency (4.79), while government policy: business sustainability had the lowest score (4.26).

TABLE 7.2
Assessing SDGs
(Source: GEM NES
UK 2024)

SDGS. Social contribution and social responsibility:
firms prioritise social contribution and introduce social responsibility principles
SDGE. Equality, economic opportunities, and performance:
same economic opportunities are available to minority groups, investors are satisfied with economic performances, firms see paying taxes as part of their social responsibility
SDGN. Firms' environmental practices:
firms prioritise environmentally conscious practices and energy efficiency
SDGC. Cultural norms: sustainability:
policies and regulations to support sustainability-focused start-ups and firms
SDGC. Government policy: business sustainability:
policies and regulations to support sustainability-focused start-ups and firms

Government policies and regulations to support sustainability-focused start-ups and firms through grants, special rights or tax cuts have received the lowest score in the UK (4.26) compared to the benchmark countries (Figure 7.6), with this difference being statistically significant compared to France (6.32). There is no statistically significant difference for the other dimensions when comparing the UK to the three benchmark countries – the US, France, and Germany – indicating broadly similar expert assessments across these countries in these areas.

National experts were asked to evaluate the level of support available to women entrepreneurs and to assess women's relative access to entrepreneurial resources compared to men. The level of support for women's entrepreneurship in the UK was evaluated as inadequate and remains notably low, with a score of 2.61 (Figure 7.7), which is below that of the US (2.82), France (3.76) and Germany (3.51). In contrast, the accessibility of resources for women entrepreneurs in the UK is relatively strong, with a score of 6.12, comparable to the US (6.39) and higher than France (5.51) and Germany (5.21).

FIGURE 7.6
SDGs in the UK
and benchmark
economies
(Source: GEM
NES 2024)

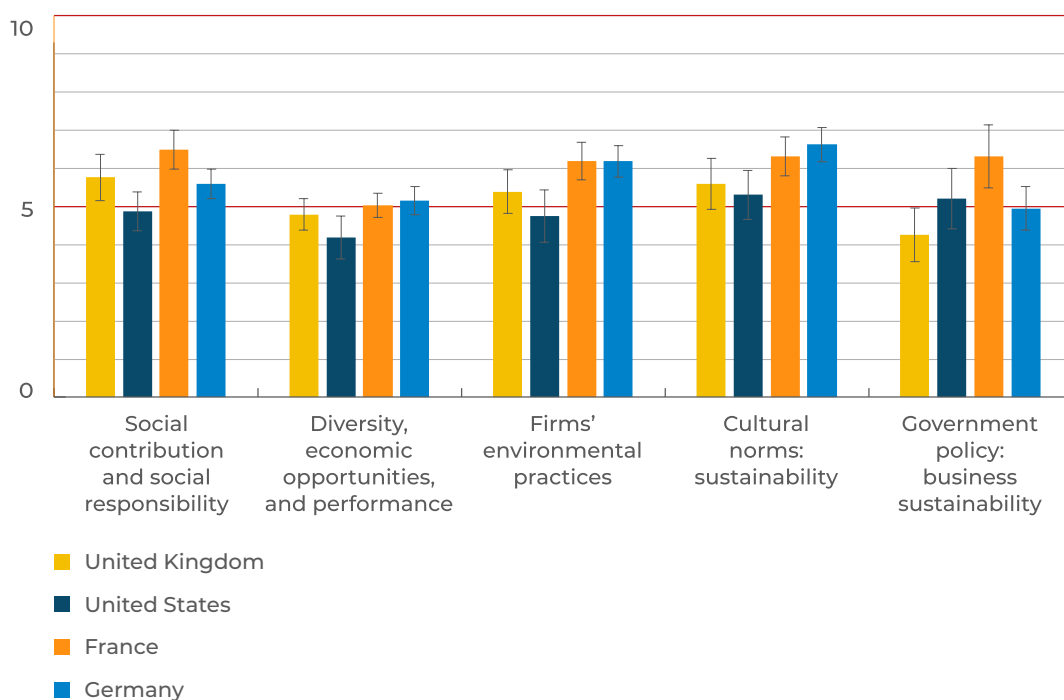
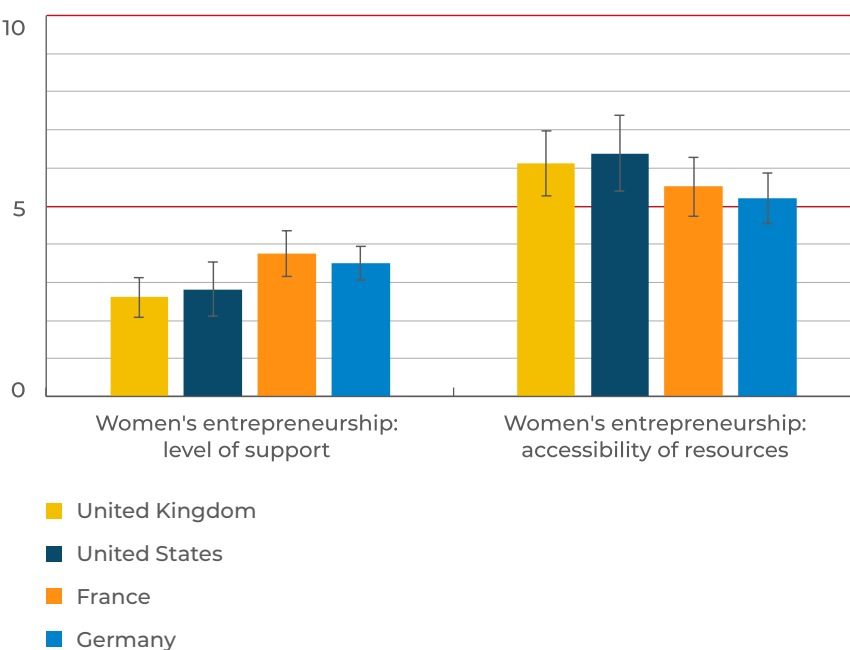


FIGURE 7.7
Women's
entrepreneurship
(Source: GEM
NES 2024)



8. CONCLUSION

In the UK in 2024, over one-third (36%) of working age individuals were either engaged in entrepreneurial activity or intended to start a business within the next three years – the highest proportion since 1999. Also, this has been increasing rapidly since 2018 against the background of the pandemic and economic uncertainty on a number of fronts. Participation in the stages of entrepreneurship in 2024 revealed that 9.8%% were engaged in established business ownership, 4.9% in new business ownership, 6.7% in nascent entrepreneurship and 14.8% intending to start a business within the next 3 years.

Immigrant and ethnic minorities are consistently the most entrepreneurial groups in UK society since the start of the new millennium. Immigration policy needs an urgent reset to ensure we can return to a society that welcomes individuals to enhance our entrepreneurial stock. Nothing seems to have changed under the new Labour Government in the last 12 months.

As reported in recent GEM reports, the remarkable increase in the level of early-stage entrepreneurial activity by women in the UK since 2002 continues apace from just over 3.5% to 10% – a three-fold increase – which accelerated after the pandemic. Yet, as our NES experts reveal, the level of support for women's entrepreneurship in the UK in 2024 was evaluated as inadequate and remains notably low, which is below that of the US, France and Germany. In contrast, the accessibility of resources for women entrepreneurs in the UK

is assessed as relatively strong by our experts which was comparable to the US and higher than France and Germany. However, significant problems with regard to access to equity finance for women-led businesses remain stubbornly resilient to solutions.

A significant amount of enterprise support has been directed at young people for many decades in the UK. The evidence would indicate that these initiatives would seem at face value to be working as the trends in the early-stage entrepreneurial activity rate for 18-29 year olds, which were stable at around 5% for the decade until the GFC, then began to rise and more than trebling to 16% in 2024. Overall, since 2019 there has been a significant shift in the age distribution of all early-stage entrepreneurs in the UK from their early 40's to early 30's reflecting, as Youth Business International (YBI) state²⁸, “...an acknowledged generation of thriving youth-led responsible businesses having a positive impact on their community and country through decent job creation, innovative services and wealth creation”.

Artificial intelligence (AI) is increasingly recognised as a transformative force in entrepreneurship, offering new ways to create value, streamline operations and reimagine business models, reshaping how new ventures are conceived, developed and scaled. For entrepreneurs, AI provides tools that can enhance decision-making, personalise customer experiences and unlock opportunities that were previously out of reach for smaller firms.

²⁸ <https://youthbusiness.org/wp-content/uploads/2024/06/YBI-2023-25-Strategy.pdf>

AI was GEM Global's special topic in 2024 and the results for the UK show that growth-oriented entrepreneurs, those who expect to generate significant employment, are substantially more optimistic about the transformative benefits of AI across multiple business areas. This contrasts with the more cautious outlook of the general TEA population, where although the majority also anticipate positive impacts, the intensity of expectation is notably lower. The evidence therefore points to a strong association between entrepreneurial ambition and confidence in AI's potential to drive innovation, productivity and growth.

The entrepreneurial ecosystem in the UK remains weak in a number of the of the entrepreneurial framework conditions, most notably in the availability of sufficient entrepreneurial finance, government policies in relation to business support, and physical infrastructure. Which leads us to the publication in July 2025 of the Government's "*Backing your business: our plan for SMEs*" which seeks to address these weaknesses and ensure the UK becomes the best place to not only start a business but to scale them as well.²⁹ With its emphasis on addressing late payments, leadership skills, innovation, digital transformation and a sustainable route to net zero the agenda is to be welcomed. Implementation will be the key and the associated Business Growth Service and the local Growth Hubs in England will have a key role to play.

As recently argued, "*Perhaps we will get to a point not in the too-distant future when the UK can transform its impressive record for launching start-ups into longer term success stories – enabling small businesses to survive, thrive, and grow*".³⁰ GEM UK data provides clear evidence of a quarter of century of progress on the number of start-ups and the individuals behind them, but clearly continues to point to weaknesses in the entrepreneurial ecosystem that are holding back the growth ambitions of many small business leaders.

²⁹ <https://www.gov.uk/government/publications/backing-your-business-our-plan-for-small-and-medium-sized-businesses>

³⁰ Hart, M; Belt, V and Mole, K (2025) Will the Government's Small Business Plan deliver for SMEs? <https://www.wbs.ac.uk/news/core-will-government-small-business-plan-deliver/>

Appendix 1:

GEM Global Methodology

From the Annual Population Survey, we examine individual entrepreneurs at three key stages:

- **Nascent entrepreneurs (NAE):** The stage at which individuals begin to commit resources, such as time or money, to starting a business. To qualify as a nascent entrepreneur, the business must not have been paying wages for more than three months.
- **New business owner-managers (NBO):** Those whose business has been paying income, such as salaries or drawings, for more than three, but not more than forty-two, months.
- **Established business owner-managers (EBO):** Those whose business has been paying income, such as salaries or drawings, for more than forty-two months.

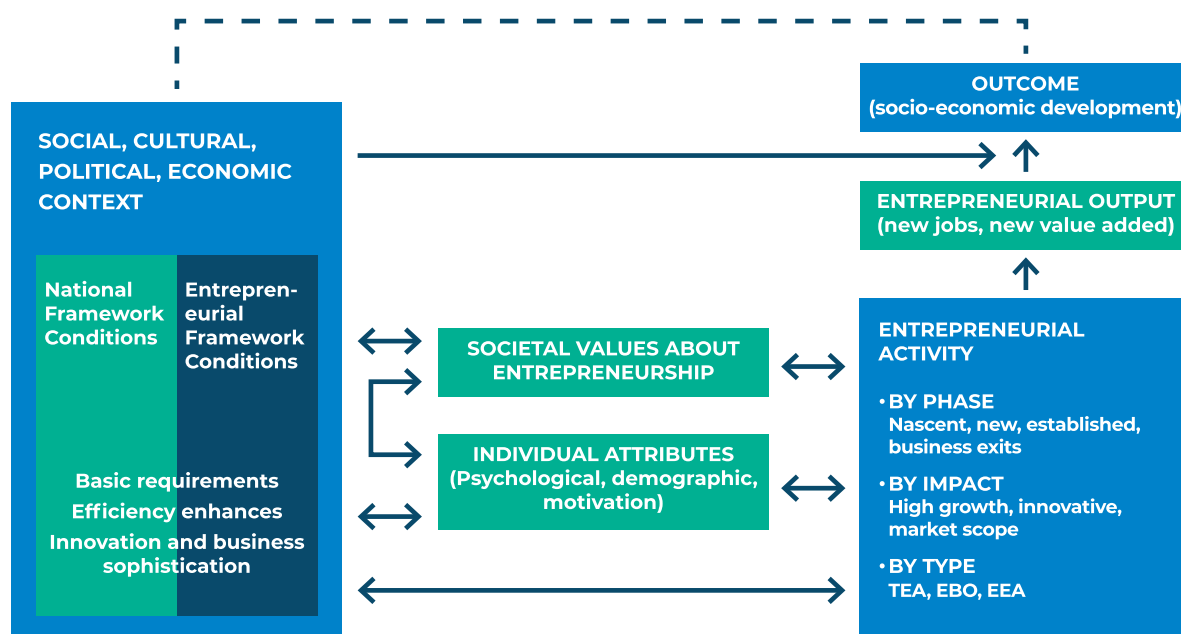
In addition, we measure general intention to start a business by asking individuals if they expect to start a business within the next three years (FUT). Finally, we ask individuals if they have sold, shut down, discontinued or quit a business in the past year (BC). It is important to understand that the main subject of study in GEM is entrepreneurs rather than the businesses that they run. GEM measures the entrepreneurial activity of people from intention to exit. The first two stages of active business development, the nascent entrepreneur stage and the new business owner-manager stage, are combined into one index of Total early-stage Entrepreneurial Activity, or TEA, which is represented in Figure A1.

FIGURE A1

The Entrepreneurial Process and GEM Operational Definitions

(Source: Hill, S., Ionescu-Somers, A.; Coduras, A.; Guerrero, M.; Menipaz, E.; Boutaleb, F.; Zbierowski, P.; Samsami, M.; Meter, N.; Sahasranamam, S. and Shay, J (2024/25), p.207)

<https://www.gemconsortium.org/reports/latest-global-report>



TEA is calculated in an identical way in each country. A telephone and/or face-to-face survey of a representative sample of the adult population in each country is conducted between May and September. Respondents are asked to respond to three questions that are the basis of the TEA index: 1) “are you, alone or with others, currently trying to start a new business independently of your work?”, 2) “are you, alone or with others, currently trying to start a new business as part of your work?”, and 3) “are you, alone or with others, currently the owner or manager of a business?” Those who respond positively to these questions are also asked filter questions to ensure they are actively engaged in business creation as owners and managers, how long they have been paying wages to employees, and other questions about cost and time to start up, sources of finance and numbers of jobs created.

A distinction is made between two types of entrepreneurs: nascent entrepreneurs (those whose businesses have been paying wages for not more than three months) and new business owner-managers (those whose businesses have been paying salaries for more than three months but not more than 42 months). The TEA index is the proportion of nascent entrepreneurs and new business owner/managers (minus any double counting, i.e. those who respond positively to both are counted once) in the working age population.

As much of this entrepreneurial activity is pre-start-up or includes very small new businesses that do not have to register for VAT, TEA rates will not necessarily match with published official statistics on business ownership and, indeed, should not be interpreted as such. Rather, GEM enables the measurement of the *propensity* of individuals in particular countries to be entrepreneurial given the current social, cultural and economic framework conditions that exist there.

The methodology, sample sizes and weighting systems used for the GEM UK 2024 Adult Population Survey (APS) are explained in more detail in Appendix 2. In a major departure in 2020 the UK team decided to offer an online mode for respondents to complete the APS and this sat alongside the traditional mode of CATI surveys. We did this for one overriding reason and that was the vastly increased costs of undertaking CATI surveys and the need to maintain the UK sample at around 8,000–10,000 respondents to ensure we can continue to provide data for the Home Nations as well as other important sub-groups of the population such as immigrants, ethnic minorities and women. The first 2,000 APS interviews in 2024 were conducted via CATI as usual and the results were reported in the GEM Global report published in February 2024. Accordingly, the results contained in this report may differ slightly from those already published for the UK in the GEM Global report. The detailed weighting and adjustments we made to the UK APS dataset as a result of this new mixed-mode survey methodology are set out in Appendix 2.

Another important change in the sample design was introduced in 2010 when 10% of respondents in each Government Office Region (GOR) were selected at random from households which had mobile phones but not fixed phone landlines. The proportion of mobile-only households in this survey was designed to match Ofcom estimates of the proportion of adults in mobile-only households in 2020³¹ for the UK, to account for the higher mobile phone use (around 20%) of some hard-to-reach individuals, such as young men. Once again in 2024 there are no significant differences between landline only data and the full sample which includes mobile-only households. Consequently, in this report, comparisons with other countries and time-based trends within the UK are made using the full sample (landline and mobile-only households as well as the CATI/Online mixed method). See Appendix 2 for further details.

31 This is last year for which data is available from www.statista.com

Appendix 2:

GEM UK Sampling and Weighting Methodology

GEM UK is one of the largest, longest-running national studies of entrepreneurial activity in the world, with over 250,000 individuals interviewed since monitoring began with a sample of 1,000 adults in 1998. In 2024, 8,229 adults aged 18-80 were interviewed. The distribution of respondents is not even across the UK. This is because the Hunter Centre for Entrepreneurship at the University of Strathclyde and Aston University, Welsh Government, and the Northern Ireland Department for the Economy chose to boost sampling in their nation/region in order to have more detail about entrepreneurship in their area.

The raw unweighted sample of 8,229 was distributed across 12 geographic areas within which representative sub-samples of the population aged 18-80 were taken. These areas and the sample sizes are: South West: 432; South East: 679; East of England: 476; London: 638; West Midlands: 429; East Midlands: 363; Yorkshire & Humberside: 415; North East: 202; North West: 534; Wales: 1,149; Scotland: 1,955; Northern Ireland: 957.

According to Ofcom, households in the UK which have access to a mobile phone but not to a fixed telephone landline increased from 14% in Q1 of 2016 to 22% in Q1 of 2020.³² In 2020, 20% of the unweighted GEM sample across the UK consisted of mobile-only households. At the same time, more people are using internet and spending increasing amount of time online each day. According to the World Bank, in 2019 the share of population using internet in the UK has reached 93%.³³ According to Ofcom, the average time spent online each day by adults aged 18+ was 4 hours 2 minutes in April 2020; this increased by 37 minutes compared to January 2020. Internet take-up varies by age group with 100% of aged 25-34 going online.³⁴ Moreover, younger age groups, and specifically young males, are less likely to respond by phone as experience of GEM UK APS of recent years clearly demonstrated.

³² <https://www.statista.com/statistics/386778/share-of-calls-enabled-landlines-in-uk-hoseholds/> accessed 21/06/21

³³ <https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=GB/> accessed 21/06/21

³⁴ https://www.ofcom.org.uk/_data/assets/pdf_file/0027/196407/online-nation-2020-report.pdf/ accessed 21/06/21

In this changing context, the question of the choice of appropriate method for data collection to assure representativeness of the sample has never been so acute. Wherever the truth lies, it is clear that fixed line surveys are no more fully representative of UK households, that the distribution of mobile-only households and online panels is different to that of fixed line households, and that these differences are not fixed but change over time. There are advantages and disadvantages in each before mentioned method of data collection. Online panels are representative in terms of geo-demographics, but there are some questions about the attitudinal representativeness of people who opted into online panels. On the other hand, when answering online, people have more time to re-read questions before responding – this is an important advantage considering the length and complexity of GEM APS survey. In 2020, given the disruptions that COVID-19 caused, the GEM UK team felt that it was time to introduce a blended approach to data collection. Hence, GEM UK 2020 APS marked a methodological step change: for the first year, the data was collected via random digit dialling (RDD) of landlines, mobile phone numbers and BMG's online panel network.

Every attempt is made to ensure that the results reported are as reliable and robust as possible. To do this, four sets of weights were calculated for the UK data:

- Weights for the whole UK that take the UK area sub-samples and the age, gender and ethnic minority proportion of the population of the UK (aged 18-64) into account, based on the latest available area estimates from the UK Office of National Statistics, typically mid-year estimates for the previous year.
- Sub-sample area weights that take into account the population distributions *within* GEM UK sub-sample areas by age, gender and ethnicity. These are used when we report comparisons between GEM UK sub-sample areas.
- Government Official Region (GOR) weights that create representative samples at the GOR level from all sub-samples within the same GOR.
- In addition, separate weights were constructed for England, based on balanced GOR samples for each English region, to develop a final “Home Nations” weight.
- Moreover, the final dataset was calibrated by using separate weights to account for differences between CATI and CAWI online data collection methods (details available on request).

DISCLAIMER

This report is based on data collected by the GEM consortium and the GEM UK team; responsibility for analysis and interpretation of the data is the sole responsibility of the authors.

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